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 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 2018 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 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 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 2018 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 2017 ended March 31, 2017 – this document is dated June 1, 2017.

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, 2017 compared to the preceding fiscal year, with an emphasis on the most recent year. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and its direct and indirect subsidiaries. "Canaccord Genuity" refers to the investment banking and capital markets segment of the Company. 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, 2017 and 2016, beginning on page 54 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, 2017 and 2016 are prepared in accordance with International Financial Reporting Standards (IFRS).

Non-IFRS Measures

Certain non-IFRS measures are utilized by Canaccord Genuity Group Inc. 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, return on common equity 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 exercise of options and warrants and conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, as applicable, and adjusted for shares 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 – UK & Europe, or AUM – Australia, is the market value of client assets managed and administered by Canaccord Genuity Wealth Management from which the Company earns commissions or 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 – UK & Europe or AUM – Australia 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 administered by Canaccord Genuity Wealth Management and is included in AUA – Canada.

Financial statement items that exclude significant items are non-IFRS measures. Significant items for these purposes 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, 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 20.

Management believes that these non-IFRS measures will 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 Canaccord Genuity Group's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting for these items does in fact reflect the underlying financial results of Canaccord Genuity Group'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 offices in 10 countries worldwide, including wealth management offices located in Canada, Australia, the UK, Guernsey, Jersey, and the Isle of Man. Canaccord Genuity, the Company's international capital markets division, has operations in Canada, the US, the UK, France, Ireland, Hong Kong, China, Australia and Dubai.

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.

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

Canaccord Genuity Group Inc.'s operations are divided into two business segments: Canaccord Genuity (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

Canaccord Genuity offers corporations and institutional investors around the world an integrated platform for equity research, sales and trading, and investment banking services that is built on extensive operations in Canada, the UK & Europe, the US, China, Hong Kong, Australia and Dubai.

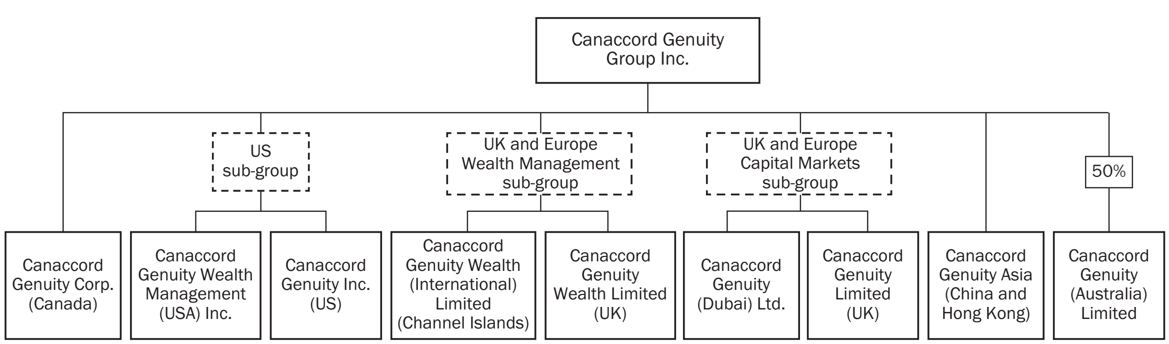
Canaccord Genuity Wealth Management

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, Australia, the UK, the Channel Islands and the Isle of Man.

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 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 the Canaccord Genuity Group.

The Company owns 50% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2017, the Company is considered to have a 58% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd [March 31, 2016 – 58%].

BUSINESS ACTIVITY

Our business is subject to 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 plans 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 its appetite for regional investments in 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 conservative capital strategy allows the Company to remain competitive in today's changing financial landscape.

During fiscal 2017, the Company's capital markets activities were focused on the following sectors: Metals & Mining, Energy, Technology, Real Estate, Sustainability, Healthcare & Life Sciences, Consumer & Retail, Agriculture & Fertilizers, Infrastructure, Aerospace & Defense, Financials and Private Equity. 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.

Key Developments During Fiscal 2017

CORPORATE

- On June 6, 2016, Canaccord Genuity Group Inc. announced a non-brokered private placement ("Private Placement") to employees of the Company at a purchase price of C$4.17 per Unit, with each Unit consisting of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to acquire one common share of the Company at an exercise price of $4.99 for a period of six months following the third anniversary of closing. Proceeds of the Private Placement were used to fund the Company's employee benefits trusts, established under its long term incentive plan, which purchased common shares in the market to cover grants of restricted share units to those employees who participated in the Private Placement. The Company issued an aggregate of 6,876,824 Units at a price of C$4.17 per Unit in connection with the Private Placement.
- On June 30, 2016, the Company completed its sale of Canaccord Genuity Singapore Pte Ltd. to SAC Capital Private Limited.
- On August 11, 2016, Canaccord Genuity Group Inc. announced the filing of a normal course issuer bid (NCIB) to purchase up to a maximum of 5,587,378 of its common shares in accordance with the requirements of the TSX through the facilities of the TSX and on alternative trading systems during the period from August 15, 2016 to August 14, 2017. The purpose of any purchase under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased represented 5.0% of the Company's outstanding common shares at the time of filing the NCIB. A total of 99,800 shares have been purchased and cancelled under the terms of the NCIB during the year ended March 31, 2017.
- On September 1, 2016, Canaccord Genuity Group Inc. announced that the dividend rate on its Cumulative 5-year Rate Reset First Preferred Shares, Series A (the "Series A Preferred Shares") for the period from October 1, 2016 to September 30, 2021 would be 3.885%
- On October 27, 2016, the Company closed a private placement of convertible unsecured senior subordinated debentures in the aggregate principal amount of $60 million. The Company intends to use the net proceeds to finance growth in its wealth management business in Canada through the recruitment of Investment Advisors and for general corporate purposes. The debentures bear interest at a rate of 6.50% per annum, payable semi-annually on the last day of June and December each year commencing December 31, 2016. The debentures are convertible at the holders' option into the Company's common shares at a conversion price of $6.50 per share. The debentures will mature on December 31, 2021 and may be redeemed by the Company, in certain circumstances, on or after December 31, 2019.
- On February 9, 2017, Canaccord Genuity Group Inc. announced the appointment of Don MacFayden to the position of Executive Vice President and Chief Financial Officer and the appointment of Adrian Pelosi to the position of Executive Vice President, Chief Risk Officer and Treasurer, with immediate effect
- On March 3, 2017, Canaccord Genuity Wealth Management in the UK & Europe acquired client portfolios from Duncan Lawrie Private Banking in the Isle of Man
- On March 24, 2017, Canaccord Genuity Wealth Management in the UK & Europe acquired the UK-based investment dealing and custody business from C. Hoare & Co.

CANACCORD GENUITY

- Canaccord Genuity generated revenue of $598.4 million in fiscal 2017
- Net income before taxes excluding significant items[1] was $46.4 million, an increase of $56.6 million compared to the prior year
- Canaccord Genuity led 134 transactions globally, each over C$1.5 million, to raise total proceeds of C$6.7 billion during fiscal 2017. Of this:
  - Canada led 53 transactions, which raised C$1.7 billion
  - The UK led 24 transactions, which raised C$2.8 billion
  - The US led 20 transactions, which raised C $1.2 billion
  - Asia and Australia operations led 37 transactions, which raised C$1.0 billion
- During fiscal 2017, Canaccord Genuity participated in a total of 368 transactions globally, each over C$1.5 million, to raise gross proceeds of C$47.1 billion. Of this:
  - Canada participated in 232 transactions, which raised C$26.9 billion
  - The UK participated in 25 transactions, which raised C$3.0 billion
  - The US participated in 69 transactions, which raised C$15.7 billion
  - Asia and Australia operations participated in 42 transaction, which raised C$1.5 billion

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

- Significant investment banking transactions for Canaccord Genuity during fiscal 2017 include:
  - £113.4 million for HICL Infrastructure Company Limited on the LSE
  - £260.0 million for HICL Infrastructure Company Limited on the LSE
  - £329.0 million block trade for Playtech plc on the LSE
  - £40.0 million for Vernalis Plc on the LSE
  - £62.6 million for The Renewables Infrastructure Group on the LSE
  - AUD$100.6 million for Metals X Limited on the ASX
  - AUD$151.2 million for Cooper Energy Limited on the ASX
  - AUD$50.0 million for NetComm Wireless Limited on the ASX
  - AUD$60.5 million for TFS Corporation Limited on the ASX
  - AUD$80.0 million for Sundance Energy Australia Limited on the ASX
  - C$150.0 million for NYX Gaming Group on the TSXV
  - C$160.0 million for Acasta Enterprises Inc. on the TSX
  - C$186.0 million block trade for a holder of Great Canadian Gaming Corporation on the TSX
  - C$400.00 million IPO for Aritzia Inc. on the TSX
  - C$60.0 million IPO for CanniMed Therapeutics Inc. on the TSX
  - C$65.0 million for DHX Media Ltd. on the TSX
  - C$65.7 million for Belo Sun Mining Corp. on the TSX
  - C$66.5 million for InPlayOil Corp on the TSX
  - C$82.2 million for Osisko Mining Inc. on the TSX
  - US$123.0 million IPO for iRhythm Technologies, Inc. on NASDAQ
  - US$125.0 million for Synergy Pharmaceuticals, Inc. on NASDAQ
  - US$126.5 million IPO for Xencor, Inc. on NASDAQ
  - US$134.6 million IPO for AquaVenture Holdings Limited on the NYSE
  - US$151.5 million for Exact Sciences Corporation on NASDAQ
  - US$152.0 million for Renewable Energy Group, Inc. on NASDAQ
  - US$172.5 million for Advanced Accelerator Applications S.A. on NASDAQ
  - US$172.5 million Initial Public Offering for Twilio, Inc. on NYSE
  - US$201 million Follow-on Offering for Sage Therapeutics on NASDAQ
  - US$275 million for Kenmare Resources plc on the LSE and ISE
  - US$322.0 million for Twilio Inc. on the NYSE
  - US$329.9 million Follow-on Offering for Shopify, Inc. on NYSE & TSX
- In Canada, Canaccord Genuity participated in raising $955.0 million for government and corporate bond issuances during fiscal 2017
- During fiscal 2017, significant M&A and advisory transactions included:
  - DP World on its US$3.7 billion Investment Vehicle in partnership with Caisse de dépôt et placement du Québec
  - ThinkSmart Limited on its admission to AIM
  - Learning Technologies Group plc on its successful offer for AIM listed NetDimensions
  - Sirius Real Estate Limited on its move from AIM to the Main Market
  - Kier Group plc on the £75 million sale of its infrastructure engineering and environmental consultancy business to WSP Global Inc.
  - Catapult Environmental Inc. on its private equity sponsorship by ARC Financial Corp.
  - TransGlobe Energy Corporation on its C$80 million Canadian Asset Acquisition
  - General Mining Corporation Limited on its merger with Galaxy Resources Limited
  - Stride Gaming on its £70.2 million acquisition of select Tarco assets, Netboost Media Limited, and 8Ball Games Limited
  - Areva SA on the sale of Canberra to Mirion Technologies
  - NYX in connection with its acquisition of OpenBet for £270 million
  - Tahoe Resources Inc. on its C$945.0 million acquisition of Lake Shore Gold Corp.
  - Reservoir Minerals on its merger with Nevsun Resources for total consideration of US$440.0 million, and exercise of its rights of first offer related to Reservoir's Timok Copper Project for total consideration of US$262.5 million.

WEALTH MANAGEMENT (GLOBAL)

- Globally, Canaccord Genuity Wealth Management generated $272.3 million in revenue during fiscal 2017
- Total assets under administration in Canada and assets under management in the UK & Europe and Australia were $38.6 billion at March 31, 2017[(2)], an increase of $5.9 billion or 18.0% compared to at the end of fiscal 2016

WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated $132.3 million in revenue during fiscal 2017 and, after intersegment allocations and before taxes, recorded a net income of $2.0 million
- Assets under administration were $13.2 billion as of March 31, 2017, an increase of 43.9% from $9.2 billion at the end of fiscal 2016[(2)]
- Assets under management were $2.6 billion as of March 31, 2017, an increase from $1.4 billion at the end of fiscal 2016[(2)]
- At March 31, 2017, Canaccord Genuity Wealth Management had 141 Advisory Teams in Canada[(3)], an increase of two Advisory Teams from March 31, 2016

WEALTH MANAGEMENT (UK & EUROPE)

- Canaccord Genuity Wealth Management (UK & Europe) generated $134.8 million in revenue and, excluding significant items, recorded net income of $27.6 million before taxes in fiscal 2017[(1)]
- Assets under management (discretionary and non-discretionary) were $24.5 billion (£14.7 billion), an increase of 7.6% from $22.8 billion (£12.2 billion) at the end of fiscal 2016[(2)]. Measured in local currency (GBP), assets under management at March 31, 2017 increased by 19.9% compared to fiscal 2016
- At March 31, 2017, Canaccord Genuity Wealth Management had 118 investment professionals and fund managers in the UK & Europe, unchanged from March 31, 2016

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.
(2) See Non-IFRS Measures on page 10.
(3) Advisory teams are normally comprised of one or more IAs and their assistants and associates, who together manage a shared set of client accounts. Advisory teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our advisory team count, as it typically takes a new IA approximately three years to build an average-sized book of business.

Market Environment During Fiscal 2017:

ECONOMIC BACKDROP:

During the first half of fiscal 2017, the global economy showed positive signs of a reacceleration following the growth slowdown that took place at the end of our previous fiscal year. While stagnant global trade, subdued business investments and policy uncertainty hindered global economic performance during the first half of fiscal 2017, an improvement in personal consumption expenditures, strengthening labour markets and a pro-growth agenda by the incoming U.S. administration helped to lift global business and consumer confidence toward the end of our 2017 fiscal year.

Despite slower than expected global economic growth during fiscal 2017, the S&P 500 (+14.7%), the S&P/TSX (+15.2%), European equities (+12.9%) and Emerging Markets (EM) equities (+14.5%) all posted positive returns over the twelve month period.

INVESTMENT BANKING AND ADVISORY

Our capital raising and advisory activities are primarily focused on small and mid-capitalization companies in specific growth sectors of the global economy, as outlined on page 14. 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 or restructuring mandates. Weak economic and global financial market conditions can result in a challenging business environment for small and mid-market M&A activity, but may provide opportunities for our restructuring business.

While activity began to improve in our fourth fiscal quarter, overall capital raising activities for fiscal 2017 remained below historical levels in most of our major markets.

TOTAL FINANCING VALUE BY EXCHANGE

	Q1/17	Q2/17	Q3/17	Q4/17	**Fiscal 2017**	Fiscal 2016	Fiscal 2017/ 2016 change
TSX and TSX Venture (C$ billions)	20.4	13.1	15.8	13.4	**62.7**	53.5	17.2%
AIM (£ billions)	1.2	1.3	1.5	0.9	**4.9**	5.4	-9.3%
NASDAQ (US$ billions)	16.3	19.1	21.1	17.7	**74.2**	75.7	-2.0%
ASX (AUD$ billions)	15.6	18.3	18.5	6.6	**59.0**	101.7	-42.0%
LSE (£ billions)	3.3	3	7	4.3	**17.6**	24.8	-29.0%

Source: TSX Statistics, LSE Statistics, LSE AIM Statistics, ASX Statistics, Dealogic and Placement Tracker

The recovery in natural resources helped to drive strong investment banking activity in our Australian operation. In the U.S., the results of the federal election in November sent a positive shockwave throughout financial markets, which helped to increase financing activities in the region.

Although signs of stability began to return to the UK market, following the Brexit-related disruption to equity and currency markets early in the fiscal year, an uncertain environment for capital raising activities prevailed in the region throughout the 12-month period. In anticipation of the changes related to MiFID II and volatile new issue activity, we moved forward with our strategy to strengthen this business for long-term performance.

Our global advisory businesses have benefitted from the increase in cross-border M&A, as growing numbers of businesses seek diversification.

TRADING

At the start of fiscal 2017, trading volumes in our key markets were lower than the same period one year earlier. The recovery in the mining and energy sectors in combination with our efforts to enhance our trading-related businesses and capture a growing share of less-cyclical business helped us to increase regional and cross-border trading revenues during this period. A period of heightened volatility following the news of the Brexit referendum outcome in late June, 2016 led to increased trading volumes in the region. Outside of the UK & Europe, the year-over-year increase in trading activity for global small and mid-cap equities for the balance of the fiscal year reflects improved investor appetite for growth stocks, as global economic conditions became more supportive of higher equity and commodity prices. In addition, an increasing trend toward lower trading commissions and a continuation of electronic trading growth means that increased trading volumes do not directly correlate with increased trading commissions.

GLOBAL SMALL AND MID-CAPITALIZATION TRADING VOLUMES (50-DAY MOVING AVERAGE)

	Q1/17	Q1 change (y/y)	Q2/17	Q2 change (y/y)	Q3/17	Q3 change (y/y)	Q4/17	Q4 change (y/y)
Russell 2000	2,828.0	-9.3%	3,065.8	4.8%	3,227.7	11.6%	3,422.1	32.5%
S&P Midcap	1,342.5	-10.1%	1,474.0	-3.5%	1,553.3	7.8%	1,603.7	12.0%
FTSE 100	6,190.4	-10.3%	6,806.0	7.6%	6,901.6	10.3%	7,280.1	21.2%
MSCI EU MidCap ETF	139.5	-5.6%	155.7	12.6%	159.9	15.7%	171.5	27.8%
TSX Composite	13,934.8	-7.3%	14,644.1	5.9%	15,004.4	12.4%	15,565.4	20.6%

Source: FactSet

GLOBAL WEALTH MANAGEMENT

Over the fiscal year, market values have benefitted from broad equity performance inside and outside North America and market values of assets in our wealth management operations increased on stronger equity valuations of small and mid-cap global equities.

GLOBAL ASSET CLASS PERFORMANCE

Total Return (excl. currencies)	Q1 Change (Q/Q)	Q2 Change (Q/Q)	Q3 Change (Q/Q)	Q4 Change (Q/Q)	2017 Change (Y/Y)	2016 Change (Y/Y)
S&P 500	2.5%	3.9%	3.8%	6.1%	17.2%	1.8%
S&P/TSX	5.1%	5.5%	4.5%	2.4%	18.6%	-6.6%
MSCI EAFE	-1.2%	6.5%	-0.7%	7.4%	12.2%	-7.9%
MSCI EMERGING MARKETS	0.8%	7.7%	-1.4%	7.8%	15.5%	-7.4%
S&P GS COMMODITY INDEX	12.7%	-4.2%	5.8%	-5.1%	8.4%	-28.7%
US 10-YEAR T-BONDS	3.3%	-0.8%	-6.0%	0.8%	-3.0%	3.1%
CAD/USD	0.6%	-1.6%	-2.3%	0.9%	-2.3%	-2.4%
CAD/EUR	3.1%	-2.7%	4.5%	-0.4%	4.4%	-8.0%

Source: Thomson Reuters Datastream

Increasing regulatory burdens and rising costs have dramatically changed the competitive environment for the wealth management industry. Many smaller firms have been forced to consolidate or exit the business, which has helped to drive asset-gathering opportunities for our business, with the scale and resources available to meet these changes. As retail investors increasingly demand access to the same asset classes and investment strategies as institutional investors, Canaccord Genuity Wealth Management advisory teams have been able to deliver differentiated and highly personalized advice and services to the high net worth and mass affluent demographic in all geographies where we have wealth management operations.

Fiscal 2018 Outlook

According to the IMF World Economic Outlook, global economic growth is expected to improve in calendar 2017 to 3.4% (up from 3.1% in calendar 2016). Given the inverse relationship between the US dollar and commodity prices, a flat or weak US dollar could reverberate globally, stimulating commodity CapEx. Combined with our view of global growth reacceleration, we expect that resource equities in the energy and material sectors will enjoy another phase of outperformance during fiscal 2018.

With regard to equity markets, elevated valuation multiples in Canada and in the US give us reason to expect that earnings growth — rather than expanding valuations — will drive equity market performance. We expect that the upturn in earnings growth should extend into fiscal 2018, but caution that history shows that equity market correction risks increase when markets become earnings driven rather than P/E driven. Overall, while we expect increased market volatility in fiscal 2018 compared to fiscal 2017, we expect that equity markets will deliver positive returns for investors.

With regards to capital market activities, we believe that global growth reacceleration has the potential to translate into stronger contributions from the various geographical platforms across our operations. We expect that abundant liquidity and favourable financing conditions should support mid-market M&A and advisory activities through the year ahead. Elevated market valuations are also supportive of an improving outlook for IPO activity in the global growth sectors where we are focused. In a commodity-friendly environment, equity issuance is expected to remain strong, as many resource companies have the potential to seek financing to resume capital expenditures and/or acquire inexpensive assets. We are optimistic that our agency trading activities will benefit from higher equity and commodity prices and increased market volatility. Lastly, we are optimistic that positive asset returns support continued growth for our global wealth management operations.

Overview of Preceding Years – Fiscal 2016 vs. 2015

Total revenue for the year ended March 31, 2016 (fiscal 2016) was $787.8 million, a decrease of $93.0 million or 10.6% compared to the year ended March 31, 2015 mainly as a result of weakened market conditions across all our operating regions.

Canaccord Genuity Group recorded a net loss of $358.6 million during fiscal 2016, compared to net loss of $11.3 million in fiscal 2015 primarily attributable to certain significant items which included goodwill and other assets impairment charges and restructuring costs. Excluding significant items[1], net loss for fiscal 2016 was $6.0 million compared to net income of $53.3 million for fiscal 2015.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

Financial Overview

SELECTED FINANCIAL INFORMATION[(1)(2)]

(C$ thousands, except per share and % amounts, and number of employees)	For the years ended March 31 2017	2016	2015	2017/2016 change	
Canaccord Genuity Group Inc. (CGGI)					
Revenue					
Commissions and fees	**$ 396,741**	$ 376,817	$ 374,058	$ 19,924	5.3%
Investment banking	**196,129**	132,029	236,551	64,100	48.5%
Advisory fees	**130,749**	160,180	153,302	(29,431)	(18.4)%
Principal trading	**119,040**	85,559	75,217	33,481	39.1%
Interest	**16,847**	16,830	22,212	17	0.1%
Other	**20,040**	16,390	19,423	3,650	22.3%
Total revenue	**879,546**	787,805	880,763	91,741	11.6%
Expenses					
Incentive compensation	**454,998**	417,876	455,480	37,122	8.9%
Salaries and benefits	**85,698**	92,981	85,770	(7,283)	(7.8)%
Other overhead expenses[(3)]	**284,966**	302,530	305,822	(17,564)	(5.8)%
Restructuring costs[(4)]	**—**	17,352	24,813	(17,352)	(100.0)%
Impairment of goodwill and other assets[(5)]	**—**	321,037	14,535	(321,037)	(100.0)%
Total expenses	**825,662**	1,151,776	886,420	(326,114)	(28.3)%
Income (loss) before income taxes	**53,884**	(363,971)	(5,657)	417,855	114.8%
Net income (loss)	**$ 43,186**	$ (358,567)	$ (11,318)	$ 401,753	112.0%
Net income (loss) attributable to CGGI shareholders	**$ 38,103**	$ (358,471)	$ (13,184)	$ 396,574	110.6%
Non-controlling interests	**$ 5,083**	$ (96)	$ 1,866	$ 5,179	n.m.
Earnings (loss) per common share (EPS) – basic	**$ 0.29**	$ (4.09)	$ (0.27)	$ 4.38	107.1%
Earnings (loss) earnings per common share – diluted	**$ 0.27**	$ (4.09)	$ (0.27)	$ 4.36	106.6%
Return on common equity (ROE)	**5.0%**	(50.4)%	(2.9)%	55.4 p.p.	
Dividends per common share	**$ 0.10**	$ 0.10	$ 0.25	$ —	0.0%
Dividends per Series A Preferred Share	**$ 1.173**	$ 1.375	$ 1.375	$ (0.20)	(14.7)%
Dividends per Series B Preferred Share	**$ 1.4375**	$ 1.4375	$ 1.4375	$ —	—
Book value per diluted common share[(6)]	**$ 5.08**	$ 4.99	$ 8.71	$ 0.09	1.9%
Excluding significant items[(7)]					
Total revenue	**$ 878,353**	$ 787,805	$ 880,763	$ 90,548	11.5%
Total expenses	**$ 817,096**	$ 793,862	$ 827,458	$ 23,234	2.9%
Income (loss) before income taxes	**$ 61,257**	$ (6,057)	$ 53,305	$ 67,314	n.m.
Net income (loss)	**$ 49,196**	$ (5,995)	$ 39,330	$ 55,191	n.m.
Net income (loss) attributable to CGGI shareholders	**$ 43,903**	$ (6,620)	$ 36,448	$ 50,523	n.m.
Net income attributable to non-controlling interests	**$ 5,293**	$ 625	$ 2,882	$ 4,668	n.m.
Earnings (loss) per common share – diluted	**$ 0.32**	$ (0.21)	$ 0.25	$ 0.53	252.4%
Balance sheet data					
Total assets	**$ 5,203,516**	$ 3,424,546	$ 4,369,905	$ 1,778,970	51.9%
Total liabilities	**4,426,873**	2,665,895	3,242,088	1,760,978	66.1%
Non-controlling interests	**11,858**	8,722	10,275	3,136	36.0%
Total shareholders' equity	**764,785**	749,929	1,117,542	14,856	2.0%
Number of employees	**1,700**	1,795	1,928	(95)	(5.3)%

(1) Data is in accordance with IFRS except for ROE, book value per diluted common share, figures excluding significant items and number of employees. See Non-IFRS Measures on page 10.

(2) The operating results of the Australian operations have been fully consolidated and a 42% non-controlling interest has been recognized for fiscal 2017 [fiscal 2016 – 42% and fiscal 2015 – 40%].

(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, 2016 were related to the staff reductions in our US, Canada and UK capital markets operations and the closure of our Barbados office in Other Foreign Locations, as well as charges related to staff reductions and certain executive changes in our Corporate and Other segment. Fiscal 2015 restructuring costs were in connection with certain executive changes in our Corporate and Other segment, the closure of the Geneva office in our UK & European wealth management operations, certain real estate and office closure costs, as well as the reorganization of our Canadian, UK & Europe and US capital markets operations.

(5) Impairment of goodwill and other assets for the year ended March 31, 2016 was in connection with our capital markets operations in the UK, US, Canada and Australia, and our Other Foreign Locations – Singapore operations. Impairment of goodwill for the year ended March 31, 2015 is in connection with our Singapore and China-based operations.

(6) Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants and the conversion of convertible debentures divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, and convertible debentures, as applicable, and adjusted for shares 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.
(7) Net income (loss) and earnings (loss) per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on the next page.
n.m.: not meaningful
p.p. percentage points

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS(1)

	For the years ended March 31				
(C$ thousands, except per share and % amounts)	**2017**	2016	2015	2017/2016 change	
Total revenue per IFRS	**$ 879,546**	$ 787,805	$ 880,763	$ 91,741	11.6%
Total expenses per IFRS	**825,662**	1,151,776	886,420	(326,114)	(28.3)%
Revenue					
Significant items recorded in Canaccord Genuity					
Realized translation gains on disposal of Singapore	**1,193**	—	—	1,193	n.m.
Total revenue excluding significant items	**878,353**	787,805	880,763	90,548	11.5%
Expenses					
Significant items recorded in Canaccord Genuity					
Amortization of intangible assets	**3,304**	5,409	6,823	(2,105)	(38.9)%
Impairment of goodwill and other assets	**—**	321,037	14,535	(321,037)	(100.0)%
Restructuring costs	**—**	11,305	20,997	(11,305)	(100.0)%
Development costs	**—**	1,157	—	(1,157)	(100.0)%
Significant items recorded in Canaccord Genuity Wealth Management					
Amortization of intangible assets	**5,262**	6,055	7,591	(793)	(13.1)%
Restructuring costs	**—**	165	783	(165)	(100.0)%
Significant items recorded in Corporate and Other					
Restructuring costs	**—**	5,882	3,033	(5,882)	(100.0)%
Development costs	**—**	6,904	5,200	(6,904)	(100.0)%
Total significant items	**8,566**	357,914	58,962	(349,348)	(97.6)%
Total expenses excluding significant items	**817,096**	793,862	827,458	23,234	2.9%
Net income (loss) before income taxes – adjusted	**$ 61,257**	$ (6,057)	$ 53,305	$ 67,314	n.m.
Income tax expense (recovery) – adjusted	**12,061**	(62)	13,975	12,123	n.m.
Net income (loss) – adjusted	**$ 49,196**	$ (5,995)	$ 39,330	$ 55,191	n.m.
Earnings (loss) per common share – basic, adjusted	**$ 0.36**	$ (0.21)	$ 0.27	0.57	271.4%
Earnings (loss) per common share – diluted, adjusted	**$ 0.32**	$ (0.21)	$ 0.25	0.53	252.4%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.
n.m.: not meaningful

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. The pound sterling depreciated by 13.2% against the Canadian dollar, while the US dollar appreciated slightly by 0.04% against the Canadian dollar in fiscal 2017 when compared to fiscal 2016. This change in foreign exchange rates contributed to certain changes in revenue and expense items measured 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 and Canaccord Genuity Wealth Management UK & Europe.

GEOGRAPHIES

Commencing in Q3/17, the operating results of our Australian operations are disclosed as a separate geography. Prior to Q3/17 Australia was included as part of Other Foreign Locations. Also, commencing in Q3/17, our Dubai operation, which was previously included in Other Foreign Locations, is now included as part of Canaccord Genuity UK & Europe. The Other Foreign Locations geographic segment is now comprised of our Asian based operations, including China and Hong Kong and prior to their sale or closure also included Singapore and Barbados. These reclassifications reflect the growing contribution from Australia and the working association between the UK and Dubai. For purposes of the discussion provided herein the Canaccord Genuity operations in the UK, Europe and Dubai are referred to as the "UK".

GOODWILL

The Company has recorded on its balance sheet as at March 31, 2017 goodwill in the amount of $192.3 million and included in intangible assets is an intangible asset with an indefinite life in the amount of $44.9 million. In determining whether to perform an impairment test in respect of these assets, the Company considers factors such as its market capitalization, market conditions generally and overall economic conditions as well as market conditions in the key sectors in which the Company operates and the impact that such conditions are expected to have on the Company's operations.

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 associated with any of its wealth management business units in the UK & Europe, its remaining goodwill recorded in Canaccord Genuity Canada or in the value of the indefinite life intangible asset related to the Genuity brand name. Notwithstanding this determination as of March 31, 2017, the continuing uncertainty in the economic environment may cause this determination to change. If the business climate remains uncertain 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 remaining goodwill recorded in Canaccord Genuity Canada. 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 2017 was $879.5 million, an increase of 11.6% or $91.7 million from fiscal 2016 mainly driven by an increase in investment banking revenue in Canada and Australia, as well as an increase in our principal trading revenue in the US and the UK. Our capital markets operations experienced an increase of $66.1 million or 12.4% compared to the prior year. Revenue in our wealth management operations in Canada increased by $24.1 million or 22.3% in fiscal 2017 compared to fiscal 2016. Our Corporate and Other segment contributed $5.1 million to the overall increase in total revenue. Revenue in our wealth management operations in the UK & Europe decreased by $3.5 million or 2.6% compared to the year ended March 31, 2016 as a result of the depreciation of the pound sterling against the Canadian dollar. Measured in local currency (GBP), revenue increased by £8.7 million or 12.4%.

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 $19.9 million or 5.3% from fiscal 2016 to $396.7 million in fiscal 2017. Commissions and fees revenue increased in all regions except for the UK & Europe wealth management operations, where it decreased as a result of depreciation of the pound sterling against the Canadian dollar.

As a result of improved market conditions, revenue generated from investment banking activities increased by $64.1 million to $196.1 million in fiscal 2017, compared to $132.0 million in fiscal 2016, most notably in our Canadian and Australian capital markets operations. Offsetting these increases was a decrease of $13.9 million in investment banking revenue in our UK capital markets operations year over year.

Advisory fees revenue of $130.7 million represented a decrease of 18.4%, or $29.4 million compared to the prior year. This was primarily due to reduced activity in our capital markets operations in Canada and the US. The largest decrease was in our Canadian capital markets operations, which experienced a decline of $21.1 million, mostly as a result of reduced corporate activity. Inclusion of our operations in Dubai in the UK segment in fiscal 2017 with advisory revenue of $12.9 million offset a decline in advisory revenue of approximately $13.2 million in our local UK operations in fiscal 2017 compared to fiscal 2016.

Revenue derived from principal trading increased by $33.5 million to $119.0 million for the year ended March 31, 2017 due to higher revenue earned across all regions. Most notably, our US and UK capital markets operations saw increases of $15.5 million and $12.2 million, respectively, compared to last year. The increase in principal trading revenue resulted from our continued strategy of developing our specialty trading desks which operate in niche sectors in the market, principally international equities and investment companies.

Interest revenue remained the same in fiscal 2017 compared to last year. Other revenue of $20.0 million was $3.7 million or 22.3% higher than in the year ended March 31, 2016, mostly due to an increase in foreign exchange gains as well as the realized translation gain on the disposal of our Singapore operations.

EXPENSES

Expenses as a percentage of revenue

	For the years ended March 31		
	2017	2016	2017/2016 change
Incentive compensation	51.7%	53.0%	(1.3) p.p.
Salaries and benefits	9.8%	11.8%	(2.0) p.p.
Other overhead expenses[1]	32.4%	38.4%	(6.0) p.p.
Restructuring costs[2][3]	—	2.2%	n.m.
Impairment of goodwill and other assets[4]	—	40.8%	n.m.
Total	93.9%	146.2%	(52.3) 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 20.
(3) Restructuring costs for the year ended March 31, 2016 were related to staff reductions in our US, Canada and UK capital markets operations and the closure of our Barbados office in Other Foreign Locations, as well as charges related to staff reductions and certain executive changes in our Corporate and Other segment.
(4) Impairment of goodwill and other assets for the year ended March 31, 2016 is in connection with our capital markets operations in the UK, US, Canada, Australia and and Other Foreign Locations – Singapore.
p.p.: percentage points
n.m.: not meaningful

Expenses for fiscal 2017 were $825.7 million, a decrease of 28.3% or $326.1 million compared to the last fiscal year. Excluding significant items[1], total expenses were $817.1 million, up $23.2 million or 2.9% from fiscal 2016. The decrease in expenses was mainly due to the impairment charges related to goodwill and other assets in certain of our capital markets operations recorded in fiscal 2016. No impairment charges were recorded in fiscal 2017. As a result of the increase in revenue during the year and the non-variable nature of certain infrastructure and overhead costs, total expenses excluding significant items[1] as a percentage of revenue decreased by 7.7 percentage points compared to the year ended March 31, 2016. Total overhead expenses excluding compensation expense were down 6.0% compared to fiscal 2016, largely due to our cost cutting efforts.

Compensation expenses

Incentive compensation expense was $455.0 million, an increase of $37.1 million or 8.9% from the prior year, partially as a result of the increases in incentive-based revenue. Incentive compensation as a percentage of total revenue decreased by 1.3 percentage points to 51.7% in fiscal 2017 compared to fiscal 2016. With a reduced headcount the salaries and benefits expense of $85.7 million for the year ended March 31, 2017 was $7.3 million or 7.8% lower than in the prior fiscal year, because of reduced headcount. Total compensation (incentive compensation plus salaries and benefits) expense as a percentage of total revenue was 61.5%, down 3.3 percentage points compared to 64.8% in fiscal 2016.

OTHER OVERHEAD EXPENSES

	For the years ended March 31		
(C$ thousands, except % amounts)	2017	2016	2017/2016 change
Trading costs	$ 65,211	$ 56,998	14.4%
Premises and equipment	42,286	40,863	3.5%
Communication and technology	52,381	55,975	(6.4)%
Interest	12,744	10,222	24.7%
General and administrative	79,011	87,004	(9.2)%
Amortization[1]	21,124	25,339	(16.6)%
Development costs	12,209	26,129	(53.3)%
Total other overhead expenses	$ 284,966	$ 302,530	(5.8)%

(1) Includes amortization of intangible assets for the years ended March 31, 2017 and March 31, 2016, respectively. See the Selected Financial Information Excluding Significant Items table on page 20.

Other overhead expenses were $17.6 million or 5.8% lower in fiscal 2017, which as a percentage of revenue represented a decrease of 6.0 percentage points compared to fiscal 2016. The overall decrease in other overhead expenses was driven by lower general and administrative expense, amortization, communication and technology expense and development costs, offset by increases in trading costs, premises and equipment and interest expense.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, was down $8.0 million, due to reduced expenditures across most operating segments in accordance with cost saving initiatives including initiatives implemented in connection with the restructuring that took place at the end of fiscal 2016.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

Amortization expense decreased by $4.2 million or 16.6% compared to the prior fiscal year, partially due to a decrease in amortization of intangible assets in our capital markets operations. Interest expense increased by $2.5 million compared to the year ended March 31, 2016, primarily as a result of higher expenses in our US capital markets operations and Corporate and Other segment.

Development costs decreased by $13.9 million compared to the year ended March 31, 2016 mainly due to a non-cash accounting charge which resulted from the surrender of a long-term incentive award granted to our CEO in conjunction with his appointment during fiscal 2016. Also contributing to this decrease was a charge of $2.3 million recorded in fiscal 2016 in connection with costs associated with the termination of a software development project that were previously capitalized and expensed as development costs in the prior year.

Costs associated with rationalization of our office space in Toronto led to an increase of $1.4 million in premises and equipment expense recorded in our Corporate and Other segment. Without this charge, premises and equipment expense would have declined by approximately $1.4 million.

Higher trading activity in our US operation was the primary reason for the $8.2 million increase in trading costs in fiscal 2017 compared to the year ended March 31, 2016. Communication and technology expense decreased by $3.6 million, primarily as a result of decreases recorded in the UK capital markets and wealth management operations.

During fiscal 2016, the Canaccord Genuity segment recorded restructuring costs of $17.4 million related to staff reductions in our US, UK and Canadian capital markets operations and the closure of our office in Barbados, as well as staff reductions and certain executive changes in our Corporate and Other operating segment. In addition, the Company recorded impairment charges related to goodwill and other assets in connection with our capital markets operations in Canada, the US, the UK, Australia and Other Foreign Locations – Singapore of $321.0 million. There were no restructuring or impairment charges recorded during fiscal 2017.

NET INCOME (LOSS)

Net income for fiscal 2017 was $43.2 million compared to a net loss of $358.6 million in fiscal 2016, an increase of $401.8 million, largely due to the non-recurring nature of the impairment charges and restructuring costs recorded in fiscal 2016. Diluted earnings per common share was $0.27 in fiscal 2017 compared to a loss per common share of $4.09 in the prior fiscal year. Excluding significant items[1], net income for fiscal 2017 was $49.2 million compared to net loss of $6.0 million in fiscal 2016, and diluted earnings per share was $0.32 compared to a loss per common share of $0.21 in fiscal 2016.

Income tax expense was $10.7 million for fiscal 2017, reflecting an effective tax rate of 19.9% compared to an effective tax rate of 1.5% in the prior year. The change in the effective tax rate was mainly due to lower non-deductible items affecting the determination of taxable income and higher deferred tax assets in our foreign operations which were not recognized in fiscal 2016. A further discussion of our taxes is provided in the Critical Accounting Policies and Estimates section of the MD&A on page 44.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

Quarterly Financial Information(1)(2)

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended March 31, 2017. 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 2017				Fiscal 2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue								
Commissions and fees	$ 105,890	$ 102,637	$ 95,342	$ 92,872	$ 97,915	$ 95,014	$ 89,182	$ 94,706
Investment banking	71,595	46,508	40,901	37,125	16,557	19,261	31,147	65,064
Advisory fees	52,474	17,127	21,554	39,594	54,957	38,954	44,255	22,014
Principal trading	31,066	33,569	26,859	27,546	25,199	20,202	17,592	22,566
Interest	5,217	4,017	4,005	3,608	3,441	3,981	4,334	5,074
Other	5,414	4,250	4,941	5,435	2,843	4,425	4,092	5,030
Total revenue	271,656	208,108	193,602	206,180	200,912	181,837	190,602	214,454
Total expenses	234,251	202,397	192,845	196,169	228,210	532,456	189,103	202,007
Net income (loss) before income taxes	37,405	5,711	757	10,011	(27,298)	(350,619)	1,499	12,447
Net income (loss)	$ 30,987	$ 4,544	$ 200	$ 7,455	$ (22,709)	$(346,388)	$ (431)	$ 10,961
Earnings (loss) per share – basic	$ 0.29	$ 0.01	$ (0.05)	$ 0.04	$ (0.29)	$ (3.91)	$ (0.03)	$ 0.08
Earnings (loss) per share – diluted	$ 0.26	$ 0.01	$ (0.05)	$ 0.04	$ (0.29)	$ (3.91)	$ (0.03)	$ 0.08
Excluding significant items(3)								
Net income (loss)	$ 32,740	$ 6,309	$ 2,008	$ 8,139	$ (2,113)	$ (19,144)	$ 1,943	$ 13,319
Earnings (loss) per share – basic	$ 0.31	$ 0.03	$ (0.03)	$ 0.05	$ (0.06)	$ (0.25)	$ (0.01)	$ 0.10
Earnings (loss) per share – diluted	$ 0.27	$ 0.03	$ (0.03)	$ 0.05	$ (0.06)	$ (0.25)	$ (0.01)	$ 0.10

(1) Data is in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 10.
(2) The operating results of our Australian operations have been fully consolidated and a 42% non-controlling interest has been recognized during fiscal 2017 [fiscal 2016 – 42%].
(3) Figures excluding significant items are non-IFRS measures. See the Quarterly Financial Information Excluding Significant Items table on the next page.

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

(C$ thousands, except per share amounts)	Fiscal 2017 Q4	Q3	Q2	Q1	Fiscal 2016 Q4	Q3	Q2	Q1
Total revenue per IFRS	$ 271,656	$ 208,108	$ 193,602	$ 206,180	$ 200,912	$ 181,837	$ 190,602	$ 214,454
Total expenses per IFRS	234,251	202,397	192,845	196,169	228,210	532,456	189,103	202,007
Revenue								
Significant items recorded in Canaccord Genuity								
Realized translation gains on disposal of Singapore	—	—	—	1,193	—	—	—	—
Total revenue excluding significant items	271,656	208,108	193,602	204,987	200,912	181,837	190,602	214,454
Expenses								
Significant items recorded in Canaccord Genuity								
Amortization of intangible assets	830	829	827	818	1,346	1,333	1,320	1,410
Impairment of goodwill and other assets	—	—	—	—	—	321,037	—	—
Restructuring costs	—	—	—	—	8,328	2,977	—	—
Development costs	—	—	—	—	1,157	—	—	—
Significant items recorded in Canaccord Genuity Wealth Management								
Amortization of intangible assets	1,260	1,274	1,323	1,405	1,471	1,560	1,557	1,467
Restructuring costs	—	—	—	—	165	—	—	—
Significant items recorded in Corporate and Other								
Restructuring costs	—	—	—	—	4,582	1,300	—	—
Development costs	—	—	—	—	6,904	—	—	—
Total significant items	2,090	2,103	2,150	2,223	23,953	328,207	2,877	2,877
Total expenses excluding significant items	232,161	200,294	190,695	193,946	204,257	204,249	186,226	199,130
Net income (loss) before income taxes – adjusted	39,495	7,814	2,907	11,041	(3,345)	(22,412)	4,376	15,324
Income tax expense (recovery) – adjusted	6,755	1,505	899	2,902	(1,232)	(3,268)	2,433	2,005
Net income (loss) – adjusted	$ 32,740	$ 6,309	$ 2,008	$ 8,139	$ (2,113)	$ (19,144)	$ 1,943	$ 13,319
Earnings (loss) per share – basic – adjusted	$ 0.31	$ 0.03	$ (0.03)	$ 0.05	$ (0.06)	$ (0.25)	$ (0.01)	$ 0.10
Earnings (loss) per share – diluted – adjusted	$ 0.27	$ 0.03	$ (0.03)	$ 0.05	$ (0.06)	$ (0.25)	$ (0.01)	$ 0.10

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.
(2) The operating results of our Australian operations have been fully consolidated and a 42% non-controlling interest has been recognized during fiscal 2017 [fiscal 2016 – 42%].

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 activity in our core focus sectors as well as growth company activity. 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.

Overall, consolidated revenue has generally increased over recent quarters, leading to higher pre-tax operating profits. Compared to Q3/17, consolidated revenue increased by 30.5% in Q4/17, and by 35.2% compared to the same quarter last year. The Canaccord Genuity division, which had been negatively affected by the general decline in market conditions throughout fiscal 2016 and the first half of fiscal 2017, generated $330.8 million of revenue in the second half of fiscal 2017, an increase of 23.6% compared to the first half of the fiscal year. Revenue in our Canadian capital markets operations increased by 44.5% in Q4/17 compared to the previous quarter and by 18.3% compared to Q4/16, mostly driven by higher investment banking revenue. The UK capital markets revenue in Q4/17 increased by 94.3% compared to Q3/17 and by 91.0% compared to the same quarter in the last fiscal year, due to higher advisory fee revenue generated in the UK as well as contributions from our Dubai operations. Income before income taxes were $17.1 million in Q4/17, making it the second consecutive and most profitable quarter for this operating segment since Q4/15.

Revenue in our US capital markets operations increased by 17.1% compared to Q4/16, the highest revenue in this operating segment over the past eight quarters. As a result of higher revenue and cost reduction efforts, income before income taxes for Q4/17 was $2.8 million, the highest achieved in this operating segment since Q2/16.

Our Australian operations have continued to perform well in recent quarters, with revenue reaching $20.3 million at the end of Q4/17, an increase of 63.9% over Q3/17 and of 109.2% over Q4/16.

Our Canaccord Genuity Wealth Management North America operations have been positively impacted by stabilizing market conditions and improved transaction activity, with an increase of 57.8% in revenue during Q4/17 compared to the same period a year ago and an increase of 22.7% compared to Q3/17. Revenue attributable to investment banking activity in this segment increased by $2.6 million in Q4/17 compared to Q3/17 and revenue from commissions and fees increased by $4.3 million. Assets under management also grew in Q4/17, increasing by 109.8% compared to Q4/16 to $2.6 billion as a result of new assets from the hiring of new investment advisors as well as higher market values. Our fee related revenue continued to grow, but fee related revenue as a percentage of total revenue decreased primarily as a result of an increase in transactional activity through the year.

The Canaccord Genuity Wealth Management UK & Europe operations continued to generate steady operating profits during fiscal 2017. At the end of Q4/17, fee-related revenue was at 70.5%, a 0.3 percentage point decrease from Q4/16. Assets under management for this group increased by $1.7 billion reaching $24.5 billion as of the end of Q4/17, compared to $22.8 billion at the end of Q4/16 despite the weakening of the pound sterling. 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.

Fourth quarter 2017 performance

Revenue for the fourth quarter was $271.7 million, an increase of $70.7 million or 35.2% compared to the same period in the previous year, mainly due to an increase in investment banking revenue. The increase in investment banking revenue of $55.0 million compared to Q4/16 was attributable to higher activity across all of our operations. Advisory fees revenue decreased by $2.5 million from Q4/16 due to the $16.7 million and $2.6 million decreases, in our Canadian and US capital markets operations, respectively. These decreases were offset by our UK capital markets operations, which saw an increase of $17.9 million compared to Q4/16. Of this increase, $12.6 million was attributable to our Dubai operation which is now included in our UK capital markets segment.

Commissions and fees revenue increased by $8.0 million, predominantly attributable to our Canadian wealth management operations. Principal trading revenue increased by $5.9 million during the three months ended March 31, 2017 compared to the same period last year, mostly due to higher trading revenue generated in our US and UK operations.

Interest revenue for Q4/17 was $5.2 million, an increase of $1.8 million over Q4/16, mainly attributable to our Canadian capital markets operations. Other revenue increased by $2.6 million compared to the same period in the prior year, partially due to higher foreign exchange gains recorded in our Corporate and Other segment.

Expenses were $234.3 million, up $6.0 million or 2.6% from Q4/16. Total expenses excluding significant items(1) were $232.2 million, an increase of $27.9 million or 13.7% from the same period last year.

Incentive compensation expense increased by $23.5 million compared to the same period last year, in line with the increase in incentive-based revenue. Salaries and benefits expense was $2.3 million lower compared to the same period in the prior year due to reduced headcount. Total compensation expense as a percentage of revenue decreased by 9.9% in Q4/17 compared to Q4/16.

All of the non-compensation expenses decreased compared to Q4/16 except for trading costs, interest and general and administrative expense, which increased as a result of the increased activity of the operations. The largest decrease in non-compensation expenses was development costs, which decreased by $7.0 million, primarily as a result of a non-cash accounting charge related to the surrender of a long-term incentive award granted to the President & CEO that was recorded in Q4/16.

During the fourth quarter of fiscal 2016, the Company recognized $13.1 million of restructuring costs related to staff reductions in our capital markets and Corporate and Other segments. There were no restructuring costs incurred during Q4/17.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

Net income for the fourth quarter of fiscal 2017 was $31.0 million, compared to a net loss of $22.7 million in Q4/16. Diluted earnings per share in the current quarter was $0.26, compared to a loss per common share of $0.29 in Q4/16.

Excluding significant items[1], net income for Q4/17 was $32.7 million, compared to a net loss of $2.1 million in Q4/16, and diluted earnings per common share was $0.27 in Q4/17, compared to a loss per common share of $0.06 in Q4/16.

Business Segment Results[1][2]

	For the years ended March 31							
				2017				2016
(C$ thousands, except number of employees)	**Canaccord Genuity**	**Canaccord Genuity Wealth Management**	**Corporate and Other**	**Total**	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenue								
Canada	**$ 155,411**	**$ 129,361**	**$ 14,044**	**$ 298,816**	$ 131,399	$ 106,654	$ 8,968	$ 247,021
UK & Europe	**146,812**	**134,819**	**—**	**281,631**	145,478	138,359	—	283,837
US	**234,211**	**2,931**	**—**	**237,142**	217,411	1,554	—	218,965
Australia	**59,693**	**—**	**—**	**59,693**	31,138	—	—	31,138
Other Foreign Locations	**2,264**	**—**	**—**	**2,264**	6,844	—	—	6,844
Total revenue	**598,391**	**267,111**	**14,044**	**879,546**	532,270	246,567	8,968	787,805
Expenses	**535,913**	**226,048**	**63,701**	**825,662**	864,293	214,542	72,941	1,151,776
Intersegment allocations	**18,210**	**16,796**	**(35,006)**	**—**	17,087	21,854	(38,941)	—
Income (loss) before income taxes (recovery)	**$ 44,268**	**$ 24,267**	**$ (14,651)**	**$ 53,884**	$(349,110)	$ 10,171	$ (25,032)	$ (363,971)
Excluding significant items[3]								
Revenue	**597,198**	**267,111**	**14,044**	**878,353**	532,270	246,567	8,968	787,805
Expenses	**532,609**	**220,786**	**63,701**	**817,096**	525,385	208,322	60,155	793,862
Intersegment allocations	**18,210**	**16,796**	**(35,006)**	**—**	17,087	21,854	(38,941)	—
Income (loss) before income taxes (recovery)	**$ 46,379**	**$ 29,529**	**$ (14,651)**	**$ 61,257**	$ (10,202)	$ 16,391	$ (12,246)	$ (6,057)
Number of employees	**749**	**672**	**279**	**1,700**	841	666	288	1,795

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 10. Detailed financial results for the business segments are shown in Note 22 of the Audited Consolidated Financial Statements on page 92.
(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 42% non-controlling interest has been recognized and included in the Canaccord Genuity business segment in fiscal 2017 [fiscal 2016 – 42%].
(3) See the Selected Financial Information Excluding Significant Items table on page 20.

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

CANACCORD GENUITY

Overview

Canaccord Genuity 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 has offices in 19 cities in 9 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 2017, 74.0% of total Canaccord Genuity revenue was earned outside of Canada.

Canaccord Genuity's 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 10.

During fiscal 2017, Canaccord Genuity participated in 368 transactions to raise gross proceeds of $47.1 billion(1). Of these, Canaccord Genuity led 134 transactions globally, raising total proceeds of $6.7 billion. Sector diversification remains a core component of the Company's strategy. Resource-related revenue accounted for 30.5% of Canaccord Genuity's total investment banking revenue in fiscal 2017, versus 10% in fiscal 2016, largely due to increased contributions from our Australian operations. Resource-related transactions comprised 29.3% of the total number of Canaccord Genuity's investment banking transactions in fiscal 2017, up from 15.0% in fiscal 2016.

While overall reliance on activity in the natural resource sector has decreased, our business has benefitted from improving activity levels in this sector, where we have traditionally been a leader.

Outlook

Canaccord Genuity 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's 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 in the global mid-market, as this space is currently relatively underserviced by other global investment banks. Canaccord Genuity's mid-market strategy and focus on key growth sectors differentiate the firm from its competition.

The continued shift towards electronic trading, and trading on alternative platforms, is expected to move some trading market share away from the main stock exchanges. In response to this, Canaccord Genuity is active in offering trading services on many of the alternative exchanges (Chi-X, CX2, Alpha, Aequitas, Pure, CSE (Canadian Stock Exchange), Omega, Lynx, Triact). The Company has also developed a strong presence in the US with its American Depositary Receipts (ADR) and foreign equity trading capabilities from its International Equities Group. The Company continues to actively monitor shifts and trends in the capital markets and regulatory environment.

Canaccord Genuity 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's global presence and refine its service offering have positioned the business very well for the future.

(1) Transactions over C$1.5 million

FINANCIAL PERFORMANCE[(1)(2)]

(C$ thousands, except number of employees)	2017 Canada	2017 UK[(5)]	2017 US	2017 Australia	2017 Other Foreign Locations	2017 Total	2016 Canada	2016 UK	2016 US	2016 Australia	2016 Other Foreign Locations	2016 Total
Revenue	$155,411	$146,812	$234,211	$59,693	$ 2,264	$598,391	$ 131,399	$ 145,478	$217,411	$ 31,138	$ 6,844	$ 532,270
Expenses												
Incentive compensation	80,029	90,538	126,968	31,685	1,092	330,312	68,316	93,617	121,448	19,578	4,529	307,488
Salaries and benefits	5,381	5,520	12,551	1,649	997	26,098	5,982	7,223	11,669	1,940	1,711	28,525
Other overhead expenses	35,721	43,165	89,811	9,232	1,574	179,503	38,313	54,935	88,089	11,167	3,434	195,938
Restructuring costs	—	—	—	—	—	—	3,427	3,344	2,039	—	2,495	11,305
Impairment of goodwill and other assets	—	—	—	—	—	—	150,000	106,858	15,957	22,342	25,880	321,037
Total expenses	121,131	139,223	229,330	42,566	3,663	535,913	266,038	265,977	239,202	55,027	38,049	864,293
Intersegment allocations[(3)]	12,271	2,946	2,993	—	—	18,210	12,074	2,012	3,001	—	—	17,087
Income (loss) before income taxes (recovery)[(3)]	$ 22,009	$ 4,643	$ 1,888	$17,127	$(1,399)	$ 44,268	$(146,713)	$(122,511)	$ (24,792)	$(23,889)	$(31,205)	$(349,110)
Excluding significant items[(4)]												
Total revenue	155,411	146,812	234,211	59,693	1,071	597,198	131,399	145,478	217,411	31,138	6,844	532,270
Total expenses	118,818	139,223	229,328	41,577	3,663	532,609	109,052	155,775	221,204	29,887	9,467	525,385
Intersegment allocations[(3)]	12,271	2,946	2,993	—	—	18,210	12,074	2,012	3,001	—	—	17,087
Income (loss) before income taxes (recovery)[(3)]	$ 24,322	$ 4,643	$ 1,890	$18,116	$(2,592)	$ 46,379	$ 10,273	$ (12,309)	$ (6,794)	$ 1,251	$ (2,623)	$ (10,202)
Number of employees	178	225	275	69	2	749	180	282	291	65	23	841

For the years ended March 31

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 10.
(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 42% non-controlling interest has been recognized and included in the Canaccord Genuity segment during fiscal 2017 [fiscal 2016 – 42%].
(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 20.
(5) Includes our Dubai based operations

REVENUE

REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY REVENUE

For the years ended March 31

	2017	2016	2017/2016 change
Revenue generated in:			
Canada	**26.0%**	24.7%	1.3 p.p.
UK & Europe[(1)]	**24.5%**	27.3%	(2.8) p.p.
US	**39.1%**	40.8%	(1.7) p.p.
Australia	**10.0%**	5.9%	4.1 p.p.
Other Foreign Locations	**0.4%**	1.3%	(0.9) p.p.
	100.0%	100.0%	

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

Canaccord Genuity generated revenue of $598.4 million, an increase of 12.4% or $66.1 million compared to fiscal 2016 as a result of improved market activity. Revenue increased across most of our geographies, most notably in Canada and Australia, where revenue increased by $24.0 million or 18.3%, and by $28.6 million or 91.7%, respectively, compared to the prior year. Revenue in our UK operations remained consistent with the prior fiscal year, with a slight increase of 0.9% or $1.3 million. Our US operations generated revenue of $234.2 million, which represents an increase of $16.8 million or 7.7% from fiscal 2016. In our Other Foreign Locations, now comprised of only our Asian-based operations, revenue decreased by 66.9% or $4.6 million compared to the year ended March 31, 2016. Operating results for fiscal 2016 included contributions from our Singapore operations which were disposed of during Q1/17.

Investment banking activity

The Company's focus sector mix in fiscal 2017 showed increasing diversity, with 70.7% of total transactions occurring in sectors outside of Metals & Mining and Energy, which have traditionally been a higher component of the Company's revenue.

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

CANACCORD GENUITY – OVERALL

Investment banking transactions and revenue by sector

	For the year ended March 31, 2017	
Sectors	as a % of investment banking transactions	as a % of investment banking revenue
Technology	6.7%	11.2%
Healthcare & Life Sciences	11.0%	25.6%
Metals & Mining	18.8%	21.1%
Real Estate & Hospitality	14.5%	8.4%
Sustainability	1.3%	4.1%
Energy	10.5%	9.4%
Financials	21.7%	6.0%
Consumer & Retail	4.3%	4.7%
Infrastructure	3.8%	4.7%
Media & Telecommunications	0.5%	1.2%
Support Services	0.5%	0.0%
Forestry	0.3%	0.0%
Aerospace & Defense	0.3%	2.7%
Ag & Fertilizers	2.1%	0.4%
Other	3.7%	0.5%
Total	100.0%	100.0%

CANACCORD GENUITY – 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, 2017				
Sectors	Canada	UK	US	Australia	Other Foreign Locations
Technology	3.1%	6.7%	16.2%	17.2%	—
Healthcare & Life Sciences	3.8%	13.3%	39.7%	7.0%	—
Metals & Mining	22.2%	6.7%	0.0%	38.0%	—
Real Estate & Hospitality	15.3%	6.7%	17.6%	3.4%	—
Sustainability	0.0%	0.0%	5.9%	3.4%	—
Energy	8.8%	0.0%	17.6%	13.8%	—
Financials	29.5%	26.6%	0.0%	0.0%	—
Consumer & Retail	3.8%	20.0%	1.5%	7.0%	—
Infrastructure	3.8%	20.0%	0.0%	3.4%	—
Media & Telecommunications	0.4%	0.0%	0.0%	3.4%	—
Support Services	0.8%	0.0%	0.0%	0.0%	—
Forestry	0.0%	0.0%	0.0%	3.4%	—
Aerospace & Defense	0.0%	0.0%	1.5%	0.0%	—
Ag & Fertilizers	3.1%	0.0%	0.0%	0.0%	—
Other	5.4%	0.0%	0.0%	0.0%	—
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, 2017				
Sectors	Canada	UK	US	Australia	Other Foreign Locations
Technology	6.3%	23.5%	18.6%	4.1%	—
Healthcare & Life Sciences	27.1%	3.1%	47.9%	13.4%	—
Metals & Mining	14.4%	0.6%	0.7%	56.0%	—
Real Estate & Hospitality	17.4%	11.5%	5.7%	0.0%	—
Sustainability	0.0%	13.9%	5.2%	3.1%	—
Energy	11.5%	3.2%	9.5%	9.6%	—
Financials	14.6%	10.8%	0.3%	0.1%	—
Consumer & Retail	3.5%	0.0%	2.0%	10.6%	—
Infrastructure	0.9%	33.4%	0.0%	0.6%	—
Media & Telecommunications	2.4%	0.0%	0.2%	1.5%	—
Support Services	0.0%	0.0%	0.0%	0.0%	—
Forestry	0.0%	0.0%	0.0%	0.0%	—
Aerospace & Defense	0.0%	0.0%	9.9%	0.0%	—
Ag & Fertilizers	1.3%	0.0%	0.0%	0.0%	—
Other	0.6%	0.0%	0.0%	1.0%	—
Total	100.0%	100.0%	100.0%	100.0%	—

EXPENSES

Expenses for fiscal 2017 were $535.9 million, a decrease of 38.0% or $328.4 million year over year. Excluding significant items[1], total expenses for fiscal 2017 were $532.6 million, an increase of 1.4% or $7.2 million compared to fiscal 2016.

Incentive compensation and salaries and benefits

Incentive compensation expense for fiscal 2017 increased by $22.8 million or 7.4% compared to fiscal 2016. Incentive compensation expense as a percentage of revenue was 55.2%, a decrease of 2.6 percentage points from fiscal 2016. Salaries and benefits expense for fiscal 2017 decreased by $2.4 million or 8.5% compared to fiscal 2016. Total compensation expense as a percentage of revenue was 3.5 percentage points lower, at 59.6% for the year ended March 31, 2017.

Overall total compensation as a percentage of revenue decreased in all geographies. In fiscal 2016, as a result of weaker market conditions, certain incentive compensation pools as recorded under our normal methodology were determined to be lower than would be required to provide for necessary compensation to selective key production staff and, as a result of adjustments to these pools our compensation expense as a percentage of revenue was substantially higher in fiscal 2016 compared to fiscal 2017. In Canada, total compensation as a percentage of revenue decreased by 1.5 percentage points compared to fiscal 2016, to 55.0% in fiscal 2017 as a result of increased revenue. Our US operations experienced a decrease of 1.6 percentage points in the total compensation ratio as a result of higher revenue as well as certain adjustments to the compensation pool as discussed above in the prior year. In our UK operations, total compensation as a percentage of revenue decreased by 3.9 percentage points as a result of the fiscal 2016 adjustments discussed above. In addition, fixed compensation for our UK operations decreased as a result of headcount reduction. Total compensation expense as a percentage of revenue in our Australian operations was 55.8% in fiscal 2017, a decrease of 13.3 percentage points due to the significant increase in revenue. There was also a reduction in fixed staff costs in our Asian-based operations now comprised solely of Beijing and Hong Kong due to the sale of our operations in Singapore in the first quarter of fiscal 2017.

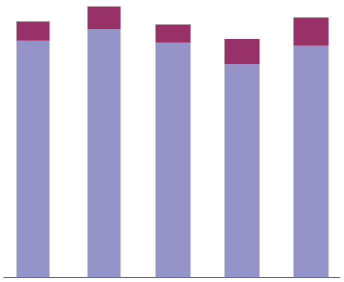
Canaccord Genuity total compensation expense (incentive compensation plus salaries and benefits) expense as a percentage of revenue by geography

	For the years ended March 31		
	2017	2016	2017/2016 change
Canada	**55.0%**	56.5%	(1.5) p.p.
UK & Europe	**65.4%**	69.3%	(3.9) p.p.
US	**59.6%**	61.2%	(1.6) p.p.
Australia	**55.8%**	69.1%	(13.3) p.p.
Other Foreign Locations	**92.3%**	91.2%	1.1 p.p.
Canaccord Genuity (total)	**59.6%**	63.1%	(3.5) p.p.

p.p.: percentage points

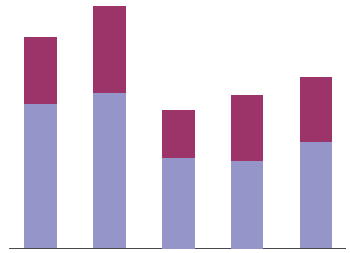
(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – OVERALL



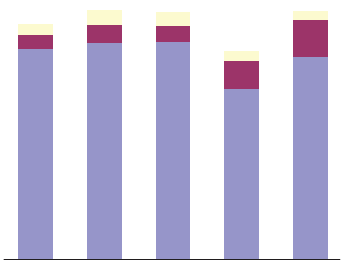
	2017	2016	2015	2014	2013
Salaries and benefits	**4.4%**	5.3%	4.2%	5.7%	6.5%
Incentive compensation	**55.2%**	57.8%	54.7%	49.8%	54.1%
Total	**59.6%**	63.1%	58.9%	55.5%	60.6%

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – CANADA



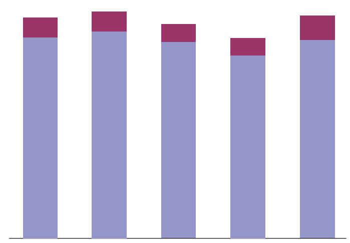
	2017	2016	2015	2014	2013
Salaries and benefits	**3.5%**	4.5%	2.5%	3.3%	3.3%
Incentive compensation	**51.5%**	52.0%	48.6%	48.5%	49.5%
Total	**55.0%**	56.5%	51.1%	51.8%	52.8%

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – UK



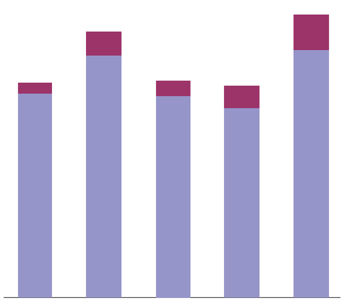
	2017	*2016*	*2015*	*2014*	*2013*
National Insurance Tax	**3.2%**	4.2%	3.9%	2.7%	2.8%
Salaries and benefits	**3.8%**	4.9%	4.5%	7.8%	9.9%
Incentive compensation	**58.5%**	60.2%	60.4%	47.4%	56.4%
Total	**65.4%**	69.3%	68.8%	57.9%	69.0%

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – US



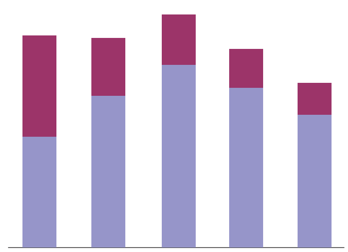
	2017	2016	2015	2014	2013
Salaries and benefits	**5.3%**	5.4%	4.9%	4.6%	6.6%
Incentive compensation	**54.3%**	55.9%	53.1%	49.5%	53.7%
Total	**59.6%**	61.2%	58.0%	54.1%	60.3%

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – AUSTRALIA



	2017	*2016*	*2015*	*2014*	*2013*
Salaries and benefits	**2.7%**	6.2%	4.0%	5.7%	9.2%
Incentive compensation	**53.1%**	62.9%	52.3%	49.4%	64.4%
Total	**55.8%**	69.1%	56.3%	55.1%	73.6%

TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – OTHER FOREIGN LOCATIONS



	2017	*2016*	*2015*	*2014*	*2013*
Salaries and benefits	**43.9%**	25.0%	21.9%	17.0%	13.8%
Incentive compensation	**48.2%**	66.2%	79.5%	69.4%	57.8%
Total	**92.3%**	91.2%	101.4%	86.4%	71.6%

Other overhead expenses

Other overhead expenses excluding significant items[1] were $176.2 million for fiscal 2017, a decrease of $13.2 million or 7.0% from the prior year. As a percentage of revenue, other overhead expenses excluding significant items[1] was 6.1 percentage points lower compared to fiscal 2016. Overhead expenses decreased in all categories except for trading costs and interest expense. The largest decreases in other overhead expenses were general and administrative expense, premise and equipment expense, amortization expense, communication and technology expense, and development costs, partially offset by an increase in trading costs.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

General and administrative expense decreased by $9.6 million compared to fiscal 2017, mainly due to lower promotion and travel expenses in our US and UK operations.

Amortization expense decreased by $3.3 million to $10.7 million compared to the prior year due to a decrease in amortization of intangible assets in our Australian operations.

Communication and technology expense decreased by $2.0 million to $35.8 million for the year ended March 31, 2017, primarily attributable to our UK operations.

Development costs decreased by $5.3 million from last year to $2.6 million in fiscal 2017, partially due to lower hiring incentives in our US and UK operations.

The increase in trading costs is mainly due to higher execution and settlement charges in connection with increased international trading activity by our US operations.

INCOME (LOSS) BEFORE INCOME TAXES

Net income before income taxes in fiscal 2017 was $44.3 million compared to a loss before income taxes of $349.1 million in fiscal 2016. Excluding significant items(1), income before income taxes was $46.4 million compared to a loss before incomes taxes of $10.2 million in fiscal 2016. The increase in net income excluding significant items(1) was mainly attributable to higher revenue generated in our main operating segments combined with expense reductions.

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) from investment banking and venture capital transactions. The Company has wealth management operations in Canada, the UK & Europe, and Australia.

In the UK & Europe, Canaccord Genuity Wealth Management has four locations, with 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. With 69.2% of its fiscal 2017 revenue generated from recurring fee-based activity, this geography has a significantly higher proportion of fee-based revenue than the Company's Canadian wealth management businesses. The business caters to both onshore (UK) and offshore client accounts and provides clients with investing options from both third party and proprietary financial products, including 11 funds managed by Canaccord Genuity Wealth Management portfolio managers.

At March 31, 2017 Canaccord Genuity Wealth Management had 12 offices located across Canada, including four Independent Wealth Management (IWM) locations. During fiscal 2017, the Company secured a $60 million private placement of senior unsecured subordinated debentures primarily to support its recruiting strategy. The Company is focused on actively recruiting established Advisory Teams to accelerate growth in this business.

Outlook

Management's priorities for Canaccord Genuity Wealth Management will be focused on growing assets 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.

With 69.2% of the division's revenue derived from recurring, fee-based activities, the revenue stream generated through Canaccord Genuity Wealth Management's UK & European 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 domestic intermediaries and international fund companies. 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 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.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

FINANCIAL PERFORMANCE – NORTH AMERICA(1)(2)

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	For the years ended March 31 2017	2016	2017/2016 change	
Revenue	$ 132,292	$ 108,208	$ 24,084	22.3%
Expenses				
Incentive compensation	66,733	51,707	15,026	29.1%
Salaries and benefits	11,335	11,652	(317)	(2.7)%
Other overhead expenses	36,756	32,675	4,081	12.5%
Restructuring costs	—	165	(165)	n.m.
Total expenses	114,824	96,199	18,625	19.4%
Intersegment allocations(3)	15,504	19,664	(4,160)	(21.2)%
Income (loss) before income taxes (recovery)(3)	$ 1,964	$ (7,655)	$ 9,619	125.7%
AUM – Canada (discretionary)(4)	2,637	1,257	1,380	109.8%
AUA – Canada(5)	13,228	9,192	4,036	43.9%
Number of Advisory Teams – Canada	141	139	2	1.4%
Number of employees	359	354	5	1.4%
Excluding significant items(6)				
Total expenses	$ 114,824	$ 96,034	$ 18,790	19.6%
Intersegment allocations(3)	15,504	19,664	(4,160)	(21.2)%
Income (loss) before income taxes (recovery)(3)	1,964	(7,490)	9,454	126.2%

(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 10.
(2) Includes Canaccord Genuity Wealth Management operations in Canada and the US.
(3) Income (loss) 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 20.
n.m. not meaningful

Revenue from Canaccord Genuity Wealth Management North America was $132.3 million, an increase of $24.1 million from fiscal 2016, as a result of stabilizing market conditions and improved client and corporate finance activities. We continue to focus on growth in our fee-based and proprietary asset management offerings. As a key distribution channel for our capital markets business increased investment banking activity contributed to the overall increases in revenue in fiscal 2017 compared to fiscal 2016 in our Canadian wealth management business.

AUA in Canada increased by 43.9% to $13.2 billion at March 31, 2017 from $9.2 billion at March 31, 2016, reflecting higher market values over the year and an increased number of investment advisory teams. AUM in Canada also increased by 109.8% compared to fiscal 2016. There were 141 Advisory Teams in Canada, an increase of two from a year ago. The fee-based revenue in our North American operations was 9.2 percentage points lower than in the prior year and accounted for 34.7% of the wealth management revenue earned in Canada during the year ended March 31, 2017. The decrease in fee-based revenue as a percentage of revenue was primarily a result of the 22.3% increase in revenue from fiscal 2016 to fiscal 2017 which was led by a $15.6 million increase in investment banking revenue.

Expenses for fiscal 2017 were $114.8 million, an increase of $18.6 million or 19.4% from fiscal 2016. As a result of the revenue increase in the current fiscal year compared to fiscal 2016 and the relatively fixed nature of expenses other than incentive compensation, total expenses as a percentage of revenue decreased by 2.1 percentage points compared to last year. Incentive compensation expense increased by $15.0 million compared to fiscal 2016, consistent with the increase in incentive-based revenue. Total compensation expense as a percentage of revenue increased slightly by 0.5 percentage points compared to last year.

Non-compensation expenses for the year ended March 31, 2017 increased by $4.2 million compared to fiscal 2016. Trading costs increased by $2.3 million as a result of increased activity levels, and development costs increased by $0.9 million compared to fiscal 2016 due to an increase in hiring incentives. The increases in trading costs, premises and equipment expense and development costs were offset by a decline in communication and technology expense as well as a decrease in intersegment allocated costs from our Corporate and Other segment.

Income before income taxes for fiscal 2017 was $2.0 million compared to a loss before income taxes of $7.7 million for fiscal 2016, an increase of $9.6 million reflecting the revenue growth and continued expense containment efforts in this operating segment.

FINANCIAL PERFORMANCE – UK & EUROPE[1]

(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	2017	2016	2017/2016 change	
	For the years ended March 31			
Revenue	$ 134,819	$ 138,359	$ (3,540)	(2.6)%
Expenses				
Incentive compensation	47,639	50,146	(2,507)	(5.0)%
Salaries and benefits	21,711	23,454	(1,743)	(7.4)%
Other overhead expenses	41,874	44,743	(2,869)	(6.4)%
Restructuring costs	—	—	—	—
Total expenses	111,224	118,343	(7,119)	(6.0)%
Intersegment allocations[2]	1,292	2,190	(898)	(41.0)%
Income before income taxes[2]	$ 22,303	$ 17,826	$ 4,477	25.1%
AUM – UK & Europe[3]	24,526	22,791	1,735	7.6%
Number of investment professionals and fund managers – UK & Europe	118	118	—	—
Number of employees	313	312	1	0.3%
Excluding significant items[4]				
Total expenses	$ 105,962	$ 112,288	$ (6,326)	(5.6)%
Intersegment allocations[2]	1,292	2,190	(898)	(41.0)%
Income before income taxes[2]	27,565	23,881	3,684	15.4%

(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 10.
(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 20.

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 2017 was $134.8 million, a decrease of 2.6% compared to fiscal 2016 as a result of the depreciation of the pound sterling against the Canadian dollar. Measured in local currency (GBP), revenue was £79.1 million during fiscal 2017, an increase of £8.7 million or 12.4% compared to the previous year. The Company continues to focus on increasing scale in this business, a key strategic asset for our firm. While the environment for acquisitions in this segment is highly competitive, during fiscal 2017 the Company was able to add new assets through its recruiting efforts, including the acquisition of client portfolios from a private bank in its Isle of Man business and the acquisition of a UK-based investment dealing and custody business.

AUM in the UK & Europe as of March 31, 2017 was $24.5 billion, a $1.7 billion increase from $22.8 billion at March 31, 2016. Measured in local currency (GBP), AUM increased by 19.9% when compared to March 31, 2016. Fee-based revenue in our UK & European operations accounted for 69.2% of total revenue in this geography, consistent with the prior year. This business has a higher proportion of fee-based revenue and managed accounts compared to our Canadian wealth management business.

Incentive compensation expense was $47.6 million, a $2.5 million or 5.0% decrease from fiscal 2016. Salaries and benefits decreased by $1.7 million, to $21.7 million as of March 31, 2017. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue decreased by 1.8 percentage points to 51.4% for the year ended March 31, 2017.

Other overhead expenses decreased by $2.9 million from the prior year. Communication and technology expense and development costs decreased compared to fiscal 2016 as a result of cost reduction efforts. Amortization expense decreased by $1.1 million compared to the prior year as a result of lower intangible assets amortization expense. Offsetting the expense reductions is a $1.4 million increase to trading costs resulting from higher trading activity. General and administrative expense remained consistent with the prior year.

Income before income taxes was $22.3 million compared to $17.8 million in the prior year, mainly as a result of reduced expenses. Excluding significant items[1], income before income taxes was $27.6 million, an increase of 15.4% from the prior year.

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 or Canaccord Genuity Wealth Management.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

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 279 employees in the Corporate and Other segment. The majority 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)	**2017**	2016	2017/2016 change	
Revenue	**$ 14,044**	$ 8,968	$ 5,076	56.6%
Expenses				
Incentive compensation	**10,314**	8,535	1,779	20.8%
Salaries and benefits	**26,554**	29,350	(2,796)	(9.5)%
Other overhead expenses	**26,833**	29,174	(2,341)	(8.0)%
Restructuring costs	**—**	5,882	(5,882)	(100)%
Total expenses	**63,701**	72,941	(9,240)	(12.7)%
Intersegment allocations[2]	**(35,006)**	(38,941)	3,935	10.1%
Loss before income tax recovery[2]	**$ (14,651)**	$ (25,032)	10,381	41.5%
Number of employees	**279**	288	(9)	(3.1)%
Excluding significant items[3]				
Total expenses	**$ 63,701**	$ 60,155	$ 3,546	5.9%
Intersegment allocations[2]	**(35,006)**	(38,941)	3,935	10.1%
Loss before income taxes (recovery)[2]	**(14,651)**	(12,246)	(2,405)	(19.6)%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 10.
(2) Loss before income tax recovery includes intersegment allocations. See the Intersegment Allocated Costs section below.
(3) Refer to the Selected Financial Information Excluding Significant Items table on page 20.

Revenue for fiscal 2017 was $14.0 million, an increase of $5.1 million or 56.6% from fiscal 2016 primarily related to the $4.0 million impairment charge in connection with our investment in a private company recorded in fiscal 2016, as well as an increase in foreign exchange gains.

Total expenses were $63.7 million for the year ended March 31, 2017, a decrease of $9.2 million or 12.7% compared to the prior year. Incentive compensation expense increased by $1.8 million compared to fiscal 2016 as a result of charges in connection with the acceleration of certain stock-based awards and contractual compensation payments. Salaries and benefits expense decreased by $2.8 million as a result of reduced headcount. Development costs decreased by $8.3 million compared to the year ended March 31, 2016, mainly due to the non-recurring nature of fiscal 2016's software development charge of $2.3 million related to the termination of a software development project, as well as a non-cash accounting charge related to the surrender of a long-term incentive award granted to our CEO in connection with his appointment in fiscal 2016. Premises and equipment expense increased by $2.3 million compared to the year ended March 31, 2016 as a result of costs associated with the rationalization of our office space in Toronto. General and administrative expense increased by $1.4 million as a result of costs incurred to support the growth of the business.

Loss before income taxes was $14.7 million for fiscal 2017 compared to a loss before income taxes of $25.0 million for the prior year. Excluding significant items[1], loss before income taxes was $14.7 million for the year ended March 31, 2017 compared to a loss before income taxes of $12.2 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 and Canaccord Genuity Wealth Management segments in Canada. Certain

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 10.

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 UK & Europe to Canaccord Genuity Wealth Management UK & Europe and included in intersegment allocated costs for these business units.

Financial Condition

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

	Balance sheet summary as at March 31				
(C$ thousands)	**2017**	2016	2015	2014	2013
Assets					
Cash and cash equivalents	**$ 677,769**	$ 428,329	$ 322,324	$ 364,296	$ 491,012
Securities owned	**784,230**	564,746	848,128	1,143,201	924,337
Accounts receivable	**3,395,736**	2,041,150	2,491,488	2,785,898	2,513,958
Income taxes recoverable	**1,085**	12,537	5,295	3,983	—
Deferred tax assets	**15,323**	11,221	10,148	9,735	12,552
Investments	**2,829**	5,578	8,693	9,977	3,695
Equipment and leasehold improvements	**31,479**	37,049	43,373	50,975	42,979
Goodwill and other intangible assets	**295,065**	323,936	640,456	646,557	614,969
Total assets	**$ 5,203,516**	$ 3,424,546	$ 4,369,905	$ 5,014,622	$ 4,603,502
Liabilities and shareholders' equity					
Bank indebtedness	**$ 25,280**	$ 14,910	$ 20,264	$ —	$ 66,138
Short term credit facility	**—**	—	—	—	—
Securities sold short	**645,742**	427,435	654,639	913,913	689,020
Accounts payable and accrued liabilities	**3,669,883**	2,185,047	2,527,636	2,877,933	2,726,735
Provisions	**11,793**	18,811	14,320	10,334	20,055
Income taxes payable	**10,093**	4,242	8,172	10,822	4,428
Contingent consideration	**—**	—	—	—	14,218
Deferred tax liabilities	**140**	450	2,057	3,028	2,576
Liability portion of Convertible Debenture	**56,442**	—	—	—	—
Subordinated debt	**7,500**	15,000	15,000	15,000	15,000
Shareholders' equity	**764,785**	749,929	1,117,542	1,168,680	1,049,163
Non-controlling interests	**11,858**	8,722	10,275	14,912	16,169
Total liabilities and shareholders' equity	**$ 5,203,516**	$ 3,424,546	$ 4,369,905	$ 5,014,622	$ 4,603,502

ASSETS

Cash and cash equivalents were $677.8 million at March 31, 2017 compared to $428.3 million at March 31, 2016. Refer to the Liquidity and Capital Resources section for more details.

Securities owned were $784.2 million at March 31, 2017 compared to $564.7 million at March 31, 2016 mainly due to an increase in corporate and government debt owned.

Accounts receivable were $3.4 billion at March 31, 2017 compared to $2.0 billion at March 31, 2016, mainly due to an increase in receivables from brokers and investment dealers.

Goodwill was $192.3 million and intangible assets were $103.0 million at March 31, 2017. At March 31, 2016, goodwill was $203.7 million and intangible assets were $120.2 million, representing goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc (CSHP), and the wealth management business of Eden Financial Ltd.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $50.7 million at March 31, 2017 compared to $66.4 million at March 31, 2016, mainly due to a decrease in income taxes receivable.

LIABILITIES AND SHAREHOLDERS' EQUITY

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. On March 31, 2017, Canaccord Genuity Group had available credit facilities with banks in Canada and the UK & Europe in the aggregate amount of $602.6 million [March 31, 2016 – $697.3 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. On March 31, 2017, there was bank indebtedness of $25.3 million, compared to $14.9 million on March 31, 2016.

Accounts payable and accrued liabilities, including provisions, were $3.7 billion, an increase from $2.2 billion on March 31, 2016, mainly due to an increase in payables to clients and brokers and investment dealers.

Securities sold short were $645.7 million at March 31, 2017 compared to $427.4 million at March 31, 2016, mostly due to an increase in short positions in corporate and government debt.

Other liabilities, including subordinated debt, income taxes payable and deferred tax liabilities, were $17.7 million at March 31, 2017, a decrease from $19.7 million in the prior year. The decrease was mostly due to repayment of $7.5 million of subordinated debt during the year.

Non-controlling interests were $11.9 million at March 31, 2017 compared to $8.7 million at March 31, 2016, which represents 42% of the net assets of our operations in Australia.

The Company issued convertible unsecured senior subordinated debentures ("Debentures") in the aggregate principal amount of $60.0 million. The balance recorded as a liability, net of unamortized discount and issuance costs was $56.4 million [March 31, 2016 – $nil].

Off-Balance Sheet Arrangements

A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totaling $2.7 million (US$2.0 million) [March 31, 2016 – $2.6 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, 2017, the Company had $25.3 million of bank indebtedness outstanding [March 31, 2016 – $14.9 million].

Subsidiaries of Canaccord Genuity Group Inc. have credit facilities with banks in Canada and the UK for an aggregate amount of $602.6 million [March 31, 2016 – $697.3 million]. These credit facilities, consisting of call loans, letters of credits and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of March 31, 2017 and 2016, there were no balances outstanding under these other credit facilities.

The following table summarizes Canaccord Genuity Group's long term contractual obligations on March 31, 2017:

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2018	Fiscal 2019 – Fiscal 2020	Fiscal 2021 – Fiscal 2022	Thereafter
Premises and equipment operating leases	173,892	31,452	57,505	43,420	41,515
Other Obligations(1)	79,500	3,900	7,800	67,800	—
Total contractual obligations	253,392	35,352	65,305	111,220	41,515

(1) Other obligations consist of the unsecured senior subordinated convertible debentures (the "Debentures') issued in June 2016. The Debentures bear interest at a rate of 6.50% per annum and mature on December 31, 2021. The Company, under certain circumstances, may redeem the Debentures on or after December 31, 2019.

Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, contributed surplus, convertible debentures, warrants, retained earnings and accumulated other comprehensive income. On March 31, 2017, cash and cash equivalents were $677.8 million, an increase of $249.4 million from $428.3 million as of March 31, 2016. During the year ended March 31, 2017, financing activities generated cash in the amount of $30.8 million, mainly due to the proceeds from the issuance of the Debentures and the sale of common shares and warrants pursuant to the Private Placement, offset by cash used in the acquisition of common shares for the Company's long-term incentive plan and payment of preferred share dividends. Investing activities used cash in the amount of $5.6 million mainly for the purchase of equipment and leasehold improvements. Operating activities generated cash of $236.9 million, which was largely due to changes in non-cash working capital. A decrease in cash of $12.6 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the year ended March 31, 2016, cash generated by financing activities increased by $116.9 million, primarily due to proceeds from the Private Placement in Q1/17 and the issuance of the Debentures in Q3/17. Cash used in investing activities decreased by $9.1 million during the year ended March 31, 2017 compared to fiscal 2016, mainly due to lower additions of equipment and leasehold improvements and intangible assets. Changes in working capital led to an increase in cash generated by operating activities of $31.3 million. Overall, cash and cash equivalents increased by $249.4 million from $428.3 million at March 31, 2016 to $677.8 million at March 31, 2017.

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 three-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 have the option 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, if declared, will be paid at an annual rate of 5.75% for the initial five-year period ending on June 30, 2017. 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 have the right, at their 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 on June 30 every five years thereafter. Holders of Series D Preferred Shares would be entitled 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 has the option to redeem the Series C Preferred Shares on June 30, 2017 and on June 30 every five years thereafter, in whole or in part, at $25.00 per share together with all declared and unpaid dividends. If issued the Series D Preferred Shares would be redeemable at the Company's option on June 30, 2022 and 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 DEBNTURES

The Company issued convertible unsecured senior subordinated debentures ("Debentures") in the aggregate principal amount of $60.0 million. The Debentures bear interest at a rate of 6.50% per annum. The Debentures are convertible at the holder's option into common shares of the Company at a conversion price of $6.50 per share. The Debentures will mature on December 31, 2021 and may be redeemed by the Company, in certain circumstances, on or after December 31, 2019.

Outstanding Share Data

	Outstanding shares as of March 31	
	2017	2016
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)	**92,779,817**	89,083,622
Issued shares outstanding(2)	**113,511,468**	103,812,814
Issued shares outstanding – diluted(3)	**124,479,390**	109,072,060
Average shares outstanding – basic	**91,656,708**	90,552,860
Average shares outstanding – diluted(4)	**101,149,072**	n/a

(1) Excludes 1,590,146 unvested shares related to share purchase loans and 19,141,505 unvested shares purchased by the employee benefit trusts for the LTIP.
(2) Includes 1,590,146 unvested shares related to share purchase loans and 19,141,505 unvested shares purchased by the employee benefit trusts for the LTIP.
(3) Includes 10,967,922 of share issuance commitments net of forfeitures.
(4) This is the diluted share number used to calculate diluted EPS. For years with net losses attributable to common shareholders, all instruments involving potential common shares were excluded from the calculation of diluted earnings per share as they were anti-dilutive.

Under the normal course issuer bid (NCIB), which commenced on August 13, 2015, and ended on August 12, 2016, a total of 482,367 common shares were purchased at a weighted average price per share of $5.3523. All these shares have been cancelled. On August 11, 2016, the Company filed a notice to renew the NCIB to provide the Company with the choice to purchase up to a maximum of 5,587,378 of its common shares during the period from August 15, 2016 to August 14, 2017 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. Shareholders may obtain a copy of the notice, without charge, by contacting the Company. 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 2017, a total of 99,800 shares were purchased under the terms of the NCIB at a weighted average price per share of $3.5913; all these shares have been cancelled.

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, 2016, and will continue for one year (to August 14, 2017) 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 90,132 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX in the six calendar months from February 2016 to July 2016.)

As of May 31, 2017, the Company has 113,511,468 common shares issued and outstanding.

ISSUANCE AND CANCELLATION OF COMMON SHARE CAPITAL

	Fiscal 2017
Total common shares issued and outstanding as of March 31, 2016	**103,812,814**
Shares issued in connection with share-based payment plans	2,433,285
Shares issued in connection with replacement plans	76,088
Shares issued in connection with other stock based awards	507,051
Shares issued in connection with private placement	6,876,824
Shares cancelled	(194,594)
Total common shares issued and outstanding as of March 31, 2017	**113,511,468**

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 may provide forgivable common share purchase loans to certain employees (other than directors or executive officers) in order to purchase common shares. When made these loans are forgiven over a vesting period. No interest is charged related to the share purchase loans.

REPLACEMENT PLANS

As a result of the acquisition of 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.

CSH INDUCEMENT PLAN

In connection with the acquisition of CSHP, the Company agreed to establish a retention plan for key CSHP staff. On each vesting date, the RSUs entitled the awardee to receive cash or common shares of the Company. All the RSUs under the CSH Inducement Plan vested as of March 31, 2017.

SHARE OPTIONS

The Company previously granted share options to purchase common shares of the Company to independent directors and senior management. As at March 31, 2017, all share options have expired.

DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a deferred share unit (DSU) plan for its independent directors. The independent directors can elect to have fees payable to them paid in the form of DSUs or in cash. Directors must elect annually as to how they wish their directors' fees to be paid and can specify the allocation of their directors' fees between DSUs and cash. When a director leaves the Board of Directors, outstanding DSUs are paid out in cash, with the amount equal to the number of DSUs granted multiplied by the closing share price as of the end of the fiscal quarter immediately following such terminations. 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.

OTHER RETENTION AND INCENTIVE PLANS

During the year ended March 31, 2017, the company issued 507,051 common shares in consideration for $2.4 million in connection with a stock-based award made during the year in accordance with the rules of the Toronto Stock Exchange for securities based compensation arrangements. 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.

International Financial Centre

Canaccord Genuity Group is a member of the AdvantageBC International Business Centre Society (formerly known as the International Financial Centre British Columbia Society) and the Montréal International Financial Centre, both of which provide certain tax and financial benefits pursuant to the *International Business Activity Act* of British Columbia and the *Act Respecting International Financial Centres* of Québec. Accordingly, the Company's overall income tax rate is less than the rate that would otherwise be applicable.

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, 2017**	March 31, 2016
Canaccord Genuity Corp.	Canada	**100%**	100%
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%
Canaccord Genuity Limited	United Kingdom	**100%**	100%
Canaccord Genuity Wealth Group Holdings Ltd.	Canada	**100%**	n/a
Canaccord Genuity Inc.	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 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%**	n/a
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	**50%**	50%
Canaccord Genuity (Australia) Limited*	Australia	**50%**	50%
加通贝祥（北京）投资顾问有限公司 (Canaccord Genuity Asia (Beijing) Limited)	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%

* The Company owns 50% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2017 the Company is considered to have a 58% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd [March 31, 2016 – 58%].

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 and share options. Directors have also been granted share options and have the right to acquire DSUs.

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2017 and March 31, 2016.

(in thousands)	March 31, 2017	March 31, 2016
Short term employee benefits	$ 7,053	$ 4,668
Post termination benefits	1,989	—
Share-based payments	3,979	2,526
Total compensation paid to key management personnel	$ 13,021	$ 7,194

As part of the total compensation arrangement with regards to his appointment as Chief Executive Officer effective October 1, 2015, the Chief Executive Officer received a grant of 1.5 million restricted share units. He surrendered this award effective March 31, 2016, and the amount of the award is not included in the table above.

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

(in thousands)	March 31, 2017	March 31, 2016
Accounts receivable	$ 211	$ 61
Accounts payable and accrued liabilities	$ 219	$ 4,035

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, 2017. The Company's consolidated financial statements for the years ended March 31, 2017 and 2016 were also prepared in accordance with IFRS.

The preparation of the March 31, 2017 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, tax losses available for carryforward, impairment of goodwill and other assets, indefinite life intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of software costs and provisions. 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, 2017.

CONSOLIDATION

The Company owns 50% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) as at March 31, 2017. The Company also completed an evaluation of its contractual arrangement with the other shareholders 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, 2017 and 2016. Therefore, the financial position, financial performance, and cash flows of CGAL have been consolidated. Although the Company owns 50% of the issued shares of CGAL, for accounting purposes, as of March 31, 2017, the Company is considered to have a 58% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. and therefore has recognized a 42% non-controlling interest (March 31, 2016 – 42%), which represents the portion of CGAL's net identifiable assets not owned by the Company. At the date of acquisition, the non-controlling interest was determined using the proportionate method. Net income (loss) and each component of other comprehensive income (loss) 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 to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements in order to determine if it is acting as principal or agent.

Commissions and fees revenue consists 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 as a reduction of commission revenues.

Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. Revenue from underwritings and other corporate finance activities is recorded when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable.

Advisory fees consist of management and advisory fees that are recognized on an accrual basis. Also included in advisory fees is revenue from mergers and acquisitions activities, which is recognized when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable.

Principal trading revenue consists of income earned in connection with principal trading operations and is recognized on a trade date basis.

Interest revenue consists of interest earned on client margin accounts, interest earned on the Company's cash and cash equivalents balances, interest earned on cash delivered in support of securities borrowing activity, and dividends earned on securities owned. Interest revenue is recognized on an effective interest rate basis. Dividend income is recognized when the right to receive payment is established.

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

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 and directors) 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). Independent directors also receive DSUs as part of their remuneration, which can only be settled in cash (cash-settled transactions). The dilutive effect of outstanding options and share-based payments is reflected as additional share dilution in the computation of diluted earnings 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 and recognizes the cost as an expense over the applicable vesting period with a corresponding increase in contributed surplus. The cost is recognized on a graded basis.

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

Cash-settled transactions are measured initially at fair value at the grant date. The fair values of DSUs 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, 2017.

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, 2017, forward contracts outstanding to sell US dollars had a notional amount of US$22.1 million, an increase of US$19.5 million compared to March 31, 2016. Forward contracts outstanding to buy US dollars had a notional amount of US$2.9 million, an increase of

US$1.0 million from March 31, 2016. 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. In Q1/17, the Company's Canadian operations began trading other types of futures contracts, including but not limited to, index futures and commodity futures.

At March 31, 2017, the notional amount of the Canadian bond futures contracts outstanding was long $0.5 million [March 31, 2016 – long $10.9 million], and the notional amount of US Treasury futures contracts outstanding held in a short position was $nil [March 31, 2016 – $12.3 million (US$9.5 million)].

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.

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.

Please see Note 4 of the Audited Consolidated Financial Statements for the year ended March 31, 2017 for further information.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of March 31, 2017, 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, 2017.

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, 2017 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, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risk Management

OVERVIEW

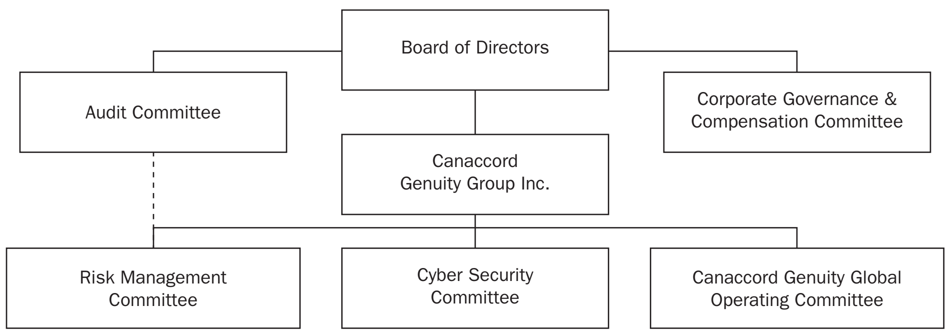
Uncertainty and risk are inherent when conducting operations within financial markets. As an active participant in the Canadian and international capital markets, the Company is exposed to risks that could result in financial losses. The Company has identified its principal risks as: market risk, credit 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 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 and Legal.

In Fiscal 2017, the Company formed a global Cyber Security Committee 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 Cyber Security Committee is focused on issues such as cyber security risk assessment, IT safeguards and controls, risks related to third-party service provides, employee training and awareness and incident response plans.

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 its market risk exposure is prudent. In addition, the Company has established procedures to ensure that risks are measured, closely monitored, controlled and visible to senior levels of management.

Canaccord Genuity Group is exposed to equity price risk, liquidity risk and volatility risk as a result of its principal trading activities in 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, and also by trading desk and by individual trader. Canaccord Genuity Group utilizes scenario analysis and Value-at-Risk (VaR) risk measurement system for its equity and fixed income inventories. Management also regularly reviews and monitors inventory levels and positions, trading results, liquidity profile, position aging and concentration levels. 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 Canaccord Genuity Wealth Management business segment and private client margin accounts. In order to minimize financial exposure in this area, the Company applies certain 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 a margin-based transaction, the Company extends credit for a portion of the market value of a securities transaction in a client's account, up to certain limits. Margin loans are collateralized by 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 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.

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 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 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 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, fraud, 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 or credit 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. 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, credit granting, collection activity, anti-money laundering, insider trading, 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.

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 firmwide 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.

Reputational risk

Reputational risk is the risk that an activity 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, 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 and an integrated program of marketing, branding, communications and investor relations to help manage and support the Company's reputation.

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's considers to be of particular relevance. Other risk factors may apply.

CONTROL RISK

As of March 31, 2017, senior officers and directors of the Company collectively owned approximately 8.5% of the issued and outstanding (13.2% 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.

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 1, 2017 the Board of Directors established a revised dividend policy, and in accordance with that policy, approved a dividend of $0.10 per common share, payable on July 3, 2017 with a record date of June 16, 2017. This dividend is comprised of a $0.01 base quarterly dividend and a $0.09 variable supplemental dividend as outlined below.

The revised dividend policy reflects the Company's commitment to return a portion of earnings to shareholders, in balance with the inherent variability of its business, which is impacted by the overall condition of debt and equity markets, and the market for securities in specific growth sectors. In the context of this revised policy, the Company expects to return 25% to 50% of net earnings attributable to common shareholders on an annual basis. The policy is anchored by a quarterly dividend of $0.01 per common share, which will be declared and paid quarterly, commencing with the fourth quarter of fiscal 2017. Following the end of each fiscal year, the Board will review the capital position of the business in the context of the market environment in combination with capital allocation requirements for its strategic priorities, and determine whether a supplemental dividend should be paid. Supplemental dividends, if declared, may be highly variable from year to year, given the nature of the Company's operating environment and the potential need to conserve cash and for certain corporate growth opportunities. Although dividends are expected to be declared and paid on an ongoing basis, 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.

On June 1, 2017, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on June 30, 2017 with a record date of June 16, 2017; and $0.359375 per Series C Preferred Share payable on June 30, 2017 with a record date of June 16, 2017.

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.