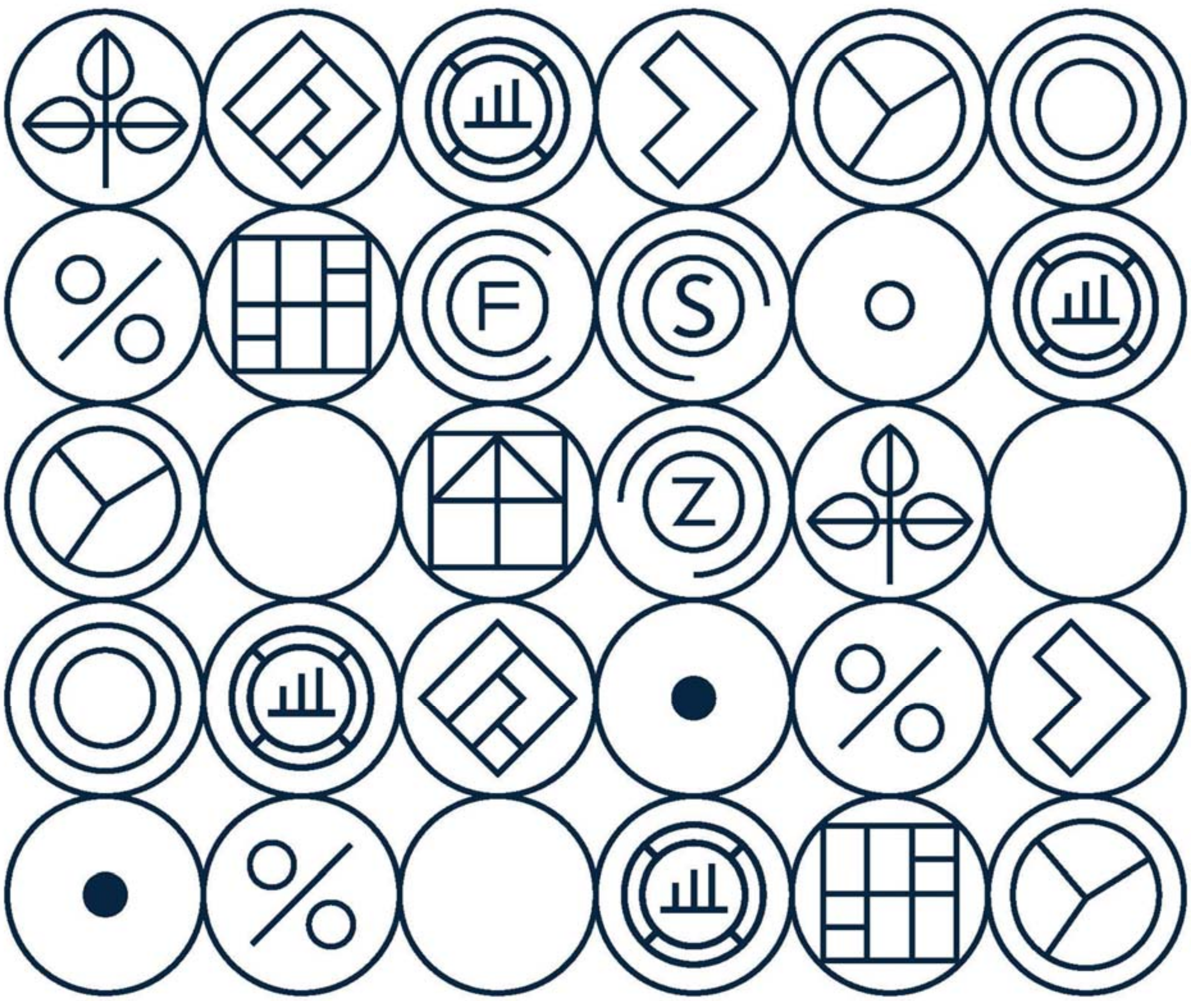
Fiera Capital Corporation

Interim Condensed Consolidated Financial statements

For the Three and Nine-Month Periods ended September 30, 2020 and 2019
(unaudited)



Fiera Capital Corporation

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Fiera Capital Corporation

Interim Condensed Consolidated Statements of Earnings (Loss)

For the three and nine-month periods ended September 30,
(Unaudited)
(In thousands of Canadian dollars, except per share data)

	Three-month periods		Nine-month periods	
	2020	2019	**2020**	2019
	$	$	**$**	$
Revenues				
Base management fees	**159,670**	150,316	**470,396**	414,952
Performance fees	**940**	1,564	**6,182**	4,725
Share of earnings in joint ventures and associates	**2,145**	–	**4,112**	–
Other revenues	**7,982**	8,076	**18,569**	32,968
	170,737	159,956	**499,259**	452,645
Expenses				
Selling, general and administrative expenses	**121,576**	116,905	**359,183**	336,524
External managers	**992**	1,849	**4,184**	2,280
Amortization of intangible assets (Note 6)	**14,487**	13,525	**42,554**	38,562
Depreciation of property and equipment	**1,612**	1,403	**4,806**	3,703
Depreciation of right-of-use assets	**3,768**	4,892	**13,676**	14,510
Restructuring, integration and other costs (Note 5)	**2,980**	3,577	**31,149**	7,727
Acquisition costs	**119**	2,306	**604**	10,683
	145,534	144,457	**456,156**	413,989
Earnings (loss) before under-noted items	**25,203**	15,499	**43,103**	38,656
Realized and unrealized (gain) loss on investments	**(1,065)**	140	**(1,897)**	(307)
Interest on lease liabilities	**574**	1,393	**3,500**	3,965
Interest on long-term debt and other financial charges	**9,658**	8,865	**33,287**	22,972
Accretion and change in fair value of purchase price obligations (Note 7)	**5,660**	8,801	**1,023**	21,928
Accretion and change in fair value of puttable financial instrument liability (Note 7)	**501**	317	**(919)**	667
Other losses (gains)	**30**	(313)	**(332)**	(13)
Revaluation of assets held-for-sale	**–**	–	**–**	(699)
Earnings (loss) before income taxes	**9,845**	(3,704)	**8,441**	(9,857)
Income tax expense	**4,817**	889	**5,705**	6,103
Net earnings (loss) for the periods	**5,028**	(4,593)	**2,736**	(15,960)
Net earnings (loss) attributable to:				
Company's shareholders	**4,726**	(4,740)	**(2,396)**	(16,806)
Non-controlling interest	**302**	147	**5,132**	846
	5,028	(4,593)	**2,736**	(15,960)
Net earnings (loss) per share (Note 11)				
Basic	**0.05**	(0.05)	**(0.02)**	(0.17)
Diluted	**0.04**	(0.05)	**(0.02)**	(0.17)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

For the three and nine-month periods ended September 30,

(Unaudited)

(In thousands of Canadian dollars, except per share data)

	Three-month periods		Nine-month periods	
	2020	2019	**2020**	2019
	$	$	**$**	$
Net earnings (loss) for the periods	**5,028**	(4,593)	**2,736**	(15,960)
Other comprehensive income (loss):				
Items that may be reclassified subsequently to earnings (loss):				
Cash flow hedges	**844**	(839)	**(3,390)**	(6,045)
Unrealized exchange differences on translating financial statements of foreign operations	**(4,405)**	3,113	**8,937**	(13,350)
Other	**–**	–	**61**	–
Other comprehensive income (loss)	**(3,561)**	2,274	**5,608**	(19,395)
Comprehensive income (loss)	**1,467**	(2,319)	**8,344**	(35,355)
Comprehensive income (loss) attributable to:				
Company's shareholders	**1,165**	(2,466)	**3,212**	(36,201)
Non-controlling interest	**302**	147	**5,132**	846
	1,467	(2,319)	**8,344**	(35,355)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Financial Position

(Unaudited)

(In thousands of Canadian dollars, except per share data)

	As at September 30, 2020	As at December 31, 2019
	$	$
Assets		
Current assets		
Cash and cash equivalents	**45,807**	96,219
Restricted cash and cash equivalents	**10,931**	8,148
Trade and other receivables	**162,765**	177,013
Investments	**3,518**	2,657
Prepaid expenses and other assets	**22,677**	16,753
	245,698	300,790
Non-current assets		
Goodwill (Note 6)	**681,120**	687,899
Intangible assets (Note 6)	**482,112**	516,880
Property and equipment	**27,496**	29,343
Right-of-use assets	**110,777**	123,392
Derivative financial instruments (Note 7)	**–**	537
Deferred income taxes	**33,842**	23,559
Long-term investments	**7,095**	5,743
Investments in joint ventures and associates	**9,478**	11,035
Other non-current assets	**5,607**	7,714
	1,603,225	1,706,892
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**114,980**	207,447
Current portion of purchase price obligations (Note 7)	**14,521**	36,642
Current portion of lease liabilities	**17,119**	16,631
Restructuring provisions (Note 5)	**11,225**	3,159
Derivative financial instruments (Note 7)	**81**	3,540
Amounts due to related parties	**2,048**	1,512
Client deposits and deferred revenues	**4,871**	1,761
	164,845	270,692
Non-current liabilities		
Long-term debt (Note 8)	**487,191**	446,699
Convertible debt (Note 9)	**187,622**	185,793
Lease liabilities	**122,439**	129,228
Derivative financial instruments (Note 7)	**13,678**	3,561
Puttable financial instrument liability (Notes 7)	**13,148**	13,997
Purchase price obligations (Note 7)	**84,362**	90,732
Long-term restructuring provisions (Note 5)	**788**	225
Cash-settled share-based liabilities	**3,476**	60
Deferred income taxes	**11,075**	14,041
Other non-current liabilities (Note 7)	**4,562**	8,028
	1,093,186	1,163,056
Equity attributable to:		
Company's shareholders	**507,856**	542,811
Non-controlling interest	**2,183**	1,025
	510,039	543,836
	1,603,225	1,706,892

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Changes in Equity

For the nine-month periods ended September 30,

(Unaudited)

(In thousands of Canadian dollars)

	Notes	Share Capital	Restricted and holdback shares	Contributed surplus	Convertible debentures equity component	Retained earnings (deficit)	Accumulated other comprehensive income	Equity attributable to Company's shareholders	Non-Controlling Interest	Total Equity
		$	$	$	$	$	$	$	$	$
Balance, December 31, 2019		**810,509**	**–**	**21,943**	**3,339**	**(308,779)**	**15,799**	**542,811**	**1,025**	**543,836**
Net earnings (loss)		**–**	**–**	**–**	**–**	**(2,396)**	**–**	**(2,396)**	**5,132**	**2,736**
Other comprehensive income (loss)		**–**	**–**	**–**	**–**	**–**	**5,608**	**5,608**	**–**	**5,608**
Comprehensive income (loss)		**–**	**–**	**–**	**–**	**(2,396)**	**5,608**	**3,212**	**5,132**	**8,344**
Share-based compensation expense	**12**	**–**	**–**	**8,497**	**–**	**–**	**–**	**8,497**	**–**	**8,497**
Deferred tax on share-based compensation expense		**–**	**–**	**4,869**	**–**	**–**	**–**	**4,869**	**–**	**4,869**
Shares issued as settlement of purchase price obligations	**10**	**11,741**	**–**	**–**	**–**	**–**	**–**	**11,741**	**–**	**11,741**
Performance and restricted share units settled	**10**	**7,020**	**–**	**(6,737)**	**–**	**–**	**–**	**283**	**–**	**283**
Stock options exercised	**10**	**1,044**	**–**	**(248)**	**–**	**–**	**–**	**796**	**–**	**796**
Dividends	**10**	**–**	**–**	**–**	**–**	**(64,771)**	**–**	**(64,771)**	**(3,974)**	**(68,745)**
Share repurchase and cancellation	**10**	**(770)**	**–**	**(46)**	**–**	**–**	**–**	**(816)**	**–**	**(816)**
Common shares issued under DRIP	**10**	**1,234**	**–**	**–**	**–**	**–**	**–**	**1,234**	**–**	**1,234**
Balance, September 30, 2020		**830,778**	**–**	**28,278**	**3,339**	**(375,946)**	**21,407**	**507,856**	**2,183**	**510,039**
Balance, December 31, 2018		775,615	5,501	22,475	3,339	(211,628)	37,656	632,958	768	633,726
Net earnings (loss)		–	–	–	–	(16,806)	–	(16,806)	846	(15,960)
Other comprehensive income (loss)		–	–	–	–	–	(19,395)	(19,395)	–	(19,395)
Comprehensive income (loss)		–	–	–	–	(16,806)	(19,395)	(36,201)	846	(35,355)
Share-based compensation expense	12	–	–	7,697	–	–	–	7,697	–	7,697
Shares issued as part of a business combination	10	35,313	–	–	–	–	–	35,313	–	35,313
Shares issued as settlement of purchase price obligations	10	5,532	–	–	–	–	–	5,532	–	5,532
Performance and restricted share units settled	10	10,710	–	(7,168)	–	–	–	3,542	–	3,542
Stock options exercised	10	1,241	–	(238)	–	–	–	1,003	–	1,003
Conversion of holdback shares	10	5,501	(5,501)	–	–	–	–	–	–	–
Business combination	10	–	–	–	–	–	–	–	178	178
Dividends	10	–	–	–	–	(62,574)	–	(62,574)	–	(62,574)
Common shares issued under DRIP	10	113	–	–	–	–	–	113	–	113
Share repurchase and cancellation	10	(23,742)	–	(5,318)	–	–	–	(29,060)	–	(29,060)
Balance, September 30, 2019		810,283	–	17,448	3,339	(291,008)	18,261	558,323	1,792	560,115

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Cash Flows

For the three and nine-month periods ended September 30,

(Unaudited)

(In thousands of Canadian dollars)

	Three-month periods		Nine-month periods	
	2020	2019	**2020**	2019
	$	$	**$**	$
Operating activities				
Net loss	**5,028**	(4,593)	**2,736**	(15,960)
Adjustments for:				
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	**19,867**	19,820	**61,036**	56,775
Amortization of deferred charges	**143**	126	**403**	318
Other losses (gains)	**22**	(222)	**830**	(222)
Revaluation of assets held-for-sale	**–**	–	**–**	(699)
Accretion and change in fair value of purchase price obligations and puttable financial instrument liability	**6,161**	9,118	**104**	22,595
Share-based compensation expense	**2,318**	2,719	**8,514**	7,697
Cash-settled share-based compensation expense	**2,937**	2,707	**4,362**	9,564
Interest on lease liabilities	**574**	1,393	**3,500**	3,965
Interest on long-term debt and other financial charges	**9,658**	8,865	**33,287**	22,972
Income tax expense (recovery)	**4,817**	889	**5,705**	6,103
Income tax paid	**(5,947)**	(2,764)	**(11,293)**	(14,268)
Change in derivative financial instruments	**(65)**	21	**841**	(196)
Realized and unrealized (gain) loss on investments	**(1,065)**	(609)	**(1,836)**	(609)
Share of earnings in joint ventures and associates	**(2,145)**	–	**(4,112)**	–
Other non-current liabilities	**(1,324)**	410	**(147)**	(2,469)
Loss (gain) on investment in joint ventures	**–**	516	**–**	735
	40,979	38,396	**103,930**	96,301
Changes in non-cash operating working capital items (Note 13)	**(15,194)**	7,225	**(52,448)**	(21,955)
Net cash generated by (used in) operating activities	**25,785**	45,621	**51,482**	74,346
Investing activities				
Business combinations	**–**	(44,857)	**–**	(60,443)
Proceeds on disposition (Note 4)	**–**	989	**19,000**	33,831
Settlement of purchase price adjustments and obligations	**(2,667)**	(3,797)	**(22,575)**	(15,892)
Investments in joint ventures and associates	**(433)**	(2,870)	**(3,185)**	(1,388)
Distributions received from joint ventures and associates	**2,873**	–	**8,901**	–
Purchase of property and equipment	**(1,050)**	(227)	**(2,530)**	(12,866)
Purchase of intangible assets	**(599)**	(11,347)	**(3,523)**	(13,246)
Deferred charges and other	**(313)**	(5,020)	**(470)**	(5,021)
Restricted cash and cash equivalents	**(2,098)**	(1,223)	**(2,398)**	(10,637)
Net cash generated by (used in) investing activities	**(4,287)**	(68,352)	**(6,780)**	(85,662)
Financing activities				
Settlement of share-based compensation	**–**	(1,033)	**(16,396)**	(2,688)
Dividends	**(21,802)**	(21,043)	**(67,496)**	(62,461)
Lease payments	**(4,653)**	(524)	**(13,790)**	(6,363)
Issuance of share capital net of issuance costs of $16 (2019 - $16)	**500**	251	**780**	987
Share repurchase and cancellation	**(816)**	340	**(816)**	(29,060)
Long-term debt, net	**3,111**	(17,768)	**25,013**	63,700
Issuance of debentures, net of transaction costs	**–**	104,963	**–**	104,963
Interest paid on long-term debt and debentures	**(8,368)**	(7,073)	**(24,165)**	(17,616)
Financing charges	**(15)**	(55)	**(29)**	(495)
Net cash generated by (used in) financing activities	**(32,043)**	58,058	**(96,899)**	50,967
Net increase (decrease) in cash and cash equivalents	**(10,545)**	35,327	**(52,197)**	39,651
Effect of exchange rate changes on cash denominated in foreign currencies	**44**	(772)	**1,785**	(4,317)
Cash and cash equivalents – beginning of periods	**56,308**	53,245	**96,219**	52,466
Cash and cash equivalents – end of periods	**45,807**	87,800	**45,807**	87,800

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. Description of Business

Fiera Capital Corporation ("Fiera Capital" or the "Company") was incorporated as Fry & Company (Investment Management) Limited in 1955 and is incorporated under the laws of the Province of Ontario. The Company is a global asset management firm which offers a wide range of traditional and alternative investment solutions, including depth and expertise in asset allocation. The Company provides investment advisory and related services to institutional investors, private wealth clients and retail investors.

The Company's head office is located at 1981 McGill College Avenue, Suite 1500, Montréal, Quebec, Canada. The Company's Class A subordinate voting shares ("Class A Shares") are listed on the Toronto Stock Exchange ("TSX") under the symbol "FSZ".

The Company's Board of Directors (the "Board") approved the interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2020 and 2019 on November 12, 2020.

2. Basis of presentation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*, as issued by the International Accounting Standard Board ("IASB") and accordingly, do not include all disclosures required under International Financial Reporting Standards ("IFRS") for annual consolidated financial statements. The accounting policies and methods of computation applied in these interim condensed consolidated financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2019, except for the impact of the adoption of the standards, interpretations and amendments described in Note 3.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2019 and December 31, 2018.

The Company has prepared and presented these interim condensed consolidated financial statements in Canadian dollars.

3. Adoption of new IFRS and changes in accounting policies

Revised IFRS, interpretations and amendments

The following revised standards are effective for annual periods beginning on January 1, 2020. Their adoption did not have a significant impact on the amounts reported or disclosures made in these financial statements.

Amendments to Hedge Accounting Requirement – IBOR Reform and its Effects on Financial Reporting

On September 26, 2019, the IASB issued amendments for some of its requirements for hedge accounting in IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement*, as well as the related Standard on disclosures, IFRS 7 *Financial Instruments: Disclosures* in relation to Phase 1 of IBOR Reform and its Effects on Financial Reporting project. The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform in the following areas:

- the ‘highly probable’ requirement;
- prospective assessments;
- retrospective assessments (for IAS 39); and
- eligibility of risk components.

Definition of a Business (Amendments to IFRS 3)

On October 22, 2018, the IASB issued amendments to IFRS 3 *Business Combinations*, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

4. Sale of Fiera Investments’ retail mutual funds

On April 9, 2020, the Company announced the sale of its rights to manage all of Fiera Investments’ retail mutual funds, as well as the sale of its interest in Fiera Investments Corp., to Canoe Financial LP, a Canadian mutual fund company. The transaction closed on June 26, 2020 for total cash consideration of $19,000.

During the second quarter of 2020, as a result of the transaction, the Company derecognized goodwill and intangible assets (Note 6) of $14,073 and $4,779 respectively. The Company recorded a net loss before tax of $675 within Other losses (gains), including transaction costs of $823. The sale was treated as a taxable gain that resulted in $2,426 of current income tax expense and deferred tax recovery of $1,265.

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

5. Restructuring, integration and other costs

During the three and nine-month periods ended September 30, the Company recorded the following:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Restructuring costs related to severance	**1,686**	2,310	**24,921**	6,342
Other restructuring costs	**670**	191	**1,326**	311
Integration and other costs	**624**	1,076	**4,902**	1,074
	2,980	3,577	**31,149**	7,727

On June 17, 2020, the Company announced a change to its global management structure and as a result recognized, during the three and nine-month periods ending September 30, 2020, a charge of $1,553 and $22,455, respectively, within restructuring provisions related to severance.

The remaining restructuring charges are mainly composed of severance costs due to corporate reorganizations following business combinations and other transactions.

Integration costs are mainly composed of professional fees, relocation and lease related costs and other expenses incurred as a result of the integration of businesses acquired during the year ended December 31, 2019.

The change in the restructuring provision for severance-related expenses during the nine-month period ended September 30, 2020 is as follows:

	Severance
	$
Balance, December 31, 2019	**3,384**
Additions during the period	**24,921**
Paid during the period	**(16,169)**
Foreign exchange difference	**(123)**
Balance, September 30, 2020	**12,013**

Provision for severance	As at September 30, 2020	As at December 31, 2019
	$	$
Current portion	**11,225**	3,159
Non-current portion	**788**	225
Total	**12,013**	3,384

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

6. Goodwill and intangible assets

		Indefinite life	Finite-life			
	Goodwill	Asset management contracts	Asset management contracts	Customer relationships	Other	Total
	$	$	$	$	$	$
For the nine-month period ended September 30, 2020						
Opening carrying amount	**687,899**	**87,118**	**74,516**	**339,872**	**15,374**	**516,880**
Additions	**–**	**–**	**–**	**–**	**105**	**105**
Additions – internally developed	**–**	**–**	**–**	**–**	**3,826**	**3,826**
Disposition (Note 4)	**(14,073)**	**(4,779)**	**–**	**–**	**–**	**(4,779)**
Amortization for the period	**–**	**–**	**(13,553)**	**(22,866)**	**(6,135)**	**(42,554)**
Foreign exchange difference	**7,294**	**2,437**	**891**	**4,984**	**322**	**8,634**
Closing carrying amount	**681,120**	**84,776**	**61,854**	**321,990**	**13,492**	**482,112**
Balance, September 30, 2020						
Cost	**659,910**	**81,376**	**153,304**	**473,968**	**43,029**	**751,677**
Accumulated amortization and impairment	**(1,918)**	**–**	**(92,093)**	**(172,919)**	**(30,340)**	**(295,352)**
Foreign exchange difference	**23,128**	**3,400**	**643**	**20,941**	**803**	**25,787**
Closing carrying amount	**681,120**	**84,776**	**61,854**	**321,990**	**13,492**	**482,112**

7. Financial instruments

Fair value investments

The cost and fair value of investments recorded at fair value through profit or loss is $8,721 and $10,613 respectively as at September 30, 2020 ($8,100 and $8,400 respectively as at December 31, 2019). An unrealized gain of $1,059 and $1,892 and a realized gain of $6 and $5 were recognized in realized and unrealized (gain) loss on investments during the three and nine-month periods ended September 30, 2020 (unrealized gain (loss) of $(21) and $82 and realized gain of nil and $114 during the three and nine-month periods ended September 30, 2019).

7. **Financial instruments** (continued)

Convertible and hybrid debentures

The convertible and hybrid debentures are recorded at an amortized cost of $81,550 and $106,072, respectively, as at September 30, 2020 ($80,425 and $105,368 respectively, as at December 31, 2019). The fair value based on market quotes is $83,181 and $108,183, respectively, as at September 30, 2020 ($90,537 and $112,475 as at December 31, 2019).

Long-term debt

The fair value of long-term debt approximates its carrying amount, given that it is subject to terms and conditions, including variable interest rates, similar to those available to the Company for instruments with comparable terms.

Derivative financial instruments

The Company's derivative financial instruments consist of cross currency swaps, interest rate swaps and foreign exchange forward contracts, which are presented at fair value on the interim condensed consolidated statements of financial position.

The fair value of derivatives that are not traded on an active market are determined using valuation techniques which maximize the use of observable market inputs such as interest rate yield curves as well as available information on market transactions involving other instruments that are substantially the same, discounted cash flows analysis or other techniques, where applicable. To the extent practicable, valuation techniques incorporate all factors that market participants would consider in setting a price and are consistent with accepted economic methods for valuing financial instruments.

The Company determines the fair value of its foreign exchange forward contracts by calculating the difference between the forward exchange rates at the measurement date and the contractual forward price for the residual maturity of the contract.

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

7. Financial instruments (continued)

Net gains (losses), fair value and the notional amount of derivatives by term to maturity are as follows:

	For the three-month period ended September 30, 2020	For the nine-month period ended September 30, 2020	As at September 30, 2020				
			Fair value		Notional amount: term to maturity		
	Net gain (loss) on derivatives	Net gain (loss) on derivatives	Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	$	$	$	$	$	$	$
Foreign exchange contracts							
a) Forward foreign exchange contracts – held for trading	**(13)**	**(5,100)**	**–**	**(81)**	**1,260**	**–**	**–**
b) Cross currency swaps – held for trading	**(1,738)**	**28,418**	**4,384**	**–**	**240,000**	**–**	**–**
Interest rate contracts							
c) Swap contracts – held for trading	**882**	**(5,755)**	**–**	**(7,164)**	**–**	**250,000**	**–**
d) Swap contracts – cash flow hedges	**–**	**–**	**–**	**(6,514)**	**–**	**225,742**	**–**

	For the three-month period ended September 30, 2019	For the nine-month period ended September 30, 2019	As at December 31, 2019				
			Fair value		Notional amount: term to maturity		
	Net gain (loss) on derivatives	Net gain (loss) on derivatives	Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	$	$	$	$	$	$	$
Foreign exchange contracts							
a) Forward foreign exchange contracts – held for trading	(911)	1,117	755	–	62,300	–	–
b) Cross currency swaps – held for trading	4,598	(5,601)	–	(3,540)	225,000	–	–
Interest rate contracts							
c) Swap contracts – held for trading	837	(2,148)	537	(1,946)	–	250,000	–
d) Swap contracts – cash flow hedges	–	–	–	(1,615)	–	219,151	–

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

7. Financial instruments (continued)

Financial statement presentation:

	As at September 30, 2020	As at December 31, 2019
	$	$
Current derivative financial instrument assets[1]	**4,384**	755
Non-current derivative financial instrument assets	**–**	537
Current derivative financial instrument liabilities	**(81)**	(3,540)
Non-current derivative financial instrument liabilities	**(13,678)**	(3,561)

[1] Included in prepaid expenses and other assets on the interim condensed consolidated statements of financial position.

a) Forward foreign exchange contracts – held for trading

Company

The Company enters into month-end spot rate forward exchange contracts with various terms to maturity that aim to manage the currency fluctuation risk associated with up to twelve months of estimated future revenues in US dollars. One of the Company's subsidiaries enters into forward exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in Euros.

Forward foreign exchange contracts are recognized at fair value at the date the contracts are entered into and are subsequently remeasured to fair value through profit or loss at the end of each reporting period. The gain or loss on these derivative financial instruments is recognized in other revenues in the interim condensed consolidated statement of earnings (loss) in accordance with the nature of the hedged item.

The Company recorded a nominal loss of $13 and of $5,100 during the three and nine-month periods ended September 30, 2020, respectively (loss of $911 and a gain of $1,117 during the three and nine-month periods ended September 30, 2019, respectively) and paid $4,265 during the nine-month period ended September 30, 2020 as settlement of the contracts that matured during the period (paid $355 during the nine-month period ended September 30, 2019). The fair value of the forward exchange was a liability of $81 as at September 30, 2020 (asset of $755 as at December 31, 2019).

7. **Financial instruments** (continued)

b) Cross currency swaps – held for trading

Under the terms of the Company's revolving facility (Note 8), the Company can borrow either in US dollars based on a US base rate plus a spread varying from 0.0% to 1.5% or the LIBOR rate plus a spread varying from 1.0% to 2.5%, or in Canadian dollars based on the Canadian prime rate plus a spread varying from 0.0% to 1.5%. To benefit from interest cost savings, the Company has effectively created, until October 10, 2020, a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 1.77% on CA$240,000 (CDOR plus 1.51% on CA$225,000 as at December 31, 2019) by borrowing against the US dollar revolving facility, the equivalent of CA$240,000 (US$183,000) (CA$225,000 (US$170,500) as at December 31, 2019) at LIBOR plus 2.00%, and swapping it into CDOR plus 1.77% with a one-month cross currency swap.

The objective of this strategy was to provide cost savings without currency risk since the terms of the US LIBOR financing and the cross currency swap are exactly matched (US dollar notional amount, LIBOR rate, trade and maturity dates). Losses (gains) on cross currency swaps are offset by equivalent gains (losses) on the translation of the US denominated economically hedged portion of the revolving facility since the financing terms are exactly matched.

The net gain or loss on these derivative financial instruments is recognized in the interim condensed consolidated statement of earnings (loss) in accordance with the nature of the economically hedged item, the revolving facility (Note 8), and therefore is presented in interest on long-term debt and other financial charges.

The Company recorded a loss of $1,738 and a gain of $28,418 during the three and nine-month periods ended September 30, 2020, respectively, with no net impact on earnings (loss) as described above (a gain of $4,598 and a loss $5,601 during the three and nine-month periods ended September 30, 2019, respectively). The fair value of the cross currency swap contracts was an asset of $4,384 at September 30, 2020 (a liability of $3,540 as at December 31, 2019).

c) Interest rate swap contracts – held for trading

The Company enters into interest rate swap contracts to manage the impact of the interest rate fluctuations on its credit facility denominated in Canadian dollars. Interest is settled on a monthly basis.

The contracts consist of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate applied to the notional of each contract. There were no changes to the terms of the other interest rate swap contracts (held for trading) held by the Company during the three and nine-month periods ended September 30, 2020.

The net gain or loss on these derivative financial instruments is recognized in the interim condensed consolidated statement of earnings (loss) with interest on long-term debt and other financial charges. The Company recorded a gain of $882 and a loss of $5,755 during the three and nine-month periods ended September 30, 2020 (a gain of $837 and a loss of $2,148 during the three and nine-month periods ended September 30, 2019). The fair value of the interest rate swap contracts is a liability of $7,164 as at September 30, 2020 (an asset of $537 and a liability of $1,946 as at December 31, 2019).

7. Financial instruments (continued)

d) Interest rate swap contracts – Cash flow hedges

The Company holds interest rate swap contracts designated as cash flows hedges and which satisfy the requirements for hedge accounting. There were no changes to the terms of the contracts held by the Company during the three and nine-month periods ended September 30, 2020.

The effective portion of changes in the fair value of these contracts is recognized in other comprehensive income and accumulated in a hedging reserve. The Company recorded a gain in other comprehensive income of $844 and a loss of $3,390 during the three and nine-month periods ended September 30, 2020 (net of income taxes of $304 and $1,510) (a loss in other comprehensive income of $839 and $6,045 during the three and nine-month periods ended September 30, 2019 (net of income taxes of $128 and $923 respectively)).

The ineffective portion of changes in fair value is recognized immediately in profit or loss in the interim condensed consolidated statement of earnings (loss). There is no ineffective portion on these contracts for the three and nine-month periods ended September 30, 2020 and 2019. The fair value of the interest rate swap contracts designated as cash flow hedges is a liability of $6,514 as at September 30, 2020 (liability of $1,615 as at December 31, 2019).

The Company remains exposed to fluctuations in the US base or LIBOR rates on the difference between the US dollar credit facility and the notional amounts of the US dollar interest rate swap contracts. The drawings in US dollars on the Credit Facility (Note 8) are US$334,020 as at September 30, 2020 (US$323,660 as at December 31, 2019).

e) Call option related to WGAM

On December 1, 2018, Fiera Capital Inc. (“FCI”), wholly-owned subsidiary of the Company, entered into an agreement with Wilkinson Global Capital Partners LLC (the “Partners”) by which the Partners have the right, but not the obligation, to purchase all, but not less than all, of the Company’s equity interest in WGAM, a wholly owned subsidiary of the Company that manages special client accounts under investment advisory agreements. The call right can be exercised at any time during the period from January 1, 2021 (the call commencement date) until January 1, 2023 (the call expiration date) or on an earlier date at the discretion of FCI. If the Partners do not exercise the call option by the call expiration date or within 30 days of notice by FCI that the call option can be exercised before January 1, 2021, the call option will expire. The call exercise price is designed to represent the fair value of the WGAM business. Since the call option price is based on the estimated fair value of the WGAM business and is not exercisable as at September 30, 2020, this derivative financial instrument has no financial impact on the Company’s interim condensed consolidated financial statements.

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

7. Financial instruments (continued)

f) Contingent value rights related to IAM

Through the acquisition of IAM during the year ended December 31, 2019, IAM shareholders received Contingent Value Rights ("CVRs"). The Company accounted for the CVR asset at fair value on the acquisition date, and subsequently revalued the instrument at amortized cost. The short-term portion of the CVR asset is recorded within Trade and other receivables, while the long-term portion is recorded in Other non-current assets. The CVR liability, on the acquisition date, was recorded at fair value and subsequently revalued at fair value through profit and loss. The short-term portion of the CVR liability was recorded in accounts payable and accrued liabilities, while the long-term portion was recorded in Other non-current liabilities.

Financial instruments by category:

			As at September 30, 2020
	Amortized cost	Fair value through profit or loss	Total
	$	$	$
Assets			
Cash and cash equivalents	45,807	–	45,807
Restricted cash and cash equivalents	10,931	–	10,931
Investments	–	3,518	3,518
Trade and other receivables[(1)]	161,059	–	161,059
Long-term receivable[(2)]	177	–	177
Long-term investments	–	7,095	7,095
Derivative financial instruments [(3)]	–	4,384	4,384
Other non-current assets [(4)]	3,380	–	3,380
Total	221,354	14,997	236,351
Liabilities			
Accounts payable and accrued liabilities	114,980	–	114,980
Purchase price obligations	–	98,883	98,883
Puttable financial instrument liability	–	13,148	13,148
Other non-current liabilities[(5)]	–	1,851	1,851
Derivative financial instruments	–	13,759	13,759
Amounts due to related parties	2,048	–	2,048
Client deposits[(6)]	1,286	–	1,286
Long-term debt	487,191	–	487,191
Convertible debt	187,622	–	187,622
Total	793,127	127,641	920,768

(1) Represents the trade receivables and excludes the other receivables of $1,706
(2) Presented in other non-current assets on the consolidated statements of financial position.
(3) Presented in prepaid expenses and other assets on the consolidated statements of financial position.
(4) Represents the long-term portion of the Contingent Value Rights ("CVR") asset.
(5) Represents the long-term portion of the CVR liability and excludes $2,711 in other non-current liabilities not categorized as financial instruments.
(6) Presented in client deposits and deferred revenues on the consolidated statements of financial position.

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

7. Financial instruments (continued)

	As at December 31, 2019		
	Amortized cost	Fair value through profit or loss	Total
	$	$	$
Assets			
Cash and cash equivalents	96,219	–	96,219
Restricted cash and cash equivalents	8,148	–	8,148
Investments	–	2,657	2,657
Trade and other receivables	175,970	–	175,970
Long-term receivable(1)	630	–	630
Long-term investments	–	5,743	5,743
Derivative financial instruments (2)	–	1,292	1,292
Other non-current assets (3)	6,654	–	6,654
Total	287,621	9,692	297,313
Liabilities			
Accounts payable and accrued liabilities	200,316	7,131	207,447
Purchase price obligations	–	127,374	127,374
Puttable financial instrument liability	–	13,997	13,997
Other non-current liabilities (4)	–	3,703	3,703
Derivative financial instruments	–	7,101	7,101
Amounts due to related parties	1,512	–	1,512
Client deposits(5)	155	–	155
Long-term debt	446,699	–	446,699
Convertible debentures	185,793	–	185,793
Total	834,475	159,306	993,781

(1) Presented in other non-current assets on the consolidated statements of financial position.

(2) Includes $755 presented in prepaid expenses and other assets on the consolidated statements of financial position.

(3) Represents the long-term portion of the CVR asset.

(4) Represents the long-term portion of the CVR liability and excludes $4,325 in other non-current liabilities not categorized as financial instruments.

(5) Presented in client deposits and deferred revenues on the consolidated statements of financial position.

Fair value hierarchy

The financial assets and liabilities that are recognized on the consolidated statements of financial position at fair value are classified using a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

7. Financial instruments (continued)

The following table presents the financial instruments recorded at fair value in the consolidated statements of financial position, classified using the fair value hierarchy:

			As at September 30, 2020	
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets				
Investments	–	**3,518**	–	**3,518**
Long term investments	–	–	**7,095**	**7,095**
Derivative financial instruments	–	**4,384**	–	**4,384**
Total financial assets	–	**7,902**	**7,095**	**14,997**
Financial liabilities				
Purchase price obligations	–	–	**98,883**	**98,883**
Puttable financial instrument liability	–	–	**13,148**	**13,148**
Other non-current liabilities	–	–	**1,851**	**1,851**
Derivative financial instruments	–	**13,759**	–	**13,759**
Total financial liabilities	–	**13,759**	**113,882**	**127,641**

			As at December 31, 2019	
	Level 1	**Level 2**	**Level 3**	**Total**
	$	$	$	$
Financial assets				
Investments	–	2,653	4	2,657
Long-term investments	–	–	5,743	5,743
Derivative financial instruments	–	1,292	–	1,292
Total financial assets	–	3,945	5,747	9,692
Financial liabilities				
Accounts payable and accrued liabilities	–	–	7,131	7,131
Purchase price obligations	–	–	127,374	127,374
Puttable financial instrument liability	–	–	13,997	13,997
Other non-current liabilities	–	–	3,703	3,703
Derivative financial instruments	–	7,101	–	7,101
Total financial liabilities	–	7,101	152,205	159,306

7. Financial instruments (continued)

Level 3

The fair value of purchase price obligations, the puttable financial instrument liability and the CVRs are determined using a discounted cash flow analysis which makes use of unobservable inputs such as expected cash flows and risk adjusted discount rates. Expected cash flows are estimated based on the terms of the contractual arrangements and the Company's knowledge of the business and how the current economic environment is likely to impact it.

Purchase price obligations, puttable financial instrument liability and the CVRs are Level 3 financial liabilities. The Company has used valuation techniques to record the fair value of the liabilities at the reporting date. The Company analyzed the characteristics of the liability being valued, including the circumstances and the information available as at the valuation date and selected the most appropriate valuation technique.

Purchase price obligation - CNR:

The Company reduced the fair value of the purchase price obligation adjustment by $nil and $14,885 (US$nil and US$10,658) during the three and nine-month period ended September 30, 2020 (nil during the three and nine-month periods ended September 30, 2019). The decrease in fair value was primarily due to market volatility caused by the COVID-19 global pandemic. In addition, during the three and nine-month period ended September 30, 2020, the Company settled an amount of $2,667 and $16,611 in cash ($3,797 and $14,024 during the three and nine-month periods ended September 30, 2019). The fair value of the CNR purchase price obligation as at September 30, 2020 was $60,197 (US$45,067) and $74,054 (US$57,108) as at December 31, 2019.

The discounted cash flow method was used to measure the fair value of the expected future cash flows to be paid to CNR as contingent consideration. The main Level 3 inputs used by the Company to value the purchase price obligations of CNR are derived from the following unobservable inputs and determined as follows:

- Annual revenue growth factors, such as market rate and net contributions rate, are estimated based on internal and external data and publications, economic conditions, and the specific characteristics of the financial liability. A higher annual revenue growth factor will result in a higher fair value. To assess the fair value as at September 30, 2020 the Company assumed 8.6% (2019 – 8.6%) and 2.5% (2019 – 2.5%) as a long-term average market growth rate and net contributions rate, respectively.

- The risk-adjusted discount rate is determined by adjusting a risk-free rate to reflect the specific risks associated with the financial liability. The discount rate is the input used to bring the future cash flows to their present value. A higher discount rate would result in a lower fair value. To assess the fair value as at September 30, 2020, the Company used a discount rate of 41.2% (2019 – 41.2%).

7. **Financial instruments** (continued)

The significant unobservable inputs are market growth and net contributions, and the risk-adjusted discount rate.

- An increase (decrease) of 350 basis points in the market growth rate would result in an increase (decrease) of approximately $4,007 (US$ 3,000) in the fair value of the purchase price obligation
- An increase (decrease) of 300 basis points in the net contributions rate would result in an increase (decrease) of approximately $2,137 (US$ 1,600) in the fair value of the purchase price obligation.
- An increase (decrease) of 200 basis points in the risk-adjusted discount rate would result in a decrease (increase) of approximately $1,870 (US$ 1,400) in the fair value of the purchase price obligation.

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have a direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate, the market growth and the net contributions and established a reasonable fair value range that could result in a CA$8,015 (US$6,000) increase or decrease in the fair value of the purchase price obligation as at September 30, 2020 (CA$7,781 (US$6,000) as at December 31, 2019).

Purchase price obligation – Clearwater:

The discounted cash flow method was used to measure the fair value of the expected future cash flows to be paid to the sellers as contingent consideration. The Company reduced the fair value of the purchase price obligation and recorded an adjustment of $nil and $3,969 (US$2,788) during the three and nine-month periods ended September 30, 2020 (expense of $1,391 (US $1,026) during the three and nine-month periods ended September 30, 2019). The decrease was primarily due to lower future expected cash flows as a result of increased market volatility caused by the COVID-19 global pandemic. In connection with the share purchase agreement of Clearwater, the Company issued nil Class A Shares during the three-month period ended September 30, 2020 and issued an aggregate of 1,620,924 Class A Shares for $11,757 during the nine-month period ended September 30, 2020, as settlement of the purchase price obligation. The fair value of the Clearwater purchase price obligation as at September 30, 2020 was $33,025 (US$24,722) and $43,753 (US$33,738) as at December 31, 2019.

The main Level 3 inputs used by the Company to value the Clearwater purchase price obligations are derived from unobservable inputs of revenue and earnings (loss) before interest, taxes, depreciation and amortization (“EBITDA”) forecasts, management’s estimates of revenue from cross-selling, and the risk-adjusted discount rate. The Company used a discount rate between 10% and 15% (2019 – Between 10% and 15%).

7. Financial instruments (continued)

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have a direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate, revenue, EBITDA, and cross-selling forecasts and established a reasonable fair value range between CA$27,606 (US$20,667) and CA$34,397 (US$25,751) for its purchase price obligation as at September 30, 2020.

Puttable financial instrument liability and call option – Palmer Capital:

The Company has the right but not the obligation to acquire the 20% non-controlling interest in Palmer Capital. This call right can be exercised by the Company on April 30, 2022 or on April 30 of any year thereafter. The non-controlling interest shareholders of Palmer Capital have the right but not the obligation to exercise their put right on the 20% non-controlling interest of Palmer Capital on March 31, 2022 or on March 31 of any year thereafter. If exercised, both the put and the call right would require the Company to acquire the 20% non-controlling interest in Palmer Capital.

The exercise price is the same for both the put and the call rights. The exercise price is a prescribed price calculated based on a multiplier of earnings before interest, taxes and depreciation ("EBITDA") as defined in the Sale and Purchase Agreement. During the three-month period ended September 30, 2020, the Company amended the put liability agreement to make certain adjustments related to the definition of EBITDA for calculation purposes. This amendment did not have a significant impact on the liability at September 30, 2020.

The Company decreased the fair value of the puttable financial instrument liability and recorded an adjustment of $109 and $2,037 (GBP64 and GBP1,180) during the three and nine-month periods ended September 30, 2020 (nil during the three and nine-month periods ended September 30, 2019). The fair value of the puttable financial instrument liability as at September 30, 2020 was $13,148 (GBP7,614) and $13,997 (GBP8,148) as at December 31, 2019.

The discounted cash flow method was used to measure the present value of the expected future cash flows to be paid to the non-controlling interest shareholders. The main Level 3 inputs used by the Company to value the puttable financial instrument liability are derived from unobservable inputs of earnings before interest, taxes, depreciation and amortization ("EBITDA") forecasts, and the risk-adjusted discount rate. The company used a discount rate of 13%.

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have a direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate and EBITDA and established a reasonable fair value range between $12,976 (GBP7,514) and $13,506 (GBP7,821) for its purchase price obligation as at September 30, 2020.

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

7. Financial instruments (continued)

The reconciliation of Level 3 fair value measurements is presented as follows.

	Investments	Long-term investments	Accounts payable and accrued liabilities	Purchase price obligations	Puttable financial instrument liability	Other non-current liabilities	Total
	$	$	$	$	$	$	$
Fair value as at December 31, 2019	**4**	**5,743**	**(7,131)**	**(127,374)**	**(13,997)**	**(3,703)**	**(146,458)**
Additional investments	**–**	**749**	**–**	**–**	**–**	**–**	**749**
Disposition of investments	**(4)**	**(1,027)**	**–**	**–**	**–**	**–**	**(1,031)**
Revaluation of puttable financial instrument liability	**–**	**–**	**–**	**–**	**2,032**	**–**	**2,032**
Accretion and change in fair value of puttable financial instrument liability	**–**	**–**	**–**	**–**	**(1,113)**	**–**	**(1,113)**
Total realized and unrealized gain (loss) on investments	**–**	**1,539**	**–**	**–**	**–**	**–**	**1,539**
Settlement of purchase price obligations	**–**	**–**	**–**	**34,332**	**–**	**–**	**34,332**
Total realized and unrealized (losses) included in accretion and change in fair value of purchase price obligations and CVR	**–**	**–**	**–**	**(18,284)**	**–**	**–**	**(18,284)**
Revaluation of a purchase price obligation included in accretion and change in fair value of purchase price obligations and CVR	**–**	**–**	**7,131**	**17,261**	**–**	**1,852**	**26,244**
Total realized and unrealized exchange differences recognized in net earnings (loss) and on foreign operations included in other comprehensive income	**–**	**91**	**–**	**(4,818)**	**(70)**	**–**	**(4,797)**
Fair value as at September 30, 2020	**–**	**7,095**	**–**	**(98,883)**	**(13,148)**	**(1,851)**	**(106,787)**

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

7. Financial instruments (continued)

	Investments	Purchase price obligations	Puttable financial Instrument liability	Other non-current liabilities	Total
	$	$	$	$	$
Fair value as at December 31, 2018	4	(130,708)	–	–	(130,704)
Additions from business combinations	–	(1,274)	(13,237)	(5,000)	(19,511)
Additions from asset acquisitions	–	(5,575)	–	–	(5,575)
Revaluation of puttable financial instrument liability	–	–	(667)	–	(667)
Settlement of purchase price obligations	–	21,440	–	–	21,440
Total realized and unrealized (losses) included in accretion and change in fair value of purchase price obligations	–	(20,537)	–	–	(20,537)
Revaluation of a purchase price obligation included in accretion and change in fair value of purchase price obligations	–	(1,391)	–	–	(1,391)
Total realized and unrealized exchange differences recognized in net earnings (loss) and on foreign operations included in other comprehensive income	–	3,399	843	–	4,242
Fair Value as at September 30, 2019	4	(134,646)	(13,061)	(5,000)	(152,703)

There were no transfers between levels during the three and nine-month periods ended September 30, 2020 and 2019.

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

8. Long-term debt

	As at September 30, 2020	As at December 31, 2019
	$	$
Credit facility		
Revolving facility	**489,253**	449,490
Deferred financing charges	**(2,062)**	(2,791)
Non-current portion	**487,191**	446,699

Credit Facility

On November 14, 2019, the Company entered into the Sixth Amended and Restated Credit Agreement ("Credit Agreement") comprised of a $600,000 senior unsecured revolving facility ("Facility") which can be drawn in Canadian or US dollars at the discretion of the Company.

Under the terms of the Credit Agreement, the maturity date is the earlier of (i) June 30, 2023 and (ii) December 23, 2022 if the unsecured convertible debentures (Note 9) have not been repaid or refinanced (i.e. six months prior to their maturity date). The Company may request an increase in the available Facility by an amount of up to $200,000 subject to the acceptance by the lenders. The Credit Agreement provides for an annual extension which can be requested each year between April 1 and April 30 which is subject to the acceptance of a group of lenders within the banking syndicate whose commitments amount to more than 66 2/3% of the facility.

The Facility bears interest, payable monthly, at variable rates based on the currency in which an amount is drawn. The interest rates are based on either the Canadian prime rate, bankers' acceptances, the US base rate or the LIBOR, plus a margin as a function of the quarterly Funded Debt to EBITDA ratio as defined in the Credit Agreement.

As at September 30, 2020, the total amount drawn on the Facility was $43,085 (December 31, 2019 - $29,784) and US$334,020 ($446,168) (December 31, 2019 – US$323,660 ($419,706)).

Under the terms of the Credit Agreement, the Company must satisfy certain restrictive covenants including minimum financial ratios. All restrictive covenants under the Credit Agreement were met as at September 30, 2020 and December 31, 2019.

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

9. Convertible debt

The balance of the convertible debt consists of the following:

	As at September 30, 2020	As at December 31, 2019
	$	$
Convertible debentures – 5.00% due June 23, 2023	**81,550**	80,425
Hybrid debentures – 5.60% due July 31, 2024	**106,072**	105,368
Non-current portion	**187,622**	185,793

a) Convertible debentures – 5.00% due June 23, 2023

	As at September 30, 2020	As at December 31, 2019
	$	$
Face value	**86,250**	86,250
Less:		
Issuance costs	**(4,031)**	(4,031)
Equity component (net of issuance costs of $224)	**(4,568)**	(4,568)
Cumulative accretion expense on liability component	**3,899**	2,774
Non-current portion	**81,550**	80,425

On December 21, 2017, the Company issued 86,250 unsecured convertible debentures at 5% maturing on June 23, 2023, with interest payable semi-annually in arrears on June 30 and December 31 of each year starting June 30, 2018, for gross proceeds of $86,250. The convertible debentures are convertible at the option of the holder at a conversion price of $18.85 per Class A Shares. The convertible debentures are not redeemable by the Company before June 30, 2021. The convertible debentures are redeemable by the Company at a price of $1 per convertible debenture, plus accrued and unpaid interest, on or after June 30, 2021 and prior to June 30, 2022 (provided that the weighted average trading price of the Class A Shares on the TSX for the 20 consecutive trading days ending five days preceding the date on which the notice of redemption is given, is not less than 125% of the conversion price of $18.85 per share). On or after June 30, 2022 but prior to the maturity date, the Company may redeem on not more than 60 days and not less than 30 days prior notice, at a price of $1 per convertible debenture, plus accrued and unpaid interest.

During the nine-month period ended September 30, 2020, $2,156 was paid as accrued interest ($4,313 was paid during the year ended December 31, 2019). At September 30, 2020, $1,078 (nil as at December 31, 2019) is recorded in accounts payable and accrued liabilities, representing accrued cash interest from June 30, 2020 to September 30, 2020.

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

9. Convertible debt (continued)

b) Hybrid debentures – 5.60% due July 31, 2024

	As at September 30, 2020	As at December 31, 2019
	$	$
Face value	**110,000**	110,000
Less:		
Issuance costs	**(5,007)**	(5,007)
Accretion expense on liability component	**1,079**	375
Non-current portion	**106,072**	105,368

On July 4, 2019, the Company issued $100,000 senior subordinated unsecured hybrid debentures due July 31, 2024 and on July 9, 2019 the Company issued $10,000 senior subordinated unsecured hybrid debentures related to the overallotment option, due July 31, 2024 (together, the “Hybrid debentures”). The Hybrid debentures bear interest at a rate of 5.60% per annum, payable semi-annually in arrears on January 31 and July 31 of each year, with the first interest payment on January 31, 2020. The Hybrid debentures will not be redeemable before July 31, 2022, except upon the satisfaction of certain conditions after a change of control of the Company. On and after July 31, 2022 and prior to July 31, 2023, the Hybrid debentures will be redeemable in whole or in part from time to time at the Company’s option, on not more than 60 days and not less than 30 days prior notice, at a redemption price equal to 102.80% of the principal amount redeemed plus accrued and unpaid interest. On and after July 31, 2023 and prior to the maturity date on July 31, 2024, the Hybrid debentures will be redeemable, in whole or in part, and from time to time, at the Company’s option, on not more than 60 days and not less than 30 days prior notice, at a price of $1 per Hybrid debenture plus accrued and unpaid interest. The Company will have the option to repay the principal amount of the Hybrid debentures due at redemption or at maturity on July 31, 2024 either by paying in cash or by issuing Class A Shares in accordance with the terms of the trust indenture. The Hybrid debentures will not be, at any time, convertible into Class A Shares at the option of the holders. The Hybrid debentures are recorded at amortized cost, net of issuance costs, using the effective interest rate method.

During the nine-month period ended September 30, 2020, $6,622 was paid as accrued interest (nil during the year ended December 31, 2019). At September 30, 2020, an amount of $1,027 ($3,080 as at December 31, 2019) is recorded in accounts payable and accrued liabilities, representing accrued cash interest from July 31, 2020 to September 30, 2020.

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

10. Share capital and accumulated other comprehensive income

	Class A subordinate voting shares ("Class A Shares")		Class B special voting shares ("Class B Shares")		Total	
	Number	$	Number	$	Number	$
As at December 31, 2019	**81,362,603**	**779,618**	**19,412,401**	**30,891**	**100,775,004**	**810,509**
Issuance of shares			**–**	**–**		
Shares issued as settlement of purchase price obligations	**1,620,924**	**11,741**	**–**	**–**	**1,620,924**	**11,741**
Performance and restricted share units settled	**1,251,483**	**7,020**	**–**	**–**	**1,251,483**	**7,020**
Stock options exercised	**100,185**	**1,044**	**–**	**–**	**100,185**	**1,044**
Reinvested dividends	**134,380**	**1,234**	**–**	**–**	**134,380**	**1,234**
Share repurchase and cancellation	**(81,200)**	**(770)**	**–**	**–**	**(81,200)**	**(770)**
As at September 30, 2020[(1)]	**84,388,375**	**799,887**	**19,412,401**	**30,891**	**103,800,776**	**830,778**
As at December 31, 2018	77,556,288	744,724	19,412,401	30,891	96,968,689	775,615
Issuance of shares						
Shares issued as part of a business combination	3,044,333	35,313	–	–	3,044,333	35,313
Shares issued as settlement of purchase price obligations	458,157	5,532	–	–	458,157	5,532
Performance and restricted share units settled	2,194,706	10,710	–	–	2,194,706	10,710
Stock options exercised	152,377	1,241	–	–	152,377	1,241
Reinvested dividends	10,760	113	–	–	10,760	113
Conversion of holdback shares	384,292	5,501	–	–	384,292	5,501
Share repurchase and cancellations	(2,458,550)	(23,742)	–	–	(2,458,550)	(23,742)
As at September 30, 2019	81,342,363	779,392	19,412,401	30,891	100,754,764	810,283

(1) Includes 2,475,034 Class A Shares held in escrow in relation with the Apex acquisition (3,300,045 as at December 31, 2019) and 356,884 Class A Shares held in escrow in relation with the Clearwater acquisition (637,293 as at December 31, 2019).

2020

Issuance of shares

Shares issued as settlement of purchase price obligations

On March 31 and June 30, 2020, in connection with the asset purchase agreement of Clearwater, the Company issued 971,053 and 649,871 Class A Shares respectively for $5,693 and $6,048, net of issuance costs, as settlement of the purchase price obligation.

Stock option exercised

During the nine-month period ended September 30, 2020, 100,185 stock options were exercised and 100,185 Class A Shares were issued for $1,044.

10. Share capital and accumulated other comprehensive income (continued)

Share repurchase and cancellation

During the three months ended September 30, 2020, the Company entered into a normal course issuer bid for its shares through the facilities of the TSX from July 15, 2020 to no later than July 14, 2021. Under its normal course issuer bid, the Company may purchase for cancellation up to a maximum of 2,000,000 Class A Shares, representing approximately 2.4% of its 84,124,711 issued and outstanding Class A Shares as at July 8, 2020 (date of approval by the TSX).

During the three and nine-month periods ended September 30, 2020, the Company paid $816 to purchase and cancel 81,200 Class A Shares which reduced the related share capital book value by $770. The excess paid over the book value of $46 was charged to contributed surplus.

Dividends

During the nine-month period ended September 30, 2020, the Company declared dividends on Class A Shares and Class B Shares totalling $64,771 ($0.63 per share). During the nine-month period ended September 30, 2020, 134,380 Class A Shares were issued for $1,234 under the dividend reinvestment plan. These shares were issued from treasury at a discount of nil. During the nine-month period ended September 30, 2020, 60,816 Class A shares were purchased on the open market for $622 to settle dividends under the dividend reinvestment plan.

2019

Issuance of shares

Shares issued as of a business combination

On April 3, 2019, as part of the acquisition of Palmer Capital, the Company issued 1,430,036 Class A Shares for $16,975.

Shares issued as settlement of purchase price obligations

On February 13, 2019, in connection with the asset purchase agreement of Fiera Private Debt (formerly Centria Commerce Inc. prior to the acquisition date, and subsequently renamed Fiera Private Lending, then Fiera Private Debt), the Company issued 458,157 Class A Shares for $5,532 as settlement of purchase price obligations, net of issuance costs.

Performance share units and restricted share units settled

During the nine-month period ended September 30, 2019, 2,194,706 Class A Shares were issued following the vesting of performance share units.

Stock option exercised

During the nine-month period ended September 30, 2019, 152,377 stock options were exercised and 152,377 Class A Shares were issued for $1,241.

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

10. Share capital and accumulated other comprehensive income (continued)

Share repurchase and cancellation

On May 9, 2019, the Company entered into a share purchase agreement by which an affiliate of Natixis Investment Managers S.A. ("Natixis"), a global asset management firm, Natixis Investment Managers Canada Holdings Ltd. ("Natixis Canada Holdings"), acquired a total of 10,680,000 Class A subordinate voting shares ("Class A Shares") of the Company from Natcan Investment Management Inc. ("Natcan"), a wholly-owned subsidiary of National Bank of Canada, and DJM Capital for total consideration of $128,160. The Board approved the share purchase agreement for the purchase for cancellation of 2,450,000 of its Class A Shares from Natcan for total consideration of $29,400. The fair value of the shares cancelled was $23,661 and the premium paid by the Company of $5,739 was recorded in contributed surplus. The closing and settlement dates for this transaction was May 9, 2019.

Conversion of holdback shares

On July 11, 2019, in connection with the acquisition of CGOV Asset Management on May 31, 2018, the Company settled a purchase price obligation payable in contingently issuable Class A Shares.

As a result of the settlement, 384,292 of the 923,778 Class A Shares held in escrow as contingently issuable Class A Shares were released to the seller, and the remaining 539,486 Class A Shares were returned to treasury and cancelled.

Class A Shares held in escrow as reinvested dividends were also released as part of the settlement, with 6,090 Class A Shares released to the seller and 8,550 Class A Shares returned to treasury and cancelled. The Company recorded an increase of $421 in contributed surplus related to the cancellation of shares and previously paid dividends returned to the Company.

Dividends

During the nine-month period ended September 30, 2019, the Company declared dividends on Class A shares and Class B shares totalling $62,574 ($0.63 per share).

Accumulated other comprehensive income

The components of accumulated other comprehensive income include:

	As at September 30, 2020	As at December 31, 2019
	$	$
Cash flow hedges	**(4,773)**	(1,383)
Other	**–**	(61)
Unrealized exchange differences on translating financial statements of foreign operations	**26,180**	17,243
	21,407	15,799

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

11. Earnings (loss) per share

Basic and diluted earnings (loss) per share and the reconciliation of the number of shares used to calculate basic and diluted earnings (loss) per share are as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Net loss attributable to the Company's shareholders for the periods	**4,726**	(4,740)	**(2,396)**	(16,806)
Weighted average shares outstanding – basic	**104,870,753**	100,706,636	**103,926,190**	99,038,804
Effect of dilutive share-based awards and contingent consideration payable in shares	**4,047,055**	–	**–**	–
Weighted average shares outstanding – diluted	**108,917,807**	100,706,636	**103,926,190**	99,038,804
Basic loss per share	**0.05**	(0.05)	**(0.02)**	(0.17)
Diluted loss per share	**0.04**	(0.05)	**(0.02)**	(0.17)

For the three and nine-month periods ended September 30, 2020, the share-based awards payable in 3,061,071 and 7,776,036 shares and the convertible and hybrid debentures with a face value of $86,250 and $110,000 were anti-dilutive. For the three and nine-month periods ended September 30, 2019, the share-based awards and contingent consideration payable in shares of 10,009,507 and 9,628,691 as well as the convertible debentures and Hybrid debentures with a face value of $86,250 and $110,000 were all anti-dilutive.

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

12. Share-based payments

a) Stock option plan:

A summary of the changes that occurred in the Company's stock option plans during the nine-month periods ended September 30, 2020 and 2019, is presented below:

	2020		2019	
	Number of Class A Share options	**Weighted-average exercise price**	Number of Class A Share options	Weighted average exercise price
		$		$
Outstanding – beginning of periods	**4,526,769**	**12.31**	3,977,191	12.21
Granted	**750,000**	**5.88**	1,070,000	12.25
Exercised	**(100,185)**	**7.95**	(152,377)	6.58
Forfeited	**(375,000)**	**12.75**	(296,867)	13.29
Expired	**(764,939)**	**13.19**	(25,000)	13.58
Outstanding – end of periods	**4,036,645**	**11.02**	4,572,947	12.32
Options exercisable – end of periods	**1,006,140**	**11.57**	1,111,510	11.53

The following table presents the weighted average assumptions used to determine the fair value of options granted using the Black-Scholes option pricing model during the three and nine-month periods ended September 30, 2020 and 2019:

	For the three-month periods ended September 30,		**For the nine-month periods ended September 30,**	
	2020	2019	**2020**	2019
Dividend yield (%)	**–**	–	**12.86**	6.89
Risk-free interest rate (%)	**–**	–	**0.68**	1.59
Expected life (years)	**–**	–	**7.50**	7.73
Expected volatility for the share price (%)	**–**	–	**29.40**	25.32
Weighted-average fair values ($)	**–**	–	**0.18**	1.04
Share-based compensation expense ($) [(1)]	**426**	193	**1,430**	380

(1) During the three and nine-month periods ended September 30, 2020, the Company recorded an expense of nil and $543 related to the accelerated vesting provisions, of which $514 relates to key management personnel.

The expected volatility is based on the historical volatility of the Company's share price. The risk-free interest rate used is equal to the yield available on government of Canada bonds at the date of grant with a term that approximates the expected life of options.

b) Deferred share unit ("DSU") plan

One DSU unit is equivalent to one Class A Share of the Company. The Company recorded an expense (recovery) of $9 and $(7) for this plan during the three and nine-month periods ended September 30, 2020, respectively (an expense (recovery) of $(7) and $(3) during the three and nine-month periods ended September 30, 2019, respectively). As at September 30, 2020, the Company had a liability for an amount of $99 for the 9,652 units outstanding under the DSU plan ($106 for 9,031 units as at December 31, 2019).

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

12. Share-based payments (continued)

c) Restricted share unit ("RSU") plan

The following table presents transactions that occurred in the Company's RSU Plan during the nine-month periods ended September 30, 2020 and 2019.

	2020	2019
Outstanding units – beginning of period	**242,738**	258,560
Vested	**(175,970)**	(136,234)
Reinvested in lieu of dividends	**29,631**	15,868
Granted	**215,785**	100,001
Outstanding units– end of period	**312,184**	238,195

One RSU unit is equivalent to one Class A Share of the Company. The Company recorded an expense of $726 and $1,061 for these grants during the three and nine-month periods ended September 30, 2020, respectively ($338 and $1,188 during the three and nine-month periods ended September 30, 2019, respectively). During the nine-month period ended September 30, 2020, 56,111 Class A Shares were issued and $1,171 was paid in cash as settlement of vested RSUs (136,234 Class A shares were issued and no cash paid as settlement of vested RSUs during period ended September 30, 2019). As at September 30, 2020, the Company had a liability in the amount of $1,708 for the 312,184 units outstanding under the RSU Plan ($2,100 for 242,738 units as at December 31, 2019).

d) Restricted share unit plan – cash ("RSU cash")

The following table presents transactions that occurred in Company's RSU cash Plan during the nine-month periods ended September 30, 2020 and 2019.

	2020	2019
Outstanding units – beginning of period	**368,614**	528,308
Vested	**(138,661)**	(172,057)
Forfeited	**(1,735)**	–
Reinvested in lieu of dividends	**102,403**	28,786
Granted	**1,760,568**	63,501
Outstanding units – end of period	**2,091,189**	448,538

RSU cash units are equivalent to one Class A Share of the Company. The Company recorded an expense of $1,872 and $3,259 for these grants during the three and nine-month periods ended September 30, 2020 ($312 and $1,692 during the three and nine-month periods ended September 30, 2019). As part of the expense recorded during the three and nine-month periods ended September 30, 2020, the Company recorded an expense of nil and $365 related to accelerated vesting provisions related to employees that were impacted by the global management reorganization announced on June 17, 2020. During the nine-month period ended September 30, 2020, 138,661 units vested (2019 – 172,057) and an amount of $1,269 was paid as settlement of these units (2019 – $1,945). In addition, a total of $1,798 was paid during the nine-month period ended September 30, 2020 as settlement of 172,057 units vested in 2019.

As at September 30, 2020, the Company had a liability in the amount of $3,650 for the 2,091,189 units outstanding under the RSU cash Plan ($3,486 for 368,614 units as at December 31, 2019).

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

12. Share-based payments (continued)

e) PSU and UAR plan applicable to Business Units

PSU applicable to BU

The Company recorded the following expense relating to PSU plans applicable to BU during the three and nine-month periods ended September 30, 2020 and 2019:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Equity-settled grants	**1,255**	1,442	**3,771**	4,800
Cash-settled grants	**726**	1,666	**1,219**	5,580
Total expense	**1,981**	3,108	**4,990**	10,380

The total award value granted under the Company's PSU plans applicable to BU was $8,445 and $6,320 during the nine-month periods ended September 30, 2020 and 2019 respectively. During the nine-month period ended September 30, 2020, 859,453 Class A Shares were issued as settlement of vested PSU applicable to BU (1,828,747 Class A shares were issued during nine-month period ended September 30, 2019).

On January 16, 2020, the Company paid $16,396 for the settlement of performance share units applicable to a Business Unit ("PSU BU"). Following the Company's acquisition of all issued and outstanding shares of Charlemagne Capital Limited ("CCL") on December 14, 2016, the Company granted these PSU BUs on November 17, 2017 to an executive of CCL in connection with their previous equity arrangement which existed prior to the acquisition by the Company.

UAR applicable to BU

Under the UAR applicable to BU, eligible employees are entitled to receive Class A Shares of the Company for an amount equivalent to the difference between the business value per unit on the vesting date and the exercise price determined on the grant date. The total award value granted under the Company's UAR plan applicable to BU was $4,502 and nil during the nine-month periods ended September 30, 2020 and 2019 respectively. The Company recorded an expense of $464 and $1,270 during the three and nine-month periods ended September 30, 2020 ($740 and $1,534 during the three and nine-month periods ended September 30, 2019).

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

12. Share-based payments (continued)

f) PSU plan

One PSU unit is equivalent to one Class A Share of the Company. The Company recorded the following expense (recovery) relating to PSU plans during the three and nine-month periods ended September 30, 2020 and 2019:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Equity-settled grants	**171**	442	**2,041**	1,081
Cash-settled grants	**74**	87	**142**	1,075
Total expense	**245**	529	**2,183**	2,156

The total award value granted to eligible employees under the Company's PSU plan for the nine-month periods ending September 30, 2020 and 2019 was $1,170 and $548 respectively. 335,919 Class A Shares were issued and $32 was paid in cash during the nine-month period ended September 30, 2020 as settlement of PSU vested (2019 – 217,882). During the three and nine-month periods ended September 30, 2020, the Company recorded an expense of nil and $2,300 related to accelerated vesting provision relating to key management personnel.

g) Stock option plans in the Company's subsidiaries

One of the Company's subsidiaries has a stock option plan which is based on the shares of the respective subsidiary entity. This plan is accounted for as a cash-settled plan. The Company's subsidiary stock option expense in the interim condensed consolidated statements of earnings (loss) for the three and nine-month periods ended September 30, 2020 was nil for both periods ($623 and $1,725 for the three and nine-month periods ended September 30, 2019). The cash settled share-based liability is nil in the interim condensed consolidated statements of financial position as at September 30, 2020 ($5,280 as at December 31, 2019). An amount of $5,280 was paid in cash during the nine-month period ended September 30, 2020 as a settlement of the options (2019 – $108).

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

13. Additional information relating to interim condensed consolidated statements of cash flows

	Three-month periods		Nine-month periods	
	2020	2019	**2020**	2019
	$	$	**$**	$
Changes in non-cash operating working capital items				
Accounts receivable	**(190)**	11,324	**17,922**	23,197
Prepaid expenses and other assets	**4,627**	4,749	**(2,145)**	(4,219)
Accounts payable and accrued liabilities	**(16,319)**	(9,010)	**(80,060)**	(41,878)
Restructuring provisions	**(5,127)**	672	**8,189**	519
Amounts due to related parties	**(746)**	(1,764)	**536**	(2,599)
Client deposits and deferred revenues	**2,561**	1,254	**3,110**	3,025
	(15,194)	7,225	**(52,448)**	(21,955)

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between current income tax expense of $4,595 and $11,755 for the three and nine-month periods ended September 30, 2020 (($3,233) and $6,103 for the three and nine-month periods ended September 30, 2019) and income taxes paid of $5,947 and $11,293 ($2,764 and $14,268 for the three and nine-month periods ended September 30, 2019) for a net impact of ($1,352) and $462 for the three and nine-month periods ended September 30, 2020 (($5,997) and ($8,165) for the three and nine-month periods ended September 30, 2019).

The following are non-cash items:

During the three-month period ended September 30, 2020, the Company issued 317,246 Class A shares of $3,361 as settlement of purchase price obligations and performance and restricted share units settled. During the nine-month period ended September 30, 2020, the Company issued 3,006,786 Class A shares of $19,995 as settlement of purchase price obligations, performance and restricted share units settled and dividends under the DRIP program. Additions to property and equipment included in accounts payable and accrued liabilities of $134 along with additions to intangible assets included in accounts payable and accrued liabilities of $345 are non-cash items.

The Company issued Class A Shares of nil and $5,548 related to the acquisition of Fiera Private Debt and the settlement of the purchase price obligation during the three and nine-month periods ended September 30, 2019, as well as $16,975 related to the acquisition of Palmer Capital, $18,338 related to the IAM acquisition and $4,611 and $10,710 as settlement of PSUs and RSUs during the three and nine-month periods ended September 30, 2019.

14. Contingent liabilities

In the ordinary course of business, the Company may be involved in and potentially subject to claims, proceedings, and investigations, including, legal, regulatory and tax. There are a number of uncertainties involved in such matters, individually or in aggregate, and as such, it is not currently possible to predict the final outcome with certainty. The Company intends to defend these actions and Management believes that the resolution of these matters will not have a material adverse effect on the Company's financial condition. Management regularly assesses its position on the adequacy of accruals or provisions related to such matters.

15. Capital management

The Company's capital comprises share capital, retained earnings (deficit), long-term debt, convertible debentures and hybrid debentures, less cash and cash equivalents. The Company manages its capital to ensure there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance and to maintain compliance with regulatory requirements and certain restrictive covenants required by the lender of the debt. The Company is subject to calculations of excess working capital as required by National Instrument 31-103 *Registration Requirements and Exemptions,* calculated on a non-consolidated basis. As at September 30, 2020 and December 31, 2019 it has complied with its calculations. The Company and its subsidiaries have also complied with their restrictive debt covenants under the various credit facilities.

In order to maintain or adjust its capital structure, the Company may issue shares, proceed to the issuance or repayment of debt or redeem convertible debentures (as applicable under the terms of the respective final short-term prospectuses for these convertible debt).

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

16. Related party transactions

In the normal course of business, the Company carries out transactions with related parties which include related shareholders or entities under the same common control as these related shareholders.

At September 30, 2020, a related shareholder indirectly owns Class B Special Voting Shares ("Class B Shares") representing approximately 7.0% of the Company's issued and outstanding shares (7.2% as at December 31, 2019). Pursuant to the terms of a shareholders' agreement between this related shareholder and an entity related to the Company, the related shareholder is entitled to appoint two of the eight directors of the Company that the holders of Class B Shares are entitled to elect. This related shareholder is one of the two co-lead arrangers and one of the lenders in the syndicate of lenders to the Company's Credit Facility and effective June 2019 took on the role as administrative agent of the Credit Agreement.

Following the Natixis transaction in May 2019, a shareholder was no longer considered a related party due to a reduction in their beneficial share ownership. Transactions with this shareholder prior to May 2019 are included in the table below.

In addition, following the Natixis transaction in May 2019, a related shareholder owns 10.3% Class A Shares (10.6% as at December 31, 2019) and is entitled to propose one nominee for election to the Company's Board.

The following table presents transactions either directly with the two related shareholders or with entities under the same common control as these related shareholders:

	For the three-month periods ended September 30,		**For the nine-month periods ended September 30,**	
	2020	2019	**2020**	2019
	$	$	**$**	$
Base management	**2,494**	2,130	**6,847**	19,850
Other revenues	**4**	(380)	**(2,968)**	4,718
Selling, general & administrative expenses				
Reference fees	**–**	–	**–**	544
Other	**–**	–	**–**	196
Interest on long-term debt	**3,253**	5,531	**11,435**	15,690
Net (gain) loss in fair value of derivative financial instruments included in interest on long-term debt and other financial charges	**1,738**	(4,598)	**(28,418)**	1,620

(in thousands of Canadian dollars, unless noted otherwise – except share and per share information)

17. Segment reporting

The Company has determined that there is one reportable segment, asset management services. Geographical information for the Company is provided in the following table:

Revenues:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020	2019	**2020**	2019
	$	$	**$**	$
Canada	**82,976**	74,531	**244,075**	226,938
United States of America	**61,841**	54,743	**179,118**	158,100
Europe and other	**25,920**	30,682	**76,066**	67,607
	170,737	159,956	**499,259**	452,645

Non-current assets:

	As at September 30,	As at December 31
	2020	2019
	$	$
Canada	**689,637**	742,228
United States of America	**465,451**	462,699
Europe and other	**158,121**	164,682
	1,313,209	1,369,609

Revenues are attributed to countries on the basis of the client's location. As at September 30, 2020, non-current assets presented above exclude long-term investments of $7,095, deferred income taxes of $33,842, derivative financial instruments of nil and other non-current assets of $3,381 ($5,743, $23,559, $537 and $6,654 respectively as at December 31, 2019).

18. COVID-19

The Company is continuing to review the financial impact of the COVID-19 pandemic and market risk to its capital position and profitability should the duration, spread or intensity of the pandemic further develop. It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 both in the short and long term. The Company maintains sufficient liquidity to satisfy all of its financial obligations for the foreseeable future. Despite this liquidity, the Company may see an impact to the cost of capital in the future as a result of disrupted credit markets or potential credit rating actions in relation to the Company's debt if the timing and pace of economic recovery is slow. Furthermore, a sustained period of significant market volatility could result in a write-down of the Company's goodwill and intangible assets in subsequent quarters. The valuation of the Company's purchase price obligations could also be impacted if expected results from operations change significantly from current assumptions.

During the nine-month period ended September 30, 2020, the Company was eligible for government wage subsidies offered as a relief for the impact of COVID-19 and recorded $2,934 within Selling, general and administrative expenses. The Company recognizes grants that compensates for expenses already incurred in profit or loss in the periods in which the grants become receivable. Such grants are presented against the same profit or loss expenses to which they pertain.

19. Subsequent events

Dividends declared

On November 12, 2020, the Board declared a quarterly dividend of $0.21 per Class A Share and Class B Share, payable on December 21, 2020 to shareholders of record at the close of business on November 25, 2020.

20. Comparative information

Certain comparative amounts in the interim condensed consolidated financial statements have been reclassified in order to conform to the 2020 financial statement presentation.

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