

LSEG STREETEVENTS

EDITED TRANSCRIPT

FSZ.TO - Q1 2026 Fiera Capital Corp Earnings Call

EVENT DATE/TIME: MAY 08, 2026 / 2:00PM GMT

CORPORATE PARTICIPANTS

Natalie Medak *Fiera Capital Corp - Director of Investor Relations*

Maxime Menard *Fiera Capital Corp - Global President, Chief Executive Officer*

Lucas Pontillo *Fiera Capital Corp - Global Chief Financial Officer, Executive Director*

CONFERENCE CALL PARTICIPANTS

Etienne Ricard *Bank of Montreal - Analyst*

Graham Ryding *Cowen and Company LLC - Equity Analyst*

PRESENTATION

Operator

Good morning, and welcome to Fiera Capital's earnings call to discuss financial results for the first quarter of 2026.

I will now turn the conference over to Natalie Medak, Director, Investor Relations. You may begin your conference.

Natalie Medak - *Fiera Capital Corp - Director of Investor Relations*

Thank you, and good morning, everyone. Welcome to the Fiera Capital conference call to discuss our financial and operating results for the first quarter. A copy of today's presentation can be found in the Investor Relations section of our website.

Comments made on today's call, including replies to certain questions, may deal with forward-looking statements which are subject to risks and uncertainties that may cause actual results to differ from expectations. Please refer to the forward-looking statements on page 2 of the presentation.

Our speakers today are Maxime Menard, Global President and CEO; and Lucas Pontillo, Executive Director, Global CFO, and Head of Corporate Strategy. Also available to answer questions will be John Valentini, President and CEO of Private Markets. I will now turn the call over to Maxine.

Maxime Menard - *Fiera Capital Corp - Global President, Chief Executive Officer*

Good morning, and thank you for joining us today. Before we begin. I would like to briefly acknowledge my return following a period of medical leave. I want to thank Gabriel Castiglio for his leadership during my absence and to recognize the management team and colleagues across the firm for their professionalism and continued focus. I am excited to be back, and I'm eager to continue to expand on the momentum we have built in the recent months.

With that, let me turn to our first quarter results. Our results reflect resilience in an unpredictable market and macroeconomic environment. Our private markets platform delivered AUM growth for the quarter, highlighting the benefit of private investment strategies during times of market turbulence. We continue to streamline operations, reducing expenses by 7% year-over-year, and we produce year-over-year margin growth. I will expand on our progress against our strategic priorities later in the call.

Turning to our assets under management. Total AUM ended the quarter at \$160.2 billion, down approximately 2.4% from the end of prior quarter, mostly reflecting equity market volatility in the last month of the quarter, along with net outflows of \$1.3 billion.

AUM was also reduced by \$650 million from the planned wind-down of our Canadian equity small-cap core strategy during the quarter. Excluding the previously announced wind-down of select strategies, AUM was flat year-over-year as positive market performance was largely offset by net outflows from sub-advised AUM.

Turning to AUM and flows by platform. Public market AUM ended the quarter at \$137.9 billion, down 3% from the prior quarter, primarily as a result of equity market volatility in March and the wind-down of our Canadian equity small-cap core strategy.

We generated close to \$350 million in new mandates during the quarter, mostly into equity strategies. We also captured an additional \$100 million in net inflows from new Canadian sub-advisory relationships that were established over the last year. We expect that growing exposure to the sub-advisory intermediary space will benefit, support organic growth, and contribute to our more consistent flow profile. Excluding sub-advised AUM, net outflows were approximately \$800 million in the quarter.

Our fixed income strategies saw positive flows however, these were more than offset by outflows from equities, reflecting client portfolio rebalancing given the run-up in equity markets and interest rates. Excluding sub-advised AUM on a trailing 12-month basis, net organic growth improved \$2.4 billion from the same period last year, reflecting good flow momentum and our core public market business.

Subsequent to quarter end, within our sub-advised business, we have received notification from two clients who intend to transfer assets totaling \$3.6 billion directly to PineStone. We continue to expect transfers to PineStone in 2026 to be lower than direct transfers in the prior year.

Turning to our private market platform. Private markets AUM, increased approximately 1% during the quarter. We raised 140 million of new mandates, primarily into real estate and private credit strategies. In particular, our market-leading Canadian core real estate strategies saw good demand in the quarter, benefiting from broad consultant support.

We generated approximately \$120 million of net inflows, which were offset by disciplined return of capital in our closed-end fund business.

During the quarter, close to \$300 million of capital was deployed into new projects, and our pipeline of undeployed capital remained strong at \$2 billion. Early in the second quarter, we began deploying capital into our Canadian-built opportunities funds, and we expect fees earned from investments in this fund to begin contributing to earnings in the second quarter and gradually increase as additional capital is deployed.

We continue to view private markets as a key driver of long-term value creation. Over the last five years, private markets AUM has grown at a 10% compound annual rate, while revenue have expended at a 15% rate, reflecting both scale and improved revenue mix. On a trailing 12-month basis, private markets contributed 37% to total revenue, while representing 14% of AUM.

During the quarter, we took the opportunity to buy out the remaining 25% of Fiera infrastructure, giving us full ownership of the business. An upfront payment of \$17.5 million was made, and the transaction was closed early in the second quarter.

A final amount is expected to be paid in the third quarter to account for minority earnings up to the closing date and any purchase price adjustments following an independent valuation. The transaction directly supports a strategy of growing private markets by reinvesting in high-quality strategies we know well and believe in.

Taking a closer look at our Canadian business, Canada remains the foundation of our franchise, where we benefit from established scale, broad distribution, and a multi-strategy platform that serves institutional intermediaries and private wealth clients. Ontario and Quebec together represents more than 80% of AUM, with strong penetration across both regions.

Importantly, client growth outside these four markets, particularly in Western Canada, is accelerating, highlighting meaningful white space opportunities. Within our Canadian business, outside of sub-advised AUM, we have seen clear trends towards improvement in net organic growth, supported efficient distribution, and our multi-strategy platform.

Outside Canada, we have seen good traction in the US, our US fixed income strategy with net contribution of close to \$200 million in the quarter. We also captured new mandates into our global emerging market equity strategies on the back of solid investment performance.

In EMEA, we saw net organic growth of more than \$200 million into global emerging market equities and integrated fixed income strategies.

Turning to investment performance, global equity markets began constructively in the first quarter of 2026. But weekend through the quarter, amid rising geopolitical tension and renewed concerns around AI-driven valuation and credit market volatility, most indices ended the quarter down, although losses have more than recovered in the second quarter to date. Against this backdrop, our public market equity performance relative to benchmarks remained challenged.

Over the past year, market gains have been increasingly narrow and driven by a small group of higher. Lower quality stocks, creating a difficult backdrop for high-conviction, quality-focused managers such as Fiera. Year-to-day performance has further been influenced by geopolitical development and the associated energy shock where relative underexposure weighted on results.

More positively, our emerging markets and Canadian equity core strategies have been performing well, generating first quartile results versus their respective peers in Q1, with the latter recently taking steps to further align the strategy to a more core focus offering for clients.

In contrast to the equity landscape, our fixed-income platform delivered strong absolute and relative performance. 96% of our fixed-income AUM outperformed benchmarked over the one-year period. Our private market strategies continue to perform in line with expectations, with nearly all flagship strategies posting positive returns in the quarter.

Before I move on, I want to briefly address private credit given the broader market focus on the sector. Review recent headlines as idiosyncratic events rather than indicators of systemic issues. Our private credit teams operate with rigorous underwriting standards and robust portfolio monitoring practices with a consistent focus on downside protection, documentation discipline, and proactive risk management.

Moreover, Fiera's investor base is primarily institutions and high-net-worth clients who are accredited investors with established relationships with Fiera advisors. Our funds are not sold to retail investors, and our private credit strategies have no exposure to software, which is where sector concerns mostly lie.

With that, I'll turn over the call to Lucas to walk us through the financials.

Lucas Pontillo - Fiera Capital Corp - Global Chief Financial Officer, Executive Director

Thank you, Maxime, and good morning, everyone. Market volatility in the quarter underscored the importance of expense discipline. We stayed focused on what we could control and executed effectively in a challenging market environment. As a result, we delivered year-over-year adjusted EBITDA margin growth and continued to make progress against our strategic priorities.

Turning first to profitability. Adjusted EBITDA was \$42.7 million for the quarter, down slightly from \$43.4 million in the same quarter last year, as lower revenues were offset by lower employee compensation costs and sub-advisory fees.

Adjusted EBITDA margin was 27.9% in the quarter up 130 basis points from the same quarter last year. Adjusted EBITDA was down from \$54.7 million in the prior quarter, reflecting lower revenues, mostly due to performance fees largely recognized in the fourth quarter. On the last 12-month basis, our adjusted EBITDA margin improved to 29.2% for the current quarter, up 80 basis points from the same quarter last year and up 40 basis points from the prior quarter. This margin expansion has been delivered by deliberate and disciplined cost control.

SG&A expenses, excluding share-based compensation of \$111 million, declined by \$8.9 million or 7% year-over-year, reflecting lower employee compensation costs, along with lower sub-advisory fees. SG&A, excluding share-based compensation, was down \$14.8 million or 12% from the prior quarter, largely due to higher year-end variable compensation in the fourth quarter.

We note that most of these year-over-year savings are structural in nature. As revenues grow, this leaner cost base should allow for a greater portion of incremental revenues to flow through to profitability.

Turning to revenues and key drivers by segment. Total revenues were \$153 million in the first quarter, down 6% year-over-year, reflecting lower base management fees from sub-advised mandates and lower share of earnings in joint ventures. This was partly offset by an increase in base management fees and non-sub-advised mandates in public markets. Sequentially, revenues declined 15%, mostly reflecting the absence of seasonal performance fees in the fourth quarter.

During the quarter, performance fees were de minimis like in the prior-year quarter and \$13.5 million in the fourth quarter. Commitment and transaction fees of \$1.3 million were down from \$2.4 million in the prior-year quarter and were down sequentially by approximately \$6 million due to lower volume of deals and renewals in the first quarter.

Share of earnings from joint ventures and associates was close to \$1 million in the quarter, down from \$2.6 million in the prior quarter and up from \$600,000 last quarter. And other revenues were \$3.9 million for the quarter, up from just over \$3 million in the prior year quarter, largely due to realized losses on foreign exchange derivatives last year. The revenues were down slightly from \$4.3 million last quarter.

Looking more closely at base management fees. In Public Markets, base management fees of \$98 million in the quarter were down 7% year-over-year and down 5% sequentially, primarily reflecting a decline in our sub-advised AUM. In Private Markets, base management fees were \$49 million in the first quarter, down 1% from the prior year and down 2% sequentially.

Private market based management fee rate declined in the first quarter, largely due to a foreign exchange impact at approximately one-third of fees collected in US dollars and due to temporary impact of a fund closure where we still held on to the AUM but collected reduced fees. Year-over-year, our fee rate also reflects a higher share of undeployed assets in the current quarter.

Overall, stability in public market net fee rates combined with growing share of private markets AUM has resulted in our overall net management base fee rate trending upwards over the last three years. With that revenue backdrop in mind, I'll now turn to net earnings.

On an adjusted basis, net earnings for the quarter were \$23.5 million, down from \$25.4 million in the same quarter last year and \$29.9 million in the prior quarter. On a diluted per share basis, adjusted net earnings were \$0.21. For the quarter, up \$0.01 from the same quarter last year and down \$0.03 from the prior quarter.

Fully diluted shares outstanding in the prior-year quarter reflect share dilution from our 6% and 8.25% hybrid debenture, while diluted shares outstanding in the prior-year quarter reflect share dilution from only our 6% hybrid debenture.

Looking at cash flow and capital allocation, we generated last 12 months' free cash flow of \$96 million, up \$9 million from \$87 million in the same quarter last year. The increase was a result of lower dividends paid to non-controlling interest and lower lease payments as a result of proactive expense measures.

Last 12 months, free cash flow was also up \$17 million sequentially due to lower dividends paid to non-controlling interests and mainly changes in non-cash working capital, mostly due to the timing of revenue collections along with lower interest paid on debt.

During the quarter, we repurchased approximately 558,000 shares for \$3.2 million, demonstrating our confidence and the intrinsic value of our business. Dividend payout ratio remained comfortably below our LTM free cash flow payment. That brings me to our balance sheet.

Net debt ended the quarter at approximately \$700 million, down \$3 million from the same quarter last year. Net debt increased \$36 million from the prior quarter due to higher cash used in operating activities from the timing of variable compensation and benefit payments that occur in the first quarter.

As a reminder, our net debt fluctuates seasonally through the year and historically increasing in the first quarter as variable compensation and benefits are paid and decreasing in the second-half of the year as free cash flow is directed towards debt repayment.

Our net debt ratio was 3.6 times flat year-over-year and up 3.4 times in the prior quarter due to the timing of disbursements as previously mentioned. Subsequent to the end of the quarter, we completed private placement of a senior subordinated unsecured debenture of \$100 million to the Fonds de solidarite FTQ and concurrently redeemed our 6% hybrid debenture, also held by the FTQ.

Our priority remains building balance sheet capacity and through deleveraging. After paying dividends, we expect to allocate approximately half of excess free cash flows toward debt reduction, with the remainder allocated between reinvestment in the business and opportunistic share repurchases.

Finally, the Board approved a quarterly dividend of \$0.108 per share per share, payable on June 18, 2026, to shareholders of record of May 21, 2026.

With that, I'll turn the call back to Maxime.

Maxime Menard - Fiera Capital Corp - Global President, Chief Executive Officer

Thank you, Lucas. I'll close by touching on the progress we have made on our three-year strategic plan. We remain focused on refining and rightsizing our distribution and strengthening our investment performance management processes and tools. We continued to optimize our operations through prudent expense management, and as a result, we were able to drive margin expansion in a volatile market environment. We also kept net debt steady year-over-year, which is expected to drive deleveraging in the second half of 2026.

Lastly, our acquisitions of the remaining 25% of our Fiera infrastructure and initial deployment of capital from our Canadian-built Opportunities Fund support our goal to drive growth in private markets.

Before I hand it off for questions, I wanted to announce that as part of a planned leadership evolution, Rob Petty is transitioning from CEO of Fiera Asia to a Senior Advisor role, where he will continue to support select strategic initiatives and key international client relationships. Rob has played an important role in building our Asia credit platform, and we are grateful for his many contributions.

At the same time, Klaus Schuster's mandate as CEO of EMEA will now include Asia, bringing both regions under a unified leadership structure. Importantly, our investment teams, strategies, and client commitments in these regions remain unchanged.

I will now turn the call over to the operator for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Etienne Ricard, BMO Capital Markets.

Etienne Ricard - Bank of Montreal - Analyst

Thank you, and good morning. To circle back on the two client requests for transfers at PineStone. Are these new clients asking for a transfer, or have these clients already made transfers in the past?

Maxime Menard - *Fiera Capital Corp - Global President, Chief Executive Officer*

No, they haven't made transfers in the past. These are existing clients transferring directly.

Etienne Ricard - *Bank of Montreal - Analyst*

Okay. And how much is still in your AUM figure, excluding the 3.6 from these two clients?

Lucas Pontillo - *Fiera Capital Corp - Global Chief Financial Officer, Executive Director*

In terms of what's left in the figure, what do you mean? Sorry.

Etienne Ricard - *Bank of Montreal - Analyst*

So these clients are asking for transfers of 3.6?

Maxime Menard - *Fiera Capital Corp - Global President, Chief Executive Officer*

Yeah.

Etienne Ricard - *Bank of Montreal - Analyst*

How much would they still have left?

Lucas Pontillo - *Fiera Capital Corp - Global Chief Financial Officer, Executive Director*

Oh, it's the total. That's what I wanted to clarify. That's the total amount.

Maxime Menard - *Fiera Capital Corp - Global President, Chief Executive Officer*

Yeah, they're transferring the total relationships directly.

Lucas Pontillo - *Fiera Capital Corp - Global Chief Financial Officer, Executive Director*

Okay.

Etienne Ricard - *Bank of Montreal - Analyst*

Okay, understood. And the fee rate in public markets did experience a decrease this quarter. What explains this move, and where do you anticipate the fee rate to trend over the foreseeable future?

Lucas Pontillo - Fiera Capital Corp - Global Chief Financial Officer, Executive Director

I think there's really two things impacting this. It's the mix on the equity versus fixed income side. Obviously, we've seen some pressure from the sub-advised mandates, but then if you look at this quarter in particular as well. We had net inflows on the fixed income side, but we had net outflows on the equity side. Again, that's causing the mix change in terms of the overall fee rate for public markets.

And the market pressure that we experienced, obviously, put pressure on the equity AUM base for those equity strategies as well. So that could be something you see quickly reverse as the market kicks back, as it already has in the month of April and early May in Q2?

Etienne Ricard - Bank of Montreal - Analyst

Okay, helpful. And Maxime, last one from me, in terms of distribution, what are priorities for you for the rest of the year?

Maxime Menard - Fiera Capital Corp - Global President, Chief Executive Officer

Yes, so I think we've already started the year with a pretty good momentum with over like near 50 RFPs in the different asset classes, so we want to continue to, as I said, capture some of the market opportunities in the Canadian market where we've seen significant uptick in the sub-advisory business. We think that we also have, as mentioned, a white space opportunity in the Western Canada.

So we're doing in Canada cross-selling. Obviously, we're going to focus on retentions in the face of some performance challenges on a relative basis, based mostly on style. So we're going to focus on retention, some market opportunity, and then within the international US and also the EMEA market. We've seen some opportunities in select products.

So the goal, obviously, is to continue to accelerate our market footprint in these different markets. So I think we have some very ambitious goals in private markets and also public, but we're well on the way to meet those.

Etienne Ricard - Bank of Montreal - Analyst

Thank you very much.

Operator

(Operator instructions)

Graham Ryding, TD Securities.

Graham Ryding - Cowen and Company LLC - Equity Analyst

Hi, good morning. Max, welcome back. Nice to see you back and help you. That's good news.

Maxime Menard - Fiera Capital Corp - Global President, Chief Executive Officer

Thank you.

Graham Ryding - Cowen and Company LLC - Equity Analyst

You raised a debenture this quarter to redeem the outstanding hybrid debenture. Any impact, Lucas, on your overall cost of debt there?

Lucas Pontillo - Fiera Capital Corp - Global Chief Financial Officer, Executive Director

I mean, obviously, there's a rate differential there. So when we financed that original debenture with FTQ, you'll recall that was really at the sort of at the trough of the interest rate environment before it started to rise. So it was obviously cheaper paper at 6%.

But at the 7.4% rate that we got, we felt that this was quite competitive in the current market environment that we were in now. And so we went ahead and refinanced in anticipation of the volatile markets. As a reminder, all our debt has to be renewed or refinanced one year in advance of its face value expiration date. That's a working capital requirement we have with our regulator, the AMF.

So this really was going to be coming due for us at the end of June. And as I said, we took advantage of a great partnership that we have with the Fonds de solidarite and got that done a couple of months earlier.

Graham Ryding - Cowen and Company LLC - Equity Analyst

Okay, great. And I think you commented on it, but I didn't quite catch it. Your fully diluted share count was down quite a bit quarter over quarter. Can you just sort of remind us what drives that? Is that movement in the share price? I'm just wondering, now that you're redeeming this hybrid, is that sort of sensitivity going to be the same going forward, or does that change now?

Lucas Pontillo - Fiera Capital Corp - Global Chief Financial Officer, Executive Director

Yeah, I mean, it usually comes down to the hybrids in terms of which ones are in and which ones are out every quarter. It's a test that we have to do every quarter. To your point, it's share price dependent on one end. It's interest rate cost dependent on the other.

And so as a result, depending where net income lines up in terms of its dilution or accretion, that therefore impacts whether or not the instrument gets included for the diluted calculation.

So you're right, we've gone through a couple of quarters now where we had one quarter where both were included, one wasn't. So as I say, it's just one of those things where every quarter, depending on how that dilution calc is coming out, the instrument either gets added or not for the dilution calculation.

Graham Ryding - Cowen and Company LLC - Equity Analyst

And so are you replacing the existing hybrid with a new hybrid or are you only going to have one hybrid going forward that impacts this share count?

Lucas Pontillo - Fiera Capital Corp - Global Chief Financial Officer, Executive Director

No, we'll have the same setup that we have now, which is one publicly listed hybrid and one private placement hybrid. And so this one that we just refinanced is a private placement replacement of the original private placement.

The composition on the cap structure remains the same, it's \$100 million on the private placement, and it's, I'll call it mid-70s on the public one.

Graham Ryding - Cowen and Company LLC - Equity Analyst

Okay, that's helpful. Thank you.

Operator

And we have no further questions registered at this time. That concludes today's call. Thank you all for joining.

DISCLAIMER

LSEG reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES LSEG OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2026, LSEG. All Rights Reserved.