

# A CULTURE OF IDEAS

Canaccord Capital Inc.



2006 ANNUAL GENERAL MEETING

## 2006 AGM Agenda

1. Company Developments:  
Peter M. Brown
2. Official Business of the Meeting:  
Peter M. Brown
3. Financial Review of FY2006 and Q1/07:  
Bradley W. Kotush
4. Report of the Chairman of the Board:  
Peter M. Brown

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## Company Developments

Peter M. Brown, Chairman & CEO

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## An evolution in leadership & a need for change

- Natural evolution in company leadership
  - Peter Brown to turn 65 in 2006
  - Best practices in governance have Chairman and CEO roles independent
  - Time for a change
- Succession is very important due to impact on culture
- Depth and breadth of management team provides back up to our leadership across the firm
- Share common goals and values in spirit of partnership
- Best way to preserve culture is to promote from within

## Progression of our leadership team – Splitting Chairman and CEO positions

- Effective today:
  - Mike Greenwood Resigned as Director and President & COO
  - Paul Reynolds Appointed President of Canaccord Capital Inc. (CCI)
- Paul Reynolds retains:
  - Director of CCI
  - Global Head of Canaccord Adams
  - President & COO, Canaccord Adams Limited (UK operating subsidiary)
- By the next AGM:
  - Peter Brown Non-executive Chairman of CCI
  - Paul Reynolds Director and President & CEO of CCI

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## Progression of our leadership team – Paul Reynolds' background

- Joined Canaccord in 1985
- A decade of experience in Private Client Services
- Most recently Vice Chair, Global Head of Canaccord Adams
- President & COO, Canaccord Adams Limited
- Led the integration of Canaccord Adams
- 20+ years of experience in the securities industry

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## Progression of our leadership team – Hand off of COO position

- Effective today Mark Maybank:
  - Executive VP & new COO of Canaccord Capital Inc.
  - New President & COO of Canaccord Capital Corporation (Canadian operating subsidiary), subject to regulatory approval
- Mark Maybank retains:
  - Deputy Head of Canaccord Adams
  - Global Head of Research
- During fiscal 2007:
  - To be elected a Director of CCI in addition to his new role as Executive VP & COO of CCI

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## Progression of our leadership team – Mark Maybank's background

- Joined Canaccord in 2001
- Most recently:
  - Executive VP, Deputy Head of Canaccord Adams
  - Global Head of Research
- Responsible for over 90 research and operations professionals, covering over 550 companies across seven sectors
- Prior to Canaccord:
  - Technology analyst with a Canadian securities dealer
  - COO of a technology services and software development firm
  - CFO of a US-based cellular services company

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## Natural transition

- Great enthusiasm for the future
- Culture of Canaccord will not change — an open and entrepreneurial environment is vital to our success
- Strengthen some geographic operations
- Head office will continue to be run out of Vancouver
  - Core functions to remain
  - Global firms benefit from international guidance from the executive team acting locally and thinking globally
- Current executives will continue to influence strategy

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## Leading Canaccord to our current success

- Canaccord is what it is today due to the vision of our executive team and Board members
- Thank you to Dennis Burdett – valuable resource that we will still be able to call upon
- Thank you to Jim Pattison – a valued Board member and long time friend of Canaccord
- Special thanks to Terry Lyons – our Independent Lead Director, for his valued and continued contribution
- Welcome to our Board Dr. Michael Walker – an internationally renowned economist and founder of the Fraser Institute
- Thank you to Mike Greenwood – his strategic vision was instrumental in Canaccord's development

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**Michael Greenwood**

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**Official Business of the Meeting**

**Peter M. Brown, Chairman & CEO**

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## Official Business of the Meeting

- Introduction of Directors, nominees for election as Director and Auditors
- Appointment of scrutineer and report on attendance and quorum
- Notice of Meeting and minutes of last Meeting

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## Official Business of the Meeting

### **Appointment of auditors and remuneration**

Ernst & Young LLP  
Chartered Accountants  
Vancouver, B.C.

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## Official Business of the Meeting

### Election of Directors:

Peter M. Brown	Timothy J.D. Hoare
Arpad A. Busson	Terrence A. Lyons
William J. Eeuwes	Paul D. Reynolds
Michael D. Harris	Michael A. Walker
Brian D. Harwood	John B. Zaozirny

## Official Business of the Meeting

### Approval of Securities Based Compensation Arrangement



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## Review of Financial Performance

Bradley W. Kotush, Executive Vice President & CFO

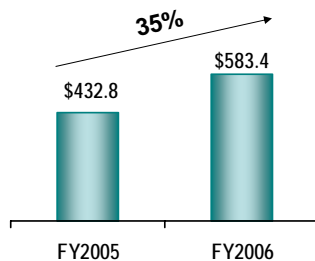
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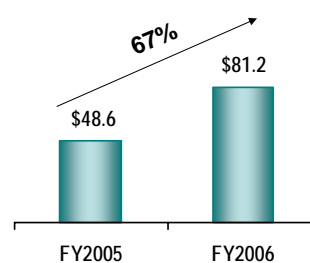
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## Third consecutive record year: FY2006

**Revenue**  
(C\$ millions)

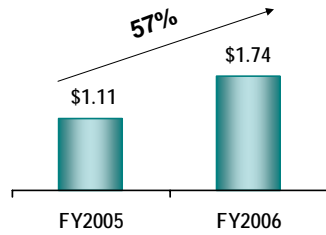


**Net income**

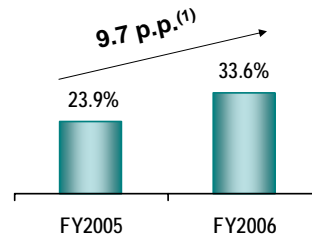


## Delivering on our growth strategy

Earnings per share – diluted  
(C\$)



Return on equity  
(%)



<sup>(1)</sup> p.p.: percentage points

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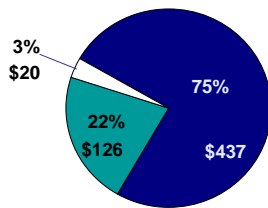
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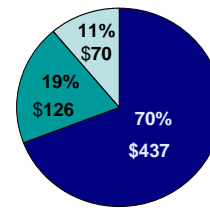
## Diversified revenue through global expansion

% of total Canaccord Capital Inc. revenue  
(C\$ millions)

Fiscal 2006: \$583



Pro Forma<sup>1</sup> Fiscal 2006: \$653



■ Canada    ■ UK and Europe    ■ United States

1. Adams Harkness fiscal 2004 revenue of US\$62 million at exchange rate of 1.1300

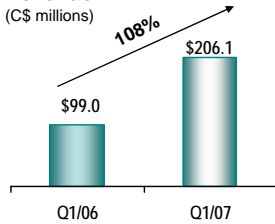
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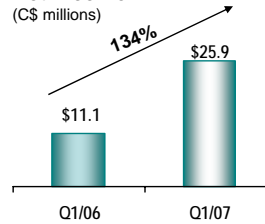


## Record Q1/07 results

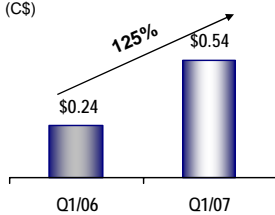
### Revenue (C\$ millions)



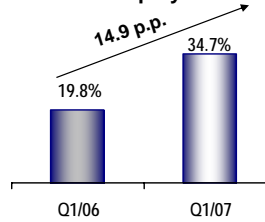
### Net income (C\$ millions)



### Earnings per share – diluted (C\$)



### Return on equity



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## Ideas for Progress

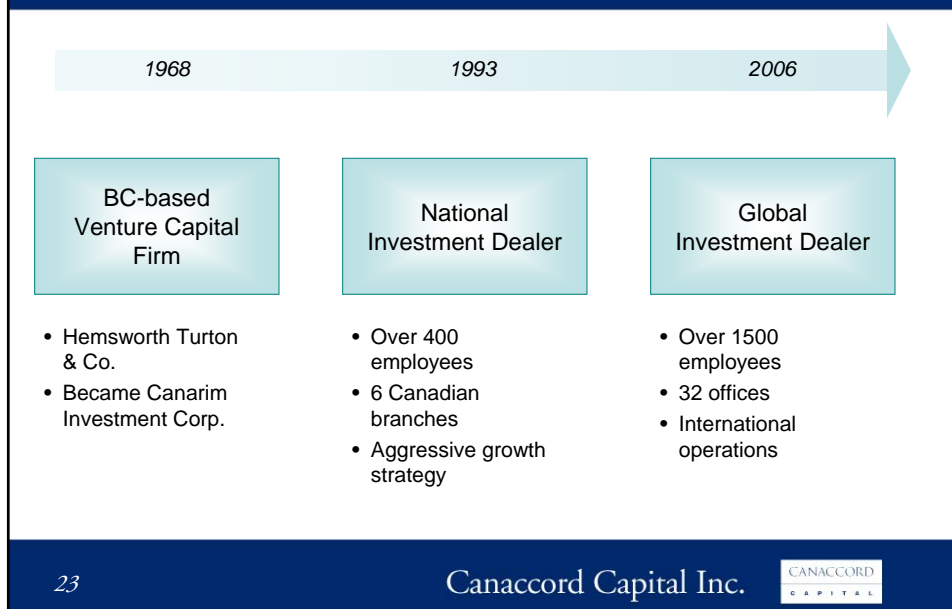
Peter M. Brown, Chairman & CEO

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## The evolution of a culture focused on growth companies



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## Global expansion: US acquisition

- Acquired Adams Harkness Financial Group, Inc. in January 2006
- Boston based institutional investment firm
- Portfolio mix focused on the Life Sciences, Technology and Diversified Industries sectors
- US\$20 million purchase price
- Central to building our global brand

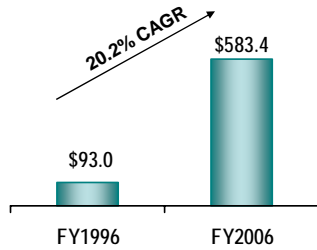
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## Canaccord – the results of our efforts

### Revenue (C\$ millions)



CAGR: Cumulative Annual Growth Rate

### Operational statistics (as of March 31, 2006)

	FY2001	FY2006	CAGR
<b>Net Income</b> (C\$ million)	\$3.3	\$81.2	89.5%
<b>Employees</b>	1,142	1,488	5.4%
<b>Investment Advisors</b>	395	430	1.7%
<b>AUA</b> (C\$ billion)	\$4.4	\$14.3	26.6%
<b># of Companies Broker for in the UK</b>	2	54	93.3%

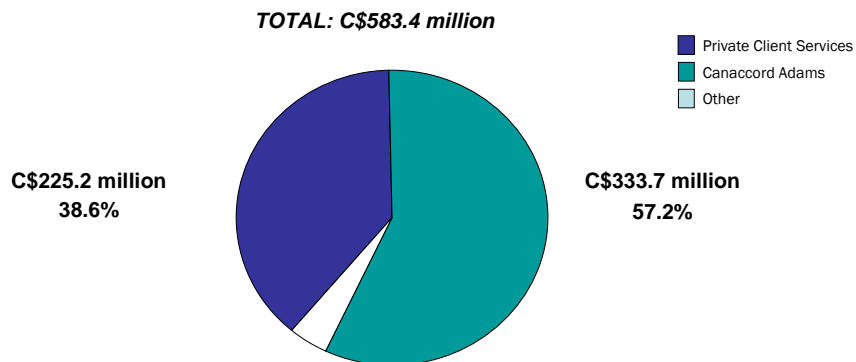
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## Our key business lines contribute to diversification

### Canaccord Capital Inc. FY2006 Segmented revenue (% of revenue, FY2006)



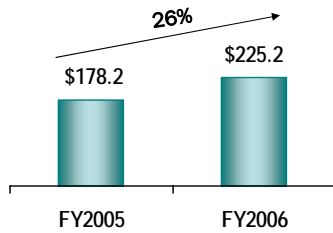
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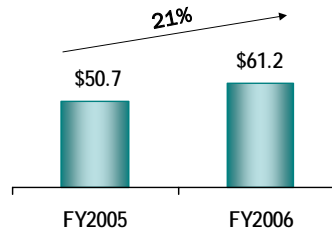


## Private Client Services: Benefiting from investments

Total revenue  
(C\$ millions)



Income before income taxes



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## Realizing on strategic vision for Private Client Services

- Pre-IPO strategy put in place to renew focus on Wealth Management
- Worked towards:
  - More sustainable and diversified revenue stream
  - Expanding Wealth Management platform
  - Increasing assets and efficiency
  - Focus on quality Investment Advisors (IAs)
- Developed while still respecting the freedom of the IAs to choose
- Continuing execution on multi-year plan

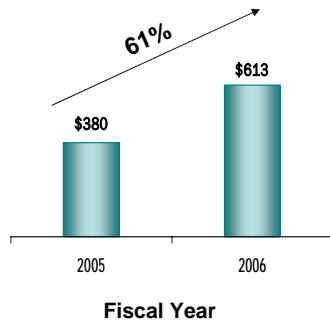
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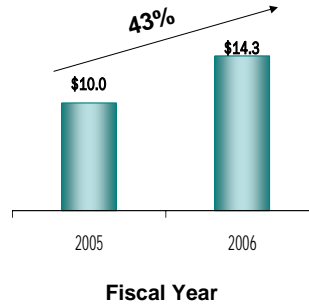


## Strong and steady AUM and AUA

**Assets Under Management (AUM)**  
(C\$ millions)



**Assets Under Administration (AUA)**  
(C\$ billions)



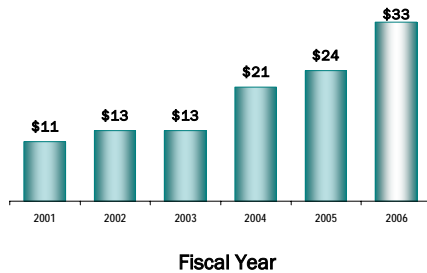
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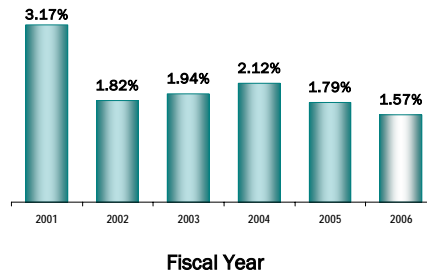


## Focus on Wealth Management gaining traction

**AUA/Investment Advisor**  
(C\$ millions)



**Private Client Services Revenue as a % of AUA**  
(%)



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## Expanding our product offerings

- Grew Canaccord's Alliance program
- Added Dixon Mitchell and Connor, Clark & Lunn

CANACCORD'S INDEPENDENCE  
ACCOUNTS BLUE CHIP PERFORMANCE

Brandywine  
Asset Management

DIXON MITCHELL  
INVESTMENT COUNSEL

KB  
SH  
CAPITAL  
MANAGEMENT

SEAMARK  
Asset Management Ltd.  
INVESTMENT COUNSEL

JARISLOWSKY FRASER LIMITED  
INVESTMENT COUNSEL

Connor, Clark & Lunn  
INVESTMENT MANAGEMENT LTD.

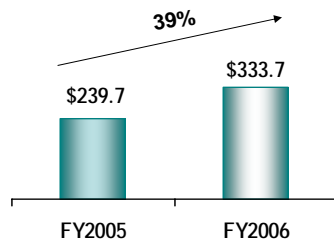
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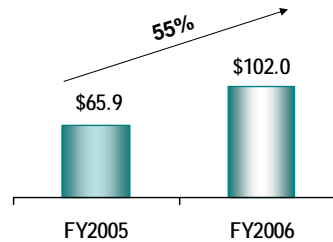


## Canaccord Adams: Income and revenue growth

Total revenue <sup>(1)</sup>  
(C\$ millions)



Income before income taxes



1. Includes Fiscal Q4/06 contribution from the US geographic segment of C\$20.1 million in revenue and C\$2.6 million in income before income taxes.

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## Canaccord Adams: Integrated capital markets operations

### CANACCORD Adams

- Re-branded Global Capital Markets group as Canaccord Adams
- 10 offices in three countries
- More balanced sector and geographic revenue mix
- Strategic penetration into the US mid-cap market
- Integration and consolidation remain a priority for FY2007

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## Building depth in the global Energy sector

- Opened Houston, Texas office in May 2006
- Multiple hires of experienced professionals in the UK
- Calgary based Enermarket Solutions Ltd. purchased in November 2005
- Re-branded as Canaccord Enermarket Ltd.
- Provides technical evaluation and marketing services for buyers/sellers of oil and gas properties

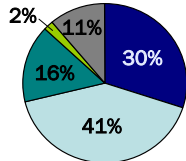
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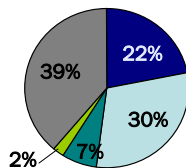


## Diversification: Key to our success strategy

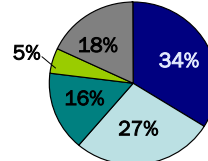
**Canaccord Adams FY2005 sector coverage**  
(% of revenue)



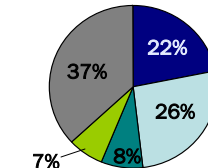
(% of transactions)



**Canaccord Adams FY2006 sector coverage**  
(% of revenue)



(% of transactions)



■ Mining & Metals ■ Energy ■ Technology ■ Life Sciences ■ Diversified

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## Increased market share in equity offerings

**Canadian Equity & Equity-related Underwriting League Table**  
(6 months ending June 30, 2006)

Book runner	Proceeds\$ millions			Number of deals			Change in mkt. share
	U.S.	Rank	Market share	Rank	Market share		
CIBC World Markets Inc.	\$2,468.5	1	20.1	25	1	26.8	-6.7
RBC Dominion Securities Inc.	\$1,972.9	2	16.1	23	3	16.6	-0.5
TD Securities Inc.	\$1,309.5	3	10.7	21	9	2.2	8.5
<b>Canaccord Capital Corporation</b>	<b>\$951.3</b>	<b>4</b>	<b>7.8</b>	<b>15</b>	<b>6</b>	<b>4.1</b>	<b>3.7</b>
GMP Capital Corp.	\$949.7	5	7.7	19	5	5.9	1.8
BMO Nesbitt Burns Inc.	\$693.1	6	5.7	15	2	20.7	-15
Merrill Lynch & Co. Inc.	\$583.9	7	4.8	4	8	2.4	2.4
Scotia Capital Inc.	\$448.4	8	3.7	7	4	10.2	-6.5
National Bank Financial Inc.	\$393.7	9	3.2	9	7	2.7	0.5
Sprott Securities Ltd.	\$309.9	10	2.5	10	10	1.4	1.1
Top ten total	\$10,080.9	-	82.3	148	-	93	-10.7
Industry total	\$12,276.1	-	100	157	-	100	-

- Our focus on small to mid-cap companies has led us to become a leader in this market
- Third largest trader of small-cap companies on the TSX by volume
- Canaccord has become the market leader for AIM listed companies

Source: Thomson Financial

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## Our people: The reason we are winning

- Dedicated to recruiting, training and keeping the very best
- We are in the “smart people business”
- Team-based, goal-oriented, consensus-driven culture:



- Foster innovate thinking
- Provide the tools and products to bring ideas into fruition

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## Our people: Developing leaders from within

- Worked hard to build a successful team
- Proud of the quality of all of our people
- Important to have the right mix of people
- Key succession is done from within

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## Our leaders are the product of our culture

### Brad Kotush

1998 Vice President of Special Projects  
CFO and Corporate Secretary for Canaccord  
Capital Europe in UK  
SVP Finance for Canaccord Capital Inc. in Canada



Executive Vice President & CFO

### Jamie Brown

Managing Director, Corporate Finance, Public  
Venture Capital Group, Canaccord Adams,  
Vancouver



Head of Corporate Finance  
for Canaccord Adams in the US

### Michael Reynolds

Victoria Branch Manager, Private Client Services



Senior Vice President,  
Toronto Branch Manager  
Private Client Services

## Continuing our growth company vision

- Long history of being a growth company
- Last year's AGM we set some stretch goals
- We remain committed to these long term goals
- By the end of fiscal 2010 we hope to achieve:
  - Assets under administration of C\$20 billion
  - Revenue of C\$1 billion
- These goals should help generate long term shareholder value

## Thanks to our clients and employees for an outstanding year

- Our clients continue to honour us with their patronage and have been key partners in our growth
- This year's success would not have been possible without the hard work and innovative thinking of our employees
- Will continue to invest in our people
- Will work to maintain culture and environment
- Our team is driven to win and we work incredibly well together

## Q&A format – Senior management participants

- Peter Brown Current Chairman & CEO
- Paul Reynolds New President and CEO designate
- Mark Maybank EVP & New COO
- Brad Kotush EVP & CFO
- Bob Larose EVP, Head of Private Client Services

## Caution regarding forward looking statements

### Caution regarding forward-looking statements:

This presentation may contain certain forward-looking statements. These statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events including business and economic conditions and Canaccord's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend" 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, which 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 detailed from time to time in Canaccord's interim and annual financial statements and its Annual Information Form filed on [www.sedar.com](http://www.sedar.com). These forward-looking statements are made as of the date of this document, and Canaccord assumes no obligation to update or revise them to reflect new events or circumstances.

### Non-GAAP Measures:

Certain non-GAAP measures are utilized by Canaccord as measures of financial performance. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures used by other companies. Canaccord's capital is represented by common shareholders' equity and, therefore, management uses return on average common equity (ROE) as a performance measure. When comparing ROE to results up to June 30, 2004, management uses return on average capital employed (ROCE). Capital employed is a non-GAAP measure of capital used prior to June 30, 2004. Capital employed was capital in the business, which included shareholders' equity and convertible debentures. On June 30, 2004, the debentures were converted to share capital. ROCE is net income divided by average capital employed during the period, expressed as a percentage. ROE is net income divided by average shareholders' equity during the period. Management uses these measures to assess financial performance relative to average capital employed. Assets under administration (AUA) and assets under management (AUM) are non-GAAP measures of client assets that are common to the wealth management aspects of the private client services industry. AUA is the market value of client assets administered by Canaccord, for which Canaccord earns commissions or fees. This measure includes funds held in client accounts, as well as the aggregate market value of long and short security positions. Canaccord's method of calculating AUA may differ from approaches used by other companies and therefore may not be comparable. Management uses this measure to assess operational performance of the Private Client Services business segment. AUM is the market value of assets that are beneficially owned by clients and discretionarily managed by Canaccord as part of our *Independence Accounts* program. Services provided include the selection of investments and the provision of investment advice. AUM are also administered by Canaccord and are therefore included in AUA.