

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 2016 Outlook” contains forward-looking information. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties discussed from time to time in the Company’s interim condensed and annual consolidated financial statements and its annual report and Annual Information Form (AIF) filed on www.sedar.com as well as the factors discussed in the sections entitled “Risk Management” in this MD&A and “Risk Factors” in the AIF, which include market, liquidity, credit, operational, legal 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 2016 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 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 2015 ended March 31, 2015 – this document is dated June 2, 2015.

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, 2015 compared to the preceding fiscal year, with an emphasis on the most recent year. Unless otherwise indicated or the context otherwise requires, the "Company" refers to Canaccord Genuity Group Inc. and "Canaccord Genuity Group" refers to the Company and its direct and indirect subsidiaries. "Canaccord Genuity" refers to the investment banking and capital markets segment of the Company. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements for the years ended March 31, 2015 and 2014, beginning on page 64 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, 2015 and 2014 are prepared in accordance with International Financial Reporting Standards (IFRS).

Non-IFRS Measures

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

Canaccord Genuity Group's capital is represented by common 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. Book value per diluted common share is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding and, commencing in Q1/14, adjusted for shares purchased under the normal course issuer bid (NCIB) and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

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

Financial statement items that exclude significant items are non-IFRS measures. Significant items for these purposes are defined as including restructuring costs, amortization of intangible assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions. See the Selected Financial Information Excluding Significant Items table on page 31.

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

Business Overview

Through its principal subsidiaries, Canaccord Genuity Group Inc. is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, the Company has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. Canaccord Genuity Group has offices in 10 countries worldwide, including wealth management offices located in Canada, Australia, and the UK & Europe. Canaccord Genuity, the Company's international capital markets division, has operations in Canada, the US, the UK, France, Ireland, Hong Kong, China, Singapore, Australia and Barbados.

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX and the symbol CF. on the London Stock Exchange. 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.

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

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

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

Canaccord Genuity

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

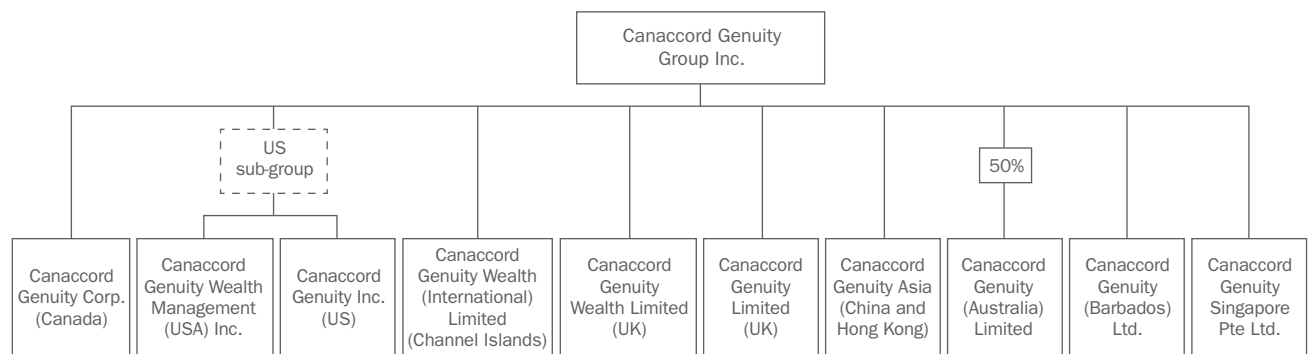
Canaccord Genuity Wealth Management

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

Corporate and Other

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

Corporate structure



The chart shows principal operating companies of Canaccord Genuity Group Inc.

The Company owns 50% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd. and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2015, the Company is considered to have a 60% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2014 – 50%].

BUSINESS ACTIVITY

Our business is subject to the overall condition of the worldwide debt and equity markets. The timing of revenue recognition can also materially affect the Company's quarterly results. The majority of revenue from underwriting and advisory transactions is recorded when the transaction has closed and, as a result, quarterly results can also be affected by the timing of our capital markets business.

The Company has taken steps to reduce its exposure to variances in the equity markets and local economies by diversifying not only its industry sector coverage but also its international scope. Historically, the Company's diversification across major financial centres has allowed it to benefit from strong equity markets.

Market Data

TOTAL FINANCING VALUE BY EXCHANGE

	Q1/15	Q2/15	Q3/15	Q4/15	Fiscal 2015	Fiscal 2014	Fiscal 2015/ 2014 change
TSX and TSX Venture (C\$ billions)	17.0	15.0	10.8	17.3	60.1	48.7	23.4%
AIM (£ billions)	1.9	0.8	1.4	0.9	5.0	5.1	(2.0)%
NASDAQ (US\$ billions)	28.0	12.7	18.2	25.5	84.4	72.3	16.7%

Source: TSX Statistics, LSE AIM Statistics, Equidesk

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

IMPACT OF CHANGES IN CAPITAL MARKETS ACTIVITY

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

During fiscal 2015, the Company's capital markets activities were focused on the following sectors: Metals and Mining, Energy, Technology, Health Care and Life Sciences, Agriculture, Media and Telecommunications, Financials, Consumer and Retail, Real Estate and Hospitality, Infrastructure, Transportation and Industrials, Paper and Forestry Products, Sustainability, Support Services, Aerospace and Defense, Leisure, Diversified, Private Equity and Investment Companies. 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 2015

CORPORATE

- In June 2014, the Company was added to the S&P/TSX Composite Index, the S&P/TSX Composite Dividend Index, and the S&P/TSX High Beta Index
- On August 6, 2014, the Company held its 2014 Annual General Meeting of shareholders, where all nominated directors were re-elected or elected to the Board, including Ms. Kalpana Desai as an Independent Director
- On August 8, 2014, the Company renewed its normal course issuer bid (NCIB)/buy-back programme, which provides the Company the ability to purchase, at its discretion, up to 5,100,049 of its common shares through the facilities of the TSX for cancellation. During fiscal 2015, the Company purchased 1,197,649 of its common shares under the terms of its NCIB
- On November 5, 2014, the Board of Directors appointed Dennis Miller as an Independent Director
- In January 2015, the Company appointed Jefferies International Ltd. as joint corporate broker
- In February 2015, the Company announced a planned workforce reduction of 4% in its global capital markets business
- On April 1, 2015, Paul Reynolds, President & CEO of Canaccord Genuity Group Inc., passed away following a medical emergency in late March 2015. The Board of Directors appointed David Kassie as CEO of the Company. Mr. Kassie now serves as Chairman & CEO of Canaccord Genuity Group Inc.

CANACCORD GENUITY

- Canaccord Genuity generated revenue of \$613.1 million in fiscal 2015
- Net income before taxes excluding significant items⁽¹⁾ was \$44.3 million, a decrease of \$42.3 million compared to the prior year
- Canaccord Genuity led 85 transactions globally, each over \$1.5 million, to raise total proceeds of C\$4.6 billion during fiscal 2015. Of this:
 - Canada led 38 transactions, which raised C\$2.6 billion
 - The UK led 10 transactions, which raised C\$696.9 million
 - The US led 11 transactions, which raised C\$810.9 million
 - Asia and Australia operations led 26 transactions, which raised C\$506.1 million
- During fiscal 2015, Canaccord Genuity participated in a total of 340 transactions globally, each over \$1.5 million, to raise gross proceeds of C\$39.2 billion. Of this:
 - Canada participated in 208 transactions, which raised C\$25.1 billion
 - The UK participated in 23 transactions, which raised C\$3.7 billion
 - The US participated in 67 transactions, which raised C\$9.5 billion
 - Asia and Australia operations participated in 42 transactions, which raised C\$947.6 million
- Significant investment banking transactions for Canaccord Genuity during fiscal 2015 include:
 - Two transactions totalling C\$586.5 million for The Intertain Group Limited on the TSX
 - US\$316.8 million for 3D Systems, Inc. on the NYSE
 - £294.0 million for Polypipe Group PLC on the LSE
 - C\$289.8 million for Callidus Capital Corp. on the TSX
 - C\$172.6 million for Bellatrix Exploration Ltd. on the TSX and NYSE
 - Two transactions totalling C\$161.6 million for Kinaxis Inc. on the TSX
 - £154.4 million for OneSavings Bank PLC on the LSE
 - C\$125.0 million for Canacol Energy Ltd. on the TSX
 - £120.8 million for Game Digital PLC on the LSE
 - C\$115.0 million for Lumenpulse Inc. on the TSX

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

- £100.0 million for Volution Group PLC on the LSE
- £95.0 million for Ediston Property Investment Company PLC on the LSE
- £92.0 million for Eurocell PLC on the LSE
- £79.3 million for Patisserie Holdings PLC on AIM
- US\$65.0 million for Avinger, Inc. on the NASDAQ
- £56.0 million for Intelligent Energy Plc on the LSE
- C\$45.0 million for NYX Gaming Group Limited on the TSX
- £41.0 million for Matomy Media Limited on the LSE
- £36.3 million for Mortgage Advice Bureau on AIM
- £26.0 million for EKF Diagnostics on the LSE
- In Canada, Canaccord Genuity raised \$821.0 million for government bond issuances and \$167.1 million for corporate bond issuances during fiscal 2015
- During fiscal 2015, significant M&A and advisory transactions included:
 - Amaya Gaming Group on its US\$4.9 billion purchase of Rational Group
 - The Intertain Group Limited on its £425.8 million acquisition of Jackpotjoy
 - Yamana Gold on the C\$3.9 billion joint acquisition with Agnico Eagle Mines Limited of Osisko Mining Corporation
 - SOF Investments on the £212.0 million sale of Moneycorp to Bridgepoint
 - B2Gold Corp. on its merger with Papillon Resources Limited
 - TowerBrook Capital Partners on the acquisition of Independent Clinical Services from The Blackstone Group
 - Medical Action Industries Inc. on its acquisition by Owens & Minor
 - Jaguar Mining Inc. on its US\$315.0 million recapitalization
 - DHX Media Limited on its acquisition of the Family Channel, Disney XD, Disney Junior (English) and Disney Junior (French)
 - Ultimo on its disposal to B2 Holding ASA
 - Plan Group on its sale to Bouygues SA
 - Nordion Inc. on its US\$826.0 million sale to Sterigenics International
 - AIB, RBS and Santander on their disposal of Morethan Hotels Group to Somerston Capital and Lone Star
 - Agnico Eagle Mines Limited on its acquisition of Cayden Resources Inc.
 - Essar Power Canada Holdings Inc. on its US\$65.0 million debt financing
 - Bridgepoint on its acquisition of ASK Italian and Zizzi for £250.0 million
 - The Co-operative Bank on the £157.5 million sale of Illius Properties Limited to Salmon Real Estate Limited
 - TA Associates on the £120.0 million disposal of MandM Direct
 - Regard Holdings Limited on its £120.0 million disposal by MML Capital Partners to Montreux Healthcare Funds and Macquarie Lending
 - World Energy Solutions, Inc. on its sale to EnerNOC, Inc.
 - Minova Insurance Holdings on its fundraise from Capital Z Partners Management
 - Paperny Entertainment Inc. on its sale to Entertainment One Limited

WEALTH MANAGEMENT (GLOBAL)

- Globally, Canaccord Genuity Wealth Management generated \$257.2 million in revenue during fiscal 2015
- Total assets under administration in Canada and assets under management in the UK & Europe and Australia were \$33.3 billion at March 31, 2015⁽²⁾

WEALTH MANAGEMENT (NORTH AMERICA)

- Canaccord Genuity Wealth Management (North America) generated \$125.3 million in revenue during fiscal 2015
- Net loss before income taxes was \$7.1 million
- Assets under administration were \$10.7 billion as of March 31, 2015, up 5.6% from \$10.2 billion at the end of fiscal 2014⁽²⁾
- Assets under management were \$1.6 billion as of March 31, 2015, up 29.7% from \$1.2 billion at the end of fiscal 2014⁽²⁾
- At March 31, 2015, Canaccord Genuity Wealth Management had 152 Advisory Teams in Canada⁽³⁾, a decrease of eight Advisory Teams from March 31, 2014

WEALTH MANAGEMENT (UK & EUROPE)

- Canaccord Genuity Wealth Management (UK & Europe) generated \$125.6 million in revenue and, excluding significant items, recorded net income of \$21.6 million before taxes in fiscal 2015⁽¹⁾
- Assets under management (discretionary and non-discretionary) were \$21.8 billion (£11.6 billion), an increase of 8% from \$20.2 billion (£10.0 billion) at the end of fiscal 2014⁽²⁾
- At March 31, 2015, Canaccord Genuity Wealth Management had 114 investment professionals and fund managers in the UK & Europe, a decrease of four from March 31, 2014

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

(2) See Non-IFRS Measures on page 22.

(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 2015

Fiscal 2015 started with a distinct strengthening in US economic growth. As the US unemployment rate fell steadily and headline inflation accelerated to 2%, the US Federal Reserve (Fed) gradually reduced its bond purchasing program (Quantitative Easing – QE) during the first half of the fiscal year. Elsewhere, the Eurozone experienced very low inflation and a fragile economic recovery, owing to banks' reluctance to lend to households and businesses. To facilitate credit, the European Central Bank (ECB) cut policy rates and announced targeted long term refinancing operations (LTROs) with credit access conditions for banks tied to lending activities. Throughout fiscal 2015, the euro currency depreciated due to Europe's monetary policy, which is somewhat relaxed relative to that of other world central banks. Growth in China moderated, with monetary authorities reluctant to stimulate growth and spur a possible housing bubble. In Japan, the economy surprisingly contracted, following the implementation of the Value Added Tax (VAT) increase. Overall, global growth concerns continued to escalate, despite accommodative financial conditions and the backstop from central banks in both developed markets (DMs) and emerging markets (EMs). The end of QE in the US triggered some turbulence in EMs, as it coincided with the beginning of a phase of US dollar appreciation. With most of EM corporate debt denominated in US dollar terms, funding risk emerged and EM currencies, along with the Canadian dollar, were kept under pressure. Nevertheless, powered by abundant liquidity conditions, US and Canadian equities continued to march higher. The S&P/TSX finally hit a new all-time high in September of 2014, surpassing the 15,000 resistance level that had prevailed since 2008.

During the second half of fiscal 2015, crude oil prices collapsed on the back of strong production growth from US shale-oil producers and the Organization of the Petroleum Exporting Countries' (OPEC) decision not to implement production cuts in order to avert a glut in global oil markets. The Bank of Canada (BoC) reacted with a surprise rate cut in fiscal Q4/15, to cushion the Canadian economy from an oil-driven downturn. This unexpected rate cut sent the Canadian dollar sharply lower. Despite a tame inflation backdrop and subdued growth, the Fed ended its QE program, citing marked improvement in labour market conditions. In its last policy meeting of calendar 2014, the Fed announced that its interest rate policy has become data dependent, with a focus on inflationary pressures and the state of the global economy. In Europe, the ECB launched an expanded asset purchase program (QE) in January 2015. In Japan, the Bank of Japan (BoJ) announced it would further expand its balance sheet in order to reach its stated goal of 2% inflation. Given the expectation of a relatively tighter monetary policy in the US versus the rest of the world, the US dollar began to appreciate very rapidly. In China, the People's Bank of China (PBoC) also eased monetary conditions, starting with an unexpected rate cut in November. In fact, rapidly falling energy prices raised the possibility of deflation, which caused several world central banks to deliver bold rate cuts. With European and Asian economies as net beneficiaries to lower oil prices, the long-held bull market in North American equities came to a pause and global equities began a much-awaited cycle of outperformance.

A global growth slowdown and a phase of swift US dollar appreciation (DXY up 22.8%) hurt commodity prices during fiscal 2015. Crude oil, copper and gold prices dropped 53.0%, 8.8% and 7.9%, respectively. Unsurprisingly, resource stocks underperformed the market by a wide margin. Meanwhile, high-dividend paying stocks benefited from lower bond yields. The S&P/TSX (4.0%) underperformed the S&P 500 by 10.4%. Finally, weak commodities pricing was particularly detrimental to the S&P/TSX small-cap index (-12.3%).

Fiscal 2016 Outlook

We expect world economic growth to reaccelerate going into the second half of calendar 2015. Similar to the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) in its biannual World Economic Outlook projects modest global growth reacceleration in 2015. In fact, the organization projects world GDP growth will rise from 3.4% in 2014 to 3.5% in 2015 and 3.8% in 2016. Expectedly for 2015, the outlook for DM growth is set to improve with acceleration in the US, Europe and Japan. However, growth in EMs is projected to decline, reflecting weaker prospects for China and oil-exporting countries. Notably, the global economy should benefit from the global decline in nominal and real long term bond yields, lower oil prices, which are more supply than demand driven, and finally, the rising US dollar, which has redistributed demand towards the weakest countries. When we combine these three factors and account for the lagged impact, we expect global economic activity to accelerate during the second half of calendar 2015.

Using the IMF's new country growth forecasts, we estimate that DMs now account for 30% of world GDP growth in 2015 compared to 70% for EMs. This is particularly important given that major EM economies such as China and India are net importers of crude oil and should benefit from lower energy prices. We expect a synchronized rebound in DM economies during the second half of calendar 2015. This should lift global bond yields and support commodity prices and underlying equities.

While we expect increased synchronization among world monetary policies in calendar 2015, we also expect this will lead to a recoupling between DM and EM economic regions later in the fiscal year. This is when we believe the US Federal Reserve will begin to gradually normalize interest rates. The uncertainty about the exact timing of the first rate hike by the Federal Reserve may keep the markets volatile throughout the fiscal year, especially if the US dollar resumes its upward trend. That said, we believe equity markets should continue to do well, propped by late or resource-cyclical equities, where valuations remain very inexpensive.

With regard to capital markets activities, we expect the momentum built last year to persist through fiscal 2016. That is, Canaccord Genuity should enjoy strong contributions from across its geographical platforms. One encouraging development is the increased level of volatility exhibited across various asset classes. This volatility is expected to support secondary trading agency revenues. Equity issuance activity should broaden out and include resource equities where US dollar weakness/consolidation and better global growth prospects support commodity prices. With resource cyclicals expected to lead equity markets, M&A and advisory activities are set to pick up in these areas as companies strengthen their balance sheets before entering a phase of stronger world growth in calendar 2016. However, there is much uncertainty remaining about the timing and magnitude of the US Federal Reserve's upcoming monetary tightening cycle. When we also consider above-average market valuation, conditions remain in place for volatile markets throughout the fiscal year ahead.

Overview of Preceding Years – Fiscal 2014 vs. 2013

Total revenue for the year ended March 31, 2014 (fiscal 2014) was \$855.2 million, an increase of \$58.1 million or 7.3% compared to the year ended March 31, 2013. Canaccord Genuity Group earned record revenue in fiscal 2014, primarily due to strong performances from many of our foreign operations.

Canaccord Genuity Group recorded net income of \$52.1 million during fiscal 2014, compared to a loss of \$18.9 million in fiscal 2013. Excluding significant items⁽¹⁾, net income for fiscal 2014 was \$68.8 million, an increase of \$43.2 million over fiscal 2013.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

Financial Overview

SELECTED FINANCIAL INFORMATION⁽¹⁾⁽²⁾

(C\$ thousands, except per share and % amounts, and number of employees)	For the years ended March 31				
	2015	2014	2013	2015/2014 change	
Canaccord Genuity Group Inc. (CGGI)					
Revenue					
Commissions and fees	\$ 374,058	\$ 361,647	\$ 353,125	\$ 12,411	3.4%
Investment banking	238,517	221,410	145,772	17,107	7.7%
Advisory fees	151,336	139,142	179,690	12,194	8.8%
Principal trading	75,217	91,313	66,406	(16,096)	(17.6)%
Interest	22,212	24,549	29,199	(2,337)	(9.5)%
Other	19,423	17,183	22,930	2,240	13.0%
Total revenue	880,763	855,244	797,122	25,519	3.0%
Expenses					
Incentive compensation	455,480	413,289	406,724	42,191	10.2%
Salaries and benefits	85,770	91,135	88,522	(5,365)	(5.9)%
Other overhead expenses ⁽³⁾	305,822	280,746	292,242	25,076	8.9%
Restructuring costs ⁽⁴⁾	24,813	5,486	31,617	19,327	n.m.
Impairment of goodwill ⁽⁵⁾	14,535	—	—	14,535	n.m.
Acquisition-related costs	—	—	1,719	—	—
Total expenses	886,420	790,656	820,824	95,764	12.1%
(Loss) income before income taxes	(5,657)	64,588	(23,702)	(70,245)	(108.8)%
Net (loss) income	\$ (11,318)	\$ 52,057	\$ (18,775)	\$ (63,375)	(121.7)%
Net (loss) income attributable to CGGI shareholders	\$ (13,184)	\$ 51,413	\$ (16,819)	\$ (64,597)	(125.6)%
Non-controlling interests	\$ 1,866	\$ 644	\$ (1,956)	\$ 1,222	189.8%
(Loss) earnings per common share (EPS) – basic	\$ (0.27)	\$ 0.42	\$ (0.31)	\$ (0.69)	(164.3)%
(Loss) earnings per common share (EPS) – diluted	\$ (0.27)	\$ 0.39	\$ (0.31)	\$ (0.66)	(169.2)%
Return on common equity (ROE)	(2.9)%	4.4%	(3.3)%	(7.3) p.p.	
Dividends per common share	\$ 0.25	\$ 0.20	\$ 0.20	\$ 0.05	25.0%
Book value per diluted common share ⁽⁶⁾	\$ 8.71	\$ 9.05	\$ 7.68	\$ (0.34)	(3.8)%
Excluding significant items⁽⁷⁾					
Total expenses	\$ 827,458	\$ 770,587	\$ 766,893	\$ 56,871	7.4%
Income before income taxes	\$ 53,305	\$ 84,657	\$ 30,229	\$ (31,352)	(37.0)%
Net income	\$ 39,330	\$ 68,846	\$ 25,644	\$ (29,516)	(42.9)%
Net income attributable to CGGI shareholders	\$ 36,448	\$ 67,211	\$ 26,207	\$ (30,763)	(45.8)%
EPS – basic	\$ 0.27	\$ 0.59	\$ 0.16	\$ (0.32)	(54.2)%
EPS – diluted	\$ 0.25	\$ 0.54	\$ 0.14	\$ (0.29)	(53.7)%
Balance sheet data					
Total assets	\$ 4,369,905	\$ 5,014,622	\$ 4,603,502	\$ (644,717)	(12.9)%
Total liabilities	3,242,088	3,831,030	3,538,170	(588,942)	(15.4)%
Non-controlling interests	10,275	14,912	16,169	(4,637)	(31.1)%
Total shareholders' equity	1,117,542	1,168,680	1,049,163	(51,138)	(4.4)%
Number of employees	1,928	2,004	2,060	(76)	(3.8)%

(1) Data is in accordance with IFRS except for ROE, book value per diluted common share, figures excluding significant items and number of employees. See Non-IFRS Measures on page 22.

(2) The operating results of the Australian operations have been fully consolidated and a 40% non-controlling interest has been recognized for fiscal 2015 [fiscal 2014 and fiscal 2013 – 50%]. Results of the wealth management business of Eden Financial Ltd. since October 1, 2012 are also included.

(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) Consists of restructuring costs in connection with certain executive changes in our Corporate and Other segment, the closure of the Geneva office in our UK & European wealth management operations, certain real estate and office closure costs, as well as reorganization of our Canadian, UK & Europe and US capital markets operations. Fiscal 2014 and fiscal 2013 restructuring costs include expenses mainly in connection with restructuring of our sales and trading operations in Canada and the UK & Europe, and certain office closure costs.

(5) Impairment of goodwill in connection with our Singapore- and China-based operations.

(6) Book value per diluted common share is calculated as total common shareholders' equity divided by the number of diluted common shares outstanding and, commencing in fiscal 2014, adjusted for shares purchased under the normal course issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

(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 on the next page.

n.m.: not meaningful

p.p.: percentage points

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS⁽¹⁾

	For the years ended March 31				
(C\$ thousands, except per share and % amounts)	2015	2014	2013	2015/2014 change	
Total revenue per IFRS	\$ 880,763	\$ 855,244	\$ 797,122	\$ 25,519	3.0%
Total expenses per IFRS	886,420	790,656	820,824	95,764	12.1%
<i>Significant items recorded in Canaccord Genuity</i>					
Amortization of intangible assets	6,823	6,742	14,740	81	1.2%
Impairment of goodwill	14,535	—	—	14,535	n.m.
Restructuring costs	20,997	5,486	15,232	15,511	282.7%
Acquisition-related costs	—	—	388	—	—
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>					
Amortization of intangible assets	7,591	7,841	5,855	(250)	(3.2)%
Restructuring costs	783	—	15,485	783	n.m.
Acquisition-related costs	—	—	1,331	—	—
<i>Significant items recorded in Corporate and Other</i>					
Restructuring costs	3,033	—	900	3,033	n.m.
Development costs	5,200	—	—	5,200	n.m.
Total significant items	58,962	20,069	53,931	38,893	193.8%
Total expenses excluding significant items	827,458	770,587	766,893	56,871	7.4%
Net income before taxes – adjusted	\$ 53,305	\$ 84,657	\$ 30,229	\$ (31,352)	(37.0)%
Income taxes – adjusted	13,975	15,811	4,585	(1,836)	(11.6)%
Net income – adjusted	\$ 39,330	\$ 68,846	\$ 25,644	\$ (29,516)	(42.9)%
EPS – basic, adjusted	\$ 0.27	\$ 0.59	\$ 0.16	\$ (0.32)	(54.2)%
EPS – diluted, adjusted	\$ 0.25	\$ 0.54	\$ 0.14	\$ (0.29)	(53.7)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.
n.m.: not meaningful

FOREIGN EXCHANGE

Revenues and expenses from our foreign operations are initially recorded in their respective functional currencies and translated into Canadian dollars at exchange rates prevailing during the period. The pound sterling and the US dollar appreciated against the Canadian dollar by approximately 8.8% and 7.9%, respectively, in fiscal 2015 when compared to fiscal 2014. This appreciation contributed to certain increases in revenue and expense items in Canadian dollars when compared to the applicable prior periods and should be considered when reviewing the following discussion in respect of our consolidated results as well as the discussion in respect of Canaccord Genuity and Canaccord Genuity Wealth Management UK & Europe.

GOODWILL

During the year ended March 31, 2015, as a result of operating losses in China and reduced revenue forecasts arising from changes in economic and market conditions in Other Foreign Locations – China and Singapore, the Company determined that there had been impairment in the goodwill in respect of these business units. As a result, the Company recorded impairment charges in respect of the goodwill allocated to Other Foreign Locations – China and Singapore in the amounts of \$4.5 million and \$10.0 million, respectively. The impairment charge in respect of China was recorded in Q3/15 and the impairment charge in respect of Singapore was recorded in Q4/15. Goodwill remaining as of March 31, 2015 in respect of Other Foreign Locations – Singapore is \$23.0 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 preliminary estimates for revenue and operating performance, growth rates and other assumptions typically required in connection with discounted cash flow models, the Company determined that there was no impairment in the goodwill and indefinite-lived intangible assets associated with its other business units. Notwithstanding this determination as of March 31, 2015, the continuing uncertainty in the economic environment may cause this determination to change. If the business climate remains uncertain and the Company is unable to achieve its internal forecasts, the Company may determine that there has been impairment and the Company may be required to record a goodwill impairment charge in future periods. As further described in Note 13 of the consolidated financial statements, reasonably possible adverse changes in the key assumptions utilized for purposes of the impairment testing for Canaccord Genuity – Canada, UK & Europe, and US and for Other Foreign

Locations – Australia and Singapore may result in the estimated recoverable amount of some or all of these business units declining below the carrying value with the result that impairment charges may be required. The extent of any such impairment charges could be some or all of the amounts recorded for goodwill and indefinite-lived intangible assets and would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors.

REVENUE

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

Revenue for fiscal 2015 was \$880.8 million, an increase of 3.0% or \$25.5 million from fiscal 2014. Our capital markets operations experienced a slight decrease of \$2.7 million, or 0.4%, in revenue compared to the prior year. Our wealth management operations, both in Canada and in the UK & Europe, showed strong performances compared to fiscal 2014, with increases of \$14.3 million and \$12.5 million, respectively. Our Corporate and Other segment further contributed to the overall increase in revenues by \$1.4 million.

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 \$12.4 million or 3.4% from fiscal 2014 to \$374.1 million in fiscal 2015. Our Canaccord Genuity Wealth Management segment contributed \$20.4 million to the increase, offset by a decrease in commissions and fees revenue of \$8.0 million in our Canaccord Genuity operating segment.

Investment banking revenue was \$238.5 million in fiscal 2015, up \$17.1 million or 7.7% from fiscal 2014. The growth in investment banking revenue was most notable in our Canadian operations, with an increase of \$25.7 million, largely due to the completion of the Amaya Gaming transaction during the current fiscal year. The Company's operations in the Other Foreign Locations geographic region, which includes operations in Australia, Singapore, China, Hong Kong and Barbados, also contributed \$7.7 million to the increase in investment banking revenue, primarily due to the continued growth of our Australian capital markets operations. Investment banking revenue was offset by decreases of \$15.6 million and \$5.7 million in our UK & Europe and US capital markets operations, respectively.

Advisory fees of \$151.3 million represented an increase of 8.8%, or \$12.2 million, compared to the prior year. This was primarily due to higher activity in our capital markets operations in Canada, where advisory fees increased by \$34.3 million compared to fiscal 2014. The Company's operations in the US and in Other Foreign Locations also contributed to the increase in advisory fees compared to the prior year through increases of \$2.8 million and \$2.0 million, respectively. Advisory fees were offset by a decrease of \$26.7 million in our UK & Europe operations, as a result of the substantial decrease in transaction volume compared to the prior year.

Revenue derived from principal trading decreased by \$16.1 million to \$75.2 million for the year ended March 31, 2015, primarily due to the decline of \$11.7 million in our UK & Europe capital markets operations and a \$6.1 million decrease in our US capital markets operations. The decrease was slightly offset by a \$1.4 million increase in principal trading revenue generated in our Canadian capital markets and wealth management operations.

Interest revenue decreased by \$2.3 million compared to fiscal 2014, mostly as a result of a reduction in interest revenue in our Other Foreign Locations operations. Other revenue of \$19.4 million was \$2.2 million or 13.0% higher than in the year ended March 31, 2014, partially due to higher foreign exchange gains.

EXPENSES

Expenses as a percentage of revenue

	For the years ended March 31		
	2015	2014	2015/2014 change
Incentive compensation	51.7%	48.3%	3.4 p.p.
Salaries and benefits	9.8%	10.7%	(0.9) p.p.
Other overhead expenses ⁽¹⁾	34.7%	32.8%	1.9 p.p.
Restructuring costs ⁽²⁾⁽³⁾	2.8%	0.6%	2.2 p.p.
Impairment of goodwill ⁽⁴⁾	1.6%	—	1.6 p.p.
Total	100.6%	92.4%	8.2 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 31.

(3) Consists of restructuring costs in connection with certain executive changes in our Corporate and Other segment, the closure of the Geneva office in our UK & European wealth management operations, certain real estate and office closure costs, as well as reorganization of our Canadian, UK & Europe and US capital markets operations. Fiscal 2014 restructuring costs incurred were mainly in connection with restructuring of our sales and trading operations in Canada and the UK & Europe, as well as certain office closure costs.

(4) Impairment of goodwill in connection with our Singapore- and China-based operations.

p.p.: percentage points

Expenses for fiscal 2015 were \$886.4 million, an increase of 12.1% or \$95.8 million compared to last year. Excluding significant items⁽¹⁾, total expenses were \$827.5 million, up \$56.9 million or 7.4% from fiscal 2014. Total expenses excluding significant items⁽¹⁾ as a percentage of revenue increased by 3.8 percentage points compared to the year ended March 31, 2014.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

Compensation expenses

Incentive compensation expense was \$455.5 million, an increase of \$42.2 million or 10.2% from the prior year. Incentive compensation expense as a percentage of total revenue increased to 51.7% in fiscal 2015, or by 3.4 percentage points compared to fiscal 2014. This increase was primarily due to the substantial decrease in capital markets revenue in the UK & Europe and the impact of that decrease on incentive compensation pools in the UK & Europe. In addition, there was an increase in share-based incentive compensation expense as a percentage of revenue as a result of an increase in restricted stock awards under our long-term incentive plan to staff in the US in fiscal 2015 to support the growth in that region. Salaries and benefits expense was \$85.8 million, a decrease of 5.9% from the prior year. The decrease in salaries and benefits expense compared to fiscal 2014 was partly due to the recording of certain compensation costs in the UK as incentive compensation expense rather than as salaries and benefits as recorded in prior years.

The total compensation (incentive compensation plus salaries and benefits) expense as a percentage of total revenue was 61.5%, up 2.5 percentage points compared to 59.0% in fiscal 2014.

Other overhead expenses

(C\$ thousands, except % amounts)	For the years ended March 31		
	2015	2014	2015/2014 change
Trading costs	\$ 52,795	\$ 47,872	10.3%
Premises and equipment	40,281	38,461	4.7%
Communication and technology	51,758	46,065	12.4%
Interest	13,424	16,359	(17.9)%
General and administrative	94,688	83,834	12.9%
Amortization ⁽¹⁾	28,428	26,786	6.1%
Development costs	24,448	21,369	14.4%
Total other overhead expenses	\$ 305,822	\$ 280,746	8.9%

(1) Includes \$14.4 million and \$14.6 million of amortization of intangible assets for the years ended March 31, 2015 and March 31, 2014, respectively. See the Selected Financial Information Excluding Significant Items table on page 31.

Other overhead expenses were \$305.8 million or 8.9% higher in fiscal 2015, which as a percentage of revenue represented an increase of 1.9 percentage points compared to fiscal 2014. The overall increase in other overhead expenses was driven by higher general and administrative expense, communication and technology expense, trading costs, development costs, amortization, and premises and equipment expense. These increases were partially offset by a decrease in interest expense.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, was up \$10.9 million, mainly due to an increase in promotion and travel expense in our Canadian and US operations as a result of higher activity during the year ended March 31, 2015. An increase in legal and other professional fees in our UK & Europe and US operations further contributed to the increase in general and administrative expense. Amortization expense increased by \$1.6 million and was partially related to amortization of leasehold improvements in the UK capital markets operations.

Development costs increased by \$3.1 million, mainly due to higher costs in our Corporate and Other operations, offset by lower hiring incentives in our wealth management operations. During Q4/15, an expense of \$5.2 million was recorded in development costs as a result of the accelerated recognition of the unamortized cost of stock-based compensation awards which were held by our former CEO. His death on April 1, 2015 following a serious medical emergency near the end of the quarter required that we recognize the unamortized cost of these awards as of March 31, 2015.

Higher trading costs in our International Equities Group in the US was the main reason for the \$4.9 million increase in trading costs in fiscal 2015 compared to the year ended March 31, 2014. Communication and technology expense increased by \$5.7 million, primarily as a result of increases recorded in the US and UK & Europe capital markets operations. Premises and equipment expense was \$1.8 million higher compared to fiscal 2014 due to higher expenses in our US operations.

Interest expense decreased by \$2.9 million from the prior year, mainly due to lower expenses generated in our Canadian and Other Foreign Locations operations.

During the year ended March 31, 2015, the Company also recognized restructuring costs of \$24.8 million. The restructuring costs incurred in fiscal 2015 were in connection with certain executive changes in our Corporate and Other segment and the closure of the Geneva office in our UK & Europe wealth management operations in Q1/15. In addition, included in restructuring expense were costs associated with the reorganization of the Canadian, UK & Europe and US capital markets operations incurred during the quarter ended March 31, 2015.

During Q3/15, as a result of operating losses in China and Hong Kong, we recorded an impairment charge in respect of the goodwill allocated to those operations in the amount of \$4.5 million. In Q4/15, we revised our revenue forecasts for our operation

in Singapore due to challenging economic and market conditions and as a result we recorded an impairment charge in respect of the goodwill allocated to that operation in the amount of \$10.0 million. Accordingly, for the year ended March 31, 2015, an impairment charge in the amount of \$14.5 million was recorded in respect of the goodwill allocated to Other Foreign Locations – China and Singapore.

NET LOSS

Net loss for fiscal 2015 was \$11.3 million, down from net income of \$52.1 million in fiscal 2014. Diluted loss per share was \$0.27 in fiscal 2015 compared to diluted earnings per share (EPS) of \$0.39 in the prior year. Excluding significant items⁽¹⁾, net income for fiscal 2015 was \$39.3 million compared to net income of \$68.8 million in fiscal 2014, and diluted EPS was \$0.25 compared to diluted EPS of \$0.54 in fiscal 2014.

Pre-tax profit excluding significant items⁽¹⁾ as a percentage of revenue declined by 3.8 percentage points compared to the year ended March 31, 2014 as a result of increases in certain overhead expenses to support the continued growth in our business.

Income tax expense was \$5.7 million for fiscal 2015, reflecting an effective tax rate of (100.1)% compared to an effective tax rate of 19.4% in the prior year. The change in the effective tax rate was mainly due to non-deductible items as well as tax losses and other temporary differences not recognized in current and prior periods by certain subsidiaries outside of Canada. A further discussion of our taxes is provided in the Critical Accounting Policies and Estimates section of the MD&A on page 55.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

Quarterly Financial Information⁽¹⁾⁽²⁾

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended March 31, 2015. This information is unaudited, but reflects all adjustments of a recurring nature that are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

(C\$ thousands, except per share amounts)	Fiscal 2015				Fiscal 2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue								
Commissions and fees	\$ 100,869	\$ 92,123	\$ 86,240	\$ 94,826	\$ 102,199	\$ 87,581	\$ 81,832	\$ 90,035
Investment banking	57,255	27,601	66,289	87,372	78,453	70,841	40,283	31,833
Advisory fees	40,283	22,618	55,741	32,694	33,585	39,758	29,894	35,905
Principal trading	22,621	14,612	17,708	20,276	31,027	21,863	18,883	19,540
Interest	4,961	5,045	5,902	6,304	5,908	5,704	6,132	6,805
Other	6,476	4,472	4,391	4,084	2,576	5,212	6,282	3,113
Total revenue	232,465	166,471	236,271	245,556	253,748	230,959	183,306	187,231
Total expenses	260,835	191,991	211,326	222,268	221,737	206,539	184,262	178,118
Net (loss) income								
before taxes	(28,370)	(25,520)	24,945	23,288	32,011	24,420	(956)	9,113
Net (loss) income	\$ (26,322)	\$ (21,479)	\$ 17,614	\$ 18,869	\$ 25,920	\$ 18,334	\$ (80)	\$ 7,883
(Loss) earnings per share –								
basic	\$ (0.33)	\$ (0.27)	\$ 0.16	\$ 0.16	\$ 0.24	\$ 0.15	\$ (0.03)	\$ 0.06
(Loss) earnings per share –								
diluted	\$ (0.33)	\$ (0.27)	\$ 0.14	\$ 0.15	\$ 0.22	\$ 0.14	\$ (0.03)	\$ 0.06
Excluding significant								
items ⁽³⁾								
Net income (loss)	\$ 8,820	\$ (14,253)	\$ 20,746	\$ 24,017	\$ 29,075	\$ 21,227	\$ 6,734	\$ 11,810
Earnings (loss) per share –								
basic	\$ 0.05	\$ (0.19)	\$ 0.19	\$ 0.22	\$ 0.28	\$ 0.18	\$ 0.03	\$ 0.10
Earnings (loss) per share –								
diluted	\$ 0.05	\$ (0.19)	\$ 0.17	\$ 0.20	\$ 0.25	\$ 0.17	\$ 0.03	\$ 0.09

(1) Data is in accordance with IFRS except for figures excluding significant items. See Non-IFRS Measures on page 22.

(2) The operating results of our Australian operations have been fully consolidated and a 40% non-controlling interest has been recognized during fiscal 2015 [fiscal 2014 and fiscal 2013 – 50%]. Results of the wealth management business of Eden Financial Ltd. since October 1, 2012 are also included.

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

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

(C\$ thousands, except per share amounts)	Q4	Q3	Q2	Fiscal 2015 Q1	Q4	Q3	Q2	Fiscal 2014 Q1
Total revenue per IFRS	\$ 232,465	\$ 166,471	\$ 236,271	\$ 245,556	\$ 253,748	\$ 230,959	\$ 183,306	\$ 187,231
Total expenses per IFRS	260,835	191,991	211,326	222,268	221,737	206,539	184,262	178,118
<i>Significant items recorded in Canaccord Genuity</i>								
Restructuring costs	20,997	—	—	—	—	—	5,486	—
Amortization of intangible assets	1,691	1,684	1,707	1,741	1,702	1,680	1,658	1,702
Impairment of goodwill	10,000	4,535	—	—	—	—	—	—
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>								
Restructuring costs	—	—	—	783	—	—	—	—
Amortization of intangible assets	1,467	1,660	2,224	2,240	2,256	1,945	1,751	1,889
<i>Significant items recorded in Corporate and Other</i>								
Restructuring costs	1,433	—	—	1,600	—	—	—	—
Development costs	5,200	—	—	—	—	—	—	—
Total significant items	40,788	7,879	3,931	6,364	3,958	3,625	8,895	3,591
Total expenses excluding significant items	220,047	184,112	207,395	215,904	217,779	202,914	175,367	174,527
Net income (loss) before taxes – adjusted	12,418	(17,641)	28,876	29,652	35,969	28,045	7,939	12,704
Income taxes (recovery) – adjusted	3,598	(3,388)	8,130	5,635	6,894	6,818	1,205	894
Net income (loss) – adjusted	\$ 8,820	\$ (14,253)	\$ 20,746	\$ 24,017	\$ 29,075	\$ 21,227	\$ 6,734	\$ 11,810
EPS – basic – adjusted	\$ 0.05	\$ (0.19)	\$ 0.19	\$ 0.22	\$ 0.28	\$ 0.18	\$ 0.03	\$ 0.10
EPS – diluted – adjusted	\$ 0.05	\$ (0.19)	\$ 0.17	\$ 0.20	\$ 0.25	\$ 0.17	\$ 0.03	\$ 0.09

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

(2) The operating results of our Australian operations have been fully consolidated and a 40% non-controlling interest has been recognized during fiscal 2015 [fiscal 2014 and fiscal 2013 – 50%]. Results of the wealth management business of Eden Financial Ltd. since October 1, 2012 are also included.

Quarterly trends and risks

Our quarterly results are not significantly affected by seasonal factors. However, Canaccord Genuity Group'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 worldwide market. Revenue from an underwriting transaction is recorded only when the transaction has closed. Consequently, the timing of revenue recognition can materially affect the Company's quarterly results.

The first six months of fiscal 2015 continued to demonstrate the positive trend and momentum which started towards the second half of fiscal 2014. As a result of the decline in market conditions in mid-fiscal 2015, our Q3/15 results suffered throughout the different geographic regions. However, during Q4/15, revenues increased by \$66.0 million from Q3/15, of which \$55.5 million was from the Canaccord Genuity division and \$10.5 million was from the Canaccord Genuity Wealth Management division. As a result of the market downturn in mid-fiscal 2015, the Q4/15 revenue in our UK & Europe capital markets operations decreased by 38.9% from revenue earned in Q4/14. Our US operations also experienced a decline in revenue during fiscal 2015 compared to the prior fiscal year. In Canada, our capital markets division had a strong performance throughout the year, particularly in Q2/15, which marked the highest revenue earned in a quarter since Q4/13. The substantive increase in revenue was mostly due to the

completion of two significant transactions during the first six months of fiscal 2015 and a significant transaction in Q4/15. Due to the strong performance of our Australian operations, our Other Foreign Locations operations generated strong revenues throughout the current fiscal year, including \$16.0 million in revenue during Q4/15, a record quarter for this geographic region.

Revenue from our Canaccord Genuity Wealth Management North America operations has trended higher in more recent quarters, reaching \$33.1 million in Q4/15, the highest it has been over the past eight quarters. The pre-tax profit margin for this business unit also improved during this period, reflecting cost containment efforts. Assets under management increased by 29.7% compared to Q4/14, to \$1.6 billion at the end of Q4/15, a solid indication of growth in our managed and fee-related accounts.

The Canaccord Genuity Wealth Management UK & Europe operations continued to experience steady revenue growth, reflecting the synergies achieved through the acquisition of Eden Financial Ltd. in fiscal 2013. The fee-related revenue in this division has also been steadily increasing. It now stands at 64.6% for Q4/15, a 3.9 percentage point increase from the same quarter a year ago. Assets under management for this group have also continued to grow over the past eight completed financial quarters and increased to \$21.8 billion as at March 31, 2015. Our UK-based wealth management division recognized higher revenue in each of the quarters in fiscal 2015 compared to the same periods in fiscal 2014. During Q4/15, it also recognized record revenues of \$35.7 million, which was 7.4% higher than in Q4/14.

Fourth quarter 2015 performance

Revenue for the fourth quarter was \$232.5 million, a decrease of \$21.3 million or 8.4% compared to the same period in the previous year, mainly due to a decline in investment banking and principal trading revenue, which was offset partially by a growth in advisory fees and other revenue. The decrease in investment banking revenue was attributable to lower activity across most of our capital markets operations, offset partially by strong performances in our Other Foreign Locations operations. Principal trading decreased by \$8.4 million from Q4/14, primarily due to the \$4.4 million decrease in the US and the \$3.8 million decrease in the UK & Europe. Advisory fees revenue for the quarter increased by \$6.7 million from Q4/14, predominantly due to the \$10.4 million increase in our Canadian operations, offset by a \$5.1 million decrease in our UK & Europe operations. The increase in advisory fees recognized in Canada for the quarter was mostly due to the completion of the Intertain Group Limited transaction.

Expenses were \$260.8 million, up \$39.1 million or 17.6% from Q4/14. Total expenses excluding significant items⁽¹⁾ were \$220.0 million, an increase of \$2.3 million or 1.0% from the same period last year. The increase in total expenses excluding significant items⁽¹⁾ was largely attributable to higher development costs and communication and technology expense compared to Q4/14.

Development costs increased by \$3.9 million, mainly due to an increase in our Corporate and Other segment, offset by lower hiring incentives in our Canadian and US operations. During Q4/15, an expense of \$5.2 million was recorded in development costs as a result of the accelerated recognition of the unamortized cost of stock-based compensation awards which were held by our former CEO. His death on April 1, 2015 following a serious medical emergency near the end of the quarter required that we recognize the unamortized cost of these awards as of March 31, 2015.

Communication and technology expense increased by \$2.6 million from the same quarter in the prior year, mainly due to higher expenditures incurred in our US and UK & Europe operations during the fiscal year.

During the fourth quarter of fiscal 2015, the Company recognized \$22.4 million in restructuring costs related to the reorganization of the Canadian, US, and UK & Europe capital markets operations in light of weak market conditions in Q3/15. In connection with these restructuring activities, decisions affecting real estate and office locations were made, resulting in the recognition of certain real estate costs in Q4/15 by our US capital markets operations.

The Company also recognized a \$10.0 million impairment charge to goodwill related to our Singapore operations during the fourth quarter of fiscal 2015 due to revised revenue forecasts arising from changes in economic and market conditions.

Net loss for the fourth quarter of fiscal 2015 was \$26.3 million, compared to net income of \$25.9 million in Q4/14. The decrease in net income was attributable to lower revenue generated in our capital markets foreign operations, as well as increases in certain overhead costs incurred to support continued growth in the business. Diluted loss per share in the current quarter was \$0.33, compared to diluted earnings per share of \$0.22 in Q4/14. Book value per diluted common share decreased by 3.8%, from \$9.05 in Q4/14 to \$8.71 in Q4/15.

Excluding significant items⁽¹⁾, net income for Q4/15 was \$8.8 million, compared to net income of \$29.1 million in Q4/14, and diluted EPS was \$0.05 in Q4/15, compared to diluted EPS of \$0.25 in Q4/14.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

Business Segment Results^{(1),(2)}

(C\$ thousands, except number of employees)	For the years ended March 31							
	2015				2014			
	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total	Canaccord Genuity	Canaccord Genuity Wealth Management	Corporate and Other	Total
Revenue								
Canada	\$ 204,585	\$ 123,972	\$ 16,768	\$ 345,325	\$ 148,514	\$ 109,344	\$ 15,418	\$ 273,276
UK & Europe	155,942	125,551	—	281,493	212,307	113,046	—	325,353
US	202,972	1,367	—	204,339	216,485	1,646	—	218,131
Other Foreign Locations	49,606	—	—	49,606	38,484	—	—	38,484
Total revenue	613,105	250,890	16,768	880,763	615,790	224,036	15,418	855,244
Expenses	599,263	223,110	64,047	886,420	532,862	206,706	51,088	790,656
Intersegment allocations	11,910	21,683	(33,593)	—	8,537	24,719	(33,256)	—
Income (loss) before income taxes (recovery)	\$ 1,932	\$ 6,097	\$ (13,686)	\$ (5,657)	\$ 74,391	\$ (7,389)	\$ (2,414)	\$ 64,588
Excluding significant items ⁽³⁾								
Expenses	556,908	214,736	55,814	827,458	520,634	198,865	51,088	770,587
Intersegment allocations	11,910	21,683	(33,593)	—	8,537	24,719	(33,256)	—
Income (loss) before income taxes (recovery)	\$ 44,287	\$ 14,471	\$ (5,453)	\$ 53,305	\$ 86,619	\$ 452	\$ (2,414)	\$ 84,657
Number of employees	901	703	324	1,928	974	714	316	2,004

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 22. Detailed financial results for the business segments are shown in Note 21 of the Audited Consolidated Financial Statements on page 105.

(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 40% non-controlling interest has been recognized and included in the Canaccord Genuity business segment in fiscal 2015 [fiscal 2014 – 50%]. Results of the wealth management business of Eden Financial Ltd. since October 1, 2012 are also included in the Canaccord Genuity Wealth Management business segment.

(3) See the Selected Financial Information Excluding Significant Items table on page 31.

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

CANACCORD GENUITY

Overview

Canaccord Genuity provides investment banking, research, and sales and trading services to corporate, institutional and government clients as well as conducting principal trading activities in Canada, the US, the UK & Europe, and the Asia-Pacific region. Canaccord Genuity has offices in 19 cities in 10 countries worldwide.

Our operating results demonstrate the strength of our global business and the success of our efforts to diversify our revenue streams. For fiscal 2015, 67% of total Canaccord Genuity revenue was earned outside of Canada.

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

During fiscal 2015, the Company took steps to streamline its leadership structure and reduce the size of its global workforce by 4%, to rationalize operations in light of the prevailing market conditions. These changes were made in the interest of improving collaboration between global teams and accelerating the delivery of a consistent service model to our clients.

During fiscal 2015, Canaccord Genuity participated in 340 transactions for global clients, each valued over \$1.5 million, to raise gross proceeds of \$39.2 billion⁽¹⁾. Of these, Canaccord Genuity led 85 transactions globally, raising total proceeds of \$4.6 billion. Sector diversification remains a core component of the Company's strategy. Resource-related revenue accounted for 14% of Canaccord Genuity's total investment banking revenue in fiscal 2015, versus 22% in fiscal 2014. Resource-related transactions comprised 22% of the total number of Canaccord Genuity's investment banking transactions in fiscal 2015, down slightly by 1% from 23% in fiscal 2014. For fiscal 2015, 43% of the Company's investment banking revenue was earned in the Technology and Healthcare & Life Sciences sectors.

Outlook

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

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

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

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

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

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

(1) Transactions over \$1.5 million.

FINANCIAL PERFORMANCE⁽¹⁾⁽²⁾

For the years ended March 31

(C\$ thousands, except number of employees)	2015					2014				
	Canada	UK & Europe	US	Other Foreign Locations	Total	Canada	UK & Europe	US	Other Foreign Locations	Total
Revenue	\$ 204,585	\$ 155,942	\$ 202,972	\$ 49,606	\$ 613,105	\$ 148,514	\$ 212,307	\$ 216,485	\$ 38,484	\$ 615,790
Expenses										
Incentive compensation	99,366	100,217	107,787	28,146	335,516	72,042	106,339	107,243	21,072	306,696
Salaries and benefits	5,226	7,037	9,986	3,404	25,653	4,819	16,671	9,933	3,366	34,789
Other overhead expenses	49,344	56,562	81,365	15,291	202,562	45,167	55,519	69,718	15,487	185,891
Restructuring costs	4,006	9,143	7,348	500	20,997	4,179	1,307	—	—	5,486
Impairment of goodwill	—	—	—	14,535	14,535	—	—	—	—	—
Total expenses	157,942	172,959	206,486	61,876	599,263	126,207	179,836	186,894	39,925	532,862
Intersegment allocations ⁽³⁾	9,508	(602)	3,004	—	11,910	9,919	(4,233)	2,701	150	8,537
Income (loss) before income taxes (recovery) ⁽³⁾	\$ 37,135	\$ (16,415)	\$ (6,518)	\$ (12,270)	\$ 1,932	\$ 12,388	\$ 36,704	\$ 26,890	\$ (1,591)	\$ 74,391
Excluding significant items ⁽⁴⁾										
Total expenses	150,216	163,816	199,133	43,743	556,908	118,306	178,529	186,890	36,909	520,634
Intersegment allocations ⁽³⁾	9,508	(602)	3,004	—	11,910	9,919	(4,233)	2,701	150	8,537
Income (loss) before income taxes (recovery) ⁽³⁾	\$ 44,861	\$ (7,272)	\$ 835	\$ 5,863	\$ 44,287	\$ 20,289	\$ 38,011	\$ 26,894	\$ 1,425	\$ 86,619
Number of employees	201	329	269	102	901	215	372	286	101	974

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 22.

(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 40% non-controlling interest has been recognized and included in the Canaccord Genuity segment during fiscal 2015 [fiscal 2014 – 40%].

(3) Income (loss) before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 48.

(4) Refer to the Selected Financial Information Excluding Significant Items table on page 31.

REVENUE**Revenue by geography as a percentage of Canaccord Genuity revenue**

For the years ended March 31

	2015	2014	2015/2014 change
Revenue generated in:			
Canada	33.4%	24.1%	9.3 p.p.
UK & Europe	25.4%	34.5%	(9.1) p.p.
US	33.1%	35.2%	(2.1) p.p.
Other Foreign Locations	8.1%	6.2%	1.9 p.p.
	100.0%	100.0%	

p.p.: percentage points

Canaccord Genuity generated revenue of \$613.1 million, a decline of 0.4% or \$2.7 million compared to fiscal 2014 as a result of lower market activity. Revenue from our US operations decreased by \$13.5 million and revenue from our UK & Europe operations decreased by \$56.4 million compared to the year ended March 31, 2014. The decline in revenue experienced in the US and in the UK & Europe was offset by an increase of \$56.1 million in our Canadian operations and of \$11.1 million in our Other Foreign Locations operations.

Investment banking activity

During fiscal 2015, Canaccord Genuity participated in raising \$39.2 billion in 340 equity offerings of \$1.5 million and greater. The Company's focus sector mix in fiscal 2015 showed increasing diversity, with 78% of total transactions occurring in sectors outside of Metals & Mining and Energy, which have traditionally been a significant component of the Company's revenue.

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

CANACCORD GENUITY – OVERALL

Investment banking transactions and revenue by sector

Sectors	For the year ended March 31, 2015	
	as a % of investment banking transactions	as a % of investment banking revenue
Technology	13.7%	30.3%
Healthcare & Life Sciences	9.6%	12.8%
Metals & Mining	13.7%	9.7%
Sustainability	2.7%	9.4%
Financials	7.7%	7.5%
Real Estate & Hospitality	11.8%	5.2%
Consumer & Retail	1.1%	4.8%
Infrastructure	3.3%	4.3%
Energy	7.9%	4.0%
Investment Companies	—	2.2%
Structured Products	19.2%	0.6%
Support Services	—	0.5%
Media & Telecommunications	1.4%	0.2%
Agriculture	0.3%	—
Diversified	7.6%	8.5%
Total	100.0%	100.0%

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

Sectors	For the year ended March 31, 2015			
	Canada	UK & Europe	US	Other Foreign Locations
Structured Products	32.4%	—	—	—
Real Estate & Hospitality	19.4%	—	—	1.6%
Metals & Mining	12.5%	—	—	35.9%
Energy	10.6%	—	9.4%	—
Technology	6.0%	19.0%	34.4%	17.2%
Financials	6.0%	28.6%	—	14.1%
Media & Telecommunications	1.4%	9.5%	—	—
Healthcare & Life Sciences	0.9%	9.5%	40.6%	7.8%
Agriculture	0.5%	—	—	—
Infrastructure	—	14.4%	—	14.1%
Sustainability	—	9.5%	12.5%	—
Consumer & Retail	—	9.5%	3.1%	—
Support Services	—	—	—	—
Investment Companies	—	—	—	—
Diversified	10.3%	—	—	9.3%
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, 2015			
	Canada	UK & Europe	US	Other Foreign Locations
Technology	46.7%	19.3%	25.7%	11.6%
Metals & Mining	14.1%	2.5%	—	25.4%
Financials	10.7%	14.4%	—	3.1%
Energy	6.0%	—	5.0%	2.9%
Healthcare & Life Sciences	5.6%	7.9%	29.6%	8.3%
Real Estate & Hospitality	5.2%	15.1%	—	0.5%
Structured Products	1.5%	—	—	—
Support Services	1.2%	—	—	0.3%
Consumer & Retail	0.6%	8.4%	6.2%	8.2%
Sustainability	0.5%	—	29.7%	9.4%
Media & Telecommunications	0.4%	—	—	—
Infrastructure	—	20.9%	—	0.5%
Investment Companies	0.1%	10.8%	—	—
Agriculture	0.1%	—	—	—
Diversified	7.3%	0.7%	3.8%	29.8%
Total	100.0%	100.0%	100.0%	100.0%

EXPENSES

Expenses for fiscal 2015 were \$599.3 million, an increase of 12.5% or \$66.4 million year over year. The Canaccord Genuity segment recognized \$42.4 million of significant items in fiscal 2015 including \$21.0 million of restructuring costs, a goodwill impairment charge of \$14.5 million and \$6.9 million in amortization of intangible assets. Excluding significant items⁽¹⁾, total expenses for fiscal 2015 were \$556.9 million, an increase of 7.0% or \$36.3 million compared to fiscal 2014.

Incentive compensation and salaries and benefits

Incentive compensation expense for fiscal 2015 grew by \$28.8 million or 9.4% compared to fiscal 2014. Incentive compensation expense as a percentage of revenue was 54.7%, an increase of 4.9 percentage points from fiscal 2014. Salaries and benefits expense for fiscal 2015 decreased by \$9.1 million or 26.3% compared to fiscal 2014. Total compensation expense as a percentage of revenue was 3.5 percentage points higher at 58.9% for the year ended March 31, 2015.

In Canada, total compensation as a percentage of revenue decreased slightly by 0.6 percentage points compared to fiscal 2014, to 51.1% in fiscal 2015. Our US operations experienced an increase of 3.8 percentage points in the total compensation ratio as a result of lower revenue as well as higher share-based incentive compensation expense that resulted from an increase in restricted stock awards to support the expansion in this region. Total compensation expense as a percentage of revenue in our Other Foreign Locations segment increased slightly by 0.1 percentage point to 63.6% in fiscal 2015. In our UK & Europe operations, total compensation expense as a percentage of revenue increased by 10.8 percentage points to 68.8% as a result of a significant decrease in revenue and the impact that decrease had on the UK-based incentive compensation pools.

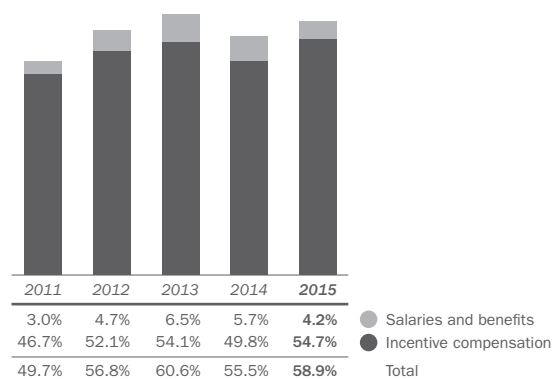
Canaccord Genuity incentive compensation expense as a percentage of revenue by geography

	For the years ended March 31		
	2015	2014	2015/2014 change
Incentive compensation expense as a percentage of revenue			
Canada	48.6%	48.5%	0.1 p.p.
UK & Europe	64.3%	50.1%	14.2 p.p.
US	53.1%	49.5%	3.6 p.p.
Other Foreign Locations	56.7%	54.8%	1.9 p.p.
Canaccord Genuity (total)	54.7%	49.8%	4.9 p.p.

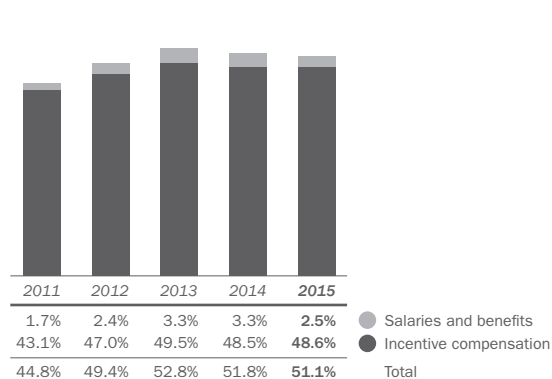
p.p.: percentage points

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

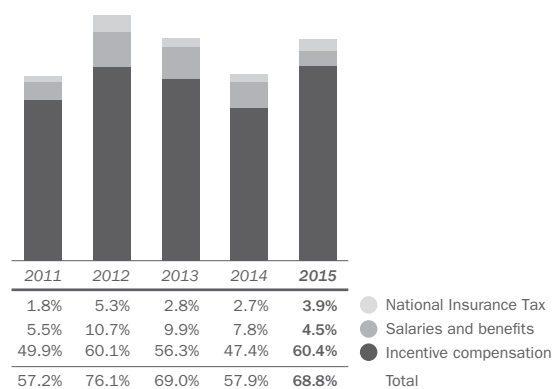
TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – OVERALL



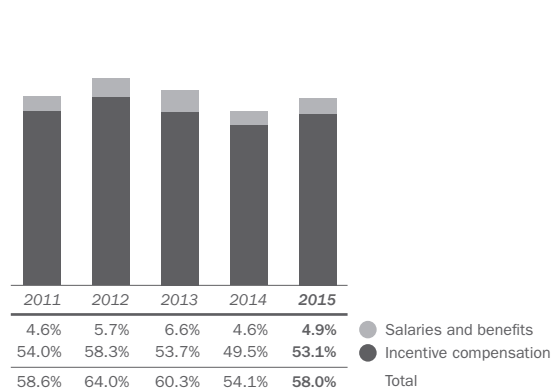
TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – CANADA



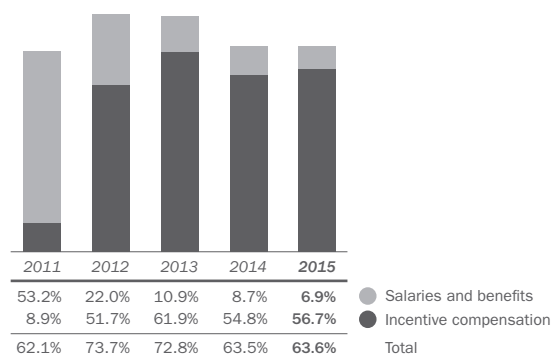
TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – UK & EUROPE



TOTAL COMPENSATION AS A % OF CANACCORD GENUITY REVENUE – US



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



Other overhead expenses

Other overhead expenses excluding significant items⁽¹⁾ were \$195.8 million for fiscal 2015, an increase of \$16.7 million from the prior year. The largest fluctuations in other overhead expenses were a \$6.9 million increase in general and administrative expense, a \$5.5 million increase in communication and technology expense and a \$5.8 million increase in trading costs, partially offset by a decrease in interest expense of \$2.7 million.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

General and administrative expense increased by \$6.9 million or 13.7% to \$57.4 million for the year ended March 31, 2015, mainly due to higher promotion and travel expense in the Canadian and US operations as a result of a higher headcount during the first nine months of the fiscal year and certain growth initiatives including the expansion of the fixed income business in the US in fiscal 2014. In addition, an increase in professional fees in our US operations also contributed to the overall increase in general and administrative expense.

Communication and technology expense increased by \$5.5 million, to \$34.8 million for the year ended March 31, 2015, primarily to support business growth in our US and UK & Europe operations.

Trading costs increased by \$5.8 million or 13.4% to \$49.0 million in fiscal 2015 due to higher agency trading volumes in Canada, as well as higher execution and settlement charges in connection with international trading activities in the US.

Interest expense decreased by \$2.7 million to \$11.5 million compared to fiscal 2014, mainly related to our Canadian operations.

An impairment charge of \$4.5 million related to the goodwill in connection with our China-based operations and the acquisitions of The Balloch Group and certain assets of Kenosis Capital Partners was recorded during the year ended March 31, 2015. The Company also recorded a \$10.0 million impairment charge in connection with Singapore-based operations due to reduced revenue forecasts arising from changes in economic conditions in that region.

During Q4/15, the Company recorded restructuring charges of \$21.0 million to reduce the size of its workforce within the global capital markets business and to rationalize operations in light of the current market conditions. The restructuring charges include termination benefits as well as property costs.

INCOME BEFORE INCOME TAXES

Income before income taxes in fiscal 2015 was \$1.9 million compared to \$74.4 million in fiscal 2014. Excluding significant items⁽¹⁾, income before income taxes was \$44.3 million compared to \$86.6 million in fiscal 2014. The decrease in net income was mainly due to the decline in revenue, a higher compensation ratio resulting from the impact of the lower revenue on the incentive compensation pools, as well as increases in certain overhead expenses incurred to support the business.

CANACCORD GENUITY WEALTH MANAGEMENT

Overview

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

In the UK & Europe, Canaccord Genuity Wealth Management has five locations, including offices in the UK, the Channel Islands and the Isle of Man. Revenue earned by this business is largely generated through fee-based accounts and portfolio management activities. With 67.1% of its fiscal 2015 revenue generated from fee-based activity, this geography has a significantly higher proportion of fee-based revenue than the Company's Canadian and Australian wealth management businesses. The business caters to both onshore (UK) and offshore client accounts and provides clients with investing options from both third party and proprietary financial products, including 29 funds managed by Canaccord Genuity Wealth Management portfolio managers. During fiscal 2015, the Company completed the implementation of a world-class operating system, which provides the necessary infrastructure to support our growth plans for this business.

At March 31, 2015, Canaccord Genuity Wealth Management had 16 offices located across Canada, including eight Independent Wealth Management (IWM) locations. During fiscal 2015, the Company continued the strategic refocusing of its Canadian wealth management division to fulfill the needs of a more conservative, aging client base by providing comprehensive financial planning services. The Company has significantly enhanced its training programs over the last several years to ensure Advisory Teams, investment professionals and fund managers possess the broad-based expertise required to deliver comprehensive wealth management advice.

⁽¹⁾ Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

During fiscal 2015, Canaccord Genuity Wealth Management in Canada launched Canaccord Genuity Global Portfolio Solutions (GPS), a proprietary asset management platform that combines research and portfolio management with forward-looking risk management solutions. GPS is based on a similar asset management product offered by our UK wealth management business, which has been recognized as a best-in-class investing discipline and has been well received by existing and new wealth management clients across our geographies.

Outlook

Management's priorities for Canaccord Genuity Wealth Management will be focused on growing assets under administration and management, and increasing its proportion of fee-based revenues. By increasing recurring revenue streams, we expect to meaningfully reduce our reliance on transaction-based revenue over the coming years, making our business less sensitive to changes in market conditions.

With 67.1% of its revenue derived from recurring, fee-based activities, the revenue streams generated through Canaccord Genuity Wealth Management's UK & European wealth management business help to improve the stability of the division's overall performance. The Company will continue to pursue strategic opportunities to increase the scale of its UK wealth management business.

In Canada, the Company will focus on enhancing margins, managing costs, and growing the business through targeted recruitment and training. While the recruiting environment remains competitive, we expect the benefits of our enhanced global platform to help drive continued recruiting success in select markets. The Company also intends to invest further in training programs for new and existing Investment Advisors to continue developing the skills of our Advisory Teams and to support the growth of fee-based services offered through the Canadian business.

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

FINANCIAL PERFORMANCE – NORTH AMERICA⁽¹⁾⁽²⁾

(C\$ thousands, except AUM and AUA (in C\$ millions), number of employees, Advisory Teams and % amounts)	For the years ended March 31			
	2015	2014	2015/2014 change	
Revenue	\$ 125,339	\$ 110,990	\$ 14,349	12.9%
Expenses				
Incentive compensation	62,813	56,521	6,292	11.1%
Salaries and benefits	12,188	13,260	(1,072)	(8.1)%
Other overhead expenses	39,957	42,653	(2,696)	(6.3)%
Total expenses	114,958	112,434	2,524	2.2%
Intersegment allocations ⁽³⁾	17,483	16,672	811	4.9%
Loss before income taxes (recovery) ⁽³⁾	\$ (7,102)	\$ (18,116)	\$ 11,014	60.8%
AUM – Canada (discretionary) ⁽⁴⁾	1,561	1,204	357	29.7%
AUA – Canada ⁽⁵⁾	10,729	10,160	569	5.6%
Number of Advisory Teams – Canada	152	160	(8)	(5.0)%
Number of employees	400	420	(20)	(4.8)%
Excluding significant items⁽⁶⁾				
Total expenses	\$ 114,958	\$ 112,434	\$ 2,524	2.2%
Intersegment allocations ⁽³⁾	17,483	16,672	811	4.9%
Loss before income taxes (recovery) ⁽³⁾	(7,102)	(18,116)	11,014	60.8%

(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 22.

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

(3) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 48.

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

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

(6) Refer to the Selected Financial Information Excluding Significant Items table on page 31.

Revenue from Canaccord Genuity Wealth Management North America was \$125.3 million, an increase of \$14.3 million from fiscal 2014.

AUA in Canada increased by 5.6% to \$10.7 billion at March 31, 2015 from \$10.2 billion at March 31, 2014, reflecting higher market values over the year and growth in the business. AUM in Canada increased by 29.7% compared to fiscal 2014 due to the Company's increased focus on the transition from traditional commission-based accounts to fee-based and managed accounts. There were 152 Advisory Teams in Canada, a decrease of eight from a year ago. The fee-based revenue in our North American operations was 2.9 percentage points higher than in the prior year and accounted for 35.1% of the wealth management revenue earned in Canada during the year ended March 31, 2015.

Expenses for the current fiscal year were \$115.0 million, an increase of \$2.5 million or 2.2% from fiscal 2014. The continued focus on cost containment led to a decrease in total expenses as a percentage of revenue of 9.6 percentage points compared to last year. Incentive compensation expense increased by \$6.3 million compared to fiscal 2014 as a result of higher incentive-based revenue. Total compensation expense as a percentage of revenue decreased by 3.0 percentage points compared to last year due to lower fixed compensation levels.

The increase in incentive compensation expense due to higher revenue was partially offset by decreases in salaries and benefits and in non-compensation expenses. Trading costs decreased by \$1.5 million compared to the prior year. Lower hiring incentives for the year ended March 31, 2015 also led to a \$1.5 million decrease in development costs. As a result of the continued focus on cost reduction initiatives, communication and technology expense decreased by \$0.6 million compared to last year.

Loss before income taxes for fiscal 2015 was \$7.1 million compared to a loss before income taxes of \$18.1 million for fiscal 2014. The Company's efforts to continuously monitor costs and implement cost reduction initiatives resulted in a lower loss before income taxes for the year ended March 31, 2015 compared to last year.

FINANCIAL PERFORMANCE – UK & EUROPE⁽¹⁾

(C\$ thousands, except AUM (in C\$ millions), number of employees, investment professionals and fund managers, and % amounts)	For the years ended March 31			
	2015	2014	2015/2014 change	
Revenue	\$ 125,551	\$ 113,046	\$ 12,505	11.1%
Expenses				
Incentive compensation	45,407	40,139	5,268	13.1%
Salaries and benefits	18,573	14,656	3,917	26.7%
Other overhead expenses	43,389	39,477	3,912	9.9%
Restructuring costs	783	—	783	n.m.
Total expenses	108,152	94,272	13,880	14.7%
Intersegment allocations ⁽²⁾	4,200	8,047	(3,847)	(47.8)%
Income before income taxes ⁽²⁾	\$ 13,199	\$ 10,727	\$ 2,472	23.0%
AUM – UK & Europe ⁽³⁾	21,763	20,156	1,607	8.0%
Number of investment professionals and fund managers – UK & Europe	114	118	(4)	(3.4)%
Number of employees	303	294	9	3.1%
Excluding significant items⁽⁴⁾				
Total expenses	\$ 99,778	\$ 86,431	\$ 13,347	15.4%
Intersegment allocations ⁽²⁾	4,200	8,047	(3,847)	(47.8)%
Income before income taxes ⁽²⁾	21,573	18,568	3,005	16.2%

(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 22.

(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 48.

(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 31.
n.m.: not meaningful

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 2015 was \$125.6 million, an increase of 11.1% compared to fiscal 2014.

AUM in the UK & Europe as of March 31, 2015 was \$21.8 billion. The fee-based revenue in our UK & European operations accounted for 67.1% of total revenue in this geography, an increase of 6.5 percentage points compared to fiscal 2014. As discussed above, this business has a higher proportion of fee-based revenue and managed accounts compared to our Canadian wealth management business.

Incentive compensation expense was \$45.4 million, up from \$40.1 million in fiscal 2014. Total compensation expense (incentive compensation plus salaries and benefits) as a percentage of revenue increased by 2.5 percentage points to 51.0% for the year ended March 31, 2015 as a result of the recording of certain costs as salaries and benefits that were previously recorded as allocated costs from Canaccord Genuity UK & Europe (capital markets). There was also a \$1.9 million increase in premises and equipment expense, partially as a result of our wealth management operations relocating to a different office location in London, UK.

General and administrative expense increased by \$1.2 million, partially as a result of higher consulting fees incurred during the year ended March 31, 2015 to support the growth in activity.

Income before income taxes was \$13.2 million compared to \$10.7 million in the prior year, mainly as a result of higher revenue generated in fiscal 2015. Excluding significant items⁽¹⁾, income before income taxes was \$21.6 million, an increase of 16.2% from the prior year.

CORPORATE AND OTHER SEGMENT

Overview

The Corporate and Other segment includes Pinnacle Correspondent Services (Canaccord Genuity Group Inc.'s correspondent brokerage services division), interest, foreign exchange revenue, and expenses not specifically allocable to Canaccord Genuity or Canaccord Genuity Wealth Management.

Pinnacle provides trade execution, clearing, settlement, custody, and other middle- and back-office services to other introducing brokerage firms, portfolio managers and other financial intermediaries. The Pinnacle 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 Canaccord Genuity Group Inc.'s administrative, operational and support services departments, which are responsible for front- and back-office information technology systems, compliance and risk management, operations, legal, finance, and other administrative functions. The Company has approximately 324 employees in the Corporate and Other segment. The majority of Canaccord Genuity Group Inc.'s corporate support functions are based in Vancouver and Toronto, Canada.

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

Outlook

Pinnacle Correspondent Services will be renamed Canaccord Genuity Correspondent Services during the first half of fiscal 2016.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

FINANCIAL PERFORMANCE⁽¹⁾

(C\$ thousands, except number of employees and % amounts)	For the years ended March 31			
	2015	2014	2015/2014 change	
Revenue	\$ 16,768	\$ 15,418	\$ 1,350	8.8%
Expenses				
Incentive compensation	11,744	9,933	1,811	18.2%
Salaries and benefits	29,356	28,430	926	3.3%
Other overhead expenses	19,914	12,725	7,189	56.5%
Restructuring costs	3,033	—	3,033	n.m.
Total expenses	64,047	51,088	12,959	25.4%
Intersegment allocations ⁽²⁾	(33,593)	(33,256)	(337)	(1.0)%
Loss before income taxes (recovery) ⁽²⁾	\$ (13,686)	\$ (2,414)	\$ (11,272)	n.m.
Number of employees	324	316	8	2.5%
Excluding significant items⁽³⁾				
Total expenses	\$ 55,814	\$ 51,088	\$ 4,726	9.3%
Intersegment allocations ⁽²⁾	(33,593)	(33,256)	(337)	(1.0)%
Loss before income taxes (recovery) ⁽²⁾	(5,453)	(2,414)	(3,039)	125.9%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 22.

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

(3) Refer to the Selected Financial Information Excluding Significant Items table on page 31.

n.m.: not meaningful

Revenue for fiscal 2015 was \$16.8 million, an increase of \$1.4 million or 8.8% from fiscal 2014, primarily due to higher foreign exchange gains recognized during the current fiscal year.

Total expenses were \$64.0 million for the year ended March 31, 2015, an increase of \$13.0 million or 25.4% over the prior year. The \$1.8 million increase in incentive compensation expense resulted from higher share-based incentive compensation expense. Salaries and benefits expense increased by \$0.9 million over the prior year.

During Q4/15, an expense of \$5.2 million was recorded as a result of the accelerated recognition of the unamortized cost of stock-based compensation awards which were held by our former CEO. Following his death on April 1, 2015, due to a serious medical emergency near the end of the quarter, we recognized the unamortized cost of these awards as of March 31, 2015 under development costs.

General and administrative expense increased by \$2.6 million or 23.2%, mainly due to an increase in promotion and travel expense. In addition, the Company also recorded restructuring costs of \$3.0 million in connection with certain executive changes in Canada during Q1/15 as well as certain redundant real estate costs recognized during Q4/15. Premises and equipment expense decreased by \$1.0 million, mainly due to the reduction in repairs, maintenance and installation expenses throughout the year.

Loss before income taxes was \$13.7 million for fiscal 2015 compared to a loss before income taxes of \$2.4 million for the prior year. Excluding significant items⁽¹⁾, loss before income taxes was \$5.4 million for the year ended March 31, 2015 compared to a loss before income taxes of \$2.4 million last year.

INTERSEGMENT ALLOCATED COSTS

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

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 22.

Financial Condition

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

(C\$ thousands)	Balance sheet summary as at March 31				
	2015	2014	2013	2012	2011
	IFRS	IFRS	IFRS	IFRS	IFRS
Assets					
Cash and cash equivalents	\$ 322,324	\$ 364,296	\$ 491,012	\$ 814,238	\$ 954,068
Securities owned	848,128	1,143,201	924,337	1,171,988	947,185
Accounts receivable	2,491,488	2,785,898	2,513,958	3,081,640	2,828,812
Income taxes recoverable	5,295	3,983	—	8,301	—
Deferred tax assets	10,148	9,735	12,552	3,959	1,503
Investments	8,693	9,977	3,695	9,493	5,934
Equipment and leasehold improvements	43,373	50,975	42,979	51,084	40,818
Goodwill and other intangible assets	640,456	646,557	614,969	622,020	319,180
Total assets	\$ 4,369,905	\$ 5,014,622	\$ 4,603,502	\$ 5,762,723	\$ 5,097,500
Liabilities and shareholders' equity					
Bank indebtedness	\$ 20,264	\$ —	\$ 66,138	\$ 75,141	\$ 13,580
Short term credit facility	—	—	—	150,000	—
Securities sold short	654,639	913,913	689,020	914,649	722,613
Accounts payable and accrued liabilities	2,527,636	2,877,933	2,726,735	3,550,600	3,551,124
Provisions	14,320	10,334	20,055	39,666	6,151
Income taxes payable	8,172	10,822	4,428	—	23,977
Contingent consideration	—	—	14,218	—	—
Deferred tax liabilities	2,057	3,028	2,576	8,088	8,163
Subordinated debt	15,000	15,000	15,000	15,000	15,000
Shareholders' equity	1,117,542	1,168,680	1,049,163	992,125	756,892
Non-controlling interests	10,275	14,912	16,169	17,454	—
Total liabilities and shareholders' equity	\$ 4,369,905	\$ 5,014,622	\$ 4,603,502	\$ 5,762,723	\$ 5,097,500

ASSETS

Cash and cash equivalents were \$322.3 million on March 31, 2015 compared to \$364.3 million on March 31, 2014. Refer to the Liquidity and Capital Resources section for more details.

Securities owned were \$848.1 million compared to \$1.1 billion on March 31, 2014, mainly attributable to a decrease in both corporate and government debt owned.

Accounts receivable were \$2.5 billion on March 31, 2015 compared to \$2.8 billion on March 31, 2014, mainly due to a decrease in receivables from brokers and investment dealers.

Goodwill was \$505.6 million and intangible assets were \$134.9 million at March 31, 2015, representing the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc (CSHP), a 50% interest in Canaccord Genuity (Australia) Limited, and the wealth management business of Eden Financial Ltd. The change in intangible assets from March 31, 2014 was primarily a result of the amortization of intangible assets, netted against an increase in capitalized costs relating to systems development, as well as the appreciation of the US dollar and pound sterling against the Canadian dollar. The changes in goodwill were due to the impairment charge of \$4.5 million in connection with our China-based operations and the impairment charge of \$10.0 million in connection with our Singapore-based operations, offset by the depreciation of the Canadian dollar as discussed above.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were \$67.5 million at March 31, 2015 compared to \$74.7 million at March 31, 2014.

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, 2015, Canaccord Genuity Group had available credit facilities with banks in Canada and the UK & Europe in the aggregate amount of \$770.0 million [March 31, 2014 – \$720.8 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. On March 31, 2015, there was bank indebtedness of \$20.3 million, compared to \$nil on March 31, 2014.

Accounts payable and accrued liabilities, including provisions, were \$2.5 billion, a decrease from \$2.9 billion on March 31, 2014, mainly due to a decrease in payables to brokers and investment dealers.

Securities sold short were \$654.6 million at March 31, 2015 compared to \$913.9 million at March 31, 2014, due mostly to a decrease in short positions in corporate and government debt.

Other liabilities, including subordinated debt, income taxes payable and deferred tax liabilities, were \$25.2 million at March 31, 2015, a decrease from \$28.9 million in the prior year.

Non-controlling interests were \$10.3 million at March 31, 2015 compared to \$14.9 million at March 31, 2014. During the current fiscal year, the Company purchased a portion of the non-controlling interests, thereby reducing the non-controlling interests to 40% 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 totalling \$1.1 million (US\$0.9 million) [March 31, 2014 – \$0.9 million (US\$0.9 million)] as rent guarantees for its leased premises in New York.

The following table summarizes Canaccord Genuity Group's long term contractual obligations on March 31, 2015.

(C\$ thousands)	Total	Contractual obligations payments due by period			
		Fiscal 2016	Fiscal 2017– Fiscal 2018	Fiscal 2019– Fiscal 2020	Thereafter
Premises and equipment operating leases	\$ 183,217	\$ 34,621	\$ 56,319	\$ 38,326	\$ 53,951

Liquidity and Capital Resources

Canaccord Genuity Group has a capital structure comprised of preferred shares, common shares, contributed surplus, retained earnings and accumulated other comprehensive losses, which is further complemented by subordinated debt.

On March 31, 2015, cash and cash equivalents were \$322.3 million, a decrease of \$42.0 million from \$364.3 million as of March 31, 2014. During the fiscal year ended March 31, 2015, financing activities used cash in the amount of \$85.8 million, which was primarily due to the \$38.8 million used for cash dividends paid on common and preferred shares, \$9.9 million used for redemption of share capital, and \$58.2 million used for the acquisition of common shares for the long-term incentive plan (LTIP). Investing activities used cash in the amount of \$29.6 million, primarily related to the purchase of equipment and leasehold improvements, the purchase of intangible assets, and the purchase of the non-controlling interest in Australia. Operating activities provided cash in the amount of \$71.4 million, which was due to changes in working capital. A \$2.0 million increase in cash was attributable to the effect of foreign exchange 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 collectibility. Receivables and payables from brokers and dealers represent the following: current open transactions that generally settle within the normal three-day settlement cycle; collateralized securities borrowed and/or loaned in transactions that can be closed within a few days on demand; and balances on behalf of introducing brokers representing net balances in connection with their client accounts.

Preferred Shares

SERIES A PREFERRED SHARES

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

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

Holders of Series A Preferred Shares have the right, at their option, to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series B (Series B Preferred Shares), subject to certain conditions, on September 30, 2016 and on September 30 every five years thereafter. Holders of the Series B Preferred Shares will be entitled to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 3.21%.

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

SERIES C PREFERRED SHARES

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

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

Holders of Series C Preferred Shares have the right, at their option, to convert any or all of their shares into an equal number of Cumulative Floating Rate First Preferred Shares, Series D (Series D Preferred Shares), subject to certain conditions, on June 30, 2017 and on June 30 every five years thereafter. Holders of the Series D Preferred Shares will be entitled to receive floating rate, cumulative, preferential dividends payable quarterly, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 4.03%.

The Company has the option to redeem the Series C Preferred Shares on June 30, 2017 and on June 30 every five years thereafter, in whole or in part, at \$25.00 per share together with all declared and unpaid dividends. The Series D Preferred Shares are redeemable at the Company's option on June 30, 2022 and on June 30 every five years thereafter, in whole or in part, at \$25.00 per share together with all declared and unpaid dividends.

Outstanding Share Data

	Outstanding shares as of March 31	
	2015	2014
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⁾	91,794,667	93,115,359
Issued shares outstanding ⁽²⁾	102,607,705	101,471,456
Issued shares outstanding – diluted ⁽³⁾	104,704,483	107,937,492
Average shares outstanding – basic	91,693,485	94,124,672
Average shares outstanding – diluted ⁽⁴⁾	n/a	101,992,679

(1) Excludes 3,424,549 outstanding unvested shares related to share purchase loans for recruitment and 7,388,489 unvested shares purchased by the employee benefit trusts for the LTIP.

(2) Includes 3,424,549 unvested shares related to share purchase loans for recruitment and 7,388,489 unvested shares purchased by the employee benefit trusts for the LTIP.

(3) Includes 3,531,202 of share issuance commitments adjusted for estimated forfeitures.

(4) This is the diluted share number used to calculate diluted EPS. For years with net losses attributable to common shareholders, all instruments involving potential common shares were excluded from the calculation of diluted earnings per share as they were anti-dilutive.

On August 6, 2013, the Company filed a notice to renew the NCIB to provide the Company with the choice to purchase up to a maximum of 5,136,948 of its common shares during the period from August 13, 2013 to August 12, 2014 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. There were 2,634,304 shares purchased through the NCIB between August 13, 2013 and August 12, 2014. They were all cancelled.

On August 5, 2014, 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 5,100,049 of its common shares during the period from August 13, 2014 to August 12, 2015 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. There were 933,449 shares purchased through the NCIB between August 13, 2014 and March 31, 2015 and cancelled.

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

Purchases under the current NCIB commenced on August 13, 2014, and will continue for one year (to August 12, 2015) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX and the conditions for trading under the *EU Buy-back and Stabilisation Regulation*, the daily purchases are limited to 77,383 common shares of the Company (which is the lesser of (a) 25% of the average daily trading volume of common shares of the Company on the TSX in the six calendar months from February 2014 to July 2014 and (b) 25% of the average daily trading volume of common shares of the Company on the TSX in the month of July 2014). To fulfill its regulatory reporting requirements in Canada and in the UK, the Company will issue a press release no later than the end of the seventh daily market session following the date of execution of the purchases.

As of May 31, 2015, the Company has 102,572,826 common shares issued and outstanding.

ISSUANCE AND CANCELLATION OF COMMON SHARE CAPITAL

	Fiscal 2015
Total common shares issued and outstanding as of March 31, 2014	101,471,456
Shares issued in connection with share-based payment plans	2,565,653
Shares issued in connection with replacement plans	270,528
Shares cancelled	(1,699,932)
Total common shares issued and outstanding as of March 31, 2015	102,607,705

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, an employee benefit trust has been established. Prior to June 30, 2014, for employees in the United States and the United Kingdom, at the time of each RSU award, the Company allotted common shares and these shares were issued from treasury to plan participants following vesting of the RSUs.

Effective from June 2014, employee benefit trusts have also been established in the United States and the United Kingdom. The Company or certain of its subsidiaries, as the case may be, fund the employee benefit trusts (the Trusts) with cash which is used by the trustees to purchase common shares on the open market that will be held in the Trusts until the RSUs vest. The Company also has the option to issue common shares from treasury to plan participants following vesting of the RSUs.

FORGIVABLE COMMON SHARE PURCHASE LOANS

The Company provides forgivable common share purchase loans to employees in order to purchase common shares. These loans are forgiven over a vesting period. No interest is charged related to the share purchase loans. The common share purchase loans include the employee stock incentive plan, the bonus compensation plan and the appreciation program.

REPLACEMENT PLANS

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

CSH INDUCEMENT PLAN

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

SHARE OPTIONS

The Company previously granted share options to purchase common shares of the Company to independent directors and senior management. The independent directors and senior management have been granted options to purchase common shares of the Company. As at March 31, 2015, there were 1,609,354 options outstanding. The stock options vest over a four- to five-year period and expire seven years after the grant date. The weighted average exercise price of the share options is \$9.25 per common share.

DEFERRED SHARE UNITS

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

OTHER RETENTION AND INCENTIVE PLANS

During the course of the fiscal year, there were other retention and incentive plans, including the employee stock purchase plan, with individual employees, for which the amount incurred was not significant in the aggregate.

International Financial Centre

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

Related Party Transactions

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

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

	Country of incorporation	% equity interest	
		March 31, 2015	March 31, 2014
Canaccord Genuity Corp.	Canada	100%	100%
Canaccord Genuity SAS	France	100%	100%
Canaccord Genuity Wealth (International) Limited	Guernsey	100%	100%
Canaccord Genuity Financial Planning Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Limited	United Kingdom	100%	100%
Canaccord Genuity Wealth Group Limited	United Kingdom	100%	100%
Canaccord Genuity Limited	United Kingdom	100%	100%
Canaccord Genuity Inc.	United States	100%	100%
Canaccord Genuity Wealth Management (USA) Inc.	United States	100%	100%
Canaccord Wealth & Estate Planning Services Ltd.	Canada	100%	100%
Canaccord Asset Management Inc.	Canada	100%	100%
Canaccord Adams Financial Group Inc.	United States	100%	100%
Collins Stewart Inc.	United States	100%	100%
Canaccord Adams (Delaware) Inc.	United States	100%	100%
Canaccord Adams Financial Group ULC	Canada	100%	100%
Canaccord Genuity Securities LLC	United States	100%	100%
Stockwave Equities Ltd.	Canada	100%	100%
CLD Financial Opportunities Limited	Canada	100%	100%
Canaccord Genuity Singapore Pte Ltd.	Singapore	100%	100%
Canaccord Genuity (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Financial Group (Australia) Pty Ltd.*	Australia	50%	50%
Canaccord Genuity (Australia) Limited*	Australia	50%	50%
加通贝祥 (北京) 投资顾问有限公司 (Canaccord Genuity Asia (Beijing) Limited)	China	100%	100%
The Balloch Group Limited	British Virgin Islands	100%	100%
Canaccord Genuity Asia (Hong Kong) Limited	China (Hong Kong SAR)	100%	100%
Canaccord Genuity (Barbados) Ltd.	Barbados	100%	100%

* The Company owns 50% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd. and Canaccord Genuity (Australia) Limited, but for accounting purposes, as of March 31, 2015, the Company is considered to have a 60% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2014 – 50%].

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

The Company offers various share-based payment plans to its key management personnel, including common share purchase loans, a long-term incentive plan and share options. Directors have also been granted share options and have the right to acquire DSUs.

Disclosed in the table below are the amounts recognized as expenses related to individuals who are key management personnel as at March 31, 2015 and March 31, 2014.

	March 31, 2015	March 31, 2014
Short term employee benefits	\$ 8,063	\$ 16,790
Share-based payments	9,412	2,001
Total compensation paid to key management personnel	\$ 17,475	\$ 18,791

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

	March 31, 2015	March 31, 2014
Accounts payable and accrued liabilities	\$ 1,041	\$ 4,769

Critical Accounting Policies and Estimates

The following is a summary of Canaccord Genuity Group's critical accounting estimates. The Company's 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, 2015. The Company's consolidated financial statements for the years ended March 31, 2014 and 2013 were also prepared in accordance with IFRS.

The preparation of the March 31, 2015 Audited Consolidated Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes, tax losses available for carryforward, impairment of goodwill, indefinite life intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of software costs, and provisions. Significant accounting policies used and policies requiring management's judgment and estimates are disclosed in Notes 2 and 5 of the Audited Consolidated Financial Statements for the year ended March 31, 2015.

CONSOLIDATION

The Company owns 50% of the voting shares of Canaccord Genuity (Australia) Limited (CGAL) as at March 31, 2015. The Company also completed an evaluation of its contractual arrangement with the other shareholders and the power it has over the financial and operating policies of CGAL and determined it should consolidate under IFRS 10, "Consolidated Financial Statements" (IFRS 10), as at March 31, 2015 and 2014. Therefore, the financial position, financial performance and cash flows of CGAL have been consolidated. Although the Company owns 50% of the issued shares of CGAL, for accounting purposes, as of March 31, 2015, the Company is considered to have a 60% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. and therefore has recognized a 40% non-controlling interest (March 31, 2014 – 50%), which represents the portion of CGAL's net identifiable assets not owned by the Company. At the date of acquisition, the non-controlling interest was determined using the proportionate method. Net income (loss) and each component of other comprehensive income (loss) are attributed to the non-controlling interest and to the owners of the parent.

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

INTANGIBLE ASSETS

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

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

The following assets have specific characteristics for impairment testing:

Goodwill

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

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

Intangible assets

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

REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements in order to determine if it is acting as principal or agent.

Commissions and fees revenue consists of revenue generated through commission-based brokerage services, recognized on a trade date basis, and the sale of fee-based products and services, recognized on an accrual basis. Realized and unrealized gains and losses on securities purchased for client-related transactions are reported as net facilitation losses and recorded as a reduction of commission revenues.

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

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

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

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

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

INCOME TAXES

Current income tax

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

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

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

Deferred tax

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

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

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

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

Sales tax

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

SHARE-BASED PAYMENTS

Employees (including senior executives and directors) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). Independent directors also receive DSUs as part of their remuneration, which can only be settled in cash (cash-settled transactions). The dilutive effect of outstanding options and share-based payments is reflected as additional share dilution in the computation of diluted earnings per common share.

Equity-settled transactions

For equity-settled transactions, the Company measures the fair value of share-based awards as of the grant date and recognizes the cost as an expense over the applicable vesting period with a corresponding increase in contributed surplus. The cost is recognized on a graded basis.

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

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

Cash-settled transactions

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

TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS AND FOREIGN SUBSIDIARIES

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

Transactions and balances

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

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

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

Translation of foreign subsidiaries

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

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

PROVISIONS

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

Financial Instruments

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

The use of financial instruments may either introduce or mitigate exposures to market, credit and/or liquidity risks. See Risk Management in this MD&A for details on how these risks are managed. For significant assumptions made in determining the valuation of financial and other instruments, refer to Critical Accounting Policies and Estimates in this MD&A. For additional information regarding the Company's financial instruments, refer to Note 7 of the Audited Consolidated Financial Statements for the year ended March 31, 2015.

DERIVATIVE FINANCIAL INSTRUMENTS

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.

On March 31, 2015, forward contracts outstanding to sell US dollars had a notional amount of US\$7.5 million, a decrease of US\$6.3 million from a year ago. Forward contracts outstanding to buy US dollars had a notional amount of US\$12.0 million, an increase of US\$6.5 million compared to a year ago. Canaccord Genuity Group'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.

The Company's Canadian operations also have a net buy position for pounds sterling (GBP) of £2.5 million, unchanged from the prior year. Forward contracts to buy euro (EUR) had a notional amount of €1.1 million.

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

FUTURES

The Company's Canadian operations are involved in trading bond futures contracts, which are agreements to buy or sell a standardized amount of an underlying Government of Canada bond, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's Canadian operations trade in bond futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. At March 31, 2015, the notional amount of the bond futures contracts outstanding was long \$1.6 million [March 31, 2014 – \$nil].

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

Future Changes in Accounting Policies and Estimates

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

Please see Note 4 of the Audited Consolidated Financial Statements for the year ended March 31, 2015 for further information.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of March 31, 2015, an evaluation was carried out, under the supervision of and with the participation of management, including the Chairman & CEO and the Executive Vice President & CFO, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the Chairman & CEO and the Executive Vice President & CFO concluded that the design and operation of these disclosure controls and procedures were effective as of and during the fiscal year ended March 31, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management, including the Chairman & CEO and the Executive Vice President & CFO, 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 Chairman & CEO and the Executive Vice President & CFO concluded that the Company's internal control over financial reporting was designed and operating effectively as of and during the year ended March 31, 2015 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, 2015 that have materially affected, or are reasonably likely to materially affect, Canaccord Genuity Group's internal control over financial reporting.

Risk Management

OVERVIEW

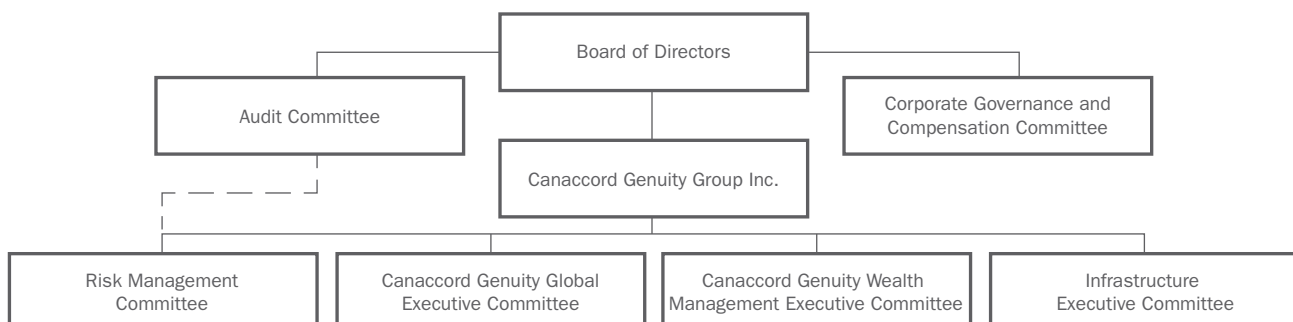
Uncertainty and risk are inherent when conducting operations within financial markets. As an active participant in the Canadian and international capital markets, Canaccord Genuity Group is exposed to risks that could result in financial losses. The Company has identified its principal risks as: market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

RISK MANAGEMENT STRUCTURE AND GOVERNANCE

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

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

The Company's governance structure includes the following elements:



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

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

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

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

MARKET RISK

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

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

CREDIT RISK

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

Canaccord Genuity Group provides financing to clients by way of margin lending. In a margin-based transaction, the Company extends credit for a portion of the market value of a securities transaction in a client's account, up to certain limits. Margin loans are collateralized by securities in the client's account. In connection with this lending activity, Canaccord Genuity Group faces a risk of financial loss in the event that a client fails to meet a margin call if market prices for securities held as collateral decline and if the Company is unable to recover sufficient value from the collateral held. For margin lending purposes, Canaccord Genuity Group has established limits that are generally more restrictive than those required by applicable regulatory policies.

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

The Company is engaged in various trading and brokerage activities whose counterparties primarily include broker dealers, banks, clearing agents, exchanges, financial intermediaries and other financial institutions. These activities include agency trading, securities borrowing and lending, and entering into repurchase agreements and reverse repurchase agreements. In the event that counterparties do not fulfill their obligations, Canaccord Genuity Group may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty and/or the issuer of the instrument. The Company manages this risk by imposing and

monitoring individual and aggregate position limits within each business segment, for each counterparty, conducting regular credit reviews of financial counterparties, reviewing security and loan concentrations, holding and marking to market collateral on certain transactions, and conducting business through clearing organizations that guarantee performance.

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

OPERATIONAL RISK

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

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

Risk and Control Self-Assessment (RCSA)

The purpose of RCSAs is to:

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

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

OTHER RISKS

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

Regulatory and legal risk

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

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

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

Reputational risk

Reputational risk is the risk that an activity undertaken by an organization or its representatives will impair its image in the community or lower public confidence in it, resulting in a loss of revenue, legal action or increased regulatory oversight. Possible sources of reputational risk could come from operational failures, non-compliance with laws and regulations, or leading an unsuccessful financing. Reputational risk can also be reflected within customer satisfaction and external ratings, such as equity analyst reports. In addition to its various risk management policies, controls and procedures, Canaccord Genuity Group has a formal Code of Business Conduct and Ethics and an integrated program of marketing, branding, communications and investor relations to help manage and support the Company's reputation.

RISK FACTORS

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

CONTROL RISK

As of March 31, 2015, senior officers and directors of the Company collectively owned approximately 18.0% of the issued and outstanding (23.0% 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.

In addition, as at March 31, 2015, the single largest shareholder that management was aware of was RBC Global Asset Management Inc. The most recent filing that confirms its total holdings was filed on March 9, 2015, which indicated the company owned 5,156,774 shares of Canaccord Genuity Group Inc. The company's ownership outlined in this filing represents 5.03% of common shares issued and outstanding as at March 31, 2015.

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

Restrictions on ownership and transfer of common shares

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

Dividend Policy

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

Dividend Declaration

On June 2, 2015, the Board of Directors approved a quarterly dividend of \$0.05 per common share payable on July 2, 2015 with a record date of June 19, 2015. The Board of Directors also approved a cash dividend of \$0.34375 per Series A Preferred Share payable on June 30, 2015 with a record date of June 19, 2015; as well as a cash dividend of \$0.359375 per Series C Preferred Share payable on June 30, 2015 with a record date of June 19, 2015.

Additional Information

Additional information relating to Canaccord Genuity Group Inc., including the Company's Annual Information Form, can be found on SEDAR's website at www.sedar.com.