



**CANACCORD GENUITY GROUP INC.
ANNUAL INFORMATION FORM**

For the fiscal year ended March 31, 2018

June 25, 2018

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Caution Regarding Forward-Looking Statements:

This document may contain “forward-looking statements” (as defined under applicable securities laws). These statements relate to future events or future performance and reflect management’s expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts, including business and economic conditions and the Company’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. 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 this annual information form (AIF) filed on www.sedar.com as well as the factors discussed in the sections entitled “Risk Management” and “Risk Factors” in this AIF, which include market, liquidity, credit, operational, legal, cyber and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2019 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 this AIF filed on 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.

Notes

Unless otherwise indicated or the context otherwise requires, the “Company” refers to Canaccord Genuity Group Inc. and its direct and indirect subsidiaries. “Canaccord Genuity” refers to the investment banking and capital markets segment of the Company and “Canaccord Genuity Wealth Management” refers to the wealth management operations.

The Company’s fiscal year end is March 31. Unless otherwise indicated, “fiscal” in connection with a year relates to the 12-month period ended March 31 in that year.

Unless otherwise indicated, the information provided herein is as of March 31, 2018 and expressed in Canadian dollars.

Corporate Structure

Name, address and incorporation

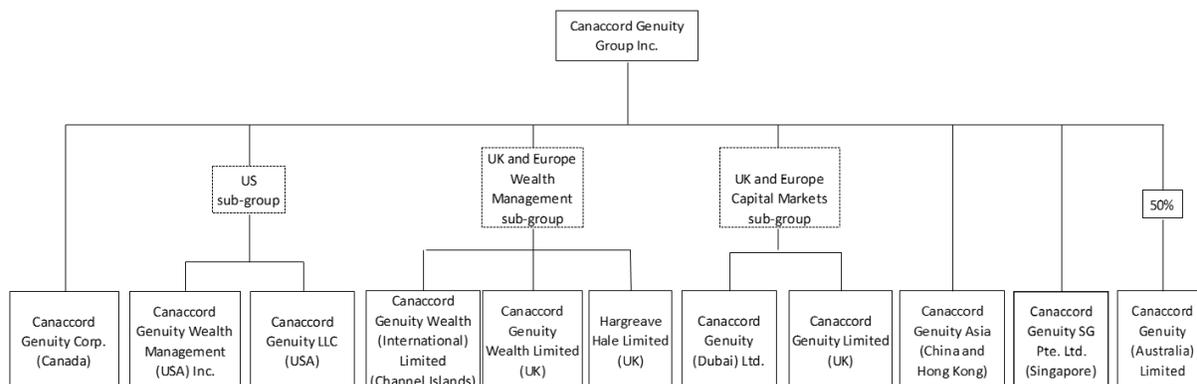
Canaccord Genuity Group Inc. was incorporated as Canaccord Holdings Ltd. on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). Pursuant to resolutions of the shareholders passed at the Annual General Meeting of the Company on June 21, 2004 and the subsequent filing of a notice of alteration to its articles and pursuant to an arrangement approved by an order of the Supreme Court of British Columbia made June 22, 2004, the Company changed its name to Canaccord Capital Inc. and altered its capital by converting all previously outstanding classes of common shares, preferred shares and debentures into common shares. The arrangement was made effective on June 30, 2004. The Company was amalgamated in a short-form vertical amalgamation with its wholly owned subsidiary 0719880 B.C. Ltd. on April 1, 2007. The Company changed its name to Canaccord Financial Inc. on December 1, 2009, and to Canaccord Genuity Group Inc. on October 1, 2013.

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 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

Details of the Company's principal subsidiaries are set out in Note 22 to the Company's annual consolidated financial statements on page 100 of the annual report.

Intercorporate relationships

Canaccord Genuity Group Inc. Corporate Structure



The chart above shows the principal operating companies within Canaccord Genuity Group.

The Company owns 50% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2018, 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, 2017 – 58%].

The Company owns, either directly or indirectly, all of the outstanding shares of the following subsidiaries except for Canaccord Financial Group (Australia) Pty Ltd and Canaccord Genuity (Australia) Limited, as discussed above.

Name of subsidiary ⁽¹⁾	Country of incorporation	% of equity interest	Principal business
Canaccord Genuity Corp.	Canada	100%	Capital Markets and Wealth Management– Canada
CG Investments Inc.	Canada	100%	Capital Markets - Canada
Canaccord Genuity SAS	France	100%	Capital Markets – Europe
Canaccord Genuity Wealth (International) Limited	Guernsey	100%	Wealth Management – Channel Islands
Canaccord Genuity Financial Planning Limited	United Kingdom	100%	Wealth Management – United Kingdom
Canaccord Genuity Wealth Group Limited	United Kingdom	100%	Wealth Management – United Kingdom
Canaccord Genuity Wealth Limited	United Kingdom	100%	Wealth Management – United Kingdom
Hargreave Hale Limited	United Kingdom	100%	Wealth Management – United Kingdom
Canaccord Genuity Limited	United Kingdom	100%	Capital Markets – United Kingdom
Canaccord Genuity LLC	United States	100%	Capital Markets – United States
Canaccord Genuity Wealth Management (USA) Inc.	United States	100%	Wealth Management – United States
Canaccord Financial Group (Australia) Pty Ltd ⁽²⁾	Australia	50%	Capital Markets – Australia
Canaccord Genuity (Australia) Limited ⁽²⁾	Australia	50%	Capital Markets – Australia
Canaccord Genuity (Hong Kong) Limited	China (Hong Kong SAR)	100%	Capital Markets – Hong Kong
加通贝祥（北京）投资顾问有限公司 (Canaccord Genuity Asia (Beijing) Limited)	China	100%	Capital Markets – China
Canaccord Genuity Asia (Hong Kong) Limited	China (Hong Kong SAR)	100%	Capital Markets – Hong Kong
Canaccord Genuity (Dubai) Ltd.	United Arab Emirates	100%	Capital Markets – Dubai
Canaccord Genuity SG Pte. Ltd	Singapore	100%	Capital Markets - Singapore

(1) In addition to the principal subsidiaries listed above, there are some smaller operating and holding subsidiaries: Canaccord Genuity Wealth & Estate Planning Services Ltd., Canaccord Asset Management Inc., Canaccord Adams Financial Group Inc., Collins Stewart Inc., Canaccord Adams (Delaware) Inc., Canaccord Adams BC ULC, Canaccord Genuity Securities LLC, Stockwave Equities Ltd., CLD Financial Opportunities Limited, Canaccord Genuity Hawkpoint Limited, Canaccord Genuity Management Company Limited,

Canaccord Genuity Wealth Group Holdings Ltd., Canaccord Genuity Wealth Group Holdings (Jersey) Limited, Canaccord Genuity Wealth (International) Holdings Limited, and The Balloch Group Limited. Canaccord Genuity Corp. is also the sole member of Canaccord Genuity Foundation, a Canadian registered charity.

- (2) 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, 2018 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, 2017 –58%].

General Development of the Business

Introduction

The Company, through the succession of various predecessor corporations, has been in business since 1950. Beginning in 1992, the Company adopted a focused growth strategy to become one of the leading independent investment dealers in Canada. The Company has achieved this through significant investments in its business infrastructure, with a focus on building strong client relationships.

The Company continually invests in its employees, IT systems and office infrastructure, and the results of these initiatives have allowed the Company to grow into a global independent investment bank, with operations in 10 countries. Today, Canaccord Genuity Group Inc. has:

- An integrated global capital markets group that provides financing and advisory services to a broad range of corporate clients; global sales and trading for institutional clients; and in-depth research coverage of a growing universe of companies.
- An extensive network of wealth management offices located across Canada, the UK and Europe, and Australia. With 142 Advisory Teams¹ in Canada, 188 Investment Professionals and Fund Managers in the UK and Europe and 7 Advisors in Australia, as of March 31, 2018, the Company's wealth management operations provide financial planning and wealth management solutions and trading services to individual investors, institutions and intermediaries, and charities.

The Company's independent nature means the Company is free from institutional constraints that sometimes afflict larger financial institutions. This independence allows the Company to provide a wider range of local and international products for its clients and the ability to act quickly when opportunities arise or when prompt solutions need to be found.

The Company has devoted substantial resources to growing its global presence. Today, the Company has capital markets operations in North America, the UK & Europe, Asia, Australia and the Middle East. These offices focus on providing services to the Company's corporate and institutional clients from the domestic and international communities. Given its capital markets expertise, combined with its capital markets strength in 9 countries, the Company remains in a favourable position to provide its clients with a wide array of international financing services and alternatives.

Below are the key corporate developments during fiscal 2018:

- On June 1, 2017, the Company announced that the dividend rate on its Cumulative 5-Year Rate Reset First Preferred Shares, Series C (the "Series C Preferred Shares") for the period from July 1, 2017 to June 30, 2022 would be 4.993% per annum.
- On June 16, 2017, the Company announced that the number of Series C Preferred Shares tendered for conversion into Cumulative Floating Rate First Preferred Shares, Series D (the "Series D Preferred Shares") did not meet the minimum required and, accordingly, no Series D Preferred Shares were issued.

¹ 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.

- On July 5, 2017, the Company announced that, through its UK & Europe based wealth management business, Canaccord Genuity Wealth Management (“CGWM (UK)”), it had agreed to acquire Hargreave Hale Limited (“Hargreave Hale”), a leading independent UK-based investment and wealth management business. This transaction closed on September 18, 2017 and the Company acquired 100% of Hargreave Hale for cash and deferred consideration of £52.1 million (C\$86.0 million) and additional contingent consideration of up to £27.5 million (C\$45.4 million). The contingent consideration is structured to be payable over a period of up to three years, subject to the achievement of certain performance targets related to the retention and growth of client assets and revenues and an amount determined with reference to the fund management business. The cash consideration was funded in part from a credit facility provided to CGWM (UK) by National Westminster Bank plc and HSBC Bank plc in the amount of £40.0 million (C\$72.5 million as of March 31, 2018). Additional contingent consideration, if paid, will be funded from the ongoing cash flow of the business.

The Company expensed \$6.7 million of acquisition-related costs and \$2.9 million of restructuring costs for the year ended March 31, 2018. In addition, the Company expensed \$1.5 million of incentive-based payments determined with reference to financial targets and other performance criteria that are included as part of development costs. The Company anticipates additional costs related to these incentive-based payments of approximately £13.0 million (C \$23.4 million) to be recorded as a significant item over a four-year measurement period.

- On August 1, 2017, Canaccord Genuity Acquisition Corp. (“CGAC”), a newly organized special purpose acquisition corporation formed for the purpose of effecting a qualifying acquisition of one or more businesses, announced the closing of its initial public offering of \$30.0 million of Class A Restricted Voting Units. The sponsor of CGAC is a wholly-owned subsidiary of the Company and owns an approximate 26.2% interest in CGAC. On June 11, 2018, CGAC announced its proposed merger (the “Merger”) with Spark Power Corp. The Merger will constitute CGAC’s qualifying acquisition.
- On August 11, 2017, the Company announced the filing of a normal course issuer bid (NCIB) to purchase common shares of the Company through the facilities of the TSX and on alternative trading systems during the period from August 15, 2017 to August 14, 2018. The purpose of any purchase under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be repurchased represented 5.0% of the Company’s outstanding common shares at the time of filing the NCIB. There have been no shares purchased under this and the previous NCIB during the year ended March 31, 2018.
- On April 25, 2018, the Company announced that it has entered into an agreement to acquire Jitneytrade Inc. and Finlogik Inc. directly and through the purchase of Finlogik Capital Inc. Jitneytrade Inc. is a direct access broker and an active trader in futures and equity options in Canada. Finlogik Inc. is in the business of delivering value-added fintech solutions in the Canadian market. The acquisition closed on June 6, 2018.
- At its meeting on June 6, 2018, the Board of Directors approved the creation, subject to shareholder approval, of a new Performance Share Option (POS) plan and the grant, with a grant date of June 14, 2018, and an exercise price of \$6.73 per share, subject to shareholder ratification of 6,220,000 performance share options (PSOs) to senior management of the Company and its operating subsidiaries. The options will be granted under the terms of the Company’s Performance Share Option (PSO) plan to be presented to the shareholders for their approval at the Company’s annual general meeting to be held on August 2, 2018. The grant is subject to ratification at that meeting. The options have an exercise price of \$6.73 per share and a term of five years and will time-vest rateably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of grant). PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a three times exercise price cap on payout value. The shareholder approval and ratification will be considered at the Annual General Meeting called for August 2, 2018.

In addition to its growth and expansion, the Company continues to maintain an integrated global team and a corporate culture that is instrumental in attracting and retaining highly qualified professionals. The Company has successfully developed and nurtured an entrepreneurial culture among its capital markets employees, wealth management professionals and support staff.

Three-year history

Through its principal subsidiaries, the Company is a leading independent, full-service financial services firm, with operations in 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 corporate, institutional and private clients.

The Company continues to build on the foundation it has established and focus on its complementary capabilities, which include:

- Capital markets strength and expertise in North America, the UK, Europe, Dubai, Australia and Asia
- Strong private, corporate and institutional client relationships
- Globally integrated international trading operations
- Broad venture capital capability
- Comprehensive, timely and focused research coverage

In the last three years, the Company has concentrated on the development of its two principal business units, Canaccord Genuity and Canaccord Genuity Wealth Management, and its operating infrastructure to support their operations, including the development of leading proprietary information systems and technology. The Company also increased its focus on improving the operational efficiency of its businesses.

As an investment banking firm, the Company derives its revenue primarily from sales commissions, underwriting and advisory fees, and principal trading activity. The Company's business has benefited from the stabilizing conditions in the financial marketplace, primarily in North America and Europe. The Company's revenue increased by 16.3% during the year ended March 31, 2018 compared to the prior year.

Geographies

Commencing in Q3 fiscal 2017, the operating results of our Australian operations were disclosed as a separate geography. Prior to Q3/17 Australia was included as part of Other Foreign Locations. Also, commencing in Q3 fiscal 2017, our Dubai operation, which was previously included in Other Foreign Locations, is now included as part of Canaccord Genuity UK & Europe. The Other Foreign Locations geographic segment is now comprised of our Asian based operations, including Singapore, China and Hong Kong and prior to their sale or closure also included our former operations in Singapore and Barbados. These reclassifications reflect the growing contribution from Australia and the working association between the UK and Dubai. For purposes of the discussion provided herein the Canaccord Genuity operations in the UK, Europe and Dubai are referred to as the "UK".

The Company's revenue for the three-year period ending March 31, 2018 was:

	<u>Revenue for the years ended March 31</u>		
<i>(C\$ thousands)</i>	2018	2017	2016
Commissions and fees	\$461,937	\$396,741	\$376,817
Investment banking	282,195	196,129	132,029
Advisory fees	122,372	130,749	160,180
Principal trading	113,921	119,040	85,559
Interest	27,875	16,847	16,830
Other	14,577	20,040	16,390
Total	<u>\$1,022,877</u>	<u>\$879,546</u>	<u>\$787,805</u>

The following table provides a breakdown of the Company's segmented revenue for the three years ending March 31, 2018:

	<u>Revenue for the years ended March 31</u>		
<i>(C\$ thousands)</i>	2018	2017	2016

Canaccord Genuity	\$637,556	\$598,391	\$532,270
Canaccord Genuity Wealth Management	370,265	267,111	246,567
Corporate and Other	15,056	14,044	8,968
Total	\$1,022,877	\$879,546	\$787,805

Operations by Geography

The Company's revenue by geographic segment for the three-year period is as follows:

<i>(C\$ thousands)</i>	Revenue for the years ended March 31		
	2018	2017	2016
Canada	\$397,053	\$298,816	\$247,021
UK and Europe ⁽¹⁾	329,841	281,631	283,837
US	238,933	237,142	218,965
Australia	57,022	59,693	31,138
Other Foreign Locations ⁽²⁾	28	2,264	6,844
Total	\$1,022,877	\$879,546	\$787,805

(1) Includes our Dubai based operations.

(2) The Other Foreign Locations geographic segment is now comprised of our Asian based operations, including Singapore, China and Hong Kong and prior to their sale or closure also included our former operations in Singapore and Barbados. The sale of our former operations in Singapore operations was completed in Q1 of fiscal 2018 and the former operations in Barbados were closed in Q4 of fiscal 2016.

Revenue in Canada is derived from the Canaccord Genuity, Canaccord Genuity Wealth Management, and Corporate and Other segments. Revenue from the UK and Europe is derived from the Canaccord Genuity and Canaccord Genuity Wealth Management segments. Revenue in the US is principally included in the Canaccord Genuity segment with an approximate 1.3% included in the Canaccord Genuity Wealth Management segment in the US during fiscal 2018. Revenue in Australia is also principally derived from Canaccord Genuity activity with an approximate 8.7% of its total revenue generated in the Canaccord Genuity Wealth Management segment during fiscal 2018. Revenue from Other Foreign Locations is entirely made up of Canaccord Genuity activity.

During fiscal 2018, Canaccord Genuity participated in a number of significant transactions.

- Canaccord Genuity led 178 transactions globally, each over C\$1.5 million, to raise total proceeds of C\$6.1 billion. Of this:
 - Canada led 131 transactions, which raised C\$3.5 billion
 - The UK, Europe & Dubai led 14 transactions, which raised C\$1.8 billion
 - The US led 16 transactions, which raised C\$650 million
 - Australia led 17 transactions, which raised C\$149.1 million
- Including the 178 transactions led globally, Canaccord Genuity participated in a total of 455 transactions globally, each over C\$1.5 million, to raise gross proceeds of C\$34.5 billion. Of this:
 - Canada participated in 334 transactions, which raised C\$21.6 billion
 - The UK, Europe & Dubai participated in 22 transactions, which raised C\$3.4 billion
 - The US participated in 67 transactions, which raised C\$8.8 billion
 - Australia participated in 32 transactions, which raised C\$659.6 million
- Significant investment banking transactions for Canaccord Genuity include:
 - £267.7 million for HICL Infrastructure Company on LSE
 - £200.0 million initial public offering of Triple Point Social Housing REIT plc on LSE
 - US\$312.5 million in two transactions for Atara Biotherapeutics on Nasdaq
 - £187.5 million for Aberdeen Standard European Logistics Income plc on LSE
 - US\$260.2 million for Xencor Inc. on Nasdaq
 - US\$210.7 million in four transactions for Helios + Matheson on Nasdaq
 - C\$243.6 million in three transactions for The Hydropothecary Corporation on TSXV
 - AUD \$250.5 in two transactions for Cooper Energy Limited on ASX
 - C\$200.0 million for Cobalt 27 Capital Corp. on TSXV

- C\$125.0 million Initial Public Offering for Cannabis Strategies Acquisition Corp. on TSX
- AUD\$151.0 million for Infigen Energy Limited on ASX
- £173 million initial public offering for Baillie Gifford US Growth Trust plc on LSE
- C\$489 million in four transactions for Aurora Cannabis Inc. on TSX
- C\$92.4 million for Osisko Mining on TSX
- £95 million for IQE plc on AIM
- C\$140.0 million for DHX Media Ltd. on TSX
- C\$132.8 million for MedReleaf on TSX
- £58.8 million for accesso Technology Group plc on AIM
- US\$63.6 million IPO for Zymeworks on NYSE & TSX
- £90 million equity raise for Oxenwood Real Estate for its purchase of Ultrabox Logistics portfolio
- C\$80.0 million for Brio Gold on TSX
- C\$75.6 million for SolGold plc on TSX and LSE
- £57.6 million for The Renewables Infrastructure Group Limited on LSE
- US\$47.4 million for Savara Inc. on Nasdaq
- US\$49.1 million for VBI Vaccines on Nasdaq
- AUD\$60.0 million for CANN Group Limited on ASX
- £52.2 million for Ediston Property Investment Company PLC on LSE
- US\$65.3 million in two tranches for Neovasc Inc. on Nasdaq & TSX
- US\$60.0 million initial public offering for BioXcel Therapeutics Inc.
- C\$43.9 million for Global Blockchain Technologies Corp. on TSXV
- In Canada, Canaccord Genuity participated in raising \$838.9 million for government and corporate bond issuances
- Significant M&A and advisory transactions included:
 - Broken Coast Cannabis Inc. on its C\$273 million sale to Aphria Inc.
 - Cape plc on its £575 million sale to Altrad Investment Authority SAS
 - Nuuvera on its C\$787 million sale to Aphria Inc.
 - Polaris Materials on its sale to U.S. Concrete for C\$309 million
 - Sandvine Corporation on its C\$562 million sale to Francisco Partners and Procera Networks
 - Aurora Cannabis on its C\$1.2 billion acquisition of CanniMed Therapeutics Inc.
 - DCC plc on the £219.0 million sale of DCC Environmental
 - HLD/Dentressangle on its €1.5 billion acquisition of Kiloutou
 - Ardian on its €670 million disposal of Trescal to OMERS Private Equity
 - Thoma Bravo and Motus on Thoma Bravo's acquisition of the premier vehicle management platforms of Motus and Runzheimer
 - Rockspring Property Holdings Limited on its sale to PATRIZIA Immobilien AG
 - Outpatient Imaging Affiliates, LLC on its sale to ICV Partners
 - Monitise plc on its £75 million sale to Fiserv, Inc.
 - OSRAM Licht AG on its acquisition of Digital Lumens
 - Sientra Inc. on its acquisition of Miramar Labs
 - Gaming Nation on its C\$44 million sale to Orange Capital
 - SignUpGenius Inc. on its majority recapitalization by Providence Equity Partners
 - Halt Medical Inc. on its sale to Acesa AssetCo LLC pursuant to §363 of the U.S. bankruptcy code
 - DHX Media on its US\$345 million acquisition of Peanuts and Strawberry Shortcake
- At March 31, 2018, Canaccord Genuity Wealth Management had 142 Advisory Teams in Canada ⁽¹⁾, an increase of one Advisory Team from March 31, 2017
- Canaccord Genuity Wealth Management also has 188 Investment Professionals and Fund Managers in the UK and Europe as of March 31, 2018, an increase of 70 Investment Professionals and Fund Managers from March 31, 2017.

(1) 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

Description of the Business

Overview

The Company'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 Approximately 730 employees	Canaccord Genuity Wealth Management (Global) Approximately 938 employees
<i>Research</i> <i>Institutional equity sales and trading</i> <i>Investment banking</i> <i>Mergers & acquisitions and advisory services</i> <i>Venture capital</i> <i>International and principal trading</i> <i>Fixed income trading</i>	<i>Investment advice</i> <i>Brokerage services</i> <i>Managed accounts</i> <i>Fee-based accounts</i> <i>Wealth management services</i> <i>Insurance and estate planning</i> <i>Portfolio management</i>
<ul style="list-style-type: none"> • Offices in Toronto, London, Boston, Vancouver, New York, Calgary, Montréal, San Francisco, Chicago, Nashville, Minneapolis, Washington, Dublin, Paris, Melbourne, Sydney, Perth, Singapore, Hong Kong, and Dubai 	<ul style="list-style-type: none"> • Fifteen offices throughout Canada including four Independent Wealth Management locations • 142 Advisory Teams in Canada • Twelve offices in the UK and Europe • 188 Investment Professionals and Fund Managers in the UK and Europe • 7 Advisors in Australia
<ul style="list-style-type: none"> • Revenue for fiscal 2018 of \$637.6 million • Canaccord Genuity led 178 transactions globally, each over \$1.5 million, with total proceeds of \$6.1 billion. Also in fiscal 2018, the team participated in 455 transactions globally, each over \$1.5 million, with total proceeds of \$34.5 billion. This includes: <ul style="list-style-type: none"> ▪ Canada – 334 financing transactions with an aggregate deal value of \$21.6 billion ▪ UK, Europe and Dubai– 22 financing transactions with an aggregate deal value of \$3.4 billion ▪ US – 67 financing transactions with an aggregate deal value of \$8.8 billion ▪ Australia – 32 financing transactions with an aggregate deal value of \$659.6 million 	<ul style="list-style-type: none"> • Revenue for fiscal 2018 of \$370.3 million • Assets under management in Canada (discretionary) of \$2.8 billion • Assets under administration in Canada of \$15.6 billion • Assets under management in UK and Europe (discretionary and non-discretionary) of \$44.9 billion • Assets under management in Australia of \$0.8 billion
Corporate and Other Approximately 288 employees <i>Compliance and Risk Management</i> <i>Finance</i> <i>Information Technology</i> <i>Legal</i> <i>Operations</i> <i>Pinnacle Correspondent Brokerage Services</i>	

Canaccord Genuity

Canaccord Genuity consists of approximately 730 employees and professionals located in Toronto, London, Boston, Vancouver, New York, Calgary, Montréal, San Francisco, Chicago, Minneapolis, Nashville, Washington, Dublin, Paris, Melbourne, Sydney, Hong Kong, and Dubai. Canaccord Genuity is comprised of the following geographic operating divisions:

- Canada (Canaccord Genuity)
- UK and Europe including our Dubai operations (Canaccord Genuity)
- US (Canaccord Genuity)
- 58% interest in Australia [March 31, 2017– 58%] (Canaccord Genuity)
- Other Foreign Locations (Canaccord Genuity (Hong Kong) Limited, Canaccord Genuity Asia (Hong Kong) Limited)

Canaccord Genuity's revenue

<i>(C\$ thousands)</i>	Revenue for the years ended March 31		
	2018	2017	2016
Canada	\$216,106	\$155,411	\$131,399
UK and Europe ⁽¹⁾	128,458	146,812	145,478
US	235,942	234,211	217,411
Australia	57,022	59,693	31,138
Other Foreign Locations ⁽²⁾	28	2,264	6,844
Total Canaccord Genuity	<u>\$637,556</u>	<u>\$598,391</u>	<u>\$532,270</u>

(1) Includes our Dubai based operations

(2) The Other Foreign Locations geographic segment is now comprised of our Asian based operations, including China and Hong Kong and prior to their sale or closure also included Singapore and Barbados. The sale of our Singapore operations was completed in Q1 of fiscal 2017 and the Barbados was closed in Q4 of fiscal 2016.

Revenue

Canaccord Genuity's revenue is generated from commissions and fees earned in connection with investment banking transactions and institutional sales and trading activity, as well as trading gains and losses from Canaccord Genuity's principal trading operations. Accordingly, this revenue is directly affected by the level of corporate and institutional activity and general economic, market and business conditions in Canada and internationally.

Canaccord Genuity's quarterly results are not significantly affected by seasonal factors. However, Canaccord Genuity's revenue and income can experience considerable variations from quarter to quarter and year to year due to factors beyond Canaccord Genuity's control. The business is affected by the overall condition of the worldwide market. The timing of revenue recognition can also materially affect Canaccord Genuity's quarterly results. Canaccord Genuity's revenue from an underwriting transaction is recorded only when the transaction has closed.

Canaccord Genuity operates out of 21 offices internationally and provides a broad range of research, sales and trading, and investment banking services to its clients. Canaccord Genuity has developed comprehensive investment banking knowledge and expertise, and strong research capabilities in the following key sectors of the global economy: Metals & Mining, Energy, Technology, Real Estate, Sustainability, Healthcare & Life Sciences, Consumer & Retail, Infrastructure, Aerospace & Defense, Financials and Private Equity. Coverage of these sectors included investment banking, mergers and acquisitions (M&A) and advisory services, and institutional equity activities, such as sales, trading and research.

The integrated team at Canaccord Genuity provides comprehensive and high- quality services to its corporate and institutional clients in:

- Research
- Institutional equity sales and trading
- Investment banking
- M&A and advisory services
- Venture capital
- International and principal trading
- Fixed income trading

Canaccord Genuity's ability to target and service key clients in global equity financing is a strong differentiator and competitive advantage for the Company. Canaccord Genuity's transactions and revenue by focus sectors are detailed below.

Canaccord Genuity – Overall

<i>Sectors</i>	<i>For the year ended March 31, 2018</i>	
	<i>as a % of investment banking transactions</i>	<i>as a % of investment banking revenue</i>
Healthcare & Life Sciences	9.5%	44.9%
Technology	12.0%	16.9%
Metals & Mining	19.1%	15.3%
Real Estate & Hospitality	12.2%	7.2%
Infrastructure	0.9%	2.8%
Energy	6.7%	2.7%
Financials, Diversified and Investment Trusts	27.0%	4.1%
Other	5.7%	2.1%
Media & Telecommunications	0.2%	1.4%
Sustainability	0.9%	1.0%
Consumer & Retail	3.5%	1.0%
Aerospace & Defense	0.2%	0.3%
Ag & Fertilizers	2.1%	0.2%
Structured Products	-	0.1%
Total	100.0%	100.0%

Canaccord Genuity – by geography

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

<i>Sectors</i>	<i>For the year ended March 31, 2018</i>				
	<i>Canada</i>	<i>UK</i>	<i>US</i>	<i>Australia</i>	<i>Other Foreign Locations</i>
Healthcare & Life Sciences	3.3%	-	48.2%	11.4%	-
Technology	7.9%	18.8%	31.5%	17.1%	-
Metals & Mining	20.1%	6.3%	-	45.7%	-
Real Estate & Hospitality	13.1%	31.3%	9.3%	-	-
Infrastructure	0.9%	6.3%	-	-	-
Energy	5.8%	12.3%	-	22.9%	-
Financials, Diversified and Investments Trust	34.4%	25.0%	-	-	-
Other	7.5%	-	-	-	-
Media & Telecommunications	0.3%	-	-	-	-
Sustainability	-	-	7.4%	-	-
Consumer & Retail	4.0%	-	1.7%	2.9%	-
Aerospace & Defense	-	-	1.9%	-	-

Ag & Fertilizers	2.7%	-	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	-

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

For the year ended March 31, 2018

Sectors	Canada	UK	US	Australia	Other Foreign Locations
Healthcare & Life Sciences	59.4%	-	47.2%	31.1%	-
Technology	11.0%	16.7%	44.5%	3.8%	-
Metals & Mining	11.2%	1.6%	0.1%	54.6%	-
Real Estate & Hospitality	5.2%	34.1%	1.5%	-	-
Infrastructure	0.6%	19.8%	-	0.1%	-
Energy	2.1%	2.8%	0.2%	7.4%	-
Financials, Diversified and Investment Trusts	1.8%	25.0%	-	0.3%	-
Other	4.1%	-	-	0.3%	-
Media & Telecommunications	2.7%	-	-	-	-
Sustainability	-	-	4.0%	1.4%	-
Consumer & Retail	1.3%	-	0.7%	1.0%	-
Aerospace & Defense	-	-	1.8%	-	-
Ag & Fertilizers	0.3%	-	-	-	-
Structured Products	0.2%	-	-	-	-
Transportation	0.1%	-	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	-

Equity offerings of \$1.5 million and greater in which Canaccord Genuity participated

For the years ended March 31

<i>(C\$ billions except for # of transactions)</i>	2018		2017	
	# of transactions	Aggregate transaction value	# of transactions	Aggregate transaction value
Canada	334	\$21.6	232	\$26.9
UK and Europe	22	3.4	25	3.0
US	67	8.8	69	15.7
Australia	32	0.7	42	1.5
Total	455	\$34.5	368	\$47.1

Sources: Financial Post Data Group and Company

Revenue from Canadian operations

Capital markets revenue in Canada originates from equity financing transactions, commissions, underwriting fees, advisory fees and management fees related to capital markets activity in Canada. Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. Investment banking revenue also reflects profits and gains recorded in certain warrant and inventory positions earned in respect of investment banking activity in the current and prior periods. Advisory fees consist of management and advisory fees, and include revenue earned from M&A activities

Revenue from the UK and Europe operations

Canaccord Genuity's operations in the UK and Europe include institutional sales and trading, investment banking and research teams. In addition, this division has an active advisory business providing M&A and advisory services to its

UK, Europe and Dubai clients. Canaccord Genuity is an approved broker, sponsor and Nominated Advisor (Nomad) for AIM and LSE companies. Canaccord Genuity is in a strong position to serve its private, corporate and institutional clients and capitalize on the opportunities in this market area. This division serves its clients through offices in London, Dublin, Paris and Dubai.

Revenue from US operations

Canaccord Genuity's US segment includes institutional sales and trading, investment banking and research activities. This division serves its clients through offices in Boston, New York, San Francisco, Houston, Chicago, Nashville, Washington and Minneapolis. The US operations also expanded its global equity sales and trading team over the past few years, which includes the Electronic Trading Group, the Sales & Trading team, and the International Equities Group.

Revenue from Australia

Capital markets revenue in Australia originates from equity financing transactions, commissions, underwriting fees, advisory fees and management fees related to capital markets activity in Australia. Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. Investment banking revenue also reflects profits and gains recorded in certain warrant and inventory positions earned in respect of investment banking activity in the current and prior periods. Advisory fees consist of management and advisory fees, and include revenue earned from M&A activities.

Competition

In the capital markets sector, Canaccord Genuity competes with other domestic and foreign securities firms. Canaccord Genuity competes based on the caliber and abilities of its professional personnel, relative prices of the services and products it offers, available capital, institutional relationships, ability to assist with financing arrangements, access to global markets, and quality of service.

There is also competition for securities industry professionals. Canaccord Genuity competes with other financial institutions for investment bankers, trading professionals and other specialized personnel based on its services and product breadth, its management, its entrepreneurial culture, and its compensation structure.

Smaller regional or local investment dealers are increasingly under pressure, and some international competitors have recently retrenched to focus on local markets. We believe this changing competitive landscape provides significant opportunity for Canaccord Genuity in the mid-market, as this space is currently relatively underserved by other global investment banks. Canaccord Genuity's mid-market strategy focused on key sectors differentiates the firm among the competition.

Canaccord Genuity Wealth Management

Revenue

<i>(C\$ thousands)</i>	<u>Revenue for the years ended March 31</u>		
	2018	2017	2016
Canada	\$165,891	\$129,361	\$106,654
UK and Europe ⁽¹⁾	201,383	134,819	138,359
US	2,991	2,931	1,554
Total Canaccord Genuity Wealth Management	\$370,265	\$267,111	\$246,567

(1) Includes the operating results of Hargreave Hale since the closing date of September 18, 2017.

Globally, Canaccord Genuity Wealth Management provides tailored financial planning and brokerage services to individual Canadian, UK and European investors, institutions and intermediaries, and charities. The division offers a broad range of investment products to its client base, including both proprietary and third-party products.

Wealth management revenue is generated through traditional commission-based brokerage services; fee-based products and services; client-related interest; and fees and commissions earned by Advisory Teams in Canada,

Investment Professionals and Fund Managers in the UK and Europe, and Advisors in Australia for investment banking and venture capital transactions. Commission revenue from the sale of investment products and the provision of brokerage and other financial services is based on an established commission schedule. Discounts and adjustments to this schedule are based on the client’s level of business, transaction size, complexity and other relevant factors.

On July 5, 2017, the Company announced that through its UK & Europe based wealth management business, Canaccord Genuity Wealth Management (“CGWM (UK)”), it had agreed to acquire Hargreave Hale Limited (“Hargreave Hale”), a leading independent UK-based investment and wealth management business. This transaction closed on September 18, 2017 and the Company acquired 100% of Hargreave Hale for cash and deferred consideration of £52.1 million (C\$86.0 million) and additional contingent consideration of up to £27.5 million (C\$45.4 million). The contingent consideration is structured to be payable over a period of up to three years, subject to the achievement of certain performance targets related to the retention and growth of client assets and revenues and an amount determined with reference to the fund management business.

As of March 31, 2018, Canaccord Genuity Wealth Management division had 142 Advisory Teams in Canada and 7 Advisors in Australia. 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.

In the UK and Europe, the wealth management business has 188 Investment Professionals and Fund Managers. Investment Professionals include all staff with direct sales responsibilities, which include brokers and assistants with direct client contacts. Fund Managers include all staff who manage client assets.

Canaccord Genuity Wealth Management group has 29 offices throughout Canada, the UK and Europe, and Australia in the following locations:

<u>British Columbia</u>	<u>Alberta</u>	<u>Manitoba</u>	<u>Ontario</u>	<u>Québec</u>	<u>Nova Scotia</u>	<u>UK and Europe</u>	<u>Australia</u>
<i>Kelowna</i>	<i>Calgary (2)</i>	<i>Winnipeg</i>	<i>Toronto</i>	<i>Montréal</i>	<i>Halifax</i>	<i>London</i>	<i>Melbourne</i>
<i>Vancouver – Head Office</i>	<i>Edmonton</i>		<i>Waterloo</i>			<i>Jersey</i>	<i>Sydney</i>
<i>Trail</i>			<i>Kitchener</i>			<i>Guernsey</i>	<i>Perth</i>
<i>Penticton</i>						<i>Blackpool</i>	
<i>Prince George</i>						<i>Carlisle</i>	
						<i>Lancaster</i>	
						<i>Norwich</i>	
						<i>Llandudno</i>	
						<i>Nottingham</i>	
						<i>Worcester</i>	
						<i>York</i>	
						<i>Isle of Man</i>	

Services

Canaccord Genuity Wealth Management is dedicated to providing a variety of comprehensive brokerage services and wealth management products and services to its clients. Advisory Teams, Investment Professionals, Fund Managers and Advisors assist their clients in building their financial assets and maximizing their returns within the context of their investment objectives and risk tolerance. Canaccord Genuity Wealth Management offers its clients various account structures such as commission-based accounts, fee-based accounts, managed accounts and margin accounts.

The division offers wealth management services with a fee-based structure, in addition to traditional commission-based investment offerings. With more individuals approaching retirement, the demand for various wealth management products and financial planning services is on the rise. With these changing demographics, more clients are choosing fee-based alternatives over the traditional commission-based products and services.

Canaccord Genuity Wealth Management provides the following services:

- Investment advice
- Brokerage services
- Managed accounts
- Portfolio management
- Fee-based accounts
- Wealth management services
- Insurance and estate planning

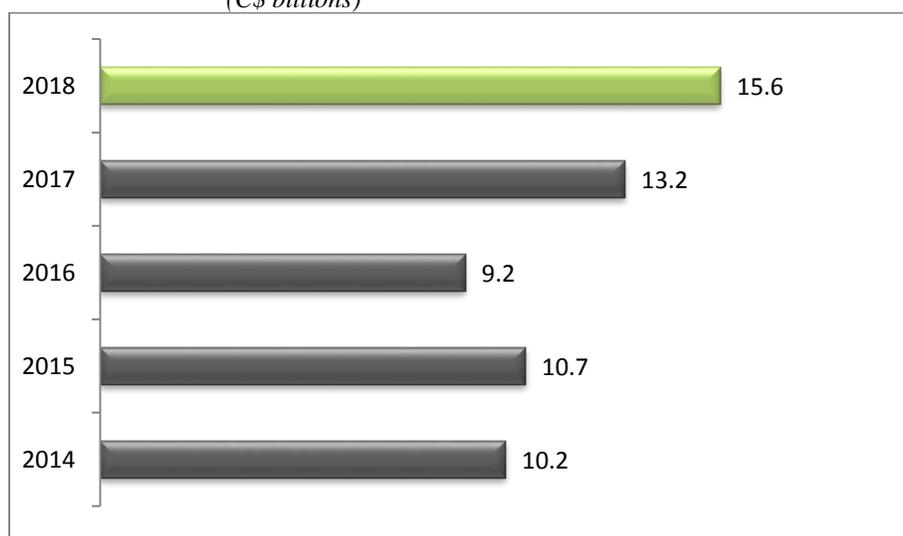
The products and services listed above are complementary and enable the Company’s Advisory Teams, Investment Professionals and Fund Managers, and Advisors to provide a full suite of investment services to their clients. Traditionally, revenue in this segment in Canada is generated through transaction-based commissions. However, changing demographics over the last decade have brought about a change in clients’ financial needs and, as a result, demand for managed account products such as separately managed accounts, retirement planning and wealth management services has increased. By responding to these needs, the Company expects the composition of Canaccord Genuity Wealth Management’s Canadian revenue will increasingly reflect a greater proportion of recurring, fee-based revenue.

In the UK and Europe, Canaccord Genuity Wealth Management has historically had high levels of fee-based client accounts, and the business derives most of its revenue from fee-based activities. In Australia, Canaccord Genuity Wealth Management continued to grow its presence during fiscal 2018. As at March 31, 2018, the Company had 7 Advisors in Australia.

Assets under administration (AUA) in Canada ^{(1) (2)}

AUA increased by 17.7% to \$15.6 billion at March 31, 2018 from \$13.2 billion at March 31, 2017, reflecting continued investments into the wealth management side of the business.

Assets under administration (AUA) in Canada
(C\$ billions)

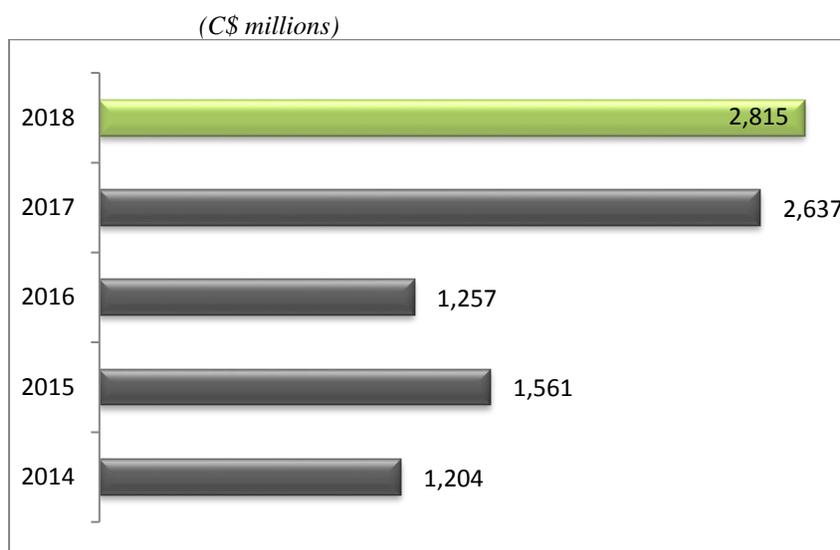


¹ AUA is the market value of client assets administered by Canaccord Genuity Group, for which the Company earns commissions or fees. This measure includes funds in client accounts, as well as the aggregate market value of long and short security positions. The Company’s method of calculating AUA may differ from approaches used by other companies and therefore may not be comparable. Management uses this measure to assess operational performance of the Canaccord Genuity Wealth Management business segment.

² This is a non-IFRS measure. 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.

Assets under management (discretionary) in Canada ⁽¹⁾⁽²⁾

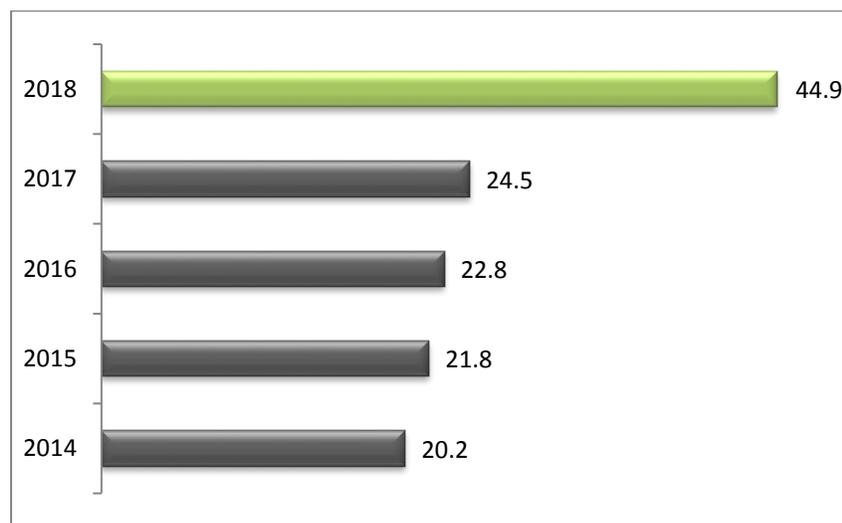
As of March 31, 2018, assets under management (AUM) in Canada were \$2.8 billion, an increase of 6.8% from \$2.6 billion at the end of the prior year.



Assets under management (discretionary and non-discretionary) in the UK and Europe ⁽²⁾

Assets under management (discretionary and non-discretionary) were \$44.9 billion (£24.8 billion) as at March 31, 2018, an increase of 83.0% from \$24.5 billion (£14.7 billion) at March 31, 2017⁽²⁾. In local currency (GBP), assets under management at March 31, 2018 increased 69.0% compared to March 31, 2017. The acquisition of Hargreave Hale Limited in Q2/18 largely contributed to the increase in AUM at March 31, 2018 compared to the prior year.

(C\$ billions)



¹ AUM in Canada are assets managed on a discretionary basis under the programs generally described as or known as the *Complete Canaccord Investment Counselling Program*, *Canaccord Genuity Global Portfolio Solutions*, and *Complete Canaccord Private Investment Management Program*. Services provided include the selection of investments and the provision of investment advice. AUM is also administered by Canaccord Genuity Group and is therefore included in AUA.

² This is a non-IFRS measure. 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.

Separately managed accounts (Canada)

Separately managed accounts (SMAs) are designed so that each account has individual ownership of securities rather than ownership of a pooled fund. Accounts are charged an all-inclusive fee, based on account size.

Canaccord's SMA program is known as the *Complete Canaccord Investment Counselling Program (ICP)*. Since 2005, Canaccord has expanded its SMA program to include a selection of 10 portfolio managers and over 40 mandates. Together, these accounts offer professional portfolio management with a choice of strategies based on a client's investment objectives. The minimum account size for the *Complete Canaccord Investment Counselling Program* starts at \$100,000.

Advisor managed accounts (Canada)

In addition to the *Complete Canaccord Investment Counselling Program*, Canaccord Genuity Wealth Management provides an advisor managed account program known as the *Complete Canaccord Private Investment Management Program*. Through this program, Investment Advisors who have their Associate Portfolio Manager or Portfolio Manager designation have the ability to provide discretionary management services similar to those offered by a registered investment counsel.

The Company continues to develop products and services with the purpose of offering Advisory Teams the freedom to present the best product mix to their clients, while reinforcing an entrepreneurial culture in which Advisory Teams may continue their business. As part of the *Complete Canaccord Private Investment Management Program* platform, the Company added a sophisticated suite of Portfolio Management application tools designed specifically to support Portfolio and Associate Portfolio Managers. National training sessions have also been offered to aid these Advisors in building the *Complete Canaccord Private Investment Management Program* platform.

Competition

In the retail brokerage sector, Canaccord Genuity Wealth Management faces competition from other investment dealers, online brokerage firms, banks, insurance companies and other financial institutions. Canaccord Genuity Wealth Management competes on the basis of quality of its service, price, product selection, expertise, innovation and reputation.

There is also competition for Investment Advisors and other securities industry professionals. Similar to the competition for personnel in the Canaccord Genuity division of the business, the Canaccord Genuity Wealth Management division competes with other financial institutions for advisors and other specialized personnel on the basis of its service and product breadth, its management, its entrepreneurial culture, and its compensation structure.

Corporate and Other segment

Revenue

	<u>Revenue for the years ended March 31</u>		
<i>(C\$ thousands)</i>	2018	2017	2016
Corporate and Other	\$15,056	\$14,044	\$8,968

The Corporate and Other segment includes Pinnacle Correspondent Brokerage Services (Pinnacle) along with interest, foreign exchange revenue and expenses not specifically allocable to Canaccord Genuity and Canaccord Genuity Wealth Management.

The Company operates a correspondent brokerage services operation under Pinnacle. Pinnacle provides secure and confidential fully integrated clearing and settlement, administrative, trading and research services to other brokerage firms. The development of Pinnacle was a natural extension and application of the Company's substantial investment in its information technology and operating infrastructure. The Company's management believes that with the segregation of the Canadian securities industry into groups (bank or foreign-owned large dealers; large, full-service independent dealers; and an increasing number of small boutique and specialized dealers) there is growth potential for Pinnacle to provide correspondent brokerage services to the dealers in the boutique and specialized dealer category.

The Corporate and Other segment also includes operations and support services such as front- and back-office information technology (IT), compliance and risk management, operations, legal, finance, and other administrative functions. This segment principally supports the Company's Canadian operations, significant aspects of its global operations and public company operations and related reporting. The IT team maintains and supports the Company's front and back-office IT systems. The compliance department is responsible for client credit and account monitoring in relation to certain legal and regulatory requirements. The operations group carries out all activity in connection with processing securities transactions including trade execution and settlement of securities transactions. They are also responsible for the custody of client securities. The finance department is responsible for internal financial accounting and controls, and external financial and regulatory reporting and compliance.

Corporate and Other staff, on March 31, 2018, numbered approximately 288. Most of these employees are located in the Company's Vancouver and Toronto offices.

The Company's front-office IT systems include applications for providing and enhancing client service and increasing the effectiveness and information access capabilities of the Company's Advisory Teams, Investment Professionals and Fund Managers, and Advisors as well as Canaccord Genuity professionals. The Company's back-office IT systems include applications for information and transaction processing, control systems, and management information reporting. All IT systems are supported by an overall network architecture comprised of hardware, software and key relationships with strategic service providers. For more information, please refer to the Information Technology section.

The Company's risk management and compliance activities include procedures to identify, control, measure and monitor the Company's risk exposure at all times. These principal risk areas relate to market risk, credit risk, operational risk and other risks. For more information, please refer to the Risk Management section.

Information Technology

The Company is committed to providing its Advisory Teams and other wealth management professionals, capital markets professionals and management with the information processing capability and real-time solutions required for maintaining a superior level of client service. The Company is also committed to ensuring that its technology platform continues to provide the resources necessary to meet the increased level of service, secure access to information and processing requirements critical to future growth and business development. To accomplish these objectives, the Company's strategy is to invest in the best, most cost effective, proven technology available and utilize strategic business technology relationships to provide the latest in hardware, software and business process solutions.

An important factor in the Company's success to date has been the development of strategic, adaptive relationships with key financial industry suppliers providing flexibility to adopt new technologies on a cost-effective basis. With this strategy, the Company has developed key relationships with the following organizations:

- Broadridge Financial Solutions – a real time integrated transaction system for client recordkeeping and reporting, multi-functional order management, transaction processing, account maintenance and account history
- Hewlett Packard – computer hardware and software related to servers, network storage, desktop hardware and critical systems support
- Telus – fully managed wide area network and telecommunications services
- Microsoft – software support for servers, workstations and business systems
- Cisco – network and telecommunications equipment and network monitoring software
- Thomson Reuters – real time stock quotes and market information
- Fidessa – trading systems and market data information
- Avaloq – operating system for the wealth management business in UK & Europe

The Company also draws on the key relationships described above and others for project development and non-strategic services allowing the technology department to focus more on strategic, value-added initiatives, business applications, and systems and network management.

Other projects include continued improvements to the network and hardware architecture and security posture, enhancement of client services through the addition of value-added information processing applications and improvements to control systems, information processing and management information reporting.

Continued investment in improving its information technology platform and business solutions is a significant factor in the overall efficiency and effectiveness of the Company's business.

Share-based payment plans

The Company has the following share-based payment plans in place:

Long-term incentive plan

Under the long-term incentive plan (LTIP) or the "Plan", eligible participants are awarded restricted share units (RSUs), which generally vest over three years. All awards under the LTIP plan are settled by transfer of shares from employee benefit trusts ("Trusts") which are funded by the Company, or certain of its subsidiaries, as the case may be, 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. No further shares may be issued from treasury under the LTIP.

Effective as of March 31, 2018 the Plan was changed to remove certain employment-related conditions for the vesting of RSU awards made as part of the normal course incentive compensation payment cycle. With the change, RSUs will continue to vest after termination of employment so long as the employee does not violate certain post-termination restrictions and is not engaged in certain competitive or soliciting activities as provided in the Plan. Because of this change, the Company determined that the awards do not meet the criteria for an in-substance service condition, as defined by IFRS 2 "Share based payments". Accordingly, RSUs granted as part of the normal course incentive compensation payment cycle are expensed in the period in which those awards are deemed to be earned with a corresponding increase in contributed surplus, which is generally the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but were determined and earned in respect of that fiscal year. With this change to the Plan, the Company recorded an expense of \$48.4 million during the year ended March 31, 2018 in respect of the unamortized portion of outstanding awards as of March 31, 2018 which would have otherwise been expensed in periods after March 31, 2018 if the Plan had not been changed.

For certain awards, typically new hire awards or retention awards, vesting is subject to continued employment and therefore these awards are subject to a continuing service requirement. Accordingly, the Company recognizes the cost of such awards as an expense on a graded basis over the applicable vesting period with a corresponding increase in contributed surplus.

There were 7,292,403 RSUs [year ended March 31, 2017 – 11,895,720 RSUs] granted in lieu of cash compensation to employees during the year ended March 31, 2018. The Trusts purchased 5,681,240 common shares [year ended March 31, 2017 – 9,838,528 common shares] during the year ended March 31, 2018.

The fair value of the RSUs at the measurement date is based on the fair value on grant date. The weighted average fair value of RSUs granted during the year ended March 31, 2018 was \$5.00 [March 31, 2017 – \$4.75].

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. During fiscal 2018, the amortized portion of these loans was \$0.2 million (2017 – \$1.7 million).

Replacement plans

As a result of the acquisition of Collins Stewart Hawkpoint plc (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. CSHP 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.

Canaccord Genuity Group Inc. CSHP 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 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.

In aggregate, during the year ended March 31, 2018, the Company incurred \$nil (2017 – \$nil) of expense related to the replacement plans.

CSH inducement plan

In connection with the acquisition of CSHP, the Company agreed to establish a retention plan for key CSHP staff. The awards were fully vested and fully amortized as of March 31, 2017. As of March 31, 2018, the only CSH inducement Plan award outstanding, if exercised, would result in the issuance of 9,257 common shares. This is also the maximum number of common shares that may be issued from treasury under the CSH Inducement Plan. These shares are subject to resolution of a dispute about the status of a participant who was awarded this number of restricted share units.

Share options

The Company has previously granted share options to purchase common shares of the Company to directors and senior management. All the outstanding share options under this plan had expired as of March 31, 2017, and the plan was terminated effective March 31, 2018.

At its meeting on June 6, 2018, the Board of Directors approved the creation, subject to shareholder approval, of a new Performance Share Option (PSO) plan and the grant, with a grant date of June 14, 2018, and an exercise price of \$6.73 per share, subject to shareholder ratification, of 6,220,000 performance share options (PSOs) to senior management of the Company and its operating subsidiaries. The objectives of the plan are to increase employee stock exposure and provide a link between strategic objectives, market practice and the established culture of ownership and entrepreneurialism while attracting, motivating and retaining employees. The shareholder approval and ratification will be considered at the Annual General Meeting called for August 2, 2018.

The PSOs are akin to regular stock options with the added element that vesting is contingent on both the passage of time and the achievement of share price hurdles over the term of the option. Those PSOs linked to share price hurdles that are not met prior to the expiration of the option are forfeited. PSOs time-vest rateably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of grant). Performance-based conditions

are satisfied once the Company's share price meets or exceeds the escalating share price "steps" over the life of the option. Steps can be met at any point during the five year option term, as measured by the 20-day closing price of a common share.

Deferred share units

Beginning April 1, 2011, the Company adopted a deferred share unit ("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, 2018, the Company granted 77,720 DSUs [2017 – 84,990 DSUs]. The carrying amount of the liability relating to DSUs at March 31, 2018 was \$2.2 million [2017 – \$1.1 million].

Performance share units

For the year ended March 31, 2018, the Company adopted a performance share unit ("PSU") plan for certain senior executives. The PSUs are a notional equity-based instrument linked to the value of the Company's common shares. At the end of a 3-year vesting period, the number of PSUs which vest is determined based upon performance against certain pre-determined metrics. The PSUs cliff vest on the 3rd anniversary of the date of the grant. The PSUs are settled in cash, based on the average share price of the Company's shares at the time of vesting.

The carrying amount of the liability relating to PSUs at March 31, 2018 was \$6.1 million.

Other retention and incentive plans

Employee Stock Purchase Plan

The Company has established an Employee Stock Purchase Plan (ESPP). The ESPP is available to full-time permanent employees in Canada, the US and the UK. Employee contributions are matched on a one-to-one basis by the Company to a maximum of \$3,000 per year per employee in Canada and the US and to a maximum of £1,800 per year per employee in the UK. The ESPPs are managed by independent companies, and all stock purchases through the ESPP take place in the open market. The ESPP cost for fiscal 2018 of \$1.7 million (2017 – \$1.7 million), or 0.2% (2017 – 0.2%) of the Company's annual consolidated revenue, is included in salaries and benefits expense.

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.

Risk Management Overview

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

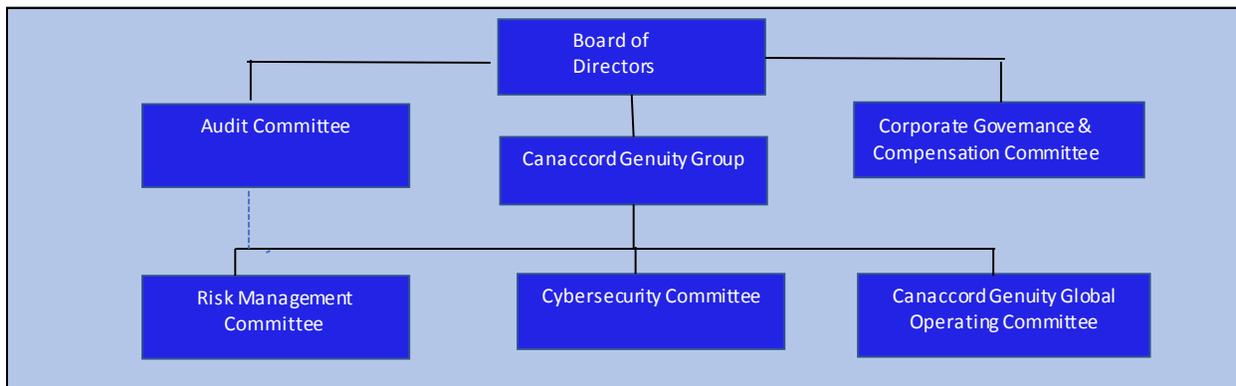
Risk management structure and governance

The Company's disciplined risk management process encompasses a number of functional areas and requires frequent communication, judgment and knowledge of the business, products and markets. The Company's senior management is actively involved in the risk management process and has developed policies, procedures and reports that enable

the Company to assess and control its risks. These policies and procedures are subject to ongoing review and modification as activities, markets and circumstances change.

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

The Company’s governance structure includes the following elements:



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

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

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

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

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

Market risk

Market risk is the risk that a change in market prices and/or any of the underlying market factors will result in losses. Each business area is responsible for ensuring that its market risk exposure is prudent within a set of risk limits set by the Risk Management Committee and approved by the Board. 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 a Value-at-Risk (VaR) risk measurement system for its equity and fixed income inventories. Management also regularly reviews and monitors inventory levels and positions, trading results, liquidity profile, position aging and concentration levels. Consequently, the Company can ensure that it is adequately diversified with respect to market risk factors and that trading activity is within the risk tolerance levels established by senior management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The primary source for credit risk to Canaccord Genuity Group is in connection with trading activity by clients in the Canaccord Genuity Wealth Management business segment and private client margin accounts. In order to minimize financial exposure in this area, the Company applies certain credit standards and conducts financial reviews with respect to clients and new accounts.

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

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

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

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

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

Operational risk

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

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

Risk and Control Self-Assessments (RCSAs)

The purpose of RCSAs is to:

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

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

Other risks

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

Regulatory and legal risk

Regulatory risk results from non-compliance with regulatory requirements, which could lead to fines and/or sanctions. The Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements in each jurisdiction in which it operates. These procedures address issues such as regulatory capital requirements, disclosure requirements, internal controls over financial reporting, sales and trading practices, use of

and safekeeping of client funds, use of and safekeeping of client data, credit granting, collection activity, anti-money laundering, insider trading, employee misconduct, conflicts of interest and recordkeeping.

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

Losses or costs associated with routine regulatory and legal matters are included in general and administrative expense in the Company's Audited Consolidated Financial Statements.

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

Cybersecurity risk

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

Reputational risk

Reputational risk is the risk that an activity undertaken, or alleged to have been undertaken, by an organization or its representatives will impair its image in the community or lower public confidence in it, resulting in 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, leading an unsuccessful financing, disparaging media coverage, or internal employee misconduct. The Company could face reputational risk through its association with past or present corporate finance clients who are the subject of regulatory and/or legal scrutiny. Reputational risk can also be reflected within customer satisfaction and external ratings, such as equity analyst reports. In addition to its various risk management policies, controls and procedures, the Company has a formal Code of Business Conduct and Ethics and an integrated program of marketing, branding, communications and investor relations to help manage and support the Company's reputation.

Control risk

As of March 31, 2018, senior officers and directors of the Company collectively owned approximately 9.3% of the issued and outstanding (13.9% fully diluted) common shares of Canaccord Genuity Group Inc. If a sufficient number of these shareholders act or vote together, they will have the power to exercise significant influence over all matters requiring shareholder approval, including the election of the Company's directors, amendments to its articles, amalgamations and plans of arrangement under Canadian law and mergers or sales of substantially all of its assets. This could prevent Canaccord Genuity Group from entering into transactions that could be beneficial to the Company or its other shareholders. Also, third parties could be discouraged from making a tender offer or takeover bid to acquire any or all of the outstanding common shares of the Company.

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

Restrictions on ownership and transfer of common shares

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

Risk factors

Overview

The securities industry and the Company's activities are by their very nature subject to a number of inherent risks. Economic conditions, competition and market factors such as volatility in the Canadian and international markets, interest rates, commodity prices, market prices, trading volumes and liquidity will have a significant impact on the Company's profitability. Revenue from Canaccord Genuity Wealth Management's activity is dependent on assets under management and trading volumes and, therefore, is linked to the level of market activity and investor confidence. Revenue from Canaccord Genuity's activity is dependent on corporate clients retaining Canaccord Genuity for advisory engagements, financing activity by corporate issuers and the willingness of institutional clients to actively trade and participate in capital markets transactions. There may also be a lag between market fluctuations and the level of the Company's market activity and the impact that these factors have on the Company's operating results and financial position. Furthermore, the Company's business is cyclical and thus experiences considerable variations in revenue and income from quarter to quarter and year to year due to the factors discussed above. These factors are beyond the Company's control and, as a result, revenue and net income will fluctuate, as they have historically.

An investment in the common or preferred shares of the Company involves a number of risks. Some of these, including market risk, credit risk, operational risk and other risks could be substantial and are inherent in the Company's business. Risk management at the Company is a significant priority due to the importance of its effectiveness on the Company's operations. For the discussion on risk management, please see "Risk Management" above. A summary of the general risk factors as well as the risk factors specific to preferred shares related to the Company (see "Description of Capital Structure" below in relation to preferred shares) are listed below. Risks include, but are not necessarily limited to, those set out below. Investors should carefully consider the following information about risks, together with the other information in this document, before making investment decisions. It should be noted that this list is not exhaustive, but contains risks that the Company considers to be of particular relevance. Other risk factors may apply. The risk factors are broken out into two sections:

- A. Summary of risk factors
- B. Summary of risk factors specific to preferred shares

A. Summary of risk factors:

1. Risks associated with the financial services business generally
2. Regulation risk
3. Risk from changes in market volume, prices or liquidity
4. Risk from changes in global economic, political or market conditions
5. Risk from periods of declining prices or reduced activity in targeted industries
6. Significant fluctuations in results
7. Principal trading risk
8. Foreign exchange risk
9. Interest rate risk
10. Liquidity risk
11. Underwriting risk
12. Credit/Counterparty risk
13. Derivatives trading risk
14. Employee misconduct
15. Inadequate risk management policies and procedures
16. Cybersecurity risk and network security
17. Dependence on information systems
18. Inability to retain and recruit skilled personnel
19. Potential conflicts of interest
20. Legal risk
21. Significant competition
22. Lack of available funding or regulatory capital
23. Inadequate management of growth

1. Risks Associated with the Financial Services Business Generally

The financial services business is, by its nature, subject to numerous and substantial risks, particularly in volatile or illiquid markets and in markets influenced by sustained periods of low or negative economic growth. In addition, there is the risk of losses resulting from the underwriting or ownership of securities, principal trading, a counterparty's failure to meet commitments, customer fraud, employee errors, misconduct and fraud (including unauthorized transactions by traders), failures in connection with the processing of securities transactions, litigation, lower revenue in periods of reduced demand for public offerings or less activity in the secondary markets, and the risk of smaller spreads on the trading of securities.

2. Regulation risk

The financial services business is subject to extensive regulation in Canada, the US, the UK and elsewhere. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation. In the event of non-compliance with applicable regulation, securities regulators such as the Investment Industry Regulatory Organization of Canada (IIROC), the Financial Industry Regulatory Authority (FINRA), the Financial Conduct Authority (FCA) and other authorities may institute administrative or judicial proceedings that may result in censure, fines, civil penalties, issuance of cease-and-desist orders, deregistration or suspension, loss of status as a Nomad, suspension or disqualification of the investment dealer's officers or employees, or other adverse consequences. The imposition of any such penalties or orders on the Company could have a material adverse effect on its operating results and financial condition.

Additional regulation, changes in existing laws and rules, or changes in interpretations or enforcement of existing laws and rules often directly affect the method of operation and profitability of securities firms, as new regulation may require additional investment in personnel and/or systems. The Company cannot predict the effect any such changes might have. Furthermore, the Company's business may be materially affected not only by regulations applicable to the Company as a financial market intermediary, but also by regulations of general application. For example, the Company's revenue in a given time period could be adversely affected by, among other things, proposed tax legislation, changes to competition policy and other governmental regulations and policies.

The Company's ability to comply with all applicable laws and regulations is dependent on the creation, implementation and maintenance of effective compliance systems, policies and procedures and on its ability to hire and retain qualified compliance personnel.

3. Risk from changes in market volume, prices or liquidity

The Company's revenue may decrease in the event of a decline in market volume, prices or liquidity. Declines in the volume of securities transactions and in market liquidity generally result in lower revenue from trading activities and commissions. Lower price levels of securities may also result in a decreased volume of underwriting transactions and could cause a reduction in revenue from corporate finance activities as well as losses from declines in the market value of securities held in trading, investment and underwriting positions, a reduction in Canaccord Genuity Wealth Management fees, and a reduction in assets under management, either as a result of a decrease in market prices and/or the withdrawal of funds by clients. Sudden sharp declines in market values of securities can result in illiquid markets and the failure of issuers and counterparties to perform their obligations, as well as increases in claims and litigation. In such markets, the Company may also experience declining revenue or losses in its principal trading and market-making activities.

4. Risk from changes in global economic, political or market conditions

Reductions in the number and size of public offerings and mergers and acquisitions, and reduced securities trading activities, due to changes in global economic, political or market conditions that are beyond the Company's control, could cause revenues from the Company's activities to decline materially. The amount and profitability of these activities are affected by many national and international factors, including economic, political and market conditions; the level and volatility of interest rates; changes to tax policy; changes to global trade agreements; legislative and regulatory changes; exposure to fluctuations in currency values; inflation; inflows and outflows of mutual funds and pension funds; financial scandals; war or insurgency; and availability of short-term and long-term funding and capital.

5. Risk from periods of declining prices or reduced activity in targeted industries

The Company's revenue is likely to be lower during periods of declining prices or inactivity in the market for securities of companies in the Company's focus sectors. The Company's business is particularly dependent on the market for equity offerings by companies in the Metals & Mining, Energy, Technology, Real Estate, Sustainability, Healthcare & Life Sciences, Consumer & Retail, Infrastructure, Financials and Private Equity sectors, as well as various regional focus sectors. These markets have historically experienced significant volatility, not only in the number and size of equity offerings, but also in the aftermarket trading volume and prices of newly issued securities.

The Company's revenue growth historically is partially attributable to the increased number and size of underwritten transactions by companies in the Company's target industries and by the related increase in agency trading for such companies. Underwriting activities in the Company's focus sectors can decline for a number of reasons, including market uncertainty, new or changed regulation, inflation, rising interest rates and related issues. Underwriting and brokerage activity can also be materially adversely affected for a company or industry segment by disappointments in quarterly performance relative to a research analyst's expectations or by changes in long-term prospects.

The Company's investment banking clients generally retain the Company on a short-term, non-recurring basis for specific capital markets or advisory transactions. During reduced market activity in its focus sectors, if the Company is unable to generate a substantial number of new engagements that generate fees from the successful completion of transactions, then its business and results of operations would likely be adversely affected.

6. Significant fluctuations in results

The Company's revenue and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including the number of underwriting and advisory transactions completed, the realized and unrealized gains or losses on principal trading inventories, the level of institutional and retail brokerage transactions, variations in expenditures for personnel, litigation expenses and expenses of establishing or expanding new business units or product and service offerings. The Company's revenue from underwriting and advisory transactions is

recorded only when the underlying transaction is substantially complete under the engagement terms and related revenue is reasonably determinable. Accordingly, the timing of recognition of revenue from a significant transaction can materially affect quarterly and annual operating results. The Company's cost structure is oriented to meet the current level of demand for investment banking transactions. As a result, despite the variability of incentive compensation, the Company could experience losses if demand for these transactions declines more quickly than its ability to change its cost structure, which includes fixed salaries and benefits expenses. Due to the foregoing and other factors, there can be no assurance that the Company will be able to sustain profitability on a quarterly or annual basis.

7. Principal trading risk

The Company generates a considerable amount of revenue from principal trading. This activity includes market-making, hedging and proprietary trading. Consequently, the Company may incur trading losses relating to the purchase, sale or short sale of securities which include, but are not limited to, fixed income securities, currencies, exchange traded derivatives, exchange traded equity securities, private market securities, equity options, exchange traded funds, closed end funds, American depository receipts and global depository receipts. These losses in the Company's inventory positions are most often the result of a decline in market volume, prices or liquidity. A decline in any or all of these factors may result in both mark to market losses on securities held in inventory or in losses realized in executing trades done on a principal basis. In addition, the Company may engage in transactions that are meant to hedge exposure, but that fail to be effective and could result in losses. The Company attempts to mitigate potential losses from principal trading by imposing strict position and desk level limits and through vigilant risk oversight of all principal trading activity.

8. Foreign exchange risk

The Company incurs foreign exchange risk primarily on its net investments in foreign subsidiaries and on financial instruments held by its operating subsidiaries that are denominated in currencies other than its functional currency. The Company's results are reported in Canadian dollars. A portion of the Company's business is conducted and denominated in UK pounds sterling, in US dollars, in Australian dollars, and in other currencies. Any fluctuations in the value of any of these currencies relative to the Canadian dollar may result in variations in the comprehensive income of the Company. The Company manages some of its foreign exchange settlement risk by periodically hedging pending settlements in foreign currencies. However, these procedures may not be adequate and do not address the impact that any changes in currency values may have on the Company's financial reporting in Canadian dollars and the possibility that such changes may have an adverse impact on the Company's business and financial condition.

9. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments and fixed income securities held by the Company. The Company strives to reduce and monitor its exposure to interest rate risk through quantitative analysis of its net positions in fixed income securities. The Company hedges its positions when required in order to minimize its net exposure to interest rate risk.

Related to interest rate risk is the risk that there is a change in the difference between interest rates charged on risky assets and risk-free assets, commonly referred to as credit spread. This change in credit spreads may adversely affect the value of fixed income securities held by the Company.

10. Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. Liquidity, or ready access to funds, is essential to the Company and all financial services firms generally. Insufficient liquidity can be a cause of failure for financial services firms. In addition, perceived liquidity issues rather than actual liquidity problems may also be a cause of failure for such firms. Perceptions of insufficient liquidity may affect the Company's customers and counterparties' willingness to engage in brokerage transactions with the Company. The Company's liquidity could be impaired because of circumstances that the Company may be unable to control, such as operating losses, counterparty failure, a general market disruption, a prolonged market downturn or operational problems.

Lack of adequate funding would also limit the Company's ability to pay dividends or to repay debt. The Company has, in the past, satisfied its need for funding from internally generated funds, sales of shares of common and preferred stock and short-term loans or term debt from third parties. While the Company currently has adequate capital and liquid resources, adequate funding may not continue to be available to the Company in the future on terms that are acceptable to the Company or at all.

11. Underwriting risk

The Company's participation in underwritings involves both financial and regulatory risks. The Company may incur losses if it is unable to resell the securities it has committed to purchase or if it is forced to liquidate its commitment below the agreed purchase price.

In addition, the Company may retain a significant concentration in individual securities. Increasing competition is expected to continue to erode underwriting spreads, thereby reducing profitability. The Company may also be subject to substantial liability for material misstatements or omissions in prospectuses and other communications or offering documents with respect to offerings in which it acts as underwriter, and may be exposed to claims and litigation arising from such offerings.

12. Credit/Counterparty risk

The Company is exposed to the risk that third parties owing the Company money, securities or other assets will not meet their obligations. These parties include trading counterparties, clients, clearing agents, exchanges, clearing houses and other financial intermediaries as well as issuers whose securities are held by the Company. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons.

The Company provides financing to private clients by way of margin lending. In margin-based lending, the Company extends credit for a portion of the market value of the securities in a client's account up to certain limits. The margin loans are collateralized by those securities in the client's account. In connection with this lending activity, the Company faces a risk of financial loss in the event that a client fails to meet a margin call if market prices for securities held as collateral decline and if the Company is unable to sell the securities held as collateral at a price that will cover the amount of the outstanding loan.

Although the Company regularly reviews credit exposure to specific clients, counterparties, industries, countries and regions that it believes may present credit concerns, default risk may arise from events or circumstances that are difficult to detect, such as fraud. The Company may also fail to receive full or accurate information with respect to the credit risks of a counterparty.

13. Derivatives trading risk

In addition to the risks that are associated with all investments, the Company faces certain derivative specific risks, including, without limitation, the following: derivative prices are affected by several factors other than the price of the underlying security; there is no guarantee a market will exist when the Company wants to buy or sell one of these derivative contracts; the other party to the contract may not be able to meet its financial obligations; a derivative hedging strategy to reduce risk may not be effective and the market value of the investment being hedged and the derivative instrument being used may not be perfectly correlated; and investors may speculate in derivatives, driving the price up or down, all of which could result in a loss to the Company. Although many derivatives are exchange traded (e.g. equity options and futures) which helps mitigate against counterparty risk via a central clearing house and liquidity risk via standardized contracts with publicly available market prices, the Company may also engage in over the counter derivative trading where there is neither a central clearing house nor a public market and, as a result, the counterparty and liquidity risks may be greater.

14. Employee misconduct

Within the financial services industry, there have been a number of highly publicized cases involving fraud or other misconduct by employees in recent years, and the Company runs the risk that employee misconduct could occur.

Misconduct by employees could include binding the Company to transactions that exceed authorized limits or present unacceptable risks, or hiding from the Company unauthorized or unsuccessful activities, which may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. Finally, employees may misappropriate the Company's proprietary intellectual property for their own personal gain. It is not always possible to deter employee misconduct and the precautions the Company takes to prevent and detect this activity may not be effective in all cases.

15. Inadequate risk management policies and procedures

The Company's risk management policies and procedures are based on historical market behaviour and depend on evaluations of certain information regarding markets, clients and other matters. The Company's risk management strategies and techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, and there may be situations where existing procedures and methods do not adequately identify existing risk exposure or predict future risk exposure or where risk exposure may be substantially higher than historical measures indicate. Accordingly, there is no certainty that the Company's risk management policies, systems and procedures will be adequate to prevent substantial financial loss.

16. Cybersecurity risk and network security

The Company's operations rely on the secure processing, storage and transmission of confidential and other information in computer systems and networks. Although the Company takes protective measures and tries to modify them as circumstances warrant, computer systems, sensitive data, software and networks may be vulnerable to cyber-attacks, unauthorized access, computer viruses or other malicious code and events that could have a security impact. Canaccord Genuity relies on third party information technology vendors and there is the risk that third parties could expose it to cybersecurity breaches. If one or more of these events occur, this could potentially jeopardize the Company's, or its clients' or counterparties' confidential and other personal information processed and stored in, and transmitted through, computer systems and networks, or otherwise cause interruptions or malfunctions in clients', counterparties' or third parties' operations. The Company may be required to expend significant additional resources to modify protective measures or to investigate and remediate vulnerabilities or other exposures. As a result, the Company may be subject to financial losses, litigation, fines and/or liability for failure to comply with privacy and data security laws and regulations as well as regulatory investigations and heightened regulatory scrutiny. These all may lead to reputational harm affecting client and investor confidence.

A cyber attack could also compromise any proprietary, confidential or sensitive information or systems that the Company maintains for the purpose of competitive advantage (e.g. confidential corporate finance deal details, code related to the Quest system, trade routing software) and such a compromise could lead to lost revenues while the firm attempts to recover or replace the lost information or systems.

The increased use of smartphones and other mobile devices, as well as enabling employees to securely access the Company's network remotely, may also heighten these risks.

17. Dependence on information systems

The Company's business is highly dependent on communications and information systems. Any failure or interruption of the Company's systems, or those of third parties such as service providers, clearing corporations and exchanges, could cause delays or other problems in the Company's sales, trading, clearing, settlement and other client services, which could have a material adverse effect on its operating results and financial condition. To mitigate this risk, any software developed for the Company is thoroughly tested before being employed to ensure that it is performing as intended. There can be no assurance that the Company will be able to prevent any systems failures or interruptions, including those caused by an earthquake, fire, other natural disaster, power or telecommunications failure, act of God, operator error, cyber attack, act of war or terror or otherwise, or that back-up procedures and capabilities in the event of failure or interruption will be adequate. Even though the Company has back-up procedures, duplicate systems, excess capacity and business continuity plans in place, there is no assurance that procedures and plans will be sufficient or adequate in the event of a failure or catastrophe and, consequently, such an event could have a material adverse effect on the Company's operating results and financial condition.

18. Inability to retain and recruit skilled personnel

The Company's business is dependent on highly skilled and, often, highly specialized employees. The establishment and maintenance of relationships with clients and potential clients depends in part on individuals. Retention of investment advisors, investment professionals and fund managers, advisors, investment banking, research, sales and trading professionals, and management and administrative personnel is particularly important to the Company.

The level of competition for key personnel is very high, particularly due to the market entry efforts of new retail brokerage operations, certain non-brokerage financial services companies and other investment banks targeting or increasing their efforts in all or some of the areas in which the Company operates. While the Company aims to limit the turnover in professional employees, there can be no assurance that losses of key personnel, due to competition or otherwise, will not occur in the future. The loss of an investment advisor, investment banking, research, or sales and trading professional, particularly any member of senior management or other senior professional with a broad range of contacts in an industry, could materially and adversely affect the Company's operating results.

Competition for the recruiting and retention of employees is responsible for the compensation costs contributing significantly to the Company's overall costs, and the Company expects that this trend will continue in the future. There can be no assurance that the Company will be able to recruit a sufficient number of new employees with the desired qualifications, in a timely manner and on financial terms that are acceptable to the Company. The failure to recruit new employees or the unintentional recruitment of underperforming employees could materially and adversely affect future operating results.

19. Potential conflicts of interest

Directors, officers and employees of the Company from time to time may invest in securities of private or public companies or investment funds in which the Company, or an affiliate of the Company, is an investor or for which the Company carries out investment banking assignments, publishes research or acts as a market maker. There are certain risks that, as a result of such investment, a director, officer or employee may take actions that would conflict with the best interests of the Company.

In addition, certain directors of the Company also serve as directors of other companies involved in a wide range of industry sectors. Consequently, there exists the possibility these directors could potentially be in a conflict of interest.

20. Legal risk

Many aspects of the Company's business involve substantial risks of liability. An underwriter is exposed to substantial liability under securities laws, other laws and court decisions, including decisions with respect to underwriters' liability and limitations on indemnification of underwriters by issuers. For example, a firm that acts as an underwriter may be held liable for misstatements or omissions of fact in a prospectus used in connection with the securities being offered and firms may be held liable for statements made by its securities analysts or other personnel. Risks also include potential liability for fairness opinions and other advice the Company provides to participants in strategic transactions. Such advice frequently requires complex analysis and professional judgment, which could give rise to subsequent disputes. In recent years, there has been increasing litigation involving the securities industry, including class actions that seek substantial damages. The Company is subject to the risk of litigation, including litigation that may be without merit. As the Company intends to actively defend itself against any such litigation, significant legal expenses could be incurred, and the Company could suffer substantial reputational harm which could adversely affect future business opportunities and activity. An adverse resolution of any actions or claims against the Company may materially affect its operating results and financial condition.

The legal risks facing the Company also include potential liability under securities laws or through civil litigation in the event that the Company's Investment Advisors, Investment Professionals, Fund Managers or employees violate investor suitability requirements, make materially false or misleading statements in relation to securities transactions, effect unauthorized transactions, fail to properly implement instructions, commit fraud, misuse client funds, or breach any other statute, regulatory rule or requirement. This could have a material adverse effect on the Company's operating results or financial condition.

When the Company recruits investment advisors with existing clients from other employers, there may be existing non-competition or non-solicitation agreements and other contractual or common law obligations. The former employer may claim damages or injunctive relief against the investment advisor or the Company, and the Company may incur expenses in awards, settlements and legal expenses.

21. Significant competition

The Company is engaged in the highly competitive securities brokerage and financial services business. The Company competes directly with large domestic and international securities firms, securities subsidiaries of major chartered banks, major regional firms and smaller niche players. Many other large companies have more personnel and greater financial resources than the Company does, while niche boutiques can offer a specialized focus. These companies compete directly with the Company for private clients, investment banking clients, institutional buy-side clients, investment advisors, professional staff and other industry personnel. Larger competitors are able to advertise their products and services on a regional or national basis and may have a greater number and variety of distribution outlets for their products, including retail distribution. Discount brokerage, robo-advisor and other fintech firms market their services through aggressive pricing and promotional efforts. In addition, some competitors have a much longer history of investment banking activities than the Company and, therefore, may possess a relative advantage with regard to access to deal flow and capital. This competition could have a material adverse effect on the Company's operating results as well as the Company's ability to attract and retain highly skilled individuals. There can be no assurance that the Company will be able to compete effectively.

22. Lack of available funding or regulatory capital

The Company's business depends on the availability of adequate funding and regulatory capital under applicable regulatory requirements. Underwriting commitments require a charge against capital and, accordingly, the Company's ability to make underwriting commitments may be limited by the requirement that it must at all times be in compliance with applicable net capital regulations. Other Canaccord Genuity activity and Canaccord Genuity Wealth Management activity also require charges against capital for regulatory purposes. Although the Company expects to have sufficient capital to satisfy all of its capital requirements, there can be no assurance that any, or sufficient, funding or regulatory capital will continue to be available to the Company in the future on acceptable terms.

23. Inadequate management of growth

Over the past several years, the Company has experienced growth in its business activities. This growth has required and will continue to require increased investment in management personnel, financial and management systems, and controls and facilities, which, in the absence of continuing revenue growth, would cause the Company's operating margins to decline from current levels.

As part of the Company's business strategy, the Company has acquired and may make further acquisitions of assets or businesses related to, or complementary to, its current operations. The Company has also devoted significant time and resources recruiting new investment advisors. Any acquisitions or large recruiting initiatives will be accompanied by certain risks including inability to retain key employees of acquired companies, inability to onboard clients of new advisors, impairment of relationships with clients and business partners, exposure to unknown liabilities of acquired companies, higher than anticipated acquisition costs and expenses, increased investments in management and operational personnel, financial and management systems and facilities, the difficulty and expense of integrating operations and personnel of acquired companies or onboarded advisor teams, disruption of ongoing business, diversion of management's time and attention, and possible dilution to shareholders. In addition, acquisitions often involve the recording of a significant amount of goodwill and other intangible assets. Under IFRS, the Company must assess, at least annually and potentially more frequently, whether the value of goodwill and other indefinite-lived intangible assets has been impaired. Amortizing intangible assets will be assessed for impairment in the event of an impairment indicator. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings, which could materially adversely affect the Company's results of operations and shareholders' equity in future periods.

The Company may not be able to successfully address these risks and other problems associated with acquisitions, which could adversely affect the Company's results of operations and shareholders' equity in future periods.

B. Summary of Risk Factors Specific to Preferred Shares:

1. Unpredictability and volatility of market price
2. Inability to meet its financial obligations
3. Preferred share credit rating
4. Limitations on ability to liquidate preferred shares
5. Limitations on the payment of dividends
6. Limitations on the repurchase of shares
7. The Company may redeem the preferred shares
8. Creditors of the Company rank ahead of preferred shareholders
9. Dividend rates of the preferred shares will reset
10. Interest rate risk for floating rate preferred shares
11. Conversion of preferred shares without the holders' consent
12. Dividends declared at the Board's discretion
13. No voting rights, except under limited circumstances

1. Unpredictability and volatility of market price

From time to time, the stock market experiences significant price and volume volatility that may affect the market price of the preferred shares for reasons unrelated to the Company's performance. The value of the preferred shares is also subject to market fluctuations based upon factors that influence the Company's operations, such as legislative or regulatory developments, competition, technological change and global capital market activity. The value of the preferred shares will also be affected by the general creditworthiness of the Company.

The market value of the Company's preferred shares, as with other preferred shares, is primarily affected by changes (actual or anticipated) in prevailing interest rates and in the credit rating assigned to such shares. Real or anticipated changes in ratings on the preferred shares may also affect the cost at which the Company can transact or obtain funding, and thereby affect its liquidity, financial condition or results of operations.

Prevailing yields on similar securities will affect the market value of the preferred shares. Assuming all other factors remain unchanged, the market value of the preferred shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities may affect the market value of the preferred shares in an analogous manner.

The market value of the preferred shares may also depend on the market price of the common shares. The prices at which the common shares will trade cannot be predicted. The price at which the common shares trade is influenced by the Company's financial results and by complex and interrelated political, economic, financial and other factors that can affect the capital markets generally, the stock exchanges on which the common shares are traded and the market segment of which the Company is a part.

2. Inability to meet its financial obligations

As the Company is a holding company, the Company's ability to pay dividends and other operating expenses and interest and to meet its obligations depends to a significant extent upon receipt of sufficient funds from its principal subsidiaries, the returns generated by its investments, its ability to raise additional capital and the value of its underlying business and assets. Accordingly, the likelihood that holders of the preferred shares will receive dividends will depend to a significant extent upon the financial position and creditworthiness of the Company's principal subsidiaries and affiliates, the principal entities in which the Company invests and its underlying business and assets. The payment of interest and dividends to the Company by certain of these principal subsidiaries or investee entities is also subject to restrictions set forth in certain laws and regulations that require that solvency and capital standards be maintained by such companies.

3. Preferred share credit rating

The preferred share credit rating applied to the preferred shares is an assessment, by DBRS Limited (DBRS), of the Company's ability to meet its financial obligations. The rating is based on certain assumptions about the future performance and capital structure of the Company that may or may not reflect the actual performance or capital structure of the Company. Changes in the credit rating of the preferred shares may affect the market price or value and the liquidity of the preferred shares. There is no assurance that any rating assigned to the preferred shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating organization.

4. Limitations on ability to liquidate preferred shares

The preferred shares do not have a fixed maturity or redemption date and they are not redeemable at the option of the holders thereof. The ability of a holder to liquidate his, her or its holdings of preferred shares, as applicable, may be limited.

5. Limitations on the payment of dividends

Although the preferred shares carry cumulative dividends, the Company may not be in a position pursuant to law to declare and pay such dividends. The Company may not declare or pay a dividend if there are reasonable grounds for believing that (i) the Company is unable to pay its debts as they become due in the ordinary course of its business, or (ii) the payment of the dividend would render the Company unable to pay its debts as they become due in the ordinary course of its business.

6. Limitations on the repurchase of shares

The Company may not make a payment or provide any consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that (i) the Company is unable to pay its debts as they become due in the ordinary course of its business, or (ii) the making of the payment or providing the consideration would render the Company unable to pay its debts as they become due in the ordinary course of its business.

7. The Company may redeem the preferred shares

The Company may choose to redeem the preferred shares from time to time, including when prevailing interest rates are lower than yields borne by the preferred shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yields on the preferred shares being redeemed. The Company's redemption right also may adversely impact a purchaser's ability to sell the preferred shares as the optional redemption date or period approaches.

The Company may not make a payment or provide any consideration to redeem any of its shares if there are reasonable grounds for believing that (i) the Company is unable to pay its debts as they become due in the ordinary course of its business, or (ii) the making of the payment or providing the consideration would render the Company unable to pay its debts as they become due in the ordinary course of its business.

8. Creditors of the Company rank ahead of preferred shareholders

All the Company's preferred shares that may be outstanding in the event of insolvency or winding-up of the Company rank equally. If the Company becomes insolvent or is wound-up, the Company's assets must be used to pay debt, including subordinated and inter-company debt, before payments may be made on the preferred shares.

9. Dividend rates of the preferred shares will reset

The dividend rate in respect of the Series C Preferred Shares will reset on June 30, 2022 and on June 30 every five years thereafter. The dividend rate in respect of the Series A Preferred Shares will reset on September 30, 2021 and on September 30 every five years thereafter. The dividend rate in respect of any floating rate preferred shares will

reset quarterly. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

10. Interest rate risk for floating rate preferred shares

The resetting of the applicable rate on a floating rate preferred share may result in a lower yield compared to fixed rate preferred shares. The applicable rate on a floating rate preferred share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Company has no control.

11. Conversion of preferred shares without the holders' consent

An investment in the fixed rate preferred shares, or in the floating rate preferred shares, as the case may be, may become an investment in floating rate preferred shares, or in fixed rate preferred shares, respectively, without the consent of the holder in the event of an automatic conversion in the circumstances described in the Short Form Prospectuses under which the preferred shares were sold. Upon the automatic conversion of the fixed rate preferred shares into floating rate preferred shares, the dividend rate on the floating rate preferred shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon the automatic conversion of the floating rate preferred shares into fixed rate preferred shares, the dividend rate on the fixed rate preferred shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their fixed rate preferred shares into floating rate preferred shares, and vice versa, in certain circumstances.

12. Dividends declared at the Board's discretion

Holders of the preferred shares do not have a right to dividends on such shares unless declared by the Board of Directors of the Company. The declaration of dividends is at the discretion of the Board of Directors even if the Company has sufficient funds, net of its liabilities, to pay such dividends.

The Company may not declare or pay a dividend if there are reasonable grounds for believing that (i) the Company is unable to pay its debts as they become due in the ordinary course of its business, or (ii) the payment of the dividend would render the Company unable to pay its debts as they become due in the ordinary course of its business. Debts of the Company will include those arising in the course of its business, indebtedness, including inter-company debt, and amounts, if any, that are owed by the Company under guarantees in respect of which a demand for payment has been made.

13. No voting rights, except under limited circumstances

Holders of preferred shares will generally not have voting rights at meetings of the shareholders of the Company except under limited circumstances. Holders of preferred shares will have no right to elect the Board of Directors of the Company.

Risk factors specific to Canaccord Genuity Group Inc.'s outstanding preferred shares

For a detailed list of the risk factors specific to the Series A and Series B Preferred Shares, see "Risk Factors" in the Company's Short Form Prospectus dated June 16, 2011.

For a detailed list of the risk factors specific to the Series C and Series D Preferred Shares, see "Risk Factors" in the Company's Short Form Prospectus dated April 2, 2012.

Dividends

The Company declared the following dividends on its common shares for the three years ending March 31, 2018:

Quarter	Dividends	Record date	Payment date
Q1/16	\$0.05	August 28, 2015	September 10, 2015
Q2/16	\$0.05	November 20, 2015	December 10, 2015
Q3/16	\$0.00	Suspended	
Q4/16	\$0.00	Suspended	
Q1/17	\$0.00	Suspended	
Q2/17	\$0.00	Suspended	
Q3/17	\$0.00	Suspended	
Q4/17	\$0.10	June 16, 2017	July 3, 2017
Q1/18	\$0.01	September 1, 2017	September 15, 2017
Q2/18	\$0.01	December 1, 2017	December 15, 2017
Q3/18	\$0.01	March 2, 2018	March 15, 2018
Q4/18	\$0.12	June 22, 2018	July 3, 2018

The Company declared the following dividends on its preferred shares for the three years ended March 31, 2018:

Quarter	Series A Preferred dividends	Series C Preferred dividends	Record date	Payment date
Q1/16	\$0.34375	\$0.359375	September 18, 2015	September 30, 2015
Q2/16	\$0.34375	\$0.359375	December 18, 2015	December 31, 2015
Q3/16	\$0.34375	\$0.359375	March 18, 2016	March 31, 2016
Q4/16	\$0.34375	\$0.359375	June 17, 2016	June 30, 2016
Q1/17	\$0.34375	\$0.359375	September 16, 2016	September 30, 2016
Q2/17	\$0.24281	\$0.359375	December 23, 2016	January 3, 2017
Q3/17	\$0.24281	\$0.359375	March 17, 2017	March 31, 2017
Q4/17	\$0.24281	\$0.359375	June 16, 2017	June 30, 2017
Q1/18	\$0.24281	\$0.31206	September 15, 2017	October 2, 2017
Q2/18	\$0.24281	\$0.31206	December 22, 2017	January 2, 2018
Q3/18	\$0.24281	\$0.31206	March 16, 2018	April 2, 2018
Q4/18	\$0.24281	\$0.31206	June 22, 2018	July 3, 2018

Dividend Policy

The Company's revised dividend policy that was effective March 31, 2017 reflects its commitment to return a portion of earnings to shareholders, in balance with the inherent variability of its business, which is impacted by the overall condition of debt and equity markets, and the market for securities in specific growth sectors. In the context of its dividend policy, the Company expects to return 25% to 50% of net earnings attributable to common shareholders on an annual basis. The policy is anchored by a quarterly dividend of \$0.01 per common share that will be declared and paid quarterly, which commenced with the fourth quarter of fiscal 2017. Following the end of each fiscal year, the Board will review the capital position of the business in the context of the market environment in combination with capital allocation requirements for its strategic priorities, and determine whether a supplemental dividend should be paid. Supplemental dividends, if declared, may be highly variable from year to year, given the nature of the Company's operating environment and the potential need to conserve cash and for certain corporate growth opportunities.

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

Dividend declaration

On June 6, 2018 the Board of Directors, in accordance with the revised dividend policy effective March 31, 2017, approved a dividend of \$0.12 per common share, payable on July 3, 2018 with a record date of June 22, 2018. This dividend is comprised of a \$0.01 base quarterly dividend and an \$0.11 variable supplemental dividend.

On June 6, 2018, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on July 3, 2018 to Series A Preferred shareholders of record as at June 22, 2018.

On June 6, 2018, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on July 3, 2018 to Series C Preferred shareholders of record as at June 22, 2018.

Description of Capital Structure

The authorized capital of the Company consists of an unlimited number of common shares, without nominal or par value and two classes of preferred shares, each unlimited in number and issuable in series, of which 113,522,629 common shares, 4,540,000 Series A Preferred Shares, and 4,000,000 Series C Preferred Shares are issued and outstanding as of May 31, 2018.

Holders of common shares are entitled to receive dividends as and when declared by the Board of Directors of the Company and are entitled to one vote per share on all matters to be voted on at all meetings of shareholders. Upon voluntary or involuntary liquidation, dissolution or winding-up of the Company, the holders of common shares are entitled to share ratably in the remaining assets available for distribution, after payment of liabilities.

The preferred shares may be issued from time to time in one or more series. The Board of Directors of the Company may:

- (a) Determine the maximum number of shares of each series or determine that there is no such maximum number or alter any such determination;
- (b) Create an identifying name for the shares of each series or alter such identifying name; and
- (c) Attach special rights and restrictions to the shares of each series or alter any such special rights and restrictions.

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

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

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

ii. Series C Preferred

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

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

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

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

Ratings

The Company's Series A and Series C Preferred Shares are rated as Pfd-3 (low) by DBRS.

DBRS uses a preferred share rating scale that ranges from Pfd-1 to Pfd-5, which represents the range from highest to lowest quality of such securities rated, and also contains the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the "middle" of the category. According to DBRS, preferred shares rated Pfd-3 are of adequate credit quality. The capacity for the payment of dividends and principal is considered acceptable, but entities in this category are considered to be more susceptible to adverse changes in financial and economic conditions.

The Company understands that the rating is based on, among other things, information furnished to DBRS by the Company and information obtained by DBRS from publicly available sources. The credit rating given to the Company's preferred shares by DBRS is not a recommendation to buy, hold or sell such instruments since such rating does not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be reversed or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. Credit ratings accorded to the Company's preferred shares may not reflect the potential impact of all risks on the value of such instruments, including risk related to market or other factors discussed in this Annual Information Form.

The Company has paid DBRS its customary fees in connection with the provision of the above credit rating.

Restrictions on ownership and transfer of shares of the Company

Pursuant to rules established by certain securities regulatory authorities in Canada and the United States, the ownership of shares of an investment dealer or broker dealer is subject to certain restrictions. To enable the Company and its subsidiaries to comply with these requirements, the articles of the Company contain provisions which are summarized

as follows. This summary is provided for information purposes only and cannot be relied upon in substitution of the articles themselves.

The Company may require a proposed subscriber or transferee of shares to submit a declaration with respect to the holding of shares of the Company as beneficial owner and any other matter that the directors consider relevant to determine if the registration of the subscription or transfer would result in a violation of the articles or applicable legislative or regulatory requirements. The Company also may require a declaration at any time if proxies are solicited from shareholders at any meeting of shareholders or before such a meeting or when, in the opinion of the directors, the holding of shares by any person could violate the articles or applicable legislative or regulatory requirements.

The Company has the power to refuse to issue or record a transfer and to withdraw the voting rights, of any share of any class if:

- (a) a person beneficially owns or controls, directly or indirectly, a “significant equity interest” in the Company and has not obtained the required approvals from all relevant securities regulatory authorities;
- (b) a person requesting the issue or recording of the transfer or who wishes to exercise voting rights, in person or by proxy, refuses to sign and deliver, with respect to their beneficial ownership of shares of the Company, a declaration or other information reasonably necessary to assist the directors in making their determinations under the articles; or
- (c) if the directors have determined, on the basis of the declaration or information provided by a person requesting the issue or recording of the transfer or who wishes to exercise voting rights, that such person may own or control, directly or indirectly, a “significant equity interest” in the Company and has not obtained the required approvals from all relevant securities regulatory authorities.

For these purposes, a “significant equity interest” means the interest defined by various securities regulatory authorities (including the Toronto Stock Exchange, the TSX Venture Exchange Inc., the Bourse de Montréal Inc. and the Autorité des marchés financiers in Québec) in respect of which prior approval or notice is required. The least of these interests is variously described as (i) voting securities carrying 10% or more of the votes carried by all voting securities of the Company, (ii) 10% or more of the outstanding participating securities of the Company, (iii) an interest of 10% or more of the total equity in Canaccord Genuity Corp. (a wholly owned subsidiary of the Company) or similar descriptions.

The Company is entitled to sell, as agent, through a stock exchange designated by the directors of the Company or, in the absence of such a designation, by private contract or in any other manner, any number of shares of any class held by any person in violation of the articles, if the directors of the Company determine that the sale is necessary or advisable to ensure compliance with the articles and applicable legislative and regulatory requirements. The Company is also entitled to affect such a sale if a person fails to reply to a request for a declaration contemplated by the articles. Any such sale will be subject to certain procedural requirements (which are set out in the articles) including notice of the proposed sale.

These restrictions relating to the transfer and the issue of shares of the Company do not generally apply in the case of an issue or a transfer in favor of an investment dealer or a holding company of an investment dealer so long as the transfer is affected in the ordinary course of the activities of its securities business. The Board of Directors of the Company has the power to establish the rules and procedures that it considers necessary and appropriate to implement these provisions.

As the Company is the parent company of Canaccord Genuity Limited and other subsidiaries which are regulated by the Financial Conduct Authority (FCA) in the UK, the Financial Services and Markets Act 2000 (UK) places an obligation on controllers and proposed controllers of such subsidiaries to obtain the approval of the FCA before becoming a controller or increasing the level of control held (in certain circumstances). Failure to obtain approval is an offence under the Financial Services and Markets Act 2000 (UK). A “controller” in the context of Canaccord Genuity Limited and the other FCA regulated subsidiaries is a person who (along with his or her associates) holds 10% or more of the shares or voting rights in the Company or is able to exercise significant influence over the management of the Company through his or her shareholding in the Company.

Similar obligations and offences exist under the laws of Australia, Dubai, Singapore, Hong Kong and Jersey, Guernsey and the Isle of Man in the Channel Islands in relation to the subsidiaries of the Company which are regulated by the securities and futures regulatory authorities in those jurisdictions.

These restrictions on the ownership and transfer of the common shares may have an effect on the marketability and liquidity of the common shares. For more information, please refer to the Risk Factors section.

Market for Securities

The common shares of the Company are listed on the TSX under the symbol “CF”.

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”.

Trading price and volume

The following table presents the high and low closing prices and the monthly trading volume for the Company’s common shares on the TSX. Prices and volume are based on the reported amounts from TSX InfoSuite.

Month	High	Low	Monthly trading volume
March, 2018	\$7.49	\$6.52	6,861,232
February, 2018	6.85	5.50	7,901,041
January, 2018	6.85	5.76	6,250,538
December, 2017	5.91	4.49	2,426,506
November, 2017	4.80	4.08	3,202,202
October, 2017	4.66	4.27	1,821,534
September, 2017	4.79	4.26	3,472,739
August, 2017	6.50	4.69	3,455,463
July, 2017	6.68	5.18	3,456,379
June, 2017	5.42	4.39	7,525,611
May, 2017	5.09	4.17	1,475,381
April, 2017	5.31	4.68	2,617,048

The following table provides the price range and trading volume of the Series A and Series C Preferred Shares on the TSX for the periods indicated. Prices and volume are based on the reported amounts from TSX InfoSuite.

Month	Series A			Series C		
	High	Low	Monthly trading volume	High	Low	Monthly trading volume
March, 2018	\$15.81	\$15.00	27,400	\$18.71	\$17.86	46,335
February, 2018	15.76	15.20	72,980	18.40	18.00	36,435
January, 2018	16.02	14.75	119,043	18.79	17.61	105,265
December, 2017	15.08	14.52	77,953	18.15	17.59	59,255
November, 2017	15.10	14.80	79,663	18.33	17.76	45,550
October, 2017	15.10	14.40	95,796	18.15	17.38	63,519
September,	14.74	14.12	52,882	17.91	17.33	44,672
August, 2017	14.80	14.20	74,179	18.33	17.50	60,660
July, 2017	14.81	13.82	41,533	18.37	17.30	48,224
June, 2017	14.20	13.25	69,121	17.64	16.92	94,052

May, 2017	13.82	13.11	77,952	17.58	16.90	52,214
April, 2017	14.95	13.61	98,618	18.14	17.51	47,444

Escrowed Securities

To the Company's knowledge, the following common shares are held in escrow as of March 31, 2018 or are subject to contractual restrictions that prohibit transfer before a certain date. In the case of all escrows or contractual restrictions, the Company may exercise discretion to release the shares from the escrow or from the date restrictions before the date otherwise set for the release.

	Total number of common shares held in escrow or subject to contractual restrictions	Percentage of diluted shares outstanding	To be released in fiscal year		
			2019	2020	2021 or later
Employee escrow	654,322	0.53%	653,289	689	344
Private Placement	4,582,592	3.69%	2,291,294	2,291,298	-

The "Employee escrow" are shares restricted from trading held in connection with retention plans and hiring agreements for employees of the Company as of March 31, 2018. The shares are held in escrow and released based on the terms of each individual agreement.

As a result of the Private Placement, the Company issued 6,876,824 common shares which are subject to a hold period, with one-third of the common shares issued to each purchaser becoming freely tradeable on each anniversary of the first closing date of the Private Placement (which was June 17, 2016).

Directors and Officers

Name, occupation and security holding

Set forth below, is the name, municipality of residence, office, period of service and principal occupation during the immediately preceding five years for each director of the Company. Each director of the Company holds office until the next Annual General Meeting of the shareholders of the Company (which has been called for August 2, 2018) or until his or her successor is duly elected or appointed, unless his or her office is vacated earlier in accordance with the articles of the Company or he or she becomes disqualified to act as a director.

Name, municipality of residence and position held	Principal occupation for the past five years	Director since
CHARLES N. BRALVER ^(1,2) Westport, Connecticut Director	Corporate director and advisor	2010
MASSIMO C. CARELLO ^{(2) (7)} London, England Director	Corporate director and private investor in public companies	2008
DANIEL J. DAVIAU ⁽³⁾ Toronto, Ontario President, Chief Executive Officer and Director	Chief Executive Officer of the Company and Canaccord Genuity Corp.	2015
KALPANA DESAI ⁽¹⁾ Hong Kong Director	Corporate director and advisor	2014
MICHAEL D. HARRIS ^(1,4) East York, Ontario Director	Senior business advisor of Fasken Martineau DuMoulin LLP	2004
DAVID J. KASSIE ⁽⁵⁾ Toronto, Ontario Executive Chairman and Director	Executive Chairman of the Company and Canaccord Genuity Corp.	2010
TERRENCE A. LYONS ^(1,2,6) Vancouver, British Columbia Lead Director	Corporate director and advisor	2004
DIPESH J. SHAH ⁽²⁾ London, England Director	Corporate director	2012

- (1) Member of the Corporate Governance and Compensation Committee.
- (2) Member of the Audit Committee.
- (3) Mr. Daviau was appointed as Chief Executive Officer of the Company effective October 1, 2015. Mr. Daviau was a director of Concave Holdings Inc. until February 4, 2011, when it filed an assignment under the Bankruptcy and Insolvency Act (Canada). A trustee was appointed and a sale approval and vesting order was made in respect of the bankruptcy on September 6, 2011.
- (4) Mr. Harris was a director of Grant Forest Products Inc. On June 25, 2009, the Ontario Superior Court of Justice (Commercial List) made an order under the *Companies' Creditors Arrangement Act* (CCAA) in respect of Grant Forest Products Inc. Mr. Harris remained a director of Grant Forest Products Inc. until June 30, 2010 to assist with the orderly completion of the arrangement under the CCAA.
- (5) Mr. Kassie was Chairman and a director of SkyPower Corporation at the time when, on August 12, 2009, the Ontario Superior Court of Justice (Commercial List) made an order under the CCAA in respect of SkyPower Corporation. The realizations in the estate of the corporation (now called Interwind Corp.) are ongoing and any shortfall to the creditors is unknown at this time. Mr. Kassie was also a director of ACE Aviation Holdings Inc. at the time when, on April 25, 2012, it passed a shareholder resolution approving liquidation of the company pursuant to the *Canada Business Corporations Act*. The liquidation process is continuing.
- (6) Mr. Lyons was a director and executive officer of FT Capital Ltd. (FT Capital) which was subject to cease trade orders in July and August 2003 in each of the provinces of Manitoba, Ontario and Québec due to the failure of FT Capital to file financial statements since the financial year ended December 31, 2002. FT Capital was wound up and dissolved on June 30, 2009 and Mr. Lyons ceased to be a director. Until January 1, 2014, Mr. Lyons was also a director of Royal Oak Ventures Inc. (Royal Oak), which was subject to cease trade orders in each of the provinces of British Columbia, Alberta, Ontario and Québec due to the failure of Royal Oak to file financial statements since the financial year ended December 31, 2003. Mr. Lyons was elected to the boards of directors of each of FT Capital and Royal Oak largely because of his valuable experience and expertise in financial restructurings in the insolvency context.
- (7) Dr. Carello will not be standing for re-election at the Annual General Meeting on August 2, 2018.

Set forth below, is the name, municipality of residence, office and principal occupation during the immediately preceding five years for each executive officer of the Company in addition to David Kassie and Daniel Daviau.

Name, municipality of residence and position held	Principal occupation for the past five years
JEFFREY BARLOW Boston, Massachusetts President, Canaccord Genuity Inc. (U.S.)	President, Canaccord Genuity Inc. (from 2015); previously Head of Investment Banking of Canaccord Genuity Inc.

PATRICK BURKE Toronto, Ontario President, Canaccord Genuity Capital Markets – Canada	President, Canaccord Genuity Capital Markets – Canada (from 2015); previously Managing Director and Co-Head of Global Equity & Advisory of Scotia Capital
ALEXIS DE ROSNAY London, England Chief Executive Officer, Canaccord Genuity Limited (U.K.) and Senior Executive Vice President and Global Head of Investment Banking	Chief Executive Officer, Canaccord Genuity Limited (from 2012); Senior Executive Vice President and Global Head of Investment Banking (from 2015); previously Co-Head of U.K. Investment Banking at Lazard and Vice-Chairman of Lazard International (investment bank)
DAVID ESFANDI London, England Chief Executive Officer, Canaccord Genuity Wealth Limited (U.K.)	Chief Executive Officer, Canaccord Genuity Wealth Limited; previously Managing Director of Ashcourt Rowan Asset Management (asset manager)
MARCUS FREEMAN Toorak, Victoria, Australia Managing Director and Chief Executive Officer, Canaccord Genuity (Australia) Limited	Managing Director and Chief Executive Officer, Canaccord Genuity (Australia) Limited (formerly called Canaccord BGF Limited and BGF Holdings Ltd.)
DVAI GHOSE Toronto, Ontario Global Head of Equity Research and Head of Strategic Development	Head of Strategic Development (from 2017); Global Head of Equity Research, Canaccord Genuity Group (from 2015); previously Head of Canadian Equity Research, Canaccord Genuity Corp.
DON MACFAYDEN Vancouver, B.C. Executive Vice President, Chief Financial Officer	Executive Vice President and Chief Financial Officer, Canaccord Genuity Group Inc. (from 2017); previously Senior Vice-President, Finance, Canaccord Genuity Group Inc.; reassumed Chief Financial Officer of Canaccord Genuity LLC
MARTIN MACLACHLAN Toronto, Ontario General Counsel and Corporate Secretary	General Counsel, Senior Vice-President, Legal and Corporate Secretary, Canaccord Genuity Group Inc. and Canaccord Genuity Corp.
ADRIAN PELOSI Toronto, Ontario Chief Risk Officer and Treasurer	Chief Risk Officer (from 2017) and Treasurer; previously Senior Vice-President, Risk, Canaccord Genuity Group Inc. and Canaccord Genuity Corp. (from 2016); Senior Vice-President, Risk & Internal Audit, Canaccord Genuity Group Inc. and Canaccord Genuity Corp. (2014-2016); previously Vice-President, Enterprise Risk Management
STUART RAFTUS Toronto, Ontario President, Canaccord Genuity Wealth Management and Chief Administrative Officer	Executive Vice President and Chief Administrative Officer (from 2015), President, Canaccord Genuity Wealth Management (from 2014); previously President and Chief Operating Officer of Beacon Securities Limited (securities dealer)
NICK RUSSELL London, England Senior Vice-President, Finance	Senior Vice President, Finance (from 2017) and Chief Financial Officer of Canaccord Genuity Limited
MARK WHALING Rye, New York Head of Sales & Trading	Global Head of Sales & Trading (from 2015); Head of Global Equity Sales and Trading (2012-2015); previously President of Collins Stewart LLC and Head of US Securities

As of May 31, 2018, the directors of the Company and executive officers of the Company mentioned above, as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 10,573,300 common shares, representing 9.3% of the common shares issued and outstanding at that time.

Conflicts of interest

Executive officers, directors and employees of the Company from time to time may invest in securities of private or public companies, or investment funds in which the Company, or an affiliate of the Company, is an investor or for which the Company carries out investment banking assignments, publishes research or acts as a market maker. There are certain risks that, because of such investment, a director, officer or employee may take actions that would conflict with the best interests of the Company. In addition, certain of the directors of the Company also serve as directors of other companies involved in a wide range of industry sectors; consequently, there exists the possibility for such directors to be in a conflict of interest.

Legal Proceedings

In the normal course of business the Company is involved in litigation and, as of March 31, 2018, 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, 2018, 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.

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 \$10.4 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 \$14.4 million (£8.0 million). Enforcement in accordance with announcements from the UK taxation authority, the outcome of certain litigation proceedings in respect of the taxation of other similar products sold by other financial advisors and certain settlements reached with the UK taxation authority by some investors will likely 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 \$14.9 million (£8.3 million). The probable outcome of the enforcement actions by the UK taxation authority in respect of this matter and the likelihood of a loss or the amount of any such 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 the Company's audited annual consolidated financial statements for the year ended March 31, 2018.

An action has been commenced in Alberta by a former client and others claiming the return of losses in certain accounts, return of administration fees, interest and costs. The claim alleges breach of contract and negligence in the administration of the accounts. The damages claimed in this action are in excess of \$14 million. Although the Company has denied the allegations and intends to vigorously defend itself, the probable outcome of this action and a reliable estimate of the amount of damages in the event of an adverse outcome are not determinable at the date of the Company's audited annual consolidated financial statements for the year ended March 31, 2018.

The Company has been joined as a defendant in three actions commenced in British Columbia and Manitoba by another investment dealer against a number of its former employees who are now employed in those provinces by the Company. The claims seek damages for intentional interference with economic relations and inducing breach of contract, among other things, in connection with the transfer of significant books of wealth management business from the plaintiff to the Company. The claims do not quantify the amounts claimed in damages. Although the Company and the employee defendants have denied the allegations and intend to vigorously defend themselves, the outcome of these actions cannot be predicted with certainty and an estimate of the amount of damages in the event of adverse outcomes are not determinable at the date of the Company's audited annual consolidated financial statements for the year ended March 31, 2018.

An action has been commenced in the Dubai International Financial Centre (DIFC) against the Company and one other claiming US\$10 million in damages against the defendants in connection with a takeover bid made by a third party in the United States and the use of the plaintiff's name by that third party. Although the Company has denied the allegations and intends to vigorously defend itself, the outcome of this action cannot be predicted with certainty and

an estimate of the amount of damages in the event of an adverse outcome is not determinable at the date of the audited annual consolidated financial statements for the year ended March 31, 2018.

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

Interest of Management and Others in Material Transactions

To the best of the Company’s knowledge, except as described herein, after due inquiry, none of the directors, executive officers or principal shareholders of the Company, nor any associate or affiliate of those directors, executive officers or principal shareholders, has had any direct or indirect material interest in any transaction or proposed transaction that has materially affected or is reasonably expected to materially affect the Company during the three most recently completed financial years or during the current financial year.

Transfer Agent and Registrar

The Company’s transfer agent and registrar is Computershare Investor Services Inc., at its principal offices in Vancouver and Toronto.

Material Contracts

Other than contracts entered into in the ordinary course of business, the Company has not entered into any contract before the most recently completed financial year that is still in effect, which can reasonably be regarded as material.

Experts

The Company’s auditors are Ernst & Young, LLP; they have prepared the Independent Auditors’ Report on page 60 of the fiscal 2018 Annual Report.

External Auditor Service Fees

The aggregate fees billed for professional services rendered for the years ended March 31, 2018 and March 31, 2017 are as follows:

	2018	2017
Audit fees ⁽¹⁾	\$3,588,460	\$3,637,560
Audit related fees ⁽²⁾	87,500	965,109
Tax fees ⁽³⁾	670,813	636,751

⁽¹⁾ Include statutory and regulatory audits for subsidiaries in all jurisdictions where such audits are required

⁽²⁾ Include accounting and due diligence work on various matters

⁽³⁾ Preparation and review of corporate and commodity tax returns. Also includes advisory work on various corporate tax matters, including acquisition-related tax advisory fees

Board Committees

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 disclosures. The members of the Audit Committee are Terrence Lyons (Chair), Charles Bralver, Massimo Carello and Dipesh Shah. Each of them is financially literate and each of them is independent of management as determined under applicable securities legislation.

Specific responsibilities and duties of the Audit Committee include:

- Reviewing the Company's annual and interim consolidated financial statements, annual and interim management's discussion and analyses and press releases prior to dissemination to the public
- Assessing the Company's accounting policies and discussing the appropriateness of such policies with management and the Company's external auditors
- Assisting management to identify the Company's principal business risks
- Reviewing the external auditor's plans for evaluating and testing the Company's internal financial controls
- Overseeing the Company's external auditors, including the approval of the external auditor's terms of engagement
- Ensuring adequate risk management policies are in place to manage the risks to which the Company is exposed

The education and related experience (as applicable) of each Audit Committee member is described below.

Terrence (Terry) Lyons, ICD.D (Chair), is a corporate director. He is a director of several public and private corporations including Sprott Resource Holdings Inc. (Chairman) and Martinrea International Inc. Mr. Lyons is a retired Managing Partner of Brookfield Asset Management, past Chairman of Northgate Minerals Corporation which was acquired by AuRico Gold Inc. (now Alamos Gold Inc.), past Chairman of Eacom Timber Corporation which was sold to a private equity firm, past Chairman of Westmin Mining, past Vice-Chairman of Battle Mountain Gold and past Chairman of Polaris Materials Corporation.

Mr. Lyons is a Civil Engineer (UBC) with an MBA from the University of Western Ontario (1974). He sits on the Advisory Board of the Richard Ivey School of Business and is active in sports and charitable activities, is a past Governor of the Olympic Foundation of Canada, past Chairman of the Mining Association of B.C., past Governor and member of the Executive Committee of the B.C. Business Council and a past director of the Institute of Corporate Directors (B.C.). In 2007, Mr. Lyons was awarded the INCO Medal by the Canadian Institute of Mining and Metallurgy for distinguished service to the mining industry.

In addition to Canaccord Genuity Group Inc., Mr. Lyons is a director of the following public companies: Martinrea International Inc. and Sprott Resource Holdings Inc.

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, and from 2007 to 2009 as a strategic advisor to Warburg Pincus LLC. Mr. Bralver serves as a director of the Company 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 Co-operative Bank p.l.c.

Massimo Carello, is a corporate director and a private investor in public companies. Dr. Carello was the Chairman and Chief Executive Officer of Diners Club UK Ltd. from 2001 to 2004 and he was the Chairman and Chief Executive Officer of Fiat UK Ltd. from 1990 to 2001. He 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. From 1998 to 2005, he was Vice President of the Italian Chamber of Commerce in the UK. He is Honorary Vice-President of CLIC Sargent, a leading UK based cancer charity. From 1978 to 1990, prior to moving to the UK, Dr. Carello was CEO of Carello Lighting Group, one of the largest European manufacturers of lighting for the automotive industry.

In addition to Canaccord Genuity Group Inc., Dr. Carello is a director of the following public company: Canadian Overseas Petroleum Limited. Until 2010, he was a director and member of the Audit Committee of Uranium One Inc. and until 2016, he was a director of Orsu Metals Corporation.

Dipesh Shah, OBE, FRSA, is Chairman of Notting Hill Genesis and Genesis Housing Association and a director on the boards of The Crown Estate and the two 2020 European Funds for Energy, Climate Change and Infrastructure (“EU Marguerite Fund I” and “EU Marguerite Fund II”, for each of which 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. He was the Senior Independent Director and Chair of the Remuneration Committee of JKC Oil & Gas Plc from 2008 to 2015, the Senior Independent Director and Chair of the Nominations Committee of Equus Petroleum Plc from 2013 to 2016 and a Director of Thames Water from 2007 to August 2017 and of Cavendish Fluor Partnership from 2014 to August 2017. 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.

Corporate Governance and Compensation Committee

The Corporate Governance and Compensation Committee strives to maintain the high standards of corporate governance with a focus on a strong and diligent board of directors and prudent management of executive compensation. The committee must be comprised of at least three members appointed annually by the Board of Directors. Currently, the members of the Corporate Governance and Compensation Committee are Michael Harris (Chair), Charles Bralver, Kalpana Desai, and Terrence Lyons, each of whom is independent of management as determined under applicable securities legislation.

The Corporate Governance and Compensation Committee's mandate includes:

- The development and recommendation to the Board of Directors of appropriate corporate governance guidelines
- The identification of future Board and committee members and the annual review of the Board's performance
- Evaluating the Chief Executive Officer's performance and determining his compensation
- Reviewing and making recommendations to the Board of Directors with respect to the compensation of all executive officers
- Fixing and determining (or delegating the authority to fix and determine) awards to employees of stock or share options under the Company's incentive plans
- Reviewing key human resources policies and programs

The education and related experience (as applicable) of each committee member is described below.

Michael Harris, ICD.D (Chair), is the President of his own consulting firm, Steane Consulting Ltd., and, in this capacity, acts as a consultant to various Canadian companies, including Fasken Martineau DuMoulin LLP. Before joining Fasken Martineau in September 2013, he was a senior business advisor with the law firm of Cassels Brock & Blackwell 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, Mr. 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 has also served as a director of the Manning Centre for Building Democracy and 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 and a director of the New Haven Housing Centre. 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).

Kalpna 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, an Executive Director 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 Senior 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 PricewaterhouseCoopers.

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 lived in Hong Kong from 1997 to 2017 and now lives in the United Kingdom. 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 Janus Henderson Group plc which is listed on the New York Stock Exchange (NYSE), the London Stock Exchange and the Australian Securities Exchange (ASX).

Charles N. Bralver – refer to profile presented under “Audit Committee”.
Terrence A. Lyons – refer to profile presented under “Audit Committee”.

Additional Information

Additional information relating to the Company may be found on SEDAR’s website at sedar.com.

Additional information including remuneration of directors and Named Executive Officers and indebtedness of directors and executive officers, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans is contained in the Company’s information circular for its most recent annual meeting of shareholders.

Additional financial information is also provided in the Company’s consolidated financial statements and management’s discussion and analysis for its most recently completed financial year.

Schedule “A” Audit Committee Charter

(As approved by the Audit Committee on January 27, 2005, and amended on May 22 and November 6, 2012 and on February 4, 2015)

1. MANDATE

The primary mandate of the audit committee (the “Audit Committee”) of the Board of Directors of the Company (the “Board”) is to assist the Board in overseeing the Company’s financial reporting and disclosure. This oversight includes:

- (a) reviewing the financial statements and financial disclosure that is provided to shareholders and disseminated to the public;
- (b) reviewing the systems of internal controls to ensure integrity in the financial reporting of the Company;
- (c) approving risk management policies that establish the appropriate approval levels for decisions and other checks and balances to manage risk;
- (d) satisfying itself that policies are in place to manage the risks to which the Company is exposed, including market, operational, liquidity, credit, regulatory and legal, and reputational risk; and
- (e) monitoring the independence and performance of the Company’s external auditors and reporting directly to the Board on the work of the external auditors.

2. COMPOSITION AND ORGANIZATION OF THE COMMITTEE

2.1 The Audit Committee must have at least three directors.

2.2 Subject to the applicable securities legislation (including exemptions), every Audit Committee member must be independent. A member of the Audit Committee is independent if the member has no direct or indirect material relationship with an issuer. A material relationship means a relationship which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of a member’s independent judgment.¹

2.3 Every Audit Committee member must be financially literate. Financial literacy is the ability 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 issuer’s financial statements.²

2.4 The Board will appoint from themselves the members of the Audit Committee on an annual basis for one-year terms. Members may serve for consecutive terms.

2.5 The Board will also appoint a chair of the Audit Committee (the “Chair of the Audit Committee”) for a one-year term. The Chair of the Audit Committee may serve as the chair of the committee for any number of consecutive terms.

2.6 A member of the Audit Committee may be removed or replaced at any time by the Board. The Board will fill any vacancies in the Audit Committee by appointment from among members of the Board.

(1) National Instrument 52-110 (*Audit Committees*), section 1.4.

(2) National Instrument 52-110 (*Audit Committees*), section 1.5.

3. MEETINGS

3.1 The Audit Committee will meet at least four times a year. Special meetings may be called by the Chair of the Audit Committee as required.

3.2 Quorum for a meeting of the Audit Committee will be a majority of the members in attendance.

3.3 Members may attend meetings of the Audit Committee by teleconference, videoconference, or by similar communication equipment by means of which all persons participating in the meeting can communicate with each other.

3.4 The Audit Committee Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to Audit Committee members for members to have a reasonable time to review the materials prior to the meeting.

3.5 The Company's auditors will be advised of the names of the members of the Audit Committee and will receive notice of and be invited to attend meetings of the Audit Committee and to be heard at those meetings on matters related to the Auditor's duties.

3.6 Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee. Minutes of each meeting must be distributed to members of the Board, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

4. RESPONSIBILITIES OF THE COMMITTEE

4.1 To assist the Board, the Audit Committee will:

External Auditor

- (a) select, evaluate and recommend to the Board, for shareholder approval, the external auditor to examine the Company's accounts, controls and financial statements;
- (b) evaluate, prior to the annual audit by external auditors, the scope and general extent of their review, including their engagement letter,
- (c) set the compensation to be paid to the external auditors and recommend such payment to the Board.
- (d) obtain written confirmation from the external auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs;
- (e) recommend to the Board, if necessary, the replacement of the external auditor;
- (f) meet at least annually with the external auditors, independent of management, and report to the Board on such meetings;
- (g) pre-approve any non-audit services to be provided to the Company by the external auditor and the fees for those services;

Financial Statements and Financial Information

- (h) review and discuss with management and the external auditor the annual audited financial statements of the Company and recommend their approval by the Board;

- (i) review and discuss with management the quarterly financial statements and, if appropriate, recommend their approval by the Board;
- (j) review and if appropriate, recommend to the Board for approval the financial content of the annual report;
- (k) review the process for the certification of financial statements by the Chief Executive Officer and Chief Financial Officer;
- (l) review the Company's management discussion and analysis, earnings guidance press releases, annual and interim earnings press releases, and audit committee reports before the Company publicly discloses this information;
- (m) review annually with external auditors the Company's accounting principles and the reasonableness of management's judgments and estimates as applied in its financial reporting;
- (n) review and consider any significant reports and recommendations issued by the external auditor, together with management's response, and the extent to which recommendations made by the external auditors have been implemented;

Internal Controls and Information Systems

- (o) review with the external auditors and with management the general policies and procedures used by the Company with respect to internal accounting and financial controls;
- (p) review adequacy of security of information, information systems and recovery plans;
- (q) review management plans regarding any changes in accounting practices or policies and the financial impact thereof;
- (r) review with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements;
- (s) discuss with management and the external auditor correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure;
- (t) review the Company's insurance, including directors' and officers' coverage, and provide recommendations to the Board;

Risk Management

- (u) assist management to identify the Company's principal business risks (including market, operational, liquidity, credit, regulatory and legal, and reputational risk);
- (v) review with management the Company's policies and procedures on risk identification and monitoring including emerging risk identification;
- (w) approve, where appropriate, policies developed and implemented to measure the Company's risk exposures and for identifying, evaluating and managing the significant risks to which the Company is exposed, and review such policies and procedures at least once a year to satisfy itself that they remain appropriate and prudent;

- (x) monitor, on a regular basis, the Company's risk management performance and obtain, on a regular basis, reasonable assurance that the Company's risk management policies are being adhered to;

Other

- (y) review the Company's significant loans to employees/consultants; and
- (z) conduct special reviews and/or other assignments from time to time as requested by the Board.

5. PROCESS FOR HANDLING COMPLAINTS REGARDING FINANCIAL MATTERS

5.1 The Audit Committee will establish a procedure for the receipt, retention and follow-up of complaints received by the Company regarding accounting, internal controls, financial reporting, or auditing matters.

5.2 The Audit Committee will ensure that any procedure for receiving complaints regarding accounting, internal controls, financial reporting, or auditing matters will allow the confidential and anonymous submission of concerns by employees.

6. REPORTING

6.1 The Audit Committee will report to the Board on:

- (a) the external auditor's independence;
- (b) the performance of the external auditor and the Audit Committee's recommendations;
- (c) regarding the reappointment or termination of the external auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls;
- (e) its review of risk management policies, risk management performance and any material risk management issues;
- (f) the Audit Committee's review of the annual and interim financial statements;
- (g) the Audit Committee's review of the annual and interim management discussion and analysis;
- (h) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- (i) all other material matters dealt with by the Audit Committee.

7. AUTHORITY OF THE COMMITTEE

7.1 The Audit Committee will have the resources and authority appropriate to discharge its duties and responsibilities. The Audit Committee may at any time retain outside financial, legal or other advisors at the expense of the Company without approval of management.

7.2 The external auditor will report directly to the Audit Committee.