CANACCORD Genuity

CANACCORD GENUITY GROUP INC.
REPORTS SECOND QUARTER FISCAL 2019 RESULTS

Excluding significant items, second quarter earnings per common share of $0.23(1)

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

TORONTO, November 13, 2018 – During the second quarter of fiscal 2019, the quarter ended September 30, 2018, Canaccord Genuity Group Inc. (Canaccord Genuity, the Company, TSX: CF) generated $300.0 million in revenue. Excluding significant items [1], the Company recorded net income [3] of $28.9 million or net income of $26.3 million attributable to common shareholders [2] (earnings per common share of $0.23). Including all significant items, on an IFRS basis, the Company recorded net income [3] of $13.1 million or net income attributable to common shareholders [2] of $10.6 million (earnings per common share of $0.09).

"We are pleased to report our fourth consecutive quarter of meaningful year-over-year earnings growth, driven by continued strong financial and business performance," said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. "By growing contributions from our global wealth management operations and continually strengthening market share in our capital markets operations, we remain optimistic about the opportunities for our business and our ability to deliver superior returns for our shareholders."

Second Quarter of Fiscal 2019 vs. Second Quarter of Fiscal 2018

- Revenue of $300.0 million, an increase of 56.6% or $108.5 million from $191.5 million
- Excluding significant items, expenses of $261.9 million, an increase of 40.7% or $75.7 million from $186.2 million [1]
- Expenses of $280.3 million, an increase of 41.1% or $81.7 million from $198.6 million
- Excluding significant items, diluted earnings per common share (EPS) of $0.23 compared to earnings per common share of $0.01[1]
- Excluding significant items, net income [3] of $28.9 million compared to net income [3] of $3.5 million [1]
- Net income [3] of $13.1 million compared to a net loss [3] of $7.3 million
- Diluted EPS of $0.09 compared to a loss per common share of $0.11

Second Quarter of Fiscal 2019 vs First Quarter of Fiscal 2019

- Revenue of $300.0 million, an increase of 9.5% or $25.9 million from $274.1 million
- Excluding significant items, expenses of $261.9 million, an increase of 7.0% or $17.1 million from $244.8 million [1]
- Expenses of $280.3 million, an increase of 11.1% or $28.1 million from $252.2 million
- Excluding significant items, diluted EPS of $0.23 compared to diluted EPS of $0.19 [1]
- Excluding significant items, net income [3] of $28.9 million compared to net income [3] of $25.0 million [1]

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[1] Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 5.

[2] Net income (loss) attributable to common shareholders is calculated as the net income (loss) adjusted for non-controlling interests and preferred share dividends.

[3] Before non-controlling interests and preferred share dividends.

- Net income [3] of $13.1 million compared to a net income [3] of $18.6 million
- Diluted EPS of $0.09 compared to earnings per common share of $0.14

Year-to-Date Fiscal 2019 vs. Year-to-Date Fiscal 2018
(Six months Ended September 30, 2018 vs. Six Months Ended September 30, 2017)

- Revenue of $574.2 million, an increase of 46.7% or $182.8 million from $391.4 million
- Excluding significant items, expenses of $506.7 million, an increase of 32.2% or $123.5 million from $383.2 million [1]
- Expenses of $532.5 million, an increase of 33.1% or $132.3 million from $400.2 million
- Excluding significant items, diluted EPS of $0.41 compared to diluted EPS of $0.00[1]
- Excluding significant items, net income [3] of $53.9 million compared to net income [3] of $5.2 million [1]
- Net income [3] of $31.8 million compared to a net loss [3] of $9.8 million
- Diluted EPS of $0.23 compared to a loss per common share of $0.16

Financial Condition at end of Second Quarter Fiscal 2019 vs. Fourth Quarter Fiscal 2018

- Cash and cash equivalents balance of $897.3 million, an increase of $34.5 million from $862.8 million
- Working capital of $604.8 million, an increase of $29.2 million from $575.6 million
- Total shareholders' equity of $798.1 million, a decrease of $43.3 million from $841.4 million
- Book value per diluted common share of $5.69, a decrease of $0.02 from $5.71[4]
- On November 13, 2018, the Board of Directors approved a dividend of $0.01 per common share, payable on December 10, 2018, with a record date of November 30, 2018.
- On November 13, 2018, the Board of Directors approved the following cash dividends: $0.24281 per Series A Preferred Share payable on December 31, 2018 with a record date of December 14, 2018; and $0.31206 per Series C Preferred Share payable on December 31, 2018 with a record date of December 14, 2018.

SUMMARY OF OPERATIONS

Corporate

- On August 10, 2018, the Company announced the filing of a normal course issuer bid (NCIB) to purchase common shares of the Company through the facilities of the TSX and on the alternative Canadian trading systems during the period from August 15, 2018 to August 14, 2019. The purpose of any purchases under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be repurchased represent 5.0% of the Company's outstanding common shares at the time of filing the NCIB. During the six months ended September 30, 2018, there were 152,200 shares purchased and cancelled under the NCIB which commenced August 15, 2017 and ended on August 14, 2018, as well as 26,700 shares that were purchased and cancelled under the current NCIB.

- On August 10, 2018, the Company completed its previously announced acquisition of an additional 30% of the shares in its Australian capital markets and wealth management business, Canaccord Genuity (Australia) Limited. This transaction increased the Company's ownership in Canaccord Genuity (Australia) Limited from 50% to 80%. The consideration for the purchase was $37.0 million (A$38.5 million) comprised of $14.4 million (A$15.0 million) cash, a promissory note of $5.8 million (A$6.0

[4] See Non-IFRS Measures on page 5.

million), and the issuance of 2,331,132 shares with a value of $16.8 million (A$17.5 million). The shares will be subject to a three-year escrow arrangement with annual releases.

- On August 22, 2018, the Company completed its bought deal offering of convertible unsecured senior subordinated debentures for gross proceeds of $59,225,000 (the "Offered Debentures"). Concurrently, the Company also closed a non-brokered private placement with a large Canadian asset manager, for gross proceeds of $73,500,000, which together with the gross proceeds from the Offered Debentures, represent an aggregate principal amount of $132,725,000 (together with the Offered Debentures, the "Convertible Debentures"). The proceeds of the non-brokered private placement were used to repay the convertible debentures issued in 2016 in the principal amount of $60,000,000 and a premium of $13,500,000 for a total of $73,500,000. The Convertible Debentures bear interest at a rate of 6.25% per annum, payable semi-annually on the last day of December and June each year commencing December 31, 2018. The Convertible Debentures are convertible at the holder's option into common shares of the Company, at a conversion price of $10.00 per common share. The Convertible Debentures mature on December 31, 2023 and may be redeemed by the Company in certain circumstances, on or after December 31, 2021.
- The Company has agreed to enter into a strategic partnership with the Family Office Network ("FON"), one of the world's largest networks of family office and ultra-high net worth investors. The FON distribution channel is comprised of more than 10,000 members from approximately 30 regional FON associations around the world. This partnership will serve to strengthen Canaccord Genuity's distribution channel for new issues and other product offerings within its key verticals in capital markets and wealth management.

Capital Markets

- Canaccord Genuity generated revenue of $178.7 million, and after intersegment allocations and excluding significant items, recorded net income before taxes of $24.9 million (1)
- Canaccord Genuity led or co-led 50 transactions globally, raising proceeds of C$2.1 billion (5) during fiscal Q2/19
- During fiscal Q2/19 including the 50 transactions led globally, Canaccord Genuity participated in 84 investment banking transactions globally, raising total proceeds of C$7.1 billion (5)

o Significant investment banking transactions for Canaccord Genuity during fiscal Q2/19 include:

  - US$129.4 million for Forty Seven, Inc.
  - US$110.4 million for Y-mAbs Therapeutics Inc. on Nasdaq
  - US$107.5 million for Neuronetics Inc. on Nasdaq
  - C$115.1 million initial public offering for Charlotte's Web Holdings, Inc. on CSE
  - US$78.0 million for STAAR Surgical Company on Nasdaq
  - C$89.0 million for Green Growth Brands Ltd.
  - C$80.3 million for Green Thumb Industries
  - C$76.4 million for Osisko Mining on TSX
  - A$75.0 million for Audinate Group Limited on ASX
  - A$70.0 million for Nearmap Ltd. on ASX
  - C$65.6 million for Trulieve on CSE
  - £64.2 million for The Renewables Infrastructure Group Limited on LSE
  - US$48.9 million for Savara Inc. on Nasdaq
  - US$46.2 million for Adesto Technologies Inc.
  - C$46.0 million for Canaccord Genuity Growth Corp. on TSX
  - C$40.3 million for PRO Real Estate Trust on TSX
  - A$40.0 million for Dacian Gold Limited

[5] Transactions over $1.5 million. Internally sourced information.

- C$37.4 million for Maricann Group Inc. on CSE
- A$33.4 million for AusCann Group Holdings Ltd.
- A$26.8 million for Healthia Group Limited
- A$25.0 million for Primero Group Limited on ASX
- C$33.0 million for CannaRoyalty Corp. on CSE
- C$25.1 million for Growforce Holdings Inc. on CSE
- £24.2 million for Bonhill Group plc
- C$20.6 million for Regulus Resources Inc.
- C$17.3 million for Friday Night Inc. on CSE

- In Canada, Canaccord Genuity participated in raising $233.8 million for government and corporate bond issuances during fiscal Q2/19.
- Canaccord Genuity generated advisory revenues of $43.9 million during fiscal Q2/19, an increase of $13.5 million or 44.2% compared to the same quarter last year
- During fiscal Q2/19, significant M&A and advisory transactions included:
  - ABcann Global Corporation on its C$133 million Acquisition of Canna Farms Limited
  - Adesto Technologies Corporation on its acquisition of Echelon Corporation
  - Connance on its sale to Waystar Health, a portfolio company of Bain Capital Private Equity
  - DHX Media on its $185 million sale of a minority interest in Peanuts to Sony Music
  - Fluence on its acquisition by OSRAM Licht
  - Hyperblock Technologies Corp. on its C$106 million acquisition of CryptoGlobal Corp.
  - Iatric Systems on its sale to Harris Computer Systems, a subsidiary of Constellation Software
  - kSaria on its sale to Behrman Capital
  - LBO France and LFPI on the disposal of Eminence to Delta Galil
  - MBO Partenaires on the acquisition of Groupe LT
  - MedReleaf Corp. on its C$3.2 billion sale to Aurora Cannabis Inc.
  - Naxicap Partners on its disposal of 2R Holding to Eurazeo PME
  - Precedent Health on its sale to SpecialtyCare
  - South32 on its acquisition of Arizona Mining

Canaccord Genuity Wealth Management (Global)

- Globally, Canaccord Genuity Wealth Management generated $116.1 million in revenue in Q2/19
- Assets under administration in Canada and assets under management in the UK & Europe and Australia were $65.8 billion at the end of Q2/19[(4)], a small decrease of 0.6% from $66.2 billion at the end of Q1/19 and an increase of 20.8% from $54.5 billion at the end of Q2/18

Canaccord Genuity Wealth Management (North America)

- Canaccord Genuity Wealth Management (North America) generated $52.2 million in revenue and, after intersegment allocations and before taxes, recorded net income of $7.7 million in Q2/19
- Assets under administration in Canada were $19.7 billion as at September 30, 2018 an increase of 4.4% from $18.9 billion at the end of the previous quarter and an increase of 54.3% from $12.8 billion at the end of Q2/18[(4)]
- Assets under management in Canada (discretionary) were $4.2 billion as at September 30, 2018, an increase of 11.7% from $3.7 billion at the end of the previous quarter and an increase of 54.7% from $2.7 billion at the end of Q2/18[(4)]. These assets are included in total assets under administration.

- Canaccord Genuity Wealth Management had 150 Advisory Teams [6] at the end of fiscal Q2/19, an increase of 2 Advisory Teams from June 30, 2018 and an increase of 16 from September 30, 2017

Canaccord Genuity Wealth Management (UK & Europe)

- Wealth management operations in the UK & Europe generated $63.9 million in revenue and, after intersegment allocations, and excluding significant items, recorded net income of $13.0 million before taxes in Q2/19[1]
- Assets under management (discretionary and non-discretionary) were $45.2 billion (£26.9 billion) as at September 30, 2018, a decrease of 2.6% from $46.4 billion (£26.9 billion) at the end of the previous quarter and an increase of 10.9% from $40.8 billion (£24.4 billion) at September 30, 2017 [4]. In local currency (GBP), assets under management at September 30, 2018 increased slightly by 0.1% compared to June 30, 2018 and by 10.2% compared to September 30, 2017[4].

Non-IFRS Measures

The non-International Financial Reporting Standards (IFRS) measures presented include assets under administration, assets under management, book value per diluted common share and figures that exclude significant items. 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 as recorded with effect on March 31, 2018, certain incentive-based costs related to the acquisition of Hargreave Hale, loss related to the extinguishment of convertible debentures 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. Book value per diluted common share is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants, 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, convertible debentures and a promissory note, as applicable, and, commencing in Q1/14, adjusted for shares purchased under the Company's normal course issuer bid (NCIB) and not yet cancelled and estimated forfeitures in respect of unvested share awards under share-based payment plans.

Management believes that these non-IFRS measures will allow for a better evaluation of the operating performance of the Company's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of 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.

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

Selected financial information excluding significant items [1]

(C$ thousands, except per share and % amounts)	Three months ended September 30 **2018**	2017	**Quarter-over-quarter change**	Six months ended September 30 **2018**	2017	**YTD – over – YTD change**
Total revenue per IFRS	**$300,036**	$191,547	56.6%	**$574,159**	$391,355	46.7%
Total expenses per IFRS	**$280,306**	$198,613	41.1%	**$532,547**	$400,193	33.1%
Revenue						
Significant items recorded in Canaccord Genuity						
Total revenue excluding significant items	**$ 300,036**	$191,547	56.6%	**$574,159**	$391,355	46.7%
Expenses						
Significant items recorded in Canaccord Genuity						
Amortization of intangible assets	**639**	579	10.4%	**1,218**	1,159	5.1%
Restructuring costs [2]	**----**	4,256	(100.0) %	**1,316**	4,704	(72.0) %
Acquisition related costs	**---**	**---**	**---**	**1,173**	---	n.m.
Significant items recorded in Canaccord Genuity Wealth Management						
Amortization of intangible assets	**2,751**	1,262	118.0%	**5,607**	2,586	116.8 %
Restructuring costs [2]	**---**	2,000	(100.0) %	**---**	2,000	(100.0) %
Acquisition-related costs	**---**	4,364	(100.0) %	**---**	6,548	(100.0) %
Incentive based costs related to acquisition [3]	**1,498**	---	n.m.	**3,041**	---	n.m.
Significant items recorded in Corporate and Other						
Loss on extinguishment of convertible debentures	**13,500**	**---**	n.m.	**13,500**	**---**	n.m.
Total significant items	**18,388**	12,461	47.6%	**25,855**	16,997	52.1%
Total expenses excluding significant items	**261,918**	186,152	40.7%	**506,692**	383,196	32.2 %
Net income before taxes – adjusted	**$38,118**	$5,395	n.m.	**67,467**	$8,159	n.m.
Income taxes – adjusted	**9,251**	1,847	n.m.	**13,565**	2,996	n.m.
Net income – adjusted	**$28,867**	$3,548	n.m.	**$53,902**	$5,163	n.m.
Net income attributable to common shareholders, adjusted	**$26,291**	970	n.m.	**$47,942**	343	n.m.
Earnings per common share – basic, adjusted	**$0.27**	$0.01	n.m.	**$0.50**	$0.00	n.m.
Earnings per common share – diluted, adjusted	**$0.23**	$0.01	n.m.	**$0.41**	$0.00	n.m.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 5.

(2) Restructuring costs for the six months ended September 30, 2018 were incurred in connection with our UK capital markets operations. Restructuring costs for the six months ended September 30, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in the 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.

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

n.m..: not meaningful

Business segment results for the three months ended September 30, 2018

				Excluding significant items (A)	*IFRS*
(C$ thousands, except per share amounts)	**Canaccord Genuity**	**Canaccord Genuity Wealth Management**	**Corporate and Other**	**Total**	**Total**
Revenue	$178,734	$116,126	$5,176	$300,036	$300,036
Expenses	(150,410)	(96,070)	(33,826)	(280,306)	(280,306)
Inter-segment allocations	(4,110)	(3,671)	7,781	---	---
Income (loss) before income taxes and significant items	$24,214	$16,385	$(20,869)	$19,730	$19,730
Significant items (A)					
Amortization of intangible assets	639	2,751	---	3,390	---
Incentive-based costs related to acquisition	---	1,498	---	1,498	---
Loss on extinguishment of convertible debentures	---	---	13,500	13,500	---
Total significant items	639	4,249	13,500	18,388	---
Income (loss) before income taxes	24,853	20,634	(7,369)	38,118	19,730
Income (taxes) recovery (B)	(7,503)	(3,601)	1,853	(9,251)	(6,603)
Non-controlling interests	(225)	---	---	(225)	(225)
Preferred share dividends (C)	(1,425)	(926)	---	(2,351)	(2,351)
Corporate and other (C)	(3,344)	(2,172)	5,516	---	---
Net income attributable to common shareholders	12,356	13,935	---	26,291	10,551
Dilutive EPS factors					
Interest on convertible debentures, net of tax (C)	1,784	1,159	---	2,943	---
	14,140	15,094	---	29,234	10,551
Average diluted number of shares (D)	129,133	129,133		129,133	115,861
Diluted earnings per share, excluding significant items (A)	**$0.11**	**$0.12**	---	**$0.23**	---
Diluted earnings per share on an IFRS basis	---	---	---	---	**$0.09**

(A) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 5.
(B) Allocation of consolidated tax provision based on management estimates by region and by business unit
(C) Allocation to capital markets and wealth management segments based on revenue
(D) This is the diluted share number used to calculate diluted EPS.

Fellow Shareholders:

I am very pleased to report strong financial and business performance for the first half of our 2019 fiscal year. While activity levels in our industry have traditionally been slower during the summer months, a supportive market for growth stocks during the three-month period created opportunities for us to deliver for our clients on a wide variety of engagements across our capital markets and wealth management businesses.

Delivering on our strategy of driving predictable and sustainable results

Our efforts to improve our business mix and increase stability of our earnings have helped us to deliver our fourth consecutive quarter of meaningful year-over-year earnings growth. Excluding significant items[1] Canaccord Genuity Group Inc. produced pre-tax net income of $38.1 million for our fiscal second quarter, a significant improvement from $5.4 million in the same period last year. This translated to an adjusted diluted earnings per share of $0.23. We estimate that just over half of this amount was attributable to our global wealth management operations and half from our global capital markets business. We achieved this result on quarterly revenue of $300.0 million, a year-over-year increase of 56.6% and our highest second quarter revenue on record.

Turning to expenses, we are maintaining our cost discipline, even as we invest for growth. While certain overhead expenses have increased to support increased capital markets activity and the expansion of our wealth management businesses, excluding significant items, second quarter expenses as a percentage of revenue were 9.9 percentage points lower than a year ago. Our firmwide compensation ratio for the second quarter and first half of our fiscal year was 59.7% and 60.2% respectively, within our target range.

Strong momentum in global wealth management strategy continues to drive growth and stability

Excluding significant items, our combined wealth management operations contributed pre-tax net income of $20.6 million dollars for the second fiscal quarter and we estimate that this segment contributed 59% of the diluted earnings per share for our combined operating businesses fiscal year to date. At the end of our second quarter, total client assets in our global wealth management operations reached $65.8 billion, a year-over-year improvement of 20.8% and revenue for the three-month period improved by 67.0% year-over-year, to $116.1 million.

Revenue in our UK & Europe wealth management operations increased by $26.4 million or 70.6% compared to the second quarter of last year, largely due to the increased assets associated with our acquisition of Hargreave Hale, which closed in September 2017. We have made significant progress integrating this business and our efforts to bring employees together on the same platform under a unified brand is supporting further organic growth. Profitability continues to be healthy and excluding significant items, the pre-tax profit margin for the quarter was 20.3%. Looking ahead, we remain focused on developing greater synergies and driving margin improvement while simultaneously looking for attractive partnership opportunities with established managers to grow our overall platform.

In our Canadian wealth management business, we have made excellent progress against our strategic priorities of increasing client assets and driving better returns as we help new and existing advisors grow. This business has delivered its eighth consecutive quarter of profitability, and excluding significant items, recorded a second quarter pre-tax profit margin of 14.7%. Since 2016, we have welcomed 35 advisors and approximately $7.6 billion in new client assets. Our recruiting activities have contributed to significant growth in client assets, which increased by 54.3% year-over-year, to $19.7 billion.

Across our global wealth management operations, we remain intensely focused on expanding our offering as we increase scale, to further enhance the revenue generating potential of our firm. We are also committed to a continuous improvement program of advancing our technological infrastructure and transforming our culture, to make it easier for established investment professionals and their clients to do business with us. Our strong momentum to date and our collaborative culture are why CG Wealth Management continues to be a very attractive destination for top talent and the clients they serve.

Capturing market share in priority segments of the capital markets

The most substantial revenue contribution for our second fiscal quarter was delivered by our global capital markets operations, a result that was primarily driven by robust investment banking and advisory activity in our Canadian and US businesses. For the three-month period, revenue increased by 50.3% year-over-year, to $178.7 million and excluding significant items, the pre-tax net income contribution amounted to $24.8 million, a significant improvement from a loss of $1.9 million in the same period last year.

During the quarter, we participated in 84 transactions globally, to raise total proceeds of $7.1 billion and revenue earned from investment banking activity doubled on a year-over-year basis. Advisory revenues increased by 44.2% and reflected contributions from diverse sector capabilities, including technology, life sciences, cannabis, consumer, and mining.

We have continued to improve our market share, particularly in our Canadian and US operations. In Canada, Canaccord Genuity is currently the leading investment bank by number of transactions and total amount raised to date for calendar 2018, and we raised almost twice the amount as our closest independent competitor during our second quarter. We also recorded a 54% year-over-year increase in commissions and fees revenue in this region, largely reflecting the contributions from our acquisition of JitneyTrade. While we are still progressing with the integration of this business, we are encouraged by the strong contributions thus far. Looking ahead to our third quarter, our Canadian operation has already successfully completed a significant number of financings for our clients in the first six weeks of the reporting period and we are optimistic about its market position and continued success.

According to data from Dealogic, our US capital markets team advanced by eight spots in the ECM league tables for the first half of our fiscal year when compared to the same period last year. Our international equities business has also continued to gain share and trading revenues in this region for the second quarter increased by 28.7% year-over-year. Another important priority for our US capital markets business has been to increase the diversity of our revenue streams, with a particular emphasis on our Advisory business and we are making excellent progress against this goal. Revenue generated through US advisory activity increased by 54.0% year-over-year and much of the growth in this segment has been through our healthcare and technology verticals which complements our strong track record of ECM activity in those sectors.

It was a challenging quarter for our UK, Europe & Dubai capital markets operation, where several transactions that were expected to close in the first half of our fiscal year have been pushed into the second half of the year. On a positive note, we anticipate a near-term return to profitability for this business as these transactions materialize. Additionally, this team has recently won several new corporate broking mandates and we are optimistic that the recent senior additions to our sales, research, banking and advisory teams will contribute to strengthening our competitive position. While the current Brexit negotiations increase uncertainty surrounding business activities in the UK & Europe, our investment in our production capability ensures that clients across our geographies will continue to benefit from the opportunities, expertise and execution capabilities that we can provide in this region when markets are supportive.

Despite a recent rotation from small cap equities in the region, our Australian capital markets team has been active on increasingly larger mandates and a broader range of sectors. Fiscal year to date, this business has recorded a 47.2% growth in revenue and excluding significant items, a pre-tax profit margin of 16.3%. Looking forward, I am confident that we are well positioned to build upon our strengths in this region, as we look to expand our market share in both capital markets and wealth management.

By steadily evolving our platforms and expanding our client focus while staying true to our independent roots, we are an increasingly stronger competitor. We are differentiated by our ability to offer unparalleled opportunities for our clients, and we form early-stage partnerships in areas where we see compelling longer-term potential. During the quarter, our inaugural Special Purpose Acquisition Company ("SPAC") announced the completion of its Qualifying Acquisition of Spark Power. With zero redemptions, this transaction demonstrated that the Canaccord Genuity SPAC structure provides an attractive alternative for private companies looking to access public growth markets. We also closed a $46 million financing for our second SPAC, Canaccord Genuity Growth Corp., and in recent weeks it was announced that Columbia Care LLC has been selected as the candidate for its qualifying acquisition.

Without question, Canaccord Genuity has established itself as the leading investment bank and advisory firm to the cannabis sector. With our deeply established global capabilities and strong track record of delivering successful outcomes for our clients across the value chain, we expect to retain our lead as the industry expands globally. That said, our business model is centered on a diverse platform that is capable of delivering stability for our clients, employees and shareholders throughout cycles and we are careful to limit our reliance on any single business. While we are proud of our many accomplishments in the cannabis sector, fiscal year to date our capital markets cannabis-related revenue earned in this segment amounted to less than 15% of our global capital markets revenue.

Positioned for opportunity in any market environment

Despite the recently increased market volatility, including the sell-off that took place in late October, our third fiscal quarter is off to a positive and productive start. We are encouraged by current activity levels and we are enthusiastic about the business opportunities ahead of us.

We remain steadfast in our commitment to delivering on our strategic priorities of increasing contributions from our core verticals and executing with excellence, while maintaining discipline around our expenses. Looking ahead, we will prioritize investments that drive growth, improve predictability, increase our market share and enhance our profitability.

Our diversified business model has proven its strength in prior cycles and we have continued to enhance our stability, as evidenced in our results. While we are limited in our ability to predict market events, when the next downturn inevitably occurs, I am confident that Canaccord Genuity Group is advantageously positioned to deliver compelling value for our clients, and increasingly predictable results for our shareholders.

Dan Daviau
President & CEO
Canaccord Genuity Group Inc.

ACCESS TO QUARTERLY RESULTS INFORMATION

Interested investors, the media and others may review this quarterly earnings release and supplementary financial information at https://www.canaccordgenuity.com/investor-relations/investor-resources/financial-reports/

QUARTERLY CONFERENCE CALL AND WEBCAST:

Interested parties are invited to listen to Canaccord Genuity's second quarter results conference call via live webcast or a toll-free number. The conference call is scheduled for Wednesday, November 14, 2018 at 5:00 a.m. Pacific time, 8:00 a.m. Eastern time, 1:00 p.m. UK time, 8:00 p.m. China Standard Time, and 10:00 p.m. Australia EST. During the call, senior executives will comment on the results and respond to questions from analysts and institutional investors.

The conference call may be accessed live and archived on a listen-only basis at: http://www.canaccordgenuity.com/investor-relations/news-and-events/conference-calls-and-webcasts/

Analysts and institutional investors can call in via telephone at:

- 647-427-7450 (within Toronto)
- 1-888-231-8191 (toll free outside Toronto)
- 0-800-051-7107 (toll free from the United Kingdom)
- 0-800-91-7449 (toll free from France)
- 10-800-714-1191 (toll free from Northern China)
- 10-800-140-1195 (toll free from Southern China)
- 1-800-287-011 (toll free from Australia)
- 800-017-8071 (toll free from United Arab Emirates)

Please ask to participate in the Canaccord Genuity Group Inc. Q2/19 results call. If a passcode is requested, please use 2664287.

A replay of the conference call will be made available from approximately two hours after the live call on November 14, 2018 until January 14, 2019 at 416-849-0833 or 1-855-859-2056 by entering passcode2664287 followed by the (#) key.

ABOUT CANACCORD GENUITY GROUP INC.:

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the "Company") is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, the Company has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. The Company has Wealth Management offices located in Canada, the UK, Guernsey, Jersey, the Isle of Man and Australia. Canaccord Genuity, the international capital markets division, operates in 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. The Company's 6.25% Convertible Unsecured Senior Subordinated Debentures are listed on the TSX under the symbol CF.DA.A.

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None of the information on the Company's websites at www.canaccordgenuity.com, www.canaccordgenuitygroup.com, and www.canaccordgenuity.com/cm should be considered incorporated herein by reference.