

Financial Review

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS:

This document may contain “forward-looking statements” (as defined under applicable securities laws). These statements relate to future events or future performance and reflect management's expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts, including business and economic conditions and Canaccord Genuity Group's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, “target”, “intend”, “could” or the negative of these terms or other comparable terminology. Disclosure identified as an “Outlook” including the section entitled “Fiscal 2020 Outlook” contains forward-looking information. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its annual report and Annual Information Form (AIF) filed on www.sedar.com as well as the factors discussed in the sections entitled “Risk Management” in this Management's Discussion and Analysis (MD&A) and “Risk Factors” in the AIF, which include market, liquidity, credit, operational, legal, cyber and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2020 Outlook section in the annual MD&A and those discussed from time to time in the Company's interim condensed and annual consolidated financial statements and its annual report and AIF filed on www.sedar.com. The preceding list is not exhaustive of all possible risk factors that may influence actual results. Readers are also cautioned that the preceding list of material factors or assumptions is not exhaustive.

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

Management's Discussion and Analysis

Fiscal year 2019 ended March 31, 2019 – this document is dated June 5, 2019.

The following discussion of Canaccord Genuity Group Inc.'s financial condition, financial performance and cash flows is provided to enable a reader to assess material changes in the financial condition, financial performance and cash flows for the year ended March 31, 2019 compared to the preceding fiscal year, with an emphasis on the most recent year. Unless otherwise indicated or the context otherwise requires, the "Company" or "Canaccord Genuity Group" refers to Canaccord Genuity Group Inc. and its direct and indirect subsidiaries. "Canaccord Genuity Capital Markets" refers to the investment banking and capital markets segment of the Company. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements for the years ended March 31, 2019 and 2018, beginning on page 63 of this report. The Company's financial information is expressed in Canadian dollars unless otherwise specified. The Company's consolidated financial statements for the years ended March 31, 2019 and 2018 are prepared in accordance with International Financial Reporting Standards (IFRS).

Non-IFRS Measures

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

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

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

Financial statement items that exclude significant items are non-IFRS measures. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, certain accounting charges related to the change in the Company's long-term incentive plan (LTIP) as recorded with effect on March 31, 2018, certain incentive-based costs related to the acquisition of Hargreave Hale recorded under development costs, loss related to the extinguishment of convertible debentures as recorded for accounting purposes as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. See the Selected Financial Information Excluding Significant Items table on page 24.

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

Business Overview

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

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

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

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

Canaccord Genuity Capital Markets

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

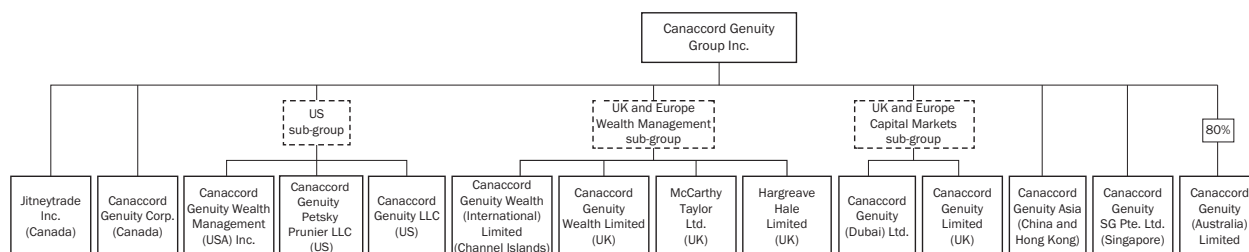
Canaccord Genuity Wealth Management

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

Corporate and Other

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

Corporate structure



The chart shows principal operating companies of the Canaccord Genuity Group as of March 31, 2019.

Effective August 10, 2018, the Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd. and Canaccord Genuity (Australia) Limited [March 31, 2018 – 50%], but for accounting purposes, as of March 31, 2019, the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2018 – 58%].

BUSINESS ACTIVITY

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

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

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

IMPACT OF CHANGES IN CAPITAL MARKETS ACTIVITY

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

During fiscal 2019, the Company's capital markets activities were focused on the following sectors: Healthcare & Life Sciences, Technology, Industrials, Financials, Metals & Mining, Diversified, Consumer & Retail, Real Estate and Sustainability. Coverage of these sectors included investment banking, mergers and acquisitions (M&A) and advisory services, and institutional equity activities, such as sales, trading and research.

Key Developments During Fiscal 2019

CORPORATE

- On June 1, 2018, the Company created a performance share option (PSO) plan that was approved at the Annual General Meeting on August 2, 2018. On June 14, 2018, the Company granted 5,620,000 options under the PSO plan. The options have an exercise price of \$6.73 per share, based on the fair market value of the common shares on the grant date. In addition, the Company granted 600,000 options on August 16, 2018 with an exercise price of \$7.067. The PSOs have a term of five years and will time-vest ratably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, and they will have a three times exercise price cap on payout value.
- On June 6, 2018, the Company completed its acquisition of Jitneytrade Inc. and Finlogik Inc. (collectively referred to as "Jitneytrade") 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.
- On August 10, 2018, the Company completed its acquisition of an additional 30% of the shares in its Australian capital markets and wealth management business, Canaccord Genuity (Australia) Limited. This transaction increased the Company's ownership in Canaccord Genuity (Australia) Limited from 50% to 80%. The consideration for the purchase was \$37.0 million (AUD\$38.5 million) comprised of \$14.4 million (AUD\$15.0 million) cash, a promissory note of \$5.8 million (AUD\$6.0 million) and the issuance of 2,331,132 common shares with a value of \$16.8 million (AUD\$17.5 million). The shares are subject to a three-year escrow arrangement with annual releases.
- On August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of \$59,225,000 (the Offered Debentures). Concurrently, the Company also closed a non-brokered private placement with a large Canadian asset manager for gross proceeds of \$73,500,000, which, together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of \$132,725,000 (together with the Offered Debentures, the "Convertible Debentures"). The proceeds of the non-brokered private placement were used to repay the convertible debentures issued in 2016 in the principal amount of \$60,000,000 and a premium of \$13,500,000 for a total of \$73,500,000. The Convertible Debentures bear interest at a rate of 6.25% per annum, payable semi-annually on the last day of December and June each year commencing December 31, 2018. The Convertible Debentures are convertible at the holder's option into common shares of the Company, at a conversion price of \$10.00 per common share. The Convertible Debentures mature on December 31, 2023 and may be redeemed by the Company in certain circumstances, on or after December 31, 2021.
- On August 10, 2018, 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 the alternative Canadian trading systems during the period from August 15, 2018 to August 14, 2019. The purpose of any purchases under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be repurchased is 5,677,589, which represented 5.0% of the Company's outstanding common shares at the time of filing the NCIB. During the year ended March 31, 2019, there were 152,200 shares purchased and cancelled under the NCIB which commenced August 15, 2017 and ended on August 14, 2018. There were also 1,226,800 shares that were purchased and cancelled under the current NCIB during the year ended March 31, 2019.
- On December 3, 2018, the Company launched a new brand identity, which has become an integral part of all firm-wide communications, products and experiences. This development honours the transformative changes made across the organization, as the Company significantly advances its strategy to improve alignment across operations and transform its business mix with the objective of delivering more predictable and sustainable results.
- On January 29, 2019, the Company completed the acquisition of McCarthy Taylor Ltd. as part of its wealth management operations in the UK & Europe. This development advances Canaccord Genuity Wealth Management (UK & Europe)'s objective of expanding its national footprint and broadening its offering of fully integrated investment and wealth planning services.
- On February 13, 2019, the Company announced that it has acquired 100% of the business of a pre-eminent New York-based boutique M&A advisory firm, Petsky Prunier LLC (Petsky Prunier), in an asset purchase for initial consideration of \$40 million (US\$30 million) in cash and \$20 million (US\$15 million) in common shares of the Company to be issued over a three-year period. Additional contingent consideration of up to \$53.2 million (US\$40 million) will be paid in cash over a four-year period, subject to meeting certain revenue targets over that period. For the year ended December 31, 2018, Petsky Prunier generated revenue of US\$43.0 million. All key Petsky Prunier partners have entered into employment agreements with the Company.

This development supports the Company's objective of adding scale to its fixed cost base in the region and diversifying its revenue streams, while enhancing its client offering to capture greater market share in its core areas of strength, primarily in the mid-market Technology and Healthcare & Life Sciences sectors.

- Andrew (Andy) Viles has been appointed an Executive Vice-President and Chief Legal Officer for Canaccord Genuity Group Inc. In this capacity, he becomes responsible for ensuring unified oversight and coordination of legal, regulatory and compliance functions across all businesses and regions where Canaccord Genuity Group operates. Mr. Viles joined Canaccord Genuity in 2003 and most recently served as Head of North American Capital Markets Compliance. He continues to serve as General Counsel for the US entity, where he manages all US legal matters, particularly within investment banking activities. Prior to joining Canaccord Genuity, Mr. Viles was a partner in the national law firm of Goodwin Procter LLP, working in the firm's corporate department. As an experienced securities lawyer, he has extensive experience advising on mergers and acquisitions, corporate restructurings, corporate finance and capital markets transactions. Mr. Viles holds a Bachelor of Arts from Bates College, Lewiston, Maine, and a Juris Doctor from Boston University School of Law. He is a member of the Massachusetts Bar and the American Bar Association.
- On March 31, 2019, the Company announced a restructuring of its capital markets business in the UK. The objective of the plan is to enhance the Company's ability to achieve its goal of operating at a level which can generate profits from all its businesses on a sustained basis. The plan resulted in a significant reduction in the Company's UK capital markets staff level. In connection with the restructuring, the Company recorded a charge of \$11.8 million for the year ended March 31, 2019.
- On May 1, 2019, the Company announced that through its UK & Europe wealth management business, it has completed the acquisition of Thomas Miller Wealth Management Limited (TMWML) and the private client investment management business of Thomas Miller Investment (Isle of Man) Limited. TMWML provides financial planning and investment management services to private clients, trusts, charities and corporates in the UK. The consideration for the purchase was initial cash consideration of £18.5 million (C\$31.8 million), with additional contingent consideration of up to £9.5 million (C\$16.8 million) payable over a period of three years following completion, subject to achievement of performance targets related to revenue and client assets. In connection with the acquisition, an additional £17.0 million (C\$30.0 million) has been added to the Company's existing bank loan facility.

CANACCORD GENUITY CAPITAL MARKETS

Canaccord Genuity Capital Markets generated revenue of \$704.3 million, and after intersegment allocations and excluding significant items, recorded net income before taxes of \$80.4 million⁽¹⁾

- Canaccord Genuity Capital Markets led 176 transactions globally, each over C\$1.5 million, to raise total proceeds of C\$7.0 billion during fiscal 2019. Of this:
 - Canada led 110 transactions, which raised C\$2.8 billion
 - The UK, Europe and Dubai led 10 transactions, which raised C\$1.6 billion
 - The US led 24 transactions, which raised C\$1.9 billion
 - Australia led 32 transactions, which raised C\$669.9 million.
- During fiscal 2019, Canaccord Genuity Capital Markets participated in a total of 344 transactions globally, each over C\$1.5 million, to raise gross proceeds of C\$31.1 billion. Of this:
 - Canada participated in 224 transactions, which raised C\$14.3 billion
 - The US participated in 63 transactions, which raised C\$14.2 billion
 - The UK, Europe and Dubai participated in 16 transactions, which raised C\$1.7 billion
 - Australia participated in 41 transactions, which raised C\$906.0 million.
- Significant investment banking transactions for Canaccord Genuity Capital Markets during fiscal 2019 include:
 - £302.1 million for The Renewables Infrastructure Group Limited on LSE
 - US\$51.4 million for Vireo Health International, Inc. on CSE
 - US\$48.3 million private placement for GreenLane Holdings
 - AUD\$20.0 million for Bellevue Gold Limited on ASX
 - C\$520.1 million for Curaleaf Holdings, Inc. on CSE
 - US\$314.2 million for Acreage Holdings, Inc. on CSE
 - US\$305.0 million for BioPharma Credit plc on LSE
 - US\$218.1 million for Harvest Health & Recreation Inc. on CSE
 - C\$120.2 million for Tilt Holdings Inc. on CSE
 - £108.5 million for Triple Point Social Housing REIT plc on LSE
 - C\$107.3 million for Cresco Labs, LLC on CSE
 - US\$85.1 million for Canaccord Genuity Capital Markets Growth Corp. on CSE
 - C\$76.0 million for The Green Organic Dutchman Holdings Ltd. on TSX
 - AUD\$60.6 million for Redbubble Limited on ASX
 - US\$110.4 million for Y-mAbs Therapeutics, Inc. on Nasdaq
 - C\$115.1 million initial public offering for Charlotte's Web Holdings, Inc. on CSE
 - US\$78.0 million for STAAR Surgical Company on Nasdaq
 - C\$80.3 million for Green Thumb Industries

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

- AUD\$75.0 million for Audinate Group Limited on ASX
- AUD\$70.0 million for Nearmap Ltd. on ASX
- AUD\$40.0 million for Dacian Gold Limited
- C\$143.0 million for MedMen Enterprises Inc. on CSE
- C\$132.3 million initial public offering for The Green Organic Dutchman Holdings Ltd. on TSX
- US\$115.0 million for Sientra Inc. on Nasdaq
- C\$100.4 million for CannTrust Holdings Inc. on TSX
- US\$52.6 million for T2 Biosystems Inc. on Nasdaq
- AUD\$70.0 million initial public offering for Marley Spoon AG on ASX
- AUD\$25.0 million placement for Alliance Mineral Assets Ltd. on SGX
- In Canada, Canaccord Genuity Capital Markets participated in raising \$1.0 billion for government and corporate bond issuances during fiscal 2019.
- Canaccord Genuity Capital Markets generated advisory revenues of \$140.7 million during fiscal 2019, an increase of \$18.4 million or 15.0% compared to the prior year.
- During fiscal 2019, significant M&A and advisory transactions included:
 - Natura Naturals Holdings on its sale to Tilray Inc. for up to C\$82 million
 - CareATC on its growth recapitalization with LLR PartnersUS
 - HICL Infrastructure PLC on the scheme of arrangement enabling change of domicile to the UK
 - MediaAlpha on its significant minority investment by Insignia Capital Group
 - Strong-Bridge Envision on its sale to HCL Technologies
 - Michelin on its US\$1.7 billion acquisition of Camso Inc.
 - Small World on its sale to Equistone Partners Europe
 - Tawana Resources NL on its merger with Alliance Mineral Assets Ltd.
 - ICC Labs Inc. on its C\$290 million sale to Aurora Cannabis Inc.
 - Reis, Inc. on its acquisition by Moody's Corporation
 - Sale of Amplio Energy's Italian solar portfolio to a consortium of Plenum Partners, Equitix and Access Capital Partners
 - Eurazeo PME on the disposal of Vignal Lighting Group to EMZ Partners
 - Tendril Networks, Inc. on securing a majority investment from Rubicon Technology Partners
 - Jenkins Shipping on its sale to Alcuin Capital Partners
 - Tessi on the €100 million disposal of CPoR
 - Sherrill Inc. on its acquisition by Platte River Equity
 - ABCann Global Corporation on its C\$133 million acquisition of Canna Farms Limited
 - Connance on its sale to Waystar Health, a portfolio company of Bain Capital Private Equity
 - DHX Media on its \$185 million sale of a minority interest in Peanuts to Sony Music
 - Fluence on its acquisition by OSRAM Licht
 - kSaria on its sale to Behrman Capital
 - MedReleaf Corp. on its C\$3.2 billion sale to Aurora Cannabis Inc.
 - South32 on its acquisition of Arizona Mining
 - CDQP on its acquisition of a leading minority stake in Fives Group alongside Investissements PSP and Ardian valued at €1.5 billion
 - Reeher LLC on its sale to Blackbaud Inc.
 - Acasta Enterprises Inc. on the sale of JemPak Corporation to Henkel AG & Co. for C\$118 million
 - Kratos Defense & Security Solutions on the sale of its Public Safety and Security division to Securitas

WEALTH MANAGEMENT (GLOBAL)

- Globally, Canaccord Genuity Wealth Management generated \$461.8 million in revenue during fiscal 2019 and, excluding significant items, recorded net income before taxes of \$75.4 million⁽¹⁾
- Assets under administration in Canada and assets under management in the UK & Europe and Australia were \$65.7 billion at the end of March 31, 2019, an increase of 7.3% from \$61.3 billion at the end of last year

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

WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated \$206.8 million in revenue and, after intersegment allocations and before taxes, recorded net income before taxes of \$26.8 million in fiscal 2019
- Assets under administration in Canada were \$20.7 billion as at March 31, 2019 an increase of 32.8% from \$15.6 billion at the end of the previous year⁽²⁾
- Assets under management in Canada (discretionary) were \$4.2 billion as at March 31, 2019, an increase of 49.9% from \$2.8 billion at the end of the previous year⁽²⁾. These assets are included in total assets under administration.
- Canaccord Genuity Wealth Management had 155 Advisory Teams⁽³⁾ at the end of March 31, 2019, an increase of thirteen from March 31, 2018.

WEALTH MANAGEMENT (UK & EUROPE)

Contributions from McCarthy Taylor from January 29, 2019 are included in the operating figures under Canaccord Genuity Wealth Management (UK & Europe) below.

- Wealth management operations in the UK & Europe generated \$255.0 million in revenue and, after intersegment allocations and excluding significant items, recorded net income before taxes of \$48.5 million in fiscal 2019⁽¹⁾
- Assets under management (discretionary and non-discretionary) were \$44.2 billion (£25.4 billion) as at March 31, 2019, a decrease of 1.5% from \$44.9 billion (£24.8 billion) at the end of March 31, 2018⁽²⁾. In local currency (GBP), assets under management at March 31, 2019 increased by 2.6% compared to March 31, 2018⁽²⁾.

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

(2) See Non-IFRS Measures on page 14.

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

Market Environment During Fiscal 2019:

Economic backdrop:

Global trade tensions, rising interest rates and a strong US dollar increased market volatility in global equities, notably during the third quarter of fiscal 2019. Acknowledging the global growth slowdown, a relatively benign inflation backdrop and heightened stress in financial markets, the US Federal Reserve and other central banks abandoned their hawkish stance. Expectations of a positive resolution over trade tensions between the US and China also contributed to support equities during the late innings of fiscal 2019. As a result, equity markets strongly rebounded in fiscal Q4/19, after registering widespread losses during fiscal Q3/19. For the fourth quarter, the S&P 500, the S&P/TSX and emerging markets advanced 13.6%, 13.3% and 9.9%, respectively. Looking at fiscal 2019, returns were positive in the US (9.5%) and Canada (8.1%) but negative in Emerging Markets (EMs) (-1.6%).

Investment banking and advisory

Commodity prices have mostly recovered from weaker levels seen during the third quarter of fiscal 2019, but shares of resource stocks remain cheap by historical standards. We believe M&A activities could benefit from perceived low valuations among mining and energy companies. Otherwise, small- and mid-cap growth equities, which represent our primary market, tend to be more domestically focused. Notwithstanding market volatility, they appear less vulnerable to heightened global geopolitical and macroeconomic risks than their large-cap counterparts. In all, financing activity in fiscal 2019 maintained a robust pace. The rebound in small-cap equities during fiscal Q4/19 suggests a favourable environment for capital raising and advisory activities.

Index Value at End of Fiscal Quarter	Q4/18		Q1/19		Q2/19		Q3/19		Q4/19		
	3/30/2018	(Y/Y)	6/29/2018	(Y/Y)	9/28/2018	(Y/Y)	12/31/2018	(Y/Y)	3/29/2019	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	306.1	21.7%	277.6	8.3%	259.8	-6.7%	238.4	-21.0%	262.4	-14.3%	10.1%
S&P IFCI Global Large Cap	261.1	22.1%	239.1	5.8%	236.3	-2.1%	218.6	-15.5%	238.3	-8.7%	9.0%

Our capital-raising and advisory activities are primarily focused on small- and mid-capitalization companies in specific growth sectors of the global economy. These sectors may experience growth or downturns independent of broader economic and market conditions, and government regulation can also have a more profound impact on capital formation for smaller companies. Volatility in the business environment for these industries or in the market for securities of companies within these industries in the regions where we operate could adversely affect our financial results and ultimately, the market value of our shares. Advisory revenues are primarily dependent on the successful completion of merger, acquisition or restructuring mandates. Weak economic and global financial market conditions and uncertainties with respect to Brexit and US-China trade relationships could result in a challenging business environment for small and mid-market M&A and capital raising activity but may provide opportunities for our restructuring business.

Trading

Trading volumes for small- and mid-cap equities in many of the markets where we operate improved compared to the previous fiscal year. Heightened market volatility during the fiscal third quarter notably buoyed our agency trading activities. Looking ahead, trading volumes should be supported by late-cycle dynamics which could lead clients to actively rotate between cyclical and defensive sectors. That said, we continue to expect that the implementation of MiFID II in some of our jurisdictions carries some potential to impair trading volumes in the medium to long-term.

Average Value During Fiscal	Q4/18		Q1/19		Q2/19		Q3/19		Q4/19		FY19		
Quarter/Year	30-Mar-18	(Y/Y)	29-Jun-18	(Y/Y)	28-Sep-18	(Y/Y)	31-Dec-18	(Y/Y)	29-Mar-19	(Y/Y)	(Q/Q) 29-Mar-19	(Y/Y)	
Russell 2000	1554.1	13.0%	1608.2	15.7%	1698.4	19.9%	1496.8	-1.0%	1509.0	-2.9%	0.8%	1578.1	7.5%
S&P 400 Mid Cap	1914.1	12.2%	1932.6	11.7%	2011.4	15.2%	1824.1	-1.6%	1845.1	-3.6%	1.2%	1903.2	5.1%
FTSE 100	7354.7	1.1%	7544.7	2.1%	7553.0	2.3%	6991.6	-6.5%	7061.3	-4.0%	1.0%	7287.4	-1.5%
MSCI EU Mid Cap	1104.5	10.0%	1115.8	4.5%	1123.5	4.9%	1012.0	-8.7%	1027.2	-7.0%	1.5%	1069.6	-1.7%
S&P/TSX	15746.2	1.3%	15872.1	2.6%	16303.8	7.4%	15042.0	-5.9%	15621.7	-0.8%	3.9%	15707.6	0.7%

Global wealth management

Solid market returns in the fourth quarter of fiscal 2019 more than compensated for the volatility experienced in the third quarter. Global equities posted positive returns for the fiscal year (+3.2%), led by US (+9.5%) and Canadian (+8.1%) markets. A weaker Canadian dollar (-3.4%) also helped support the performance of international holdings in investors' portfolios. In addition, balanced portfolios benefited from positive returns in Treasury bonds throughout fiscal 2019 (+5.5%). Despite a difficult economic and political environment for equities, total AUM in our wealth management businesses continued to improve in fiscal 2019.

	Q4/18 Change (Q/Q)	Q1/19 Change (Q/Q)	Q2/19 Change (Q/Q)	Q3/19 Change (Q/Q)	Q4/19 Change (Q/Q)	Fiscal 2018 Change	Fiscal 2019 Change
Total Return (excl. currencies)							
S&P 500	-0.8%	3.4%	7.7%	-13.5%	13.6%	14.0%	9.5%
S&P/TSX	-4.5%	6.8%	-0.6%	-10.1%	13.3%	1.7%	8.1%
MSCI EMERGING MARKETS	0.8%	-3.4%	0.1%	-7.3%	9.9%	22.4%	-1.6%
MSCI WORLD	-0.8%	0.7%	4.4%	-12.7%	12.3%	15.4%	3.2%
S&P GS COMMODITY INDEX	2.2%	8.0%	1.3%	-22.9%	15.0%	13.8%	-3.0%
US 10-YEAR T-BONDS	-2.4%	-0.6%	-1.5%	4.6%	3.0%	-1.1%	5.5%
CAD/USD	-2.4%	-1.8%	1.8%	-5.4%	2.2%	3.2%	-3.4%
CAD/EUR	-5.0%	3.5%	2.4%	-4.2%	4.5%	-10.7%	6.1%

Fiscal 2020 Outlook

The third global growth slowdown in this business cycle is underway with heightened trade tensions. The US Federal Reserve and other central banks have abandoned their hawkish stance and it is widely expected that more monetary and fiscal reflation will be implemented to offset trade headwinds and protect growth. The timing of central banks' actions is uncertain, resulting in a period of protracted volatility for risk assets. Should global trade tensions escalate and a full-blown trade war emerge, we expect that financial markets could face the possibility of a recession late this calendar year or in calendar 2020. As such, it will be very important for policymakers to act pre-emptively when it comes to reflating economies, especially if bond yield curves were to invert.

For now, odds of a global economic recession are fairly low for our 2020 fiscal year. Credit markets remain liquid and financial stress is benign. Importantly, history has shown that M&A and advisory activities usually accelerate during the late stage of a typical business cycle. We believe that our agency business should continue to grow at a moderate pace, as some investors reassess their asset mix and sector rotation exposure at this stage of the business cycle. Finally, the performance of our wealth management business will likely fluctuate with markets. However, we expect continued momentum in our recruiting and growth strategies to persist and offset some of the financial market headwinds.

Financial Overview

SELECTED FINANCIAL INFORMATION⁽¹⁾⁽²⁾⁽⁸⁾

	For the years ended March 31				
(C\$ thousands, except per share and % amounts, and number of employees)					
	2019	2018	2017	2019/2018 change	
Canaccord Genuity Group Inc. (CGGI)					
Revenue					
Commissions and fees	\$ 556,475	\$ 461,937	\$ 396,741	\$ 94,538	20.5%
Investment banking	294,241	282,195	196,129	12,046	4.3%
Advisory fees	142,228	122,372	130,749	19,856	16.2%
Principal trading	125,830	113,921	119,040	11,909	10.5%
Interest	51,008	27,875	16,847	23,133	83.0%
Other	20,785	14,577	20,040	6,208	42.6%
Total revenue	1,190,567	1,022,877	879,546	167,690	16.4%
Expenses					
Incentive compensation	599,867	526,614	454,998	73,253	13.9%
Salaries and benefits	116,758	99,239	85,698	17,519	17.7%
Other overhead expenses ⁽³⁾	356,240	298,250	284,966	57,990	19.4%
Restructuring costs ⁽⁴⁾	13,070	7,643	—	5,427	71.0%
Acquisition-related costs	3,064	6,732	—	(3,668)	(54.5)%
Loss on extinguishment of convertible debentures	8,608	—	—	8,608	n.m.
Acceleration of long-term incentive plan expense	—	48,355	—	(48,355)	(100.0)%
Share of loss of an associate ⁽⁵⁾	304	298	—	6	2.0%
Total expenses	1,097,911	987,131	825,662	110,780	11.2%
Income before income taxes	\$ 92,656	\$ 35,746	\$ 53,884	\$ 56,910	159.2%
Net income	\$ 71,582	\$ 17,077	\$ 43,186	\$ 54,505	n.m.
Net income attributable to CGGI shareholders	\$ 70,530	\$ 13,024	\$ 38,103	\$ 57,506	n.m.
Non-controlling interests	\$ 1,052	\$ 4,053	\$ 5,083	\$ (3,001)	(74.0)%
Earnings per common share – basic	\$ 0.58	\$ 0.04	\$ 0.29	\$ 0.54	n.m.
Earnings per common share – diluted	\$ 0.48	\$ 0.03	\$ 0.27	\$ 0.45	n.m.
Dividends per common share	\$ 0.20	\$ 0.15	\$ 0.10	\$ 0.05	33.3%
Dividends per Series A Preferred Share	\$ 0.9712	\$ 0.9712	\$ 1.173	\$ 0.00	0.0%
Dividends per Series C Preferred Share	\$ 1.2482	\$ 1.2482	\$ 1.4375	\$ 0.00	0.0%
Book value per diluted common share ⁽⁶⁾	\$ 6.25	\$ 5.71	\$ 5.08	\$ 0.54	9.5%
Excluding significant items⁽⁷⁾					
Total revenue	\$ 1,190,567	\$ 1,022,877	\$ 878,353	\$ 167,690	16.4%
Total expenses	\$ 1,054,981	\$ 912,270	\$ 817,096	\$ 142,711	15.6%
Income before income taxes	\$ 135,586	\$ 110,607	\$ 61,257	\$ 24,979	22.6%
Net income	\$ 107,355	\$ 81,657	\$ 49,196	\$ 25,698	31.5%
Net income attributable to CGGI shareholders	\$ 106,303	\$ 77,604	\$ 43,903	\$ 28,699	37.0%
Net income attributable to non-controlling interests	\$ 1,052	\$ 4,053	\$ 5,293	\$ (3,001)	(74.0)%
Earnings per common share – diluted	\$ 0.80	\$ 0.59	\$ 0.32	\$ 0.21	35.6%
Balance sheet data					
Total assets	\$ 4,749,294	\$ 4,020,736	\$ 5,203,516	\$ 728,558	18.1%
Total liabilities	3,870,934	3,165,813	4,426,873	\$ 705,121	22.7%
Non-controlling interests	1,997	13,571	11,858	(11,574)	(85.3)%
Total shareholders' equity	876,363	841,352	764,785	35,011	4.2%
Number of employees	2,135	1,956	1,700	179	9.2%

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

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2019 [April 1, 2018 to August 9, 2018 – 42% and post-acquisition of an additional 30% interest in the Australian operations on August 10, 2018 – 15%; March 31, 2018 – 42%].

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

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

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

- (6) Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants, issuance of common shares in connection with deferred consideration related to acquisitions, settlement of a promissory note in shares at the Company's option, and the conversion of convertible debentures, divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, other share-based payment plan, deferred consideration related to acquisitions, promissory notes and convertible debentures, and adjusted for shares purchased or committed to be purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.
- (7) Net income and earnings per common share excluding significant items reflect tax-effected adjustments related to such items. See the Selected Financial Information Excluding Significant Items table below.
- (8) Data includes the operating results of Hargreave Hale Limited since September 18, 2017, the operating results of Jitneytrade Inc. and Finlogik Inc. since June 6, 2018, the operating results of McCarthy Taylor Ltd. since January 29, 2019 and the operating results of Petsky Prunier LLC since February 13, 2019.
- n.m.: not meaningful (percentages over 300% are indicated as n.m.)

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS⁽¹⁾

(C\$ thousands, except per share and % amounts)	For the years ended March 31				
	2019	2018	2017	2019/2018 change	
Total revenue per IFRS	\$ 1,190,567	\$ 1,022,877	\$ 879,546	\$ 167,690	16.4%
Total expenses per IFRS	\$ 1,097,911	\$ 987,131	\$ 825,662	\$ 110,780	11.2%
<u>Revenue</u>					
<i>Significant items recorded in Canaccord Genuity Capital Markets</i>					
Realized translation gains on disposal of Singapore	—	—	1,193	—	—
Total revenue excluding significant items	1,190,567	1,022,877	878,353	167,690	16.4%
<u>Expenses</u>					
<i>Significant items recorded in Canaccord Genuity Capital Markets</i>					
Amortization of intangible assets	2,496	2,317	3,304	179	7.7%
Acquisition-related costs	1,976	—	—	1,976	n.m.
Restructuring costs ⁽²⁾	13,070	4,704	—	8,366	177.8%
Acceleration of long-term incentive plan expense	—	42,399	—	(42,399)	(100.0)%
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>					
Amortization of intangible assets	11,153	8,273	5,262	2,880	34.8%
Restructuring costs ⁽²⁾	—	2,939	—	(2,939)	n.m.
Acquisition-related costs	1,088	6,732	—	(5,644)	(83.8)%
Acceleration of long-term incentive plan expense	—	4,058	—	(4,058)	(100.0)%
Development costs ⁽⁴⁾	245	—	—	245	n.m.
Incentive based payments related to acquisition ⁽³⁾	4,294	1,541	—	2,753	178.7%
<i>Significant items recorded in Corporate and Other</i>					
Loss on convertible debentures	8,608	—	—	8,608	n.m.
Acceleration of long-term incentive plan expense	—	1,898	—	(1,898)	(100.0)%
Total significant items	42,930	74,861	8,566	(31,931)	(42.7)%
Total expenses excluding significant items	1,054,981	912,270	817,096	142,711	15.6%
Net income before income taxes – adjusted	\$ 135,586	\$ 110,607	\$ 61,257	\$ 24,979	22.6%
Income tax expense – adjusted	28,231	28,950	12,061	(719)	(2.5)%
Net income – adjusted	\$ 107,355	\$ 81,657	\$ 49,196	\$ 25,698	31.5%
Net income attributable to common shareholders, adjusted	96,899	68,011	32,825	28,888	42.5%
Earnings per common share – basic, adjusted	\$ 1.01	\$ 0.73	\$ 0.36	\$ 0.28	38.4%
Earnings per common share – diluted, adjusted	\$ 0.80	\$ 0.59	\$ 0.32	\$ 0.21	35.6%

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

(2) Restructuring costs for the year ended March 31, 2019 related to termination benefits and real estate costs related to the restructuring in our UK capital markets operations. Restructuring costs for the year ended March 31, 2018 related to termination benefits as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate costs related to the acquisition of Hargreave Hale.

(3) Incentive-based costs related to the acquisition of Hargreave Hale determined with reference to financial targets and other performance criteria recorded under development costs.

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

n.m.: not meaningful (percentages over 300% are indicated as n.m.)

FOREIGN EXCHANGE

Revenues and expenses from our foreign operations are initially recorded in their respective functional currencies and translated into Canadian dollars at the average exchange rates prevailing during the period. On an average basis for the 12-month period ended March 31, 2019 compared to March 31, 2018, the pound sterling appreciated by 1.2% against the Canadian dollar and the US dollar appreciated by 2.3% against the Canadian dollar in fiscal 2019 when compared to fiscal 2018. This change in average foreign exchange rates contributed to certain changes in revenue and expense items measured in Canadian dollars when compared to the applicable prior periods and should be considered when reviewing the following discussion in respect of our consolidated results as well as the discussion in respect of Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management UK & Europe.

GEOGRAPHIES

Commencing in Q3/17, 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. The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15.0% [prior to closing date of August 10, 2018 and year ended March 31, 2018 – 42%] has been recognized for accounting purposes since the closing date of August 10, 2018 of the Company's acquisition of an additional 30% interest.

Also, commencing in Q3/17, our Dubai operation, which was previously included in Other Foreign Locations, was included as part of Canaccord Genuity Capital Markets UK & Europe. The Other Foreign Locations geographic segment is now comprised of our Asian based operations, including our new Singapore operation that began in fiscal 2019, China and Hong Kong, and prior to their sale or closure also included our former operations in Barbados and our advisory and capital raising business in Singapore.

These reclassifications reflect the growing contributions from Australia and the working associations between the UK and Dubai. For purposes of the discussion provided herein, the Canaccord Genuity Capital Markets operations in the UK, Europe and Dubai are referred to as the "UK".

Operating results of Hargreave Hale Limited (Hargreave Hale) are included since the closing date of September 18, 2017 and operating results of McCarthy Taylor Ltd. (McCarthy) are included since the closing date of January 29, 2019 as part of Canaccord Genuity Wealth Management UK & Europe. Operating results of Jitneytrade Inc. and Finlogik Inc. (collectively referred to as "Jitneytrade") are included as part of Canaccord Genuity Capital Markets Canada since the closing date of June 6, 2018. In addition, operating results of Petsky Prunier LLC (Petsky Prunier) are included since the closing date of February 13, 2019 as part of Canaccord Genuity Capital Markets US.

GOODWILL

The Company has recorded on its balance sheet as at March 31, 2019 goodwill in the amount of \$370.2 million and included in intangible assets is an intangible asset with an indefinite life in the amount of \$154.5 million. In determining whether to perform an impairment test, the Company considers factors such as its market capitalization, market conditions generally and overall economic conditions as well as market conditions in the key sectors in which the Company operates and the impact that such conditions are expected to have on the Company's operations.

Utilizing management's estimates for revenue and operating performance, growth rates and other assumptions typically required in connection with discounted cash flow models, the Company determined that there was no impairment in the goodwill and indefinite life intangible assets associated with any of its wealth management business units in the UK & Europe or its goodwill recorded in Canaccord Genuity Capital Markets Canada and US. Notwithstanding this determination as of March 31, 2019, changes or uncertainty in the economic environment may cause this determination to change. If the business climate changes and the Company is unable to achieve its internal forecasts, the Company may determine that there has been impairment and the Company may be required to record a goodwill impairment charge in future periods in respect of the Canaccord Genuity Wealth Management business units in the UK & Europe or in respect of the goodwill recorded in Canaccord Genuity Capital Markets Canada and US. Adverse changes in the key assumptions utilized for purposes of impairment testing for goodwill and indefinite life intangible assets may result in the estimated recoverable amount of some or all of the applicable business units declining below the carrying value with the result that impairment charges may be required. The amount of any impairment charge would affect some or all of the amounts recorded for goodwill and indefinite life intangible assets. Any such impairment charges would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors. In addition, notwithstanding that there may be no change in the performance estimates used by the Company for purposes of determining whether there has been any impairment in its indefinite life intangible asset related to the Genuity brand name, in the event that the Company changes the way in which it uses that asset, the Company may be required to record an impairment charge.

REVENUE

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

Revenue for fiscal 2019 was \$1.2 billion, an increase of 16.4% or \$167.7 million from fiscal 2018, marking the second consecutive year our consolidated revenue has surpassed \$1.0 billion. The increase in revenue compared to the prior year was mainly related to an increase in revenue generated in our global wealth management operations of \$91.5 million as well as increases in our Canadian and US capital markets operations.

As a result of an improvement in capital raising activity in our core focus areas, revenue in our Canaccord Genuity Capital Markets segment increased by \$66.8 million or 10.5% compared to fiscal 2018. Our US operations, which benefited from increased capital raising and advisory activities as well as increased trading volumes during the year, generated \$303.6 million of revenue in fiscal 2019, an increase of \$67.6 million or 28.7% compared to last year. Our Canadian business participated in numerous transactions in the cannabis sector, leading to the higher investment banking revenue and advisory fees recorded during the year. The completion of the acquisition of Jitneytrade in Q1/19 also largely contributed to an increase in commission and fees revenue in our Canadian operations compared to fiscal 2018. On an overall basis, our Canadian operations generated \$260.7 million in revenue, an increase of \$44.6 million or 20.6% compared to the year ended March 31, 2018. Offsetting these increases were decreases experienced by our UK and Australian operations. Our UK operations were negatively impacted by market uncertainty, leading to a decrease in revenue of \$19.7 million or 15.3% compared to fiscal 2018. Our Australian operations recorded a decrease of \$25.7 million or 45.0% compared to fiscal 2018, partially due to exceptionally high profits and gains recorded in certain inventory and warrant positions earned in respect of investment banking activity in fiscal 2018 and prior periods.

Consistent with our strategic focus to strengthen contributions from our global wealth management operations, revenue from our wealth management operations increased by \$91.5 million or 24.7% compared to fiscal 2018. Revenue in our wealth management operations in the UK & Europe increased by \$53.6 million or 26.6% compared to the year ended March 31, 2018, largely due to the inclusion of the full annual revenue from our Hargreave Hale operations acquired at the end of Q2/18. Our Canadian wealth management operations also generated \$206.8 million of revenue in fiscal 2019, representing an increase of \$37.9 million or 22.5% over the prior year.

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees increased by \$94.5 million or 20.5% from fiscal 2018 to \$556.5 million in fiscal 2019. As discussed above, the continued growth of our wealth management operations was the primary reason for the increase in commissions and fees revenue. In addition, the acquisition of Jitneytrade in Q1/19 contributed to an increase in commission and fees generated in our Canadian capital markets operations.

Revenue generated from investment banking activities increased by \$12.0 million or 4.3% to \$294.2 million in fiscal 2019, compared to \$282.2 million in fiscal 2018. Our US operations generated an increase of \$32.7 million or 79.5% and our Canadian operations increased by \$9.5 million or 7.6% compared to fiscal 2018 as a result of increased activity in our focus sectors. This increase was largely offset by decreases generated in our UK and Australia operations of \$9.8 million or 35.5% and \$23.5 million or 57.2%, respectively. As discussed above, our UK operations were negatively impacted by reduced financing activity resulting from market uncertainty during fiscal 2019. The decrease in investment banking revenue in our Australian operations partially resulted from lower financing activity as well as large unrealized gains recorded in certain inventory and warrant positions earned in respect of investment banking activity in fiscal 2018 which were partially reversed in fiscal 2019.

Advisory fees revenue increased by \$19.9 million or 16.2% compared to the prior year to \$142.2 million for fiscal 2019. This was primarily due to an increase in the number of completed advisory mandates in our capital markets operations in the US and Canada. The largest increase was in our US capital markets operations, which experienced a growth of \$16.0 million or 48.4%, consistent with our emphasis on growing our advisory business in the US. The completion of the acquisition of Petsky Prunier during Q4/19 also made a small contribution to the advisory revenue earned during fiscal 2019. Our Canadian operations also saw an increase of \$9.5 million or 23.9% compared to the year ended March 31, 2018. Offsetting these increases were decreases of \$6.2 million or 12.9% and \$0.9 million or 58.6% in our UK and Australian capital markets operations, respectively, compared to the prior year as a result of a decrease in advisory mandates completed in these two operations.

Revenue derived from principal trading grew by \$11.9 million to \$125.8 million for the year ended March 31, 2019, largely driven by higher revenue generated in our US capital markets operations resulting from increased market volatility.

Interest revenue was \$51.0 million in fiscal 2019, an increase of \$23.1 million or 83.0% from the prior year, due to higher revenue earned in our Canadian operations arising from increased margin loan and stock loan activity. Increased investment banking activity in Canada during the year gave rise to increased opportunities for lending activity and increased interest revenue. Other revenue was \$20.8 million, an increase of \$6.2 million or 42.6% from the same period a year ago, due to higher foreign exchange gains as well as an increase in revenue from our Pinnacle Correspondent Services business.

EXPENSES

Expenses as a percentage of revenue

	For the years ended March 31		
	2019	2018	2019/2018 change
Incentive compensation	50.4%	51.5%	(1.1) p.p.
Salaries and benefits	9.8%	9.7%	0.1 p.p.
Other overhead expenses ⁽¹⁾	29.9%	29.2%	0.7 p.p.
Restructuring costs ⁽²⁾⁽³⁾	1.1%	0.7%	0.4 p.p.
Acquisition-related costs ⁽²⁾	0.3%	0.7%	(0.4) p.p.
Acceleration of long-term incentive plan expense ⁽²⁾⁽³⁾	0.0%	4.7%	(4.7) p.p.
Loss on extinguishment of convertible debentures	0.7%	0.0%	0.7 p.p.
Share of loss of an associate ⁽⁴⁾	0.0%	0.0%	n.m.
Total	92.2%	96.5%	(4.3) p.p.

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

(2) Refer to the Selected Financial Information Excluding Significant Items table on page 24.

(3) Restructuring costs for the year ended March 31, 2019 related to termination benefits and certain real estate costs incurred as a result of the restructuring of our UK capital markets operations. Restructuring costs for the year ended March 31, 2018 related to termination benefits as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate costs related to the acquisition of Hargreave Hale.

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

p.p.: percentage points

n.m.: not meaningful

Expenses for fiscal 2019 were \$1.1 billion, an increase of 11.2% or \$110.8 million compared to the last fiscal year. Excluding significant items⁽¹⁾, total expenses were \$1.05 billion, up \$142.7 million or 15.6% from fiscal 2018. Total expenses excluding significant items⁽¹⁾ as a percentage of revenue decreased slightly by 0.6 percentage points compared to the year ended March 31, 2018.

Compensation expenses

Incentive compensation expense was \$599.9 million, an increase of \$73.3 million or 13.9% from the prior year, in line with the increase in incentive-based revenue. Incentive compensation as a percentage of total revenue was 50.4% for fiscal 2019, a decrease of 1.1 percentage points from 51.5% in the prior year. Salaries and benefits expense of \$116.8 million for the year ended March 31, 2019 was \$17.5 million or 17.7% higher than fiscal 2018. The increase was largely due to additional costs from our expansion in the UK & Europe wealth management operations, including the inclusion of the full annual operating results of Hargreave Hale acquired at the end of Q2/18. The salaries and benefits expense in our Canadian wealth management operations also increased by \$2.8 million or 24.5% compared to fiscal 2018 as a result of higher headcount in this operation. Despite the increase in fixed staff costs, total compensation expense (incentive compensation expense and salaries and benefit expense) was 60.2% in fiscal 2019, a decrease of 1.0 percentage point from the prior year.

OTHER OVERHEAD EXPENSES

(C\$ thousands, except % amounts)	For the years ended March 31		
	2019	2018	2019/2018 change
Trading costs	\$ 83,577	\$ 68,209	22.5%
Premises and equipment	41,719	39,605	5.3%
Communication and technology	64,930	56,346	15.2%
Interest	25,453	18,437	38.1%
General and administrative	100,768	83,982	20.0%
Amortization ⁽¹⁾	24,280	24,007	1.1%
Development costs	15,513	7,664	102.4%
Total other overhead expenses	\$ 356,240	\$ 298,250	19.4%

(1) Includes amortization of intangible assets for the years ended March 31, 2019 and March 31, 2018, respectively. See the Selected Financial Information Excluding Significant Items table on page 24.

In order to support the higher headcount, increased capital markets activity including our principal trading operations and expansion of our wealth management business with the Hargreave Hale acquisition, all of our overhead expenses increased compared to the year ended March 31, 2018.

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

Other overhead expenses as noted in the table above were \$356.2 million or 19.4% higher in fiscal 2019, which as a percentage of revenue was 29.9% compared to 29.2% in fiscal 2018. The most significant increases in overhead expenses included trading costs, communications and technology expense, interest, general and administrative expense as well as development costs.

Trading costs increased by \$15.4 million or 22.5% compared to the year ended March 31, 2018, primarily as a result of higher costs recorded in our US and Canadian capital markets operations, in line with our increase in the related revenue. The completion of our acquisition of Jitneytrade in Q1/19 also contributed to higher trading costs recorded in our Canadian capital markets operations. Although generally in line with the increase in commissions and fees revenue, trading costs in the US were also impacted by the costs of ADR conversions and international settling and clearing costs, which do not necessarily vary with revenue.

Communication and technology expense increased by \$8.6 million or 15.2% in fiscal 2019 compared to the prior year. As a result of the higher headcount from the expansion of our wealth management operations, communication and technology expense in our UK & Europe and North American wealth management operations increased by \$4.6 million and \$1.2 million, respectively, compared to fiscal 2018. The inclusion of the full year of operating expenses for Hargreave Hale during fiscal 2019 also contributed to the increase as the acquisition was completed at the end of Q2/18. Our capital markets operations in Canada also experienced an increase of \$1.5 million or 20.1% in communications and technology expense, attributable to the growth in this segment.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, increased by \$16.8 million or 20.0% compared to fiscal 2018. Our North American wealth management operations reported an increase of \$6.0 million or 71.9% compared to the prior year as a result of higher conference and office costs to promote the growth of this operation, as well as transfer fees associated with new accounts. Our UK & Europe wealth management operations also experienced an increase of \$1.9 million or 11.3% compared to the year ended March 31, 2018 primarily as a result of additional reserves recorded in respect of certain ongoing legal matters and the inclusion of a full year of operations in fiscal 2019 for Hargreave Hale. Furthermore, our US and Canadian capital markets operations reported increases of \$2.4 million and \$0.7 million, respectively, in fiscal 2019 compared to the prior year, mostly due to additional costs in professional fees incurred to support the growth in these regions. The acquisition of Jitneytrade also contributed to the increase in general and administrative expense in our Canadian capital markets operations.

Interest expense for the year ended March 31, 2019 was \$25.5 million, an increase of \$7.0 million or 38.1% compared to fiscal 2018. In our Corporate and Other segment, acceleration of attributed interest expense related to the redemption of the \$60.0 million unsecured senior subordinated debentures issued in October 2016 during Q2/19 and in connection with that redemption, the increase in convertible debentures outstanding as a result of the issuance of convertible debentures in Q2/19, contributed to an increase of \$4.8 million in this segment. In addition, interest expense also increased by \$1.0 million compared to the prior year in our North American wealth management operations, due to higher client interest resulting from higher cash balances in client accounts held during the period as well as increases in interest rates during the year.

Development costs increased by \$7.8 million or 102.4% to \$15.5 million in fiscal 2019, largely due to the incentive-based costs related to the acquisition of Hargreave Hale. In addition, new hire incentive-based costs recorded by our North American wealth management business unit also contributed to the increase in development costs.

There were \$13.1 million of restructuring costs recorded in the year ended March 31, 2019 as a result of restructuring in our UK capital markets operations in both Q1/19 and Q4/19. These costs consisted of termination benefits as well as certain real estate costs related to the restructuring.

In connection with the acquisition of Jitneytrade, the Company incurred \$1.2 million of acquisition-related costs during the year ended March 31, 2019. In addition, the Company recorded \$1.1 million of acquisition-related costs related to the acquisition of McCarthy Taylor and the acquisition of Thomas Miller announced in May 2019 in its UK & Europe wealth management operations. In our US capital markets operations, acquisition-related costs were \$0.8 million, related to the acquisition of Petsky Prunier.

INCOME TAX

Income tax expense was \$21.1 million for fiscal 2019, reflecting an effective tax rate of 22.7% compared to an effective tax rate of 52.2% in the prior year. The difference in the effective tax rate was mainly due to the non-recognition of certain deferred tax assets in our foreign operations in prior years and certain adjustments made to tax provisions recorded in prior periods.

NET INCOME

Net income for fiscal 2019 was \$71.6 million compared to net income of \$17.1 million in fiscal 2018, an increase of \$54.5 million or 319.2%, largely due to the increase in revenue and an acceleration of LTIP expense recorded in fiscal 2018 as discussed in the Management's Discussion and Analysis and audited consolidated financial statements for the year ended March 31, 2018. Net income attributable to common shareholders was \$61.1 million for fiscal 2019 compared to \$3.4 million for fiscal 2018. Diluted earnings per common share was \$0.48 in fiscal 2019 compared to earnings per common share of \$0.03 in the prior fiscal year. Excluding significant items⁽¹⁾, net income for fiscal 2019 was \$107.4 million or net income attributable to common shareholders of \$96.9 million, compared to net income of \$81.7 million or net income attributable to common shareholders of \$68.0 million in fiscal 2018. Diluted earnings per share excluding significant items⁽¹⁾ was \$0.80 for fiscal 2019 compared to \$0.59 for the prior year.

Quarterly Financial Information⁽¹⁾⁽²⁾

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended March 31, 2019. This information is unaudited but reflects all adjustments of a recurring nature that are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

(C\$ thousands, except per share amounts)	Fiscal 2019				Fiscal 2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue								
Commissions and fees	\$ 137,578	\$ 143,115	\$ 139,402	\$ 136,380	\$ 135,148	\$ 125,709	\$ 96,125	\$ 104,955
Investment banking	60,316	98,978	67,426	67,521	95,514	112,629	33,356	40,696
Advisory fees	32,220	40,698	44,396	24,914	40,930	31,957	30,589	18,896
Principal trading	35,197	30,776	28,949	30,908	36,047	29,138	22,849	25,887
Interest	13,733	12,703	15,326	9,246	10,045	6,861	5,793	5,176
Other	5,764	5,330	4,537	5,154	4,396	3,148	2,835	4,198
Total revenue	284,808	331,600	300,036	274,123	322,080	309,442	191,547	199,808
Total expenses	279,265	290,991	275,414	252,241	324,379	262,559	198,613	201,580
Net income (loss) before income taxes	5,543	40,609	24,622	21,882	(2,299)	46,883	(7,066)	(1,772)
Net income (loss)	\$ 2,456	\$ 32,458	\$ 18,019	\$ 18,649	\$ (9,703)	\$ 36,598	\$ (7,258)	\$ (2,560)
Earnings (loss) per share – basic ⁽⁴⁾	\$ 0.00	\$ 0.31	\$ 0.11	\$ 0.16	\$ (0.15)	\$ 0.35	\$ (0.11)	\$ (0.05)
Earnings (loss) per share – diluted ⁽⁴⁾	\$ 0.00	\$ 0.25	\$ 0.09	\$ 0.14	\$ (0.15)	\$ 0.29	\$ (0.11)	\$ (0.05)
Excluding significant items ⁽³⁾								
Net income	\$ 16,610	\$ 36,843	\$ 28,867	\$ 25,035	\$ 37,312	\$ 39,182	\$ 3,548	\$ 1,615
Earnings (loss) per share – basic ⁽⁴⁾	\$ 0.15	\$ 0.35	\$ 0.27	\$ 0.23	\$ 0.36	\$ 0.38	\$ 0.01	\$ (0.01)
Earnings (loss) per share – diluted ⁽⁴⁾	\$ 0.12	\$ 0.28	\$ 0.23	\$ 0.19	\$ 0.28	\$ 0.31	\$ 0.01	\$ (0.01)

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

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2019 [April 1, 2018 to August 9, 2018 – 42% and post-acquisition of an additional 30% interest in the Australian operations on August 10, 2018 – 15%; March 31, 2018 – 42%].

(3) Figures excluding significant items are non-IFRS measures. See the Quarterly Financial Information Excluding Significant Items table below.

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

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

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

(C\$ thousands, except per share amounts)	Fiscal 2019				Fiscal 2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue per IFRS	\$ 284,808	\$ 331,600	\$ 300,036	\$ 274,123	\$ 322,080	\$ 309,442	\$ 191,547	\$ 199,808
Total expenses per IFRS	279,265	290,991	275,414	252,241	324,379	262,559	198,613	201,580
<u>Revenue</u>								
Total revenue excluding significant items	284,808	331,600	300,036	274,123	322,080	309,442	191,547	199,808
<u>Expenses</u>								
<i>Significant items recorded in Canaccord Genuity Capital Markets</i>								
Amortization of intangible assets	639	639	639	579	579	579	579	580
Restructuring costs ⁽³⁾	11,754	—	—	1,316	—	—	4,256	448
Acquisition-related costs	803	—	—	1,173	—	—	—	—
Acceleration of long-term incentive plan expense	—	—	—	—	42,399	—	—	—
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>								
Amortization of intangible assets	2,801	2,745	2,751	2,856	2,867	2,820	1,262	1,324
Restructuring costs	—	—	—	—	939	—	2,000	—
Acquisition-related costs	918	170	—	—	184	—	4,364	2,184
Development costs ⁽⁵⁾	—	245	—	—	—	—	—	—
Acceleration of long-term incentive plan expense	—	—	—	—	4,058	—	—	—
Incentive payment related to acquisition ⁽⁴⁾	(237)	1,490	1,498	1,543	1,541	—	—	—
<i>Significant items recorded in Corporate and Other</i>								
Loss on convertible debentures ⁽⁶⁾	—	—	8,608	—	—	—	—	—
Acceleration of long-term incentive plan expense	—	—	—	—	1,898	—	—	—
Total significant items	16,678	5,289	13,496	7,467	54,465	3,399	12,461	4,536
Total expenses excluding significant items	262,587	285,702	261,918	244,774	269,914	259,160	186,152	197,044
Net income before income taxes – adjusted	\$ 22,221	\$ 45,898	\$ 38,118	\$ 29,349	\$ 52,166	\$ 50,282	\$ 5,395	\$ 2,764
Income tax expense – adjusted	5,611	9,055	9,251	4,314	14,854	11,100	1,847	1,149
Net income – adjusted	\$ 16,610	\$ 36,843	\$ 28,867	\$ 25,035	\$ 37,312	\$ 39,182	\$ 3,548	\$ 1,615
Net income (loss) attributable to common shareholders	\$ 14,466	\$ 34,491	\$ 26,291	\$ 21,651	\$ 33,003	\$ 34,665	\$ 970	\$ (627)
Earnings (loss) per share – basic – adjusted ⁽⁷⁾	\$ 0.15	\$ 0.35	\$ 0.27	\$ 0.23	\$ 0.36	\$ 0.38	\$ 0.01	\$ (0.01)
Earnings (loss) per share – diluted – adjusted ⁽⁷⁾	\$ 0.12	\$ 0.28	\$ 0.23	\$ 0.19	\$ 0.28	\$ 0.31	\$ 0.01	\$ (0.01)

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

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2019 [April 1, 2018 to August 9, 2018 – 42% and post-acquisition of an additional 30% interest in the Australian operations on August 10, 2018 – 15%; March 31, 2018 – 42%].

(3) Restructuring costs recorded in Q1/19 and Q4/19 related to termination benefits and real estate costs in connection with the restructuring of the UK capital markets operations. Restructuring costs recorded in Q2 fiscal 2018 related to termination benefits incurred as a result of the closing of certain trading operations in our UK capital markets operations and staff reductions in our Canadian and US capital markets operations. There were also real estate costs related to the acquisition of Hargreave Hale recorded in Q2 and Q4 of fiscal 2018.

(4) Incentive-based costs related to the acquisition of Hargreave Hale determined with reference to financial targets and other performance criteria recorded in development costs.

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

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

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

Quarterly trends and risks

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

With the increase in capital raising and advisory activity in our core focus areas in Canada and the US over the recent quarters and higher contribution from our global wealth management operations, revenue and net income excluding significant items⁽¹⁾ generated in fiscal 2019 have shown marked improvements over the past fiscal year. Revenue for four of the past eight quarters surpassed \$300.0 million, with Q3/19 being the highest at \$331.6 million. Although revenue for Q4/19 decreased by 14.1% over the previous quarter, overall revenue in fiscal 2019 was \$1.2 billion, marking the second consecutive year that the Company crossed the \$1.0 billion revenue mark.

Despite the declines in global equities towards the end of calendar 2018 and the continuing uncertain outlook for the world economy, our Canaccord Genuity Capital Markets operations generated annual revenue of \$704.3 million, an increase of 10.5% over the prior year. Revenue in our Canadian capital markets operations increased overall compared to fiscal 2018, reflecting our active involvement with numerous transactions in the cannabis sector. With the addition of Jitneytrade in Q1/19, commission and fees revenue have increased since the completion of the acquisition. Compared to the exceptionally high revenue generated in Q3/19, revenue in Q4/19 decreased by 34.6% due to a less active financing market as well as the completion of fewer advisory mandates. The Canadian operating region has consistently been profitable for the past eight quarters, with pre-tax profit margins excluding significant items⁽¹⁾ reaching a high of 32.5% in Q2/19.

The quarterly revenue earned in our US capital markets operations during fiscal 2019 showed a significant improvement over the earlier quarters in fiscal 2018. The highest quarterly revenue over the past eight completed quarters was Q3/19, with a record revenue of \$81.2 million. Our International Equities Group continued to perform well, with the principal trading revenue reaching \$27.0 million in each of the last two quarters of fiscal 2019. Our focus on growing our advisory business has led to an increase in advisory fees revenue over the more recent quarters. The completion of our acquisition of Petsky Prunier in Q4/19 also contributed to the \$15.6 million advisory fees revenue recorded during the last quarter of fiscal 2019. Excluding significant items⁽¹⁾, our US operations have also been profitable over the last six consecutive quarters.

In our UK capital markets operations, a prolonged period of political and market uncertainty in the UK has impacted capital raising, advisory and related activities, resulting in a decline in revenue and profitability. During Q4/19, a restructuring plan was announced for this operation to achieve a more focused UK capital markets business. As a result of this restructuring, a charge of \$11.8 million related to termination benefits and real estate costs was recorded in Q4/19.

Our Australian operations generated higher revenue in the first half of fiscal 2019 but the revenue level was impacted by slower financing activity in the latter part of the fiscal year. Despite an operating loss in Q4/19, this operating region was still profitable overall in fiscal 2019. Contributing to the decrease in revenue in this region in fiscal 2019 were profits and unrealized gains recorded during fiscal 2018, particularly during Q3/18 and Q4/18, in certain inventory and warrant positions earned in respect of investment banking activity.

Our Canaccord Genuity Wealth Management North America operations have been positively impacted by stabilizing market conditions, improved transaction activity and a growth in managed assets. Revenue increased by 4.2% during Q4/19 compared to the same period a year ago and remained consistent with the previous quarter. In addition to an increase in commissions and fees revenue, revenue attributable to investment banking activity in this segment also increased over the past eight quarters, reflecting the increased private client participation in new issue activity in our Canadian operations because of the increased activity by companies in new and developing industry sectors such as cannabis. This operating region has positively contributed to the profitability of Canaccord Genuity Group over the past few quarters, adding stability to the Company's overall performance. Assets under management increased in Q4/19 by 49.9% compared to Q4/18 to \$4.2 billion as a result of additional client assets with the hiring of new investment advisors as well as generally higher market values. Assets under administration, including assets under management, increased by 32.8% from \$15.6 billion at the end of fiscal 2018 to \$20.7 billion at the end of fiscal 2019. Our fee-related revenue continued to grow, reaching 38.4% in Q4/19.

The Canaccord Genuity Wealth Management UK & Europe operations were expanded during fiscal 2018 with the completion of the Hargreave Hale acquisition at the end of Q2/18 and again in Q4/19 with the acquisition of McCarthy Taylor. The quarterly revenue generated in this region increased from approximately \$38.0 million in the first half of fiscal 2018 to over \$62.0 million since the completion of the Hargreave Hale acquisition. Although this region incurred higher operating expenses resulting from the expansion of this business and our increased headcount, pre-tax profit margins continued to be strong at 18.0% in Q4/19 excluding significant items⁽¹⁾. At the end of Q4/19, fee-related revenue was at 73.4%, a 6.1 percentage point increase from Q4/18, due to changes in transaction activity during the year. Assets under management for this group decreased by 1.5% as of the end of Q4/19 compared to Q4/18. In local currency, AUM increased by 2.6% to £25.4 billion at the end of March 31, 2019.

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

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

Fourth quarter 2019 performance

Revenue for the fourth quarter was \$284.8 million, a decrease of \$37.3 million or 11.6% compared to the same period in the previous year. Our global wealth management operations generated an increase in revenue of \$0.8 million compared to Q4/18, largely driven by an increase in revenue of \$2.2 million in our North American wealth management operations, partially offset by a decline of \$1.4 million in our UK & Europe wealth management operations.

Our Canaccord Genuity Capital Markets segment recorded a decrease of \$40.6 million or 20.3% in revenue compared to Q4/18, with decreases recorded in each of the principal operations except for our US operations. Our US operations recorded an increase of \$5.3 million or 7.8% compared to Q4/18, driven mainly by higher advisory fees revenue, partially as a result of the acquisition of Petsky Prunier completed in February 2019. The decrease in revenue recorded in our Canadian capital markets operations was largely driven by decreases in investment banking and advisory fees compared to the record quarter in Q4/18. In Australia, revenue decreased by \$16.8 million or 83.7% over Q4/18, primarily due to reduced investment banking revenue from lower financing activity as well as a reduction in gains in certain inventory and warrant positions earned in respect of investment banking activity during the same period in the prior year. A decrease of \$5.9 million or 17.0% in our UK operations resulted from a decline in financing activity in that region.

On a consolidated basis, commissions and fees revenue increased by \$2.4 million or 1.8% to \$137.6 million compared to the same period in the previous year, predominantly attributable to our North American wealth management operations as discussed above. Investment banking revenue decreased by \$35.2 million or 36.9% to \$60.3 million in Q4/19 across all our principal operating regions as financing activity slowed down compared to the same period in the prior year.

Advisory fees revenue decreased by \$8.7 million or 21.3% to \$32.2 million in Q4/19 compared to the same period in the prior year due to lower revenue recorded in our Canadian and UK capital markets operations, partially offset by higher advisory fees recorded in the US. As discussed above, the completion of the acquisition of Petsky Prunier in Q4/19 in our US operations contributed to the increase in advisory fees revenue recorded in that region.

Principal trading revenue decreased by \$0.9 million during the three months ended March 31, 2019 compared to the same period last year, mostly due to lower trading revenue generated in our US operations. Interest revenue for Q4/19 was \$13.7 million, an increase of \$3.7 million over Q4/18, mainly attributable to our Canadian wealth management operations arising from increased margin loan and stock loan activity. Other revenue was \$5.8 million, an increase of \$1.4 million or 31.1% compared to Q4/18, as a result of an increase in revenue in our Pinnacle Correspondent Services business.

Expenses were \$279.3 million, down \$45.1 million or 13.9% from Q4/18, largely due to the acceleration of long-term incentive plan (LTIP) expense recorded in Q4/18 as described in the Management's Discussion and Analysis and audited consolidated financial statements for the year ended March 31, 2018. Total expenses excluding significant items⁽¹⁾ were \$262.6 million, a decrease of \$7.3 million or 2.7% from the same period last year.

Incentive compensation expense decreased by \$16.5 million or 10.3% compared to the same period in the prior year, in line with the decrease in incentive-based revenue. Salaries and benefits expense was \$2.7 million or 9.5% higher compared to Q4/18, largely due to higher headcount. Total compensation expense (incentive compensation expense plus salaries and benefits) as a percentage of revenue increased by 2.8 percentage points to 61.5% in Q4/19 compared to Q4/18 as a result of higher fixed staff costs exacerbated by the decrease in revenue.

Excluding significant items⁽¹⁾, non-compensation overhead expenses as a percentage of revenue increased by 5.6 percentage points in Q4/19 compared to Q4/18, reflecting the decrease in revenue and the fixed nature of certain expenses. The largest increases in overhead expenses compared to the same period in the prior year were general and administrative expense and communication and technology expense. Offsetting these increases was a decrease in trading costs of \$2.4 million as a result of a change in international trading activity.

General and administrative costs, which increased by \$5.0 million, were mainly driven by higher costs in our North American wealth management operations to support the growth in this region. Communication and technology expense increased by \$3.2 million due to the higher headcount across the different regions, with the largest increase recorded in our Canadian capital markets operations.

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

There were restructuring costs of \$11.8 million, consisting of termination benefits and real estate costs related to the restructuring in our UK capital markets operations announced in Q4/19. Acquisition-related expenses of \$1.7 million were

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

recorded in Q4/19 in connection with the acquisitions of McCarthy Taylor and Petsky Prunier completed prior to March 31, 2019, as well as costs related to the acquisition of Thomas Miller announced in May 2019.

Income tax expense was \$3.1 million in Q4/19 compared to income tax expense of \$7.4 million for the three months ended March 31, 2018. Excluding significant items⁽¹⁾, the effective tax rate for Q4/19 was 25.3% compared to 28.5% in Q4/18.

Net income for the fourth quarter of fiscal 2019 was \$2.5 million compared to a net loss of \$9.7 million in Q4/18. Net income attributable to common shareholders was \$0.3 million for Q4/19 compared to a net loss attributable to common shareholders of \$14.0 million in Q4/18. Diluted income per common share in the current quarter was \$0.00, compared to a diluted loss per common share of \$0.15 in Q4/18. Excluding significant items⁽¹⁾, net income for Q4/19 was \$16.6 million compared to \$37.3 million in Q4/18, a decrease of \$20.7 million or 55.5%, primarily due to the decrease in revenue compared to the same period in the prior year. Net income attributable to common shareholders excluding significant items⁽¹⁾ was \$14.5 million compared to \$33.0 million in the same period of the prior year. Diluted EPS excluding significant items⁽¹⁾ was \$0.12 in Q4/19 compared to \$0.28 in Q4/18.

Business Segment Results⁽¹⁾⁽²⁾

(C\$ thousands, except number of employees)	For the years ended March 31							
	2019				2018			
	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenue								
Canada	\$260,665	\$204,420	\$ 24,430	\$ 489,515	\$ 216,106	\$ 165,891	\$ 15,056	\$ 397,053
UK & Europe	108,789	254,985	—	363,774	128,458	201,383	—	329,841
US	303,587	2,406	—	305,993	235,942	2,991	—	238,933
Australia	31,366	—	—	31,366	57,022	—	—	57,022
Other Foreign Locations	(81)	—	—	(81)	28	—	—	28
Total revenue	704,326	461,811	24,430	1,190,567	637,556	370,265	15,056	1,022,877
Expenses	622,760	388,741	86,410	1,097,911	607,906	320,737	58,488	987,131
Intersegment allocations	18,689	14,467	(33,156)	—	16,524	15,529	(32,053)	—
Income (loss) before income taxes (recovery)	\$ 62,877	\$ 58,603	\$(28,824)	\$ 92,656	\$ 13,126	\$ 33,999	\$ (11,379)	\$ 35,746
Excluding significant items⁽³⁾								
Revenue	704,326	461,811	24,430	1,190,567	637,556	370,265	15,056	1,022,877
Expenses	605,218	371,961	77,802	1,054,981	558,486	297,194	56,590	912,270
Intersegment allocations	18,689	14,467	(33,156)	—	16,524	15,529	(32,053)	—
Income (loss) before income taxes (recovery)	\$ 80,419	\$ 75,383	\$(20,216)	\$ 135,586	\$ 62,546	\$ 57,542	\$ (9,481)	\$ 110,607
Number of employees	832	995	308	2,135	730	938	288	1,956

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 14. Detailed financial results for the business segments are shown in Note 23 of the audited consolidated financial statements on page 110.

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2019 [April 1, 2018 to August 9, 2018 – 42% and post-acquisition of an additional 30% interest in the Australian operations on August 10, 2018 – 15%; March 31, 2018 – 42%].

(3) See the Selected Financial Information Excluding Significant Items table on page 24.

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

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

CANACCORD GENUITY CAPITAL MARKETS

Overview

Canaccord Genuity Capital Markets provides investment banking, advisory, equity research, and sales and trading services to corporate, institutional and government clients as well as conducting principal trading activities in Canada, the US, the UK & Europe and the Asia-Pacific region. Canaccord Genuity Capital Markets has offices in 21 cities in 9 countries worldwide.

Our operating results demonstrate the strength of our global business and the success of our efforts to diversify our revenue streams and improve alignment across our businesses and regions. For fiscal 2019, 63.0% of total Canaccord Genuity Capital Markets revenue was earned outside of Canada.

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

During fiscal 2019, Canaccord Genuity Capital Markets participated in 344 transactions to raise gross proceeds of \$31.1 billion⁽¹⁾. Of these, Canaccord Genuity Capital Markets led or co-led 176 transactions globally, raising total proceeds of \$7.0 billion.

Outlook

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

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

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

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

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

Operating results of Jitneytrade and Petsky Prunier are included since the closing dates of June 6, 2018 and February 13, 2019, respectively.

(1) Transactions over C\$1.5 million

FINANCIAL PERFORMANCE⁽¹⁾⁽²⁾

For the years ended March 31												
	2019						2018					
(C\$ thousands, except number of employees)	Canada	UK ⁽⁵⁾	US	Australia	Other Foreign Locations	Total	Canada	UK ⁽⁵⁾	US	Australia	Other Foreign Locations	Total
Revenue	\$260,665	\$108,789	\$303,587	\$31,366	\$ (81)	\$704,326	\$216,106	\$128,458	\$235,942	\$57,022	\$ 28	\$637,556
Expenses												
Incentive compensation	128,206	73,028	160,215	18,017	248	379,714	112,655	80,023	128,023	30,754	3	351,458
Salaries and benefits	6,356	5,250	10,403	1,964	560	24,533	5,381	5,672	11,890	1,881	688	25,512
Other overhead expenses	53,052	38,333	101,533	9,407	690	203,015	45,875	40,621	87,565	9,195	577	183,833
Acceleration of long-term incentive plan expense	—	—	—	—	—	—	11,657	12,870	17,872	—	—	42,399
Development costs	72	96	284	—	—	452	—	—	—	—	—	—
Acquisition-related costs	1,173	—	803	—	—	1,976	—	—	—	—	—	—
Restructuring costs	—	13,070	—	—	—	13,070	2,366	448	1,890	—	—	4,704
Total expenses	188,859	129,777	273,238	29,388	1,498	622,760	177,934	139,634	247,240	41,830	1,268	607,906
Intersegment allocations ⁽³⁾	12,458	2,908	3,037	286	—	18,689	10,159	2,969	3,113	283	—	16,524
Income (loss) before income taxes (recovery) ⁽³⁾	\$ 59,348	\$ (23,896)	\$ 27,312	\$ 1,692	\$ (1,579)	\$ 62,877	\$ 28,013	\$ (14,145)	\$ (14,411)	\$14,909	\$ (1,240)	\$ 13,126
Excluding significant items ⁽⁴⁾												
Total revenue	260,665	108,789	303,587	31,366	(81)	704,326	216,106	128,458	235,942	57,022	28	637,556
Total expenses	185,194	116,707	272,431	29,388	1,498	605,218	161,599	126,316	227,473	41,830	1,268	558,486
Intersegment allocations ⁽³⁾	12,458	2,908	3,037	286	—	18,689	10,159	2,969	3,113	283	—	16,524
Income (loss) before income taxes (recovery) ⁽³⁾	\$ 63,013	\$ (10,826)	\$ 28,119	\$ 1,692	\$ (1,579)	\$ 80,419	\$ 44,348	\$ (827)	\$ 5,356	\$14,909	\$ (1,240)	\$ 62,546
Number of employees	255	197	308	68	4	832	189	214	256	68	3	730

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

(2) The operating results of the Australian operations have been fully consolidated and a non-controlling interest of 15% has been recognized for the year ended March 31, 2019 [April 1, 2018 to August 9, 2018 – 42% and post-acquisition of an additional 30% interest in the Australian operations on August 10, 2018 – 15%; March 31, 2018 – 42%].

(3) Income (loss) before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 43.

(4) Refer to the Selected Financial Information Excluding Significant Items table on page 24.

(5) Includes our Dubai based operations.

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

For the years ended March 31			
	2019	2018	2019/2018 change
Revenue generated in:			
Canada	37.0%	33.9%	3.1 p.p.
UK & Europe ⁽¹⁾	15.4%	20.2%	(4.8) p.p.
US	43.1%	37.0%	6.1 p.p.
Australia	4.5%	8.9%	(4.4) p.p.
Other Foreign Locations	0.0%	0.0%	(0.0) p.p.
	100%	100.0%	

p.p.: percentage points

(1) Includes our Dubai based operations

Canaccord Genuity Capital Markets generated revenue of \$704.3 million, an increase of 10.5% or \$66.8 million compared to fiscal 2018 as a result of higher financing and advisory activity during the year. Revenue increased most notably in the US, which increased by \$67.6 million or 28.7% compared to the prior year. The increase in revenue in our US capital markets operations was driven largely by higher investment banking revenue and advisory fees. In Canada, revenue increased by \$44.6 million or 20.6% compared to fiscal 2018, partially as a result of our active involvement with numerous transactions in the cannabis sector. Revenue in our UK operations decreased by \$19.7 million or 15.3% to \$108.8 million in fiscal 2019 due to reduced financing revenue resulting from the market uncertainty in that operating region. Our Australian operations generated revenue of \$31.4 million, which represents a decrease of \$25.7 million or 45.0% from fiscal 2018, impacted by a slowdown in financing activity in the second half of fiscal 2019 as well as lower gains recorded in certain of our inventory and warrant positions earned and received as fees in respect of investment banking activity in the current and prior periods.

Investment banking activity

The company's focus sector mix in fiscal 2019 showed continued diversity. While capital raising contributions from the Health Care and Life Sciences sector includes revenues from cannabis-related businesses, we note that our US investment banking practice was a significant contributor to revenue growth from the Healthcare and Healthcare IT segments. Revenue from Technology & Industrials sectors was led by our US and Canadian capital markets businesses and reflects our continued growth in the US technology segment.

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

CANACCORD GENUITY CAPITAL MARKETS – OVERALL

Investment banking transactions and revenue by sector

Sectors	For the year ended March 31, 2019	
	as a % of investment banking transactions	as a % of investment banking revenue
Life Sciences	24.6%	47.9%
Technology & Industrials	12.1%	15.6%
Industrials	4.3%	7.6%
Financials	9.0%	7.6%
Metals & Mining	15.6%	6.4%
Others	16.4%	3.8%
Diversified	6.7%	3.8%
Consumer & Retail	5.4%	3.8%
Real Estate	5.2%	2.1%
Sustainability	0.7%	1.4%
Total	100.0%	100.0%

CANACCORD GENUITY CAPITAL MARKETS – BY GEOGRAPHY**Investment banking transactions by sector (as a % of the number of investment banking transactions for each geographic region)**

Sectors	For the year ended March 31, 2019			
	Canada	UK	US	Australia
Life Sciences	23.1%	10.0%	45.6%	10.0%
Technology & Industrials	7.4%	4.3%	32.5%	6.7%
Industrials	0.3%	8.6%	14.9%	0.0%
Consumer & Retail	3.5%	5.7%	6.1%	13.3%
Financials	7.1%	35.7%	0.9%	3.3%
Diversified	11.9%	0.0%	0.0%	0.0%
Metals & Mining	17.6%	2.9%	0.0%	50.0%
Others	21.2%	21.4%	0.0%	16.7%
Real Estate	7.7%	7.1%	0.0%	0.0%
Sustainability	0.2%	4.3%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

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

Sectors	For the year ended March 31, 2019			
	Canada	UK	US	Australia
Life Sciences	70.2%	4.2%	42.1%	18.6%
Technology & Industrials	6.1%	0.6%	38.1%	12.1%
Industrials	0.0%	15.1%	16.9%	0.0%
Financials	1.3%	44.5%	0.0%	0.6%
Metals & Mining	6.8%	1.3%	0.0%	48.7%
Others	3.4%	11.6%	0.0%	6.1%
Diversified	8.1%	0.0%	0.0%	0.5%
Consumer & Retail	1.1%	9.5%	2.9%	13.4%
Real Estate	2.6%	5.8%	0.0%	0.0%
Sustainability	0.4%	7.4%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

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

EXPENSES

Expenses for fiscal 2019 were \$622.8 million, an increase of 2.4% or \$14.9 million compared to the prior year. Excluding significant items⁽¹⁾, total expenses for fiscal 2019 were \$605.2 million, an increase of 8.4% or \$46.7 million compared to fiscal 2018. As a percentage of revenue, total expenses decreased by 6.9 percentage points compared to the year ended March 31, 2018.

Incentive compensation and salaries and benefits

Incentive compensation expense for fiscal 2019 increased by \$28.3 million or 8.0% compared to fiscal 2018. Incentive compensation expense as a percentage of revenue was 53.9%, a decrease of 1.2 percentage points from fiscal 2018. Salaries and benefits expense for fiscal 2019 decreased by \$1.0 million or 3.8% compared to fiscal 2018. Total compensation expense (incentive compensation expense plus salaries and benefits) as a percentage of revenue was 1.7 percentage points lower than fiscal 2018, at 57.4% for the year ended March 31, 2019.

In Canada, total compensation as a percentage of revenue decreased by 3.0 percentage points compared to fiscal 2018 due to an increase in revenue relative to fixed staff costs. Our US operations recorded a compensation ratio of 56.2% in fiscal 2019, a decrease of 3.1 percentage points compared to the prior year, as a result of a reduction in salaries and benefits expense. In our UK operations, total compensation expense as a percentage of revenue increased by 5.3 percentage points compared to fiscal 2018 as a result of the decline in revenue relative to fixed staff costs. Total compensation expense as a percentage of revenue in our Australian operations was 63.7%, an increase of 6.5 percentage points due to the decrease in revenue and the non-variable nature of certain staff costs.

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

	For the years ended March 31		
	2019	2018	2019/2018 change
Canada	51.6%	54.6%	(3.0) p.p.
UK & Europe	72.0%	66.7%	5.3 p.p.
US	56.2%	59.3%	(3.1) p.p.
Australia	63.7%	57.2%	6.5 p.p.
Other Foreign Locations	n.m.	n.m.	n.m.
Canaccord Genuity Capital Markets (total)	57.4%	59.1%	(1.7) p.p.

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

Other overhead expenses

Other overhead expenses were \$203.0 million for fiscal 2019 compared to \$183.8 million in fiscal 2018, an increase of \$19.2 million or 10.4%. The most significant increases in overhead costs compared to the prior year include trading costs, communication and technology expense and general and administrative expense, offset by decreases in amortization expense.

The increase in trading costs was mainly due to higher execution and settlement charges in connection with our US operations as well as the addition of Jitneytrade in Canada during Q1/19.

General and administrative expense increased by \$4.9 million or 10.0% compared to fiscal 2018, resulting from higher professional fees, promotion and travel expenses, and other office expenses to support the growth in our business.

Amortization expense decreased by \$2.3 million to \$7.2 million compared to the prior year due to a decrease in amortization in our UK operations related to certain internally developed software.

Communication and technology expense increased by \$1.9 million to \$38.3 million for the year ended March 31, 2019, primarily attributable to increases in our Canadian and US operations due to higher headcount.

During the year ended March 31, 2019, there were restructuring costs incurred of \$13.1 million related to termination benefits and real estate costs in connection with the restructuring in our UK operations during both Q1/19 and Q4/19. The restructuring costs of \$4.7 million recorded in fiscal 2018 related to staff reductions in our US and Canadian capital markets operations, as well as costs related to certain trading operations in Dublin.

There were acquisition-related costs of \$2.0 million recorded during the year ended March 31, 2019 related to the acquisitions of Jitneytrade and Petsky Prunier.

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

INCOME BEFORE INCOME TAXES

Income before income taxes in fiscal 2019 was \$62.9 million, an increase of \$49.8 million compared to fiscal 2018. Excluding significant items⁽¹⁾, income before income taxes, including allocated overhead expenses, increased from \$62.5 million to income before income taxes of \$80.4 million in fiscal 2019. The increase in income before income taxes excluding significant items⁽¹⁾ was attributable to higher revenue generated in our Canadian and US operating segments combined with a reduction in overhead expenses.

CANACCORD GENUITY WEALTH MANAGEMENT

Overview

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

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

At March 31, 2019, Canaccord Genuity Wealth Management had 12 offices located across Canada, including three Independent Wealth Management (IWM) locations. The Company is focused on actively recruiting established Advisory Teams to accelerate growth in this business.

Outlook

Our strategic shift to strengthening contributions from our global wealth management performance will continue to be a main focus for the Company. Management's priorities for Canaccord Genuity Wealth Management will be focused on growing assets under administration and management, and increasing the proportion of fee-based revenue as a percentage of total revenue. By increasing recurring revenue streams, we expect to meaningfully reduce our reliance on transaction-based revenue over the coming years, making our business less sensitive to changes in market conditions and trading activity.

With 72.6% of the division's revenue derived from recurring, fee-based activities, the revenue stream generated through Canaccord Genuity Wealth Management's UK & Europe wealth management business helps to improve the stability of its overall performance. Client holdings in our in-house investment management products exceed \$1 billion and are attracting growing interest from both domestic and international intermediaries. The Company will continue to pursue strategic opportunities to increase the scale of its UK wealth management business.

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

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

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

FINANCIAL PERFORMANCE – NORTH AMERICA⁽¹⁾⁽²⁾

(C\$ thousands, except AUM and AUA (in C\$ millions), number of employees, Advisory Teams and % amounts)	For the years ended March 31			
	2019	2018	2019/2018 change	
Revenue	\$ 206,826	\$ 168,882	\$ 37,944	22.5%
Expenses				
Incentive compensation	104,768	86,382	18,386	21.3%
Salaries and benefits	14,092	11,315	2,777	24.5%
Other overhead expenses	47,968	36,795	11,173	30.4%
Acceleration of long-term incentive plan expense	—	668	(668)	(100.0)%
Total expenses	166,828	135,160	31,668	23.4%
Intersegment allocations ⁽³⁾	13,152	14,200	(1,048)	(7.4)%
Income before income taxes ⁽³⁾	\$ 26,846	\$ 19,522	7,324	37.5%
AUM – Canada (discretionary) ⁽⁴⁾	4,221	2,815	1,406	49.9%
AUA – Canada ⁽⁵⁾	20,674	15,567	5,107	32.8%
Number of Advisory Teams – Canada	155	142	13	9.2%
Number of employees	430	379	51	13.5%
Excluding significant items⁽⁶⁾				
Total expenses	\$ 166,828	\$ 134,492	\$ 32,336	24.0%
Intersegment allocations ⁽³⁾	13,152	14,200	(1,048)	(7.4)%
Income before income taxes ⁽³⁾	26,846	20,190	6,656	33.0%

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

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

(3) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 43.

(4) AUM represents assets managed on a discretionary basis under our programs generally described as or known as the *Complete Canaccord Investment Counselling Program* and the *Complete Canaccord Private Investment Management Program*.

(5) AUA is the market value of client assets administered by the Company, for which the Company earns commissions or fees. AUA includes AUM.

(6) Refer to the Selected Financial Information Excluding Significant Items table on page 24.

n.m.: not meaningful

Revenue from Canaccord Genuity Wealth Management North America was \$206.8 million, an increase of \$37.9 million or 22.5% from fiscal 2018, driven by higher commissions and fees revenue as well as higher interest on stock loan activity and margin accounts.

AUA in Canada increased by 32.8% to \$20.7 billion at March 31, 2019 from \$15.6 billion at March 31, 2018, reflecting our development initiatives in this sector as well as higher market values over the year. There were 155 Advisory Teams in Canada, an increase of thirteen from a year ago. The fee-based revenue in our North American operations was 1.4 percentage points higher than in the prior year and accounted for 34.9% of the wealth management revenue earned in Canada during the year ended March 31, 2019.

Expenses for fiscal 2019 were \$166.8 million, an increase of \$31.7 million or 23.4% from fiscal 2018. Total expenses as a percentage of revenue increased slightly by 0.6 percentage points compared to last year.

Incentive compensation expense increased by \$18.4 million or 21.3% compared to the prior year, consistent with the increase in incentive-based revenue. Salaries and benefits expense increased by \$2.8 million compared to the year ended March 31, 2018 as a result of higher headcount. Total compensation expense (incentive compensation expense plus salaries and benefits) as a percentage of revenue decreased by 0.4 percentage points compared to last year to 57.5% in fiscal 2019.

Other overhead expenses as a percentage of revenue increased slightly by 1.0% compared to fiscal 2018. Trading costs increased by \$0.8 million as a result of an increase in commission and fees revenue. Communication and technology expense increased by \$1.2 million or 27.8% compared to the prior year as a result of higher headcount. General and administrative expense increased by \$6.0 million or 71.9% due to higher conference costs, as well as transfer fees associated with new accounts and provisions for legal costs and settlements. Development costs increased by \$3.9 million as a result of additional hiring incentives recorded in the current fiscal year compared to fiscal 2018. Partially offsetting these increases in overhead expenses was a decrease of \$1.1 million in premises and equipment expense.

Income before income taxes increased by \$7.3 million in fiscal 2019 to \$26.8 million as a result of the net increase in revenue after variable costs.

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

	For the years ended March 31			
(C\$ thousands, except AUM (in C\$ millions), number of employees, investment professionals and fund managers, and % amounts)	2019	2018	2019/2018 change	
Revenue	\$ 254,985	\$ 201,383	\$53,602	26.6%
Expenses				
Incentive compensation	96,005	77,303	18,702	24.2%
Salaries and benefits	48,822	36,214	12,608	34.8%
Other overhead expenses	75,998	58,999	16,999	28.8%
Acceleration of long-term incentive plan expense	—	3,390	(3,390)	(100.0)%
Restructuring costs	—	2,939	(2,939)	(100.0)%
Acquisition-related costs	1,088	6,732	(5,644)	(83.8)%
Total expenses	221,913	185,577	36,336	19.6%
Intersegment allocations ⁽²⁾	1,315	1,329	(14)	(1.1)%
Income before income taxes ⁽²⁾	\$ 31,757	\$ 14,477	\$17,280	119.4%
AUM – UK & Europe ⁽³⁾	44,195	44,877	(682)	(1.5)%
Number of investment professionals and fund managers – UK & Europe	200	188	12	6.4%
Number of employees	565	559	6	1.1%
Excluding significant items⁽⁴⁾				
Total expenses	\$ 205,133	\$ 162,702	\$42,431	26.1%
Intersegment allocations ⁽²⁾	1,315	1,329	(14)	(1.1)%
Income before income taxes ⁽²⁾	48,537	37,352	11,185	29.9%

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

(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 43.

(3) AUM in the UK & Europe is the market value of client assets managed and administered by the Company, for which the Company earns commissions or fees. This measure includes both discretionary and non-discretionary accounts.

(4) Refer to the Selected Financial Information Excluding Significant Items table on page 24.

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

Operating results of Hargreave Hale and McCarthy Taylor are included under Canaccord Genuity Wealth Management (UK & Europe) since the closing dates of September 18, 2017 and January 29, 2019, respectively.

Revenue generated by our UK & Europe operations is largely produced through fee-based accounts and portfolio management activities, and, as such, is less sensitive to changes in market conditions. Revenue for fiscal 2019 was \$255.0 million, an increase of 26.6% compared to fiscal 2018. Measured in local currency (GBP), revenue was £148.1 million during fiscal 2019, an increase of £30.1 million or 25.5% compared to the previous year.

AUM in the UK & Europe as of March 31, 2019 was \$44.2 billion, a decrease of 1.5% compared to \$44.9 billion as of March 31, 2018. Measured in local currency (GBP), AUM increased by 2.6% compared to March 31, 2018. The fee-related revenue in our UK & European wealth management operations accounted for 72.6% of total revenue in this geography in fiscal 2019, an increase of 4.1 percentage points compared to last year.

Incentive compensation expense was \$96.0 million, an \$18.7 million increase from \$77.3 million in fiscal 2018, in line with the increase in incentive-based commissions and fees revenue. Salaries and benefits expense increased by \$12.6 million compared to fiscal 2018 to \$48.8 million, primarily as a result of the full inclusion of the annual expense for Hargreave Hale which was acquired at the end of Q2/18, as well as a larger infrastructure team required to support the growth in the existing UK & Europe wealth management business. Total compensation expense (incentive compensation expense plus salaries and benefits) as a percentage of revenue increased slightly by 0.4 percentage points from 56.4% in fiscal 2018 to 56.8% in fiscal 2019.

Other overhead expenses for the year ended March 31, 2019 increased by \$17.0 million or 28.8% compared to the prior year. The increase in headcount and the inclusion in the current fiscal year of a full year of operating results for Hargreave Hale, which was acquired at the end of Q2/18, led to an increase in most of our overhead expenses in this region, particularly in communication and technology expense, general and administrative expense, amortization expense as well as development costs.

Communication and technology expense increased by \$4.6 million or 41.8% compared to fiscal 2018, mainly as a result of higher headcount in the current fiscal year. General and administrative expense increased by \$1.9 million or 11.3% largely as a result of additional reserves recorded in respect of certain ongoing legal matters. The increase in amortization expense of \$3.6 million or 31.2% compared to fiscal 2018 was attributable to the inclusion of the full year of amortization of intangible assets acquired through the acquisition of Hargreave Hale. Development costs increased by \$4.2 million compared to the prior year as a result of incentive-based costs related to the Hargreave Hale acquisition.

There were no restructuring costs recorded in fiscal 2019. There were \$2.9 million of restructuring costs recorded in fiscal 2018 related to the rationalization of office space due to the acquisition of Hargreave Hale.

The Company also recorded \$1.1 million of acquisition-related costs in relation to the acquisition of McCarthy Taylor in Q4/19 and also the acquisition of Thomas Miller announced in May 2019. The acquisition-related costs included professional and consulting fees incurred during the year. The \$6.7 million of acquisition-related costs recorded in fiscal 2018 related to the acquisition of Hargreave Hale.

Income before income taxes was \$31.8 million compared to \$14.5 million in the prior year mainly as a result of higher revenue and a full year of operating results for Hargreave Hale. Excluding significant items⁽¹⁾, income before income taxes was \$48.5 million, an increase of \$11.2 million or 29.9% from the prior year, reflecting the net contribution from our expanded operations.

CORPORATE AND OTHER SEGMENT

Overview

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

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

Also included in this segment are the Company's administrative, operational and support services departments, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance, and other administrative functions. The Company has 308 employees in the Corporate and Other segment. Most of the Company's corporate support functions are based in Vancouver and Toronto, Canada.

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

FINANCIAL PERFORMANCE⁽¹⁾

(C\$ thousands, except number of employees and % amounts)	For the years ended March 31			
	2019	2018	2019/2018 change	
Revenue	\$ 24,430	\$ 15,056	\$ 9,374	62.3%
Expenses				
Incentive compensation	19,380	11,471	7,909	68.9%
Salaries and benefits	29,311	26,198	3,113	11.9%
Other overhead expenses	28,807	18,623	10,184	54.7%
Acceleration of long-term incentive plan expense	—	1,898	(1,898)	n.m.
Loss on convertible debentures	8,608	—	8,608	n.m.
Share of loss of an associate	304	298	6	2.0%
Total expenses	86,410	58,488	27,922	47.7%
Intersegment allocations ⁽²⁾	(33,156)	(32,053)	(1,103)	(3.4)%
Loss before income tax recovery ⁽²⁾	(28,824)	(11,379)	(17,445)	n.m.
Number of employees	308	288	20	6.9%
Excluding significant items⁽³⁾				
Total expenses	\$ 77,802	\$ 56,590	\$ 21,212	37.5%
Intersegment allocations ⁽²⁾	(33,156)	(32,053)	(1,103)	(3.4)%
Loss before income taxes (recovery) ⁽²⁾	(20,216)	(9,481)	(10,735)	(113.2)%

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

(2) Loss before income tax recovery includes intersegment allocations. See the Intersegment Allocated Costs section on page 43.

(3) Refer to the Selected Financial Information Excluding Significant Items table on page 24.

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

Revenue for fiscal 2019 was \$24.4 million, an increase of \$9.4 million or 62.3% from fiscal 2018 resulting from an increase in interest revenue from higher cash balances held during the year and higher interest rates, foreign exchange gains as well as higher revenue from our Pinnacle Correspondence Services business.

Total expenses were \$86.4 million for the year ended March 31, 2019, an increase of \$27.9 million or 47.7% compared to the prior year. Incentive compensation expense increased by \$7.9 million or 68.9% compared to the prior year, driven by higher profitability of the Company. Salaries and benefits expense increased by \$3.1 million compared to fiscal 2018, attributable to the higher headcount to support the growth in our capital markets and wealth management business in Canada.

Other overhead expenses increased by \$10.2 million or 54.7% compared to the prior year. The most significant increases were general and administrative expense, interest, as well as premises and equipment expense. Interest expense grew by \$4.8 million or 77.5% in fiscal 2019 due to higher interest expense in connection with the unsecured senior subordinated convertible debentures issued in Q2/19 and the acceleration of interest charges recognized in connection with the redemption of the previously outstanding convertible debentures issued in October 2016. As a result of the redemption of the \$60.0 million unsecured subordinated convertible debentures issued in October 2016, during the year ended March 31, 2019, there was a loss of \$8.6 million recognized on the extinguishment of the Debentures for accounting purposes.

Loss before income taxes was \$28.8 million for fiscal 2019 compared to a loss before income taxes of \$11.4 million for the prior year. Excluding significant items⁽¹⁾, loss before income taxes was \$20.2 million for the year ended March 31, 2019 compared to a loss before income taxes of \$9.5 million last year as a result of an increase in overhead expenses to support the growth in our capital markets and wealth management operations.

INTERSEGMENT ALLOCATED COSTS

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

Overview of Preceding Years – Fiscal 2018 vs. 2017

Total revenue for the year ended March 31, 2018 was \$1.0 billion, an increase of \$143.3 million or 16.3% compared to the year ended March 31, 2017. The increase in revenue was mainly related to an increase of \$86.1 million in investment banking revenue as well as an increase of \$65.2 million in commissions and fees revenue. As a result of an improvement in capital raising activity in our core focus areas, particularly during the second half of fiscal 2018, revenue in our Canaccord Genuity Capital Markets segment increased by \$39.2 million or 6.5% compared to fiscal 2017. Also, as part of our strategic focus to expand our wealth management operations and the completion of the Hargreave Hale acquisition at the end of Q2/18, revenue from the global wealth management group increased by \$103.2 million or 38.6%.

Canaccord Genuity Group recorded net income of \$17.1 million during fiscal 2018, compared to a net income of \$43.2 million in fiscal 2017, largely due to an acceleration of LTIP expense related to the change in the LTIP plan as discussed in the Management's Discussions and Analysis and the audited consolidated financial statements for the year ended March 31, 2018. Excluding significant items⁽¹⁾, net income for fiscal 2018 was \$81.7 million, compared to \$49.2 million in fiscal 2017, largely attributable to the increase in revenue.

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

Financial Condition

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

(C\$ thousands)	Balance sheet summary as at March 31				
	2019	2018	2017	2016	2015
Assets					
Cash and cash equivalents	\$ 820,739	\$ 862,838	\$ 677,769	\$ 428,329	\$ 322,324
Securities owned	690,499	469,217	784,230	564,746	848,128
Accounts receivable	2,656,664	2,215,837	3,395,736	2,041,150	2,491,488
Income taxes recoverable	2,502	1,170	1,085	12,537	5,295
Deferred tax assets	22,117	19,941	15,323	11,221	10,148
Investments	6,224	2,035	2,829	5,578	8,693
Equipment and leasehold improvements	25,792	30,967	31,479	37,049	43,373
Goodwill and other intangible assets	524,757	418,731	295,065	323,936	640,456
Total assets	\$ 4,749,294	\$ 4,020,736	\$ 5,203,516	\$ 3,424,546	\$ 4,369,905
Liabilities and shareholders' equity					
Bank indebtedness	\$ 9,639	\$ —	\$ 25,280	\$ 14,910	\$ 20,264
Securities sold short	373,419	301,006	645,742	427,435	654,639
Accounts payable and accrued liabilities	3,123,765	2,638,954	3,669,883	2,185,047	2,527,636
Provisions	18,212	8,428	11,793	18,811	14,320
Income taxes payable	5,415	7,851	10,093	4,242	8,172
Current portion of bank loan	9,294	9,679	—	—	—
Deferred consideration	22,225	9,997	—	—	—
Contingent consideration	108,319	49,844	—	—	—
Promissory note	5,832	—	—	—	—
Other long-term liability	1,741	—	—	—	—
Bank loan	50,370	61,758	—	—	—
Deferred tax liabilities	7,978	13,715	140	450	2,057
Liability portion of Convertible Debenture	127,225	57,081	56,442	—	—
Subordinated debt	7,500	7,500	7,500	15,000	15,000
Shareholders' equity	876,363	841,352	764,785	749,929	1,117,542
Non-controlling interests	1,997	13,571	11,858	8,722	10,275
Total liabilities and shareholders' equity	\$ 4,749,294	\$ 4,020,736	\$ 5,203,516	\$ 3,424,546	\$ 4,369,905

ASSETS

Cash and cash equivalents were \$820.7 million at March 31, 2019 compared to \$862.8 million at March 31, 2018. Refer to the Liquidity and Capital Resources section for more details.

Securities owned were \$690.5 million at March 31, 2019 compared to \$469.2 million at March 31, 2018 mainly due to an increase in corporate and government debt owned.

Accounts receivable were \$2.7 billion at March 31, 2019 compared to \$2.2 billion at March 31, 2018, mainly due to an increase in receivables from brokers and investment dealers.

Goodwill was \$370.2 million and intangible assets were \$154.5 million at March 31, 2019. At March 31, 2018, goodwill was \$258.0 million and intangible assets were \$160.8 million. These amounts represent the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc (CSHP), Eden Financial Ltd., Hargreave Hale, Jitneytrade, McCarthy Taylor and Petsky Prunier.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments were \$56.6 million at March 31, 2019 compared to \$54.1 million at March 31, 2018, mainly due to an increase in income taxes receivable and investments.

LIABILITIES AND SHAREHOLDERS' EQUITY

Bank overdrafts and call loan facilities utilized by the Company may vary significantly on a day-to-day basis and depend on securities trading activity. On March 31, 2019, Canaccord Genuity Group had available credit facilities with banks in Canada and the UK & Europe in the aggregate amount of \$743.6 million [March 31, 2018 – \$669.2 million]. These credit facilities are utilized by the Company to facilitate settlement activities and consist of call loans, letters of credit and daylight overdraft facilities, and are collateralized by unpaid client securities and/or securities owned by the Company. On March 31, 2019, there was bank indebtedness of \$9.6 million, compared to \$nil on March 31, 2018.

Securities sold short were \$373.4 million at March 31, 2019 compared to \$301.0 million at March 31, 2018, mostly due to an increase in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were \$3.1 billion, an increase from \$2.6 billion on March 31, 2018, mainly due to an increase in payables to clients and brokers and investment dealers.

Other liabilities, including subordinated debt, income taxes payable, other long-term liability and deferred tax liabilities, were \$22.6 million at March 31, 2019 compared to \$29.1 million in the prior year. The decrease was mostly due to a decrease in income tax payable.

In connection with our acquisition of Hargreave Hale through a subsidiary of the Company, that subsidiary obtained a £40.0 million bank loan to finance a portion of the cash consideration. During the year ended March 31, 2019, the Company made a repayment of £5.3 million (\$9.3 million). The balance outstanding as of March 31, 2019, net of unamortized financing fees, was £34.3 million (\$59.7 million) [£39.4 million (C\$71.4 million) as of March 31, 2018]. The loan is repayable in instalments of principal and interest over the period ending in September 2021. The interest rate on this loan is LIBOR plus 2.125% per annum at March 31, 2019 [March 31, 2018 – LIBOR plus 3.375% per annum].

There were deferred and contingent considerations of \$22.2 million and \$108.3 million, respectively, recorded at March 31, 2019 in connection with the acquisitions of Hargreave Hale, Jitneytrade, McCarthy Taylor as well as Petsky Prunier. There was also a promissory note of \$5.8 million related to the purchase of an additional 30% interest in Canaccord Genuity (Australia) Limited during the year ended March 31, 2019. Refer to Notes 7, 8 and 12 of the audited consolidated financial statements for the year ended March 31, 2019 for further information.

Non-controlling interests were \$2.0 million at March 31, 2019 compared to \$13.6 million at March 31, 2018, which represents 15% [March 31, 2018 – 42%] of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

A subsidiary of the Company has entered into secured irrevocable standby letters of credit from a financial institution totaling \$2.8 million (US\$2.1 million) [March 31, 2018 – \$2.7 million (US\$2.0 million)] as rent guarantees for its leased premises in New York.

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of March 31, 2019, the Company had \$9.6 million of bank indebtedness outstanding [March 31, 2018 – \$nil million].

As discussed above, excluding the bank loan of £34.3 million outstanding in connection with the acquisition of Hargreave Hale, subsidiaries of the Company also have other credit facilities, such as call loans, letters of credit and overdraft facilities, with banks in Canada and the UK. The aggregate amount of other credit facilities available to the Company was \$714.0 million as of March 31, 2019 [March 31, 2018 – \$669.2 million]. As of March 31, 2019, there were no balances outstanding under these other credit facilities.

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

The following table summarizes Canaccord Genuity Group's long-term contractual obligations on March 31, 2019:

(C\$ thousands)	Total	Fiscal 2020	Fiscal 2021 – Fiscal 2022	Fiscal 2023 – Fiscal 2024	Thereafter
Premises and equipment operating leases	158,850	33,399	61,440	40,600	23,411
Bank loan ⁽¹⁾	63,833	10,945	52,888	—	—
Convertible debenture ⁽²⁾	174,200	8,295	16,590	149,315	—
Total contractual obligations	396,883	52,639	130,918	189,915	23,411

(1) Bank loan consists of £40,000,000 credit facility obtained to finance a portion of the cash consideration for the acquisition of Hargreave Hale. The bank loan bears interest at LIBOR plus 3.375% per annum and is repayable in instalments of principal and interest over four years and matures in September of 2021. The current balance outstanding is £34.3 million.

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

Liquidity and Capital Resources

The Company has a capital structure comprised of the equity portion of the convertible debentures, preferred shares, common shares, contributed surplus, warrants, retained deficit and accumulated other comprehensive income. On March 31, 2019, cash and cash equivalents were \$820.7 million, a decrease of \$42.1 million from \$862.8 million as of March 31, 2018. During the year ended March 31, 2019, financing activities used cash in the amount of \$0.3 million, mainly due to purchases of common shares for the LTIP (\$32.1 million) and cash dividends paid on the preferred and common shares (\$25.9 million), partially offset by proceeds from the issuance of convertible debentures (\$56.7 million) and an increase in bank indebtedness (\$9.6 million). Investing activities used cash in the amount of \$76.3 million mainly for the acquisitions of Jitneytrade, McCarthy Taylor and Petsky Prunier during the year, as well as the purchase of the non-controlling interest in our Australian operations. Operating activities generated cash of \$42.1 million, which was largely due to changes in non-cash working capital. A decrease in cash of \$7.7 million was attributable to the effect of foreign exchange translation on cash balances.

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

Preferred Shares

SERIES A PREFERRED SHARES

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

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

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

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

SERIES C PREFERRED SHARES

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

Quarterly cumulative cash dividends, as declared, were paid at an annual rate of 5.75% for the initial five-year period 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.

CONVERTIBLE DEBENTURES

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

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

Outstanding Share Data

	Outstanding shares as of March 31	
	2019	2018
Preferred shares		
Series A – issued shares outstanding	4,540,000	4,540,000
Series C – issued shares outstanding	4,000,000	4,000,000
Common shares		
Issued shares excluding unvested shares ⁽¹⁾	97,580,334	93,053,875
Issued shares outstanding ⁽²⁾	115,616,744	113,522,629
Issued shares outstanding – diluted ⁽³⁾	140,241,098	124,294,132
Average shares outstanding – basic	96,259,582	92,587,216
Average shares outstanding – diluted ⁽⁴⁾	130,943,743	110,862,087
Average shares outstanding – diluted, excluding significant items ⁽⁴⁾⁽⁵⁾	130,943,743	120,092,856

(1) Excludes 346 outstanding unvested shares related to share purchase loans for recruitment and 18,036,064 unvested shares purchased by the employee benefit trusts for the LTIP.

(2) Includes 346 unvested shares related to share purchase loans for recruitment and 18,036,064 unvested shares purchased by the employee benefit trusts for the LTIP.

(3) Includes 24,624,354 of share issuance commitments net of forfeitures.

(4) This is the diluted share number used to calculate diluted EPS.

(5) See Non-IFRS Measures on page 14. This is the diluted share number used to calculate diluted EPS on an excluding significant items basis.

On August 10, 2018, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,677,589 of its common shares during the period from August 15, 2018 to August 14, 2019 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the year ended March 31, 2019, there were 152,200 shares purchased and cancelled under the NCIB which commenced August 15, 2017 and ended on August 14, 2018. There were also 1,226,800 common shares that were purchased and cancelled during the current NCIB during the year ended March 31, 2019.

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

The ability to make purchases under the current NCIB commenced on August 15, 2018 and will continue for one year (to August 14, 2019) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX, the daily purchases are limited to 60,212 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX (ADTV) in the six calendar months from February 2018 to July 2018 [25% of the ADTV of 240,851]).

During the year ended March 31, 2019, the Company issued 2,331,132 shares with a value of \$16.8 million (AUD\$17.5 million) as part of the purchase consideration for the acquisition of an additional 30% of the shares in its Australian capital markets and wealth management business, Canaccord Genuity (Australia) Limited. In addition, during the year ended March 31, 2019, as part of the purchase consideration for the acquisition of Petsky Prunier, the Company issued 1,105,275 common shares for a total value of \$6.6 million (US\$5.0 million).

As of May 31, 2019, the Company has 115,616,744 common shares issued and outstanding.

ISSUANCE AND CANCELLATION OF COMMON SHARE CAPITAL

Balance, March 31, 2018	113,522,629
Shares issued in connection with share-based payment plans	36,708
Shares issued in connection with purchase of non-controlling interest	2,331,132
Shares issued in connection with acquisition of Petsky Prunier	1,105,275
Shares cancelled	(1,379,000)
Balance, March 31, 2019	115,616,744

Share-Based Payment Plans

LONG-TERM INCENTIVE PLAN

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

FORGIVABLE COMMON SHARE PURCHASE LOANS

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

REPLACEMENT PLANS

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

DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a deferred share unit (DSU) plan for its independent directors. The independent directors can elect to have fees payable to them paid in the form of DSUs or in cash. Directors must elect annually as to how they wish their directors' fees to be paid and can specify the allocation of their directors' fees between DSUs and cash. When a director leaves the Board of Directors, outstanding DSUs are paid out in cash, with the amount equal to the number of DSUs granted multiplied by the closing share price as of the end of the fiscal quarter immediately following such terminations. Under the plan, the directors are not entitled to receive any common shares in the Company, and under no circumstances will DSUs confer on any participant any of the rights or privileges of a holder of common shares.

PERFORMANCE SHARE UNITS

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

PERFORMANCE STOCK OPTIONS

On June 6, 2018, the Company created a performance share option ("PSO") plan that was approved at the Company's Annual General Meeting held on August 2, 2018. On June 14, 2018, the Company granted 5,620,000 options under the PSO plan. The options have an exercise price of \$6.73 per share. In addition, the Company granted 600,000 options on August 16, 2018 with an exercise price of \$7.067. The PSOs have a term of five years and will time-vest ratably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a four times exercise price cap on payout value (i.e., the gain on the exercise of the options is limited to three times the exercise price). The PSOs will expire on June 14, 2023.

OTHER SHARE-BASED PAYMENT PLAN

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

OTHER RETENTION AND INCENTIVE PLANS

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

Related Party Transactions

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

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

	Country of incorporation	% equity interest	
		March 31, 2019	March 31, 2018
Canaccord Genuity Corp.	Canada	100%	100%
CG Investments Inc.	Canada	100%	100%
CG Investments III Inc.	Canada	100%	100%
Jitneytrade Inc.	Canada	100%	n/a
Finlogik Inc.	Canada	100%	n/a
Finlogik Inc. Tunisia	Tunisia	75%	n/a
Canaccord Genuity SAS	France	100%	100%
Canaccord Genuity Wealth (International) Limited	Guernsey	100%	100%
Canaccord Genuity Financial Planning Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth (International) Holdings Limited	Guernsey	100%	100%
Hargreave Hale Limited	United Kingdom	100%	100%
McCarthy Taylor Ltd.	United Kingdom	100%	100%
Canaccord Genuity Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Holdings Ltd.	Canada	100%	100%
Canaccord Genuity LLC	United States	100%	100%
Canaccord Genuity Wealth Management (USA) Inc.	United States	100%	100%
Canaccord Genuity Wealth & Estate Planning Services Ltd.	Canada	100%	100%
Canaccord Genuity Petsky Prunier LLC	United States	100%	n/a
Canaccord Asset Management Inc.	Canada	100%	100%
Canaccord Adams Financial Group Inc.	United States	100%	100%
Collins Stewart Inc.	United States	100%	100%
Canaccord Adams BC ULC	Canada	100%	100%
Canaccord Genuity Finance Corp.	Canada	100%	n/a
Canaccord Adams Finance Company ULC	Canada	100%	n/a
Canaccord Adams Finance Company LLC	United States	100%	n/a
Canaccord Adams (Delaware) Inc.	United States	100%	100%
Canaccord Genuity Securities LLC	United States	100%	100%
Stockwave Equities Ltd.	Canada	100%	100%
CLD Financial Opportunities Limited	Canada	100%	100%
Canaccord Genuity (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Financial Group (Australia) Pty Ltd*	Australia	80%	50%
Canaccord Genuity (Australia) Limited*	Australia	80%	50%
Canaccord Genuity Asia (Beijing) Limited	China	100%	100%
加通亚洲（北京）投资顾问有限公司	China	100%	100%
The Balloch Group Limited	British Virgin Islands	100%	100%
Canaccord Genuity Asia (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Genuity (Dubai) Ltd.	United Arab Emirates	100%	100%
Canaccord Genuity SG Pte	Singapore	100%	100%
Canaccord Genuity Wealth Group Holdings (Jersey) Limited	Jersey	100%	100%
Canaccord Genuity Hawkpoint Limited	United Kingdom	100%	100%
Canaccord Genuity Management Company Limited	Ireland	100%	100%

* The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2019 the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd [March 31, 2018 – 58%].

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

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

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2019 and March 31, 2018.

(in thousands)	March 31, 2019	March 31, 2018
Short term employee benefits	\$ 10,167	\$ 10,515
Share-based payments	2,656	4,933
Total compensation paid to key management personnel	\$ 12,823	\$ 15,448

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

(in thousands)	March 31, 2019	March 31, 2018
Accounts receivable	\$ 837	\$ 969
Accounts payable and accrued liabilities	\$ 942	\$ 1,527

Critical Accounting Policies and Estimates

The following is a summary of Canaccord Genuity Group's critical accounting estimates. The Company's significant accounting policies are in accordance with IFRS and are described in Note 5 to the audited consolidated financial statements for the year ended March 31, 2019. The Company's consolidated financial statements for the years ended March 31, 2019 and 2018 were also prepared in accordance with IFRS.

The preparation of the March 31, 2019 audited consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs, and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisitions of McCarthy Taylor and Petsky Prunier.

Significant accounting policies used and policies requiring management's judgment and estimates are disclosed in Notes 2 and 5 of the audited consolidated financial statements for the year ended March 31, 2019.

CONSOLIDATION

The Company owns 80% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) as at March 31, 2019. The Company also completed an evaluation of its contractual arrangements with the other shareholders of CGAL and the control it has over the financial and operating policies of CGAL and determined it should consolidate under IFRS 10, "Consolidated Financial Statements" (IFRS 10), as at March 31, 2019 and 2018. Therefore, the financial position, financial performance and cash flows of CGAL have been consolidated. Although the Company owns 80% of the issued shares of CGAL as at March 31, 2019, for accounting purposes, the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. Accordingly, the Company has consolidated the entity and recognized a 15% non-controlling interest [prior to closing date of August 10, 2018 and year ended March 31, 2018 – 42%] since the closing date of August 10, 2018 of the Company's acquisition of an additional 30% interest, which represents the portion of CGAL's net identifiable assets not owned by the Company. Net income and each component of other comprehensive income are attributed to the non-controlling interest and to the owners of the parent.

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

INTANGIBLE ASSETS

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

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

The following assets have specific characteristics for impairment testing:

Goodwill

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

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

Intangible assets

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

REVENUE RECOGNITION

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

Commissions and fees revenue consist of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded net of commission revenues. Facilitation losses for the year ended March 31, 2019 were \$6.4 million [2018 – \$8.4 million]. Commissions are recognized at a point in time (trade date) as the performance obligation is satisfied.

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

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

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

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

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

INCOME TAXES

Current income tax

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

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

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

Deferred tax

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

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

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

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

Sales tax

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

SHARE-BASED PAYMENTS

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

Independent directors also receive deferred share units (DSUs) as part of their remuneration, which can only be settled in cash. For the year ended March 31, 2018, certain senior executives receive performance share units (PSUs) as part of their remuneration, which can only be settled in cash (cash-settled transactions). In addition, certain employees receive performance stock options (PSOs) which will time-vest ratably over four years and also be subject to market (stock price) performance vesting conditions.

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

Equity-settled transactions

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

Effective as of March 31, 2018 the Plan was changed so that the vesting of certain RSUs was no longer necessarily contingent upon continued employment. 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. Accordingly, RSUs granted as part of the normal course incentive compensation payment cycle are expensed in the period in which those awards are deemed to be earned with a corresponding increase in contributed surplus, which is generally the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but were determined and earned in respect of that fiscal year.

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

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

Cash-settled transactions

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

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND FOREIGN SUBSIDIARIES

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

Transactions and balances

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

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

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

Translation of foreign subsidiaries

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

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

PROVISIONS

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

Financial Instruments

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

The use of financial instruments may either introduce or mitigate exposures to market, credit and/or liquidity risks. See Risk Management in this MD&A for details on how these risks are managed. For significant assumptions made in determining the valuation of financial and other instruments, refer to Critical Accounting Policies and Estimates in this MD&A. For additional information regarding the Company's financial instruments, refer to Note 7 of the audited consolidated financial statements for the year ended March 31, 2019.

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. On March 31, 2019, forward contracts outstanding to sell US dollars had a notional amount of US\$0.2 million, a decrease of US\$17.5 million compared to March 31, 2018. Forward contracts outstanding to buy US dollars had a notional amount of US\$5.7 million, an increase of US\$3.6 million from March 31, 2018. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Hong Kong and China are conducted in the local currency; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of the transaction are typically in the local currency.

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

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

FUTURES

The Company's Canadian operations are involved in trading various futures contracts, in an attempt to mitigate market risk, interest rate risk, yield curve risk and liquidity risk. Futures contracts are agreements to buy or sell a standardized amount of an underlying asset, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations have traditionally engaged in the trading of Canadian and US government bond futures contracts to mitigate its risk. At March 31, 2019, the notional amount of the bond futures contracts outstanding was long \$0.1 million [March 31, 2018 – long \$0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. There were no outstanding US Treasury futures contracts outstanding as at March 31, 2019 and March 31, 2018.

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

Adoption of New and Revised Standards

IFRS 9, "FINANCIAL INSTRUMENTS"

On April 1, 2018, the Company adopted IFRS 9, "*Financial Instruments*" (IFRS 9), which replaces IAS 39 – "*Financial Instruments: Recognition and Measurement*" (IAS 39). The Company adopted the standard using the modified retrospective approach. The adoption of IFRS 9 did not have a significant effect on the Company's measurement of financial assets and liabilities.

The following summarizes the impact of IFRS 9 on the audited consolidated financial statements for the year ended March 31, 2019:

Classification – financial assets and liabilities

IFRS 9 sets out requirements for recognizing and measuring financial assets and financial liabilities. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

On initial recognition, financial assets are classified as instruments measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification is based on two criteria: the Company's business approach for managing the financial assets; and whether the instruments' contractual cash flows result in cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion). The business approach considers whether the Company's objective is to receive cash flows from holding the financial assets, from selling the assets or a combination of both.

- Amortized costs – A financial asset is measured at amortized cost if it is held within a business model that has an objective to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Items included in this category include cash and cash equivalents and accounts receivable.
- FVOCI – A financial asset is classified as FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset result in cash flows that are SPPI. Included in the FVOCI category is our investment in Euroclear, which was previously classified as available for sale under IAS 39. There are no other financial assets classified as FVOCI.
- All other financial assets are measured at FVTPL and consist of marketable securities owned and sold short.

The Company reclassifies financial assets only when its business approach for managing those assets changes.

Impairment – financial assets

The adoption of IFRS 9 changed the Company's accounting for impairment loss for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. Under the ECL model, the Company has to record an allowance for ECL either based on a 12-month ECL or on a lifetime ECL. ECLs are recognized on the following basis:

- A maximum 12-month allowance for ECL is recognized from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.
- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments' initial recognition, reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.
- A lifetime ECL allowance is recognized for credit-impaired financial instruments.

IFRS 9 also provides a simplified approach to ECLs for trade receivables that is based on the adoption of a valuation policy which utilizes an entity's historic loss experience by age banding, adjusted for forward-looking estimates and other considerations as applicable.

The Company's accounts receivables are classified as financial assets measured at amortized cost and are subject to the new ECL model. Accounts receivable includes trade receivables from clients and brokers and dealers. All our corporate finance and client receivables have a maturity of less than 12 months from initial recognition, therefore the allowance is limited to 12-month ECLs. The Company established a valuation policy that is based on its historical credit loss experience adjusted for forward-looking factors or other considerations as appropriate. The impact of the provision is not considered to have a significant impact on our consolidated financial statements for the year ended March 31, 2019.

Hedge accounting

IFRS 9 offers greater flexibility to the types of transactions eligible for hedge accounting. As the Company currently does not have any material position that qualifies for hedge accounting under IAS 39 and IFRS 9, the adoption of IFRS 9 does not have any material impact on our consolidated financial statements for the year ended March 31, 2019.

IFRS 15, "REVENUE FROM CONTRACTS WITH CUSTOMERS"

On April 1, 2018, the Company adopted IFRS 15, "*Revenue from Contracts with Customers*" (IFRS 15), using the modified retrospective approach. IFRS 15 replaces IAS 18, "Revenue" (IAS 18), and establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Under IFRS 15, the initial steps in revenue recognition are to identify the appropriate contracts with customers and define the performance obligations in the contracts. Revenue is recognized when the performance obligations are satisfied, which is when control of goods or services transfers to the customers. IFRS 15 also requires the transaction price to be allocated to each separate performance obligation in proportion to stand-alone selling prices. In addition, variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The impact on adoption of IFRS 15 on the Company's standard revenue contracts are as follows:

- **Commissions and fees** – Commission and fees revenue consists of revenue generated through commission-based brokerage services and the sale of fee-based products and services. As discussed above, IFRS 15 requires entities to recognize revenue when control of goods or services transfers to the customers whereas IAS 18 required entities to recognize revenue when the risk and rewards of the goods or services are transferred to the customers. The performance obligation for the recognition of commission and fees revenue is satisfied through the settlement of trades for clients. There is no material change in the amount or timing of revenue recognized under IFRS 15 compared to IAS 18 as the point of transfer of risk and reward for services and transfer of control occur at the same time. Also included within commission and fees is revenue earned in relation to the supply of the Company's research, which is recognized over time in line with the satisfaction of the performance obligation.
- **Investment banking** – Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. There is no material impact on the recognition of investment banking revenue under IFRS 15 compared to IAS 18. Under IAS 18, revenue was recognized upon closing of the underwriting mandate, which also represents completion of the performance obligation under IFRS 15.
- **Advisory fees** – Advisory fees consist of management and advisory fees, including fees from mergers and acquisition activities. The performance obligation for the recognition of advisory fees revenue is met when the underlying transaction is substantially completed under the engagement terms and the related revenue is reasonably determinable. In certain cases, some fees are collected based on progress and do not correspond to the satisfaction of any discrete performance obligation. Under IFRS 15, such payments may need to be deferred or recognized on an amortized basis until the performance obligation is satisfied. The impact of this change on the opening retained earnings as of April 1, 2018 and for the year ended March 31, 2019 is insignificant.
- The following revenue types are excluded from the scope of IFRS 15: Principal trading revenue which consists of revenue earned in connection with principal trading operations, interest revenue, as well as other revenue consisting of foreign exchange gains or losses and revenue earned from our correspondent brokerage services.

Future Changes in Accounting Policies and Estimates

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

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, which may be reasonably expected to impact upon the Company's financial statements, but which are not yet effective are listed below.

IFRS 16, "LEASES"

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

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

The Company will implement IFRS 16 for its fiscal year ending March 31, 2020 and has elected to adopt IFRS 16 using the modified retrospective method with no restatement of prior year comparatives. Upon adoption of IFRS 16 on April 1, 2019, the Company is required to recognize both a right of use (ROU) asset and a corresponding lease liability for each lease (subject to the low-value and short-term exemptions noted above). Lease liabilities will initially be calculated at the present value of expected lease payments and a transition option allows for the recognition of a ROU asset at the same value. The Company is in the process of finalizing its calculation of the right of use asset and corresponding lease liabilities to be recognized in the consolidated statement of financial position upon adoption of IFRS 16.

Please see Note 4 of the audited consolidated financial statements for the year ended March 31, 2019 for further information.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of March 31, 2019, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President, Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President, Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of and during the fiscal year ended March 31, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the President & CEO and the Executive Vice President, Chief Financial Officer, has designed internal control over financial reporting as defined under *National Instrument 52-109* to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Based on that evaluation, the President & CEO and the Executive Vice President, Chief Financial Officer concluded that the Company's internal control over financial reporting was designed and operating effectively as of and during the year ended March 31, 2019 and that there were no material weaknesses in our internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in internal control over financial reporting that occurred during the year ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risk Management

OVERVIEW

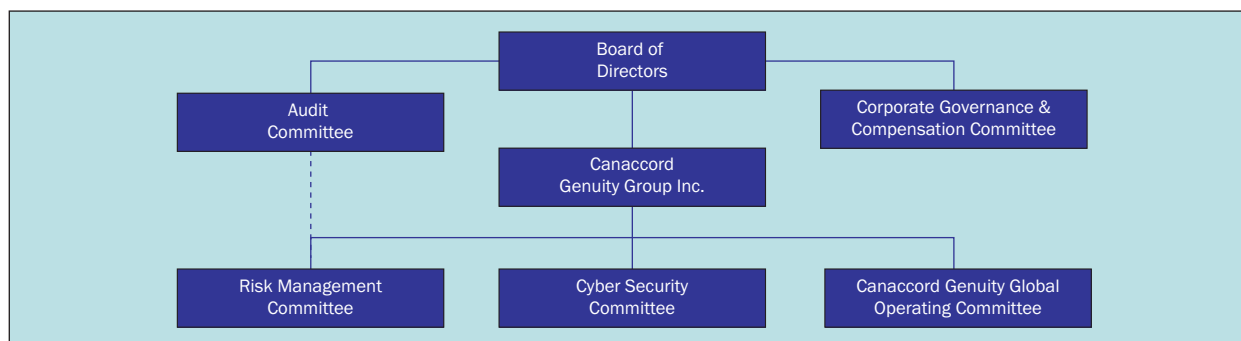
Uncertainty and risk are inherent when conducting operations within financial markets. As an active participant in the Canadian and international capital markets, the Company is exposed to risks that could result in financial losses. The Company has identified its principal risks as: market risk, credit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

RISK MANAGEMENT STRUCTURE AND GOVERNANCE

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

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

The Company's governance structure includes the following elements:



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

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

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

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

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

MARKET RISK

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

The Company is exposed to equity price risk, liquidity risk and volatility risk as a result of its principal trading activities in listed options and equity securities. The Company is also exposed to specific interest rate risk, credit spread risk and liquidity risk in respect of its principal trading in fixed income securities. In addition to active supervision and review of trading activities by senior management, Canaccord Genuity Group mitigates its risk exposure through a variety of limits to control concentration, capital allocation and usage, as well as through trading policies and guidelines. The Company manages and monitors its risks in this area using both qualitative and quantitative measures, on a company-wide basis, as well as by trading desk. Canaccord Genuity Group utilizes scenario analysis and a Value-at-Risk (VaR) risk measurement system for its equity and fixed income and derivative 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 recently acquired Jitneytrade and Canaccord Genuity Wealth Management business segments, including 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 Committee meets regularly to review and discuss the firm's credit risks, including large individual loans, collateral quality, loan coverage ratios and concentration risk. The Committee will also meet, as required, to discuss any new loan arrangements proposed by senior management.

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

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

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

OPERATIONAL RISK

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

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

Risk and Control Self-Assessment (RCSA)

The purpose of RCSAs is to:

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

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

OTHER RISKS

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

Regulatory and legal risk

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

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

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

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

Cybersecurity risk

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

Reputational risk

Reputational risk is the risk that an activity undertaken, or alleged to have been undertaken, by an organization or its representatives will impair its image in the community or lower public confidence in it, resulting in a loss of revenue, legal action or increased regulatory oversight. Possible sources of reputational risk could come from operational failures, non-compliance with laws and regulations, disparaging traditional or online media coverage, or leading an unsuccessful financing. The Company could face reputational risk through its association with past or present corporate finance clients who are the subject of regulatory and/or legal scrutiny. Reputational risk can also be reflected within customer satisfaction and external ratings, such as equity analyst reports. In addition to its various risk management policies, controls and procedures, the Company has a formal Code of Business Conduct and Ethics 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, 2019, senior officers and directors of the Company collectively owned approximately 10.4% of the issued and outstanding (16.3% fully diluted) common shares of Canaccord Genuity Group Inc. If a sufficient number of these shareholders act or vote together, they will have the power to exercise significant influence over all matters requiring shareholder approval, including the election of the Company's directors, amendments to its articles, amalgamations and plans of arrangement under Canadian law and mergers or sales of substantially all of its assets. This could prevent Canaccord Genuity Group from entering into transactions that could be beneficial to the Company or its other shareholders. Also, third parties could be discouraged from making a tender offer or takeover bid to acquire any or all of the outstanding common shares of the Company.

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

Restrictions on ownership and transfer of common shares

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

Risk factors

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

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

Dividend Policy

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

Dividend Declaration

On June 5, 2019, the Board of Directors approved a dividend of \$0.17 per common share, payable on July 2, 2019, with a record date of June 21, 2019. This dividend is comprised of a \$0.01 base quarterly dividend and a \$0.16 supplemental dividend as outlined below.

The Company's fiscal 2019 dividend policy which was first adopted for the fiscal year ended March 31, 2017, was to pay a quarterly dividend of \$0.01 per common share, and following the end of each fiscal year, pay a supplemental dividend. Supplemental dividends, if declared, would be variable from year to year. In accordance with this policy, a supplemental dividend for fiscal 2019 was declared as described above.

On June 5, 2019, with the increasing stability in the Company's wealth management business and its expected growth profile, the Board of Directors implemented a new dividend policy pursuant to which the Company intends to pay a quarterly dividend of at least \$0.05 per share subject to the conditions described below. This new dividend policy will take effect for the first quarter of fiscal 2020. With this new policy, the Company will no longer pay a supplemental dividend at the end of each fiscal year but instead will adjust the regular quarterly dividend as appropriate in accordance with the factors described under "Dividend Policy" above and with a strategy that the Company expects will lead to growth in the quarterly dividend amount.

On June 5, 2019, the Board of Directors approved the following cash dividends: \$0.24281 per Series A Preferred Share payable on July 2, 2019 with a record date of June 21, 2019; and \$0.31206 per Series C Preferred Share payable on July 2, 2019 with a record date of June 21, 2019.

Additional Information

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

Independent Auditors' Report

To the Shareholders of
Canaccord Genuity Group Inc.

Opinion

We have audited the consolidated financial statements of **Canaccord Genuity Group Inc.** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2019 and 2018, and the consolidated statements of operations, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Canaccord Genuity Group Inc.** as at March 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Andre de Haan.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
June 5, 2019

Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	March 31, 2019	March 31, 2018
ASSETS			
Current			
Cash and cash equivalents		\$ 820,739	\$ 862,838
Securities owned	6, 7	690,499	469,217
Accounts receivable	9, 22	2,656,664	2,215,837
Income taxes receivable		2,502	1,170
Total current assets		4,170,404	3,549,062
Deferred tax assets	14	22,117	19,941
Investments	10	6,224	2,035
Equipment and leasehold improvements	11	25,792	30,967
Intangible assets	13	154,521	160,757
Goodwill	13	370,236	257,974
Total assets		\$ 4,749,294	\$ 4,020,736
LIABILITIES AND EQUITY			
Current			
Bank indebtedness	7	\$ 9,639	\$ —
Securities sold short	6, 7	373,419	301,006
Accounts payable and accrued liabilities	9, 22	3,123,765	2,638,954
Provisions	26	18,212	8,428
Income taxes payable		5,415	7,851
Subordinated debt	15	7,500	7,500
Current portion of bank loan	16	9,294	9,679
Total current liabilities		3,547,244	2,973,418
Deferred tax liabilities	14	7,978	13,715
Convertible debentures	17	127,225	57,081
Deferred consideration	7, 12	22,225	9,997
Contingent consideration	7, 12	108,319	49,844
Promissory note	7, 8	5,832	—
Other long-term liability	21	1,741	—
Bank loan	16	50,370	61,758
Total liabilities		3,870,934	3,165,813
Equity			
Preferred shares	18	205,641	205,641
Common shares	19	672,896	649,846
Equity portion of convertible debentures	17	5,156	2,604
Warrants	19	1,975	1,975
Contributed surplus		124,710	145,426
Retained deficit		(237,770)	(277,472)
Accumulated other comprehensive income		103,755	113,332
Total shareholders' equity		876,363	841,352
Non-controlling interests	8	1,997	13,571
Total equity		878,360	854,923
Total liabilities and shareholders' equity		\$ 4,749,294	\$ 4,020,736

See accompanying notes

On behalf of the Board:

"Daniel Daviau"

DANIEL DAVIAU
Director

"Terrence A. Lyons"

TERRENCE A. LYONS
Director

Consolidated Statements of Operations

For the years ended (in thousands of Canadian dollars, except per share amounts)	Notes	March 31, 2019	March 31, 2018
REVENUE			
Commissions and fees		\$ 556,475	\$ 461,937
Investment banking		294,241	282,195
Advisory fees		142,228	122,372
Principal trading		125,830	113,921
Interest		51,008	27,875
Other		20,785	14,577
		1,190,567	1,022,877
EXPENSES			
Incentive compensation		599,867	574,969
Salaries and benefits		116,758	99,239
Trading costs		83,577	68,209
Premises and equipment		41,719	39,605
Communication and technology		64,930	56,346
Interest		25,453	18,437
General and administrative		100,768	83,982
Amortization	11, 13	24,280	24,007
Development costs		15,513	7,664
Restructuring costs	26	13,070	7,643
Acquisition-related costs		3,064	6,732
Loss on extinguishment of convertible debentures	17	8,608	—
Share of loss of an associate		304	298
		\$ 1,097,911	\$ 987,131
Income before income taxes		92,656	35,746
Income tax expense (recovery)	14		
Current		31,611	20,620
Deferred		(10,537)	(1,951)
		21,074	18,669
Net income for the year		\$ 71,582	\$ 17,077
Net income attributable to:			
CGI shareholders		\$ 70,530	\$ 13,024
Non-controlling interests	8	\$ 1,052	\$ 4,053
Weighted average number of common shares outstanding (thousands)			
Basic	19	96,260	92,587
Diluted	19	130,944	110,862
Income per common share			
Basic	19	\$ 0.58	\$ 0.04
Diluted	19	\$ 0.48	\$ 0.03
Dividend per Series A Preferred Share	20	\$ 0.97	\$ 0.97
Dividend per Series C Preferred Share	20	\$ 1.25	\$ 1.25
Dividend per common share	20	\$ 0.20	\$ 0.15

See accompanying notes

Consolidated Statements of Comprehensive Income

For the years ended (in thousands of Canadian dollars)	March 31, 2019	March 31, 2018
Net income for the year	\$ 71,582	\$ 17,077
Other comprehensive income		
Net change in valuation of available for sale investments, net of tax	443	2,993
Net change in unrealized (losses) gains on translation of foreign operations, net of tax	(9,448)	15,671
Comprehensive income for the year	\$ 62,577	\$ 35,741
Comprehensive income attributable to:		
CGGI shareholders	\$ 60,953	\$ 31,086
Non-controlling interests	\$ 1,624	\$ 4,655

See accompanying notes

Consolidated Statements of Changes in Equity

As at and for the years ended (in thousands of Canadian dollars)	Notes	March 31, 2019	March 31, 2018
Preferred shares, opening and closing	18	\$ 205,641	\$ 205,641
Common shares, opening		649,846	641,449
Shares issued in connection with share-based payments		331	101
Acquisition of common shares for long-term incentive plan (LTIP)		(32,073)	(28,093)
Release of vested common shares from employee benefit trusts		39,322	32,121
Shares issued in connection with purchase of non-controlling interests	8	16,807	—
Shares issued in connection with acquisition of Petsky Prunier	12	6,631	—
Shares cancelled		(9,419)	—
Net unvested share purchase loans		1,451	4,268
Common shares, closing	19	672,896	649,846
Warrants, opening and closing		1,975	1,975
Convertible debentures – equity, opening		2,604	2,604
Equity portion of convertible debentures issued during the period, net of tax		2,552	—
Convertible debentures – equity, closing		5,156	2,604
Contributed surplus, opening		145,426	85,405
Share-based payments, net		7,306	60,460
Shares cancelled		827	—
Purchase of non-controlling interests		(27,315)	—
Unvested share purchase loans		(1,058)	(1,427)
Change in deferred tax asset relating to share-based payments		(476)	988
Contributed surplus, closing		124,710	145,426
Retained deficit, opening		(277,472)	(267,559)
Net income attributable to CGGI shareholders		70,530	13,024
Common share dividends	20	(16,534)	(13,344)
Preferred share dividends	20	(9,402)	(9,593)
Equity portion of loss on extinguishment of convertible debentures	17	(4,892)	—
Retained deficit, closing		(237,770)	(277,472)
Accumulated other comprehensive income, opening		113,332	95,270
Other comprehensive (loss) income attributable to CGGI shareholders		(9,577)	18,062
Accumulated other comprehensive income, closing		103,755	113,332
Total shareholders' equity		876,363	841,352
Non-controlling interests, opening		13,571	11,858
Foreign exchange on non-controlling interests		(777)	503
Comprehensive income attributable to non-controlling interests		1,624	4,655
Purchase of non-controlling interests		(9,697)	—
Dividends paid to non-controlling interests		(2,724)	(3,445)
Non-controlling interests, closing		1,997	13,571
Total equity		\$ 878,360	\$ 854,923

See accompanying notes

Consolidated Statements of Cash Flows

For the years ended (in thousands of Canadian dollars)	Notes	March 31, 2019	March 31, 2018
OPERATING ACTIVITIES			
Net income for the year		\$ 71,582	\$ 17,077
Items not affecting cash			
Amortization	11, 13	24,280	24,007
Deferred income tax recovery		10,537	(1,951)
Share-based compensation expense	21	49,500	95,357
Loss on extinguishment of convertible debentures	17	8,608	—
Share of loss of associate		304	298
Changes in non-cash working capital			
(Increase) decrease in securities owned		(221,282)	314,871
(Increase) decrease in accounts receivable		(446,453)	1,185,922
(Increase) decrease in income taxes receivable, net		(10,227)	8,582
Increase (decrease) in securities sold short		72,413	(344,736)
Increase (decrease) in accounts payable, accrued liabilities and provisions		482,886	(1,055,366)
Cash provided by operating activities		42,148	244,061
FINANCING ACTIVITIES			
Increase (decrease) in bank indebtedness		9,639	(25,280)
Purchase of shares for cancellation		(8,592)	—
Acquisition of common shares for long-term incentive plan		(32,073)	(28,093)
Proceeds from convertible debentures		56,699	—
Proceeds from bank loan		—	66,016
Cash dividends paid on common shares		(16,534)	(13,345)
Cash dividends paid on preferred shares		(9,402)	(9,592)
Cash used in financing activities		(263)	(10,294)
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(4,382)	(6,311)
Acquisition of Hargreave Hale Limited, net of cash acquired		—	(54,051)
Investment in associate		(2,500)	(2,500)
Acquisition of Jitneytrade Inc. and Finlogik Inc., net of cash acquired		(7,545)	—
Purchase of non-controlling interests		(14,431)	—
Purchase of investments		(4,063)	—
Acquisition of McCarthy Taylor Limited, net of cash acquired		(3,611)	—
Acquisition of Petsky Prunier LLC, net of cash acquired		(39,783)	—
Purchase of intangible assets		—	(795)
Cash used in investing activities		(76,315)	(63,657)
Effect of foreign exchange on cash balances		(7,669)	14,959
(Decrease) increase in cash position		(42,099)	185,069
Cash position, beginning of year		862,838	677,769
Cash position, end of year		820,739	862,838
Supplemental cash flow information			
Interest received		\$ 51,429	\$ 27,900
Interest paid		\$ 23,396	\$ 17,470
Income taxes paid		\$ 38,464	\$ 24,023

See accompanying notes

Notes to Consolidated Financial Statements

As at March 31, 2019 and March 31, 2018
and for the years ended March 31, 2019 and 2018
(in thousands of Canadian dollars, except per share amounts)

NOTE 01

Corporate Information

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

Canaccord Genuity Group Inc. was incorporated on February 14, 1997 by the filing of a memorandum and articles with the Registrar of Companies for British Columbia under the *Company Act* (British Columbia) and continues in existence under the *Business Corporations Act* (British Columbia). The Company's head office is located at Suite 2200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1H2. The Company's registered office is located at Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

The Company's common shares are publicly traded under the symbol CF on the Toronto Stock Exchange (TSX). The Company's Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. The Company's Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C. The Company's 6.25% Convertible Unsecured Senior Subordinated Debentures are listed on the TSX under the symbol CF.DA.A.

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

NOTE 02

Basis of Preparation

STATEMENT OF COMPLIANCE

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

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

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

These audited consolidated financial statements were authorized for issuance by the Company's Board of Directors on June 5, 2019.

PRINCIPLES OF CONSOLIDATION

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

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

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

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

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure

of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs, and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Jitneytrade Inc. and Finlogik Inc., McCarthy Taylor Ltd. (McCarthy Taylor) and Petsky Prunier LLC (Petsky Prunier) (Note 12).

Consolidation

The Company owns 80% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) as at March 31, 2019. The Company also completed an evaluation of its contractual arrangements with the other shareholders of CGAL and the control it has over the financial and operating policies of CGAL and determined it should consolidate under IFRS 10, "Consolidated Financial Statements" (IFRS 10), as at March 31, 2019 and 2018. Therefore, the financial position, financial performance and cash flows of CGAL have been consolidated. Although the Company owns 80% of the issued shares of CGAL as at March 31, 2019, for accounting purposes, the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. Accordingly, the Company has consolidated the entity and recognized a 15% non-controlling interest (prior to closing date of August 10, 2018 and year ended March 31, 2018 – 42%) since the closing date of August 10, 2018 of the Company's acquisition of an additional 30% interest, which represents the portion of CGAL's net identifiable assets not owned by the Company. Net income and each component of other comprehensive income are attributed to the non-controlling interest and to the owners of the parent.

The Company has employee benefit trusts, which are considered SPEs (Note 21), to fulfill obligations to employees arising from the Company's share-based payment plans. The employee benefit trusts have been consolidated in accordance with IFRS 10 since their activities are conducted on behalf of the Company, and the Company retains the majority of the benefits and risks of the employee benefit trusts.

Revenue recognition

Revenue is recognized to the extent that it is probable that the Company has an enforceable right to payment for performance completed to date and that a transaction price can be reliably measured. Estimation may be required to determine the amount of revenue that can be recognized and also the timing of the substantial completion of the performance obligations of the underlying investment banking or advisory transactions.

Share-based payments

The Company measures the cost of equity-settled and cash-settled transactions with employees and directors based on the fair value of the awards granted. The fair value is determined based on the observable share prices or by using an appropriate valuation model. The use of option pricing models to determine the fair value requires the input of highly subjective assumptions including the expected price volatility, expected forfeitures, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates. The assumptions and models used for estimating the fair value of share-based payments, if and as applicable, are disclosed in Note 21.

Income taxes and valuation of deferred taxes

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

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

Impairment of goodwill and indefinite life intangible assets

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

In determining the recoverable amount, which is the higher of fair value less costs to sell (FVLCS) and value-in-use, management uses valuation models that consider such factors as projected earnings, price-to-earnings multiples, relief of royalties related to brand names and discount rates. Management must apply judgment in the selection of the approach to determining the

recoverable amount and in making any necessary assumptions. These judgments may affect the recoverable amount and any resulting impairment write-down. The key assumptions used to determine recoverable amounts for the different cash-generating units are disclosed in Note 13.

Impairment of other long-lived assets

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

Allowance for credit losses

The Company records allowances for credit losses associated with clients' receivables, loans, advances and other receivables based on a forward-looking, expected credit loss approach (ECL). The Company establishes an allowance for credit losses in accordance with management's valuation policy based on its historical credit loss experience adjusted for forward-looking factors or other considerations as appropriate. Judgment is required as to the timing of establishing an allowance for credit losses and the amount of the required specific allowance, taking into consideration counterparty creditworthiness, current economic trends and past experience. Clients' receivable balances are generally collateralized by securities; therefore, any provision is generally measured after considering the market value of the collateral, if any.

Fair value of financial instruments

The Company measures a number of its financial instruments at fair value as discussed in Note 7. Fair value is determined based on market prices from independent sources, if available. If there is no available market price, then the fair value is determined by using valuation models. The inputs to these models, such as expected volatility and liquidity discounts, are derived from observable market data where possible; but where observable data is not available, judgment is required to select or determine inputs to a fair value model.

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

Provisions

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

NOTE 03

Adoption of New and Revised Standards

IFRS 9, "Financial Instruments"

On April 1, 2018, the Company adopted IFRS 9, "Financial Instruments" (IFRS 9), which replaces IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). The Company adopted the standard using the modified retrospective approach. The adoption of IFRS 9 did not have a significant effect on the Company's measurement of financial assets and liabilities.

The following summarizes the impact of IFRS 9 on the consolidated financial statements for the year ended March 31, 2019:

Classification – financial assets and liabilities

IFRS 9 sets out requirements for recognizing and measuring financial assets and financial liabilities. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

On initial recognition, financial assets are classified as instruments measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification is based on two criteria: the Company's business approach for managing the financial assets; and whether the instruments' contractual cash flows result in cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion). The business approach considers whether the Company's objective is to receive cash flows from holding the financial assets, from selling the assets or a combination of both.

- Amortized costs – A financial asset is measured at amortized cost if it is held within a business model that has an objective to hold financial assets to collect contractual cash flows; and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Items included in this category include cash and cash equivalents and accounts receivable.

- FVOCI – A financial asset is classified as FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset result in cash flows that are SPPI. Included in the FVOCI category is our investment in Euroclear, which was previously classified as available for sale under IAS 39. There are no other financial assets classified as FVOCI.
- All other financial assets are measured at FVTPL and consist of marketable securities owned and sold short.

The Company reclassifies financial assets only when its business approach for managing those assets changes.

Impairment – financial assets

The adoption of IFRS 9 changed the Company's accounting for impairment loss for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. Under the ECL model, the Company has to record an allowance for ECL either based on a 12-month ECL or on a lifetime ECL. ECLs are recognized on the following basis:

- A maximum 12 month allowance for ECL is recognized from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring.
- A lifetime ECL allowance is recognized if a significant increase in credit risk is detected subsequent to the instruments' initial recognition, reflecting lifetime cash shortfalls that would result over the expected life of a financial instrument.
- A lifetime ECL allowance is recognized for credit-impaired financial instruments.

IFRS 9 also provides a simplified approach to ECLs for trade receivables that is based on the adoption of a valuation policy which utilizes an entity's historic loss experience by age banding, adjusted for forward-looking estimates and other considerations as applicable.

The Company's accounts receivables are classified as financial assets measured at amortized costs and are subject to the new ECL model. Accounts receivable includes trade receivables from clients and brokers and dealers. All our corporate finance and client receivables have a maturity of less than 12 months from initial recognition, therefore the allowance is limited to 12-month ECLs. The Company established a valuation policy that is based on its historical credit loss experience adjusted for forward-looking factors or other considerations as appropriate. The impact of the provision is not considered to have a significant impact to our consolidated financial statements for the year ended March 31, 2019.

Hedge accounting

IFRS 9 offers greater flexibility to the types of transactions eligible for hedge accounting. As the Company currently does not have any material position that qualifies for hedge accounting under IAS 39 and IFRS 9, the adoption of IFRS 9 does not have any material impact on our consolidated financial statements for the year ended March 31, 2019.

IFRS 15, "Revenue from Contracts with Customers"

On April 1, 2018, the Company adopted IFRS 15, "Revenue from Contracts with Customers" (IFRS 15), using the modified retrospective approach. IFRS 15 replaces IAS 18, "Revenue" (IAS 18), and establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Under IFRS 15, the initial steps in revenue recognition are to identify the appropriate contracts with customers and define the performance obligations in the contracts. Revenue is recognized when the performance obligations are satisfied, which is when control of goods or services transfers to the customers. IFRS 15 also requires the transaction price to be allocated to each separate performance obligation in proportion to stand-alone selling prices. In addition, variable consideration should only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The impact on adoption of IFRS 15 on the Company's standard revenue contracts are as follows:

- Commissions and fees – Commission and fees revenue consists of revenue generated through commission-based brokerage services and the sale of fee-based products and services. As discussed above, IFRS 15 requires entities to recognize revenue when control of goods or services transfers to the customers whereas IAS 18 required entities to recognize revenue when the risk and rewards of the goods or services are transferred to the customers. The performance obligation for the recognition of commission and fees revenue is satisfied through the settlement of trades for clients. There is no material change in the amount or timing of revenue recognized under IFRS 15 compared to IAS 18 as the point of transfer of risk and reward for services and transfer of control occur at the same time. Also included within commission and fees is revenue earned in relation to the supply of the Company's research, which is recognized over time in line with the satisfaction of the performance obligation.
- Investment banking – Investment banking revenue consists of underwriting fees and commissions earned on corporate finance activities. There is no material impact on the recognition of investment banking revenue under IFRS 15 compared to IAS 18. Under IAS 18, revenue was recognized upon closing of the underwriting mandate, which also represents completion of the performance obligation under IFRS 15.
- Advisory fees – Advisory fees consist of management and advisory fees, including fees from mergers and acquisition activities. The performance obligation for the recognition of advisory fees revenue is met when the underlying transaction is

substantially completed under the engagement terms and the related revenue is reasonably determinable. In certain cases, some fees are collected based on progress and do not correspond to the satisfaction of any discrete performance obligation. Under IFRS 15, such payments may need to be deferred or recognized on an amortized basis until the performance obligation is satisfied. The impact of this change on the opening retained earnings as of April 1, 2018 and for the year ended March 31, 2019 is insignificant.

- The following revenue types are excluded from the scope of IFRS 15: Principal trading revenue which consists of revenue earned in connection with principal trading operations, interest revenue, as well as other revenue consisting of foreign exchange gains or losses and revenue earned from our correspondent brokerage services.

NOTE 04 Future Changes in Accounting Policies

Standards issued but not yet effective

Standards issued, which may be reasonably expected to impact upon the Company's financial statements, but which are not yet effective are listed below.

IFRS 16, "Leases"

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

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

The Company will implement IFRS 16 for its fiscal year ending March 31, 2020 and has elected to adopt IFRS 16 using the modified retrospective method with no restatement of prior year comparatives. Upon adoption of IFRS 16 on April 1, 2019, the Company is required to recognize both a right of use (ROU) asset and a corresponding lease liability for each lease (subject to the low-value and short-term exemptions noted above). Lease liabilities will initially be calculated at the present value of expected lease payments and a transition option allows for the recognition of a ROU asset at the same value. The Company is in the process of finalizing its calculation of the right of use asset and corresponding lease liabilities to be recognized in the consolidated statement of financial position upon adoption of IFRS 16.

NOTE 05 Summary of Significant Accounting Policies

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND FOREIGN SUBSIDIARIES

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

Transactions and balances

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

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

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

Translation of foreign subsidiaries

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

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

INTANGIBLE ASSETS

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

The useful lives of identifiable intangible assets are assessed to be either finite or indefinite. Identifiable intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the identifiable intangible asset may be impaired. The amortization period and the amortization method for an identifiable intangible asset are reviewed at least annually, at each financial year end.

Identifiable intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually.

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 80% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), Eden Financial, Hargreave Hale, McCarthy Taylor and Petsky Prunier are customer relationships, non-competition agreements, trading licenses, fund management contract and technology, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. Branding acquired through the acquisition of Genuity is considered to have an indefinite life, as it will provide benefit to the Company over a continuous period. Software under development or acquired is amortized over its useful life once the asset is available for use. The estimated amortization periods of the amortizable intangible assets are as follows:

	Acquired in business combinations						Internally developed or acquired	
	Genuity	Canaccord Genuity Australia	CSHP	Eden Financial	Hargreave Hale	McCarthy Taylor	Petsky Prunier	Software
Brand names	indefinite	n/a	n/a	n/a	n/a	n/a	3 years	n/a
Customer relationships	11 years	5 years	8 to 24 years	8 years	11.5 to 12.5 years	12.8 years	n/a	n/a
Non-competition agreements	5 years	4.5 years	n/a	n/a	n/a	n/a	n/a	n/a
Technology	n/a	n/a	3 years	n/a	n/a	n/a	n/a	10 years
Fund management contract	n/a	n/a	n/a	n/a	10.5 years	n/a	n/a	n/a
Contract book	n/a	n/a	n/a	n/a	n/a	n/a	0.9 years	n/a
Favourable lease	n/a	n/a	n/a	n/a	n/a	n/a	2.5 years	n/a

Internally developed or acquired software

Expenditures towards the development or acquisition of projects are recognized as intangible assets when the Company can demonstrate that the technical feasibility of the assets for use has been established. The assets are carried at cost less any accumulated amortization and accumulated impairment losses in accordance with IAS 38, "Intangible Assets". Capitalized costs are expenditures directly attributable to the software development, such as employment, consulting or professional fees. Amortization of the assets begins when development is complete, and the assets are available for use. The assets are amortized over the period of expected future benefit.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

Impairment losses are recognized in the consolidated statements of operations.

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

The following assets have specific characteristics for impairment testing:

Goodwill

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

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

Intangible assets

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

CASH AND CASH EQUIVALENTS

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

FINANCIAL INSTRUMENTS

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

[i] Financial assets

Initial recognition and measurement

On initial recognition, financial assets are classified as instruments measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification is based on two criteria: the Company's business approach for managing the financial assets; and whether the instruments' contractual cash flows result in cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion).

The business approach considers whether the Company's objective is to receive cash flows from holding the financial assets, from selling the assets or a combination of both.

Classification and subsequent measurement

Financial assets classified as fair value through profit and loss (FVTPL)

Financial assets are classified as FVTPL when they either fail the contractual cash flow test or are held in a business model in which the aim is to realize the asset's value through a short-term sale. Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognized in the statement of operations. The net gain or loss recognized in the statement of operations includes any dividend or interest earned on the financial asset. Financial assets measured at FVTPL consist of marketable securities owned and sold short.

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

Financial assets classified as fair value through other comprehensive income (FVOCI)

A financial asset is classified as FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Included in the FVOCI category is our investment in Euroclear, which was previously classified as available for sale under IAS 39. There are no other financial assets classified as FVOCI.

Financial assets classified as amortized costs

A financial asset is measured at amortized cost if it is held within a business model that has an objective to hold financial assets to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that meet the SPPI criteria. Items included in this category include cash and cash equivalents and accounts receivable.

Under IAS 39, the Company classified its financial instruments as fair value through profit or loss, available for sale, held to maturity and loans and receivables. Financial assets classified as fair value through profit or loss included financial assets held for trading and financial assets designated upon initial recognition as fair value through profit or loss with unrealized gains (losses) recognized in the consolidated statements of operations. Available for sale assets were measured at fair value, with subsequent changes in fair value recorded in other comprehensive income, net of tax, until the assets are sold or impaired, at which time the difference is recognized in net income for the year. Financial assets classified as loans and receivables and held to maturity were measured at amortized cost using the effective interest rate (EIR) method, less impairment. The Company did not have any held to maturity investments during the year ended March 31, 2018.

The Company reclassifies financial assets only when its business approach for managing those assets changes.

Impairment of financial assets

The Company's accounts receivables are classified as financial assets measured at amortized cost and are subject to the ECL model. Accounts receivable includes trade receivables from clients and brokers and dealers. All our corporate finance and client receivables have a maturity of less than 12 months from initial recognition, therefore the allowance is limited to 12-month ECLs. The Company established a valuation policy that is based on its historical credit loss experience adjusted for forward-looking factors or other considerations as appropriate. The impact of the provision is not considered to have a significant impact to our audited consolidated financial statements for the year ended March 31, 2019. Under IAS 39, Company assessed at each reporting date whether there is objective evidence that financial assets classified as available for sale or as loans and receivables were impaired. A financial asset or group of financial assets was deemed to be impaired if there was objective evidence of impairment as a result of one or more events that occurred since the initial recognition of the asset.

Derecognition

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

[ii] Financial liabilities*Initial recognition and measurement*

All financial liabilities are recognized initially at fair value and classified as either FVTPL or other financial liabilities.

*Classification and subsequent measurement**Financial liabilities classified as fair value through profit or loss*

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

Financial liabilities classified as amortized costs

After initial recognition, financial liabilities classified as other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statements of operations. Financial liabilities classified as amortized costs include accounts payable and accrued liabilities, bank loan and subordinated debt. The carrying value of other financial liabilities approximates their fair value.

[iii] Offsetting of financial instruments

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

[iv] Derivative financial instruments

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

The Company uses derivative financial instruments to manage foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

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

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

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

FAIR VALUE MEASUREMENT

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

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

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

The convertible unsecured senior subordinated debentures are classified as compound financial instruments. On initial recognition, the fair value of the liability was calculated based on the present value of future cash flows under the instruments, discounted at 7%, [March 31, 2018 – 8%] being equal to the rate of interest applied by the market at the time of issue to instruments of comparable credit status and future cash flows, without the conversion feature. The residual amount is recorded as a component of shareholders' equity.

SECURITIES OWNED AND SOLD SHORT

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

SECURITIES LENDING AND BORROWING

The Company employs securities lending and borrowing activities primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered, and interest being paid when cash is received. The value of collaterals for securities borrowed, and securities loaned are carried at the amounts of cash collateral delivered and received in connection with the transactions.

Securities borrowed transactions require the Company to deposit cash, letters of credit or other collateral with the lender. For securities loaned, the Company receives collateral in the form of cash or other collateral in an amount generally in excess of the market value of the securities loaned. The Company monitors the fair value of the securities loaned and borrowed against the cash collateral on a daily basis and, when appropriate, the Company may require counterparties to deposit additional collateral or it may return collateral pledged to ensure such transactions are adequately collateralized.

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

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

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

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

REVENUE RECOGNITION

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

Commissions and fees revenue consists of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded net of commission revenue. Facilitation losses for the year ended March 31, 2019 were \$6.4 million [2018 – \$8.4 million].

Commissions are recognized at a point in time (trade date) as the performance obligation is satisfied.

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

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

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

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

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

EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

Computer equipment	Straight-line over useful life
Furniture and equipment	Straight-line over useful life
Leasehold improvements	Straight-line over the shorter of useful life and respective term of the leases

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

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

INCOME TAXES

Current income tax

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

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

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

Deferred tax

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

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

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

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

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

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

Sales tax

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

TREASURY SHARES

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

EARNINGS (LOSS) PER COMMON SHARE

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

SHARE-BASED PAYMENTS

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

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

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

Equity-settled transactions

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

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. 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 determined and earned in respect of that fiscal year.

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

The Company estimates the number of equity instruments that will ultimately vest when calculating the expense attributable to equity-settled transactions. No expense is recognized for awards that do not ultimately vest.

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

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. The fair values of DSUs and PSUs are expensed upon grant, as there are no vesting conditions (Note 21). The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations.

PROVISIONS

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

Legal provisions

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

Restructuring provisions

Restructuring provisions are only recognized when the recognition criteria for provisions are fulfilled. In order for the recognition criteria to be met, the Company needs to have in place a detailed formal plan about the business or part of the business concerned, the location and number of employees affected, a detailed estimate of associated costs and an appropriate timeline. In addition, either the personnel affected must have a valid expectation that the restructuring is being carried out or the implementation must have been initiated. The restructuring provision recognized includes staff restructuring costs, reorganization expenses, onerous lease provisions and impairment of equipment and leasehold improvements.

LEASES

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

CLIENT MONEY

The Company's UK & Europe operations hold money on behalf of their clients in accordance with the client money rules of the Financial Conduct Authority in the United Kingdom. Such money and the corresponding liabilities to clients are not included in the

consolidated statements of financial position as the Company is not beneficially entitled thereto. The amounts held on behalf of clients at the reporting date are included in Note 25.

SEGMENT REPORTING

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

NOTE 06 Securities Owned and Securities Sold Short

	March 31, 2019		March 31, 2018	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	\$ 364,546	\$ 262,720	\$ 254,671	\$ 220,792
Equities and convertible debentures	325,953	110,699	214,546	80,214
	\$ 690,499	\$ 373,419	\$ 469,217	\$ 301,006

As at March 31, 2019, corporate and government debt maturities range from 2019 to 2098 [March 31, 2018 – 2018 to 2098] and bear interest ranging from 0.00% to 14.00% [March 31, 2018 – 0.00% to 14.00%].

NOTE 07 Financial Instruments

CATEGORIES OF FINANCIAL INSTRUMENTS

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, as well as investment accounted for under the equity method, held by the Company at March 31, 2019 and 2018 are as follows:

	Fair value through profit and loss		Fair value through other comprehensive income		Amortized costs		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets								
Securities owned	\$ 683,920	\$ 462,774	\$ 6,579	\$ 6,443	\$ —	\$ —	\$ 690,499	\$ 469,217
Accounts receivable from brokers and investment dealers	—	—	—	—	1,498,516	1,405,380	1,498,516	1,405,380
Accounts receivable from clients	—	—	—	—	530,933	333,434	530,933	333,434
RRSP cash balances held in trust	—	—	—	—	328,528	330,369	328,528	330,369
Other accounts receivable	—	—	—	—	298,687	146,654	298,687	146,654
Investments	3,993	—	—	—	—	—	3,993	—
Total financial assets	\$ 687,913	\$ 462,774	\$ 6,579	\$ 6,443	\$ 2,656,664	\$ 2,215,837	\$ 3,351,156	\$ 2,685,054
Financial liabilities								
Securities sold short	\$ 373,419	\$ 301,006	\$ —	\$ —	\$ —	\$ —	\$ 373,419	\$ 301,006
Accounts payable to brokers and investment dealers	—	—	—	—	1,166,550	1,051,546	1,166,550	1,051,546
Accounts payable to clients	—	—	—	—	1,499,390	1,228,201	1,499,390	1,228,201
Other accounts payable and accrued liabilities	—	—	—	—	457,825	359,207	457,825	359,207
Subordinated debt	—	—	—	—	7,500	7,500	7,500	7,500
Convertible debentures	—	—	—	—	127,225	57,081	127,225	57,081
Deferred consideration	22,225	9,997	—	—	—	—	22,225	9,997
Contingent consideration	108,319	49,844	—	—	—	—	108,319	49,844
Promissory note	—	—	—	—	5,832	—	5,832	—
Other long-term liability	—	—	—	—	1,741	—	1,741	—
Bank loan	—	—	—	—	59,664	71,437	59,664	71,437
Total financial liabilities	\$ 503,963	\$ 360,847	\$ —	\$ —	\$ 3,325,727	\$ 2,774,972	\$ 3,829,690	\$ 3,135,819

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

FAIR VALUE HIERARCHY

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

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

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

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

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

As at March 31, 2019 and 2018, the Company held the following classes of financial instruments measured at fair value:

	March 31, 2019	Estimated fair value March 31, 2019		
		Level 1	Level 2	Level 3
Securities owned				
Corporate debt	\$ 79,642	\$ —	\$ 79,642	\$ —
Government debt	284,904	49,946	234,958	—
Corporate and government debt	364,546	49,946	314,600	—
Equities	325,683	262,641	62,991	51
Convertible debentures	270	—	270	—
Equities and convertible debentures	325,953	262,641	63,261	51
	690,499	312,587	377,861	51
Investments	3,993	—	—	3,993
	694,492	312,587	377,861	4,044
Securities sold short				
Corporate debt	(6,613)	—	(6,613)	—
Government debt	(256,107)	(54,852)	(201,255)	—
Corporate and government debt	(262,720)	(54,852)	(207,868)	—
Equities	(110,699)	(94,797)	(15,902)	—
Convertible debentures	—	—	—	—
Equities and convertible debentures	(110,699)	(94,797)	(15,902)	—
	(373,419)	(149,649)	(223,770)	—
Deferred considerations	(22,225)	—	—	(22,225)
Contingent consideration	(108,319)	—	—	(108,319)
	(503,963)	(149,649)	(223,770)	(130,544)
	March 31, 2018	Estimated fair value March 31, 2018		
		Level 1	Level 2	Level 3
Securities owned				
Corporate debt	\$ 13,794	\$ —	\$ 13,794	\$ —
Government debt	240,877	30,593	210,284	—
Corporate and government debt	254,671	30,593	224,078	—
Equities	214,086	165,546	48,404	136
Convertible debentures	460	—	460	—
Equities and convertible debentures	214,546	165,546	48,864	136
	469,217	196,139	272,942	136
Securities sold short				
Corporate debt	(4,836)	—	(4,836)	—
Government debt	(215,956)	(34,388)	(181,568)	—
Corporate and government debt	(220,792)	(34,388)	(186,404)	—
Equities	(79,011)	(66,714)	(12,297)	—
Convertible debentures	(1,203)	—	(1,203)	—
Equities and convertible debentures	(80,214)	(66,714)	(13,500)	—
	(301,006)	(101,102)	(199,904)	—
Deferred considerations	(9,997)	—	—	(9,997)
Contingent consideration	(49,844)	—	—	(49,844)
	(360,847)	(101,102)	(199,904)	(59,841)

Movement in net Level 3 financial liabilities

Balance, March 31, 2017	\$	142
Other		(6)
Addition of deferred consideration in connection with acquisition of Hargreave Hale Limited		(9,997)
Addition of contingent consideration in connection with acquisition of Hargreave Hale Limited		(49,844)
Balance, March 31, 2018	\$	(59,705)
Addition of contingent consideration in connection with acquisition of Jitneytrade Inc. and Finlogik Inc. [Note 12]		(4,000)
Addition of deferred consideration in connection with acquisition of Jitneytrade Inc and Finlogik Inc. [Note 12]		(744)
Addition of contingent consideration in connection with acquisition of McCarthy Taylor [Note 12]		(3,052)
Addition of contingent consideration in connection with acquisition of Petsky Prunier [Note 12]		(53,044)
Addition of deferred consideration in connection with acquisition of Petsky Prunier [Note 12]		(13,261)
Partial settlement of deferred consideration in connection with acquisition of Hargreave Hale Limited		1,470
Purchase of investments [Note 10]		4,063
Foreign exchange revaluation		1,773
Balance, March 31, 2019	\$	(126,500)

In addition to the deferred and contingent consideration in connection with the acquisition of Hargreave Hale Limited during the year ended March 31, 2018 included as Level 3 financial liabilities, there was \$4.7 million of contingent and deferred considerations included as part of the total purchase consideration for the acquisition of Jitneytrade Inc. and Finlogik Inc. directly and indirectly through the purchase of Finlogik Capital Inc. (collectively referred to as "Jitneytrade"). As part of the purchase consideration for the acquisition of McCarthy Taylor Ltd., contingent consideration of \$3.1 million was recorded during the year ended March 31, 2019. The deferred and contingent consideration in connection with the acquisition of Petsky Prunier were \$13.3 million and \$53.0 million, respectively. The contingent and deferred considerations will be settled in cash. Any subsequent gains or losses are recognized in earnings.

During the year ended March 31, 2019, the Company also invested \$4.1 million in Family Office Networks Inc. (FON) and Capital Markets Gateway Inc. (CMG) which have been included as Level 3 financial instruments given the investments do not have any observable inputs or market indicators. (Note 10).

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

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

Level 2 financial instruments also include the Company's investment in Euroclear, which has an estimated fair value of \$6.6 million (€4.4 million) as at March 31, 2019 [March 31, 2018 – \$6.4 million (€4.1 million)]. The current fair value is determined using a market-based approach based on recent share buyback transactions. This investment is classified as a financial asset measured at fair value through other comprehensive income.

ii. Level 3 financial instruments*Held for Trading*

The fair value for Level 3 investments classified as held for trading is determined by the Company using a market-based approach with information that the Company has determined to be reliable, and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the held for trading investments as at March 31, 2019 was \$0.1 million [March 31, 2018 – \$0.1 million].

During the year ended March 31, 2019, the Company invested \$4.1 million in FON and CMG which have been classified as Level 3 financial instruments given the investments do not have any observable inputs or market indicators [Note 10].

Level 3 financial liabilities also include the deferred and contingent considerations included as part of the total purchase consideration for the acquisitions of Hargreave Hale, Jitneytrade, McCarthy Taylor and Petsky Prunier [Note 12]. The fair value for these financial liabilities approximate their carrying value as of March 31, 2019.

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

RISK MANAGEMENT

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Credit risk arises from cash and cash equivalents, net receivables from clients and brokers and investment dealers, and other accounts receivable. The maximum exposure of the Company to credit risk before taking into account any collateral held or other credit enhancements is the carrying amount of financial assets as disclosed in the Company's audited consolidated financial statements as at March 31, 2019 and 2018.

The primary source of credit risk to the Company is in connection with trading activity by private clients and private client margin accounts. To minimize its exposure, the Company applies certain credit standards, applies limits to transactions and requires settlement of securities transactions on a cash basis or delivery against payment. Margin transactions are collateralized by securities in the clients' accounts in accordance with limits established by the applicable regulatory authorities and are subject to the Company's credit review and daily monitoring procedures. Management monitors the collectability of receivables and estimates an allowance for doubtful accounts. The accounts receivable outstanding are expected to be collectible within one year. The Company has recorded an allowance for doubtful accounts of \$4.2 million as at March 31, 2019 [March 31, 2018 – \$3.4 million] [Note 9].

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

As at March 31, 2019 and 2018, the Company's most significant counterparty concentrations were with financial institutions and institutional clients. Management believes that they are in the normal course of business and does not anticipate loss for non-performance.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they become due. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they become due, as well as ensuring adequate funds exist to support business strategies and operational growth. The Company's business requires capital for operating and regulatory purposes. The current assets reflected on the statements of financial position are highly liquid. The majority of the positions held as securities owned are readily marketable and all are recorded at their fair value. Client receivables are generally collateralized by readily marketable securities and are reviewed daily for impairment in value and collectability. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal three-day settlement cycle; collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts. Additional information regarding the Company's capital structure and capital management objectives is discussed in Note 24.

The following table presents the contractual terms to maturity of the financial liabilities owed by the Company as at March 31, 2019 and March 31, 2018, respectively:

Financial liability	Carrying amount		Contractual term to maturity
	March 31, 2019	March 31, 2018	
Bank indebtedness	\$ 9,639	\$ —	Due on demand
Securities sold short	373,419	301,006	Due on demand
Accounts payable and accrued liabilities	3,123,765	2,638,954	Due within one year
Subordinated debt	7,500	7,500	Due on demand ⁽¹⁾
Convertible debentures	127,225	57,081	Due in December 2023
Current portion of bank loan	9,294	9,679	Due within one year
Bank loan	50,370	61,758	2020 to 2021
Contingent consideration	108,319	49,844	2020 to 2023
Deferred consideration	22,225	9,997	2020 to 2022
Promissory note	5,832	—	February 2020
Other long-term liability	1,741	—	March 2023

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

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

Market risk

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

Fair value risk

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

The following table summarizes the effect on earnings as a result of a fair value change in financial instruments as at March 31, 2019 and March 31, 2018, respectively. This analysis assumes all other variables remain constant. The methodology used to calculate the fair value sensitivity is consistent with the prior year.

Financial instrument	March 31, 2019			March 31, 2018		
	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income	Carrying value Asset (Liability)	Effect of a 10% increase in fair value on net income	Effect of a 10% decrease in fair value on net income
Equities and convertible debentures owned	319,374	11,338	(11,338)	208,103	8,584	(8,584)
Equities and convertible debentures sold short	(110,699)	(3,930)	3,930	(80,214)	(3,308)	3,308

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

Financial instrument	March 31, 2019			March 31, 2018		
	Carrying value	Effect of a 10% increase in fair value on OCI	Effect of a 10% decrease in fair value on OCI	Carrying value	Effect of a 10% increase in fair value on OCI	Effect of a 10% decrease in fair value on OCI
Equities held within securities owned	\$ 6,579	\$ 0.7	\$ (0.7)	\$ 6,443	\$ 0.6	\$ (0.6)

Interest rate risk

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

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

The following table provides the effect on net income for the years ended March 31, 2019 and 2018 if interest rates had increased or decreased by 100 basis points applied to balances as of March 31, 2019 and March 31, 2018, respectively.

Fluctuations in interest rates do not have an effect on OCI. This sensitivity analysis assumes all other variables remain constant. The methodology used to calculate the interest rate sensitivity is consistent with the prior year.

	March 31, 2019			March 31, 2018		
	Carrying value Asset (Liability)	Net income effect of a 100 bps increase in interest rates	Net income effect of a 100 bps decreases in interest rates ⁽¹⁾	Carrying value Asset (Liability)	Net income effect of a 100 bps increase in interest rates	Net income effect of a 100 bps decreases in interest rates ⁽¹⁾
Cash and cash equivalents, net of bank indebtedness	\$ 811,100	\$ 5,759	\$ (5,759)	\$ 862,838	\$ 6,471	\$ (6,471)
Marketable securities owned, net of marketable securities sold short	317,080	2,251	(2,251)	168,211	1,262	(1,262)
Clients' payable, net	(968,457)	(6,876)	6,876	(894,767)	(6,711)	6,711
RRSP cash balances held in trust	328,528	2,333	(2,333)	330,369	2,478	(2,478)
Brokers' and investment dealers' balance, net	331,966	2,357	(2,357)	353,834	1,343	(3,560)
Subordinated debt	(7,500)	(53)	53	(7,500)	(56)	56
Promissory note	(5,832)	(41)	41	—	—	—
Bank loan	(59,664)	(424)	424	(71,437)	(536)	536

(1) Subject to a floor of zero

Foreign exchange risk

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

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

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

As at March 31, 2019:

Currency	Effect of a 5% appreciation in foreign exchange rate on net income	Effect of a 5% depreciation in foreign exchange rate on net income	Effect of a 5% appreciation in foreign exchange rate on OCI	Effect of a 5% depreciation in foreign exchange rate on OCI
US dollar	\$ (1,101)	\$ 1,101	\$ 11,709	\$ (11,709)
Pound sterling	(1,221)	1,221	27,155	(27,155)
Australian dollar	nil	nil	1,767	(1,767)

As at March 31, 2018:

Currency	Effect of a 5% appreciation in foreign exchange rate on net income	Effect of a 5% depreciation in foreign exchange rate on net income	Effect of a 5% appreciation in foreign exchange rate on OCI	Effect of a 5% depreciation in foreign exchange rate on OCI
US dollar	\$ (1,074)	\$ 1,074	\$ 7,363	\$ (7,363)
Pound sterling	(1,560)	1,560	34,708	(34,708)
Australian dollar	nil	nil	1,852	(1,852)

DERIVATIVE FINANCIAL INSTRUMENTS

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

Foreign exchange forward contracts

The Company uses derivative financial instruments to manage foreign exchange risk on pending security settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

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

Forward contracts outstanding at March 31, 2019:

	Notional amount (millions)		Average price	Maturity	Fair value
To sell US dollars	USD \$	0.2	\$1.34 (CAD/USD)	April 1, 2019	\$ 0
To buy US dollars	USD \$	5.7	\$1.34 (CAD/USD)	April 1, 2019	\$ (9)

Forward contracts outstanding at March 31, 2018:

	Notional amount (millions)		Average price	Maturity	Fair value
To sell US dollars	USD \$	17.7	\$1.28 (CAD/USD)	April 2, 2018	\$ (240)
To buy US dollars	USD \$	2.1	\$1.29 (CAD/USD)	April 2, 2018	\$ 3

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe trades foreign exchange forward contracts on behalf of its clients, and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the euro. The weighted average term to maturity is 77 days as at March 31, 2019 [March 31, 2018 – 85 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at March 31, 2019 and March 31, 2018, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	March 31, 2019			March 31, 2018		
	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	\$ 1,124	\$ 1,011	\$ 102,052	\$ 847	\$ 747	\$ 141,662

FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At March 31, 2019, the notional amount of the bond futures contracts outstanding was long \$0.1 million [March 31, 2018 – \$0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. There were no outstanding US Treasury futures contracts outstanding as at March 31, 2019 and March 31, 2018.

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

SECURITIES LENDING AND BORROWING

The Company employs securities lending and borrowing primarily to facilitate the securities settlement process. These arrangements are typically short term in nature, with interest being received when cash is delivered, and interest being paid when cash is received. These transactions are fully collateralized and are subject to daily margin calls for any deficiency between the market value of the security given and the amount of collateral received. These transactions are collateralized by either cash or securities, including government treasury bills and government bonds, and are reflected within accounts receivable and accounts

payable. Interest earned on cash collateral is based on a floating rate. At March 31, 2019, the floating rates ranged from 1.25% to 1.61% [March 31, 2018 – 0.50% to 0.75%].

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
March 31, 2019	\$ 314,448	\$ 45,328	\$ 66,239	\$ 407,561
March 31, 2018	185,042	36,359	52,685	227,677

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As at March 31, 2019 the Company had a balance of \$9.6 million (£5.5 million) outstanding [March 31, 2018 – \$nil].

BANK LOAN

A subsidiary of the Company entered into a £40.0 million (C\$69.6 million as of March 31, 2019) senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale Limited. During the year ended March 31, 2019, the Company made a repayment of £5.3 million (\$9.3 million). The balance outstanding as of March 31, 2019 net of unamortized financing fees was £34.3 million (\$59.7 million) [March 31, 2018 – £39.4 million (\$71.4 million)]. The loan is repayable in instalments of principal and interest over a period of four years. The interest rate on this loan is LIBOR plus 2.125% per annum as at March 31, 2019 [March 31, 2018 – LIBOR plus 3.375% per annum].

OTHER CREDIT FACILITIES

Excluding the bank loan of £40.0 million in connection with the acquisition of Hargreave Hale, subsidiaries of the Company have credit facilities with banks in Canada and the UK for an aggregate amount of \$743.6 million [March 31, 2018 – \$669.2 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of March 31, 2019 and 2018, there were no balances outstanding under these other credit facilities.

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totalling \$2.8 million (US\$2.1 million) [March 31, 2018 – \$2.7 million (US\$2.0 million)] as rent guarantees for its leased premises in New York. As of March 31, 2019 and 2018, there were no outstanding balances under these standby letters of credit.

NOTE 08

Interest in Other Entities

On August 10, 2018, the Company completed its acquisition of an additional 30% of the shares in its Australian capital markets and wealth management business, Canaccord Genuity (Australia) Limited (the “Purchase”). This transaction increases the Company’s ownership in Canaccord Genuity (Australia) Limited from 50% to 80%. An additional 5% [March 31, 2018 – 8%] of the issued shares of Canaccord Genuity (Australia) Limited are held by CGA Employee Share Trust which is considered controlled by the Company under IFRS 10. As a result, the Company has an 85% controlling interest in Canaccord Genuity (Australia) Limited [March 31, 2018 – 58%]. As discussed in Note 24, Canaccord Genuity (Australia) Limited is regulated by the Australian Securities and Investments Commission.

The consideration for the Purchase as of August 10, 2018 was \$37.0 million (AUD\$38.5 million) comprised of \$14.4 million (AUD\$15.0 million) cash, a promissory note of \$5.8 million (AUD\$6.0 million), and an issuance of 2,331,132 common shares with a value of \$16.8 million (AUD\$17.5 million). The shares are subject to a three-year escrow arrangement with annual releases. The promissory note may be settled in cash or shares at the Company’s option, bears interest at 4.0% per annum and is payable by February 9, 2020.

As a result of the purchase of non-controlling interests, the Company recorded a reduction in its non-controlling interest of \$9.7 million and in its contributed surplus of \$27.3 million during the year ended March 31, 2019.

Canaccord Genuity Australia reported total net income of \$1.6 million in fiscal 2019 [March 31, 2018 – net income of \$9.6 million]. As at March 31, 2019, accumulated non-controlling interest was \$2.0 million [March 31, 2018 – \$13.6 million]. Summarized financial information including goodwill on acquisition and consolidation adjustments before inter-company eliminations is presented.

Summarized statement of profit or loss for the years ended March 31, 2019 and 2018:

	Canaccord Genuity Australia	
	March 31, 2019	March 31, 2018
For the years ended		
Revenue	\$ 31,366	\$ 57,022
Expenses	29,674	42,113
Net income before taxes	1,692	14,909
Income tax expense	117	5,261
Net income	1,575	9,648
Attributable to:		
CGGI shareholders	523	5,595
Non-controlling interests	1,052	4,053
Total comprehensive income	5,254	11,084
Attributable to:		
CGGI shareholders	3,630	6,429
Non-controlling interests	1,624	4,655
Dividends paid to non-controlling interests	2,724	3,445

Summarized statement of financial position as at March 31, 2019 and 2018:

	Canaccord Genuity Australia	
	March 31, 2019	March 31, 2018
Current assets	\$ 48,047	\$ 55,486
Non-current assets	980	1,302
Current liabilities	16,922	21,974
Non-current liabilities	1,670	3,525

Summarized cash flow information for the years ended March 31, 2019 and 2018:

	Canaccord Genuity Australia	
	March 31, 2019	March 31, 2018
Cash provided by operating activities	\$ 9,520	\$ 2,069
Cash used by financing activities	(2,359)	(6,890)
Cash used by investing activities	(144)	(120)
Foreign exchange impact on cash balance	(38)	10
Net increase (decrease) in cash and cash equivalents	\$ 6,979	\$ (4,931)

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

	March 31, 2019	March 31, 2018
Brokers and investment dealers	\$ 1,498,516	\$ 1,405,380
Clients	530,933	333,434
RRSP cash balances held in trust	328,528	330,369
Other	298,687	146,654
	\$ 2,656,664	\$ 2,215,837

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2019	March 31, 2018
Brokers and investment dealers	\$ 1,166,550	\$ 1,051,546
Clients	1,499,390	1,228,201
Other	457,825	359,207
	\$ 3,123,765	\$ 2,638,954

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

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the clients' accounts. Interest on margin loans and on amounts due to clients is based on a floating rate [March 31, 2019 – 6.95% to 8.50% and 0.00% to 0.95%, respectively; March 31, 2018 – 6.45% to 7.50% and 0.00% to 0.45%, respectively].

As at March 31, 2019, the allowance for doubtful accounts was \$4.2 million [March 31, 2018 – \$3.4 million]. See below for the movements in the allowance for doubtful accounts:

Balance, March 31, 2017	\$	4,942
Charge for the year		4,831
Recoveries		(4,168)
Write-offs		(2,235)
Foreign exchange		(7)
Balance, March 31, 2018	\$	3,363
Charge for the year		5,378
Recoveries		(4,264)
Write-offs		(149)
Foreign exchange		(170)
Balance, March 31, 2019	\$	4,158

NOTE 10**Investments**

	March 31, 2019	March 31, 2018
Investment accounted for under the equity method	2,231	2,035
Investments held as fair value through profit and loss	\$ 3,993	\$ —
	6,224	2,035

During the year ended March 31, 2018, the Company, through a wholly owned subsidiary, invested \$2.5 million for 833,333 Class B Units, at \$3.00 per unit, in Canaccord Genuity Acquisition Corp. (CGAC). CGAC was a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. On August 13, 2018, CGAC announced that it has completed its qualifying transaction (the Closing), pursuant to which it has merged with Spark Power Corp. In conjunction with the Closing, CGAC has been renamed Spark Power Group Inc. (Spark Power). Following the Closing, the Company is no longer considered to exert significant influence over the operations of Spark Power. Accordingly, the investment in Spark Power is accounted for as financial assets measured at FVTPL and included as securities owned on the consolidated statement of financial position as at March 31, 2019.

During the year ended March 31, 2019, the Company, through a wholly owned subsidiary, invested \$2.5 million for 833,333 Class B Units, at \$3.00 per unit, in Canaccord Genuity Growth Corp. (CGGC). CGGC is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. Each Class B Unit consists of one Class B Share and one warrant.

The Company holds a 23.5% interest in CGGC and is considered to exert significant influence over the operations of CGGC. Accordingly, the investment in CGGC is accounted for using the equity method. The Company's equity portion of the net loss of CGGC for the year ended March 31, 2019 was \$0.4 million.

Subsequent to the year ended March 31, 2019, CGGC completed its qualifying transaction with Columbia Care LLC and CGGC was renamed "Columbia Care Inc." The Company is no longer considered to exert significant influence over the operations of Columbia Care. Accordingly, the investment in Columbia Care will be accounted for as financial assets measured at FVTPL and included as securities owned on the consolidated statement of financial position as at March 31, 2019.

During the year ended March 31, 2019, the Company, through a wholly owned subsidiary, invested US\$1.0 million (\$1.3 million as at March 31, 2019) for 8,889 Series A Preferred Shares, at \$112.50 per unit, in Family Office Networks Inc. (FON). FON offers a diverse list of financial management services to its clients. The Company is not considered to exert significant influence over the operations of FON. Accordingly, the investment in FON is accounted for as financial assets measured at FVTPL and included as investments on the consolidated statement of financial position as at March 31, 2019.

During the year ended March 31, 2019, the Company, through a wholly owned subsidiary, invested U\$2.0 million (\$2.7 million as at March 31, 2019) for 579,206 Series A Preferred Shares, at \$3.453 per unit, in Capital Markets Gateway Inc. (CMG). CMG offers its clients a comprehensive suite of financial services. The Company is not considered to exert significant influence over the operations of CMG. Accordingly, the investment in CMG is accounted for as financial assets measured at FVTPL and included as investments on the statement of financial position as at March 31, 2019.

NOTE 11**Equipment and Leasehold Improvements**

	Cost		Accumulated amortization		Net book value
March 31, 2019					
Computer equipment	\$	19,068	\$	15,789	\$ 3,279
Furniture and equipment		26,918		21,407	5,511
Leasehold improvements		86,492		69,490	17,002
		132,478		106,686	25,792
March 31, 2018					
Computer equipment		19,929		13,350	6,579
Furniture and equipment		26,265		20,237	6,028
Leasehold improvements		86,533		68,173	18,360
		132,727		101,760	30,967
		Computer equipment	Furniture and equipment	Leasehold improvements	Total
Cost					
Balance, March 31, 2017	\$	9,999	\$	21,953	\$ 83,513
Acquired upon acquisition		6,523		3,933	—
Additions		2,656		1,390	2,265
Disposals		(501)		(1,567)	(239)
Foreign exchange		1,252		556	994
Balance, March 31, 2018	\$	19,929	\$	26,265	\$ 86,533
Acquired upon acquisition		—		—	329
Additions		1,608		804	1,970
Disposals		(1,855)		—	(1,695)
Foreign exchange		(614)		(151)	(645)
Balance, March 31, 2019	\$	19,068	\$	26,918	\$ 86,492
		Computer equipment	Furniture and equipment	Leasehold improvements	Total
Accumulated amortization and impairment					
Balance, March 31, 2017	\$	4,476	\$	17,764	\$ 61,746
Acquired upon acquisition		5,083		2,608	—
Amortization		3,347		934	5,964
Disposals		(501)		(1,474)	(238)
Foreign exchange		945		405	701
Balance, March 31, 2018	\$	13,350	\$	20,237	\$ 68,173
Amortization		3,523		1,297	2,683
Disposals		(699)		—	(1,676)
Foreign exchange		(385)		(127)	310
Balance, March 31, 2019	\$	15,789	\$	21,407	\$ 69,490

The carrying value of any temporarily idle property, plant and equipment is not considered material as at March 31, 2019 and March 31, 2018.

NOTE 12 Business Combinations**i. Jitneytrade Inc. and Finlogik Inc.**

On June 6, 2018 the Company completed its acquisition of Jitneytrade Inc. and Finlogik Inc., directly and indirectly through the purchase of Finlogik Capital Inc. (collectively referred to as "Jitneytrade"). 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. This acquisition serves to support the Company's mid-market growth strategy by enhancing its market share of equities trading and providing access to new areas of growth through accelerating its development of an enhanced fintech product offering. Total purchase consideration was \$14.8 million, of which \$10.1 million was paid on closing with an additional \$0.7 million of deferred consideration payable on June 8, 2020. There is also an estimated \$4.0 million of contingent consideration payable over a period of up to five years, based on certain performance measures. Of the total cash consideration, \$1.3 million is being held in escrow to be released over a period of up to June 8, 2020.

The preliminary purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

Consideration paid

Cash	\$	10,058
Deferred consideration		744
Contingent consideration		4,000
	\$	14,802

Net assets acquired

Cash	\$	2,513
Accounts receivable		4,894
Other tangible assets		3,114
Liabilities		(6,790)
Identifiable intangible assets		1,922
Deferred tax liability related to identifiable intangible assets		(509)
Goodwill		9,658
	\$	14,802

Identifiable intangible assets of \$1.9 million were recognized and relate to customer relationships. The goodwill of \$9.7 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to \$4.0 million as of the acquisition date and will be payable over a period of up to five years. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance measures will be met.

The above amounts including the fair value of the net assets acquired from Jitneytrade are estimates, which were made by management at the time of the preparation of these audited consolidated financial statements based on available information. Amendments may be made to these amounts as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company in connection with the acquisition of Jitneytrade are \$1.2 million. These expenses are mainly comprised of professional and employment costs.

Revenue and net loss generated by Jitneytrade, including acquisition-related costs, were \$16.6 million and \$1.9 million, respectively, since the acquisition date.

Had Jitneytrade been consolidated from April 1, 2018, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately \$1.19 billion and \$71.9 million, respectively, for the year ended March 31, 2019. These figures represent historical results and are not necessarily indicative of future performance.

ii. McCarthy Taylor Ltd.

On January 29, 2019, the Company, through its UK & Europe wealth management business, completed the acquisition of McCarthy Taylor Ltd. ("McCarthy Taylor"), an independent UK-based financial advisory firm. This development advances the Company's objective of expanding its national footprint and broadening its offering of fully integrated investment and wealth planning services. Total purchase consideration was \$7.1 million (£4.1 million), of which \$4.0 million (£2.3 million) was paid on

closing. There is also an estimated \$3.1 million (£1.8 million) of contingent consideration payable over a period of up to two years, based on certain performance measures.

The preliminary purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

Consideration paid

Cash	\$	4,034
Contingent consideration		3,052
	\$	7,086

Net assets acquired

Cash	\$	423
Accounts receivable		511
Other tangible assets		64
Liabilities		(433)
Identifiable intangible assets		3,725
Deferred tax liability related to identifiable intangible assets		(723)
Goodwill		3,519
	\$	7,086

Identifiable intangible assets of \$3.7 million were recognized and relate to customer relationships. The goodwill of \$3.5 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to \$3.1 million (£1.8 million) as of the acquisition date and will be payable over a period of up to two years. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance measures will be met.

The above amounts included in the purchase price allocation are preliminary pending finalization of the valuation of the intangibles acquired. The purchase price and the fair value of the net assets acquired from McCarthy Taylor are estimates, which were made by management at the time of the preparation of these audited consolidated financial statements based on available information. Amendments may be made to these amounts as well as the identification of intangible assets and the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company in connection with the acquisition of McCarthy Taylor were \$0.2 million. These expenses are mainly comprised of professional fees.

Revenue and net loss generated by McCarthy Taylor, including acquisition-related costs, were \$0.6 million and \$0.1 million, respectively, since the acquisition date.

Had McCarthy Taylor been consolidated from April 1, 2018, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately \$1.19 billion and \$72.0 million, respectively, for the year ended March 31, 2019. These figures represent historical results and are not necessarily indicative of future performance.

iii. Petsky Prunier LLC

On February 13, 2019, the Company completed its acquisition of 100% of the business of a pre-eminent New York-based boutique M&A Advisory firm, Petsky Prunier LLC (Petsky Prunier), in an asset purchase for initial consideration of \$39.8 million (US\$30 million) in cash and \$6.6 million (US\$5.0 million) in common shares of the Company. There is also deferred consideration of \$13.3 million (US\$10.0 million) of common shares of the Company to be issued over a three-year period. Additional contingent consideration of up to \$53.0 million (US\$40 million) will be paid in cash over a four-year period, subject to meeting certain revenue targets over that period. This development supports the Company's objective of adding scale to its fixed cost base in the region and diversifying its revenue streams, while enhancing its client offering to capture greater market share in its core areas of strength.

The preliminary purchase price, determined by the fair value of the consideration given at the date of the acquisition and the fair value of the net assets acquired on the date of the acquisition, was as follows:

Consideration paid		
Cash	\$	39,783
Shares issuance		6,631
Deferred consideration		13,261
Contingent consideration		53,044
	\$	112,719
Net assets acquired		
Accounts receivable	\$	263
Other tangible assets		522
Liabilities		(519)
Identifiable intangible assets		7,339
Goodwill		105,114
	\$	112,719

Identifiable intangible assets of \$7.3 million were recognized and relate to brand name, contract book and favourable lease. The goodwill of \$105.1 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to \$53.0 million as of the acquisition date and will be payable over a four-year period. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance measures will be met.

The above amounts included in the purchase price allocation are preliminary pending finalization of the valuation of the acquired intangibles. The purchase price and the fair value of the net assets acquired from Petsky Prunier are estimates, which were made by management at the time of the preparation of these audited consolidated financial statements based on available information. Amendments may be made to these amounts as well as the identification of intangible assets and the allocation of identifiable intangible assets between indefinite life and finite lives. Values based on estimates are subject to changes during the period ending 12 months after the acquisition date.

The aggregate acquisition-related expenses incurred by the Company in connection with the acquisition of Petsky Prunier are \$0.8 million. These expenses are mainly comprised of professional and employment costs.

Revenue and net loss generated by Petsky Prunier, including acquisition-related costs, were \$2.1 million and \$1.4 million, respectively, since the acquisition date.

Had Petsky Prunier been consolidated from April 1, 2018, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately \$1.24 billion and \$80.8 million, respectively, for the year ended March 31, 2019. These figures represent historical results and are not necessarily indicative of future performance.

NOTE 13**Goodwill and Other Intangible Assets**

	Identifiable intangible assets										Total \$
	Goodwill \$	Brand names \$	Customer relationships \$	Technology \$	Software under development \$	Non- competition \$	Trading licenses \$	Fund management \$	Contract book	Favourable lease	
Gross amount											
Balance, March 31, 2017	514,898	44,930	91,123	29,202	3,045	14,153	196	—	—	—	182,649
Additions	52,254	—	24,921	795	—	—	—	36,639	—	—	62,355
Transfer between categories	—	—	—	3,045	(3,045)	—	—	—	—	—	—
Foreign exchange	13,454	—	7,130	2,359	—	—	—	3,599	—	—	13,088
Balance, March 31, 2018	580,606	44,930	123,174	35,401	—	14,153	196	40,238	—	—	258,092
Additions	118,291	574	5,647	1,150	—	—	—	—	6,209	556	14,136
Foreign exchange	(6,029)	4	(3,518)	(1,253)	—	—	—	(1,253)	43	5	(5,972)
Balance, March 31, 2019	692,868	45,508	125,303	35,298	—	14,153	196	38,985	6,252	561	266,256
Accumulated amortization and impairment											
Balance, March 31, 2017	(322,632)	—	(50,532)	(12,619)	(2,350)	(14,153)	(196)	—	—	—	(79,850)
Transfer between categories	—	—	—	(2,350)	2,350	—	—	—	—	—	—
Amortization	—	—	(8,700)	(3,339)	—	—	—	(1,723)	—	—	(13,762)
Foreign exchange	—	—	(2,546)	(1,065)	—	—	—	(112)	—	—	(3,723)
Balance, March 31, 2018	(322,632)	—	(61,778)	(19,373)	—	(14,153)	(196)	(1,835)	—	—	(97,335)
Amortization	—	—	(12,076)	(2,378)	—	—	—	(2,323)	—	—	(16,777)
Foreign exchange	—	—	1,267	1,063	—	—	—	47	—	—	2,377
Balance, March 31, 2019	(322,632)	—	(72,587)	(20,688)	—	(14,153)	(196)	(4,111)	—	—	(111,735)
Net book value											
March 31, 2018	257,974	44,930	61,396	16,028	—	—	—	38,403	—	—	160,757
March 31, 2019	370,236	45,508	52,716	14,610	—	—	—	34,874	6,252	561	154,521

IMPAIRMENT TESTING OF GOODWILL AND OTHER ASSETS

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

	Intangible assets with indefinite lives		Goodwill		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Canaccord Genuity Capital Markets CGUs						
Canada (Genuity)	\$ 44,930	\$ 44,930	\$ 92,074	\$ 92,074	\$ 137,004	\$ 137,004
Canada (Jitneytrade)	—	—	9,658	—	9,658	—
US (Petsky Prunier)	578	—	105,682	—	106,260	—
Canaccord Genuity Wealth Management CGUs						
UK & Europe (Channel Islands)	—	—	93,870	97,754	93,870	97,754
UK & Europe (Eden Financial Ltd [Eden])	—	—	10,333	10,761	10,333	10,761
UK & Europe (Hargreave Hale)	—	—	55,106	57,385	55,106	57,385
UK & Europe (McCarthy Taylor)	—	—	3,513	—	3,513	—
	\$ 45,808	\$ 44,930	\$ 370,236	\$ 257,974	\$ 415,744	\$ 302,904

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

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. Consequently, interim goodwill and other assets impairment testing was carried out for all applicable CGUs at June 30, September 30 and December 31, 2018.

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

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The CGUs which recorded goodwill in their carrying value as of March 31, 2019 were Canaccord Genuity Canada (Genuity) and Canada (Jitneytrade), Canaccord Genuity US (Petsky Prunier), Canaccord Genuity Wealth Management UK & Europe (Channel Islands), UK (Eden), UK (Hargreave Hale) and UK (McCarthy Taylor). The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2018 – 12.5%]. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilize a five-year compound annual revenue growth rate of 5.0% [March 31, 2018 – 5.0%] as well as estimates in respect of operating margins. The terminal growth rate used for each of Canaccord Genuity, Canada (Genuity) and Canada (Jitneytrade), Canaccord Genuity US (Petsky Prunier) and Canaccord Genuity Wealth Management UK & Europe (Channel Islands), UK (Eden), UK (Hargreave Hale) and UK (McCarthy Taylor) was 2.5% [March 31, 2018 – 2.5%].

NOTE 14**Income Taxes**

The major components of income tax expense are:

	March 31, 2019	March 31, 2018
Consolidated statements of operations		
Current income tax expense		
Current income tax expense	\$ 34,897	\$ 23,630
Adjustments in respect of prior years	(3,286)	(3,010)
	31,611	20,620
Deferred income tax recovery		
Origination and reversal of temporary differences	(10,543)	(1,807)
Impact of change in tax rates	6	(144)
	(10,537)	(1,951)
Income tax expense reported in the statements of operations	\$ 21,074	\$ 18,669

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

	March 31, 2019	March 31, 2018
Net income before income taxes	\$ 92,656	\$ 35,746
Income tax expense at the statutory rate of 27.0% (2018 – 26.25%)	25,018	9,381
Difference in tax rates in foreign jurisdictions	(599)	(1,631)
Non-deductible items affecting the determination of taxable income	5,450	2,555
Change in accounting and tax base estimate	(5,140)	3,248
Other	(952)	558
Utilization of tax losses and other temporary differences not recognized	(1,106)	(5,409)
Impact of change in tax rates in temporary differences	(1,300)	6,201
Share-based payments	(297)	3,766
Income tax expense reported in the statements of operations	\$ 21,074	\$ 18,669

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

	Consolidated statements of financial position		Consolidated statements of operations	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Unrealized gain on securities owned	\$ (7,116)	\$ (10,053)	\$ (3,385)	\$ 9,939
Legal provisions	917	774	(143)	421
Unpaid remunerations	4,375	6,359	(445)	(1,388)
Unamortized capital cost of equipment and leasehold improvements over their net book value	3,434	2,984	(449)	(10)
Unamortized common share purchase loans	2,949	2,434	(515)	(641)
Loss carryforwards	7,186	5,224	(1,962)	1,267
Long-term incentive plan	26,008	25,365	(643)	(10,967)
Other intangible assets	(26,053)	(28,066)	(2,734)	(1,318)
Other	2,439	1,205	(261)	746
	\$ 14,139	\$ 6,226	\$ (10,537)	\$ (1,951)

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

	March 31, 2019	March 31, 2018
Deferred tax assets	\$ 22,117	\$ 19,941
Deferred tax liabilities	(7,978)	(13,715)
	\$ 14,139	\$ 6,226

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

	2019	2018
Opening balance	\$ 6,226	\$ 15,183
Tax recovery recognized in the consolidated statements of operations	10,537	1,951
Foreign exchange on deferred tax position	197	1,111
Deferred tax liability on convertible debentures	(944)	—
Deferred taxes acquired in business combination	(1,168)	(11,308)
Other	(709)	(711)
Ending balance as of March 31	\$ 14,139	\$ 6,226

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

At the balance sheet date, the Company has tax loss carryforwards of approximately \$33.9 million [2018 – \$35.5 million] for which a deferred tax asset has not been recognized. These losses relate to subsidiaries outside of Canada that have a history of losses and may also be subject to legislative limitations on use and may not be used to offset taxable income elsewhere in the consolidated group of companies. The subsidiaries have no taxable temporary differences or any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets, as the likelihood of future economic benefit is not sufficiently assured. These losses begin expiring in 2019.

Other temporary differences not recognized as deferred tax assets in relation to subsidiaries outside of Canada amount to \$35.0 million at March 31, 2019 [2018 – \$38.8 million]. Since the subsidiaries outside of Canada have a history of losses and the deductible temporary differences may not be used to offset taxable income elsewhere in the consolidated group of companies, no asset has been recognized as the likelihood of future economic benefit is not sufficiently assured.

NOTE 15 Subordinated Debt

	March 31, 2019	March 31, 2018
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	\$ 7,500	\$ 7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of IIROC. As at March 31, 2019 and 2018, the interest rates for the subordinated debt were 7.95% and 7.45%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

NOTE 16 Bank Loan

	March 31, 2019	March 31, 2018
Loan	\$ 60,326	\$ 72,500
Less: Unamortized financing fees	(662)	(1,063)
	59,664	71,437
Current portion	9,294	9,679
Long term portion	50,370	61,758

In connection with the acquisition of Hargreave Hale Limited, a subsidiary of the Company entered into a senior credit facility in the amount of £40.0 million to finance a portion of the cash consideration. During the year ended March 31, 2019, the Company made a repayment of £5.3 million (\$9.3 million).

The balance outstanding as of March 31, 2019 net of unamortized financing fees was £34.3 million (C\$59.7 million) [2018 – £39.4 million (C\$71.4 million) as of March 31, 2018]. The loan is repayable in instalments of principal and interest over the period ending in September 2021. The interest rate on this loan is LIBOR plus 2.125% per annum at March 31, 2019 [March 31, 2018 – LIBOR plus 3.375% per annum].

NOTE 17 Convertible Debentures

	March 31, 2019		March 31, 2018	
	Liability	Equity	Liability	Equity
Convertible debentures	\$ 127,225	\$ 5,156	\$ 57,081	\$ 2,604

On August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of \$59,225,000 (the “Offered Debentures”). The Company had also closed the concurrent non-brokered private placement with a large Canadian asset manager for gross proceeds of \$73,500,000, which, together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of \$132,725,000 (together with the Offered Debentures, the “Convertible Debentures”). The Company used the proceeds from the Convertible Debentures to redeem the \$60.0 million convertible unsecured subordinated debentures issued in 2016. The net amount recognized after deducting issue costs net of deferred tax liability was \$129.2 million.

The \$60.0 million convertible unsecured subordinated debentures issued in October 2016 were considered extinguished for accounting purposes under IFRS 9, “Financial Instruments” (IFRS 9). As a result, the liability associated with the extinguished debentures was derecognized on the statement of financial position as at March 31, 2019 and the Company recorded a loss of \$13.5 million on the extinguishment during the year ended March 31, 2019, with \$8.6 million recorded through the consolidated statement of operations and \$4.9 million recorded directly against shareholders’ equity.

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

The Debentures are classified as compound financial instruments. On initial recognition, the fair value of the liability is calculated based on the present value of future cash flows under the instruments, discounted at 7%, being equal to the rate of interest

applied by the market at the time of issue to instruments of comparable credit status and future cash flows, without the conversion feature. The residual amount is recorded as a component of shareholders' equity.

NOTE 18**Preferred Shares**

	March 31, 2019		March 31, 2018	
	Amount	Number of shares	Amount	Number of shares
Series A Preferred Shares issued and outstanding	\$ 110,818	\$ 4,540,000	\$ 110,818	\$ 4,540,000
Series C Preferred Shares issued and outstanding	97,450	4,000,000	97,450	4,000,000
Series C Preferred Shares held in treasury	(2,627)	(106,794)	(2,627)	(106,794)
	94,823	3,893,206	94,823	3,893,206
	\$ 205,641	\$ 8,433,206	\$ 205,641	\$ 8,433,206

[i] SERIES A PREFERRED SHARES

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

Quarterly cumulative cash dividends, 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 SHARES

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

Quarterly cumulative cash dividends, 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.

NOTE 19 Common shares and warrants

	March 31, 2019		March 31, 2018	
	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	\$ 787,096	115,616,744	\$ 772,746	113,522,629
Unvested share purchase loans	(3,647)	(346)	(5,098)	(654,322)
Held for the LTIP	(110,553)	(18,036,064)	(117,802)	(19,814,432)
	\$ 672,896	97,580,334	\$ 649,846	93,053,875

	March 31, 2019		March 31, 2018	
	Amount	Number of shares	Amount	Number of shares
Warrants issued in connection with private placement	\$ 1,975	3,438,412	\$ 1,975	3,438,412

[i] AUTHORIZED

Unlimited common shares without par value.

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2017	113,511,468	\$ 772,645
Shares issued in connection with replacement plans [Note 21]	11,161	101
Balance, March 31, 2018	113,522,629	772,746
Shares issued in connection with share-based payment plans [Note 21]	36,708	331
Shares issued in connection with purchase of non-controlling interest [Note 8]	2,331,132	16,807
Shares issued in connection with acquisition of Petsky Prunier [Note 12]	1,105,275	6,631
Shares cancelled	(1,379,000)	(9,419)
Balance, March 31, 2019	115,616,744	\$ 787,096

On August 10, 2018, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,677,589 of its common shares during the period from August 15, 2018 to August 14, 2019 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the year ended March 31, 2019, there were 152,200 shares purchased and cancelled under the NCIB which commenced August 15, 2017 and ended on August 14, 2018. There were also 1,226,800 common shares that were purchased and cancelled under the current NCIB during the year ended March 31, 2019.

During the year ended March 31, 2019, the Company issued 2,331,132 shares with a value of \$16.8 million (AUD\$17.5 million) as part of the purchase consideration for the acquisition of an additional 30% of the shares in its Australian capital markets and wealth management business, Canaccord Genuity (Australia) Limited [Note 8]. In addition, during the year ended March 31, 2019, as part of the purchase consideration for the acquisition of Petsky Prunier [Note 12], the Company issued 1,105,275 common shares for total value of \$6.6 million (US\$5.0 million).

[iii] FORGIVABLE COMMON SHARE PURCHASE LOANS

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

[iv] EARNINGS PER COMMON SHARE

	For the years ended	
	March 31, 2019	March 31, 2018
Earnings per common share		
Net income attributable to CGGI shareholders	\$ 70,530	\$ 13,024
Preferred shares dividends	(9,402)	(9,593)
Equity portion of loss on extinguishment of convertible debentures	(4,892)	—
Net income attributable to common shareholders	56,236	3,431
Weighted average number of common shares (number)	96,259,582	92,587,216
Basic earnings per share	\$ 0.58	\$ 0.04
Diluted earnings per common share		
Net income attributable to common shareholders	56,236	3,431
Interest on convertible debentures, net of tax	7,216	n/a
Adjusted net earnings available to common shareholders	63,452	3,431
Weighted average number of common shares (number)	96,259,582	92,587,216
Dilutive effect in connection with LTIP (number)	17,568,822	17,089,575
Dilutive effect in connection with warrants (number)	819,097	206,487
Dilutive effect in connection with a promissory note (number)	661,728	n/a
Dilutive effect in connection with other share-based payment plans (number)	151,464	978,809
Dilutive effect in connection with convertible debentures (number)	13,272,500	n/a
Dilutive effect in connection with acquisition of Petsky Prunier (number)	2,210,550	n/a
Adjusted weighted average number of common shares (number)	130,943,743	110,862,087
Diluted earnings per common share	\$ 0.48	\$ 0.03

The promissory note issued as part of the purchase consideration for the purchase of non-controlling interests can be partially or completely settled in shares at the Company's option [Note 8]. As such, as per IAS 33, the weighted average number of common shares for the purpose of the diluted EPS calculation is increased by the weighted average number of additional common shares that would have been outstanding, assuming the promissory note is settled in shares.

In addition, in connection with the acquisition of Petsky Prunier [Note 12], the Company has a commitment to issue 2,210,550 shares as part of the deferred purchase consideration. As a result, the weighted average number of common shares for the purpose of the diluted EPS calculation is increased accordingly.

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

NOTE 20**Dividends****COMMON SHARE DIVIDENDS**

The Company declared the following common share dividends during the year ended March 31, 2019:

Record date	Payment date	Cash dividend per common share	Total common dividend amount
March 1, 2019	March 15, 2019	\$ 0.01	\$ 1,145
November 30, 2018	December 10, 2018	\$ 0.01	\$ 1,157
August 31, 2018	September 10, 2018	\$ 0.01	\$ 1,157
June 22, 2018	July 3, 2018	\$ 0.12	\$ 13,626

On June 5, 2019, the Board of Directors approved a dividend of \$0.17 per common share, payable on July 2, 2019, with a record date of June 21, 2019. This dividend is comprised of a \$0.01 base quarterly dividend and a \$0.16 variable supplemental dividend [Note 28].

PREFERRED SHARE DIVIDENDS

Record date	Payment date	Cash dividend per Series A Preferred Share	Cash dividend per Series C Preferred Share	Total preferred dividend amount
March 15, 2019	April 1, 2019	\$ 0.24281	\$ 0.312060	\$ 2,351
December 14, 2018	December 31, 2018	\$ 0.24281	\$ 0.312060	\$ 2,351
September 14, 2018	October 1, 2018	\$ 0.24281	\$ 0.312060	\$ 2,351
June 22, 2018	July 3, 2018	\$ 0.24281	\$ 0.312060	\$ 2,351

On June 5, 2019, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on July 2, 2019 to Series A Preferred shareholders of record as at June 21, 2019 [Note 28].

On June 5, 2019, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on July 2, 2019 to Series C Preferred shareholders of record as at June 21, 2019 [Note 28].

NOTE 21**Share-Based Payment Plans****[i] 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" (IFRS 2). Accordingly, RSUs granted as part of the normal course incentive compensation payment cycle are expensed in the period in which those awards are deemed to be earned with a corresponding increase in contributed surplus, which is generally the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but were determined and earned in respect of that fiscal year.

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

There were 4,661,519 RSUs [year ended March 31, 2018 – 7,292,403 RSUs] granted in lieu of cash compensation to employees during the year ended March 31, 2019. The Trusts purchased 4,554,070 common shares [year ended March 31, 2018 – 5,681,240 common shares] during the year ended March 31, 2019.

The fair value of the RSUs at the measurement date is based on the fair value on the grant date. The weighted average fair value of RSUs granted during the year ended March 31, 2019 was \$7.06 [March 31, 2018 – \$5.00].

	Number
Awards outstanding, March 31, 2017	18,179,745
Grants	7,292,403
Vested	(4,906,479)
Forfeited	(435,281)
Awards outstanding, March 31, 2018	20,130,388
Grants	4,661,519
Vested	(6,311,853)
Forfeited	(115,120)
Awards outstanding, March 31, 2019	18,364,934

	Number
Common shares held by the Trusts, March 31, 2017	19,141,505
Acquired	5,681,240
Released on vesting	(5,008,313)
Common shares held by the Trusts, March 31, 2018	19,814,432
Acquired	4,554,070
Released on vesting	(6,332,438)
Common shares held by the Trusts, March 31, 2019	18,036,064

[ii] FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides loans to certain employees (other than directors or executive officers) for the purpose of partially funding the purchase of shares of the Company and increasing share ownership by the employees. The Company has provided such loans to executive officers in the past but has now adopted a policy not to make any further such loans to directors or executive officers. These loans are equity-settled transactions that are generally forgiven over a three- to five-year period from the initial advance of the loan or at the end of that three- to five-year period [Note 19 [iii]].

[iii] 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. Collins Stewart Hawkpoint Replacement Annual Bonus Equity Deferral (ABED) Plan

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

	Number
Balance, March 31, 2017	18,482
Exercised	—
Balance, March 31, 2018	18,482
Exercised	(3,226)
Balance, March 31, 2019	15,256

The following table summarizes the share options outstanding under the Replacement ABED Plan as at March 31, 2019:

Range of exercise price	Options outstanding			Options exercisable	
	Number of common shares	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$nil	15,256	1.0	\$ nil	15,256	\$ nil

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

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

	Number
Balance, March 31, 2017	132,619
Exercised	(11,161)
Balance, March 31, 2018	121,458
Exercised	(33,482)
Balance, March 31, 2019	87,976

The following table summarizes the share options outstanding under the Replacement LTIP as at March 31, 2019:

Range of exercise price	Options outstanding			Options exercisable	
	Number of common shares	Weighted average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$nil	87,976	1.0	\$nil	87,976	\$ nil

[iv] 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, 2019, there was no award outstanding [2018 – 9,257].

[v] DEFERRED SHARE UNITS

Beginning April 1, 2011, the Company adopted a deferred share units (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, 2019, the Company granted 62,916 DSUs [2018 – 77,720 DSUs]. The carrying amount of the liability relating to DSUs at March 31, 2019 was \$2.7 million [2018 – \$2.2 million].

[vi] PERFORMANCE SHARE UNITS

The Company adopted a performance share unit (PSU) plan for certain senior executives during the year ended March 31, 2018. On June 12, 2018 the Company granted 877,485 units under the PSU plan. The PSUs are a notional equity-based instrument linked to the value of the Company's common shares. At the end of a three-year vesting period, the number of PSUs which vest is determined upon performance against certain pre-determined metrics. The PSUs cliff vest on the third anniversary of the date of the grant. The PSUs are settled in cash, based on the market price of the Company's shares at the time of vesting.

The PSUs were measured at fair value on the grant date. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at March 31, 2019 was \$5.7 million [March 31, 2018 – \$6.1 million].

[vii] PERFORMANCE STOCK OPTIONS

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

The following is a summary of the Company's PSOs as at March 31, 2019:

	Number of PSOs	Weighted average exercise price
Balance, March 31, 2018	—	\$ —
Granted	6,220,000	6.76
Exercised	—	—
Balance, March 31, 2019	6,220,000	\$ 6.76

Under IFRS 2, "Share-Based Payments", the impact of market conditions, such as a target share price upon which vesting is conditioned, should be considered when estimating the fair value of the PSOs. A Monte Carlo simulation is used to simulate a range of possible future stock prices for the Company over the period from the grant date to the expiry date of the PSOs. The purpose of this modelling is to use a probabilistic approach for estimating the fair value of the PSOs under IFRS 2. The following assumptions were used in the Monte Carlo model for grants made in the year ended March 31, 2019:

Dividend yield	2.16%
Expected volatility	40.92%
Risk-free interest rate	2.24%
Expected life	4 years

The weighted average fair value of the PSOs awarded is \$1.93 per option. Compensation expense of \$3.5 million was recognized for the year ended March 31, 2019.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's PSOs.

[viii] OTHER SHARE-BASED PAYMENT PLAN

During the year ended March 31, 2019, the Company granted a share-based award to a senior executive. The award vests on March 31, 2021, or at the holder's option, can be extended to March 31, 2022. Compensation expense of \$0.1 million was recorded for the year ended March 31, 2019.

[IX] SHARE-BASED COMPENSATION EXPENSE

	For the years ended	
	March 31, 2019	March 31, 2018
Long-term incentive plan	\$ 45,184	\$ 93,673
Forgivable common share purchase loans	335	199
Deferred share units (cash-settled)	128	661
PSO	3,483	—
PSU (cash-settled)	(488)	—
Other	—	67
Share-based incentive compensation expense	48,642	94,600
Accelerated share-based payment expense included as restructuring expense	858	757
Total share-based compensation expense	\$ 49,500	\$ 95,357

NOTE 22

Related Party Transactions

[i] CONSOLIDATED SUBSIDIARIES

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

	Country of incorporation	% equity interest	
		March 31, 2019	March 31, 2018
Canaccord Genuity Corp.	Canada	100%	100%
CG Investments Inc.	Canada	100%	100%
CG Investments Inc. III	Canada	100%	n/a
Jitneytrade Inc.	Canada	100%	n/a
Finlogik Inc.	Canada	100%	n/a
Finlogik Inc. Tunisia	Tunisia	75%	n/a
Canaccord Genuity SAS	France	100%	100%
Canaccord Genuity Wealth (International) Limited	Guernsey	100%	100%
Canaccord Genuity Financial Planning Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth (International) Holdings Limited	Guernsey	100%	100%
Hargreave Hale Limited	United Kingdom	100%	100%
McCarthy Taylor Ltd.	United Kingdom	100%	100%
Canaccord Genuity Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Holdings Ltd.	Canada	100%	100%
Canaccord Genuity LLC	United States	100%	100%
Canaccord Genuity Wealth Management (USA) Inc.	United States	100%	100%
Canaccord Genuity Wealth & Estate Planning Services Ltd.	Canada	100%	100%
Canaccord Genuity Petsky Prunier LLC	United States	100%	n/a
Canaccord Asset Management Inc.	Canada	100%	100%
Canaccord Adams Financial Group Inc.	United States	100%	100%
Collins Stewart Inc.	United States	100%	100%
Canaccord Adams BC ULC	Canada	100%	100%
Canaccord Genuity Finance Corp.	Canada	100%	n/a
Canaccord Adams Finance Company ULC	Canada	100%	n/a
Canaccord Adams Finance Company LLC	United States	100%	n/a
Canaccord Adams (Delaware) Inc.	United States	100%	100%
Canaccord Genuity Securities LLC	United States	100%	100%
Stockwave Equities Ltd.	Canada	100%	100%
CLD Financial Opportunities Limited	Canada	100%	100%
Canaccord Genuity (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Financial Group (Australia) Pty Ltd*	Australia	80%	50%
Canaccord Genuity (Australia) Limited*	Australia	80%	50%
Canaccord Genuity Asia (Beijing) Limited 加通亚洲（北京）投资顾问有限公司	China	100%	100%
The Balloch Group Limited	British Virgin Islands	100%	100%
Canaccord Genuity Asia (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Genuity (Dubai) Ltd.	United Arab Emirates	100%	100%
Canaccord Genuity SG Pte. Ltd.	Singapore	100%	n/a
Canaccord Genuity Wealth Group Holdings (Jersey) Limited	Jersey	100%	100%
Canaccord Genuity Hawkpoint Limited	United Kingdom	100%	100%
Canaccord Genuity Management Company Limited	Ireland	100%	100%

* The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd. and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2019 the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2018 – 58%] [Note 8].

[ii] COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE COMPANY

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2019 and 2018:

	March 31, 2019	March 31, 2018
Short term employee benefits	\$ 10,167	\$ 10,515
Share-based payments	2,656	4,933
Total compensation paid to key management personnel	\$ 12,823	\$ 15,448

[iii] OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

	March 31, 2019	March 31, 2018
Accounts receivable	\$ 837	\$ 969
Accounts payable and accrued liabilities	942	1,527

[iv] TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

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

NOTE 23**Segmented Information**

The Company operates in two industry segments as follows:

Canaccord Genuity Capital Markets – includes investment banking, advisory, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK, Europe and Dubai, Australia and the US. Operations located in Other Foreign Locations under Canaccord Genuity Asia are also included in Canaccord Genuity Capital Markets.

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

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

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

The Company does not allocate total assets, liabilities or equipment and leasehold improvements to the segments. Amortization of tangible assets is allocated to the segments based on the square footage occupied. Amortization of identifiable intangible assets is allocated to the Canaccord Genuity Capital Markets segment, as it relates to the acquisitions of Genuity, Jitneytrade, the initial 50% interest in Canaccord Genuity Australia and Petsky Prunier. Amortization of the identifiable intangible assets acquired through the purchase of Collins Stewart Hawkpoint plc (CSHP) is allocated to Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management segments in the UK & Europe (Channel Islands). Amortization of identifiable intangible assets acquired through the acquisition of Eden Financial Ltd. is allocated to Canaccord Genuity Wealth Management segments in the UK & Europe (Eden Financial Ltd.). Amortization of identifiable intangible assets acquired through the acquisition of Hargreave Hale is allocated to Canaccord Genuity Wealth Management segments in the UK & Europe (Hargreave Hale). Amortization of identifiable intangible assets acquired through the acquisition of McCarthy Taylor is allocated to Canaccord Genuity Wealth Management segments in the UK & Europe (McCarthy Taylor). Amortization of identifiable intangible assets acquired through the acquisition of Petsky Prunier is allocated to the Canaccord Genuity US segment. There are no significant intersegment revenues. Income taxes are managed on a Company basis and are not allocated to operating segments. All revenue and operating profit is derived from external customers. The Company also does not allocate cash flows by reportable segments.

	For the years ended							
	March 31, 2019				March 31, 2018			
	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total
Commissions and fees	\$ 175,511	\$ 380,964	\$ —	\$ 556,475	\$ 155,126	\$ 306,816	\$ (5)	\$ 461,937
Investment banking	243,715	50,526	—	294,241	234,820	47,375	—	282,195
Advisory fees	140,744	1,484	—	142,228	122,372	—	—	122,372
Principal trading	125,753	100	(23)	125,830	113,715	201	5	113,921
Interest	13,882	24,136	12,990	51,008	9,735	12,072	6,068	27,875
Other	4,721	4,601	11,463	20,785	1,788	3,801	8,988	14,577
Expenses, excluding undernoted	590,253	351,929	65,437	1,007,619	583,577	288,400	50,373	922,350
Amortization	7,199	16,225	856	24,280	9,464	13,152	1,391	24,007
Development costs	452	14,906	155	15,513	690	6,773	201	7,664
Interest expense	9,810	4,593	11,050	25,453	9,471	2,741	6,225	18,437
Restructuring costs	13,070	—	—	13,070	4,704	2,939	—	7,643
Acquisition-related costs	1,976	1,088	—	3,064	—	6,732	—	6,732
Loss on extinguishment of convertible debentures	—	—	8,608	8,608	—	—	—	—
Share of loss of an associate	—	—	304	304	—	—	298	298
Income (loss) before intersegment allocations and income taxes	81,566	73,070	(61,980)	92,656	29,650	49,528	(43,432)	35,746
Intersegment allocations	18,689	14,467	(33,156)	—	16,524	15,529	(32,053)	—
Income (loss) before income taxes	\$ 62,877	\$ 58,603	\$ (28,824)	\$ 92,656	\$ 13,126	\$ 33,999	\$ (11,379)	\$ 35,746

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

	For the years ended	
	March 31, 2019	March 31, 2018
Canada	\$ 489,515	\$ 397,053
UK & Europe	363,774	329,841
United States	305,993	238,933
Australia	31,366	57,022
Other Foreign Locations	(81)	28
	\$ 1,190,567	\$ 1,022,877

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

	Canada	UK & Europe	United States	Other Foreign Locations	Australia	Total
As at March 31, 2019						
Equipment and leasehold improvements	\$ 7,919	\$ 11,376	\$ 5,463	\$ 54	\$ 980	\$ 25,792
Goodwill	101,732	162,822	105,682	—	—	370,236
Intangible assets	52,484	94,553	7,484	—	—	154,521
Non-current assets	162,135	268,751	118,629	54	980	550,549
As at March 31, 2018						
Equipment and leasehold improvements	9,483	13,156	6,960	66	1,302	30,967
Goodwill	92,074	165,900	—	—	—	257,974
Intangible assets	53,201	107,464	92	—	—	160,757
Non-current assets	\$ 154,758	\$ 286,520	\$ 7,052	\$ 66	\$ 1,302	\$ 449,698

NOTE 24**Capital Management**

The Company's business requires capital for operating and regulatory purposes, including funding current and future operations. The Company's capital structure is underpinned by shareholders' equity, which is comprised of preferred shares, common shares, contributed surplus, warrants, retained deficit and accumulated other comprehensive income (loss), and is further complemented by the subordinated debt, bank loans and convertible debentures. The following table summarizes our capital as at March 31, 2019 and 2018:

Type of capital	March 31, 2019	March 31, 2018
Preferred shares	\$ 205,641	\$ 205,641
Common shares	672,896	649,846
Convertible debentures – equity portion	5,156	2,604
Warrants	1,975	1,975
Contributed surplus	124,710	145,426
Retained deficit	(237,770)	(277,472)
Accumulated other comprehensive income	103,755	113,332
Shareholders' equity	876,363	841,352
Convertible debentures	127,225	57,081
Subordinated debt	7,500	7,500
Bank loan	59,664	71,437
	\$ 1,070,752	\$ 977,370

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

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

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

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

- Canaccord Genuity Wealth Management (USA) Inc. is registered as a broker dealer in the US and is subject to regulation primarily by FINRA
- Canaccord Asset Management Inc. is subject to regulation in Canada by the Ontario Securities Commission
- Canaccord Genuity (Dubai) Ltd is subject to regulation in the United Arab Emirates by the Dubai Financial Services Authority (DFSA)

Margin requirements in respect of outstanding trades, underwriting deal requirements and/or working capital requirements cause regulatory capital requirements to fluctuate on a daily basis. Compliance with these requirements may require the Company to keep sufficient cash and other liquid assets on hand to maintain regulatory capital requirements rather than using these liquid assets in connection with its business or paying them out in the form of cash disbursements. Some of the subsidiaries are also subject to regulations relating to withdrawal of capital, including payment of dividends to the Company. There were no significant changes in the Company's capital management policy during the current year. The Company's subsidiaries were in compliance with all of the minimum regulatory capital requirements as at and during the year ended March 31, 2019.

NOTE 25 Client Money

At March 31, 2019, the UK & Europe operations held client money in segregated accounts of \$3.042 billion (£1.748 billion) [2018 – \$2.978 billion (£1.643 billion)]. This is comprised of \$6.9 million (£4.0 million) [2018 – \$11.1 million (£6.1 million)] of balances held on behalf of clients to settle outstanding trades and \$3.035 billion (£1.744 billion) [2018 – \$2.967 billion (£1.637 billion)] of segregated deposits, held on behalf of clients, which are not reflected on the consolidated statements of financial position. Movement in settlement balances is reflected in operating cash flows.

NOTE 26 Provisions and Contingencies

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the years ended March 31, 2019 and 2018:

		Legal provisions	Restructuring provisions	Total provisions
Balance, March 31, 2017	\$	6,940	\$ 4,853	\$ 11,793
Additions		2,704	7,643	10,347
Utilized		(5,991)	(7,321)	(13,312)
Recoveries		(400)	—	(400)
Balance, March 31, 2018	\$	3,253	\$ 5,175	\$ 8,428
Additions		4,078	13,070	17,148
Utilized		(1,660)	(5,704)	(7,364)
Balance, March 31, 2019	\$	5,671	\$ 12,541	\$ 18,212

The restructuring provision recorded during the period ended March 31, 2019 related to termination benefits and certain real estate costs incurred as a result of the restructuring in our UK & Europe capital markets operations.

Commitments, litigation proceedings and contingent liabilities

In the normal course of business, the Company is involved in litigation, and as of March 31, 2019, 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, 2019, 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. Although the Company intends to vigorously defend itself in the event that claims are advanced, and believes that such

claims would be without merit, 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 who have standstill agreements in place in respect of these products, and for whom such information is available, is estimated to be \$10.4 million (£6.0 million). The aggregate initial tax deferral amount realized by the Company's clients, who have standstill agreements, in respect of these products when they were purchased by those clients during the period from 2006 to 2009 is estimated to be \$15.5 million (£8.9 million). Enforcement in accordance with announcements from HMRC, 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 HMRC by some investors may result in tax liabilities to the purchasers of those products in excess of the initial tax deferral amount. As at the date of these audited consolidated financial statements two pre-action protocols have been issued by certain clients, which have been rebutted by the Company. The potential tax liability for those clients engaged in such pre-action protocols which is in excess of the initial tax deferral amount, is estimated to be in the region of \$18.6 million (£10.7 million) plus other potential costs (for example interest). For those clients not currently engaged in pre-action protocols where we believe that the limitation period for bringing a claim has been preserved, the potential tax liability which is in excess of the initial tax deferral amount is estimated to be a further \$5.2 million (£3.0 million). The probable outcome of the enforcement actions by the HMRC 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 such claims asserted against the Company, or which may be asserted against the Company, are not determinable at the date of these audited consolidated financial statements.

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 these audited consolidated financial statements.

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 these audited consolidated financial statements.

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 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.

NOTE 27 Commitments

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

2020	\$	33,399
2021		31,978
2022		29,462
2023		21,930
2024		18,670
Thereafter		23,411
	\$	158,850

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

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

2020	\$	2,285
2021		2,619
2022		2,624
2023		797
2024		—
Thereafter		—
	\$	8,325

The Company is committed to principal and interest payments under the convertible debentures as follows:

2020	\$	8,295
2021		8,295
2022		8,295
2023		8,295
2024		141,020
Thereafter		—
	\$	174,200

The Company is committed to principal and interest payments under the bank loan as follows:

2020	\$	10,945
2021		15,230
2022		37,658
2023		—
2024		—
	\$	63,833

NOTE 28**Subsequent Events****(i) ACQUISITION**

On May 1, 2019, the Company, through its UK & Europe wealth management business, has completed the acquisition of Thomas Miller Wealth Management Limited (TMWML) and the private client investment management business of Thomas Miller Investment (Isle of Man) Limited. TMWML provides financial planning and investment management services to private clients, trusts, charities and corporations in the UK. There was initial cash consideration of £18.5 million (C\$31.8 million), with additional contingent consideration of up to £9.5 million (C\$16.8 million) payable over a period of three years following completion, subject to achievement of performance targets related to revenue and client assets. In connection with the acquisition, an additional £17.0 million (C\$30.0 million) has been added to the Company's existing bank loan facility.

(ii) DIVIDENDS

On June 5, 2019, the Board of Directors approved a dividend of \$0.17 per common share, payable on July 2, 2019, with a record date of June 21, 2019. This dividend is comprised of a \$0.01 base quarterly dividend and a \$0.16 variable supplemental dividend [Note 20].

On June 5, 2019, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on July 2, 2019 to Series A Preferred shareholders of record as at June 21, 2019 [Note 20].

On June 5, 2019, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on July 2, 2019 to Series C Preferred shareholders of record as at June 21, 2019 [Note 20].