

CANACCORD|Genuity

2016 ANNUAL REPORT

US FR AU CA UK IE HK

To us there are no foreign markets.™

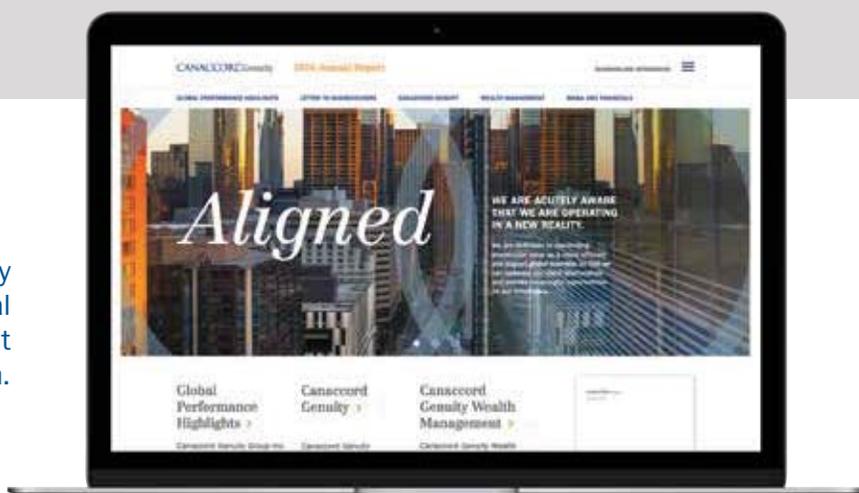
## About Canaccord Genuity Group Inc.

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company) 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. The Company has offices in 10 countries worldwide, including wealth management offices located in Canada, the UK, Guernsey, Jersey, the Isle of Man and Australia. Canaccord Genuity, the international capital markets division, operates in Canada, the US, the UK, France, Ireland, Hong Kong, China, Australia and Dubai. To us there are no foreign markets.™

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX.



More information about Canaccord Genuity Group Inc., including the Company's Fiscal 2016 online Annual Report, can be found at [canaccordgenuitygroup.com](http://canaccordgenuitygroup.com).



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We are partners. We are entrepreneurial.  
We are collegial, collaborative and open.  
We work hard. We will always operate  
with integrity – ethically and honestly.  
Finally, we are earnings focused and  
aligned with our shareholders.

To us there are no foreign markets.™



# *Align*



*ed*

**WE ARE ACUTELY AWARE  
THAT WE ARE OPERATING  
IN A NEW REALITY.**

We are dedicated to maximizing shareholder value as a more efficient and aligned global business, so that we can optimize our client relationships and provide meaningful opportunities for our employees.

# Global Performance Highlights

Fiscal 2016 was a year during which activity levels in our core markets continued to be impacted by slowing global growth and depressed energy and commodity prices. A prolonged volatile market environment affected performance across our global capital markets operations and our Canadian wealth management operations. While we achieved healthy revenue against this backdrop, our performance was also impacted by our efforts to refocus our global operations. During the second half of the fiscal year, we took steps to rationalize our global infrastructure and exit underperforming business lines, so we could significantly reduce our fixed cost base and stabilize our business for future performance.

FISCAL 2016 REVENUE BY DIVISION



- Canaccord Genuity<sup>(1)</sup> 68%
- Canaccord Genuity Wealth Management 31%
- Corporate and Other 1%

<sup>(1)</sup> Includes Australia Wealth Management.



Canaccord Genuity Group Inc. is the publicly traded parent company of a global group of financial services businesses that provide comprehensive investment banking and wealth management services to corporate, institutional and private clients from its global operations in North America, the UK & Europe and the Asia-Pacific region. The two primary operating divisions of the Company are Canaccord Genuity, our global capital markets division, and Canaccord Genuity Wealth Management, our global wealth management operation.

REVENUE

(C\$ millions, fiscal years)



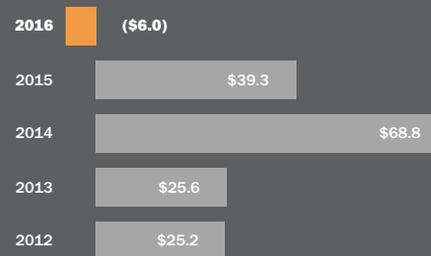
TOTAL EXPENSES

(C\$ millions, excluding significant items, fiscal years)



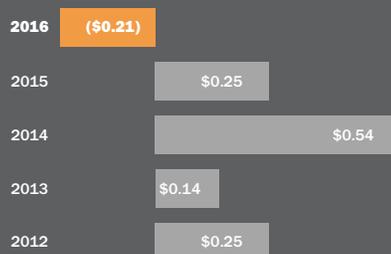
NET (LOSS) INCOME

(C\$ millions, excluding significant items, fiscal years)



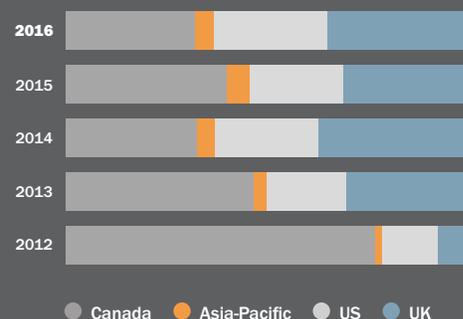
DILUTED (LOSS) EARNINGS PER SHARE

(C\$, excluding significant items, fiscal years)



GEOGRAPHIC DISTRIBUTION OF REVENUE

(Percent of total fiscal year revenue)



\$788 million in annual revenue

# Fellow shareholders,

Our results for the fiscal year reflect the impact of persistent global growth concerns and depressed energy and commodity prices, which led to significantly reduced activity across financial markets. While our global diversification strategy has provided excellent and ongoing stability for our business, this was a year of unprecedented volatility, which significantly impacted all of our regional operations. The operating loss we reported serves as a bold reminder of the challenges facing our industry and our business.

It is our mission to become the dominant independent global investment bank and wealth management firm. As we navigate new market realities alongside our clients and shareholders, it is clear that in order to achieve this goal, we must work together to operate our business more efficiently and more effectively.

## **Strengthening alignment with our shareholders to improve our net income focus**

Our success depends on the strength of many components. As incoming CEO, I have made it my priority to address the challenges facing our business, so that we can improve returns for shareholders and empower employees to do the best work of their careers. Alongside my partners, I am committed to creating a robust culture of accountability and partnership.

We have worked to eliminate any barriers that have previously inhibited our regional businesses from maximizing opportunities globally and have prioritized initiatives to deliver long term value creation. With a stronger bottom-line focus, we have taken steps to enhance global coordination across our firm, and have placed a renewed emphasis on the key verticals where we know we can drive growth.



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A key priority for our business is ensuring that employees and senior managers are directly aligned with our shareholders' best interests.

A key priority for our business is ensuring that employees and senior managers are directly aligned with our shareholders' best interests. To deliver on this priority, we have made adjustments to our compensation strategy and implemented a program to increase share ownership by our senior, revenue-producing employees. Additionally, in light of weakened financial conditions throughout the year, I, along with Pat Burke, President of Canadian Capital Markets, made the decision to surrender the full amount of the stock awards made to us during the third fiscal quarter in connection with our new senior executive roles. Going forward, the share-based portion of our compensation will come in the form of equity we will purchase through our long-term incentive plan.

Against the backdrop of a challenging year, I am pleased to say we were able to deliver a compensation strategy that ensures stability across our platform and protects the best interests of our company, our employees and our investors. Looking ahead, we will continue to adjust our long-term incentive plan structure to better align our compensation strategy with our performance.

### Committed to sustainably reducing our fixed costs

With an enhanced leadership team in place, we are continuously examining opportunities to improve efficiencies across our organization. During the second half of the fiscal year, we made significant progress. We reduced fixed costs across our business, and we took steps to rationalize our global infrastructure and exit underperforming business lines. While the costs associated with our restructuring efforts impacted our profitability for the year, we made significant advancements to improve alignment across our operations, while enhancing the delivery of regional and global service levels to our clients.

The impact of these initiatives was evident in our fourth quarter results, where we were able to reduce our firm-wide operating expenses, less incentive compensation, by \$7.1 million, which included a 23% decrease in general and administrative expense when compared to the previous fiscal quarter. Our restructuring initiatives over recent months leave us well positioned to return all of our business operations to profitability, and with this progress, I am confident that we are on track to deliver our projected \$30 million in annualized savings.

Importantly, our renewed commitment to managing our costs is not a response to the changes in our operating environment – this is quite simply how we will manage our business from now on. We remain diligent in controlling our expenses and ensuring that we have the appropriate mix of staffing and resources to ensure that our company is appropriately positioned for success in any operating environment.

### CONNECTING PEOPLE TO PERFORMANCE

As we continue to drive our business forward, our organizational culture has to be front and centre in everything we do.

We are partners. We are entrepreneurial. We are collegial, collaborative and open. We work hard. We will always operate with integrity – ethically and honestly. Finally, we are earnings focused and aligned with our shareholders.

*(For more information, see page 28.)*

### Positioning our business to excel as global growth visibility improves

The benefits of improving our alignment and driving incremental revenue growth are substantial. Throughout the organization, we offer our clients access to deep global resources and expertise, which gives us a tremendous opportunity to lead the market in all of the business segments where we operate. By operating globally, we are able to improve performance by extracting more value from our existing business and further strengthening our competitive advantage.

In our global wealth management operations, we have worked hard to establish Canaccord Genuity as the leading independent advisory group for the high net worth segment. We continue to enjoy an excellent recruiting environment and have welcomed industry professionals to help us grow our market share in all geographies.

We maintain a strong focus on improving the level of recurring revenues from our wealth management operations, to offset the inherent volatility of our capital markets businesses. At the end of the fiscal year, fee-based assets in our UK wealth management business comprised 70% of total assets. Assets in our Canadian in-house investment products have increased by 215% over the fiscal year, to \$285 million. Looking ahead, we will continue to focus on improving the infrastructure, advisor and product mix across our global wealth management businesses – initiatives we expect will further contribute to delivering stable and consistent recurring revenue growth for our business.

Across our capital markets operations, we are working hard to align our core offerings to compete globally in our focus sectors, increase cross-selling opportunities and, ultimately, grow our profitability. Recently, we have made terrific strides in reorganizing our institutional sales and trading desks to strengthen collaboration between regions and disciplines. Our specialty teams are now working together to harness opportunities and deepen client relationships, to drive incremental revenue growth in all markets. Similarly, we have taken advantage of an excellent recruiting environment in all our markets to add talented professionals to our investment banking and equity research teams, to deliver enhanced global coverage across our core focus sectors. A multimillion-dollar revenue opportunity is readily available if we can provide opportunities for customers in our domestic markets across all of our global platforms.

(continued from page 7)

### **A stronger, more aligned organization to drive shareholder value**

By continuing to strategically reposition our businesses, I am confident that Canaccord Genuity is well positioned to emerge as the dominant independent mid-market investment bank and wealth management firm, capable of improving our revenues, achieving above-average market share and delivering growing long term returns for our shareholders.

Broad market fundamentals indicate that we are entering a more favourable environment for our business, and we are encouraged by improving activity levels across core focus sectors in all markets.

As we continue to drive our business forward, our organizational culture has to be front and centre in everything we do. We are partners. We are entrepreneurial. We are collegial, collaborative and open. We work hard. We will always operate with integrity – ethically and honestly. Finally, we are earnings focused and aligned with our shareholders.

As we navigate these difficult markets together, I encourage you to measure our success with a longer term view of creating significant shareholder value.



Dan Daviau  
President & CEO  
Canaccord Genuity Group Inc.



**Fiscal 2016 was a transformative year for Canaccord Genuity. It was a year during which we, along with our peers and our clients, faced an environment of unprecedented volatility that impacted activity levels across the industry. It was also a year during which we significantly refocused our business to deliver stronger, long term returns for our shareholders.**

Following the appointment of Dan Daviau as President & CEO in October, we announced a new strategy to operate our business with a firm-wide focus on shareholder alignment and we embarked decisively on implementing it. We reduced complexity across our operations and implemented a fully accountable leadership team, with representation from all of our businesses and geographies, to improve decision-making as we execute on our strategy.

We made steady progress in reducing general and administrative, communication and technology and trading costs across our operations. We have exited underperforming businesses and taken steps to focus our business in the areas where we can achieve dominance as an independent mid-market global investment bank and wealth management firm.

## Equity participation has been an important part of our partnership culture, and, looking ahead, the fiscal 2017 compensation program will have an increased relationship to net income.

While increasing regulatory demands have driven many independents to retrench, we have always placed a strong emphasis on monitoring risk across our business and ensuring an appropriate level of preparedness to manage changes in the regulatory environments where we operate. This protects our stability and also our ability to maintain long term partnerships with the many clients we have worked with over the years.

We have also made important changes to our compensation strategy. As a result of prolonged weaker market conditions, certain incentive compensation pools were deemed lower than would be required to provide necessary compensation to key production staff. As a result, the Board agreed to temporarily increase the level of compensation as a percentage of revenue, as an investment in maintaining production capacity for future performance.

Taking into account the impact this decision would have on shareholders' equity, we worked with management to implement a program that would increase long term share ownership by senior business leaders, while compensating them for their contributions to the success of the firm and its shareholders. Aligning employees and senior business leaders with shareholders is a key priority for the organization, and I am pleased to say the resulting private placement received overwhelming interest from this group.

Equity participation has been an important part of our partnership culture, and, looking ahead, the fiscal 2017 compensation program will have an increased relationship to net income.

The Board is committed to ensuring the firm has a strong capital position to execute on opportunities and protect value for shareholders. During fiscal 2016, the Company returned a total of \$32.3 million to shareholders through common and preferred dividend payments and our share buybacks. In February, following a careful review of the impact the market environment has had on our business activity, the Board made the decision to suspend our quarterly common share dividend. We remain committed to returning capital to our shareholders and look forward to reinstating our quarterly dividend payment when sustainable profitability returns.

Consistent with our firm-wide cost cutting measures and our emphasis on profitability, we have reduced board-related costs by over 30% through a number of measures including reduction of subsidiary governance costs. In that regard, Dennis Miller and Bill Eeuwes have decided not to stand for re-election to the Board of Directors at our Annual General Meeting in August. I would like to thank Dennis for his wise counsel and contribution. I would also like to thank Bill for his 14 years of service and commitment during which time he oversaw Canaccord Genuity's transition from a private company to a public company, several major acquisitions as well as our navigation of the financial crisis of 2008. Both Dennis and Bill will be greatly missed.

We believe the actions taken throughout the fiscal year are in the best interests of the Company and our shareholders.

On behalf of the Board of Directors, I would like to thank the senior management team and all employees of Canaccord Genuity Group for their hard work and dedication during a year of prolonged adjustment. Our people are our greatest asset and underpin our ability to deliver our differentiated offering to clients across the globe.

And to my fellow shareholders, I thank you for your patience and support throughout this challenging period. We remain committed to representing your best interests as we work together to make Canaccord Genuity Group the leading global independent investment bank and wealth management firm.



David Kassie  
Executive Chairman

# Financial Highlights

## Selected financial information<sup>(1)(2)</sup>

For the years ended March 31

(C\$ thousands, except per share and % amounts, and number of employees)	2016	2015	2014	2016/2015 change	
<b>Canaccord Genuity Group Inc. (CGGI)</b>					
<b>Revenue</b>					
Commissions and fees	\$ 376,817	\$ 374,058	\$ 361,647	\$ 2,759	0.7%
Investment banking	134,207	238,517	221,410	(104,310)	(43.7)%
Advisory fees	158,002	151,336	139,142	6,666	4.4%
Principal trading	85,559	75,217	91,313	10,342	13.7%
Interest	16,830	22,212	24,549	(5,382)	(24.2)%
Other	16,390	19,423	17,183	(3,033)	(15.6)%
<b>Total revenue</b>	<b>787,805</b>	<b>880,763</b>	<b>855,244</b>	<b>(92,958)</b>	<b>(10.6)%</b>
<b>Expenses</b>					
Incentive compensation	417,876	455,480	413,289	(37,604)	(8.3)%
Salaries and benefits	92,981	85,770	91,135	7,211	8.4%
Other overhead expenses <sup>(3)</sup>	302,530	305,822	280,746	(3,292)	(1.1)%
Restructuring costs <sup>(4)</sup>	17,352	24,813	5,486	(7,461)	(30.1)%
Impairment of goodwill and other assets <sup>(5)</sup>	321,037	14,535	—	306,502	n.m.
<b>Total expenses</b>	<b>1,151,776</b>	<b>886,420</b>	<b>790,656</b>	<b>265,356</b>	<b>29.9%</b>
(Loss) income before income taxes	(363,971)	(5,657)	64,588	(358,314)	n.m.
<b>Net (loss) income</b>	<b>\$ (358,567)</b>	<b>\$ (11,318)</b>	<b>\$ 52,057</b>	<b>\$ (347,249)</b>	<b>n.m.</b>
<b>Net (loss) income attributable to CGGI shareholders</b>	<b>\$ (358,471)</b>	<b>\$ (13,184)</b>	<b>\$ 51,413</b>	<b>\$ (345,287)</b>	<b>n.m.</b>
Non-controlling interests	\$ (96)	\$ 1,866	\$ 644	\$ (1,962)	(105.1)%
(Loss) earnings per common share (EPS) – basic	\$ (4.09)	\$ (0.27)	\$ 0.42	\$ (3.82)	n.m.
(Loss) earnings per common share – diluted	\$ (4.09)	\$ (0.27)	\$ 0.39	\$ (3.82)	n.m.
Return on common equity (ROE)	(50.4)%	(2.9)%	4.4%	(47.5) p.p.	
Dividends per common share	\$ 0.10	\$ 0.25	\$ 0.20	\$ (0.15)	(60.0)%
Book value per diluted common share <sup>(6)</sup>	\$ 4.99	\$ 8.71	\$ 9.05	\$ (3.72)	(42.7)%
<b>Excluding significant items<sup>(7)</sup></b>					
Total expenses	\$ 793,862	\$ 827,458	\$ 770,587	\$ (33,596)	(4.1)%
(Loss) income before income taxes	\$ (6,057)	\$ 53,305	\$ 84,657	\$ (59,362)	(111.4)%
Net (loss) income	\$ (5,995)	\$ 39,330	\$ 68,846	\$ (45,325)	(115.2)%
Net (loss) income attributable to CGGI shareholders	\$ (6,620)	\$ 36,448	\$ 67,211	\$ (43,068)	(118.2)%
Net income attributable to non-controlling interests	\$ 625	\$ 2,882	\$ 1,635	\$ (2,257)	(78.3)%
(Loss) earnings per common share – diluted	\$ (0.21)	\$ 0.25	\$ 0.54	\$ (0.46)	(184.0)%
<b>Balance sheet data</b>					
Total assets	\$ 3,424,546	\$ 4,369,905	\$ 5,014,622	\$ (945,359)	(21.6)%
Total liabilities	2,665,895	3,242,088	3,831,030	(576,193)	(17.8)%
Non-controlling interests	8,722	10,275	14,912	(1,553)	(15.1)%
Total shareholders' equity	749,929	1,117,542	1,168,680	(367,613)	(32.9)%
Number of employees	1,795	1,928	2,004	(133)	(6.9)%

(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 30 of our Management's Discussion and Analysis (MD&A).

(2) The operating results of the Australian operations have been fully consolidated and a 42% non-controlling interest has been recognized for fiscal 2016 [fiscal 2015 – 40% and fiscal 2014 – 50%].

(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. Fiscal 2014 restructuring costs include expenses mainly in connection with restructuring of our sales and trading operations in Canada and the UK & Europe, and certain office closure costs.

(5) Impairment of goodwill and other assets for the year ended March 31, 2016 was in connection with our UK, US and Canada capital markets and our Other Foreign Locations – Singapore and Australia 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 divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments 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 (loss) income and (loss) earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table on page 38 of our MD&A.

n.m.: not meaningful

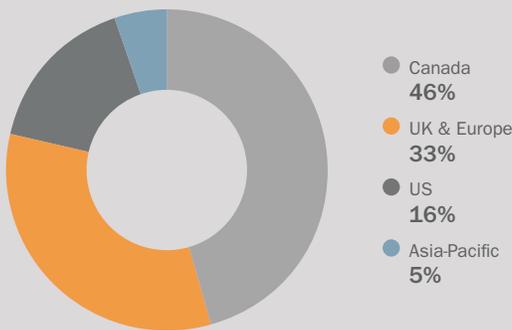
p.p.: percentage points

Throughout the fiscal year, numerous cyclical factors and persistent broad market volatility materially impacted our industry and continued to put pressure on activity levels in many areas of our business. We used this period productively, to restructure and refocus our global operations for long term success. During the fiscal year, we made steady progress in reducing general and

administrative, communication and technology and trading costs across our operations, and we have taken steps to focus our business in the areas where we can enhance productivity and achieve dominance as an independent mid-market global investment bank and wealth management firm.

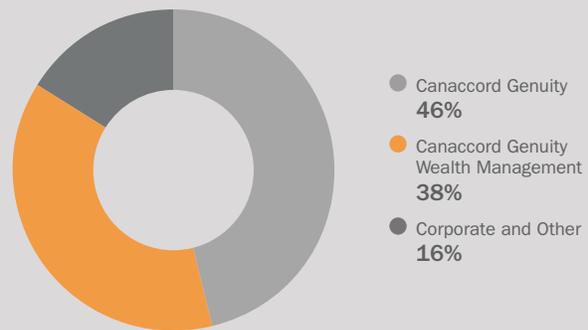
EMPLOYEES BY GEOGRAPHY

(As at March 31, 2016)



EMPLOYEES BY DIVISION

(As at March 31, 2016)



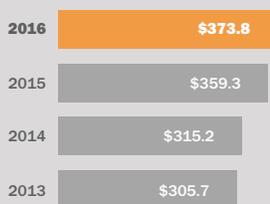
CANACCORD GENUITY GROUP INC. REVENUE PER EMPLOYEE  
(C\$ thousands, fiscal years)



CANACCORD GENUITY REVENUE PER EMPLOYEE  
(C\$ thousands, fiscal years)



CANACCORD GENUITY WEALTH MANAGEMENT  
REVENUE PER EMPLOYEE  
(C\$ thousands, fiscal years)



We expect the benefits from our fiscal 2016 restructuring initiatives to deliver \$30 million in sustainable cost savings on an annual basis.



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**IN ANY MARKET ENVIRONMENT,  
WE ARE FOCUSED AND COMMITTED  
TO IMPROVING LONG TERM  
SHAREHOLDER VALUE.**

*ocused*

By continuing to strategically reposition our business in this challenging market, Canaccord Genuity Group Inc. is well positioned to emerge as the dominant independent mid-market investment bank and wealth management firm, capable of improving our revenues, achieving above-average market share and delivering growing long term returns for our shareholders.

# Canaccord Genuity



With operations in 10 countries worldwide and the ability to list companies on 10 exchanges, Canaccord Genuity is a leading independent global investment bank focused on growth companies.

Our unique global perspective and cross-border capabilities are what differentiate us from our competitors. Our ability to leverage relationships and deep expertise across multiple regions allows us to provide a diverse range of growing companies with access to global capital markets, at all stages of the business cycle.

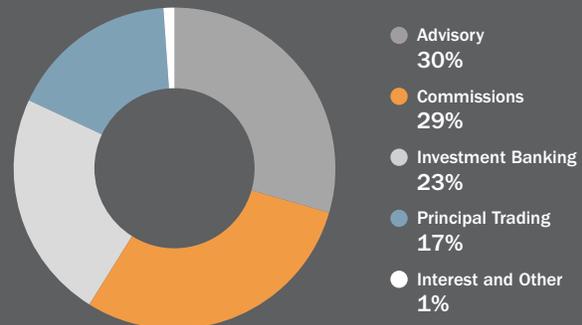
\$532 million in  
global revenue

\$35 billion raised  
for global growth  
companies during  
fiscal 2016

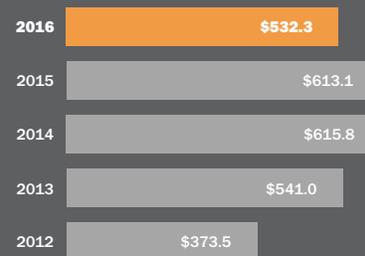
Canaccord Genuity  
participated in  
157 transactions<sup>(1)</sup>  
across the globe

<sup>(1)</sup> Transactions valued above C\$1.5 million.

FISCAL 2016 REVENUE  
BY ACTIVITY



CANACCORD GENUITY REVENUE  
(C\$ millions, fiscal years)



Canaccord Genuity provides investment banking, advisory, sales and trading, equity research and fixed income services to corporate and institutional clients in Canada, the US, the UK & Europe and the Asia-Pacific region. We are differentiated by our proven execution capabilities and our ability to deliver truly global ideas and perspective in key sectors of the economy. In all regions, clients of Canaccord Genuity enjoy a consistent service offering that is rooted in deep industry experience and focused client attention. Operating as a culture of partners, we promote the sharing of ideas, best practices and value creation opportunities around the world.

During 2016, we placed a stronger emphasis on improving global coordination across our capital markets operations. We also added to the depth and quality of our regional leadership teams and invested strategically to improve our global capability in our core focus sectors. In doing so, we have created a platform that encourages cross-border collaboration and one we expect will create stronger outcomes for our clients and our shareholders.

At every stage of the business cycle, we are dedicated to delivering measurable value for clients focused on growth.

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## CANACCORD GENUITY

During fiscal 2016, our global capital markets operations earned revenue of \$532.3 million. Our US operation was the strongest contributor to this total, with annual revenue of \$217.4 million, a record for this business.

Our UK & Europe operation continued to be negatively impacted by the market downturn, most notably during the second half of the fiscal year as issuers remained cautious in their approach to capital raising activities, driven by persistent economic uncertainty and an impending referendum. During the fiscal year, we took steps to significantly refocus this business, to improve its long term stability and profitability. This was also a difficult year for our Canadian business, a historically strong performer. With improving performance in diversified sectors and early signs of activity in the natural resource sectors, we are confident this business will quickly return to material profitability.

In the Asia-Pacific region, our Australian business continues to be a strong and growing competitor. During our fourth fiscal quarter, we announced the sale of our Singapore operations, a non-core asset. This development allows us to provide greater focus on our remaining Asia-Pacific operations, which complement the broader capabilities of our operations in North America and the UK & Europe. We continue to invest in our capabilities in Dubai and Tel Aviv, both of which complement our global capital raising abilities and enhance our global distribution to investors with increasing demand for exposure to investments in global growth opportunities.

While a difficult global market environment continued to impact activity levels across our capital markets operations throughout the fiscal year, we used the period productively to refocus our businesses and align our core offerings, so that we can compete globally in our core focus sectors, increase cross-selling opportunities and, ultimately, grow our profitability.

In the second half of the year, we undertook restructuring initiatives to focus our operations and exit underperforming businesses. A leaner and more focused structure allows us to prioritize coverage in the areas where we can be the mid-market leader, capable of delivering stronger returns in the coming year.

We are beginning to see results of our initiatives to streamline our global capital markets operations and reduce our fixed costs. Excluding significant items, we were able to decrease total expenses for this business by 6% over the fiscal year. The impact of our restructuring initiatives was also evidenced in our fourth quarter general and administrative expense, which decreased by 30% compared to the previous fiscal quarter, while revenues for this business increased by 14% over the same period.

During the year, we reorganized our global sales and trading desks to promote cross-border collaboration and drive cross-selling opportunities, which we expect will strengthen our client relationships and, ultimately, our profitability. Additionally, by enhancing our cross-border equity research and corporate access capabilities, we look forward to improving returns on our marketing efforts, while lowering our overall costs.

We also began the international rollout of Quest®, Canaccord Genuity's proprietary offering of online analytical tools, valuation models and market commentary. Based on the success of the initial launch in the UK & Europe, we expect Quest® to provide opportunities for revenue growth and to become a valuable tool for enhancing our client relationships.

In all of our markets, we continue to experience an excellent recruiting environment, which we have used to our advantage to strengthen core teams in alignment with our global efforts. We are also fortunate to have cultivated a pipeline of activity in all of our primary markets, and we are very well positioned to successfully execute on these mandates when market conditions permit.

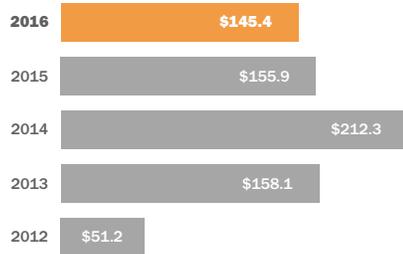
In any market environment, we are relentlessly focused on capturing operating efficiencies and further integrating our global capital markets operations to strengthen cross-border coordination and drive profitability.

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**Our sector and geographic diversity gives Canaccord Genuity a major advantage over other independents. We can lead by leveraging the power of our integrated cross-border capability to deliver ideas and opportunities that other banks simply cannot.**

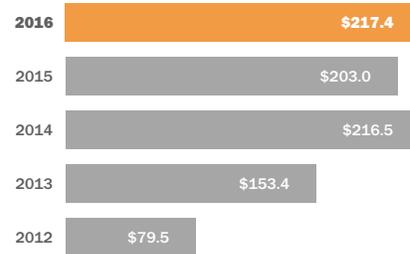
UK & EUROPE REVENUE

(C\$ millions, fiscal years)



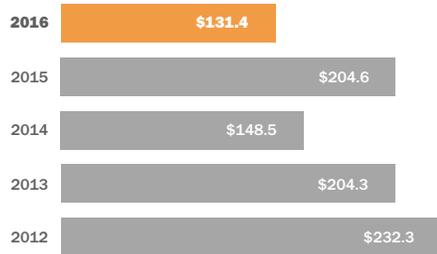
US REVENUE

(C\$ millions, fiscal years)



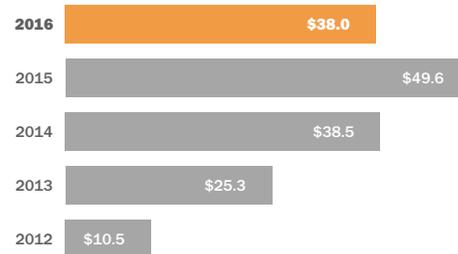
CANADA REVENUE

(C\$ millions, fiscal years)



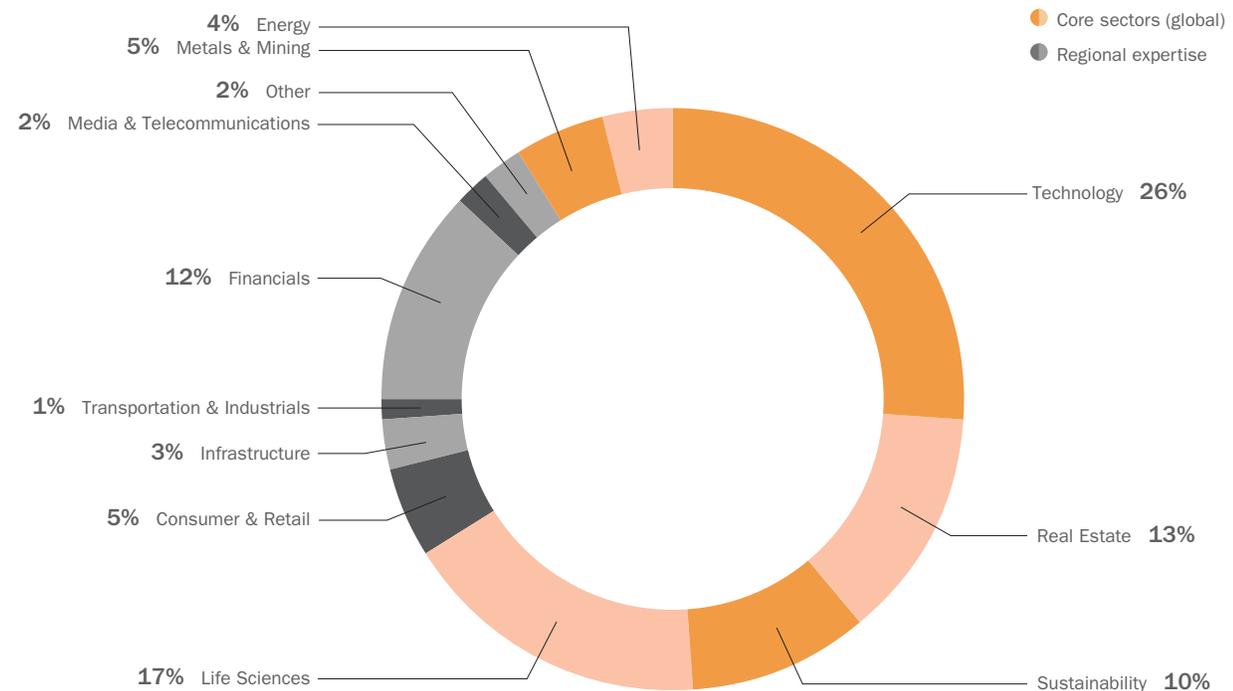
ASIA-PACIFIC REVENUE

(C\$ millions, fiscal years)



GLOBAL INVESTMENT BANKING AND ADVISORY REVENUE BY SECTOR DURING FISCAL 2016

(Percent of revenue)



## INVESTMENT BANKING

Canaccord Genuity's global team of investment banking professionals have deep industry knowledge and strong professional ties in key sectors of the global economy, with practical experience in over 70 countries worldwide. Our fully integrated global business provides industry leading independent expertise and direct access to institutional investors around the world. Our specialist teams are closely involved in assignments from initiation to completion and work closely with their global counterparts to ensure that clients benefit from a broad range of experience and expertise. We are committed to adding measurable value at all stages of the business cycle.

During fiscal 2016, Canaccord Genuity participated in 157 transactions to raise \$35 billion for global growth companies. Of these, Canaccord Genuity led 66 transactions globally, to raise total proceeds of \$4.3 billion.

Throughout the fiscal year, we took steps to better align our global investment banking teams and prioritize coverage in the sectors where we can compete, and win. While our focused sector diversification strategy provides stability, we are also pleased to see resurgence in capital raising activity in the mining and energy sectors. During the fiscal year, we made investments to strengthen our global resource investment banking and

distribution capability, and we are confident that we will maintain our position as the leading independent investment bank for the natural resource sectors.

### Canada

While a challenging market environment impacted the performance of this traditionally strong business segment during fiscal 2016, for five years in a row Canaccord Genuity in Canada has been the top Canadian underwriter by number of transactions and the leading independent investment dealer for IPOs in the region<sup>(1)</sup>. Following the appointment of Pat Burke as President of Canadian Capital Markets, we have realigned our leadership and sector head structure and successfully recruited into our strategic sectors, to strengthen our offering and maintain our position as the dominant independent investment bank in the region.

### US

Our US investment banking business strongly supports our global capabilities and provides increasing opportunities for us to deliver solutions for clients in key sectors of the market. Throughout the year, we successfully leveraged and invested in our capabilities in our key sectors, including the TMT, Healthcare & Life Sciences, Industrials, Sustainability, Real Estate and Consumer practices, to complement our global efforts, which resulted in this region being the strongest contributor to our global investment banking franchise, accounting for 31.5% of fiscal 2016 revenue.

### UK & Europe

Our investment banking operations in the UK & Europe continued to be negatively impacted by the market downturn, as issuers remained cautious in their capital raising activities, driven by persistent economic uncertainty and the upcoming UK referendum. Throughout the fiscal year, we took steps to strategically refocus this business in alignment with our core focus areas, to improve its long term stability and profitability. We have also added senior hires in a number of sectors to improve coordination with our global efforts.

### Asia-Pacific

The strength of our Australian investment banking operation has made this business an increasingly important contributor to our global franchise. This highly experienced capital markets team, focused solely on the mid-market, is carving out a very strong market-leading position in the mid-market and is currently the top independent investment bank in the region by proceeds raised<sup>(2)</sup>. With a highly diversified revenue base, we continue to leverage the strength of this business to increase market share and drive growth in the Australian market.

#### Fiscal 2016 Significant Regional Investment Banking Transactions

	Region
£2.45 billion for Worldpay Group PLC on the LSE	UK
£451.0 million underwritten rights issue for Optimal Payments PLC on AIM in relation to its proposed €1.1 billion acquisition of Skrill Group	UK
£227.0 million for Playtech PLC on the LSE	UK
Two transactions totalling £205.8 million for The Renewables Infrastructure Group Limited on the LSE	UK
C\$460.1 million for Pembina Pipeline Corporation on the TSX	CA
C\$402.5 million for Acasta Enterprises Inc. on the TSX	CA
C\$250.3 million for Canadian Apartment Properties Real Estate Investment Trust on the TSX	CA
US\$531.3 million for Atlassian Corporation PLC on NASDAQ	US
US\$206.9 million for Atara Biotherapeutics, Inc. on NASDAQ	US
US\$155.2 million for ConforMIS, Inc. on NASDAQ	US
€23.75 million private placement for TiGenix NV on EuroNext Brussels	US
Two transactions totalling AUD\$157.3 million for Orocobre Limited on the ASX	AU
AUD\$32.0 million for Starpharma Holdings Limited on the ASX	AU
AUD\$75.0 million for ImpediMed Limited on the ASX	AU

(1) Source: FP Infomart. Transactions over C\$1.5 million. Excludes convertibles, preferreds, full credit league table.  
 (2) Source: ThomsonOne

## ADVISORY

Canaccord Genuity's global advisory teams share a relentless focus on developing and executing transactions that define – and redefine – the marketplace. Our talented professionals form a unified and multilingual team, operating from offices in all of our geographies. With our unparalleled service offering and deep regional and global expertise, clients receive strategic advice and idea origination from some of the most experienced professionals in the industry. We commit to our clients for the long run and we believe in building lasting relationships, ensuring a clear strategy and a genuine interest in delivering successful outcomes.

While fiscal 2016 was a challenging year for capital raising activities, firm-wide revenue generated from advisory activities increased by 5% compared to the previous fiscal year and contributed 30% of our total capital markets revenues. Throughout the year, we made further progress to strengthen integration across our global advisory teams. By operating globally, we expect to strengthen our market share and materially improve our performance. Additionally, our independence and

global capability are key differentiators for our restructuring and debt advisory business, which contribute to improving opportunities and activity levels in this segment.

### Canada

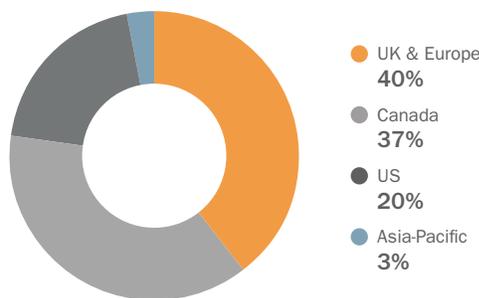
Canaccord Genuity is the sole independent Canadian investment bank with a dedicated global advisory practice. For the fiscal year, our Canadian capital markets team contributed 37% of our total global advisory revenues. Our strong market position is attributable to our long-standing relationships and, in addition, to the track record of success we have historically achieved for our clients in the region. We are proactively focusing on leveraging our global platform to harness increasing numbers of advisory opportunities in our core focus sectors.

### US

Our US advisory business earned record advisory revenues of \$31.2 million in fiscal 2016 and contributed 44.7% of this region's total investment banking revenues, reflecting the solid progress of our diversification strategy. Both our cross-border capability and our debt origination and restructuring capabilities helped to expand opportunities for increasing share of wallet. We are a leading provider of independent advisory services, which means that clients can trust that our strategic advice is free of conflict.

*(UK & Europe and Asia-Pacific on page 20)*

### CANACCORD GENUITY ADVISORY REVENUE BY REGION DURING FISCAL 2016



### CANACCORD GENUITY ADVISORY REVENUE (C\$ millions, fiscal years)



#### Fiscal 2016 Significant M&A and Advisory Transactions

	Region
Optimal Payments on its €1.1 billion acquisition of Skrill	CA, UK
Amica Mature Lifestyles Inc. on its C\$986 million sale to BayBridge Seniors Housing Inc.	CA
Distech Controls on its C\$318 million sale to Acuity Brands	CA, US
COM DEV International Ltd. on the C\$455 million sale of its equipment business to Honeywell International Inc. and the C\$125 million spin-out of exactEarth	CA, US
LED Linear on its €61 million sale to Fagerhult	SE, DE
NYX Gaming Group Limited on its C\$150 million acquisition of Chartwell Technology Inc. and Cryptologic Limited	CA
Ashley Park Financial Services Corp. on its cross-border debt financing	CA
Linxens SAS on the €1.5 billion sale to CVC Capital Partners from Astorg Partners	UK
Investcorp, through its investment vehicle, Orca Bidco Limited, on the £66.7 million acquisition of OpSec Security Group PLC	UK
Charles Bank Capital Partners on its acquisition of Six Degrees Technology Group Limited	UK
Ephesus Lighting, Inc. on its sale to Eaton Corporation PLC	US
American Eagle Energy on its sale to Resource Energy Can-AM LLC	US
Shoe Sensation, Inc. on its sale to J.W. Childs Associates, L.P.	US
Harvest International New Energy, Inc., a subsidiary of Sunshine Kaidi New Energy Group Co. of China, on the C\$147.0 million acquisition of Alter NRG Corporation	CA

## UK & Europe

Canaccord Genuity has strong advisory capabilities across continental Europe. While the operating environment for our business in this region has been challenging, we have made significant progress in refocusing this business and have taken steps to integrate our corporate broking and advisory capabilities, so that we can maximize our offering to clients who require more than one service. We have also added strength to our Debt Advisory and Private Equity teams.

## Asia-Pacific

With professionals located in Australia, China and Hong Kong and access to a large network of global professionals, our Asia-Pacific advisory business is a key element of our growth strategy in the region. While lower overall M&A activity in the region negatively impacted fiscal 2016 performance in this segment, our strong cross-border advisory capability allows us to deepen client relationships and increasingly provide access to global opportunities for our clients.

# SALES AND TRADING

Our integrated global sales and trading platform delivers powerful distribution and execution capabilities for companies and investors focused on growth. Canaccord Genuity's global sales and trading team is passionate about connecting the right idea with the right client, at the right time. We are dedicated to developing solid client relationships that allow institutional investors to gain meaningful access to established and emerging entrepreneurs.

From our 14 international trading desks, we are active participants on 10 global exchanges. With experienced professionals located around the world and deep institutional relationships, we take pride in having the broadest account coverage of any mid-market bank.

During fiscal 2016, we were able to increase principal trading revenues by 19.2% compared to the previous fiscal year, led by our US operations. Throughout the year, we reorganized our global sales and trading desks to strengthen collaboration between regions and disciplines and increase impact from our existing offering. Looking ahead, we expect to drive incremental revenue growth through our newly established International Desks in the US, Canada and the UK and increase our share of significant cross-border commission opportunities in our core geographies. During fiscal 2016, we also formed a dedicated resource sales team, to ensure that clients in all regions are able to take advantage of our deep sector expertise and proven execution capabilities.

## Canada

Canaccord Genuity is the top independent trader in Canada<sup>(1)</sup>. We have deeply established trading relationships with domestic and international clients, and our market-leading execution capabilities have allowed us to increase global product placement into Canada. During fiscal 2016, we invested in our electronic trading capability and added an ETF trading capability to improve our participation in this rapidly growing market. We also better integrated our foreign exchange and stock loan capabilities, to further improve our market share.

## UK & Europe

Throughout the fiscal year, we have improved our processes to provide more discipline around account coverage and worked to improve alignment with our global equity research team, to strengthen sales and trading activity in our core focus sectors. Our dedicated Quest® sales team has been working to support the phased rollout of this differentiated product to our other geographies. We also launched a dedicated UK International Desk, to drive additional revenue through cross-border collaboration with our global sales and trading teams.

## US

Driven by the performance of our International Equities Group, our US principal trading business increased fiscal 2016 revenues by 32% compared to the previous fiscal year. On the back of a consistent and focused effort, we have made significant traction in growing cross-border revenue streams that leverage our new issue, research, access and trading flows with our UK and Canadian businesses. Our investments in new systems and in sales and trading strategies – such as National Market System (NMS) and cross-border solutions – give us confidence in our ability to generate further growth in this business.

## Asia-Pacific

With experienced professionals integrated across our Sydney, Perth, Melbourne and Hong Kong offices, our sales and trading team has cultivated strong relationships with institutional and high net worth investors across the Asia-Pacific region, which forms a strong complement to our global execution capability. This business is providing increasing opportunities for our distribution capabilities and is delivering a growing number of cross-border marketing opportunities for corporates in the region.

(1) Source: Bloomberg. Trading volumes April 2015 to March 2016.

## EQUITY RESEARCH

We analyze close to 1,000 global companies across a broad range of market sectors, identifying value and defining risk for our clients.

Canaccord Genuity's global team of research professionals are inquisitive, experienced and committed to generating actionable investment ideas for our clients. We leverage our independent global perspective to clarify current events and anticipate market trends in trusted daily, weekly and monthly publications.

Our clients benefit from our thorough and sophisticated knowledge of the diverse sectors we cover, and as part of our commitment to providing timely and relevant ideas for clients in all markets, we regularly add to our coverage universe.

In many of our markets, we take pride in having the highest rated independent equity research product with more coverage than any of our independent peers.

In fiscal 2016, we continued to improve global coordination of our research offering and broaden our reach to institutional investors around the world. We also eliminated coverage of non-core sectors and made strategic investments to add regional coverage in our core focus sectors, to ensure the delivery of a truly global perspective for our clients.

### CANADA

#1 independent research firm in Canada for the sixth year in a row and #2 in small-cap research, 2015 Brendan Wood Survey

7 "top 5" analysts in the 2015 Brendan Wood Survey

7 top ranked analysts in the 2016 Thomson Reuters Analyst Awards

### UK

#5 ranking in the 2016 Extel UK Small and Midcaps Survey

5 top ranked analysts in the 2016 Extel UK Small and Midcaps Survey

3 top ranked analysts in the 2016 Thomson Reuters Analyst Awards

## QUEST®

A DIVISION OF  
CANACCORD GENUITY

Quest® is Canaccord Genuity's proprietary stock screening and idea generation tool. For two decades, clients have trusted Quest® to provide superior data integrity and analytical tools, which help generate and compare investment ideas across sectors and markets, free of objective or bias.

Additionally, Quest® provides the foundation for numerous Canaccord Genuity products and services. The platform provides global strategists, equity research analysts and asset managers with the ability to combine proprietary equity analytical techniques with a wide range of more conventional financial analyses.

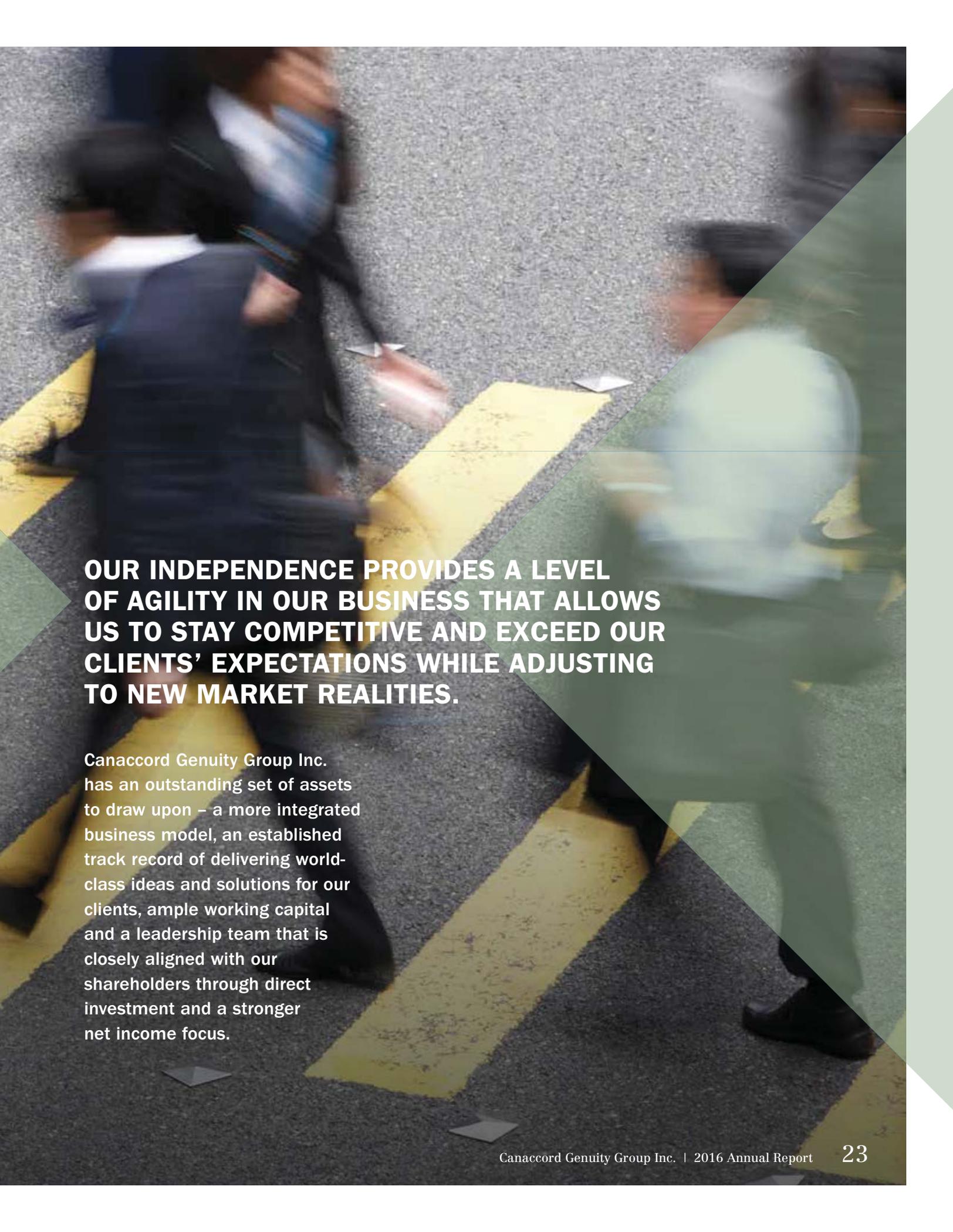
A year ago, we relaunched a stronger, broader and more flexible platform. The new Quest® covers an equity universe that comprises 95% of total global market capitalization, on a scalable platform that allows for the addition of new coverage and functionality as market conditions change.

Following the successful relaunch in the UK & Europe, we have begun to introduce Quest® to our clients in Canada, the US and Asia-Pacific. We have also integrated Quest® analyses into many of our global equity research products. Looking ahead, we expect this differentiated offering to provide opportunities for revenue growth and to become a valuable tool for enhancing our client relationships in all of the regions where we operate.

We produce independent and relevant research ideas for our clients across our broad range of focus sectors.



# *Agile*



**OUR INDEPENDENCE PROVIDES A LEVEL OF AGILITY IN OUR BUSINESS THAT ALLOWS US TO STAY COMPETITIVE AND EXCEED OUR CLIENTS' EXPECTATIONS WHILE ADJUSTING TO NEW MARKET REALITIES.**

Canaccord Genuity Group Inc. has an outstanding set of assets to draw upon – a more integrated business model, an established track record of delivering world-class ideas and solutions for our clients, ample working capital and a leadership team that is closely aligned with our shareholders through direct investment and a stronger net income focus.

# Canaccord Genuity Wealth Management



Canaccord Genuity Wealth Management provides 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 our clients. Our advisors are entrusted with \$32.7 billion in client assets under

administration and management, and operate from 20 offices across Canada, the UK, Guernsey, Jersey, the Isle of Man and Australia. Our experts search the globe for investment opportunities and deliver a broad array of investment solutions to help our clients reach their financial goals.

**\$253 million**  
in global revenue

**\$32.7 billion** in total assets  
under administration  
and management

**20 global wealth**  
management offices

In addition to comprehensive investment, wealth and estate planning, and a broad array of third party and proprietary asset management products, our Advisory Teams in Canada, the UK & Europe and Australia are able to provide their clients with access to the world-class ideas, opportunities and expertise that are available across our global platform. We are committed to enhancing the client experience and partnering with our Advisory Teams to drive long term success, together.

In recent years, we have made significant investments to improve the middle- and back-office functions of our global operations. These improvements provide our advisors with complete flexibility to deliver differentiated investment solutions and client service, while providing the necessary infrastructure to advance the scale and scope of our business.

Looking ahead, we will strive to grow our assets under administration and management, with a focus on recruiting quality teams in all regions, in addition to increasing our proportion of fee-based revenues, to support steady, recurring revenue growth.

GLOBAL WEALTH  
MANAGEMENT REVENUE  
*(C\$ millions, fiscal years)*



GLOBAL ASSETS UNDER  
ADMINISTRATION AND MANAGEMENT  
*(C\$ billions, fiscal years)*



Canaccord Genuity  
Wealth Management  
provides clients with  
the focused and  
personalized service  
they expect from a local  
investment manager,  
with the benefits and  
backing of a global  
financial institution.

## CANACCORD GENUITY WEALTH MANAGEMENT

Canaccord Genuity Wealth Management earned \$252.7 million in revenue during fiscal 2016.

In our global wealth management operations, we have worked hard to establish Canaccord Genuity as the leading independent advisory group for the high net worth segment. Our continued focus lies in continuing to grow assets under administration and management, with an emphasis on improving fee-based revenues globally.

### UK & Europe

Our wealth management business in the UK & Europe continues to be an important contributor of stable and recurring revenues and an important strategic asset for our firm. Despite market headwinds and a significant investment in improving our back-office infrastructure, this business has been able to improve its financial performance during the fiscal year.

During fiscal 2016, this business earned revenues of \$138.4 million, an improvement of 10% compared to the previous fiscal year. At the end of the fiscal year, assets under management in this business reached \$22.8 billion, a year-over-year increase of C\$1 billion.

At the end of the fiscal year, fee-based assets in our UK wealth management business comprised 70% of total assets. Additionally, client holdings in our in-house investment management products in the region have increased by 24% over the fiscal year and total

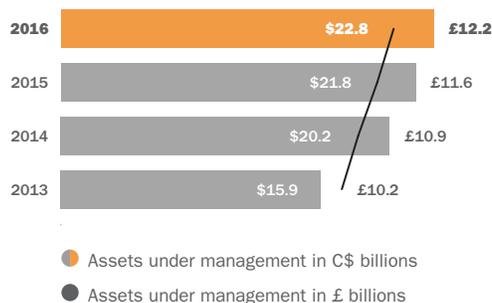
#### REVENUE

(C\$ millions, fiscal years)



#### ASSETS UNDER MANAGEMENT

(Fiscal years)



assets have surpassed \$1 billion. To support further development of the firm's investment management offering, we launched the Global Equity Fund, powered by Quest®.

The quality and performance of our investment management offering in the region has contributed to steady improvement in assets under management and growing support from domestic intermediaries and international fund companies. During fiscal 2016, this business was appointed the sole investment advisor for a national intermediary firm. We also announced an arrangement which allows us to deliver Canaccord Genuity Wealth Management's AIM Inheritance Tax Portfolio to intermediaries in the UK market. We expect this development will contribute to additional growth in the intermediary network and support related revenue growth for our business.

## Shares magazine – Best Wealth Manager, 2015

Our centralized investment process and robust network of global industry expertise provide an attractive platform for established professionals, and we have been fortunate to recruit a selection of high quality professionals to both our UK and offshore operations. We have also bolstered sales leadership in the region with multiple recruits from major competitors.

Our investment in the implementation of a best-in-class operational and technology platform is helping to deliver cost, operational and scale efficiencies, in addition to enhancing the client experience and providing significant capacity for growth in volumes and assets under management.

Looking ahead, we expect to achieve further organic growth from domestic intermediaries and international fund companies and we will continue to pursue opportunities to increase scale in this business through recruiting and selective acquisition opportunities.

## IFC Awards 2016 – Investment Management Company of the Year – Channel Islands and Isle of Man

## Canada

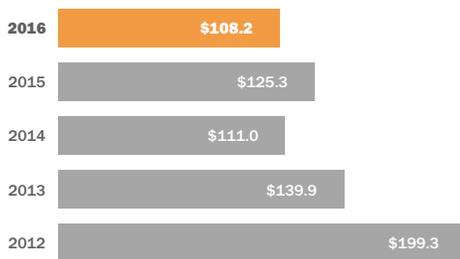
The strategic focus of our Canadian wealth management business has led to a greater share of client assets, sophisticated investment solutions and a positive change in our revenue mix.

During fiscal 2016, our Canadian wealth management business earned revenues of \$108.2 million. As a key distribution channel for our capital markets transactions, the decline in investment banking activity put pressure on related commission fees and revenues for this business over the year.

As a result of lower market values over the year and a slight reduction in the number of Advisory Teams, assets under administration decreased by 14%, to \$9.2 billion compared to the previous fiscal year. However, during fiscal 2016, fee-based assets in this business grew by 10.3 percentage points since the end of the previous fiscal year, to account for 44% of the revenue for this business. Helping to drive this growth, assets in our Canadian in-house investment products have increased by 215% over the fiscal year to \$285 million.

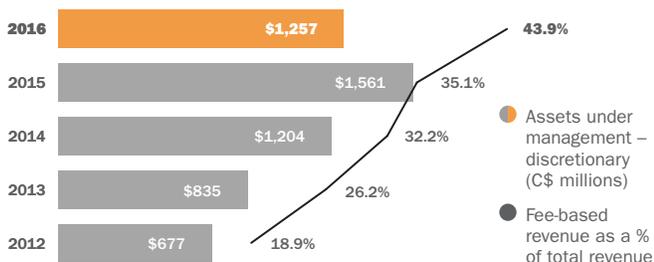
### REVENUE

(C\$ millions, fiscal years)



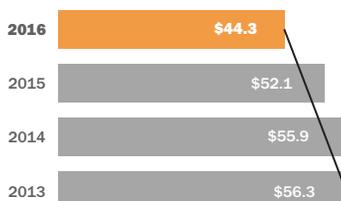
### ASSETS UNDER MANAGEMENT – DISCRETIONARY, AND FEE-BASED REVENUE AS A % OF TOTAL REVENUE

(Fiscal years)



### OPERATING EXPENSES<sup>(1)</sup>

(C\$ millions, fiscal years)



(1) Operating expenses exclude significant items and incentive compensation.

Early in the fiscal year, our strategic repositioning of this business was tested and the results were positive. When compared to periods of similar revenue generation, this business has been able to successfully limit losses, highlighting the progress we have made in reducing fixed costs and shifting towards a stronger recurring revenue model. For the fiscal year, expenses as a percentage of revenue decreased by 3.0 percentage points compared to the same period last year, and general and administrative expense decreased by 21.8% year over year.

We continue to add new partnerships, products and services to better serve the Canadian high net worth segment and steadily grow our portion of fee-based revenues. In addition to our proprietary asset management product, GPS Optimized Portfolios, we have also brought management of our ETF portfolios in-house and made an investment to broaden our ETF product offering in Canada. And finally, we announced an exclusive partnership with Credit Suisse Asset Management for the Canadian distribution of the Capital Discipline Strategies.

We have also focused on attracting and retaining high quality advisors. New national and regional leadership appointments across our Canadian wealth management operations will help enhance the implementation of Canaccord Genuity Wealth Management's investment decisions across our client portfolios and leverage the broader resources of our integrated global platform.

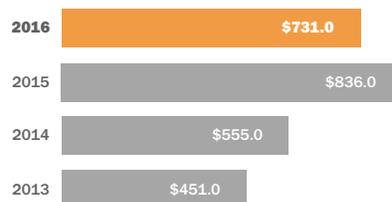
Looking ahead, we continue to focus on improving the infrastructure, advisor and product mix across our global wealth management businesses, initiatives we expect will further contribute to delivering stable and consistent revenue growth, while improving our profitability.

## Asia-Pacific

Canaccord Genuity Wealth Management has offices in Melbourne and Sydney, and our team of seven advisors provides comprehensive wealth management services to growing numbers of clients in Australia and Southeast Asia. While a softer capital raising environment in the region over the past fiscal year has slowed the momentum we have experienced in recent years, we expect to grow this business through targeted recruiting and the continued build-out of wealth management services and products in this market.

### ASSETS UNDER MANAGEMENT

(C\$ millions, fiscal years)



# A Strong Culture to Drive Our Success

1

## We Are Partners

How we interact with each other is critical to our culture. As a global investment bank, we differentiate ourselves every day by providing a truly global perspective, which by its very nature is a product of extensive collaboration and co-operation across borders and business units. *As partners, we share good ideas and best practices, provide introductions and assistance, and treat each other with dignity and respect.*

2

## We Are Entrepreneurial

We are not a large bank and must strive to be a flat organization, by eliminating bureaucratic thinking and fostering innovation. *We are fortunate to be nimble in our ability to recognize new opportunities and to take calculated risks, as we aggressively pursue our clients' interests.*

3

## We Are Collegial

We want to be the company where people feel empowered to satisfy their clients' expectations with the help of all of their partners. *We support our international colleagues in doing their best work, by encouraging an environment that is friendly, collaborative and open.*

4

## We Work Hard

As a mid-market investment bank, we do not have many of the advantages (or disadvantages) of our larger competition. *We work harder and smarter, preparing more for every client meeting, harnessing opportunities to build our expertise and skills, and we always make the extra effort to create successful outcomes for our clients and our business.*

5

## We Operate with Integrity

From the types of clients we represent to the quality of our research and the people we hire, we must always operate with strength of character and integrity. *We always strive to act ethically and honestly.*

6

## We Are Earnings Focused

Many of us are shareholders and we know that the end result of all our efforts must be a sustainably stronger share price. Achieving this is a function of higher revenue and, importantly, lower costs. *We all need to make smart decisions about how we use valuable resources and how we can improve efficiencies across our business.* This will support stronger outcomes in challenging times like these, and help us outperform when markets return to normal.

## 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 2017 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](http://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 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 2017 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](http://www.sedar.com). The preceding list is not exhaustive of all possible risk factors that may influence actual results. Readers are 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.

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## Management's Discussion and Analysis

Fiscal year 2016 ended March 31, 2016 – this document is dated June 1, 2016.

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, 2016 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 "Canaccord Genuity Group" refers to the Company 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, 2016 and 2015, beginning on page 72 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, 2016 and 2015 are prepared in accordance with International Financial Reporting Standards (IFRS).

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### 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 divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments 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 also 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. See the Selected Financial Information Excluding Significant Items table on page 38.

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 and the UK & Europe. 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.

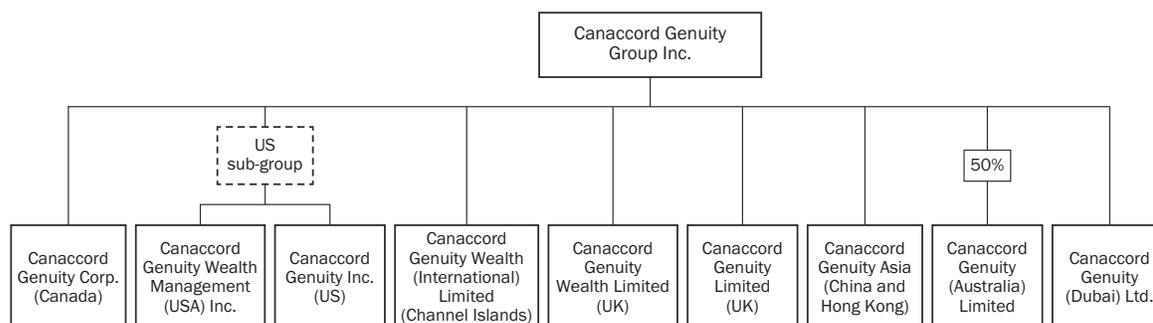
#### Canaccord Genuity Wealth Management

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, Guernsey, Jersey 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 Canaccord Genuity Group Inc.

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, 2016 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, 2015 – 60%].

## 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 of 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. Historically, the Company's diversification across major financial centres has allowed it to benefit from strong equity markets.

## Market Data

### TOTAL FINANCING VALUE BY EXCHANGE

	Q1/16	Q2/16	Q3/16	Q4/16	Fiscal 2016	Fiscal 2015	Fiscal 2016/ 2015 change
TSX and TSX Venture (C\$ billions)	21.2	9.6	9.6	13.1	53.5	60.1	(11.0)%
AIM (£ billions)	1.9	1.2	1.5	0.8	5.4	5.0	8.0%
NASDAQ (US\$ billions)	32.4	20.8	12.5	10.0	75.7	84.4	(10.3)%

Source: TSX Statistics, LSE AIM Statistics, Equidesk

Total financing values on each of the TSX, TSX Venture Exchange, and NASDAQ experienced decreases compared to the previous year.

### 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 2016, the Company's capital markets activities were focused on the following sectors: Technology, Healthcare & Life Sciences, Real Estate & Hospitality, Energy, Financials, Consumer & Retail, Metals & Mining, Infrastructure, Media & Telecommunications, Agriculture & Fertilizers, Transportation & Industrials, Paper and Forestry Products, Sustainability, Support Services, Aerospace & Defence 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 2016

### CORPORATE

- On August 4, 2015, the Company renewed its normal course issuer bid (NCIB), which provides the company the ability to purchase, at its discretion, up to 5,163,737 of its common shares through the facilities of the TSX for cancellation. During fiscal 2016, the company purchased and cancelled 624,350 of its common shares under the terms of its current NCIB
- On September 11, 2015, the appointment of Dan Daviau as President and Chief Executive Officer of Canaccord Genuity Group Inc. was announced effective October 1, 2015. In conjunction with this appointment, Mr. Daviau joined Canaccord Genuity's Board of Directors
- On October 1, 2015, the Company announced enhancements to its executive leadership team and global operating committee, all reporting to Dan Daviau
- On February 11, 2016, the Company announced a planned workforce reduction of 12% of the capital markets and infrastructure staff in Canada, the UK and the US (7% of staff firm-wide)
- On April 1, 2016 the Company announced the completion of its delisting from the London Stock Exchange
- On April 4, 2016, Canaccord Genuity Wealth Management (Canada) and Credit Suisse Asset Management announced an exclusive strategic partnership
- On April 8, 2016, the Company and SAC Capital Private Limited announced the sale of Canaccord Genuity Singapore Limited and a Strategic Partnership Arrangement

### CANACCORD GENUITY

- Canaccord Genuity generated revenue of \$532.3 million in fiscal 2016
- Net loss before taxes excluding significant items<sup>(1)</sup> was \$10.2 million, a decrease of \$54.5 million compared to the prior year
- Canaccord Genuity led 66 transactions globally, each over \$1.5 million, to raise total proceeds of C\$4.3 billion during fiscal 2016. Of this:
  - Canada led 22 transactions, which raised C\$1.4 billion
  - The UK led 11 transactions, which raised C\$2.0 billion
  - The US led 9 transactions, which raised C\$444.3 million
  - Asia and Australia operations led 24 transactions, which raised C\$509.2 million
- During fiscal 2016, Canaccord Genuity participated in a total of 157 transactions globally, each over C\$1.5 million, to raise gross proceeds of C\$34.8 billion. Of this:
  - Canada participated in 118 transactions, which raised C\$23.1 billion
  - The UK participated in 2 transactions, which raised C\$4.3 billion
  - The US participated in 36 transactions, which raised C\$7.3 billion
  - Asia and Australia operations participated in 1 transaction, which raised C\$17.3 million
- Significant investment banking transactions for Canaccord Genuity during fiscal 2016 include:
  - £2.45 billion for Worldpay Group PLC on the LSE
  - £451.0 million underwritten rights issue for Optimal Payments PLC on AIM in relation to its proposed €1.1 billion acquisition of Skrill Group
  - US\$531.3 million for Atlassian Corporation PLC on NASDAQ
  - £227.0 million for Playtech PLC on the LSE
  - Two transactions totalling £205.8 million for The Renewables Infrastructure Group Limited on the LSE
  - £200.7 million for Market Tech Holdings Limited on AIM
  - £121 million sell down for Paysafe Group plc on the LSE
  - Three transactions totalling £178.2 million for HICL Infrastructure Company Limited on the LSE
  - C\$460.1 million for Pembina Pipeline Corporation on the TSX
  - C\$402.5 million for Acasta Enterprises Inc. on the TSX
  - C\$250.3 million for Canadian Apartment Properties Real Estate Investment Trust on the TSX
  - US\$206.9 million for Atara Biotherapeutics, Inc. on NASDAQ
  - US\$155.2 million for ConforMIS, Inc. on NASDAQ
  - US\$138.0 million for Penumbra Inc. on the NYSE
  - US\$117.2 million for vTv Therapeutics Inc. on NASDAQ
  - US\$110.1 million for Hutchison China Medtech on Nasdaq
  - C\$250.3 million for Canadian Apartment Properties Real Estate Investment Trust on the TSX
  - C\$200.0 million for AltaGas Ltd. on the TSX
  - Two transactions totalling AUD\$157.3 million for Orocobre Limited on ASX
  - US\$102.0 million for DP Aircraft I Limited on the LSE

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.

- In Canada, Canaccord Genuity participated in raising \$198.7 million for government and corporate bond issuances during fiscal 2016
- During fiscal 2016, significant M&A and advisory transactions included:
  - Linxens SAS in the €1.5 billion sale to CVC Capital Partners from Astorg Partners
  - Amica Mature Lifestyles Inc. on its C\$986 million sale to BayBridge Seniors Housing Inc.
  - Playtech PLC on the €458.0 million acquisition of 91.1% of TradeFX Limited
  - COM DEV International Ltd. on the C\$455 million sale of its equipment business to Honeywell International Inc. and the C\$125 million spin-out of exactEarth
  - NTR Plc on the €250 million close of its wind investment fund, NTR Wind
  - Kicking Horse Energy Inc. on its C\$356 million sale to ORLEN Upstream Canada
  - Distech Controls Inc. on its C\$318 million sale to Acuity Brands Inc.
  - LED Linear on its €61 million sale to Fagerhult
  - NYX Gaming Group Limited on its \$150 million acquisition of Chartwell Technology Inc. and Cryptologic Limited
  - Harvest International New Energy, Inc., a subsidiary of Sunshine Kaidi New Energy Group Co. of China, on the C\$147.0 million acquisition of Alter NRG Corporation
  - Investcorp, through its investment vehicle, Orca Bidco Limited, in the £66.7 million acquisition of OpSec Security Group PLC
  - Ephesus Lighting, Inc. on its sale to Eaton Corporation PLC
  - American Eagle Energy on its sale to Resource Energy Can-AM LLC
  - CalAmp on the US\$134 million acquisition of Lojack Corporation
  - CryoLife, Inc. on the US\$130 million acquisition of On-X Life Technologies Holdings, Inc.
  - Ashley Park Financial Services Corp. on its cross-border debt financing
  - Charles Bank Capital Partners on their acquisition of Six Degrees Technology Group Limited
  - Shoe Sensation, Inc. on their sale to J.W. Childs Associates, L.P.
  - Bridgepoint Development Capital and shareholders of Siblu Holdings Limited on the sale of Siblu to Stirling Square Capital Partners
  - Data & Audio-Visual Enterprises Wireless Inc., operating as Mobilicity, on its sale to Rogers Communications

#### WEALTH MANAGEMENT (GLOBAL)

- Globally, Canaccord Genuity Wealth Management generated \$252.7 million in revenue during fiscal 2016
- Total assets under administration in Canada and assets under management in the UK & Europe and Australia were \$32.7 billion at March 31, 2016<sup>(2)</sup>

#### WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated \$108.2 million in revenue during fiscal 2016
- Net loss before income taxes excluding significant items was \$7.5 million<sup>(1)</sup>
- Assets under administration were \$9.2 billion as of March 31, 2016, down 14.3% from \$10.7 billion at the end of fiscal 2015<sup>(2)</sup>
- Assets under management were \$1.3 billion as of March 31, 2016, down from \$1.6 billion at the end of fiscal 2015<sup>(2)</sup>
- At March 31, 2016, Canaccord Genuity Wealth Management had 139 Advisory Teams in Canada<sup>(3)</sup>, a decrease of 13 Advisory Teams from March 31, 2015

#### WEALTH MANAGEMENT (UK & EUROPE)

- Canaccord Genuity Wealth Management (UK & Europe) generated \$138.4 million in revenue and, excluding significant items, recorded net income of \$23.9 million before taxes in fiscal 2016<sup>(1)</sup>
- Assets under management (discretionary and non-discretionary) were \$22.8 billion (£12.2 billion), an increase of 4.7% from \$21.8 billion (£11.6 billion) at the end of fiscal 2015<sup>(2)</sup>
- At March 31, 2016, Canaccord Genuity Wealth Management had 118 investment professionals and fund managers in the UK & Europe, an increase of four from March 31, 2015

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.

(2) See Non-IFRS Measures on page 30.

(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 2016

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During the first half of fiscal 2016, economic growth conditions in emerging markets (EM) and developed markets (DM) weakened, which led to renewed fears of a global growth slowdown. Negative investor sentiment weighed heavily on risk assets, most notably commodity prices. Global financial markets have also been impacted by the US Federal Reserve, where expectations of a rate hike sent EM currencies sharply lower, forcing many EM central banks to defend their currencies and fight inflation with higher policy rates. The net result was subdued economic growth across most EMs. In China, the stock market experienced a bear market but authorities eventually proved successful in halting the slide of Chinese stocks via monetary and fiscal reflation. In India, the Reserve Bank of India (RBI) also provided stimulus in the region by cutting interest rates by a larger-than-expected 50bps in September, 2015. In all, global monetary conditions remained supportive as central banks accelerated the pace of monetary reflation and the European Central Bank (ECB) pursued its Quantitative Easing (QE) program. The US Federal Reserve Board kept its target rate at zero as global financial conditions tightened significantly. A strong US dollar, weak manufacturing activity, muted wage growth and low commodity prices also contributed to keeping the Fed on the sidelines. In Canada, lower capital spending from commodity producers and persistent trade balance deficits caused the first technical recession since the 2008–09 financial crisis. The Bank of Canada acknowledged the economic weakness in the first half of calendar 2015, and cut its target rate by 25bps in early July.

During the second half of fiscal 2016, the US Federal Reserve lifted its target rate by 25bps for the first time since 2006 on the back of strong employment growth and improved financial market conditions. Although inflation was running below the Fed's 2% objective, Federal Open Market Committee (FOMC) members indicated that most of the factors weighing on consumer prices were seen as transitory. That said, the Federal Reserve also stated that future policy moves would remain data dependent. For the most part, manufacturing activity and corporate earnings were restrained by slow global growth and a strong trade-weighted US dollar. In March, 2016 the European Central Bank (ECB) implemented two additional rate cuts, bringing the deposit facility rate to -0.4%. Following the example of other central banks, the Bank of Japan (BoJ) also adopted a negative interest rate policy (NIRP) in January, 2016. Meanwhile, the Chinese economy is slowly transitioning from a manufacturing-led to a service-based economy. Chinese authorities proceeded with a steady devaluation of the Chinese yuan, a move aimed at stimulating economic growth through exports. In Canada, the election of a Liberal government and its aggressive fiscal-spending agenda could eventually alleviate the negative impact of cutbacks in capital expenditures in the energy and mining sectors. In the meantime, the domestic economy remained constrained by weak energy prices. With OPEC countries fighting for market share against non-OPEC countries (notably US shale producers), excess supply conditions, slow demand growth and a strong US dollar sent crude oil in a downward spiral. Prospects of a natural adjustment of supply and demand conditions along with a possible output freeze by OPEC countries (which did not materialize) contributed to putting a floor under energy and commodity prices in February, 2016. With the rout in oil prices sending inflation expectations to lows last seen during the 2008-09 global financial crisis, heightened global financial stress and sluggish global growth conditions kept the Fed on the sidelines during the fourth quarter of fiscal 2016.

Weak world economic growth and abundant supply hurt commodity prices during fiscal 2016. Crude oil and copper prices dropped 20% respectively while gold prices (+3.9%) benefitted from a lower US dollar (-3.8%), increased market volatility and NIRP operations in Europe and Japan. Unsurprisingly, lower commodity prices negatively impacted the Canadian dollar (-2.4%). In all, Canadian resource stocks (-17.8%) underperformed the market while non-resource cyclicals (-2.5%) and defensive yielders (+1.0%) outperformed the S&P/TSX (-9.4%). Less sensitive to commodity prices, the S&P 500 finished the year flat (-0.4%), US 10-year Treasury bond yields dropped 16bps, while BAA corporate bond yields gained 41bps. Finally, weak commodities pricing was particularly detrimental to the S&P/TSX small-cap index (-8.4%).

## Fiscal 2017 Outlook

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We believe that the world needs a weak but stable US dollar. For now, expectations toward global growth are stuck around the 3% level which the world economy has oscillated around over the past few years. It has become increasingly difficult for DM central banks to stimulate growth through monetary policies. Using the IMF's new country growth forecasts, we estimate that the contribution of US (12%) and EMs (74%) account for 85% of global GDP growth. Understanding that a strong US dollar correlates negatively with economic activity in these two blocs, we expect that US dollar depreciation should support global growth. With this perspective in mind, we believe that the Fed will remain prudent on its tightening pace. Understanding that the monetary policy toolbox is nearly exhausted in DMs, the burden falls on EM central banks to provide the stimuli. The recent appreciation of EM currencies and disinflation trends bode well, since it now allows central bankers in these countries to implement monetary and fiscal measures to boost growth. As a result, we expect consumption to stay relatively healthy among EMs while manufacturing activity picks up later in the fiscal year on the back of firmer commodity prices.

We expect global manufacturing activity to improve during the second half of fiscal 2017, allowing for a synchronized but modest rebound in DM and EM economies. World growth reacceleration is expected to be a supportive force for equities and commodity prices. The gravitational pull of European and Japanese bond yields as well as lower policy rates in EMs should prevent US bond yields from staging a steep rebound, which is another positive for risk assets. While the US Federal Reserve is expected to gradually normalize interest rates, US labour market conditions, inflation, the US dollar and global financial conditions will likely dictate the pace of the renormalization. In our view, the Fed is unlikely to hike rates until the world economy is strong enough to absorb a stronger US dollar. That being said, if US employment and inflation reports remain strong, we expect this will likely keep the Fed on edge and keep global equity markets volatile. In all, we believe conditions are in place for equity markets to perform

better than in fiscal 2016. Canadian equities should continue to perform relative to their world counterparts, considering the large resource exposure in the S&P/TSX. Demand for resource stocks is expected to remain healthy, owing to better EM growth prospects, a relatively weak US dollar and many commodity markets achieving a supply/demand balance through the fiscal year.

With regard to capital markets activities, we expect that a broader global economic recovery should translate into stronger contributions from the various geographical platforms at Canaccord Genuity. More specifically, we believe the recovery in commodity prices and resource equities will lead to improved business opportunities. First, above-average volatility in resource areas is expected to lead to healthy secondary trading agency activity. Second, equity issuance should improve as many resource companies have yet to de-lever their balance sheets. And finally, we expect that buying opportunities for distressed resource assets will stimulate M&A and advisory activities. That said, the uncertainty with regards to the timing and magnitude of the US Federal Reserve's normalization process could lead to several bouts of market volatility through the fiscal year. However, with odds of a recession moderate, liquidity conditions abundant and the world economy expected to improve moderately, risk assets enjoy a more favourable backdrop in fiscal 2017.

## OVERVIEW OF PRECEDING YEARS – FISCAL 2015 vs. 2014

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Total revenue for the year ended March 31, 2015 (fiscal 2015) was \$880.8 million, an increase of \$25.5 million or 3.0% compared to the year ended March 31, 2014.

Canaccord Genuity Group recorded a net loss of \$11.3 million during fiscal 2015, compared to net income of \$52.1 million in fiscal 2014 primarily attributable to certain significant items which included goodwill impairment charges, restructuring costs and the acceleration of outstanding stock awards as a result of the death of our former CEO. Excluding significant items<sup>(1)</sup>, net income for fiscal 2015 was \$39.3 million, a decrease of \$29.5 million compared to fiscal 2014.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.

## Financial Overview

### SELECTED FINANCIAL INFORMATION<sup>(1)(2)</sup>

(C\$ thousands, except per share and % amounts, and number of employees)	For the years ended March 31				
	2016	2015	2014	2016/2015 change	
<b>Canaccord Genuity Group Inc. (CGGI)</b>					
Revenue					
Commissions and fees	\$ 376,817	\$ 374,058	\$ 361,647	\$ 2,759	0.7%
Investment banking	134,207	238,517	221,410	(104,310)	(43.7)%
Advisory fees	158,002	151,336	139,142	6,666	4.4%
Principal trading	85,559	75,217	91,313	10,342	13.7%
Interest	16,830	22,212	24,549	(5,382)	(24.2)%
Other	16,390	19,423	17,183	(3,033)	(15.6)%
<b>Total revenue</b>	<b>787,805</b>	<b>880,763</b>	<b>855,244</b>	<b>(92,958)</b>	<b>(10.6)%</b>
Expenses					
Incentive compensation	417,876	455,480	413,289	(37,604)	(8.3)%
Salaries and benefits	92,981	85,770	91,135	7,211	8.4%
Other overhead expenses <sup>(3)</sup>	302,530	305,822	280,746	(3,292)	(1.1)%
Restructuring costs <sup>(4)</sup>	17,352	24,813	5,486	(7,461)	(30.1)%
Impairment of goodwill and other assets <sup>(5)</sup>	321,037	14,535	—	306,502	n.m.
<b>Total expenses</b>	<b>1,151,776</b>	<b>886,420</b>	<b>790,656</b>	<b>265,356</b>	<b>29.9%</b>
(Loss) income before income taxes	(363,971)	(5,657)	64,588	(358,314)	n.m.
<b>Net (loss) income</b>	<b>\$ (358,567)</b>	<b>\$ (11,318)</b>	<b>\$ 52,057</b>	<b>\$ (347,249)</b>	<b>n.m.</b>
<b>Net (loss) income attributable to CGGI shareholders</b>	<b>\$ (358,471)</b>	<b>\$ (13,184)</b>	<b>\$ 51,413</b>	<b>\$ (345,287)</b>	<b>n.m.</b>
Non-controlling interests	\$ (96)	\$ 1,866	\$ 644	\$ (1,962)	(105.1)%
(Loss) earnings per common share (EPS) – basic	\$ (4.09)	\$ (0.27)	\$ 0.42	\$ (3.82)	n.m.
(Loss) earnings per common share – diluted	\$ (4.09)	\$ (0.27)	\$ 0.39	\$ (3.82)	n.m.
Return on common equity (ROE)	(50.4)%	(2.9)%	4.4%	(47.5) p.p.	
Dividends per common share	\$ 0.10	\$ 0.25	\$ 0.20	\$ (0.15)	
Book value per diluted common share <sup>(6)</sup>	\$ 4.99	\$ 8.71	\$ 9.05	\$ (3.72)	
<b>Excluding significant items<sup>(7)</sup></b>					
Total expenses	\$ 793,862	\$ 827,458	\$ 770,587	\$ (33,596)	(4.1)%
(Loss) income before income taxes	\$ (6,057)	\$ 53,305	\$ 84,657	\$ (59,362)	(111.4)%
Net (loss) income	\$ (5,995)	\$ 39,330	\$ 68,846	\$ (45,325)	(115.2)%
Net (loss) income attributable to CGGI shareholders	\$ (6,620)	\$ 36,448	\$ 67,211	\$ (43,068)	(118.2)%
Net income attributable to non-controlling interests	\$ 625	\$ 2,882	\$ 1,635	\$ (2,257)	(78.3)%
(Loss) earnings per common share – diluted	\$ (0.21)	\$ 0.25	\$ 0.54	\$ (0.46)	(184.0)%
<b>Balance sheet data</b>					
Total assets	\$ 3,424,546	\$ 4,369,905	\$ 5,014,622	\$ (945,359)	(21.6)%
Total liabilities	2,665,895	3,242,088	3,831,030	(576,193)	(17.8)%
Non-controlling interests	8,722	10,275	14,912	(1,553)	(15.1)%
Total shareholders' equity	749,929	1,117,542	1,168,680	(367,613)	(32.9)%
Number of employees	1,795	1,928	2,004	(133)	(6.9)%

(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 30.

(2) The operating results of the Australian operations have been fully consolidated and a 42% non-controlling interest has been recognized for fiscal 2016 [fiscal 2015 – 40% and fiscal 2014 – 50%.]

(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. Fiscal 2014 restructuring costs include expenses mainly in connection with restructuring of our sales and trading operations in Canada and the UK & Europe, and certain office closure costs.

(5) Impairment of goodwill and other assets for the year ended March 31, 2016 was in connection with our UK, US and Canada capital markets and our Other Foreign Locations – Singapore and Australia 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 divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments 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 (loss) income and (loss) earnings 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

**SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS<sup>(1)</sup>**

(C\$ thousands, except per share and % amounts)	For the years ended March 31				
	2016	2015	2014	2016/2015 change	
Total revenue per IFRS	\$ 787,805	\$ 880,763	\$ 855,244	\$ (92,958)	(10.6)%
Total expenses per IFRS	1,151,776	886,420	790,656	265,356	29.9%
<i>Significant items recorded in Canaccord Genuity</i>					
Amortization of intangible assets	5,409	6,823	6,742	(1,414)	(20.7)%
Impairment of goodwill and other assets	321,037	14,535	—	306,502	n.m.
Restructuring costs	11,305	20,997	5,486	(9,692)	(46.2)%
Development costs	1,157	—	—	1,157	n.m.
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>					
Amortization of intangible assets	6,055	7,591	7,841	(1,536)	(20.2)%
Restructuring costs	165	783	—	(618)	(78.9)%
<i>Significant items recorded in Corporate and Other</i>					
Restructuring costs	5,882	3,033	—	2,849	93.9%
Development costs	6,904	5,200	—	1,704	32.7%
Total significant items	357,914	58,962	20,069	298,952	n.m.
Total expenses excluding significant items	793,862	827,458	770,587	(33,596)	(4.1)%
Net (loss) income before income taxes – adjusted	\$ (6,057)	\$ 53,305	\$ 84,657	\$ (59,362)	(111.4)%
Income tax (recovery) expense – adjusted	(62)	13,975	15,811	(14,037)	(100.4)%
Net (loss) income – adjusted	\$ (5,995)	\$ 39,330	\$ 68,846	\$ (45,325)	(115.2)%
(Loss) earnings per common share – basic, adjusted	\$ (0.21)	\$ 0.27	\$ 0.59	(0.48)	(177.8)%
(Loss) earnings per common share – diluted, adjusted	(0.21)	\$ 0.25	\$ 0.54	(0.46)	(184.0)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.  
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 and the US dollar appreciated against the Canadian dollar by approximately 7.0% and 14.3% respectively in fiscal 2016 when compared to fiscal 2015. This appreciation contributed to certain increases in revenue and expense items in Canadian dollars when compared to the applicable prior periods and should be considered when reviewing the following discussion in respect of our consolidated results as well as the discussion in respect of Canaccord Genuity and Canaccord Genuity Wealth Management UK & Europe.

**GOODWILL**

In determining whether to perform an impairment test, 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.

Due to the combined effect of weak equity market conditions globally and in each of the principal operating regions for each of the Company's capital markets business units, those business units experienced declines in business activity, revenue and profitability. With these adverse changes in the business environment, continued weakness in commodity prices and a challenging outlook through calendar 2016 as negative economic conditions persist, it was determined that the carrying value in each of the capital markets business units exceeded its fair value as determined in accordance with applicable accounting standards. Such standards require that fair value represent an estimate of the price at which an asset or a liability would be sold or transferred in an orderly transaction between market participants as at the end of the reporting period under market conditions as at that date (i.e., an exit price as at the measurement date). As a result, in Q3 fiscal 2016 the Company determined that the carrying amount of each of the capital markets business units exceeded the Company's estimates of its recoverable amount and that there had been impairment in the goodwill in respect of each of these business units. As a result, the Company recorded impairment charges in respect of the goodwill allocated to the following Canaccord Genuity business units: (i) Canada – \$150.0 million; (ii) UK & Europe – \$106.9 million; (iii) US – \$10.0 million; (iv) Other Foreign Locations – Australia – \$22.1 million; and (v) Other Foreign Locations – Singapore – \$24.3 million. In addition, the Company recorded impairment charges related to the unamortized intangible assets of \$1.6 million and \$0.2 million allocated to Other Foreign Locations – Singapore and Other Foreign Locations – Australia, respectively. During the year ended March 31, 2016, the Company also recorded an impairment charge related to equipment and leasehold improvements of \$6.0 million in our US capital markets operations.

Utilizing management's preliminary estimates for revenue and operating performance, growth rates and other assumptions typically required in connection with discounted cash flow models the Company determined that there was no impairment in the

goodwill and indefinite life intangible assets associated with any of its wealth management business units in the UK & Europe. Notwithstanding this determination as of March 31, 2016, 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.

## 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 2016 was \$787.8 million, a decrease of 10.6% or \$93.0 million from fiscal 2015 mainly driven by a decline in investment banking revenue across all geographies. Our capital markets operations experienced a decrease of \$80.8 million or 13.2% compared to the prior year. Revenue in our wealth management operations in Canada decreased by \$17.1 million or 13.7% in fiscal 2016 compared to fiscal 2015. Our Corporate and Other segment contributed \$7.8 million to the overall decrease in revenue. Revenue in our wealth management operations in the UK & Europe increased by \$12.8 million or 10.2% compared to the year ended March 31, 2015.

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 \$2.8 million or 0.7% from fiscal 2015 to \$376.8 million in fiscal 2016. Our UK & Europe wealth management operations and US capital markets operations contributed \$12.9 million and \$4.9 million, respectively, to the increase, offset by decreases in commissions and fees revenue in the other operations.

As a result of weakened market conditions, revenue generated from investment banking activities decreased by \$104.3 million to \$134.2 million in fiscal 2016, compared to \$238.5 million in fiscal 2015. Investment banking revenue decreased across all geographies but most notably in our Canadian capital markets operations which decreased by \$57.4 million year over year. In addition to reduced financing activity, the completion of the Amaya Gaming transaction in Q2/15 was a significant contributor to investment banking revenue in our Canadian operations during fiscal 2015, causing the comparative period to be significantly higher relative to the current fiscal period.

Advisory fees revenue of \$158.0 million represented an increase of 4.4%, or \$6.7 million, compared to the prior year. This was primarily due to higher activity in our capital markets operations in the US, where advisory fees increased by \$11.2 million as a greater number of transactions were completed during fiscal 2016 compared to the prior year. The largest decrease was in our Canadian capital market operations, which experienced a decline of \$4.4 million, mostly as a result of reduced corporate activity.

Revenue derived from principal trading increased by \$10.3 million to \$85.6 million for the year ended March 31, 2016, primarily due to higher revenue earned by the International Equities Group in our US capital markets operations. The increase in principal trading revenue in the US was offset by decreases of \$2.3 million and \$1.2 million in our Canadian capital markets and UK & Europe capital markets operations, respectively. In addition, a \$4.0 million loss was recorded in our Corporate & Other segment in connection with an impairment charge related to our investment in Canadian First Financial Group Inc.

Interest revenue decreased by \$5.4 million compared to fiscal 2016, mostly as a result of a decrease experienced in our Canadian capital markets operations. Other revenue of \$16.4 million was \$3.0 million or 15.6% lower than in the year ended March 31, 2015, partially due to lower foreign exchange gains.

## EXPENSES

### Expenses as a percentage of revenue

	For the years ended March 31		
	2016	2015	2016/2015 change
Incentive compensation	53.0%	51.7%	1.3 p.p.
Salaries and benefits	11.8%	9.8%	2.0 p.p.
Other overhead expenses <sup>(1)</sup>	38.4%	34.7%	3.7 p.p.
Restructuring costs <sup>(2)(3)</sup>	2.2%	2.8%	(0.6) p.p.
Impairment of goodwill and other assets <sup>(4)</sup>	40.8%	1.6%	39.2 p.p.
Total	146.2%	100.6%	45.6 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 38.

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

Expenses for fiscal 2016 were \$1.2 billion, an increase of 29.9% or \$265.4 million compared to the last fiscal year. Excluding significant items<sup>(1)</sup>, total expenses were \$793.9 million, down \$33.6 million or 4.1% from fiscal 2015. As a result of the decrease in revenue during the year and the non-variable nature of certain infrastructure and overhead costs, total expenses excluding significant items<sup>(1)</sup> as a percentage of revenue increased by 6.8 percentage points compared to the year ended March 31, 2015.

#### Compensation expenses

Incentive compensation expense was \$417.9 million, a decrease of \$37.6 million or 8.3% from the prior year, partially as a result of the 10.6% decline in incentive-based revenue. Incentive compensation as a percentage of total revenue increased by 1.3 percentage points to 53.0% in fiscal 2016 compared to fiscal 2015. The increase was mainly related to adjustments to certain compensation pools recorded in the year ended March 31, 2016. With weaker market conditions, certain incentive compensation pools as recorded under our normal methodology were determined to be lower than would be required to provide necessary compensation to select key production staff, and as a result of adjustments to these pools our compensation expense as a percentage of revenue was higher than in previous fiscal years. Salaries and benefits expense of \$93.0 million for the year ended March 31, 2016 was \$7.2 million or 8.4% higher than in the prior fiscal year, mainly as a result of capitalized employment costs incurred in connection with systems and software development in our UK & Europe wealth management operations during fiscal 2015 being treated as an operating expense in fiscal 2016. For these reasons, total compensation (incentive compensation plus salaries and benefits) expense as a percentage of total revenue was 64.8%, up 3.3 percentage points compared to 61.5% in fiscal 2015.

#### OTHER OVERHEAD EXPENSES

(C\$ thousands, except % amounts)	For the years ended March 31		
	2016	2015	2016/2015 change
Trading costs	\$ 56,998	\$ 52,795	8.0%
Premises and equipment	40,863	40,281	1.4%
Communication and technology	55,975	51,758	8.1%
Interest	10,222	13,424	(23.9)%
General and administrative	87,004	94,688	(8.1)%
Amortization <sup>(1)</sup>	25,339	28,428	(10.9)%
Development costs	26,129	24,448	6.9%
<b>Total other overhead expenses</b>	<b>\$ 302,530</b>	<b>\$ 305,822</b>	<b>(1.1)%</b>

(1) Includes \$11.5 million and \$14.4 million of amortization of intangible assets for the years ended March 31, 2016 and March 31, 2015, respectively. See the Selected Financial Information Excluding Significant Items table on page 38.

Other overhead expenses were \$3.3 million or 1.1% lower in fiscal 2016, which as a percentage of revenue represented an increase of 3.7 percentage points compared to fiscal 2015. The overall decrease in other overhead expenses was driven by lower general and administrative expense, amortization and interest expense, offset by an increase in trading costs, development costs and communication and technology expense.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, was down \$7.7 million across most of our operating segments as a result of reduced activity and a focus on cost reductions. Our US capital markets operations recorded a \$1.4 million increase in general and administrative expense in fiscal 2016 compared to the prior year, mostly due to higher promotion and travel expense as well as increased regulatory settlement costs.

Amortization expense decreased by \$3.1 million or 10.9% compared to the prior fiscal year, partially due to a decrease in amortization of intangible assets in our Canadian capital markets operations. Interest expense decreased by \$3.2 million compared to the year ended March 31, 2015, primarily as a result of lower expenses in our Canadian and US capital markets operations.

Development costs increased by \$1.7 million compared to the year ended March 31, 2015, mainly due to a non-cash accounting charge resulting from the surrender of a long-term incentive award granted to our new CEO in conjunction with his appointment during fiscal 2016. The accounting charge related to the unamortized balance of this award as of March 31, 2016 in accordance with applicable accounting standards. In addition, during fiscal 2016, a charge of \$2.3 million was recorded as a development expense in connection with a software development project and the change to an alternative solution. In fiscal 2015, development

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.

costs included a \$5.2 million charge related to the accelerated recognition of the unamortized cost of stock-based compensation awards which were held by our former CEO as a result of his death at the end of fiscal 2015.

Higher trading costs in our International Equities Group in the US were the main reason for the \$4.2 million increase in trading costs in fiscal 2016 compared to the year ended March 31, 2015. Communication and technology expense increased by \$4.2 million, primarily as a result of increases recorded in the US capital markets operations and the UK & Europe capital markets and wealth management operations.

During the year ended March 31, 2016, the Company also recognized restructuring costs of \$17.4 million. The restructuring costs incurred in fiscal 2016 were related to staff reductions in our US, UK and Canadian capital market 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. The restructuring costs of \$24.8 million incurred in fiscal 2015 were in connection with certain executive changes in our Corporate and Other segment, the closure of the Geneva office in our UK & Europe wealth management operations, as well as costs associated with the reorganization of the Canadian, UK & Europe and US capital markets operations.

During fiscal 2016, as a result of operating losses, reduced business activity, declines in revenue and reduced revenue forecasts, the Company recorded impairment charges in respect of the goodwill allocated to the following capital markets operations: (i) Canada – \$150.0 million; (ii) UK & Europe – \$106.9 million; (iii) US – \$10.0 million; (iv) Other Foreign Locations – Australia – \$22.1 million; and (v) Other Foreign Locations – Singapore – \$24.3 million. In addition, the Company recorded impairment charges related to the unamortized intangible assets of \$1.6 million and \$0.2 million allocated to Other Foreign Locations – Singapore and Other Foreign Locations – Australia, respectively. In fiscal 2016, the Company also recorded an impairment charge related to equipment and leasehold improvements of \$6.0 million in our US capital markets operations.

For the year ended March 31, 2015, an impairment charge of \$14.5 million was recorded in respect of the goodwill allocated to Other Foreign Locations – China and Singapore.

During the second half of the fiscal year, the Company took steps to rationalize its global infrastructure and exit underperforming business lines to significantly reduce our fixed cost base and stabilize the business for the future. While these developments had a negative impact on fiscal 2016 results, the Company expects to realize cost savings in the next fiscal year as cost saving initiatives identified during fiscal 2016 are implemented.

## NET LOSS

Net loss for fiscal 2016 was \$358.6 million compared to a net loss of \$11.3 million in fiscal 2015, an increase in losses of \$347.2 million, largely related to the goodwill and other assets impairment charges, restructuring costs and a significant decline in revenue. Loss per common share was \$4.09 in fiscal 2016 compared to a loss per common share of \$0.27 in the prior fiscal year. Excluding significant items<sup>(1)</sup>, net loss for fiscal 2016 was \$6.0 million compared to net income of \$39.3 million in fiscal 2015, and loss per common share was \$0.21 compared to diluted earnings per share (EPS) of \$0.25 in fiscal 2015.

Income tax recovery was \$5.4 million for fiscal 2016, reflecting an effective tax rate of 1.5% compared to an effective tax rate of 100.1% in the prior year. The change in the effective tax rate was mainly due to higher non-deductible items affecting the determination of taxable income, as well as tax losses and other temporary differences not recognized in current and prior periods by certain subsidiaries outside of Canada. A further discussion of our taxes is provided in the Critical Accounting Policies and Estimates section of the MD&A on page 62.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.

## Quarterly Financial Information<sup>(1)(2)</sup>

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended March 31, 2016. 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. 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 2016				Fiscal 2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Revenue</b>								
Commissions and fees	\$ 97,915	\$ 95,014	\$ 89,182	\$ 94,706	\$ 100,869	\$ 92,123	\$ 86,240	\$ 94,826
Investment banking	16,898	20,406	31,490	65,413	57,255	27,601	66,289	87,372
Advisory fees	54,616	37,809	43,912	21,665	40,283	22,618	55,741	32,694
Principal trading	25,199	20,202	17,592	22,566	22,621	14,612	17,708	20,276
Interest	3,441	3,981	4,334	5,074	4,961	5,045	5,902	6,304
Other	2,843	4,425	4,092	5,030	6,476	4,472	4,391	4,084
<b>Total revenue</b>	<b>200,912</b>	<b>181,837</b>	<b>190,602</b>	<b>214,454</b>	<b>232,465</b>	<b>166,471</b>	<b>236,271</b>	<b>245,556</b>
<b>Total expenses</b>	<b>228,210</b>	<b>532,456</b>	<b>189,103</b>	<b>202,007</b>	<b>260,835</b>	<b>191,991</b>	<b>211,326</b>	<b>222,268</b>
<b>Net (loss) income before income taxes</b>	<b>(27,298)</b>	<b>(350,619)</b>	<b>1,499</b>	<b>12,447</b>	<b>(28,370)</b>	<b>(25,520)</b>	<b>24,945</b>	<b>23,288</b>
<b>Net (loss) income</b>	<b>\$ (22,709)</b>	<b>\$(346,388)</b>	<b>\$ (431)</b>	<b>\$ 10,961</b>	<b>\$ (26,322)</b>	<b>\$ (21,479)</b>	<b>\$ 17,614</b>	<b>\$ 18,869</b>
<b>(Loss) earnings per share – basic</b>	<b>\$ (0.29)</b>	<b>\$ (3.91)</b>	<b>\$ (0.03)</b>	<b>\$ 0.08</b>	<b>\$ (0.33)</b>	<b>\$ (0.27)</b>	<b>\$ 0.16</b>	<b>\$ 0.16</b>
<b>(Loss) earnings per share – diluted</b>	<b>\$ (0.29)</b>	<b>\$ (3.91)</b>	<b>\$ (0.03)</b>	<b>\$ 0.08</b>	<b>\$ (0.33)</b>	<b>\$ (0.27)</b>	<b>\$ 0.14</b>	<b>\$ 0.15</b>
<b>Excluding significant items<sup>(3)</sup></b>								
<b>Net (loss) income</b>	<b>\$ (2,113)</b>	<b>\$ (19,144)</b>	<b>\$ 1,943</b>	<b>\$ 13,319</b>	<b>\$ 8,820</b>	<b>\$ (14,253)</b>	<b>\$ 20,746</b>	<b>\$ 24,017</b>
<b>(Loss) earnings per share – basic</b>	<b>\$ (0.06)</b>	<b>\$ (0.25)</b>	<b>\$ (0.01)</b>	<b>\$ 0.10</b>	<b>\$ 0.05</b>	<b>\$ (0.19)</b>	<b>\$ 0.19</b>	<b>\$ 0.22</b>
<b>(Loss) earnings per share – diluted</b>	<b>\$ (0.06)</b>	<b>\$ (0.25)</b>	<b>\$ (0.01)</b>	<b>\$ 0.10</b>	<b>\$ 0.05</b>	<b>\$ (0.19)</b>	<b>\$ 0.17</b>	<b>\$ 0.20</b>

(1) Data is in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 30.

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

(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<sup>(1)(2)</sup>**

(C\$ thousands, except per share amounts)	Fiscal 2016				Fiscal 2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue per IFRS	\$ 200,912	\$ 181,837	\$ 190,602	\$ 214,454	\$ 232,465	\$ 166,471	\$ 236,271	\$ 245,556
Total expenses per IFRS	228,210	532,456	189,103	202,007	260,835	191,991	211,326	222,268
<i>Significant items recorded in Canaccord Genuity</i>								
Restructuring costs	8,328	2,977	—	—	20,997	—	—	—
Amortization of intangible assets	1,346	1,333	1,320	1,410	1,691	1,684	1,707	1,741
Impairment of goodwill and other assets	—	321,037	—	—	10,000	4,535	—	—
Development costs	1,157	—	—	—	—	—	—	—
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>								
Restructuring costs	165	—	—	—	—	—	—	783
Amortization of intangible assets	1,471	1,560	1,557	1,467	1,467	1,660	2,224	2,240
<i>Significant items recorded in Corporate and Other</i>								
Restructuring costs	4,582	1,300	—	—	1,433	—	—	1,600
Development costs	6,904	—	—	—	5,200	—	—	—
Total significant items	23,953	328,207	2,877	2,877	40,788	7,879	3,931	6,364
Total expenses excluding significant items	204,257	204,249	186,226	199,130	220,047	184,112	207,395	215,904
Net (loss) income before income taxes – adjusted	(3,345)	(22,412)	4,376	15,324	12,418	(17,641)	28,876	29,652
Income tax (recovery) expense – adjusted	(1,232)	(3,268)	2,433	2,005	3,598	(3,388)	8,130	5,635
Net income (loss) – adjusted	\$ (2,113)	\$ (19,144)	\$ 1,943	\$ 13,319	\$ 8,820	\$ (14,253)	\$ 20,746	\$ 24,017
(Loss) earnings per share – basic – adjusted	\$ (0.06)	\$ (0.25)	\$ (0.01)	\$ 0.10	\$ 0.05	\$ (0.19)	\$ 0.19	\$ 0.22
(Loss) earnings per share – diluted – adjusted	\$ (0.06)	\$ (0.25)	\$ (0.01)	\$ 0.10	\$ 0.05	\$ (0.19)	\$ 0.17	\$ 0.20

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.

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

**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. The Company's revenue from an underwriting transaction is recorded only when the transaction has been substantially completed. Consequently, the timing of revenue recognition can materially affect Canaccord Genuity Group Inc.'s quarterly results.

During fiscal 2016, our revenue was negatively impacted by the decline in market conditions throughout the different geographic regions. The Canaccord Genuity division, which was affected by the decline in market conditions, particularly in the second and third quarters of fiscal 2016, experienced an increase in revenue during Q4/16 of 13.5% compared to Q3/16. Revenue in our Canadian capital markets operations increased by 17.8% in Q4/16 compared to the previous quarter but decreased by 19.0% compared to Q4/15. Our UK & Europe capital markets operations continued to be negatively impacted by the market downturn, particularly in the second half of fiscal 2016. UK & Europe capital markets revenue in Q4/16 increased by 10.9% compared to Q3/16 but decreased by 15.7% compared to the same quarter in the last fiscal year. Operating profits during Q3/16 and Q4/16 in both our Canadian and UK operations have been negatively impacted by certain adjustments made to the compensation pools, as discussed previously.

Revenue in our US capital markets operations decreased slightly, by 2.2%, compared to Q4/15. The operating profits for the US operations in recent quarters have been impacted by additional costs resulting from certain growth initiatives including the

expansion of the fixed income business. Restructuring efforts in fiscal 2015 and fiscal 2016 substantially reduced the US fixed income activity. During the year ended March 31, 2016, operating profits of the US operations have been negatively impacted by higher trading costs in relation to the International Equities Group trading activities, higher expenses related to a regulatory settlement, and restructuring costs.

As a result of a decline in market activity, revenues in our Other Foreign Locations operations decreased in fiscal 2016 compared to fiscal 2015. Revenue decreased by 26.9% in the fourth quarter of 2016 compared to the fourth quarter of 2015 but increased by 43.1% from the third quarter of 2016.

Our Canaccord Genuity Wealth Management North America operations have also been negatively impacted by the weakened market conditions, with a decrease of 22.8% in revenue during Q4/16 compared to the same period a year ago and consistent with Q3/16. Assets under management also declined in Q4/16, decreasing by 19.5% compared to Q4/15 to \$1.3 billion as a result of lower market values and a reduced number of investment advisory teams. Cost containment efforts in these operations have been maintained, with expenses decreasing by 21.7% compared to Q4/15 and our fee-related revenue increasing over the course of fiscal 2016, reaching 45.7% in Q4/16.

The Canaccord Genuity Wealth Management UK & Europe operations continued to experience steady revenue during fiscal 2016, generating approximately \$35.0 million per quarter during fiscal 2016. At the end of Q4/16, fee-related revenue was at 70.8%, a 6.2 percentage point increase from Q4/15. Assets under management for this group increased by \$1.0 billion reaching \$22.8 billion as of the end of Q4/16, compared to \$21.8 billion at the end of Q4/15.

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. The impairment charge related to our investment in Canadian First Financial Group Inc. and a software development charge also contributed to the loss in Q3/16.

#### Fourth quarter 2016 performance

Revenue for the fourth quarter was \$200.9 million, a decrease of \$31.6 million or 13.6% compared to the same period in the previous year, mainly due to a decline in investment banking revenue offset by an increase in advisory fees. The decrease in investment banking revenue of \$40.4 million compared to Q4/15 was attributable to lower activity across all our operations due to a decline in market conditions. Advisory fees revenue increased by \$14.3 million from Q4/15, predominantly due to an increase of \$8.5 million in our Canadian capital markets operations.

Commission and fees revenue decreased by \$3.0 million, predominantly in our Canadian wealth management operations. Interest revenue for Q4/16 was \$3.4 million, a decrease of \$1.5 million over Q4/15, mainly attributable to our Canadian capital markets operations. Other revenue decreased by \$3.6 million compared to the same period in the prior year, partially due to lower foreign exchange gains recorded in our Corporate and Other segment. Principal trading revenue increased by \$2.6 million during the three months ended March 31, 2016 compared to same period last year, mostly due to higher revenue generated in our US operations offset by a decrease in our UK & Europe operations.

Expenses were \$228.2 million, down \$32.6 million or 12.5% from Q4/15. Total expenses excluding significant items<sup>(1)</sup> were \$204.3 million, a decrease of \$15.8 million or 7.2% from the same period last year. The decrease in total expenses excluding significant items<sup>(1)</sup> was largely attributable to lower general and administrative expense compared to Q4/15. General and administrative expense was \$3.8 million lower for the three months ended March 31, 2016 than in the same period in the prior year due to lower promotion and travel expense and professional fees as a result of cost reductions and reduced activity.

Development costs increased by \$3.4 million compared to the year ended March 31, 2015, mainly due to a non-cash accounting charge related to the surrender of a long-term incentive award granted in October 2015 to the Company's CEO in conjunction with his appointment on October 1, 2015. The accounting charge related to the unamortized balance of this award as of March 31, 2016 in accordance with applicable accounting standards. In fiscal 2015, development costs included a \$5.2 million charge related to the accelerated recognition of the unamortized cost of stock-based compensation awards which were held by our former CEO as a result of his death at the end of fiscal 2015.

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.

Net loss for the fourth quarter of fiscal 2016 was \$22.7 million, compared to net loss of \$26.3 million in Q4/15. Loss per common share in the current quarter was \$0.29, compared to a loss per common share of \$0.33 in Q4/15. Book value per diluted common share decreased from \$8.71 in Q4/15 to \$4.99 in Q4/16.

Excluding significant items<sup>(1)</sup>, net loss for Q4/16 was \$2.1 million, compared to net income of \$8.8 million in Q4/15, and loss per common share was \$0.06 in Q4/16, compared to diluted EPS of \$0.05 in Q4/15.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.

## Business Segment Results<sup>(1)(2)</sup>

(C\$ thousands, except number of employees)	For the years ended March 31							
	2016				2015			
	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenue								
Canada	\$ 131,399	\$ 106,654	\$ 8,968	\$ 247,021	\$ 204,585	\$ 123,972	\$ 16,768	\$ 345,325
UK & Europe	145,444	138,359	—	283,803	155,942	125,551	—	281,493
US	217,411	1,554	—	218,965	202,972	1,367	—	204,339
Other Foreign Locations	38,016	—	—	38,016	49,606	—	—	49,606
Total revenue	532,270	246,567	8,968	787,805	613,105	250,890	16,768	880,763
Expenses	864,293	214,542	72,941	1,151,776	599,263	223,110	64,047	886,420
Intersegment allocations	17,087	21,854	(38,941)	—	11,910	21,683	(33,593)	—
(Loss) income before income taxes (recovery)	\$ (349,110)	\$ 10,171	\$ (25,032)	\$ (363,971)	\$ 1,932	\$ 6,097	\$ (13,686)	\$ (5,657)
<b>Excluding significant items<sup>(3)</sup></b>								
Expenses	525,385	208,322	60,155	793,862	556,908	214,736	55,814	827,458
Intersegment allocations	17,087	21,854	(38,941)	—	11,910	21,683	(33,593)	—
(Loss) income before income taxes (recovery)	\$ (10,202)	\$ 16,391	\$ (12,246)	\$ (6,057)	\$ 44,287	\$ 14,471	\$ (5,453)	\$ 53,305
Number of employees	841	666	288	1,795	901	703	324	1,928

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 30. Detailed financial results for the business segments are shown in Note 20 of the Audited Consolidated Financial Statements on page 110.

(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 2016 [fiscal 2015 – 40%].

(3) See the Selected Financial Information Excluding Significant Items table on page 38.

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, 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. For fiscal 2016, 75.3% of total Canaccord Genuity revenue was earned outside of Canada.

Canaccord Genuity's expansion efforts in recent years have firmly positioned the Company as a leading global independent investment bank focused on the mid-market.

During fiscal 2016, the Company took steps to streamline its leadership structure and reduce the size of its global workforce to rationalize operations in light of the prevailing market conditions. These changes were made in the interest of improving collaboration between global teams and accelerating the delivery of a consistent service model to our clients.

During fiscal 2016, Canaccord Genuity participated in 157 transactions for global clients, each valued over C\$1.5 million, to raise gross proceeds of \$34.8 billion<sup>(1)</sup>. Of these, Canaccord Genuity led 66 transactions globally, raising total proceeds of \$4.3 billion. Sector diversification remains a core component of the Company's strategy. Resource-related revenue accounted for 10% of Canaccord Genuity's total investment banking revenue in fiscal 2016, versus 14% in fiscal 2015. Resource-related transactions comprised 15% of the total number of Canaccord Genuity's investment banking transactions in fiscal 2016, down from 22% in fiscal 2015.

#### 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 integrating aspects of its global capital markets platform and encouraging further cross-border coordination among our global offices. During the fourth fiscal quarter, the Company began to offer Quest®, Canaccord Genuity's proprietary offering of online analytical tools, valuation

(1) Transactions over \$1.5 million

models and market commentary to clients in Canada and the US. Based on the success of last year's relaunch in the UK & Europe, the Company expects this to provide opportunities for revenue growth and a valuable tool for enhancing our client relationships.

We believe Canaccord Genuity's integrated global platform provides a competitive advantage for the 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 underserved 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 will continue to vigilantly monitor shifts 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 make disciplined investments in 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 broaden its service offering have positioned the business very well for the future.

FINANCIAL PERFORMANCE<sup>(1),(2)</sup>

(C\$ thousands, except number of employees)	For the years ended March 31									
	2016					2015				
	Canada	UK & Europe	US	Other Foreign Locations	Total	Canada	UK & Europe	US	Other Foreign Locations	Total
Revenue	\$ 131,399	\$ 145,444	\$ 217,411	\$ 38,016	\$ 532,270	\$ 204,585	\$ 155,942	\$ 202,972	\$ 49,606	\$ 613,105
Expenses										
Incentive compensation	68,316	93,110	121,448	24,614	307,488	99,366	100,217	107,787	28,146	335,516
Salaries and benefits	5,982	7,223	11,669	3,651	28,525	5,226	7,037	9,986	3,404	25,653
Other overhead expenses	38,313	53,943	88,089	15,593	195,938	49,344	56,562	81,365	15,291	202,562
Restructuring costs	3,427	3,344	2,039	2,495	11,305	4,006	9,143	7,348	500	20,997
Impairment of goodwill and other assets	150,000	106,858	15,957	48,222	321,037	—	—	—	14,535	14,535
Total expenses	266,038	264,478	239,202	94,575	864,293	157,942	172,959	206,486	61,876	599,263
Intersegment allocations <sup>(3)</sup>	12,074	2,012	3,001	—	17,087	9,508	(602)	3,004	—	11,910
(Loss) income before income taxes (recovery) <sup>(3)</sup>	\$(146,713)	\$(121,046)	\$(24,792)	\$(56,559)	\$(349,110)	\$ 37,135	\$(16,415)	\$(6,518)	\$(12,270)	\$ 1,932
Excluding significant items <sup>(4)</sup>										
Total expenses	109,052	154,276	221,204	40,853	525,385	150,216	163,816	199,133	43,743	556,908
Intersegment allocations <sup>(3)</sup>	12,074	2,012	3,001	—	17,087	9,508	(602)	3,004	—	11,910
Income (loss) before income taxes (recovery) <sup>(3)</sup>	\$ 10,273	\$(10,844)	\$(6,794)	\$(2,837)	\$(10,202)	\$ 44,861	\$(7,272)	\$ 835	\$ 5,863	\$ 44,287
Number of employees	180	279	291	91	841	201	329	269	102	901

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 30.

(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 2016 [fiscal 2015 – 40%].

(3) (Loss) income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 56.

(4) Refer to the Selected Financial Information Excluding Significant Items table on page 38.

## REVENUE

## REVENUE BY GEOGRAPHY AS A PERCENTAGE OF CANACCORD GENUITY REVENUE

	For the years ended March 31		
	2016	2015	2016/2015 change
Revenue generated in:			
Canada	24.7%	33.4%	(8.7) p.p.
UK & Europe	27.3%	25.4%	1.9 p.p.
US	40.8%	33.1%	7.7 p.p.
Other Foreign Locations	7.2%	8.1%	(0.9) p.p.
	100.0%	100.0%	

p.p.: percentage points

Canaccord Genuity generated revenue of \$532.3 million, a decline of 13.2% or \$80.8 million compared to fiscal 2015 as a result of lower market activity. Revenue decreased across most of our geographies, most notably in Canada, where revenue decreased by \$73.2 million or 35.8% compared to the prior year. Revenue in our UK & Europe and Other Foreign Locations operations also decreased by 6.7% and 23.4%, respectively, due to weakened market conditions and decreased corporate activity in our focus sectors in these geographies. Our US operations generated revenue of \$217.4 million, which represents a 7.1% increase from fiscal 2015.

### Investment banking activity

The Company's focus sector mix in fiscal 2016 showed increasing diversity, with 85% of total transactions occurring in sectors outside of Metals & Mining and Energy, which have traditionally been a significant 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

Sectors	For the year ended March 31, 2016	
	as a % of investment banking transactions	as a % of investment banking revenue
Technology	10.3%	22.6%
Healthcare & Life Sciences	19.6%	26.8%
Metals & Mining	8.8%	7.6%
Real Estate & Hospitality	13.7%	10.2%
Sustainability	2.0%	4.1%
Energy	5.9%	2.7%
Financials	29.9%	13.2%
Consumer & Retail	3.9%	6.8%
Infrastructure	2.0%	1.2%
Media & Telecommunications	0.0%	0.2%
Support Services	0.0%	(0.1)%
Transportation & Industrials	0.0%	1.6%
Other	3.9%	3.1%
Total	100.0%	100.0%

### CANACCORD GENUITY – BY GEOGRAPHY

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

Sectors	For the year ended March 31, 2016			
	Canada	UK & Europe	US	Other Foreign Locations
Technology	4.2%	21.4%	11.1%	29.6%
Healthcare & Life Sciences	5.1%	14.3%	60.0%	18.5%
Metals & Mining	8.5%	7.1%	0.0%	25.9%
Real Estate & Hospitality	14.4%	28.8%	11.2%	7.5%
Sustainability	0.8%	7.1%	4.4%	0.0%
Energy	5.1%	0.0%	8.9%	7.4%
Financials	50.0%	7.1%	0.0%	3.7%
Consumer & Retail	3.4%	7.1%	4.4%	3.7%
Infrastructure	1.7%	7.1%	0.0%	3.7%
Media & Telecommunications	0.0%	0.0%	0.0%	0.0%
Support Services	0.0%	0.0%	0.0%	0.0%
Transportation & Industrials	0.0%	0.0%	0.0%	0.0%
Other	6.8%	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)

Sectors	For the year ended March 31, 2016			
	Canada	UK & Europe	US	Other Foreign Locations
Technology	23.4%	41.2%	10.8%	11.7%
Healthcare & Life Sciences	13.2%	3.8%	57.6%	26.6%
Metals & Mining	8.6%	0.2%	0.3%	31.9%
Real Estate & Hospitality	21.5%	13.3%	3.4%	2.5%
Sustainability	0.0%	3.1%	7.3%	5.2%
Energy	7.4%	0.0%	2.5%	1.3%
Financials	18.8%	28.7%	2.0%	0.7%
Consumer & Retail	1.3%	1.0%	15.1%	8.8%
Infrastructure	0.3%	2.1%	0.0%	3.0%
Media & Telecommunications	0.8%	0.0%	0.0%	0.0%
Support Services	(0.3)%	0.0%	0.0%	0.0%
Transportation & Industrials	0.0%	5.6%	0.0%	0.0%
Other	5.0%	1.0%	1.0%	8.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## EXPENSES

Expenses for fiscal 2016 were \$864.3 million, an increase of 44.2% or \$265.0 million year over year. Excluding significant items<sup>(1)</sup>, total expenses for fiscal 2016 were \$525.4 million, a decrease of 5.7% or \$31.5 million compared to fiscal 2015.

### Incentive compensation and salaries and benefits

Incentive compensation expense for fiscal 2016 decreased by \$28.0 million or 8.4% compared to fiscal 2015, partially due to the decline in incentive-based revenue. Incentive compensation expense as a percentage of revenue was 57.8%, an increase of 3.0 percentage points from fiscal 2015. Salaries and benefits expense for fiscal 2016 increased by \$2.9 million or 11.2% compared to fiscal 2015. Total compensation expense as a percentage of revenue was 4.2 percentage points higher at 63.1% for the year ended March 31, 2016.

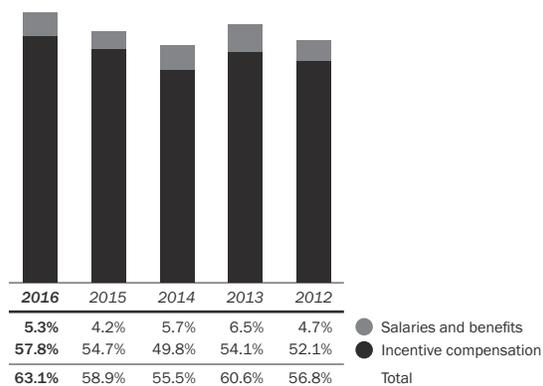
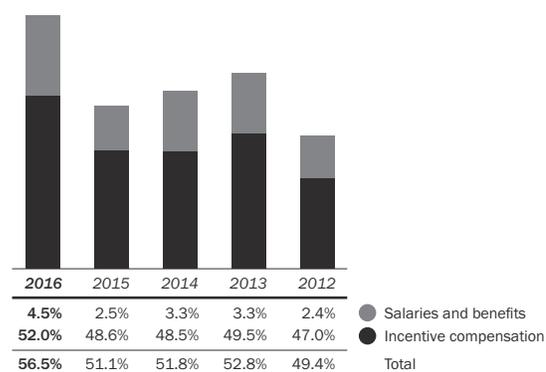
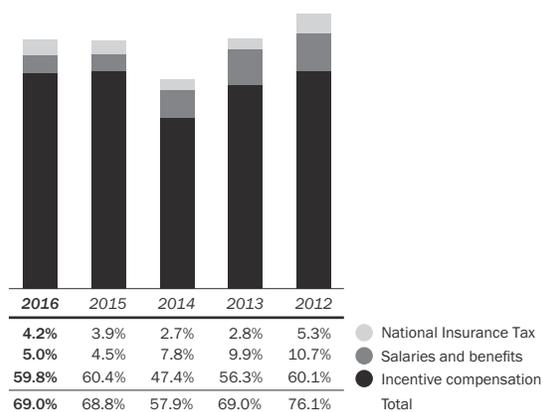
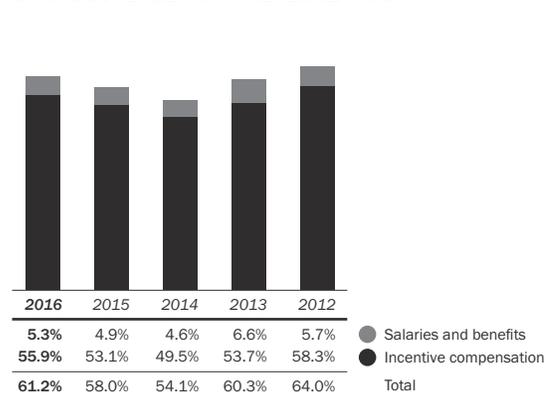
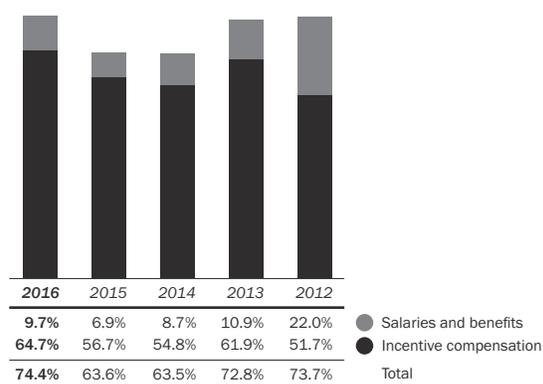
With weaker market conditions, certain incentive compensation pools as recorded under our normal methodology were determined to be lower than would be required to provide necessary compensation to select key production staff and, as a result of adjustments to these pools, our compensation expense as a percentage of revenue was higher than in previous fiscal years. As a result of these adjustments, our US operations experienced an increase of 3.2 percentage points in the total compensation ratio, offset by an increase in revenue. In Canada, total compensation as a percentage of revenue increased by 5.4 percentage points compared to fiscal 2015, to 56.5% in fiscal 2016, as a result of adjustments to the compensation pools, offset by a decrease in share-based incentive compensation. In our UK & Europe and Other Foreign Locations operations, total compensation expense as a percentage of revenue increased by 0.2 percentage points and 10.7 percentage points, respectively, as a result of adjustments to the compensation pools as well as a decline in revenue.

### Canaccord Genuity incentive compensation expense as a percentage of revenue by geography

	For the years ended March 31		
	2016	2015	2016/2015 change
Incentive compensation expense as a percentage of revenue			
Canada	52.0%	48.6%	3.4 p.p.
UK & Europe	64.0%	64.3%	(0.3) p.p.
US	55.9%	53.1%	2.8 p.p.
Other Foreign Locations	64.7%	56.7%	8.0 p.p.
<b>Canaccord Genuity (total)</b>	<b>57.8%</b>	<b>54.7%</b>	<b>3.1 p.p.</b>

p.p.: percentage points

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.

**TOTAL COMPENSATION AS A % OF  
CANACCORD GENUITY REVENUE – OVERALL**

**TOTAL COMPENSATION AS A % OF  
CANACCORD GENUITY REVENUE – CANADA**

**TOTAL COMPENSATION AS A % OF  
CANACCORD GENUITY REVENUE – UK & EUROPE**

**TOTAL COMPENSATION AS A % OF  
CANACCORD GENUITY REVENUE – US**

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

**Other overhead expenses**

Other overhead expenses excluding significant items<sup>(1)</sup> were \$189.4 million for fiscal 2016, a decrease of \$6.3 million from the prior year. The largest fluctuations in other overhead expenses were a \$4.2 million decrease in general and administrative expense, a \$2.9 million decrease in interest expense, a \$1.5 million decrease in amortization expense and a \$1.6 million decrease in development costs, offset by a \$3.0 million increase in communication and technology expense.

Interest expense decreased by \$2.9 million compared to the prior year as a result of a decrease in our Canadian operations.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.

General and administrative expense decreased by \$4.2 million compared to fiscal 2015, mainly due to lower professional fees in our US operations and lower promotion and travel expense in our Canadian and UK operations.

Amortization expense decreased by \$1.5 million to \$13.9 million compared to the prior year due to a decrease in amortization of intangible assets in our Canadian operations.

Communication and technology expense increased by \$3.0 million, to \$37.8 million for the year ended March 31, 2016, primarily in our US operations.

Development costs decreased by \$1.6 million from last year to \$7.9 million in fiscal 2016, mainly due to lower hiring incentives in our US and UK & Europe operations, offset by an increase in Canada.

During fiscal 2016, the Canaccord Genuity segment recorded restructuring costs of \$11.3 million related to the staff reductions in our US, UK and Canadian operations and the closure of our Barbados office. In addition, the Company recorded impairment charges in respect of the goodwill allocated to the following capital markets operations: (i) Canada – \$150.0 million; (ii) UK & Europe – \$106.9 million; (iii) US – \$10.0 million; (iv) Other Foreign Locations – Australia – \$22.1 million; and (v) Other Foreign Locations – Singapore – \$24.3 million. The Company also recorded impairment charges related to the unamortized intangible assets of \$1.6 million and \$0.2 million allocated to Other Foreign Locations – Singapore and Other Foreign Locations – Australia, respectively. During the year ended March 31, 2016 the Company also recorded an impairment charge related to equipment and leasehold improvements of \$6.0 million in our US capital markets operations.

### **(LOSS) INCOME BEFORE INCOME TAXES**

Loss before income taxes in fiscal 2016 was \$349.1 million compared to net income of \$1.9 million in fiscal 2015. Excluding significant items<sup>(1)</sup>, loss before income taxes was \$10.2 million compared to a net income of \$44.3 million in fiscal 2015. The decrease in net income excluding significant items<sup>(1)</sup> was mainly due to the decline in revenue, a higher compensation ratio resulting from certain adjustments to the compensation pools, as well as increases in certain overhead expenses incurred to support the business.

### **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 five locations, including 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 70.1% of its fiscal 2016 revenue generated from fee-based activity, this geography has a significantly higher proportion of fee-based revenue than the Company's Canadian and Australian 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 25 funds managed by Canaccord Genuity Wealth Management portfolio managers.

At March 31, 2016 Canaccord Genuity Wealth Management had 13 offices located across Canada, including five Independent Wealth Management (IWM) locations. During fiscal 2016, the Company continued the strategic refocusing of its Canadian wealth management division to fulfill the needs of a more conservative, aging client base by providing comprehensive financial planning services. The Company has significantly enhanced its training programs over the last several years to ensure Advisory Teams, investment professionals and fund managers possess the broad-based expertise required to deliver comprehensive wealth management advice.

#### **Outlook**

Management's priorities for Canaccord Genuity Wealth Management will be focused on growing assets under administration and management, and increasing its proportion of fee-based revenues. 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 70.1% of the division's revenue derived from recurring, fee-based activities, the revenue streams generated through Canaccord Genuity Wealth Management's UK & European wealth management business help 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 will 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 enhanced 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. Despite challenging market conditions, we maintain a strong focus on attracting and retaining high quality advisors, investing in training programs and building a comprehensive suite of high quality products targeted at attracting high net worth investors and helping advisors grow their businesses.

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

## FINANCIAL PERFORMANCE – NORTH AMERICA<sup>(1)(2)</sup>

(C\$ thousands, except AUM and AUA (in C\$ millions), number of employees, Advisory Teams and % amounts)	For the years ended March 31			
	2016	2015	2016/2015 change	
Revenue	\$ 108,208	\$ 125,339	\$ (17,131)	(13.7)%
Expenses				
Incentive compensation	51,707	62,813	(11,106)	(17.7)%
Salaries and benefits	11,652	12,188	(536)	(4.4)%
Other overhead expenses	32,675	39,957	(7,282)	(18.2)%
Restructuring costs	165	—	165	100.0%
Total expenses	96,199	114,958	(18,759)	(16.3)%
Intersegment allocations <sup>(3)</sup>	19,664	17,483	2,181	12.5%
Loss before income taxes (recovery) <sup>(3)</sup>	\$ (7,655)	\$ (7,102)	\$ (553)	(7.8)%
AUM – Canada (discretionary) <sup>(4)</sup>	1,257	1,561	(304)	(19.5)%
AUA – Canada <sup>(5)</sup>	9,192	10,729	(1,537)	(14.3)%
Number of Advisory Teams – Canada	139	152	(13)	(8.6)%
Number of employees	354	400	(46)	(11.5)%
<b>Excluding significant items<sup>(6)</sup></b>				
Total expenses	\$ 96,034	\$ 114,958	\$ (18,924)	(16.5)%
Intersegment allocations <sup>(3)</sup>	19,664	17,483	2,181	12.5%
Loss before income taxes (recovery) <sup>(3)</sup>	(7,490)	(7,102)	(388)	(5.5)%

(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 30.

(2) Includes Canaccord Genuity Wealth Management operations in Canada and the US.

(3) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 56.

(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.

(6) Refer to the Selected Financial Information Excluding Significant Items table on page 38.

Revenue from Canaccord Genuity Wealth Management North America was \$108.2 million, a decrease of \$17.1 million from fiscal 2015, as a result of weakened market conditions and reduced client and corporate finance activities. While we continue to experience growth in our fee-based and proprietary asset management offerings, the ongoing weakness in investment banking activity continues to put pressure on commissions and fees for our Canadian wealth management business, a key distribution channel for our capital markets transactions.

AUA in Canada decreased by 14.3% to \$9.2 billion at March 31, 2016 from \$10.7 billion at March 31, 2015, reflecting lower market values over the year and a reduced number of investment advisory teams. AUM in Canada also decreased by 19.5% compared to fiscal 2015. There were 139 Advisory Teams in Canada, a decrease of 13 from a year ago. The fee-based revenue in our North American operations was 10.3 percentage points higher than in the prior year and accounted for 43.9% of the wealth management revenue earned in Canada during the year ended March 31, 2016.

Expenses for the current fiscal year were \$96.2 million, a decrease of \$18.8 million or 16.3% from fiscal 2015. The continued focus on cost containment led to a decrease in total expenses as a percentage of revenue of 2.8 percentage points compared to last year. Incentive compensation expense decreased by \$11.1 million compared to fiscal 2015 as a result of lower incentive-based revenue. Total compensation expense as a percentage of revenue decreased by 1.3 percentage points compared to last year due to lower fixed compensation levels.

Non-compensation expenses for the year ended March 31, 2016 decreased by \$7.3 million compared to fiscal 2015. The continued focus on cost reductions led to a decrease of \$2.3 million in general and administrative expense and of \$1.1 million in development costs. Trading costs decreased by \$1.3 million as a result of a change in allocation of certain trading, clearing and settlement charges from our Corporate and Other segment. Restructuring costs were \$0.2 million for the fiscal year 2016 due to staff reductions.

Loss before income taxes for fiscal 2016 was \$7.7 million compared to a loss before income taxes of \$7.1 million for fiscal 2015, a slight increase in losses of \$0.6 million despite a 13.7% decrease in revenue.

**FINANCIAL PERFORMANCE – UK & EUROPE<sup>(1)</sup>**

(C\$ thousands, except AUM (in C\$ millions), number of employees, investment professionals and fund managers, and % amounts)	For the years ended March 31			
	2016	2015	2016/2015 change	
Revenue	\$ 138,359	\$ 125,551	\$ 12,808	10.2%
Expenses				
Incentive compensation	50,146	45,407	4,739	10.4%
Salaries and benefits	23,454	18,573	4,881	26.3%
Other overhead expenses	44,743	43,389	1,354	3.1%
Restructuring costs	—	783	(783)	(100.0)%
Total expenses	118,343	108,152	10,191	9.4%
Intersegment allocations <sup>(2)</sup>	2,190	4,200	(2,010)	(47.9)%
Income before income taxes <sup>(2)</sup>	\$ 17,826	\$ 13,199	\$ 4,627	35.1%
AUM – UK & Europe <sup>(3)</sup>	22,791	21,763	1,028	4.7%
Number of investment professionals and fund managers – UK & Europe	118	114	4	3.5%
Number of employees	312	303	9	3.0%
<b>Excluding significant items<sup>(4)</sup></b>				
Total expenses	\$ 112,288	\$ 99,778	\$ 12,510	12.5%
Intersegment allocations <sup>(2)</sup>	2,190	4,200	(2,010)	(47.9)%
Income before income taxes <sup>(2)</sup>	23,881	21,573	2,308	10.7%

(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 30.

(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 56.

(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 38.

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 2016 was \$138.4 million, an increase of 10.2% compared to fiscal 2015, primarily as a result of fee-related revenue earned through an increase in the size and market value of managed accounts.

AUM in the UK & Europe as of March 31, 2016 was \$22.8 billion, a \$1.0 billion increase from \$21.8 billion at March 31, 2015. The fee-based revenue in our UK & European operations accounted for 70.1% of total revenue in this geography, an increase of 1.8 percentage points compared to fiscal 2015. This business has a higher proportion of fee-based revenue and managed accounts compared to our Canadian wealth management business.

Incentive compensation expense was \$50.1 million, a \$4.7 million or 10.4% increase from fiscal 2015, consistent with the 10.2% increase in incentive-based revenue. Salaries and benefits increased by \$4.9 million, to \$23.5 million as of March 31, 2016. The increase was largely due to capitalized employment costs in fiscal 2015 incurred in connection with systems and software development prior to its implementation now being treated as an operating expense. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue increased by 2.2 percentage points to 53.2% for the year ended March 31, 2016.

Other overhead expenses increased by \$1.4 million from the prior year due to a \$1.0 million increase in trading costs and a \$1.3 million increase in communications and technology expense, mainly to support the growth in this region.

Income before income taxes was \$17.8 million compared to \$13.2 million in the prior year, mainly as a result of higher revenue generated in fiscal 2016. Excluding significant items<sup>(1)</sup>, income before income taxes was \$23.9 million, an increase of 10.7% 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.

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.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.

Also included in this segment are Canaccord Genuity Group Inc.'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 288 employees in the Corporate and Other segment. The majority of Canaccord Genuity Group Inc.'s corporate support functions are based in Vancouver and Toronto, Canada.

Our operations group is responsible for all activity in connection with 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. Canaccord Genuity Group Inc.'s risk management and compliance activities include procedures to identify, control, measure and monitor the Company's risk exposure at all times.

## FINANCIAL PERFORMANCE<sup>(1)</sup>

(C\$ thousands, except number of employees and % amounts)	For the years ended March 31			
	2016	2015	2016/2015 change	
Revenue	\$ 8,968	\$ 16,768	\$ (7,800)	(46.5)%
Expenses				
Incentive compensation	8,535	11,744	(3,209)	(27.3)%
Salaries and benefits	29,350	29,356	(6)	—
Other overhead expenses	29,174	19,914	9,260	46.5%
Restructuring costs	5,882	3,033	2,849	93.9%
Total expenses	72,941	64,047	8,894	13.9%
Intersegment allocations <sup>(2)</sup>	(38,941)	(33,593)	(5,348)	(15.9)%
Loss before income taxes (recovery) <sup>(2)</sup>	\$ (25,032)	\$ (13,686)	\$ (11,346)	(82.9)%
Number of employees	288	324	(36)	(11.1)%
<b>Excluding significant items<sup>(3)</sup></b>				
Total expenses	\$ 60,155	\$ 55,814	\$ 4,341	7.8%
Intersegment allocations <sup>(2)</sup>	(38,941)	(33,593)	(5,348)	(15.9)%
Loss before income taxes (recovery) <sup>(2)</sup>	(12,246)	(5,453)	(6,793)	(124.6)%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 30.

(2) Loss before income taxes (recovery) includes intersegment allocations. See the Intersegment Allocated Costs section below.

(3) Refer to the Selected Financial Information Excluding Significant Items table on page 38.

Revenue for fiscal 2016 was \$9.0 million, a decrease of \$7.8 million or 46.5% from fiscal 2015 primarily related to a \$4.0 million impairment charge in connection with our investment in Canadian First Financial Group Inc., as well as a decline in foreign exchange gains.

Total expenses were \$72.9 million for the year ended March 31, 2016, an increase of \$8.9 million or 13.9% over the prior year. Other overhead expenses increased by \$9.3 million year over year mainly due to an increase of \$4.9 million in trading costs resulting from a change in the allocation of certain trading, clearing and settlement charges to the Canaccord Genuity and Canaccord Genuity Wealth Management segments. Development costs increased by \$4.6 million compared to the year ended March 31, 2015, mainly due to a non-cash accounting charge related to the surrender of a long-term incentive award granted to our new CEO in conjunction with his appointment in fiscal 2016. The accounting charge related to the unamortized balance of this award as of March 31, 2016 in accordance with applicable accounting standards. A software development charge of \$2.3 million related to the termination of a software development project was also recorded in fiscal 2016. In fiscal 2015, development costs included a \$5.2 million charge related to the accelerated recognition of the unamortized cost of stock-based compensation awards which were held by our former CEO. Premises and equipment expense also increased by \$1.3 million compared to the year ended March 31, 2015. These increases were offset by a \$1.0 million decrease in general and administrative expense and a \$0.8 million decrease in amortization expense.

Restructuring costs of \$5.9 million were recorded during fiscal 2016 in connection with certain executive changes and staff reductions in Canada.

Loss before income taxes was \$25.0 million for fiscal 2016 compared to a loss before income taxes of \$13.7 million for the prior year. Excluding significant items<sup>(1)</sup>, loss before income taxes was \$12.2 million for the year ended March 31, 2016 compared to a loss before income taxes of \$5.5 million last year.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 30.

## 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 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:

(C\$ thousands)	Balance sheet summary as at March 31				
	2016	2015	2014	2013	2012
<b>Assets</b>					
Cash and cash equivalents	\$ 428,329	\$ 322,324	\$ 364,296	\$ 491,012	\$ 814,238
Securities owned	564,746	848,128	1,143,201	924,337	1,171,988
Accounts receivable	2,041,150	2,491,488	2,785,898	2,513,958	3,081,640
Income taxes recoverable	12,537	5,295	3,983	—	8,301
Deferred tax assets	11,221	10,148	9,735	12,552	3,959
Investments	5,578	8,693	9,977	3,695	9,493
Equipment and leasehold improvements	37,049	43,373	50,975	42,979	51,084
Goodwill and other intangible assets	323,936	640,456	646,557	614,969	622,020
<b>Total assets</b>	<b>\$ 3,424,546</b>	<b>\$ 4,369,905</b>	<b>\$ 5,014,622</b>	<b>\$ 4,603,502</b>	<b>\$ 5,762,723</b>
<b>Liabilities and shareholders' equity</b>					
Bank indebtedness	\$ 14,910	\$ 20,264	\$ —	\$ 66,138	\$ 75,141
Short term credit facility	—	—	—	—	150,000
Securities sold short	427,435	654,639	913,913	689,020	914,649
Accounts payable and accrued liabilities	2,185,047	2,527,636	2,877,933	2,726,735	3,550,600
Provisions	18,811	14,320	10,334	20,055	39,666
Income taxes payable	4,242	8,172	10,822	4,428	—
Contingent consideration	—	—	—	14,218	—
Deferred tax liabilities	450	2,057	3,028	2,576	8,088
Subordinated debt	15,000	15,000	15,000	15,000	15,000
Shareholders' equity	749,929	1,117,542	1,168,680	1,049,163	992,125
Non-controlling interests	8,722	10,275	14,912	16,169	17,454
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,424,546</b>	<b>\$ 4,369,905</b>	<b>\$ 5,014,622</b>	<b>\$ 4,603,502</b>	<b>\$ 5,762,723</b>

## ASSETS

Cash and cash equivalents were \$428.3 million at March 31, 2016 compared to \$322.3 million at March 31, 2015. Refer to the Liquidity and Capital Resources section for more details.

Securities owned were \$564.7 million at March 31, 2016 compared to \$848.1 million at March 31, 2015, mainly attributable to a decrease in both corporate and government debt owned.

Accounts receivable were \$2.0 billion at March 31, 2016 compared to \$2.5 billion at March 31, 2015, mainly due to a decrease in receivables from clients and brokers and investment dealers.

Goodwill was \$203.7 million and intangible assets were \$120.2 million at March 31, 2016. At March 31, 2015, goodwill was \$505.6 million and intangible assets were \$134.9 million, representing the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc (CSHP), a 50% interest in Canaccord Genuity (Australia) Limited, and the wealth management business of Eden Financial Ltd. As discussed in previous sections, the Company recorded impairment charges in respect of the goodwill allocated to the following capital markets operations during the year ended March 31, 2016: (i) Canada – \$150.0 million; (ii) UK & Europe – \$106.9 million; (iii) US – \$10.0 million; (iv) Other Foreign Locations – Australia – \$22.1 million; and (v) Other Foreign Locations – Singapore – \$24.3 million. In addition, the Company recorded impairment charges related to the unamortized intangible assets of \$1.6 million and \$0.2 million allocated to Other Foreign Locations – Singapore and Other Foreign Locations – Australia, respectively. During the year ended March 31, 2016, the Company also recorded an impairment charge related to equipment and leasehold improvements of \$6.0 million in our US capital markets operations.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were \$66.4 million at March 31, 2016 compared to \$67.5 million at March 31, 2015.

### 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, 2016, Canaccord Genuity Group had available credit facilities with banks in Canada and the UK & Europe in the aggregate amount of \$697.3 million [March 31, 2015 – \$770.0 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, 2016, there was bank indebtedness of \$14.9 million, compared to \$20.3 million on March 31, 2015.

Accounts payable and accrued liabilities, including provisions, were \$2.2 billion, a decrease from \$2.5 billion on March 31, 2015, mainly due to a decrease in payables to clients and brokers and investment dealers.

Securities sold short were \$427.4 million at March 31, 2016 compared to \$654.6 million at March 31, 2015, mostly due to a decrease in short positions in corporate and government debt.

Other liabilities, including subordinated debt, income taxes payable and deferred tax liabilities, were \$19.7 million at March 31, 2016, a decrease from \$25.2 million in the prior year.

Non-controlling interests were \$8.7 million at March 31, 2016 compared to \$10.3 million at March 31, 2015.

### Off-Balance Sheet Arrangements

A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totaling \$2.6 million (US\$2.0 million) [March 31, 2015 – \$1.1 million (US\$0.9 million)] as rent guarantees for its leased premises in New York.

The following table summarizes Canaccord Genuity Group's long term contractual obligations on March 31, 2016.

(C\$ thousands)	Total	Contractual obligations payments due by period			
		Fiscal 2017	Fiscal 2018– Fiscal 2019	Fiscal 2020– Fiscal 2021	Thereafter
Premises and equipment operating leases	\$ 151,098	\$ 31,196	\$ 50,195	\$ 32,886	\$ 36,821

### Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, contributed surplus, retained earnings and accumulated other comprehensive income. On March 31, 2016, cash and cash equivalents were \$428.3 million, an increase of \$106.0 million from \$322.3 million as of March 31, 2015. During the year ended March 31, 2016, financing activities used cash in the amount of \$86.1 million, mainly due to cash dividends paid and purchases of common shares for the long-term incentive plan (LTIP). Investing activities used cash in the amount of \$14.7 million mainly for the purchase of equipment and leasehold improvements and intangible assets. Operating activities generated cash in the amount of \$205.6 million, which was largely due to changes in non-cash working capital. An increase in cash of \$1.2 million was attributable to the effect of foreign exchange translation on cash balances.

Cash used in financing activities increased by \$0.3 million compared to the year ended March 31, 2015. Cash used in investing activities decreased by \$14.8 million during the year ended March 31, 2016 compared to last year, mainly due to the purchase of non-controlling interests in fiscal 2015 and lower additions of intangible assets. Changes in working capital led to an increase in cash generated by operating activities of \$134.2 million.

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, if declared, will be paid at an annual rate of 5.5% for the initial five-year period ending on September 30, 2016. 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%.

Holder of Series A 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 B (Series B Preferred Shares), subject to certain conditions, on September 30, 2016 and on September 30 every five years thereafter. Holders of the Series B Preferred Shares will 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 3.21%.

The Company has the option to redeem the Series A Preferred Shares on September 30, 2016 and on September 30 every five years thereafter, in whole or in part, at \$25.00 per share together with all declared and unpaid dividends. The Series B Preferred Shares are redeemable at the Company's option on September 30, 2021 and 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%.

Holder 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 the Series D Preferred Shares will 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. The Series D Preferred Shares are 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.

## Outstanding Share Data

	Outstanding shares as of March 31	
	2016	2015
<b>Preferred shares</b>		
Series A – issued shares outstanding	4,540,000	4,540,000
Series C – issued shares outstanding	4,000,000	4,000,000
<b>Common shares</b>		
Issued shares excluding unvested shares <sup>(1)</sup>	89,083,622	91,794,667
Issued shares outstanding <sup>(2)</sup>	103,812,814	102,607,705
Issued shares outstanding – diluted <sup>(3)</sup>	109,072,060	104,704,483
Average shares outstanding – basic	90,552,860	91,693,485
Average shares outstanding – diluted <sup>(4)</sup>	n/a	n/a

(1) Excludes 2,557,568 outstanding unvested shares related to share purchase loans for recruitment and 12,171,624 unvested shares purchased by the employee benefit trusts for the LTIP.

(2) Includes 2,557,568 unvested shares related to share purchase loans for recruitment and 12,171,624 unvested shares purchased by the employee benefit trusts for the LTIP.

(3) Includes 5,259,246 of share issuance commitments.

(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 NCIB which commenced on August 13, 2014 and ended on August 12, 2015, a total of 1,075,432 shares were purchased at a weighted average price per share of \$7.9555. All of these shares were cancelled. On August 5, 2015, the

Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,163,737 of its common shares during the period from August 13, 2015 to August 12, 2016 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. A total of 624,350 shares have been purchased at a weighted average price per share of \$5.4980 and cancelled through the NCIB between April 1, 2015 and March 31, 2016.

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.

Purchases under the current NCIB commenced on August 13, 2015, and will continue for one year (to August 12, 2016) 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 and the conditions for trading under the *EU Buy-back and Stabilisation Regulation*, the daily purchases are limited to 41,767 common shares of the Company (which is the lesser of (a) 25% of the average daily trading volume of common shares of the Company on the TSX in the six calendar months from February 2015 to July 2015 and (b) 25% of the average daily trading volume of common shares of the Company on the TSX in the month of July 2015). To fulfill its regulatory reporting requirements in Canada and in the UK, the Company will issue a press release no later than the end of the seventh daily market session following the date of execution of the purchases.

As of May 31, 2016, the Company has 103,820,406 common shares issued and outstanding.

## ISSUANCE AND CANCELLATION OF COMMON SHARE CAPITAL

	Fiscal 2016
<b>Total common shares issued and outstanding as of March 31, 2015</b>	<b>102,607,705</b>
Shares issued in connection with share-based payment plans	1,806,115
Shares issued in connection with replacement plans	77,830
Shares cancelled	(678,836)
<b>Total common shares issued and outstanding as of March 31, 2016</b>	<b>103,812,814</b>

## 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 and the United Kingdom, an employee benefit trust has been established.

The Company or certain of its subsidiaries, as the case may be, fund the employee benefit trusts (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. The Company also has the option to issue common shares from treasury to plan participants following vesting of the RSUs.

### FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides forgivable common share purchase loans to certain employees (other than directors or executive officers) in order to purchase common shares. The Company has provided such loans to executive officers in the past but has now adopted a policy not to make any further such loans to directors or executive officers. 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 entitle the awardee to receive cash or common shares of the Company. If at the vesting date the share price is less than \$8.50 per share, then the Company, at its election, will either (a) pay cash to the employee equal to \$8.50 multiplied by the number of RSUs vesting on such date, or (b) pay cash to the employee equal to the difference between \$8.50 and the vesting

date share price, multiplied by the number of RSUs vesting on that date plus that number of shares equal to the number of RSUs vesting on such date. If the share price is greater than \$8.50, then the Company will settle the RSUs in common shares.

#### **SHARE OPTIONS**

The Company previously granted share options to purchase common shares of the Company to independent directors and senior management. The independent directors and senior management have been granted options to purchase common shares of the Company. As at March 31, 2016, there were 1,509,354 options outstanding. The stock options vest over a four- to five-year period and expire seven years after the grant date. The weighted average exercise price of the share options is \$9.38 per common share.

#### **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 course of the fiscal year, 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**

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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 principal trading subsidiaries and principal intermediate holding companies are listed in the following table:

	Country of incorporation	% equity interest	
		March 31, 2016	March 31, 2015
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 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 (Delaware) Inc.	United States	100%	100%
Canaccord Adams Financial Group ULC	Canada	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 Singapore Pte Ltd.**	Singapore	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%	n/a

\* 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, 2016 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, 2015 – 60%].

\*\* On April 8, 2016, the Company entered into an agreement to sell its shares in Canaccord Genuity Singapore Pte Ltd. This sale is subject to regulatory approval from the Monetary Authority of Singapore and is expected to close in the second quarter of fiscal 2017.

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.

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, 2016 and March 31, 2015.

	March 31, 2016	March 31, 2015
Short term employee benefits	\$ 4,668	\$ 8,063
Share-based payments	2,526	9,412
<b>Total compensation paid to key management personnel</b>	<b>\$ 7,194</b>	<b>\$ 17,475</b>

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:

	March 31, 2016	March 31, 2015
Accounts receivable	\$ 61	\$ —
Accounts payable and accrued liabilities	\$ 4,035	\$ 1,041

## 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, 2016. The Company's consolidated financial statements for the years ended March 31, 2015 and 2014 were also prepared in accordance with IFRS.

The preparation of the March 31, 2016 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, 2016.

### CONSOLIDATION

The Company owns 50% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) as at March 31, 2016. The Company also completed an evaluation of its contractual arrangement with the other shareholders and the power 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, 2016 and 2015. 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, 2016, 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, 2015 – 40%), 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 recognized in the income statement.

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 income statement 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**

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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. Canaccord Genuity Group 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, 2016.

#### **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, 2016, forward contracts outstanding to sell US dollars had a notional amount of US\$2.0 million, a decrease of US\$5.5 million compared to March 31, 2015. Forward contracts outstanding to buy US dollars had a notional amount of US\$1.5 million, a decrease of

US\$10.5 million from March 31, 2015. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Singapore, 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 bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, 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 trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At March 31, 2016, the notional amount of the bond futures contracts outstanding was long \$10.9 million [March 31, 2015 – \$1.6 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At March 31, 2016, the notional amount of US Treasury futures contracts outstanding held in a short position was \$12.3 million (US\$9.5 million) [March 31, 2015 – \$nil].

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

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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, 2016 for further information.

## Disclosure Controls and Procedures and Internal Control over Financial Reporting

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### DISCLOSURE CONTROLS AND PROCEDURES

As of March 31, 2016, 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 & Risk 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 & Risk 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, 2016.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the President & CEO and the Executive Vice President, Chief Financial & Risk 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 & Risk 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, 2016 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, 2016 that have materially affected, or are reasonably likely to materially affect, Canaccord Genuity Group's internal control over financial reporting.

## Risk Management

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### OVERVIEW

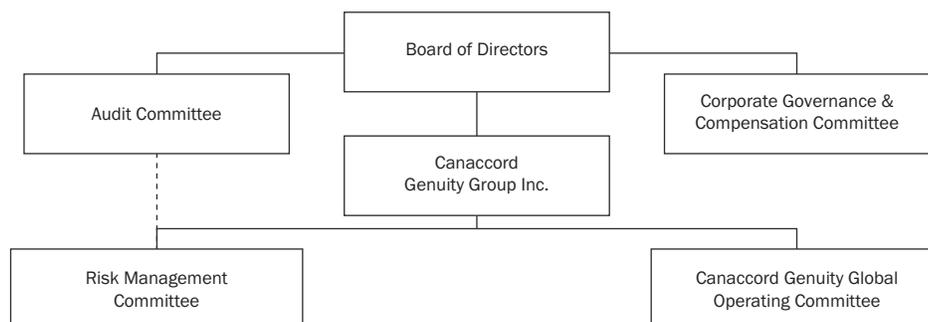
Uncertainty and risk are inherent when conducting operations within financial markets. As an active participant in the Canadian and international capital markets, Canaccord Genuity Group is exposed to risks that could result in financial losses. The Company has identified its principal risks as: market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

Canaccord Genuity Group'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 Canaccord Genuity Group'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 Canaccord Genuity Group'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 CFO, who also acts as the firm's Chief Risk Officer, and committee members include the CEO and senior management representation from the key revenue-producing businesses and functional areas of Canaccord Genuity Group. 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. Canaccord Genuity Group 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 Controls and Financial Analysis, Treasury, Finance and Legal.

## 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, 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.

Canaccord Genuity Group 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, Canaccord Genuity Group 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, Canaccord Genuity Group has established limits that are generally more restrictive than those required by applicable regulatory policies. In addition, Canaccord Genuity Group 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.

Canaccord Genuity Group 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, Canaccord Genuity Group 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.

Canaccord Genuity Group 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.

Canaccord Genuity Group 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). Canaccord Genuity Group 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

Canaccord Genuity Group 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. Canaccord Genuity Group 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 Canaccord Genuity Group that could materially affect the Company's business, operations or financial condition. Canaccord Genuity Group 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 Canaccord Genuity Group's Audited Consolidated Financial Statements.

### **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. Canaccord Genuity Group 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, Canaccord Genuity Group 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 Canaccord Genuity Group'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 Canaccord Genuity Group considers to be of particular relevance. Other risk factors may apply.

## **CONTROL RISK**

As of March 31, 2016, executive officers and directors of the Company collectively owned approximately 6.9% of the issued and outstanding (11.1% fully diluted) common shares of Canaccord Genuity Group Inc. If a sufficient number of these shareholders act or vote together, they may have the power to exercise 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.

In addition, as at March 31, 2016, the single largest shareholder that management was aware of was 1832 Asset Management ("1832"). The most recent confirmation of total holdings indicated 1832 owned 6,146,925 shares of Canaccord Genuity Group Inc. 1832's ownership represents 5.9% of common shares issued and outstanding as at March 31, 2016.

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 Canaccord Genuity Group'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 to prevent unauthorized change in control without regulatory approval could, in certain cases, affect the marketability and liquidity of the common shares.

## Dividend Policy

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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, Canaccord Genuity Group's financial condition, results of operations, capital requirements and such other factors as the Board determines to be relevant.

## Dividend Declaration

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On June 1, 2016, the Board of Directors considered the Company's dividend policy in the context of the market environment and the Company's business activity and approved a continued suspension of the quarterly common share dividend. This suspension will be reviewed quarterly and a determination made on the basis of business conditions and profitability.

On June 1, 2016, the Board of Directors approved the following cash dividends: \$0.34375 per Series A Preferred Share payable on June 30, 2016 with a record date of June 17, 2016; and \$0.359375 per Series C Preferred Share payable on June 30, 2016 with a record date of June 17, 2016.

## Additional Information

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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](http://www.canaccordgenuitygroup.com/EN/IR/FinReports/Pages/default.aspx) and on SEDAR at [www.sedar.com](http://www.sedar.com).

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## Independent Auditors' Report

To the Shareholders of  
**Canaccord Genuity Group Inc.**

We have audited the accompanying consolidated financial statements of Canaccord Genuity Group Inc., which comprise the consolidated statements of financial position as at March 31, 2016 and 2015, and the consolidated statements of operations, comprehensive (loss) income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canaccord Genuity Group Inc. as at March 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Chartered Professional Accountants  
Vancouver, Canada  
June 1, 2016

## Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	March 31, 2016	March 31, 2015
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 428,329	\$ 322,324
Securities owned	6	564,746	848,128
Accounts receivable	9	2,041,150	2,491,488
Income taxes receivable		12,537	5,295
<b>Total current assets</b>		<b>3,046,762</b>	<b>3,667,235</b>
Deferred tax assets	13	11,221	10,148
Investments	10	5,578	8,693
Equipment and leasehold improvements	11	37,049	43,373
Intangible assets	12	120,204	134,877
Goodwill	12	203,732	505,579
		<b>\$ 3,424,546</b>	<b>\$ 4,369,905</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current</b>			
Bank indebtedness	7	\$ 14,910	\$ 20,264
Securities sold short	6	427,435	654,639
Accounts payable and accrued liabilities	9, 19	2,185,047	2,527,636
Provisions	23	18,811	14,320
Income taxes payable		4,242	8,172
Subordinated debt	14	15,000	15,000
<b>Total current liabilities</b>		<b>2,665,445</b>	<b>3,240,031</b>
Deferred tax liabilities	13	450	2,057
		<b>2,665,895</b>	<b>3,242,088</b>
<b>Equity</b>			
Preferred shares	15	205,641	205,641
Common shares	16	617,756	620,858
Contributed surplus		86,235	85,597
Retained earnings (deficit)		(294,586)	92,815
Accumulated other comprehensive income		134,883	112,631
<b>Total shareholders' equity</b>		<b>749,929</b>	<b>1,117,542</b>
Non-controlling interests		8,722	10,275
<b>Total equity</b>		<b>758,651</b>	<b>1,127,817</b>
		<b>\$ 3,424,546</b>	<b>\$ 4,369,905</b>

See accompanying notes

On behalf of the Board:

*"Daniel Daviau"*

*"Terrence A. Lyons"*

**DANIEL DAVIAU**  
Director

**TERRENCE A. LYONS**  
Director

## Consolidated Statements of Operations

For the years ended (in thousands of Canadian dollars, except per share amounts)	Notes	March 31, 2016	March 31, 2015
<b>REVENUE</b>			
Commissions and fees		\$ 376,817	\$ 374,058
Investment banking		134,207	238,517
Advisory fees		158,002	151,336
Principal trading		85,559	75,217
Interest		16,830	22,212
Other		16,390	19,423
		<b>787,805</b>	<b>880,763</b>
<b>EXPENSES</b>			
Incentive compensation		417,876	455,480
Salaries and benefits		92,981	85,770
Trading costs		56,998	52,795
Premises and equipment		40,863	40,281
Communication and technology		55,975	51,758
Interest		10,222	13,424
General and administrative		87,004	94,688
Amortization	11, 12	25,339	28,428
Development costs		26,129	24,448
Restructuring costs	23	17,352	24,813
Impairment of goodwill and other assets	12	321,037	14,535
		<b>\$ 1,151,776</b>	<b>\$ 886,420</b>
Loss before income taxes		(363,971)	(5,657)
Income tax (recovery) expense	13		
Current		(3,190)	7,261
Deferred		(2,214)	(1,600)
		<b>(5,404)</b>	<b>5,661</b>
<b>Net loss for the year</b>		<b>\$ (358,567)</b>	<b>\$ (11,318)</b>
<b>Net (loss) income attributable to:</b>			
CGGI shareholders		\$ (358,471)	\$ (13,184)
Non-controlling interests		\$ (96)	\$ 1,866
<b>Weighted average number of common shares outstanding (thousands)</b>			
Basic	16	90,553	91,693
Diluted	16	n/a	n/a
<b>Net loss per common share</b>			
Basic	16	\$ (4.09)	\$ (0.27)
Diluted	16	\$ (4.09)	\$ (0.27)
<b>Dividend per Series A Preferred Share</b>	17	\$ 1.375	\$ 1.375
<b>Dividend per Series C Preferred Share</b>	17	\$ 1.4375	\$ 1.4375
<b>Dividend per common share</b>	17	\$ 0.10	\$ 0.25

See accompanying notes

## Consolidated Statements of Comprehensive (Loss) Income

For the years ended (in thousands of Canadian dollars)	March 31, 2016	March 31, 2015
Net loss for the year	\$ (358,567)	\$ (11,318)
Other comprehensive income (loss) (OCI) to be reclassified to net income (loss) in future periods		
Reversal of unrealized gains on disposal of available for sale investment	(747)	—
Net change in valuation of available for sale investments, net of tax	—	(314)
Net change in unrealized gains on translation of foreign operations, net of tax	23,471	22,945
<b>Comprehensive (loss) income for the year</b>	<b>\$ (335,843)</b>	<b>\$ 11,313</b>
<b>Comprehensive (loss) income attributable to:</b>		
CGGI shareholders	\$ (336,219)	\$ 8,433
Non-controlling interests	\$ 376	\$ 2,880

See accompanying notes

## Consolidated Statements of Changes in Equity

As at and for the years ended (in thousands of Canadian dollars)	Notes	March 31, 2016	March 31, 2015
<b>Preferred shares, opening and closing</b>	<b>15</b>	<b>\$ 205,641</b>	<b>\$ 205,641</b>
Common shares, opening		620,858	653,189
Shares issued in connection with share-based payments		11,772	21,321
Acquisition of common shares for long-term incentive plan (LTIP)		(46,616)	(58,240)
Release of vested common shares from employee benefit trust		25,768	20,867
Shares cancelled		(4,779)	(11,702)
Net unvested share purchase loans		10,753	(4,577)
<b>Common shares, closing</b>	<b>16</b>	<b>617,756</b>	<b>620,858</b>
Contributed surplus, opening		85,597	74,037
Share-based payments		5,084	5,595
Shares cancelled		1,340	656
Sale (purchase) of non-controlling interests		1,517	(3,092)
Unvested share purchase loans		(7,303)	8,401
<b>Contributed surplus, closing</b>		<b>86,235</b>	<b>85,597</b>
Retained earnings, opening		92,815	144,799
Net loss attributable to CGGI shareholders		(358,471)	(13,184)
Common shares dividends	17	(16,938)	(26,806)
Preferred shares dividends	17	(11,992)	(11,994)
<b>Retained earnings (deficit), closing</b>		<b>(294,586)</b>	<b>92,815</b>
Accumulated other comprehensive income, opening		112,631	91,014
Other comprehensive income attributable to CGGI shareholders		22,252	21,617
<b>Accumulated other comprehensive income, closing</b>		<b>134,883</b>	<b>112,631</b>
<b>Total shareholders' equity</b>		<b>749,929</b>	<b>1,117,542</b>
Non-controlling interests, opening		10,275	14,912
Foreign exchange on non-controlling interests		605	(1,171)
Comprehensive income attributable to non-controlling interests		376	2,880
Dividends paid to non-controlling interests		(2,952)	(1,723)
Sale (purchase) of non-controlling interests		418	(4,623)
<b>Non-controlling interests, closing</b>		<b>8,722</b>	<b>10,275</b>
<b>Total equity</b>		<b>\$ 758,651</b>	<b>\$ 1,127,817</b>

See accompanying notes

## Consolidated Statements of Cash Flows

For the years ended (in thousands of Canadian dollars)	Notes	March 31, 2016	March 31, 2015
<b>OPERATING ACTIVITIES</b>			
Net loss for the year		\$ (358,567)	\$ (11,318)
Items not affecting cash			
Amortization	11, 12	25,339	28,428
Deferred income tax recovery		(2,214)	(1,600)
Share-based compensation expense	18	51,900	61,305
Impairment of goodwill and other assets	12	321,037	14,535
Impairment of investment in Canadian First Financial Group Inc.	7	4,000	1,000
Write-off of intangible assets		2,350	—
Changes in non-cash working capital			
Decrease in securities owned		286,128	305,250
Decrease in accounts receivable		410,704	341,381
Increase in income taxes receivable, net		(10,667)	(1,153)
Decrease in securities sold short		(227,758)	(266,619)
Decrease in accounts payable, accrued liabilities, and provisions		(296,632)	(399,788)
<b>Cash provided by operating activities</b>		<b>205,620</b>	<b>71,421</b>
<b>FINANCING ACTIVITIES</b>			
(Decrease) increase in bank indebtedness		(4,529)	20,264
Purchase of shares for cancellation		(3,439)	(9,936)
Acquisition of common shares for long-term incentive plan		(46,616)	(58,240)
Cash dividends paid on common shares		(16,839)	(26,806)
Cash dividends paid on preferred shares		(11,992)	(11,994)
Cash paid related to CSH Inducement Plan		(2,700)	(1,295)
Proceeds from exercise of stock options		—	2,222
<b>Cash used in financing activities</b>		<b>(86,115)</b>	<b>(85,785)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of equipment and leasehold improvements		(10,565)	(5,232)
Purchase of intangible assets		(4,170)	(16,636)
Purchase of non-controlling interests		—	(7,715)
<b>Cash used in investing activities</b>		<b>(14,735)</b>	<b>(29,583)</b>
<b>Effect of foreign exchange on cash balances</b>		<b>1,235</b>	<b>1,975</b>
<b>Increase (decrease) in cash position</b>		<b>106,005</b>	<b>(41,972)</b>
Cash position, beginning of year		322,324	364,296
<b>Cash position, end of year</b>		<b>428,329</b>	<b>322,324</b>
<b>Supplemental cash flow information</b>			
Interest received		\$ 16,892	\$ 22,187
Interest paid		\$ 8,524	\$ 12,836
Income taxes paid		\$ 10,572	\$ 16,020

See accompanying notes

## Notes to Consolidated Financial Statements

As at March 31, 2016 and March 31, 2015  
and for the years ended March 31, 2016 and 2015  
(in thousands of Canadian dollars, except per share amounts)

### NOTE 01

### Corporate Information

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company) is a leading independent, full-service investment dealer in Canada with capital markets operations in Canada, the United Kingdom (UK) and Europe, the United States of America (US), Australia, China and Dubai. The Company also has wealth management operations in Canada, the UK and Europe, and Australia. The Company has operations in each of the two principal segments of the securities industry: capital markets and wealth management. Together, these operations offer a wide range of complementary investment products, brokerage services and investment banking services to the Company's private, institutional and corporate clients.

Canaccord Genuity Group Inc. was incorporated on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). The Company's head office is located at Suite 2200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at Suite 1000 – 840 Howe Street, Vancouver, British Columbia, V6Z 2M1.

The Company's common shares are publicly traded under the symbol CF on the Toronto Stock Exchange (TSX). The Company's Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. The Company's Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C.

The Company's business experiences considerable variations in revenue and income (loss) from quarter to quarter and year to year due to factors beyond the Company's control. The Company's business is affected by the overall condition of the worldwide equity and debt markets.

### NOTE 02

### Basis of Preparation

#### STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis except for investments, securities owned, securities sold short and certain impaired non-current assets, which have been measured at fair value as set out in the relevant accounting policies.

The consolidated financial statements are presented in Canadian dollars and all values are in thousands of dollars, except when otherwise indicated.

These audited consolidated financial statements were authorized for issuance by the Company's Board of Directors on June 1, 2016.

#### PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Company, its subsidiaries and controlled special purpose entities (SPEs).

The financial results of a subsidiary or controlled SPE should be consolidated if the Company acquires control. Control is achieved when an entity has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the statements of operations from the effective date of the acquisition or up to the effective date of the disposal, as appropriate.

All inter-company transactions and balances have been eliminated. In cases where an accounting policy of a subsidiary differs from the Company's accounting policies, the Company has made the appropriate adjustments to ensure conformity for purposes of the preparation of these consolidated financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

#### USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income

taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs, and provisions.

#### Consolidation

The Company owns 50% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) as at March 31, 2016. The Company also completed an evaluation of its contractual arrangements with the other shareholders of CGAL and the power 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, 2016 and 2015. 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 as at March 31, 2016, for accounting purposes, 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. Accordingly, the Company has consolidated the entity and recognized a 42% non-controlling interest as at March 31, 2016 (March 31, 2015 – 40%), 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 employee benefit trusts, which are considered SPEs [Note 18], 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.

#### Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Estimation may be required to determine the amount of revenue that can be recognized and also the timing of the substantial completion of the underlying investment banking or advisory transactions.

#### Share-based payments

The Company measures the cost of equity-settled and cash-settled transactions with employees and directors based on the fair value of the awards granted. The fair value is determined based on the observable share prices or by using an appropriate valuation model. The use of option pricing models to determine the fair value requires the input of highly subjective assumptions including the expected price volatility, expected forfeitures, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates. The assumptions and models used for estimating the fair value of share-based payments, if and as applicable, are disclosed in Note 18.

#### Income taxes and valuation of deferred taxes

Accruals for income tax liabilities require management to make estimates and judgments with respect to the ultimate outcome of tax filings and assessments. Actual results could vary from these estimates. The Company operates within different tax jurisdictions and is subject to individual assessments by these jurisdictions. Tax filings can involve complex issues, which may require an extended period of time to resolve in the event of a dispute or re-assessment by tax authorities. Deferred taxes are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and the level of future taxable profit.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. The Company establishes tax provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as the Company's experience of previous tax audits.

#### Impairment of goodwill and indefinite life intangible assets

Goodwill and indefinite life intangible assets are tested for impairment at least annually, or whenever an event or change in circumstance may indicate potential impairment, to ensure that the recoverable amount of the cash-generating unit (CGU) to which goodwill and indefinite life intangible assets are attributed is greater than or equal to their carrying values.

In determining the recoverable amount, which is the higher of fair value less costs to sell (FVLCS) and value-in-use, management uses valuation models that consider such factors as projected earnings, price-to-earnings multiples, relief of royalties related to brand names and discount rates. Management must apply judgment in the selection of the approach to determining the recoverable amount and in making any necessary assumptions. These judgments may affect the recoverable amount and any resulting impairment write-down. The key assumptions used to determine recoverable amounts for the different cash-generating units are disclosed in Note 12.

**Impairment of other long-lived assets**

The Company assesses its amortizable long-lived assets at each reporting date to determine whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the recoverable amount of the asset or the CGU containing the asset using management's best estimates and available information.

**Allowance for credit losses**

The Company records allowances for credit losses associated with clients' receivables, loans, advances and other receivables. The Company establishes an allowance for credit losses based on management's estimate of probable unrecoverable amounts. Judgment is required as to the timing of establishing an allowance for credit losses and the amount of the required specific allowance, taking into consideration counterparty creditworthiness, current economic trends and past experience. Clients' receivable balances are generally collateralized by securities; therefore, any provision is generally measured after considering the market value of the collateral, if any.

**Fair value of financial instruments**

The Company measures its financial instruments at fair value. Fair value is determined on the basis of market prices from independent sources, if available. If there is no available market price, then the fair value is determined by using valuation models. The inputs to these models, such as expected volatility and liquidity discounts, are derived from observable market data where possible, but where observable data is not available, judgment is required to select or determine inputs to a fair value model.

There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable data is not available. Changes in assumptions and inputs used in valuing financial instruments could affect the reported fair values.

**Provisions**

The Company records provisions related to pending or outstanding legal matters and regulatory investigations. Provisions in connection with legal matters are determined on the basis of management's judgment in consultation with legal counsel, considering such factors as the amount of the claim, the possibility of wrongdoing by an employee of the Company and precedents. Contingent litigation loss provisions are recorded by the Company when it is probable that the Company will incur a loss as a result of a past event and the amount of the loss can be reliably estimated. The Company also records provisions related to restructuring costs when the recognition criteria for provisions as they apply to restructuring costs are fulfilled.

**NOTE 03****Adoption of New and Revised Standards**

The Company adopted the following amendment as discussed below. There were no other new and revised standards adopted by the Company during the fiscal year.

**Annual improvements – 2011 – 2013 cycle**

The 2011 – 2013 annual improvements cycle included an amendment to IFRS 13, "*Fair Value Measurement*". The amendment to IFRS 13 clarifies that the portfolio can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39.

**NOTE 04****Future Changes in Accounting Policies**

The Company monitors the potential changes in standards proposed by the IASB and analyzes the effect that changes in the standards may have on the Company's operations. Potential changes are as follows:

**IFRS 9 – "*Financial Instruments*"**

In July 2014, the IASB issued the final version of IFRS 9, "*Financial Instruments*" which reflects all phases of the financial instruments project and replaces IAS 39, "*Financial Instruments: Recognition and Measurement*", and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company is still in the process of assessing the impact of the adoption of IFRS 9.

**IFRS 15, "*Revenue from Contracts with Customers*"**

During July 2015, due to significant feedback from stakeholders and to align with the US Financial Accounting Standards Board, the International Accounting Standards Board decided to defer the effective date of IFRS 15 by one year. As a result, IFRS 15 will be effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Company is still in the process of assessing the impact of the adoption of IFRS 15.

**IFRS 16 – “Leases”**

During January 2016, the IASB issued the new standard, which requires lessees to recognize assets and liabilities for most leases. The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 *Revenue from Contracts with Customers*, has been applied, or is applied at the same date as IFRS 16. The Company has not yet determined the impact of the adoption of IFRS 16 on the Company's financial statements.

**NOTE 05****Summary of Significant Accounting Policies****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.

**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 amortization of intangible assets is recognized in the consolidated statements of operations as part of amortization expense.

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.

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 50% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), and Eden Financial are customer relationships, non-competition agreements, trading licences and technology, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. Branding acquired through the acquisition of Genuity is also considered to have an indefinite life, as it will provide benefit to the Company over a continuous period. In addition, software under development became available for use during fiscal 2016, and the Company began amortizing the asset over its estimated useful life. The estimated amortization periods of these amortizable intangible assets are as follows:

	Acquired in business combinations				Internally developed
	Genuity	Canaccord Genuity Australia	CSHP	Eden Financial	Software
Brand names	indefinite	n/a	n/a	n/a	n/a
Customer relationships	11 years	5 years	8 to 24 years	8 years	n/a
Non-competition agreements	5 years	4.5 years	n/a	n/a	n/a
Trading licences	n/a	n/a	n/a	n/a	n/a
Technology	n/a	n/a	3 years	n/a	10 years

#### Internally developed software

Expenditures towards the development of 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. Capitalized costs are expenditures directly attributable to the software development, such as employment, consulting or professional fees. Amortization of the asset begins when development is complete and the asset is available for use. The asset 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 the FVLCS and the value-in-use of a particular asset or CGU. 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 recognized in the consolidated statements of operations.

In assessing FVLCS, 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. A long term growth rate is then calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statements of operations.

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 statements of operations.

The following assets have specific characteristics for impairment testing:

#### Goodwill

Goodwill is tested for impairment 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.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit, commercial paper and bankers' acceptances with a term to maturity of less than three months from the date of purchase, which are subject to an insignificant risk of changes in value.

## FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### [i] Financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale financial assets, as applicable.

Financial assets are recognized when the entity becomes a party to the contractual provisions of the instrument. For financial assets, trade date accounting is applied, the trade date being the date at which the Company commits itself to either the purchase or sale of the asset.

All financial assets are initially measured at fair value. Transaction costs related to financial instruments classified as fair value through profit or loss are recognized in the consolidated statements of operations when incurred. Transaction costs for all financial instruments other than those classified as fair value through profit or loss are included in the costs of the assets.

#### *Classification and subsequent measurement*

##### *Financial assets classified as fair value through profit or loss*

Financial assets classified as fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as fair value through profit or loss. Financial assets purchased for trading activities are classified as held for trading and are measured at fair value, with unrealized gains (losses) recognized in the consolidated statements of operations. In addition, provided that the fair value can be reliably determined, IAS 39 permits an entity to designate any financial instrument as fair value through profit or loss on initial recognition or adoption of this standard even if that instrument would not otherwise meet the definition of fair value through profit or loss as specified in IAS 39. The Company did not designate any financial assets upon initial recognition as fair value through profit or loss. The Company's financial assets classified as held for trading include cash and cash equivalents, and securities owned, including derivative financial instruments.

The Company periodically evaluates the classification of its financial assets as held for trading based on whether the intent to sell the financial assets in the near term is still appropriate. If the Company is unable to trade these financial assets due to inactive markets or if management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets in rare circumstances.

##### *Financial assets classified as available for sale*

Available for sale assets are measured at fair value, with subsequent changes in fair value recorded in other comprehensive income, net of tax, until the assets are sold or impaired, at which time the difference is recognized in net income for the year. Investments in equity instruments classified as available for sale that do not have a quoted market price in an active market are measured at fair value unless fair value is not reliably measurable. The Company's investments in Euroclear and Canadian First Financial Holdings Limited are classified as available for sale and measured at their estimated fair value.

##### *Financial assets classified as loans and receivables and held to maturity*

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statements of operations. The Company classifies accounts receivable as loans and receivables. The Company did not have any held to maturity investments during the years ended March 31, 2016 and 2015.

##### *Impairment of financial assets*

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that have occurred since the initial recognition of the asset and those events have had a significant or prolonged impact on the estimated future cash flows of the asset that can be reliably estimated. The determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of operations.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is recognized in the consolidated statements of operations and is measured as the difference between the carrying value and the fair value.

#### ***Derecognition***

A financial asset is derecognized primarily when the rights to receive cash flows from the asset have expired, or the Company has transferred its right to receive cash flows from the asset.

#### **[ii] Financial liabilities**

##### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or loans and borrowings. All financial liabilities are recognized initially at fair value less, in the case of other financial liabilities, directly attributable transaction costs.

##### ***Classification and subsequent measurement***

###### ***Financial liabilities classified as fair value through profit or loss***

Financial liabilities classified as fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the statements of operations. The Company has not designated any financial liabilities as fair value through profit or loss that would not otherwise meet the definition of fair value through profit or loss upon initial recognition. Bank indebtedness, contingent consideration and securities sold short, including derivative financial instruments, are classified as held for trading and recognized at fair value.

###### ***Financial liabilities classified as loans and borrowings***

After initial recognition, financial liabilities classified as loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statements of operations through the EIR method of amortization. Loans and borrowings include accounts payable and accrued liabilities, and subordinated debt. The carrying value of loans and borrowings approximates their fair value.

#### **[iii] Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

#### **[iv] Derivative financial instruments**

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or currency exchange rates.

The Company uses derivative financial instruments to manage 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.

Realized and unrealized gains and losses related to these contracts are recognized in the consolidated statements of operations during the reporting period.

The Company trades in futures contracts, which are agreements to buy or sell standardized amounts of a financial instrument at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and subject to daily cash margining. The Company trades in futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk.

The Company also trades in forward contracts, which are non-standardized contracts to buy or sell a financial instrument at a specified price on a future date. The Company trades in forward contracts in an attempt to mitigate foreign exchange risk on pending security settlements in foreign currencies.

#### **FAIR VALUE MEASUREMENT**

The Company measures financial instruments at fair value at each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

When available, quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs, are used to determine fair value. For financial instruments not traded in an active market, the fair value is determined using appropriate and reliable valuation techniques. Such techniques may include recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Valuation techniques may require the use of estimates or management assumptions if observable market data is not available. When the fair value cannot be reliably measured using a valuation technique, then the financial instrument is measured at cost.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measured based on the lowest level input significant to the fair value measurement in its entirety [Note 7]. For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### **SECURITIES OWNED AND SOLD SHORT**

Securities owned and sold short are recorded at fair value based on quoted market prices in an active market or a valuation model if no market prices are available. Unrealized gains and losses are reflected in income. Certain securities owned have been pledged as collateral for securities borrowing transactions. Securities owned and sold short are classified as held for trading financial instruments.

### **SECURITIES LENDING AND BORROWING**

The Company employs securities lending and borrowing activities primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered and interest being paid when cash is received. Securities borrowed and securities loaned are carried at the amounts of cash collateral delivered and received in connection with the transactions. Securities borrowed transactions require the Company to deposit cash, letters of credit or other collateral with the lender. For securities loaned, the Company receives collateral in the form of cash or other collateral in an amount generally in excess of the market value of the securities loaned. The Company monitors the fair value of the securities loaned and borrowed against the cash collateral on a daily basis and, when appropriate, the Company may require counterparties to deposit additional collateral or it may return collateral pledged to ensure such transactions are adequately collateralized.

Securities purchased under agreements to resell and securities sold under agreements to repurchase represent collateralized financing transactions. The Company receives securities purchased under agreements to resell, makes delivery of securities sold under agreements to repurchase, monitors the market value of these securities on a daily basis and delivers or obtains additional collateral as appropriate.

The Company manages its credit exposure by establishing and monitoring aggregate limits by customer for these transactions. Interest earned on cash collateral is based on a floating rate.

### **SECURITIES PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS AND OBLIGATIONS RELATED TO SECURITIES SOLD UNDER REPURCHASE AGREEMENTS**

The Company recognizes these transactions on the settlement date at amortized cost using the effective interest rate method. Securities sold and purchased under repurchase agreements remain on the consolidated statement of financial position. Reverse repurchase agreements and repurchase agreements are treated as collateralized lending and borrowing transactions.

### **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. Facilitation losses for the year ended March 31, 2016 were \$14.3 million [March 31, 2015 – \$13.8 million].

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 revenue 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.

#### **EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Computer equipment, furniture and equipment, and leasehold improvements are recorded at cost less accumulated amortization. Amortization is being recorded as follows:

Computer equipment	33% declining balance basis
Furniture and equipment	10% to 20% declining balance basis
Leasehold improvements	Straight-line over the shorter of useful life and respective term of the leases

An item of property, plant and equipment, and any specific part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of operations when the asset is derecognized.

The assets' residual values, useful lives and method of amortization are reviewed at each financial year end, and are adjusted prospectively where appropriate.

#### **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.

No deferred tax liability has been recognized for taxable temporary differences associated with investments in subsidiaries from undistributed profits and foreign exchange translation differences as the Company is able to control the timing of the reversal of these temporary differences. The Company has no plans or intention to perform any actions that will cause the temporary differences to reverse in the foreseeable future.

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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

#### **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.

#### **TREASURY SHARES**

The Company's own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. This includes shares held in the long-term incentive plan (LTIP) and unvested share purchase loans and preferred shares. No gain or loss is recognized in the statements of operations on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in contributed surplus. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them.

#### **LOSS PER COMMON SHARE**

Basic loss per common share is computed by dividing the net loss attributable to common shareholders for the period by the weighted average number of common shares outstanding. Diluted earnings per common share reflects the dilutive effect in connection with the LTIP and other share-based payment plans based on the treasury stock method. The treasury stock method determines the number of incremental common shares by assuming that the number of shares the Company has granted to employees has been issued.

#### **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 deferred share units (DSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions). The dilutive effect, if any, of outstanding options and share-based payments is reflected as additional share dilution in the computation of diluted earnings (loss) per common share.

#### **Equity-settled transactions**

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

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair values of DSUs are expensed upon grant, as there are no vesting conditions [Note 18]. 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.

#### **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.

#### **Legal provisions**

Legal provisions are recognized when it is probable that the Company will be liable for the future obligation as a result of a past event related to legal matters and when they can be reasonably estimated.

#### **Restructuring provisions**

Restructuring provisions are only recognized when the recognition criteria for provisions are fulfilled. In order for the recognition criteria to be met, the Company needs to have in place a detailed formal plan about the business or part of the business

concerned, the location and number of employees affected, a detailed estimate of associated costs and an appropriate timeline. In addition, either the personnel affected must have a valid expectation that the restructuring is being carried out or the implementation must have been initiated. The restructuring provision recognized includes staff restructuring costs, reorganization expenses, onerous lease provisions and impairment of equipment and leasehold improvements.

## LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. The Company has assessed its lease arrangements and concluded that the Company only has leases that have the characteristics of an operating lease. An operating lease is a lease that does not transfer substantially all of the risks and benefits and ownership of an asset to the lessee. Operating lease payments are recognized as an expense in the statements of operations on a straight-line basis over the lease term.

## CLIENT MONEY

The Company's UK and Europe operations hold money on behalf of their clients in accordance with the client money rules of the Financial Conduct Authority in the United Kingdom. Such money and the corresponding liabilities to clients are not included in the consolidated statements of financial position as the Company is not beneficially entitled thereto. The amounts held on behalf of clients at the reporting date are included in Note 22.

## SEGMENT REPORTING

The Company's segment reporting is based on the following operating segments: Canaccord Genuity, Canaccord Genuity Wealth Management and Corporate and Other. The Company's business operations are grouped into the following geographic regions: Canada, the UK and Europe, Other Foreign Locations, and the US.

	March 31, 2016		March 31, 2015	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	\$ 402,779	\$ 341,264	\$ 638,551	\$ 555,792
Equities and convertible debentures	161,967	86,171	209,577	98,847
	\$ 564,746	\$ 427,435	\$ 848,128	\$ 654,639

As at March 31, 2016, corporate and government debt maturities range from 2016 to 2097 [March 31, 2015 – 2015 to 2097] and bear interest ranging from 0.00% to 15.00% [March 31, 2015 – 0.00% to 15.00%].

## NOTE 07

## Financial Instruments

## CATEGORIES OF FINANCIAL INSTRUMENTS

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, held by the Company at March 31, 2016 are as follows:

	Held for trading		Available for sale		Loans and receivables		Loans and borrowings		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Financial assets</b>										
Securities owned	\$ 564,746	\$ 848,128	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 564,746	\$ 848,128
Accounts receivable from brokers and investment dealers	—	—	—	—	1,303,222	1,503,666	—	—	1,303,222	1,503,666
Accounts receivable from clients	—	—	—	—	365,272	601,486	—	—	365,272	601,486
RRSP cash balances held in trust	—	—	—	—	298,839	276,159	—	—	298,839	276,159
Other accounts receivable	—	—	—	—	73,817	110,177	—	—	73,817	110,177
Investments	—	—	5,578	8,693	—	—	—	—	5,578	8,693
<b>Total financial assets</b>	<b>\$ 564,746</b>	<b>\$ 848,128</b>	<b>\$ 5,578</b>	<b>\$ 8,693</b>	<b>\$ 2,041,150</b>	<b>\$ 2,491,488</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,611,474</b>	<b>\$ 3,348,309</b>
<b>Financial liabilities</b>										
Securities sold short	\$ 427,435	\$ 654,639	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 427,435	\$ 654,639
Accounts payable to brokers and investment dealers	—	—	—	—	—	—	986,993	1,172,198	986,993	1,172,198
Accounts payable to clients	—	—	—	—	—	—	992,661	1,130,893	992,661	1,130,893
Other accounts payable and accrued liabilities	—	—	—	—	—	—	205,393	224,545	205,393	224,545
Subordinated debt	—	—	—	—	—	—	15,000	15,000	15,000	15,000
<b>Total financial liabilities</b>	<b>\$ 427,435</b>	<b>\$ 654,639</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,200,047</b>	<b>\$ 2,542,636</b>	<b>\$ 2,627,482</b>	<b>\$ 3,197,275</b>

The Company has not designated any financial instruments as fair value through profit or loss upon initial recognition.

## FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognized or disclosed are categorized within a fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at March 31, 2016, the Company held the following classes of financial instruments measured at fair value:

	March 31, 2016	Estimated fair value		
		March 31, 2016		
		Level 1	Level 2	Level 3
<b>Securities owned</b>				
Corporate debt	\$ 39,392	\$ —	\$ 39,392	\$ —
Government debt	363,387	186,126	177,261	—
<b>Corporate and government debt</b>	<b>402,779</b>	<b>186,126</b>	<b>216,653</b>	<b>—</b>
Equities	160,177	130,758	29,266	153
Convertible debentures	1,790	—	1,790	—
<b>Equities and convertible debentures</b>	<b>161,967</b>	<b>130,758</b>	<b>31,056</b>	<b>153</b>
<b>Available for sale investments</b>	<b>5,578</b>	<b>—</b>	<b>3,138</b>	<b>2,440</b>
	<b>570,324</b>	<b>316,884</b>	<b>250,847</b>	<b>2,593</b>
<b>Securities sold short</b>				
Corporate debt	(14,498)	—	(14,498)	—
Government debt	(326,766)	(200,324)	(126,442)	—
<b>Corporate and government debt</b>	<b>(341,264)</b>	<b>(200,324)</b>	<b>(140,940)</b>	<b>—</b>
Equities	(86,171)	(67,923)	(18,248)	—
	<b>(427,435)</b>	<b>(268,247)</b>	<b>(159,188)</b>	<b>—</b>

	March 31, 2015	Estimated fair value		
		March 31, 2015		
		Level 1	Level 2	Level 3
<b>Securities owned</b>				
Corporate debt	\$ 18,369	\$ —	\$ 18,369	\$ —
Government debt	620,182	128,049	492,133	—
<b>Corporate and government debt</b>	<b>638,551</b>	<b>128,049</b>	<b>510,502</b>	<b>—</b>
Equities	208,678	186,950	21,505	223
Convertible debentures	899	—	27	872
<b>Equities and convertible debentures</b>	<b>209,577</b>	<b>186,950</b>	<b>21,532</b>	<b>1,095</b>
<b>Available for sale investments</b>	<b>8,693</b>	<b>—</b>	<b>3,963</b>	<b>4,730</b>
	<b>856,821</b>	<b>314,999</b>	<b>535,997</b>	<b>5,825</b>
<b>Securities sold short</b>				
Corporate debt	(18,032)	—	(18,032)	—
Government debt	(537,760)	(137,924)	(399,836)	—
<b>Corporate and government debt</b>	<b>(555,792)</b>	<b>(137,924)</b>	<b>(417,868)</b>	<b>—</b>
Equities	(98,847)	(95,715)	(3,132)	—
	<b>(654,639)</b>	<b>(233,639)</b>	<b>(421,000)</b>	<b>—</b>

**Movement in net Level 3 financial assets**

Balance, March 31, 2014	\$ 20,628
Transfer to Level 1 assets	(11,608)
Net unrealized loss during the year	(2,865)
Other	(330)
Balance, March 31, 2015	\$ 5,825
Purchase of Level 3 assets	2,890
Redemption of debentures	(1,107)
Net unrealized loss during the year	(4,872)
Other	(143)
<b>Balance, March 31, 2016</b>	<b>\$ 2,593</b>

During the year ended March 31, 2016, the Company made an additional investment of \$0.5 million in the debenture notes of Canadian First Financial Group Inc. (Canadian First). The Company also made an investment of \$2.4 million in Sphere Exchange Traded Investments Ltd (Sphere), a private company engaged in the business of exchange-traded funds.

The Company received \$1.1 million from the redemption of debentures by Canadian First.

During the year ended March 31, 2016, the Company recorded an unrealized loss of \$4.9 million, of which \$4.0 million was related to the impairment of Canadian First and recorded as a loss through principal trading revenue. The remaining \$0.9 million was recorded as a reduction of investment banking revenue.

**Fair value estimation****i. Level 2 financial instruments**

Level 2 financial instruments include the Company's investment in certain corporate and government debt, convertible debt, and over-the-counter equities. The fair values of corporate and government debt, and convertible debt classified as Level 2 are determined using the quoted market prices of identical assets or liabilities in markets that do not have transactions which take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company regularly reviews the transaction frequency and volume of trading in these instruments to determine the accuracy of pricing information.

Level 2 financial instruments also include the Company's equity investment in Euroclear, which has an estimated fair value of \$3.1 million as at March 31, 2016 [March 31, 2015 – \$4.0 million]. The current fair value is determined using a market-based approach based on recent share buyback transactions.

**ii. Level 3 financial instruments****a. Available for sale investments**

Available for sale investments include the Company's equity and debenture investment in Canadian First Financial Holdings Limited (Canadian First), which has an estimated fair value of \$nil as at March 31, 2016 [March 31, 2015 – \$4.7 million] [Note 10]. The fair value for Canadian First is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents the best estimate of fair value readily available. During the year ended March 31, 2016, the Company recorded an impairment charge of \$4.0 million [March 31, 2015 – \$1.0 million] as a result of changes in market indicators.

**b. Held for trading**

The fair value for level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the held for trading investments as at March 31, 2016 was \$0.2 million [March 31, 2015 – \$1.1 million].

The fair value measurements determined as described above may not be indicative of net realizable value or reflective of future values. Furthermore, the Company believes its valuation methods are appropriate and consistent with those which would be utilized by a market participant.

**RISK MANAGEMENT****Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk arises from cash and cash equivalents, net receivables from clients and brokers and investment dealers, and other accounts receivable. The maximum exposure of the Company to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of financial assets as disclosed in the consolidated financial statements as at March 31, 2016 and 2015.

The primary source of credit risk to the Company is in connection with trading activity by private clients and private client margin accounts. To minimize its exposure, the Company applies certain credit standards, applies limits to transactions and requires settlement of securities transactions on a cash basis or delivery against payment. Margin transactions are collateralized by securities in the clients' accounts in accordance with limits established by the applicable regulatory authorities and are subject to the Company's credit review and daily monitoring procedures. Management monitors the collectibility of receivables and estimates an allowance for doubtful accounts. The accounts receivable outstanding are expected to be collectible within one year. The Company has recorded an allowance for doubtful accounts of \$10.8 million as at March 31, 2016 [March 31, 2015 – \$12.0 million] [Note 9].

The Company is also exposed to the risk that counterparties to transactions will not fulfill their obligations. Counterparties primarily include investment dealers, clearing agencies, banks and other financial institutions. The Company does not rely entirely on ratings assigned by credit rating agencies in evaluating counterparty risk. The Company mitigates credit risk by performing its own due diligence assessments on the counterparties, obtaining and analyzing information regarding the structure of the financial instruments, and keeping current with new innovations in the market. The Company also manages this risk by conducting regular credit reviews to assess creditworthiness, reviewing security and loan concentrations, holding and marking to market collateral on certain transactions and conducting business through clearing organizations with performance guarantees.

As at March 31, 2016 and 2015, the Company's most significant counterparty concentrations were with financial institutions and institutional clients. Management believes that they are in the normal course of business and does not anticipate loss for non-performance.

#### Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they become due, as well as ensuring adequate funds exist to support business strategies and operational growth. The Company's business requires capital for operating and regulatory purposes. The current assets reflected on the 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. Client receivables are generally collateralized by readily marketable securities and are reviewed daily for impairment in value and collectibility. 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. Additional information regarding the Company's capital structure and capital management objectives is discussed in Note 21.

The following table presents the contractual terms to maturity of the financial liabilities owed by the Company as at March 31, 2016:

Financial liability	Carrying amount		Contractual term to maturity
	March 31, 2016	March 31, 2015	
Bank indebtedness	\$ 14,910	\$ 20,264	Due on demand
Accounts payable and accrued liabilities	2,185,047	2,527,636	Due within one year
Securities sold short	427,435	654,639	Due within one year
Subordinated debt	15,000	15,000	Due on demand <sup>(1)</sup>

(1) Subject to Investment Industry Regulatory Organization of Canada's approval.

The fair values for cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying values and will be paid within 12 months.

#### Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The Company separates market risk into three categories: fair value risk, interest rate risk and foreign exchange risk.

#### Fair value risk

When participating in underwriting activities, the Company may incur losses if it is unable to resell the securities it is committed to purchase or if it is forced to liquidate its commitment at less than the agreed upon purchase price. The Company is also exposed to fair value risk as a result of its principal trading activities in equity securities, fixed income securities, and derivative financial instruments. Securities at fair value are valued based on quoted market prices where available and, as such, changes in fair value affect earnings as they occur. Fair value risk also arises from the possibility that changes in market prices will affect the value of the securities the Company holds as collateral for client margin accounts. The Company mitigates its fair value risk exposure through controls to limit concentration levels and capital usage within its inventory trading accounts, as well as through monitoring procedures of the margin accounts.

The following table summarizes the effect on earnings as a result of a fair value change in financial instruments as at March 31, 2016. This analysis assumes all other variables remain constant. The methodology used to calculate the fair value sensitivity is consistent with the prior year.

Financial instrument	March 31, 2016			March 31, 2015		
	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income
Equities and convertible debentures owned	\$ 161,967	\$ 6,681	\$ (6,681)	\$ 209,577	\$ 7,229	\$ (7,229)
Equities and convertible debentures sold short	(86,171)	(3,555)	3,555	(98,847)	(3,409)	3,409

The following table summarizes the effect on OCI as a result of a fair value change in the financial instruments classified as available for sale. This analysis assumes all other variables remain constant and there is no permanent impairment. The methodology used to calculate the fair value sensitivity is consistent with the prior year.

Financial instrument	March 31, 2016			March 31, 2015		
	Carrying value	Effect of a 10% increase in fair value on OCI	Effect of a 10% decrease in fair value on OCI	Carrying value	Effect of a 10% increase in fair value on OCI	Effect of a 10% decrease in fair value on OCI
Investments	\$ 5,578	\$ 558	\$ (558)	\$ 8,693	\$ 545	\$ (545)

#### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Company. The Company incurs interest rate risk on its cash and cash equivalent balances, bank indebtedness, fixed income portion of securities owned and securities sold short, net clients' balances, RRSP cash balances held in trust and net brokers' and investment dealers' balances, as well as its subordinated debt. The Company attempts to minimize and monitor its exposure to interest rate risk through quantitative analysis of its net positions of fixed income securities, clients' balances, securities lending and borrowing activities, and short term borrowings. The Company also trades in futures in an attempt to mitigate interest rate risk. Futures are included in marketable securities owned, net of marketable securities sold short, for the purpose of calculating interest rate sensitivity.

All cash and cash equivalents mature within three months. Net clients' receivable (payable) balances charge (incur) interest based on floating interest rates. Subordinated debt bears interest at a rate of prime plus 4.0%, payable monthly. The bank indebtedness bears interest at 2.25%.

The following table provides the effect on net income for the years ended March 31, 2016 and 2015 if interest rates had increased or decreased by 100 basis points applied to balances as of March 31, 2016 and 2015. Fluctuations in interest rates do not have an effect on OCI. This sensitivity analysis assumes all other variables remain constant. The methodology used to calculate the interest rate sensitivity is consistent with the prior year.

	March 31, 2016			March 31, 2015		
	Carrying value Asset (Liability)	Net income effect of a 100 bps increase in interest rates	Net income effect of a 100 bps decrease in interest rates <sup>(1)</sup>	Carrying value Asset (Liability)	Net income effect of a 100 bps increase in interest rates	Net income effect of a 100 bps decrease in interest rates <sup>(1)</sup>
Cash and cash equivalents, net of bank indebtedness	\$ 413,419	\$ 3,101	\$ (3,101)	\$ 302,060	\$ 1,894	\$ (1,907)
Marketable securities owned, net of marketable securities sold short	137,311	(2,142)	2,337	193,489	(276)	264
Clients' payable, net	(627,389)	(4,705)	(2,367)	(529,407)	(3,462)	(2,138)
RRSP cash balances held in trust	298,839	2,241	(2,241)	276,159	1,732	(1,732)
Brokers' and investment dealers' balance, net	316,229	(20)	1	331,468	(37)	2
Subordinated debt	15,000	(113)	113	15,000	(95)	94

(1) Subject to a floor of zero

### Foreign exchange risk

Foreign exchange risk arises from the possibility that changes in foreign currency exchange rates will result in losses. The Company's primary foreign exchange risk results from its investment in its US, Australia, and UK and Europe subsidiaries. These subsidiaries are translated using the foreign exchange rate at the reporting date. Any fluctuation in the Canadian dollar against the US dollar, the pound sterling, or the Australian dollar will result in a change in the unrealized gains (losses) on translation of foreign operations recognized in accumulated other comprehensive income (loss).

All of the subsidiaries may also hold financial instruments in currencies other than their functional currency; therefore, any fluctuations in foreign exchange rates will impact foreign exchange gains or losses in the statement of operations.

The following table summarizes the estimated effects on net income (loss) and OCI as a result of a 5% change in the value of the foreign currencies where there is significant exposure. The analysis assumes all other variables remain constant. The methodology used to calculate the foreign exchange rate sensitivity is consistent with the prior year.

As at March 31, 2016:

Currency	Effect of a 5% appreciation in foreign exchange rate on net income	Effect of a 5% depreciation in foreign exchange rate on net income	Effect of a 5% appreciation in foreign exchange rate on OCI	Effect of a 5% depreciation in foreign exchange rate on OCI
US dollar	\$ (319)	\$ 319	\$ 7,388	\$ (7,388)
Pound sterling	(618)	618	42,023	(42,023)
Australian dollar	nil	nil	1,190	(1,190)

As at March 31, 2015:

Currency	Effect of a 5% appreciation in foreign exchange rate on net income	Effect of a 5% depreciation in foreign exchange rate on net income	Effect of a 5% appreciation in foreign exchange rate on OCI	Effect of a 5% depreciation in foreign exchange rate on OCI
US dollar	\$ (973)	\$ 973	\$ 8,304	\$ (8,304)
Pound sterling	(1,780)	1,780	50,107	(50,107)
Australian dollar	nil	nil	2,489	(2,489)

### DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts, the value of which is derived from the value of the underlying assets, interest rates, indices or currency exchange rates. All derivative financial instruments are expected to be settled within six months subsequent to fiscal year end.

#### Foreign exchange forward contracts

The Company uses derivative financial instruments to manage 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.

Realized and unrealized gains and losses related to these contracts are recognized in the consolidated statements of operations during the reporting period.

Forward contracts outstanding at March 31, 2016:

	Notional amount (millions)	Average price	Maturity	Fair value
To sell US dollars	USD \$ 2.6	\$1.29 (CAD/USD)	April 1, 2016	\$ (3)
To buy US dollars	USD \$ 1.9	\$1.29 (CAD/USD)	April 1, 2016	\$ 3

Forward contracts outstanding at March 31, 2015:

	Notional amount (millions)	Average price	Maturity	Fair value
To sell US dollars	USD \$ 7.5	\$1.27 (CAD/USD)	April 6, 2015	\$ 11
To buy US dollars	USD \$ 12.0	\$1.27 (CAD/USD)	April 6, 2015	\$ (20)
To buy pounds sterling (GBP)	GBP £ 2.5	\$1.88 (CAD/GBP)	April 30, 2015	\$ (6)
To buy euro (EUR)	EUR € 1.1	\$1.38 (CAD/EUR)	July 31, 2015	\$ (24)

The Company's Canaccord Genuity Wealth Management segment in the UK and 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. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the Euro. The weighted average term to maturity is 69 days as at March 31, 2016 (March 31, 2015 – 103 days). The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at March 31, 2016. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	March 31, 2016			March 31, 2015		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	\$ 5,682	\$ 5,441	\$ 294,162	\$ 7,858	\$ (7,635)	\$ 326,058

## FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, 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 trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At March 31, 2016, the notional amount of the bond futures contracts outstanding was long \$10.9 million [March 31, 2015 – \$1.6 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At March 31, 2016, the notional amount of US Treasury futures contracts outstanding held in a short position was \$12.3 million (US\$9.5 million) [March 31, 2015 – \$nil].

The fair value of all of the above futures contracts is nominal due to their short term to maturity and are included in accounts receivable and accounts payable and accrued liabilities. Realized and unrealized gains and losses related to these contracts are recognized in the statement of operations during the reporting period.

## SECURITIES LENDING AND BORROWING

The Company employs securities lending and borrowing primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered and interest being paid when cash is received. These transactions are fully collateralized and are subject to daily margin calls for any deficiency between the market value of the security given and the amount of collateral received. These transactions are collateralized by either cash or securities, including government treasury bills and government bonds, and are reflected within accounts receivable and accounts payable. Interest earned on cash collateral is based on a floating rate. At March 31, 2016, the floating rates ranged from 0.00% to 0.25% [March 31, 2015 – 0.00% to 0.42%].

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
March 31, 2016	\$ 118,897	\$ 26,586	\$ 27,347	\$ 159,616
March 31, 2015	155,031	43,393	42,734	172,615

## BANK INDEBTEDNESS

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 at March 31, 2016 the Company had \$14.9 million of bank indebtedness balance outstanding [March 31, 2015 – \$20.3 million].

## OTHER CREDIT FACILITIES

Subsidiaries of the Company also have other credit facilities with banks in Canada and the UK for an aggregate amount of \$697.3 million [March 31, 2015 – \$770.0 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. As of March 31, 2016 and 2015, there were no balances outstanding under these other credit facilities.

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totalling \$2.6 million (US\$2.0 million) [March 31, 2015 – \$1.1 million (US\$0.9 million)] as rent guarantees for its leased premises in New York. As of March 31, 2016 and 2015, there were no outstanding balances under these standby letters of credit.

## NOTE 08 Interest in Other Entities

The Company has a 58% controlling interest for accounting purposes in Canaccord Financial Group (Australia) Pty Ltd. and Canaccord Genuity (Australia) Limited as of March 31, 2016 [March 31, 2015 – 60%]. Together, these entities operate as Canaccord Genuity Australia and the operation's principal place of business is in Australia. As discussed in Note 21, Canaccord Genuity (Australia) Limited is regulated by the Australian Securities and Investments Commission.

During the year ended March 31, 2015, the Company purchased \$4.6 million of non-controlling interests, which increased its ownership interest from 50% as of March 31, 2014 to 60% as of March 31, 2015. As a result of the purchase, the Company recorded a reduction in its contributed surplus of \$3.4 million. During the year ended March 31, 2016, the Company disposed of \$0.6 million of non-controlling interests, resulting in an increase to its contributed surplus of \$1.5 million. The Company's ownership percentage decreased to 58% as a result of the disposal.

Canaccord Genuity Australia reported total net loss of \$22.6 million in fiscal 2016 [2015: net income of \$4.6 million]. As at March 31, 2016, accumulated non-controlling interest was \$8.7 million [March 31, 2015 – \$10.3 million]. Summarized financial information including goodwill on acquisition and consolidation adjustments but before inter-company eliminations is presented.

Summarized statement of profit or loss for the years ended March 31, 2016 and 2015:

	Canaccord Genuity Australia	
	March 31, 2016	March 31, 2015
For the years ended		
Revenue	\$ 31,229	\$ 41,608
Expenses	(32,296)	34,640
Impairment of goodwill	(22,342)	—
Net (loss) income before taxes	(23,409)	6,968
Income tax (recovery) expense	(825)	2,396
<b>Net (loss) income</b>	<b>(22,584)</b>	<b>4,572</b>
Attributable to:		
CGGI shareholders	(22,488)	2,706
Non-controlling interests	(96)	1,866
<b>Total comprehensive (loss) income</b>	<b>(21,401)</b>	<b>6,813</b>
Attributable to:		
CGGI shareholders	(21,777)	3,933
Non-controlling interests	376	2,880
Dividends paid to non-controlling interests	2,952	1,723

Summarized statement of financial position as at March 31, 2016 and 2015:

	Canaccord Genuity Australia	
	March 31, 2016	March 31, 2015
Current assets	\$ 26,241	\$ 34,280
Non-current assets	4,202	28,263
Current liabilities	7,470	11,440
Non-current liabilities	—	—

Summarized cash flow information for the years ended March 31, 2016 and 2015:

	Canaccord Genuity Australia	
	March 31, 2016	March 31, 2015
Cash provided by operating activities	\$ 715	\$ 9,768
Cash used by financing activities	(5,667)	(3,545)
Cash used by investing activities	(370)	(8,108)
Foreign exchange impact on cash balance	(480)	(1,204)
<b>Net decrease in cash and cash equivalents</b>	<b>\$ (5,802)</b>	<b>\$ (3,089)</b>

**NOTE 09****Accounts Receivable and Accounts Payable and Accrued Liabilities****ACCOUNTS RECEIVABLE**

	March 31, 2016	March 31, 2015
Brokers and investment dealers	\$ 1,303,222	\$ 1,503,666
Clients	365,272	601,486
RRSP cash balances held in trust	298,839	276,159
Other	73,817	110,177
	<b>\$ 2,041,150</b>	<b>\$ 2,491,488</b>

**ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2016	March 31, 2015
Brokers and investment dealers	\$ 986,993	\$ 1,172,198
Clients	992,661	1,130,893
Other	205,393	224,545
	<b>\$ 2,185,047</b>	<b>\$ 2,527,636</b>

Amounts due from and to brokers and investment dealers include balances from resale and repurchase agreements, securities loaned and borrowed, as well as brokers' and dealers' counterparty balances.

Client security purchases are entered into on either a cash or a margin basis. In the case of a margin account, the Company extends a loan to a client for the purchase of securities, using securities purchased and/or other securities in the client's account as collateral. Amounts loaned to any client are limited by the margin regulations of the Investment Industry Regulatory Organization of Canada (IIROC) and other regulatory authorities and are subject to the Company's credit review and daily monitoring procedures.

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the clients' accounts. Interest on margin loans and on amounts due to clients is based on a floating rate [March 31, 2016 – 5.70% to 6.50% and 0.00% to 0.05%, respectively; March 31, 2015 – 5.85% to 6.25% and 0.00% to 0.05%, respectively].

As at March 31, 2016, the allowance for doubtful accounts was \$10.8 million [March 31, 2015 – \$12.0 million]. See below for the movements in the allowance for doubtful accounts:

Balance, March 31, 2014	\$	13,156
Charge for the year		7,510
Recoveries		(8,818)
Write-offs		288
Foreign exchange		(151)
Balance, March 31, 2015	\$	11,985
Charge for the year		4,808
Recoveries		(2,395)
Write-offs		(3,681)
Foreign exchange		46
<b>Balance, March 31, 2016</b>	<b>\$</b>	<b>10,763</b>

**NOTE 10****Investments**

	March 31, 2016	March 31, 2015
Available for sale	\$ 5,578	\$ 8,693

The Company holds an investment in Euroclear, one of the principal clearing houses for securities traded in the Euromarket.

During the year ended March 31, 2016, the Company made an additional investment of \$0.5 million in debenture notes of Canadian First Financial Group Inc. (Canadian First). The Company also made an investment of \$2.4 million in Sphere Exchange Traded Investments Ltd (Sphere), a private company engaged in the business of exchange-traded funds.

As a result of changes in market indicators, the Company recorded an impairment charge of \$4.0 million related to its investment in Canadian First during the year ended March 31, 2016.

These investments are carried at fair value, as described in Note 7.

**NOTE 11**      **Equipment and Leasehold Improvements**

	Cost		Accumulated amortization		Net book value			
<b>March 31, 2016</b>								
Computer equipment	\$	10,825	\$	3,603	\$ 7,222			
Furniture and equipment		21,446		16,555	4,891			
Leasehold improvements		82,734		57,798	24,936			
		<b>115,005</b>		<b>77,956</b>	<b>37,049</b>			
<b>March 31, 2015</b>								
Computer equipment		10,320		3,694	6,626			
Furniture and equipment		21,080		15,499	5,581			
Leasehold improvements		87,883		56,717	31,166			
		<b>119,283</b>		<b>75,910</b>	<b>43,373</b>			
		<b>Computer equipment</b>		<b>Furniture and equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>		
<b>Cost</b>								
Balance, March 31, 2014	\$	10,628	\$	21,494	\$	78,833	\$	110,955
Additions		2,913		660		1,659		5,232
Disposals		(2,256)		(1,464)		(3,155)		(6,875)
Foreign exchange		(965)		390		8,516		7,941
Other		—		—		2,030		2,030
Balance, March 31, 2015	\$	10,320	\$	21,080	\$	87,883	\$	119,283
Additions		3,277		1,351		5,937		10,565
Disposals		(2,973)		(72)		(1,465)		(4,510)
Impairment		—		(691)		(10,184)		(10,875)
Foreign exchange		201		(222)		563		542
<b>Balance, March 31, 2016</b>	<b>\$</b>	<b>10,825</b>	<b>\$</b>	<b>21,446</b>	<b>\$</b>	<b>82,734</b>	<b>\$</b>	<b>115,005</b>
		<b>Computer equipment</b>		<b>Furniture and equipment</b>		<b>Leasehold improvements</b>		<b>Total</b>
<b>Accumulated amortization and impairment</b>								
Balance, March 31, 2014	\$	3,941	\$	14,913	\$	41,126	\$	59,980
Amortization		3,104		1,728		9,181		14,013
Disposals		(2,243)		(1,370)		(2,840)		(6,453)
Foreign exchange		(1,108)		228		7,491		6,611
Other		—		—		1,759		1,759
Balance, March 31, 2015	\$	3,694	\$	15,499	\$	56,717	\$	75,910
Amortization		2,807		2,201		5,758		10,766
Disposals		(2,957)		(64)		(624)		(3,645)
Impairment		—		(268)		(4,607)		(4,875)
Foreign exchange		59		(813)		554		(200)
<b>Balance, March 31, 2016</b>	<b>\$</b>	<b>3,603</b>	<b>\$</b>	<b>16,555</b>	<b>\$</b>	<b>57,798</b>	<b>\$</b>	<b>77,956</b>

The carrying value of any temporarily idle property, plant and equipment is not considered material as at March 31, 2016 and March 31, 2015.

**NOTE 12 Goodwill and Other Intangible Assets**

	Identifiable intangible assets							
	Goodwill	Brand names	Customer relationships	Technology	Software under Development	Non-competition	Trading licences	Total
<b>Gross amount</b>								
Balance, March 31, 2014	\$ 521,157	\$ 46,795	\$ 96,612	\$ 6,899	\$ 7,002	\$ 14,358	\$ 195	\$ 171,861
Additions	—	—	—	—	16,884	—	—	16,884
Transfer between categories	—	—	—	19,395	(19,395)	—	—	—
Other	—	(1,865)	—	—	—	—	—	(1,865)
Foreign exchange	5,207	—	966	301	—	(413)	(11)	843
Balance, March 31, 2015	526,364	44,930	97,578	26,595	4,491	13,945	184	187,723
Additions	—	—	—	1,444	2,726	—	—	4,170
Transfer between categories	—	—	—	2,691	(2,691)	—	—	—
Other	—	—	—	—	—	—	—	—
Foreign exchange	—	—	(152)	(218)	(20)	208	12	(170)
<b>Balance, March 31, 2016</b>	<b>526,364</b>	<b>44,930</b>	<b>97,426</b>	<b>30,512</b>	<b>4,506</b>	<b>14,153</b>	<b>196</b>	<b>191,723</b>
<b>Accumulated amortization and impairment</b>								
Balance, March 31, 2014	(6,250)	(1,865)	(23,847)	(4,947)	—	(9,552)	—	(40,211)
Amortization	—	—	(9,427)	(2,259)	—	(3,038)	—	(14,724)
Impairment	(14,535)	—	—	—	—	—	—	—
Other	—	1,865	—	—	—	—	—	1,865
Foreign exchange	—	—	77	(146)	—	293	—	224
Balance, March 31, 2015	(20,785)	—	(33,197)	(7,352)	—	(12,297)	—	(52,846)
Amortization	—	—	(9,799)	(3,470)	—	(1,645)	—	(14,914)
Impairment	(301,847)	—	(1,564)	—	(2,350)	—	(196)	(4,110)
Foreign exchange	—	—	294	268	—	(211)	—	351
<b>Balance, March 31, 2016</b>	<b>(322,632)</b>	<b>—</b>	<b>(44,266)</b>	<b>(10,554)</b>	<b>(2,350)</b>	<b>(14,153)</b>	<b>(196)</b>	<b>(71,519)</b>
<b>Net book value</b>								
March 31, 2015	505,579	44,930	64,381	19,243	4,491	1,648	184	134,877
<b>March 31, 2016</b>	<b>203,732</b>	<b>44,930</b>	<b>53,160</b>	<b>19,958</b>	<b>2,156</b>	<b>—</b>	<b>—</b>	<b>120,204</b>

Due to the combined effect of weak equity market conditions globally and in the principal operating regions for each of the Canaccord Genuity CGUs, these CGUs experienced declines in business activity, revenue and profitability. With these adverse changes in the business environment, continued weakness in commodity prices and a challenging outlook through calendar 2016 as negative economic conditions persist, it was determined that the carrying value in each of the Canaccord Genuity CGUs exceeded their fair values. As a result, the Company recorded impairment charges in respect of the goodwill allocated to the following CGUs in the Canaccord Genuity segment: (i) Canada – \$150.0 million; (ii) UK & Europe – \$106.9 million; (iii) US – \$10.0 million; (iv) Other Foreign Locations – Australia – \$22.1 million; and (v) Other Foreign Locations – Singapore – \$24.3 million.

In addition, the Company recorded impairment charges related to the unamortized intangible assets of \$1.6 million and \$0.2 million allocated to Other Foreign Locations – Singapore and Other Foreign Locations – Australia, respectively.

During the year ended March 31, 2016, the Company also recorded an impairment charge of \$6.0 million related to the impairment of equipment and leasehold improvements in our Canaccord Genuity US operations given the excess of carrying value over recoverable amount in that CGU.

The Company recorded an impairment charge of \$2.4 million related to software under development during the year ended March 31, 2016 due to a decision to choose an alternative solution made in the third quarter of fiscal 2016.

During the year ended March 31, 2015, as a result of operating losses in China and reduced revenue forecasts arising from changes in economic and market conditions in Other Foreign Locations – China and Singapore, the Company determined that the carrying amounts of these CGUs exceeded our estimates of their fair values and that there had been impairment in the goodwill in respect of these CGUs. As a result, the Company recorded impairment charges in respect of the goodwill allocated to these CGUs in the amounts of \$4.5 million and \$10.0 million respectively, during fiscal 2015.

During the year ended March 31, 2015, there were \$19.4 million of intangible assets transferred from software under development to technology. These intangible asset relate to a back-office software developed for use in the UK and Europe wealth management operations. The software became available for use during the year ended March 31, 2015 and is being amortized over the estimated useful life of 10 years. The additions to software under development intangible assets prior to being put into use during the year ended March 31, 2015 relate to any costs directly attributable to the development of the software, including employment, consulting and other professional fees.

#### IMPAIRMENT TESTING OF GOODWILL AND OTHER ASSETS

The carrying amounts of goodwill and indefinite life intangible assets acquired through business combinations is as follows:

	Intangible assets with indefinite lives		Goodwill		Total	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Canaccord Genuity CGUs</b>						
Canada	\$ 44,930	\$ 44,930	\$ 92,074	\$ 242,074	\$ 137,004	\$ 287,004
UK and Europe	—	—	—	97,676	—	97,676
US	—	—	—	9,103	—	9,103
Other Foreign Locations (China)	—	—	—	—	—	—
Other Foreign Locations (Australia)	—	188	—	21,265	—	21,453
Other Foreign Locations (Singapore)	—	—	—	22,971	—	22,971
<b>Canaccord Genuity Wealth Management CGUs</b>						
UK and Europe (Channel Islands)	—	—	100,585	101,335	100,585	101,335
UK and Europe (Eden Financial)	—	—	11,073	11,155	11,073	11,155
	\$ 44,930	\$ 45,118	\$ 203,732	\$ 505,579	\$ 248,662	\$ 550,697

The Genuity brand name is considered to have an indefinite life as the Company has no plans to cease its use in the future.

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. Consequently, interim goodwill and other assets impairment testing was carried out for all applicable CGUs at June 30, September 30 and December 31, 2015 and an impairment charge of \$321.0 million was recognized during the third quarter of fiscal 2016.

In accordance with IAS 36, "Impairment of Assets" (IAS 36), the recoverable amounts of the CGUs' net assets have been determined using fair value less costs to sell (FVLCS) calculations, which are based on future cash flow assumptions which are considered to be appropriate for the purposes of such calculations. In accordance with IFRS 13 fair value represents an estimate of the price at which an orderly transaction to see an asset or transfer a liability would take place between market participants as at the end of the reporting period under market conditions as at that date (an exit price as at the measurement date). There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGUs' net assets given that these estimates involve making key assumptions about the future. In making such assumptions, management has used its best estimate of future economic and market conditions within the context of the Company's capital markets and wealth management activities. These valuations are categorized as Level 3 in the fair value hierarchy.

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The CGUs which continued to record goodwill in their carrying value as of March 31, 2016 were Canaccord Genuity, Canada and Canaccord Genuity Wealth Management UK & Europe (Channel Islands) and UK. The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5%. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilize five year compound annual revenue growth rates ranging from 4.8% to 5.0% [March 31, 2015 – 5.0%] as well as estimates in respect of operating margins. The compound annual revenue growth rates utilized were: (a) Canaccord Genuity (i) Canada – 5.0% and (b) Canaccord Genuity Wealth Management, UK & Europe (Channel Islands) and UK – 4.8% to 5.0%. The terminal growth rate used for each of Canaccord Genuity, Canada and Canaccord Genuity Wealth Management UK & Europe (Channel Islands) and UK was 2.5% [March 31, 2015 – 2.5%].

Sensitivity testing was conducted as part of the annual impairment test of goodwill and indefinite life intangible assets for the Canaccord Genuity – Canada CGU. The sensitivity testing includes assessing the impact that reasonably possible declines in revenue estimates for the 12-month period ending on March 31, 2017 and declines in growth rates after that period and increases in the discount rates would have on the recoverable amounts of the CGUs, with other assumptions being held constant. An increase of the discount rate of 3.3 percentage points, a decrease in the estimated revenue for the year ending March 31, 2017 of \$20.0 million or a decrease in the five year compound annual growth of 7.8 percentage points may result in the estimate of the recoverable amount declining below the carrying value with the result that an impairment charge may be required. Any such impairment charge 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.

## NOTE 13 Income Taxes

The major components of income tax (recovery) expense are:

	March 31, 2016	March 31, 2015
<b>Consolidated statements of operations</b>		
Current income tax (recovery) expense		
Current income tax (recovery) expense	\$ (2,584)	\$ 8,510
Adjustments in respect of prior years	(606)	(1,249)
	<u>(3,190)</u>	<u>7,261</u>
Deferred income tax recovery		
Origination and reversal of temporary differences	(2,127)	(1,589)
Impact of change in tax rates	(87)	(11)
	<u>(2,214)</u>	<u>(1,600)</u>
Income tax (recovery) expense reported in the statements of operations	<u>\$ (5,404)</u>	<u>\$ 5,661</u>

The Company's income tax (recovery) expense differs from the amount that would be computed by applying the combined federal and provincial income tax rates as a result of the following:

	March 31, 2016	March 31, 2015
Loss before income taxes	\$ (363,971)	\$ (5,657)
Income tax recovery at the statutory rate of 26.0% (2015: 26.0%)	(94,632)	(1,471)
Difference in tax rates in foreign jurisdictions	(3,663)	(1,685)
Non-deductible items affecting the determination of taxable income	3,241	2,533
Impairment of goodwill and other assets	81,913	2,600
Change in accounting and tax base estimate	923	760
Tax rate differential	(2,033)	(1,059)
Tax losses and other temporary differences not recognized	3,827	3,430
Share based payments	5,020	553
Income tax (recovery) expense reported in the statements of operations	<u>\$ (5,404)</u>	<u>\$ 5,661</u>

The following were the deferred tax assets and liabilities recognized by the Company and movements thereon during the year:

	Consolidated statements of financial position		Consolidated statements of operations	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unrealized gain on securities owned	\$ (1,106)	\$ (1,585)	\$ (479)	\$ (370)
Legal provisions	356	602	246	1,073
Unpaid remunerations	2,258	2,179	(80)	109
Unamortized capital cost of equipment and leasehold improvements over their net book value	2,687	2,786	23	(598)
Unamortized common share purchase loans	1,252	3,448	2,197	344
Loss carryforwards	8,636	7,612	(2,573)	(3,049)
Common and preferred shares issuance costs	138	741	603	512
Long-term incentive plan	13,858	11,898	(1,960)	3,520
Other intangible assets	(19,770)	(21,762)	(1,987)	(2,706)
Other	2,462	2,172	1,796	(435)
	<u>\$ 10,771</u>	<u>\$ 8,091</u>	<u>\$ (2,214)</u>	<u>\$ (1,600)</u>

Deferred tax assets and liabilities as reflected in the consolidated statements of financial position are as follows:

	March 31, 2016	March 31, 2015
<b>Deferred tax assets</b>	<b>\$ 11,221</b>	\$ 10,148
Deferred tax liabilities	(450)	(2,057)
	<b>\$ 10,771</b>	\$ 8,091

The movement for the year in the net deferred tax position was as follows:

	March 31, 2016	March 31, 2015
<b>Opening balance as of April 1</b>	<b>\$ 8,091</b>	\$ 6,707
Tax recovery recognized in the consolidated statements of operations	2,214	1,600
Foreign exchange on deferred tax position	134	(231)
Other	332	15
Ending balance as of March 31	<b>\$ 10,771</b>	\$ 8,091

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Tax loss carryforwards of \$20.6 million [2015 – \$19.3 million] in the UK and Europe have been recognized as a deferred tax asset. The losses in the UK and Europe can be carried forward indefinitely. Tax loss carryforwards of \$14.2 million [2015 – \$11.2 million] in Canada have been recognized as a deferred tax asset and can be carried forward for 20 years.

At the balance sheet date, the Company has tax loss carryforwards of approximately \$42.2 million [2015 – \$30.6 million] for which a deferred tax asset has not been recognized. These losses relate to subsidiaries outside of Canada that have a history of losses and may also be subject to legislative limitations on use and may not be used to offset taxable income elsewhere in the consolidated group of companies. The subsidiaries have no taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets, as the likelihood of future economic benefit is not sufficiently assured. These losses begin expiring in 2029.

Other temporary differences not recognized as deferred tax assets in relation to subsidiaries outside of Canada amount to \$26.3 million at March 31, 2016 [2015 – \$26.7 million]. Since the subsidiaries outside of Canada have a history of losses and the deductible temporary differences may not be used to offset taxable income elsewhere in the consolidated group of companies, no asset has been recognized as the likelihood of future economic benefit is not sufficiently assured.

#### NOTE 14 Subordinated Debt

	March 31, 2016	March 31, 2015
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	<b>\$ 15,000</b>	\$ 15,000

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of IIROC. As at March 31, 2016 and 2015, the interest rates for the subordinated debt were 6.7% and 6.85%, respectively. The carrying value of subordinated debt approximates its fair value due to the short term nature of this liability.

#### NOTE 15 Preferred Shares

	March 31, 2016		March 31, 2015	
	Amount	Number of shares	Amount	Number of shares
Series A Preferred Shares issued and outstanding	\$ 110,818	4,540,000	\$ 110,818	4,540,000
Series C Preferred Shares issued and outstanding	97,450	4,000,000	97,450	4,000,000
Series C Preferred Shares held in treasury	(2,627)	(106,794)	(2,627)	(106,794)
	<b>94,823</b>	<b>3,893,206</b>	94,823	3,893,206
	<b>\$ 205,641</b>	<b>8,433,206</b>	\$ 205,641	8,433,206

**[i] SERIES A PREFERRED SHARES**

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, if declared, will be paid at an annual rate of 5.5% for the initial five-year period ending on September 30, 2016. 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 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 B (Series B Preferred Shares), subject to certain conditions, on September 30, 2016 and on September 30 every five years thereafter. Holders of the Series B Preferred Shares will 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 3.21%.

The Company has the option to redeem the Series A Preferred Shares on September 30, 2016 and on September 30 every five years thereafter, in whole or in part, at \$25.00 per share together with all declared and unpaid dividends. The Series B Preferred Shares are redeemable at the Company's option on September 30, 2021 and on September 30 every five years thereafter, in whole or in part, at \$25.00 per share together with all declared and unpaid dividends.

**[ii] SERIES C PREFERRED SHARES**

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 5.5% 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 the Series D Preferred Shares will 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. The Series D Preferred Shares are 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.

**NOTE 16****Common Shares**

	March 31, 2016		March 31, 2015	
	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	\$ 729,502	103,812,814	\$ 722,509	102,607,705
Unvested share purchase loans	(15,099)	(2,557,568)	(25,852)	(3,424,549)
Held for the LTIP	(96,647)	(12,171,624)	(75,799)	(7,388,489)
	\$ 617,756	89,083,622	\$ 620,858	91,794,667

**[i] AUTHORIZED**

Unlimited common shares without par value

**[ii] ISSUED AND FULLY PAID**

	Number of shares	Amount
Balance, March 31, 2014	101,471,456	\$ 713,140
Shares issued in connection with share-based payment plans [note 18]	2,565,653	18,901
Shares issued in connection with replacement plans [note 18]	270,528	2,420
Shares cancelled	(1,699,932)	(11,952)
Balance, March 31, 2015	102,607,705	722,509
Shares issued in connection with share-based payment plans [note 18]	1,806,115	10,023
Shares issued in connection with replacement plans [note 18]	77,830	1,749
Shares cancelled	(678,836)	(4,779)
<b>Balance, March 31, 2016</b>	<b>103,812,814</b>	<b>\$ 729,502</b>

On August 5, 2015, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,163,737 of its common shares during the period from August 13, 2015 to August 12, 2016 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. A total of 624,350 shares have been purchased and cancelled through the NCIB between April 1, 2015 and March 31, 2016.

**[iii] FORGIVABLE COMMON SHARE PURCHASE LOANS**

The Company provides forgivable common share purchase loans to certain employees (other than directors or executive officers) in order to purchase common shares. The Company has provided such loans to executive officers in the past but has now adopted a policy not to make any further such loans to directors or executive officers. The unvested balance of forgivable common share purchase loans is presented as a deduction from share capital. The forgivable common share purchase loans are amortized over the vesting period. The difference between the unvested and unamortized values is included in contributed surplus.

**[iv] LOSS PER COMMON SHARE**

	For the years ended	
	March 31, 2016	March 31, 2015
<b>Loss per common share</b>		
Loss attributable to CGGI shareholders	\$ (358,471)	\$ (13,184)
Preferred shares dividends	(11,992)	(11,877)
Loss attributable to common shareholders	(370,463)	(25,061)
Weighted average number of common shares (number)	90,552,860	91,693,485
Loss per share	\$ (4.09)	\$ (0.27)
<b>Diluted loss per common share</b>		
Net loss attributable to common shareholders	(370,463)	(25,061)
Weighted average number of common shares (number)	n/a	n/a
Dilutive effect in connection with LTIP (number)	n/a	n/a
Dilutive effect in connection with other share-based payment plans (number)	n/a	n/a
Adjusted weighted average number of common shares (number)	n/a	n/a
Loss per common share	\$ (4.09)	\$ (0.27)

For the year ended March 31, 2016, the instruments involving potential common shares were excluded from the calculation of diluted loss per share as they were anti-dilutive.

There have been no other transactions involving common shares or potential common shares between the reporting period and the date of authorization of these financial statements which would have a significant impact on loss per common share.

## NOTE 17 Dividends

### COMMON SHARES DIVIDENDS

The Company declared the following common shares dividends during the year ended March 31, 2016:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
June 19, 2015	July 2, 2015	\$ 0.05	\$ 5,163
August 28, 2015	September 10, 2015	\$ 0.05	\$ 5,165
November 20, 2015	December 10, 2015	\$ 0.05	\$ 5,163

On June 1, 2016, the Board of Directors considered the Company's dividend policy in the context of the market environment and business activity and agreed a continued suspension of the quarterly dividend on common shares. This suspension will be reviewed quarterly and a determination made on the basis of business conditions and profitability [Note 25].

### PREFERRED SHARES DIVIDENDS

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
June 19, 2015	June 30, 2015	\$ 0.34375	\$ 0.359375	\$ 2,998
September 18, 2015	September 30, 2015	\$ 0.34375	\$ 0.359375	\$ 2,998
December 18, 2015	December 31, 2015	\$ 0.34375	\$ 0.359375	\$ 2,998
March 18, 2016	March 31, 2016	\$ 0.34375	\$ 0.359375	\$ 2,998

On June 1, 2016, the Board approved a cash dividend of \$0.34375 per Series A Preferred Share payable on June 30, 2016 to Series A Preferred shareholders of record as at June 17, 2016 [Note 25].

On June 1, 2016, the Board approved a cash dividend of \$0.359375 per Series C Preferred Share payable on June 30, 2016 to Series C Preferred shareholders of record as at June 17, 2016 [Note 25].

## NOTE 18 Share-Based Payment Plans

### [i] 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 and the United Kingdom, an employee benefit trust has been established. The Company or certain of its subsidiaries, as the case may be, fund the employee benefit trusts (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. The Company also has the option to issue common shares from treasury to plan participants following vesting of the RSUs.

There were 8,130,645 RSUs [year ended March 31, 2015 – 5,562,539 RSUs] granted in lieu of cash compensation to employees during the year ended March 31, 2016. The Trusts purchased 7,554,788 common shares [year ended March 31, 2015 – 5,112,934 common shares] for the year ended March 31, 2016.

The vested and forfeited numbers include the LTIP portion of the CSH Inducement Plan [Note 18iv].

The fair value of the RSUs at the measurement date is based on the fair value on grant date and is amortized on a graded basis over the vesting period of generally three years. The weighted average fair value of RSUs granted during the year ended March 31, 2016 was \$6.34 [March 31, 2015 – \$10.58].

	Number
Awards outstanding, March 31, 2014	10,583,243
Grants	5,562,539
Vested	(4,776,985)
Forfeited	(622,579)
Awards outstanding, March 31, 2015	<b>10,746,218</b>
Grants	<b>8,130,645</b>
Vested	<b>(3,951,322)</b>
Cancellations	<b>(1,815,790)</b>
Forfeited	<b>(1,146,896)</b>
<b>Awards outstanding, March 31, 2016</b>	<b>11,962,855</b>

	Number
Common shares held by the Trusts, March 31, 2014	4,734,446
Acquired	5,112,934
Released on vesting	(2,458,891)
Common shares held by the Trusts, March 31, 2015	<b>7,388,489</b>
Acquired	<b>7,554,788</b>
Released on vesting	<b>(2,771,653)</b>
<b>Common shares held by the Trusts, March 31, 2016</b>	<b>12,171,624</b>

#### [ii] FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides loans to certain employees (other than directors or executive officers) for the purpose of partially funding the purchase of shares of the Company and increasing share ownership by the employees. The Company has provided such loans to executive officers in the past but has now adopted a policy not to make any further such loans to directors or executive officers. These loans are equity-settled transactions that are generally forgiven over a three- to five-year period from the initial advance of the loan or at the end of that three- to five-year period [Note 16 [iii]].

#### [iii] REPLACEMENT PLANS

As a result of the acquisition of CSHP, the following share-based payment plans were introduced to replace the share-based payment plans that existed at CSHP at the acquisition date:

##### Canaccord Genuity Group Inc. Collins Stewart Hawkpoint Replacement Annual Bonus Equity Deferral (ABED) Plan

On March 21, 2012, the Company introduced the Replacement ABED Plan, which replaced the ABED plans that existed at CSHP as of the acquisition date. Eligible employees who participated in the CSHP ABED plans were granted options to purchase common shares of the Company under the Replacement ABED Plan. The exercise price of these options was \$nil. The options, which are now vested, vested between one and three years from the acquisition date of CSHP. In accordance with IFRS 3, "Business Combinations" (IFRS 3), a portion of the awards granted was included as part of the purchase consideration for the acquisition of CSHP and a portion was deferred and amortized to incentive compensation expense over the vesting period. The awards were fully amortized as of March 31, 2015.

	Number
Balance, March 31, 2014	99,231
Exercised	(66,338)
Balance, March 31, 2015	32,893
Exercised	(7,256)
<b>Balance, March 31, 2016</b>	<b>25,637</b>

The following table summarizes the share options outstanding as at March 31, 2016:

Range of exercise price	Options outstanding			Options exercisable	
	Number of common shares	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$nil	25,637	5.01	\$ nil	25,637	\$ nil

#### Canaccord Genuity Group Inc. Collins Stewart Hawkpoint Replacement Long-Term Incentive Plan Award

On March 21, 2012, the Company introduced the Replacement LTIP, which replaced the existing LTIPs at CSHP on the acquisition date. Eligible employees who participated in the CSHP LTIPs were granted options to purchase shares of the Company awards under the Replacement LTIP. The exercise price of these options was \$nil. The options, which are now vested, vested annually on a graded basis over a three-year period. In accordance with IFRS 3, a portion of awards granted was included as part of the purchase consideration for the acquisition of CSHP and a portion was deferred and amortized to incentive compensation expense over the vesting period. The awards were fully amortized as of March 31, 2015.

	Number
Awards outstanding, March 31, 2014	496,996
Exercised	(204,190)
Forfeited	(10,832)
Balance, March 31, 2015	281,974
Exercised	(70,574)
<b>Balance, March 31, 2016</b>	<b>211,400</b>

The following table summarizes the share options outstanding as at March 31, 2016:

Range of exercise price	Options outstanding			Options exercisable	
	Number of common shares	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$nil	211,400	5.01	\$ nil	211,400	\$ nil

#### [iv] CSH INDUCEMENT PLAN

In connection with the acquisition of CSHP, the Company agreed to establish a retention plan for key CSHP staff. During the year ended March 31, 2013, the Company awarded 2,418,861 RSUs, which vest over a five-year period. In accordance with the plan, one-third of the total RSUs (806,302 RSUs) vested on the third anniversary of the date of the grant under the terms of the existing LTIP. The remaining two-thirds of the total RSUs (1,612,559 RSUs) will vest under the terms of the new CSH Inducement Plan, with one-half of the 1,612,559 RSUs vesting on the fourth anniversary and the remaining half on the fifth anniversary.

	LTIP (Number)	Non-LTIP (Number)	Total RSUs awarded (Number)
Balance, March 31, 2014	725,257	1,450,480	2,175,737
Vested	(666,551)	—	(666,551)
Forfeited	(58,706)	(117,413)	(176,119)
Balance, March 31, 2015	—	1,333,067	1,333,067
Vested	—	(626,446)	(626,446)
Forfeited	—	(55,545)	(55,545)
<b>Balance, March 31, 2016</b>	<b>—</b>	<b>651,076</b>	<b>651,076</b>

On each vesting date, the RSUs entitle the awardee to receive cash or common shares of the Company. If at the vesting date the share price is less than \$8.50 per share, then the Company, at its election, will either (a) pay cash to the employee equal to \$8.50 multiplied by the number of RSUs vesting on such date, or (b) pay cash to the employee equal to the difference between \$8.50 and the vesting date share price, multiplied by the number of RSUs vesting on that date plus that number of shares equal to the number of RSUs vesting on such date. If the share price is greater than \$8.50, then the Company will settle the RSUs in common shares.

The awards under this plan require either full or partial cash settlement if the share price at vesting is less than \$8.50 per share. To the extent that it is considered probable that cash settlement will be required, a portion of these awards is treated as cash settled, and recorded on the statements of financial position as a liability. The carrying amount of the liability at March 31, 2016 was \$2.1 million [March 31, 2015 – \$1.7 million].

The fair value of the RSUs at the grant date was \$8.50, for a total plan value of \$20.2 million, which is being amortized on a graded basis.

#### [v] SHARE OPTIONS

The Company has previously granted share options to purchase common shares of the Company to directors and senior management. Share options to independent directors vest over a four-year period and expire seven years after the grant date or 30 days after the participant ceases to be a director. Share options to senior management vest over a five-year period and expire on the earliest of: (a) seven years from the grant date; (b) three years after death or any other event of termination of employment; (c) after any unvested optioned shares held by the optionee are cancelled for any reason (other than early retirement but including resignation without entering into a formal exit agreement and termination for cause); and (d) in the case of early retirement, after a determination that the optionee has competed with the Company or violated any non-competition, non-solicitation or non-disclosure obligations. The exercise price is based on the fair market value of the common shares at grant date.

The following is a summary of the Company's share options as at March 31, 2016 and changes during the period then ended:

	Number of options	Weighted average exercise price
Balance, March 31, 2014	1,959,632	\$ 9.23
Exercised	(234,636)	\$ 9.47
Expired	(115,642)	\$ 9.47
Balance, March 31, 2015	1,609,354	\$ 9.25
Exercised	—	—
Expired	(100,000)	7.21
<b>Balance, March 31, 2016</b>	<b>1,509,354</b>	<b>\$ 9.38</b>

The following table summarizes the share options outstanding as at March 31, 2016:

Range of exercise price	Options outstanding			Options exercisable	
	Number of common shares	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
<b>\$8.39 – \$9.47</b>	<b>1,509,354</b>	<b>1.50</b>	<b>\$ 9.38</b>	<b>1,509,354</b>	<b>\$ 9.38</b>

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Volatility is based on the historical trend of the share prices of the Company. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

#### [vi] DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a DSU plan for its independent directors. Independent 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.

During the year ended March 31, 2016, the Company granted 92,461 DSUs [2015 – 53,307 DSUs]. The carrying amount of the liability relating to DSUs at March 31, 2016 was \$1.0 million [2015 – \$1.2 million].

#### [vii] SHARE-BASED COMPENSATION EXPENSE

	For the years ended	
	March 31, 2016	March 31, 2015
Long-term incentive plan	\$ 42,348	\$ 36,496
Forgivable common share purchase loans	5,552	15,824
CSH Inducement Plan	3,148	4,062
Deferred share units (cash-settled)	(489)	(320)
Other	(19)	1,483
Accelerated share-based payment expense included as restructuring expense	1,360	3,760
<b>Total share-based compensation expense</b>	<b>\$ 51,900</b>	<b>\$ 61,305</b>

Included in long-term incentive plan expense is the accelerated amortization related to awards which were cancelled during the year ended March 31, 2016. The cancellations included the 1.5 million RSUs (value of \$8.9 million) granted in conjunction with the appointment of the Chief Executive Officer which were surrendered effective March 31, 2016.

## NOTE 19 Related Party Transactions

### [i] CONSOLIDATED SUBSIDIARIES

The financial statements include the financial statements of the Company and the Company's principal operating subsidiaries and principal intermediate holding companies listed in the following table:

	Country of incorporation	% equity interest	
		March 31, 2016	March 31, 2015
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 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 (Delaware) Inc.	United States	100%	100%
Canaccord Adams Financial Group ULC	Canada	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 Singapore Pte Ltd.**	Singapore	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%	n/a

\* 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, 2016 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, 2015 – 60%] [Note 8]

\*\* On April 8, 2016, the Company entered into an agreement to sell its shares in Canaccord Genuity Singapore Pte Ltd. This sale is subject to regulatory approval from the Monetary Authority of Singapore and is expected to close in the second quarter of fiscal 2017 [Note 25].

### [ii] COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2016 and 2015:

	March 31, 2016	March 31, 2015
Short term employee benefits	\$ 4,668	\$ 8,063
Share-based payments	2,526	9,412
<b>Total compensation paid to key management personnel</b>	<b>\$ 7,194</b>	<b>\$ 17,475</b>

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 RSUs with a value of \$8.9 million. He surrendered this award effective March 31, 2016, and the amount of the award is not included in the table above.

#### [iii] OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

	March 31, 2016		March 31, 2015
Accounts receivable	61	\$	—
Accounts payable and accrued liabilities	4,035		1,041

#### [iv] TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

Security trades executed by the Company for officers and directors are transacted in accordance with the 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 the Company.

### NOTE 20

### Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity – includes investment banking, advisory, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK and Europe, and the US. Operations located in Other Foreign Locations under Canaccord Genuity (Barbados) Ltd., Canaccord Genuity Asia and the 58% controlling interest [March 31, 2015 – 60%] in Canaccord Genuity Australia are also included in Canaccord Genuity.

Canaccord Genuity Wealth Management – provides brokerage services and investment advice to retail or institutional clients in Canada, the US, and the UK and Europe.

Corporate and Other includes correspondent brokerage services, interest and foreign exchange revenue and expenses not specifically allocable to Canaccord Genuity or Canaccord Genuity Wealth Management.

The Company's industry segments are managed separately because each business offers different services and requires different personnel and marketing strategies. The Company evaluates the performance of each business based on operating results, without regard to non-controlling interests.

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity segment, as it relates to the acquisitions of Genuity and the controlling interest in Canaccord Genuity Australia. Amortization of identifiable intangible assets acquired through the purchase of CSHP is allocated to Canaccord Genuity and Canaccord Genuity Wealth Management segments in the UK and Europe (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisition of Eden Financial Ltd. is allocated to Canaccord Genuity Wealth Management segments in the UK and Europe (Eden Financial Ltd.). Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and income (loss) before taxes and intersegment allocations is derived from external customers. The Company also does not allocate cash flows by reportable segments.

	For the years ended							
	March 31, 2016				March 31, 2015			
	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenues, excluding								
interest revenue	\$ 528,999	\$ 236,663	\$ 5,313	\$ 770,975	\$ 606,497	\$ 240,178	\$ 11,876	\$ 858,551
Interest revenue	3,271	9,904	3,655	16,830	6,608	10,712	4,892	22,212
Expenses, excluding								
undernoted	501,625	196,961	53,111	751,697	527,380	202,480	50,912	780,772
Amortization	13,915	10,264	1,160	25,339	15,417	11,091	1,920	28,428
Development costs	7,869	6,911	11,349	26,129	9,467	8,217	6,764	24,448
Interest expense	8,542	241	1,439	10,222	11,467	539	1,418	13,424
Restructuring costs	11,305	165	5,882	17,352	20,997	783	3,033	24,813
Impairment of goodwill	321,037	—	—	321,037	14,535	—	—	14,535
(Loss) income before income taxes and intersegment allocations	(332,023)	32,025	(63,973)	(363,971)	13,842	27,780	(47,279)	(5,657)
Less: Intersegment allocations	17,087	21,854	(38,941)	—	11,910	21,683	(33,593)	—
(Loss) income before income taxes	\$(349,110)	\$ 10,171	\$ (25,032)	\$(363,971)	\$ 1,932	\$ 6,097	\$ (13,686)	\$ (5,657)

For geographic reporting purposes, the Company's business operations are grouped into Canada, the UK and Europe, the United States, and Other Foreign Locations. The following table presents the revenue of the Company by geographic location (revenue is attributed to geographic areas on the basis of the location of the underlying corporate operating results):

	For the years ended	
	March 31, 2016	March 31, 2015
Canada	\$ 247,021	\$ 345,325
United Kingdom and Europe	283,803	281,493
United States	218,965	204,339
Other Foreign Locations	38,016	49,606
	\$ 787,805	\$ 880,763

The following table presents selected figures pertaining to the financial position of each geographic location:

	Canada	UK and Europe	United States	Other Foreign Locations	Total
<b>As at March 31, 2016</b>					
Equipment and leasehold improvements	\$ 12,452	\$ 12,751	\$ 9,798	\$ 2,048	\$ 37,049
Goodwill	92,074	111,658	—	—	203,732
Intangible assets	58,025	61,088	92	999	120,204
Non-current assets	162,551	185,497	9,890	3,047	360,985
<b>As at March 31, 2015</b>					
Equipment and leasehold improvements	15,607	14,300	11,128	2,338	43,373
Goodwill	242,074	210,146	9,103	44,256	505,579
Intangible assets	60,819	68,371	90	5,597	134,877
Non-current assets	\$ 318,500	\$ 292,817	\$ 20,321	\$ 52,191	\$ 683,829

**NOTE 21 Capital Management**

The Company's business requires capital for operating and regulatory purposes, including funding current and future operations. The Company's capital structure is underpinned by shareholders' equity, which is comprised of preferred shares, common shares, contributed surplus, retained earnings and accumulated other comprehensive income (loss), and is further complemented by the subordinated debt. The following table summarizes our capital as at March 31, 2016 and 2015:

Type of capital	March 31, 2016	March 31, 2015
Preferred shares	\$ 205,641	\$ 205,641
Common shares	617,756	620,858
Contributed surplus	86,235	85,597
Retained earnings (deficit)	(294,586)	92,815
Accumulated other comprehensive income	134,883	112,631
Shareholders' equity	749,929	1,117,542
Subordinated debt	15,000	15,000
	\$ 764,929	\$ 1,132,542

The Company's capital management framework is designed to maintain the level of capital that will:

- Meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators
- Fund current and future operations
- Ensure that the Company is able to meet its financial obligations as they become due
- Support the creation of shareholder value

The following subsidiaries are subject to regulatory capital requirements in the respective jurisdictions by the listed regulators:

- Canaccord Genuity Corp. is subject to regulation in Canada primarily by the Investment Industry Regulatory Organization of Canada (IIROC)
- Canaccord Genuity Limited, Canaccord Genuity Wealth Limited, and Canaccord Genuity Financial Planning Limited are regulated in the UK by the Financial Conduct Authority (FCA)
- Canaccord Genuity Wealth (International) Limited is licensed and regulated by the Guernsey Financial Services Commission, the Isle of Man Financial Supervision Commission and the Jersey Financial Services Commission
- Canaccord Genuity Singapore Pte Ltd. is subject to regulation by the Monetary Authority of Singapore
- Canaccord Genuity (Australia) Limited is regulated by the Australian Securities and Investments Commission
- Canaccord Genuity (Hong Kong) Limited is regulated in Hong Kong by the Securities and Futures Commission
- Canaccord Genuity Inc. is registered as a broker dealer in the US and is subject to regulation primarily by the Financial Industry Regulatory Authority, Inc. (FINRA)
- Canaccord Genuity Wealth Management (USA) Inc. is registered as a broker dealer in the US and is subject to regulation primarily by FINRA
- Canaccord Asset Management Inc. is subject to regulation in Canada by the Ontario Securities Commission

Margin requirements in respect of outstanding trades, underwriting deal requirements and/or working capital requirements cause regulatory capital requirements to fluctuate on a daily basis. Compliance with these requirements may require the Company to keep sufficient cash and other liquid assets on hand to maintain regulatory capital requirements rather than using these liquid assets in connection with its business or paying them out in the form of cash disbursements. Some of the subsidiaries are also subject to regulations relating to withdrawal of capital, including payment of dividends to the Company. There were no significant changes in the Company's capital management policy during the current year. The Company's subsidiaries were in compliance with all of the minimum regulatory capital requirements as at and during the year ended March 31, 2016.

## NOTE 22

## Client Money

At March 31, 2016, the UK and Europe operations held client money in segregated accounts of \$2,179 million (£1,168.0 million) [2015 – \$1,880.4 million; £1,000 million]. This is comprised of \$6.2 million (£3.3million) [2015 – \$18.4 million; £9.8 million] of balances held on behalf of clients to settle outstanding trades and \$2,173 million (£1,165 million) [2015 – \$1,862 million; £991.2 million] of segregated deposits, held on behalf of clients, which are not reflected on the consolidated statements of financial position. Movement in settlement balances is reflected in operating cash flows.

## NOTE 23

## Provisions and Contingencies

## PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the years ended March 31, 2016 and 2015:

	Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2014	\$ 7,412	\$ 2,922	\$ 10,334
Additions	4,428	24,813	29,241
Utilized	(7,068)	(16,261)	(23,329)
Recoveries	(1,926)	—	(1,926)
Balance, March 31, 2015	\$ 2,846	\$ 11,474	\$ 14,320
Additions	2,518	17,352	19,870
Utilized	(1,764)	(13,615)	(15,379)
<b>Balance, March 31, 2016</b>	<b>\$ 3,600</b>	<b>\$ 15,211</b>	<b>\$ 18,811</b>

During the year ended March 31, 2016, the Company incurred \$17.4 million in restructuring costs in connection with staff reductions in the capital markets operations in Canada, the US and the UK and Europe, the closure of the Barbados office in Other Foreign Locations, as well as charges related to staff reductions and certain executive changes in Canada. The restructuring provisions at March 31, 2016 relate primarily to termination benefits incurred as part of the Company's reorganization. It is expected that the restructuring provisions at March 31, 2016 will be mostly utilized during the year ending March 31, 2017.

## Commitments, litigation proceedings and contingent liabilities

In the normal course of business, the Company is involved in litigation, and as of March 31, 2016, it was a defendant in various legal actions. The Company has established provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of March 31, 2016, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

Management's evaluation and analysis of these claims indicate that the amounts reasonably claimed in respect of certain claims are material and, accordingly, these claims are described below.

Certain claims have been asserted against the Company in respect of the sale of certain conventional wealth management tax advantaged film partnership products in the UK by a predecessor which could be material if such claims are advanced, additional claims are made and the Company's assumptions used to evaluate the matter as neither probable nor estimable change in future periods. In that event, the Company may be required to record a provision for an adverse outcome which could have a material adverse effect on the Company's financial position. The aggregate investment by the Company's clients in respect of these products is estimated to be \$10.9 million (£5.8 million). The aggregate initial tax deferral realized by the Company's clients in respect of these products when they were purchased by those clients during the period from 2006 to 2009 is estimated to be \$15.0 million (£8.0 million). Enforcement in accordance with recent announcements from the UK taxation authority in respect of the taxation of other similar products sold by other financial advisors (the Litigation) could result in tax liabilities to the purchasers of those products in excess of the initial tax deferral amount. The potential tax liability for the Company's clients that is in excess of the initial tax deferral amount is estimated to be \$15.5 million (£8.3 million). The probable outcome of the Litigation and the

resulting impact on taxation in respect of this matter and the likelihood of a loss to the Company in connection with any claims asserted against the Company, or which may be asserted against the Company, are not determinable at the date of these consolidated financial statements.

## NOTE 24 Commitments

Subsidiaries of the Company are committed to approximate minimum lease payments for premises and equipment over the next five years and thereafter as follows:

2017	\$	31,196
2018		27,618
2019		22,577
2020		17,465
2021		15,421
Thereafter		36,821
	\$	151,098

Some leases include extension options and provide for stepped rents, which mainly relate to lease of office space.

Certain subsidiaries of the Company have agreed to sublease agreements and the approximate minimum lease receipts for premises and equipment over the next five years and thereafter as follows:

2017	\$	1,286
2018		884
2019		718
2020		718
2021		718
Thereafter		1,017
	\$	5,341

## NOTE 25 Subsequent Events

### (i) BUSINESS DISPOSITION

On April 8, 2016, the Company announced that it had entered into a transaction with SAC Capital Private Limited (SAC Capital) whereby SAC Capital will acquire 100% of the ordinary shares of Canaccord Genuity Singapore Pte Ltd.

The Company will receive upfront cash consideration and further payments based on the value of net tangible assets and deferred consideration calculated with reference to the future cash flows arising from the existing business.

The transaction is subject to completion of certain closing conditions, including regulatory approval from the Monetary Authority of Singapore and is expected to close in the second quarter of fiscal 2017.

### (ii) DIVIDENDS

On June 1, 2016, the Board of Directors considered the Company's dividend policy in the context of the market environment and business activity and agreed a continued suspension of the quarterly dividend on common shares. This suspension will be reviewed quarterly and a determination made on the basis of business conditions and profitability.

On June 1, 2016 the Board of Directors approved the following cash dividends: \$0.34375 per Series A Preferred Share payable on June 30, 2016 with a record date of June 17, 2016; and \$0.359375 per Series C Preferred Share payable on June 30, 2016 with a record date of June 17, 2016.

### (iii) SUBORDINATED DEBT

The Company is planning to repay \$7.5 million of the subordinated debt during the fiscal year ending March 31, 2017.

## Supplemental Information

Advisory note: This supplemental information is not audited and should be read in conjunction with the audited financial statements contained herein.

### Financial Highlights<sup>(1)</sup>

(C\$ thousands, except for AUM, AUA, common and preferred share information, financial measures and percentages)	For the years ended and as at March 31				
	2016	2015	2014	2013	2012
<b>Financial results</b>					
Revenue	\$ 787,805	\$ 880,763	\$ 855,244	\$ 797,122	\$ 604,864
Expenses	1,151,776	886,420	790,656	820,824	620,983
Income taxes (recovery) expense	(5,404)	5,661	12,531	(4,927)	5,227
Net (loss) income	(358,567)	(11,318)	52,057	(18,775)	(21,346)
Net (loss) income attributable to CGGI shareholders	(358,471)	(13,184)	51,413	(16,819)	(20,307)
Net (loss) income attributable to common shareholders	(370,463)	(25,061)	39,651	(28,539)	(25,122)
<b>Business segment</b>					
(Loss) income before income taxes					
Canaccord Genuity <sup>(2)</sup>	\$ (349,110)	\$ 1,932	\$ 74,391	\$ 3,640	\$ (13,534)
Canaccord Genuity Wealth Management	10,171	6,097	(7,389)	(35,978)	(912)
Corporate and Other	(25,032)	(13,686)	(2,414)	8,636	(1,673)
<b>Geographic segment</b>					
(Loss) income before income taxes					
Canada <sup>(3)</sup>	\$ (179,586)	\$ 16,487	\$ (8,572)	\$ 4,206	\$ 39,439
UK and Europe <sup>(4)</sup>	(103,220)	(3,216)	47,431	(9,709)	(41,202)
US <sup>(5)</sup>	(24,606)	(6,658)	27,320	(8,881)	(7,533)
Other Foreign Locations <sup>(6)</sup>	(56,559)	(12,270)	(1,591)	(9,318)	(6,823)
<b>Client assets information (\$ millions)</b>					
AUM – Canada (discretionary)	\$ 1,257	\$ 1,561	\$ 1,204	\$ 835	\$ 677
AUA – Canada	9,192	10,729	10,160	10,429	14,828
AUM – UK and Europe	22,791	21,763	20,156	15,936	13,087
AUM – Australia	731	836	555	451	—
Total	32,714	33,328	30,871	26,816	27,915
<b>Common share information</b>					
Per common share (\$)					
Basic (loss) earnings	\$ (4.09)	\$ (0.27)	\$ 0.42	\$ (0.31)	\$ (0.33)
Diluted (loss) earnings	(4.09)	(0.27)	0.39	(0.31)	(0.33)
Book value per diluted common share <sup>(7)</sup>	4.99	8.71	9.05	7.68	8.26
Common share price (\$)					
High	\$ 8.58	\$ 13.49	\$ 8.45	\$ 8.30	\$ 15.31
Low	3.50	5.98	5.05	4.03	6.94
Close	4.01	6.52	8.20	6.82	8.30
Common shares outstanding (thousands)					
Issued shares excluding unvested shares	89,084	91,795	93,115	93,062	94,026
Issued and outstanding	103,812	102,608	101,471	102,896	101,689
Diluted shares	109,072	104,704	107,937	109,880	106,883
Average basic	90,553	91,693	94,125	92,218	76,715
Average diluted	n/a	n/a	101,993	n/a	n/a
Market capitalization (thousands)	437,379	682,673	885,087	749,380	887,131
<b>Preferred share information (thousands)</b>					
Shares issued and outstanding	8,540	8,540	8,540	8,540	4,540
<b>Financial measures</b>					
Dividends per common share	\$ 0.10	\$ 0.25	\$ 0.20	\$ 0.20	\$ 0.40
Common dividend yield (closing common share price)	2.5%	3.8%	2.4%	2.9%	4.8%
Common dividend payout ratio	(2.8)%	(101.9)%	51.6%	(71.8)%	(139.9)%
Total shareholder return <sup>(8)</sup>	(37.0)%	(17.4)%	23.2%	(15.4)%	(37.9)%
ROE <sup>(9)</sup>	(50.4)%	(2.9)%	4.4%	(3.3)%	(3.1)%
Price to earnings multiple <sup>(10)</sup>	(1.0)	(21.0)	21.0	(22.0)	(24.4)
Price to book ratio <sup>(11)</sup>	0.8	0.7	0.9	0.9	1.0

(1) Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures included are: return on average common equity (ROE), book value per diluted common share, common dividend yield, common dividend payout ratio, total shareholder return, price to earnings multiple (P/E), price to book ratio (P/B), assets under management (AUM) and assets under administration (AUA).

(2) Includes the global capital markets division in Canada, the UK and Europe, the US, Australia, China, Dubai, Barbados and Singapore.

(3) The Company's Canada geographic segment includes operations for Canaccord Genuity, Canaccord Genuity Wealth Management and Corporate and Other business segments.

(4) The Company's UK and Europe geographic segment engages in capital markets and wealth management activities. Results of former CSHP entities located in the UK and Europe since March 22, 2012 and the wealth management operations of Eden Financial Ltd. since October 1, 2012 are also included.

(5) The Company's US geographic segment includes US capital markets and wealth management operations. Results of former CSHP entities located in the US are included since March 22, 2012.

(6) Revenue derived from capital markets activity outside of Canada, the US and the UK and Europe is reported as Other Foreign Locations, which includes operations in Australia, China, Barbados, Dubai and Singapore. Results of Australian operations are included since November 1, 2011, and Singaporean operations are included since March 22, 2012. Results of the Dubai operations are included since Q2/16.

(7) Book value per diluted common share, a non-IFRS measure, is calculated as total shareholders' equity divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments and, commencing in fiscal 2014, 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.

(8) Total shareholder return is calculated as the change in share price plus dividends paid to common shares and special distributions paid in the current period as a percentage of the prior period's closing common share price, assuming reinvestment of all dividends.

(9) ROE is calculated by dividing the annual net income attributable to common shareholders over the average common shareholders' equity.

(10) The price to earnings multiple is calculated based on the end of period share price and 12-month trailing diluted EPS.

(11) The price to book ratio is calculated based on the end of period common share price and book value per diluted common share.

## Condensed Consolidated Statements of Operations and Retained Earnings<sup>(1)</sup>

(C\$ thousands, except per share amounts and percentages)	For the years ended March 31				
	2016 IFRS	2015 IFRS	2014 IFRS	2013 IFRS	2012 IFRS
<b>Revenue</b>					
Commissions and fees	\$ 376,817	\$ 374,058	\$ 361,647	\$ 353,125	\$ 252,877
Investment banking	134,207	238,517	221,410	145,772	175,225
Advisory fees	158,002	151,336	139,142	179,690	107,370
Principal trading	85,559	75,217	91,313	66,406	10,647
Interest	16,830	22,212	24,549	29,199	31,799
Other	16,390	19,423	17,183	22,930	26,946
	<b>787,805</b>	<b>880,763</b>	<b>855,244</b>	<b>797,122</b>	<b>604,864</b>
<b>Expenses</b>					
Incentive compensation <sup>(2)</sup>	417,876	455,480	413,289	406,724	304,908
Salaries and benefits	92,981	85,770	91,135	88,522	63,924
Trading costs	56,998	52,795	47,872	43,892	30,313
Premises and equipment	40,863	40,281	38,461	41,124	27,546
Communication and technology	55,975	51,758	46,065	49,115	28,343
Interest	10,222	13,424	16,359	15,302	9,816
General and administrative	87,004	94,688	83,834	89,504	69,523
Amortization	25,339	28,428	26,786	33,779	14,108
Development costs	26,129	24,448	21,369	19,526	21,193
Restructuring costs	17,352	24,813	5,486	31,617	35,253
Impairment of goodwill	321,037	14,535	—	—	—
Acquisition-related costs	—	—	—	1,719	16,056
	<b>1,151,776</b>	<b>886,420</b>	<b>790,656</b>	<b>820,824</b>	<b>620,983</b>
(Loss) income before income taxes	(363,971)	(5,657)	64,588	(23,702)	(16,119)
Income taxes (recovery) expense	(5,404)	5,661	12,531	(4,927)	5,227
<b>Net (loss) income for the year</b>	<b>\$ (358,567)</b>	<b>\$ (11,318)</b>	<b>\$ 52,057</b>	<b>\$ (18,775)</b>	<b>\$ (21,346)</b>
Non-controlling interests	(96)	1,866	644	(1,956)	(1,039)
Net (loss) income attributable to CGGI shareholders	(358,471)	(13,184)	51,413	(16,819)	(20,307)
Retained earnings, beginning of year	92,815	144,799	126,203	180,748	238,647
Common shares dividends	(16,938)	(26,806)	(21,055)	(26,006)	(32,778)
Preferred shares dividends	(11,992)	(11,994)	(11,762)	(11,720)	(4,814)
<b>Retained earnings (deficit), end of year</b>	<b>\$ (294,586)</b>	<b>\$ 92,815</b>	<b>\$ 144,799</b>	<b>\$ 126,203</b>	<b>\$ 180,748</b>
Incentive compensation expenses as a % of revenue	53.0%	51.7%	48.3%	51.0%	50.4%
Total compensation expenses as a % of revenue <sup>(3)</sup>	64.8%	61.5%	59.0%	62.1%	61.0%
Non-compensation expenses as a % of revenue	81.4%	39.2%	33.6%	40.8%	41.7%
Total expenses as a % of revenue	146.2%	100.6%	92.4%	103.0%	102.7%
Pre-tax profit margin	(46.2)%	(0.6)%	7.6%	(3.0)%	(2.7)%
Effective tax rate	1.5%	(100.1)%	19.4%	20.8%	(32.4)%
Net profit margin	(45.5)%	(1.3)%	6.1%	(2.4)%	(3.5)%
Basic (loss) earnings per share	\$ (4.09)	\$ (0.27)	\$ 0.42	\$ (0.31)	\$ (0.33)
Diluted (loss) earnings per share	\$ (4.09)	\$ (0.27)	\$ 0.39	\$ (0.31)	\$ (0.33)
Book value per diluted common share <sup>(4)</sup>	\$ 4.99	\$ 8.71	\$ 9.05	\$ 7.68	\$ 8.26
<b>Supplemental segmented revenue information</b>					
Canaccord Genuity	\$ 532,270	\$ 613,105	\$ 615,790	\$ 541,033	\$ 373,477
Canaccord Genuity Wealth Management	246,567	250,890	224,036	231,612	201,290
Corporate and Other	8,968	16,768	15,418	24,477	30,097
	<b>\$ 787,805</b>	<b>\$ 880,763</b>	<b>\$ 855,244</b>	<b>\$ 797,122</b>	<b>\$ 604,864</b>

(1) Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures included are: incentive compensation expenses as a % of revenue, total compensation expenses as a % of revenue, non-compensation expenses as a % of revenue, total expenses as a % of revenue, and book value per diluted common share.

(2) Incentive compensation expenses include the National Insurance Tax applicable to the UK.

(3) Total compensation expenses include incentive compensation and salaries and benefits, but exclude hiring incentives, which are included in development costs. Beginning in fiscal 2011, development group salaries and benefits have been included as compensation expense, whereas they were classified as development costs prior to fiscal 2011.

(4) Book value per diluted common share, a non-IFRS measure, is calculated as total shareholders' equity divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments and, commencing in fiscal 2014, 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.

## Condensed Consolidated Statements of Financial Position

As at March 31 (C\$ thousands)	2016	2015	2014	2013	2012
<b>Assets</b>					
Cash and cash equivalents	\$ 428,329	\$ 322,324	\$ 364,296	\$ 491,012	\$ 814,238
Securities owned, at market	564,746	848,128	1,143,201	924,337	1,171,988
Accounts receivable	2,041,150	2,491,488	2,785,898	2,513,958	3,081,640
Income taxes recoverable	12,537	5,295	3,983	—	8,301
Deferred tax assets	11,221	10,148	9,735	12,552	3,959
Investments	5,578	8,693	9,977	3,695	9,493
Equipment and leasehold improvements	37,049	43,373	50,975	42,979	51,084
Goodwill and other intangibles	323,936	640,456	646,557	614,969	622,020
	\$ 3,424,546	\$ 4,369,905	\$ 5,014,622	\$ 4,603,502	\$ 5,762,723
<b>Liabilities and shareholders' equity</b>					
Bank indebtedness	\$ 14,910	\$ 20,264	\$ —	\$ 66,138	\$ 75,141
Short term credit facility	—	—	—	—	150,000
Securities sold short, at market	427,435	654,639	913,913	689,020	914,649
Accounts payable and accrued liabilities	2,203,858	2,541,956	2,888,267	2,746,790	3,590,266
Income taxes payable	4,242	8,172	10,822	4,428	—
Contingent consideration	—	—	—	14,218	—
Deferred tax liabilities	450	2,057	3,028	2,576	8,088
Subordinated debt	15,000	15,000	15,000	15,000	15,000
Non-controlling interests	8,722	10,275	14,912	16,169	17,454
Shareholders' equity	749,929	1,117,542	1,168,680	1,049,163	992,125
	\$ 3,424,546	\$ 4,369,905	\$ 5,014,622	\$ 4,603,502	\$ 5,762,723

## Miscellaneous Operational Statistics<sup>(1)</sup>

As at March 31	2016	2015	2014	2013	2012
<b>Number of employees in Canada</b>					
Number in Canaccord Genuity	180	201	215	222	247
Number in Canaccord Genuity Wealth Management	354	400	420	461	684
Number in Corporate and Other	288	324	316	332	378
Total Canada	822	925	951	1,015	1,309
<b>Number of employees in the UK and Europe</b>					
Number in Canaccord Genuity	279	329	372	400	461
Number in Canaccord Genuity Wealth Management	312	303	294	294	276
<b>Number of employees in the US</b>					
Number in Canaccord Genuity	291	269	286	253	302
<b>Number of employees in Other Foreign Locations</b>					
Number in Canaccord Genuity	81	89	89	84	80
Number in Canaccord Genuity Wealth Management	10	13	12	14	—
<b>Number of employees company-wide</b>	1,795	1,928	2,004	2,060	2,428
Number of Advisory Teams in Canada <sup>(2)</sup>	139	152	160	178	280
Number of licensed professionals in Canada	392	437	436	494	604
Number of investment professionals and fund managers in the UK and Europe <sup>(3)</sup>	118	114	118	122	106
Number of Advisors – Australia	7	9	9	12	—
AUM – Canada (discretionary) (C\$ millions)	\$ 1,257	\$ 1,561	\$ 1,204	\$ 835	\$ 677
AUA – Canada (C\$ millions)	\$ 9,192	\$ 10,729	\$ 10,160	\$ 10,429	\$ 14,828
AUM – UK and Europe (C\$ millions)	\$ 22,791	\$ 21,763	\$ 20,156	\$ 15,936	\$ 13,087
AUM – Australia (C\$ millions)	\$ 731	\$ 836	\$ 555	\$ 451	\$ —
Total (C\$ millions)	\$ 32,714	\$ 33,328	\$ 30,871	\$ 26,816	\$ 27,915
<b>Number of companies with Canaccord Genuity</b>					
<b>Limited as broker</b>					
London Stock Exchange (LSE)	67	53	52	55	52
Alternative Investment Market (AIM)	32	40	43	56	77
Total broker	99	93	95	111	129
<b>Number of companies with Canaccord Genuity</b>					
<b>Limited as Nomad<sup>(4)</sup></b>					
LSE	—	1	—	—	—
AIM	32	30	33	45	62
Total Nomad	32	31	33	45	62

(1) These miscellaneous operational statistics are non-IFRS measures.

(2) Advisory Teams in Canada are normally comprised of one or more Investment Advisors (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.

(3) Investment professionals include all staff with direct sales responsibilities, which includes brokers and assistants with direct client contacts. Fund managers include all staff who manage client assets.

(4) A company listed on AIM is required to retain a Nominated Adviser (commonly referred to as a Nomad) during the company's life on the market. Among other duties, Nomads are responsible for warranting that a company is appropriate for joining AIM. A Nomad is similar to a Financial Advisor on the LSE, but is specific to AIM.

## Quarterly Financial Highlights<sup>(1)</sup>

(C\$ thousands, except for AUM, AUA, common and preferred share information, financial measures and percentages)	Fiscal 2016				Fiscal 2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Financial results</b>								
Revenue	\$200,912	\$ 181,837	\$ 190,602	\$214,454	\$232,465	\$166,471	\$ 236,271	\$ 245,556
Expenses	228,210	532,456	189,103	202,007	260,835	191,991	211,326	222,268
Income taxes (recovery) expense	(4,589)	(4,231)	1,930	1,486	(2,048)	(4,041)	7,331	4,419
Net (loss) income	(22,709)	(346,388)	(431)	10,961	(26,322)	(21,479)	17,614	18,869
Net (loss) income attributable to								
CGGI shareholders	(22,503)	(346,277)	(105)	10,414	(26,994)	(21,380)	17,109	18,081
Net (loss) income attributable to common shareholders	(25,501)	(349,275)	(3,103)	7,416	(29,992)	(24,340)	14,188	15,083
<b>Business segment</b>								
(Loss) income before income taxes								
Canaccord Genuity <sup>(2)</sup>	\$ (12,704)	\$(343,932)	\$ (1,774)	\$ 9,300	\$(23,264)	\$(26,838)	\$ 25,264	\$ 26,770
Canaccord Genuity Wealth Management	273	2,596	2,749	4,553	4,353	1,291	658	(205)
Corporate and Other	(14,867)	(9,283)	524	(1,406)	(9,459)	27	(977)	(3,277)
<b>Geographic segment</b>								
(Loss) income before income taxes								
Canada <sup>(3)</sup>	\$ (21,873)	\$(159,284)	\$ (1,240)	\$ 2,811	\$ (5,983)	\$ (2,375)	\$ 17,021	\$ 7,808
UK and Europe <sup>(4)</sup>	(163)	(114,544)	5,001	6,486	(9,326)	(11,291)	10,618	6,783
US <sup>(5)</sup>	(3,382)	(25,354)	593	3,537	(5,470)	(6,006)	(2,951)	7,785
Other Foreign Locations <sup>(6)</sup>	(1,880)	(51,437)	(2,855)	(387)	(7,591)	(5,848)	257	912
<b>Client assets (\$ millions)</b>								
AUM – Canada (discretionary)	\$ 1,257	\$ 1,262	\$ 1,360	\$ 1,419	\$ 1,561	\$ 1,441	\$ 1,391	\$ 1,270
AUA – Canada	9,192	9,035	9,481	10,648	10,729	10,310	10,757	10,958
AUM – UK and Europe	22,791	24,530	22,948	22,813	21,763	20,307	20,420	20,486
AUM – Australia	731	816	790	803	836	634	569	631
Total	32,714	34,381	33,219	34,264	33,328	31,251	31,746	32,075
<b>Common share information</b>								
Per common share (\$)								
Basic (loss) earnings	\$ (0.29)	\$ (3.91)	\$ (0.03)	\$ 0.08	\$ (0.33)	\$ (0.27)	\$ 0.16	\$ 0.16
Diluted (loss) earnings	(0.29)	(3.91)	(0.03)	0.08	(0.33)	(0.27)	0.14	0.15
Book value per diluted common share <sup>(7)</sup>	4.99	5.33	8.38	8.34	8.71	8.63	8.90	8.70
Common share price (\$)								
High	\$ 5.08	\$ 5.89	\$ 7.87	\$ 8.58	\$ 7.85	\$ 11.47	\$ 13.49	\$ 13.05
Low	3.50	4.23	5.14	6.38	6.14	5.98	10.73	7.80
Close	4.01	5.11	5.23	7.78	6.52	7.81	11.19	12.29
Common shares outstanding (thousands)								
Issued shares excluding unvested shares	89,084	89,201	90,099	92,588	91,795	90,878	91,104	91,393
Issued and outstanding	103,813	103,108	102,979	103,268	102,608	101,883	102,163	101,983
Diluted shares	109,072	109,541	110,069	110,645	104,652	104,357	105,275	105,470
Average basic	88,948	89,336	91,465	92,297	91,252	91,404	91,070	92,763
Average diluted	n/a	n/a	n/a	96,766	n/a	n/a	101,059	102,203
Market capitalization (thousands)	437,379	559,755	575,661	860,818	682,331	815,027	1,178,027	1,296,226
Preferred shares outstanding (thousands)								
Shares issued and outstanding	8,450	8,540	8,540	8,540	8,540	8,540	8,540	8,540
<b>Financial measures</b>								
Dividends per common share	\$ —	\$ —	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.05
Common dividend yield (closing share price)	—	—	3.8%	2.6%	3.1%	2.6%	3.6%	1.6%
Common dividend payout ratio	—	—	(165.9)%	69.6%	(17.1)%	(20.9)%	72.0%	33.8%
Total shareholder return <sup>(8)</sup>	(21.5)%	(2.3)%	(32.1)%	20.1%	(15.9)%	(29.8)%	(8.1)%	50.5%
Annualized ROE <sup>(9)</sup>	(18.3)%	(184.0)%	(1.3)%	3.2%	(13.4)%	(10.5)%	6.1%	6.4%
Price to earnings multiple <sup>(10)</sup>	(1.0)	(1.2)	(9.5)	(20.5)	(21.0)	32.5	17.2	25.6
Price to book ratio <sup>(11)</sup>	0.8	1.0	0.6	0.9	0.7	0.9	1.3	1.4

(1) Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures included are: return on average common equity (ROE), book value per diluted common share, common dividend yield, common dividend payout ratio, total shareholder return, price to earnings multiple (P/E), price to book ratio (P/B), assets under management (AUM) and assets under administration (AUA).

(2) Includes the global capital markets division in Canada, the UK and Europe, the US, Australia, China, Barbados, Dubai and Singapore.

(3) The Company's Canada geographic segment includes operations for Canaccord Genuity, Canaccord Genuity Wealth Management and Corporate and Other business segments.

(4) The Company's UK and Europe geographic segment engages in capital markets and wealth management activities. Results of former CSHP entities located in the UK and Europe since March 22, 2012 and the wealth management operations of Eden Financial Ltd. since October 1, 2012 are also included.

(5) The Company's US geographic segment includes US capital markets and wealth management operations. Results of former CSHP entities located in the US are included since March 22, 2012.

(6) Revenue derived from capital markets activity outside of Canada, the US and the UK and Europe is reported as Other Foreign Locations, which includes operations in Australia, China, Barbados, Dubai and Singapore. Results of Australian operations are included since November 1, 2011, and Singaporean operations are included since March 22, 2012.

(7) Book value per diluted common share, a non-IFRS measure, is calculated as total shareholders' equity divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments and, commencing in fiscal 2014, 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.

(8) Total shareholder return is calculated as the change in share price plus dividends paid to common shares and special distributions paid in the current period as a percentage of the prior period's closing common share price, assuming reinvestment of all dividends.

(9) ROE is presented on an annualized basis. Quarterly annualized ROE is calculated by dividing the annualized net income attributable to common shareholders for the three-month period over the average common shareholders' equity.

(10) The price to earnings multiple is calculated based on the end of period share price and 12-month trailing diluted EPS.

(11) The price to book ratio is calculated based on the end of period common share price and book value per diluted common share.

## Condensed Consolidated Statements of Operations<sup>(1)</sup>

(C\$ thousands, except per share amounts and percentages)	Fiscal 2016				Fiscal 2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Revenue</b>								
Commissions and fees	\$ 97,915	\$ 95,014	\$ 89,182	\$ 94,706	\$ 100,869	\$ 92,123	\$ 86,240	\$ 94,826
Investment banking	16,898	20,406	31,490	65,413	57,255	27,601	66,289	87,372
Advisory fees	54,616	37,809	43,912	21,665	40,283	22,618	55,741	32,694
Principal trading	25,199	20,202	17,592	22,566	22,621	14,612	17,708	20,276
Interest	3,441	3,981	4,334	5,074	4,961	5,045	5,902	6,304
Other	2,843	4,425	4,092	5,030	6,476	4,472	4,391	4,084
	<b>200,912</b>	<b>181,837</b>	<b>190,602</b>	<b>214,454</b>	<b>232,465</b>	<b>166,471</b>	<b>236,271</b>	<b>245,556</b>
<b>Expenses</b>								
Incentive compensation <sup>(2)</sup>	112,921	105,774	92,681	106,500	126,555	87,199	119,389	122,337
Salaries and benefits	24,398	23,509	22,510	22,564	22,539	20,430	20,268	22,533
Trading costs	13,939	15,142	14,107	13,810	13,411	13,975	12,775	12,634
Premises and equipment	11,014	9,912	10,051	9,886	10,589	9,579	10,080	10,033
Communication and technology	13,871	14,234	14,267	13,603	14,343	12,997	12,901	11,517
Interest	2,208	2,431	2,292	3,291	2,901	3,291	2,977	4,255
General and administrative	18,276	23,766	22,794	22,168	22,065	26,718	21,836	24,069
Amortization	6,118	6,635	6,453	6,133	6,994	6,587	7,475	7,372
Development costs	12,390	5,739	3,948	4,052	9,008	6,680	3,625	5,135
Restructuring costs	13,075	4,277	—	—	22,430	—	—	2,383
Impairment of goodwill	—	321,037	—	—	10,000	4,535	—	—
	<b>228,210</b>	<b>532,456</b>	<b>189,103</b>	<b>202,007</b>	<b>260,835</b>	<b>191,991</b>	<b>211,326</b>	<b>222,268</b>
(Loss) income before income taxes	(27,298)	(350,619)	1,499	12,447	(28,370)	(25,520)	24,945	23,288
Income tax (recovery) expense	(4,589)	(4,231)	1,930	1,486	(2,048)	(4,041)	7,331	4,419
<b>Net (loss) income for the period</b>	<b>\$ (22,709)</b>	<b>\$ (346,388)</b>	<b>\$ (431)</b>	<b>\$ 10,961</b>	<b>\$ (26,322)</b>	<b>\$ (21,479)</b>	<b>\$ 17,614</b>	<b>\$ 18,869</b>
Non-controlling interests	(206)	(111)	(326)	547	672	(99)	505	788
<b>Net (loss) income attributable to CCGI shareholders</b>	<b>(22,503)</b>	<b>(346,277)</b>	<b>(105)</b>	<b>10,414</b>	<b>(26,994)</b>	<b>(21,380)</b>	<b>17,109</b>	<b>18,081</b>
Incentive compensation expenses as a % of revenue	56.2%	58.2%	48.6%	49.7%	54.4%	52.4%	50.5%	49.8%
Total compensation expenses as a % of revenue <sup>(3)</sup>	68.3%	71.1%	60.4%	60.2%	64.1%	64.7%	59.1%	59.0%
Non-compensation expenses as a % of revenue	45.2%	221.7%	38.8%	34.0%	48.1%	50.7%	30.3%	31.5%
Total expenses as a % of revenue	113.6%	292.8%	99.2%	94.2%	112.2%	115.3%	89.4%	90.5%
Pre-tax profit margin	13.6%	(192.8)%	0.8%	5.8%	(12.2)%	(15.3)%	10.6%	9.5%
Effective tax rate	(16.8)%	1.2%	128.8%	11.9%	7.2%	15.8%	29.4%	19.0%
Net profit margin	(11.3)%	(190.5)%	(0.2)%	5.1%	(11.3)%	(12.9)%	7.5%	7.7%
Basic (loss) earnings per share	\$ (0.29)	\$ (3.91)	\$ (0.03)	\$ 0.08	\$ (0.33)	\$ (0.27)	\$ 0.16	\$ 0.16
Diluted (loss) earnings per share	\$ (0.29)	\$ (3.91)	\$ (0.03)	\$ 0.08	\$ (0.33)	\$ (0.27)	\$ 0.14	\$ 0.15
Book value per diluted common share <sup>(4)</sup>	\$ 4.99	\$ 5.33	\$ 8.38	\$ 8.34	\$ 8.71	\$ 8.63	\$ 8.90	\$ 8.70
<b>Supplemental segmented revenue information</b>								
Canaccord Genuity	\$ 138,579	\$ 122,145	\$ 126,511	\$ 145,035	\$ 159,379	\$ 103,866	\$ 170,615	\$ 179,245
Canaccord Genuity Wealth Management	60,434	60,656	60,194	65,283	68,751	58,232	61,423	62,484
Corporate and Other	1,899	(964)	3,897	4,136	4,335	4,373	4,233	3,827
	<b>\$ 200,912</b>	<b>\$ 181,837</b>	<b>\$ 190,602</b>	<b>\$ 214,454</b>	<b>\$ 232,465</b>	<b>\$ 166,471</b>	<b>\$ 236,271</b>	<b>\$ 245,556</b>

(1) Certain non-IFRS measures are utilized by the Company as measures of financial performance. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Non-IFRS measures included are: incentive compensation expenses as a % of revenue, total compensation expenses as a % of revenue, non-compensation expenses as a % of revenue, total expenses as a % of revenue, and book value per diluted common share.

(2) Incentive compensation expenses include the National Insurance Tax applicable to the UK.

(3) Total compensation expenses include incentive compensation and salaries and benefits, but exclude hiring incentives, which are included in development costs.

(4) Book value per diluted common share, a non-IFRS measure, is calculated as total shareholders' equity divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments and, commencing in fiscal 2014, 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.

## Condensed Consolidated Statements of Financial Position

(C\$ thousands)	Fiscal 2016				Fiscal 2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Assets</b>								
Cash and cash equivalents	\$ 428,329	\$ 413,589	\$ 289,385	\$ 424,558	\$ 322,324	\$ 339,962	\$ 290,403	\$ 273,880
Securities owned	564,746	556,613	816,967	877,277	848,128	1,018,038	1,041,320	1,313,241
Accounts receivable	2,041,150	1,384,550	2,147,327	2,403,069	2,491,488	1,868,510	2,679,165	2,068,340
Income taxes recoverable	12,537	12,344	8,558	9,943	5,295	5,112	3,022	6,823
Deferred tax assets	11,221	10,006	10,190	10,320	10,148	9,706	9,366	9,165
Investments	5,578	5,621	9,482	9,352	8,693	9,964	9,920	9,931
Equipment and leasehold improvements	37,049	35,539	42,798	42,800	43,373	43,126	45,240	48,500
Goodwill and other intangibles	323,936	345,053	656,845	651,094	640,456	635,618	640,766	641,258
	<b>\$ 3,424,546</b>	<b>\$ 2,763,315</b>	<b>\$ 3,981,552</b>	<b>\$ 4,428,413</b>	<b>\$ 4,369,905</b>	<b>\$ 3,930,036</b>	<b>\$ 4,719,202</b>	<b>\$ 4,371,138</b>
<b>Liabilities and shareholders' equity</b>								
Bank indebtedness	\$ 14,910	\$ 21,491	\$ 21,360	\$ —	\$ 20,264	\$ —	\$ —	\$ —
Securities sold short	427,435	400,175	618,872	633,403	654,639	839,826	777,237	564,166
Accounts payable and accrued liabilities	2,203,858	1,518,277	2,176,283	2,628,900	2,541,956	1,948,539	2,756,351	2,637,409
Income taxes payable	4,242	3,838	4,014	4,935	8,172	6,082	11,774	10,653
Deferred tax liabilities	450	3,842	6,177	6,622	2,057	3,029	1,899	4,796
Subordinated debt	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Non-controlling interests	8,722	11,481	11,361	11,584	10,275	9,608	15,130	15,821
Shareholders' equity	749,929	789,211	1,128,485	1,127,969	1,117,542	1,107,952	1,141,811	1,123,293
	<b>\$ 3,424,546</b>	<b>\$ 2,763,315</b>	<b>\$ 3,981,552</b>	<b>\$ 4,428,413</b>	<b>\$ 4,369,905</b>	<b>\$ 3,930,036</b>	<b>\$ 4,719,202</b>	<b>\$ 4,371,138</b>

## Miscellaneous Operational Statistics<sup>(1)</sup>

	Fiscal 2016				Fiscal 2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Number of employees in Canada</b>								
Number in Canaccord Genuity	180	188	190	193	201	206	208	215
Number in Canaccord Genuity Wealth Management	354	361	379	377	400	405	412	407
Number in Corporate and Other	288	326	317	319	324	316	315	320
Total Canada	822	875	886	889	925	927	935	942
<b>Number of employees in the UK and Europe</b>								
Number in Canaccord Genuity	279	291	303	321	329	373	384	372
Number in Canaccord Genuity Wealth Management	312	317	313	305	303	308	305	305
<b>Number of employees in the US</b>								
Number in Canaccord Genuity	291	280	285	285	269	294	295	291
<b>Number of employees in Other Foreign Locations</b>								
Number in Canaccord Genuity	81	85	86	88	89	87	86	88
Number in Canaccord Genuity Wealth Management	10	10	14	14	13	13	13	13
<b>Number of employees company-wide</b>	1,795	1,858	1,887	1,902	1,928	2,002	2,018	2,011
Number of Advisory Teams in Canada <sup>(2)</sup>	139	140	141	147	152	161	162	163
Number of licensed professionals in Canada	392	392	397	437	437	422	426	422
Number of investment professionals and fund managers in the UK and Europe <sup>(3)</sup>	118	117	114	111	114	113	113	113
Number of Advisors – Australia	7	7	9	9	9	9	9	9
AUM – Canada (discretionary) (C\$ millions)	\$ 1,257	\$ 1,262	\$ 1,360	\$ 1,419	\$ 1,561	\$ 1,441	\$ 1,391	\$ 1,270
AUA – Canada (C\$ millions)	\$ 9,192	\$ 9,035	\$ 9,481	\$ 10,648	\$ 10,729	\$ 10,310	\$ 10,757	\$ 10,958
AUM – UK and Europe (C\$ millions)	\$ 22,791	\$ 24,530	\$ 22,948	\$ 22,813	\$ 21,763	\$ 20,307	\$ 20,420	\$ 20,486
AUM – Australia (C\$ millions)	\$ 731	\$ 816	\$ 790	\$ 803	\$ 836	\$ 634	\$ 569	\$ 631
Total (C\$ millions)	\$ 32,714	\$ 34,381	\$ 33,219	\$ 34,264	\$ 33,328	\$ 31,251	\$ 31,746	\$ 32,075
<b>Number of companies with Canaccord Genuity Limited as broker</b>								
London Stock Exchange (LSE)	67	36	51	53	53	55	53	48
Alternative Investment Market (AIM)	32	28	37	41	40	41	42	42
Total broker	99	64	88	94	93	96	95	90
<b>Number of companies with Canaccord Genuity Limited as Nomad<sup>(4)</sup></b>								
LSE	—	—	1	1	1	1	1	1
AIM	32	28	25	27	30	31	32	33
Total Nomad	32	28	26	28	31	32	33	34

(1) These miscellaneous operational statistics are non-IFRS measures.

(2) Advisory Teams are normally comprised of one or more Investment Advisors (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.

(3) Investment professionals include all staff with direct sales responsibilities, which includes brokers and assistants with direct client contacts. Fund managers include all staff who manage client assets.

(4) A company listed on AIM is required to retain a Nominated Adviser (commonly referred to as a Nomad) during the company's life on the market. Among other duties, Nomads are responsible for warranting that a company is appropriate for joining AIM. A Nomad is similar to a Financial Advisor on the LSE, but is specific to AIM.

## Glossary

### Acquisition-related expense items

Acquisition-related expense items include costs incurred to acquire Genuity Capital Markets, The Balloch Group Limited, 50% interest in BGF Capital Pty Ltd, Collins Stewart Hawkpoint plc, certain assets and liabilities of Kenosis Capital Partners, and the wealth management business of Eden Financial Ltd., as well as the amortization of intangible assets related to these acquisitions. Acquisition-related expense items also include costs incurred for prospective acquisitions not pursued. Figures that exclude acquisition-related items are considered non-IFRS measures.

### AdvantageBC International Business Centre Society

Membership provides certain tax and financial benefits, reducing the overall corporate tax rate, pursuant to British Columbia legislation.

### Advisory fees

Revenue related to the fees the Company charges for corporate advisory, mergers and acquisitions or corporate restructuring services is recorded as Advisory fees.

### Advisory Teams (IA Teams)

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. As Independent Wealth Management branches are led by one advisor (with a team), each IWM branch is counted as a single Advisory Team.

### Alternative Investment Market (AIM)

The junior arm of the London Stock Exchange (LSE), AIM provides a global market for smaller, growing companies.

### Assets under administration (AUA) Canada

AUA is the market value of client assets administered by the Company, for 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. Management uses this measure to assess operational performance of the Canaccord Genuity Wealth Management business segment. This measure is non-IFRS.

### Assets under management (AUM) Canada

AUM consists of assets that are beneficially owned by clients and discretionarily managed by the Company as part of the *Complete Canaccord Investment Counselling Program* and *Complete Canaccord Private Investment Management*. Services provided include the selection of investments and the provision of investment advice. AUM is also administered by the Company and is therefore included in AUA. This measure is non-IFRS.

### Assets under management (AUM) UK and Europe

AUM is the market value of client assets managed and administered by the Company, for which the Company earns commissions or fees. This measure includes both discretionary and non-discretionary accounts. This measure is non-IFRS.

### Book value per diluted common share

A measure of common equity per share calculated by subtracting liabilities from assets and dividing by the number of diluted shares outstanding including estimated amounts in respect of share issuance commitments, and commencing in fiscal 2014 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. This measure is non-IFRS.

### Canaccord Genuity

Canaccord's capital markets division was rebranded from Canaccord Adams to Canaccord Genuity in May 2010, following the acquisition of Genuity Capital Markets. Canaccord Genuity refers to the Company's global capital markets division.

### Canaccord Genuity Asia

Canaccord Genuity Asia was the brand used for Canaccord Genuity's operations in the Asia-Pacific region. These operations have been rebranded to reflect our global capital markets branding.

### Canaccord Genuity Hawkpoint

Canaccord Genuity Hawkpoint was the brand used to represent part of Canaccord Genuity's global corporate advisory operations based in the UK and Europe. This division has been rebranded to reflect our global capital markets branding.

### Canaccord Genuity Wealth Management (CGWM)

The Company's wealth management businesses were rebranded Canaccord Genuity Wealth Management on May 1, 2013 to reflect the Company's global wealth management presence. CGWM has operations in Canada, the UK, Europe, and Australia.

### Collins Stewart Hawkpoint plc (CSHP)

Canaccord Genuity Group acquired Collins Stewart Hawkpoint plc (CSHP) on March 21, 2012. CSHP was a leading independent financial advisory group with operations in the UK, the US, Europe and Singapore. Subsequent to the acquisition, CSHP was rebranded Canaccord Genuity.

### Common equity

Also referred to as common shares, which are, as the name implies, the most usual and commonly held form of stock in a corporation. Dividends paid to the stockholders must be paid to preferred shares before being paid to common stock shareholders.

### Correspondent brokerage services

The provision of secure administrative, trade execution and research services to other brokerage firms through the Company's existing technology and operations infrastructure (Pinnacle Correspondent Services).

### CSH Inducement Plan

A retention plan for key CSHP staff in connection with the acquisition of CSHP.

**Dilution**

The change in earnings and book value per share resulting from the exercise of all warrants and options and conversion of convertible securities.

**Dividend yield**

A financial ratio that shows how much a company pays out in dividends each year relative to its share price. It is calculated as total annual dividends per share divided by the company share price.

**Earnings (loss) per share (EPS), diluted**

Net income (loss) divided by the weighted average number of shares outstanding adjusted for the dilutive effects of stock options and other share-based compensation.

**Efficiency ratio**

A financial ratio to measure efficiency calculated by dividing total expense over total revenue.

**Employee Stock Purchase Plan (ESPP)**

Voluntary plan that provides eligible employees with the ability to purchase shares in the Company through payroll deductions, with an additional contribution by the Company.

**Escrowed securities**

Common shares in the Company that are subject to specific terms of release.

**Fair value adjustment**

An estimate of the fair value of an asset (or liability) for which a market price cannot be determined, usually because there is no established market for the asset.

**Fixed income trading**

Trading in new issues, government and corporate bonds, treasury bills, commercial paper, strip bonds, high-yield debt and convertible debentures.

**Genuity Capital Markets**

Canaccord Genuity Group acquired Genuity Capital Markets and certain of its affiliates (also referred to as "Genuity") on April 23, 2010. Genuity was an independent Canadian investment bank with strong mergers and acquisitions and advisory practices. Subsequent to the acquisition, the Company renamed its capital markets division Canaccord Genuity.

**Incentive-based revenue**

A percentage of incentive-based revenue earned is directly paid out as incentive compensation expense. At Canaccord Genuity Group, this includes commission, investment banking, advisory fees, and principal trading revenue.

**Independent Wealth Management (IWM)**

An independent operating platform of Canaccord Genuity Wealth Management, under which Investment Advisors operate as independent agents of the Company. Each IWM branch is classified as one Advisory Team, which is comprised of one or more Investment Advisors and their assistants and associates, who together manage a shared set of client accounts.

**Institutional sales and trading**

A capital markets business segment providing market information and research, advice and trade execution to institutional clients.

**International Equities Group (IEG)**

The International Equities Group is a premium, low cost, order routing destination for both US listed securities and foreign listed ordinary shares for local market execution in the US operations.

**International trading**

Executing trades in Canadian securities on behalf of US brokerage firms.

**Investment banking**

Assisting public and private businesses and governments to obtain financing in the capital markets through the issuance of debt, equity and derivative securities on either an underwritten or an agency basis.

**Investment professionals and fund managers**

Investment professionals include all staff with direct sales responsibilities, which include brokers and assistants with direct contacts. Fund managers include all staff who manage client assets.

**Liquidity**

The total of cash and cash equivalents available to the Company as capital for operating and regulatory purposes.

**London Stock Exchange (LSE)**

One of the world's largest stock exchanges, the LSE has been in existence for more than 300 years and has over 3,000 listed companies. The exchange has four main sectors: the Main Market; the AIM Market; the Professional Securities Market; and the Specialist Fund Market.

**Long-term incentive plan (LTIP)**

A reward system designed to align employee and external shareholder interests. Under the Company's LTIP, a portion of an eligible employee's annual compensation is held back to purchase restricted share units (RSUs) of the Company. The RSUs are topped up by the firm and vest over three years.

**Montreal International Financial Centre**

Membership provides certain tax and financial benefits, reducing the overall corporate tax rate, pursuant to Québec legislation.

**National Insurance (NI) tax**

Payroll tax applicable to UK employees based on a percentage of incentive compensation payout.

**Nominated Adviser (NOMAD)**

A company approved by the LSE to act as an adviser for companies who wish to be admitted to AIM. A Nomad warrants to the LSE that the company is appropriate for admission and assists the listed company on an ongoing basis with disclosure and other market-related matters.

**Non-cash charges**

Charges booked by a company that do not impact its cash balance or working capital.

**Non-IFRS Measures**

Non-IFRS Measures do not have any standardized meaning prescribed by International Financial Reporting Standards (IFRS) and are therefore unlikely to be comparable to similar measures presented by other companies. See page 30 of this Annual Report.

**Offshore operations**

For the Company's purposes, offshore operations refer to wealth management offices in the Channel Islands, and Isle of Man. These offices were rebranded Canaccord Genuity Wealth Management on May 1, 2013.

**Preferred shares**

A class of ownership in a corporation that has a higher claim on the assets and earnings than common stock. Preferred shares generally do not have voting rights; however, preferred shareholders receive a dividend that must be paid out before dividends are paid to common stockholders.

**Principal trading**

Trading in equity securities in principal and inventory accounts. Revenue is generated through inventory trading gains and losses.

**Registered trading**

Trading in equity securities in principal and inventory accounts by registered traders who operate by taking positions, trading and making markets in equity securities including securities of companies with small to medium-sized market capitalizations. Revenue is generated through inventory trading gains and losses.

**Replacement plans**

Share-based payment plans introduced to replace the share-based payment plans that existed at CSHP at the date of acquisition.

**Return on average common equity (ROE)**

Net income expressed as a percentage of average common equity. This measure is non-IFRS.

**Risk**

Financial institutions face a number of risks that may expose them to losses, including market, credit, operational, regulatory and legal risk.

**Separately managed accounts (SMAs)**

Investment portfolios available to clients that are managed by a senior portfolio manager. In SMAs, clients own the individual securities within the portfolio, rather than a portion of a pooled fund.

**Significant items**

Charges not considered to be recurring or indicative of operating earnings. For Canaccord Genuity Group this includes acquisition-related expense items, impairment of goodwill and other assets, restructuring costs, ABCP fair value adjustments and accrual for the Company's client relief program. Figures excluding significant items are considered to be non-IFRS measures.

**Syndicate participation**

A group of investment banking firms coordinating the marketing, distribution, pricing and stabilization of equity financing transactions.

**The Balloch Group (TBG)**

The Balloch Group was a leading boutique investment bank in China that the Company acquired in January 2011. The Company's operations in China were subsequently rebranded Canaccord Genuity.

**Trading services**

Quotation services, trade reconciliation, execution management, order book management and trade reporting.

**Underwriter – investment banking**

Purchases securities or other instruments from a corporate issuer for resale to investors.

**Value-at-Risk (VaR)**

VaR is a generally accepted risk measurement concept that is defined as the predicted minimum loss in market value of a portfolio at a specific confidence level (e.g., 95%) over a certain period of time (e.g., daily).

**Wrap accounts**

A type of brokerage account in which a single or flat fee covers all administrative, research, advisory and management expenses.

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## Corporate Governance

The Board of Directors (Board) assumes responsibility for the stewardship of the Company, acting as a whole and through its committees, and has approved a formal Board Governance Manual (Mandate) including terms of reference for the Board and setting forth the Board's stewardship responsibilities and other specific duties and responsibilities. The Board's responsibilities are also governed by:

- The *Business Corporations Act* (British Columbia)
- The Company's articles
- The charters of its committees
- Other corporate policies and applicable laws

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### Communication with Independent Members of the Board

Terrence Lyons has been appointed by the Board of Directors of Canaccord Genuity Group Inc. as its Lead Director. One of his responsibilities is to receive and determine appropriate action on any communications from interested parties that are addressed to the independent directors of the Board. Such communications can be sent to Mr. Lyons in writing by mail to 2039 West 35th Avenue, Vancouver, BC, Canada, V6M 1J1.

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### Strategic Planning Process

The Board's Mandate provides that the Board is responsible for ensuring that the Company has an effective strategic planning process. As such, the Board reviews, approves, monitors and provides guidance on the Company's strategic plan.

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### Identification and Management of Risks

The Board's Mandate includes:

- Assisting management to identify the principal business risks of the Company
- Taking reasonable steps to ensure the implementation of appropriate systems to manage and monitor those risks
- Reviewing plans for evaluating and testing the Company's internal financial controls
- Overseeing the external auditors, including the approval of the external auditors' terms of reference

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### Succession Planning and Evaluation

The Board's Mandate includes keeping in place adequate and effective succession plans for the Chief Executive Officer (CEO) and senior management.

- The Corporate Governance and Compensation Committee (CGCC) receives periodic updates on the Company's succession plan at the senior officer level and monitors the succession planning process
- The succession plan is reviewed, at least annually, by the CGCC
- On the recommendation of the Chairman & CEO, the Board appoints the senior officers of the Company

## Communications and Public Disclosure

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The Company's Disclosure Controls Policy (DCP) addresses the accurate and timely communication of all important information relating to the Company and its interaction with shareholders, investment analysts, other stakeholders and the public generally.

- The DCP is reviewed annually by the Board
- The DCP, public securities regulatory filings, press releases and investor presentations are posted on the Company's website
- The Board reviews all quarterly and annual consolidated financial statements and related management discussion and analysis, the Company's earnings releases, management information circulars, annual information forms (AIFs) and financing documents

## Internal Controls

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The Board requires management to maintain effective internal controls and information systems. The Board, with the assistance of the Audit Committee, oversees the integrity of the Company's internal control and information systems.

- The Audit Committee meets no less than four times a year with the Company's Chief Financial & Risk Officer and senior finance staff to review internal controls over financial reporting and related information systems
- External auditors provide recommendations to the Audit Committee on an annual basis in relation to the Company's internal controls and information systems

As of March 31, 2016 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 & Risk 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 & Risk Officer concluded that the design and operation of these disclosure controls and procedures were effective as of March 31, 2016.

## Governance

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The Board is currently composed of nine directors, eight of whom are independent of management as determined under applicable securities legislation. In order to facilitate the exercise of independent judgment by the Board of Directors, the Board has appointed a lead director and holds regular meetings without management directors present.

- The CGCC is responsible for periodically reviewing the composition of the Board and its committees
- A formal annual assessment process has been established to include feedback by all the directors to the full Board, including the completion of a confidential survey
- New directors are provided with substantial reference material on the Company's strategic focus, financial and operating history, corporate governance practices and corporate vision

## Summary of Charters and Committees

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The Board has delegated certain of its responsibilities to two committees, each of which has specific roles and responsibilities as defined by the Board. Both of these Board committees are made up of independent directors.

### AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities by monitoring the Company's financial reporting practices and financial disclosure. It comprises two unrelated directors and a third director who is related only as a director of a subsidiary. All members of the Audit Committee are financially literate; that is, they are able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The current members of the Audit Committee are Messrs. Lyons (Chair), Eeuwes and Carello.

The Audit Committee has adopted a charter which specifically defines the roles and responsibilities of the Audit Committee. The Audit Committee Charter can be found in the Company's AIF filed on SEDAR. The Audit Committee has direct communication channels with the external auditors and CFO and senior finance staff and discusses and reviews issues with each of them on a regular basis. The Audit Committee's mandate was updated in Fiscal 2015 to better reflect the Audit Committee's oversight of the Company's risk management function.

The Audit Committee is responsible for ensuring management has designed and implemented an effective system of internal control. The external auditors are hired by and report directly to the Audit Committee. After consultation with management, the Audit Committee is responsible for setting the external auditors' compensation. The external auditors attend each meeting of the Audit Committee, and a portion of each meeting is held without the presence of management. The Audit Committee annually reviews and approves the external auditors' audit plan and must approve any audit and non-audit work performed by the external auditors. The CFO and senior finance staff attend each meeting of the Audit Committee other than the portion of the meeting which is held without management present to allow more open discussion. The Audit Committee annually reviews and approves the internal audit plan.

### CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE

The Corporate Governance and Compensation Committee is responsible for developing the Company's approach to governance issues, reviewing the Company's overall governance principles and recommending changes to those principles from time to time. It comprises three unrelated directors: Messrs. Harris (Chair), Eeuwes and Lyons. The committee has full access to staff and resources. At all regular committee meetings during the year, a portion of each meeting is held without management present to allow more open discussion.

## Board of Directors

### Charles N. Bralver (2010)

Charles N. Bralver is a financial services executive with over thirty years of capital markets experience. For more than 23 years – from 1984 to 2007 – Mr. Bralver was a founder and Vice Chairman of management consultancy Oliver, Wyman & Co. where he specialized in strategy, risk and operational work for leading investment banks, asset managers, exchanges and other market utilities. He continues to serve as a member of the senior advisory board of Oliver Wyman and is also a Senior Advisor to the hedge fund Silverpoint Capital. Mr. Bralver served as Senior Associate Dean for International Business and Finance at the Fletcher School of Law and Diplomacy from 2007 to 2010, from 2007 to 2009 as a strategic advisor to Warburg Pincus LLC. Mr. Bralver serves as a director of the Company, as a director and member of the risk committee of NewStar Financial, Inc. and on the Board of Visitors of the Fletcher School. Mr. Bralver started his career at Booz Allen Hamilton. He is a US citizen and a graduate of the Fletcher School of Law and Diplomacy and Dartmouth College.

In addition to Canaccord Genuity Group Inc., Mr. Bralver is a director of the following public companies: NewStar Financial, Inc. and the Co-operative Bank p.l.c.

### Massimo Carello (2008)

#### *Audit Committee*

Massimo Carello, KCFO, is a corporate director and a private investor in public companies.

Mr. Carello was the Chairman and Chief Executive Officer of Diners Club UK Ltd. from 2001 to 2004 and was the Chairman and Chief Executive Officer of Fiat UK Ltd. from 1990 to 2001. Mr. Carello served as a member of the Confederation of British Industry (CBI) President's Committee from 1998 to 2003 and was a member of the CBI European Committee. He was Vice President of the Italian Chamber of Commerce in the UK from 1998 to 2005. He is the Honorary Vice-President of CLIC Sargent, the UK's leading cancer charity for children and young people.

In addition to Canaccord Genuity Group Inc., Mr. Carello is a director and a member of the Audit Committees of the following public companies: Canadian Overseas Petroleum Limited and Orsu Metals Corporation. Until December 2010, he was also a director and a member of the Audit Committee of Uranium One Inc.

### Daniel Daviau (2015)

Dan Daviau was appointed President and Chief Executive Officer and a director of the Company and Chief Executive Officer of Canaccord Genuity Corp. effective on October 1, 2015. Mr. Daviau served as President of Canaccord Genuity's North American Capital Markets business from February 2015. From 2012 to 2015, he was President of the firm's US Capital Markets business, where he helped to structure the firm's investment banking, research, sales and trading operations in the region and improve cross-border capabilities. From 2010 to 2012, Mr. Daviau was Head of Investment Banking for Canaccord Genuity and was actively engaged in improving the firm's sector diversification capabilities and contributing to its global growth strategy. Before the Canaccord/Genuity merger that was announced in 2010, Mr. Daviau was a Principal and Founder of Genuity Capital Markets, where he held a variety of senior roles since 2005.

Before 2005, Mr. Daviau was Co-Head of Investment Banking at CIBC World Markets, a firm he joined in 1991. While at CIBC World Markets, Mr. Daviau also served as the Head of the Media and Telecommunications Group since 2000 and Head of the Technology Investment Banking Group in Canada since 1997.

Having started his career as a securities lawyer with Goodman & Co., Mr. Daviau has extensive experience in a broad range of financing transactions and M&A assignments. His equity offering experience includes public and private financings for a number of leading global technology, online gaming, media and telecom companies. In the M&A space, Mr. Daviau has advised in excess of US\$50 billion of transactions.

Mr. Daviau is based in Toronto, Canada. He holds an MBA from York University, an LL.B. from Osgoode Hall/York University and a B.A. (Math and Statistics) from the University of Western Ontario.

Mr. Daviau is not currently a director of any other public companies.

### Kalpana Desai (2014)

Kalpana Desai is a corporate director and advisor. She has over 25 years of international investment banking and advisory experience. She was Head of Macquarie Capital Asia, the investment banking division of Macquarie Group, and a member of the Global Macquarie Capital Operations Committee from 2010 to 2013. Before joining Macquarie Group in 2009, Ms. Desai was Head of the Asia-Pacific Mergers & Acquisitions Group and a Managing Director in the investment banking Division of Bank of America Merrill Lynch based in Hong Kong, having joined Merrill Lynch in 1998. Earlier, Ms. Desai worked in the investment banking divisions of Barclays de Zoete Wedd (now part of Credit Suisse) and J. Henry Schroder Wagg (now part of Citibank) in London, having started her career in the financial services consulting division of Pricewaterhouse Coopers.

Ms. Desai was a member of the Takeovers and Mergers Panel of the Securities and Futures Commission in Hong Kong from 2007 to 2014.

Born in Kenya and educated in the United Kingdom, Ms. Desai has lived in Hong Kong since 1997. Ms. Desai holds a B.Sc. (honours) from the London School of Economics and Political Science and is an Associate Member of the Institute of Chartered Accountants of England and Wales.

In addition to Canaccord Genuity Group Inc., Ms. Desai is a non-executive director of Henderson Group plc which is listed in London and Sydney.

### William J. Eeuwes (2002)

#### *Audit Committee*

#### *Corporate Governance and Compensation Committee*

William (Bill) Eeuwes retired in April 2015 as Senior Vice President & Global Head, Private Equity, Manulife Financial. In that position, he had executive responsibility for Regional Power Inc., NAL Resources Limited (oil and gas) and two private equity teams, Manulife Capital in Canada and Hancock Capital Management in the US. Before joining Manulife in 1999, Mr. Eeuwes was a career banker with 25 years of experience in underwriting and the management of a broad range of financing

including LBOs, corporate lending and project finance. Mr. Eeuwes is a graduate of the Richard Ivey School of Business at the University of Western Ontario. Mr. Eeuwes is a director of several private companies in Canada and the US, and is a member of the Institute of Corporate Directors.

Mr. Eeuwes is not a director of any public companies other than Canaccord Genuity Group Inc.

#### **Michael D. Harris, ICD.D. (2004)**

##### *Corporate Governance and Compensation Committee*

Michael Harris, ICD.D, is a senior business advisor with the law firm of Fasken Martineau DuMoulin LLP in Toronto, and the President of his own consulting firm, Steane Consulting Ltd., and, in this capacity, acts as a consultant to various Canadian companies. Before joining Fasken Martineau in September 2013, he was a senior business advisor with the law firm of Cassels Brock & Blackwell in Toronto from March 2010 and before that a senior business advisor with the law firm of Goodmans LLP in Toronto.

Mr. Harris was born in Toronto in 1945 and was raised in Callander and North Bay, Ontario. Before his election to the Ontario Legislature in 1981, Mike Harris was a schoolteacher, a school board trustee and chair and an entrepreneur in the Nipissing area. On June 8, 1995, Mr. Harris became the 22nd Premier of Ontario following a landslide election victory. In 1999, he was re-elected – making him the first Ontario Premier in over 30 years to form a second consecutive majority government.

In addition to sitting on several boards of Canadian corporations, he also serves as a director of the Manning Centre for Building Democracy. He has served as the Honorary Chair of the North Bay District Hospital Capital Campaign and the Nipissing University and Canadore College Capital Campaign. Mr. Harris is also a Senior Fellow of the Fraser Institute. He has received his ICD.D certification from the Institute of Corporate Directors.

In addition to Canaccord Genuity Group Inc., Mr. Harris is a director of the following public companies: Chartwell Retirement Residences (Chair), Colliers International Group Inc. (CIGI) and Routel Inc. (Chair).

#### **David Kassie (2010)**

David Kassie became Group Chairman and a director of the Company on the closing of the acquisition of Genuity Capital Markets, a Canadian investment bank, on April 23, 2010, and became Chairman on April 1, 2012. He was the Principal, Chairman and Chief Executive Officer of Genuity Capital Markets from 2004 until May 9, 2010, when the integration of the businesses of Genuity Capital Markets and Canaccord Financial Ltd. was completed under the name Canaccord Genuity. Before 2004, he was Chairman and Chief Executive Officer of CIBC World Markets and the Vice Chairman of CIBC. On the death of Paul Reynolds on April 1, 2015, Mr. Kassie was appointed as the Chief Executive Officer of the Company and on October 1, 2015, upon succession, Mr. Kassie became the Executive Chairman.

Mr. Kassie has extensive experience as an advisor, underwriter and principal. He sits on a number of corporate boards. Mr. Kassie is actively involved in community and charitable organizations and is the Chairman of the Board of Baycrest

Health Sciences and is on the board of the Richard Ivey School of Business and was formerly on the boards of the Toronto International Film Festival Group and the Hospital for Sick Children.

Mr. Kassie holds a B.Comm. (Honours) in Economics from McGill University (1977), and an MBA from the University of Western Ontario (1979).

In addition to Canaccord Genuity Group Inc., Mr. Kassie is a director of the following public company: Reitmans (Canada) Limited.

#### **Terrence A. Lyons, ICD.D. (2004)**

##### *Audit Committee*

##### *Corporate Governance and Compensation Committee*

Terrence (Terry) Lyons, ICD.D, is a corporate director. He is a director of several public and private corporations including Sprott Resource Corp. (Chairman), Martinrea International Inc. and Polaris Materials Corporation (Chairman). Mr. Lyons is a retired Managing Partner of Brookfield Asset Management and past Chairman of Northgate Minerals Corporation, which was acquired by AuRico Gold Inc. to create a new mid-cap gold company. He was also Chairman of Eacom Timber Corporation, which was sold to a private equity firm in 2013. In 2014, he stepped down as a director of BC Pavilion Corporation (Pavco), Royal Oak Ventures, which was privatized by Brookfield, and the BC Board of the Institute of Corporate Directors.

Mr. Lyons is a Civil Engineer (UBC) with an MBA from the University of Western Ontario. He sits on the Advisory Board of the Richard Ivey School of Business and has been active in a number of sports and charitable organizations including Junior Achievement, Special Olympics and United Way and is a past Governor of the Olympic Foundation of Canada, past Chairman of the Mining Association of BC, past Governor and member of the Executive Committee of the BC Business Council and in 2007 was awarded the INCO Medal by the Canadian Institute of Mining and Metallurgy for distinguished service to the mining industry. He has received his ICD.D certification from the Institute of Corporate Directors.

In addition to Canaccord Genuity Group Inc., Mr. Lyons is a director of the following public companies: Martinrea International Inc., Polaris Materials Corporation and Sprott Resource Corp.

#### **Dennis Miller (2014)**

Dennis Miller is a corporate director and advisor who has spent the last 25 years operating at the intersection of media and technology. He began his career in the entertainment and tax department of the law firm of Manatt, Phelps, Rothenberg and Tunney before becoming Executive Vice President of Turner Network Television from 1991 to 1995. Following this, from 1995 to 1998, Mr. Miller was the Executive Vice President of Sony Pictures Entertainment, a subsidiary of Sony Corporation of America.

From 1998 until 2000, Mr. Miller served as Executive Vice President of Lions Gate Entertainment before turning to the private equity industry as Managing Director for Constellation Ventures, the venture arm of Bear Stearns from 2000 until 2005. In 2005, he became General Partner at Spark Capital, a firm known for investing in notable early stage software and Internet firms including Twitter, Tumblr, Oculus Rift, and Square.

Most recently, he advised Lions Gate Entertainment on its digital strategy and investment in TVGN, a fully distributed cable network, through its sale to CBS.

In addition to Canaccord Genuity Group Inc., Mr. Miller also serves on the Board of Directors of Nexstar Broadcasting Group, Inc., Double Eagle Acquisition Corp. and Thunderbird Films Inc.

**Dipesh Shah (2012)**

Dipesh Shah, OBE, FRSA, is a director on the boards of Thames Water, The Crown Estate, Cavendish Fluor Partnership and the 2020 European Fund for Energy, Climate Change and Infrastructure (the “EU Marguerite Fund”, where he is Chairman of the Investment Committee). He is also a Trustee of the British Youth Opera and a Governor of Merchant Taylors’ School.

Mr. Shah was formerly the Chief Executive of the UK Atomic Energy Authority and of various large businesses in BP Plc, where he was a member of the Group Leadership for more than a decade and latterly also the Global Head of Acquisitions and Divestitures. Mr. Shah was Chairman, inter alia, of Viridian

Group plc, HgCapital Renewable Power Partners LLP and the European Photovoltaic Industry Association. Mr. Shah was the Senior Independent Director and Chair of the Remuneration Committee of JKN Oil & Gas Plc from 2008 to 2015 and Senior Independent Director and Chair of the Nominations Committee of Equus Petroleum Plc from 2013 to 2016. In addition, he has been a Director of several major organizations, including Babcock International Group Plc and Lloyd’s of London, the insurance market. He was also a member of the UK Government’s Renewable Energy Advisory Committee from 1994 to 2002. Earlier, Mr. Shah was the Chief Economist for BP Oil UK.

Born in India, and brought up in Uganda, Mr. Shah is a graduate of the University of London, the University of Warwick and the Harvard Business School management program. He was appointed an Officer of the Order of the British Empire (OBE) in the 2007 New Year Honours and is a Life Fellow of the Royal Society of Arts (FRSA).

Mr. Shah is not currently a director of any other public companies.

## Locations

### Capital Markets

#### CANACCORD GENUITY

##### Canada

###### *Calgary*

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###### *Montréal*

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###### *Toronto*

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Toll free (US): 1.800.896.1058

###### *Vancouver*

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##### United States

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###### *Chicago*

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###### *Houston*

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Houston, TX  
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###### *Minneapolis*

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###### *Nashville*

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###### *New York*

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###### *London*

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2, 1 Jianguomenwai Avenue,  
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*Melbourne*

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Melbourne, VIC, 3000, Australia  
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1292 Hay Street  
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**Wealth Management****CANACCORD GENUITY WEALTH  
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*Kelowna*

Landmark, 320-1620 Dickson Avenue  
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*Penticton*

200-498 Ellis Street  
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**Independent Wealth Management Branches**

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*Kitchener*  
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 Toll free: 1.866.232.1894

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*Trail*

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*Calgary*

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**UK & Europe**

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 Telephone: 44.1534.708090

*Guernsey*

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 St Peter Port  
 Guernsey GY1 2JA  
 Telephone: 44.1481.733900

*Guernsey*

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 Vale  
 Guernsey GY1 3TY  
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*Isle of Man*

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 Bank Hill  
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**OTHER LOCATIONS**

**Pinnacle Correspondent Services**

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## Shareholder Information

### Corporate Headquarters

#### STREET ADDRESS:

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Vancouver, BC, Canada

#### MAILING ADDRESS

Pacific Centre  
609 Granville Street, Suite 2200  
P.O. Box 10337  
Vancouver, BC, V7Y 1H2, Canada

### Stock Exchange Listing:

TSX: CF

### Corporate Website:

[www.canaccordgenuity.com](http://www.canaccordgenuity.com)

### General Shareholder Inquiries and Information

#### INVESTOR RELATIONS

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Toronto, ON, Canada  
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Email: [investor.relations@canaccord.com](mailto:investor.relations@canaccord.com)

### Media Relations and Inquiries from Institutional Investors and Analysts

**Christina Marinoff,**  
Vice President, Investor Relations  
and Communications  
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This Canaccord Genuity Group Inc. 2016 Annual Report is available on our website at [www.canaccordgenuitygroup.com](http://www.canaccordgenuitygroup.com). For a printed copy please contact the Investor Relations department.

### Common Share Trading Information (Fiscal 2016)

Stock exchange	Ticker	Diluted shares outstanding at March 31, 2016	Year-end price March 31, 2016	High	Low	Total volume of shares
Toronto TSX	CF	109,072,060	\$ 4.01	\$ 8.58	\$ 3.50	72,602,552

### Fiscal 2016 Preferred Dividend Dates and Amounts

Quarter end date	Preferred dividend record date	Preferred dividend payment date	Series A preferred dividend	Series C preferred dividend	Total preferred dividend
June 30, 2015	September 18, 2015	September 30, 2015	\$ 0.34375	\$ 0.359375	\$ 0.703125
September 30, 2015	December 18, 2014	December 31, 2015	\$ 0.34375	\$ 0.359375	\$ 0.703125
December 31, 2015	March 18, 2016	March 31, 2016	\$ 0.34375	\$ 0.359375	\$ 0.703125
March 31, 2016	June 17, 2016	June 30, 2016	\$ 0.34375	\$ 0.359375	\$ 0.703125
			\$ 1.375	\$ 1.4375	\$ 2.8125

### Fiscal 2016 Common Dividend Dates and Amounts

Quarter end date	Common dividend record date	Common dividend payment date	Common dividend
June 30, 2015	August 28, 2015	September 10, 2015	\$ 0.05
September 30, 2015	November 20, 2015	December 10, 2015	\$ 0.05
December 31, 2015	Suspended	Suspended	\$ 0.00
March 31, 2016	Suspended	Suspended	\$ 0.00
			\$ 0.10

## Fiscal 2017 Expected Dividend<sup>(1)</sup> and Earnings Release Dates

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q1/17	August 3, 2016	September 16, 2016	September 30, 2016	September 2, 2016	September 15, 2016
Q2/17	November 2, 2016	December 23, 2016	January 3, 2017	December 2, 2016	December 15, 2016
Q3/17	February 9, 2017	March 17, 2017	March 31, 2017	February 24, 2017	March 10, 2017
Q4/17	June 1, 2017	June 16, 2017	June 30, 2017	June 16, 2017	July 3, 2017

(1) Dividends are subject to Board of Directors approval. All dividend payments will depend on general business conditions and the Company's financial conditions, results of operations, capital requirements and such other factors as the Board determines to be relevant.

### Eligible Dividend Designation (*Income Tax Act (Canada)*)

In Canada, the *Federal Income Tax Act*, and most provincial income tax legislation, provides lower levels of taxation for Canadian individuals who receive eligible dividends. All of the common share dividends paid by Canaccord Genuity Group Inc. (formerly called Canaccord Capital Inc. and Canaccord Financial Inc.) since 2006 are eligible, as are common share dividends paid hereafter unless otherwise indicated.

### Shareholder Administration

For information about stock transfers, address changes, dividends, lost stock certificates, tax forms and estate transfers, contact:

#### COMPUTERSHARE INVESTOR SERVICES INC.:

100 University Avenue, 9th Floor  
 Toronto, ON M5J 2Y1  
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 International: 514.982.7555  
 Fax: 1.866.249.7775  
 Toll Free Fax (North America): or  
 International Fax: 416.263.9524  
 Email: [service@computershare.com](mailto:service@computershare.com)  
 Website: [www.computershare.com](http://www.computershare.com)  
 Offers enrolment for self-service account management for registered shareholders through the Investor Centre.

### Annual General Meeting

The Annual General Meeting of shareholders will be held on Thursday, August 4, 2016 at 10:00 am (Eastern Time) at the Bay Adelaide Centre 333 Bay Street, 34<sup>th</sup> Floor Toronto, ON, Canada

A live Internet webcast will also be available for shareholders to view. Please visit the webcast events page at [www.canaccordgenuitygroup.com](http://www.canaccordgenuitygroup.com) for more information and a direct link.

To view Canaccord Genuity Group Inc.'s regulatory filings on SEDAR, please visit [www.sedar.com](http://www.sedar.com).

### Financial Information:

For present and archived financial information, please visit [www.canaccordgenuitygroup.com](http://www.canaccordgenuitygroup.com)

### Auditor:

Ernst & Young LLP  
 Chartered Accountants  
 Vancouver, BC

### Fees Paid to Shareholders' Auditors:

For fees paid to shareholders' auditors, see the fiscal 2016 Annual Information Form.

### Qualified Foreign Corporation

CGGI is a "qualified foreign corporation" for US tax purposes under the *Jobs & Growth Tax Reconciliation Act of 2003*.

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## CANACCORD|Genuity

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. Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX.

## CANACCORD|Genuity Wealth Management

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

## 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.

## PINNACLE CORRESPONDENT SERVICES

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. The business unit was developed as an extension and application of the Canaccord Genuity Group's substantial investment in its information technology and infrastructure.

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Calgary	Halifax	Kelowna	Nashville	San Francisco	Waterloo
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Dublin		Melbourne	Penticton	Trail	