Financial Review

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS:

This document may contain "forward-looking statements" (as defined under applicable securities laws). These statements relate to future events or future performance and reflect management's expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts, including business and economic conditions and the potential continued impacts of the coronavirus (COVID-19) pandemic on our business operations, financial results and financial condition and on the global economy and financial market conditions, and Canaccord Genuity Group's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend", "could" or the negative of these terms or other comparable terminology. Disclosure identified as an "Outlook" including the section entitled "Fiscal 2021 Outlook" contains forward-looking information. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties and the potential continued impacts of the coronavirus (COVID-19) pandemic on our business operations, financial results and financial condition and on the global economy and financial market conditions discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its annual report and Annual Information Form (AIF) filed on www.sedar.com as well as the factors discussed in the sections entitled "Risk Management" in this Management's Discussion and Analysis (MD&A) and "Risk Factors" in the AIF, which include market, liquidity, credit, operational, legal, cyber and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2021 Outlook section in the annual MD&A and those discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its annual report and AIF filed on www.sedar.com. The preceding list is not exhaustive of all possible risk factors that may influence actual results. Readers are also cautioned that the preceding list of material factors or assumptions is not exhaustive.

Although the forward-looking information contained in this document is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this document are made as of the date of this document and should not be relied upon as representing the Company's views as of any date subsequent to the date of this document. Certain statements included in this document may be considered "financial outlook" for purposes of applicable Canadian securities laws, and such financial outlook may not be appropriate for purposes other than this document. Except as may be required by applicable law, the Company does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, further developments or otherwise.

Management's Discussion and Analysis

Fiscal year 2020 ended March 31, 2020 – this document is dated June 2, 2020.

The following discussion of Canaccord Genuity Group Inc.'s financial condition, financial performance and cash flows is provided to enable a reader to assess material changes in the financial condition, financial performance and cash flows for the year ended March 31, 2020 compared to the preceding fiscal year, with an emphasis on the most recent year. Unless otherwise indicated or the context otherwise requires, the "Company" or "Canaccord Genuity Group" refers to Canaccord Genuity Group Inc. and its direct and indirect subsidiaries. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements for the years ended March 31, 2020 and 2019, beginning on page 58 of this report. The Company's financial information is expressed in Canadian dollars unless otherwise specified. The Company's consolidated financial statements for the years ended March 31, 2020 and 2019 are prepared in accordance with International Financial Reporting Standards (IFRS).

Non-IFRS Measures

Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures presented include assets under administration, assets under management, book value per diluted common share, and figures that exclude significant items.

The Company's capital is represented by common and preferred shareholders' equity and, therefore, management uses return on common equity (ROE) as a performance measure. Also used by the Company as a performance measure is book value per diluted common share, which is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants, issuance of common shares in connection with deferred consideration related to acquisitions, settlement of a promissory note issued as purchase consideration in shares at the Company's option, and conversion of convertible debentures divided by the number of diluted common shares that would then be outstanding including estimated amounts in respect of share issuance commitments including options, warrants, other share-based payment plan, deferred consideration related to acquisitions, convertible debentures and a promissory note, as applicable, and adjusted for shares purchased or committed to be purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

Assets under administration (AUA) and assets under management (AUM) are non-IFRS measures of client assets that are common to the wealth management business. AUA – Canada, AUM – Australia and AUM – UK & Europe are the market value of client assets managed and administered by the Company from which the Company earns commissions and fees. This measure includes funds held in client accounts as well as the aggregate market value of long and short security positions. AUM – Canada includes all assets managed on a discretionary basis under programs that are generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program.* Services provided include the selection of investments and the provision of investment advice. The Company's method of calculating AUA – Canada, AUM – Canada, AUM – Australia and AUM – UK & Europe may differ from the methods used by other companies and therefore may not be comparable to other companies. Management uses these measures to assess operational performance of the Canaccord Genuity Wealth Management business segment. AUM – Canada is also administered by the Company and is included in AUA – Canada.

Financial statement items that exclude significant items are non-IFRS measures. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, certain accounting charges related to the change in the Company's long-term incentive plan (LTIP) as recorded with effect on March 31, 2018, certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth management business, loss related to the extinguishment of convertible debentures as recorded for accounting purposes as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. See the Selected Financial Information Excluding Significant Items table on page 21.

Management believes that these non-IFRS measures allow for a better evaluation of the operating performance of the Company's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of the Company's business; thus, these effects should not be ignored in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

Business Overview

Through its principal subsidiaries, Canaccord Genuity Group Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, the Company has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. Canaccord Genuity Group has wealth management offices located in Canada, the UK, Guernsey, Jersey, the Isle of Man and Australia. Canaccord Genuity Capital Markets, the Company's international capital markets division, operates in North America, the UK & Europe, Asia, Australia and the Middle East.

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX. Canaccord Genuity Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. Canaccord Genuity Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C. The Company's 6.25% Convertible Unsecured Senior Subordinated Debentures are listed on the TSX under the symbol CF.DA.A.

Operating results of Jitneytrade Inc. and Finlogik Inc. (collectively referred to as "Jitneytrade") since the closing date of June 6, 2018 are included as part of Canaccord Genuity Capital Markets Canada. In addition, operating results of Petsky Prunier LLC ("Petsky Prunier") since the closing date of February 13, 2019 are included as part of Canaccord Genuity Capital Markets US. Included as part of Canaccord Genuity UK & Europe Wealth Management segment are the operating results of Hargreave Hale Limited ("Hargreave Hale") since September 18, 2017, the operating results of McCarthy Taylor Limited (renamed as CG McCarthy Taylor Limited) ("McCarthy Taylor") since the closing date of January 29, 2019, and the operating results of Thomas Miller Wealth Management Limited (renamed as CG Wealth Planning Limited) ("Thomas Miller") since the closing date of May 1, 2019. Commencing in Q3/20, Canaccord Genuity Australia wealth management segment includes the operating results of Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) ("Patersons") since the closing date of October 21, 2019.

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

Canaccord Genuity Group Inc.'s operations are divided into two business segments: Canaccord Genuity Capital Markets (investment banking and capital markets operations) and Canaccord Genuity Wealth Management. Together, these operations offer a wide range of complementary investment banking services, investment products and brokerage services to the Company's institutional, corporate and private clients. The Company's administrative segment is referred to as Corporate and Other.

Canaccord Genuity Capital Markets

Canaccord Genuity Capital Markets is the global capital markets division of Canaccord Genuity Group Inc., offering institutional and corporate clients idea-driven investment banking, merger and acquisition, research, sales and trading services with capabilities in North America, the UK & Europe, Asia, Australia and the Middle East. We are committed to providing valued services to our clients throughout the entire lifecycle of their business and operating as a gold standard independent investment bank – expansive in resources and reach, but targeted in industry expertise, market focus and individual client attention.

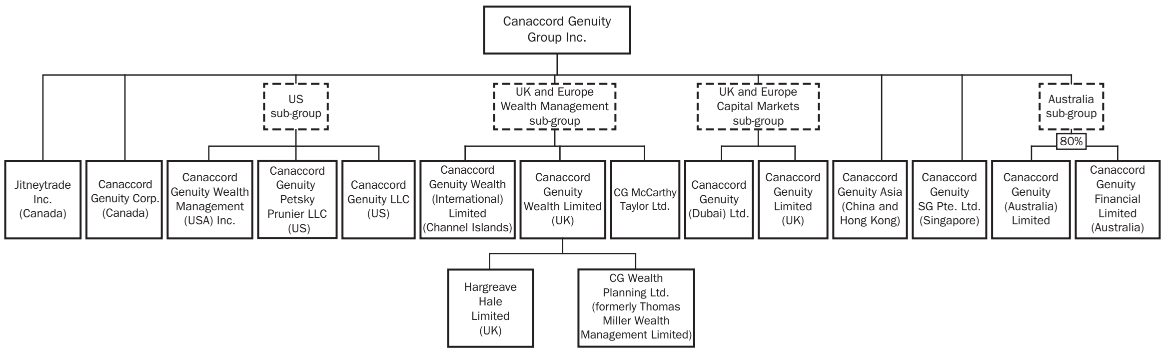
Canaccord Genuity Wealth Management

Canaccord Genuity Wealth Management operations provide comprehensive wealth management solutions and brokerage services to individual investors, private clients, charities and intermediaries through a full suite of services tailored to the needs of clients in each of its markets. The Company's wealth management division now has Investment Advisors (IAs) and professionals in Canada, the UK, Jersey, Guernsey, the Isle of Man and Australia.

Corporate and Other

Canaccord Genuity Group's administrative segment, described as Corporate and Other, includes revenues and expenses associated with providing correspondent brokerage services, bank and other interest, foreign exchange gains and losses, and activities not specifically allocable to either the Canaccord Genuity Capital Markets or Canaccord Genuity Wealth Management divisions. Also included in this segment are the Company's operations and support services, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance, and all administrative functions of Canaccord Genuity Group Inc.

Corporate structure



The chart shows principal operating companies of Canaccord Genuity Group as of March 31, 2020.

The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., and through that ownership an 80% indirect interest in Canaccord Genuity (Australia) Limited and Canaccord Genuity Financial Limited [previously Patersons Securities Limited] [March 31, 2019 – 80%], but for accounting purposes, as of March 31, 2020, the Company is considered to have an 85% interest because of shares held in an employee trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2019 – 85%].

BUSINESS ACTIVITY

Our business is affected by the overall condition of the worldwide debt and equity markets.

The timing of revenue recognition can also materially affect the Company's quarterly results. The majority of revenue from underwriting and advisory transactions is recorded when the transaction has closed and, as a result, quarterly results can also be affected by the timing for the recognition of such transactions in our capital markets business.

The Company has taken steps to reduce its exposure to variances in the equity markets and local economies by diversifying not only its industry sector coverage but also its international scope. To improve recurring revenue streams and offset the inherent volatility of the capital markets business, the Company has taken steps to increase the scale of its global wealth management operations. Historically, the Company's diversification across major financial centres has allowed it to benefit from strong equity markets in certain regions and improve our capability for identifying and servicing opportunities in regional centres and across our core focus sectors.

IMPACT OF CHANGES IN CAPITAL MARKETS ACTIVITY

As a brokerage firm, the Company derives its revenue primarily from sales commissions, underwriting and advisory fees, and trading activity. As a result, the Company's business is materially affected by conditions in the financial marketplace and the economic environment, primarily in North America and Europe, and to some degree Asia and Australia. Canaccord Genuity Group's long- term international business development initiatives over the past several years have laid a solid foundation for revenue diversification. A disciplined capital strategy allows the Company to remain competitive in today's changing financial landscape.

During fiscal 2020, the Company's capital markets activities were focused on the following sectors: Healthcare & Life Sciences, Technology, Industrials, Financials, Metals & Mining, Energy, Diversified, Consumer & Retail, Real Estate and Sustainability. Coverage of these sectors included investment banking, mergers and acquisitions (M&A) and advisory services, and institutional equity activities, such as sales, trading and research.

Core Business Performance Highlights for Fiscal 2020

CANACCORD GENUITY WEALTH MANAGEMENT (GLOBAL)

Globally, Canaccord Genuity Wealth Management generated $511.4 million in revenue during fiscal 2020 and, excluding significant items, recorded net income before taxes of $80.2 million.(1)

- Canaccord Genuity Wealth Management (North America) generated $209.6 million in revenue and, after intersegment allocations and taxes, recorded net income before taxes of $22.7 million
- Wealth management operations in the UK & Europe generated $278.0 million in revenue and, after intersegment allocations and excluding significant items, recorded net income before taxes of $56.5 million in fiscal 2020(1)
- Wealth management operations in Australia generated earned revenue of $23.9 million and, after intersegment allocations and excluding significant items, recorded net income before taxes of $1.0 million in fiscal 2020(1)
- Client assets were $60.7 billion at March 31, 2020, representing a decrease of $5.0 billion or 7.6% from $65.7 billion at March 31, 2019 and a 16.6% decrease from $72.8 billion at December 31, 2019. The decline in client assets during the fourth quarter of fiscal 2020 reflects the broader market declines in equity markets arising from uncertainties in connection with the COVID-19 pandemic which arose during that period. Client assets across the individual business units were:
  - Client assets in North America were $18.4 billion as of March 31, 2020, a decrease of $2.2 billion or 10.8% from March 31, 2019
  - Client assets in the UK & Europe were $39.9 billion (£ 22.7 billion) as at March 31, 2020, a decrease of $4.3 billion (£ 2.7 billion) or 9.8% from $44.2 billion (£25.4 billion) at the end of the previous fiscal year.
  - Client assets in Australia held in our investment management platforms were $2.4 billion as at March 31, 2020.

CANACCORD GENUITY CAPITAL MARKETS

Globally, Canaccord Genuity Capital Markets generated revenue of $689.5 million, and excluding significant items, recorded net income before taxes of $59.8 million.(1)

- Canaccord Genuity Capital Markets led 185 transactions globally, each over C$1.5 million, to raise total proceeds of C$9.7 billion during fiscal 2020.
- During fiscal 2020 Canaccord Genuity Capital Markets participated in a total of 373 investment banking transactions globally, raising total proceeds of $51.7 billion

SUMMARY OF CORPORATE DEVELOPMENTS

On May 1, 2019, the Company completed its acquisition of Thomas Miller Wealth Management Limited and the private client investment management business of Thomas Miller Investment (Isle of Man) Limited.

On August 7, 2019 at the fiscal 2019 Annual General Meeting of Shareholders, Sally Tennant, OBE, was elected to the Company's Board of Directors as an independent director. The Company has eight directors, six of whom are independent.

In a substantial issuer bid which commenced on July 3, 2019, and expired on August 9, 2019, the Company made an offer to repurchase for cancellation up to $40.0 million of its common shares. The offer was made by way of a "modified Dutch auction", which allowed shareholders who chose to participate in the offer to individually select the price, within a price range of not less than $5.50 per common share and not more than $6.30 per common share (in increments of $0.10 per common share), at which they were willing to sell their common shares. Upon expiry of the offer, the Company determined that $5.50 was the lowest purchase price that allowed it to purchase the maximum number of common shares properly tendered to the offer, and not properly withdrawn, having an aggregate purchase price of $40.0 million. The Company therefore purchased for cancellation 7,272,727 of its common shares at a purchase price of $5.50 per share, representing approximately 6.28% of the issued and outstanding common shares on a non-diluted basis at July 3, 2019. These shares were cancelled effective August 19, 2019.

On August 12, 2019, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,423,872 of its common shares during the period from August 15, 2019 to August 14, 2020 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were 7,272,727 shares purchased and cancelled under a substantial issuer bid that commenced on July 3, 2019 and completed on August 9, 2019. There were an additional 1,467,656 shares purchased and cancelled under the current NCIB during the year ended March 31, 2020.

On October 21, 2019, through its Australian business, the Company completed its acquisition of Patersons Securities Limited, increasing the scale of the Company's wealth management business in Australia and establishing a significant platform for expansion. Patersons Securities Limited has now been renamed Canaccord Genuity Financial Limited.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.
(2) See Non-IFRS Measures on page 14.

During Q4/20, the COVID-19 pandemic led to significant disruptions in the global financial markets and economies around the world. This disruption led to significant declines in the broader equity markets and, in turn, declines in the equity portfolios of our wealth management clients. Accordingly, fee-based revenues as determined based on the value of client assets as of March 31, 2020 decreased in a corresponding fashion, although this decrease was partially offset by increased commission revenue generated through higher levels of trading activity. Revenue generated through trading by institutional clients, market-making and other trading activity was also positively impacted by the volatility in the equity markets at the end of Q4/20. The extent to which the Company's business and financial condition will continue to be affected by COVID-19 is uncertain and will depend on future developments including the duration and spread of the pandemic and the impact of related controls and restrictions imposed by various government and regulatory authorities. If the uncertainty in the market environment continues and if equity values remain lower for an extended period of time then the Company's revenue from all sources, including investment banking and advisory activity as well as trading, fees and commission-based activity, and the corresponding effect of that reduced revenue on the Company's results of operations may be negatively impacted.

Market Environment During Fiscal 2020:

Economic backdrop

Throughout our 2020 fiscal year, financial markets remained focused on reflation efforts by the Federal Reserve, and the potential for a US-China trade deal. We entered the fourth fiscal quarter with a stabilizing, yet subdued outlook for earnings growth. In March 2020 equity markets sold off sharply driven by the COVID-19 outbreak and by lockdowns in China, and eventually worldwide. Liquidity and credit backstops have been delivered to businesses by various governments and governmental authorities and agencies to contain solvency risk while income backstops have been provided to consumers to bridge the income gap until economic activity returns to normal.

Across the broader markets, the S&P 500, S&P/TSX and the MSCI Emerging Market index declined 7.0 %, 14.2 % and 12.7 % respectively in fiscal 2020. The decline in demand led commodities sharply lower (-41.0 %) and hurt the Canadian dollar against the U.S. dollar (-5.1 %). Meanwhile, US Treasury bonds (+21.5 %) benefitted from a flight to safety.

Government and central bank actions, coupled with an anticipated plateau in COVID-19 infection rates eventually reassured investors, allowing equity markets to rebound from oversold and undervalued conditions as we start our 2021 fiscal year.

Investment banking and advisory

Small- and mid-cap equities underperformed relative to large-cap equities during the fourth quarter of fiscal 2020. We expect that bold monetary/fiscal reflation from central banks and governments will continue to underpin commodity prices. As such, the bull market in precious metals and underlying equities is expected to persist and the industrial metals recovery should come later and coincide with future fiscal stimulus targeting infrastructure spending. With medical cannabis having been declared essential by US and Canadian governments through the COVID-19 pandemic, the industry continues to provide opportunities as many markets see development and attractive long-term growth. We are seeing a reacceleration of follow-on activity in the healthcare sector, primarily in medtech and diagnostics. As working-from-home becomes the new normal, the e-commerce and digital adoption cycles have accelerated, providing growth companies in the technology and healthcare IT sectors with new market opportunities. Overall, we expect that the current environment should continue to provide opportunities for our investment banking and advisory activities in our core areas of mid-market expertise.

Index Value at End of Fiscal Quarter	Q4/19		Q1/20		Q2/20		Q3/20		Q4/20		
	2019-03-29	(Y/Y)	2019-06-28	(Y/Y)	2019-09-30	(Y/Y)	2019-12-31	(Y/Y)	2020-03-31	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	262.4	-14.3%	258.7	-6.8%	244.1	-6.1%	267.1	12.1%	191.9	-26.9%	-28.2%
S&P IFCI Global Large Cap	238.3	-8.7%	239.3	0.0%	227.4	-3.8%	253.0	15.7%	194.0	-18.6%	-23.3%

Our capital-raising and advisory activities are primarily focused on small- and mid-capitalization companies in specific growth sectors of the global economy. These sectors may experience growth or downturns independent of broader economic and market conditions, and government regulation can also have a more profound impact on capital formation for smaller companies. Volatility in the business environment for these industries or in the market for securities of companies within these industries in the regions where we operate could adversely affect our financial results and ultimately, the market value of our shares. Advisory revenues are primarily dependent on the successful completion of merger, acquisition and restructuring mandates. The projected easing of confinement measures related to the COVID-19 pandemic could lead to a second wave of infection, therefore, the length and magnitude of the economic recovery over the next fiscal year remain uncertain. We are preparing for a more challenging business environment and a slowing in small and mid-market M&A and capital raising activity. However, our large sectoral and geographical breadth should mitigate downside risk to our investment banking and advisory operations.

Trading

Trading activities in our core focus areas advanced during fiscal 2020 when compared to year-ago levels. Increased market volatility toward the end of the fourth quarter prompted investors to adjust their asset mix, sector and company weights due to a rapidly changing economic landscape. This performance was achieved despite the underperformance of small- and mid-cap equities in some of the markets in which we operate. Looking ahead, we expect that easing lockdowns coupled with hyper reflation measures targeting the economy should help support commodity prices and that resource-centric small and mid-cap stocks will benefit from this environment.

Average Value During Fiscal	Q4/19		Q1/20		Q2/20		Q3/20		Q4/20			FY20	
Quarter/Year	29-Mar-19	(Y/Y)	28-Jun-19	(Y/Y)	30-Sep-19	(Y/Y)	31-Dec-19	(Y/Y)	31-Mar-20	(Y/Y)	(Q/Q)	31-Mar-20	(Y/Y)
Russell 2000	1509.0	-2.9%	1549.0	-3.7%	1534.2	-9.7%	1590.6	6.3%	1508.0	-0.1%	-5.2%	1544.4	-1.5%
S&P 400 Mid Cap	1845.1	-3.6%	1917.1	-0.8%	1922.5	-4.4%	1985.2	8.8%	1871.8	1.4%	-5.7%	1926.8	1.8%
FTSE 100	7061.3	-4.0%	7357.4	-2.5%	7359.4	-2.6%	7329.4	4.8%	6867.8	-2.7%	-6.3%	7187.2	-0.2%
MSCI EU Mid Cap	1027.2	-7.0%	1076.6	-3.5%	1083.4	-3.6%	1137.9	12.4%	1095.3	6.6%	-3.7%	1105.6	4.9%
S&P/TSX	15621.7	-0.8%	16374.1	3.2%	16472.7	1.0%	16780.2	11.6%	16204.3	3.7%	-3.4%	16487.2	5.3%

Global wealth management

Investors worldwide suffered from increased volatility due to the COVID-19 pandemic. The S&P 500, S&P/TSX and the MSCI Emerging Market indices declined 19.6 %, 20.9 % and 19.0 % respectively on a quarter-over-quarter basis during the three-month period. On a year-over-year basis, equity market losses were less pronounced with declines of 7.0 %, 14.2 % and 12.7 % owing to a lower base effect. Meanwhile, treasury bonds (+21.5 % year over year) offered some protection for diversified portfolios. Although clients' asset values were negatively impacted in-line with the broader market at the end of fiscal 2020, a diversified portfolio of stocks and bonds has provided stability against an unprecedented backdrop. When considering the addition of new investment advisors and client assets to our platform, the decline in client assets has been marginal during fiscal 2020 and entirely market driven.

Total Return (excl. currencies)	Q4/19 Change (Q/Q)	Q1/20 Change (Q/Q)	Q2/20 Change (Q/Q)	Q3/20 Change (Q/Q)	Q4/20 Change (Q/Q)	Fiscal 2020 Change
S&P 500	13.6%	4.3%	1.7%	9.1%	-19.6%	-7.0%
S&P/TSX	13.3%	2.6%	2.5%	3.2%	-20.9%	-14.2%
MSCI EMERGING MARKETS	9.9%	0.3%	-1.9%	9.6%	-19.0%	-12.7%
MSCI WORLD	12.3%	3.8%	0.1%	9.1%	-21.3%	-10.8%
S&P GS COMMODITY INDEX	15.0%	-1.4%	-4.2%	8.3%	-42.3%	-41.0%
US 10-YEAR T-BONDS	3.0%	4.4%	3.8%	-1.9%	14.3%	21.5%
CAD/USD	2.2%	1.9%	-1.1%	1.9%	-7.6%	-5.1%
CAD/EUR	4.5%	0.6%	3.1%	-0.9%	-6.1%	-3.5%

FISCAL 2021 Outlook

The various monetary and fiscal packages delivered by world central banks and governments appear to have ringfenced the world economy against a more pronounced liquidity/solvency crisis. That said, as lockdowns are being eased globally, there may be future downside risk if infection rates of COVID-19 increase or do not subside. Otherwise, we expect the manufacturing sector will lead consumption as a recovery takes hold with physical distancing measures having a repressive impact on the service economy. The next fiscal stimulus announcements, whether in the US, Europe or China, are expected to target infrastructure spending where the economic multiplier effect is optimal. As such, we view commodities and other inflation-sensitive assets as main beneficiaries of hyper monetary and fiscal reflation measures as demand recovers. We believe this environment will support our agency trading activities, as investors shift their asset mix, sector and company weights accordingly. We expect that our wealth management business will continue to grow client assets as markets increasingly look toward an economic and earnings recovery in calendar 2021. Finally, despite subdued activity levels at the start of fiscal 2021, we expect sustained investment banking and advisory activities as companies in our core focus sectors look to raise capital, restructure, merge or acquire new companies in order to benefit from perceived opportunities that the next business cycle is expected to provide.

Financial Overview

SELECTED FINANCIAL INFORMATION[(1)(2)(7)]

(C$ thousands, except per share and % amounts, and number of employees)	2020	2019	2018	2020/2019 change	
	For the years ended March 31				
Canaccord Genuity Group Inc. (CGGI)					
Revenue					
Commissions and fees	$ **586,884**	$ 556,475	$ 461,937	$ 30,409	5.5%
Investment banking	**236,962**	294,241	282,195	(57,279)	(19.5)%
Advisory fees	**206,507**	142,228	122,372	64,279	45.2%
Principal trading	**108,834**	125,830	113,921	(16,996)	(13.5)%
Interest	**63,690**	51,008	27,875	12,682	24.9%
Other	**20,990**	20,785	14,577	205	1.0%
Total revenue	**1,223,867**	1,190,567	1,022,877	33,300	2.8%
Expenses					
Compensation expense	**738,313**	716,625	625,853	21,688	3.0%
Other overhead expenses[(3)]	**383,527**	356,240	298,250	27,287	7.7%
Restructuring costs[(4)]	**1,921**	13,070	7,643	(11,149)	(85.3)%
Acquisition-related costs	**(124)**	3,064	6,732	(3,188)	(104.0)%
Loss on extinguishment of convertible debentures	—	8,608	—	(8,608)	(100.0)%
Acceleration of long-term incentive plan expense	—	—	48,355	—	—
Share of loss of an associate[(5)]	**207**	304	298	(97)	(31.9)%
Total expenses	**1,123,844**	1,097,911	987,131	25,933	2.4%
Income before income taxes	**100,023**	92,656	35,746	7,367	8.0%
Net income	$ **86,554**	$ 71,582	$ 17,077	$ 14,972	20.9%
Net income attributable to CGGI shareholders	$ **86,490**	$ 70,530	$ 13,024	$ 15,960	22.6%
Non-controlling interests	$ **64**	$ 1,052	$ 4,053	$ (988)	(93.9)%
Earnings per common share – basic	$ **0.78**	$ 0.58	$ 0.04	$ 0.20	34.5%
Earnings per common share – diluted	$ **0.65**	$ 0.48	$ 0.03	$ 0.17	35.4%
Dividends per common share	$ **0.20**	$ 0.20	$ 0.15	—	—
Dividends per Series A Preferred Share	$ **0,9712**	$ 0.9712	$ 0.9712		
Dividends per Series C Preferred Share	$ **1.2482**	$ 1.2482	$ 1.2482		
Excluding significant items[(6)]					
Total revenue	$ **1,223,867**	$ 1,190,567	$ 1,022,877	$ 33,300	2.8%
Total expenses	$ **1,100,810**	$ 1,054,981	$ 912,270	$ 45,829	4.3%
Income before income taxes	$ **123,057**	$ 135,586	$ 110,607	$ (12,529)	(9.2)%
Net income	$ **106,323**	$ 107,355	$ 81,657	$ (1,032)	(1.0)%
Net income attributable to CGGI shareholders	$ **105,895**	$ 106,303	$ 77,604	$ (408)	(0.4)%
Net income attributable to non-controlling interests	$ **428**	$ 1,052	$ 4,053	$ (624)	(59.3)%
Earnings per common share – diluted	$ **0.81**	$ 0.80	$ 0.59	$ 0.01	1.3%
Balance sheet data					
Total assets	$ **5,956,195**	$ 4,749,294	$ 4,020,736	1,210,031	25.4%
Total liabilities	**5,027,421**	$ 3,870,934	3,165,813	1,156,487	29.9%
Non-controlling interests	**156**	1,997	13,571	(1,841)	(92.2)%
Total shareholders' equity	**928,618**	876,363	841,352	55,385	6.0%
Number of employees	**2,308**	2,112	1,956	196	9.3%

(1) Data is in accordance with IFRS except for book value per diluted common share, figures excluding significant items and number of employees. See Non-IFRS Measures on page 14.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 – 15%].

(3) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible and intangible assets, and development costs.

(4) Restructuring costs for the year ended March 31, 2020 were incurred in connection with our UK & Europe wealth management operations, as well as real estate and other integration costs related to the acquisition of Patersons in Australia. Restructuring costs for the year ended March 31, 2019 were incurred in connection with our UK & Europe capital markets operations. Restructuring costs for the year ended March 31, 2018 related to termination benefits as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate costs related to the acquisition of Hargreave Hale.

(5) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Growth II Corp. for the year ended March 31, 2020, the Company's equity portion of the net loss of its investments in Canaccord Genuity Growth Corp. and Canaccord Genuity Acquisition Corp. for the year ended March 31, 2019, and the Company's equity portion of the net loss of its investment in Canaccord Genuity Acquisition Corp for the year ended March 31, 2018.

(6) Net income and earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table below.

(7) Data includes the operating results of Hargreave Hale since September 18, 2017, Jitneytrade since June 6, 2018, McCarthy Taylor since January 29, 2019, Petsky Prunier since February 13, 2019, Thomas Miller since May 1, 2019, and Patersons since October 21, 2019.

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[1]

	For the years ended March 31				
(C$ thousands, except per share and % amounts)	2020	2019	2018	2020/2019 change	
Total revenue per IFRS	$ 1,223,867	$ 1,190,567	$ 1,022,877	$ 33,300	2.8%
Total expenses per IFRS	$ 1,123,844	$ 1,097,911	$ 987,131	$ 25,933	2.4 %
Expenses					
Significant items recorded in Canaccord Genuity Capital Markets					
Amortization of intangible assets	9,167	2,496	2,317	6,671	267.3%
Acquisition-related costs	1,806	1,976	—	(170)	(8.6)%
Restructuring costs	—	13,070	4,704	(13,070)	(100)%
Acceleration of long-term incentive plan expense	—	—	42,399	—	—
Significant items recorded in Canaccord Genuity Wealth Management					
Amortization of intangible assets	13,940	11,153	8,273	2,787	25.0%
Restructuring costs	1,921	—	2,939	n.m.	n.m.
Acquisition-related costs	(1,930)	1,088	6,732	(3,018)	(277.4)%
Acceleration of long-term incentive plan expense	—	—	4,058	—	—
Development costs	—	245	—	(245)	(100)%
Incentive based payments related to acquisitions[2]	(1,870)	4,294	1,541	(6,164)	(143.5)%
Significant items recorded in Corporate and Other					
Loss on convertible debentures	—	8,608	—	(8,608)	(100)%
Acceleration of long-term incentive plan expense	—	—	1,898	—	—
Total significant items	23,034	42,930	74,861	(19,896)	(46.3)%
Total expenses excluding significant items	1,100,810	1,054,981	912,270	45,829	4.3%
Net income before income taxes – adjusted	$ 123,057	$ 135,586	$ 110,607	$ (12,529)	(9.2)%
Income tax expense – adjusted	16,734	28,231	28,950	(11,497)	(40.7)%
Net income – adjusted	$ 106,323	$ 107,355	$ 81,657	(1,032)	(1.0)%
Net income attributable to common shareholders, adjusted	96,491	96,899	68,011	(408)	(0.4)%
Earnings per common share – basic, adjusted	$ 0.98	$ 1.01	$ 0.73	$ (0.03)	(3.0)%
Earnings per common share – diluted, adjusted	$ 0.81	$ 0.80	$ 0.59	$ 0.01	1.3%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.
(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth management business.
n.m.: not meaningful (percentages over 300% are indicated as n.m.)

FOREIGN EXCHANGE

Revenues and expenses from our foreign operations are initially recorded in their respective functional currencies and translated into Canadian dollars at exchange rates prevailing during the period. Fluctuations in foreign exchange contributed to certain changes in revenue and expense items in Canadian dollars when compared to the applicable prior periods and should be considered when reviewing the following discussion in respect of our consolidated results as well as the discussion in respect of Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management UK & Europe.

GEOGRAPHIES

Our Dubai operation is included as part of Canaccord Genuity Capital Markets UK & Europe. For purposes of the discussion provided herein the Canaccord Genuity Capital Markets operations in the UK, Europe and Dubai are referred to as "UK & Europe". Starting in Q1/20, our Asian based operations, including Singapore, China and Hong Kong, have been combined with our Canadian and Australian capital markets operations to reflect management of these operating units. Also, commencing in Q3/20, our Australian wealth management business, comprised of the operating results of Patersons since October 21, 2019 and the wealth management business of Australia previously included as part of Canaccord Genuity Capital Markets Australia, is disclosed as a separate operating segment in the discussions below. Comparatives have not been restated.

GOODWILL

Utilizing management's estimates for revenue and operating performance, growth rates and other assumptions typically required in connection with discounted cash flow models, the Company determined that there was no impairment in the goodwill and indefinite life intangible assets associated with any of its wealth management business units in the UK & Europe or its goodwill recorded in Canaccord Genuity Capital Markets Canada, US and Australia. Notwithstanding this determination as of March 31, 2020, changes or uncertainty in the economic environment may cause this determination to change. If the business climate changes and the Company is unable to achieve its internal forecasts, the Company may determine that there has been impairment and the Company may be required to record a goodwill impairment charge in future periods in respect of the Canaccord Genuity Wealth Management business units in the UK & Europe or in respect of the goodwill recorded in Canaccord Genuity Capital Markets

Canada, US and Australia. Adverse changes in the key assumptions utilized for purposes of impairment testing for goodwill and indefinite life intangible assets may result in the estimated recoverable amount of some or all of the applicable business units declining below the carrying value with the result that impairment charges may be required. The amount of any impairment charge would affect some or all of the amounts recorded for goodwill and indefinite life intangible assets. Any such impairment charges would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors. In addition, notwithstanding that there may be no change in the performance estimates used by the Company for purposes of determining whether there has been any impairment in its indefinite life intangible asset related to the Genuity brand name, in the event that the Company changes the way in which it uses that asset, the Company may be required to record an impairment charge.

REVENUE

On a consolidated basis, revenue is generated through six activities: commissions and fees associated with agency trading and private client wealth management activity, investment banking, advisory fees, principal trading, interest and other.

Revenue for fiscal 2020 was $1.2 billion, an increase of 2.8% or $33.3 million from fiscal 2019, marking the third consecutive year our consolidated revenue has surpassed $1.0 billion. The increase in revenue compared to the prior year was mainly driven by an increase in revenue generated in our global wealth management operations of $49.6 million as well as higher revenue earned in our US capital markets operations.

Revenue in our Canaccord Genuity Capital Markets segment decreased by $14.9 million or 2.1% compared to fiscal 2019. Our US operations generated $350.4 million of revenue in fiscal 2020, an increase of $46.8 million or 15.4% compared to last year due to higher advisory revenue. Compared to our exceptionally strong performance during fiscal 2019, revenue in our Canadian operations decreased by $56.0 million or 21.5%, largely due to lower investment banking and commission and fees revenue. Our UK operations generated $96.1 million in revenue during fiscal 2020, a decrease of $12.7 million or 11.7%. Despite the overall decline in revenue, our UK operations completed certain advisory mandates during fiscal 2020, which led to an increase of 26.5% in advisory fees revenue compared to the prior year. Our Australian operations recorded an increase of $7.0 million or 22.3% compared to fiscal 2019, mainly due to higher investment banking and advisory fees revenue earned in fiscal 2020.

Revenue from our global wealth management operations increased by $49.6 million or 10.7% compared to fiscal 2019. Revenue in our wealth management operations in the UK & Europe increased by $23.0 million or 9.0% compared to the year ended March 31, 2019, driven mainly by a growth in fee-based revenue resulting from increased client assets during the fiscal year. Our Canadian wealth management operations also generated $209.6 million of revenue in fiscal 2020, representing an increase of $2.7 million or 1.3% over the prior year. In addition, there was $23.9 million of revenue generated in our Australian wealth management operations, an increase of $22.8 million compared to fiscal 2019 as a result of the acquisition of Patersons during Q3/20 (wealth management revenue in Australia has been recorded under capital markets prior to Q3/20).

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees increased by $30.4 million or 5.5% from fiscal 2019 to $586.9 million in fiscal 2020. The increase was driven by higher commissions and fees revenue generated in our UK & Europe and Australia wealth management operations. Partially offsetting the increase was a decline of $23.0 million or 13.1% in commissions and fees revenue generated in our capital markets operations compared to fiscal 2019.

Revenue generated from investment banking activities decreased by $57.3 million or 19.5% to $237.0 million in fiscal 2020, compared to $294.2 million in fiscal 2019, as a result of a decline in equity capital markets activities. All of our core operating regions experienced decreases in investment banking revenue except for Australia, which generated $21.8 million of investment banking revenue in fiscal 2020, up from $17.5 million in fiscal 2019.

Advisory fees revenue increased by $64.3 million or 45.2% compared to the prior year to $206.5 million for fiscal 2020. The largest increase was recorded in our US capital markets operations, which experienced a growth of $47.7 million or 97.0% due to the acquisition of Petsky Prunier in Q4/19. Our UK operations also saw an increase of $11.1 million or 26.5% compared to the year ended March 31, 2019. The Canadian and Australian capital markets operations both reported smaller increases of $4.5 million and $1.6 million, respectively, compared to the prior year.

Revenue derived from principal trading dropped by $17.0 million to $108.8 million for the year ended March 31, 2020, largely driven by lower revenue generated in our Canadian and UK capital markets operations.

Interest revenue was $63.7 million in fiscal 2020, an increase of $12.7 million or 24.9% from the prior year, due to higher revenue earned in our Canadian operations arising from increased margin loan and stock loan activity. Increased investment banking activity in Canada during the year gave rise to increased opportunities for lending activity and increased interest revenue. Other revenue was $21.0 million, a slight increase of $0.2 million from the prior year.

EXPENSES

Expenses as a percentage of revenue

	For the years ended March 31		
	2020	2019	2020/2019 change
Compensation expense	**60.3%**	60.2%	0.1 p.p.
Other overhead expenses(1)	**31.3%**	29.9%	1.4 p.p.
Restructuring costs(2)(3)	**0.2%**	1.1%	(0.9) p.p.
Acquisition-related costs(2)	**0.0%**	0.3%	(0.3) p.p.
Acceleration of long-term incentive plan expense(2)(3)	**0.0%**	0.0%	0.0 p.p.
Loss on extinguishment of convertible debentures	**0.0%**	0.7%	(0.7) p.p.
Share of loss of an associate(4)	**n.m.**	n.m.	n.m.
Total	**91.8%**	92.2%	(0.4) p.p.

(1) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization of tangible and intangible assets and development costs.
(2) Refer to the Selected Financial Information Excluding Significant Items table on page 21.
(3) Restructuring costs for the year ended March 31, 2020 were incurred in connection with our UK & Europe wealth management operations, as well as real estate and other integration costs related to the acquisition of Patersons in Australia. Restructuring costs for the year ended March 31, 2019 were incurred in connection with our UK & Europe capital markets operations.
(4) Represents the Company's equity portion of the net loss of its investment in Canaccord Genuity Growth II Corp. for the year ended March 31, 2020, the Company's equity portion of the net loss of its investments in Canaccord Genuity Growth Corp. and Canaccord Genuity Acquisition Corp. for the year ended March 31, 2019.
p.p.: percentage points
n.m.: not meaningful (percentages over 300% are indicated as n.m.)

Expenses for fiscal 2020 were $1.12 billion, an increase of $25.9 million or 2.4% compared to the last fiscal year. Excluding significant items(1), total expenses were $1.1 billion, up $45.8 million or 4.3% from fiscal 2019. Total expenses excluding significant items(1) as a percentage of revenue increased by 1.3 percentage points compared to the year ended March 31, 2019.

Compensation expenses

Commencing in Q1/20, expenses previously recorded as incentive compensation expense and salaries and benefits are combined under compensation costs. This reclassification reflects the way in which management manages overall compensation. Comparatives for prior periods have also been similarly combined.

Compensation expense was $738.3 million, an increase of $21.7 million or 3.0% from the prior year, in line with the increase in incentive-based revenue. Total compensation expense was 60.3% in fiscal 2020, a slight increase of 0.1 percentage point from the prior year.

OTHER OVERHEAD EXPENSES

	For the years ended March 31		
(C$ thousands, except% amounts)	**2020**	2019	2020/2019 change
Trading costs	**$ 83,964**	$ 83,577	0.5%
Premises and equipment	**18,094**	41,719	(56.6)%
Communication and technology	**66,666**	64,930	2.7%
Interest	**33,678**	25,453	32.3%
General and administrative	**113,612**	100,768	12.7%
Amortization(1)	**32,594**	24,280	34.2%
Amortization of right of use of assets	**22,866**	—	n.m.
Development costs	**12,053**	15,513	(22.3)%
Total other overhead expenses	**$ 383,527**	$ 356,240	7.7%

(1) Includes amortization of intangible assets for the years ended March 31, 2020 and March 31, 2019, respectively. See the Selected Financial Information Excluding Significant Items table on page 21.
n.m.: not meaningful (percentages over 300% are indicated as n.m.)

Other overhead expenses were $383.5 million or 7.7% higher in fiscal 2020, which as a percentage of revenue was 31.3% compared to 29.9% in fiscal 2019. The most significant increases in overhead expenses included interest expense, general and administrative expense, amortization expense as well as development costs, partially offset by lower premises and equipment expense (including amortization of right of use asset).

As a result of the adoption of the new accounting standard IFRS 16 Leases (IFRS 16), lease payments are no longer recorded through premises and equipment expense. Instead, right of use (ROU) assets are recorded together with the corresponding lease liabilities on the statement of financial position. The comparatives for the prior periods have not been restated as part of the transition to IFRS 16. As a result of this change in accounting policy, premises and equipment expense for fiscal 2020 decreased by $23.6 million or 56.6% compared to fiscal 2019 with an offsetting charge of $22.9 million being recorded as amortization of ROU assets in the current year.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

In addition, amortization expense increased by $8.3 million or 34.2% compared to the prior year largely as a result of the amortization of intangible assets related to the acquisitions of Petsky Prunier and McCarthy Taylor in Q4/19, Thomas Miller in Q1/20 and Patersons in Q3/20.

Interest expense increased by $8.2 million or 32.3% compared to the year ended March 31, 2019, partially as a result of the interest expense recorded in relation to the lease liabilities after adoption of IFRS 16. In addition, interest expense also increased in our UK & Europe wealth management operations in connection with the additional bank loan obtained to finance the acquisition of Thomas Miller.

General and administrative expense increased by $12.8 million or 12.7% compared to the prior year. Our Canadian capital markets operations reported an increase of $3.9 million or 22.4% compared to fiscal 2019 partially as a result of higher conference costs and professional fees. In the US, general and administrative expense also increased by $4.1 million or 21.3% as a result of an increase in conference and other costs to support the growth in this region. In addition, general and administrative expense in our wealth management operations increased by $8.9 million or 26.4% compared to fiscal 2019, partially due to expansion of our operations in Australia through the acquisition of Patersons as well as the continued growth in our UK & Europe operations. In addition, our UK & Europe wealth management operations also recorded higher reserves in connection with ongoing legal matters and our Canadian wealth management operations recorded higher provisions related to client margin accounts in Q4/20 as a result of the rapid decline in market prices in March 2020.

Development costs decreased by $3.5 million or 22.3% compared to fiscal 2019, largely due to an adjustment in certain incentive-based costs in the UK & Europe wealth management operations to align with the current market environment.

Restructuring costs of $1.1 million were recorded in fiscal 2020 in connection with our UK & Europe wealth management operations as a result of the integration activity in connection with our acquisition activity in the UK. In addition, there was $0.8 million of restructuring costs related to certain integration and real estate costs in connection with the acquisition of Patersons in Q3/20. During the year ended March 31, 2019, there was $13.1 million of restructuring costs recorded in connection with our UK capital markets operations.

There were acquisition related costs of $4.1 million recorded during fiscal 2020 related to the acquisitions of Thomas Miller in Q1/20 and the acquisition of Patersons in October 2019 as well as other integration costs related to previous acquisitions. In addition, there was a recovery of $4.2 million related to a partial reversal of the contingent consideration in connection with the acquisition of Thomas Miller due to revised estimates resulting from the recent market downturn.

INCOME TAX

During the year ended March 31, 2020, there was $11.6 million of deferred tax assets recognized in connection with our US operations which, because of the historical losses in the US, had not been previously recognized. As a result of the recognition of the deferred tax assets during the current fiscal year, the effective tax rate for fiscal 2020 was 13.5% compared to an effective tax rate of 22.7% in the prior year. All deferred tax assets in respect of our US operations have been recognized as of March 31, 2020.

NET INCOME

Net income for fiscal 2020 was $86.6 million compared to net income of $71.6 million in fiscal 2019, an increase of $15.0 million or 20.9%. Net income attributable to common shareholders was $77.1 million for fiscal 2020 compared to $61.1 million for fiscal 2019. Diluted earnings per common share was $0.65 in fiscal 2020 compared to earnings per common share of $0.48 in the prior fiscal year. Excluding significant items(1), net income for fiscal 2020 was $106.3 million and net income attributable to common shareholders was $96.5 million, compared to net income of $107.4 million and net income attributable to common shareholders of $96.9 million in fiscal 2019. Diluted earnings per share excluding significant items(1) was $0.81 for fiscal 2020 compared to $0.80 for the prior year.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Quarterly Financial Information(1)(2)

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended March 31, 2020. This information is unaudited but reflects all adjustments of a recurring nature that are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

(C$ thousands, except per share amounts)				Fiscal 2020				Fiscal 2019
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue								
Commissions and fees	$ 165,576	$ 147,191	$ 132,325	$ 141,792	$ 137,578	$ 143,115	$ 139,402	$ 136,380
Investment banking	48,619	51,550	51,992	84,801	60,316	98,978	67,426	67,521
Advisory fees	49,997	60,691	42,015	53,804	32,220	40,698	44,396	24,914
Principal trading	35,352	27,149	21,260	25,073	35,197	30,776	28,949	30,908
Interest	15,222	16,622	16,661	15,185	13,733	12,703	15,326	9,246
Other	4,882	4,811	6,444	4,853	5,764	5,330	4,537	5,154
Total revenue	319,648	308,014	270,697	325,508	284,808	331,600	300,036	274,123
Total expenses	289,430	285,731	254,527	294,156	279,265	290,991	275,414	252,241
Net income before income taxes	30,218	22,283	16,170	31,352	5,543	40,609	24,622	21,882
Net income	$ 26,246	$ 22,840	$ 13,178	$ 24,290	$ 2,456	$ 32,458	$ 18,019	$ 18,649
Earnings per share – basic(4)	$ 0.25	$ 0.21	$ 0.11	$ 0.22	$ 0.00	$ 0.31	$ 0.11	$ 0.16
Earnings per share – diluted(4)	$ 0.21	$ 0.17	$ 0.10	$ 0.18	$ 0.00	$ 0.25	$ 0.09	$ 0.14
Excluding significant items(3)								
Net income	$ 21,451	$ 30,458	$ 23,760	$ 30,654	$ 16,610	$ 36,843	$ 28,867	$ 25,035
Earnings per share – basic(4)	$ 0.20	$ 0.29	$ 0.21	$ 0.28	$ 0.15	$ 0.35	$ 0.27	$ 0.23
Earnings per share – diluted(4)	$ 0.17	$ 0.23	$ 0.18	$ 0.23	$ 0.12	$ 0.28	$ 0.23	$ 0.19

(1) Data is in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 14.
(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 – 15%].
(3) Figures excluding significant items are non-IFRS measures. See the Quarterly Financial Information Excluding Significant Items table below.
(4) Due to rounding or calculation of the dilutive impact of share issuance commitments in the quarterly and year to date EPS figures, the sum of the quarterly earnings per common share figures may not equal the fiscal year earnings per share figure.

QUARTERLY FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS(1)(2)

(C$ thousands, except per share amounts)	Fiscal 2020 Q4	Fiscal 2020 Q3	Fiscal 2020 Q2	Fiscal 2020 Q1	Fiscal 2019 Q4	Fiscal 2019 Q3	Fiscal 2019 Q2	Fiscal 2019 Q1
Total revenue per IFRS	$ 319,648	$ 308,014	$ 270,697	$ 325,508	$ 284,808	$ 331,600	$ 300,036	$ 274,123
Total expenses per IFRS	289,430	285,731	254,527	294,156	279,265	290,991	275,414	252,241
Expenses								
Significant items recorded in Canaccord Genuity Capital Markets								
Amortization of intangible assets	1,773	2,458	2,465	2,471	639	639	639	579
Restructuring costs	—	—	—	—	11,754	—	—	1,316
Acquisition-related costs	—	—	1,629	177	803	—	—	1,173
Significant items recorded in Canaccord Genuity Wealth Management								
Amortization of intangible assets	3,924	3,445	3,528	3,043	2,801	2,745	2,751	2,856
Restructuring costs	(427)	1,250	1,098	—	—	—	—	—
Acquisition-related costs	(4,238)	—	1,973	335	918	170	—	—
Development costs(4)	—	—	—	—	—	245	—	—
Incentive payment related to acquisitions(3)	(6,305)	1,574	1,709	1,152	(237)	1,490	1,498	1,543
Significant items recorded in Corporate and Other								
Loss on convertible debentures(4)	—	—	—	—	—	—	8,608	—
Total significant items	(5,273)	8,727	12,402	7,178	16,678	5,289	13,496	7,467
Total expenses excluding significant items	294,703	277,004	242,125	286,978	262,587	285,702	261,918	244,774
Net income before income taxes – adjusted	$ 24,945	$ 31,010	$ 28,572	$ 38,530	$ 22,221	$ 45,898	$ 38,118	$ 29,349
Income tax expense – adjusted	3,494	552	4,812	7,876	5,611	9,055	9,251	4,314
Net income – adjusted	$ 21,451	$ 30,458	$ 23,760	$ 30,654	$ 16,610	$ 36,843	$ 28,867	$ 25,035
Net income attributable to common shareholders	$ 19,142	$ 27,619	$ 21,512	$ 28,218	$ 14,466	$ 34,491	$ 26,291	$ 21,651
Earnings per share – basic – adjusted(6)	$ 0.20	$ 0.29	$ 0.21	$ 0.28	$ 0.15	$ 0.35	$ 0.27	$ 0.23
Earnings per share – diluted – adjusted(6)	$ 0.17	$ 0.23	$ 0.18	$ 0.23	$ 0.12	$ 0.28	$ 0.23	$ 0.19

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 – 15%].

(3) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth management business.

(4) Related to costs directly attributable to internal development of software used in our UK wealth management operations.

(5) During Q2/19, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share.

(6) Due to rounding or calculation of the dilutive impact of share issuance commitments in the quarterly and year to date EPS figures, the sum of the quarterly earnings per common share figures may not equal the year to date earnings per share figure.

Quarterly trends and risks

Our quarterly results are generally not significantly affected by seasonal factors. However, the Company's revenue and income can experience considerable variations from quarter to quarter and year to year due to factors beyond the Company's control. The business is affected by the overall condition of the global capital markets and by activity in our core focus sectors as well as by changes in the market for growth companies and companies in emerging sectors. The Company's revenue from an underwriting transaction is recorded only when a transaction has been substantially completed or closed. Consequently, the timing of revenue recognition can materially affect Canaccord Genuity Group Inc.'s quarterly results.

With higher contribution from our global wealth management operations and increased capital raising and advisory activity in our core focus areas in Canada and the US, the Company continued to post strong revenue and pre-tax earnings. Revenue for five of the past eight quarters surpassed $300.0 million, with Q3/19 being the highest at $331.6 million. Revenue for Q4/20 increased by 3.8% over the previous quarter, and overall revenue in fiscal 2020 was $1.2 billion, marking the third consecutive year that the Company crossed the $1.0 billion revenue mark.

Our Canaccord Genuity Capital Markets operations generated annual revenue of $689.5 million, a slight decrease of 2.1% from our record year in fiscal 2019. Revenue in our Canadian capital markets operations decreased overall compared to fiscal 2019, as a result of fewer transactions in the cannabis sector during the year ended March 31, 2020. Revenue for the last two quarters of fiscal 2020 was comparatively lower than the previous periods due mainly to lower investment banking activity. The Canadian operating region has been consistently profitable for the past eight quarters, with pre-tax profit margins excluding significant items(1) reaching a high of 32.5% in Q2/19.

The quarterly revenue earned in our US capital markets operations in the past eight quarters has been consistently strong, with revenue reaching $105.6 million in Q4/20. The completion of the acquisition of Petsky Prunier in Q4/19 contributed in large part to the higher advisory fees revenue. Our International Equities Group continued to perform well, with the principal trading revenue reaching $38.0 million in the last quarter of fiscal 2020. Our US operations have also been profitable over the last eight consecutive quarters, with pre-tax income excluding significant items(1) reaching $14.8 million in Q4/20.

Our UK & Europe capital markets operations recorded an increase in advisory fees revenue in the second half of fiscal 2020. Profitability has also improved over the recent quarters, with pre-tax income of $3.4 million recorded in Q3/20, the highest in the past eight quarters, partially due to cost reductions from the restructuring efforts at the end of fiscal 2019.

Revenue in our Australian capital markets operations increased during fiscal 2020, primarily due to an increase in investment banking activity. In particular, investment banking revenue reached $9.3 million in Q3/20, a record over the past eight quarters.

Our Canaccord Genuity Wealth Management North America operations have been positively impacted by improved transaction activity and a growth in managed assets during the fiscal year, despite the decline in market values at the end of March due to the impact of the COVID-19 pandemic. Revenue increased by 5.8% during Q4/20 compared to the same period a year ago and was 23.3% higher than the previous quarter. Our fee-related revenue continued to grow, reaching 40.1% in Q4/20. Assets under management decreased in Q4/20 by 5.0% compared to Q4/19 to $4.0 billion as a result of the decline in market values at the end of March 31, 2020 due to the impact of the COVID-19 pandemic. Assets under administration, including assets under management, decreased by 10.8% from $20.7 billion at the end of fiscal 2019 to $18.4 billion at the end of fiscal 2020.

The Canaccord Genuity Wealth Management UK & Europe operations were expanded during fiscal 2020 with the completion of the Thomas Miller acquisition. The quarterly revenue generated in this region increased by 7.7% in Q4/20 compared to the same period in the prior year. Although this region incurred higher operating expenses as a result of the expansion of this business and increased headcount, pre-tax profit margins continued to be strong at 19.1% in Q4/20 excluding significant items(1). At the end of Q4/20, fee-related revenue was at 68.6%, a decrease of 4.8 percentage points from Q4/19, due to increased transactional activity during the year. Assets under management for this group decreased by 9.8% as of the end of Q4/20 compared to Q4/19 due to the decline in market values. In local currency, AUM decreased by 10.8% to £22.7 billion at the end of March 31, 2020.

With the completion of the acquisition of Patersons in Q3/20, our Australian operations were expanded, with revenue reaching $12.9 million in Q4/20. AUM at the end of March 31, 2020 was $2.4 billion, a decrease of $1.3 billion compared to the previous quarter.

The movement in revenue in the Corporate and Other segment was mainly due to foreign exchange gains or losses resulting from fluctuations in the Canadian dollar.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Fourth quarter 2020 performance

Revenue

Revenue for the fourth quarter was $319.6 million, an increase of $34.8 million or 12.2% compared to the same period in the previous year. Our global wealth management operations generated an increase in revenue of $20.8 million compared to Q4/19,driven partially by contributions from the acquisition of Patersons completed in Q3/20.

Our Canaccord Genuity Capital Markets segment recorded an increase of $16.5 million or 10.3% in revenue compared to Q4/19. Our US operations recorded an increase of $32.2 million or 43.8% compared to Q4/19, driven mainly by higher advisory fees revenue, largely as a result of the acquisition of Petsky Prunier completed in February 2019. In Australia, revenue increased by $5.6 million or 170.4% over Q4/19, primarily due to increased advisory fees and investment banking revenue. Partially offsetting the higher revenue in the US and Australia were decreases in Canada and the UK. The decrease in revenue recorded in our Canadian capital markets operations was largely driven by lower investment banking and commission and fees revenue compared to the same period in the prior year. A decrease of $6.0 million or 20.7% in our UK operations was largely a result of a decline in principal trading revenue in that region.

On a consolidated basis, commissions and fees revenue increased by $28.0 million or 20.4% to $165.6 million compared to the same period in the previous year, predominantly attributable to our wealth management operations as discussed above. Investment banking revenue decreased by $11.7 million or 19.4% to $48.6 million in Q4/20 as our Canadian capital markets operations recorded a decline of $18.4 million or 64.7% due to a reduction in financing activities, partially offset by increases in the US, the UK and Australia.

Advisory fees revenue increased by $17.8 million or 55.2% to $50.0 million in Q4/20 compared to the same period in the prior year as revenue increased in all our principal operating regions.

Principal trading revenue increased,slightly, by $0.2 million during the three months ended March 31, 2020 compared to the same period last year, as the increase in US capital markets operations was mostly offset by decreases in our Canadian and UK operations.

Interest revenue for Q4/20 was $15.2 million, an increase of $1.5 million or 10.8% over Q4/19, mainly attributable to increased margin loan and stock loan activity in our Canadian capital markets and wealth management operations.

Other revenue for Q4/20 decreased by $0.9 million or 15.3% compared to the three months ended March 31, 2019, as a result of a decrease in revenue in our Pinnacle Correspondent Services business.

Expenses

Expenses were $289.4 million, up $10.2 million or 3.6% from Q4/19. Total expenses excluding significant items(1) were $294.7 million, an increase of $32.1 million or 12.2% from the same period last year. Total expenses as a percentage of revenue excluding significant items(1) was 92.2%, unchanged from Q4/19.

Compensation expense increased by $23.7 million or 13.5% compared to the same period in the prior year. Total compensation expense as a percentage of revenue was 62.2% in Q4/20, an increase of 0.7 percentage points compared to the three months ended March 31, 2019.

Excluding significant items(1), non-compensation overhead expenses as a percentage of revenue was 29.9%, a slight decrease from Q4/19. The largest variances in overhead expenses compared to the same period in the prior year were trading costs, interest expense, general and administrative expense, and amortization expense. As discussed earlier, the adoption of IFRS 16 resulted in a decline in premises and equipment expense of $6.3 million compared to Q4/19 partially offset by an increase in right of use amortization expense of $5.5 million.

Trading costs increased by $4.9 million, mainly driven by higher trading activity in our US capital markets operations as well as by our expanded Australian wealth management operations, achieved through the acquisition of Patersons in Q3/20. Interest expense increased by $3.0 million or 52.7% mainly due to interest on lease liabilities recorded under IFRS 16. Development costs decreased by $5.7 million over the same period in the prior year largely due to an adjustment made in the incentive-based costs in our UK & Europe wealth management operations to align with market conditions.

A restructuring costs recovery of $0.4 million was recorded, resulting from a small adjustment to the integration costs in connection with the acquisition of Patersons in Q3/20. During the same period in the prior year, there were restructuring costs of $11.8 million comprised of termination benefits and real estate costs related to the restructuring in our UK capital markets operations announced in Q4/19.

In addition, there was a recovery of $4.2 million related to a partial reversal of the contingent consideration in connection with the acquisition of Thomas Miller due to revised estimates resulting from the recent market downturn.

Income tax expense

Income tax expense was $4.0 million in Q4/20 compared to income tax expense of $3.1 million for the three months ended March 31, 2019. Excluding significant items(1), the effective tax rate for Q4/20 was 14.0% compared to 25.3% in Q4/19. The

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

decrease in the effective tax rate for the current quarter was due to the recognition of deferred tax assets of $3.7 million in connection with our US operations as discussed above.

Net income

Net income for the fourth quarter of fiscal 2020 was $26.2 million compared to net income of $2.5 million in Q4/19. Net income attributable to common shareholders was $23.9 million for Q4/20 compared to net income attributable to common shareholders of $0.3 million in Q4/19. Diluted income per common share in the current quarter was $0.21, compared to a diluted income per common share of $0.00 in Q4/19. Excluding significant items(1), net income for Q4/20 was $21.5 million compared to $16.6 million in Q4/19, an increase of $4.8 million or 29.1%, primarily due to the increase in revenue compared to the same period in the prior year. Net income attributable to common shareholders excluding significant items(1) was $19.1 million compared to $14.5 million in the same period of the prior year. Diluted EPS excluding significant items(1) was $0.17 in Q4/20 compared to $0.12 in Q4/19.

Business Segment Results(1)(2)

	For the years ended March 31							
				2020				2019
(C$ thousands, except number of employees)	**Canaccord Genuity Capital Markets**	**Canaccord Genuity Wealth Management**	**Corporate and Other**	**Total**	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenue								
Canada	**$ 204,636**	**$ 206,455**	**$ 22,963**	**$ 434,054**	$ 260,665	$ 204,420	$ 24,430	$ 489,515
UK & Europe	**96,103**	**277,953**	**—**	**374,056**	108,789	254,985	—	363,774
US	**350,379**	**3,111**	**—**	**353,490**	303,587	2,406	—	305,993
Australia	**38,351**	**23,916**	**—**	**62,267**	31,366	—	—	31,366
Other Foreign Locations	**—**	**—**	**—**	**—**	(81)	—	—	(81)
Total revenue	**689,469**	**511,435**	**22,963**	**1,223,867**	704,326	461,811	24,430	1,190,567
Expenses	**623,663**	**430,518**	**69,663**	**1,123,844**	622,760	388,741	86,410	1,097,911
Intersegment allocations	**17,005**	**12,743**	**(29,748)**	**—**	18,689	14,467	(33,156)	—
Income (loss) before income taxes	**$ 48,801**	**$ 68,174**	**$ (16,952)**	**$ 100,023**	$ 62,877	$ 58,603	$ (28,824)	$ 92,656
Excluding significant items(3)								
Revenue	**689,469**	**511,435**	**22,963**	**1,223,867**	704,326	461,811	24,430	1,190,567
Expenses	**612,690**	**418,457**	**69,663**	**1,100,810**	605,218	371,961	77,802	1,054,981
Intersegment allocations	**17,005**	**12,743**	**(29,748)**	**—**	18,689	14,467	(33,156)	—
Income (loss) before income taxes	**$ 59,774**	**$ 80,235**	**$ (16,952)**	**$ 123,057**	$ 80,419	$ 75,383	$ (20,216)	$ 135,586
Number of employees	**789**	**1,180**	**339**	**2,308**	832	972	308	2,112

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14. Detailed financial results for the business segments are shown in Note 25 of the audited consolidated financial statements on page 95.
(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 – 15%].
(3) See the Selected Financial Information Excluding Significant Items table on page 21.

Canaccord Genuity Group's operations are divided into three segments: Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management are the main operating segments while Corporate and Other is mainly an administrative segment.

CANACCORD GENUITY CAPITAL MARKETS

Overview

Canaccord Genuity Capital Markets provides investment banking, advisory, equity research, and sales and trading services to corporate, institutional and government clients as well as conducting principal trading activities in Canada, the US, the UK & Europe and the Asia-Pacific region. Canaccord Genuity Capital Markets has offices in 21 cities in nine countries worldwide.

Our operating results demonstrate the strength of our global business and the success of our efforts to diversify our revenue streams and improve alignment across our businesses and regions. For fiscal 2020, 70.3% of total Canaccord Genuity Capital Markets revenue was earned outside of Canada.

Canaccord Genuity Capital Markets' global alignment efforts are helping to firmly position the Company as a leading global independent investment bank focused on the mid-market.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Outlook

Canaccord Genuity Capital Markets continues to be very well positioned in many of the Company’s key markets. In the fiscal year ahead, management intends to focus on capturing operating efficiencies and improving profitability through further integration of its global capital markets platform and encouraging further cross-border coordination among our global offices.

We believe Canaccord Genuity Capital Markets’ integrated global platform provides a competitive advantage for our business compared to many of the domestically focused firms we compete with. Smaller regional or local investment dealers are increasingly under pressure to diversify, and larger international competitors dedicate limited resources to servicing growth companies. We believe this competitive landscape provides a significant opportunity for Canaccord Genuity Capital Markets in the global mid-market, as this space is currently relatively underserviced by other global investment banks. Canaccord Genuity Capital Markets’ mid-market strategy and focus on key growth sectors differentiate the firm from its competition.

Canaccord Genuity Capital Markets remains committed to operating as efficiently as possible in order to sustain its global platform during periods of slower capital markets activity. A culture of cost containment continues to be reinforced throughout the Company, and strategies to lower operating costs over the long term continue to be explored.

While we are optimistic about our prospects for the future, the Company has made the prudent decision to balance investments in growth with our ability to generate profit in the current market environment. The dynamic nature of our operating environment requires us to maintain a level of agility in our business mix that allows us to stay competitive and meet the evolving needs of our clients. For this reason, the Company will continue to make disciplined investments with the addition of small teams in specific sector verticals or key service offerings to further strengthen our operations in areas where we believe we can capture additional market share.

The management team believes the investments that the Company has made to improve Canaccord Genuity Capital Markets’ global presence and refine its service offering have positioned the business very well for the future.

FINANCIAL PERFORMANCE(1)(2)

	For the years ended March 31											
						2020						2019
(C$ thousands, except number of employees)	**Canada**	**UK(5)**	**US**	**Australia**	**Other Foreign Locations(6)**	**Total**	Canada	UK(5)	US	Australia	Other Foreign Locations	Total
Revenue	**204,636**	**96,103**	**350,379**	**38,351**	**—**	**689,469**	$ 260,665	$ 108,789	$ 303,587	$ 31,366	$ (81)	$ 704,326
Expenses												
Compensation expense	**110,163**	**60,830**	**205,929**	**25,149**	**—**	**402,071**	134,562	78,278	170,618	19,981	808	404,247
Other overhead expenses	**63,880**	**30,753**	**113,916**	**10,742**	**—**	**219,291**	53,052	38,333	101,533	9,407	690	203,015
Development costs	**31**	**—**	**464**	**—**	**—**	**495**	72	96	284	—	—	452
Acquisition-related costs	**—**	**—**	**177**	**1,629**	**—**	**1,806**	1,173	—	803	—	—	1,976
Restructuring costs	**—**	**—**	**—**	**—**	**—**	—	—	13,070	—	—	—	13,070
Total expenses	**174,074**	**91,583**	**320,486**	**37,520**	—	**623,663**	188,859	129,777	273,238	29,388	1,498	622,760
Intersegment allocations(3)	**12,241**	**895**	**3,010**	**859**	—	**17,005**	12,458	2,908	3,037	286	—	18,689
Income (loss) before income taxes (recovery)(3)	**$ 18,321**	**$ 3,625**	**$ 26,883**	**$ (28)**	—	**$ 48,801**	$ 59,348	$ (23,896)	$ 27,312	$ 1,692	$ (1,579)	$ 62,877
Excluding significant items(4)												
Total revenue	**204,636**	**96,103**	**350,379**	**38,351**	—	**689,469**	260,665	108,789	303,587	31,366	(81)	704,326
Total expenses	**171,522**	**91,583**	**313,694**	**35,891**	—	**612,690**	185,194	116,707	272,431	29,388	1,498	605,218
Intersegment allocations(3)	**12,241**	**895**	**3,010**	**859**	—	**17,005**	12,458	2,908	3,037	286	—	18,689
Income (loss) before income taxes (recovery)(3)	**$ 20,873**	**$ 3,625**	**33,675**	**$ 1,601**	—	**$ 59,774**	$ 63,013	$ (10,826)	$ 28,119	$ 1,692	$ (1,579)	$ 80,419
Number of employees	**257**	**136**	**313**	**83**	—	**789**	255	197	308	68	4	832

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2020 [March 31, 2019 – 15%].

(3) Income (loss) before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 37.

(4) Refer to the Selected Financial Information Excluding Significant Items table on page 21.

(5) Includes our Dubai based operations.

(6) Starting in Q1/20, our Asian based operations, including Singapore, China and Hong Kong, have been combined with our Canadian and Australian capital markets operations to reflect management of these operating units.

REVENUE

REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY CAPITAL MARKETS REVENUE

	For the years ended March 31		
	2020	**2019**	2020/2019 change
Revenue generated in:			
Canada	**29.7%**	37.0%	(7.3) p.p.
UK & Europe[1]	**13.9%**	15.4%	(1.5) p.p.
US	**50.8%**	43.1%	7.7 p.p.
Australia	**5.6%**	4.5%	1.1 p.p.
Other Foreign Locations	**0.0%**	0.0%	0.0 p.p.
	100.0%	100.0%	

p.p.: percentage points
(1) Includes our Dubai based operations

Canaccord Genuity Capital Markets generated revenue of $689.5 million, a decrease of 2.1% or $14.9 million compared to fiscal 2019. Revenue increased in the US and Australia by $46.8 million or 15.4% and by $7.0 million or 22.3%, respectively, compared to the prior year, largely driven by higher advisory fees revenue. In Canada, revenue decreased by $56.0 million or 21.5% compared to the operation's exceptionally strong performance in fiscal 2019. Revenue in our UK operations decreased by $12.7 million or 11.7% to $96.1 million in fiscal 2020 due to reduced principal trading, commission and fees and financing revenue, partially offset by higher advisory fees earned during the year.

Investment banking activity

The Company's focus sector mix in fiscal 2020 showed continued diversity. While capital raising contributions from the Life Sciences sector includes revenues from cannabis-related businesses, we note that our US investment banking practice was a significant contributor to revenue growth from the Healthcare and Healthcare IT segments as well as the overall Life Sciences sector. Revenue from the Technology & Industrials sectors was led by our US and Canadian capital markets businesses and reflects our continued growth in the US Technology segment.

Canaccord Genuity Capital Markets' transactions and revenue by focus sectors are detailed below.

CANACCORD GENUITY CAPITAL MARKETS – OVERALL

Investment banking transactions and revenue by sector

	For the year ended March 31, 2020	
Sectors	as a % of investment banking transactions	as a % of investment banking revenue
Life Sciences	22.4%	28.9%
Technology	17.9%	26.4%
Industrials	5.9%	12.6%
Metals & Mining	19.2%	12.1%
Diversified	6.6%	7.1%
Financials	4.9%	5.8%
Consumer & Retail	4.0%	3.3%
Real Estate	5.9%	2.0%
Others	4.0%	0.9%
Structured Products & Sustainability	6.0%	0.5%
Energy	3.2%	0.4%
Total	100.0%	100.0%

CANACCORD GENUITY CAPITAL MARKETS – BY GEOGRAPHY

Investment banking transactions by sector (as a% of the number of investment banking transactions for each geographic region)

	For the year ended March 31, 2020			
Sectors	Canada	US	UK	Australia
Life Sciences	20.6%	43.4%	5.4%	7.2%
Metals & Mining	23.8%	0.0%	5.4%	43.3%
Technology	6.4%	43.4%	25.7%	15.5%
Diversified	11.7%	0.0%	0.0%	2.1%
Structured Products & Sustainability	11.2%	0.0%	0.0%	0.0%
Real Estate	10.7%	0.0%	1.4%	0.0%
Industrials	1.0%	11.4%	25.6%	1.0%
Financials	5.6%	0.0%	13.5%	4.1%
Consumer & Retail	1.8%	1.8%	16.2%	7.2%
Others	4.1%	0.0%	0.0%	13.4%
Energy	3.1%	0.0%	6.8%	6.2%
Total	100.0%	100.0%	100.0%	100.0%

Investment banking revenue by sector (as a% of investment banking revenue for each geographic region)

	For the year ended March 31, 2020			
Sectors	Canada	US	UK	Australia
Life Sciences	39.3%	34.9%	1.9%	5.5%
Technology	6.7%	51.3%	14.3%	11.9%
Industrials	0.2%	12.2%	46.8%	5.4%
Metals & Mining	21.2%	0.0%	0.8%	51.5%
Diversified	18.7%	0.0%	0.0%	5.5%
Financials	6.0%	0.0%	23.8%	0.1%
Consumer & Retail	0.5%	1.6%	11.1%	9.2%
Real Estate	5.3%	0.0%	0.5%	0.0%
Others	0.3%	0.0%	0.0%	9.6%
Structured Products & Sustainability	1.3%	0.0%	0.0%	0.0%
Energy	0.5%	0.0%	0.8%	1.3%
Total	100.0%	100.0%	100.0%	100.0%

Note for reference in the tables above: transactions with companies in the cannabis sector in Canada are included under the Life Sciences sector.

EXPENSES

Expenses for fiscal 2020 were $623.7 million, an increase of $0.9 million or 0.1% compared to the prior year. Excluding significant items(1), total expenses for fiscal 2020 were $612.7 million, an increase of $7.5 million or 1.2% compared to fiscal 2019. As a percentage of revenue, total expenses increased by 2.9 percentage points compared to the year ended March 31, 2019.

Compensation expense

Compensation expense for fiscal 2020 decreased by $2.2 million or 0.5% compared to fiscal 2019. Total compensation expense (incentive compensation expense plus salaries and benefits) as a percentage of revenue was 0.9 percentage points higher than in fiscal 2019, at 58.3% for the year ended March 31, 2020.

In Canada, total compensation as a percentage of revenue increased by 2.2 percentage points compared to fiscal 2019 due to a decrease in revenue relative to fixed staff costs. Our US operations recorded a compensation ratio of 58.8% in fiscal 2020, an increase of 2.6 percentage points compared to the prior year, as a result of adjustments to incentive compensation pools and fixed staff costs. In our UK operations, total compensation expense as a percentage of revenue decreased by 8.7 percentage points compared to fiscal 2019 as a result of the decline in fixed staff costs. Total compensation expense as a percentage of revenue in our Australian operations was 65.6%, an increase of 1.9 percentage points due to an increase in the non-variable nature of certain staff costs.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Canaccord Genuity Capital Markets compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue by geography

	For the years ended March 31		
	2020	2019	2020/2019 change
Canada	**53.8%**	51.6%	2.2 p.p.
UK & Europe	**63.3%**	72.0%	(8.7) p.p.
US	**58.8%**	56.2%	2.6 p.p.
Australia	**65.6%**	63.7%	1.9 p.p.
Other Foreign Locations	**n.m.**	n.m.	n.m.
Canaccord Genuity Capital Markets (total)	**58.3%**	57.4%	0.9 p.p.

p.p.: percentage points
n.m.: not meaningful

Other overhead expenses

Other overhead expenses were $219.3 million for fiscal 2020 compared to $203.0 million in fiscal 2019, an increase of $16.3 million or 8.0%. The most significant increases in overhead costs compared to the prior year include general and administrative expense, amortization expense, and interest expense.

General and administrative expense increased by $4.7 million or 8.8% compared to fiscal 2019, resulting from higher professional fees, promotion and travel expenses, and other office expenses to support and grow our business.

Amortization expense increased by $5.8 million to $13.0 million compared to the prior year due to the amortization of intangible assets in connection with the acquisition of Petsky Prunier.

Interest expense increased by $5.8 million or 59.6% compared to fiscal 2019 due to the recognition of interest expense related to lease liabilities as prescribed under IFRS 16. In addition, the accounting change also led to a decrease in premises and equipment expense of $15.1 million, partially offset by an increase in amortization of right of use assets of $13.2 million.

There were acquisition-related costs of $1.8 million recorded during the year ended March 31, 2020 related to the acquisition of Patersons [the Australian wealth management business was recorded as part of the Australian capital markets operations prior to Q3/20].

INCOME BEFORE INCOME TAXES

Income before income taxes in fiscal 2020 was $48.8 million, a decrease of $14.1 million compared to fiscal 2019. Excluding significant items(1), income before income taxes, including allocated overhead expenses, decreased from $80.4 million in fiscal 2019 to $59.8 million in fiscal 2020. The decrease in income before income taxes excluding significant items(1) was attributable to lower revenue generated in our Canadian and UK operating segments combined with an increase in overhead expenses.

CANACCORD GENUITY WEALTH MANAGEMENT

Overview

Canaccord Genuity Group's wealth management division provides a range of comprehensive financial services and investment products to individual investors (private clients), institutions and intermediaries, and charities. Revenue from wealth management operations is generated through traditional commission-based brokerage services; the sale of fee-based products and services; client-related interest; and fees and commissions earned by Investment Advisors (IAs) in Canada from investment banking and venture capital transactions. The Company has wealth management operations in Canada, the UK & Europe, and Australia. In addition to the acquisition of Hargreave Hale in Q2/18, the Company acquired McCarthy Taylor in Q4/19 and Thomas Miller in Q1/20 further expanding its wealth management operations in the UK & Europe.

In the UK & Europe, Canaccord Genuity Wealth Management has 12 offices in the UK, Guernsey, Jersey and the Isle of Man. Revenue earned by this business is largely generated through fee-based accounts and portfolio management activities. The business offers services to both domestic (UK) and international and European clients and provides clients with investing options from both third party and proprietary financial products, including investment funds and model portfolios managed by Canaccord Genuity Wealth Management portfolio managers.

At March 31, 2020, Canaccord Genuity Wealth Management had 9 offices located across Canada. The Company is focused on actively recruiting established Advisory Teams to accelerate growth in this business.

Outlook

Our strategic shift to strengthening contributions from our global wealth management performance will continue to be a main focus for the Company. Management's priorities for Canaccord Genuity Wealth Management will be focused on growing assets

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

under administration and management, and increasing the proportion of fee-based revenue as a percentage of total revenue. By increasing recurring revenue streams, we expect to meaningfully reduce our reliance on transaction-based revenue over the coming years, making our business less sensitive to changes in market conditions and trading activity.

With 72.9% of the division's revenue derived from recurring, fee-based activities, the revenue stream generated through Canaccord Genuity Wealth Management's UK & Europe wealth management business helps to improve the stability of its overall performance. Client holdings in our in-house investment management products exceed $1 billion and are attracting growing interest from both domestic and international intermediaries. The Company will continue to pursue strategic opportunities to increase the scale of its UK wealth management business.

In Canada, the Company continues to focus on enhancing margins, managing costs, and growing the business through targeted recruitment and training. While the recruiting environment remains competitive, we expect the benefits of our independent global platform to help drive continued recruiting success in select markets. The Company also intends to invest further in training programs for new and existing Investment Advisors to continue developing and broadening the skills of our Advisory Teams and to support the growth of fee-based services offered through the Canadian business. We maintain a strong focus on attracting and retaining high quality advisors, investing in training programs and building a comprehensive suite of premium products targeted at attracting high net worth investors and helping advisors grow their businesses.

In Australia, the Company still has a relatively small wealth management operation; however, expansion is expected to occur through targeted recruiting, and through the build-out of wealth management services and products in this market.

FINANCIAL PERFORMANCE – NORTH AMERICA(1)(2)

	For the years ended March 31			
(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and% amounts)	**2020**	2019	2020/2019 change	
Revenue	**$ 209,566**	$ 206,826	$ 2,740	1.3%
Expenses				
Compensation expense	**121,494**	118,860	2,634	2.2%
Other overhead expenses	**53,184**	47,968	5,216	10.9%
Acceleration of long-term incentive plan expense	**—**	—	—	—
Total expenses	**174,678**	166,828	7,850	4.7%
Intersegment allocations(3)	**12,229**	13,152	(923)	(7.0)%
Income before income taxes(3)	**$ 22,659**	$ 26,846	$ (4,187)	(15.6)%
AUM – Canada (discretionary)(4)	**4,009**	4,221	(212)	(5.0)%
AUA – Canada(5)	**18,440**	20,674	(2,234)	(10.8)%
Number of Advisory Teams – Canada	**146**	155	(9)	(5.8)%
Number of employees	**432**	430	2	0.5%
Excluding significant items(6)				
Total expenses	**$ 174,678**	$ 166,828	$ 7,850	4.7%
Intersegment allocations(3)	**12,229**	13,152	(923)	(7.0)%
Income before income taxes(3)	**22,659**	26,846	(4,187)	(15.6)%

(1) Data is in accordance with IFRS except for figures excluding significant items, AUA, AUM, number of Advisory Teams and number of employees. See Non-IFRS Measures on page 14.
(2) Includes Canaccord Genuity Wealth Management operations in Canada and the US.
(3) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 37.
(4) AUM represents assets managed on a discretionary basis under our programs generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program*.
(5) AUA is the market value of client assets administered by the Company, for which the Company earns commissions or fees. AUA includes AUM.
(6) Refer to the Selected Financial Information Excluding Significant Items table on page 21.

Revenue from Canaccord Genuity Wealth Management North America was $209.6 million, an increase of $2.7 million or 1.3% from fiscal 2019, driven by higher commissions and fees revenue partially offset by lower investment banking revenue.

AUA in Canada decreased by 10.8% to $18.4 billion at March 31, 2020 from $20.7 billion at March 31, 2019, as a result of a decline in market values due to the impact of the COVID-19 pandemic. There were 146 Advisory Teams in Canada, a decrease of nine from a year ago. The fee-based revenue in our North American operations was 5.3 percentage points higher than in the prior year and accounted for 40.2% of the wealth management revenue earned in Canada during the year ended March 31, 2020.

Expenses for fiscal 2020 were $174.7 million, an increase of $7.9 million or 4.7% from fiscal 2019. Total expenses as a percentage of revenue increased by 2.7 percentage points compared to last year.

Compensation expense increased by $2.6 million or 2.2% compared to the prior year, consistent with the increase in incentive-based revenue. Total compensation expense (incentive compensation expense plus salaries and benefits) as a percentage of revenue increased slightly by 0.5 percentage points compared to last year to 58.0% in fiscal 2020.

Other overhead expenses as a percentage of revenue increased by 2.2% compared to fiscal 2019. Trading costs increased by $2.3 million compared to the year ended March 31, 2019, in line with the increase in commission and fees revenue. General and administrative expense increased by $2.0 million or 14.0% due to higher conference costs, as well as transfer fees associated with new accounts and provisions for legal costs and settlements. Development costs increased by $1.5 million as a result of the amortization of incentive-based payments to new recruits.

Premises and equipment expense decreased by $2.2 million compared to fiscal 2019 as a result of the change to the lease accounting standard as discussed above, with a similar increase of $2.4 million for the amortization of right of use assets recorded in fiscal 2020.

Income before income taxes decreased by $4.2 million in fiscal 2020 to $22.7 million due to increases in certain overhead expenses that do not vary directly with revenue.

FINANCIAL PERFORMANCE – UK & EUROPE(1)(5)

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and% amounts)	For the years ended March 31 2020	2019	2020/2019 change	
Revenue	**$ 277,953**	$ 254,985	$ 22,968	9.0%
Expenses				
Compensation expense	**151,020**	144,827	6,193	4.3%
Other overhead expenses	**80,881**	75,998	4,883	6.4%
Acceleration of long-term incentive plan expense	**—**	—	—	—
Restructuring costs	**1,098**	—	1,098	n.m.
Acquisition-related costs	**(1,930)**	1,088	(3,018)	(277.4)%
Total expenses	**231,069**	221,913	9,156	4.1%
Intersegment allocations(2)	**1,149**	1,315	(166)	(12.6)%
Income before income taxes(2)	**$ 45,735**	$ 31,757	$ 13,978	44.0%
AUM – UK & Europe(3)	**39,879**	44,195	(4,316)	(9.8)%
Number of investment professionals and fund managers – UK & Europe	**210**	190	20	10.5%
Number of employees	**548**	542	6	1.1%
Excluding significant items(4)				
Total expenses	**$ 220,274**	$ 205,133	$ 15,141	7.4%
Intersegment allocations(2)	**1,149**	1,315	(166)	(12.6)%
Income before income taxes(2)	**56,530**	48,537	7,993	16.5%

(1) Data is in accordance with IFRS except for figures excluding significant items, AUM, number of investment professionals and fund managers, and number of employees. See Non-IFRS Measures on page 14.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 37.
(3) AUM in the UK & Europe is the market value of client assets managed and administered by the Company, for which the Company earns commissions or fees. This measure includes both discretionary and non-discretionary accounts.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 21.
(5) Includes the operating results of McCarthy Taylor which was acquired on January 29, 2019 and the operating results of Thomas Miller since the acquisition date of May 1, 2019.

Operating results of McCarthy Taylor are included since the closing date of January 29, 2019 and the operating results of Thomas Miller after the closing date of May 1, 2019, are also included in the discussions below.

Revenue generated by our UK & Europe operations is largely produced through fee-based accounts and portfolio management activities, and, as such, is less sensitive to changes in market conditions. Revenue for fiscal 2020 was $278.0 million, an increase of $23.0 million or 9.0% compared to fiscal 2019. Measured in local currency (GBP), revenue was £164.3 million during fiscal 2020, an increase of £16.2 million or 10.9% compared to the previous year.

AUM in the UK & Europe as of March 31, 2020 was $39.9 billion, a decrease of 9.8% compared to $44.2 billion as of March 31, 2019 due to decline in market values. Measured in local currency (GBP), AUM decreased by 10.8% compared to March 31, 2019. The fee-related revenue in our UK & European wealth management operations accounted for 72.9% of total revenue in this geography in fiscal 2020, an increase of 0.3 percentage points compared to last year.

Compensation expense was $151.0 million, a $6.2 million increase from $144.8 million in fiscal 2019, in line with the increase in incentive-based commissions and fees revenue. Total compensation expense (incentive compensation expense plus salaries and benefits) as a percentage of revenue decreased by 2.5 percentage points from 56.8% in fiscal 2019 to 54.3% in fiscal 2020.

Other overhead expenses for the year ended March 31, 2020 increased by $4.9 million or 6.4% compared to the prior year.

General and administrative expense increased by $4.4 million or 23.0% partially as a result of additional reserves recorded in respect of certain ongoing legal matters, as well as costs to support the expanded operations. The increase in amortization expense of $2.5 million or 16.6% compared to fiscal 2019 was attributable to the amortization of intangible assets related to the acquisitions of McCarthy Taylor in Q4/19 and Thomas Miller in Q1/20. Interest expense increased by $1.8 million or 70.0% as a result of additional bank loan obtained to complete the acquisition of Thomas Miller in Q1/20 as well as interest expense recorded on lease liabilities as a result of the adoption of IFRS 16. The increase in trading costs of $2.6 million or 32.1% was mainly due to higher trading activity compared to the prior year. Development costs decreased by $5.0 million compared to the prior year as a result of an adjustment to incentive-based costs related to the acquisitions and growth initiatives of the UK wealth management business to align with the current market conditions.

Restructuring costs of $1.1 million were recorded in fiscal 2020 related to the integration costs of the recent acquisitions. There were no restructuring costs recorded in fiscal 2019.

The Company also recorded $2.3 million of acquisition-related costs in connection with the acquisition of Thomas Miller in May 2019. The acquisition-related costs included professional and consulting fees incurred during the year. In addition, there was a recovery of $4.2 million related to a partial reversal of the contingent consideration initially recorded in connection with the acquisition of Thomas Miller due to revised estimates resulting from the recent market downturn. The $1.1 million of acquisition-related costs recorded in fiscal 2019 were related to the acquisitions of McCarthy Taylor and Thomas Miller.

Income before income taxes was $45.7 million compared to $31.8 million in the prior year as a result of higher revenue and adjustments to the incentive-based costs and contingent consideration discussed above. Excluding significant items(1), income before income taxes was $56.5 million, an increase of $8.0 million or 16.5% from the prior year, reflecting the net contribution from our expanded operations.

FINANCIAL PERFORMANCE – AUSTRALIA(1)(5)

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and% amounts)	For the years ended March 31 2020	2019	2020/2019 change	
Revenue	$ 23,916	—	$ 23,916	n.m.
Expenses				
Compensation expense	15,268	—	15,268	n.m.
Other overhead expenses	8,680	—	8,680	n.m.
Acceleration of long-term incentive plan expense	—	—	—	n.m.
Restructuring costs	823	—	823	n.m.
Acquisition-related costs	—	—	—	n.m.
Total expenses	24,771	—	24,771	n.m.
Intersegment allocations(2)	(635)	—	(635)	n.m.
Loss before income taxes(2)	$ (220)	—	$ (220)	n.m.
AUM(3)	2,400	—	2,400	n.m.
Number of investment professionals and fund managers	119	—	119	n.m.
Number of employees	200	—	200	n.m.
Excluding significant items(4)				
Total expenses	$ 23,505	—	$ 23,505	n.m.
Intersegment allocations(2)	(635)	—	(635)	n.m.
Income before income taxes(2)	1,046	—	1,046	n.m.

(1) Data is in accordance with IFRS except for figures excluding significant items, AUM, number of investment professionals and fund managers, and number of employees. See Non-IFRS Measures on page 14.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 37.
(3) AUM is the market value of client assets managed and administered by the Company, for which the Company earns commissions or fees. This measure includes both discretionary and non-discretionary accounts.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 21.

Commencing Q3/20, the Canaccord Genuity Australia wealth management segment includes the operating results of Patersons Securities Limited (renamed as Canaccord Genuity Financial Limited) since the closing date of October 21, 2019, as well as the wealth management business previously included as part of Canaccord Genuity Australia capital markets.

During the year ended March 31, 2020, Canaccord Genuity Wealth Management Australia generated revenue of $23.9 million. AUM in the Australian wealth management operations was $2.4 billion at March 31, 2020 comprised of client assets held in its investment management platforms. Fee-related revenue in our Australian operations as a percentage of total revenue accounted for 23.1% of the wealth management revenue during fiscal 2020.

Total expenses for the fiscal 2020 were $24.8 million, largely made up of compensation expense, trading costs and general and administrative expense. Compensation expense was $15.3 million in fiscal 2020. Total compensation expense as a percentage of revenue was 63.8% for the year ended March 31, 2020.

Restructuring costs of $0.8 million were recorded in fiscal 2020, related to integration costs incurred in connection with the acquisition of Patersons.

There was a loss before income taxes of $0.2 million in the current fiscal year principally as a result of restructuring costs related to integration efforts and other real estate costs. Excluding significant items(1), pre-tax income was $1.0 million for the year ended March 31, 2020.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

CORPORATE AND OTHER SEGMENT

Overview

The Corporate and Other segment includes Pinnacle Correspondent Services, interest, foreign exchange revenue, and expenses not specifically allocable to Canaccord Genuity Capital Markets or Canaccord Genuity Wealth Management.

Pinnacle Correspondent Services provides trade execution, clearing, settlement, custody, and other middle- and back-office services to other introducing brokerage firms, portfolio managers and other financial intermediaries. This business unit was developed as an extension and application of the Company's substantial investment in its information technology and operating infrastructure.

Also included in this segment are the Company's administrative, operational and support services departments, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance, and other administrative functions. The Company has 339 employees in the Corporate and Other segment. Most of the Company's corporate support functions are based in Vancouver and Toronto, Canada.

Our operations group is responsible for processing securities transactions, including the clearing and settlement of securities transactions, account administration and custody of client securities. The finance department is responsible for internal financial accounting and controls, and external financial and regulatory reporting, while the compliance department is responsible for client credit and account monitoring in relation to certain legal and financial regulatory requirements. The Company's risk management and compliance activities include procedures to identify, control, measure and monitor the Company's risk exposure at all times.

FINANCIAL PERFORMANCE[1]

	For the years ended March 31			
(C$ thousands, except number of employees and% amounts)	2020	2019	2020/2019 change	
Revenue	$ 22,963	$ 24,430	$ (1,467)	(6.0)%
Expenses				
Compensation expense	48,460	48,691	(231)	(0.5)%
Other overhead expenses	20,996	28,807	(7,811)	(27.1)%
Acceleration of long-term incentive plan expense	—	—	—	—
Loss on convertible debentures	—	8,608	(8,608)	n.m.
Share of loss of an associate	207	304	(97)	(31.9)%
Total expenses	69,663	86,410	(16,747)	(19.4)%
Intersegment allocations[2]	(29,748)	(33,156)	3,408	(10.3)%
Loss before income tax recovery[2]	(16,952)	(28,824)	11,872	(41.2)%
Number of employees	339	308	31	10.1%
Excluding significant items[3]				
Total expenses	$ 69,663	$ 77,802	$ (8,139)	(10.5)%
Intersegment allocations[2]	(29,748)	(33,156)	3,408	(10.3)%
Loss before income taxes (recovery)[2]	(16,952)	(20,216)	3,264	(16.1)%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14.
(2) Loss before income tax recovery includes intersegment allocations. See the Intersegment Allocated Costs section on page 37.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 21.

Revenue for fiscal 2020 was $23.0 million, a decrease of $1.5 million or 6.0% from fiscal 2019 resulting from a decrease in interest revenue from cash balances held during the year.

Total expenses were $69.7 million for the year ended March 31, 2020, a decrease of $16.7 million or 19.4% compared to the prior year. Other overhead expenses decreased by $7.8 million or 27.1% compared to the prior year, largely as a result of an increase in trading cost recoveries from the Canadian capital markets and wealth management operations.

Loss before income taxes was $17.0 million for fiscal 2020 compared to a loss before income taxes of $28.8 million for the prior year. Excluding significant items[1], loss before income taxes was $17.0 million for the year ended March 31, 2020 compared to a loss before income taxes of $20.2 million last year.

INTERSEGMENT ALLOCATED COSTS

Included in the Corporate and Other segment are certain support services, research and other expenses that have been incurred to support the activities within the Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management segments in Canada. Certain trading, clearing and settlement charges are included as a trading cost in the applicable business units and as a trading cost recovery in Corporate and Other. In addition, certain overhead costs are charged by Canaccord Genuity Capital Markets UK & Europe to Canaccord Genuity Wealth Management UK & Europe and included in intersegment allocated costs for these business units.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 14.

Financial Condition

Below are selected balance sheet items for the past five years:

	Balance sheet summary as at March 31				
(C$ thousands)	**2020**	2019	2018	2017	2016
Assets					
Cash and cash equivalents	**$ 997,111**	$ 820,739	$ 862,838	$ 677,769	$ 428,329
Securities owned	**931,467**	690,499	469,217	784,230	564,746
Accounts receivable	**3,275,841**	2,656,664	2,215,837	3,395,736	2,041,150
Income taxes recoverable	**5,603**	2,502	1,170	1,085	12,537
Deferred tax assets	**39,487**	22,117	19,941	15,323	11,221
Investments	**10,105**	6,224	2,035	2,829	5,578
Equipment and leasehold improvements	**24,860**	25,792	30,967	31,479	37,049
Goodwill and other intangible assets	**565,587**	524,757	418,731	295,065	323,936
Right of use assets	**106,134**	—	—	—	—
Total assets	**$ 5,956,195**	$ 4,749,294	$ 4,020,736	$ 5,203,516	$ 3,424,546
Liabilities and shareholders' equity					
Bank indebtedness	**$ —**	$ 9,639	$ —	$ 25,280	$ 14,910
Securities sold short	**875,017**	373,419	301,006	645,742	427,435
Accounts payable and accrued liabilities	**3,673,451**	3,123,765	2,638,954	3,669,883	2,185,047
Provisions	**6,735**	18,212	8,428	11,793	18,811
Income taxes payable	**11,721**	5,415	7,851	10,093	4,242
Current portion of bank loan	**7,042**	9,294	9,679	—	—
Current portion of lease liability	**23,417**	—	—	—	—
Current portion of contingent consideration	**57,859**	—	—	—	—
Deferred consideration	**8,966**	22,225	9,997	—	—
Contingent consideration	**47,614**	108,319	49,844	—	—
Promissory note	**—**	5,832	—	—	—
Lease liability	**88,922**	—	—	—	—
Other long-term liability	**1,760**	1,741	—	—	—
Bank loan	**79,192**	50,370	61,758	—	—
Deferred tax liabilities	**9,903**	7,978	13,715	140	450
Liability portion of convertible debenture	**128,322**	127,225	57,081	56,442	—
Subordinated debt	**7,500**	7,500	7,500	7,500	15,000
Shareholders' equity	**928,618**	876,363	841,352	764,785	749,929
Non-controlling interests	**156**	1,997	13,571	11,858	8,722
Total liabilities and shareholders' equity	**$ 5,956,195**	$ 4,749,294	$ 4,020,736	$ 5,203,516	$ 3,424,546

ASSETS

Cash and cash equivalents were $997.1 million at March 31, 2020 compared to $820.7 million at March 31, 2019. Refer to the Liquidity and Capital Resources section for more details.

Securities owned were $931.5 million at March 31, 2020 compared to $690.5 million at March 31, 2019 mainly due to an increase in corporate and government debt owned.

Accounts receivable were $3.3 billion at March 31, 2020 compared to $2.7 billion at March 31, 2019, mainly due to an increase in receivables from brokers and investment dealers.

Goodwill was $395.4 million and intangible assets were $170.2 million at March 31, 2020. At March 31, 2019, goodwill was $370.2 million and intangible assets were $154.5 million. These amounts represent the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc (CSHP), Eden Financial Ltd., Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier and Patersons.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments were $80.1 million at March 31, 2020 compared to $56.6 million at March 31, 2019, mainly due to an increase in income taxes receivable, deferred tax assets, and investments.

LIABILITIES AND SHAREHOLDERS' EQUITY

Securities sold short were $875.0 million at March 31, 2020 compared to $373.4 million at March 31, 2019, mostly due to an increase in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $3.7 billion, an increase from $3.1 billion on March 31, 2019, mainly due to an increase in payables to clients and brokers and investment dealers.

Other liabilities, including subordinated debt, income taxes payable, other long-term liability and deferred tax liabilities, were $30.9 million at March 31, 2020 compared to $22.6 million in the prior year. The increase was mostly due to an increase in income tax payable.

In connection with our acquisition of Hargreave Hale through a subsidiary of the Company, that subsidiary obtained a £40.0 million bank loan to finance a portion of the cash consideration. During the year ended March 31, 2020, the Company obtained additional financing on the loan of £17.0 million in connection with the acquisition of Thomas Miller. The balance outstanding as of March 31, 2020 net of principal repayments and unamortized financing fees was £49.0 million ($86.2 million) [March 31, 2019 – £34.3 million ($59.7 million)]. The loan is repayable in instalments of principal and interest over a period of four years and matures in September 2023. The interest rate on this loan is variable and is currently at 2.6584% per annum as at March 31, 2020 [March 31, 2019 – 2.9646% per annum].

Excluding the bank loan in connection with the acquisitions of Hargreave Hale and Thomas Miller described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $653.7 million [March 1, 2019 – $683.2 million]. Bank overdrafts and call loan facilities utilized by the Company may vary significantly on a day-to-day basis and depend on securities trading activity. These credit facilities are utilized by the Company to facilitate settlement activities and consist of call loans, letters of credit and daylight overdraft facilities, and are collateralized by unpaid client securities and/or securities owned by the Company. On March 31, 2020, there was no bank indebtedness outstanding [March 31, 2019 – $9.6 million].

There were deferred and contingent considerations of $9.0 million and $105.5 million, respectively, recorded at March 31, 2020 in connection with the acquisitions of Hargreave Hale, Jitneytrade, McCarthy Taylor and Petsky Prunier. Refer to Notes 7 and 13 of the audited consolidated financial statements for the year ended March 31, 2020 for further information.

Non-controlling interests were $0.2 million at March 31, 2020 compared to $2.0 million at March 31, 2019, which represents 15% [March 31, 2019 – 15%] of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totaling $3.3 million (US$2.3 million) [March 31, 2019 – $2.7 million (US$2.0 million)] as rent guarantees for its leased premises in New York.

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of March 31, 2020, the Company had no bank indebtedness outstanding [March 31, 2019 – $9.6 million].

In the normal course of business, the Company enters into contracts that give rise to commitments of future minimum payments that affect its liquidity.

The following table summarizes Canaccord Genuity Group's long-term contractual obligations on March 31, 2020:

(C$ thousands)	Total	Fiscal 2021	Fiscal 2022 – Fiscal 2023	Fiscal 2024 and thereafter
Premises and equipment operating leases	134,894	29,899	49,843	55,152
Bank loan(1)	94,183	9,503	33,851	50,829
Convertible debenture(2)	165,906	8,295	16,591	141,020
Total contractual obligations	394,983	47,697	100,285	247,001

(1) Bank loan consists of £40,000,000 credit facility obtained to finance a portion of the cash consideration for the acquisition of Hargreave Hale and £15,000,000 for the acquisition of Thomas Miller. The bank loan bears interest at 2.6584% per annum and is repayable in instalments of principal and interest over four years and matures in September of 2023. The current balance outstanding net of unamortized financing fees is £49.0 million.

(2) Convertible debentures consist of the unsecured senior subordinated convertible debentures (the Debentures) issued in Q2/19. The Debentures bear interest at a rate of 6.25% per annum and mature on December 31, 2023. The Company, under certain circumstances, may redeem the Debentures on or after December 31, 2021.

Liquidity and Capital Resources

The Company has a capital structure comprised of the equity portion of the convertible debentures, preferred shares, common shares, contributed surplus, retained deficit and accumulated other comprehensive income. On March 31, 2020, cash and cash equivalents were $997.1 million, an increase of $176.4 million from $820.7 million as of March 31, 2019. During the year ended March 31, 2020, financing activities used cash in the amount of $143.9 million, mainly due to purchases of common shares for the LTIP ($39.8 million), cash dividends paid on the preferred and common shares ($41.9 million) and lease payments of $31.7 million, partially offset by proceeds from the bank loan ($26.3 million). Investing activities used cash in the amount of $49.9 million mainly for the acquisitions of Thomas Miller, and Patersons during the year. Operating activities generated cash of $365.2 million, which was largely due to changes in non-cash working capital. An increase in cash of $5.0 million was attributable to the effect of foreign exchange translation on cash balances.

The Company's business requires capital for operating and regulatory purposes. The majority of current assets reflected on the Company's audited consolidated statements of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable, and all are recorded at their fair value. Securities sold short are highly liquid securities. The fair value of these securities fluctuates daily as factors such as changes in market conditions, economic conditions and investor outlook affect market prices. Client receivables are secured by readily marketable securities and are reviewed daily for impairment in value and collectability. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal two-day settlement cycle; collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts.

Preferred Shares

SERIES A PREFERRED SHARES

In fiscal 2012, the Company issued 4,540,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series A (Series A Preferred Shares) at a purchase price of $25.00 per share for gross proceeds of $113.5 million. The aggregate net amount recognized after deducting issue costs, net of deferred taxes of $1.0 million, was $110.8 million.

Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 5.5% for the initial five-year period ended on September 30, 2016. Commencing October 1, 2016 and ending on and including September 30, 2021, quarterly cumulative dividends, if declared, will be paid at an annual rate of 3.885%. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 3.21%.

Holders of Series A Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B (Series B Preferred Shares), subject to certain conditions, on September 30, 2016 and have the option on September 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of September 15, 2016 was below the minimum required to proceed with the conversion and, accordingly, no Series B Preferred Shares were issued. Series B Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 3.21%.

The Company had the option to redeem the Series A Preferred Shares on September 30, 2016, and has the option to redeem on September 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends.

SERIES C PREFERRED SHARES

In fiscal 2013, the Company issued 4,000,000 Cumulative 5-Year Rate Reset First Preferred Shares, Series C (Series C Preferred Shares) at a purchase price of $25.00 per share for gross proceeds of $100.0 million. The aggregate net amount recognized after deducting issue costs, net of deferred taxes of $1.0 million, was $97.5 million.

Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 5.75% for the initial five-year period ended on June 30, 2017. Commencing July 1, 2017 and ending on and including June 30, 2022, quarterly cumulative dividends, if declared, will be paid at an annual rate of 4.993%. Thereafter, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 4.03%.

Holders of Series C Preferred Shares had the option to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series D (Series D Preferred Shares), subject to certain conditions, on June 30, 2017 and have the option on June 30 every five years thereafter. The number of shares tendered for conversion by the conversion deadline of June 30, 2017 was below the minimum required to proceed with the conversion and, accordingly, no Series D Preferred Shares were issued. Series D Preferred Shares would entitle any holders thereof to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.03%.

The Company had the option to redeem the Series C Preferred Shares on June 30, 2017 and has the option to redeem on June 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends.

CONVERTIBLE DEBENTURES

On August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of $59,225,000 (the Offered Debentures). The Company had also closed the concurrent non-brokered private placement with a large Canadian asset manager for gross proceeds of $73,500,000, which together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of $132,725,000 (together with the Offered Debentures, the "Convertible Debentures"). The proceeds of the non-brokered private placement were used to repay the convertible debentures issued in October 2016 in the principal amount of $60,000,000 and a premium of $13,500,000 for a total of $73,500,000. The remainder of the proceeds were allocated for use by the Company to finance growth in its wealth management business in Canada and the UK & Europe, and elsewhere as opportunities arise.

The Convertible Debentures bear interest at a rate of 6.25% per annum, payable semi-annually on the last day of December and June each year commencing December 31, 2018. The Convertible Debentures are convertible at the holder's option into common shares of the Company, at a conversion price of $10.00 per common share. The Convertible Debentures mature on December 31, 2023 and may be redeemed by the Company in certain circumstances, on or after December 31, 2021.

Outstanding Share Data

	Outstanding shares as of March 31	
	2020	2019
Preferred shares		
Series A – issued shares outstanding	**4,540,000**	4,540,000
Series C – issued shares outstanding	**4,000,000**	4,000,000
Common shares		
Issued shares excluding unvested shares(1)	93,464,251	97,580,334
Issued shares outstanding(2)	107,812,361	115,616,744
Issued shares outstanding – diluted(3)	130,722,846	140,241,098
Average shares outstanding – basic	98,449,097	96,259,582
Average shares outstanding – diluted(4)	128,302,744	130,943,743
Average shares outstanding – diluted, excluding significant items(4)(5)	128,302,744	130,943,743

(1) Excludes 284,645 outstanding unvested shares related to share purchase loans for recruitment and 14,063,465 unvested shares purchased by the employee benefit trusts for the LTIP.
(2) Includes 284,645 unvested shares related to share purchase loans for recruitment and 14,063,465 unvested shares purchased by the employee benefit trusts for the LTIP.
(3) Includes 22,910,485 of share issuance commitments net of forfeitures.
(4) This is the diluted share number used to calculate diluted EPS.
(5) See Non-IFRS Measures on page 14. This is the diluted share number used to calculate diluted EPS on an excluding significant items basis.

In a substantial issuer bid which commenced on July 3, 2019, and expired on August 9, 2019, the Company made an offer to repurchase for cancellation up to $40.0 million of its common shares. The offer was made by way of a "modified Dutch auction", which allowed shareholders who chose to participate in the offer to individually select the price, within a price range of not less than $5.50 per common share and not more than $6.30 per common share (in increments of $0.10 per common share), at which they are willing to sell their common shares. Upon expiry of the offer, the Company determined that $5.50 was the lowest purchase price that allowed it to purchase the maximum number of common shares properly tendered to the offer, and not properly withdrawn, having an aggregate purchase price of $40.0 million. The Company therefore purchased for cancellation 7,272,727 of its common shares at a purchase price of $5.50 per share, representing approximately 6.28% of the issued and outstanding common shares on a non-diluted basis at July 3, 2019. These shares were cancelled effective August 19, 2019.

On August 12, 2019, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,423,872 of its common shares during the period from August 15, 2019 to August 14, 2020 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company’s outstanding common shares at the time of the Notice. During the year ended March 31, 2020, there were 1,467,656 shares purchased and cancelled under the NCIB.

The Company has entered into a predefined plan with a designated broker to allow for the repurchase of its common shares under this NCIB. The Company’s broker may repurchase the common shares under the plan on any trading day during the NCIB, including at any time during the Company’s internal trading blackout periods. The plan has been reviewed by the TSX and will terminate on the earlier of the termination of the plan by the Company in accordance with its terms and the expiry of the NCIB.

The ability to make purchases under the current NCIB commenced on August 15, 2019 and will continue for one year (to August 14, 2020) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX, the daily purchases are limited to 60,212 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX (ADTV) in the six calendar months from February 2019 to July 2019.

As of May 31, 2020, the Company has 107,813,482 common shares issued and outstanding.

ISSUANCE AND CANCELLATION OF COMMON SHARE CAPITAL

Balance, March 31, 2019	**115,616,744**
Shares issued in connection with share-based payment plans	54,236
Shares issued in connection with acquisition of Petsky Prunier	736,850
Shares issued in connection with exercise of private placement warrants	144,914
Shares purchased and cancelled under substantial issuer bid	(7,272,727)
Shares purchased and cancelled under the normal course issuer bid	(1,467,656)
Balance, March 31, 2020	**107,812,361**

Share-Based Payment Plans

LONG-TERM INCENTIVE PLAN

Under the long-term incentive plan (LTIP), eligible participants are awarded restricted share units (RSUs), which generally vest over three years. For employees in Canada, the United States, Channel Islands, Australia and the United Kingdom, employee benefit trusts (the Trusts) have been established. The Company or certain of its subsidiaries, as the case may be, fund the Trusts with cash which is used by the trustees to purchase common shares on the open market that will be held in the Trusts until the RSUs vest.

FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides loans to certain employees (other than directors or executive officers) for the purpose of partially funding the purchase of shares of the Company and increasing share ownership by the employees. The Company has provided such loans to executive officers in the past but has now adopted a policy not to make any further such loans to directors or executive officers. No interest is charged in relation to the share purchase loans.

REPLACEMENT PLANS

As a result of the acquisition of Collins Stewart Hawkpoint plc (CSHP), the Company introduced the Replacement Annual Bonus Equity Deferral (ABED) plan, which replaced the ABED plans that existed at CSHP as of the acquisition date. Eligible employees who participated in the CSHP ABED plan were granted awards under the Replacement ABED plan. In addition, the Company introduced the Replacement Long-Term Incentive Plan, which replaced the existing LTIPs at CSHP as of the acquisition date for eligible employees.

DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a deferred share unit (DSU) plan for its independent directors. From August 7, 2020, half of the independent directors’ annual fee was paid in the form of DSUs. Directors may elect annually to use more of their directors’ fees for DSUs. When a director leaves the Board of Directors, outstanding DSUs are paid out in cash with the amount equal to the number of DSUs held multiplied by the volume weighted average price of the Company’s common shares for the ten trading days immediately preceding the first publication of interim financial statements and management’s discussion and analysis for the fiscal quarter of the Company next ending following the director’s leaving. Under the plan, the directors are not entitled to receive any common shares in the Company, and under no circumstances will DSUs confer on any participant any of the rights or privileges of a holder of common shares.

PERFORMANCE SHARE UNITS

Beginning March 31, 2018, the Company adopted a performance share unit (PSU) plan for certain senior executives. The PSUs are a notional equity-based instrument linked to the value of the Company's common shares. At the end of a three-year vesting period, the number of PSUs which vest is determined upon performance against certain pre-determined metrics. The PSUs cliff vest on the third anniversary of the date of the grant. The PSUs are settled in cash, based on the share price of the Company's shares at the time of vesting.

PERFORMANCE SHARE OPTIONS

On June 1, 2018, the Company created a performance share option ("PSO") plan that was approved at the Company's Annual General Meeting held on August 2, 2018. On June 14, 2018, the Company granted 5,620,000 options under the PSO plan. The options have an exercise price of $6.73 per share. In addition, the Company granted 600,000 options on August 16, 2018 with an exercise price of $7.067. On June 12, 2019, the Company granted 100,000 options on the same terms as the June 14, 2018 grant (including a five-year term from June 14, 2018). For accounting purposes under IFRS 2, the grant date of the initial PSOs is August 2, 2018, being the date the PSO plan was approved at the Annual General Meeting. The PSOs have a term of five years and will time-vest ratably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a four times exercise price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). The PSOs will expire on June 14, 2023.

OTHER SHARE-BASED PAYMENT PLAN

During the year ended March 31, 2019, the Company granted a share-based award to a senior executive. The award vests on March 31, 2021, or at the holder's option, can be extended to March 31, 2022.

OTHER RETENTION AND INCENTIVE PLANS

There were other retention and incentive plans, including the employee stock purchase plan, with individual employees, for which the amount incurred was not significant in the aggregate.

Related Party Transactions

The Company's related parties include the following persons and/or entities: (a) entities that are controlled or significantly influenced by the Company, and (b) key management personnel, who are comprised of the directors of the Company, as well as executives involved in strategic decision-making for the Company.

The Company's trading subsidiaries and intermediate holding companies are listed in the following table:

		% equity interest	
	Country of incorporation	**March 31, 2020**	March 31, 2019
Canaccord Genuity Corp.	Canada	**100%**	100%
CG Investments Inc.	Canada	**100%**	100%
CG Investments Inc. III	Canada	**100%**	100%
Jitneytrade Inc.	Canada	**100%**	100%
Finlogik Inc.	Canada	**100%**	100%
Finlogik Inc. Tunisia SARL	Tunisia	**75%**	75%
Canaccord Genuity SAS	France	**100%**	100%
Canaccord Genuity Wealth (International) Limited	Guernsey	**100%**	100%
Canaccord Genuity Financial Planning Limited	United Kingdom	**100%**	100%
Canaccord Genuity Wealth Limited	United Kingdom	**100%**	100%
Canaccord Genuity Wealth Group Limited	United Kingdom	**100%**	100%
Canaccord Genuity Wealth (International) Holdings Limited	Guernsey	**100%**	100%
Hargreave Hale Limited	United Kingdom	**100%**	100%
CG McCarthy Taylor Ltd.	United Kingdom	**100%**	100%
CG Wealth Planning Limited	United Kingdom	**100%**	100%
Canaccord Genuity Limited	United Kingdom	**100%**	100%
Canaccord Genuity Wealth Group Holdings Ltd.	Canada	**100%**	100%
Canaccord Genuity LLC	United States	**100%**	100%
Canaccord Genuity Wealth Management (USA) Inc.	United States	**100%**	100%
Canaccord Genuity Wealth & Estate Planning Services Ltd.	Canada	**100%**	100%
Canaccord Genuity Petsky Prunier LLC	United States	**100%**	100%
Canaccord Asset Management Inc.	Canada	**100%**	100%
Canaccord Adams Financial Group Inc.	United States	**100%**	100%
Collins Stewart Inc.	United States	**100%**	100%
Canaccord Adams BC ULC	Canada	**100%**	100%
Canaccord Genuity Finance Corp.	Canada	**100%**	100%
Canaccord Adams Finance Company ULC	Canada	**100%**	100%
Canaccord Adams Finance Company LLC	United States	**100%**	100%
Canaccord Adams (Delaware) Inc.	United States	**100%**	100%
Canaccord Genuity Securities LLC	United States	**100%**	100%
Stockwave Equities Ltd.	Canada	**100%**	100%
CLD Financial Opportunities Limited	Canada	**100%**	100%
Canaccord Genuity (Hong Kong) Limited	China (Hong Kong SAR)	**100%**	100%
Canaccord Financial Group (Australia) Pty Ltd*	Australia	**80%**	80%
Canaccord Genuity (Australia) Limited*	Australia	**80%**	80%
Canaccord Genuity Financial Limited*	Australia	**80%**	80%
Canaccord Genuity Asia (Beijing) Limited 加通亚洲（北京）投资顾问有限公司	China	**100%**	100%
The Balloch Group Limited	British Virgin Islands	**100%**	100%
Canaccord Genuity Asia (Hong Kong) Limited	China (Hong Kong SAR)	**100%**	100%
Canaccord Genuity (Dubai) Ltd.	United Arab Emirates	**100%**	100%
Canaccord Genuity SG Pte. Ltd.	Singapore	**100%**	100%
Canaccord Genuity Wealth Group Holdings (Jersey) Limited	Jersey	**100%**	100%
Canaccord Genuity Hawkpoint Limited	United Kingdom	**100%**	100%
Canaccord Genuity Management Company Limited	Ireland	**100%**	100%

* The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd., Canaccord Genuity (Australia) Limited, and Canaccord Genuity Financial Limited, but for accounting purposes, as of March 31, 2020 the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2019 – 85%] [Note 8].

Security trades executed for employees, officers and directors of Canaccord Genuity Group Inc. are transacted in accordance with terms and conditions applicable to all clients. Commission income on such transactions in the aggregate is not material in relation to the overall operations of Canaccord Genuity Group Inc.

The Company offers various share-based payment plans to its key management personnel, including common share purchase loans, a long-term incentive plan, a PSU plan and a PSO plan. Independent directors have also been granted DSUs.

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2020 and March 31, 2019.

(in thousands)	March 31, 2020	March 31, 2019
Short term employee benefits	$ 12,877	$ 10,167
Share-based payments	1,068	2,656
Total compensation paid to key management personnel	$ 13,945	$ 12,823

Accounts payable and accrued liabilities include the following balances with key management personnel:

(in thousands)	March 31, 2020	March 31, 2019
Accounts receivable	$ 2,328	$ 837
Accounts payable and accrued liabilities	$ 980	$ 942

Critical Accounting Policies and Estimates

The following is a summary of Canaccord Genuity Group's critical accounting estimates. The Company's significant accounting policies are in accordance with IFRS and are described in Note 5 to the audited consolidated financial statements for the year ended March 31, 2020. The Company's consolidated financial statements for the years ended March 31, 2020 and 2019 were also prepared in accordance with IFRS.

The preparation of the March 31, 2020 audited consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs, and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Patersons Securities Limited and Thomas Miller Wealth Management and Thomas Miller Investment (Isle of Man) Limited.

The economic uncertainty related to the outbreak of COVID-19 and the declaration of a pandemic by the World Health Organization in March 2020 has cast additional uncertainty on the assumptions used by management in making its judgements and estimates. In response to the economic conditions caused by the pandemic, governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize the economy. The duration and impact of the COVID-19 outbreak and the efficacy of the government and central bank interventions is unknown at this time. Accordingly, it is not possible to reliably estimate the length and severity of these developments and the impact that the COVID-19 pandemic will have on the financial results and condition of the Company in future periods and the impact that such developments may have on the assumptions used by management in making its judgements and estimates.

Significant accounting policies used and policies requiring management's judgment and estimates are disclosed in Notes 2 and 5 of the audited consolidated financial statements for the year ended March 31, 2020.

CONSOLIDATION

The Company owns 80% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) and Canaccord Genuity Financial Limited as at March 31, 2020. The Company also completed an evaluation of its contractual arrangements with the other shareholders of CGAL and the control it has over the financial and operating policies of CGAL and determined it should consolidate under IFRS 10, "Consolidated Financial Statements" (IFRS 10), as at March 31, 2020 and 2019. Therefore, the financial position, financial performance and cash flows of CGAL have been consolidated. Although the Company owns 80% of the issued shares of CGAL as at March 31, 2020, for accounting purposes, the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. Accordingly, the Company has consolidated the entity and recognized a 15% non-controlling interest, which represents the portion of CGAL's net identifiable assets not owned by the Company. Net income and each component of other comprehensive income are attributed to the non-controlling interest and to the owners of the parent.

The Company has established employee benefit trusts, which are considered special purpose entities (SPEs), to fulfill obligations to employees arising from the Company's share-based payment plans. The employee benefit trusts have been consolidated in accordance with IFRS 10 since their activities are conducted on behalf of the Company, and the Company retains the majority of the benefits and risks of the employee benefit trusts.

INTANGIBLE ASSETS

Identifiable intangible assets acquired separately are measured on initial recognition at cost. The cost of identifiable intangible assets acquired in a business combination is equal to their fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of identifiable intangible assets are assessed to be either finite or indefinite. Identifiable intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the identifiable intangible asset may be impaired. The amortization period and the amortization method for an identifiable intangible asset are reviewed at least annually, at each financial year end. Identifiable intangible assets with indefinite useful lives are not amortized but are tested for impairment annually.

Technology development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate that the technical feasibility of the asset for use has been established. The asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, and the impairment is recognized in the consolidated statements of operations.

In assessing fair value less costs to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company bases its impairment calculation on annual budget calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budget calculations generally cover a period of five years. For longer periods, a long- term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statements of operations in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of operations unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment at least annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at March 31 at the CGU level and when circumstances indicate that the carrying value may be impaired.

REVENUE RECOGNITION

Revenue is recognized either at a point in time when a single performance obligation is satisfied at once or over the period of time when a performance obligation is received and utilized by the customer over that period. The Company assesses its revenue arrangements in order to determine if it is acting as principal or agent. The main types of revenue contracts are as follows:

Commissions and fees revenue consist of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded net of commission revenue. Facilitation losses for the year ended March 31, 2020 were $14.8 million [2019 – $6.4 million]. Commissions are recognized at a point in time (trade date) as the performance obligation is satisfied.

Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. The act of underwriting the securities is the sole performance obligation and revenue is recognized at the point in time when the underwriting transaction is complete.

Advisory fees consist of ongoing management and advisory fees that are recognized over the period of time that this performance obligation is delivered. Also included in advisory fees is revenue from mergers and acquisitions activities, which is recognized at the point in time when the underlying transaction is substantially completed under the engagement terms and it is probable that a significant revenue reversal will not occur.

Principal trading revenue consists of income earned in connection with principal trading operations and is outside the scope of IFRS 15.

Interest revenue consists of interest earned on client margin accounts, interest earned on the Company's cash, interest earned on cash delivered in support of securities borrowing activity, and dividends earned on securities owned. Interest and dividend revenue is outside the scope of IFRS 15.

Other revenue includes foreign exchange gains or losses, revenue earned from correspondent brokerage services and administrative fee revenue.

INCOME TAXES

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of operations.

Deferred tax

Deferred taxes are accounted for using the liability method. This method requires that deferred taxes reflect the expected deferred tax effect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial statement purposes and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, except for taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and carryforward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the statements of operations except where it relates to items that may be credited directly to equity, in which case the deferred tax is recognized directly against equity.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except where the amount of sales tax incurred is not recoverable from the tax authority. In these circumstances, sales tax is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of accounts receivable or accounts payable in the consolidated statements of financial position.

SHARE-BASED PAYMENTS

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The participating employees are eligible to receive shares that generally vest over three years (the RSUs). This program is referred to as the Long-Term Incentive Plan (the "LTIP" or the "Plan").

Independent directors also receive deferred share units (DSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions). Certain executives may also receive performance stock options (PSOs) as part of their remuneration, which are equity-settled. Beginning for the year ended March 31, 2018, certain senior executives receive performance share units (PSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions).

The dilutive effect, if any, of outstanding options and share-based payments is reflected as additional share dilution in the computation of diluted earnings (loss) per common share.

Equity-settled transactions

For equity-settled transactions, the Company measures the fair value of share-based awards as of the grant date.

RSUs used by the plan to vest after termination of employment so long as the employee does not violate certain post-termination restrictions and is not engaged in certain competitive or soliciting activities as provided in the Plan. Because of this change, the Company determined that the awards do not meet the criteria for an in-substance service condition, as defined by IFRS 2. Accordingly, RSUs granted as part of the normal course incentive compensation payment cycle are expensed in the period in which those awards are deemed to be earned with a corresponding increase in contributed surplus, which is generally the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but were determined and earned in respect of that fiscal year.

For certain awards, typically new hire awards or retention awards, vesting is subject to continued employment and therefore these awards are subject to a continuing service requirement. Accordingly, the Company recognizes the cost as an expense on a graded basis over the applicable vesting period with a corresponding increase in contributed surplus. The Company estimates the number of equity instruments that will ultimately vest when calculating the expense attributable to equity-settled transactions. No expense is recognized for awards that do not ultimately vest.

When share-based awards vest, contributed surplus is reduced by the applicable amount and share capital is increased by the same amount.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair values of DSUs and PSUs are expensed upon grant, as there are no vesting conditions. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations.

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND FOREIGN SUBSIDIARIES

The Company's consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. Each subsidiary of the Company determines its own functional currency, and items included in the financial statements of each subsidiary are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company and its subsidiaries at their respective functional currencies using exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated by the Company and its subsidiaries into their respective functional currencies at the exchange rate in effect at the reporting date. All differences upon translation are recognized in the consolidated statements of operations.

Non-monetary assets and liabilities denominated in foreign currencies are translated by the Company and its subsidiaries into their respective functional currencies at historical rates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates in effect at the date when the fair value is determined.

Translation of foreign subsidiaries

Assets and liabilities of foreign subsidiaries with a functional currency other than the Canadian dollar are translated into Canadian dollars at rates prevailing at the reporting date, and income and expenses are translated at average exchange rates prevailing during the period. Unrealized gains or losses arising as a result of the translation of the foreign subsidiaries are recorded in accumulated other comprehensive income (loss). On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statements of operations.

The Company also has monetary assets and liabilities that are receivable or payable from a foreign operation. If settlement of the receivable or payable is neither planned nor likely to occur in the foreseeable future, the differences upon translation are recognized in accumulated other comprehensive income (loss) as these receivables and payables form part of the net investment in the foreign operation.

PROVISIONS

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statements of operations net of any reimbursement. If the effect of the time value of money is significant, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Financial Instruments

A significant portion of the Company's assets and liabilities are composed of financial instruments. The Company uses financial instruments for both trading and non-trading activities. The Company engages in trading activities which include the purchase and sale of securities in the course of facilitating client trades and taking principal trading positions with the objective of earning a profit.

The use of financial instruments may either introduce or mitigate exposures to market, credit and/or liquidity risks. See Risk Management in this MD&A for details on how these risks are managed. For significant assumptions made in determining the valuation of financial and other instruments, refer to Critical Accounting Policies and Estimates in this MD&A. For additional information regarding the Company's financial instruments, refer to Note 7 of the audited consolidated financial statements for the year ended March 31, 2020.

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. On March 31, 2020, forward contracts outstanding to sell US dollars had a notional amount of US$2.1 million, an increase of US$1.9 million compared to March 31, 2019. Forward contracts outstanding to buy US dollars had a notional amount of US$0.8 million, a decrease of US$4.8 million from March 31, 2019. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Hong Kong and China are conducted in the local currency; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of the transaction are typically in the local currency.

These contracts were entered into in an attempt to mitigate foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default.

FUTURES

The Company's Canadian operations are involved in trading various futures contracts, in an attempt to mitigate market risk, interest rate risk, yield curve risk and liquidity risk. Futures contracts are agreements to buy or sell a standardized amount of an underlying asset, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations have traditionally engaged in the trading of Canadian and US government bond futures contracts to mitigate its risk. At March 31, 2020, the notional amount of the bond futures contracts outstanding was long $29.9 million [March 31, 2019 – long $0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. There were no outstanding US Treasury futures contracts outstanding as at March 31, 2020 and March 31, 2019.

The fair value of all of the above futures contracts is nominal due to their short term to maturity. Realized and unrealized gains and losses related to these contracts are recognized in net income (loss) during the reporting period.

Adoption of New and Revised Standards

IFRS 16, LEASES

In January 2016, the IASB issued IFRS 16, *Leases* (IFRS 16), which replaces IAS 17, *Leases* (IAS 17), with the key change being that lessee accounting will eliminate the IAS 17 distinction between operating leases and finance leases, treating most leases in the same manner as finance leases under IAS 17. The new standard requires lessees to recognize assets and liabilities for most leases, other than leases eligible for low-value (less than USD $5,000) or short-term (12 months or less) exemption.

Where an arrangement meets the IFRS 16 definition of a lease, at the commencement a loan obligation for future lease payables will be recognized together with a non-current asset representing the right to use the underlying asset during the lease term. In place of the lease rental expense in the consolidated statement of operations, lease costs will be recognized in the form of amortization of the right-of-use asset and interest on the lease liability. IFRS 16 also has the effect of skewing expenses towards the earlier years of a lease (when the outstanding lease liability, and thus interest expense, is higher), although both the total expense and cash flows during the life of a lease are identical under IFRS 16 and IAS 17.

The Company has implemented IFRS 16 for its fiscal year ending March 31, 2020 and has elected to adopt IFRS 16 using the modified retrospective method with no restatement of prior year comparatives. The Company has also elected to take advantage of the option not to recognize a right of use asset and associated lease liability for low-value (less than USD $5,000) or short-term (12 months or less) assets. In addition, the Company has taken advantage of the following transitional options to:

(1) treat all leases that have less than 12 months remaining at the date of transition as short-term leases.

(2) rely on existing assessments on whether leases are onerous in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets

(3) exclude initial direct costs from the measurement of right of use assets at the date of initial application

(4) use hindsight in the assessment of determining lease terms in those situations where leases contain an option to extend or terminate the lease

Accordingly, upon adoption of IFRS 16 on April 1, 2019, the Company has recognized both right of use (ROU) assets and corresponding lease liabilities for each lease (subject to the low-value and short-term exemptions noted above). Lease liabilities were calculated at the present value of expected lease payments with right of use assets reflecting the same values after adjustment for prepaid rental payments and onerous lease provisions as applicable.

As at April 1, 2019, the Company has recognized in its consolidated statement of financial position the right of use assets and corresponding lease liabilities of $112.7 million and $121.5 million, respectively. For the year ended March 31, 2020, the Company recorded amortization expense related to the ROU assets of $22.9 million and interest expense related to the lease liabilities of $7.2 million.

IFRIC 23 Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

(1) Whether an entity considers uncertain tax treatments separately

(2) The assumptions an entity makes about the examination of tax treatments by taxation authorities

(3) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

(4) How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution needs to be followed.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation as of April 1, 2019, the Company considered whether it has any uncertain tax positions, and determined, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements for the year ended March 31, 2020.

Amendments to IAS 12 Income Taxes

The amendments to IAS 12 Income Taxes clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

The Company adopted the amendments to IAS 12 commencing on April 1, 2019. Since the Company's current practice is in line with these amendments, they had no impact on the consolidated financial statements for the year ended March 31, 2020.

Future Changes in Accounting Policies and Estimates

The Company monitors the potential changes proposed by the International Accounting Standards Board on an ongoing basis and analyzes the effect that changes in the standards may have on the Company's operations.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no standards issued, which may be reasonably expected to materially impact upon the Company's financial statements, but which are not yet effective as of March 31, 2020.

Please see Note 4 of the audited consolidated financial statements for the year ended March 31, 2020.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of March 31, 2020, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of and during the fiscal year ended March 31, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the President & CEO and the Executive Vice President & Chief Financial Officer, has designed internal control over financial reporting as defined under *National Instrument 52-109* to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that the Company's internal control over financial reporting was designed and operating effectively as of and during the year ended March 31, 2020 and that there were no material weaknesses in our internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in internal control over financial reporting that occurred during the year ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risk Management

OVERVIEW

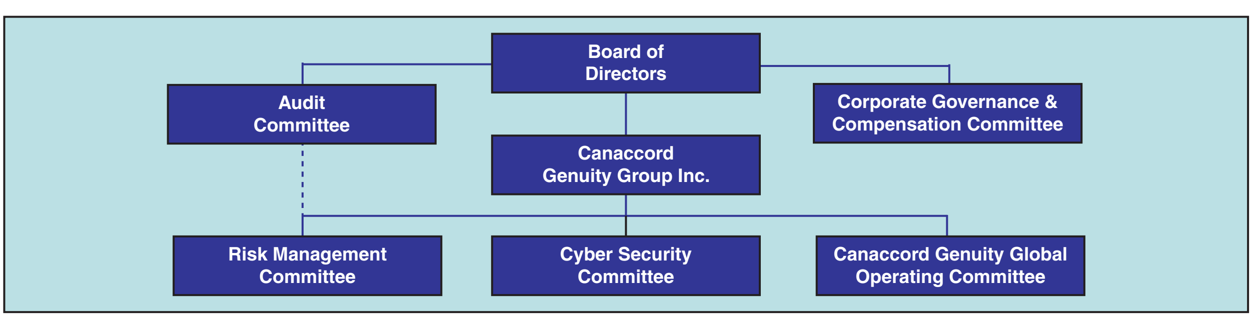
Uncertainty and risk are inherent when conducting operations within financial markets. As an active participant in the Canadian and international capital markets, the Company is exposed to risks that could result in financial losses. The Company has identified its principal risks as: market risk, credit risk, operational risk and other risks. Accordingly, risk management and control of the balance between risk and return are critical elements in maintaining the Company's financial stability and profitability. Therefore, an effective risk management framework is integral to the success of Canaccord Genuity Group Inc.

RISK MANAGEMENT STRUCTURE AND GOVERNANCE

The Company's disciplined risk management process encompasses a number of functional areas and requires frequent communication, judgment and knowledge of the business, products and markets. The Company's senior management is actively involved in the risk management process and has developed policies, procedures and reports that enable the Company to assess and control its risks. These policies and procedures are subject to ongoing review and modification as activities, markets and circumstances change.

As part of the Company's risk philosophy, the first line of responsibility for managing risk lies with branch managers, department heads and trading desk managers (within prescribed limits). The monitoring and control of the Company's risk exposure is conducted through a variety of separate, but complementary, financial, credit, operational, compliance and legal reporting systems.

The Company's governance structure includes the following elements:



The Board of Directors (the Board) has oversight of the company-wide risk management framework. These responsibilities are delegated to the Audit and Risk Management Committees. See the company’s current Annual Information Form (AIF) for details of the Audit Committee’s mandate as it relates to risk management.

The Audit Committee assists the Board in fulfilling its oversight responsibility by monitoring the effectiveness of internal controls and the control environment. It also receives and reviews various quarterly and annual updates, and reports on key risk metrics as well as the overall risk management program.

The Risk Management Committee assists the Board in fulfilling its responsibilities for monitoring risk exposures against the defined risk appetite and for general oversight of the risk management process. The Risk Management Committee is led by the firm’s Chief Risk Officer and committee members include the CEO, the CFO and senior management representation from the key revenue-producing businesses and functional areas of the Company. The Risk Management Committee identifies, measures and monitors the principal risks facing the business through review and approval of the Company’s risk appetite, policies, procedures and limits/thresholds.

The segregation of duties and management oversight are important aspects of the Company’s risk management framework. The Company has a number of functions that are independent of the revenue-producing businesses that perform risk management activities, including the monitoring, evaluating and analyzing of risk. These functions include Enterprise Risk Management, Compliance, Operations, Internal Audit, Treasury, Finance, Information Technology and Legal.

The Company’s global Cybersecurity Committee exists to help identify, monitor and manage risks specific to the company’s information networks, data and internal systems. This committee is chaired by the firm’s Chief Risk Officer and committee members include senior IT management from across the firm, as well as representation from Legal, Compliance, Internal Audit and Operations. The Cybersecurity Committee is focused on issues such as cybersecurity risk assessment, IT safeguards and controls, risks related to third-party service providers, employee training and awareness and incident response planning.

MARKET RISK

Market risk is the risk that a change in market prices and/or any of the underlying market factors will result in losses. Each business area is responsible for ensuring that their market risk exposure is prudent within a set of risk limits set by the Risk Management Committee and approved by the Audit Committee. In addition, the Company has established procedures to ensure that risks are measured, closely monitored, controlled and visible to senior levels of management.

The Company is exposed to equity price risk, liquidity risk and volatility risk as a result of its principal trading activities in listed options and equity securities. The Company is also exposed to specific interest rate risk, credit spread risk and liquidity risk in respect of its principal trading in fixed income securities. In addition to active supervision and review of trading activities by senior management, Canaccord Genuity Group mitigates its risk exposure through a variety of limits to control concentration, capital allocation and usage, as well as through trading policies and guidelines. The Company manages and monitors its risks in this area using both qualitative and quantitative measures, on a company-wide basis, as well as by trading desk. Management regularly reviews and monitors inventory levels and positions, trading results, liquidity profile, position aging and concentration levels. Canaccord Genuity Group also utilizes scenario analysis and a Value-at-Risk (VaR) risk measurement system for its equity and fixed income and derivative inventories. Consequently, the Company can ensure that it is adequately diversified with respect to market risk factors and that trading activity is within the risk tolerance levels established by senior management.

CREDIT RISK

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The primary source for credit risk to Canaccord Genuity Group is in connection with trading activity by clients in the Jitneytrade trade business acquired by the Company in fiscal 2019 (now rebranded as CG Direct) and Canaccord Genuity Wealth Management business segments, including client margin accounts. In order to minimize financial exposure in this area, the Company applies a set of credit standards and conducts financial reviews with respect to clients and new accounts.

The Company provides financing to clients by way of margin lending. In margin-based lending, the Company extends credit for a portion of the market value of the securities in a client’s account, up to certain limits. The margin loans are collateralized by those securities in the client’s account. In connection with this lending activity, the Company faces a risk of financial loss in the event that a client fails to meet a margin call if market prices for securities held as collateral decline and if the Company is unable to recover sufficient value from the collateral held. For margin lending purposes, the Company has established risk-based limits that are generally more restrictive than those required by applicable regulatory policies. In addition, the Company has established limits to how much it will lend against an individual security or group of securities in a single sector so as to limit credit concentration risk.

Trading strategies involving derivative products, such as exchange traded options and futures carry certain levels of risk to the Company. Due to the non-linear and intrinsically leveraged nature of derivative securities, the speed at which their value changes is exacerbated, thereby potentially triggering margin calls and client-related losses. Although the Company imposes strict limits on clients trading and monitors client exposure on a real-time basis there is no certainty that such procedures will be effective in eliminating or reducing the risk of losses to the Company.

The extension of credit via margin lending is overseen by the firm's Credit Committee. The Committee meets regularly to review and discuss the firm's credit risks, including large individual loans, collateral quality, loan coverage ratios and concentration risk. The Committee will also meet, as required, to discuss any new loan arrangements proposed by senior management.

The Company also faces a risk of financial loss with respect to trading activity by clients if such trading results in overdue or unpaid amounts in under-secured cash accounts. The Company has developed a number of controls within its automated trade order management system to ensure that trading by individual account and advisor is done in accordance with customized limits and risk parameters.

The Company is engaged in various trading and brokerage activities whose counterparties primarily include broker dealers, banks, clearing agents, exchanges, financial intermediaries and other financial institutions. These activities include agency and principal trading, securities borrowing and lending, and entering into repurchase agreements and reverse repurchase agreements. In the event that counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty and/or the issuer of the instrument. The Company manages this risk by imposing and monitoring individual and aggregate trading and position limits within each business segment, for each counterparty, conducting regular credit reviews of financial counterparties, reviewing security and loan concentrations, holding and marking to market collateral on certain transactions, and conducting business through clearing organizations that guarantee performance.

The Company records a provision for bad debts in general and administrative expense. Any actual losses arising from or associated with client trading activity as described above are charged to this provision. Historically, this provision has been sufficient to cover actual losses.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events such as the occurrence of disasters or security threats. Operational risk exists in all of the Company's activities, including processes, systems and controls used to manage other risks. Failure to manage operational risk can result in financial loss, reputational damage, regulatory fines and failure to manage market, credit or other risks.

The Company operates in different markets and relies on its employees and systems to process a high number of transactions. In order to mitigate this risk, the Company has developed a system of internal controls and checks and balances at appropriate levels, which includes overnight trade reconciliation, control procedures related to clearing and settlement, transaction and daily value limits within all trading applications, cash controls, physical security, independent review procedures, documentation standards, billing and collection procedures, and authorization and processing controls for transactions and accounts. In addition, the Company has implemented an operational risk program that helps Canaccord Genuity Group measure, manage, report and monitor operational risk issues (see RCSA below). The Company also has disaster recovery procedures, business continuity plans and built-in redundancies in place in the event of a systems or technological failure. In addition, the Company utilizes third party service agreements and security audits where appropriate.

Risk and Control Self-Assessment (RCSA)

The purpose of RCSAs is to:

- Identify and assess key risks inherent to the business and categorize them based on severity and frequency of occurrence
- Rate the effectiveness of the control environment associated with the key risks
- Mitigate the risks through the identification of action plans to improve the control environment where appropriate
- Provide management with a consistent approach to articulate and communicate the risk profiles of their areas of responsibility
- Meet regulatory requirements and industry standards

The Company has established a process to determine what the strategic objectives of each group/unit/department are and identify, assess and quantify operational risks that hinder the Company's ability to achieve those objectives. The RCSA results are specifically used to calculate the operational risk regulatory capital requirements for operations in the UK and operational risk exposure in all geographies. The RCSAs are periodically updated and results are reported to the Risk Management and Audit Committees.

OTHER RISKS

Other risks encompass those risks that can have an adverse material impact on the business but do not belong to market, credit or operational risk categories.

Regulatory and legal risk

Regulatory risk results from non-compliance with regulatory requirements, which could lead to fines and/or sanctions. The Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements in each jurisdiction in which it operates. These procedures address issues such as regulatory capital requirements, disclosure requirements, internal controls over financial reporting, sales and trading practices, use of and safekeeping of client funds, use of and safekeeping of client data, credit granting, collection activity, anti-money laundering, insider trading, employee misconduct, conflicts of interest and recordkeeping.

Legal risk results from potential criminal, civil or regulatory litigation against the Company that could materially affect the Company's business, operations or financial condition. The Company has in-house legal counsel, as well as access to external legal counsel, to assist the Company in addressing legal matters related to operations and to defend the Company's interests in various legal actions.

Losses or costs associated with routine regulatory and legal matters are included in general and administrative expense in the Company's audited consolidated financial statements.

The Company and its affiliates provide financial advisory, underwriting and other services to, and trade the securities of issuers that are involved with, new and emerging industries, including the US cannabis industry. Activities within such industries, including the US cannabis industry, typically have not had the benefit of a history of successful operating results. In addition to the economic uncertainties associated with new industries, new activities and new issuers, the laws applicable to such industries or activities, particularly the US cannabis industry and the activities of issuers in that industry, and the effect or enforcement of such laws are undetermined, conflicting and uncertain. With respect to the US cannabis industry, cannabis continues to be a controlled substance under the United States Controlled Substances Act and as such, there is a risk that certain issuers, while in compliance with applicable state law, may be prosecuted under federal law. Accordingly, the Company has adopted policies and procedures reasonably designed to ensure compliance with the United States Currency and Foreign Transactions Reporting Act of 1970 (the *Bank Secrecy Act*) and the guidance issued by the United States Department of the Treasury Financial Crimes Enforcement Network, FIN-2014-G001 (the FinCEN Guidance) relating to providing financial services to marijuana related businesses in the United States (as that term is used in the FinCEN Guidance). While the Company takes steps to identify the risks associated with emerging industries, including the US cannabis industry, and only provides services to those issuers where it determines that there is no material risk to the Company or where any risk is unlikely to result in a material adverse consequence to the Company, there is a risk that the Company could be the subject of third party proceedings which may have a material adverse effect on the Company business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company. The Company has determined that any such proceedings are unlikely and, accordingly, has not recorded a provision in respect of such matters.

Cybersecurity risk

Cybersecurity risk is the risk that the Company's information networks, data or internal systems will be damaged, disrupted, misappropriated, stolen, accessed without permission or otherwise attacked. This risk exists due to the interconnected nature of the Company's business with its clients, suppliers, vendors, partners and the public via the internet and other networks. As a result of this interconnectivity, third parties with which the Company does business with or that facilitate the Company's business may also be a source of cybersecurity risk to the firm. The Company devotes considerable effort and resources to defend against and mitigate cybersecurity risk, including increasing awareness throughout the organization by implementing a firm-wide cybersecurity training program for all employees. The Company's management of cybersecurity risk, as well as any reported incidents, is regularly presented to both senior management via the Cybersecurity Committee and the Audit Committee of the Board of Directors. The Company has implemented a third party risk management framework as part of onboarding new vendors and other third parties as well as vetting existing vendors. The purpose of this mitigant is to ensure all parties interacting with the Company are adhering to high standards as it relates to cybersecurity.

Reputational risk

Reputational risk is the risk that an activity undertaken, or alleged to have been undertaken, by an organization or its representatives will impair its image in the community or lower public confidence in it, resulting in a loss of revenue, legal action or increased regulatory oversight. Possible sources of reputational risk could come from operational failures, non-compliance with laws and regulations, disparaging traditional or online media coverage, or leading an unsuccessful financing. The Company could face reputational risk through its association with past or present corporate finance clients who are the subject of regulatory and/or legal scrutiny. Reputational risk can also be reflected within customer satisfaction and external ratings, such as equity analyst reports. In addition to its various risk management policies, controls and procedures, the Company has a formal Code of Business Conduct and Ethics, a Business Integrity Line for reporting incidents, and an integrated program of marketing, branding, communications and investor relations to help manage and support the Company's reputation.

Pandemic risk

Pandemic risk is the risk of large-scale outbreaks of infectious diseases that can greatly increase morbidity and mortality over a wide geographic area and cause significant social and economic disruption. Such disruptions could have a negative impact on the Company's operations and could prevent the Company from operating as it would under normal conditions. The global outbreak of COVID-19 and the declaration of a pandemic by the World Health Organization in March 2020 caused a significant disruption in economic activity and resulted in a sharp downturn in global equity markets which impacted the normal operation of the Company's business. In the early stages of the outbreak, the Company overhauled its Disaster Recovery Plan in preparation of an escalation of the outbreak. This overhaul included the setup of low-latency remote access trading systems for trading desks, updates of technology solutions and the network infrastructure, load testing of remote access systems, and policy and procedural enhancements to reduce the need for manual processes to ensure the smooth operations of the business in the event of a remote working environment. As a result, the company was well prepared and experienced no visible disruptions to its operations as a result of move most employees working from remote locations. Trading desks operated smoothly and effectively to both service clients and to limit the Company's exposure and risks in managing its own inventory and trading positions. Although the Company's systems, processes and procedures were effective in limiting the risk associated with the outbreak of the COVID-19 pandemic there is a risk that such systems, processes and procedures may not be successful in the event of future pandemics or in the event that conditions under the COVID-19 pandemic deteriorate or persist for an extended period of time.

Control risk

As of March 31, 2020, senior officers and directors of the Company collectively owned approximately 13.1% of the issued and outstanding (17.9% fully diluted) common shares of Canaccord Genuity Group Inc. If a sufficient number of these shareholders act or vote together, they will have the power to exercise significant influence over all matters requiring shareholder approval, including the election of the Company's directors, amendments to its articles, amalgamations and plans of arrangement under Canadian law and mergers or sales of substantially all of its assets. This could prevent Canaccord Genuity Group from entering into transactions that could be beneficial to the Company or its other shareholders. Also, third parties could be discouraged from making a tender offer or takeover bid to acquire any or all of the outstanding common shares of the Company.

Any significant change in these shareholdings through sale or other disposition, or significant acquisitions by others of the common shares in the public market or by way of private transactions, could result in a change of control and changes in business focus or practices that could affect the profitability of the Company's business.

Restrictions on ownership and transfer of common shares

Restrictions on ownership and transfer of common shares in the articles of Canaccord Genuity Group Inc. to prevent unauthorized change in control without regulatory approval could, in certain cases, affect the marketability and liquidity of the common shares.

Risk factors

For a detailed list of the risk factors that are relevant to the Company's business and the industry in which it operates, see the Risk Factors section in the Company's current AIF. Risks include, but are not necessarily limited to, those listed in the AIF. Investors should carefully consider the information about risks, together with the other information in this document, before making investment decisions. It should be noted that this list is not exhaustive, but contains risks that the Company considers to be of particular relevance. Other risk factors may apply.

Further discussion regarding risks can be found in our Annual Information Form.

Dividend Policy

Although dividends are expected to be declared and paid quarterly, the Board of Directors, in its sole discretion, will determine the amount and timing of any dividends. All dividend payments will depend on general business conditions, the Company's financial condition, results of operations, capital requirements and such other factors as the Board determines to be relevant.

Dividend Declaration

On June 2, 2020, the Board of Directors approved a dividend of $0.05 per common share, payable on June 30, 2020, with a record date of June 19, 2020.

On June 2, 2020, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on June 30, 2020 to Series A Preferred shareholders of record as at June 19, 2020.

On June 2, 2020, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on June 30, 2020 to Series C Preferred shareholders of record as at June 19, 2020.

Additional Information

Additional information relating to Canaccord Genuity Group Inc., including our Annual Information Form, is available on our website at www.canaccordgenuitygroup.com/EN/IR/FinReports/Pages/default.aspx and on SEDAR at www.sedar.com.