SECOND QUARTER

Fiscal 2020 Report to Shareholders

Canaccord Genuity Group Inc. Reports Second Quarter Fiscal 2020 Results

Excluding significant items, second quarter earnings per common share of $0.18[(1)]

TORONTO, November 6, 2019 – Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the second fiscal quarter, ended September 30, 2019.

"The diversification of our business mix and the benefit of increased scale in our wealth management business was evident in our second quarter, as we delivered a solid financial result despite a more challenging operating environment for capital markets activities," said Dan Daviau, President & CEO, Canaccord Genuity Group Inc. "Looking forward, we continue to be optimistic about the opportunities for our business and our ability to drive long-term earnings power for our shareholders."

Second quarter and six months fiscal year-to-date highlights:

(All dollar amounts are stated in thousands of Canadian dollars unless otherwise indicated)

- Excluding significant items[(1)], diluted earnings per common share for the second quarter were $0.18 per share ($0.10 per share on an IFRS basis)
- Excluding significant items[(1)] diluted earnings per common share for the first six months of fiscal 2020 were $0.41 per share ($0.28 per share on an IFRS basis), flat when compared to the first six months of fiscal 2019 (and an increase of 21.7% from $0.23 per share on an IFRS basis)
- Excluding significant items, 72.2% of second quarter diluted earnings per share contributed by global wealth management operations
- Returned $40.0 million to shareholders year to date through a substantial issuer bid and reduced common shares outstanding by 6.3%
- Second quarter common share dividend of $0.05
- Subsequent to the end of the fiscal quarter, completed the acquisition of Patersons Securities Limited, substantially increasing the scale of our wealth management business in Australia

Contents

	Three months ended September 30		Quarter-over-quarter change	Three months ended June 30	Quarter-over-quarter change
	Q2/20	Q2/19[4]		Q1/20	
Revenue	**$ 270,697**	$ 300,036	(9.8)%	$ 325,508	(16.8)%
Second fiscal quarter highlights – adjusted[1]					
Expenses – excluding significant items[1]	**$ 242,125**	$ 261,918	(7.6)%	$ 286,978	(15.6)%
Earnings per common share – diluted, excluding significant items[1]	**$ 0.18**	$ 0.23	(21.7)%	$ 0.23	(21.7)%
Net Income – excluding significant items[1][2]	**$ 23,760**	$ 28,867	(17.7)%	$ 30,654	(22.5)%
Net Income attributable to common shareholders – excluding significant items[1][3]	**$ 21,512**	$ 26,291	(18.2)%	$ 28,218	(23.8)%
Second fiscal quarter highlights – IFRS					
Expenses	**$ 254,527**	$ 275,414	(7.6)%	$ 294,156	(13.5)%
Earnings per common share – diluted	**$ 0.10**	$ 0.09	11.1%	$ 0.18	(44.4)%
Net Income[2]	**$ 13,178**	$ 18,019	(26.9)%	$ 24,290	(45.7)%
Net Income attributable to common shareholders[3]	**$ 11,137**	$ 15,443	(27.9)%	$ 21,854	(49.0)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 6 of the MD&A
(2) Before non-controlling interests and preferred share dividends
(3) Net income attributable to common shareholders is calculated as the net income adjusted for non-controlling interests and preferred share dividends
(4) During the six months ended September 30, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or six month ended September 30, 2018. The comparatives for the prior period have been restated accordingly.

Core business performance highlights:

Canaccord Genuity Wealth Management

The Company's combined global wealth management operations earned revenue of $115.4 million for the second fiscal quarter, a year-over-year decrease of 0.6%. Excluding significant items[1], the pre-tax net income contribution from this segment improved by 5.3% year-over-year to $21.7 million, which represents 71.2% of the adjusted pre-tax net income attributable to the Company's combined operating businesses for the three-month period.

- Canaccord Genuity Wealth Management (North America) generated $49.0 million in revenue and, after intersegment allocations and before taxes, recorded net income of $6.6 million in Q2/20
- Wealth management operations in the UK & Europe generated $66.4 million in revenue and, after intersegment allocations, and excluding significant items[1], recorded net income of $15.1 million before taxes in Q2/20

Revenue in the Company's North American wealth management business decreased by 6.1% year-over-year, reflecting decreased investment banking revenue from lower new issue activity compared to the same period in the prior year. The pre-tax profit margin in this business decreased to 13.5% for the three-month period and increased by 1.9 p.p. to 14.9% for the first six months of the fiscal year. In the UK & Europe, second quarter revenue increased by 3.8% compared to the same period one year ago, primarily due to higher commissions and fees revenue and contributions from the Thomas Miller and McCarthy Taylor acquisitions. Excluding significant items[1], the pre-tax profit margin in this business was 22.8% for the three-month period.

Total client assets in the Company's global wealth management businesses at the end of second fiscal quarter amounted to $65.4 billion.

- Client assets in North America were $20.4 billion as at September 30, 2019, a decrease of 3.8% from $21.2 billion at the end of the previous quarter and an increase of 3.4% from $19.7 billion at September 30, 2018.
- Client assets in the UK & Europe were $44.2 billion (£27.1 billion) as at September 30, 2019, a decrease of 3.1% from $45.6 billion (£27.4 billion) at the end of the previous quarter and a decrease of 2.3% from $45.2 billion (£26.9 billion) at September 30, 2018.

Canaccord Genuity Capital Markets

Excluding significant items[1], this segment contributed pre-tax net income of $8.8 million for the second quarter, a decrease of 64.6% compared to the same period in the previous fiscal year. Globally, Canaccord Genuity Capital Markets earned revenue of $338.7 million for the first six months of the fiscal year, a modest improvement of 1.1% compared to the same period a year ago. Revenue for the second quarter was $148.7 million, a decrease of 16.8% from $178.7 million for the second quarter of fiscal 2019.

- Canaccord Genuity Capital Markets led or co-led 35 investment banking transactions globally, raising total proceeds of C$2.5 billion during fiscal Q2/20.
- Canaccord Genuity Capital Markets participated in 67 investment banking transactions globally, raising total proceeds of C$8.2 billion during fiscal Q2/20.

During the three-month period, revenue earned from investment banking and advisory fees decreased by 22.2% and 4.3% respectively when compared with the same period last year, primarily attributable to the impact of the market environment and the timing of closings for financing and advisory transactions. The US capital markets business earned quarterly revenue of $68.5 million which included a 39.1% increase in advisory revenue against Q2/19, reflecting an increase in activity and contributions from the Petsky Prunier acquisition in Q4/19. Second quarter revenue from investment banking and advisory activities in the Company's UK & Europe capital markets division, which includes Dubai, increased by 108.6% and 56.4% respectively compared to Q2/19. This business delivered a small profit, but reported results were negatively impacted by increased expenses in the Company's Dubai operation. Revenue in the Canadian capital markets operations decreased by 31.1% year-over-year as

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 6 of the MD&A

a result of lower investment banking and advisory activities, but this business continues to be a top-ranked domestic underwriter in the region. Revenue in the Australian capital markets business was 24.4% lower when compared to the three months ended September 30, 2018.

Summary of Corporate Developments:

On August 7, 2019 at the fiscal 2019 Annual General Meeting of Shareholders, Sally Tennant, OBE, was elected to the Company's Board of Directors as an Independent Director. The Company has eight directors, six of whom are independent.

On August 12, 2019, 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 5,423,872 of its common shares during the period from August 15, 2019 to August 14, 2020 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the six months ended September 30, 2019, there were no shares purchased and cancelled under the current NCIB or the NCIB that expired on August 14, 2019.

In a substantial issuer bid which commenced on July 3, 2019, and expired on August 9, 2019, the Company made an offer to purchase for cancellation up to $40.0 million of its common shares. The offer was made by way of a "modified Dutch auction", which allowed shareholders who chose to participate in the offer to individually select the price, within a price range of not less than $5.50 per common share and not more than $6.30 per common share (in increments of $0.10 per common share), at which they are willing to sell their common shares. Upon expiry of the offer, the Company determined that $5.50 was the lowest purchase price that allowed it to purchase the maximum number of common shares properly tendered to the offer, and not properly withdrawn, having an aggregate purchase price of $40 million. The Company therefore purchased for cancellation 7,272,727 of its common shares at a purchase price of $5.50 per share, representing approximately 6.28% of the issued and outstanding common shares on a non-diluted basis at July 3, 2019. These shares were cancelled effective August 19, 2019.

On October 21, 2019, through its Australian business, the Company completed its acquisition of Patersons Securities Limited, increasing the scale of the Company's wealth management business in Australia and establishing a significant platform for expansion.

Results for the second quarter and year-to-date fiscal 2020 were impacted by the following significant items:

- Amortization of intangible assets acquired in connection with business combinations as well as acquisition-related costs for Thomas Miller and Patersons Securities Limited
- Costs related to the ongoing integration efforts in the Company's UK & Europe wealth management business
- Certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business

Selected financial information excluding significant items[(1)]:

(C$ thousands, except per share and % amounts)	Three months ended Sept 30 2019	Three months ended Sept 30 2018 restated[(3)]	Quarter-over-quarter change	Six months ended Sept 30 2019	Six months ended Sept 30 2018 restated[(3)]	YTD over YTD change
Total revenue per IFRS	**$ 270,697**	$ 300,036	(9.8)%	**$ 596,205**	$ 574,159	3.8%
Total expenses per IFRS	**$ 254,527**	$ 275,414	(7.6)%	**$ 548,683**	$ 527,655	4.0%
Revenue						
Total revenue excluding significant items	**$ 270,697**	$ 300,036	(9.8)%	**$ 596,205**	$ 574,159	3.8%
Total expenses per IFRS	**$ 254,527**	$ 275,414	(7.6)%	**$ 548,683**	$ 527,655	4.0%
Expenses						
Significant items recorded in Canaccord Genuity Capital Markets						
Amortization of intangible assets	**$ 2,465**	$ 639	285.6%	**$ 4,936**	$ 1,218	305.3%
Restructuring costs	**—**	—	n.m.	**—**	$ 1,316	(100.0)%
Acquisition- related costs	**$ 1,629**	—	n.m.	**$ 1,806**	$ 1,173	54.0%
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**$ 3,528**	$ 2,751	28.2%	**$ 6,571**	$ 5,607	17.2%
Restructuring costs	**$ 1,098**	—	n.m.	**$ 1,098**	—	n.m.
Acquisition-related costs	**$ 1,973**	—	n.m.	**$ 2,308**	—	n.m.
Incentive-based costs related to acquisitions[(2)]	**$ 1,709**	$ 1,498	14.1%	**$ 2,861**	$ 3,041	(5.9)%
Significant items recorded in Corporate and Other						
Loss on extinguishment of convertible debentures	**—**	$ 8,608	(100.0)%	**—**	$ 8,608	(100.0)%
Total significant items	**$ 12,402**	$ 13,496	(8.1)%	**$ 19,580**	$ 20,963	(6.6)%
Total expenses excluding significant items	**$ 242,125**	$ 261,918	(7.6)%	**$ 529,103**	$ 506,692	4.4%
Net income before taxes – adjusted	**$ 28,572**	$ 38,118	(25.0)%	**$ 67,102**	$ 67,467	(0.5)%
Income taxes – adjusted	**$ 4,812**	$ 9,251	(48.0)%	**$ 12,688**	$ 13,565	(6.5)%
Net income – adjusted	**$ 23,760**	$ 28,867	(17.7)%	**$ 54,414**	$ 53,902	0.9%
Net income attributable to common shareholders, adjusted	**$ 21,512**	$ 26,291	(18.2)%	**$ 49,730**	$ 47,942	3.7%
Earnings per common share – basic, adjusted	**$ 0.21**	$ 0.27	(22.2)%	**$ 0.49**	$ 0.50	(2.0)%
Earnings per common share – diluted, adjusted	**$ 0.18**	$ 0.23	(21.7%)	**$ 0.41**	$ 0.41	—

(1) Figures excluding significant items are non-IFRS measures.

(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business.

(3) During the six months ended September 30, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or six month ended September 30, 2018. The comparatives for the prior period have been restated accordingly.

Financial condition at the end of second quarter fiscal 2020 vs. first quarter of fiscal 2020

- Cash and cash equivalents balance of $459.2 million, a decrease of $126.3 million from $585.5 million
- Working capital of $546.5 million, a decrease of $0.7 million from $547.2 million
- Total shareholders' equity of $836.2 million, a decrease of $3.5 million from $839.7 million

Common and Preferred Share Dividends:

On November 6, 2019, the Board of Directors approved a dividend of $0.05 per common share, payable on December 10, 2019, with a record date of November 29, 2019.

On November 6, 2019, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on December 31, 2019 to Series A Preferred shareholders of record as at December 20, 2019.

On November 6, 2019, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on December 31, 2019 to Series C Preferred shareholders of record as at December 20, 2019.

Management’s Discussion and Analysis

Second quarter fiscal 2020 for the three and six months ended September 30, 2019 — this document is dated November 6, 2019

The following discussion of the financial condition and results of operations for Canaccord Genuity Group Inc. is provided to enable the reader to assess material changes in our financial condition and to assess results for the three- and six- month periods ended September 30, 2019 compared to the corresponding period in the preceding fiscal year. The three-month period ended September 30, 2019 is also referred to as second quarter 2020 and Q2/20. 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. This discussion should be read in conjunction with: the unaudited interim condensed consolidated financial statements for the three- and six- month periods ended September 30, 2019, beginning on page 30 of this report; our Annual Information Form (AIF) dated June 26, 2019; and the 2019 annual Management’s Discussion and Analysis (MD&A) including the audited consolidated financial statements for the fiscal year ended March 31, 2019 (Audited Annual Consolidated Financial Statements) in the Company’s annual report dated June 5, 2019 (the 2019 Annual Report). There has been no material change to the information contained in the annual MD&A for fiscal 2019 except as disclosed in this MD&A. The Company’s financial information is expressed in Canadian dollars unless otherwise specified.

Cautionary Statement Regarding Forward-Looking Information

This document may contain “forward-looking statements” (as defined under applicable securities laws). These statements relate to future events or future performance and reflect management’s expectations, beliefs, plans, estimates, intentions and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts, including business and economic conditions and the Company’s growth, results of operations, performance, business prospects and opportunities. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, “target”, “intend”, “could” or the negative of these terms or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions, the nature of the financial services industry and the risks and uncertainties discussed from time to time in the Company’s unaudited interim condensed and Audited Annual Consolidated Financial Statements and in its 2019 Annual Report and AIF filed on www.sedar.com as well as the factors discussed in the section entitled “Risks” in this MD&A, which include market, liquidity, credit, operational, legal, cyber and regulatory risks. Material factors or assumptions that were used by the Company to develop the forward-looking information contained in this document include, but are not limited to, those set out in the Fiscal 2020 Outlook section in the annual MD&A and those discussed from time to time in the Company’s interim condensed and Audited Annual Consolidated Financial Statements and in its 2019 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 also 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.

Presentation of Financial Information and Non-IFRS Measures

This MD&A is based on the unaudited interim condensed consolidated financial statements for the three- and six- month period ended September 30, 2019 (Second Quarter 2020 Financial Statements) prepared in accordance with International Financial Reporting Standards (IFRS). The Second Quarter 2020 Financial Statements have been prepared in accordance with International Accounting Standard 34, “*Interim Financial Reporting” (IAS 34)*, and using accounting policies consistent with those applied in preparing the Company’s Audited Annual Consolidated Financial Statements for the year ended March 31, 2019.

NON-IFRS MEASURES

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

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

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

Financial statement items that exclude significant items are non-IFRS measures. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, certain accounting charges related to the change in the Company's long-term incentive plan (LTIP) as recorded with effect on March 31, 2018, certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business, loss related to the extinguishment of convertible debentures as recorded for accounting purposes as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. See the Selected Financial Information Excluding Significant Items table on page 10.

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

Business Overview

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

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

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

Operating results of Jitneytrade Inc. and Finlogik Inc. (collectively referred to as "Jitneytrade") are included as part of Canaccord Genuity Capital Markets Canada since the closing date of June 6, 2018. In addition, operating results of Petsky Prunier LLC ("Petsky Prunier") are included since the closing date of February 13, 2019 as part of Canaccord Genuity Capital Markets US. Included in the Canaccord Genuity Wealth Management segment are the operating results of Hargreave Hale Limited ("Hargreave Hale") since September 18, 2017, the operating results of McCarthy Taylor Ltd. (renamed as CG McCarthy Taylor Limited) ("McCarthy Taylor") since the closing date of January 29, 2019, and Thomas Miller Wealth Management Limited (renamed as CG Wealth Planning Limited) ("Thomas Miller") since the closing date of May 1, 2019.

Market Environment During Q2 Fiscal 2020

Economic backdrop

During the second quarter of our 2020 fiscal year, market sentiment remained centered on stimulus efforts by the central banks, US – China trade matters and Brexit negotiations. The Fed cut its target rate by 25 basis points twice and injected liquidity into the financial system in an effort to contain repo rates. The European Central Bank (ECB) launched a new round of quantitative easing and US treasury bond yields fell ~50bps over the course of the three-month period, as investors priced-in lower growth, benign inflation and additional rate cuts. Looking at equity markets, the S&P 500 and the S&P/TSX returned 1.7% and 2.5%. Emerging market (EM) equities, were negatively impacted by the economic and political uncertainty and the strong US dollar, leading to a loss of 1.9% over the quarter. Finally, the weakened growth outlook weighed on commodity prices with crude oil, copper and grain prices down 7.2%, 4.8% and 4.7% respectively. Conversely, gold prices advanced 4.4%.

Investment banking and advisory

Small- and mid-cap equities underperformed relative to large-cap equities during the second quarter of fiscal 2020. Commodity prices also declined by 4.2% quarter-over-quarter. That said, valuations of resource and cyclical stocks in general remained around historical troughs, which may create opportunities for additional M&A activities. We expect that commodity prices will eventually recover.

Index Value at End	Q2/19		Q3/19		Q4/19		Q1/20		Q2/20		
of Fiscal Quarter	09/28/18	(Y/Y)	12/31/18	(Y/Y)	03/29/19	(Y/Y)	06/28/19	(Y/Y)	09/30/19	(Y/Y)	(Q/Q)
S&P IFCI Global Small Cap	259.8	-6.7%	238.4	-21.0%	262.4	-14.3%	258.7	-6.8%	244.1	-6.1%	-5.6%
S&P IFCI Global Large Cap	236.3	-2.1%	218.6	-15.5%	238.3	-8.7%	239.3	0.0%	227.4	-3.8%	-5.0%

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

Trading

Trading activities in our core focus areas softened in fiscal Q2/20 when compared to year-ago levels, consistent with heightened geopolitical risk and further underperformance of small- and mid-cap equities in some of the markets where we operate. Forceful reflation efforts from world central banks and a de-escalation of the US/China trade tensions should increase trading activity and our agency business, and an increase in passive investing strategies.

Average Value During	Q2/19		Q3/19		Q4/19		Q1/20		Q2/20		
Fiscal Quarter/Year	28-Sep-18	(Y/Y)	31-Dec-18	(Y/Y)	29-Mar-19	(Y/Y)	28-Jun-19	(Y/Y)	30-Sep-19	(Y/Y)	(Q/Q)
Russell 2000	1698.4	19.9%	1496.8	-1.0%	1509.0	-2.9%	1549.0	-3.7%	1534.2	-9.7%	-1.0%
S&P 400 Mid Cap	2011.4	15.2%	1824.1	-1.6%	1845.1	-3.6%	1917.1	-0.8%	1922.5	-4.4%	0.3%
FTSE 100	7553.0	2.3%	6991.6	-6.5%	7061.3	-4.0%	7357.4	-2.5%	7359.4	-2.6%	0.0%
MSCI EU Mid Cap	1123.5	4.9%	1012.0	-8.7%	1027.2	-7.0%	1076.6	-3.5%	1083.4	-3.6%	0.6%
S&P/TSX	16303.8	7.4%	15042.0	-5.9%	15621.7	-0.8%	16374.1	3.2%	16472.7	1.0%	0.6%

Global wealth management

Despite the challenging macroeconomic backdrop, investors enjoyed positive returns in the US and in Canada. The S&P 500 and the S&P/TSX returned 1.7% and 2.5% respectively when measured on a quarter-over-quarter (Q/Q) basis, but performances were more mixed elsewhere considering that EM equities ended the quarter down 1.9%. The drop in US Treasury bond yields boosted fixed income returns (+3.8% Q/Q). In summary, balanced portfolios benefitted from a mix of higher equity prices and lower bond yields .

Total Return (excl. currencies)	Q2/19 Change (Q/Q)	Q3/19 Change (Q/Q)	Q4/19 Change (Q/Q)	Q1/20 Change (Q/Q)	Q2/20 Change (Q/Q)	Fiscal 2020 Change
S&P 500	7.7%	-13.5%	13.6%	4.3%	1.7%	6.1%
S&P/TSX	-0.6%	-10.1%	13.3%	2.6%	2.5%	5.1%
MSCI EMERGING MARKETS	0.1%	-7.3%	9.9%	0.3%	-1.9%	-1.6%
MSCI WORLD	4.4%	-12.7%	12.3%	3.8%	0.1%	3.9%
S&P GS COMMODITY INDEX	1.3%	-22.9%	15.0%	-1.4%	-4.2%	-5.5%
US 10-YEAR T-BONDS	-1.5%	4.6%	3.0%	4.4%	3.8%	8.4%
CAD/USD	1.8%	-5.4%	2.2%	1.9%	-1.1%	0.8%
CAD/EUR	2.4%	-4.2%	4.5%	0.6%	3.1%	3.7%

Outlook

The economic backdrop has become more challenging considering the ongoing weakness in corporate earnings, trade deal uncertainties as well as the downshift in economic data globally. However, central banks have thus far met market expectations and helped to support market valuations. Notwithstanding a severe correction in equity markets, we expect that our wealth management businesses will continue to grow client assets. Assuming we are in the late-stage of this business cycle and bull market, we can expect that trading activity will be supported, as investors continue to rotate money within sectors and asset classes. Additionally, we believe a shift in style from growth to value could help extend the longevity of this bull market and lastly, history as shown that M&A activities usually remain robust at the tail-end of economic cycles and bull markets. End-market demand for investment banking and advisory activities in our core focus sectors remains healthy but we anticipate that the timing of transaction closings will continue to be impacted in the near term.

ABOUT CANACCORD GENUITY GROUP INC.'S OPERATIONS

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

Canaccord Genuity Capital Markets

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

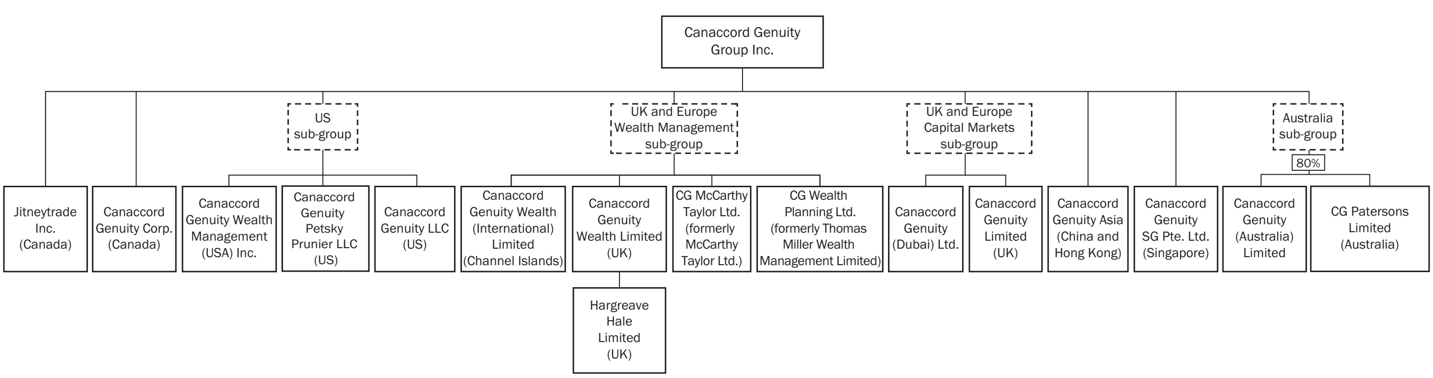
Canaccord Genuity Wealth Management

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

Corporate and Other

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

Corporate structure



The chart shows principal operating companies of the Canaccord Genuity Group as of October 31, 2019. The Company, through Canaccord Financial Group (Australia) Pty Ltd., completed its acquisition of Patersons Securities Limited on October 21, 2019.

The Company owns 80% of the issued shares of Canaccord Financial Group (Australia) Pty Ltd. and Canaccord Genuity (Australia) Limited [March 31, 2019 — 80%], but for accounting purposes, as of September 30, 2019, the Company is considered to have an 85% interest because of the shares held in a trust controlled by Canaccord Financial Group (Australia) Pty Ltd. [March 31, 2019 — 85%].

Consolidated Operating Results

SECOND QUARTER FISCAL 2020 SUMMARY DATA(1)(2)(7)

(C$ thousands, except per share and % amounts, and number of employees)	Three months ended September 30 2019	2018 (restated)(8)	2017	Quarter over quarter change	Six months ended September 30 2019	2018 (restated)(8)	2017	YTD over YTD change
Canaccord Genuity Group Inc. (CGGI)								
Revenue								
Commissions and fees	**$ 132,325**	$ 139,402	$ 96,125	(5.1)%	**$ 274,117**	$ 275,782	$ 201,080	(0.6)%
Investment banking	**51,992**	67,426	33,356	(22.9)%	**136,793**	134,947	74,052	1.4%
Advisory fees	**42,015**	44,396	30,589	(5.4)%	**95,819**	69,310	49,485	38.2%
Principal trading	**21,260**	28,949	22,849	(26.6)%	**46,333**	59,857	48,736	(22.6)%
Interest	**16,661**	15,326	5,793	8.7%	**31,846**	24,572	10,969	29.6%
Other	**6,444**	4,537	2,835	42.0%	**11,297**	9,691	7,033	16.6%
Total revenue	**270,697**	300,036	191,547	(9.8)%	**596,205**	574,159	391,355	3.8%
Expenses								
Compensation expense	**157,780**	179,091	122,934	(11.9)%	**352,688**	345,424	251,645	2.1%
Other overhead expenses(3)	**92,082**	87,468	64,851	5.3%	**190,549**	170,876	135,088	11.5%
Acquisition-related costs	**3,602**	—	4,364	n.m.	**4,114**	1,173	6,548	250.7%
Restructuring costs(4)	**1,098**	—	6,256	n.m.	**1,098**	1,316	6,704	(16.6)%
Loss on extinguishment of convertible debentures	**—**	8,608	—	(100.0)%	**—**	8,608	—	(100.0)%
Share of (gain) loss from associate	**(35)**	247	208	(114.2)%	**234**	258	208	(9.3)%
Total expenses	**254,527**	275,414	198,613	(7.6)%	**548,683**	527,655	400,193	4.0%
Income (loss) before income taxes	**16,170**	24,622	(7,066)	(34.3)%	**47,522**	46,504	(8,838)	2.2%
Net income (loss)	**13,178**	18,019	(7,258)	(26.9)%	**37,468**	36,668	(9,818)	2.2%
Net income (loss) attributable to:								
CGGI shareholders	**13,488**	17,794	(7,485)	(24.2)%	**37,693**	35,410	(9,747)	6.4%
Non-controlling interests	**(310)**	225	227	(237.8)%	**(225)**	1,258	(71)	(117.9)%
Earnings (loss) per common share – diluted	**$ 0.10**	$ 0.09	$ (0.11)	11.1%	**0.28**	$ 0.23	$ (0.16)	21.7%
Dividends per common share	**$ 0.05**	$ 0.01	$ 0.01	n.m.	**$ 0.10**	$ 0.02	$ 0.02	n.m.
Book value per diluted common share(5)	**$ 6.18**	$ 5.69	$ 4.74	8.5%				
Total assets	**$ 4,612,600**	$ 4,220,131	$ 3,413,398	9.3%				
Total liabilities	**$ 3,774,655**	$ 3,420,074	$ 2,679,660	10.4%				
Non-controlling interests	**$ 1,733**	$ 2,004	$ 13,354	(13.5)%				
Total shareholders' equity	**$ 836,212**	$ 798,053	$ 720,384	4.8%				
Number of employees	**2,143**	2,036	1,953	5.3%				
Excluding significant items(6)								
Total revenue	**270,697**	300,036	191,547	(9.8)%	**596,205**	574,159	391,355	3.8%
Total expenses	**242,125**	261,918	186,152	(7.6)%	**529,103**	506,692	383,196	4.4%
Income before income taxes	**28,572**	38,118	5,395	(25.0)%	**67,102**	67,467	8,159	(0.5)%
Net income	**23,760**	28,867	3,548	(17.7)%	**54,414**	53,902	5,163	0.9%
Net income attributable to:								
CGGI shareholders	**23,863**	28,642	3,321	(16.7)%	**54,432**	52,644	5,234	3.4%
Non-controlling interests	**(103)**	225	227	(145.8)%	**(18)**	1,258	(71)	(101.4)%
Net income attributable to common shareholders	**21,512**	26,291	970	(18.2)%	**49,730**	47,942	343	3.7%
Earnings per common share – diluted	**0.18**	0.23	0.01	(21.7)%	**0.41**	0.41	0.00	—

(1) Data is in accordance with IFRS except for book value per diluted common share, figures excluding significant items and number of employees. See Non-IFRS Measures on page 6.

(2) The operating results of the Australian operations have been fully consolidated, and a 15% non-controlling interest has been recognized for the six months ended September 30, 2019 [six months ended September 30, 2018 — 42% and six months ended September 30, 2017 — 42%].

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

(4) Restructuring costs for the six months ended September 30, 2019 were incurred in connection with our UK & Europe wealth management operations. Restructuring costs for the six months ended September 30, 2018 were incurred in connection with our UK & Europe capital markets. Restructuring costs for the six months ended September 30, 2017 were related to termination benefits incurred as a result of the closing of certain trading operations in our UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.

(5) Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants, issuance of common shares in connection with deferred consideration related to acquisitions, settlement of a promissory note in shares at the Company's option, and the conversion of convertible debentures, divided by the number of diluted common shares outstanding including estimated amounts in respect of share issuance commitments including options, warrants, other share-based payment plans, deferred consideration related to acquisitions, promissory notes and convertible debentures, and adjusted for shares purchased or committed to be purchased under the normal course or substantial issuer bid and not yet cancelled, and estimated forfeitures in respect of unvested share awards under share-based payment plans.

(6) 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.

(7) Data includes the operating results of Hargreave Hale since September 18, 2017, Jitneytrade since June 6, 2018, McCarthy Taylor since January 29, 2019, Petsky Prunier since February 13, 2019, and Thomas Miller since May 1, 2019.

(8) During the six months ended September 30, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or six month ended September 30, 2018. The comparatives for the prior period have been restated accordingly.

n.m.: not meaningful

p.p.: percentage points

SELECTED FINANCIAL INFORMATION EXCLUDING SIGNIFICANT ITEMS[(1)]

	Three months ended September 30			Six months ended September 30		
(C$ thousands, except per share and % amounts)	2019	2018 (restated)[(3)]	Quarter-over-quarter change	2019	2018 (restated)[(3)]	YTD-over-YTD change
Total revenue per IFRS	$ 270,697	$ 300,036	(9.8)%	$ 596,205	$ 574,159	3.8%
Total expenses per IFRS	254,527	275,414	(7.6)%	548,683	527,655	4.0%
Revenue						
Total revenue excluding significant items	270,697	300,036	(9.8)%	596,205	574,159	3.8%
Total expenses per IFRS	254,527	275,414	(7.6)%	548,683	527,655	4.0%
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	2,465	639	285.6%	4,936	1,218	305.3%
Restructuring costs	—	—	—	—	1,316	(100.0)%
Acquisition related costs	1,629	—	n.m.	1,806	1,173	54.0%
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	3,528	2,751	28.2%	6,571	5,607	17.2%
Restructuring costs	1,098	—	n.m.	1,098	—	n.m.
Acquisition-related costs	1,973	—	n.m.	2,308	—	n.m.
Incentive based costs related to acquisitions[(2)]	1,709	1,498	14.1%	2,861	3,041	(5.9)%
Significant items recorded in Corporate and Other						
Loss on extinguishment of convertible debentures	—	8,608	(100.0)%	—	8,608	(100.0)%
Total significant items	12,402	13,496	(8.1)%	19,.580	20,963	(6.6)%
Total expenses excluding significant items	242,125	261,918	(7.6)%	529,103	506,692	4.4%
Net income before taxes – adjusted	$ 28,572	$ 38,118	(25.0)%	$ 67,102	$ 67,467	(0.5)%
Income taxes – adjusted	4,812	9,251	(48.0)%	12,688	13,565	(6.5)%
Net income – adjusted	$ 23,760	$ 28,867	(17.7)%	$ 54,414	$ 53,902	0.9%
Net income attributable to common shareholders, adjusted	21,512	26,291	(18.2)%	49,730	47,942	3.7%
Earnings per common share – basic, adjusted	$ 0.21	$ 0.27	(22.2)%	$ 0.49	$ 0.50	(2.0)%
Earnings per common share – diluted, adjusted	$ 0.18	$ 0.23	(21.7)%	$ 0.41	$ 0.41	—

n.m.: not meaningful

([1]) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business.

(3) During the six months ended September 30, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or six month ended September 30, 2018. The comparatives for the prior period have been restated accordingly.

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. Fluctuations in foreign exchange contributed to certain changes 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 Capital Markets and Canaccord Genuity Wealth Management UK & Europe.

Geographies

Our Dubai operation is included as part of Canaccord Genuity Capital Markets UK & Europe. For purposes of the discussion provided herein the Canaccord Genuity Capital Markets operations in the UK, Europe and Dubai are referred to as the "UK & Europe". Starting in Q1/20, our Asian based operations, including Singapore, China and Hong Kong, have been combined with our Canadian and Australian capital markets operations to reflect management of these operating units.

Goodwill

In determining whether to perform an impairment test, the Company considers factors such as its market capitalization, market conditions generally and overall economic conditions as well as market conditions in the key sectors in which the Company operates and the impact that such conditions are expected to have on the Company's operations.

Notwithstanding this determination as of September 30, 2019, changes or uncertainty in the economic environment may cause this determination to change. If the business climate changes and the Company is unable to achieve its internal forecasts the Company may determine that there has been an impairment and the Company may be required to record a goodwill impairment charge in future periods in respect of the Canaccord Genuity Wealth Management business units in the UK & Europe or in respect of the goodwill recorded in Canaccord Genuity Capital Markets Canada or Canaccord Genuity Capital Markets US. Adverse changes in the key assumptions utilized for purposes of impairment testing for goodwill and indefinite life intangible assets may result in the estimated recoverable amount of some or all of the applicable business units declining below the carrying value with the result that impairment charges may be required. The amount of any impairment charge would affect some or all of the amounts recorded for goodwill and indefinite life intangible assets. Any such impairment charges would be determined after incorporating the effect of any changes in key assumptions including any consequential effects of such changes on estimated operating income and on other factors. In addition, notwithstanding that there may be no change in the performance estimates used by the Company for purposes of determining whether there has been any impairment in its indefinite life intangible asset related to the Genuity brand name, in the event that the Company changes the way in which it uses that asset the Company may be required to record an impairment charge.

Revenue

Second quarter 2020 vs. second quarter 2019

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 the three months ended September 30, 2019 was $270.7 million, a decrease of 9.8% or $29.3 million compared to the same period a year ago. The Canaccord Genuity Capital Markets segment experienced a decrease of $30.0 million or 16.8% in Q2/20 compared to the same quarter in the prior year, mainly due to lower commission and fees, investment banking and principal trading revenue in our Canadian and US operations. In the UK & Europe, higher investment banking revenue was partially offset by lower commissions and fees and principal trading revenue. Revenue from our global Canaccord Genuity Wealth Management segment also decreased slightly by $0.8 million compared to Q2/19, the lower revenue in Canada was partially offset by increased revenue in the UK & Europe.

Within our Canaccord Genuity Capital Markets operating segment, revenue in all our core operating segments were negatively impacted by lower financing and advisory activity during the quarter. Compared to an exceptionally strong quarter in Q2/19, revenue in our Canadian operations decreased by $23.9 million or 31.1% across all the different types of revenue, except for interest revenue which increased as a result of higher stock loan revenue. Our US operations also generated lower investment banking and principal trading revenue compared to the same quarter in the prior year, but the decrease was partially offset by higher advisory fees revenue from organic growth as well as contributions from the acquisition of Petsky Prunier in Q4/19. Our Australian operations recorded a decrease of $2.3 million in revenue partially due to a reduction in unrealized gains in certain inventory and warrant positions recorded in respect of investment banking activity during the same period in the prior year. Offsetting these decreases was a slight increase in overall revenue of $0.4 million or 2.2% in our UK & Europe operations.

As a result of a growth in fee-based revenue resulting from increased client assets and contributions from our acquisitions of McCarthy Taylor and Thomas Miller, revenue in our UK & Europe wealth management operations increased by $2.4 million or 3.8% compared to Q2/19. Measured in local currency (GBP), revenue increased by £3.2 million or 8.6% compared to the same period last year. Revenue from our North America wealth management operations decreased by $3.2 million or 6.1% compared to the three months ended September 30, 2018, mainly due to lower investment banking revenue resulting from lower new issue activity.

Commissions and fees revenue is primarily generated from private client trading activity and institutional sales and trading. Revenue generated from commissions and fees decreased by $7.1 million or 5.1% to $132.3 million compared to Q2/19. The decrease was driven by lower institutional trading activity across all our major capital markets segments, which led to a decrease of $10.2 million or 22.8% in our global capital markets group. The increase in commission and fees revenue earned from our wealth management operations partially offset the reduction in revenue generated by our capital markets segment.

Investment banking revenue decreased by $15.4 million or 22.9% to $52.0 million in Q2/20 compared to the same period a year ago as a result of a decline in equity capital markets activities. All of our core operating regions experienced decreases in investment banking revenue except for the UK & Europe, which generated $3.2 million of investment banking revenue in Q2/20, up from $1.5 million in Q2/19.

Advisory fee revenue was $42.0 million, a decrease of $2.4 million or 5.4% from the same quarter a year ago. Our US capital markets operations reported an increase of $4.5 million in advisory fees revenue due to increased activity as well as contributions from our newly acquired Petsky Prunier operations in Q4/19. Our UK & Europe operations also reported an increase of $3.6 million in advisory fees revenue in Q2/20 compared to Q2/19 due to the completion of certain mandates. Our Canadian operations experienced a strong quarter in advisory fees revenue, reporting $16.1 million of revenue in Q2/20. However, compared to the record revenue of $25.9 million generated in Q2/19, our Canadian operations experienced a decrease of $9.8 million or 37.8%.

Principal trading revenue was $21.3 million in Q2/20, representing a $7.7 million or 26.6% decrease compared to Q2/19, mainly as a result of decreased market and trading activity in our Canadian, US and UK & Europe capital markets operations compared to the same period in the prior year which created fewer opportunities for trading gains.

Interest revenue was $16.7 million for the three months ended September 30, 2019, representing an increase of $1.3 million or 8.7% from Q2/19, mostly attributable to our Canadian capital markets operations resulting from higher stock loan revenue. Other revenue was $6.4 million for Q2/20, an increase of $1.9 million from the same period a year ago as a result of an increase in revenue from our Pinnacle Correspondent Brokerage Services business.

Year to date fiscal 2020 vs. year-to-date fiscal 2019

Revenue for the six months ended September 30, 2019 was $596.2 million, an increase of 3.8% or $22.0 million compared to the same period a year ago. Revenue from our capital markets operations increased by $3.8 million or 1.1% to $338.7 million for the six months ended September 30, 2019. Also contributing to the total revenue increase is our global wealth management operations, which generated $245.1 million on a year to date basis in fiscal 2020, representing an increase of $16.4 million or 7.2% compared to the same period in the prior year.

Commissions and fees revenue was $274.1 million, representing a decrease of $1.7 million or 0.6% compared to the six months ended September 30, 2018, reflecting the decline in our capital markets operations partially offset by the growth in our global wealth management business.

Investment banking revenue increased by $1.8 million or 1.4% to $136.8 million compared to the first six months of fiscal 2019. Our Canadian capital markets operations continued participation in numerous transactions in the cannabis sector contributed to an increase of $3.4 million or

6.5% in investment banking revenue compared to the same period in the prior year. Our UK & Europe capital markets operations also reported an increase of $4.5 million or 220.9% compared to the six-month period ended September 30, 2018 due to increased corporate broking activity. Partially offsetting these increases was a reduction in investment banking revenue in our US and Australian capital markets operations.

Advisory fees revenue of $95.8 million represented an increase of 38.2% or $26.5 million compared to the same period in the prior year, primarily due to increases of $25.6 million or 124.3% in our US capital markets operations and $6.8 million or 50.6% in our UK & Europe operations, attributable to the acquisition of Petsky Prunier in the US and the completion of certain mandates during the period in the UK & Europe.

Revenue derived from principal trading was $46.3 million, a decrease of $13.5 million or 22.6% compared to the six months ended September 30, 2018. Our UK & Europe operations showed the largest percentage decrease in revenue of $6.3 million or 57.6% due to the departure of the UK investment companies team, while our US office also recorded a decline of $6.3 million or 13.6% due to decreased trading activity by our international equities group.

Interest revenue increased by $7.3 million or 29.6% compared to the six months ended September 30, 2018 to $31.8 million on a year to date basis for fiscal 2020 mainly due to higher stock loan revenue earned from our Canadian capital markets operations. Other revenue increased by $1.6 million to $11.3 million during the six months ended September 30, 2019 due to an increase in revenue from our correspondent services business.

Expenses

Expenses for the three months ended September 30, 2019 were $254.5 million, a decrease of 7.6% or $20.9 million from Q2/19. Excluding significant items[1], expenses as a percentage of revenue increased by 2.1 percentage points for Q2/20 and by 0.5 percentage points for the six months ended September 30, 2019, driven by the decrease in revenue during the quarter and the non-variable nature of certain components of compensation expense and other overhead costs.

EXPENSES AS A PERCENTAGE OF REVENUE

	Three months ended September 30			Six months ended September 30		
	2019	2018 (restated)[2]	Quarter-over-quarter change	**2019**	**2018 (restated)[2]**	YTD-over-YTD change
Compensation expense	**58.3%**	59.7%	(1.4) p.p.	**59.2%**	**60.2%**	(1.0) p.p.
Other overhead expenses[1]	**34.0%**	29.1%	4.9 p.p.	**32.0%**	**29.8%**	2.2 p.p.
Restructuring costs	**0.4%**	0.0%	0.4 p.p.	**0.2%**	**0.2%**	0.0 p.p.
Acquisition-related costs	**1.3%**	0.0%	1.3 p.p.	**0.7%**	**0.2%**	0.5 p.p.
Loss on extinguishment of convertible debentures	**0.0%**	2.9%	(2.9) p.p.	**0.0%**	**1.5%**	(1.5) p.p.
Share of loss of an associate	**0.0%**	0.1%	(0.1) p.p.	**0.0%**	**—**	0.0 p.p.
Total	**94.0%**	91.8%	2.2 p.p.	**92.1%**	**91.9%**	0.2 p.p.

(1) Consists of trading costs, premises and equipment, communication and technology, interest, general and administrative, amortization and development costs.
(2) During the six months ended September 30, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The comparatives for the prior period have been restated accordingly.
p.p.: percentage points

Compensation expense

Second quarter 2020 vs. second quarter 2019

Commencing in Q1/20, expenses previously recorded as incentive compensation expense and salaries and benefits are combined under compensation costs. This reclassification reflects the way in which management reviews and monitors our compensation structure. Comparatives for prior periods have been similarly combined accordingly.

Compensation expense in Q2/20 was $157.8 million, a decrease of $21.3 million or 11.9% compared to Q2/19, consistent with the decrease in revenue for the quarter. Compensation expense as a percentage of revenue decreased from 59.7% in Q2/19 to 58.3% in Q2/20 mainly due to the reduction in fixed staff costs.

Year to date fiscal 2020 vs. year to date fiscal 2019

Compensation expense for the six months ended September 30, 2019 was $352.7 million, an increase of $7.3 million or 2.1% compared to Q2/19, consistent with the increase in revenue for the six-month period. Compensation expense as a percentage of revenue decreased by 1.0 percentage point to 59.2% for the six months ended September 30, 2019.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

OTHER OVERHEAD EXPENSES

(C$ thousands, except % amounts)	Three months ended September 30 2019	Three months ended September 30 2018	Quarter-over-quarter change	Six months ended September 30 2019	Six months ended September 30 2018	YTD-over-YTD change
Trading costs	$ 21,083	$ 22,462	(6.1)%	$ 41,203	$ 40,962	0.6%
Premises and equipment	4,224	10,230	(58.7)%	9,008	20,177	(55.4)%
Communication and technology	15,191	15,015	1.2%	31,549	30,201	4.5%
Interest	8,313	8,218	1.2%	16,424	13,812	18.9%
General and administrative	26,289	21,292	23.5%	56,656	44,976	26.0%
Amortization(1)	8,049	6,198	29.9%	15,985	12,836	24.5%
Amortization of right of use assets	5,939	—	n.m.	11,521	—	n.m.
Development costs	2,994	4,053	(26.1)%	8,203	7,912	3.7%
Total other overhead expenses	$ 92,082	$ 87,468	5.3%	$ 190,549	$ 170,876	11.5%

(1) Includes amortization of intangible assets. See the Selected Financial Information Excluding Significant Items table on page 10.

Second quarter 2020 vs. second quarter 2019

Other overhead expenses were $92.1 million, an increase of 5.3% in Q2/20 compared to Q2/19. As a percentage of revenue, other overhead expenses were 34.0% in Q2/20 compared to 29.2% in Q2/19, an increase of 4.8%. The increase in overhead expenses was largely driven by higher general and administrative expense and amortization expense, partially offset by lower trading costs and development costs. The crease in premises and equipment expense was offset by the amortization of the right-of-use (ROU) assets.

General and administrative expense, which includes reserves, promotion and travel expense, office expense, professional fees and donations, was up by $5.0 million or 23.5% compared to Q2/19. The largest increases were recorded in our Canadian and US capital markets operations, which reported increases of $2.2 million or 61.2% and $1.4 million or 31.4%, respectively, compared to the same period in the prior year as a result of additional expenses related to conferences, other promotion and travel expenses and professional fees to support the growth and higher headcount in these operations.

As discussed in our Q1/20 management discussion and analysis, as a result of the adoption of the new accounting standard IFRS 16 Leases, lease payments are no longer recorded through premises & equipment expense. Instead, ROU assets are recorded with the corresponding lease liabilities on the statement of financial position. For the three months ended September 30, 2019, the Company recorded amortization expense related to the ROU assets of $5.9 million and interest expense related to the lease liabilities of $1.9 million. The comparatives for the prior periods have not been restated as part of the transition to IFRS 16. As a result of this change in accounting policy, premises and equipment expense for Q2/20 decreased by $6.0 million or 58.7% compared to Q2/19, with a similar charge of $5.9 million being recorded as amortization of ROU assets in the current period.

In addition, amortization expense increased by $1.9 million or 29.9% compared to the same period in the prior year largely as a result of the amortization of intangible assets related to the acquisitions of Petsky Prunier and McCarthy Taylor in Q4/19, and Thomas Miller in Q1/20.

Partially offsetting the increases in overhead expense discussed above were reductions in development costs of $1.1 million, driven by lower expenses in our UK & Europe wealth management operations, as well as trading costs of $1.4 million, which resulted from the decrease in commissions and fees revenue.

In addition to the other overhead costs, restructuring costs of $1.1 million were reported in Q2/20 in connection with integration efforts in our UK & Europe wealth management operations. There were no restructuring costs in the same period last year. In addition, there were acquisition-related costs of $1.6 million recorded in our Australian operations related to the acquisition of Patersons Securities Limited which closed on October 21, 2019, as well as $2.0 million in our UK & Europe wealth management operations

Year to date fiscal 2020 vs. year-to-date fiscal 2019

Other overhead expenses for the six months ended September 30, 2019 increased by $19.7 million to $190.5 million, an 11.5% increase from the same period a year ago. As a percentage of revenue, other overhead expenses increased by 2.2 percentage points compared to the six months ended September 30, 2018.

As discussed above, the Company adopted IFRS 16 "Leases"at the beginning of fiscal 2020. This change in accounting standard resulted in a reduction in premises and equipment expense of $11.2 million and a charge of $11.5 million of amortization of ROU assets for the six months ended September 30, 2019.

Communication and technology expense increased by $1.3 million or 4.5% in the six months ended September 30, 2019 resulting from a higher headcount. Interest expense increased by $2.6 million or 18.9% compared to the six months ended September 30, 2018, partially as a result of the interest expense recorded in relation to the lease liabilities after adoption of IFRS 16 "Leases". In addition, interest expense also increased in our UK & Europe wealth management operations in connection with the additional bank loan obtained to finance the acquisition of Thomas Miller.

General and administrative expense increased by $11.7 million or 26.0% for the six months ended September 30, 2019 compared to the same period in the prior year. Our Canadian capital markets operations reported an increase of $7.4 million compared to the same period in the prior year partially as a result of higher conference costs and professional fees. In addition, our UK & Europe wealth management operations also reported an increase of $2.8 million or 34.5% due to reserves recorded in connection with ongoing legal matters as well as costs to support the growth in this operating segment.

The increase in amortization expense of $3.1 million or 24.5% related to the amortization of intangible assets acquired in connection with our acquisitions of Petsky Prunier and McCarthy Taylor in Q4/19 and Thomas Miller in Q1/20.

There were $1.1 million of restructuring costs recorded in the six months ended September 30, 2019 in connection with our UK & Europe wealth management operations as a result of the continued migration of Hargreave Hale with our back-office system. There were $1.3 million of restructuring costs recorded during the first half of fiscal 2019 in connection with our UK & Europe capital markets operations.

There were acquisition related costs of $4.1 million recorded in the first half of fiscal 2020 related to the acquisitions of Thomas Miller in Q1/20 and other integration costs, as well as the acquisition of Patersons Securities Limited that closed in October 2019.

Income tax

Second quarter 2020 vs. second quarter 2019

The effective tax rate for Q2/20 was 18.5% compared to an effective tax rate of 26.8% in the same quarter last year. The change in the effective tax rate was mainly due to a partial recognition of certain deferred tax assets in our foreign operations.

Year to date fiscal 2020 vs. year-to-date fiscal 2019

For the six months ended September 30, 2019, the effective tax rate was 21.2%, unchanged from the same period in the prior year.

Net income

Second quarter 2020 vs. second quarter 2019

Net income for Q2/20 was $13.2 million compared to net income of $18.0 million in the same period a year ago. Diluted earnings per common share were $0.10 in Q2/20 compared to diluted earnings per common share of $0.09 in Q2/19.

Excluding significant items (1), which include amortization of certain intangible assets, acquisition-related costs, restructuring costs and certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business, and before non-controlling interests and preferred share dividends, net income for Q2/20 was $23.8 million compared to net income of $28.9 million in Q2/19. Diluted earnings per common share, excluding significant items (1), were $0.18 in Q2/20 compared to diluted earnings per common share excluding significant items (1) of $0.23 in Q2/19.

Year to date fiscal 2020 vs. year-to-date fiscal 2019

Net income for the six months ended September 30, 2019 was $37.5 million compared to net income of $36.7 million in the same period a year ago. Diluted earnings per common share were $0.28 in the current period compared to diluted earnings per common share of $0.23 in the same period in the prior year.

Excluding significant items(1), which include amortization of certain intangible assets, acquisition-related costs, restructuring costs and certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business, and before non-controlling interests and preferred share dividends, net income for year to date fiscal 2020 was $54.4 million compared to net income of $53.9 million in year-to-date fiscal 2019. Diluted earnings per common share, excluding significant items(1), were $0.41 for the six-month period compared to diluted earnings per common share excluding significant items(1) of $0.41 for the same period in the prior year.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

Results of Operations by Business Segment

CANACCORD GENUITY CAPITAL MARKETS[1][2][5]

(C$ thousands, except number of employees and % amounts)	Three months ended September 30 2019	2018	Quarter-over-quarter change	Six months ended September 30 2019	2018	YTD-over-YTD change
Revenue	$ 148,693	$ 178,734	(16.8)%	$ 338,716	$ 334,906	1.1%
Expenses						
Compensation expense	82,471	100,884	(18.3)%	192,073	192,724	(0.3)%
Other overhead expenses	55,660	49,526	12.4%	113,582	96,968	17.1%
Acquisition-related costs	1,629	—	n.m.	1,806	1,173	54.0%
Restructuring costs	—	—	n.m.	—	1,316	(100.0)%
Total expenses	139,760	150,410	(7.1)%	307,461	292,181	5.2%
Intersegment allocations[3]	4,227	4,110	2.8%	8,772	8,415	4.2%
Income before income taxes[3]	$ 4,706	$ 24,214	(80.6)%	$ 22,483	$ 34,310	(34.5)%
Number of employees	777	770	1.9%	—	—	—
Excluding significant items[4]						
Total expenses	$ 135,666	$ 149,771	(9.4)%	$ 300,719	$ 288,474	4.2%
Intersegment allocations[3]	4,227	4,110	2.8%	8,772	8,415	4.2%
Income before income taxes[4]	$ 8,800	$ 24,853	(64.6)%	$ 29,225	$ 38,017	(23.1)%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees.
(2) The operating results of Canaccord Genuity (Australia) Limited have been consolidated and a 15% non-controlling interest has been recognized and included in the Canaccord Genuity Capital Markets business segment for the three and six months ended September 30, 2019 [three and six months ended September 30, 2018 — 42%].
(3) Income before income taxes includes intersegment allocated costs. See the Intersegment Allocated Costs section on page 22.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 10.
(5) Operating results for Jitneytrade are included beginning June 6, 2018 and Petsky Prunier since February 13, 2019.
n.m. not meaningful

Canaccord Genuity Capital Markets provides investment banking, research, and sales and trading services to corporate, institutional and government clients and it conducts principal trading activities in North America, the UK & Europe, Asia, Australia and the Middle East. Canaccord Genuity Capital Markets has offices in 21 cities in 9 countries worldwide.

Revenue from Canaccord Genuity Capital Markets is generated from commissions, institutional sales and trading activity, fees earned in connection with investment banking and advisory transactions, as well as trading gains and losses from Canaccord Genuity Capital Markets' principal and international trading operations. Interest from stock lending activity is also recorded in our capital markets division.

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

	Three months ended September 30 2019	2018	Quarter-over-quarter change	Six months ended September 30 2019	2018	YTD-over-YTD change
Revenue generated in:						
Canada	35.7%	43.1%	(7.4) p.p.	34.7%	36.7%	(2.0) p.p.
UK & Europe	13.4%	10.9%	2.5 p.p.	12.5%	12.3%	0.2 p.p.
US	46.1%	40.7%	5.4 p.p.	48.0%	44.5%	3.5 p.p.
Australia	4.8%	5.3%	(0.5) p.p.	4.8%	6.5%	(1.7) p.p.
Other Foreign Locations	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Canaccord Genuity Capital Markets (total)	100.0%	100.0%		100%	100.0%	

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

Second quarter 2020 vs. second quarter 2019

Revenue

Canaccord Genuity Capital Markets generated revenue of $148.7 million in Q2/20, a decrease of 16.8% or $30.0 million from the same quarter a year ago. Our Canadian capital markets operations reported the largest decrease in revenue of $23.9 million or 31.1% compared to the three months ended September 30,2018 as a result of reduced financing and advisory activity. In our US operations, revenue decreased by $4.2 million or 5.8% compared to Q2/19, largely due to a reduction in investment banking and principal trading revenue, partially offset by higher advisory fees revenue. Revenue in our Australian operations decreased by $2.3 million or 24.4% compared to the three-month period ended September 30, 2018 mainly due to a reduction in unrealized gains related to certain inventory and warrant positions recorded in respect of investment banking activity during the same period in the prior year. Partially offsetting these decreases was an increase in revenue in our UK & Europe operations, which generated a modest increase of $0.4 million or 2.2% compared to the same period last year.

Expenses

Expenses for Q2/20 were $139.8 million, a decrease of 7.1% or $10.7 million compared to Q2/19. Excluding significant items[(1)], total expenses as a percentage of revenue increased by 7.4 percentage points compared to the same quarter in the prior year, primarily as a result of the decreased revenue and the fixed nature of certain overhead costs and certain components of compensation expense.

Compensation expense

Compensation expense for Q2/20 decreased by $18.4 million or 18.3% compared to Q2/19 as a result of the decrease in incentive-based revenue. Compensation expense as a percentage of revenue was 55.5%, a decrease of 0.9 percentage points compared to Q2/19.

Compensation expense as a percentage of revenue declined in most of our operating regions as a result of reductions in fixed staff costs relative to changes in revenue. The decrease was most evident in our UK & Europe operations, where the compensation ratio decreased by 22.9 percentage points, largely as a result of reduced fixed staff costs as a result of the restructuring efforts taken at the end of fiscal 2019. In Canada, total compensation expenses as a percentage of revenue increased by 4.9 percentage points as a result of the large decrease in revenue relative to the fixed compensation costs.

CANACCORD GENUITY CAPITAL MARKETS TOTAL COMPENSATION EXPENSE AS A PERCENTAGE OF REVENUE BY GEOGRAPHY

	Three months ended September 30			Six months ended September 30		
	2019	2018	Quarter-over-quarter change	**2019**	2018	YTD-over-YTD change
Canada	**52.9%**	48.0%	4.9 p.p.	**51.7%**	49.7%	2.0 p.p.
UK & Europe	**63.2%**	86.1%	(22.9) p.p.	**61.2%**	80.0%	(18.8) p.p.
US	**54.6%**	56.2%	(1.6) p.p.	**58.4%**	57.1%	1.3 p.p.
Australia	**61.3%**	63.5%	(2.2) p.p.	**64.7%**	60.5%	4.2 p.p.
Other Foreign Locations	**n.m.**	n.m.	n.m.	**n.m.**	n.m.	n.m.
Canaccord Genuity Capital Markets (total)	**55.5%**	56.4%	(0.9) p.p.	**56.7%**	57.5%	(0.8) p.p.

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

Other overhead expenses

Total other overhead expenses for Q2/20 were $55.7 million or 37.4% as a percentage of revenue.

General and administrative expense in Q2/20 was $15.4 million, an increase of $3.5 million or 29.3% over Q2/19, partially as a result of additional professional and promotion and travel expenses incurred to support increased business activity levels in our Canadian and US operations. In addition, interest expense increased by $1.5 million or 60.8% due to additional stock borrowing fees in Canada.

As discussed previously, as a result of the change in the accounting standard for leases, premises and equipment expense decreased by $3.6 million compared to Q2/19, with a similar increase in the amortization of ROU assets. Amortization expense in Q2/20 was also impacted by the amortization of intangible assets acquired in connection with the acquisition of Petsky Prunier in Q4/19.

In Q2/20, there were acquisition-related costs of $1.6 million recorded in our Australian operations in connection with the acquisition of Patersons Securities Limited that was completed in October 2019.

Income before income taxes

Income before income taxes, including allocated overhead expenses, was $4.7 million in Q2/20 compared to net income of $24.2 million in the same quarter a year ago. Excluding significant items[(1)], income before income taxes, including allocated overhead expenses, was $8.8 million in Q2/20, compared to income before income taxes of $24.9 million in Q2/19. The decrease in income before income taxes was mostly attributable to lower revenue earned in our Canadian and US operations during Q2/20 combined with an increase in overhead expenses.

Year to date fiscal 2020 vs. year-to-date fiscal 2019

Revenue

For the six months ended September 30, 2019, Canaccord Genuity Capital Markets generated revenue of $338.7 million, an increase of $3.8 million or 1.1% from the six-month period a year ago. Both our Canadian and Australian capital markets operations reported decreases in revenue. Although our Canadian operations benefitted from higher investment banking activity during the current period, overall revenue was negatively impacted by the completion of fewer advisory mandates and lower trading activity. Our Australian operations were also impacted by the decline in financing activity during the period, as well as a reduction in unrealized gains on its warrants and inventory positions compared to the six months ended September 30, 2018. Offsetting the decreases in Canada and Australia were growth in both our US and UK & Europe regions. An increase in our advisory fees revenue in the US operations led to an overall increase of $13.6 million or 9.2% in total revenue, partially due to the acquisition of Petsky Prunier in Q4/19. Despite the uncertainties in the European market, revenue in our UK & Europe region also increased by $1.0 million or 2.5% compared to the six-month period in the prior year.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

Expenses

Expenses for the six months ended September 30, 2019 were $307.5 million, an increase of $15.3 million or 5.2% compared to the same period in the prior year. Excluding significant items[1], total expenses as a percentage of revenue increased by 2.6 percentage points compared to the six-month period in the prior year.

Compensation expense

Compensation expense for the six months ended September 30, 2019 decreased by $0.7 million or 0.3% compared to the same period in the prior year. Compensation expense as a percentage of revenue was 56.7%, a decrease of 0.8 percentage points compared to the first six months of fiscal 2019.

Other overhead expenses

Other overhead expenses increased by $16.6 million or 17.1% over the same period in the prior year. The most significant increases include general and administrative expense, communication and technology and interest expense.

General and administrative expense for the six-month period ended September 30, 2019 was $33.9 million, an increase of $10.0 million or 41.7% over the same period in the prior year, partially as a result of higher conference costs and additional professional and promotion and travel expenses incurred to support the higher headcount in our Canadian and US operations. There was also an increase of $2.7 million or 52.1% in interest expense due to higher stock borrowing fees as well as the recognition of interest expense related to lease liabilities as prescribed under IFRS 16. In addition, this accounting change also led to a decrease in premises and equipment expense of $6.7 million compared to the first six months of fiscal 2019, with a similar increase in amortization of ROU assets. Amortization expense for the six months ended September 30, 2019 was also impacted by the amortization of intangible assets in connection with the acquisition of Petsky Prunier completed in Q4/19.

There were acquisition-related costs of $1.8 million recorded in connection with the acquisitions of Petsky Prunier and Patersons Securities Limited during the first six months of fiscal 2020.

Income before income taxes

Income before income taxes, including allocated overhead expenses, was $22.5 million for the six months ended September 30, 2019 compared to net income of $34.3 million in the same period a year ago. Excluding significant items[1], income before income taxes, including allocated overhead expenses, was $29.2 million in the current period, compared to income before income taxes of $38.0 million in the first half of fiscal 2019. The decrease in income before income taxes was mostly attributable to lower revenue earned in our Canadian and Australian operations partially offset by higher net contributions from our UK & Europe region.

CANACCORD GENUITY WEALTH MANAGEMENT

Revenue from Canaccord Genuity Wealth Management is generated through traditional commission-based brokerage services, the sale of fee-related products and services, margin interest, and commissions and fees earned from investment banking and venture capital transactions by private clients.

CANACCORD GENUITY WEALTH MANAGEMENT NORTH AMERICA[1]

(C$ thousands, except AUM and AUA (in C$ millions), number of employees, Advisory Teams and % amounts)	Three months ended September 30 2019	Three months ended September 30 2018	Quarter-over-quarter change	Six months ended September 30 2019	Six months ended September 30 2018	YTD-over-YTD change
Revenue	**$ 48,996**	$ 52,199	(6.1)%	**$ 106,814**	$ 98,988	7.9%
Expenses						
Compensation expense	**27,849**	30,164	(7.7)%	**61,341**	56,771	8.0%
Other overhead expenses	**11,232**	11,001	2.1%	**22,586**	22,982	(1.7)%
Total expenses	**39,081**	41,165	(5.1)%	**83,927**	79,753	5.2%
Intersegment allocations[2]	**3,309**	3,363	(1.6)%	**7,021**	6,406	9.6%
Income before income taxes[2]	**$ 6,606**	$ 7,671	(13.9)%	**$ 15,866**	$ 12,829	23.7%
AUM – Canada (discretionary)[3]	**4,423**	4,158	6.4%			
AUA – Canada[4]	**20,408**	19,746	3.4%			
Number of Advisory Teams – Canada	**151**	150	0.7%			
Number of employees	**430**	413	4.1%			
Excluding significant items[5]						
Total expenses	**$ 39,081**	$ 41,165	(5.1)%	**$ 83,927**	$ 79,753	5.2%
Intersegment allocations[2]	**3,309**	3,363	(1.6)%	**7,021**	6,406	9.6%
Income before income taxes[2]	**6,606**	7,671	(13.9)%	**15,866**	12,829	23.7%

(1) Data is in accordance with IFRS except for AUM, AUA, number of Advisory Teams and number of employees. See Non-IFRS Measures on page 6.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 22.
(3) AUM in Canada are 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*.
(4) AUA in Canada is the market value of client assets administered by the Company, from which the Company earns commissions and fees and includes AUM.
(5) Refer to the Selected Financial Information Excluding Significant Items table on page 10.
n.m.: not meaningful

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

Second quarter 2020 vs. second quarter 2019

Revenue from Canaccord Genuity Wealth Management North America was $49.0 million, a decrease of $3.2 million or 6.1% compared to the three months ended September 30, 2018. The decrease was due to a reduction in investment banking revenue as well as lower interest revenue.

AUA in Canada increased by 3.4% to $20.4 billion at September 30, 2019, compared to $19.7 billion at September 30, 2018, reflecting our continued development initiatives in this sector. There were 151 Advisory Teams in Canada, an increase of one from a year ago. Fee-related revenue in our North American operations as a percentage of total revenue increased by 7.8 percentage points compared to Q2/19 and accounted for 41.6% of the wealth management revenue in Canada during the second quarter of fiscal 2020.

Total expenses for Q2/20 were $39.1 million, a decrease of $2.1 million or 5.1% compared to Q2/19. Total compensation expense decreased by $2.3 million, consistent with the decrease in incentive-based revenue during the quarter. Compensation expense as a percentage of revenue decreased by 0.9 percentage points to 56.8% in Q2/20 compared to Q2/19.

Other overhead costs were relatively unchanged compared to Q2/19, with a slight increase of $0.2 million compared to the three months ended September 30, 2018. As a result of the decrease in revenue and the non-variable nature of certain overhead expenses, total expenses as a percentage of revenue increased by 0.9 percentage points compared to Q2/19.

Premises and equipment expense decreased by $0.6 million compared to Q2/19 as a result of the change to the lease accounting standard as discussed above, with a corresponding expense of $0.6 million for the amortization of right of use assets recorded in Q2/20. Offsetting the decreases in communication and technology and interest expense were increases in trading costs from higher transactional activity and development costs resulting from our recruitment efforts in this segment.

Income before income taxes was $6.6 million in Q2/20 compared to income before taxes of $7.7 million in Q2/19 primarily due to the decrease in revenue.

Year to date fiscal 2020 vs. year-to-date fiscal 2019

Revenue from Canaccord Genuity Wealth Management North America was $106.8 million for the six months ended September 30, 2019, an increase of $7.8 million or 7.9% compared to the same period in the prior year. The increase was largely due to an increase in commission and fees revenue.

Total expenses for the six months ended September 30, 2019 were $83.9 million, an increase of $4.2 million or 5.2% compared to the same period in the prior year. Total compensation expense as a percentage of revenue increased slightly by 0.1 percentage point to 57.4% for the six-month period ended September 30, 2019.

Other overhead expenses decreased slightly by 1.7% over the same period in the prior year. General and administrative expense decreased by $1.3 million or 18.8% due to lower client transfers resulting in lower transfer fees. Interest expense also decreased by $0.7 million or 48.0% as a result of lower interest paid on client accounts due to lower cash balances in Q2/20 compared to the same period in the prior year. As discussed above, premises and equipment expense decreased by $1.5 million as a result of the adoption of the new lease accounting standard, with a similar increase in amortization of ROU assets expense. Partially offsetting these decreases was an increase in development costs of $1.0 million or 26.2% resulting from the amortization of new-hire incentive-based payments to new recruits.

Income before income taxes was $15.9 million for the six months ended September 30, 2019 compared to income before taxes of $12.8 million in the same period in the prior year primarily due to the increase in revenue.

CANACCORD GENUITY WEALTH MANAGEMENT UK & EUROPE[1][5]

	Three months ended September 30			Six months ended September 30		
(C$ thousands, except AUM (in C$ millions), number of employees, investment professionals and fund managers, and % amounts)	**2019**	2018	Quarter-over-quarter change	**2019**	2018	YTD-over-YTD change
Revenue	**$ 66,376**	$ 63,927	3.8%	**$ 138,299**	$ 129,714	6.6%
Expenses						
Compensation expense	**36,856**	36,356	1.4%	**76,067**	74,298	2.4%
Other overhead expenses	**19,333**	18,549	4.2%	**41,910**	36,942	13.4%
Restructuring expense	**1,098**	—	n.m.	**1,098**	—	n.m.
Acquisition related costs	**1,973**	—	n.m.	**2,308**	—	n.m.
Total expenses	**59,260**	54,905	7.9%	**121,383**	111,240	9.1%
Intersegment allocations[2]	**310**	308	0.6%	**611**	612	(0.2)%
Income before income taxes[2]	**6,806**	8,714	(21.9)%	**16,305**	17,862	(8.7)%
AUM – UK & Europe[3]	**44,183**	45,230	(2.3)%			
Number of investment professionals and fund managers	**215**	193	11.4%			
Number of employees	**572**	559	2.3%			
Excluding significant items[4]						
Total expenses	**$ 50,952**	$ 50,656	0.6%	**$ 108,545**	$ 102,592	5.8%
Intersegment allocations[2]	**310**	308	0.6%	**611**	612	(0.2)%
Income before income taxes[2]	**15,114**	12,963	16.6%	**29,143**	26,510	9.9%

(1) Data is in accordance with IFRS except for AUM, number of investment professionals and fund managers and number of employees. See Non-IFRS Measures on page 6.
(2) Income before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 22.
(3) AUM in the UK & Europe is the market value of client assets managed and administered by the Company, from which the Company earns commissions and fees. This measure includes both discretionary and non-discretionary accounts.
(4) Refer to the Selected Financial Information Excluding Significant Items table on page 10.
(5) Includes the operating results of McCarthy Taylor which was acquired on January 29, 2019 and the operating results of Thomas Miller since the acquisition date of May 1, 2019.

Operating results of McCarthy Taylor are included since the closing date of January 29, 2019 and the operating results of Thomas Miller after the closing date of May 1, 2019, are also included in the discussions below.

Second quarter 2020 vs. second quarter 2019

Revenue generated by our Canaccord Genuity Wealth Management UK & Europe operation is largely generated through fee-related accounts and portfolio management activities and, as such, is less sensitive to changes in levels of trading activity. Revenue for Q2/20 was $66.4 million, an increase of 3.8% or $2.4 million compared to Q2/19. Measured in local currency (GBP), revenue was £40.8 million in Q2/20 compared to £37.5 million in Q2/19, an increase of 8.6% compared to the same quarter last year, reflecting the continued growth in this sector and expansion from the recent acquisitions of McCarthy Taylor and Thomas Miller.

AUM in the UK & Europe as of September 30, 2019 was $44.2 billion, a decrease of 2.3% compared to $45.2 billion as of September 30, 2018. Measured in local currency (GBP), AUM increased by 1.0% from £26.9 billion at September 30, 2018 to £27.1 billion at September 30, 2019. Fee-related revenue in our UK & Europe wealth management operations accounted for 74.9% of total revenue in Q2/20, an increase of 1.6 percentage points.

Driven by the increase in revenue, compensation expense increased by $0.5 million or 1.4% in Q2/20 compared to the three months ended September 30, 2018. Compensation expense as a percentage of revenue decreased by 1.3 percentage points from 56.9% in Q2/19 to 55.5% in Q2/20 mainly due to the increase in revenue relative to fixed staff costs.

Other overhead expenses for the three months ended September 30, 2019 were $19.3 million for Q2/20 compared to $18.5 million in Q2/19, an increase of 4.2% quarter over quarter. The largest increase in overhead expenses was in general and administrative expense, which increased by $1.1 million or 26.4% compared to the three months ended September 30, 2018, partially due to additional reserves recorded in respect of certain ongoing legal matters. Trading costs also increased by $1.2 million or 65.8%, consistent with the higher transactional activity. Premises and equipment expenses decreased by $1.4 million that was partially offset by an increase in amortization expense related to ROU assets recorded during the quarter due to the change in accounting standard for leases. Amortization expense also increased by $0.6 million or 16.6% as a result of the amortization related to the acquisition of McCarthy Taylor in Q4/19 and Thomas Miller in Q1/20. Offsetting these increases in other overhead expense was a decrease in development costs of $1.6 million over Q2/19 partially resulting from a reduction in the incentive- based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business.

In addition to the other overhead costs, there were restructuring costs and acquisition-related costs of $1.1 million and $2.0 million recorded in Q2/20, respectively, as part of the integration of the recent acquisitions.

Income before income taxes was $6.8 million compared to $8.7 million in Q2/19. Excluding significant items[1], which includes acquisition-related costs, amortization of intangible assets acquired in business combination, restructuring expense as well as certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business, net income before income taxes was $15.1 million, representing a $2.2 million increase from Q2/19.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

Year to date fiscal 2020 vs. year-to-date fiscal 2019

Revenue from Canaccord Genuity Wealth Management UK & Europe was $138.3 million, an increase of $8.6 million or 6.6% compared to the prior year.

Expenses for the six months ended September 30, 2019 increased by $10.1 million or 9.1% over the same period in the prior year. As discussed above, general and administrative expense increased by $2.8 million or 34.5% due to additional reserves recorded in respect of certain ongoing legal matters. In addition, the acquisitions of Thomas Miller and McCarthy Taylor also contributed to an increase in office and professional fees to support the growth in this region. The increase in trading costs of $2.3 million or 59.2% was consistent with the increase in commission and fees revenue.

The amortization of the ROU assets was $1.6 million for the current period, which partially offsets the decrease in premises and equipment expense due to the change in the accounting standard for leases.

During the six months ended September 30, 2019, the UK & Europe wealth management operations recorded acquisition-related costs of $2.3 million related to the acquisition of Thomas Miller as well as certain integration costs. There were also restructuring costs of $1.1 million recorded in the first six months of fiscal 2020.

Income before income taxes was $16.3 million compared to $17.9 million in the six months ended September 30, 2019. Excluding significant items(1), which includes acquisition-related costs, amortization of intangible assets acquired in business combination, restructuring expense as well as certain incentive-based costs related to the acquisition of Hargreave Hale, net income before income taxes was $29.1 million, representing a $2.6 million or 9.9% increase from the same period in the prior year, reflecting the synergies and positive net contribution of our expansion in this business unit.

CORPORATE AND OTHER(1)

(C$ thousands, except number of employees and % amounts)	Three months ended September 30 2019	Three months ended September 30 2018 restated(4)	Quarter-over-quarter change	Six months ended September 30 2019	Six months ended September 30 2018 restated(4)	YTD-over-YTD change
Revenue	**$ 6,632**	$ 5,176	28.1%	**$ 12,376**	$ 10,551	17.3%
Expenses						
Compensation expense	**10,604**	11,687	(9.3)%	**23,207**	21,631	7.3%
Other overhead expenses	**5,857**	8,392	(30.2)%	**12,471**	13,984	(10.8)%
Loss on extinguishment of convertible debentures	**—**	8,608	(100.0)%	**—**	8,608	(100.0)%
Share of (gain) loss of an associate	**(35)**	247	(114.2)%	**234**	258	(9.3)%
Total expenses	**16,426**	28,934	(43.2)%	**35,912**	44,481	(19.3)%
Intersegment allocations(2)	**(7,846)**	(7,781)	0.8%	**(16,404)**	(15,433)	6.3%
Loss before income taxes(2)	**(1,948)**	(15,977)	n.m.	**(7,132)**	(18,497)	(61.4)%
Number of employees	**328**	294	11.6%			
Excluding significant items(3)						
Total expenses	**$ 16,426**	$ 20,326	(19.2)%	**$ 35,912**	$ 35,873	0.1%
Intersegment allocations(2)	**(7,846)**	(7,781)	0.8%	**(16,404)**	(15,433)	6.3%
Loss before income taxes(2)	**(1,948)**	(7,369)	(73.6)%	**(7,132)**	(9,889)	(27.9)%

(1) Data is in accordance with IFRS except for figures excluding significant items and number of employees. See Non-IFRS Measures on page 6.

(2) Loss before income taxes includes intersegment allocations. See the Intersegment Allocated Costs section on page 22.

(3) Refer to the Selected Financial Information Excluding Significant Items table on page 10.

(4) During the six months ended September 30, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The comparatives for the prior period have been restated accordingly.

This 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 expenses not specifically allocable to either the Canaccord Genuity Capital Markets or Canaccord Genuity Wealth Management divisions. Also included in this segment are the Company's Canadian operations and support services, which are responsible for front and back office information technology systems, compliance and risk management, operations, finance, and all administrative functions.

Second quarter 2020 vs. second quarter 2019

Revenue in the Corporate and Other segment for the three months ended September 30, 2019 was $6.6 million, an increase of $1.5 million or 28.1% from the same quarter a year ago due to an increase in revenue from our Pinnacle Correspondent Services business.

Expenses for Q2/20 decreased by $12.5 million or 43.2% to $16.4 million compared to the three months ended September 30, 2018. Compensation expense decreased by $1.1 million or 9.3% compared to the three months ended September 30, 2018, driven by reduced profitability of the Company.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

The decrease in other overhead expenses of $2.5 million over Q2/19 was mainly related to an acceleration of attributed interest expense related to the redemption of the $60.0 million unsecured subordinated debentures issued in October 2016 that was recorded in the prior year.

Overall, the loss before income taxes was $1.9 million in Q2/20 compared to a loss of $16.0 million in Q2/19. Excluding significant items[(1)], which includes the loss on extinguishment of the convertible debentures, the loss before income taxes was $1.9 million compared to a loss $7.4 million in the same quarter in the prior year.

Year to date fiscal 2020 vs. year-to-date fiscal 2019

Revenue in the Corporate and Other segment for the six months ended September 30, 2019 was $12.4 million, an increase of $1.8 million or 17.3% from the same period a year ago due to an increase in revenue from our Pinnacle Correspondent Services business.

Expenses for the six months ended September 30, 2019 decreased by $8.6 million or 19.3% mainly due to the loss on the extinguishment of convertible debentures of $8.6 million recorded in the prior period. Excluding significant items[(1)], total expenses remained unchanged compared to the six-month period ended September 30, 2018.

Compensation expense increased by $1.6 million or 7.3% compared to the six months ended September 30, 2018, driven by increased profitability as well as higher fixed costs resulting from the higher headcount to support the growth in both our capital market and wealth management operations.

Other overhead expenses decreased by 10.8% compared to the same period in the prior year largely due to an increase in trading cost recovery from the Canadian capital markets and wealth management segments.

Overall, the loss before income taxes was $7.1 million for the six months ended September 30, 2019 compared to $18.5 million for the same period in the prior year. Excluding significant items[(1)], the loss before income taxes was $7.1 million for the current period compared to $9.9 million for the six-month period of the prior fiscal year.

Quarterly Results

Our quarterly results are generally not significantly affected by seasonal factors. However, the Company's revenue and income can experience considerable variations from quarter to quarter and year to year due to factors beyond the Company's control. The business is affected by the overall condition of the global capital markets. The Company's revenue from an underwriting transaction is recorded only when the transaction has been substantially completed. Consequently, the timing of revenue recognition can materially affect Canaccord Genuity Group Inc.'s quarterly results.

The following table provides selected quarterly financial information for the eight most recently completed financial quarters ended on or before September 30, 2019. This information is unaudited but reflects all adjustments of a recurring nature, which are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as indications of future performance.

	Fiscal 2020		Fiscal 2019				Fiscal 2018	
(C$ thousands, except per share amounts)	**Q2**	Q1	Q4	Q3	Q2 (restated)[(1)]	Q1	Q4	Q3
Revenue								
Canaccord Genuity Capital Markets	**148,693**	190,023	160,047	209,373	178,734	156,172	200,687	196,203
Canaccord Genuity Wealth Management:								
North America	**48,996**	57,818	53,636	54,202	52,199	46,789	51,455	48,428
UK & Europe	**66,376**	71,923	63,494	61,777	63,927	65,787	64,923	60,945
Corporate and Other	**6,632**	5,744	7,631	6,248	5,176	5,375	5,015	3,866
Total revenue	**270,697**	325,508	284,808	331,600	300,036	274,123	322,080	309,442
Net income (loss)	**13,178**	24,290	2,456	$ 32,458	18,019	18,649	(9,703)	$ 36,598
Earnings (loss) per common share – basic	**$ 0.11**	$ 0.22	$ 0.00	$ 0.31	$ 0.11	$ 0.16	$ (0.15)	$ 0.35
Earnings (loss) per common share – diluted	**$ 0.10**	$ 0.18	$ 0.00	$ 0.25	$ 0.09	$ 0.14	$ (0.15)	$ 0.29
Net Income excluding significant items[(1)]	**$ 23,760**	$ 30,654	$ 16,610	$ 36,843	$ 28,867	$ 25,035	$ 37,312	$ 39,182
Earnings per common share, excluding significant items[(1)] – basic	**$ 0.21**	$ 0.28	$ 0.15	$ 0.35	$ 0.27	$ 0.23	$ 0.36	$ 0.38
Earnings per common share, excluding significant items[(1)] – diluted	**$ 0.18**	$ 0.23	$ 0.12	$ 0.28	$ 0.23	$ 0.19	$ 0.28	$ 0.31

(1) During the six months ended September 30, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or six month ended September 30, 2018. The comparatives for the prior period have been restated accordingly.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6

With the increase in capital raising and advisory activity in our core focus areas and with a higher contribution from our global wealth management operations, the Company posted strong revenue and net income performances in recent quarters. Our performance in Q2/20 was negatively impacted by slower financing and advisory activity in the global market leading to a decline in our consolidated revenue of 16.8% compared to the previous quarter and a decrease of 9.8% compared to Q2/19. Our Canadian and US operations continued to be profitable despite the decline in revenue. Our UK & Europe and Australian capital markets operations generated losses of $0.4 million and $0.6 million respectively in Q2/20 excluding significant items(1).

The Canaccord Genuity Capital Markets division, which had been negatively impacted by the decreased market activity during the quarter, experienced a decrease in revenue of 16.8% compared to Q2/19, and 21.7% compared to the strong performance in Q1/20. Revenue in our Canadian capital markets operations have benefitted in recent quarters from our participation in numerous transactions in the cannabis sector, particularly in the latter part of fiscal 2019 and continued into Q1/20. The level of financing and advisory activity levels slowed during Q2/20, which led to lower revenue and profitability in the current quarter.

Revenue in our US capital markets operations was $68.5 million, a decrease of 5.8% compared to Q2/19 and 27.2% compared to Q1/20. Despite a decline from the record advisory fees revenue recorded Q1/20, the advisory business has continued to grow in this operating segment from organic growth as well as the acquisition of Petsky Prunier in Q4/19. Profitability in our US operations has also strengthened over recent quarters, reaching its highest in Q1/20.

In our UK & Europe capital markets operations, a prolonged period of political and market uncertainty in the UK has impacted capital raising, advisory and related activities, resulting in a decline in revenue and profitability. As a result of restructuring efforts at the end of fiscal 2019, our UK & Europe operation operated close to a break-even level in the first two quarters of fiscal 2020, marking a significant improvement over the larger losses reported in earlier quarters.

Revenue generated in our Australian operations in Q2/20 was $2.1 million or 22.4% lower than Q1/20 at $7.1 million, and 24.4% lower compared to our record quarter in Q2/19. Our Australian operations have been negatively impacted by slower financing activity in the latter part of fiscal 2019. Contributing to revenue in this region, particularly in the second half of fiscal 2019, were gains recorded in certain inventory and warrant positions earned in respect of investment banking activity in the current and prior periods. As market prices decreased in Q4/19 and in the first six months of fiscal 2020, unrealized losses on these positions reduced gains recorded in prior quarters.

Our Canaccord Genuity Wealth Management North America operations have grown as we continue to invest in that division. Compared to the record quarter in Q1/20, revenue declined by 15.3% in the current quarter. Revenue attributable to investment banking activity in this segment decreased in Q2/20 compared to the previous quarter and fiscal 2019, reflecting the decline in new issue activity in our Canadian operations. Despite the decrease in revenue, this operating segment continued to make strong contributions to the overall profitability of the Company, with Q2/20 recording a pre-tax profit margin of 13.5%. Assets under administration(2), including assets under management, increased by 3.4% compared to Q2/19 but decreased by 3.8% compared to the prior quarter as a result of lower market value.

The Canaccord Genuity Wealth Management UK & Europe operations expanded over the past two years with the acquisitions of Hargreave Hale, McCarthy Taylor and Thomas Miller. Revenue generated in this region increased by 3.8% compared to Q2/19 but decreased by 7.7% compared to the prior quarter. Although this region incurred higher operating expenses resulting from our expanded operations and increased headcount, profit margins continued to be strong at 22.8% for Q2/20 on an excluding significant items basis(1). At the end of Q2/20, fee-related revenue was at 74.9%, an increase of 1.6 percentage points from Q2/19. Assets under management(1) was $44.2 billion as of the end of Q2/20, a decrease of 2.3% compared to $45.2 billion at the end of Q2/19. Measured in local currency (GBP), AUM increased by 1.0% from £26.9 billion at September 30, 2018 to £27.1 billion at September 30, 2019.

The movement in revenue in the Corporate and Other division was mainly due to interest revenue, foreign exchange gains or losses resulting from fluctuations in the Canadian dollar, as well as revenue from our Pinnacle Correspondent Service business.

Intersegment Allocated Costs

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

Financial Condition

Below are specific changes in selected items on the Q2/20 unaudited interim condensed consolidated statement of financial position as compared to the Audited Annual Consolidated Financial Statements.

ASSETS

Cash and cash equivalents were $459.2 million on September 30, 2019 compared to $820.7 million on March 31, 2019. Refer to the Liquidity and Capital Resources section on page 24 for more details.

Securities owned were $758.1 million on September 30, 2019 compared to $690.5 million on March 31, 2019 mainly due to an increase in corporate and government debt owned as of September 30, 2019.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 6.

Accounts receivable were $2.7 billion at September 30, 2019, unchanged from March 31, 2019.

Goodwill was $371.8 million and intangible assets were $167.3 million at September 30, 2019. At March 31, 2019, goodwill was $370.2 million and intangible assets were $154.5 million. These amounts represent the goodwill and intangible assets acquired through the purchases of Genuity Capital Markets, Collins Stewart Hawkpoint plc, Eden Financial Ltd., Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier and Thomas Miller.

As a result of the adoption of the IFRS 16 accounting standard for leases, right of use lease assets of $105.1 million was recorded as at September 30, 2019.

Other assets, consisting of income taxes receivable, deferred tax assets, equipment and leasehold improvements, and investments, were $62.9 million at September 30, 2019 compared to $56.6 million at March 31, 2019 mostly due to an increase in current tax receivable.

LIABILITIES

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. At September 30, 2019, the Company had available credit facilities with banks in Canada and the UK in the aggregate amount of $637.4 million [March 31, 2019 — $743.6 million]. These credit facilities, consisting of call loans, subordinated debt, letters of credit and daylight overdraft facilities, are collateralized by either unpaid client securities and/or securities owned by the Company. As of September 30, 2019, there was $4.4 million bank indebtedness outstanding [March 31, 2019 — $9.6 million].

Securities sold short were $543.0 million at September 30, 2019 compared to $373.4 million at March 31, 2019, mostly due to an increase in short positions in corporate and government debt.

Accounts payable and accrued liabilities, including provisions, were $2.8 billion at September 30, 2019, a decrease from $3.1 billion at March 31, 2019, mainly due to decreases in payables to brokers and investment dealers.

Other liabilities, including subordinated debt, income taxes payable, other long-term liability, and deferred tax liabilities, were $20.6 million at September 30, 2019, an increase from $22.6 million at March 31, 2019. The increase was mostly due to the increase in deferred tax liabilities.

There were also lease liabilities of $113.7 million recorded as of September 30, 2019 due to the adoption of IFRS 16.

A subsidiary of the Company entered into a £40.0 million (balance outstanding as of September 30, 2019 — £34.7 million or C$56.4 million) senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale. During the six months ended September 30, 2019, the Company obtained an additional loan of £17.0 million (C$27.7 million as of September 30, 2019) in connection with the acquisition of Thomas Miller. The balance outstanding as of September 30, 2019 net of unamortized financing fees was £50.9 million ($82.7 million) [March 31, 2019 — £34.3 million ($59.7 million)]. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.8829% per annum as at September 30, 2019 [March 31, 2019 — 2.9646% per annum].

There were deferred and contingent considerations of $8.3 million and $110.4 million, respectively, recorded at September 30, 2019 [March 31, 2019 — $22.2 million and $108.3 million, respectively] in connection with the acquisitions of Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier, as well as Thomas Miller. There was also a promissory note of $5.4 million related to the purchase of an additional 30% interest in Canaccord Genuity (Australia) Limited [March 31, 2019 — $5.8 million].

Non-controlling interests were $1.7 million at September 30, 2019 compared to $2.0 million as at March 31, 2019, which represents 15% [March 31, 2019 — 15%] of the net assets of our operations in Australia.

Off-Balance Sheet Arrangements

As of September 30, 2019, a subsidiary of the Company had an irrevocable secured standby letter of credit from a financial institution totalling $2.8 million (US$2.1 million) [March 31, 2019 — $2.8 million (US$2.1 million)] as a rent guarantee for its leased premises in New York.

Bank Indebtedness and Other Credit Facilities

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by unpaid client securities and/or securities owned by the Company. As of September 30, 2019, the Company had $4.4 million of bank indebtedness outstanding [March 31, 2019 — $9.6 million].

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

The following table summarizes the Company's long- term contractual obligations on September 30, 2019:

		Contractual obligations payments due by period			
(C$ thousands)	Total	Fiscal 2021	Fiscal 2022 – Fiscal 2023	Fiscal 2024 – Fiscal 2025	Thereafter
Premises and equipment operating leases	116,673	26,666	43,855	30,302	15,850
Bank loan(1)	87,072	8,785	31,295	46,992	—
Convertible debentures(2)	165,906	8,295	16,591	141,020	—
Total contractual obligations	**369,651**	**43,746**	**91,741**	**218,314**	**15,850**

(1) Bank loan consists of £40,000,000 credit facility obtained to finance a portion of the cash consideration for the acquisition of Hargreave Hale and £15,000,000 for the acquisition of Thomas Miller. The bank loan bears interest at 2.8829% [March 31, 2019 - 2.9646%] per annum and is repayable in instalments of principal and interest over 4 years and matures in September 2023. The current balance outstanding is £50.8 million.

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

Liquidity and Capital Resources

The Company has a capital structure comprised of preferred shares, common shares, convertible debentures, contributed surplus, retained earnings (deficit) and accumulated other comprehensive income. On September 30, 2019, cash and cash equivalents were $459.2 million, a decrease of $361.5 million from $820.7 million as of March 31, 2019. During the six months ended September 30, 2019, financing activities used cash in the amount of $72.6 million, mainly due to cash used in the purchase of common shares under the substantial issuer bid, purchases of common shares for the long-term incentive plan (LTIP), lease payments and cash dividends paid on common and preferred shares, partially offset by proceeds from a bank loan. Investing activities used cash in the amount of $33.8 million mainly for the acquisition of Thomas Miller and investment in an associate. Operating activities used cash in the amount of $244.4 million, which was largely due to changes in non-cash working capital. A decrease in cash of $10.8 million was attributable to the effect of foreign exchange translation on cash balances.

Compared to the six months ended September 30, 2018, cash used in financing activities increased by $121.1 million due to cash used in the purchase of common shares under the substantial issuer bid, additional dividends paid on common shares, as well as changes in bank indebtedness. Cash used in investing activities increased by $8.2 million during the six months ended September 30, 2019 compared to the same period last year, mainly due to the acquisition of Thomas Miller in the first six months of fiscal 2020 compared to the purchase of non-controlling interests in the same period in the prior year. Changes in non-cash working capital balances led to an increase in cash used by operating activities of $268.3 million. In addition, cash balances increased by $1.6 million from the effects of foreign exchange translation on cash balances in Q2/20 compared to Q2/19. Overall, cash and cash equivalents decreased by $438.1 million from $897.3 million at September 30, 2018 to $459.2 million at September 30, 2019.

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

Convertible Debentures

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

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

Outstanding Share Data

	Outstanding shares as of September 30	
	2019	2018
Preferred shares		
Series A – issued shares outstanding	**4,540,000**	4,540,000
Series C – issued shares outstanding	**4,000,000**	4,000,000
Common shares		
Issued shares excluding unvested shares(1)	**98,308,485**	97,054,605
Issued shares outstanding(2)	**108,492,487**	115,706,975
Issued shares outstanding – diluted(3)	**132,682,013**	137,741,166
Average shares outstanding – basic	**101,315,212**	95,590,153
Average shares outstanding – diluted(4)	**130,434,563**	114,092,501
Average shares outstanding – diluted, excluding significant items(4)	**130,434,563**	127,365,001

(1) Excludes 9,899,357 unvested shares purchased by employee benefit trusts for the LTIP and 284,645 outstanding shares related to share purchase loans
(2) Includes 9,899,357 unvested shares purchased by employee benefit trusts for the LTIP and 284,645 outstanding shares related to share purchase loans
(3) Includes 24,189,526 share issuance commitments net of forfeitures.
(4) This is the diluted share number used to calculate diluted EPS under IFRS and excluding significant items basis.

On August 12, 2019, 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 5,423,872 of its common shares during the period from August 15, 2019 to August 14, 2020 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the six months ended September 30, 2019, there were no shares purchased and cancelled under the current NCIB or the NCIB that expired on August 14, 2019.

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

The ability to make purchases under the current NCIB commenced on August 15, 2019 and will continue for one year (to August 14, 2020) at the discretion of the Company. The maximum consideration will be the market price of the securities at the time of acquisition. In order to comply with the trading rules of the TSX, the daily purchases are limited to 47,589 common shares of the Company (which is 25% of the average daily trading volume of common shares of the Company on the TSX (ADTV) in the six calendar months from February 2019 to July 2019 [25% of the ADTV of 190,357]).

As of October 31, 2019, the Company has 108,494,193 common shares issued and outstanding.

Share-based Payment Plans

There have been no updates to the share-based payment plans discussed in the 2019 Annual Report.

Financial Instruments

FOREIGN EXCHANGE

The Company manages its foreign exchange risk by periodically hedging pending settlements in foreign currencies. Realized and unrealized gains and losses related to these transactions are recognized in income during the period. On September 30, 2019, forward contracts outstanding to sell US dollars had a notional amount of US$1.3 million, a decrease of US $53.6 million compared to September 30, 2018. Forward contracts outstanding to buy US dollars had a notional amount of US $4.3 million, an increase of US $3.8 million from September 30, 2018. The fair value of these contracts was nominal. Some of the Company's operations in the US, the UK & Europe, Australia, Hong Kong and China are conducted in the local currency; however, any foreign exchange risk in respect of these transactions is generally limited as pending settlements on both sides of the transaction are typically in the local currency.

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

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

FUTURES

The Company's Canadian operations are involved in trading various futures contracts, in an attempt to mitigate market risk, interest rate risk, yield curve risk and liquidity risk. Futures contracts are agreements to buy or sell a standardized amount of an underlying asset, at a predetermined future date and price, in accordance with terms specified by a regulated futures exchange, and are subject to daily cash margining. The Company's

Canadian operations have traditionally engaged in the trading of Canadian & US Government bond futures contracts to mitigate its risk. The Company's Canadian operations also began trading other types of futures contracts, including but not limited to, index futures and commodity futures.

At September 30, 2019, the notional amount of the Canadian bond futures contracts outstanding was nil [March 31, 2019 — long $0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curves risk and liquidity risk. As of September 30, 2019, the notional amount of the US bond futures contracts outstanding was long $1.7 million (US $1.3 million) [March 31, 2019 – 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.

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. A list of the Company's principal trading subsidiaries and principal intermediate holding companies is disclosed in Note 22 of Audited Annual Consolidated Financial Statements.

Security trades executed for employees, officers and directors of the Company 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 the Company.

The Company offers various share-based payment plans to its key management personnel, including common share purchase loans, a long-term incentive plan, performance share units, and a performance stock options plan. Directors have the right to acquire deferred share units (DSUs).

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

(C$ thousands)	2019	March 31, 2019
Accounts receivable	$ 1,774	$ 837
Accounts payable and accrued liabilities	764	942

Critical Accounting Policies and Estimates

The unaudited interim condensed consolidated financial statements for the quarter ended September 30, 2019 have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

The preparation of the unaudited interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes, valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the preliminary purchase price allocation including the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Petsky Prunier, McCarthy Taylor and Thomas Miller.

In particular, the assessment for impairment of goodwill and identifiable indefinite life intangible assets requires management's best estimates in order to determine fair values using discounted cash flow projections that employ the following key assumptions: future cash flows, growth projections and discount rates. Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment.

Significant accounting policies used and policies requiring management's judgment and estimates have not changed during the second quarter of fiscal 2020 and are discussed under "Critical Accounting Policies and Estimates" in our 2019 Annual Report.

Changes in Accounting Policies

The accounting policies applied in the preparation of the Q2/20 unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the Audited Annual Consolidated Financial Statements except for the following new accounting standards adopted as of April 1, 2019:

IFRS 16, Leases

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

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

The Company has implemented IFRS 16 for its fiscal year ending March 31, 2020 and has elected to adopt IFRS 16 using the modified retrospective method with no restatement of prior year comparatives. The Company has also elected to take advantage of the option not to recognize a right of use asset and associated lease liability for low-value (less than USD $5,000) or short-term (12 months or less) assets. In addition, the Company has taken advantage of the following transitional options to:

- treat all leases that have less than 12 months remaining at the date of transition as short-term leases.
- apply a single discount rate to all leases
- rely on existing assessments on whether leases are onerous in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- exclude initial direct costs from the measurement of right of use assets at the date of initial application
- use hindsight in the assessment of determining lease terms in those situations where leases contain an option to extend or terminate the lease

Accordingly, upon adoption of IFRS 16 on April 1, 2019, the Company has recognized both a right of use (ROU) asset and a corresponding lease liability for each lease (subject to the low-value and short-term exemptions noted above). Lease liabilities were calculated at the present value of expected lease payments with right of use assets reflecting the same values after adjustment for prepaid rental payments and onerous lease provisions as applicable.

As at April 1, 2019, the Company has recognized in its consolidated statement of financial position the right of use assets and corresponding lease liabilities of $117.4 million and $126.2 million, respectively. For the six months ended September 30, 2019, the Company recorded amortization expense related to the ROU assets of $5.6 million and interest expense related to the lease liabilities of $3.6 million.

IFRIC 23 Interpretation 23 Uncertainty Over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

– Whether an entity considers uncertain tax treatments separately

– The assumptions an entity makes about the examination of tax treatments by taxation authorities

– How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

– How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution needs to be followed.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation as of April 1, 2019, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiary tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the interim condensed consolidated financial statements for the six months ended September 30, 2019.

Amendments to IAS 12 Income Taxes

The amendments to IAS 12 Income Taxes clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

The Company adopted the amendments to IAS 12 commencing on April 1, 2019. Since the Company's current practice is in line with these amendments, they had no impact on the interim condensed consolidated financial statements for the six months ended September 30, 2019.

Future Changes in Accounting Policies and Estimates

There have been no updates to the "Future Changes in Accounting Policies and Estimates" disclosed in our 2019 Annual Report, during the six months ended September 30, 2019.

DIsclosure Controls and Procedures and Internal Control Over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

As of September 30, 2019, an evaluation was carried out, under the supervision of and with the participation of management, including the President & CEO and the Executive Vice President & Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the President & CEO and the Executive Vice President & Chief Financial Officer concluded that our disclosure controls and procedures were effective as at September 30, 2019.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes made in our internal control over financial reporting that occurred during the quarter ended September 30, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Dividend Policy

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

Dividend Declaration

On November 6, 2019, the Board of Directors approved a dividend of $0.05 per common share, payable on December 10, 2019, with a record date of November 29, 2019.

On November 6, 2019, the Board of Directors approved a cash dividend of $0.24281 per Series A Preferred Share payable on December 31, 2019 to Series A Preferred shareholders of record as at December 20, 2019.

On November 6, 2019, the Board of Directors approved a cash dividend of $0.31206 per Series C Preferred Share payable on December 31, 2019 to Series C Preferred shareholders of record as at December 20, 2019.

Risks

The Company's ability to maintain and successfully execute its business strategy depends upon the personal reputation, judgment, business generation capabilities and project execution skills of its senior professionals. Any management disruption could result in a loss of clients and customers, or revenues from clients and customers, and could significantly affect the Company's business and results of operations.

The securities industry and the Company's activities are by their very nature subject to a number of inherent risks. Economic conditions, competition and market factors such as volatility in the Canadian and international markets, interest rates, commodity prices, market prices, trading volumes and liquidity will have a significant impact on the Company's profitability. An investment in the common or preferred shares of the Company involves a number of risks, including market, liquidity, credit, operational, legal, cyber and regulatory risks, which could be substantial and are inherent in the Company's business. The Company is also directly exposed to market price risk, liquidity risk and volatility risk as a result of its principal trading activities in equity securities and to interest rate risk and credit spread risk as a result of its principal trading in fixed income securities. In addition, the Company's operations in the UK are exposed to market risk and volatility risk associated with the UK's decision to depart from the EU, referred to as "Brexit". Canaccord Genuity Wealth Management revenue is dependent on both trading volumes and asset values and, as such, is dependent on the level of market activity, investor confidence and the level of market prices. Canaccord Genuity Capital Markets' revenue is dependent on financing activity by corporate issuers, participation in advisory engagements, the success of its market making and principal trading, as well as the willingness of institutional clients to actively trade and participate in capital markets transactions. There may also be a lag between market fluctuations, changes in business conditions and the level of the Company's market activity and the impact that these factors have on the Company's operating results and financial position.

The financial services business is subject to extensive regulation in Canada, the US, the UK & Europe, Hong Kong, Australia and elsewhere. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation and change. Changing regulations and interpretations could have a significant impact on the Company's business and profitability. The Company has a capital management framework to maintain the level of capital that will meet the Company's regulated subsidiaries' target ratios as set out by the respective regulators, to fund current and future operations, to ensure that the firm is able to meet its financial obligations as they come due, and to support the creation of shareholder value. The regulatory bodies that govern the Company's subsidiaries' use of regulatory capital are listed in Note 24 of the Company's 2019 Audited Annual Consolidated Financial Statements.

The Company provides financial advisory, underwriting and other services to, and trades the securities of issuers that are involved with new and emerging industries, including the US cannabis industry. Activities within such industries, including the US cannabis industry, typically have not had the benefit of a history of successful operating results. In addition to the economic uncertainties associated with new industries, new activities and new issuers, the laws applicable to such industries or activities, particularly the US cannabis industry and the activities of issuers in that industry, and the effect or enforcement of such laws are undetermined, conflicting and uncertain. With respect to the US cannabis industry, cannabis continues to be a controlled substance under the United States Controlled Substances Act and as such, there is a risk that certain issuers, while in compliance with applicable state law, may be prosecuted under federal law. Accordingly, the Company has adopted policies and procedures reasonably designed to ensure compliance with the United States Currency and Foreign Transactions Reporting Act of 1970 (the Bank Secrecy Act) and the guidance issued by the United States Department of the Treasury Financial Crimes Enforcement Network, FIN-2014-G001 (the FinCEN Guidance) relating to providing financial services to marijuana related businesses in the United States (as that term is used in the FinCEN Guidance).

While the Company takes steps to identify the risks associated with emerging industries, including the US cannabis industry, and only provides services to those issuers where it determines that there is no material risk to the Company or where any risk is unlikely to result in a material adverse consequence to the Company, there is a risk that the Company could be the subject of third party proceedings which may have a material adverse effect on the Company's revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company.

Risks associated with emerging industries such as the cannabis and e-cigarette and vaping industries also include the risk of the insolvency of issuers and the consequent inability of such issuers to satisfy their indemnification obligations to the Company. Accordingly, in the event of a loss to the Company, the ability of the Company to recover amounts in respect of any indemnity claims also cannot be predicted with certainty.

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

Additional Information

A comprehensive discussion of the Company's business, strategies, objectives and risks is available in our Annual Information Form and in the Management's Discussion and Analysis and Audited Annual Consolidated Financial Statements included in our 2019 Annual Report, which are available on our website at www.canaccordgenuitygroup.com/EN/IR/FinReports/Pages/default.aspx and on SEDAR at www.sedar.com.

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at (in thousands of Canadian dollars)	Notes	September 30, 2019	March 31, 2019
ASSETS			
Current			
Cash and cash equivalents		$ 459,158	$ 820,739
Securities owned	4	758,130	690,499
Accounts receivable	6,18	2,688,154	2,656,664
Income taxes receivable		14,877	2,502
Total current assets		3,920,319	4,170,404
Deferred tax assets		16,043	22,117
Investments	7	8,249	6,224
Equipment and leasehold improvements		23,754	25,792
Intangible assets	9	167,348	154,521
Goodwill	9	371,770	370,236
Right of use assets	3	105,117	—
		4,612,600	4,749,294
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank Indebtedness	5	4,379	9,639
Securities sold short	4	543,035	373,419
Accounts payable and accrued liabilities	6,18	2,749,439	3,123,765
Provisions	20	8,961	18,212
Income taxes payable		3,753	5,415
Subordinated debt	5,11	7,500	7,500
Current portion of bank loan	12	6,510	9,294
Current portion of lease liabilities		20,893	—
Current portion of contingent consideration	5,8	29,301	—
Total current liabilities		3,373,771	3,547,244
Deferred tax liabilities		7,723	7,978
Convertible debentures	13	127,763	127,225
Deferred consideration	5,8	8,344	22,225
Contingent consideration	5,8	81,104	108,319
Promissory note	5	5,363	5,832
Other long-term liability	5	1,628	1,741
Lease liabilities		92,759	—
Bank loan	12	76,200	50,370
		3,774,655	3,870,934
Shareholders' equity			
Preferred shares	14	205,641	205,641
Common shares	15	687,164	672,896
Equity portion of convertible debentures	13	5,156	5,156
Warrants	15	—	1,975
Deferred consideration		13,091	—
Contributed surplus		68,481	124,710
Retained deficit		(229,107)	(237,770)
Accumulated other comprehensive income		85,786	103,755
Total shareholders' equity		836,212	876,363
Non-controlling interests		1,733	1,997
Total equity		837,945	878,360
		$ 4,612,600	$ 4,749,294

See accompanying notes

On behalf of the Board:

"Daniel Daviau" *"Terrence A. Lyons"*

DANIEL DAVIAU — Director

TERRENCE A. LYONS — Director

Unaudited Interim Condensed Consolidated Statements of Operations

		For the three months ended		For the six months ended	
(in thousands of Canadian dollars, except per share amounts)	Notes	**September 30, 2019**	September 30, 2018 (restated) (Note 22)	**September 30, 2019**	September 30, 2018 (restated) (Note 22)
REVENUE					
Commissions and fees		**$ 132,325**	$ 139,402	**$ 274,117**	$ 275,782
Investment banking		**51,992**	67,426	**136,793**	134,947
Advisory fees		**42,015**	44,396	**95,819**	69,310
Principal trading		**21,260**	28,949	**46,333**	59,857
Interest		**16,661**	15,326	**31,846**	24,572
Other		**6,444**	4,537	**11,297**	9,691
		270,697	300,036	**596,205**	574,159
EXPENSES					
Compensation expense		**157,780**	179,091	**352,688**	345,424
Trading costs		**21,083**	22,462	**41,203**	40,962
Premises and equipment		**4,224**	10,230	**9,008**	20,177
Communication and technology		**15,191**	15,015	**31,549**	30,201
Interest		**8,313**	8,218	**16,424**	13,812
General and administrative		**26,289**	21,292	**56,656**	44,976
Amortization		**8,049**	6,198	**15,985**	12,836
Amortization of right of use assets		**5,939**	—	**11,521**	—
Development costs		**2,994**	4,053	**8,203**	7,912
Restructuring costs		**1,098**	—	**1,098**	1,316
Acquisition-related costs		**3,602**	—	**4,114**	1,173
Loss on extinguishment of convertible debentures	13	**—**	8,608	**—**	8,608
Share of (gain) loss of an associate	7	**(35)**	247	**234**	258
		254,527	275,414	**548,683**	527,655
Net income before income taxes		**16,170**	24,622	**47,522**	46,504
Income taxes (recovery)					
Current		**4,454**	10,792	**7,205**	13,275
Deferred		**(1,462)**	(4,189)	**2,849**	(3,439)
	11	**2,992**	6,603	**10,054**	9,836
Net income for the period		**13,178**	$ 18,019	**37,468**	$ 36,668
Net income (loss) attributable to:					
CGGI shareholders		**13,488**	$ 17,794	**37,693**	$ 35,410
Non-controlling interests		**(310)**	$ 225	**(225)**	$ 1,258
Weighted average number of common shares outstanding (thousands)					
Basic		**102,503**	96,583	**101,315**	95,590
Diluted		**131,613**	115,861	**130,435**	114,093
Net income per common share					
Basic	15	**$ 0.11**	$ 0.11	**$ 0.33**	$ 0.27
Diluted	15	**$ 0.10**	$ 0.09	**$ 0.28**	$ 0.23
Dividend per common share	16	**$ 0.05**	$ 0.01	**$ 0.10**	$ 0.02
Dividend per Series A Preferred Share	16	**$ 0.24**	$ 0.24	**$ 0.48**	$ 0.48
Dividend per Series C Preferred Share	16	**$ 0.31**	$ 0.31	**$ 0.62**	$ 0.62

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income

	For the three months ended		For the six months ended	
(in thousands of Canadian dollars)	**September 30, 2019**	September 30, 2018 (restated) (Note 22)	**September 30, 2019**	September 30, 2018 (restated) (Note 22)
Net income for the period	**$ 13,178**	$ 18,019	**$ 37,468**	$ 36,668
Other comprehensive income (loss)				
Net change in unrealized losses on translation of foreign operations	**(9,069)**	(14,352)	**(17,032)**	(27,244)
Comprehensive income for the period	**$ 4,109**	$ 3,667	**$ 20,436**	$ 9,424
Comprehensive income (loss) attributable to:				
CGGI shareholders	**$ 4,230**	$ 3,747	**$ 19,724**	$ 7,516
Non-controlling interests	**(121)**	(80)	**712**	1,908

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

For the six months ended (in thousands of Canadian dollars)	Notes	September 30, 2019	September 30, 2018 (restated) (Note 22)
Preferred shares, opening and closing	14	$ 205,641	$ 205,641
Common shares, opening		672,896	649,846
Shares issued in connection with share-based payments		53	233
Acquisition of common shares for long-term incentive plan (LTIP)		(11,851)	(28,543)
Release of vested common shares from employee benefit trusts		64,347	32,344
Shares issued through exercise of private placements warrants		720	—
Shares purchased and cancelled under substantial issuer bid		(40,000)	—
Shares issued in connection with purchase of non-controlling interests		—	16,807
Shares cancelled		—	(1,222)
Unvested share purchase loans		999	143
Common shares, closing	15	687,164	669,608
Warrants, opening	15	1,975	1,975
Reclassification to liability		(1,975)	—
Warrants, closing		—	1,975
Convertible debentures – equity, opening		5,156	2,604
Equity portion of convertible debentures issued during the period, net of tax		—	2,552
Convertible debentures – equity, closing		5,156	5,156
Contributed surplus, opening		124,710	145,426
Share-based payments, amortization net of vestings		(55,090)	(22,042)
Shares cancelled		—	(34)
Purchase of non-controlling interests		—	(27,315)
Change in deferred tax asset relating to share based payments		(140)	84
Unvested share purchase loans		(999)	47
Contributed surplus, closing		68,481	96,166
Retained deficit, opening		(237,770)	(277,472)
Net income attributable to CGGI shareholders		37,693	35,410
Preferred share dividends	16	(4,701)	(4,701)
Common share dividends	16	(24,329)	(14,276)
Equity portion of loss on extinguishment of convertible debentures		—	(4,892)
Retained deficit, closing		(229,107)	(265,931)
Deferred consideration, opening		—	—
Reclassification of the deferred consideration in connection with the acquisition of Petsky Prunier LLC from liability to equity		13,091	—
Deferred consideration, closing		13,091	—
Accumulated other comprehensive income, opening		103,755	113,332
Other comprehensive loss attributable to CGGI shareholders		(17,969)	(27,894)
Accumulated other comprehensive income, closing		85,786	85,438
Total shareholders' equity		836,212	798,053
Non-controlling interests, opening		1,997	13,571
Foreign exchange on non-controlling interests		(976)	(1,054)
Comprehensive income attributable to non-controlling interests		712	1,908
Purchase of non-controlling interests		—	(9,697)
Dividends paid to non-controlling interests		—	(2,724)
Non-controlling interests, closing		1,733	2,004
Total equity		$ 837,945	$ 800,057

See accompanying notes

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the six months ended (in thousands of Canadian dollars)	Notes	September 30, 2019	September 30, 2018 (restated) (Note 22)
OPERATING ACTIVITIES			
Net income for the period		$ 37,468	$ 36,668
Items not affecting cash			
Amortization		15,985	12,836
Amortization of right of use assets		11,521	—
Deferred income tax expense (recovery)		2,849	(3,439)
Share-based compensation expense	17	10,050	13,597
Share of loss of associate	7	234	258
Loss on extinguishment of convertible debentures		—	8,608
Interest expense in connection with lease liabilities		3,603	—
Changes in non-cash working capital			
Increase in securities owned		(68,366)	(185,567)
Increase in accounts receivable		(31,621)	(171)
Increase in net income taxes receivable		(12,927)	(7,323)
Increase in securities sold short		169,617	108,617
(Decrease) increase in accounts payable, accrued liabilities and provisions		(382,820)	39,857
Cash (used in) provided by operating activities		(244,407)	23,941
FINANCING ACTIVITIES			
Bank indebtedness		(5,260)	40,635
Acquisition of common shares for long-term incentive plan		(11,851)	(28,543)
Purchase of shares for cancellation under normal course issuer bid		—	(1,256)
Purchase of shares under substantial issuer bid		(40,000)	—
Proceeds from bank loan		26,318	—
Cash dividends paid on common shares		(24,329)	(14,276)
Cash dividends paid on preferred shares		(4,701)	(4,701)
Lease payments		(12,756)	—
Proceeds from convertible debentures		—	56,699
Cash (used in) provided by financing activities		(72,579)	48,558
INVESTING ACTIVITIES			
Purchase of equipment and leasehold improvements		(1,672)	(1,171)
Acquisition of Thomas Miller, net of cash acquired		(27,634)	—
Acquisition of Jitneytrade Inc. and Finlogik Inc., net of cash acquired		—	(7,547)
Purchase of investment		(498)	—
Purchase of non-controlling interests		—	(14,431)
Investment in associate		(4,000)	(2,500)
Cash used in investing activities		(33,804)	(25,649)
Effect of foreign exchange on cash balances		(10,791)	(12,412)
(Decrease) increase in cash position		(361,581)	34,438
Cash position, beginning of period		820,739	862,838
Cash position, end of period		459,158	897,276
Supplemental cash flow information			
Interest received		$ 27,382	$ 24,645
Interest paid		$ 15,104	$ 12,679
Income taxes paid		$ 21,386	$ 21,104

See accompanying notes

Notes to Unaudited Interim Condensed Consolidated Financial Statements

(in thousands of Canadian dollars, except per share amounts)

NOTE 01 Corporate Information

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

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

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

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

NOTE 02 Basis of Preparation

STATEMENT OF COMPLIANCE

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" (IAS 34), as issued by the International Accounting Standards Board (IASB).

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended March 31, 2019 (March 31, 2019 consolidated financial statements) filed on SEDAR on June 5, 2019. All defined terms used herein are consistent with those terms defined in the March 31, 2019 consolidated financial statements.

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis except for investments, securities owned and securities sold short, deferred and contingent consideration which have been measured at fair value as set out in the relevant accounting policies.

These unaudited interim condensed consolidated financial statements are presented in thousands of Canadian dollars, except when otherwise indicated.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on November 6, 2019.

USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, accompanying note disclosures, and the disclosure of contingent liabilities at the reporting date. Therefore, actual results may differ from those estimates and assumptions. The significant judgments, estimates and assumptions include consolidation, revenue recognition, share-based payments, income taxes and valuation of deferred tax assets, impairment of goodwill, intangible assets and other long-lived assets, allowance for credit losses, fair value of financial instruments, capitalization of intangible assets related to software costs, and provisions. Amendments may be made to estimates relating to net assets acquired in an acquisition as well as the allocation of identifiable intangible assets between indefinite life and finite lives. Judgments, estimates and assumptions were also utilized in connection with the preliminary purchase price allocation including the valuation of goodwill and intangible assets acquired in connection with the acquisitions of Petsky Prunier LLC, McCarthy Taylor Ltd. and Thomas Miller Wealth Management Limited.

In the discussions below, unless otherwise noted, Hargreave Hale Limited is referred to as "Hargreave Hale", Petsky Prunier LLC is referred to as "Petsky Prunier", McCarthy Taylor Ltd. is referred to as "McCarthy Taylor", Thomas Miller Wealth Management Limited is referred to as "Thomas Miller", and Jitneytrade Inc., Finlogik Capital Inc. and Finlogik Inc. are collectively referred to as "Jitneytrade".

NOTE 03 Adoption of New and Revised Standards

The accounting policies applied in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those discussed in Note 5 of the March 31, 2019 consolidated financial statements except the Company adopted the following new accounting standards as of April 1, 2019:

IFRS 16, Leases

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

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

The Company has implemented IFRS 16 for its fiscal year ending March 31, 2020 and has elected to adopt IFRS 16 using the modified retrospective method with no restatement of prior year comparatives. The Company has also elected to take advantage of the option not to recognize a right of use asset and associated lease liability for low-value (less than USD $5,000) or short-term (12 months or less) assets. In addition, the Company has taken advantage of the following transitional options to;

- treat all leases that have less than 12 months remaining at the date of transition as short-term leases.
- apply a single discount rate to all leases
- rely on existing assessments on whether leases are onerous in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- exclude initial direct costs from the measurement of right of use assets at the date of initial application
- use hindsight in the assessment of determining lease terms in those situations where leases contain an option to extend or terminate the lease

Accordingly, upon adoption of IFRS 16 on April 1, 2019, the Company has recognized both a right of use (ROU) asset and a corresponding lease liability for each lease (subject to the low-value and short-term exemptions noted above). Lease liabilities were calculated at the present value of expected lease payments with right of use assets reflecting the same values after adjustment for prepaid rental payments and onerous lease provisions as applicable.

As at April 1, 2019, the Company has recognized in its consolidated statement of financial position the right of use assets and corresponding lease liabilities of $117.4 million and $126.2 million, respectively. For the six months ended September 30, 2019, the Company recorded amortization expense related to the ROU assets of $11.5 million and interest expense related to the lease liabilities of $3.6 million.

IFRIC 23 Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

– Whether an entity considers uncertain tax treatments separately

– The assumptions an entity makes about the examination of tax treatments by taxation authorities

– How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

– How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution needs to be followed.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation as of April 1, 2019, the Company considered whether it has any uncertain tax positions, and determined, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the interim condensed consolidated financial statements for the six months ended September 30, 2019.

Amendments to IAS 12 Income Taxes

The amendments to IAS 12 Income Taxes clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

The Company adopted the amendments to IAS 12 commencing on April 1, 2019. Since the Company's current practice is in line with these amendments, they had no impact on the interim condensed consolidated financial statements for the six months ended September 30, 2019.

NOTE 04 Securities Owned and Securities Sold Short

	September 30, 2019		March 31, 2019	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Corporate and government debt	**521,070**	**427,443**	364,546	262,720
Equities and convertible debentures	**237,060**	**115,592**	325,953	110,699
	758,130	**543,035**	690,499	373,419

As at September 30, 2019, corporate and government debt maturities range from 2019 to 2098 [March 31, 2019 – 2019 to 2098] and bear interest ranging from 0.00% to 14.00% [March 31, 2019 – 0.00% to 14.00%].

NOTE 05 Financial Instruments

The categories of financial instruments, other than cash and cash equivalents and bank indebtedness, as well as investment accounted for under the equity method, held by the Company at September 30, 2019 and March 31, 2019 are as follows:

	Fair value through profit and loss		Fair value through other comprehensive income		Amortized cost		Total	
	September 30, 2019	March 31, 2019	September 30, 2019	March 31, 2019	September 30, 2019	March 31, 2019	September 30, 2019	March 31, 2019
Financial assets								
Securities owned	**$ 751,792**	$ 683,920	**$ 6,338**	$ 6,579	**$ —**	$ —	**$ 758,130**	$ 690,499
Accounts receivable from brokers and investment dealers	**—**	—	**—**	—	**1,483,383**	1,498,516	**1,483,383**	1,498,516
Accounts receivable from clients	**—**	—	**—**	—	**653,687**	530,933	**653,687**	530,933
RRSP cash balances held in trust	**—**	—	**—**	—	**298,074**	328,528	**298,074**	328,528
Other accounts receivable	**—**	—	**—**	—	**253,010**	298,687	**253,010**	298,687
Investments	**4,457**	3,993	**—**	—	**—**	—	**4,457**	3,993
Total financial assets	**756,249**	687,913	**6,338**	6,579	**2,688,154**	2,656,664	**3,450,741**	3,351,156
Financial liabilities								
Securities sold short	**543,035**	373,419	**—**	—	**—**	—	**543,035**	373,419
Accounts payable to brokers and investment dealers	**—**	—	**—**	—	**962,768**	1,166,550	**962,768**	1,166,550
Accounts payable to clients	**—**	—	**—**	—	**1,538,481**	1,499,390	**1,538,481**	1,499,390
Other accounts payable and accrued liabilities	**—**	—	**—**	—	**248,190**	457,825	**248,190**	457,825
Subordinated debt	**—**	—	**—**	—	**7,500**	7,500	**7,500**	7,500
Convertible debentures	**—**	—	**—**	—	**127,763**	127,225	**127,763**	127,225
Deferred consideration	**8,344**	22,225	**—**	—	**—**	—	**8,344**	22,225
Contingent consideration	**110,405**	108,319	**—**	—	**—**	—	**110,405**	108,319
Promissory note	**—**	—	**—**	—	**5,363**	5,832	**5,363**	5,832
Other long-term liability	**—**	—	**—**	—	**1,628**	1,741	**1,628**	1,741
Bank loan	**—**	—	**—**	—	**82,710**	59,664	**82,710**	59,664
Total financial liabilities	**661,784**	503,963	**—**	—	**2,974,403**	3,325,727	**3,636,187**	3,829,690

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

FAIR VALUE HIERARCHY

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

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

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

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

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

As at September 30, 2019, the Company held the following classes of financial instruments measured at fair value:

		Estimated fair value		
		September 30, 2019		
	September 30, 2019	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	67,948	—	67,948	—
Government debt	453,122	135,292	317,830	—
Corporate and government debt	521,070	135,292	385,778	—
Equities	234,567	170,519	59,268	4,780
Convertible debentures	2,493	—	2,493	—
Equities and convertible debentures	237,060	170,519	61,761	4,780
	758,130	305,811	447,539	4,780
Investments	4,457	—	—	4,457
	762,587	305,811	447,539	9,237
Securities sold short				
Corporate debt	(3,015)	—	(3,015)	—
Government debt	(424,428)	(123,744)	(300,684)	—
Corporate and government debt	(427,443)	(123,744)	(303,699)	—
Equities	(115,592)	(104,979)	(10,613)	—
Convertible debentures	—	—	—	—
Equities and convertible debentures	(115,592)	(104,979)	(10,613)	—
	(543,035)	(228,723)	(314,312)	—
Deferred consideration(1)	(8,344)	—	—	(8,344)
Contingent consideration(1)	(110,405)	—	—	(110,405)
	(661,784)	(228,723)	(314,312)	(118,749)

(1) Contingent and deferred considerations are settled in cash. They are classified as financial liabilities with any subsequent gains or losses recognized in earnings.

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

		Estimated fair value		
		March 31, 2019		
	March 31, 2019	Level 1	Level 2	Level 3
Securities owned				
Corporate debt	79,642	—	79,642	—
Government debt	284,904	49,946	234,958	—
Corporate and government debt	364,546	49,946	314,600	—
Equities	325,683	262,641	62,991	51
Convertible debentures	270	—	270	—
Equities and convertible debentures	325,953	262,641	63,261	51
	690,499	312,587	377,861	51
Investments	3,993	—	—	3,993
	694,492	312,587	377,861	4,044
Securities sold short				
Corporate debt	(6,613)	—	(6,613)	—
Government debt	(256,107)	(54,852)	(201,255)	—
Corporate and government debt	(262,720)	(54,852)	(207,868)	—
Equities	(110,699)	(94,797)	(15,902)	—
Convertible debentures	—	—	—	—
Equities and convertible debentures	(110,699)	(94,797)	(15,902)	—
	(373,419)	(149,649)	(223,770)	—
Deferred considerations	(22,225)	—	—	(22,225)
Contingent consideration	(108,319)	—	—	(108,319)
	(503,963)	(149,649)	(223,770)	(130,544)

Movement in net Level 3 financial liabilities

Balance, March 31, 2019	(126,500)
Addition of contingent consideration in connection with the acquisition of Thomas Miller [Note 8]	**(14,769)**
Purchase of investments	**498**
Payment of deferred consideration in connection with acquisition of Hargreave Hale	**6,549**
Reclassification of deferred consideration in connection with acquisition of Petsky Prunier to equity	**13,091**
Change in contingent consideration in connection with acquisition of Petsky Prunier	**1,880**
Reclassification of inventory positions to level 3	**4,728**
Foreign exchange revaluation of deferred and contingent consideration	**5,011**
Balance, September 30, 2019	**(109,512)**

During the six months ended September 30, 2019, there was a change in the contingent consideration in connection with the acquisition of Petsky Prunier which resulted in a reduction of the goodwill of $2.3 million. [Note 9]

FAIR VALUE ESTIMATION

i. Level 2 financial instruments

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

Level 2 financial instruments also include the Company's investment in Euroclear, which has an estimated fair value of $6.3 million (€4.4 million) as at September 30, 2019 [March 31, 2019 – $6.6 million (€4.4 million)]. The current fair value is determined using a market-based approach. This investment is classified as a financial asset measured at fair value through other comprehensive income.

ii. Level 3 financial instruments

The fair value for Level 3 investments classified as fair value through profit and loss ("FVTPL") is determined by the Company using a market-based approach with information that the Company has determined to be reliable and represents the best estimate of fair value readily available. Prices for held for trading investments are determined based on the last trade price or offer price, or, if these prices are considered stale, the Company obtains information based on certain inquiries, recent trades or pending new issues. The fair value of the held for trading investments as at September 30, 2019 was $6.0 million [March 31, 2019 – $0.1 million].

As at September 30, 2019, the Company held investments of $4.0 million in Family Office Network and Capital Markets Gateway, which have been classified as Level 3 financial instruments given the investments do not have any observable inputs or market indicators. During the six months ended September 30, 2019, the Company also made an investment of $0.5 million in Castle Ridge Asset Management Ltd which has also been classified as Level 3 financial instruments [Note 7].

Level 3 financial liabilities also include the deferred and contingent considerations included as part of the total purchase consideration for the acquisitions of Hargreave Hale, Jitneytrade, McCarthy Taylor, Petsky Prunier and Thomas Miller. The fair value for these financial liabilities approximate their carrying value as of September 30, 2019.

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

Foreign exchange forward contracts

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

Forward contracts outstanding at September 30, 2019:

	Notional amount (millions)		Average price	Maturity	Fair value
To sell US dollars	**USD$**	**1.3**	**$ 1.32(CAD/USD)**	**October 1, 2019**	**$ 2**
To buy US dollars	**USD$**	**4.3**	**$ 1.32(CAD/USD)**	**October 1, 2019**	**$ (9)**

Forward contracts outstanding at March 31, 2019:

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

The Company's Canaccord Genuity Wealth Management segment in the UK & Europe trades foreign exchange forward contracts on behalf of its clients and establishes matching contracts with the counterparties. The Company has no significant net exposure, assuming no counterparty default. The principal currencies of the forward contracts are: the UK pound sterling, the US dollar, or the Euro. The weighted average term to maturity is 68 days as at September 30, 2019 [March 31, 2019 – 77 days]. The table below shows the fair value of the forward contract assets and liabilities, and the notional value of these forward contracts as at September 30, 2019 and March 31, 2019, respectively. The fair value of the forward contract assets and liabilities is included in the accounts receivable and payable balances.

	September 30, 2019			March 31, 2019		
	Assets	**Liabilities**	**Notional amount**	Assets	Liabilities	Notional amount
Foreign exchange forward contracts	**588**	**527**	**42,349**	1,124	1,011	102,052

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. There were no bond futures contracts outstanding as at September 30, 2019 [March 31, 2019 – long $0.1 million].

The Company's Canadian operations are also involved in trading US Treasury futures in an attempt to mitigate interest rate risk, yield curve risk and liquidity risk. As at September 30, 2019, the notional amount of the US bond futures contracts outstanding was long $1.7 million (US$1.3 million) [March 31, 2019 – nil].

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

SECURITIES LENDING AND BORROWING

	Cash		**Securities**	
	Loaned or delivered as collateral	**Borrowed or received as collateral**	**Loaned or delivered as collateral**	**Borrowed or received as collateral**
September 30, 2019	**312,196**	**104,153**	**141,833**	**348,107**
March 31, 2019	314,448	45,328	66,239	407,561

Securities lending and borrowing are included in the accounts receivable and accounts payable and accrued liabilities balances on the statements of financial position.

BANK INDEBTEDNESS

The Company enters into call loans or overdraft positions primarily to facilitate the securities settlement process for both client and Company securities transactions. The bank indebtedness is collateralized by either unpaid client securities and/or securities owned by the Company. As at September 30, 2019 the Company had a balance of $4.4 million (£2.7 million) outstanding [March 31, 2019 – $9.6 million (£5.5 million)].

BANK LOAN

A subsidiary of the Company entered into a £40.0 million (balance outstanding as of September 30, 2019 - £34.7 million or C$56.4 million) senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale. During the six months ended September 30, 2019, the Company obtained additional financing on the loan of £17.0 million (C$27.7 million as of September 30, 2019) in connection with the acquisition of Thomas Miller. The balance outstanding as of September 30, 2019 net of unamortized financing fees was £50.9 million ($82.7 million) [March 31, 2019 – £34.3 million ($59.7 million)]. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.8829% per annum as at September 30, 2019 [March 31, 2019 – 2.9646% per annum].

OTHER CREDIT FACILITIES

Excluding the bank loan in connection with the acquisitions of Hargreave Hale and Thomas Miller as described above, subsidiaries of the Company have other credit facilities with banks in Canada and the UK for an aggregate amount of $637.4 million [March 31, 2019 – $743.6 million]. These credit facilities, consisting of call loans, letters of credit and daylight overdraft facilities, are collateralized by unpaid client securities and/or securities owned by the Company. As of September 30, 2019, there was bank indebtedness of $4.4 million outstanding [March 31, 2019 – $9.6 million].

A subsidiary of the Company has also entered into secured irrevocable standby letters of credit from a financial institution totaling $2.8 million (US$2.1 million) [March 31, 2019 – $2.8 million (US$2.1 million)] as rent guarantees for its leased premises in New York. As of September 30, 2019 and March 31, 2019, there were no outstanding balances under these standby letters of credit.

NOTE 06 Accounts Receivable and Accounts Payable and Accrued Liabilities

ACCOUNTS RECEIVABLE

	September 30, 2019	March 31, 2019
Brokers and investment dealers	$ **1,483,383**	$ 1,498,516
Clients	**653,687**	530,933
RRSP cash balances held in trust	**298,074**	328,528
Other	**253,010**	298,687
	2,688,154	2,656,664

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2019	March 31, 2019
Brokers and investment dealers	$ **962,768**	$ 1,166,550
Clients	**1,538,481**	1,499,390
Other	**248,190**	457,825
	2,749,439	3,123,765

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

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

Amounts due from and to clients are due by the settlement date of the trade transaction. Margin loans are due on demand and are collateralized by the assets in the client's account. Interest on margin loans and on amounts due to clients is based on a floating rate [September 30, 2019 – 6.95% to 8.25% and 0.00% to 2.05%, respectively; March 31, 2019 – 6.95% to 8.50% and 0.00% to 0.95%, respectively].

As at September 30, 2019, the allowance for doubtful accounts was $4.3 million [March 31, 2019 – $4.2 million].

NOTE 07 Investments

	September 30, 2019	March 31, 2019
Investments accounted for under the equity method	$ **3,792**	$ 2,231
Investments held as fair value through profit and loss	**4,457**	3,993
	8,249	6,224

During the year ended March 31, 2019, the Company, through a wholly-owned subsidiary, invested $2.5 million for 833,333 Class B Units, at $3.00 per unit, in Canaccord Genuity Growth Corp. ("CGGC"). CGGC was a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. On April 26, 2019, the CGGC announced that it has completed its qualifying transaction with Columbia Care LLC and CGGC was renamed "Columbia Care Inc." The Company is no longer considered to exert significant influence over the operations of Columbia Care. Accordingly, the investment in Columbia Care is accounted for as financial assets measured at FVTPL and included as securities owned on the unaudited interim condensed consolidated statement of financial position as at September 30, 2019.

During the six months ended September 30, 2019, the Company, through a wholly owned subsidiary, invested $4.0 million for 1,334,001 Class B Units, at $3.00 per unit, in Canaccord Genuity Growth II Corp ("CGGIIC"). CGGIIC is a special purpose acquisition corporation formed to effect an acquisition of one or more businesses. Each Class B Unit consists of one Class B Share and one warrant.

The Company holds a 23.5% interest in CGGIIC and is considered to exert significant influence over the operations of CGGIIC. Accordingly, the investment in CGGIIC is accounted for using the equity method. The Company's equity portion of the net loss of CGGIIC for the six months ended September 30, 2019 was $0.2 million.

As of September 30, 2019, the Company, through a wholly owned subsidiary, held an investment of 8,889 Series A Preferred Shares, at $112.50 per unit, in Family Office Networks ("FON") for US$1.0 million ($1.3 million) [March 31, 2019 – US$1.0 million ($1.3 million)]. In addition, the Company, through a wholly owned subsidiary, held an investment of 579,206 Series A Preferred Series, at $3.453 per Unit, in Capital Markets Gateway Inc. ("CMG") for US$2.0 million ($2.7 million) [March 31, 2019 – US$2.0 million ($2.7 million)]. The Company is not considered to exert significant influence over the operations of FON or CMG. Accordingly, the investments in FON and CMG are accounted for as financial assets measured at FVTPL and included as investments on the unaudited interim condensed consolidated statement of financial position as at September 30, 2019.

During the six months ended September 30, 2019, the Company invested $0.5 million for 37 Class C Preferred shares in Castle Ridge Asset Management Limited ("CRAML"). The Company is not considered to exert significant influence over the operations of CRAML. Accordingly, the investment in CRAML is accounted for as financial assets measured at FVTPL and included as investments on the unaudited interim condensed consolidated statement of financial position as at September 30, 2019.

NOTE 08 Business Combination

i) Thomas Miller Wealth Management Limited and Thomas Miller Investment (Isle of Man) Limited

On May 1, 2019, the Company completed its acquisition of Thomas Miller Wealth Management Limited and the private client investment management business of Thomas Miller Investment (Isle of Man) Limited (collectively referred to as "Thomas Miller"). Thomas Miller provides financial planning and investment management services to private clients, trusts, charities and corporations in the UK. There was initial cash consideration of £18.5 million (C$32.5 million), with additional contingent consideration of up to £9.5 million (C$16.7 million) payable over a period of three years following completion, subject to achievement of performance targets related to revenue and client assets. There was also deferred consideration of £0.7 million (C$1.2 million) that was paid shortly subsequent to September 30, 2019. In connection with the acquisition, an additional £17.0 million (C$27.7) million as of September 30, 2019) has been added to the Company's existing bank loan facility.

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

CONSIDERATION PAID

Cash	$	32,458
Deferred consideration		1,211
Contingent consideration		14,769
	$	48,438

NET ASSETS ACQUIRED

Cash	$	4,824
Accounts receivable		2,764
Other tangible assets		1,052
Liabilities		(4,877)
Identifiable intangible assets		32,484
Deferred tax liability related to identifiable intangible assets		(4,088)
Goodwill		16,279
	$	48,438

Identifiable intangible assets of $32.5 million were recognized and relate to customer relationships. The goodwill of $16.3 million represents the value of expected synergies arising from the acquisition. Goodwill is not deductible for tax purposes.

Management has estimated the fair value of the contingent consideration related to this acquisition to be up to £8.4 million (C$14.8 million) as of the acquisition date and as of September 30, 2019 and will be payable over a period of up to three years. The contingent consideration must be settled in cash and meets the definition of a financial liability, and subsequent changes to the fair value of the contingent consideration will be recognized in the statement of operations. The determination of the fair value is based upon discounted cash flows, and the key assumption affecting the fair value is the probability that the performance measures will be met.

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

The aggregate acquisition-related expenses incurred by the Company during the six months ending September 30, 2019 in connection with the acquisition of Thomas Miller are $1.5 million. These expenses are mainly comprised of professional and employment costs.

Revenue and net loss generated by Thomas Miller including acquisition-related costs, were $4.7 million and $1.4 million, respectively, since the acquisition date.

Had Thomas Miller been consolidated from April 1, 2019, as part of the consolidated statement of operations, the consolidated revenue and net income would have been approximately $596.8 million and $37.5 million, respectively, for the six months ended September 30, 2019. These figures represent historical results and are not necessarily indicative of future performance.

Jitneytrade Inc. and Finlogik Inc.

On June 6, 2018 the Company completed its acquisition of Jitneytrade Inc. and Finlogik Inc. directly and indirectly through the purchase of Finlogik Capital Inc. (collectively referred to as "Jitneytrade"). The preliminary purchase price allocation was disclosed in the audited consolidated financial statements for the year ended March 31, 2019. The Company completed its final analysis during the six months ended September 30, 2019 and concluded that there were no changes to the purchase price allocation.

NOTE 09 Goodwill and Other Intangible Assets

	Goodwill	Brand names (indefinite life)	Brand names	Customer relationships	Technology	Non-competition	Trading licenses	Fund management	Contract book	Favourable lease	Total
Gross amount											
Balance, March 31, 2019	**$ 692,868**	**$ 44,930**	**$ 578**	**$ 125,303**	**$ 35,298**	**$ 14,153**	**$ 196**	**$ 38,985**	**$ 6,252**	**$ 561**	**$ 266,256**
Additions	**16,279**	**—**		**32,484**	**—**	**—**	**—**	**—**	**—**	**—**	**32,484**
Other	**(2,263)**	**—**		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Foreign exchange	(12,482)	—	(5)	(8,109)	(2,042)	—	—	(2,509)	(53)	(5)	(12,723)
Balance, September 30, 2019	**694,402**	**44,930**	**573**	**149,678**	**33,256**	**14,153**	**196**	**36,476**	**6,199**	**556**	**286,017**
Accumulated amortization and impairment											
Balance, March 31, 2019	**(322,632)**	**—**	**—**	**(72,587)**	**(20,688)**	**(14,153)**	**(196)**	**(4,111)**	**—**	**—**	**(111,735)**
Amortization	**—**	**—**	**(111)**	**(6,808)**	**(1,071)**	**—**	**—**	**(1,054)**	**(2,731)**	**(111)**	**(11,886)**
Foreign exchange	**—**	**—**	**—**	**3,190**	**1,438**	**—**	**—**	**296**	**12**	**16**	**4,952**
Balance, September 30, 2019	**(322,632)**	**—**	**(111)**	**(76,205)**	**(20,321)**	**(14,153)**	**(196)**	**(4,869)**	**(2,719)**	**(95)**	**(118,669)**
Net book value											
March 31, 2019	370,236	44,930	578	52,716	14,610	—	—	34,874	6,252	561	154,521
September 30, 2019	**371,770**	**44,930**	**462**	**73,473**	**12,935**	**—**	**—**	**31,607**	**3,480**	**461**	**167,348**

Identifiable intangible assets purchased through the acquisitions of Genuity Capital Markets (Genuity), the 80% interest in Canaccord Genuity (Australia) Limited (Canaccord Genuity Australia), Collins Stewart Hawkpoint plc (CSHP), Eden Financial Ltd., Hargreave Hale, Jitneytrade, Petsky Prunier, McCarthy Taylor and Thomas Miller are customer relationships, non-competition agreements, trading licenses, fund management contracts, technology and brand names acquired through the acquisition of Petsky Prunier, which have finite lives and are amortized on a straight-line basis over their estimated useful lives. Branding acquired through the acquisition of Genuity is considered to have an indefinite life as the Company has no plans to cease its use in the future.

During the six months ended September 30, 2019, there was a change in the contingent consideration in connection with the acquisition of Petsky Prunier which resulted in a reduction of the goodwill of $2.3 million.

As a result of the acquisition of Thomas Miller, the Company recognized goodwill of $16.3 million and identifiable intangible assets of $32.5 million relating to customer relationships as of the acquisition date, which is being amortized over 14.6 years [Note 8].

IMPAIRMENT TESTING OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

The carrying amounts of goodwill and indefinite life intangible assets acquired through business combinations have been allocated to the cash-generating units (CGUs) as follows:

	Intangible assets with indefinite lives		Goodwill		Total	
	September 30, 2019	March 31, 2019	**September 30, 2019**	March 31, 2019	**September 30, 2019**	March 31, 2019
Canaccord Genuity Capital Markets CGUs						
Canada (Genuity)	**$ 44,930**	$ 44,930	**$ 101,732**	$ 101,732	**$ 146,662**	$ 146,662
US (Petsky Prunier)	**—**	—	**102,687**	105,682	**102,687**	105,682
Canaccord Genuity Wealth Management CGUs						
UK & Europe (Channel Islands)	**—**	—	**87,776**	93,870	**87,776**	93,870
UK & Europe (UK Wealth)	**—**	—	**79,575**	68,952	**79,575**	68,952
	44,930	44,930	**371,770**	370,236	**416,700**	415,166

Goodwill that was previously allocated to the Canaccord Genuity Wealth Management UK & Europe (Eden Financial Ltd.) CGU, UK & Europe (Hargreave Hale) CGU, UK & Europe (McCarthy Taylor) CGU are now combined with the goodwill in connection with the acquisition of Thomas Miller [Note 8] to form the Canaccord Genuity Wealth Management UK & Europe (UK Wealth) CGU. This change in CGUs reflects changes in the way management monitors and reviews its UK & Europe wealth management businesses and the synergies of the various business activities which now comprise the entire UK wealth management group. Given the Company manages its UK & Europe wealth management business as one operating unit, it is appropriate to allocate the goodwill acquired in connection with the acquisitions of Eden Financial Ltd., Hargreave Hale, McCarthy Taylor and Thomas Miller to one CGU for the purpose of goodwill impairment testing.

In addition, goodwill that was previously allocated to Canaccord Genuity Capital Markets (Genuity) and (Jitneytrade) are combined into one single CGU to reflect the integration of the two businesses.

Goodwill and intangible assets with indefinite lives are tested for impairment annually at March 31, and when circumstances indicate the carrying value may potentially be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the CGU to which goodwill and indefinite life intangible assets are allocated. Where the carrying amount of a CGU exceeds its recoverable amount, an impairment loss is recognized. Any impairment loss first reduces the carrying amount of any goodwill allocated to the CGUs and then if any impairment loss remains, the other assets of the unit are reduced on a pro rata basis. Impairment losses relating to goodwill cannot be reversed in future periods. The Company considers the relationship between its market capitalization and the book value of its equity, among other factors, when reviewing for indicators of impairment. Consequently, interim goodwill and other assets impairment testing was carried out for all applicable CGUs at September 30, 2019.

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

The FVLCS calculations are based on assumptions, as described above, made in connection with future cash flows, relief of royalties with respect to the brand name indefinite life intangible asset, terminal growth rates and discount rates. In order to estimate the FVLCS for each CGU, cash flows are forecast over a five-year period, a terminal growth rate is applied and then such cash flows are discounted to their present value. The discount rate is based on the specific circumstances of each CGU and is derived from the estimated weighted average cost of capital of the Company. The CGUs which record goodwill in their carrying value as of September 30, 2019 were Canaccord Genuity Capital Markets Canada, Canaccord Genuity Capital Markets US (Petsky Prunier), and Canaccord Genuity Wealth Management UK & Europe (Channel Islands) and Canaccord Genuity Wealth Management UK & Europe (UK). The discount rate utilized for each of these CGUs for the purposes of these calculations was 12.5% [March 31, 2019 – 12.5%]. Cash flow estimates for each of these CGUs were based on management assumptions as described above and utilized a compound annual revenue growth rate of 5.0% over the forecast period [March 31, 2019 – 5.0%] as well as estimates in respect of operating margins. The terminal growth rate used for each of Canaccord Genuity Capital Markets Canada, Canaccord Genuity Capital Markets US (Petsky Prunier) and Canaccord Genuity Wealth Management UK & Europe (Channel Islands), and Canaccord Genuity Wealth Management UK & Europe (UK) was 2.5% [March 31, 2019 – 2.5%].

NOTE 10 Income Taxes

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

	For the three months ended		For the six months ended	
	September 30, 2019	September 30, 2018 (restated) (Note 22)	**September 30, 2019**	September 30, 2018 (restated) (Note 22)
Income taxes at the statutory rate of 27.0% (F2019: 27.0%)	**$ 4,353**	$ 6,647	**$ 12,804**	$ 12,556
Difference in tax rates in foreign jurisdictions	**(1,069)**	(166)	**(1,780)**	(585)
Non-deductible items affecting the determination of taxable income	**(58)**	1,604	**1,187**	2,125
Share based payments	**294**	(23)	**162**	(900)
Change in accounting and tax base estimate	**301**	(813)	**733**	(1,277)
Deferred tax asset recognition	**(1,289)**	—	**(1,289)**	—
Other	**148**	(283)	**835**	(485)
(utilization of tax losses previously not recognized) tax losses and other temporary differences not recognized	**312**	(363)	**(2,598)**	(1,598)
Income tax expense – current and deferred	**2,992**	6,603	**10,054**	9,836

NOTE 11 Subordinated Debt

	September 30, 2019	March 31, 2019
Loan payable, interest payable monthly at prime + 4% per annum, due on demand	**$ 7,500**	$ 7,500

The loan payable is subject to a subordination agreement and may only be repaid with the prior approval of the Investment Industry Regulatory Organization of Canada (IIROC). As at September 30, 2019 and March 31, 2019, the interest rates for the subordinated debt were 7.95% and 7.95%, respectively. The carrying value of subordinated debt approximates its fair value due to the short-term nature of this liability.

NOTE 12 Bank Loan

	September 30, 2019	March 31, 2019
Loan	$ 84,026	$ 60,326
Less: Unamortized financing fees	(1,316)	(662)
	82,710	59,664
Current portion	6,510	9,294
Long term portion	76,200	50,370

A subsidiary of the Company entered into a £40.0 million (balance outstanding as of September 30, 2019 - £34.7 million or C$56.4 million) senior credit facility to finance a portion of the cash consideration for its acquisition of Hargreave Hale . During the six months ended September 30, 2019, the Company obtained an additional loan of £17.0 million (C$27.7 million as of September 30, 2019) in connection with the acquisition of Thomas Miller. The balance outstanding as of September 30, 2019 net of unamortized financing fees was £50.9 million ($82.7 million) [March 31, 2019 – £34.3 million ($59.7 million)]. The loan is repayable in instalments of principal and interest over a period of 4 years and matures in September 2023. The interest rate on this loan is 2.8829% per annum as at September 30, 2019 [March 31, 2019 – 2.9646% per annum].

NOTE 13 Convertible Debentures

	September 30, 2019		March 31, 2019	
	Liability	Equity	Liability	Equity
Convertible debentures	$ 127,763	$ 5,156	$ 127,225	$ 5,156

During the period ended September 30, 2019, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures.

Terms of the convertible debentures as disclosed in Note 17 of the March 31, 2019 consolidated financial statements.

NOTE 14 Preferred Shares

	September 30, 2019		March 31, 2019	
	Amount	Number of shares	Amount	Number of shares
Series A Preferred Shares issued and outstanding	$ 110,818	4,540,000	$ 110,818	4,540,000
Series C Preferred Shares issued and outstanding	97,450	4,000,000	97,450	4,000,000
Series C Preferred Shares held in treasury	(2,627)	(106,794)	(2,627)	(106,794)
	94,823	3,893,206	94,823	3,893,206
	205,641	8,433,206	205,641	8,433,206

Terms of the Series A and C Preferred Shares are disclosed in Note 18 of the March 31, 2019 consolidated financial statements.

NOTE 15 Common Shares and Warrants

	September 30, 2019		March 31, 2019	
Common Shares	Amount	Number of shares	Amount	Number of shares
Issued and fully paid	$ 747,869	108,492,487	$ 787,096	115,616,744
Held for share purchase loans	(2,647)	(284,645)	(3,647)	(346)
Held for the LTIP	(58,058)	(9,899,357)	(110,553)	(18,036,064)
	687,164	98,308,485	672,896	97,580,334

	September 30, 2019		March 31, 2019	
Warrants	Amount	Number of warrants	Amount	Number of warrants
Warrants issued in connection with private placement	$ —	2,631,833	$ 1,975	3,438,412

The terms of the warrants are disclosed in the March 31, 2019 consolidated financial statements.

Upon vesting of the warrants on June 17, 2019, the terms of the warrants were modified resulting in a reclassification of the warrants from shareholders' equity to liability measured at fair value on the modification date of the warrants. The liability was remeasured to fair value at September 30, 2019, with changes in fair value recognized through the consolidated statements of operations. The carrying amount of the outstanding liability recognized in accounts payable and accrued liabilities relating to warrants at September 30, 2019 was $0.6 million.

[i] AUTHORIZED

Unlimited common shares without par value

[ii] ISSUED AND FULLY PAID

	Number of shares	Amount
Balance, March 31, 2019	115,616,744	$ 787,096
Shares issued in connection with share-based payment plans	5,901	53
Shares issued in connection with exercise of private placement warrants	142,569	720
Shares purchased and cancelled under the substantial issuer bid	(7,272,727)	(40,000)
Balance, September 30, 2019	**108,492,487**	**747,869**

In a substantial issuer bid which commenced on July 3, 2019, and expired on August 9, 2019, the Company made an offer to repurchase for cancellation up to $40.0 million of its common shares. The offer was made by way of a “modified Dutch auction”, which allowed shareholders who chose to participate in the offer to individually select the price, within a price range of not less than $5.50 per common share and not more than $6.30 per common share (in increments of $0.10 per common share), at which they are willing to sell their common shares. Upon expiry of the offer, the Company determined that $5.50 was the lowest purchase price that allowed it to purchase the maximum number of common shares properly tendered to the offer, and not properly withdrawn, having an aggregate purchase price of $40 million. The Company therefore purchased for cancellation 7,272,727 of its common shares at a purchase price of $5.50 per share, representing approximately 6.28% of the issued and outstanding common shares on a non-diluted basis at July 3, 2019. These shares were cancelled effective August 19, 2019.

On August 12, 2019, 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 5,423,872 of its common shares during the period from August 15, 2019 to August 14, 2020 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX.The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company’s outstanding common shares at the time of the Notice. During the six months ended September 30, 2019, there were no shares purchased and cancelled under the current NCIB or the NCIB that expired on August 14, 2019.

[iii] EARNINGS PER COMMON SHARE

	For the three months ended		For the six months ended	
	September 30, 2019 $	September 30, 2018 (restated) (Note 22) $	**September 30, 2019 $**	September 30, 2018 (restated) (Note 22) $
Basic earnings per common share				
Net income attributable to CGGI shareholders	$ 13,488	$ 17,794	$ 37,693	$ 35,410
Preferred share dividends	(2,351)	(2,351)	(4,702)	(4,702)
Equity portion of loss on extinguishment of convertible debentures	—	(4,892)	—	(4,892)
Net income available to common shareholders	11,137	10,551	32,991	25,816
Weighted average number of common shares (number)	102,503,466	96,583,067	101,315,212	95,590,153
Basic earnings per share	$ 0.11	$ 0.11	$ 0.33	$ 0.27
Diluted earnings per common share				
Net income available to common shareholders	11,137	10,551	32,991	25,816
Interest on convertible debentures, net of tax	1,712	—	3,420	—
Adjusted net earnings available to common shareholders	12,849	10,551	36,411	25,816
Weighted average number of common shares (number)	102,503,466	96,583,067	101,315,212	95,590,153
Dilutive effect in connection with LTIP (number)	12,411,131	17,441,785	12,421,180	17,377,274
Dilutive effect in connection with warrants (number)	115,962	1,023,155	115,962	915,784
Dilutive effect in connection with performance stock options (number)	—	298,637	—	59,086
Dilutive effect in connection with a promissory note (number)	1,099,159	486,477	1,099,159	122,619
Dilutive effect in connection with other share-based payment plans (number)	—	27,844	—	27,585
Dilutive effect in connection with convertible debentures (number)	13,272,500	—	13,272,500	—
Dilutive effect in connection with acquisition of Petsky Prunier (number)	2,210,550	—	2,210,550	—
Adjusted weighted average number of common shares (number)	131,612,768	115,860,965	130,434,563	114,092,501
Diluted earnings per common share	$ 0.10	$ 0.09	$ 0.28	$ 0.23

NOTE 16 Dividends

COMMON SHARE DIVIDENDS

The Company declared the following common share dividend during the six months ended September 30, 2019:

Record date	Payment date		Cash dividend per common share		Total common dividend amount
August 30, 2019	September 10, 2019	$	0.05	$	5,423,873
June 21, 2019	July 2, 2019	$	0.17	$	19,677,085

On November 6, 2019, the Board of Directors approved a dividend of $0.05 per common share, payable on December 10, 2019, with a record date of November 29, 2019 [Note 21].

PREFERRED SHARE DIVIDENDS

The Company declared the following preferred share dividends during the six months ended September 30, 2019:

Record date	Payment date		Cash dividend per Series A Preferred Share		Cash dividend per Series C Preferred Share		Total preferred dividend amount
September 13, 2019	September 30, 2019	$	0.24281	$	0.312060	$	2,351
June 21, 2019	July 2, 2019	$	0.24281	$	0.312060	$	2,351

On November 6, 2019, the Board approved a cash dividend of $0.24281 per Series A Preferred Share payable on December 31, 2019 to Series A Preferred shareholders of record as at December 20, 2019 [Note 21].

On November 6, 2019, the Board approved a cash dividend of $0.31206 per Series C Preferred Share payable on December 31, 2019 to Series C Preferred shareholders of record as at December 20, 2019 [Note 21].

NOTE 17 Share-Based Payment Loans

i. LONG-TERM INCENTIVE PLAN

Under the long-term incentive plan (LTIP) or the "Plan", eligible participants are awarded restricted share units (RSUs), which generally vest over three years. All awards under the Plan are settled by transfer of shares from employee benefit trusts ("Trusts") which are funded by the Company, or certain of its subsidiaries, as the case may be, with cash which is used by the trustees to purchase common shares on the open market that will be held in the Trusts until the RSUs vest. No further shares may be issued from treasury under the LTIP.

For RSUs granted as part of the normal course incentive compensation payment cycle, vesting will continue after termination of employment so long as the employee does not violate certain post-termination restrictions and is not engaged in certain competitive or soliciting activities as provided in the Plan. These RSUs are expensed in the period in which those awards are deemed to be earned with a corresponding increase in contributed surplus, which is generally the fiscal period in which the awards are either made or the immediately preceding fiscal year for those awards made after the end of such fiscal year but were determined and earned in respect of that fiscal year.

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

There were 5,562,972 RSUs granted in lieu of cash compensation to employees during the period ended September 30, 2019 [September 30, 2018 – 4,111,628 RSUs]. The Trusts purchased 2,733,258 common shares during the six months ended September 30, 2019 [September 30, 2018 – 3,987,376 common shares].

The fair value of the RSUs at the measurement date is based on the fair value on the grant date. The weighted average fair value of RSUs granted during the six-month period ended September 30, 2019 was $5.47 [September 30, 2018 – $7.11].

	Number
Awards outstanding, March 31, 2019	18,364,934
Grants	5,562,972
Vested	(10,848,842)
Forfeited	(13,777)
Awards outstanding, September 30, 2019	**13,065,287**

	Number
Common shares held by the Trusts, March 31, 2019	18,036,064
Acquired	2,733,258
Released on vesting	(10,869,965)
Common shares held by the Trusts, September 30, 2019	**9,899,357**

ii. PERFORMANCE SHARE UNITS

The Company adopted a performance share unit ("PSU") plan for certain senior executives during the year ended March 31, 2019. On June 12, 2018 the Company granted 877,485 units under the PSU plan. The Company also granted an additional 1,844,497 PSUs on June 6, 2019.The PSUs are a notional equity-based instrument linked to the value of the Company's common shares. At the end of a 3-year vesting period, the number of PSUs which vest is determined upon performance against certain metrics pre-determined for each annual grant. The PSUs cliff vest on the third anniversary of the date of the grant. The PSUs are settled in cash, based on the market price of the Company's shares at the time of vesting.

The PSUs were measured at fair value on grant date. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized through the statements of operations. The carrying amount of the liability recognized in accounts payable and accrued liabilities relating to PSUs at September 30, 2019 was $15.6 million [March 31, 2019 – $5.7 million].

iii. PERFORMANCE STOCK OPTIONS

On June 1, 2018, the Company created a performance share option (''PSO'') plan that was approved at the Company's Annual General Meeting held on August 2, 2018. On June 14, 2018, the Company granted 5,620,000 options under the PSO plan. The options have an exercise price of $6.73 per share. In addition, the Company granted 600,000 options on August 16, 2018 with an exercise price of $7.067. On June 12, 2019, the Company granted 100,000 options on the same terms as the June 14, 2018 grant (including a five-year term from June 14, 2018). For accounting purposes under IFRS 2, the grant date of the initial PSOs is August 2, 2018, being the date the PSO plan was approved at the Annual General Meeting. The PSOs have a term of five years and will time-vest ratably over four years (with one third vesting on each of the second, third and fourth anniversaries of the date of the grant). The PSOs will also be subject to market (stock price) performance vesting conditions, as well as have a four times exercise price cap on payout value (i.e. the gain on the exercise of the options is limited to three times the exercise price).

The following is a summary of the Company's PSOs as at September 30, 2019:

	Number of PSOs	Weighted average exercise price ($)
Balance, March 31, 2019	6,220,000	6.76
Granted	100,000	6.73
Exercised	—	—
Balance, September 30, 2019	**6,320,000**	**6.76**

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

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

The weighted average fair value of the PSOs awarded is $1.93 per option. Compensation expense of $2.1 million was recognized for the six months ended September 30, 2019 [September 30, 2018 – $0.7 million].

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

iv. OTHER SHARE-BASED PAYMENT PLAN

During the year ended March 31, 2019, the Company granted a share-based award to a senior executive. The award vests on March 31, 2021, or at the holder's option, can be extended to March 31, 2022. Compensation expense of $1.2 million was recorded for the six month period ended September 30, 2019 [September 30, 2018 – $nil].

v. SHARE-BASED COMPENSATION EXPENSE

	For the three months ended		For the six months ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
Long-term incentive plan	**$ 1,645**	$ 4,165	**$ 8,002**	$ 12,338
Forgivable common share purchase loans	**—**	—	**—**	35
Deferred share units (cash-settled)	**(305)**	303	**(342)**	(15)
PSU (cash-settled)	**(947)**	500	**(947)**	500
PSO	**1,362**	739	**2,099**	739
Other share-based payment plan	**1,002**	—	**1,238**	—
Total share-based compensation expense	**2,757**	5,707	**10,050**	13,597

NOTE 18 Related Party Transactions

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

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

	September 30, 2019	March 31, 2019
Accounts receivable	**1,774**	837
Accounts payable and accrued liabilities	**764**	942

NOTE 19 Segmented Information

The Company operates in two industry segments as follows:

Canaccord Genuity Capital Markets – includes investment banking, advisory, research and trading activities on behalf of corporate, institutional and government clients as well as principal trading activities in Canada, the UK & Europe (including Dubai), Australia and the US. Commencing in the current fiscal year starting April 1, 2019, the Other Foreign Locations ("OFL"), comprised of our operations in Singapore, China and Hong Kong, have been combined with our Canadian and Australian Capital Markets operations.

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

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

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

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

	For the three months ended							
	September 30, 2019				September 30, 2018 (restated) (Note 22)			
	Canaccord Genuity Capital Markets $	**Canaccord Genuity Wealth Management $**	**Corporate and Other $**	**Total $**	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Commissions and fees	**34,606**	**97,719**	**—**	**132,325**	44,850	94,552	—	139,402
Investment banking	**42,795**	**9,197**	**—**	**51,992**	55,026	12,400	—	67,426
Advisory fees	**42,019**	**(4)**	**—**	**42,015**	43,916	480	—	44,396
Principal trading	**21,267**	**(7)**	**—**	**21,260**	28,977	(28)	—	28,949
Interest	**6,490**	**7,743**	**2,428**	**16,661**	4,752	8,047	2,527	15,326
Other	**1,516**	**724**	**4,204**	**6,444**	1,213	675	2,649	4,537

	For the three months ended							
	September 30, 2019				September 30, 2018 (restated) (Note 22)			
	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Expenses, excluding undernoted	126,937	85,111	12,519	224,567	145,967	86,746	15,377	248,090
Interest expense	3,982	1,476	2,855	8,313	2,476	1,365	4,377	8,218
Amortization	3,416	4,519	114	8,049	1,847	4,063	288	6,198
Amortization of right of use assets	3,564	1,439	936	5,939	—	—	—	—
Development costs	232	2,725	37	2,994	120	3,896	37	4,053
Restructuring costs	—	1,098	—	1,098	—	—	—	
Acquisition-related costs	1,629	1,973	—	3,602	—	—	—	—
Loss on extinguishment of convertible debentures	—	—	—	—	—	—	8,608	8,608
Share of (gain) loss of an associate	—	—	(35)	(35)	—	—	247	247
Income (loss) before intersegment allocations and income taxes	8,933	17,031	(9,794)	16,170	28,324	20,056	(23,758)	24,622
Intersegment allocations	4,227	3,619	(7,846)	—	4,110	3,671	(7,781)	—
Income (loss) before income taxes	4,706	13,412	(1,948)	16,170	24,214	16,385	(15,977)	24,622

	For the six months ended							
	September 30, 2019				September 30, 2018 (restated) (Note 22)			
	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $	Canaccord Genuity Capital Markets $	Canaccord Genuity Wealth Management $	Corporate and Other $	Total $
Commissions and fees	70,464	203,653	—	274,117	84,957	190,825	—	275,782
Investment banking	112,279	24,514	—	136,793	112,018	22,929	—	134,947
Advisory fees	95,481	338	—	95,819	68,557	753	—	69,310
Principal trading	46,343	(10)	—	46,333	59,871	(14)	—	59,857
Interest	11,425	14,892	5,529	31,846	6,953	12,735	4,884	24,572
Other	2,724	1,726	6,847	11,297	2,550	1,474	5,667	9,691
Expenses, excluding undernoted	283,610	179,572	27,922	491,104	280,428	172,155	29,157	481,740
Interest expense	7,880	2,918	5,626	16,424	5,180	2,859	5,773	13,812
Amortization	6,851	8,903	231	15,985	3,910	8,315	611	12,836
Amortization of right of use assets	6,923	2,819	1,779	11,521	—	—	—	—
Development costs	391	7,692	120	8,203	174	7,664	74	7,912
Restructuring costs	—	1,098	—	1,098	1,316	—	—	1,316
Acquisition-related costs	1,806	2,308	—	4,114	1,173	—	—	1,173
Loss on extinguishment of convertible debentures	—	—	—	—	—	—	8,608	8,608
Share of loss of an associate	—	—	234	234	—	—	258	258
Income (loss) before intersegment allocations and income taxes	31,255	39,803	(23,536)	47,522	42,725	37,709	(33,930)	46,504
Intersegment allocations	8,772	7,632	(16,404)	—	8,415	7,018	(15,433)	—
Income (loss) before income taxes	22,483	32,171	(7,132)	47,522	34,310	30,691	(18,497)	46,504

For geographic reporting purposes, the Company's business operations are grouped into Canada, the US, the UK & Europe (including Dubai), Australia and Other Foreign Locations (OFL) which is comprised of our Asian operations. Commencing in the fiscal year starting April 1, 2019, the OFL geography is allocated to our Canadian and Australian capital markets operations. The comparatives have not been restated. The following table presents the revenue of the Company by geographic location (revenue is attributed to geographic areas on the basis of location of the underlying corporate operating results):

	For the three months ended		For the six months ended	
	September 30, 2019 $	September 30, 2018 $	September 30, 2019 $	September 30, 2018 $
Canada	107,967	133,761	235,295	231,149
UK & Europe (including Dubai)	86,367	83,495	180,696	171,073
United States	69,220	73,316	163,866	150,164
Australia	7,143	9,453	16,348	21,784
Other Foreign Locations	—	11	—	(11)
	270,697	300,036	596,205	574,159

NOTE 20 Provisions and Contingencies

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. At each reporting date, the Company assesses the adequacy of its pre-existing provisions and adjusts the amounts as necessary. The following is a summary of the changes during the six months ended September 30, 2019:

	Legal Provisions	Restructuring provisions	Total provisions
Balance, March 31, 2019	5,671	12,541	18,212
Additions	1,833	1,098	2,931
Utilized	(1,537)	(10,645)	(12,182)
Balance, September 30, 2019	**5,967**	**2,994**	**8,961**

COMMITMENTS, LITIGATION PROCEEDINGS AND CONTINGENT LIABILITIES

In the normal course of business, the Company is involved in litigation, and as of September 30, 2019, it was a defendant in various legal actions. The Company has recorded provisions for matters where payments are probable and can be reasonably estimated. While the outcome of these actions is subject to future resolution, management's evaluation and analysis of these actions indicate that, individually and in the aggregate, the probable ultimate resolution of these actions will not have a material effect on the financial position of the Company.

The Company is also subject to asserted and unasserted claims arising in the normal course of business which, as of September 30, 2019, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all asserted and unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company has recorded a provision.

There were no additional changes to the Company's commitments or contingencies from those described in Notes 26 and 27 of the March 31, 2019 audited consolidated financial statements and Note 20 of the interim consolidated financial statements for the three months ended June 30, 2019 except as noted below.

The Company provides financial advisory, underwriting and other services to, and trades the securities of issuers that are involved with new and emerging industries, including the US cannabis industry. Activities within such industries, including the US cannabis industry, typically have not had the benefit of a history of successful operating results. In addition to the economic uncertainties associated with new industries, new activities and new issuers, the laws applicable to such industries or activities, particularly the US cannabis industry and the activities of issuers in that industry, and the effect or enforcement of such laws are undetermined, conflicting and uncertain. With respect to the US cannabis industry, cannabis continues to be a controlled substance under the United States Controlled Substances Act and as such, there is a risk that certain issuers, while in compliance with applicable state law, may be prosecuted under federal law. Accordingly, the Company has adopted policies and procedures reasonably designed to ensure compliance with the United States Currency and Foreign Transactions Reporting Act of 1970 (the Bank Secrecy Act) and the guidance issued by the United States Department of the Treasury Financial Crimes Enforcement Network, FIN-2014-G001 (the FinCEN Guidance) relating to providing financial services to marijuana related businesses in the United States (as that term is used in the FinCEN Guidance).

While the Company takes steps to identify the risks associated with emerging industries, including the US cannabis industry, and only provides services to those issuers where it determines that there is no material risk to the Company or where any risk is unlikely to result in a material adverse consequence to the Company, there is a risk that the Company could be the subject of third party proceedings which may have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favour of the Company. Notwithstanding these procedures, the Company is currently a party to securities class action proceedings in Canada and the US relating to underwriting services provided to certain issuers in the cannabis and e-cigarette and vaping industries. Although the Company believes that these claims are without merit and intends to vigorously defend itself, the probable outcome of these class action proceedings cannot be predicted with certainty and a reliable estimate of the amount of losses, if any, in the event of adverse outcomes is not determinable as at the date of these financial statements and, accordingly, the Company has not recorded a provision in respect of these claims. The risk of any further actions against the Company is not known. As at the date of these unaudited interim condensed consolidated financial statements, the Company has not recorded a provision in respect of any other such matters.

Risks associated with emerging industries such as the cannabis and e-cigarette and vaping industries also include the risk of the insolvency of issuers and the consequent inability of such issuers to satisfy their indemnification obligations to the Company. Accordingly, in the event of a loss to the Company, the ability of the Company to recover amounts in respect of any indemnity claims also cannot be predicted with certainty.

NOTE 21 Subsequent Events

i. ACQUISITION OF PATERSONS SECURITIES LIMITED

On October 21, 2019, the Company completed its previously announced acquisition of 100% of the issued share capital of Patersons Securities Limited ("Patersons"). Cash consideration of A$25.0 million (C$22.5 million) was paid on closing. The Company will implement an equity incentive program for key Patersons employees. The preliminary purchase price allocation will be included in the unaudited interim condensed consolidated financial statements for the nine months ending December 31, 2019.

ii. DIVIDENDS

On November 6, 2019, the Board of Directors approved a dividend of $0.05 per common share, payable on December 10, 2019, with a record date of November 29, 2019 [Note 16].

On November 6, 2019, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on December 31, with a record date of December 20, 2019; and $0.31206 per Series C Preferred Share payable on December 31, 2019 with a record date of December 20, 2019 [Note 16].

NOTE 22 Restatement of Prior Year Comparatives

During the six months ended September 30, 2018, there was an accounting loss of $13.5 million related to the extinguishment of the $60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity $4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or six months ended September 30, 2018. The comparatives for the prior period have been restated accordingly.

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Stock Exchange Listing

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TSX: CF

Preferred shares:
Series A (TSX): CF.PR.A.
Series C (TSX): CF.PR.C.

Convertible Unsecured Senior Subordinated Debentures
TSX: CF.DA.A

Corporate Website

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The Canaccord Genuity Group Inc. 2019 Annual Report is available on our website at www.canaccordgenuitygroup.com. For a printed copy, please contact the Investor Relations department.

Expected Dividend(1) and Earnings Release Dates for the Next Four Quarters

	Expected earnings release date	Preferred dividend record date	Preferred dividend payment date	Common dividend record date	Common dividend payment date
Q3/20	February 5, 2020	March 20, 2020	March 31, 2020	February 28, 2020	March 10, 2020
Q4/20	June 3, 2020	June 19, 2020	June 30, 2020	June 19, 2020	June 30, 2020
Q1/21	August 5, 2020	September 18, 2020	September 30, 2020	August 28, 2020	September 10, 2020
Q2/21	November 4, 2020	December 18, 2020	December 31, 2020	November 27, 2020	December 10, 2020

(1) Dividends are subject to Board of Directors approval. All dividend payments will depend on general business conditions and the Company's financial conditions, results of operations, capital requirements and such other factors as the Board determines to be relevant.

Shareholder Administration

For information about stock transfers, address changes, dividends, lost stock certificates, tax forms and estate transfers, contact:

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Offers enrolment for self-service account management for registered shareholders through the Investor Centre.

Financial Information

For present and archived financial information, please visit www.canaccordgenuitygroup.com

Auditor

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