



# Management's Discussion and Analysis FIERA CAPITAL CORPORATION

For the Three and Nine-Month  
Periods Ended September 30, 2019





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## Financial Highlights

### Q3 2019 HIGHLIGHTS

The following management's discussion and analysis ("MD&A") dated November 8, 2019, presents an analysis of the financial condition and results of the consolidated operations of Fiera Capital Corporation (the "Company" or "Fiera Capital") as at and for the three and nine-month periods ended September 30, 2019. The following MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements, including the notes thereto, for the three and nine-month periods ended September 30, 2019 and 2018.

#### Overview

During the third quarter, the Company successfully closed three recently announced acquisitions: Foresters Asset Management Inc. ("Foresters"), Integrated Asset Management Corp. ("IAM") and Natixis' Canadian operations ("Natixis Canada", subsequently rebranded to "Fiera Investments"). In particular, the speed and quality of execution of Foresters' integration exceeded management's expectations with all integration activities effectively taking place prior to the closing of the transaction, a first for the company and a testament to the success of the Company's implementation and ongoing roll-out of its global IT and operations platform.

#### Financial highlights

(in \$ billions unless otherwise indicated)

	AUM as at			Q-o-Q Change	Y-o-Y Change
	30-Sep-19	30-Jun-19	30-Sep-18		
<b>AUM</b>	<b>164.7</b>	149.5	143.5	15.2	21.2

(in \$ millions unless otherwise indicated)

	Q3 2019	Q2 2019	Q3 2018	Q-o-Q Change	Y-o-Y Change
<b>Revenues</b>	<b>160.0</b>	149.9	137.1	10.1	22.9
<b>Net earnings (loss)<sup>1</sup></b>	<b>(4.7)</b>	(5.5)	1.0	0.8	(5.7)
<b>Adjusted net earnings<sup>1,2</sup></b>	<b>32.6</b>	32.5	27.5	0.1	5.1
<b>Adjusted EBITDA<sup>2</sup></b>	<b>46.6</b>	45.8	36.6	0.8	10.0
<b>Adjusted EBITDA margin<sup>2</sup></b>	<b>29.1%</b>	30.6%	26.7%	(1.5%)	2.4%

AUM reached \$164.7 billion as at September 30, 2019, a \$15.2 billion increase compared to June 30, 2019, underpinned by the \$15.0 billion AUM contribution provided by the acquisitions. The Company won new mandates totaling \$3.8 billion, and a foreign exchange tailwind of \$0.8 billion and market appreciation of \$0.7 billion further contributed to the quarter-over-quarter increase. These were partially offset by lost mandates of \$3.9 billion and withdrawals from existing clients of \$1.2 billion during the quarter, mainly as a result of clients consolidating investment service providers or taking mandates in-house.

<sup>1</sup> Attributable to the Company's Shareholders

<sup>2</sup> Please refer to the "Non-IFRS Measures" Section on page 31 and the reconciliation to net earnings (loss) IFRS measures.

## Financial Highlights

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Higher third quarter AUM also contributed to year-over-year revenue growth. The Company generated revenues of \$160.0 million during the third quarter of 2019, a \$22.9 million, or 17%, increase from the third quarter of 2018. Besides the positive contribution from the three acquisitions closed during the quarter, revenues also increased as a result of:

- the full quarter contribution of the August 2018 acquisition of Clearwater Capital Partners ("Clearwater") and the April 2019 acquisition of an 80% interest in Palmer Capital Partners Limited ("Palmer Capital"); and
- organic growth, mainly from Institutional, Private Wealth and Fiera Private Alternative Investments,

partly offset by a decrease in other revenues.

For the third quarter ended September 30, 2019, the Company reported a net loss attributable to the Company's shareholders of \$(4.7) million, or \$(0.05) per share (basic and diluted), compared to net earnings of \$1.0 million, or \$0.01 per share (basic and diluted), for the same quarter last year. The negative variance is mainly attributable to the increase in overall operating expenses mainly due to the recent acquisitions and in line with the Company's growth, higher interest and income tax expenses and the increase of the purchase price obligation related to the Clearwater acquisition, partially offset by higher revenues due to volume and acquisitions.

Adjusted net earnings for the third quarter of 2019 totalled \$32.6 million (\$0.32 per share – basic and diluted), up \$5.1 million from \$27.5 million (\$0.29 per share basic and \$0.27 per share diluted) in the third quarter of 2018, mainly as a result of an increase in total revenues from the acquisitions of Clearwater, Natixis Canada, IAM and Foresters, as well as from organic growth. This was partly offset by an increase in SG&A expense in line with the Company's growth, the inclusion of various acquisition operating expenses, higher interest on long-term debt and on finance leases as well as higher income tax expense.

Adjusted EBITDA increased to \$46.6 million year over year, up \$10.0 million, or 27%, as a result of:

- a full quarter contribution from Clearwater Capital, acquired in August 2018, and Palmer Capital, acquired in April 2019;
- the contributions of Foresters, IAM and Fiera Investments, all closed during the third quarter of 2019;
- positive contributions from Fiera Private Alternative Investments from the deployment of capital in real estate, infrastructure and private debt investments;
- organic growth and market appreciation, as well as
- the shift in lease expense classification from operating expenses to financing costs and amortization following the adoption of a new accounting standard related to leases ("IFRS 16 – Leases").

Adjusted EBITDA margin for the third quarter of 2019 was 29.1%, down 1.5% compared to the 30.6% margin generated in the second quarter.

The Company's next phase of growth is expected to stem from enhancing its distribution capabilities to leverage the robust suite of investment strategies now in place, as well as the further strengthening of its technology platform as Fiera Capital continues to move forward with the development of the global IT and operations infrastructure already underway.

## Financial Highlights

### Summary of Quarterly Results

The Company's AUM, total revenues, adjusted EBITDA<sup>1</sup>, adjusted EBITDA margin<sup>1</sup> and net earnings (loss), on a consolidated basis, including per share amounts, for each of the Company's most recently completed eight quarterly periods, as well as for the last-twelve-month period ended September 30, 2019, are as follows:

Table 1 – Quarterly Results (in \$ thousands except AUM in \$ millions and per share data)

	Last Twelve Months <sup>2</sup>	Q3 Sep. 30 2019	Q2 Jun. 30 2019	Q1 Mar. 31 2019	Q4 Dec. 31 2018	Q3 Sep. 30 2018	Q2 Jun. 30 2018	Q1 Mar. 31 2018	Q4 Dec. 31 2017
AUM	148,933	164,664	149,531	144,861	136,675	143,475	139,389	131,360	128,901
Total revenues	609,608	159,956	149,904	142,785	156,963	137,109	126,232	119,981	142,046
Adjusted EBITDA <sup>1</sup>	170,521	46,578	45,804	38,817	39,322	36,620	32,703	28,839	36,056
Adjusted EBITDA margin <sup>1</sup>	28.0%	29.1%	30.6%	27.2%	25.1%	26.7%	25.9%	24.0%	25.4%
Net earnings (loss) attributable to the Company's shareholders	(18,515)	(4,740)	(5,513)	(6,553)	(1,709)	995	(2,106)	(2,193)	763
PER SHARE – BASIC									
Adjusted EBITDA <sup>1</sup>	1.74	0.46	0.47	0.40	0.41	0.38	0.35	0.32	0.43
Net earnings (loss) attributable to the Company's shareholders	(0.20)	(0.05)	(0.06)	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01
Adjusted net earnings (loss) <sup>1</sup> attributable to the Company's shareholders	1.20	0.32	0.33	0.26	0.29	0.29	0.26	0.24	0.35
PER SHARE – DILUTED									
Adjusted EBITDA <sup>1</sup>	1.74	0.46	0.47	0.40	0.41	0.36	0.35	0.32	0.43
Net earnings (loss) attributable to the Company's shareholders	(0.20)	(0.05)	(0.06)	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01
Adjusted net earnings (loss) <sup>1</sup> attributable to the Company's shareholders	1.20	0.32	0.33	0.26	0.29	0.27	0.26	0.24	0.35

<sup>1</sup> Please refer to the "Non-IFRS Measures" Section on page 31.

The first, second and third quarter of 2019 results include the impacts from the adoption of IFRS 16 Leases. This adoption is discussed in Note 3 of the unaudited interim condensed consolidated financial statements. As is permitted by IFRS 16 Leases, comparative information has not been restated and, therefore, may not be comparable.

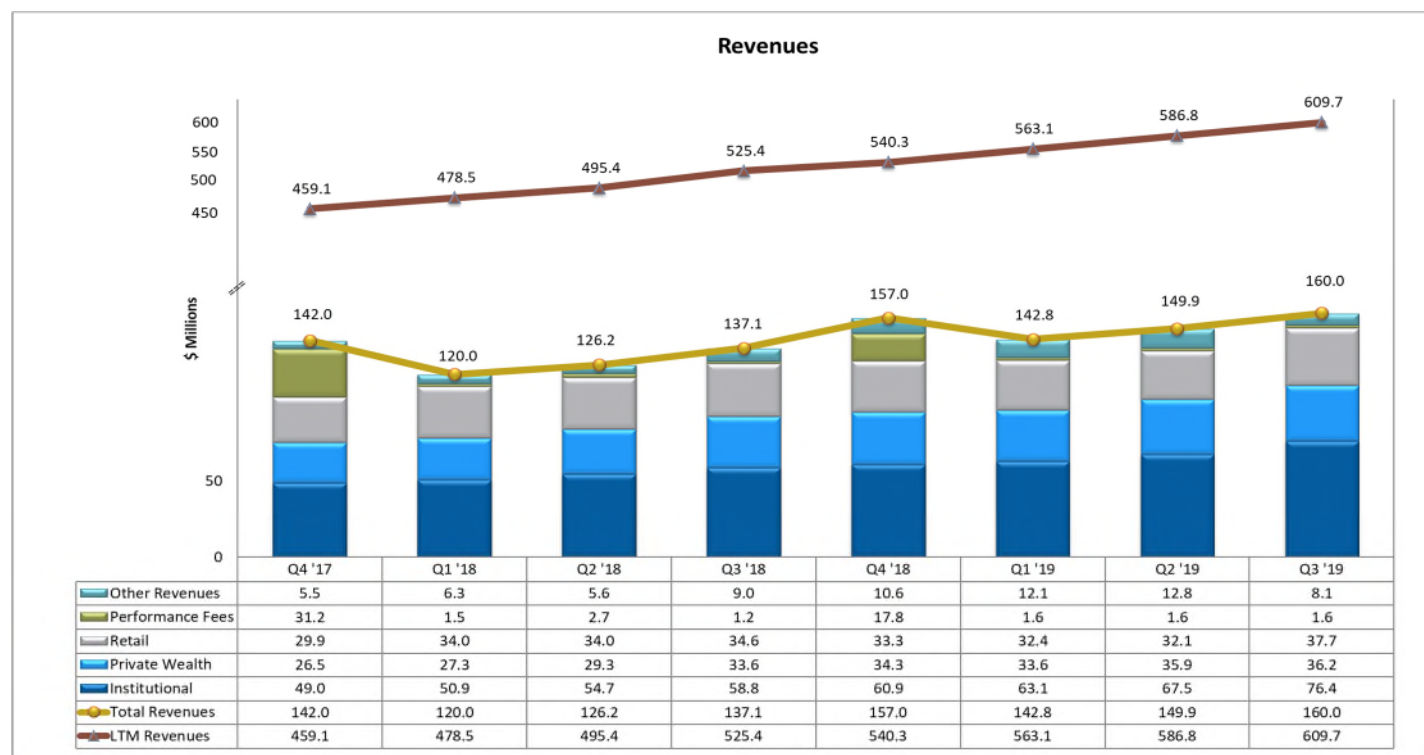
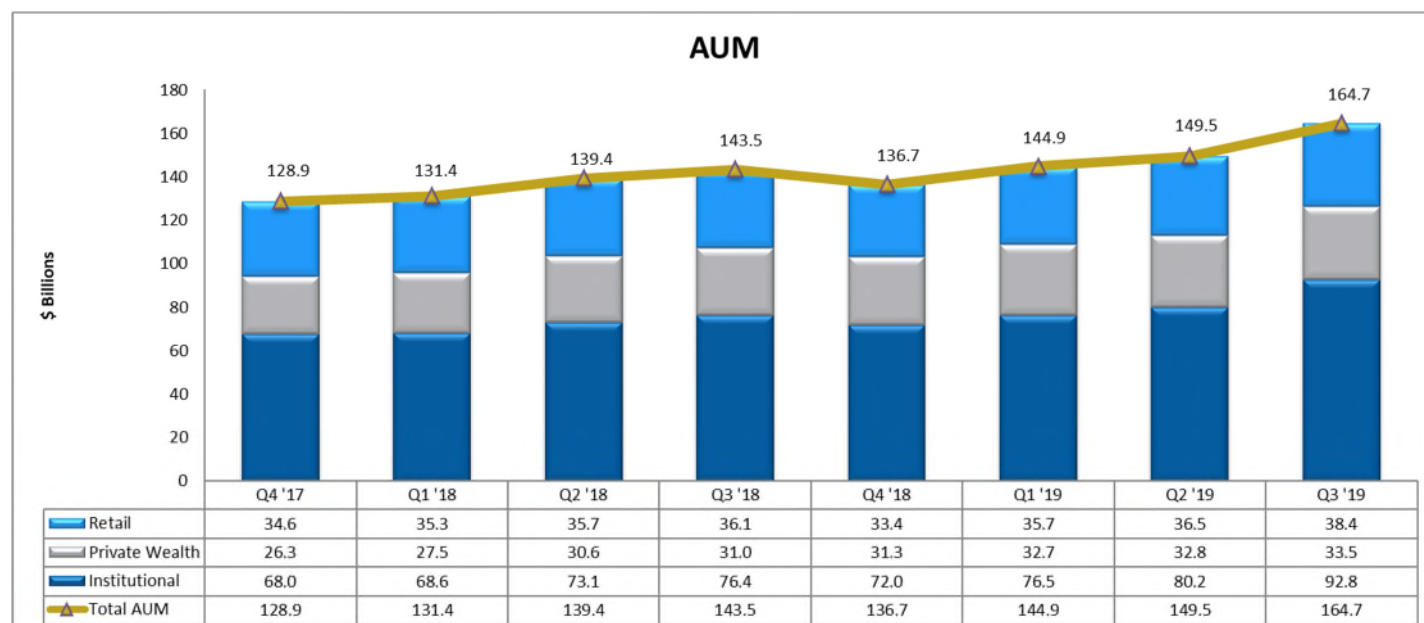
<sup>2</sup> AUM Last Twelve Months ("LTM") represents the average of the ending AUM of the last four quarters.

Certain totals, subtotals and percentages may not reconcile due to rounding.

## Financial Highlights

### AUM and Revenue Trend

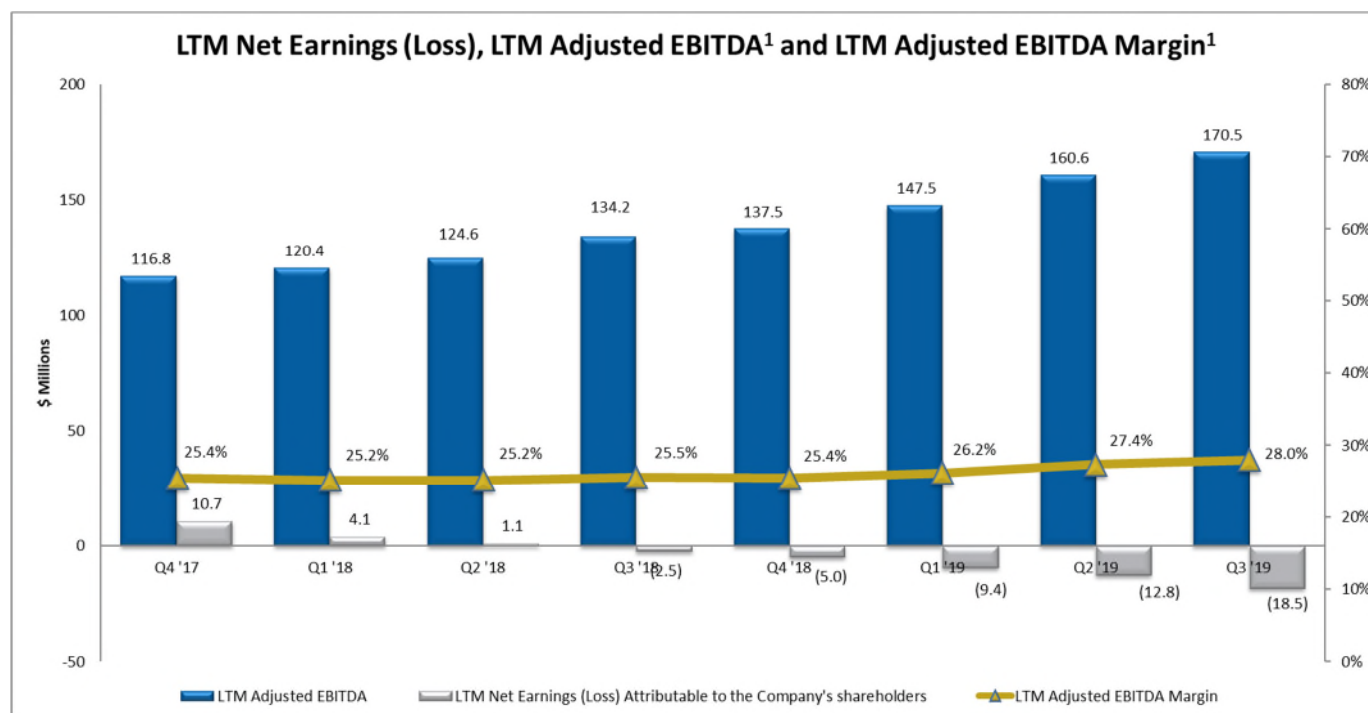
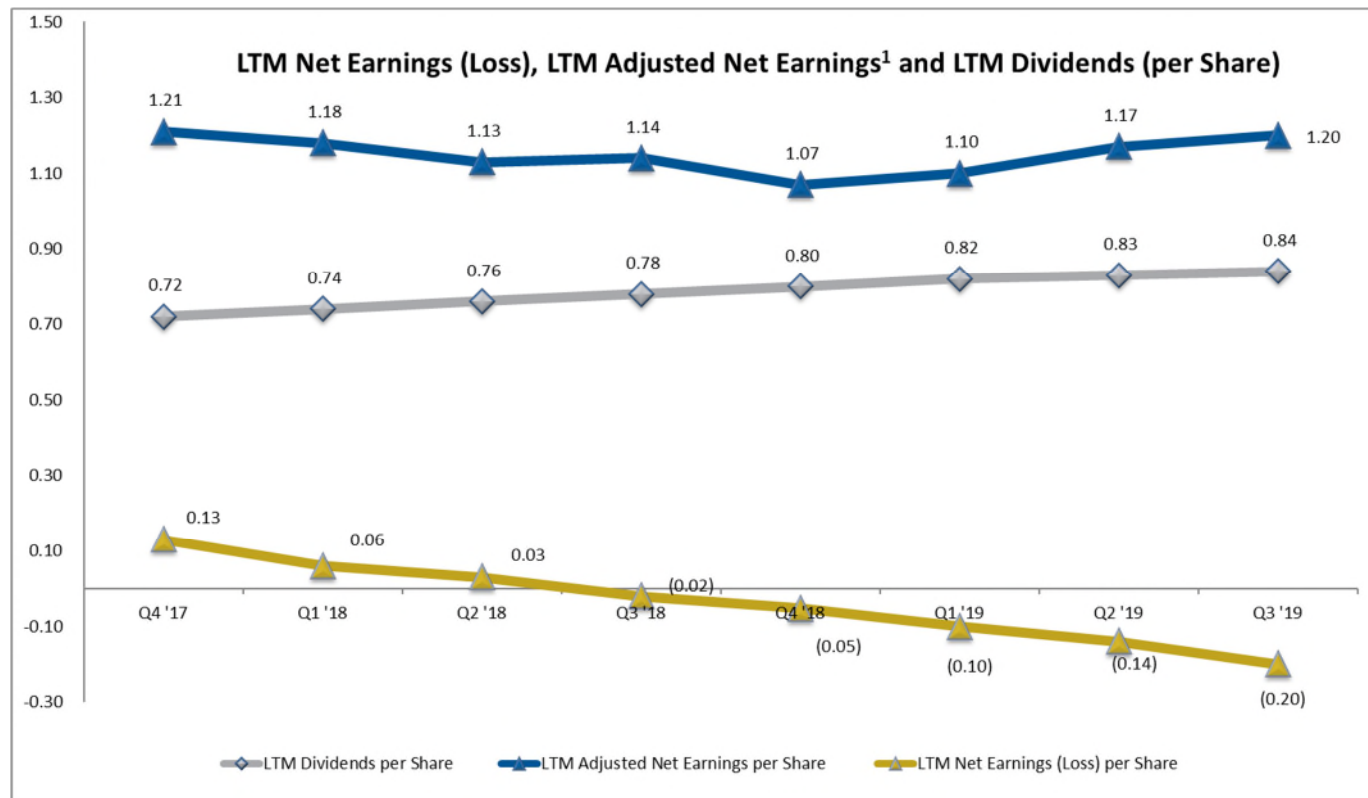
The following illustrates the Company's trends regarding Assets under Management ("AUM"), quarterly and last twelve months ("LTM") revenues, LTM Adjusted EBITDA<sup>1</sup>, LTM Adjusted EBITDA Margin<sup>1</sup>, LTM Net Earnings (loss) per share, LTM Adjusted Earnings per share<sup>1</sup>, as well as the LTM dividend payout.



Certain totals, subtotals and percentages may not reconcile due to rounding.

<sup>1</sup>Please refer to the "Non-IFRS Measures" Section on page 31.

## Financial Highlights



<sup>1</sup>Please refer to the "Non-IFRS Measures" Section on page 31.

### *Basis of Presentation*

The Company prepares its interim condensed consolidated financial statements in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standard Board ("IASB") and accordingly, they 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, 2018, except for the impact of the adoption of the standards, interpretations and amendment 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, 2018 and December 31, 2017.

The unaudited interim condensed consolidated financial statements include the accounts of Fiera Capital Corporation and its subsidiaries. Subsidiaries are those entities which the Company controls. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. All intercompany transactions and balances with and amongst the subsidiaries are eliminated on consolidation.

Non-controlling interest in the earnings (loss) and equity of subsidiaries are disclosed separately in the consolidated statements of financial position, earnings (loss), comprehensive income (loss), and changes in equity.

Where applicable, the subsidiaries' accounting policies are changed prior to the business acquisition by the Company to ensure consistency with the policies adopted by the Company.

Subsequent to the acquisition date, the Company's share of earnings of a joint venture is recognized in the consolidated statements of earnings (loss). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unless otherwise stated, figures are presented in Canadian dollars. Certain totals, subtotals and percentages may not reconcile due to rounding. Certain comparative figures have been reclassified to conform with the current period's presentation.

The Company presents earnings before interest, taxes, depreciation and amortization<sup>1</sup> ("EBITDA"), adjusted EBITDA<sup>1</sup>, adjusted EBITDA per share<sup>1</sup>, adjusted EBITDA margin<sup>1</sup>, adjusted net earnings<sup>1</sup> and adjusted net earnings per share<sup>1</sup> as non-IFRS performance measures. These non-IFRS measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The definition of these non-IFRS measures and the reconciliation to the most comparable IFRS measures are presented in the "Non-IFRS Measures" section of this MD&A.

<sup>1</sup> Please refer to the "Non-IFRS Measures" Section on page 31.

### *Forward-Looking Statements*

This MD&A contains forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, “target”, “intend”, or other negative of these terms, or other comparable terminology. Forward-looking statements, by their very nature, involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will prove to be inaccurate. As a result, the Company does not guarantee that any forward-looking statement will materialize and readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors, many of which are beyond Fiera Capital’s control, could cause actual events or results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: Fiera Capital’s investment performance, Fiera Capital’s ability to retain its existing clients and to attract new clients, Fiera Capital’s reliance on major customers, Fiera Capital’s ability to attract and retain key employees, Fiera Capital’s ability to successfully integrate the businesses it acquires, industry competition, Fiera Capital’s ability to manage conflicts of interest, adverse economic conditions in Canada or globally, including amongst other things, declines in financial markets, fluctuations in interest rates and currency values, regulatory sanctions or reputational harm due to employee errors or misconduct, regulatory and litigation risks, Fiera Capital’s ability to manage risks, the failure of third parties to comply with their obligations to Fiera Capital and its affiliates, the impact of acts of God or other force majeure events, legislative and regulatory developments in Canada and elsewhere, including changes in tax laws, the impact and consequences of Fiera Capital’s indebtedness, potential share ownership dilution and other factors described under “Risk Factors” in this MD&A or discussed in other documents filed by the Company with applicable securities regulatory authorities from time to time. These forward-looking statements are made as at the date of this MD&A and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as may be required pursuant to securities laws.

### *Company Overview*

Fiera Capital is a global independent asset management firm with \$164.7 billion in AUM as at September 30, 2019. The Company delivers customized multi-asset solutions across traditional and alternative asset classes to institutional, retail and private wealth clients across North America, Europe and key markets in Asia. The Company's approach to expanding international presence, commitment to being both disciplined and entrepreneurial in how it evaluates opportunities, and integrated model offers its clients the scale, resources and reach of a global asset manager coupled with the client-centric approach of a multi-boutique firm.

The Company is committed to responsible investing and adheres to its duty to act professionally, responsibly and diligently in the best interests of its investors and stakeholders with a view to create long-term, sustainable value. Furthermore, Fiera Capital is of the view that organizations that understand and successfully manage material environmental, social and governance factors and associated risks and opportunities tend to create more resilient, higher quality businesses and assets, and are therefore better positioned to deliver sustainable value over the long-term. The Company believes there are multiple approaches to managing stocks, bonds and alternative investments.

Fiera Capital's independent team structure allows it to offer a diverse range of investment strategies across asset classes and risk spectrums using a wide variety of investment styles. The Company believes that its flexible approach allows its investment teams to adopt integration techniques that are consistent with their investment philosophy.

To adapt to the investment landscape's constant evolution, Fiera Capital's teams collaborate and seek to draw on the global industry's most innovative and diverse offerings to craft strategies that meet the needs of every client, no matter where they may be located. The Company adheres to the highest governance and investment risk management standards and operates with transparency and integrity to create value for customers and shareholders over the long term.

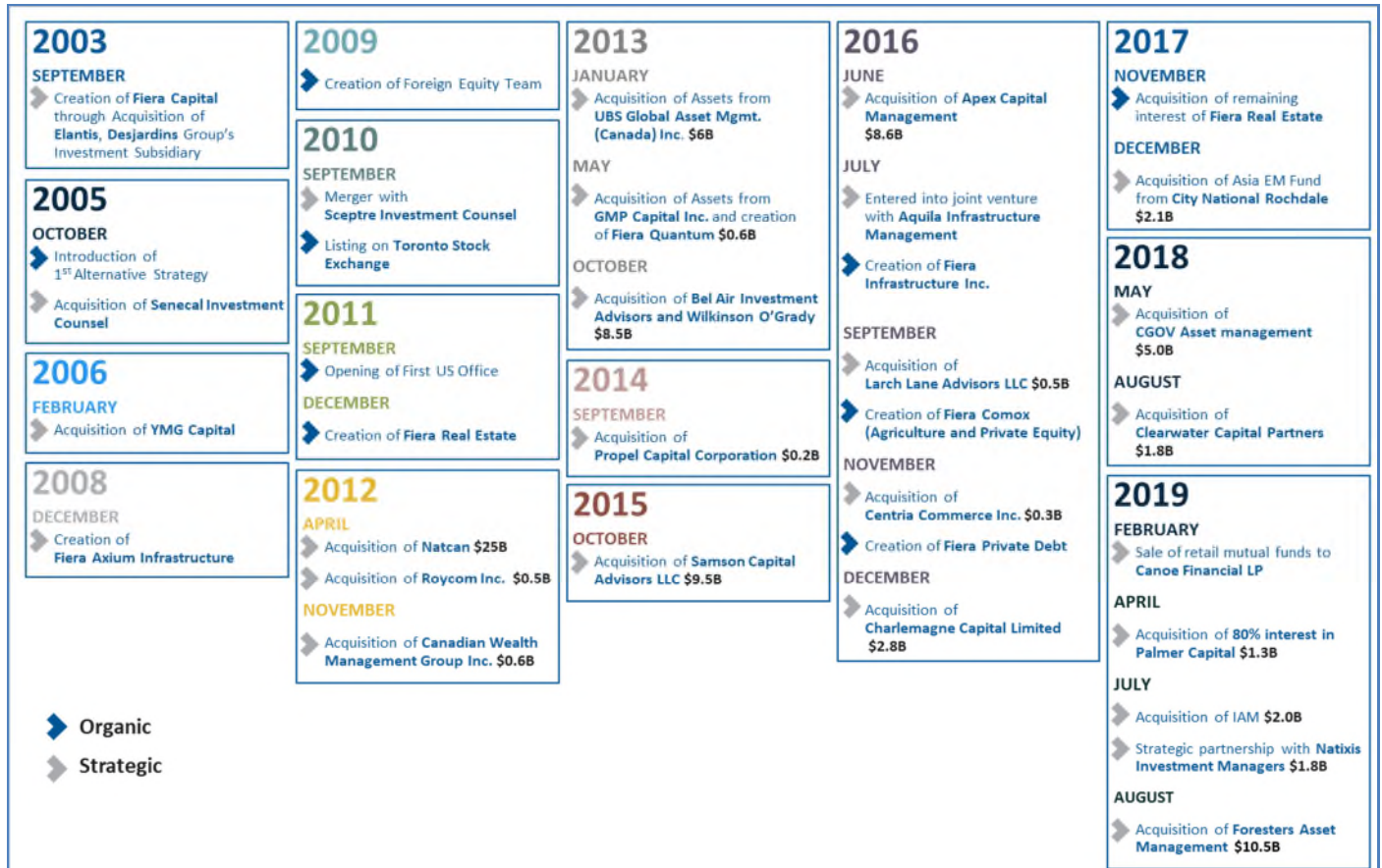
Fiera Capital also manages several investment funds. These funds consist of open-ended and closed-ended investment companies, alternative mutual funds, limited partnerships and other pooled funds which invest in a range of asset classes. Until the closing of the Canoe Transaction on February 22, 2019, the Company also managed the Fiera Capital Mutual Funds and currently acts as sub-advisor for certain of such mutual funds.

In addition to traditional investment strategies, Fiera Capital has completed acquisitions, entered into joint ventures and developed partnerships in order to offer its clients alternative investment strategies spanning a range of sectors and industries, including infrastructure, agriculture, real estate, private equity assets, private real estate financing and short-term business financing.

## Overview

### Company Evolution

The following diagram shows key initiatives, including organic growth and business acquisitions since the Company was established in 2003.



## Significant Events

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- **AUM of \$164.7 billion as at September 30, 2019, an increase of \$15.2 billion, or 10.2%, from June 30, 2019.** The recently closed acquisitions of Foresters Asset Management Inc. ("Foresters"), Integrated Asset Management Corp. ("IAM") and Natixis Investment Managers Canada Corp. ("Natixis Canada") added \$11.2 billion, \$2.0 billion and \$1.8 billion in AUM, respectively. Of the combined \$15.0 billion, approximately \$13.2 billion was attributed to the Institutional market and \$1.8 billion to the Retail market.
- **Scaling up in liability-driven investments ("LDI") with the closing of Foresters** – August 16, 2019. The acquisition of Foresters, an Ontario-based investment management firm focused on institutional and insurance LDI, from Foresters Life Insurance Company ("Foresters Financial"), which contributed \$11.2 billion in AUM, enhances Fiera Capital's institutional fixed income platform and provides the Company with the opportunity to broaden its relationship with Foresters Financial and its clients.
- **Strengthening of the Private Alternative Investments platform with the closing of the acquisition of IAM** – July 3, 2019. The acquisition of IAM added over \$3 billion in AUM and committed capital to the Company's private alternative investments platform. IAM's private debt investment team has been integrated within Fiera Private Debt and the industrial real estate team joined Fiera Real Estate.
- **Closing of the previously announced acquisition of Natixis Canada**– July 3, 2019. The Company completed the acquisition of all the issued and outstanding shares of Natixis Canada, the holding company of Natixis Investment Managers Canada LP ("Natixis LP"), acting as investment fund manager of publicly and privately distributed investment funds (the "Natixis Funds"). Together, Natixis LP and Natixis Funds were subsequently rebranded to "Fiera Investments" and added approximately \$1.8 billion in AUM at the time of closing. With the expertise of its affiliated investment managers and its offering of over 200 investment strategies, Fiera Investments will focus on delivering innovative investment solutions that provide capital growth and income to Canadian retail investors.
- Completion of the previously announced \$100 million bought deal public offering of senior subordinated unsecured debentures (July 4, 2019) and exercise in full and closing of the \$10 million over-allotment option (July 9, 2019).

### *Market Review*

The last several months have been dominated by financial market fragility as nervous investors digest several worrisome developments on the macro front – most notably trade anxieties that have fueled fears of a pronounced global slowdown. Encouragingly, we have seen some tentative signs that uncertainties pertaining to both the economic and political backdrop are receding.

On the economic front, we are seeing increased evidence that recession fears are largely misplaced. The deterioration in the global factory sector has been contained thus far and has yet to spillover to the larger, more prominent services-side of the global economy. Instead, the consumer has maintained its resilience given solid employment trends that have bolstered confidence and spending, which has sheltered the global economy from the storm.

On the political front, the US-Sino trade debacle appears to have subsided amid some conciliatory signals from both sides and a willingness to come to some sort of near-term truce – though policymakers are likely to fall short of reaching an all-encompassing deal given the wide array of structural issues that require resolution.

In equity markets, investors were whipsawed during the third quarter, with both trade deliberations and central bank developments dominating the headlines. In the end, global equity markets proved fairly resilient in the wake of a challenging economic and political backdrop, with the dovish pivot from major central banks largely counteracting the flurry of political drama at hand. Regionally speaking, results were mixed. US equities advanced, with the S&P 500 coming in striking distance of record levels reached earlier this summer. Meanwhile, Canadian equities led the global charge, thanks to soaring gold prices that bolstered the materials sector, while a revival in the energy and financials space also lent support. Looking abroad, international bourses welcomed pledges for support from central banks and advanced modestly, while emerging market stocks assumed the brunt of the trade-related angst and posted their worst quarterly return since mid-2018 as investors contemplated the long-running trade dispute between the world's two largest economies.

Meanwhile, the unrelenting demand for the safety of bonds lingered-on and fixed income markets posted positive returns during the third quarter. Bond yields were pummelled lower as unnerved investors sought out a haven in what was a tumultuous trade and political backdrop that brought into question the health of the global economic trajectory.

### *Economic Outlook*

After staging an impressive recovery last quarter, the Canadian economy has reverted back towards more sustainable, trend-like levels during the third quarter. Domestic resilience has largely countered vulnerabilities on the trade front, with healthy labour market conditions and accelerating wages lifting household and residential spending. However, lofty consumer debt level suggests that the onus needs to revert back to exports and investment to drive the economy going forward – particularly should trade tensions subside as we expect.

US economic developments resemble that of the factory-induced mid-cycle slowdown of 2015/2016 instead of a full-blown recession. The consumer remains a pivotal source of strength, with spending accelerating at the fastest pace since 2014 last quarter, while monthly indicators suggest that third quarter spending will maintain that momentum amid robust retail sales, accelerating wages, and record-low jobless claims. Encouragingly, even the latest manufacturing data has pointed towards some tentative signs of stabilization in the factory space.

Looking abroad, export-oriented economies in Europe and Japan remain casualties of the trade war. While the German locomotive moves decisively towards a technical recession, the silver lining is that fiscal stimulus is almost surely to follow. Meanwhile, the Japanese economy faces a sales tax hike at the same unfortunate time that global demand for Japanese goods has dwindled. Finally, the fortunes of the UK economy hinge directly on the outcome of Brexit, which remains highly uncertain at this time.

Finally, in the emerging world, the Chinese economy has deteriorated, with disappointing data spanning across both the consumer and factory-related space – ramping-up the pressure for more intensive easing from both fiscal and monetary authorities. While trade tensions appear to have subsided ahead of October's high-level discussions, uncertainty is almost certain to prevail. However, the reflationary impulse combined with increased clarity on the trade front should help to place a floor under the world's second largest economy and by extension, global growth.

It goes without saying that tensions on the trade-front are almost sure to linger-on over the coming months, with the flurry of trade-related headlines likely to provoke vulnerable investors and ignite periodic bouts of volatility.

However, looking further out we expect reasonably bright economic fundamentals to prevail and to drive investor appetite for risky assets, should the plethora of reflationary efforts from both central banks and governments prove successful in reinvigorating growth. Its important to remember that with volatility, comes opportunity – with any near-term correction presenting a compelling buying opportunity for patient investors with a long-term perspective.

### **Results**

The Company's strategies delivered solid overall performance over the last 5 years and this has held true over the last twelve months as well.

#### *Traditional Fixed Income Strategies*

The Company's fixed income strategies generated positive absolute results during the twelve-month period ended September 30, 2019, with the fixed income teams generally exceeding the returns of their respective benchmarks. The Integrated Fixed Income team has been a standout from a risk-reward standpoint over the last 5 years.

#### *Private Debt Strategies*

The Company's private debt strategies in Canada and Developed Asia continued to deliver high single-digit returns.

#### *Real Assets Strategies*

Global Agriculture and Infrastructure have performed according to expectations, delivering high single digit returns and deploying capital rapidly. Canadian and UK Real Estate have delivered attractive returns. Canadian Core Real Estate has been a top performer compared to peers over the last five years.

#### *Equity Strategies*

Most of the firm's equity strategies outperformed their benchmarks during the twelve-month period ended September 30, 2019. Our Global Equity team again generated exceptional results and has built an amazing track record over the last 10 years. Our main Canadian Equity team has also built a strong record. Our Emerging Equity strategies have rapidly turned around in 2019 after a more difficult 2018.

#### *Hedge funds*

Most of our hedge fund strategies have generated positive returns over the last twelve months.

#### *Non-Traditional Capital Appreciation Strategies*

Canadian Real Estate Value Add Strategies, UK Real Estate Value Add Strategies, Pan Asia Opportunistic Credit and Private Equity have all delivered very attractive results to clients over the long term as well as over the last twelve months.

### **Positioning**

In the face of a constantly evolving investment environment, our suite of investment strategies has been built to meet the needs of most investors. We believe that our wide-ranging offering can provide the necessary solutions for pension plans, insurers, endowments and foundations, as well as wealthy individuals. In addition, we have also developed a powerful Multi-Asset Class Solutions ("MACS") risk framework to guide decision-making.

### *Developments*

Additional efforts have been devoted to maintaining and improving on our environmental, social and governance (“ESG”) framework within a boutique management approach. We are in the process of developing a robust framework for Impact Investments in an effort to address the evolving wants of investors. We are putting more effort into improving the MACS infrastructure and aim to making it more accessible to investors.

# Market, Economic and Fund Performance Review

Table 2 – Annualized Rates of Return as at September 30, 2019

Strategies	AUM (\$Billion)	1 yr			5 yrs or Since Inception (SI)* (SI if inception < 5 yrs)			Inception date	Benchmark name	Notes
		Strategy return	Added value	Quartile	Strategy return	Added value	Quartile			
<b>Fixed Income Investment Strategies</b>	<b>79.4</b>									
Integrated Fixed Income Credit		8.97	0.06	Q3	4.43	0.29	Q3	01/03/2012	FTSE Canada Corporate Universe	
Integrated Fixed Income Universe		9.90	0.21	Q2	4.37	0.46	Q1	01/01/1993	FTSE Canada Universe	
Tactical Fixed Income Universe		9.28	-0.41	Q3	4.01	0.11	Q3	01/01/2000	FTSE Canada Universe	
High Yield Bonds		4.71	0.10	Q2	4.71	-0.08	Q2	01/02/2002	85% Merrill Lynch High Yield Corp B-BB Hedged in CAD, 15% Merrill Lynch	1
Preferred Share Opportunistic		-16.59	-3.75	N/A	2.25*	0.56*	N/A	01/08/2015	SOLACTIVE Preferred Share Laddered Index	
Preferred Shares Relative Value		-13.85	-3.49	N/A	0.02	0.9	N/A	01/02/2004	S&P/TSX Preferred Share Index	
Infrastructure Bonds		17.91	0.40	N/A	7.55	0.58	N/A	01/08/2011	FTSE Canada Provincial Long	
Active and Strategic Fixed Income - Active Universe		9.40	-0.29	Q3	5.15*	-0.07*	Q3	01/01/2018	FTSE Canada Universe	
Active and Strategic Fixed Income - Strategic Universe		10.29	0.60	Q1	5.63*	0.41*	Q1	01/01/2018	FTSE Canada Universe	
Tax Efficient Core Intermediate (Primary Benchmark)		6.45	0.04	N/A	2.45	-0.09	N/A	31/03/2007	Bloomberg Barclays 1-10 Year Municipal Index	4
Tax Efficient Core Intermediate (Secondary Benchmark)		6.45	0.75	N/A	2.45	0.39	N/A	31/03/2007	Bloomberg Barclays 1-10 Year AA+ Municipal Index	4
Tax Efficient Core Plus		7.54	1.13	N/A	3.10	0.55	N/A	31/12/2012	Bloomberg Barclays 1-10 Year Municipal Index	4
High Grade Core Intermediate (Primary Benchmark)		7.63	-0.46	N/A	2.77	0.04	N/A	31/12/2004	Bloomberg Barclays Intermediate Aggregate Index	4
High Grade Core Intermediate (Secondary Benchmark)		7.63	-0.16	N/A	2.77	0.20	N/A	01/01/2005	Bloomberg Barclays Intermediate Aggregate Ex CMBS/ABS/BBB Index	4
<b>Balanced Investment Strategies</b>	<b>3.7</b>									
Balanced Core		9.55	2.40	Q1	8.23	1.82	Q1	01/09/1984	Balanced Core Blended	2
Balanced Integrated		9.72	2.49	Q1	8.36	2.08	Q1	01/04/2013	Balanced Integrated Blended	3
<b>Equity Investment Strategies</b>	<b>67.7</b>									
Canadian Equity		14.46	7.39	Q1	9.73	4.42	Q1	01/01/2013	S&P/TSX Composite	
Canadian Equity Core		8.04	0.97	Q2	6.61	1.3	Q2	01/01/1992	S&P/TSX Composite	
Canadian Equity Opportunities		-7.70	-14.77	Q4	2.54	-2.77	Q4	01/11/2002	S&P/TSX Composite	
Canadian Equity Small Cap Core		-0.20	6.42	Q2	3.19	3.09	Q3	01/01/1987	S&P/TSX Small Cap	
Canadian Equity Small Cap		-5.18	1.44	Q3	0.96	0.86	Q4	01/01/1989	S&P/TSX Small Cap	
US Equity		11.77	4.98	Q1	18.11	3.45	Q1	01/04/2009	S&P 500 CAD	
International Equity		9.31	8.26	Q1	12.28	5.45	Q1	01/01/2010	MSCI EAFE Net CAD	
Global Equity		13.06	8.76	Q1	16.2	5.32	Q1	01/10/2009	MSCI World Net CAD	
CGOV Total Equity		6.41	1.29	Q2	9.39	0.14	Q2	01/04/1999	65% MSCI WORLD / 35% S&P/TSX Composite	
Apex Large Cap Growth		5.57	1.87	Q2	13.53	0.14	Q2	01/04/2007	Russell 1000 Growth	4
Apex Mid Cap Growth		-1.09	-6.30	Q4	14.86	3.75	Q1	01/05/2008	Russell MidCap Growth	4
Apex Smid Growth		-3.82	0.32	Q3	7.76	-2.44	Q4	01/01/1990	Russell 2500 Growth	4
Apex Small Cap Growth		-3.03	6.64	Q2	6.01	-3.05	Q4	01/01/2006	Russell 2000 Growth	4
Emerging Markets Select		3.95	5.98	Q1	4.32	2.00	Q1	14/12/2011	MSCI Emerging Markets NR USD	4
Emerging Markets Core Growth		1.92	3.94	Q2	4.77	2.45	Q1	01/07/2003	MSCI Emerging Markets Index	4
Emerging Markets Growth & Income		2.29	4.31	Q2	2.94	0.61	Q2	01/07/2010	MSCI Emerging Markets Index	4
Frontier Markets		7.70	1.83	Q1	6.83	8.11	Q1	01/07/2010	MSCI Frontier Markets Index	4
<b>Alternative Investment Strategies</b>	<b>13.9</b>									
North American Market Neutral Fund		-0.32	-	N/A	2.71	-	N/A	01/10/2007	Absolute Return	
Long / Short Equity Fund		-1.63	-	N/A	4.85	-	N/A	01/08/2010	Absolute Return	
Diversified Lending Fund		7.91	-	N/A	6.71	-	N/A	01/04/2008	Absolute Return	
Multi-Strategy Income Fund		1.40	-	N/A	3.98	-	N/A	01/11/2009	Absolute Return	
Charlemagne OCCO Eastern European Fund		4.54	-	N/A	5.33	-	N/A	01/01/2002	Absolute Return	4
OAKS Emerging & Frontier Opportunities Fund		5.07	-	N/A	5.48	-	N/A	01/12/2009	Absolute Return	4
Infrastructure Fund		6.91	-	N/A	6.58	-	N/A	01/03/2010	Absolute Return	
Real Estate Fund		6.49	-	N/A	6.47	-	N/A	01/07/2013	Absolute Return	
Global Agriculture Fund		3.68	-	N/A	1.88*	-	N/A	01/07/2017	Absolute Return	
Properties CORE Mortgage Fund		6.24	-	N/A	5.8*	-	N/A	01/12/2017	Absolute Return	
Fiera FP Real Estate Financing Fund, L.P.		7.65	-	N/A	7.38	-	N/A	22/11/2006	Absolute Return	
Fiera FP Mezzanine Financing Fund, L.P.		10.23	-	N/A	10.58	-	N/A	21/07/2015	Absolute Return	
Fiera FP Business Financing Fund, L.P.		4.88	-	N/A	5.97	-	N/A	06/11/2013	Absolute Return	
<b>TOTAL AUM</b>	<b>164.7</b>									

Notes:

1. The High Yield Blended Index is composed of 85% Merrill Lynch US High Yield Cash Pay BB-B Hedged in CAD, 15% Merrill Lynch US High Yield Cash Pay C Hedged in CAD.
2. Balanced Core Blended Benchmark is composed of 5% FTSE TMX T-Bill 91 Day / 35% FTSE TMX Universe / 32.5% S&P TSX Composite / 27.5% MSCI World Ex-Canada Net.
3. Balanced Integrated Blended Benchmark is composed of 2% FTSE TMX T-Bill 91 Day / 36% FTSE TMX Universe / 35% S&P/TSX Composite / 27% MSCI ACWI Net.

4. US Dollar returns

**Important Disclosures:**

- All returns are expressed in Canadian dollars, unless indicated otherwise.
- All performance returns presented above are annualized.
- All returns, except alternative strategies and Balanced Fund are presented gross of management and custodial fees and withholding taxes but net of all trading expenses.
- Alternative Investment Strategies and Balanced Fund are presented net of management fees, custodial fees, performance fees and withholding taxes.
- The performance returns above assume reinvestment of all dividends.
- Besides for the alternative strategies, the returns presented for any one line above represent the returns of a composite of discretionary portfolios.
- Each strategy listed above represents a single discretionary portfolio or group of discretionary portfolios that collectively represent a unique investment strategy or composite.
- The since inception date represents the earliest date at which a discretionary portfolio was in operation within the strategy.
- The above composites and pooled funds were selected from the Firm's major investment strategies while the AUM represent the total amounts managed by asset class.
- Quartile rankings are provided by eVestment.

## Financial Results

Table 3 – Consolidated Statements of Earnings (Loss) and Assets under Management as at and for the three-month periods ended September 30, 2019 and 2018, and June 30, 2019

ASSETS UNDER MANAGEMENT (in \$ millions)	AS AT			VARIANCE	
	SEPTEMBER 30, 2019	JUNE 30, 2019	SEPTEMBER 30, 2018	QUARTER OVER QUARTER FAV/(UNF) <sup>2</sup>	YEAR OVER YEAR FAV/(UNF) <sup>2</sup>
Assets under Management	164,664	149,531	143,475	15,133	21,189
STATEMENTS OF EARNINGS (LOSS) (in \$ thousands except per share data)	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	SEPTEMBER 30, 2019	JUNE 30, 2019	SEPTEMBER 30, 2018	QUARTER OVER QUARTER FAV/(UNF) <sup>2</sup>	YEAR OVER YEAR FAV/(UNF) <sup>2</sup>
Revenues					
Base management fees	150,316	135,543	126,936	14,773	23,380
Performance fees - Traditional Assets	1,354	1,195	1,133	159	221
Performance fees - Alternative Assets	210	359	41	(149)	169
Other revenues	8,076	12,807	8,999	(4,731)	(923)
	159,956	149,904	137,109	10,052	22,847
Expenses					
Selling, general and administrative expenses	116,905	110,599	106,710	(6,306)	(10,195)
External managers	1,849	249	544	(1,600)	(1,305)
Amortization of intangible assets	13,525	12,622	11,834	(903)	(1,691)
Depreciation of property and equipment	1,403	1,216	1,091	(187)	(312)
Depreciation of right-of-use assets	4,892	4,561	-	(331)	(4,892)
Restructuring, integration and other costs	3,577	1,022	871	(2,555)	(2,706)
Acquisition costs	2,306	6,670	2,594	4,364	288
Realized (gain) loss on investments	140	(452)	(3)	(592)	(143)
(Gain) loss on lease modifications and other	(114)	-	-	114	114
(Gain) loss on disposal of assets	(199)	-	1	199	200
Interest on lease liabilities	1,393	1,288	-	(105)	(1,393)
Interest on long-term debt and other financial charges	8,865	6,709	5,393	(2,156)	(3,472)
Accretion and change in fair value of purchase price obligations	8,801	6,636	5,978	(2,165)	(2,823)
Revaluation of puttable financial instrument liability	317	350	-	33	(317)
Revaluation of assets held-for-sale	-	(153)	-	(153)	-
Total expenses	163,660	151,317	135,013	(12,343)	(28,647)
Earnings (loss) before income taxes	(3,704)	(1,413)	2,096	(2,291)	(5,800)
Income tax expense	889	3,370	969	2,481	80
Net earnings (loss)	(4,593)	(4,783)	1,127	190	(5,720)
Attributable to:					
Company's shareholders	(4,740)	(5,513)	995	773	(5,735)
Non-controlling interest	147	730	132	(583)	15
Net earnings (loss)	(4,593)	(4,783)	1,127	190	(5,720)
BASIC PER SHARE					
Adjusted EBITDA <sup>1</sup>	0.46	0.47	0.38	(0.01)	0.08
Net earnings (loss)	(0.05)	(0.06)	0.01	0.01	(0.06)
Adjusted net earnings <sup>1</sup>	0.32	0.33	0.29	(0.01)	0.03
DILUTED PER SHARE					
Adjusted EBITDA <sup>1</sup>	0.46	0.47	0.36	(0.01)	0.10
Net earnings (loss)	(0.05)	(0.06)	0.01	0.01	(0.06)
Adjusted net earnings <sup>1</sup>	0.32	0.33	0.27	(0.01)	0.05

<sup>1</sup> Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 31. The 2019 three-month periods results include the impacts from the adoption of IFRS 16 Leases. This adoption is discussed in Note 3 of the unaudited interim condensed consolidated financial statements. As is permitted by IFRS 16 Leases, comparative information has not been restated and, therefore, may not be comparable.

<sup>2</sup> FAV: Favorable - UNF: Unfavorable - Certain totals, subtotals and percentages may not reconcile due to rounding.

## Financial Results

Table 4 – Consolidated Statements of Earnings (Loss) for the nine-month periods ended September 30, 2019 and 2018

STATEMENTS OF EARNINGS (LOSS) (in \$ thousands except per share data)	FOR THE NINE-MONTH PERIODS ENDED		VARIANCE
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018	YEAR OVER YEAR FAV/(UNF) <sup>2</sup>
Revenues			
Base management fees	414,952	357,064	57,888
Performance fees - Traditional Assets	4,107	5,370	(1,263)
Performance fees - Alternative Assets	618	(76)	694
Other revenues	32,968	20,964	12,004
	452,645	383,322	69,323
Expenses			
Selling, general and administrative expenses	336,524	303,483	(33,041)
External managers	2,280	1,284	(996)
Amortization of intangible assets	38,562	32,345	(6,217)
Depreciation of property and equipment	3,703	3,056	(647)
Depreciation of right-of-use assets	14,510	-	(14,510)
Restructuring, integration and other costs	7,727	4,188	(3,539)
Acquisition costs	10,683	8,120	(2,563)
Realized (gain) loss on investments	(307)	26	333
(Gain) loss on lease modifications and other	(114)	-	114
(Gain) loss on disposal of assets	101	1	(100)
Interest on lease liabilities	3,965	-	(3,965)
Interest on long-term debt and other financial charges	22,972	15,208	(7,764)
Accretion and change in fair value of purchase price obligations	21,928	16,165	(5,763)
Revaluation of puttable financial instrument liability	667	-	(667)
Revaluation of assets held-for-sale	(699)	-	699
Total expenses	462,502	383,876	(78,626)
Earnings (loss) before income taxes	(9,857)	(554)	(9,303)
Income tax expense	6,103	2,627	(3,476)
Net earnings (loss)	(15,960)	(3,181)	(12,779)
Attributable to:			
Company's shareholders	(16,806)	(3,304)	(13,502)
Non-controlling interest	846	123	723
Net earnings (loss)	(15,960)	(3,181)	(12,779)
BASIC PER SHARE			
Adjusted EBITDA <sup>1</sup>	1.32	1.05	0.27
Net earnings (loss)	(0.17)	(0.04)	(0.13)
Adjusted net earnings <sup>1</sup>	0.91	0.78	0.13
DILUTED PER SHARE			
Adjusted EBITDA <sup>1</sup>	1.32	1.05	0.27
Net earnings (loss)	(0.17)	(0.04)	(0.13)
Adjusted net earnings <sup>1</sup>	0.91	0.78	0.13

<sup>1</sup> Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 31. The current period results include the impacts from the adoption of IFRS 16 *Leases*. This adoption is discussed in Note 3 of the unaudited interim condensed consolidated financial statements. As is permitted by IFRS 16 *Leases*, comparative information has not been restated and, therefore, may not be comparable.

<sup>2</sup> FAV: Favorable - UNF: Unfavorable

Certain totals, subtotals and percentages may not reconcile due to rounding.

## Financial Results

Table 5 - Selected Consolidated Statements of Financial Position Information (in \$ thousands)

	AS AT SEPTEMBER 30, 2019	AS AT DECEMBER 31, 2018
Cash and cash equivalents, restricted cash, investments	104,174	58,335
Accounts receivable	137,611	148,459
Other current assets	21,144	50,654
<b>Total current assets</b>	<b>262,929</b>	<b>257,448</b>
Goodwill	686,584	631,699
Intangible assets	537,070	529,062
Right-of-use assets	128,685	-
Other non-current assets	82,998	42,398
<b>Total assets</b>	<b>1,698,266</b>	<b>1,460,607</b>
Accounts payable and accrued liabilities	140,711	144,059
Other current liabilities	61,762	46,260
<b>Total current liabilities</b>	<b>202,473</b>	<b>190,319</b>
Long-term debt	479,469	421,139
Lease liabilities	131,584	-
Convertible debt	185,140	79,008
Purchase price obligations	96,880	98,221
Puttable financial instrument liability	13,061	-
Deferred income taxes	16,042	12,489
Other non-current liabilities	13,502	25,705
<b>Total liabilities</b>	<b>1,138,151</b>	<b>826,881</b>
<b>Equity</b>		
Attributable to Company's shareholders	558,323	632,958
Attributable to Non-controlling interest	1,792	768
	<b>560,115</b>	<b>633,726</b>
<b>Total liabilities and equity</b>	<b>1,698,266</b>	<b>1,460,607</b>

Certain totals, subtotals and percentages may not reconcile due to rounding.

## Results from Operations and Overall Performance - AUM and Revenues

### Assets under Management

AUM are the main driver of Fiera Capital's revenues. Fiera Capital's revenues, for the most part, are calculated as a percentage of the Company's AUM. The change in the Company's AUM is determined by i) the amount of new mandates ("New"); ii) the amount of redemptions ("Lost"); iii) the amount of inflows and outflows from existing customers ("Net Contributions"); iv) the increase or decrease in the market value of the assets held in the portfolio of investments ("Market"); and v) business acquisitions ("Acquisitions") and/or business disposals ("Disposals"). For simplicity, the "Net variance" is the sum of the New mandates, Lost mandates and Net contributions, the change in Market value and the impact of foreign exchange rate changes. Also, the average assets under management ("Average AUM") for a given period is the average of the ending value of AUM of the months for this period.

As complementary information, Note 4 of the audited consolidated financial statements for the years ended December 31, 2018, and 2017, and Note 5 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018, present the Company's business combinations and other transactions, and is to be read in conjunction with the following discussions. Also, refer to the Company's evolution diagram on page 9 for the details and timing of the acquisitions and other business transactions.

The following tables (Tables 6, 7 and 8) provide a summary of changes in the Company's assets under management.

**Table 6 – Assets under Management<sup>1</sup> (in \$ millions)**

	FOR THE THREE-MONTH PERIODS ENDED		
	SEPTEMBER 30, 2019	JUNE 30, 2019	SEPTEMBER 30, 2018
AUM - beginning of period	149,531	144,861	139,389
Net variance	123	3,933	2,252
Acquisitions	15,010	737	1,834
AUM - end of period	164,664	149,531	143,475
Average AUM	161,223	148,855	143,314

<sup>1</sup> AUM include foreign exchange impact.

Certain totals, subtotals and percentages may not reconcile due to rounding.

**Table 7 – Assets under Management by Clientele Type – Quarterly Activity Continuity Schedule (in \$ millions)**

	JUNE 30, 2019	NEW	LOST	NET CONTRIBUTIONS	MARKET	FOREIGN EXCHANGE IMPACT	ACQUISITIONS	SEPTEMBER 30, 2019
Institutional	80,198	3,167	(3,449)	(1,265)	657	338	13,180	92,826
Private Wealth	32,788	476	(246)	(32)	102	336	22	33,446
Retail	36,545	162	(223)	73	(117)	144	1,808	38,392
AUM - end of period	149,531	3,805	(3,918)	(1,224)	642	818	15,010	164,664

Certain totals, subtotals and percentages may not reconcile due to rounding.

## Results from Operations and Overall Performance - AUM and Revenues

### Quarterly Activities

Total AUM were \$164.7 billion as at September 30, 2019, representing an increase of \$15.2 billion, or 10%, compared to \$149.5 billion as at June 30, 2019. The higher AUM are due primarily to the creation of Fiera Investments following the acquisition of Natixis Canada and the acquisitions of IAM and Foresters, bringing \$15.0 billion in AUM, combined with new mandates of \$3.8 billion won during the period and market appreciation of \$0.7 billion. These increases in AUM were partially offset by lost mandates of \$3.9 billion and negative net contributions of \$1.2 billion during the third quarter of 2019. Finally, the foreign exchange rate fluctuation positively impacted the Company's AUM by approximately \$0.8 billion during the third quarter of 2019.

AUM related to the Institutional clientele were \$92.8 billion as at September 30, 2019, representing an increase of \$12.6 billion, or 16%, compared to \$80.2 billion from the quarter ended June 30, 2019. The increase in AUM was driven primarily by an additional amount of \$13.2 billion in AUM following the acquisition of IAM and Foresters, combined with new mandates and inflows of \$3.2 billion mainly from Canada and Europe, as well as market appreciation of \$0.7 billion. The increase in AUM was partially offset by lost mandates of \$3.4 billion and negative net contributions of \$1.3 billion during the quarter, mostly as a result of clients consolidating investment service providers globally, continuing their de-risking strategies or taking the mandates in-house. Finally, the foreign exchange rate fluctuation positively impacted AUM during the three-month period ended September 30, 2019, by approximately \$0.3 billion.

The AUM related to the Private Wealth clientele were \$33.5 billion as at September 30, 2019, representing an increase of \$0.7 billion, or 2.1%, compared to \$32.8 billion from the previous quarter ended June 30, 2019. The increase is primarily due to new mandates of \$0.5 billion mainly from US activities and market appreciation of \$0.1 billion, partially offset by lost mandates of \$0.2 billion during the period. Finally, the foreign exchange rate fluctuation positively impacted AUM during the three-month period ended September 30, 2019, by approximately \$0.3 billion.

The AUM related to the Retail clientele were \$38.4 billion as at September 30, 2019, representing an increase of \$1.9 billion, or 5%, compared to \$36.5 billion from the previous quarter ended June 30, 2019. The increase is primarily due to the creation of Fiera Investments following the acquisition of Natixis Canada, adding \$1.8 billion in AUM, combined with new mandates of \$0.2 billion, positive net contributions of \$0.1 billion and market appreciation of \$0.1 billion during the quarter. The increase in AUM was partially offset by lost mandates of \$0.2 billion mainly due to clients pursuing their de-risking strategies. Finally, the foreign exchange rate fluctuation positively impacted AUM during the three-month period ended September 30, 2019, by approximately \$0.1 billion.

**Table 8 – Assets under Management by Clientele Type – Year-to-Date Activity Continuity Schedule**  
(in \$ millions)

	DECEMBER 31, 2018	NEW	LOST	NET CONTRIBUTIONS	MARKET	FOREIGN EXCHANGE IMPACT	ACQUISITIONS	SEPTEMBER 30, 2019
Institutional	71,958	5,218	(5,205)	(1,308)	9,012	(766)	13,917	92,826
Private Wealth	31,317	1,744	(877)	(106)	2,254	(908)	22	33,446
Retail	33,400	824	(1,142)	78	3,709	(285)	1,808	38,392
AUM - end of period	136,675	7,786	(7,224)	(1,336)	14,975	(1,959)	15,747	164,664

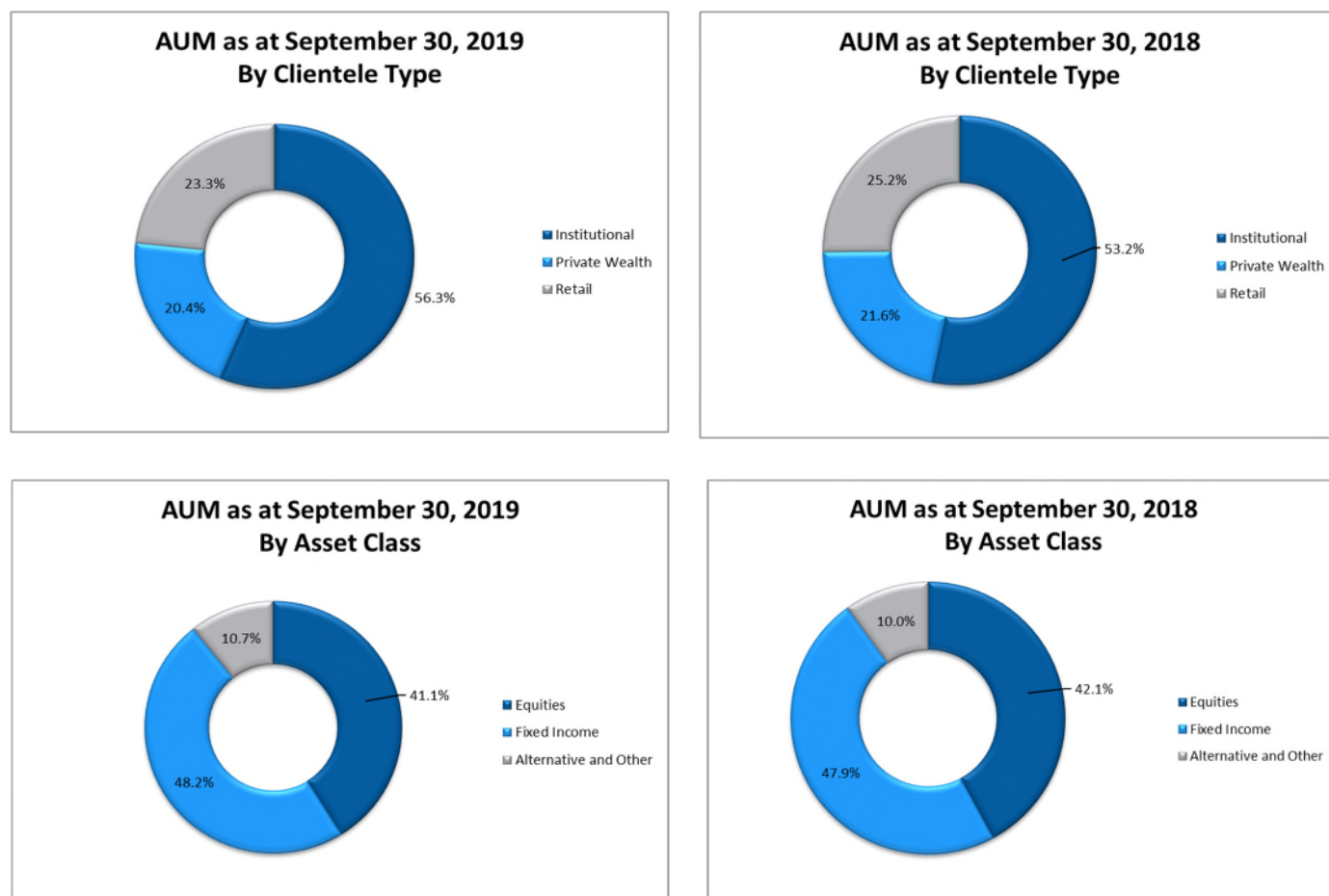
Certain totals, subtotals and percentages may not reconcile due to rounding.

## Results from Operations and Overall Performance - AUM and Revenues

### Year-to-Date Activity

Total AUM were \$164.7 billion as at September 30, 2019, representing an increase of \$28.0 billion, or 20%, compared to \$136.7 billion as at December 31, 2018. The higher AUM are due primarily to the acquisitions of Palmer Capital, IAM and Foresters and the creation of Fiera Investments following the acquisition of Natixis Canada, bringing \$15.7 billion in AUM, combined with market appreciation of \$15.0 billion, and new mandates of \$7.8 billion won during the period, mainly in the institutional and private wealth sectors. These increases in AUM were partially offset by lost mandates of \$7.2 billion as a result of clients consolidating investment service providers or pursuing other asset classes, and negative net contributions of \$1.3 billion during the first nine months of 2019. Finally, the foreign exchange rate fluctuation negatively impacted the Company's AUM by approximately \$2.0 billion during the first nine months of 2019.

The following graphs illustrate the breakdown of the Company's AUM by clientele type and by asset class as at September 30, 2019, and September 30, 2018, respectively.



### Revenues

The Company's revenues consist of (i) management fees, (ii) performance fees, and (iii) other revenues. Management fees are AUM-based and, for each clientele type, revenues are primarily earned on the AUM average closing value at the end of each day, month or calendar quarter in accordance with contractual agreements. For certain mandates, the Company is also entitled to performance fees. The Company categorizes performance fees in two groups: those associated with

## Results from Operations and Overall Performance - AUM and Revenues

traditional asset classes or strategies and those associated with alternative asset classes or strategies. Other revenues are comprised mainly of brokerage and consulting fees which are not AUM-driven, as well as gains or losses on the foreign exchange hedge contracts.

Table 9 – Revenues: Quarterly Activity (in \$ thousands)

	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	SEPTEMBER 30, 2019	JUNE 30, 2019	SEPTEMBER 30, 2018	QUARTER OVER QUARTER	YEAR OVER YEAR
Institutional	76,394	67,507	58,752	8,887	17,642
Private Wealth	36,167	35,939	33,568	228	2,599
Retail	37,755	32,097	34,616	5,658	3,139
Total management fees	150,316	135,543	126,936	14,773	23,380
Performance fees – Traditional asset class	1,354	1,195	1,133	159	221
Performance fees – Alternative asset class	210	359	41	(149)	169
Total performance fees	1,564	1,554	1,174	10	390
Other revenues	8,076	12,807	8,999	(4,731)	(923)
Total revenues	159,956	149,904	137,109	10,052	22,847

Certain totals, subtotals and percentages may not reconcile due to rounding.

### Current Quarter versus Prior-Year Quarter

Revenues for the third quarter ended September 30, 2019, were \$160.0 million, representing an increase of \$22.9 million, or 17%, compared to \$137.1 million for the same period last year. The year-over-year increase in revenues is mainly due to the acquisition of Clearwater in August 2018 (a full quarter of revenues in the third quarter of 2019 compared to one month of revenue from the corresponding quarter last year), the acquisition of an 80% interest in Palmer Capital in April 2019, and most recently the creation of Fiera Investments following the acquisition of Natixis Canada and the acquisition of IAM (July 2019) and Foresters (August 2019), combined with organic growth, partially offset by lower other revenues.

### Management Fees

Management fees were \$150.3 million for the third quarter ended September 30, 2019, representing an increase of \$23.4 million, or 18%, compared to \$126.9 million for the same period last year. The overall increase in management fees by clientele type is as follows:

- Management fees from the Institutional clientele were \$76.4 million for the third quarter ended September 30, 2019, representing an increase of \$17.6 million, or 30%, compared to \$58.8 million for the same quarter last year. The increase in base management fees is primarily due to additional revenues from the Clearwater, Palmer Capital, IAM and Foresters acquisitions, combined with higher revenues resulting from the growth in Private Alternative Investment Strategies, as well as from higher AUM due to new mandates from the US and Canada, mainly in Global Equity.
- Management fees from the Private Wealth clientele were \$36.2 million for the third quarter ended September 30, 2019, representing an increase of \$2.6 million, or 8%, compared to \$33.6 million for the same period last year. The increase is mainly due to higher revenues from the US and Canadian activities.

## Results from Operations and Overall Performance - AUM and Revenues

- Management fees from the Retail clientele were \$37.8 million for the third quarter ended September 30, 2019, representing an increase of \$3.2 million, or 9%, compared to \$34.6 million for the same quarter last year. The increase is mainly due to the creation of Fiera Investments following the acquisition of Natixis Canada and the acquisition of Foresters.

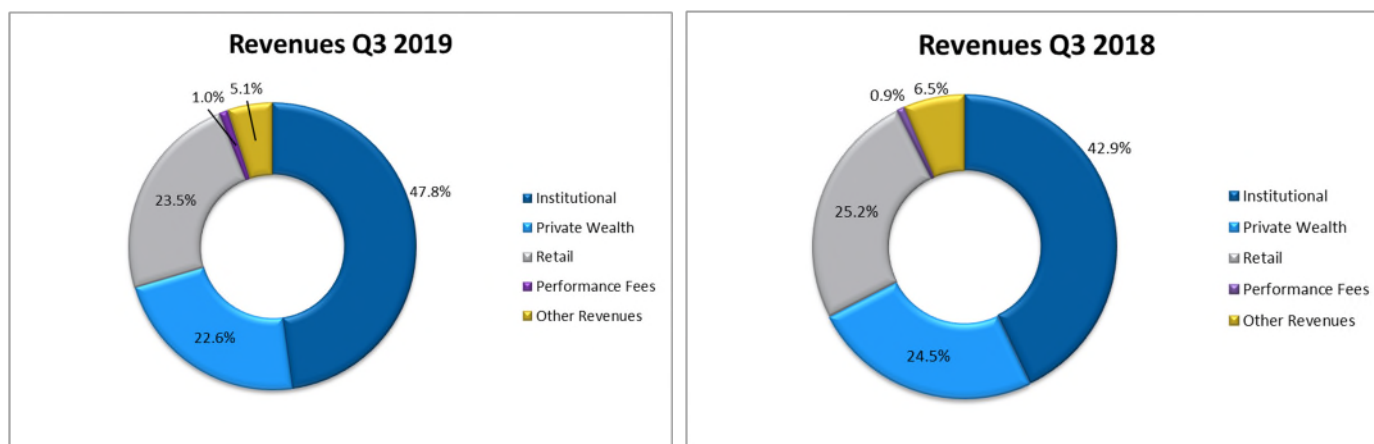
### Performance Fees

Performance fees were at \$1.6 million for the third quarter ended September 30, 2019, compared to \$1.2 million for the same period last year, showing an increase in both traditional and alternative asset class.

### Other Revenues

Other revenues were \$8.1 million for the third quarter ended September 30, 2019, representing a decrease of \$0.9 million, or 10%, compared to \$9.0 million for the same period last year. The decrease is mainly due to a loss on the forward foreign exchange contracts (\$0.9 million), compared to a gain of \$0.9 million for the same period last year.

The following graphs illustrate the breakdown of the Company's revenues for the three-month periods ended September 30, 2019, and September 30, 2018, respectively.



### Current Quarter versus Previous Quarter

Revenues for the third quarter ended September 30, 2019, were \$160.0 million, representing an increase of \$10.1 million, or 7%, compared to \$149.9 million for the previous quarter ended June 30, 2019. The increase in revenues is mainly due to higher base management fees resulting from the creation of Fiera Investments following the acquisition of Natixis Canada, the acquisitions IAM and Foresters, combined with higher revenues from the Institutional sector and the Private Alternative strategies, partially offset by lower other revenues.

## Results from Operations and Overall Performance - AUM and Revenues

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### *Management Fees*

Management fees were \$150.3 million for the third quarter ended September 30, 2019, representing an increase of \$14.8 million, or 11%, compared to \$135.5 million for the previous quarter ended June 30, 2019. The following is the breakdown of the management fees by clientele type:

- › Management fees from the Institutional clientele were \$76.4 million for the third quarter ended September 30, 2019, representing an increase of \$8.9 million, or 13%, compared to \$67.5 million for the previous quarter ended June 30, 2019. The sequential increase is primarily due to higher revenues from the Private Alternatives Investment strategies and from the Canadian activities, combined with the acquisitions of IAM and Foresters.
- › Management fees from the Private Wealth clientele were \$36.2 million for the third quarter ended September 30, 2019, representing an increase of \$0.3 million, or 1%, compared to \$35.9 million for the previous quarter ended June 30, 2019, mainly due to Canadian activities.
- › Management fees from the Retail clientele were \$37.8 million for the third quarter ended September 30, 2019, representing an increase of \$5.7 million, or 18%, compared to \$32.1 million for the previous quarter ended June 30, 2019. The increase is mainly due to the creation of Fiera Investments following the acquisition of Natixis Canada and the acquisition of Foresters, combined with higher revenues from US activities.

### *Performance Fees*

Performance fees were stable at \$1.6 million for the third quarter ended September 30, 2019, compared to \$1.6 million for the previous quarter ended June 30, 2019.

### *Other Revenues*

Other revenues were \$8.1 million for the third quarter ended September 30, 2019, representing a decrease of \$4.7 million, or 37%, compared to \$12.8 million for the previous quarter ended June 30, 2019. The decrease is mainly due to lower other revenues from the Private Alternative strategies due to one-time fees in the second quarter of 2019 following closed transactions which will translate into base management fees afterward, combined with a loss on the forward foreign exchange contracts (\$0.9 million), compared to a gain of \$0.9 million for the previous quarter ended June 30, 2019.

## Results from Operations and Overall Performance - AUM and Revenues

Table 10 – Revenues: Year-to-Date Activity (in \$ thousands)

	FOR THE NINE-MONTH PERIODS ENDED		VARIANCE
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018	YEAR OVER YEAR
Institutional	206,958	164,303	42,655
Private Wealth	105,715	90,164	15,551
Retail	102,279	102,597	(318)
Total management fees	414,952	357,064	57,888
Performance fees – Traditional asset class	4,107	5,370	(1,263)
Performance fees – Alternative asset class	618	(76)	694
Total performance fees	4,725	5,294	(569)
Other revenues	32,968	20,964	12,004
Total revenues	452,645	383,322	69,323

Certain totals, subtotals and percentages may not reconcile due to rounding.

### *Year-to-Date September 30, 2019, versus Year-to-Date September 30, 2018*

Revenues for the nine-month period ended September 30, 2019, were \$452.6 million, representing an increase of \$69.3 million, or 18%, compared to \$383.3 million for the same period last year. The year-over-year increase in revenues is mainly due to additional revenues from the acquisitions of CGOV, Clearwater, Palmer Capital and IAM, the creation of Fiera Investments following the acquisition of Natixis Canada, combined with organic growth resulting from enhanced distribution capabilities, mostly from the institutional and private wealth sectors as well as growth in Private Alternative Investment strategies, partially offset by lower performance fees from the traditional asset class.

### *Management Fees*

Management fees for the nine-month period ended September 30, 2019, were \$415.0 million, representing an increase of \$57.9 million, or 16%, compared to \$357.1 million for the same period last year. The overall increase in management fees and the increase by clientele type are as follows:

- › Revenues from the Institutional clientele for the nine-month period ended September 30, 2019, were \$207.0 million, representing an increase of \$42.7 million, or 26%, compared to \$164.3 million for the same period last year. The increase in base management fees is mainly due to the acquisition of CGOV, Clearwater, Palmer Capital, IAM and Foresters, combined with higher AUM from new mandates in Global Equity strategies and Private Alternative strategies.
- › Revenues from the Private Wealth clientele for the nine-month period ended September 30, 2019, were \$105.7 million, representing an increase of \$15.5 million, or 17%, compared to \$90.2 million for the same period last year. The increase was primarily due to additional revenues from the CGOV acquisition, combined with higher revenues mainly due to organic growth as a result of enhanced distribution capabilities mostly in the US.

## Results from Operations and Overall Performance - AUM and Revenues

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- › Revenues from the Retail clientele for the nine-month period ended September 30, 2019, were \$102.3 million, representing a decrease of \$0.3 million, or 0.3%, compared to \$102.6 million for the same period last year. The decrease is mainly attributable to lower revenues from European and Canadian activities, partially offset by additional revenues from the creation of Fiera Investments following the acquisition of Natixis Canada.

### *Performance Fees*

Total performance fees were \$4.7 million for the nine-month period ended September 30, 2019, compared to \$5.3 million for the same period last year. The decrease in performance fees is attributable to the traditional asset class, partially offset by higher performance fees from the alternative asset class during the first nine months of 2019 compared to the same period last year.

### *Other Revenues*

Other revenues were \$33.0 million for the nine-month period ended September 30, 2019, representing an increase of \$12.0 million, or 57%, compared to \$21.0 million for the same period last year. The increase is mostly due to a gain of \$1.1 million on the forward foreign exchange contracts on revenues denominated in US dollars in the first nine months of 2019, compared to a loss (\$1.8 million) during the comparable period of 2018, combined with higher other income from Canada resulting from the change in revenue recognition following the recent update of IFRS 15 presenting gross revenue as opposed to previously presented on a net basis under operating expenses. Also, higher other income from the US activities and the acquisition of IAM have contributed to the increase in the Company's other revenues during the first nine months of 2019, compared to the same period last year.

### ***Selling, General and Administrative ("SG&A") and External Managers' Expenses***

#### *Current Quarter versus Prior-Year Quarter*

SG&A and external managers' expenses were \$118.8 million for the three-month period ended September 30, 2019, representing an increase of \$11.5 million, or 11%, compared to \$107.3 million for the same period last year. The higher costs are mainly due to higher volume resulting from the Company's growth and acquisitions, partially offset by a shift in lease expense classification from operating expenses to financing costs and amortization following the introduction of IFRS 16 *Leases* effective as at January 1, 2019.

#### *Current Quarter versus Previous Quarter*

SG&A and external managers' expenses were \$118.8 million for the three-month period ended September 30, 2019, representing an increase of \$8.0 million, or 7%, compared to \$110.8 million for the previous quarter ended June 30, 2019. The increase is mainly attributable to the inclusion of Fiera Investments, IAM and Foresters.

#### *Year-to-Date September 30, 2019, versus Year-to-Date September 30, 2018*

SG&A and external managers' expenses were \$338.8 million for the nine-month period ended September 30, 2019, representing an increase of \$34.0 million, or 11%, compared to \$304.8 million for the same period last year. The increase in costs is attributable to the higher volume of operations following the Company's global growth and acquisitions, partially offset by a shift in lease expense classification from operating expenses to financing costs and amortization following the introduction of IFRS 16 *Leases* effective as at January 1, 2019.

### ***Depreciation and Amortization***

#### *Current Quarter versus Prior-Year Quarter*

Depreciation of property and equipment was \$1.4 million for the third quarter ended September 30, 2019, compared to \$1.1 million from the corresponding quarter last year, which is in line with the Company's evolution.

Amortization of intangible assets was \$13.5 million for the third quarter ended September 30, 2019, representing an increase of \$1.7 million, or 14%, compared to \$11.8 million for the same period last year. The increase in amortization of intangible assets is mainly attributed to various acquisitions.

Depreciation of right-of-use assets related to the adoption of IFRS 16 *Leases* was \$4.9 million for the third quarter ended September 30, 2019, compared to nil from the corresponding quarter last year.

#### *Current Quarter versus Previous Quarter*

Depreciation of property and equipment was \$1.4 million for the third quarter ended September 30, 2019, compared to \$1.2 million from the previous quarter ended June 30, 2019.

Amortization of intangible assets was \$13.5 million for the third quarter ended September 30, 2019, representing an increase of \$0.9 million, or 7%, compared to \$12.6 million for the previous quarter ended June 30, 2019. The increase is mainly due to the inclusion of Fiera Investments, IAM and Foresters.

## Results from Operations and Overall Performance - Expenses

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Depreciation of right-of-use assets related to the adoption of IFRS 16 *Leases* was \$4.9 million for the third quarter ended September 30, 2019, compared to \$4.6 million from the previous quarter ended June 30, 2019.

### *Year-to-Date September 30, 2019, versus Year-to-Date September 30, 2018*

Depreciation of property and equipment was \$3.7 million for the nine-month period ended September 30, 2019, compared to \$3.1 million for the same period last year.

Amortization of intangible assets was \$38.6 million for the nine-month period ended September 30, 2019, representing an increase of \$6.3 million, or 20%, compared to \$32.3 million for the same period last year. The increase in amortization of intangible assets is mainly attributed to various acquisitions.

As complementary information, Note 4 of the audited consolidated financial statements for the years ended December 31, 2018, and 2017, and Note 5 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018, present the details of the acquisition of intangible assets related to business acquisitions and other transactions.

Depreciation of right-of-use assets related to the adoption of IFRS 16 *Leases* was \$14.5 million for the nine-month period ended September 30, 2019, compared to nil from the comparable period ended September 30, 2018.

## ***Interest on Long-Term Debt and Other Financial Charges***

### *Current Quarter versus Prior-Year Quarter*

Interest on long-term debt and other financial charges was \$8.9 million for the third quarter ended September 30, 2019, representing an increase of \$3.5 million, or 65%, compared to \$5.4 million for the same quarter last year. The increase is mainly due to higher interest expense on convertible debt and higher long-term debt expenses.

### *Current Quarter versus Previous Quarter*

Interest on long-term debt and other financial charges was \$8.9 million for the third quarter ended September 30, 2019, representing an increase of \$2.2 million, or 33%, compared to \$6.7 million for the previous quarter ended June 30, 2019. The increase is mainly due to higher interest expense on convertible debt, combined with the negative net impact of other financial charges.

### *Year-to-Date September 30, 2019, versus Year-to-Date September 30, 2018*

Interest on long-term debt and other financial charges was \$23.0 million for the nine-month period ended September 30, 2019, representing an increase of \$7.8 million, or 51%, compared to \$15.2 million for the same period last year. The increase is mainly due to higher interest expense on long-term debt, higher interest expense on convertible debt, combined with the negative net impact of other financial charges.

## Results from Operations and Overall Performance - Expenses

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### ***Interest on Lease Liabilities***

Following the adoption of IFRS 16 *Leases*, the interest on lease liabilities was \$1.4 million for the third quarter ended September 30, 2019, compared to \$1.3 million in the previous quarter ended June 30, 2019, and to nil for the comparable quarter ended September 30, 2018.

### ***Accretion and Change in Fair Value of Purchase Price Obligations***

#### *Current Quarter versus Prior-Year Quarter*

The accretion and change in fair value of purchase price obligations represented an expense of \$8.8 million for the third quarter ended September 30, 2019, compared to an expense of \$6.0 million for the same quarter last year. The variance is mainly due to the increase of the purchase price obligation related to the acquisition of Clearwater.

#### *Current Quarter versus Previous Quarter*

The accretion and change in fair value of purchase price obligations represented an expense of \$8.8 million for the third quarter ended September 30, 2019, compared to an expense of \$6.6 million for the previous quarter ended June 30, 2019. The variance is mainly due to the increase of the purchase price obligation related to the acquisition of Clearwater.

#### *Year-to-Date September 30, 2019, versus Year-to-Date September 30, 2018*

The accretion and change in fair value of purchase price obligations represented a charge of \$21.9 million for the nine-month period ended September 30, 2019, compared to a charge of \$16.2 million for the same period last year. The increase is mainly due to the Clearwater acquisition.

### ***Acquisition and Restructuring, Integration and Other Costs***

#### *Current Quarter versus Prior-Year Quarter*

Acquisition and restructuring, integration and other costs were \$5.9 million for the third quarter ended September 30, 2019, representing an increase of \$2.4 million, or 69%, compared to \$3.5 million for the same period last year. The increase is mainly due to higher restructuring, integration and other costs following various acquisitions.

#### *Current Quarter versus Previous Quarter*

Acquisition and restructuring, integration and other costs were \$5.9 million for the third quarter ended September 30, 2019, representing a decrease of \$1.8 million, or 23%, compared to \$7.7 million for the previous quarter ended June 30, 2019. The decrease is largely due to lower acquisition costs in the third quarter of 2019, mainly in the Private Alternative platform and in Canada, compared to the previous quarter ended June 30, 2019.

#### *Year-to-Date September 30, 2019, versus Year-to-Date September 30, 2018*

Acquisition and restructuring, integration and other costs were \$18.4 million for the nine-month period ended September 30, 2019, representing an increase of \$6.1 million, or 50%, compared to \$12.3 million for the same period last year. The increase is mainly due to higher acquisition related costs following various acquisition initiatives in 2019, combined with higher restructuring, integration and other costs in the first nine months of 2019, compared to the same period last year.

## Net Earnings (Loss)

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### *Current Quarter versus Prior-Year Quarter*

For the third quarter ended September 30, 2019, the Company reported a net loss attributable to the Company's shareholders of \$(4.7) million, or \$(0.05) per share (basic and diluted), compared to net earnings of \$1.0 million, or \$0.01 per share (basic and diluted), for the same quarter last year. The negative variance is mainly attributable to the increase in overall operating expenses, higher interest and income tax expenses and the increase of the purchase price obligation related to the Clearwater acquisition, partially offset by higher revenues due to volume and acquisitions.

### *Current Quarter versus Previous Quarter*

For the third quarter ended September 30, 2019, the Company reported a net loss attributable to the Company's shareholders of \$(4.7) million, or \$(0.05) per share (basic and diluted), compared to a net loss of \$(5.5) million, or \$(0.06) per share (basic and diluted), for the previous quarter ended June 30, 2019. The variance in net loss is mainly attributable to higher revenues due to volume and acquisitions, combined with lower acquisition and income tax expenses, partially offset by higher SG&A, higher interest expenses and the increase of the purchase price obligation related to the Clearwater acquisition.

### *Year-to-Date September 30, 2019, versus Year-to-Date September 30, 2018*

For the nine-month period ended September 30, 2019, the Company recorded a net loss attributable to the Company's shareholders of \$(16.8) million, or \$(0.17) per share (basic and diluted), compared to a net loss of \$(3.3) million, or \$(0.04) per share (basic and diluted) for the same period last year. The variance in net loss is attributable to higher overall operating expenses, higher interest expenses, higher amortization and depreciation costs, higher acquisition and restructuring costs and higher income tax expenses, partially offset by higher revenues due to enhanced distribution capabilities, market appreciation and acquisitions.

## Non-IFRS Measures

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We have included non-IFRS measures to provide investors with supplemental measures of our operating and financial performance. We believe non-IFRS measures are important supplemental metrics of operating and financial performance because they highlight trends in our core business that may not otherwise be apparent when one relies solely on IFRS measures. Securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers, many of which present non-IFRS measures when reporting their results. Management also uses non-IFRS measures in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets and to assess our ability to meet our future debt service, capital expenditure and working capital requirements.

Non-IFRS measures are not recognized measures under IFRS. Non-IFRS measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. For example, some or all of the non-IFRS measures do not reflect: (a) our cash expenditures, or future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) the significant interest expense, or the cash requirements necessary to service interest or principal payments on our debt; and (d) income tax payments that represent a reduction in cash available to us. These non-IFRS measures have important limitations as analytical tools, and the reader should not consider them in isolation, or as substitutes in the analysis of our results as reported under IFRS. Because of these limitations, we rely primarily on our results as reported in accordance with IFRS and use non-IFRS measures only as a supplement.

We define **EBITDA** as net earnings (loss) before interest, income taxes, depreciation and amortization (EBITDA). **Adjusted EBITDA** is calculated as EBITDA, adjusted for acquisition, restructuring, integration and other costs, accretion and change in fair value of purchase price obligations, realized loss (gain) on investments, loss (gain) on disposal of assets, loss (gain) on disposal of investments in joint ventures and in subsidiaries, revaluation of puttable financial instrument liability, revaluation of assets held-for-sale, share of (earnings) loss of joint ventures, loss (gain) on lease modifications and other, and share-based compensation expenses.

We believe that EBITDA and adjusted EBITDA are meaningful measures as they allow for the evaluation of our core operating performance from one period to the next without the variations caused by the impact of the items described above. The Company considers its core operating activities to be asset management, investment advisory and related services. Costs related to strategic initiatives such as business acquisitions, integration of newly acquired businesses and restructuring are considered non-core. The Company excludes these items because they affect the comparability of its financial results amongst periods and could potentially distort the analysis of trends in its core business performance. Excluding these items does not imply they are necessarily non-recurring.

The Company initially adopted IFRS 16 *Leases* on January 1, 2019. The Company has applied IFRS 16 *Leases* using the modified retrospective approach. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use its office facilities, equipment and other assets that meet the definition of a lease, and lease liabilities representing its obligations to make lease payments. Accordingly, the comparative information presented has not been restated and is presented as previously reported under IAS 17 *Leases*. The impact of adoption is disclosed in Note 3 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018.

We define the **adjusted EBITDA margin** as the ratio of adjusted EBITDA to revenues. It is an important measure of overall operating performance because it measures Company profitability from operations.

## Non-IFRS Measures

### Adjusted EBITDA

The following table presents the Company's adjusted EBITDA<sup>1</sup> and adjusted EBITDA per share<sup>1</sup> for the three and nine-month periods ended September 30, 2019, and 2018, as well as for the three-month period ended June 30, 2019.

Table 11 - Adjusted EBITDA (in \$ thousands except per share data)

	FOR THE THREE-MONTH PERIODS ENDED			FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2019	JUNE 30, 2019	SEPTEMBER 30, 2018	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
Net earnings (Loss)	(4,593)	(4,783)	1,127	(15,960)	(3,181)
Income tax expense (recovery)	889	3,370	969	6,103	2,627
Depreciation of property and equipment	1,403	1,216	1,091	3,703	3,056
Amortization of intangible assets	13,525	12,622	11,834	38,562	32,345
Depreciation of right-of-use assets	4,892	4,561	-	14,510	-
Interest on lease liabilities	1,393	1,288	-	3,965	-
Interest on long-term debt and other financial charges	8,865	6,709	5,393	22,972	15,208
<b>EBITDA<sup>1</sup></b>	<b>26,374</b>	<b>24,983</b>	<b>20,414</b>	<b>73,855</b>	<b>50,055</b>
Restructuring, integration and other costs	3,577	1,022	871	7,727	4,188
Acquisition costs	2,306	6,670	2,594	10,683	8,120
Accretion and change in fair value of purchase price obligations	8,801	6,636	5,978	21,928	16,165
Realized loss (gain) on investments	140	(452)	(3)	(307)	26
(Gain) loss on lease modifications and other	(114)	-	-	(114)	-
(Gain) loss on disposal of assets	(199)	-	1	101	1
Revaluation of puttable financial instrument liability	317	350	-	667	-
Revaluation of assets-held-for-sale	-	(153)	-	(699)	-
Share-based compensation	5,376	6,748	6,765	17,358	19,608
<b>Adjusted EBITDA<sup>1</sup></b>	<b>46,578</b>	<b>45,804</b>	<b>36,620</b>	<b>131,199</b>	<b>98,163</b>
Per share basic	<b>0.46</b>	<b>0.47</b>	<b>0.38</b>	<b>1.32</b>	<b>1.05</b>
Per share diluted	<b>0.46</b>	<b>0.47</b>	<b>0.36</b>	<b>1.32</b>	<b>1.05</b>

<sup>1</sup> The 2019 three and nine-month periods results include the impacts from the adoption of IFRS 16 Leases. This adoption is discussed in Note 3 of the unaudited interim condensed consolidated financial statements. As is permitted by IFRS 16 Leases, comparative information has not been restated and, therefore, may not be comparable.

Certain totals, subtotals and percentages may not reconcile due to rounding.

### Current Quarter versus Prior-Year Quarter

For the third quarter ended September 30, 2019, adjusted EBITDA was \$46.6 million or \$0.46 per share (basic and diluted), representing an increase of \$10.0 million, or 27%, compared to \$36.6 million, or \$0.38 per share (basic) and \$0.36 (diluted), for the same period last year.

Adjusted EBITDA for the third quarter ended September 30, 2019, was higher primarily due to the inclusion of Clearwater, Palmer Capital, Fiera Investments, IAM and Foresters, combined with higher revenues from the Private Alternative

## Non-IFRS Measures

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strategies and the impact of the adoption of IFRS 16 *Leases*. This increase was partially offset by an increase in overall operating expenses to support the Company's growth and expansion.

### *Current Quarter versus Previous Quarter*

For the third quarter ended September 30, 2019, adjusted EBITDA was \$46.6 million or \$0.46 per share (basic and diluted), representing an increase of \$0.8 million, or 2%, compared to \$45.8 million or \$0.47 per share (basic and diluted), from the previous quarter ended June 30, 2019. The sequential increase in adjusted EBITDA is mainly due to higher revenues resulting from the inclusion of Fiera Investments, IAM and Foresters and organic growth, partially offset by a loss on the forward foreign exchange contracts, compared to a gain for the previous quarter, and higher overall operating expenses.

### *Year-to-Date September 30, 2019, versus Year-to-Date September 30, 2018*

For the nine-month period ended September 30, 2019, adjusted EBITDA was \$131.2 million, or \$1.32 per share (basic and diluted), representing an increase of \$33.0 million, or 34%, compared to \$98.2 million, or \$1.05 per share (basic and diluted), for the same period last year.

The increase in adjusted EBITDA for the nine-month period ended September 30, 2019, is mainly attributable to an AUM-driven increase in revenues resulting from organic and market growth, as well as various acquisitions and the impact of the adoption of IFRS 16 *Leases* compared to the same period last year.

The following table provides a reconciliation between EBITDA, adjusted EBITDA, adjusted EBITDA per share and adjusted EBITDA margin to the most comparable IFRS earnings measures for each of the Company's last eight quarters.

## Non-IFRS Measures

Table 12 – EBITDA<sup>1</sup> and Adjusted EBITDA<sup>1</sup> Reconciliation (in \$ thousands except per share data)

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net earnings (loss)	(4,593)	(4,783)	(6,584)	(1,573)	1,127	(2,215)	(2,093)	1,084
Income tax expense (recovery)	889	3,370	1,844	(3,056)	969	1,641	17	5,185
Depreciation of property and equipment	1,403	1,216	1,084	1,179	1,091	1,018	947	964
Amortization of intangible assets	13,525	12,622	12,415	12,468	11,834	10,488	10,022	8,778
Depreciation of right-of-use assets	4,892	4,561	5,057	-	-	-	-	-
Interest on leases	1,393	1,288	1,284	-	-	-	-	-
Interest on long-term debt and other financial charges	8,865	6,709	7,398	10,147	5,393	5,054	4,761	4,835
<b>EBITDA<sup>1</sup></b>	<b>26,374</b>	<b>24,983</b>	<b>22,498</b>	<b>19,165</b>	<b>20,414</b>	<b>15,986</b>	<b>13,654</b>	<b>20,846</b>
Restructuring, integration and other costs	3,577	1,022	3,128	3,399	871	2,389	928	6,866
Acquisition costs	2,306	6,670	1,707	2,966	2,594	2,508	3,018	1,679
Accretion and change in fair value of purchase price obligations	8,801	6,636	6,491	8,332	5,978	5,720	4,467	2,880
Realized loss (gain) on investments	140	(452)	5	(171)	(3)	2	27	(128)
(Gain) loss on lease modifications and other	(114)	-	-	-	-	-	-	-
(Gain) loss on disposal of assets	(199)	-	300	81	1	-	-	42
Revaluation of puttable financial instrument liability	317	350	-	-	-	-	-	-
Revaluation of assets-held-for-sale	-	(153)	(546)	191	-	-	-	-
Share-based compensation	5,376	6,748	5,234	5,359	6,765	6,098	6,745	3,871
<b>Adjusted EBITDA<sup>1</sup></b>	<b>46,578</b>	<b>45,804</b>	<b>38,817</b>	<b>39,322</b>	<b>36,620</b>	<b>32,703</b>	<b>28,839</b>	<b>36,056</b>
<b>REVENUES</b>	<b>159,956</b>	<b>149,904</b>	<b>142,785</b>	<b>156,963</b>	<b>137,109</b>	<b>126,232</b>	<b>119,981</b>	<b>142,046</b>
<b>Adjusted EBITDA Margin</b>	<b>29.1%</b>	<b>30.6%</b>	<b>27.2%</b>	<b>25.1%</b>	<b>26.7%</b>	<b>25.9%</b>	<b>24.0%</b>	<b>25.4%</b>
<b>Adjusted EBITDA Per Share</b>								
Basic	0.46	0.47	0.40	0.41	0.38	0.35	0.32	0.43
Diluted	0.46	0.47	0.40	0.41	0.36	0.35	0.32	0.43

<sup>1</sup> The 2019 three-month periods results include the impacts from the adoption of IFRS 16 Leases. This adoption is discussed in Note 3 of the unaudited interim condensed consolidated financial statements. As is permitted by IFRS 16 Leases, comparative information has not been restated and, therefore, may not be comparable.

Certain totals, subtotals and percentages may not reconcile due to rounding.

We define **adjusted net earnings** as net earnings (loss) attributable to the Company's shareholders, adjusted for depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets and share-based compensation, as well as after-tax acquisition, restructuring, integration and other costs, accretion and change in fair value of purchase price obligations, accretion on effective interest on convertible debt, after-tax gain on disposal of investments in joint ventures and after-tax revaluation of assets held-for-sale, after-tax loss on disposal of investment in subsidiaries, after-tax gain/loss on revaluation of a purchase price obligation and after-tax gain on acquisition of control of investment in joint venture, after-tax revaluation of puttable financial instrument liability, as well as the impact of the *US Tax Cuts and Jobs Act* in 2017.

Effective December 31, 2017, the Company amended the definition of adjusted net earnings to no longer adjust for after-tax changes in fair value of derivative financial instruments that are used to hedge the Company's interest rate or foreign currency exposure. This change was made to recognize the gain or loss from these derivative financial instruments in net earnings in accordance with the nature of the hedged item. Comparative figures prior to December 31, 2017, for adjusted net earnings and adjusted net earnings per share (basic and diluted) have been restated to be consistent with the current presentation.

Effective March 31, 2018, the Company amended the definition of adjusted net earnings to adjust for the accretion and change in fair value of purchase price obligations. Also, effective September 30, 2018, the Company amended the definition of adjusted net earnings to adjust for the accretion on effective interest on convertible debt. Accretion expenses and the gains or losses recognized on the change in fair value of purchase price obligations arise from contingent consideration arrangements, generally in business combinations which are considered non-core operations. The fair value of contingent consideration is remeasured at each reporting date and it is determined using valuation techniques which make use of forecasted net cash flows discounted to present value. Accretion expense (i.e. non-cash interest expense) brings the present value of the purchase price obligation up to its future value over time. Adjusting accretion expense and change in fair value of purchase price obligations from adjusted net earnings provides for better comparability of the financial results between periods where valuation assumptions used by management may introduce volatility in earnings. Comparative figures prior to September 30, 2018, for adjusted net earnings and adjusted net earnings per share (basic and diluted) have been restated to be consistent with the current presentation.

We believe that adjusted net earnings is a meaningful measure as it allows for the evaluation of the Company's overall performance from one period to the next without the variation caused by the impacts of the items described above. The Company excludes these items because they affect the comparability of its financial results amongst periods and could potentially distort the analysis of trends in its business performance. Excluding these items does not imply they are necessarily non-recurring.

### **Adjusted Net Earnings**

The following table presents the Company's net earnings (loss) and adjusted net earnings for the three and nine-month periods ended September 30, 2019, and 2018, as well as for the three-month period ended June 30, 2019.

## Non-IFRS Measures

**Table 13 - Net Earnings (Loss) and Adjusted Net Earnings (in \$ thousands except per share data)**

	FOR THE THREE-MONTH PERIODS ENDED			FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2019	JUNE 30, 2019	SEPTEMBER 30, 2018	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
Net earnings (loss) attributable to the Company's shareholders	(4,740)	(5,513)	995	(16,806)	(3,304)
Depreciation of property and equipment	1,403	1,216	1,091	3,703	3,056
Amortization of intangible assets	13,525	12,622	11,834	38,562	32,345
Depreciation of right-of-use assets	4,892	4,561	-	14,510	-
Share-based compensation <sup>(*)</sup>	5,376	6,748	6,765	17,358	19,608
Restructuring, integration and other costs <sup>(*)</sup>	3,577	1,022	871	7,727	4,188
Acquisition costs <sup>(*)</sup>	2,306	6,670	2,594	10,683	8,120
Accretion and change in fair value of purchase price obligations and effective interest on convertible debt <sup>(*)</sup>	9,297	6,992	6,285	23,096	17,127
Revaluation of puttable financial instrument liability <sup>(*)</sup>	317	350	-	667	-
Revaluation of assets-held-for-sale <sup>(*)</sup>	-	(153)	-	(699)	-
Less: Income taxes on above-mentioned items <sup>(*)</sup>	3,373	2,034	2,902	8,867	8,153
Adjusted net earnings attributable to the Company's shareholders	32,580	32,481	27,533	89,934	72,987
Per share – basic					
Net earnings (loss)	(0.05)	(0.06)	0.01	(0.17)	(0.04)
Adjusted net earnings	0.32	0.33	0.29	0.91	0.78
Per share – diluted					
Net earnings (loss)	(0.05)	(0.06)	0.01	(0.17)	(0.04)
Adjusted net earnings	0.32	0.33	0.27	0.91	0.78

Certain totals, subtotals and percentages may not reconcile due to rounding.

### *Current Quarter versus Prior-Year Quarter*

Adjusted net earnings attributable to the Company's shareholders amounted to \$32.6 million, or \$0.32 per share (basic and diluted) for the third quarter ended September 30, 2019, compared to \$27.5 million, or \$0.29 per share (basic) and \$0.27 (diluted) for the third quarter ended September 30, 2018. Adjusted net earnings for the quarter ended September 30, 2019, reflected net loss, excluding \$25.2 million, or \$0.25 per share (basic and diluted), of depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets and share-based compensation, as well as \$12.1 million, or \$0.12 per share (basic and diluted), of acquisition, restructuring, integration and other costs, an expense related to the accretion and change in fair value of purchase price obligations and the accretion on effective interest on convertible debt, the revaluation of assets held-for-sale and the revaluation of puttable financial instrument liability, net of income taxes.

## Non-IFRS Measures

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### *Current Quarter versus Previous Quarter*

For the third quarter ended September 30, 2019, the Company recorded adjusted net earnings of \$32.6 million, or \$0.32 per share (basic and diluted), compared to \$32.5 million, or \$0.33 (basic and diluted) from the previous quarter ended June 30, 2019. The increase in adjusted net earnings is mainly attributable to higher Adjusted EBITDA (refer to the *Adjusted EBITDA* section), partially offset by higher interest expenses.

### *Year-to-Date September 30, 2019, versus Year-to-Date September 30, 2018*

For the nine-month period ended September 30, 2019, adjusted net earnings attributable to the Company's shareholders amounted to \$89.9 million, or \$0.91 per share (basic and diluted), compared to \$73.0 million, or \$0.78 per share (basic and diluted) for the same period last year. Adjusted net earnings for the nine-month period ended September 30, 2019, reflected net loss, excluding \$74.1 million, or \$0.75 per share (basic and diluted), of depreciation of property and equipment, amortization of intangible assets and share-based compensation, as well as \$32.6 million, or \$0.33 per share (basic and diluted), of acquisition, restructuring, integration and other costs, an expense related to the accretion and change in fair value of purchase price obligations and the accretion on effective interest on convertible debt, the revaluation of assets held-for-sale and the revaluation of puttable financial instrument liability, net of income taxes.

The following table provides a reconciliation between adjusted net earnings and adjusted net earnings per share to the most comparable IFRS earnings measures for each of the Company's last eight quarters:

## Non-IFRS Measures

Table 14 – Adjusted Net Earnings Reconciliation (in \$ thousands except per share data)

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net earnings (loss) attributable to the Company's shareholders	(4,740)	(5,513)	(6,553)	(1,709)	995	(2,106)	(2,193)	763
Depreciation of property and equipment	1,403	1,216	1,084	1,179	1,091	1,018	947	964
Amortization of intangible assets	13,525	12,622	12,415	12,468	11,834	10,488	10,022	8,778
Depreciation of right-of-use assets	4,892	4,561	5,057	-	-	-	-	-
Share-based compensation <sup>(*)</sup>	5,376	6,748	5,234	5,359	6,765	6,098	6,745	3,871
Restructuring, integration and other costs <sup>(*)</sup>	3,577	1,022	3,128	3,399	871	2,389	928	6,866
Acquisition costs <sup>(*)</sup>	2,306	6,670	1,707	2,966	2,594	2,508	3,018	1,679
Accretion and change in fair value of purchase price obligations and effective interest on convertible debt <sup>(*)</sup>	9,297	6,992	6,807	8,692	6,285	6,058	4,784	2,880
Revaluation of assets-held-for-sale <sup>(*)</sup>	-	(153)	(546)	191	-	-	-	-
Revaluation of puttable financial instrument liability <sup>(*)</sup>	317	350	-	-	-	-	-	-
Impact of <i>US Tax Cuts and Jobs Act</i> on future income taxes	-	-	-	-	-	-	-	6,017
Income taxes on above-mentioned items <sup>(*)</sup>	3,373	2,034	3,460	4,294	2,902	2,661	2,590	2,580
Adjusted net earnings attributable to the Company's shareholders	32,580	32,481	24,873	28,251	27,533	23,792	21,661	29,238
Per share – basic								
Net earnings (loss) attributable to the Company's shareholders	(0.05)	(0.06)	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01
Adjusted net earnings attributable to the Company's shareholders	0.32	0.33	0.26	0.29	0.29	0.26	0.24	0.35
Per share – diluted								
Net earnings (loss) attributable to the Company's shareholders	(0.05)	(0.06)	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01

Certain totals, subtotals and percentages may not reconcile due to rounding.

### Cash Flows

The Company's principal uses of cash, other than for operating expenses, include (but are not limited to) dividend payments, debt servicing, capital expenditures and business acquisitions.

Based on current projections, we expect to have sufficient financial resources available (mainly from the use of our net cash flows from operations, debt and credit facilities and share capital issuance) to finance our business plan, meet our working capital needs and maintain an appropriate level of capital spending.

The following table provides additional cash flow information for Fiera Capital.

**Table 15 – Summary of Consolidated Statements of Cash Flows (in \$ thousands)**

	FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
Cash generated by (used in) operating activities	74,346	43,447
Cash (used in) investing activities	(85,662)	(94,095)
Cash generated by (used in) financing activities	50,967	48,552
Net (decrease) increase in cash and cash equivalent	39,651	(2,096)
Effect of exchange rate changes on cash denominated in foreign currencies	(4,317)	443
Cash and cash equivalents, beginning of period	52,466	41,079
Cash and cash equivalents, end of period	87,800	39,426

### Year-to-Date Activities

Cash generated from operating activities amounted to \$74.3 million for the nine-month period ended September 30, 2019. This amount resulted mainly from \$99.4 million cash generated from net earnings (loss) adjusted for depreciation and amortization, revaluation of assets held-for-sale, loss on disposal of intangible assets and property and equipment, gain on lease modification and other, accretion and change in fair value of purchase price obligations and puttable financial instrument liability, lease inducements and deferred lease obligations, share-based compensation, restructuring, integration and other costs, interest on lease liabilities, interest on long-term debt and other financial charges, income tax expenses and income tax paid, partially offset by a negative changes in non-cash operating working capital of \$22.5 million (refer to Note 15 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018), as well as by a \$2.5 million cash used for payment of other non-current liabilities.

Cash used in investing activities was \$85.7 million for the nine-month period ended September 30, 2019, , resulting mainly from \$73.7 million cash used for business combination and purchase of intangible assets, \$15.9 million cash used for the settlement of purchase price obligations, \$12.9 million cash used for purchase of property and equipment, combined with an increase of \$10.6 million in restricted cash and of \$5.0 million in deferred charges and other assets, partially offset by \$33.8 million of cash generated from the disposal of assets.

## Liquidity and Capital Resources

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Cash generated from financing activities was \$51.0 million for the nine-month period ended September 30, 2019, resulting mainly from an increase of \$70.1 million in long-term debt and \$105.0 million in Hybrid debentures, partially offset by \$62.5 million cash used for dividend payments, combined with \$29.1 million cash used for share repurchase and cancellation, \$17.6 million of long-term debt interest payments, \$6.4 million of lease payments, \$6.4 million in settlement of derivative financial instruments and \$2.7 million in settlement of share-based compensation during the period.

Finally, exchange rate fluctuations on cash denominated in foreign currencies had an unfavorable impact of \$4.3 million during the nine-month period ended September 30, 2019.

### *Year-to-Date September 30, 2019 versus Year-to-Date September 30, 2018*

Cash generated from operating activities was \$74.3 million for the nine-month period ended September 30, 2019, compared to \$43.4 million cash generated from operating activities for the same period last year. The positive variation of \$30.8 million is mainly attributable to \$19.9 million of net loss adjusted for interest on lease liabilities, interest on long-term debt and other financial charges, and amortization and depreciation, as well as to the positive variance in non-cash operating working capital items of \$12.5 million.

Cash used in investing activities was \$85.7 million for the nine-month period ended September 30, 2019, compared to \$94.1 million cash used in investing activities for the same period last year. The decrease in cash used in investing activities is mainly attributable to \$33.8 million cash generated from the disposal of assets, combined with lower cash used for investments of \$16.6 million, partially offset by an increase in cash used for business combination and purchase of intangible assets of \$11.7 million, for purchase of property and equipment of \$11.0 million, for restricted cash of \$10.6 million and for settlement of purchase price obligations of \$3.8 million.

Cash generated from financing activities was \$51.0 million for the nine-month period ended September 30, 2019, compared to \$48.6 million cash generated from financing activities for the same period last year. The year-over-year variation is mainly attributable to higher cash used for share repurchase and cancellation of \$29.1 million, for payment of dividends of \$8.4 million, and for the inclusion of the cash used for lease payments of \$6.4 million in financing activities, following a shift in lease expense classification from operating expenses to financing costs, combined with higher cash used for settlement of share-based compensation and derivative financial instruments of \$6.0 million and for payment of long-term debt interest of \$3.6 million, partially offset by an increase of \$57.6 million in cash generated from long-term debt and Hybrid debentures borrowing.

Finally, exchange rate fluctuations on cash denominated in foreign currencies had an unfavorable impact of \$4.3 million during the nine-month period ended September 30, 2019, compared to a favorable impact of \$0.4 million for the same period last year.

## Liquidity and Capital Resources

### Long-Term Debt

Table 16 – Credit Facility (in \$ thousands)

	AS AT SEPTEMBER 30, 2019	AS AT DECEMBER 31, 2018
Credit Facility		
Revolving facility	481,657	422,805
Other facilities	-	919
Deferred financing charges	(2,188)	(2,197)
	479,469	421,527
Less current portion	-	(388)
Non- current portion	479,469	421,139

### Credit Facility

On May 28, 2018, the Company entered into the Fifth Amended and Restated Credit Agreement ("Credit Agreement") with a Canadian banking syndicate of lenders. The Facility is used for general corporate purposes. It is comprised of a \$600 million 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, there are no minimum repayments until June 30, 2022, the date at which the amount drawn is repayable in full. At any time, subject to certain terms and conditions, the Company may request an increase in the available Facility by an amount of up to CA\$200 million subject to the acceptance of the individual lenders in the banking syndicate. Subject to certain terms and conditions, the Credit Agreement allows for extensions of the Facility's maturity date, in one-year increments, at the request of the Company and subject to the acceptance of a group of lenders within the banking syndicate whose commitments amount to, in the aggregate, more than 66 2/3%.

The Facility bears interest, payable monthly, at variable rates based on the currency in which an amount is drawn and on the quarterly Funded Debt to EBITDA ratio as defined in the Credit Agreement. The interest rate is based on the Canadian prime rate plus a spread which varies from 0.00% to 1.50% or, at the discretion of the Company for amounts drawn in US Dollars, based either on the US base rate plus a spread varying from 0.00% to 1.50% or the LIBOR rate plus a spread varying from 1.00% to 2.50%.

As at September 30, 2019, the total amount drawn on the Facility was CA\$34.702 million and US\$337.579 million (CA\$446.955 million) (CA\$123.500 million and US\$219.400 million (CA\$299.305 million) as at December 31, 2018).

Under the terms of the Credit Agreement and the Previous Credit Agreement, the Company must satisfy certain restrictive covenants including minimum financial ratios. These restrictions include maintaining a maximum ratio of Funded Debt to EBITDA and a minimum Interest Coverage Ratio as defined in the Credit Agreement and the Previous Credit Agreement. EBITDA, a non-IFRS financial measure, includes consolidated earnings (losses) before interest, income taxes, depreciation, amortization and other non-cash items, and excludes extraordinary and unusual items including non-recurring items and certain purchase price obligations as well as certain other adjustments outlined in the Credit Agreement. All restrictive covenants under the Credit Agreement were met as at September 30, 2019 and December 31, 2018. The Credit Agreement also includes covenants that limit the ability of the Company and certain of its subsidiaries that are specifically included in the Credit Agreement as borrowing parties and therefore are guarantors to the Facility, to engage in specified types of transactions and thus imposes certain operating and financing restrictions on these entities.

## Liquidity and Capital Resources

### Other Facilities

As at December 31, 2018, one of the Company's subsidiaries had an outstanding bank loan in the amount of \$0.231 million of which quarterly payments of CA\$0.131 million were required. The loan bore interest at prime plus 0.25% to 1.25% which was based on the ratio of senior debt to EBITDA (a non-IFRS financial measure defined in the loan agreement). The original maturity of this loan was June 30, 2019, however the subsidiary repaid the total outstanding balance in January 2019. All debt covenant requirements were met as at December 31, 2018.

As at December 31, 2018, this subsidiary also had a leasing facility with an outstanding balance of CA\$0.688 million, under which monthly payments of CA\$0.015 million were required. In January 2019, the subsidiary repaid the outstanding balance of this lease facility. As at December 31, 2018, the current and non-current portions of the loan were \$0.157 million and \$0.531 million respectively.

As at December 31, 2018, this subsidiary also had a line of credit with a limit of CA\$0.75 million. This credit limit bore interest at prime plus up to 0.25% to 1.00% which was also based on the ratio of senior debt EBITDA and had no fixed maturity date. As at December 31, 2018 the subsidiary had not drawn on the line of credit and it was cancelled in January 2019.

Another subsidiary of the Company has a line of credit with a dollar limit of CA\$0.95 million. It bears interest at prime plus 1.50% and has no fixed maturity date. As at September 30, 2019 the subsidiary had not drawn on the line of credit (nil as at December 31, 2018).

### Convertible Debt

The balance of the convertible debt as at September 30, 2019 consists of the following:

Table 17 – Convertible Debt (in \$ thousands)

	As at September 30, 2019	As at December 31, 2018
	\$	\$
Convertible debentures – 5.00% due June 23, 2023	80,040	79,008
Hybrid debentures – 5.60% due July 31, 2024	105,100	-
Non-current portion	185,140	79,008

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

Table 18 – Convertible Debentures (in \$ thousands)

	As at September 30, 2019	As at December 31, 2018
	\$	\$
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 equity component	2,389	1,357
Non-current portion	80,040	79,008

## Liquidity and Capital Resources

On December 21, 2017, the Company issued 86,250 unsecured convertible debentures at 5.00% maturing on June 23, 2023 (the "Convertible debentures"), with interest payable semi-annually in arrears on June 30 and December 31 of each year starting June 30, 2018, for gross proceeds of CA\$86.25 million. 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 \$0.001 million 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 \$0.001 million per Convertible debenture, plus accrued and unpaid interest.

During the nine-month period ended September 30, 2019, an amount of \$2.156 million was paid representing accrued interest from December 31, 2018 to June 30, 2019 (an amount of \$4.431 million was paid on December 31, 2018 representing the accrued cash interest from the issuance date to December 31, 2018).

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

Table 19 – Hybrid Debentures (in \$ thousands)

	As at September 30, 2019
	\$
Face value	110,000
Less:	
Issuance costs	(5,037)
Cumulative accretion expense	137
<b>Non-current portion</b>	<b>105,100</b>

On July 4, 2019, the Company issued \$100 million senior subordinated unsecured hybrid debentures due July 31, 2024 and on July 9, 2019 the Company issued \$10 million 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 occurrence of 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 at a redemption price equal to 102.80% of the principal amount redeemed plus accrued and unpaid interest, if any. On and after July 31, 2023 and prior to July 31, 2024, the Hybrid debentures will be redeemable, in whole or in part, from time to time, at the Company's option at par plus accrued and unpaid interest, if any. The Company will have the option to repay the principal amount of the Hybrid debentures due at redemption or maturity 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.

The Company incurred underwriting fees and issuance costs of \$5.037 million which are netted against the Hybrid debentures. The Hybrid debentures are accounted for at amortized cost, using the effective interest rate method.

## Liquidity and Capital Resources

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The proceeds of the Hybrid debentures were used to finance the cash portion of the Natixis Canada, Foresters and IAM acquisitions, to reduce indebtedness under the Credit Facility and for general corporate purposes.

### ***Share Capital***

As at September 30, 2019, the Company had 81,342,363 Class A shares and 19,412,401 Class B special voting shares for a total of 100,754,764 outstanding shares compared to 77,180,400 Class A shares and 19,412,401 Class B special voting shares for a total of 96,592,801 outstanding shares as at September 30, 2018.

### ***Capital Management***

The Company's capital comprises share capital, retained earnings (deficit), long-term debt and convertible debt, 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. As at September 30, 2019 and December 31, 2018, the Company (and as at December 31, 2018 a subsidiary of the Company which was sold in February 2019) 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, and is in compliance with the respective calculations. The Company and its subsidiaries, where applicable, have complied with the restrictive debt covenants applicable under the various credit facilities disclosed as long-term debt (Note 10 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018).

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 debt (as applicable under the terms of the respective final short-term prospectuses for the convertible debt).

### ***Contractual Obligations***

As at September 30, 2019, the Company had no material contractual obligation other than those described in the Company's 2018 Annual MD&A in the section entitled "*Contractual Obligations*".

### ***Contingent Liabilities***

In the normal course of business, the Company and its subsidiaries may be party to business and employee-related claims. The potential outcomes related to existing matters faced by the Company are not determinable at this time. 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.

## Share-Based Payments

### a) Stock Option Plan

Under the Company's stock option plan, the exercise price of each stock option is equal to the volume weighted average trading price of the Company's shares on the TSX for the five trading days immediately preceding the date the stock option is granted. The Board may determine the maximum term for which options are granted and will become exercisable and whether the options will be exercisable in instalments or pursuant to a vesting schedule.

A summary of the changes that occurred in the Company's stock option plans during the nine-month periods ended September 30, 2019, and 2018, is presented below:

Table 20 – Options Transactions

	2019		2018	
	Number of Class A Share options	Weighted-average exercise price	Number of Class A Share options	Weighted average exercise price
		\$		\$
Outstanding – beginning of periods	3,977,191	12.21	4,183,852	11.86
Granted	1,070,000	12.25	305,000	12.22
Exercised	(152,377)	6.58	(336,606)	8.06
Forfeited	(296,867)	13.29	(120,252)	13.63
Expired	(25,000)	13.58	-	-
Outstanding – end of periods	4,572,947	12.32	4,031,994	12.15
Options exercisable – end of periods	1,111,510	11.53	588,615	8.06

### b) Deferred Share Unit Plan ("DSU")

One DSU unit is equivalent to one Class A Share of the Company. The Company recorded a (recovery) expense of \$(0.007 million) and \$(0.003 million) for this plan during the three and nine-month periods ended September 30, 2019, respectively (an expense (recovery) of \$0.009 million and (\$0.004 million) during the three and nine-month periods ended September 30, 2018, respectively). As at September 30, 2019, the Company had a liability for an amount of \$0.091 million for the 8,865 units outstanding under the DSU plan (\$0.095 million for 8,395 units as at December 31, 2018).

### c) Restricted Share Unit ("RSU") Plan

The following table presents transactions that occurred in the Company's RSU Plan during the nine-month period ended September 30, 2019 and 2018.

## Share-Based Payments

**Table 21 – RSU Transactions**

	2019	2018
Outstanding units – beginning of period	258,560	608,635
Vested	(136,234)	-
Reinvested in lieu of dividends	15,868	19,955
Granted	100,001	(248,694)
Outstanding units– end of period	238,195	379,896

One RSU unit is equivalent to one Class A Share of the Company. The Company recorded an expense of \$0.338 million and \$1.188 million for these grants during the three and nine-month periods ended September 30, 2019, respectively (\$0.780 million and \$2.820 million during the three and nine-month periods ended September 30, 2018, respectively). During the nine-month period ended September 30, 2019, 136,234 Class A Shares were issued and no cash was paid as settlement of vested RSUs (201,442 Class A Shares were issued as settlement of RSU vested and \$0.585 million was paid in cash during the nine-month period ended 30 September 2018). As at September 30, 2019, the Company had a liability in the amount of \$1.408 million for the 238,195 units outstanding under the RSU Plan (\$1.759 million for 258,560 units as at December 31, 2018).

### *d) Restricted Share Unit Plan – Cash (“RSU Cash”)*

The following table presents transactions that occurred in the Company’s RSU Plan during the nine-month periods ended September 30, 2019 and 2018.

**Table 22 – RSU Cash Transactions**

	2019	2018
Outstanding units – beginning of period	528,308	504,380
Vested	(172,057)	76,873
Forfeited	-	25,989
Reinvested in lieu of dividends	28,786	(32,607)
Granted	63,501	(728)
Outstanding units – end of period	448,538	573,907

RSU cash units are equivalent to one Class A Share of the Company. The Company recorded an expense of \$0.312 million and \$1.692 million for these grants during the three and nine-month periods ended September 30, 2019, respectively (\$1.022 million and \$1.838 million during the three and nine-month periods ended September 30, 2018, respectively). During the nine-month period ended September 30, 2019, 172,057 units vested (2018 – 32,607 units vested) and an amount of \$1.945 million was paid as partial settlement of these units (2018 - \$0.391 million). In addition, \$1.528 million was paid during the nine-month period ended September 30, 2019 as settlement of units that vested in 2018. As at September 30, 2019, the Company had a liability in the amount of \$2.52 million for the 448,538 units outstanding under this RSU Plan (\$4.305 million for 528,308 units as at December 31, 2018).

### *e) Restricted Share Plan (“RSP”)*

As at December 31, 2018, there were no longer any restricted shares outstanding. Therefore, on March 21, 2019 the Board approved the termination of the Restricted share plan effective as at such date. No expenses were recorded for the restricted share plan during the three and nine-month periods ended September 30, 2019 (an expense of \$0.088 million and \$0.26 million was recorded during the three and nine-month periods ended September 30, 2018 for this grant).

## Share-Based Payments

### *f) PSU and UAR Plan Applicable to Business Units*

On April 12, 2018, the Board approved an amended and restated PSU plan applicable to Business Units ("BU") mainly to include various tax considerations. Performance share units are provided to eligible employees at an award value which is determined by the Board as the original value of the award. The number of performance share units awarded to a participant as of the award date is calculated by dividing the award value by the value of the PSU BU as determined by the Board at each award date.

PSUs are considered granted when the award notice is approved by the Board and is accepted by the employee. The vesting date is the date at which all vesting terms and conditions set forth in the PSU plan applicable to BU and the employee's award notice have been satisfied.

Vested PSUs are settled in accordance with the terms of the plan. The settlement date value is determined by the product of the number of PSUs vested and the value of the PSU on the applicable vesting date.

In June 2018, the Company amended its Performance Share Unit Plan applicable to Business Units (PSU applicable to BU) plan to include an ability to grant Unit Appreciation Rights applicable to Business Units (UAR applicable to BU).

#### *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, 2019 and 2018:

**Table 23 – PSU Plan Applicable to BU Transactions (in \$ thousands)**

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Equity-settled grants	1,442	1,349	4,800	5,039
Cash-settled grants	1,666	1,825	5,580	5,517
<b>Total expense</b>	<b>3,108</b>	<b>3,174</b>	<b>10,380</b>	<b>10,556</b>

The total award value granted under the Company's PSU plans applicable to BU during the nine-month period ended September 30, 2019 was \$6.32 million (\$6.575 million for the nine-month period ended September 30, 2018), and no PSU applicable to BU vested during the three and nine-month periods ended September 30, 2019 and 2018.

During the nine-month period ended September 30, 2019, 1,820,929 Class A Shares were issued as settlement of PSU applicable to BU vested in 2018 and 7,818 Class A shares were issued as settlement of PSU applicable to BU vested in 2019 (407,978 during the nine-month period ended September 30, 2018).

#### *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 Company recorded an expense of \$0.740 million and \$1.534 million during the three and the nine-

## Share-Based Payments

month periods ended September 30, 2019 (\$0.383 million and \$0.506 million during the three and nine-month periods ended September 30, 2018).

### *g) PSU Plan*

One PSU unit is equivalent to one Class A Share of the Company. The Company recorded the following expense relating to the PSU plans during the three and nine-month periods ended September 30, 2019 and 2018:

**Table 24 – PSU Transactions (in \$ thousands)**

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Equity-settled grants	442	345	1,081	1,003
Cash-settled grants	87	880	1,075	1,523
<b>Total expense</b>	<b>529</b>	<b>1,225</b>	<b>2,156</b>	<b>2,526</b>

During the nine-month periods ended September 30, 2019, the total award value granted under the Company's PSU plans was \$0.548 million and 8,675 PSU vested during the period. A total of 217,882 Class A Shares were issued and \$2.58 million was paid during the nine-month period ended September 30, 2019 as settlement of PSU vested in 2018 and in 2019.

During the nine-month periods ended September 30, 2018, the total award value granted under the Company's PSU plans was \$4.828 million and no PSU vested during the period. 19,819 Class A Shares were issued during the nine-month period ended September 30, 2018 as settlement of PSU vested in 2017.

### *h) 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 subsidiaries stock option expense in the interim condensed consolidated statements of earnings (loss) for the three and nine-month periods ended September 30, 2019 was \$0.623 million and \$1.725 million, respectively (\$0.607 million and \$1.613 million for the three and nine-month periods ended September 30, 2018). During the three and nine-month periods ended September 30, 2019, an amount of \$0.108 million was paid as settlement of stock options (nil in the three and nine-month periods ended September 30, 2018). The cash settled share-based liability is \$5.573 million in the interim condensed consolidated statement of financial position as at September 30, 2019 (\$3.956 million as at December 31, 2018).

## Related Party Transactions

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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.

As at September 30, 2019, a related shareholder indirectly owns Class B Special Voting Shares representing approximately 7.2% of the Company's issued and outstanding shares (7.4% as at December 31, 2018). 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 administrators under the Company's Credit Agreement and effective May 2019 took on the role as administrative agent of the Credit Agreement and is one of the lenders in the syndicate of lenders to the Company's Credit Facility.

Another shareholder was a related shareholder until the Natixis transaction in May 2019 (Note 5). At September 30, 2019 this shareholder's beneficial ownership of the Company's issued and outstanding shares is approximately 6.85% (18.00% as at December 31, 2018). As of May 2019, this shareholder no longer meets the definition of a related party and therefore is excluded from the table below as of May 2019.

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

## Related Party Transactions

Table 25 – Related Party Transactions (in \$ thousands)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Base management	2,130	11,376	19,850	32,959
Performance fees		-	-	218
Other revenues	(380)	1,128	4,718	2,875
Selling, general & administrative expenses				
Reference fees	-	409	544	1,292
Other	-	126	196	475
Interest on long-term debt	5,531	4,143	15,690	11,296
Net (gain) loss in fair value of derivative financial instruments included in interest on long-term debt and other financial charges	(4,598)	1,558	1,620	420

The transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Fees are at prevailing market prices and are settled on normal trade terms.

The Chairman of the Board and Chief Executive Officer ("CEO") and the Executive Vice President, Global Chief Financial Officer ("CFO"), together with Management, are responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in National Instrument 52-109.

Fiera Capital Corporation's ("Company") internal control framework is based on the criteria published in the *Internal Control-Integrated Framework (COSO framework 2013)* published by the *Committee of Sponsoring Organizations of the Treadway Commission (COSO)* and is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The CEO and CFO, supported by Management, evaluated the design of the Company's DC&P and ICFR as at September 30, 2019, and have concluded that they were effective. Furthermore, no significant changes to the ICFR occurred during the nine-month period ended September 30, 2019.

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Additional information about Fiera Capital Corporation, including the Company's most recent audited annual financial statements and annual information form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### *Fair Value*

#### *Investments*

The cost and fair value of investments recorded at fair value through profit or loss is \$4.242 million and \$4.687 million respectively as at September 30, 2019 (\$4.574 million and \$4.857 million respectively as at December 31, 2018). Total realized and unrealized gain (loss) of \$(0.021 million) and \$0.196 million was recognized in other revenues during the three and nine-month periods ended September 30, 2019 (loss of \$0.105 million and \$0.337 million during the three and nine-month periods ended September 30, 2018).

#### *Convertible Debt*

##### *a) Convertible debentures*

The Convertible debentures (Note 11 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018) are recorded at an amortized cost of \$80.04 million as at September 30, 2019 (\$79.008 million as at December 31, 2018). The fair value based on market quotes is \$88.234 million as at September 30, 2019 (\$87.544 million as at December 31, 2018).

##### *b) Hybrid debentures*

The Hybrid debentures (Note 11 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018) are recorded at an amortized cost of \$105.1 million as at September 30, 2019. The fair value based on market quotes is \$113.3 million as at September 30, 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 debt instruments with comparable terms and in similar market conditions.

#### *Derivative financial instruments*

The Company's derivative financial instruments consist of cross currency swap, interest rate swap 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 is 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 appropriate. 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

## Financial Instruments

contract. The Company determines the fair value of its interest rate swap and cross currency swap contracts by applying valuation techniques.

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

Table 26 – Net gains (losses), fair value and notional amount of derivatives (in \$ thousands)

	For the three-month period ended September 30, 2019	For the nine-month period ended September 30, 2019	As at September 30, 2019				
	Net gain (loss) on derivatives	Net gain (loss) on derivatives	Fair value		Notional amount: term to maturity		
			Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$	\$
<b>Foreign exchange contracts</b>							
a) Forward foreign exchange contracts							
– held for trading	(911)	1,117	-	(201)	56,065	-	-
b) Cross currency swaps							
– held for trading	4,598	(5,601)	1,542	-	225,000	-	-
<b>Interest rate contracts</b>							
c) Swap contracts							
– held for trading	837	(2,148)	352	(3,199)	-	250,000	-
d) Swap contracts							
– cash flow hedges	-	-	-	(2,462)	-	223,756	-

	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2018	As at December 31, 2018				
	Net gain (loss) on derivatives	Net gain (loss) on derivatives	Fair value		Notional amount: term to maturity		
			Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$	\$
<b>Foreign exchange contracts</b>							
a) Forward foreign exchange contracts							
– held for trading	946	(1,785)	-	(1,672)	45,374	-	-
b) Cross currency swaps							
– held for trading	(2,583)	(1,457)	1,083	-	80,000	-	-
<b>Interest rate contracts</b>							
c) Swap contracts							
– held for trading	1,025	1,037	860	(1,560)	-	190,000	-
d) Swap contracts							
– cash flow hedges	-	-	4,506	-	-	230,550	-

Table 27 – Financial statement presentation of derivative financial instruments (in \$ thousands)

	As at September 30, 2019	As at December 31, 2018
	\$	\$
Current derivative financial instrument assets <sup>1</sup>	1,542	1,083
Non-current derivative financial instrument assets	352	5,366
Current derivative financial instrument liabilities	(201)	(1,672)
Non-current derivative financial instrument liabilities	(5,661)	(1,560)

<sup>1</sup>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.

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 the interim condensed consolidated statement of earnings (loss) in accordance with the nature of the economically hedged item and therefore, as other revenues.

The Company recorded a loss of \$0.686 million and a gain of \$1.344 million during the three and nine-month periods ended September 30, 2019, respectively (gain of \$1.118 million and a loss of \$1.535 million during the three and nine-month periods ended September 30, 2018, respectively) and received \$0.165 million during the nine-month period ended September 30, 2019 as settlement of the contracts that matured during the period (paid \$1.295 million during the nine-month period ended September 30, 2018). The fair value of the forward exchange contracts is a liability of \$0.058 million as at September 30, 2019 (liability of \$1.237 million as at December 31, 2018).

### Subsidiaries

One of the Company's subsidiaries enters into forward exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in Euros. This subsidiary recorded a loss of \$0.225 million and \$0.227 million during the three and nine-month periods ended September 30, 2019 (losses of \$0.172 million and \$0.25 million for the three and nine-month periods ended September 30, 2018, respectively). A total of \$0.52 million was paid during the nine-month period ended September 30, 2019 as settlement of the contracts (paid \$0.034 million during the nine-month period ended September 30, 2018). As at September 30, 2019, the fair value of the contracts was a liability of \$0.143 million (a liability of \$0.435 million as at December 31, 2018).

## b) Cross currency swaps – held for trading

Under the terms of the Company's revolving facility (Note 10 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018), the Company can borrow either in US dollars based on US base rate plus a spread varying from 0.00% to 1.50% or the LIBOR rate plus a spread varying from 1.00% to 2.50%, 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 2019, a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 1.99% on CA\$225 million (CDOR plus 1.57% on CA\$80 million as at

December 31, 2018) by borrowing against the US dollar revolving facility, the equivalent of CA\$225 million (US\$171 million) (CA\$80 million (US\$59.4 million) as at December 31, 2018) at LIBOR plus 2.25%, and swapping it into CDOR plus 1.99% with a one-month cross currency swap.

The objective of this strategy is 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 10 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018), and therefore is presented in interest on long-term debt and other financial charges.

The Company recorded a gain of \$4.598 million and a loss of \$5.601 million during the three and nine-month periods ended September 30, 2019, respectively, with no net impact on earnings (loss) as described above (a loss of \$2.583 million and \$1.457 million during the three and nine-month periods ended September 30, 2018, respectively). A total of \$6.059 million was paid during the nine-month period ended September 30, 2019 (paid \$1.267 million for the nine-month period ended September 30, 2018) as settlement of the contracts, simultaneously with the payment of the US denominated economically hedged portion of the revolving facility, since the financing terms are exactly matched. The fair value of the cross currency swap contracts was an asset of \$1.542 million as at September 30, 2019 (\$1.083 million as at December 31, 2018).

### *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.

In May 2019, the Company entered into two interest rate swap contracts with an original notional amount of \$35 million and \$25 million maturing on May 2, 2022 and May 13, 2022 respectively. The contracts consist of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 1.945% (on \$35 million) and 1.900% (on \$25 million). 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, 2019.

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 \$0.837 million and a loss of \$2.148 million during the three and nine-month periods ended September 30, 2019 (a gain of \$1.025 million and \$1.037 million during the three and nine-month periods ended September 30, 2018). The fair value of the interest rate swap contracts is an asset of \$0.352 million and a liability of \$3.199 million as at September 30, 2019 (an asset of \$0.86 million and a liability of \$1.56 million as at December 31, 2018).

### *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, 2019.

The effective portion of changes in the fair value of these contracts is recognized in other comprehensive income (loss) and accumulated in a hedging reserve. The Company recorded an other comprehensive loss of \$0.839 million and \$6.045

million during the three and nine-month periods ended September 30, 2019 (net of income taxes of \$0.128 million and \$0.923 million) (a gain in other comprehensive income of \$0.602 million and \$5.040 million during the three and nine-month periods ended September 30, 2018 (net of income taxes of \$0.092 million and \$0.772 million, 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, 2019 and 2018. The fair value of the interest rate swap contracts designated as cash flow hedges is a liability of \$2.462 million as at September 30, 2019 (asset of \$4.506 million as at December 31, 2018).

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 10 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018) are US\$337.579 million as at September 30, 2019 (US\$219.4 million as at December 31, 2018).

### *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, 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, 2019, this derivative financial instrument has no financial impact on the Company's consolidated financial statements.

### *f) Puttable financial instrument liability and call option related to Palmer Capital*

Under the terms of the Sale and Purchase Agreement, the acquirer, Fiera Real Estate 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 acquirer on April 30, 2022 or at 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 at March 31 of any year thereafter. If exercised, both the put and the call right would require Fiera Real Estate or 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 the highest of 20% of GBP 50 million, and a prescribed price calculated based on a multiplier of earnings before interest, taxes and depreciation as defined in the share Sale and Purchase Agreement. Since the put and the call option have the same exercise price and exercise dates are within a month of each other, the call option is accounted for as a forward purchase contract. The fair value of the call option is nil at September 30, 2019 and was nil at the acquisition date of July 3, 2019.

The put right on the non-controlling interest in Palmer Capital is classified as a financial liability and measured at fair value through profit and loss. It was initially measured at fair value of \$13.237 million at the acquisition date and subsequently remeasured at each reporting date with changes in fair value recognized in the interim condensed consolidated statement of net earnings (loss). The fair value of the puttable financial instrument liability is \$13.061 million at September 30, 2019.

## Significant Accounting Judgments and Estimation Uncertainties

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This MD&A is prepared with reference to the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018. A summary of the Company's significant accounting judgments and estimation uncertainties are presented in Note 3 to the Company's audited consolidated financial statements for the years ended December 31, 2018 and 2017. Some of the Company's accounting policies, as required under IFRS, require the Management to make subjective, complex judgments and estimates to matters that are inherent to uncertainties.

The fair value of purchase price obligations is 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 and puttable financial instrument liabilities 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*

A reasonable change in unobservable inputs would not result in a significant change in the fair value of purchase price obligations other than for the City National Rochdale ("CNR") liability, which is presented below.

The main Level 3 inputs used by the Company to value the purchase price obligations of CNR are derived from the following items 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, 2019 and December 31, 2018, the Company used 9% and 10% for 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, 2019 and December 31, 2018, the Company used a discount rate of 41%.

The discounted cash flow method was used to measure the present value of the expected future cash flows to be paid to CNR as contingent consideration. The fair value of the CNR purchase price obligation as at September 30, 2019 was CA\$73.819 million (US\$55.755 million) and CA\$74.118 million (US\$54.331 million) as at December 31, 2018.

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

- A variance of 350 basis points in the market growth rate, as an increase or (decrease), would result in an increase (decrease) of approximately CA\$5.296 million (US\$4 million) in the fair value of the purchase price obligation.
- A variance of 300 basis points in the net contributions rate, as an increase or (decrease) would result in an increase (decrease) of approximately CA\$2.648 million (US\$2 million) in the fair value of the purchase price obligation.

## Significant Accounting Judgments and Estimation Uncertainties

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- A variance of 200 basis points in the risk-adjusted discount rate, as an increase (discount), would result in a decrease (increase) of approximately CA\$2.648 million (US\$2 million) 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. The relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have 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\$7.944 million (US\$6 million) increase or decrease in the fair value of the purchase price obligation as at September 30, 2019 (CA\$8.08 million (US\$6 million) as at December 31, 2018).

### *Purchase Price Obligation – Clearwater*

The discounted cash flow method was used to measure the present value of the expected future cash flows to be paid to the sellers as contingent consideration. The Company increased the fair value of the purchase price obligation and recorded an expense of CA\$1.391 million (US\$1.026 million) during the three and nine-month periods ended September 30, 2019. The fair value of the Clearwater purchase price obligation as at September 30, 2019 was CA\$43.185 million (US\$32.616 million) and CA\$39.955 million (US\$28.553 million) as at December 31, 2018.

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 discount rate is the input used to bring the future cash flow to their present value. The Company used a discount rate between 10% and 15%.

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. The relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have 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\$37.072 million (US\$28 million) and CA\$41.044 million (US\$31 million) for its purchase price obligation as at September 30, 2019.

### ***Adoption of New IFRS***

Except as described below, the accounting policies applied in the interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018, are the same as those applied in the Company's consolidated financial statements as at and for the years ended December 31, 2018 and 2017.

### ***IFRS 16 – Leases***

The Company adopted IFRS 16 Leases on January 1, 2019. IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use its office facilities, office equipment and other assets that meet the definition of a lease, and lease liabilities representing its obligations to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated and is presented, as previously reported, under IAS 17 – *Leases and related interpretations*. The details of the changes in accounting policies are described in Note 3 of the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018.

### ***Revised IFRS, Interpretations and Amendments***

The following revised standards are effective for annual periods beginning on January 1, 2019. Their adoption did not have a significant impact on the amounts reported or disclosures made in the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018.

### ***IFRIC 23 – Uncertainty over Income Tax Treatments***

In June 2017, the IASB issued IFRIC 23 – *Uncertainty over Income Tax Treatments*. The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatment under IAS 12. It specifically considers whether tax treatments should be considered collectively, assumptions for taxation authorities' examinations, the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and the effect of changes in facts and circumstances. This interpretation does not have a significant impact on the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018.

### ***Annual improvements to IFRS (2015-2017 cycle)***

In December 2017, the IASB published *Annual Improvements to IFRS Standards 2015–2017 Cycle*. It contains amendments to four IFRS as result of the IASB's annual improvements project. The amendments to IFRS 3 – *Business combinations* clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 – *Joint arrangements* clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendments to IAS 12 – *Income taxes* clarify that all income tax consequences of dividends should be recognized in profit or loss, regardless of how the tax arises.

The amendments to IAS 23 – *Borrowing costs* clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. These amendments do not have a significant impact on the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2019 and 2018.

### ***Annual improvements to IFRS (2018-2020 cycle)***

In May 2019, the IASB published an exposure draft ED/2019/2 “*Annual Improvements to IFRS Standards 2018 – 2020*”. It contains proposed amendments to certain International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project.

The proposed amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards would require a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs; The proposed amendment to IFRS 9 Financial Instruments clarifies which fees an entity includes when it applies the “10 percent” test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. Applying the proposed amendment, an entity would include only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf; The proposed amendment to IFRS 16 Leases to Illustrative Example 13 accompanying IFRS 16 would remove from the example the illustration of the reimbursement of leasehold improvements by the lessor. The proposed amendment would resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. These amendments are not expected to have a significant impact on the Company's consolidated financial statements.

### ***IFRS Issued but not yet Adopted***

No new IFRS were issued during the nine-month period ended September 30, 2019 and there are no other standards that are not yet effective that are expected to have a significant impact on the Company's interim condensed consolidated financial statements in the current or future reporting periods or on foreseeable future transactions.

## Risk Factors

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Fiera Capital's business is subject to a number of risk factors that may impact the Company's operating and financial performance. These risks and the management of these risks are detailed in the Company's 2018 Annual MD&A in the section entitled "*Risk Factors*". The Company has not identified any material changes to the risk factors affecting its business or in the management of these risks.

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