



Management's Discussion and Analysis FIERA CAPITAL CORPORATION

For the Three and Six-Month
Periods Ended June 30, 2019



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FINANCIAL HIGHLIGHTS

The following management's discussion and analysis ("MD&A") dated August 14, 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 six-month periods ended June 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 six-month periods ended June 30, 2019 and 2018.

Highlights for the Three-Month Period Ended June 30, 2019

The Company generated revenues of \$149.9 million in the second quarter of 2019, an increase of \$23.7 million, or 19% compared to the second quarter of last year, and of \$7.1 million, or 5%, compared to the first quarter of 2019.

Adjusted EBITDA¹ of \$45.8 million was \$13.1 million, or 40%, higher than in the second quarter of 2018 and \$7.0 million, or 18% higher than the first quarter of 2019.

As a result, the Company's Adjusted EBITDA margin¹ for the second quarter of 2019 was 30.6%, compared to 25.9% and 27.2% in the second quarter of 2018 and the first quarter of 2019, respectively. Part of the year-over-year margin increase is attributable to improved operating results that were positively affected by the Private Alternative strategies and by the overall increase in AUM from organic and market growth. The adoption of IFRS 16 – Leases on January 1, 2019, resulted in a shift in lease expense classification from operating expenses to financing costs and amortization and also had a positive effect on the margin. Quarter over quarter, the Adjusted EBITDA margin improvement is mainly the result of organic growth, notably in the Private Alternative strategies, as well as the acquisition of Palmer Capital Partner Limited ("Palmer Capital").

AUM grew in the second quarter, reaching \$149.5 billion as at June 30, 2019, mainly a result of market appreciation, which contributed \$4.4 billion to AUM, and organic growth, which added \$1.1 billion in AUM. In addition, the Company closed its previously announced acquisition of an 80% interest in Palmer Capital, a UK focused real estate investment manager, adding \$0.7 billion in AUM during the second quarter. The Company also made announcements related to acquisitions that will further contribute to AUM growth in the third quarter:

- On May 9, it announced a strategic partnership with Natixis Investment Managers ("Natixis"), whereby Fiera becomes Natixis' preferred distributor in Canada and Natixis has the ability to offer international Natixis clients complimentary Fiera Capital investment strategies. Fiera Capital also agreed to acquire Natixis' Canadian operations with approximately \$1.8 billion in AUM. In addition, Natixis acquired an 11.0% stake in Fiera Capital thereby strengthening its commitment to Fiera Capital, as well as the Canadian market. Jean Raby, CEO of Natixis also joined the Company's board of directors thereby enhancing its composition with even further global expertise.
- On May 15, the Company announced the acquisition of Foresters Asset Management Inc. ("Foresters"), an Ontario-based investment management firm focused on institutional and insurance liability-driven investment ("LDI") strategies. As of April 30, 2019, Foresters has approximately \$10.5 billion in AUM, and following the closing of the transaction, Fiera Capital's total LDI AUM is expected to exceed \$25 billion.

¹ Please refer to the "Non-IFRS Measures" Section on page 33 and the reconciliation to net earnings (loss) IFRS measures.

Financial Highlights

- Subsequent to the quarter-end, the Company announced on July 3, 2019, the closing of the previously announced acquisition of Integrated Asset Management Corp. ("IAM"), which added over \$3 billion in AUM and committed capital to the Company's private alternative investments platform.

The Company also announced several capital management initiatives during the second quarter:

- On May 30, Fiera Capital announced that after thirteen dividend increases that grew the quarterly dividend from \$0.08 per share to \$0.21 per share, it would be holding the quarterly dividend rate steady at \$0.21 per share until further notice. The Company concurrently announced a Dividend Reinvestment Plan ("DRIP"), granting its shareholders the option to continue to collect a cash dividend or to invest those funds for the acquisition of additional Class A shares.
- On June 13, the Company announced a \$100 million bought deal offering of 5.6% senior subordinated unsecured debentures with an over-allotment option of \$10 million. Proceeds of the offering will be used to fund recently announced acquisitions, repay indebtedness and for general corporate purposes. Both the bought deal and the over-allotment option subsequently closed in the third quarter of 2019.

Financial Highlights

Summary of Quarterly Results

The Company's AUM, total revenues, adjusted EBITDA¹, adjusted EBITDA margin¹ 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 June 30, 2019, are as follows:

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

	Last Twelve Months (2)	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	Q3 Sep. 30 2017
AUM	143,635	149,531	144,861	136,675	143,475	139,389	131,360	128,901	123,003
Total revenues	586,761	149,904	142,785	156,963	137,109	126,232	119,981	142,046	107,127
Adjusted EBITDA ⁽¹⁾	160,563	45,804	38,817	39,322	36,620	32,703	28,839	36,056	27,020
Adjusted EBITDA margin ⁽¹⁾	27.4%	30.6%	27.2%	25.1%	26.7%	25.9%	24.0%	25.4%	25.2%
Net earnings (loss) attributable to the Company's shareholders	(12,780)	(5,513)	(6,553)	(1,709)	995	(2,106)	(2,193)	763	4,603
PER SHARE – BASIC									
Adjusted EBITDA ⁽¹⁾	1.66	0.47	0.40	0.41	0.38	0.35	0.32	0.43	0.33
Net earnings (loss) attributable to the Company's shareholders	(0.14)	(0.06)	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01	0.06
Adjusted net earnings (loss) attributable to the Company's shareholders	1.17	0.33	0.26	0.29	0.29	0.26	0.24	0.35	0.28
PER SHARE – DILUTED									
Adjusted EBITDA ⁽¹⁾	1.64	0.47	0.40	0.41	0.36	0.35	0.32	0.43	0.32
Net earnings (loss) attributable to the Company's shareholders	(0.14)	(0.06)	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01	0.05
Adjusted net earnings (loss) attributable to the Company's shareholders	1.15	0.33	0.26	0.29	0.27	0.26	0.24	0.35	0.27

¹ Please refer to the "Non-IFRS Measures" Section on page 33.

The first and second 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.

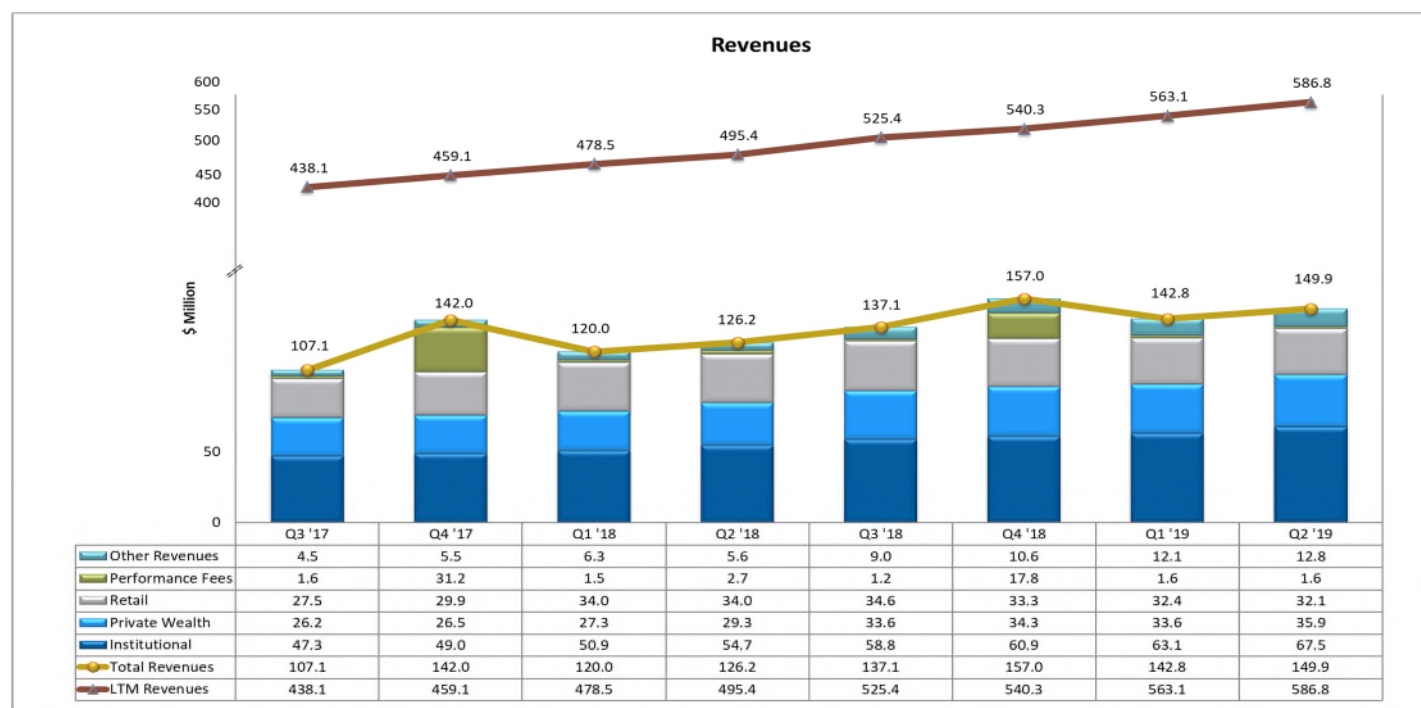
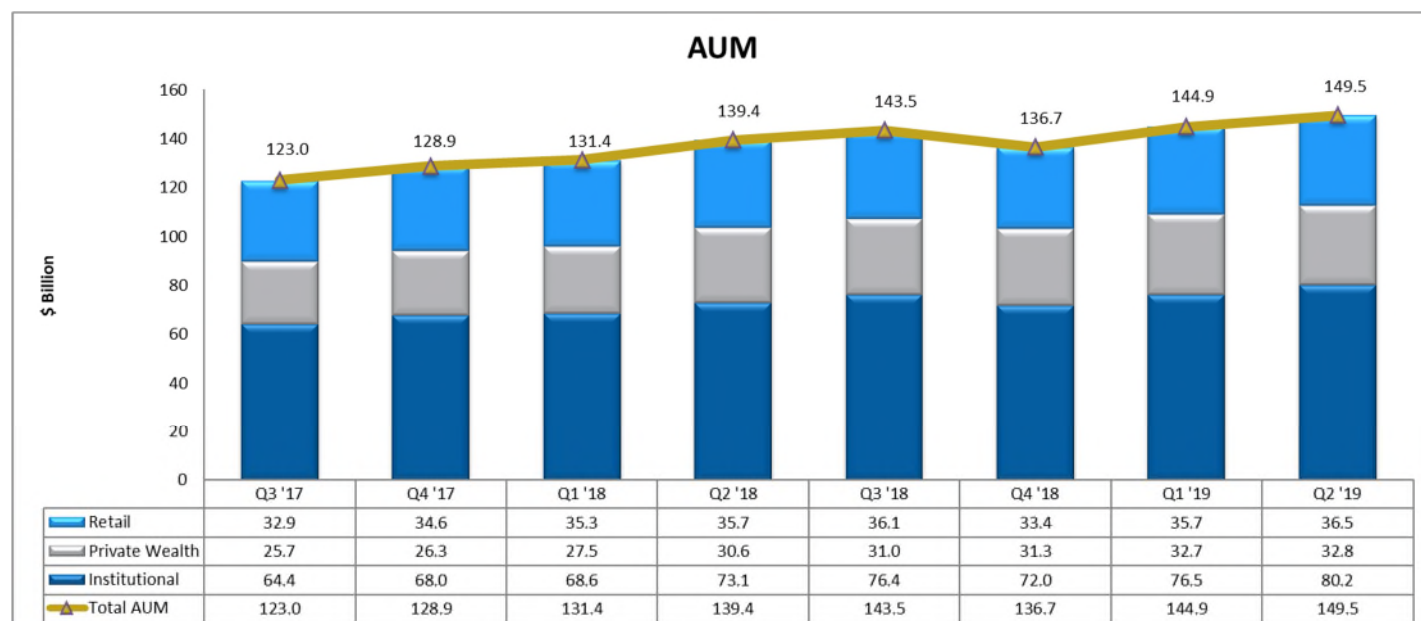
² AUM Last Twelve Months ("LTM") represents the average of the ending AUM of the last four quarters.

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

Financial Highlights

AUM and Revenue Trend

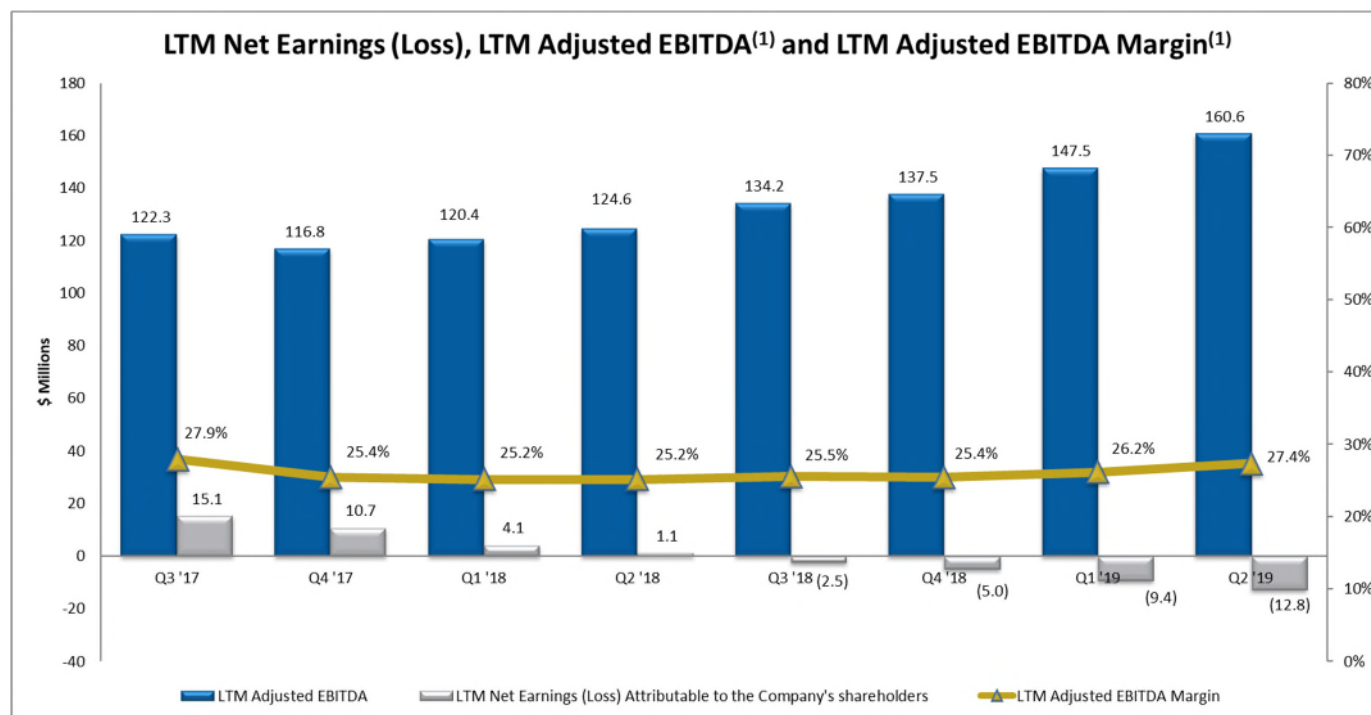
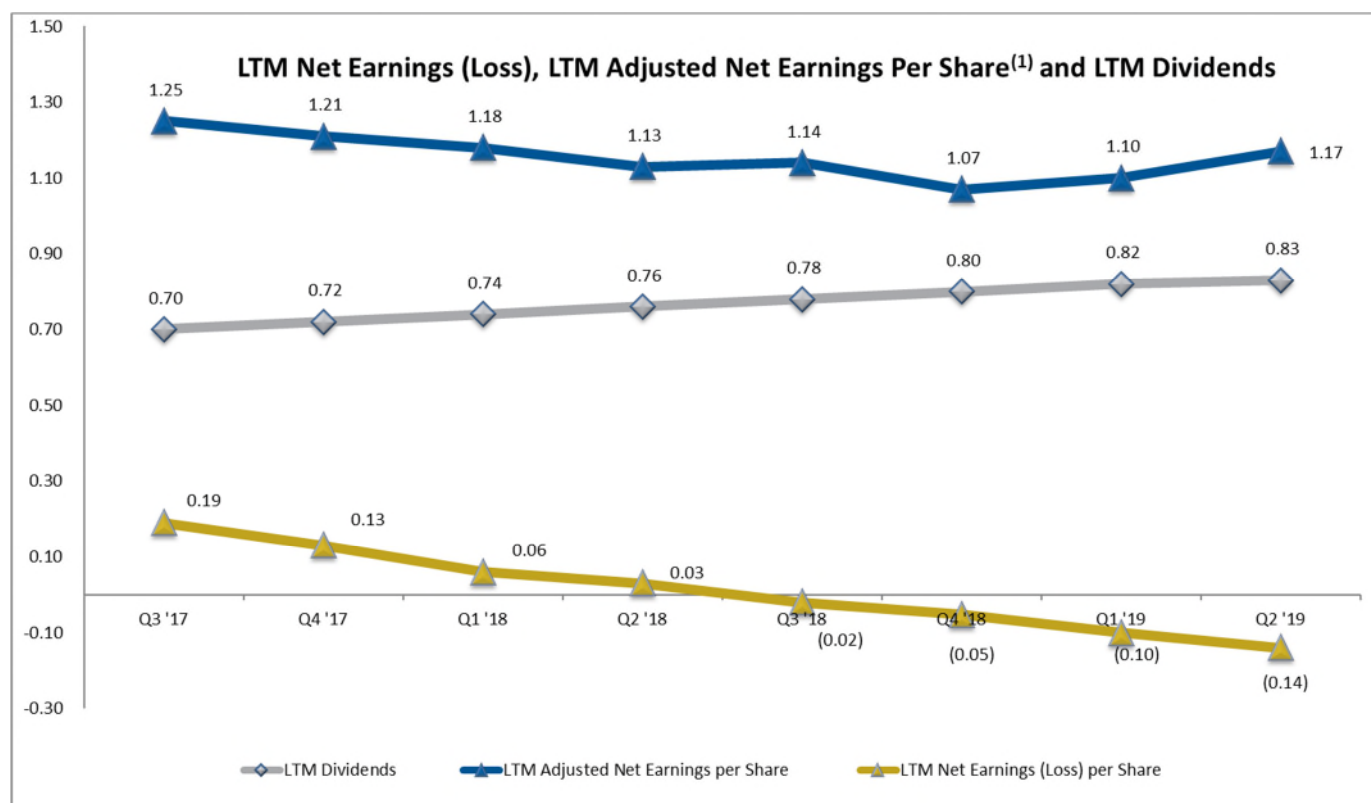
The following illustrates the Company's trends regarding Assets under Management ("AUM"), quarterly and last twelve months ("LTM") revenues, LTM Adjusted EBITDA¹, LTM Adjusted EBITDA Margin¹, LTM Net Earnings (loss) per share, LTM Adjusted Earnings per share¹, as well as the LTM dividend payout.



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

¹ Please refer to the "Non-IFRS Measures" Section on page 33.

Financial Highlights



¹ Please refer to the "Non-IFRS Measures" Section on page 33.

BASIS OF PRESENTATION AND FORWARD-LOOKING STATEMENTS

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, 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 amortization¹ ("EBITDA"), adjusted EBITDA¹, adjusted EBITDA per share¹, adjusted EBITDA margin¹, adjusted net earnings¹ and adjusted net earnings per share¹ 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.

¹ Please refer to the "Non-IFRS Measures" Section on page 33.

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.

OVERVIEW

Company Overview

Fiera Capital is a global independent asset management firm with \$149.5 billion in AUM as at June 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 investing is rooted in its deep Canadian heritage, expanding international presence and a commitment to being both disciplined and entrepreneurial in how it evaluates opportunities. Its 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.

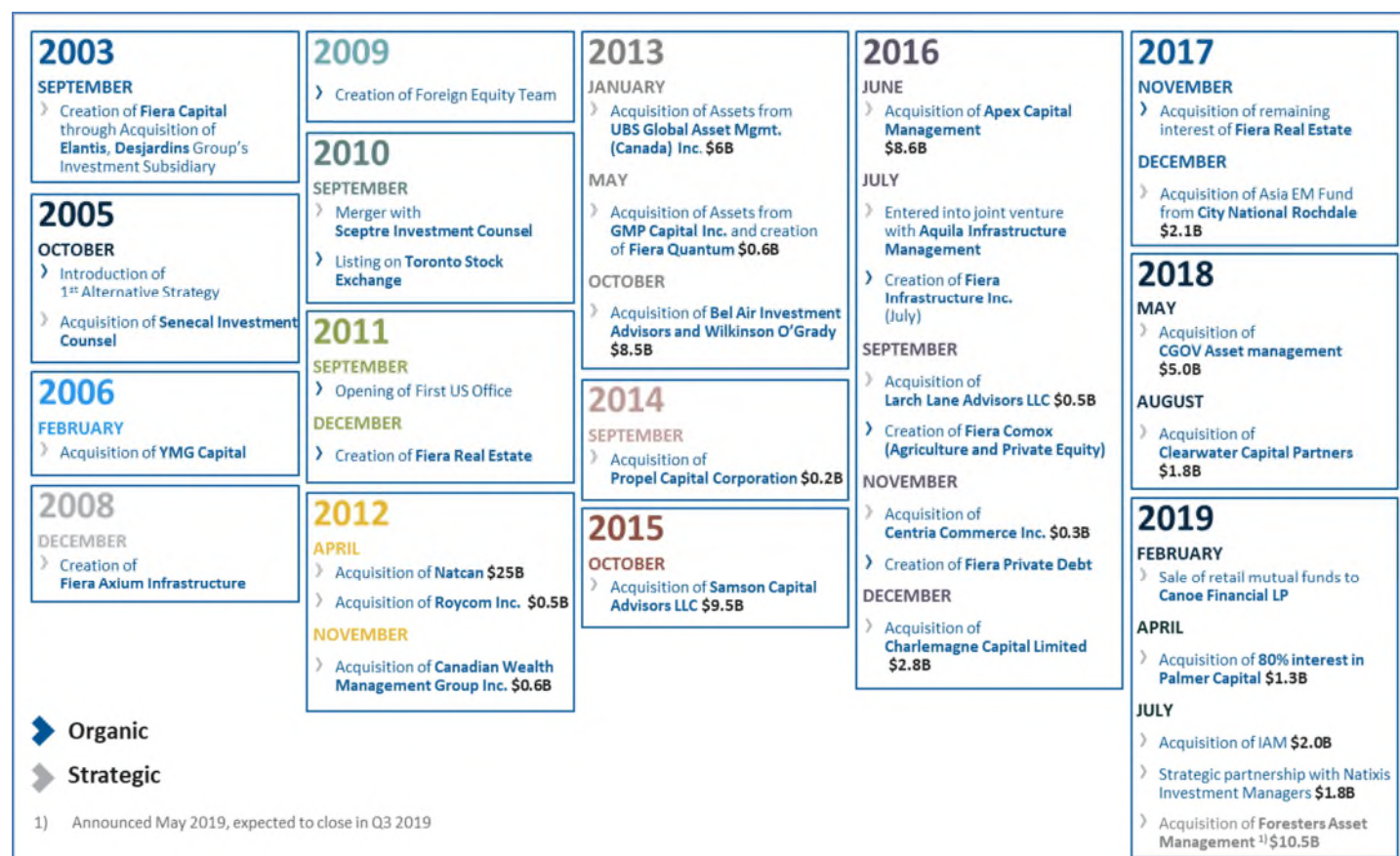
Fiera Capital also manages several investment funds. These funds consist of open-ended and closed-ended investment companies, alternative mutual funds, limited partnerships and other pooled funds which invest in a range of asset classes. Until the closing of the Canoe Transaction on February 22, 2019, 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

- **Expansion of real estate strategies with the closing of the acquisition of Palmer Capital Partners Limited** – April 3, 2019. The Company completed the acquisition of an 80% interest in Palmer Capital, a UK focused real estate investment manager, marking its first acquisition of a real estate investment management business outside of Canada. The acquisition, made through Fiera Real Estate, added approximately \$740 million in AUM.
- **Distribution agreement and strategic partnership established with Natixis Investment Managers ("Natixis"), one of the largest asset management firms in the world** – May 9, 2019. The Company entered into a distribution agreement with Natixis, a global asset management firm with a presence in 38 countries and US\$924.5 billion in AUM. Through the distribution agreement, Fiera Capital will distribute Natixis investment strategies to Canadian institutional, private wealth and retail clients, and Natixis will offer complementary Fiera Capital investment strategies in international markets. As part of the agreement, Natixis also acquired an 11.0% stake in Fiera Capital.
- **Announcement of maintaining the quarterly dividend at \$0.21 per share going forward, until further notice and the implementation of a Dividend Reinvestment Plan ("DRIP")** – May 30, 2019. At its 2019 Annual General and Special Meeting of Shareholders, the Company announced that its Board of Directors elected to hold the current dividend level of \$0.21 per share per quarter constant until further notice. Since becoming a public company in 2010, Fiera Capital's annual dividend payment has grown at a compounded annual growth rate of nearly 16% and, including the most recent dividend announced in March, has increased its dividend 13 times. The Company also announced the implementation of a DRIP, providing shareholders with the option to reinvest their dividends to acquire additional Class A Subordinate Voting Shares ("Class A shares"). Reiterating its commitment to creating value for its shareholders and its clients, the Company emphasized the importance of sound capital management and stated that its near-term efforts would be focused on properly integrating its recently announced acquisitions and pursuing the various streamlining initiatives already underway.
- **Fiera Infrastructure becomes a member of GRESB, the ESG benchmark for real assets** – June 3, 2019. Becoming a member of GRESB marked an important milestone for Fiera Infrastructure as it took a significant step towards leadership on ESG issues. GRESB assesses, scores and benchmarks ESG performance data in order to provide standardized and validated data to the capital markets. GRESB membership requires Fiera Infrastructure to report on detailed ESG practices and performance, which will then be benchmarked against global peers. Fiera Infrastructure joins Fiera Real Estate, Fiera Capital's dedicated real estate investment platform, in this partnership.
- **Announcement of a \$100 million bought deal offering of 5.6% senior subordinated unsecured debentures** – June 13, 2019. Revised upward from \$75 million due to strong demand, the Company entered into an agreement for a \$100 million bought deal offering with a syndicate of underwriters. The Company also granted the underwriters an option to purchase up to an additional \$10 million aggregate principal amount of debentures. The Company will have the option to satisfy its obligation to repay the principal amount of the debentures due at redemption or maturity by issuing and delivering that number of freely tradeable Class A shares. The debentures will not be convertible into Class A Shares at the option of the holders at any time. Net proceeds will be used to fund recently announced acquisitions, to repay indebtedness and for general corporate purposes.

Significant Events

- **Growth of the Company's Liability-Driven Investment ("LDI") suite of strategies with the announced acquisition of Foresters Asset Management Inc. ("Foresters Asset Management")** – May 15, 2019. The acquisition of Foresters Asset Management, an Ontario-based investment management firm focused on institutional and insurance LDI, provides Fiera Capital with an opportunity to broaden its relationships by offering robust investment solutions to Foresters Asset Management clients, including access to enhanced fixed income, equity and private market strategies. Following the closing of the transaction, expected in the third quarter of 2019, Fiera Capital's total LDI AUM is expected to exceed \$25 billion, solidifying its position as a leader in Canadian institutional fixed income and LDI capabilities.

SUBSEQUENT EVENTS

- 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).
- Strengthening of the Private Alternative Investments platform with the closing of the acquisition of Integrated Asset Management Corp. ("IAM") – July 3, 2019. The announced 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 will be incorporated within Fiera Debt and the industrial real estate team will be joining Fiera Real Estate.
- Closing of the previously announced acquisition of Natixis' Canadian operations and funds – July 3, 2019. The Company completed the acquisition of all the issued and outstanding shares of Natixis Investment Managers Canada Corp., 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.
- Opening of new global headquarters in flagship Fiera Capital Tower in Montreal – July 29, 2019. The Company announced its new global headquarters located at 1981 McGill College Avenue, in Montreal, marking an important milestone in the evolution of the Company that was founded in 2003. The new Fiera Capital headquarters offers a state-of-the-art work environment to more than 300 employees of the 640,000 square foot building and is a testament to the Company's dedication to offering best-in-class investment solutions and exemplary service to clients.

MARKET, ECONOMIC AND FUND PERFORMANCE REVIEW

Market Review

The second quarter was dominated by a flurry of trade headlines that cast a shadow over the global economic outlook. On the trade front, while the US backed-down on its protectionist threats against trading partners in Canada, Mexico, Europe, and Japan, President Trump shifted his focus squarely back towards China - the target of his protectionist agenda since day one. Negotiations between the world's two largest economies took a turn for the worse in early May after the US accused China of reneging on a deal that was taking shape and immediately raised the tariff on \$200 billion of Chinese goods from 10% to 25%, while Trump went a step further and threatened to impose levies on an additional \$300 billion of Chinese goods. After an extended stalemate, negotiations came to a critical juncture at quarter-end when President Trump and Xi reunited at the G20 gathering and agreed to a fresh truce and to resume discussions – though fell short of reaching an all-encompassing deal. Indeed, both sides made some concessions, with President Trump deferring the final tranche of tariffs and lifting some restrictions on Huawei Technologies, while China pledged to buy more US agricultural products. Meanwhile on the growth front, the fallout has been most visible throughout the sentiment channels as deepening trade woes have fuelled a more cautious outlook for the global economy and weighed on both business and consumer confidence. The good news is that the world's largest central banks have stepped-up and pledged their willingness to act in order to counter the cyclical slowdown – including massive stimulus measures from Chinese policymakers and the continuation of accommodative monetary policies from the likes of the Federal Reserve, European Central Bank, and Bank of Japan.

In equity market, it was a tale of two markets during the second quarter. Early on, sentiment remained fragile and investors were unnerved after the trade war intensified and threatened the sustainability of the global economic expansion. However, investors have cheered the dovish pivot from major central banks, while renewed optimism for an amicable outcome to the US-China trade discussions at the Group of 20 gathering buoyed risk appetite and global equity markets alike. In the end, global equity markets ended the quarter in positive terrain. Regionally speaking, results were mixed. The S&P 500 breached all-time highs on speculation that the US and China would reach a trade truce, while expectations for multiple Federal Reserve rate cuts also boosted US stocks. The S&P/TSX followed suit though gained by a smaller amplitude, with strong performance in gold companies coming up against softness in the energy sector. Positive results also extended to overseas markets, with European and Japanese bourses welcoming pledges for support from both the European Central Bank and the Bank of Japan, while the deferral of auto tariffs also let support. In contrast, emerging market stocks underperformed their global peers, particularly as the erratic trade backdrop threatened to throw the Chinese economy into a downward spiral.

Fixed income markets posted positive results during the second quarter. Bond yields shifted lower as traders aggressively raised their wagers for easier monetary policy in response to escalating trade tensions that have cast a shadow over the sustainability of the global expansion. The US yield curve bull-steepened, with the biggest move taking place in the short-end of the curve. Of note, markets have fully discounted an interest rate cut at the Federal Reserve's July gathering and a total of four fed funds rate cuts through 2020. And at the longer-end, the US 10-year treasury yield broke below 2% at one point for the first time since 2016, while investors were actually paying German and Japanese governments to hold their money for a decade.

Economic Outlook

Looking ahead, the fate of the global economic outlook rests in the hands of both central bankers and politicians. We expect that the combination of supportive policies from central banks and receding trade tensions will prove sufficient in revitalizing global growth through the back half of 2019.

Regionally speaking, the Canadian economy staged an impressive recovery during the second quarter after a difficult start to the year. Temporary weakness in the energy sector reversed course and the removal of metal tariffs has made way for the ratification of USMCA - which when taken together should entice a revival in investment and export activity. Meanwhile, underlying pricing pressures have reaccelerated and provided the Bank of Canada with the scope to remain on the sidelines in the coming year.

Despite the Federal Reserve's cautious narrative, the US economic outlook remains reasonably bright. The consumer remains a pivotal source of strength amid robust job trends, rising wages, and low interest rates that have buoyed confidence and spending, though factory sentiment has deteriorated in response to the uncertain trade backdrop. Persistently subdued inflation has given the Fed the latitude to ease monetary policy if needed, should economic or financial conditions deteriorate.

Looking abroad, Europe and Japan's economic outlook has causalities with the trade war and are vulnerable to further escalation, though signs have emerged that the worst may be behind these export-oriented economies. We expect growth to revert to a respectable pace as policymakers pledge their irrefutable support, though the fate of these economies rests squarely on future trade developments. Finally, the fortunes of the UK economy hinge directly on the outcome of Brexit, which remains highly uncertain at this time.

And in the emerging world, Chinese policymakers have responded to the erratic macroeconomic backdrop with a plethora of stimulus measures to shield the economy from trade war pressures. However, preliminary signs of stabilization have given way to renewed angst following ramped-up protectionist measures announced in May. Looking ahead, the reflationary impulse combined with increased clarity on the trade front should help to alleviate hard landing fears and place a floor under the Chinese economy - and by extension, global growth.

Summary of Portfolio Performance

Fixed Income Strategies

The Company's fixed income strategies generated positive results during the twelve-month period ended June 30, 2019, with the Active and Strategic Fixed Income and the Integrated Fixed Income teams outperforming their respective benchmarks.

Balanced Mandates

Balanced mandates performed exceptionally well during the twelve-month period ended June 30, 2019, with a large majority beating their relative benchmarks.

Performance over the last five years also significantly beat relevant benchmarks, generating high-single digit returns and a first quartile ranking for most strategies.

Equity Strategies

Most of the firm's equity strategies outperformed their benchmark during the twelve-month period ended June 30, 2019 with many of those also ranking in the top quartile.

In Canada, the Canadian Equity team continued to add value in the second quarter and has been a strong contributor, delivering consistently strong results and building a solid track record of performance.

The Global Equity team continued to add significant value in the second quarter and performed well above its benchmark across all its strategies. Most of the value added was driven by strong stock selection. The team has shown consistency in both protecting client investments during the market decline and keeping pace with the upswing since the beginning of the year.

Alternative Investment Strategies

Liquid

It was a challenging year for hedge funds throughout the industry as many were caught off guard by the reversal in fortune during the fourth quarter, which was then partially offset by the market rebound during the first quarter. Performance over the last 5 years remains solid.

Private

Our Private Alternatives funds performed exceedingly during the twelve-month period ended June 30, 2019. The Company is gaining in certain alternatives segments such as the UK real estate market, enhancing our ability to deploy capital into attractive projects. Private strategies continue gaining more and more traction as a result of offering attractive returns with a lower degree of volatility and a low correlation to traditional asset classes.

To that effect, the Company continues to develop solutions to respond to increasing demand for alternative investment strategies that generate a steady stream of returns through investments in real estate, infrastructure, private lending and agriculture.

We have progressively built an investment platform that has met or exceeded client expectations and is well suited for the current environment. Our performing strategies in traditional asset classes, hedge funds, innovative non-traditional strategies aimed at diversifying sources of returns, as well as a suite of other solutions are designed to meet the specific and wide-ranging needs of clients, be they liability concerns, downside risk management preoccupations, significant currency exposures, or environmental, social and governance ("ESG") and general asset allocation objectives.

Market, Economic and Fund Performance Review

We continue to strive to meet the evolving needs of clients around the world through strategy development that capitalizes on our evolving view of the world and our vast talent pool. We have the ability to partner with clients on total portfolio solutions and are keen to represent a portion of their overall toolkit.

Market, Economic and Fund Performance Review

Table 2 – Annualized Rates of Return as at June 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			
Fixed Income Investment Strategies	68.0									
Active and Strategic Fixed Income - Active Universe		7.33	0.08	Q3	4.34	0.26	Q3	01/01/2018	FTSE Canada Universe	
Integrated Fixed Income Universe		7.69	0.33	Q2	4.01	0.46	Q1	01/01/2000	FTSE TMX Universe	
Integrated Fixed Income Credit		6.89	-0.48	Q4	4.01	0.13	Q2	01/03/2012	FTSE Canada Corporate Universe	
Tactical Fixed Income Universe		5.23	-0.81	Q3	4.19	-0.04	Q3	01/01/2000	FTSE Canada Universe	
High Yield Bonds		-14.81	-3.55	N/A	2.46*	0.67*	N/A	01/02/2002	85% Merrill Lynch High Yield Corp B-BB Hedged in CAD, 15% Merrill Lynch High Yield Corp CCC Hedged in CAD	
Preferred Share Opportunistic		-12.42	-3.00	N/A	0.14	1.04	N/A	01/08/2015	SOLACTIVE Preferred Share Laddered Index	
Infrastructure Bonds		12.00	0.26	N/A	7.48	0.53	N/A	01/08/2011	FTSE Canada Provincial Long	
Preferred Shares Relative Value		7.10	-0.27	Q4	5.25*	-0.03*	Q3	01/02/2004	S&P/TSX Preferred Share Index	
Active and Strategic Fixed Income - Strategic Universe		7.96	0.60	Q1	5.17*	0.45*	Q3	01/12/2017	FTSE Canada Universe	
Tax Efficient Core Intermediate (Primary Benchmark)		5.61	0.12	N/A	2.42	-0.13	N/A	31/03/2007	Bloomberg Barclays 1-10 Year Municipal Index	4
Tax Efficient Core Intermediate (Secondary Benchmark)		5.61	0.74	N/A	2.42	0.36	N/A	31/03/2007	Bloomberg Barclays 1-10 Year AA+ Municipal Index	4
Tax Efficient Core Plus		6.39	0.90	N/A	3.07	0.52	N/A	31/12/2012	Bloomberg Barclays 1-10 Year Municipal Index	4
High Grade Core Intermediate (Primary Benchmark)		6.43	-0.30	N/A	2.50	0.04	N/A	31/12/2004	Bloomberg Barclays Intermediate Aggregate Index	4
High Grade Core Intermediate (Secondary Benchmark)		6.43	0.02	N/A	2.50	0.18	N/A	01/01/2005	Bloomberg Barclays Intermediate Aggregate Ex CMBS/ABS/BBB Index	4
Balanced Investment Strategies	3.8									
Balanced Core		8.94	3.26	Q1	7.98	1.75	Q1	01/09/1984	Balanced Core Blended	2
Balanced Integrated		8.93	3.35	Q1	8.07	1.96	Q1	01/04/2013	Balanced Integrated Blended	3
Equity Investment Strategies	65.8									
Canadian Equity		12.08	8.21	Q1	9.02	4.35	Q1	01/01/2013	S&P/TSX Composite	
Canadian Equity Core		5.85	1.98	Q2	5.87	1.21	Q3	01/01/1992	S&P/TSX Composite	
Canadian Equity Opportunities		-11.20	-15.07	Q4	1.73	-2.93	Q4	01/11/2002	S&P/TSX Composite	
Canadian Equity Small Cap Core Mix		-0.82	7.31	Q2	1.7	3.31	Q3	01/01/1987	S&P/TSX Small Cap	
Canadian Equity Small Cap		-1.50	6.62	Q2	1.34	2.95	Q3	01/01/1989	S&P/TSX Small Cap	
US Equity		16.81	7.12	Q1	19.05	3.72	Q1	01/04/2009	S&P 500 CAD	
International Equity		10.23	9.82	Q1	11.8	5.28	Q1	01/01/2010	MSCI EAFE Net CAD	
Global Equity Multi Currency in CAD		16.39	10.76	Q1	16.26	5.21	Q1	01/10/2009	MSCI World Net CAD	
CGOV Total Equity		5.94	0.99	Q3	9.19	0.02	Q4	01/04/1999	65% MSCI WORLD / 35% S&P/TSX Composite	
Apex Large Cap Growth		12.21	0.66	Q2	13.31	-0.09	Q2	01/04/2007	Russell 1000 Growth	4
Apex Mid Cap Growth		11.75	-2.19	Q3	16.02	4.91	Q1	01/05/2008	Russell MidCap Growth	4
Apex Smid Growth		7.82	1.69	Q3	8.91	-1.06	Q3	01/01/1990	Russell 2500 Growth	4
Apex Small Cap Growth		6.94	7.44	Q2	6.32	-2.30	Q4	01/01/2006	Russell 2000 Growth	4
City National Rochdale Emerg Mkts		-3.97	-5.17	Q4	4.52	2.04	Q2	14/12/2011	MSCI Emerging Markets NR USD	4
Emerging Markets Core Growth		2.01	0.80	Q3	4.71	2.22	Q2	01/07/2003	MSCI Emerging Markets Index	4
Emerging Markets Growth & Income		11.19	9.98	Q1	3.08	0.59	Q3	01/07/2010	MSCI Emerging Markets Index	4
Frontier Markets		1.48	-3.44	Q2	6.93	7.69	Q1	01/07/2010	MSCI Frontier Markets Index	4
Alternative Investment Strategies	11.9									
North American Market Neutral Fund		1.84	-	N/A	3.32	-	N/A	01/10/2007	Absolute Return	
Long / Short Equity Fund		0.14	-	N/A	6.21	-	N/A	01/08/2010	Absolute Return	
Diversified Lending Fund		8.33	-	N/A	6.57	-	N/A	01/04/2008	Absolute Return	
Multi-Strategy Income Fund		2.21	-	N/A	4.26	-	N/A	01/11/2009	Absolute Return	
Charlemagne OCCO Eastern European Fund		3.32	-	N/A	4.82	-	N/A	01/01/2002	Absolute Return	4
OAKS Emerging & Frontier Opportunities Fund		-3.27	-	N/A	3.83	-	N/A	01/12/2009	Absolute Return	4
Infrastructure Fund		7.39	-	N/A	6.48	-	N/A	01/03/2010	Absolute Return	
Real Estate Fund		7.74	-	N/A	6.49	-	N/A	01/07/2013	Absolute Return	
Global Agriculture Fund		4.48	-	N/A	0.97*	-	N/A	01/07/2017	Absolute Return	
Properties CORE Mortgage Fund		6.28	-	N/A	6.13*	-	N/A	01/12/2017	Absolute Return	
Fiera FP Real Estate Financing Fund, L.P.		7.21	-	N/A	7.12	-	N/A	22/11/2006	Absolute Return	
Fiera FP Mezzanine Financing Fund, L.P.		10.43	-	N/A	10.23	-	N/A	21/07/2015	Absolute Return	
Fiera FP Business Financing Fund, L.P.		7.04	-	N/A	7.83	-	N/A	06/11/2013	Absolute Return	
TOTAL AUM	149.5									

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

FINANCIAL RESULTS

Table 3 – Consolidated Statements of Earnings (Loss) and Assets under Management as at and for the three-month periods ended June 30, 2019 and 2018, and March 31, 2019

ASSETS UNDER MANAGEMENT (in \$ millions)	AS AT			VARIANCE	
	JUNE 30, 2019	MARCH 31, 2019	JUNE 30, 2018	QUARTER OVER QUARTER FAV/(UNF) ⁽²⁾	YEAR OVER YEAR FAV/(UNF) ⁽²⁾
Assets under Management	149,531	144,861	139,389	4,670	10,142
STATEMENTS OF EARNINGS (LOSS) (in \$ thousands except per share data)	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	JUNE 30, 2019	MARCH 31, 2019	JUNE 30, 2018	QUARTER OVER QUARTER FAV/(UNF) ⁽²⁾	YEAR OVER YEAR FAV/(UNF) ⁽²⁾
Revenues					
Base management fees	135,543	129,093	117,947	6,450	17,596
Performance fees - Traditional Assets	1,195	1,557	2,664	(362)	(1,469)
Performance fees - Alternative Assets	359	50	(14)	309	373
Other revenues	12,807	12,085	5,635	722	7,172
	149,904	142,785	126,232	7,119	23,672
Expenses					
Selling, general and administrative expenses	110,599	109,020	99,254	(1,579)	(11,345)
External managers	249	182	373	(67)	124
Amortization of intangible assets	12,622	12,415	10,488	(207)	(2,134)
Depreciation of property and equipment	1,216	1,084	1,018	(132)	(198)
Depreciation of right-of-use assets	4,561	5,057	-	496	-
Restructuring, integration and other costs	1,022	3,128	2,389	2,106	1,367
Acquisition costs	6,670	1,707	2,508	(4,963)	(4,162)
Realized (gain) loss on investments	(452)	5	2	457	454
Loss on disposal of assets	-	300	-	-	-
Interest on lease liabilities	1,288	1,284	-	(4)	-
Interest on long-term debt and other financial charges	6,709	7,398	5,054	689	(1,655)
Accretion and change in fair value of purchase price obligations	6,636	6,491	5,720	(145)	(916)
Revaluation of puttable financial instrument liability	350	-	-	-	-
Revaluation of assets held-for-sale	(153)	(546)	-	(393)	-
Total expenses	151,317	147,525	126,806	(3,792)	(24,511)
Earnings (loss) before income taxes	(1,413)	(4,740)	(574)	3,327	(839)
Income tax expense	3,370	1,844	1,641	(1,526)	(1,729)
Net earnings (loss)	(4,783)	(6,584)	(2,215)	1,801	(2,568)
Attributable to:					
Company's shareholders	(5,513)	(6,553)	(2,106)	1,040	(3,407)
Non-controlling interest	730	(31)	(109)	761	839
Net earnings (loss)	(4,783)	(6,584)	(2,215)	1,801	(2,568)
BASIC PER SHARE					
Adjusted EBITDA ⁽¹⁾	0.47	0.40	0.35	0.40	0.40
Net earnings (loss)	(0.06)	(0.07)	(0.02)	(0.07)	(0.07)
Adjusted net earnings ⁽¹⁾	0.33	0.26	0.26	0.26	0.26
DILUTED PER SHARE					
Adjusted EBITDA ⁽¹⁾	0.47	0.40	0.35	0.40	0.40
Net earnings (loss)	(0.06)	(0.07)	(0.02)	(0.07)	(0.07)
Adjusted net earnings ⁽¹⁾	0.33	0.26	0.26	0.26	0.26

⁽¹⁾ Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 33. 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.

⁽²⁾ 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 six-month periods ended June 30, 2019 and 2018

STATEMENTS OF EARNINGS (LOSS) (in \$ thousands except per share data)	FOR THE SIX-MONTH PERIODS ENDED		VARIANCE
	JUNE 30, 2019	JUNE 30, 2018	YEAR OVER YEAR FAV/(UNF) ⁽²⁾
Revenues			
Base management fees	264,636	230,128	34,508
Performance fees - Traditional Assets	2,752	4,237	(1,485)
Performance fees - Alternative Assets	409	(117)	526
Other revenues	24,892	11,965	12,927
	292,689	246,213	46,476
Expenses			
Selling, general and administrative expenses	219,619	196,774	(22,845)
External managers	431	740	309
Amortization of intangible assets	25,037	20,510	(4,527)
Depreciation of property and equipment	2,300	1,965	(335)
Depreciation of right-of-use assets	9,618	-	(9,618)
Restructuring, integration and other costs	4,150	3,317	(833)
Acquisition costs	8,377	5,526	(2,851)
Realized (gain) loss on investments	(447)	29	476
Loss on disposal of assets	300	-	(300)
Interest on lease liabilities	2,572	-	(2,572)
Interest on long-term debt and other financial charges	14,107	9,815	(4,292)
Accretion and change in fair value of purchase price obligations	13,127	10,187	(2,940)
Revaluation of puttable financial instrument liability	350	-	(350)
Revaluation of assets held-for-sale	(699)	-	699
Total expenses	298,842	248,863	(49,979)
Earnings (loss) before income taxes	(6,153)	(2,650)	(3,503)
Income tax expense	5,214	1,658	(3,556)
Net earnings (loss)	(11,367)	(4,308)	(7,059)
Attributable to:			
Company's shareholders	(12,066)	(4,299)	(7,767)
Non-controlling interest	699	(9)	708
Net earnings (loss)	(11,367)	(4,308)	(7,059)
BASIC PER SHARE			
Adjusted EBITDA ⁽¹⁾	0.86	0.67	0.19
Net earnings (loss)	(0.12)	(0.05)	(0.07)
Adjusted net earnings ⁽¹⁾	0.58	0.50	0.08
DILUTED PER SHARE			
Adjusted EBITDA ⁽¹⁾	0.86	0.67	0.19
Net earnings (loss)	(0.12)	(0.05)	(0.07)
Adjusted net earnings ⁽¹⁾	0.58	0.50	0.08

⁽¹⁾ Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 33. 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.

⁽²⁾ 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 JUNE 30, 2019	AS AT DECEMBER 31, 2018
Cash and cash equivalents, restricted cash, investments	65,552	58,335
Accounts receivable	146,619	148,459
Other current assets	24,504	50,654
Total current assets	236,675	257,448
Goodwill	642,132	631,699
Intangible assets	496,693	529,062
Right-of-use assets	108,228	-
Other non-current assets	70,220	42,398
Total assets	1,553,948	1,460,607
Accounts payable and accrued liabilities	136,552	144,059
Other current liabilities	51,444	46,260
Total current liabilities	187,996	190,319
Long-term debt	492,599	421,139
Lease liabilities	111,477	-
Convertible debentures	79,681	79,008
Purchase price obligations	90,731	98,221
Puttable financial instrument liability	12,884	-
Deferred income taxes	11,830	12,489
Other non-current liabilities	8,641	25,705
Total liabilities	995,839	826,881
Equity		
Attributable to Company's shareholders	556,642	632,958
Attributable to Non-controlling interest	1,467	768
	558,109	633,726
Total liabilities and equity	1,553,948	1,460,607

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

Results from Operations and Overall Performance - AUM and Revenues

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 six-month periods ended June 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⁽¹⁾ (in \$ millions)

	FOR THE THREE-MONTH PERIODS ENDED		
	JUNE 30, 2019	MARCH 31, 2019	JUNE 30, 2018
AUM - beginning of period	144,861	136,675	131,360
Net variance	3,933	8,186	2,999
Acquisitions	737	-	5,030
AUM - end of period	149,531	144,861	139,389
Average AUM	148,855	141,887	134,350

⁽¹⁾ 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)

	MARCH 31, 2019	NEW	LOST	NET CONTRIBUTIONS	MARKET	FOREIGN EXCHANGE IMPACT	ACQUISITION (DISPOSAL) /ADJUSTMENT	JUNE 30, 2019
Institutional	76,489	1,371	(350)	(170)	2,709	(588)	737	80,198
Private Wealth	32,696	548	(411)	(1)	680	(724)	-	32,788
Retail	35,676	413	(538)	244	976	(226)	-	36,545
AUM - end of period	144,861	2,332	(1,299)	73	4,365	(1,538)	737	149,531

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 \$149.5 billion as at June 30, 2019, representing an increase of \$4.6 billion, or 3%, compared to \$144.9 billion as at March 31, 2019. The higher AUM are due primarily to market appreciation of \$4.4 billion, combined with new mandates of \$2.3 billion won during the period and the acquisition of Palmer Capital bringing \$0.7 billion in AUM. These increases in AUM were partially offset by lost mandates of \$1.3 billion during the second quarter of 2019. Finally, the foreign exchange rate fluctuation negatively impacted the Company's AUM by approximately \$1.5 billion during the second quarter of 2019.

AUM related to the Institutional clientele were \$80.2 billion as at June 30, 2019, representing an increase of \$3.7 billion, or 5%, compared to \$76.5 billion from the quarter ended March 31, 2019. The increase in AUM was driven primarily by market appreciation of \$2.7 billion, combined with new mandates and inflows of \$1.4 billion mainly from Canada and Europe, as well as an additional amount of \$0.7 billion in AUM following the acquisition of Palmer Capital. The increase in AUM was partially offset by lost mandates of \$0.4 billion and negative net contribution of \$0.2 billion during the quarter, namely as a result of clients consolidating investment service providers globally or taking the mandates in-house. Finally, the foreign exchange rate fluctuation negatively impacted AUM during the three-month period ended June 30, 2019, by approximately \$0.6 billion.

The AUM related to the Private Wealth clientele were \$32.8 billion as at June 30, 2019, representing an increase of \$0.1 billion, or 0.3%, compared to \$32.7 billion from the previous quarter ended March 31, 2019. The increase is primarily due to market appreciation of \$0.7 billion, combined with new mandates of \$0.5 billion mainly from US activities. The increase in AUM was partially offset by lost mandates of \$0.4 billion during the period. Finally, the foreign exchange rate fluctuation negatively impacted AUM during the three-month period ended June 30, 2019, by approximately \$0.7 billion.

The AUM related to the Retail clientele were \$36.5 billion as at June 30, 2019, representing an increase of \$0.8 billion, or 2%, compared to \$35.7 billion from the previous quarter ended March 31, 2019. The increase is primarily driven by market appreciation of \$1.0 billion, combined new mandates of \$0.4 billion and positive net contribution of \$0.2 billion during the quarter. The increase in AUM was partially offset by lost mandates of \$0.5 billion mainly due to clients pursuing other asset classes. Finally, the foreign exchange rate fluctuation negatively impacted AUM during the three-month period ended June 30, 2019, by approximately \$0.2 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	ACQUISITION (DISPOSAL) /ADJUSTMENT	JUNE 30, 2019
Institutional	71,958	2,050	(1,756)	(42)	8,355	(1,104)	737	80,198
Private Wealth	31,317	1,268	(631)	(75)	2,153	(1,244)	-	32,788
Retail	33,400	662	(919)	6	3,824	(428)	-	36,545
AUM - end of period	136,675	3,980	(3,306)	(111)	14,332	(2,776)	737	149,531

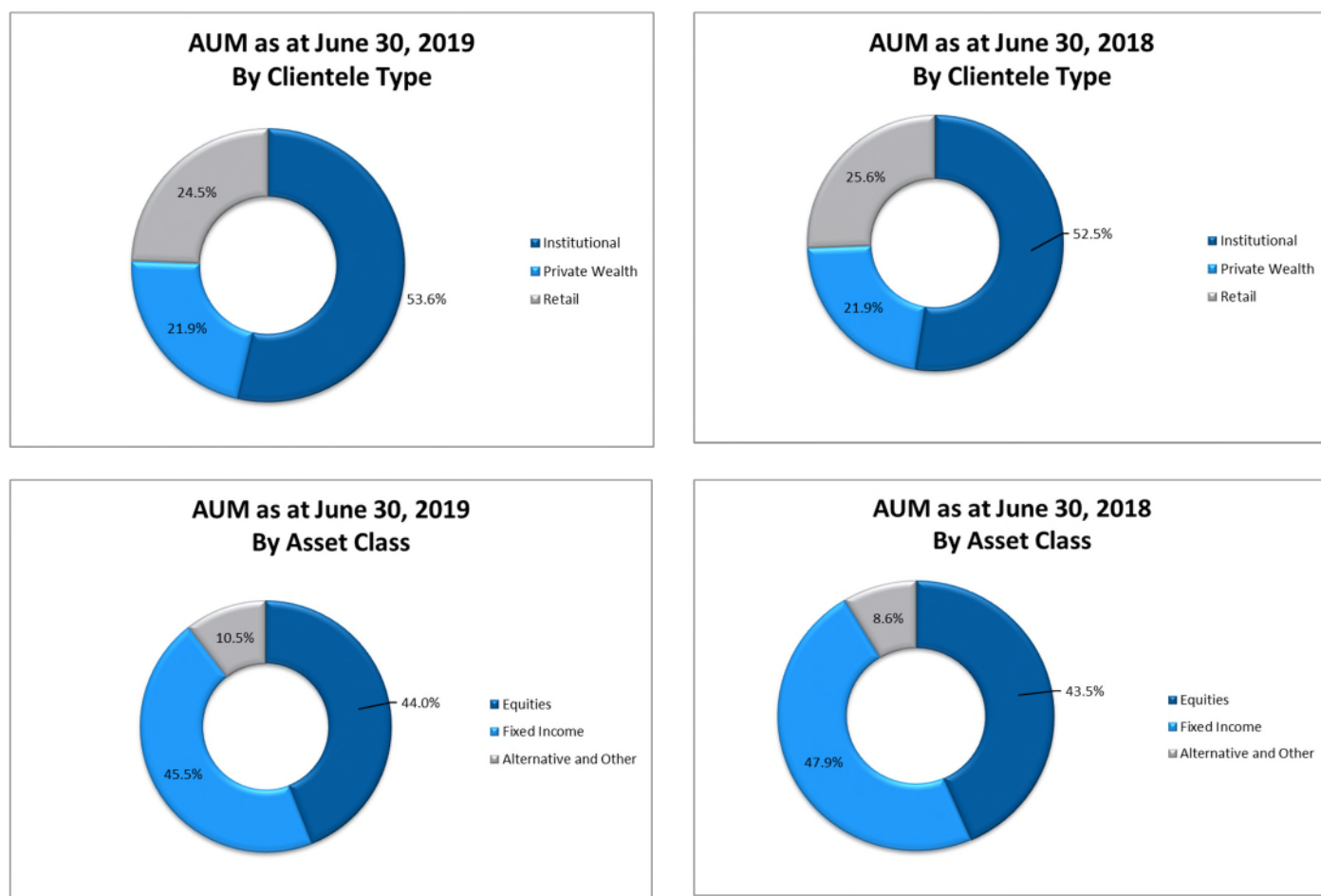
Certain totals, subtotals and percentages may not reconcile due to rounding.

Results from Operations and Overall Performance - AUM and Revenues

Year-to-Date Activity

Total AUM were \$149.5 billion as at June 30, 2019, representing an increase of \$12.8 billion, or 9%, compared to \$ 136.7 billion as at December 31, 2018. The higher AUM are due primarily to market appreciation of \$14.3 billion, combined with new mandates of \$4.0 billion won during the period, mainly in the institutional and private wealth sectors, and the acquisition of Palmer Capital bringing \$0.7 billion in investment management fees AUM. These increases in AUM were partially offset by lost mandates of \$3.3 billion as a result of clients consolidating investment service providers or pursuing other asset classes during the second semester of 2019. Finally, the foreign exchange rate fluctuation negatively impacted the Company's AUM by approximately \$2.8 billion during the second semester of 2019.

The following graphs illustrate the breakdown of the Company's AUM by clientele type and by asset class as at June 30, 2019, and June 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 traditional asset classes or strategies and those associated with alternative asset classes or strategies. Other revenues are

Results from Operations and Overall Performance - AUM and Revenues

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	
	JUNE 30,	MARCH 31,	JUNE 30,	QUARTER OVER QUARTER	YEAR OVER YEAR
Institutional	67,507	63,057	54,683	4,450	12,824
Private Wealth	35,939	33,609	29,249	2,330	6,690
Retail	32,097	32,427	34,015	(330)	(1,918)
Total management fees	135,543	129,093	117,947	6,450	17,596
Performance fees – Traditional asset class	1,195	1,557	2,664	(362)	(1,469)
Performance fees – Alternative asset class	359	50	(14)	309	373
Total performance fees	1,554	1,607	2,650	(53)	(1,096)
Other revenues	12,807	12,085	5,635	722	7,172
Total revenues	149,904	142,785	126,232	7,119	23,672

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

Current Quarter versus Prior-Year Quarter

Revenues for the second quarter ended June 30, 2019, were \$149.9 million, representing an increase of \$23.7 million, or 19%, compared to \$126.2 million for the same period last year. The year-over-year increase in revenues is mainly due to organic growth resulting from new mandates and increased client contributions, combined with additional revenues from the acquisitions of CGOV in May 2018 (a full quarter of revenues in the second quarter of 2019 compared to one month of revenue from the corresponding quarter last year), of Clearwater in August 2018 and most recently the acquisition of an 80% interest in Palmer Capital in April 2019, and an increase in other revenues as described in the “Other Revenues” section below.

Management Fees

Management fees were \$135.5 million for the second quarter ended June 30, 2019, representing an increase of \$17.6 million, or 15%, compared to \$117.9 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 \$67.5 million for the second quarter ended June 30, 2019, representing an increase of \$12.8 million, or 23%, compared to \$54.7 million for the same quarter last year. The increase in base management fees is primarily due to additional revenues from the Clearwater, CGOV and Palmer Capital 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 \$35.9 million for the second quarter ended June 30, 2019, representing an increase of \$6.7 million, or 23%, compared to \$29.2 million for the same period last year. The increase is mainly due to the acquisition of CGOV, combined with higher revenues from the US activities.

Results from Operations and Overall Performance - AUM and Revenues

- Management fees from the Retail clientele were \$32.1 million for the second quarter ended June 30, 2019, representing a decrease of \$1.9 million, or 6%, compared to \$34.0 million for the same quarter last year, mainly from the European and Canadian activities.

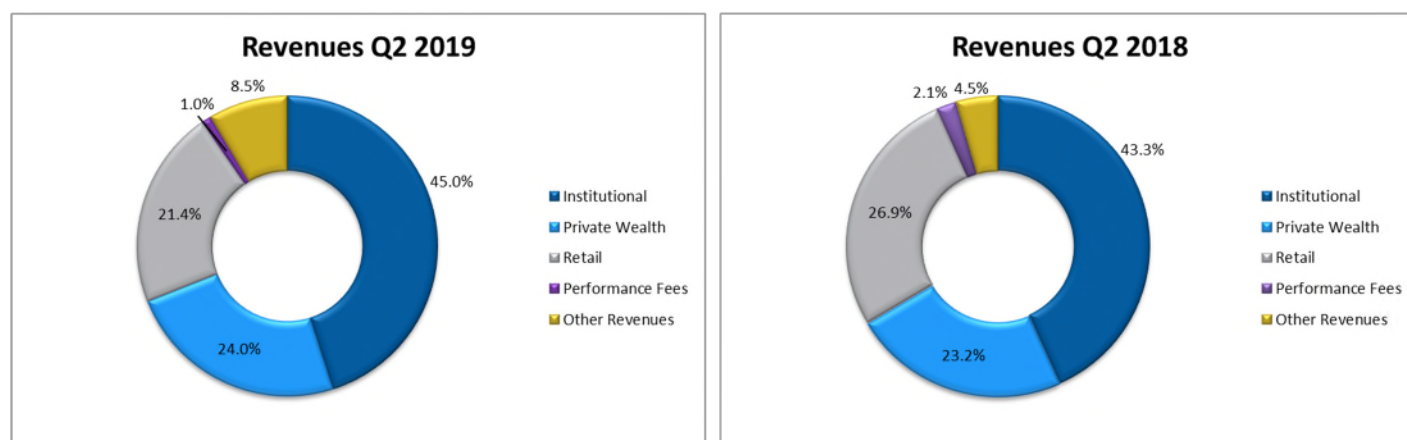
Performance Fees

Performance fees were at \$1.6 million for the second quarter ended June 30, 2019, compared to \$2.7 million for the same period last year.

Other Revenues

Other revenues were \$12.8 million for the second quarter ended June 30, 2019, representing an increase of \$7.2 million, or 129%, compared to \$5.6 million for the same period last year. The increase stems mainly from higher 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, higher income from the Private Alternative strategies, a gain on the forward foreign exchange contracts, compared to a loss of \$1.3 million for the same period last year, as well as a full quarter of service fee contribution from CNR, compared to just one month of contribution in the second quarter of 2018, as a result of our transition from fund sub-advisor to manager in June 2018.

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



Current Quarter versus Previous Quarter

Revenues for the second quarter ended June 30, 2019, were \$149.9 million, representing an increase of \$7.1 million, or 5%, compared to \$142.8 million for the previous quarter ended March 31, 2019. The increase in revenues is mainly due to higher base management fees resulting from the acquisition of Palmer Capital, 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

Management Fees

Management fees were \$135.5 million for the second quarter ended June 30, 2019, representing an increase of \$6.4 million, or 5%, compared to \$129.1 million for the previous quarter ended March 31, 2019. The following is the breakdown of the management fees by clientele type:

- › Management fees from the Institutional clientele were \$67.5 million for the second quarter ended June 30, 2019, representing an increase of \$4.4 million, or 7%, compared to \$63.1 million for the previous quarter ended March 31, 2019. The sequential increase is primarily due to the acquisition of Palmer Capital, combined with higher revenues from Canadian activities and from the Private Alternatives Investment strategies.
- › Management fees from the Private Wealth clientele were \$35.9 million for the second quarter ended June 30, 2019, representing an increase of \$2.3 million, or 7%, compared to \$33.6 million for the previous quarter ended March 31, 2019. The increase is mainly due to higher revenues from Canadian and US activities.
- › Management fees from the Retail clientele were \$32.1 million for the second quarter ended June 30, 2019, representing a decrease of \$0.3 million, or 1%, compared to \$32.4 million for the previous quarter ended March 31, 2019. The decrease is mainly due to lower base management fees resulting from Canadian activities following the sale of the Company's interest in Fiera Capital Funds Inc., and nine retail mutual funds to Canoe Financial LP in February 2019.

Performance Fees

Performance fees were \$1.6 million for the second quarter ended June 30, 2019, compared to \$1.6 million for the previous quarter ended March 31, 2019.

Other Revenues

Other revenues were \$12.8 million for the second quarter ended June 30, 2019, representing an increase of \$0.7 million, or 6%, compared to \$12.1 million for the previous quarter ended March 31, 2019. The increase is mainly due to higher other revenues from the Private Alternative strategies.

Results from Operations and Overall Performance - AUM and Revenues

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

	FOR THE SIX-MONTH PERIODS ENDED		VARIANCE
	JUNE 30, 2019	JUNE 30, 2018	YEAR OVER YEAR
Institutional	130,564	105,551	25,013
Private Wealth	69,548	56,596	12,952
Retail	64,524	67,981	(3,457)
Total management fees	264,636	230,128	34,508
Performance fees – Traditional asset class	2,752	4,237	(1,485)
Performance fees – Alternative asset class	409	(117)	526
Total performance fees	3,161	4,120	(959)
Other revenues	24,892	11,965	12,927
Total revenues	292,689	246,213	46,476

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

Year-to-Date June 30, 2019, versus Year-to-Date June 30, 2018

Revenues for the six-month period ended June 30, 2019, were \$292.7 million, representing an increase of \$46.5 million, or 19%, compared to \$246.2 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 and Palmer Capital, 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 revenues from the retail sectors.

Management Fees

Management fees for the six-month period ended June 30, 2019, were \$264.6 million, representing an increase of \$34.5 million, or 15%, compared to \$230.1 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 six-month period ended June 30, 2019, were \$130.6 million, representing an increase of \$25.0 million, or 24%, compared to \$105.6 million for the same period last year. The increase in base management fees is mainly due to the acquisition of CGOV, Clearwater and Palmer Capital, combined with higher AUM from new mandates in Global Equity strategies and Private Alternative strategies.
- Revenues from the Private Wealth clientele for the six-month period ended June 30, 2019, were \$69.5 million, representing an increase of \$12.9 million, or 23%, compared to \$56.6 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 mainly in the US.

Results from Operations and Overall Performance - AUM and Revenues

- › Revenues from the Retail clientele for the six-month period ended June 30, 2019, were \$64.5 million, representing a decrease of \$3.5 million, or 5%, compared to \$68.0 million for the same period last year. The decrease is mainly attributable to lower revenues from European and US activities.

Performance Fees

Total performance fees were \$3.2 million for the six-month period ended June 30, 2019, compared to \$4.1 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 six months of 2019 compared to the same period last year.

Other Revenues

Other revenues were \$24.9 million for the six-month period ended June 30, 2019, representing an increase of \$12.9 million, or 108%, compared to \$12.0 million for the same period last year. The increase is mostly due to a gain on the forward foreign exchange contracts on revenues denominated in US dollars in the first six months of 2019, compared to a loss 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 Private Alternative strategies has contributed to the increase in the Company's other revenues during the first semester of 2019, compared to the same period last year.

RESULTS FROM OPERATIONS AND OVERALL PERFORMANCE - EXPENSES

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

Current Quarter versus Prior-Year Quarter

SG&A and external managers' expenses were \$110.8 million for the three-month period ended June 30, 2019, representing an increase of \$11.2 million, or 11%, compared to \$99.6 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 \$110.8 million for the three-month period ended June 30, 2019, representing an increase of \$1.6 million, or 1%, compared to \$109.2 million for the previous quarter ended March 31, 2019. The increase is mainly attributable to the inclusion of Palmer Capital.

Year-to-Date June 30, 2019, versus Year-to-Date June 30, 2018

SG&A and external managers' expenses were \$220.1 million for the six-month period ended June 30, 2019, representing an increase of \$22.6 million, or 11%, compared to \$197.5 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 \$1.2 million for the second quarter ended June 30, 2019, representing an increase of \$0.2 million, or 20%, compared to \$1.0 million from the corresponding quarter last year, which is in line with the Company's evolution.

Amortization of intangible assets was \$12.6 million for the second quarter ended June 30, 2019, representing an increase of \$2.1 million, or 20%, compared to \$10.5 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 \$4.6 million for the second quarter ended June 30, 2019, compared to nil from the corresponding quarter last year.

Current Quarter versus Previous Quarter

Depreciation of property and equipment remained stable at \$1.2 million for the second quarter ended June 30, 2019, when compared to \$1.1 million from the previous quarter ended March 31, 2019.

Amortization of intangible assets remained stable at \$12.6 million for the second quarter ended June 30, 2019, compared to \$12.4 million for the previous quarter ended March 31, 2019.

Results from Operations and Overall Performance - Expenses

Depreciation of right-of-use assets related to the adoption of IFRS 16 *Leases* was \$4.6 million for the second quarter ended June 30, 2019, compared to \$5.1 million from the previous quarter ended March 31, 2019.

Year-to-Date June 30, 2019, versus Year-to-Date June 30, 2018

Depreciation of property and equipment was \$2.3 million for the six-month period ended June 30, 2019, representing an increase of \$0.3 million, or 15%, compared to \$2.0 million for the same period last year.

Amortization of intangible assets was \$25.0 million for the six-month period ended June 30, 2019, representing an increase of \$4.5 million, or 22%, compared to \$20.5 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 six-month periods ended June 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 \$9.6 million for the six-month ended June 30, 2019, compared to nil from the comparable period ended June 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 \$6.7 million for the second quarter ended June 30, 2019, representing an increase of \$1.6 million, or 31%, compared to \$5.1 million for the same quarter last year. The increase is mainly due to higher interest expense on long-term debt.

Current Quarter versus Previous Quarter

Interest on long-term debt and other financial charges was \$6.7 million for the second quarter ended June 30, 2019, representing a decrease of \$0.7 million, or 9%, compared to \$7.4 million for the previous quarter ended March 31, 2019. The positive net impact of other financial charges was partially offset by higher interest expense on long-term debt.

Year-to-Date June 30, 2019, versus Year-to-Date June 30, 2018

Interest on long-term debt and other financial charges was \$14.1 million for the six-month period ended June 30, 2019, representing an increase of \$4.3 million, or 44%, compared to \$9.8 million for the same period last year. The increase is mainly due to higher interest expense on long-term debt.

Results from Operations and Overall Performance - Expenses

Interest on Lease Liabilities

Following the adoption of IFRS 16 *Leases*, the interest on lease liabilities was \$1.3 million for the second quarter ended June 30, 2019, compared to \$1.3 million in the previous quarter ended March 31, 2019, and to nil for the comparable quarter ended June 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 \$6.6 million for the second quarter ended June 30, 2019, compared to an expense of \$5.7 million for the same quarter last year. The increase is mainly due to the Clearwater transaction with corresponding increased revenues.

Current Quarter versus Previous Quarter

The accretion and change in fair value of purchase price obligations represented an expense of \$6.6 million for the second quarter ended June 30, 2019, compared to an expense of \$6.5 million for the previous quarter ended March 31, 2019.

Year-to-Date June 30, 2019, versus Year-to-Date June 30, 2018

The accretion and change in fair value of purchase price obligations represented a charge of \$13.1 million for the six-month period ended June 30, 2019, compared to a charge of \$10.2 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 \$7.7 million for the second quarter ended June 30, 2019, representing an increase of \$2.8 million, or 57%, compared to \$4.9 million for the same period last year. The increase is mainly due to higher acquisition costs following various acquisition activities in 2019, partially offset by lower restructuring, integration and other costs during the second quarter of 2019 compared to the same period last year.

Current Quarter versus Previous Quarter

Acquisition and restructuring, integration and other costs were \$7.7 million for the second quarter ended June 30, 2019, representing an increase of \$2.9 million, or 60%, compared to \$4.8 million for the previous quarter ended March 31, 2019. The increase is largely due to higher acquisition costs in the second quarter of 2019, mainly in the Private Alternative platform and in Canada, compared to the previous quarter ended March 31, 2019.

Year-to-Date June 30, 2019, versus Year-to-Date June 30, 2018

Acquisition and restructuring, integration and other costs were \$12.5 million for the six-month period ended June 30, 2019, representing an increase of \$3.7 million, or 42%, compared to \$8.8 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 semester of 2019, compared to the same period last year.

Net Earnings (Losses)

NET EARNINGS (LOSS)

Current Quarter versus Prior-Year Quarter

For the second quarter ended June 30, 2019, the Company reported a net loss attributable to the Company's shareholders of \$(5.5) million, or \$(0.06) per share (basic and diluted), compared to a net loss of \$(2.1) million, or \$(0.02) per share (basic and diluted), for the same quarter last year. The variance in net loss is mainly attributable to the increase in overall operating expenses, higher acquisition related costs, higher income tax expenses and higher expenses related to the accretion and change in fair value of the purchase price obligations mainly related to the CNR and Clearwater transactions, partially offset by higher revenues due to volume and acquisitions.

Current Quarter versus Previous Quarter

For the second quarter ended June 30, 2019, the Company reported a net loss attributable to the Company's shareholders of \$(5.5) million, or \$(0.06) per share (basic and diluted), compared to a net loss of \$(6.6) million, or \$(0.07) per share (basic and diluted), for the previous quarter ended March 31, 2019. The variance in net loss is mainly attributable to higher revenues due to volume and acquisitions, partially offset by higher acquisition related costs and higher income tax expenses.

Year-to-Date June 30, 2019, versus Year-to-Date June 30, 2018

For the six-month period ended June 30, 2019, the Company recorded a net loss attributable to the Company's shareholders of \$(12.1) million, or \$(0.12) per share (basic and diluted), compared to a net loss of \$(4.3) million, or \$(0.05) per share (basic and diluted) for the same period last year. The variance in net loss is attributable to higher overall operating 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

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 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 six-month periods ended June 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 EBITDA¹ and adjusted EBITDA per share¹ for the three and six-month periods ended June 30, 2019, and 2018, as well as for the three-month period ended March 31, 2019.

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

	FOR THE THREE-MONTH PERIODS ENDED			FOR THE SIX-MONTH PERIODS ENDED	
	JUNE 30, 2019	MARCH 31, 2019	JUNE 30, 2018	JUNE 30, 2019	JUNE 30, 2018
Net earnings (Loss)	(4,783)	(6,584)	(2,215)	(11,367)	(4,308)
Income tax expense (recovery)	3,370	1,844	1,641	5,214	1,658
Depreciation of property and equipment	1,216	1,084	1,018	2,300	1,965
Amortization of intangible assets	12,622	12,415	10,488	25,037	20,510
Depreciation of right-of-use assets	4,561	5,057	0	9,618	0
Interest on lease liabilities	1,288	1,284	0	2,572	0
Interest on long-term debt and other financial charges	6,709	7,398	5,054	14,107	9,815
EBITDA ⁽¹⁾	24,983	22,498	15,986	47,481	29,640
Restructuring, integration and other costs	1,022	3,128	2,389	4,150	3,317
Acquisition costs	6,670	1,707	2,508	8,377	5,526
Accretion and change in fair value of purchase price obligations	6,636	6,491	5,720	13,127	10,187
Realized loss (gain) on investments	(452)	5	2	(447)	29
Loss on disposal of assets	-	300	-	300	-
Revaluation of puttable financial instrument liability	350	-	-	350	-
Revaluation of assets-held-for-sale	(153)	(546)	-	(699)	-
Share-based compensation	6,748	5,234	6,098	11,982	12,843
Adjusted EBITDA ⁽¹⁾	45,804	38,817	32,703	84,621	61,542
Per share basic	0.47	0.40	0.35	0.86	0.67
Per share diluted	0.47	0.40	0.35	0.86	0.67

¹ 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.

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

Current Quarter versus Prior-Year Quarter

For the second quarter ended June 30, 2019, adjusted EBITDA was \$45.8 million or \$0.47 per share (basic and diluted), representing an increase of \$13.1 million, or 40%, compared to \$32.7 million, or \$0.35 per share (basic and diluted), for the same period last year.

Adjusted EBITDA for the second quarter ended June 30, 2019, was higher primarily due to the acquisition of CGOV, Clearwater and Palmer Capital, combined with higher revenues from the Private Alternative 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.

Non-IFRS Measures

Current Quarter versus Previous Quarter

For the second quarter ended June 30, 2019, adjusted EBITDA was \$45.8 million or \$0.47 per share (basic and diluted), representing an increase of \$7.0 million, or 18%, compared to \$38.8 million or \$0.40 per share (basic and diluted), from the previous quarter ended March 31, 2019. The sequential increase in adjusted EBITDA is mainly due to higher revenues resulting from the acquisition of Palmer Capital, combined with higher revenues from the Institutional sectors and the Private Alternative strategies.

Year-to-Date June 30, 2019, versus Year-to-Date June 30, 2018

For the six-month period ended June 30, 2019, adjusted EBITDA was \$84.6 million, or \$0.86 per share (basic and diluted), representing an increase of \$23.1 million, or 38%, compared to \$61.5 million, or \$0.67 per share (basic and diluted), for the same period last year.

The increase in adjusted EBITDA for the six-month period ended June 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 – EBITDA¹ and Adjusted EBITDA¹ Reconciliation (in \$ thousands except per share data)

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Net earnings (loss)	(4,783)	(6,584)	(1,573)	1,127	(2,215)	(2,093)	1,084	4,771
Income tax expense (recovery)	3,370	1,844	(3,056)	969	1,641	17	5,185	(263)
Depreciation of property and equipment	1,216	1,084	1,179	1,091	1,018	947	964	976
Amortization of intangible assets	12,622	12,415	12,468	11,834	10,488	10,022	8,778	10,487
Depreciation of right-of-use assets	4,561	5,057	-	-	-	-	-	-
Interest on leases	1,288	1,284	-	-	-	-	-	-
Interest on long-term debt and other financial charges	6,709	7,398	10,147	5,393	5,054	4,761	4,835	2,641
EBITDA⁽¹⁾	24,983	22,498	19,165	20,414	15,986	13,654	20,846	18,612
Restructuring, integration and other costs	1,022	3,128	3,399	871	2,389	928	6,866	2,357
Acquisition costs	6,670	1,707	2,966	2,594	2,508	3,018	1,679	378
Accretion and change in fair value of purchase price obligations	6,636	6,491	8,332	5,978	5,720	4,467	2,880	375
Realized loss (gain) on investments	(452)	5	(171)	(3)	2	27	(128)	2
Loss on disposal of intangible assets and property and equipment	-	300	81	1	-	-	42	480
Revaluation of puttable financial instrument liability	350	-	-	-	-	-	-	-
Revaluation of assets-held-for-sale	(153)	(546)	191	-	-	-	-	-
Share-based compensation	6,748	5,234	5,359	6,765	6,098	6,745	3,871	4,816
Adjusted EBITDA⁽¹⁾	45,804	38,817	39,322	36,620	32,703	28,839	36,056	27,020
REVENUES	149,904	142,785	156,963	137,109	126,232	119,981	142,046	107,127
Adjusted EBITDA Margin	30.6%	27.2%	25.1%	26.7%	25.9%	24.0%	25.4%	25.2%
Adjusted EBITDA Per Share								
Basic	0.47	0.40	0.41	0.38	0.35	0.32	0.43	0.33
Diluted	0.47	0.40	0.41	0.36	0.35	0.32	0.43	0.32

¹ 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 bonds, 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 bonds. 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 six-month periods ended June 30, 2019, and 2018, as well as for the three-month period ended March 31, 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 SIX-MONTH PERIODS ENDED	
	JUNE 30, 2019	MARCH 31, 2019	JUNE 30, 2018	JUNE 30, 2019	JUNE 30, 2018
Net earnings (loss) attributable to the Company's shareholders	(5,513)	(6,553)	(2,106)	(12,066)	(4,299)
Depreciation of property and equipment	1,216	1,084	1,018	2,300	1,965
Amortization of intangible assets	12,622	12,415	10,488	25,037	20,510
Depreciation of right-of-use assets	4,561	5,057	-	9,618	-
Share-based compensation ^(*)	6,748	5,234	6,098	11,982	12,843
Restructuring, integration and other costs ^(*)	1,022	3,128	2,389	4,150	3,317
Acquisition costs ^(*)	6,670	1,707	2,508	8,377	5,526
Accretion and change in fair value of purchase price obligations and effective interest on convertible bonds ^(*)	6,992	6,807	6,058	13,799	10,842
Revaluation of puttable financial instrument liability ^(*)	350	-	-	350	-
Revaluation of assets-held-for-sale ^(*)	(153)	(546)	-	(699)	-
Less: Income taxes on above-mentioned items ^(*)	2,034	3,460	2,661	5,494	5,251
Adjusted net earnings attributable to the Company's shareholders	32,481	24,873	23,792	57,354	45,453
Per share – basic					
Net earnings (loss)	(0.06)	(0.07)	(0.02)	(0.12)	(0.05)
Adjusted net earnings	0.33	0.26	0.26	0.58	0.50
Per share – diluted					
Net earnings (loss)	(0.06)	(0.07)	(0.02)	(0.12)	(0.05)
Adjusted net earnings	0.33	0.26	0.26	0.58	0.50

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 \$32.5 million, or \$0.33 per share (basic and diluted) for the second quarter ended June 30, 2019, compared to \$23.8 million, or \$0.26 per share (basic and diluted) for the second quarter ended June 30, 2018. Adjusted net earnings for the quarter ended June 30, 2019, reflected net loss, excluding \$25.1 million, or \$0.26 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 \$12.8 million, or \$0.13 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 bonds, the revaluation of assets held-for-sale and the revaluation of puttable financial instrument liability, net of income taxes.

Current Quarter versus Previous Quarter

For the second quarter ended June 30, 2019, the Company recorded adjusted net earnings of \$32.5 million, or \$0.33 per share (basic and diluted), compared to \$24.9 million, or \$0.26 (basic and diluted) from the previous quarter ended March 31, 2019. The increase in adjusted net earnings is mainly attributable to higher revenues resulting from the acquisition of Palmer Capital, combined with higher revenues from the Institutional sectors and the Private Alternative strategies.

Non-IFRS Measures

Year-to-Date June 30, 2019, versus Year-to-Date June 30, 2018

For the six-month period ended June 30, 2019, adjusted net earnings attributable to the Company's shareholders amounted to \$57.4 million, or \$0.58 per share (basic and diluted), compared to \$45.5 million, or \$0.50 per share (basic and diluted) for the same period last year. Adjusted net earnings for the six-month period ended June 30, 2019, reflected net loss, excluding \$48.9 million, or \$0.49 per share (basic and diluted), of depreciation of property and equipment, amortization of intangible assets and share-based compensation, as well as \$20.5 million, or \$0.21 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 bonds, 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)

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Net earnings (loss) attributable to the Company's shareholders	(5,513)	(6,553)	(1,709)	995	(2,106)	(2,193)	763	4,603
Depreciation of property and equipment	1,216	1,084	1,179	1,091	1,018	947	964	976
Amortization of intangible assets	12,622	12,415	12,468	11,834	10,488	10,022	8,778	10,487
Depreciation of right-of-use assets	4,561	5,057	-	-	-	-	-	-
Share-based compensation ^(*)	6,748	5,234	5,359	6,765	6,098	6,745	3,871	4,816
Restructuring, integration and other costs ^(*)	1,022	3,128	3,399	871	2,389	928	6,866	2,357
Acquisition costs ^(*)	6,670	1,707	2,966	2,594	2,508	3,018	1,679	378
Accretion and change in fair value of purchase price obligations and effective interest on convertible bonds ^(*)	6,992	6,807	8,692	6,285	6,058	4,784	2,880	375
Revaluation of assets-held-for-sale ^(*)	(153)	(546)	191	-	-	-	-	-
Revaluation of puttable financial instrument liability ^(*)	350	-	-	-	-	-	-	-
Impact of US Tax Cuts and Jobs Act on future income taxes	-	-	-	-	-	-	6,017	-
Income taxes on above-mentioned items ^(*)	2,034	3,460	4,294	2,902	2,661	2,590	2,580	933
Adjusted net earnings attributable to the Company's shareholders	32,481	24,873	28,251	27,533	23,792	21,661	29,238	23,059
Per share – basic								
Net earnings (loss) attributable to the Company's shareholders	(0.06)	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01	0.06
Adjusted net earnings attributable to the Company's shareholders	0.33	0.26	0.29	0.29	0.26	0.24	0.35	0.28
Per share – diluted								
Net earnings (loss) attributable to the Company's shareholders	(0.06)	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01	0.05
Adjusted net earnings attributable to the Company's shareholders	0.33	0.26	0.29	0.27	0.26	0.24	0.35	0.27

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

LIQUIDITY AND CAPITAL RESOURCES

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 SIX-MONTH PERIODS ENDED	
	JUNE 30, 2019	JUNE 30, 2018
Cash generated by (used in) operating activities	19,162	14,986
Cash (used in) investing activities	(17,310)	(60,185)
Cash generated by (used in) financing activities	2,472	40,244
Net (decrease) increase in cash and cash equivalent	4,324	(4,955)
Effect of exchange rate changes on cash denominated in foreign currencies	(3,545)	1,971
Cash and cash equivalents, beginning of period	52,466	41,079
Cash and cash equivalents, end of period	53,245	38,095

Year-to-Date Activities

Cash generated from operating activities amounted to \$19.2 million for the six-month period ended June 30, 2019. This amount resulted mainly from \$51.1 million cash generated from net earnings (loss) adjusted for depreciation and amortization, revaluation of assets held-for-sale, lease inducements and deferred lease obligations, share-based compensation, accretion and change in fair value of purchase price obligations, restructuring, integration and other costs, interest on long-term debt and other financial charges, income tax expenses and income tax paid, partially offset by the negative changes in non-cash operating working capital of \$29.0 million (refer to Note 15 of the unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2019 and 2018), as well as \$2.9 million cash used for payment of other non-current liabilities.

Cash used in investing activities was \$17.3 million for the six-month period ended June 30, 2019, resulting mainly from \$17.5 million cash used for business combination and purchase of intangible assets, \$12.6 million cash used for purchases of property and equipment, \$12.1 million cash used for the settlement of purchase price adjustments and obligations, combined with an increase of \$9.4 million in restricted cash, partially offset by \$32.8 million of cash generated from the disposal of assets.

Liquidity and Capital Resources

Cash generated from financing activities was \$2.5 million for the six-month period ended June 30, 2019, resulting mainly from \$90.7 million increase in long-term debt, partially offset by \$41.4 million cash used for dividend payments, combined with \$29.4 million cash used for share repurchase and cancellation, \$10.5 million of long-term debt interest payments and \$5.8 million of lease payments during the period.

Finally, exchange rate fluctuations on cash denominated in foreign currencies had an unfavorable impact of \$3.5 million during the six-month period ended June 30, 2019.

Year-to-Date June 30, 2019 versus Year-to-Date June 30, 2018

Cash generated from operating activities was \$19.2 million for the six-month period ended June 30, 2019, compared to \$15.0 million cash generated from operating activities for the same period last year. The positive variation is mainly attributable to the positive variance in non-cash operating working capital.

Cash used in investing activities was \$17.3 million for the six-month period ended June 30, 2019, compared to \$60.2 million cash used in investing activities for the same period last year. The decrease in cash used in investing activities is mainly attributable to a decrease in cash used for business combination and purchase of intangible assets of \$36.9 million, combined with \$32.8 million cash generated from the disposal of assets, partially offset by an increase in cash used for purchase of property and equipment of \$11.8 million, as well as \$9.4 million negative variation in restricted cash and an increase of \$6.6 million cash used for settlement of purchase price adjustments and obligations.

Cash generated from financing activities was \$2.5 million for the six-month period ended June 30, 2019, compared to \$40.2 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 \$29.4 million, combined with higher cash used for payment of dividends of \$6.9 million, and the inclusion of the cash used for lease payments of \$5.8 million in financing activities, following a shift in lease expense classification from operating expenses to financing costs, partially offset by \$7.8 million cash generated from long-term debt borrowing, and lower financing charge paid of \$1.8 million.

Finally, exchange rate fluctuations on cash denominated in foreign currencies had an unfavorable impact of \$3.5 million during the six-month period ended June 30, 2019, compared to a favorable impact of \$2.0 million for the same period last year.

Long-Term Debt

Table 16 – Credit Facility (in \$ thousands)

	AS AT JUNE 30, 2019	AS AT DECEMBER 31, 2018
Credit Facility		
Revolving facility	494,923	422,805
Other facilities	-	919
Deferred financing charges	(2,324)	(2,197)
	492,599	421,527
Less current portion	-	(388)
Non- current portion	492,599	421,139

Liquidity and Capital Resources

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\$200.0 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 0.0% to 1.5% 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 0.0% to 1.5% or the LIBOR rate plus a spread varying from 1.0% to 2.5%.

As at June 30, 2019, the total amount drawn on the Facility was CA\$276.543 million and US\$167.117 million (CA\$218.38 million) (CA\$123.5 million and US\$219.4 million (CA\$299.305 million) as at December 31, 2018).

Prior to May 28, 2018, the Fourth Amended and Restated Credit Agreement (the "Previous Credit Agreement") included a US\$125 million term (non-revolving) facility and a CA\$350 million senior unsecured revolving facility which could be drawn in Canadian or US dollars at the discretion of the Company. There were no changes to the interest rates applicable on the Previous Credit Facility.

The renegotiation of the Credit Agreement was treated as a modification under IFRS 9 – *Financial Instruments* and transaction fees of \$1.466 million associated with the Facility and \$1.034 million associated with the Previous Credit Agreement were capitalized to the Facility as long-term debt in the consolidated statements of financial position.

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 June 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 on 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% 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 June 30, 2019 the subsidiary had not drawn on the line of credit (nil as at December 31, 2018).

Convertible Debentures

Table 17 – Convertible Debentures (in \$ thousands)

	As at June 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	2,030	1,357
Balance, end of period	79,681	79,008

On December 21, 2017, the Company issued 86,250 unsecured convertible debentures at 5% maturing on June 23, 2023, with interest payable semi-annually in arrears on June 30 and December 31 of each year starting June 30, 2018, for gross proceeds of 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

Liquidity and Capital Resources

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 six-month period ended June 30, 2019, an amount of \$2.156 million was paid representing the 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).

Share Capital

As at June 30, 2019, the Company had 78,899,586 Class A shares and 19,412,401 Class B special voting shares for a total of 98,311,987 outstanding shares compared to 76,200,754 Class A shares and 19,412,401 Class B special voting shares for a total of 95,613,155 outstanding shares as at June 30, 2018.

Capital Management

The Company's capital comprises share capital, retained earnings (deficit), long-term debt and convertible debentures, less cash and cash equivalents. The Company manages its capital to ensure there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance and to maintain compliance with regulatory requirements and certain restrictive covenants required by the lender of the debt. As at June 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 six-month periods ended June 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 debentures. On July 4, 2019, the Company issued senior subordinated unsecured debentures (Note 20 of the unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2019 and 2018).

Contractual Obligations

As at June 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

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 six-month periods ended June 30, 2019, and 2018, is presented below:

Table 18 – 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	20,000	11.23
Exercised	(84,176)	8.94	(336,606)	8.06
Forfeited	(246,867)	13.17	(110,252)	13.63
Expired	(25,000)	13.58	-	-
Outstanding – end of periods	4,691,148	12.21	3,756,994	12.15
Options exercisable – end of periods	1,189,711	11.10	598,615	8.15

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 six-month periods ended June 30, 2019, respectively (an expense (recovery) of \$0.018 million and (\$0.013) million during the three and six-month periods ended June 30, 2018, respectively). As at June 30, 2019, the Company had a liability for an amount of \$0.098 million for the 8,688 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 six-month period ended June 30, 2019 and 2018.

Share-Based Payments

Table 19 – RSU Transactions

	2019	2018
Outstanding units – beginning of period	258,560	608,635
Vested	-	(248,694)
Reinvested in lieu of dividends	10,890	14,111
Granted	100,001	-
Outstanding units– end of period	369,451	374,052

One RSU unit is equivalent to one Class A Share of the Company. The Company recorded an expense of \$0.275 million and \$0.85 million for these grants during the three and six-month periods ended June 30, 2019, respectively (\$1.039 million and \$2.041 million during the three and six-month periods ended June 30, 2018, respectively). During the six-month period ended June 30, 2019, no 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 six-month period ended 30 June 2018). As at June 30, 2019, the Company had a liability in the amount of \$2.609 million for the 369,451 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 six-month periods ended June 30, 2019 and 2018.

Table 20 – RSU Cash Transactions

	2019	2018
Outstanding units – beginning of period	528,308	504,380
Vested	(10,589)	(9,917)
Forfeited	(159,212)	-
Reinvested in lieu of dividends	19,512	17,165
Granted	71,664	76,873
Outstanding units – end of period	449,683	588,501

RSU cash units are equivalent to one Class A Share of the Company. The Company recorded an expense of \$0.402 million and \$1.38 million for these grants during the three and six-month periods ended June 30, 2019, respectively (\$0.63 million and \$0.817 million during the three and six-month periods ended June 30, 2018, respectively). During the six-month period ended June 30, 2019, 169,801 units vested (2018 – 9,917 units vested) and an amount of \$0.128 million was paid as partial settlement of these units (2018 - \$0.391 million). In addition, \$1.528 million was paid during the six-month period ended June 30, 2019 as settlement of units that vested in 2018. As at June 30, 2019, the Company had a liability in the amount of \$4.025 million for the 449,683 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 six-month periods ended June 30, 2019 (an expense of \$0.088 million and \$0.172 million was recorded during the three and six-month periods ended June 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 six-month periods ended June 30, 2019 and 2018:

Table 21 – PSU Plan Applicable to BU Transactions (in \$ thousands)

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Equity-settled grants	2,548	854	3,358	3,690
Cash-settled grants	1,695	1,595	3,914	3,692
Total expense	4,243	2,449	7,272	7,382

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

During the six-month period ended June 30, 2019, 1,820,929 Class A Shares were issued as settlement of PSU applicable to BU vested in 2018 (407,978 during the six-month period ended June 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 \$0.423 million and \$0.794 million during the three and the six-month periods ended June 30, 2019 (\$0.123 million and \$0.123 million during the three and six-month periods ended June 30, 2018).

Share-Based Payments

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 six-month periods ended June 30, 2019 and 2018:

Table 22 – PSU Transactions (in \$ thousands)

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Equity-settled grants	353	646	639	658
Cash-settled grants	369	577	988	642
Total expense	722	1,223	1,627	1,300

During the six-month periods ended June 30, 2019, the total award value granted under the Company's PSU plans was \$0.21 million and no PSU vested during the period. No Class A Shares were issued during the six-month period ended June 30, 2019 as settlement of PSU vested in 2018.

During the six-month periods ended June 30, 2018, the total award value granted under the Company's PSU plans was \$4.398 million and no PSU vested during the period. 19,819 Class A Shares were issued during the six-month period ended June 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 consolidated statements of earnings (loss) for the three and six-month periods ended June 30, 2019 was \$0.703 million and \$1.102 million, respectively \$0.765 million and \$1.006 million for the three and six-month periods ended June 30, 2018). The cash settled share-based liability is \$5.058 million in the interim consolidated statement of financial position as at June 30, 2019 (\$3.956 million as at December 31, 2018).

RELATED PARTY TRANSACTIONS

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

Under a former agreement with a related shareholder, this related shareholder was entitled to appoint two of the four directors of the Company that the holders of Class A Shares are entitled to elect, as long as it held, directly or indirectly, at least 20% of the outstanding Class A Shares and Class B Shares, together, on a non-diluted basis. Following the Natixis transaction (Note 5 of the unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2019 and 2018) this shareholder's beneficial ownership of the Company's issued and outstanding shares is approximately 6.96% (18.0% as at December 31, 2018) and this shareholder no longer has the right to elect any directors to the Board. Effective May 2019, this shareholder no longer meets the definition of a related party.

As at June 30, 2019, another party is a related shareholder and indirectly owns Class B Special Voting Shares representing approximately 7.3% of the Company's issued and outstanding shares (7.4% as at December 31, 2018) and pursuant to the terms of a shareholders' agreement between this related shareholder and an entity related to the Company, the related shareholder is entitled to appoint two of the eight directors of the Company that the holders of Class B Shares are entitled to elect. In order to maintain the rights described above, the related shareholder is required to maintain a minimum ownership level in the Company and a specified minimum level of assets under management. This related shareholder is one of the two co-lead administrators under the Company's Credit Agreement and effective June 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 12 of the unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2019 and 2018). Subsequent to this transaction, this shareholder's beneficial ownership of the Company's issued and outstanding shares is approximately 6.96% (18.00% as at December 31, 2018) and this shareholder no longer has the right to elect any directors to the Board, and no longer meets the definition of a related party.

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 23 – Related Party Transactions (in \$ thousands)

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Base management	6,064	10,722	17,720	21,583
Performance fees	-	-	-	219
Other revenues	197	(28)	5,098	1,746
Selling, general & administrative expenses				
Reference fees	135	409	544	883
Other	35	137	196	349
Interest on long-term debt	5,461	3,523	10,158	7,153
Net (gain) loss in fair value of derivative financial instruments included in interest on long-term debt and other financial charges	549	(660)	6,217	(1,138)

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.

CONTROL AND PROCEDURES

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 June 30, 2019, and have concluded that they were effective. Furthermore, no significant changes to the ICFR occurred during the three-month period ended June 30, 2019.

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.

FINANCIAL INSTRUMENTS

Fair Value

Investments

The cost of and fair value of investments recorded at fair value through profit or loss is \$1.64 million and \$1.941 million respectively as at June 30, 2019 (\$4.574 million and \$4.857 million respectively as at December 31, 2018). Total realized and unrealized gain of \$0.114 million and \$0.103 million was recognized in other revenues during the three and six-month periods ended June 30, 2019 (loss of \$0.289 million and \$0.232 million during the three and six-month periods ended June 30, 2018).

Convertible debentures

The convertible debentures are recorded at an amortized cost of \$79.681 million as at June 30, 2019 (\$79.008 million as at December 31, 2018). The fair value based on market quotes is \$89.260 million as at June 30, 2019 (\$87.544 million as at December 31, 2018).

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 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:

Financial Instruments

Table 24 – Net gains (losses), fair value and notional amount of derivatives (in \$ thousands)

	For the three-month period ended June 30, 2019	For the six-month period ended June 30, 2019	As at June 30, 2019				
			Fair value		Notional amount: term to maturity		
			Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$	\$
Foreign exchange contracts							
a) Forward foreign exchange contracts							
– held for trading	899	2,028	478	(246)	58,849	-	-
b) Cross currency swaps							
– held for trading	(6,580)	(10,199)	-	-	-	-	-
Interest rate contracts							
c) Swap contracts							
– held for trading	(936)	(2,985)	316	(4,001)	-	250,000	-
d) Swap contracts							
– cash flow hedges	-	-	-	(1,495)	-	220,841	-

	For the three-month period ended June 30, 2018	For the six-month period ended June 30, 2018	As at December 31, 2018				
			Fair value		Notional amount: term to maturity		
			Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$	\$
Foreign exchange contracts							
a) Forward foreign exchange contracts							
– held for trading	(1,274)	(2,730)	-	(1,672)	45,374	-	-
b) Cross currency swaps							
– held for trading	646	1,126	1,083	-	80,000	-	-
Interest rate contracts							
c) Swap contracts							
– held for trading	14	12	860	(1,560)	-	190,000	-
d) Swap contracts							
– cash flow hedges	-	-	4,506	-	-	230,550	-

Table 25 – Financial statement presentation of derivative financial instruments (in \$ thousands)

	As at June 30, 2019	As at December 31, 2018
	\$	\$
Current derivative financial instrument assets ⁽¹⁾	478	1,083
Non-current derivative financial instrument assets	316	5,366
Current derivative financial instrument liabilities	(246)	(1,672)
Non-current derivative financial instrument liabilities	(5,496)	(1,560)

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

a) Forward foreign exchange contracts – held for trading

Company

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

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

The Company recorded a gain of \$1.119 million and \$2.030 million during the three and six-month periods ended June 30, 2019, respectively (loss of \$1.426 million and \$2.653 million during the three and six-month periods ended June 30, 2018, respectively) and received \$0.316 million during the six-month period ended June 30, 2019 as settlement of the contracts that matured during the period (paid \$1.324 million during the six-month period ended June 30, 2018). The fair value of the forward exchange contracts is an asset of \$0.478 million as at June 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 \$0.22 million and \$0.002 million during the three and six-month periods ended June 30, 2019 (gain of \$0.152 million and a loss of \$0.77 million for the three and six-month periods ended June 30, 2018, respectively). A total of \$0.191 million was paid during the six-month period ended June 30, 2019 as settlement of the contracts (paid \$0.63 million during the six-month period ended June 30, 2018). As at June 30, 2019, the fair value of the contracts was a liability of \$0.246 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 six-month periods ended June 30, 2019 and 2018), the Company can borrow either in US dollars based on US base rate plus a spread varying from 0.0% to 1.5% or the LIBOR rate plus a spread varying from 1.0% to 2.5%, or in Canadian dollars based on the Canadian prime rate plus a spread varying from 0.0% to 1.5%. To benefit

from interest cost savings, the Company has effectively created, until June 2019, a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 2.19% on CA\$250.3 million (CDOR plus 1.57% on CA\$80.0 million as at December 31, 2018) by borrowing against the US dollar revolving facility, the equivalent of CA\$250.3 million (US\$185.4 million) (CA\$80.0 million (US\$59.4 million) as at December 31, 2018) at LIBOR plus 2.25%, and swapping it into CDOR plus 2.19% with a one-month cross currency swap. The last contract matured on June 28, 2019 and was not renewed as at June 30, 2019.

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

The net gain or loss on these derivative financial instruments is recognized in the interim condensed consolidated statement of earnings (loss) in accordance with the nature of the economically hedged item, the revolving facility (Note 10 of the unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2019 and 2018), and therefore is presented in interest on long-term debt and other financial charges.

The Company recorded a loss of \$6.58 million and \$10.199 million during the three and six-month periods ended June 30, 2019, respectively, with no net impact on earnings (loss) as described above (gain of \$0.646 million and \$1.126 million during the three and six-month periods ended June 30, 2018, respectively). A total of \$9.115 million was paid during the six-month period ended June 30, 2019 (received \$2.035 million for the six-month period ended June 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. There are no cross currency swap contracts as at June 30, 2019 (the fair value was an asset of \$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 six-month periods ended June 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 loss of \$0.936 million and \$2.985 million during the three and six-month periods ended June 30, 2019 (a gain of \$0.014 million and \$0.012 million during the three and six-month periods ended June 30, 2018). The fair value of the interest rate swap contracts is an asset of \$0.316 million and a liability of \$4.001 million as at June 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 six-month periods ended June 30, 2019.

The effective portion of changes in the fair value of these contracts are recognized in other comprehensive income and accumulated in a hedging reserve. The Company recorded a loss in other comprehensive income of \$3.3 million and \$5.206 million during the three and six-month periods ended June 30, 2019 (net of income taxes of \$0.504 million and \$0.795 million) (a gain in other comprehensive income of \$1.372 million and \$4.438 million during the three and six-month periods ended June 30, 2018 (net of income taxes of \$0.211 million and \$0.679 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 for the three and six-month periods ended June 30, 2019 and 2018. The fair value of the interest rate swap contracts designated as cash flow hedges is a liability of \$1.495 million as at June 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 six-month periods ended June 30, 2019 and 2018) are US\$167.117 million as at June 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 June 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 accounted for as a forward purchase contact. The fair value of the call option is nil at the acquisition date.

Financial Instruments

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 charges in fair value recognized in the consolidated statement of net earnings (loss). The puttable financial instrument liability is \$12.884 million at June 30, 2019.

Significant Accounting Judgments and Estimation Uncertainties

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES

This MD&A is prepared with reference to the unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 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 June 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 June 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 June 30, 2019 was CA\$70.71 million (US\$54.112 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\$5.227 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\$2.614 million (US\$2 million) in the fair value of the purchase price obligation.

Significant Accounting Judgments and Estimation Uncertainties

- 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\$2.614 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. Moreover, 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\$7.841 million (US\$6 million) increase or decrease in the fair value of the purchase price obligation as at June 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 fair value of the Clearwater purchase price obligation as at June 30, 2019 was CA\$39.913 million (US\$30.541 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. 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. Moreover, 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\$33.976 million (US\$26 million) and CA\$39.203 million (US\$30 million) for its purchase price obligation as at June 30, 2019.

NEW ACCOUNTING STANDARDS

Adoption of New IFRS

Except as described below, the accounting policies applied in these interim condensed consolidated financial statements 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 six-month periods ended June 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 six-month periods ended June 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 six-month periods ended June 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 six-month periods ended June 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 six-month period ended June 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

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 "*Risks 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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