Interim Condensed Consolidated Financial Statements of
FIERA CAPITAL CORPORATION

For the three and six-month periods ended
June 30, 2019 and 2018
(Unaudited)

Fiera Capital Corporation
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Fiera Capital Corporation

Interim Condensed Consolidated Statements of Earnings (Loss)

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

	Three-month periods		Six-month periods	
	2019	2018	2019	2018
	$	$	$	$
Revenues				
Base management fees	135,543	117,947	264,636	230,128
Performance fees	1,554	2,650	3,161	4,120
Other revenues	12,807	5,635	24,892	11,965
	149,904	126,232	292,689	246,213
Expenses				
Selling, general and administrative expenses	110,599	99,254	219,619	196,774
External managers	249	373	431	740
Amortization of intangible assets (Note 7)	12,622	10,488	25,037	20,510
Depreciation of property and equipment	1,216	1,018	2,300	1,965
Depreciation of right-of-use assets	4,561	-	9,618	-
Restructuring, integration and other costs (Note 6)	1,022	2,389	4,150	3,317
Acquisition costs	6,670	2,508	8,377	5,526
	136,939	116,030	269,532	228,832
Earnings before under-noted items	12,965	10,202	23,157	17,381
Realized (gain) loss on investments	(452)	2	(447)	29
Loss on disposal of assets	-	-	300	-
Interest on lease liabilities	1,288	-	2,572	-
Interest on long-term debt and other financial charges	6,709	5,054	14,107	9,815
Accretion and change in fair value of purchase price obligations (Note 8)	6,636	5,720	13,127	10,187
Revaluation of puttable financial instrument liability	350	-	350	-
Revaluation of assets held-for-sale (Note 9)	(153)	-	(699)	-
Earnings (loss) before income taxes	(1,413)	(574)	(6,153)	(2,650)
Income tax expense	3,370	1,641	5,214	1,658
Net loss for the periods	(4,783)	(2,215)	(11,367)	(4,308)
Net earnings (loss) attributable to:				
Company's shareholders	(5,513)	(2,106)	(12,066)	(4,299)
Non-controlling interest	730	(109)	699	(9)
	(4,783)	(2,215)	(11,367)	(4,308)
Net loss per share (Note 13)				
Basic	(0.06)	(0.02)	(0.12)	(0.05)
Diluted	(0.06)	(0.02)	(0.12)	(0.05)

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

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

	Three-month periods		Six-month periods	
	2019	2018	2019	2018
	$	$	**$**	$
Net loss for the periods	**(4,783)**	(2,215)	**(11,367)**	(4,308)
Other comprehensive income (loss):				
Items that may be reclassified subsequently to earnings (loss):				
Cash flow hedges (net of income taxes of $504 and $795 for the three and six-month periods ended June 30, 2019, respectively, and income taxes of $211 and $679 for the three and six-month periods ended June 30, 2018) (Note 8)	**(3,300)**	1,372	**(5,206)**	4,438
Unrealized exchange differences on translating financial statements of foreign operations	**(9,296)**	4,860	**(16,463)**	11,439
Other comprehensive income (loss)	**(12,596)**	6,232	**(21,669)**	15,877
Comprehensive income (loss)	**(17,379)**	4,017	**(33,036)**	11,569
Comprehensive income (loss) attributable to:				
Company's shareholders	**(18,109)**	4,126	**(33,735)**	11,578
Non-controlling interest	**730**	(109)	**699**	(9)
	(17,379)	4,017	**(33,036)**	11,569

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Financial Position

(Unaudited)

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

	As at June 30, 2019	As at December 31, 2018
	$	$
Assets		
Current assets		
Cash and cash equivalents	**53,245**	52,466
Restricted cash	**10,366**	1,012
Accounts receivable	**146,619**	148,459
Rent receivable	**5,127**	-
Assets held-for-sale (Note 9)	**-**	35,711
Investments	**1,941**	4,857
Prepaid expenses and other assets	**19,377**	14,943
	236,675	257,448
Non-current assets		
Goodwill (Note 7)	**642,132**	631,699
Intangible assets (Note 7)	**496,693**	529,062
Right-of-use assets (Note 3)	**108,228**	-
Property and equipment	**26,534**	16,499
Derivative financial instruments (Note 8)	**316**	5,366
Deferred income taxes	**21,495**	20,093
Deferred charges and other	**1,161**	440
Investments in joint ventures, associates and other	**20,714**	-
	1,553,948	1,460,607
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**136,552**	144,059
Current portion of purchase price obligations (Note 8)	**30,579**	32,487
Current portion of lease liabilities (Note 3)	**14,445**	-
Restructuring provisions (Note 6)	**1,846**	2,289
Derivative financial instruments (Note 8)	**246**	1,672
Current portion of long-term debt (Note 10)	**-**	388
Amounts due to related parties	**1,764**	2,599
Client deposits and deferred revenues	**2,564**	727
Amounts due to holders of redeemable units (Note 9)	**-**	5,394
Deferred income taxes on assets held-for-sale	**-**	704
	187,996	190,319
Non-current liabilities		
Long-term debt (Note 10)	**492,599**	421,139
Convertible debentures (Note 11)	**79,681**	79,008
Lease liabilities (Note 3)	**111,477**	-
Derivative financial instruments (Note 8)	**5,496**	1,560
Puttable financial instrument liability (Notes 5 and 8)	**12,884**	-
Purchase price obligations (Note 8)	**90,731**	98,221
Long-term restructuring provisions (Note 6)	**1,005**	715
Cash-settled share-based liabilities	**404**	10,470
Other non-current liabilities	**1,736**	4,670
Deferred lease obligations	**-**	3,955
Lease inducements	**-**	4,335
Deferred income taxes	**11,830**	12,489
	995,839	826,881
Equity attributable to:		
Company's shareholders	**556,642**	632,958
Non-controlling interest	**1,467**	768
	558,109	633,726
	1,553,948	1,460,607

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Changes in Equity

For the six-month periods ended June 30,
(Unaudited)
(In thousands of Canadian dollars)

	Share Capital	Restricted and holdback shares	Contributed surplus	Convertible debentures equity component	Retained earnings (deficit)	Accumulated other comprehensive income	Equity attributable to Company's shareholders	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$	$
Balance, December 31, 2018	775,615	5,501	22,475	3,339	(211,628)	37,656	632,958	768	633,726
Net earnings (loss)	-	-	-	-	(12,066)	-	(12,066)	699	(11,367)
Other comprehensive income (loss)	-	-	-	-	-	(21,669)	(21,669)	-	(21,669)
Comprehensive income (loss)	-	-	-	-	(12,066)	(21,669)	(33,735)	699	(33,036)
Share-based compensation expense	-	-	4,978	-	-	-	4,978	-	4,978
Shares issued as part of a business combination (Notes 5, 12)	16,975	-	-	-	-	-	16,975	-	16,975
Shares issued as settlement of purchase price obligations (Note 12)	5,532	-	-	-	-	-	5,532	-	5,532
Performance and restricted share units settled (Note 12)	6,099	-	(6,099)		-	-	-		-
Stock options exercised (Note 12)	947	-	(195)	-	-	-	752	-	752
Dividends (Note 12)	-	-	-	-	(41,418)	-	(41,418)	-	(41,418)
Share repurchase and cancellation (Note 12)	(23,661)	-	(5,739)	-	-		(29,400)	-	(29,400)
Balance, June 30, 2019	**781,507**	**5,501**	**15,420**	**3,339**	**(265,112)**	**15,987**	**556,642**	**1,467**	**558,109**
Balance, December 31, 2017	691,586	(860)	18,660	3,330	(133,195)	13,024	592,545	(534)	592,011
Impact of IFRS 9	-	-	-	-	161	(161)	-	-	-
Net earnings (loss)	-	-	-	-	(4,299)	-	(4,299)	(9)	(4,308)
Other comprehensive income (loss)	-	-	-	-	-	15,877	15,877	-	15,877
Comprehensive income (loss)	-	-	-	-	(4,299)	15,877	11,578	(9)	11,569
Share-based compensation expense (Note 12)	-	-	5,476	-	-	-	5,476	-	5,476
Shares issued as part of a business combination (Notes 12)	55,136	5,501	-	-	-	-	60,637	-	60,637
Shares issued as settlement of purchase price obligations (Note 12)	4,077	-	-	-	-	-	4,077	-	4,077
Performance and restricted share units settled (Note 12)	5,543	-	(3,159)	-	-	-	2,384	-	2,384
Stock options exercised (Note 12)	3,584	-	(872)	-	-	-	2,712	-	2,712
Net change in non-controlling interest	-	-	-	-	-	-	-	1,043	1,043
Dividends (Note 12)	-	-	-	-	(34,540)	-	(34,540)	-	(34,540)
Balance, June 30, 2018	**759,926**	**4,641**	**20,105**	**3,330**	**(171,873)**	**28,740**	**644,869**	**500**	**645,369**

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

Fiera Capital Corporation
Interim Condensed Consolidated Statements of Cash Flows
For the six-month periods ended June 30,
(Unaudited)
(In thousands of Canadian dollars)

	2019	2018
	$	$
Operating activities		
Net loss	(11,367)	(4,308)
Adjustments for:		
Amortization of intangible assets and depreciation of property and equipment and right-of-use assets	36,955	22,475
Amortization of deferred charges	192	211
Revaluation of assets held-for-sale	(699)	-
Accretion and change in fair value of purchase price obligations	13,477	10,187
Lease inducements and deferred lease obligations	-	(561)
Share-based compensation expense	4,978	5,476
Cash-settled share-based compensation expense	6,857	7,368
Restructuring, integration and other costs	(153)	(1,454)
Interest on long-term debt and other financial charges	7,116	9,815
Income tax expense	5,214	1,658
Income tax paid	(11,504)	(6,798)
Realized and unrealized (gain) loss on financial instruments	(217)	232
Realized (gain) loss on investments	-	27
Other non-current liabilities	(2,879)	1,363
Loss (gain) on investment in joint ventures	219	-
Changes in non-cash operating working capital items (Note 15)	(29,027)	(30,705)
Net cash generated by (used in) operating activities	19,162	14,986
Investing activities		
Business combinations (Note 5)	(15,586)	(48,200)
Disposal of assets	32,842	-
Settlement of purchase price adjustments and obligations	(12,095)	(5,513)
Investments, net	1,482	618
Purchase of property and equipment	(12,639)	(840)
Purchase of intangible assets	(1,899)	(6,209)
Deferred charges and other	(1)	(38)
Restricted cash	(9,414)	(3)
Net cash generated by (used in) investing activities	(17,310)	(60,185)
Financing activities		
Settlement of share-based compensation	(1,655)	(585)
Dividends	(41,418)	(34,540)
Lease payments	(5,839)	-
Issuance of share capital net of issuance costs of $16 (2018 - $7)	736	2,706
Share repurchase and cancellation	(29,400)	-
Contribution (purchase) of non-controlling interest	-	1,043
Long-term debt, net	90,715	82,937
Interest paid on long-term debt	(10,543)	(9,827)
Settlement of derivative financial instruments	316	774
Financing charges	(440)	(2,264)
Net cash generated by (used in) financing activities	2,472	40,244
Net decrease in cash and cash equivalents	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

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

1. Description of Business

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

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

The Company's Board of Directors (the "Board") approved the interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2019 and 2018 on August 13, 2019.

2. Basis of presentation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*, as issued by the International Accounting Standard Board ("IASB") and accordingly, do not include all disclosures required under International Financial Reporting Standards ("IFRS") for annual consolidated financial statements. The accounting policies and methods of computation applied in these interim condensed consolidated financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2018, except for the impact of the adoption of the standards, interpretations and amendments described in Note 3.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2018 and December 31, 2017.

The Company has prepared and presented these interim condensed consolidated financial statements in Canadian dollars, its functional and reporting currency.

3. Adoption of new IFRS and changes in accounting policies

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 year ended December 31, 2018.

Adoption of new IFRS

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 below.

Definition of a lease

Previously, under IAS 17, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 – *Determining Whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. For office facilities for which the Company is a lessee, an election was made not to separate non-lease components and instead account for the lease and non-lease components as a single lease component.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases, therefore these leases are recognized in the interim condensed consolidated statement of financial position.

However, the Company has elected not to recognize right-of-use assets and lease liabilities for certain leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3. Adoption of new IFRS and changes in accounting policies (continued)

The Company leases assets, including office facilities, office equipment and other assets. The carrying amounts of right-of-use assets are as follows:

	Right-of-use assets
	$
Balance as at January 1, 2019	117,268
Balance as at June 30, 2019	108,228

Significant accounting policies

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability as described below. The right-of use asset is depreciated over the lesser of the lease term and the useful life of the asset.

The lease liability is initially measured at the present value of future lease payments, discounted using the lessee's incremental borrowing rate as the discount rate. The Company applies judgement to determine the discount rate.

The lease liability is subsequently increased by the interest accretion expense and decreased by the lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or renewal option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for certain lease contracts in which it is a lessee when they include purchase, renewal or termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which may significantly affect the carrying amount of lease liabilities and the right-of-use assets recognized.

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

3. Adoption of new IFRS and changes in accounting policies (continued)

Transition

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Exclude initial direct costs from measuring the right-of-use asset at the date of initial application.
- Rely on previous assessments of whether a lease is an onerous contract.

The Company did not elect to use the exemption which permits it to exclude right-of-use assets and leases liabilities with a lease term of less than 12 months at the transition date.

Impacts on transition

On transition to IFRS 16, the Company recognized right-of-use assets and lease liabilities. The impact on transition is summarized below.

	As at January 1, 2019
	$
Lease liabilities	125,055
Reversal of lease inducements	(4,335)
Reversal of deferred lease obligations	(3,955)
Reversal of lease related accrued assets and liabilities	503
Right-of-use assets	117,268

For leases that were classified as operating leases, the Company discounted the contractual lease payments using an incremental borrowing rate as at January 1, 2019. The weighted average incremental borrowing rate for the Company's leases as at January 1, 2019 was 4.34%.

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

3. Adoption of new IFRS and changes in accounting policies (continued)

	As at January 1, 2019
	$
Operating lease commitments as at December 31, 2018 as disclosed in the Company's consolidated financial statements	100,967
Additional rent and lease inducements	42,481
Recognition of exemption for leases of low-value assets	(78)
Amount reclassified from other commitments to lease commitments	19,303
Discounted using the incremental borrowing rates as at January 1, 2019	(37,618)
Lease liabilities recognized as at January 1, 2019	125,055
Of which are classified as:	
Current lease receivable	(8,466)
Current lease liabilities	14,863
Non-current lease liabilities	118,658
Lease liabilities recognized as at January 1, 2019	125,055

As a result of initially applying IFRS 16, the Company recognized depreciation and interest accretion expense, instead of operating lease expense. During the three and six-month periods ended June 30, 2019, the Company recognized $4,561 and $9,618 of depreciation charges and $1,288 and $2,572 of interest accretion expense from these leases.

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 these financial statements.

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 these financial statements.

3. Adoption of new IFRS and changes in accounting policies (continued)

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 these interim consolidated financial statements

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.

4. 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.

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

5. Business combinations and other transactions

Palmer Capital Partners Limited

On April 3, 2019, Fiera Real Estate (formerly Fiera Properties Limited), a wholly-owned subsidiary of the Company, acquired an 80% interest in Palmer Capital Partners Limited ("Palmer Capital"), a UK focused real estate investment manager based in London, UK.

The total purchase consideration of CA$52,285 (British Pounds (GBP) 30,200) included CA$35,310 (GBP 20,200) paid in cash to the sellers and the issuance of 1,430,036 Class A Shares, representing CA$16,975 (GBP 10,000) based on the closing price of the Company's shares on the closing date. The purchase consideration remains subject to post-closing price adjustments. The Company financed the cash portion of the purchase consideration with its revolving Credit Facility (Note 10).

The Palmer Capital management shareholders retain a 20% equity interest in Palmer Capital. Under the terms of the share purchase agreement, the non-controlling interest shareholders of Palmer Capital have a put right and Fiera Real Estate has a call right on the 20% non-controlling interest. The put and call rights are described in Note 8 f).

The transaction was accounted for as a business combination using the acquisition method and the initial purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair value at the acquisition date as follows:

	$
Cash	19,724
Other current assets	8,115
Property and equipment	191
Investment in joint ventures and associates	22,688
Right-of-use assets	799
Goodwill (nil deductible for tax purposes)	22,296
Intangible assets	4,278
Accounts payable and accrued liabilities	(10,335)
Lease liabilities	(692)
Deferred income tax liability	(1,542)
	65,522

The Company expects to finalize the allocation of the final purchase price to the assets acquired and liabilities assumed accounting for this acquisition within twelve months of the acquisition date.

Purchase consideration	$
Cash consideration	35,310
Share capital	16,975
Non-controlling interest puttable financial instrument liability	13,237
Purchase price adjustments(1)	-
	65,522

(1) The purchase price is subject to post-closing net working capital and other adjustments.

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

5. Business combinations and other transactions (continued)

Goodwill is attributable to an experienced real estate investment management team. Identified intangible assets acquired from Palmer Capital have been accounted for separately from goodwill. These intangible assets include finite life management contracts valued at CA$4,278.

The Company incurred acquisition-related costs of $4,055 mainly composed of legal, financial advisor fees and due diligence costs. These costs were included in acquisition costs in the interim condensed consolidated statements of earnings (loss).

Pro forma impact

The impact of the acquisition for the six-month period ended June 30, 2019 on the Company's revenues and net earnings (loss) was as follows:

	$
Revenues	3,006
Net earnings (loss)	–

If the business combination would have occurred on January 1, 2019, the Company's consolidated revenues and net loss for the six-month period ended June 30, 2019 would have been as follows:

	$
Revenues	295,533
Net earnings (loss)	(13,164)

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined businesses over a six-month period and that they provide a baseline against which to compare the financial performance of future periods.

The above pro forma net loss includes selling, general and administrative expense, amortization of tangible and intangible assets, and the elimination of the acquisition, restructuring and integration costs, as well as related tax effects. The pro forma information includes an estimate of the amortization of intangible assets calculated based on the initial allocation of the purchase price to the assets acquired and liabilities assumed. The acquisition accounting will be finalized within twelve months of the acquisition date.

5. Business combinations and other transactions (continued)

Disposal of Fiera Capital Funds Inc.

On February 22, 2019, the Company closed the sale transaction entered into with Canoe Financial LP (Canoe), a Canadian mutual fund company, pursuant to which the Company sold its interest in Fiera Capital Funds Inc., and nine retail mutual funds to Canoe who became the trustee, manager and portfolio manager of these funds, for total cash consideration of $12,075.

As a result of this transaction, the Company derecognized intangible assets of $5,280 during the year ended December 31, 2018, goodwill of $6,543 of which $176 was derecognized during the six-month period ended June 30, 2019 ($6,367 during the year ended December 31, 2018) and other assets of $364 of which $27 was derecognized during the six-month period ended June 30, 2019 ($337 during the year ended December 31, 2018). The Company recorded a net loss before tax of $1,476 (including transaction costs of $1,364), of which $300 was recorded in the interim condensed consolidated statement of earnings (loss) during the six-month period ended June 30, 2019 as a loss on disposal of assets. For tax purposes, the sale resulted in a taxable capital gain with a current income tax expense of $483 and a deferred tax expense of $1,206.

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

6. Restructuring, integration and other costs

During the three and six-month periods ended June 30, the Company recorded the following:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Restructuring provisions related to severance	**953**	1,918	**4,032**	2,002
Other restructuring costs	**90**	22	**120**	33
Integration and other costs	**(21)**	449	**(2)**	1,282
	1,022	2,389	**4,150**	3,317

Restructuring charges are mainly composed of severance costs due to corporate reorganizations following business combinations and other transactions, or as a result of the normal evolution of the business.

The change in the restructuring provision for severance-related expenses during the six-month period ended June 30, 2019 is as follows:

	Severance
	$
Balance, December 31, 2018	**3,004**
Additions during the period	**4,032**
Paid during the period	**(4,185)**
Balance, June 30, 2019	**2,851**

Provision for severance	As at June 30, 2019	As at December 31, 2018
	$	$
Current portion	**1,846**	2,289
Non-current portion	**1,005**	715
Total	**2,851**	3,004

Integration

Integration costs are mainly composed of professional fees, relocation and lease related costs and other expenses incurred as a result of the integration of businesses recently acquired.

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

7. Goodwill and intangible assets

		Indefinite life	Finite-life			
	Goodwill	Asset management contracts	Asset management contracts	Customer relationships	Other	Total
	$	$	$	$	$	$
For the six-month period ended June 30, 2019						
Opening carrying amount	631,699	86,143	52,788	371,923	18,208	529,062
Reclassification to assets held-for-sale	(176)	-	-	-	-	-
Business combinations and other transactions	22,296	-	4,278	-	-	4,278
Additions	-	-	-	-	477	477
Additions – internally developed	-	-	-	-	1,203	1,203
Amortization for the period	-	-	(11,098)	(10,562)	(3,377)	(25,037)
Foreign exchange difference	(11,687)	(3,590)	(1,585)	(7,633)	(482)	(13,290)
Closing carrying amount	642,132	82,553	44,383	353,728	16,029	496,693
Balance, June 30, 2019						
Cost	626,206	80,965	126,822	458,259	37,337	703,383
Accumulated amortization and impairment	(1,918)	-	(82,308)	(121,642)	(21,859)	(225,809)
Foreign exchange difference	17,844	1,588	(131)	17,111	551	19,119
Closing carrying amount	642,132	82,553	44,383	353,728	16,029	496,693

Derecognition

During the six-month periods ended June 30, 2019, the Company derecognized other intangible assets with a cost of $199 an accumulated amortization of $199 for no proceeds (2018 – nil).

8. Financial instruments

Fair value

Investments

The cost of and fair value of investments recorded at fair value through profit or loss is $1,640 and $1,941 respectively as at June 30, 2019 ($4,574 and $4,857 respectively as at December 31, 2018). Total realized and unrealized gain of $114 and $103 was recognized in other revenues during the three and six-month periods ended June 30, 2019 (loss of $289 and $232 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 as at June 30, 2019 ($79,008 as at December 31, 2018). The fair value based on market quotes is $89,260 as at June 30, 2019 ($87,544 as at December 31, 2018).

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

8. Financial instruments (continued)

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:

	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		
	Net gain (loss) on derivatives	Net gain (loss) on derivatives	Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	$	$	$	$	$	$	$
Foreign exchange contracts							
a) Forward foreign exchange contracts – held for trading	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	-

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

8. Financial instruments (continued)

	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		
	Net gain (loss) on derivatives	Net gain (loss) on derivatives	Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	$	$	$	$	$	$	$
Foreign exchange contracts							
a) Forward foreign exchange contracts – held for trading	(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	-

Financial statement presentation:

	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.

8. Financial instruments (continued)

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 and $2,030 during the three and six-month periods ended June 30, 2019, respectively (loss of $1,426 and $2,653 during the three and six-month periods ended June 30, 2018, respectively) and received $316 during the six-month period ended June 30, 2019 as settlement of the contracts that matured during the period (paid $1,324 during the six-month period ended June 30, 2018). The fair value of the forward exchange contracts is an asset of $478 as at June 30, 2019 (liability of $1,237 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 $220 and $2 during the three and six-month periods ended June 30, 2019 (gain of $152 and a loss of $77 for the three and six-month periods ended June 30, 2018, respectively). A total of $191 was paid during the six-month period ended June 30, 2019 as settlement of the contracts (paid $63 during the six-month period ended June 30, 2018). As at June 30, 2019, the fair value of the contracts was a liability of $246 (a liability of $435 as at December 31, 2018).

b) Cross currency swaps – held for trading

Under the terms of the Company's revolving facility (Note 10), 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$250,300 (CDOR plus 1.57% on CA$80,000 as at December 31, 2018) by borrowing against the US dollar revolving facility, the equivalent of CA$250,300 (US$185,400) (CA$80,000 (US$59,400) 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), and therefore is presented in interest on long-term debt and other financial charges.

8. Financial instruments (continued)

The Company recorded a loss of $6,580 and $10,199 during the three and six-month periods ended June 30, 2019, respectively, with no net impact on earnings (loss) as described above (gain of $646 and $1,126 during the three and six-month periods ended June 30, 2018, respectively). A total of $9,115 was paid during the six-month period ended June 30, 2019 (received $2,035 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 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 $35,000 and $25,000 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 $35,000) and 1.900% (on $25,000). 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 $936 and $2,985 during the three and six-month periods ended June 30, 2019 (a gain of $14 and $12 during the three and six-month periods ended June 30, 2018). The fair value of the interest rate swap contracts is an asset of $316 and a liability of $4,001 as at June 30, 2019 (an asset of $860 and a liability of $1,560 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 is recognized in other comprehensive income and accumulated in a hedging reserve. The Company recorded a loss in other comprehensive income of $3,300 and $5,206 during the three and six-month periods ended June 30, 2019 (net of income taxes of $504 and $795) (a gain in other comprehensive income of $1,372 and $4,438 during the three and six-month periods ended June 30, 2018 (net of income taxes of $211 and $679 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 as at June 30, 2019 (asset of $4,506 as at December 31, 2018).

8. Financial instruments (continued)

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) are US$167,117 as at June 30, 2019 (US$219,400 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 interim condensed 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 on April 30 of any year thereafter. The non-controlling interest shareholders of Palmer Capital have the right but not the obligation to exercise their put right on the 20% non-controlling interest of Palmer Capital on March 31, 2022 or on March 31 of any year thereafter. If exercised, both the put and the call right would require 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 50,000, and a prescribed price calculated based on a multiplier of earnings before interest, taxes and depreciation as defined in the share Sale and Purchase Agreement. Since the put and the call option have the same exercise price and exercise dates are within a month of each other, the call option is accounted for as a forward purchase contract. The fair value of the call option is nil at the acquisition date.

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 at the acquisition date and subsequently remeasured at each reporting date with changes in fair value recognized in the interim condensed consolidated statement of net earnings (loss). The puttable financial instrument liability is $12,884 at June 30, 2019.

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

8. Financial instruments (continued)

Financial instruments by category:

	As at June 30, 2019 – classified under IFRS 9		
	Amortized cost	Fair value through profit or loss	Total
	$	$	$
Assets			
Cash and cash equivalents	53,245	-	53,245
Restricted cash	10,366	-	10,366
Investments	-	1,941	1,941
Accounts receivable	146,619	-	146,619
Long-term receivable[(1)]	579	-	579
Derivative financial instruments[(2)]	-	794	794
Total	210,809	2,735	213,544
Liabilities			
Accounts payable and accrued liabilities	136,552	-	136,552
Purchase price obligations	-	121,310	121,310
Puttable financial instrument liability	-	12,884	12,884
Derivative financial instruments	-	5,742	5,742
Amounts due to related parties	1,764	-	1,764
Client deposits[(3)]	347	-	347
Long-term debt	492,599	-	492,599
Convertible debentures	79,681	-	79,681
Total	710,943	139,936	850,879

(1) Presented in deferred charges and other on the consolidated statements of financial position.
(2) Includes $478 presented in prepaid expenses and other assets on the consolidated statements of financial position.
(3) Presented in client deposits and deferred revenues on the consolidated statements of financial position.

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

8. Financial instruments (continued)

	As at December 31, 2018		
	Amortized cost	Fair value through profit or loss	Total
	$	$	$
Assets			
Cash and cash equivalents	52,466	-	52,466
Restricted cash	1,012	-	1,012
Investments	-	4,857	4,857
Accounts receivable	148,459	-	148,459
Long-term receivable(1)	22	-	22
Derivative financial instruments(2)	-	6,449	6,449
Total	201,959	11,306	213,265
Liabilities			
Accounts payable and accrued liabilities	144,059	-	144,059
Purchase price obligations	-	130,708	130,708
Derivative financial instruments	-	3,232	3,232
Amounts due to related parties	2,599	-	2,599
Client deposits(3)	388	-	388
Long-term debt	421,527	-	421,527
Convertible debentures	79,008	-	79,008
Total	647,581	133,940	781,521

(1) Presented in deferred charges and other on the consolidated statements of financial position.
(2) Includes $1,083 presented in prepaid expenses and other assets on the consolidated statements of financial position.
(3) Presented in client deposits and deferred revenues on the consolidated statements of financial position.

Fair value hierarchy

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

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

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

8. Financial instruments (continued)

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

				As at June 30, 2019
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Investments[1]	-	1,937	4	1,941
Derivative financial instruments	-	794	-	794
Total financial assets	-	2,731	4	2,735
Financial liabilities				
Purchase price obligations	-	-	121,310	121,310
Puttable financial instrument liability	-	-	12,884	12,884
Derivative financial instruments	-	5,742	-	5,742
Total financial liabilities	-	5,742	134,194	139,936

[1] Excludes investments in joint ventures, associates and other.

				As at December 31, 2018
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Investments	-	4,853	4	4,857
Derivative financial instruments	-	6,449	-	6,449
Total financial assets	-	11,302	4	11,306
Financial liabilities				
Purchase price obligations	-	-	130,708	130,708
Derivative financial instruments	-	3,232	-	3,232
Total financial liabilities	-	3,232	130,708	133,940

8. Financial instruments (continued)

Level 3

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. 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 and Clearwater liability, which are presented below.

Purchase price obligation - CNR:

The main Level 3 inputs used by the Company to value the purchase price obligations of CNR are derived from the following unobservable inputs and determined as follows:

- Annual revenue growth factors, such as market rate and net contributions rate, are estimated based on internal and external data and publications, economic conditions, and the specific characteristics of the financial liability. A higher annual revenue growth factor will result in a higher fair value. To assess the fair value as at 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$70,710 (US$54,112) and CA$74,118 (US$54,331) as at December 31, 2018.

8. Financial instruments (continued)

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 (US$4,000) 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 (US$2,000) in the fair value of the purchase price obligation.
- 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 (US$2,000) 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 (US$6,000) increase or decrease in the fair value of the purchase price obligation as at June 30, 2019 (CA$8,080 (US$6,000) 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 (US$30,541) and CA$39,955 (US$28,553) as at December 31, 2018.

The main Level 3 inputs used by the Company to value the Clearwater purchase price obligations are derived from unobservable inputs of revenue and earnings (loss) before interest, taxes, depreciation and amortization ("EBITDA") forecasts, management's estimates of revenue from cross-selling, and the risk-adjusted discount rate. The discount rate is the input used to bring the future cash flow to their present value. The Company used a discount rate between 10% and 15%.

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. 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 (US$26,000) and CA$39,203 (US$30,000) for its purchase price obligation as at June 30, 2019.

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

8. Financial instruments (continued)

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

	Investments	Purchase price obligations	Puttable financial Instrument liability	Total
	$	$		$
Fair value as at December 31, 2018	4	(130,708)	-	(130,704)
Addition from business combination	-	-	(12,884)	(12,884)
Settlement of purchase price obligations	-	17,643	-	17,643
Total realized and unrealized (losses) included in accretion and change in fair value of purchase price obligations	-	(13,095)	-	(13,095)
Revaluation of a purchase price obligation included in accretion and change in fair value of purchase price obligations	-	(32)	-	(32)
Total realized and unrealized exchange differences recognized in net earnings (loss) and on foreign operations included in other comprehensive income	-	4,882	-	4,882
Fair value as at June 30, 2019	**4**	**(121,310)**	**(12,884)**	**(134,190)**

	Investments	Purchase price obligations	Total
	$	$	$
Fair value as at December 31, 2017	11	(89,136)	(89,125)
Settlement of purchase price obligations	-	(3,448)	(3,448)
Total realized and unrealized gains included in other revenues	-	9,596	9,596
Total realized and unrealized (losses) included in accretion and change in fair value of purchase price obligations	-	(10,187)	(10,187)
Total realized and unrealized exchange differences recognized in net earnings (loss) and foreign operations included in other comprehensive income	-	(3,275)	(3,275)
Fair value as at June 30, 2018	11	(96,450)	(96,439)

There were no transfers between levels during the three and six-month periods ended June 30, 2019 and 2018.

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

9. Investment in managed funds

In its capacity as fund manager, the Company has the ability to direct the activities of the funds that it manages through its involvement in the decision-making process. When the Company is also exposed to the variable returns as the principal unitholder and is deemed to control the fund, the fund is consolidated.

During the three-month period ended June 30, 2019, the Company sold its direct holdings in a fund that it previously controlled and therefore consolidated. Previous to the redemption of fund units, the Company had classified the net asset of the fund as assets held-for-sale in the consolidated statement of financial position.

During the period in which the Company controlled the funds, the redeemable units owned by other unitholders were presented as amounts due to holders of redeemable units in the Company's interim condensed consolidated statement of financial position since the units are redeemable at the option of the holders.

During the three and six-month periods ended June 30, 2019, the Company revalued the underlying investment to fair value and recorded a gain of $153 and $699, recognized as revaluation of assets held-for-sale.

10. Long-term debt

	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

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 $600,000 senior unsecured revolving facility ("Facility") which can be drawn in Canadian or US dollars at the discretion of the Company.

Under the terms of the Credit Agreement, 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$200,000 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%.

10. Long-term debt (continued)

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 and US$167,117 (CA$218,380) (CA$123,500 and US$219,400 (CA$299,305) as at December 31, 2018).

Prior to May 28, 2018, the Fourth Amended and Restated Credit Agreement (the "Previous Credit Agreement") included a US$125,000 term (non-revolving) facility and a CA$350,000 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 associated with the Facility and $1,034 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.

Other Facilities

As at December 31, 2018, one of the Company's subsidiaries had an outstanding bank loan in the amount of $231 of which quarterly payments of CA$131 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.

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

10. Long-term debt (continued)

As at December 31, 2018, this subsidiary also had a leasing facility with an outstanding balance of CA$688, under which monthly payments of CA$15 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 $157 and $531 respectively.

As at December 31, 2018, this subsidiary also had a line of credit with a limit of CA$750. 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$950. 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).

11. Convertible debentures

	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
Non-current portion	**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$86,250. The convertible debentures are convertible at the option of the holder at a conversion price of $18.85 per Class A Shares. The convertible debentures are not redeemable by the Company before June 30, 2021. The convertible debentures are redeemable by the Company at a price of $1 per convertible debenture, plus accrued and unpaid interest, on or after June 30, 2021 and prior to June 30, 2022 (provided that the weighted average trading price of the Class A Shares on the TSX for the 20 consecutive trading days ending five days preceding the date on which the notice of redemption is given, is not less than 125% of the conversion price of $18.85 per share). On or after June 30, 2022 but prior to the maturity date, the Company may redeem on not more than 60 days and not less than 30 days prior notice, at a price of $1 per convertible debenture, plus accrued and unpaid interest.

During the six-month period ended June 30, 2019, an amount of $2,156 was paid representing the accrued interest from December 31, 2018 to June 30, 2019 (an amount of $4,431 was paid on December 31, 2018 representing the accrued cash interest from the issuance date to December 31, 2018).

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

12. Share capital and accumulated other comprehensive income

	Class A subordinate voting shares ("Class A Shares")		Class B special voting shares ("Class B Shares")			Total
	Number	$	Number	$	Number	$
As at December 31, 2018	77,556,288	744,724	19,412,401	30,891	96,968,689	775,615
Issuance of shares						
Shares issued as part of a business combination	1,430,036	16,975	-	-	1,430,036	16,975
Shares issued as settlement of purchase price obligations	458,157	5,532	-	-	458,157	5,532
Performance and restricted share units settled	1,820,929	6,099	-	-	1,820,929	6,099
Stock options exercised	84,176	947	-	-	84,176	947
Share repurchase and cancellation	(2,450,000)	(23,661)	-	-	(2,450,000)	(23,661)
As at June 30, 2019[(1)]	78,899,586	750,616	19,412,401	30,891	98,311,987	781,507
As at December 31, 2017	70,249,199	660,644	19,444,490	30,942	89,693,689	691,586
Issuance of shares						
Shares issued as part of a business combination (Note 5)	4,617,783	55,136	-	-	4,617,783	55,136
Shares issued as settlement of purchase price obligations	335,838	4,077	-	-	335,838	4,077
Performance and restricted share units settled	629,239	5,543	-	-	629,239	5,543
Stock options exercised	336,606	3,584	-	-	336,606	3,584
Transfers from Class B Shares to Class A Shares	32,089	51	(32,089)	(51)	-	-
As at June 30, 2018	76,200,754	729,035	19,412,401	30,891	95,613,155	759,926

(1) Includes 3,300,045 Class A Shares held in escrow in relation with the Apex acquisition (4,125,055 as at December 31, 2018), 637,294 Class A Shares held in escrow in relation with the Clearwater acquisition (724,197 as at December 31, 2018).

2019

Issuance of shares

Shares issued as part of a business combination

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

Shares issued as settlement of purchase price obligations

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

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

Performance share units and restricted share units settled

During the six-month period ended June 30, 2019, 1,820,929 Class A Shares were issued following the vesting of performance share units.

Stock option exercised

During the six-month period ended June 30, 2019, 84,176 stock options were exercised and 84,176 Class A Shares were issued for $947.

Share repurchase and cancellation

Natixis Investment Managers S.A.

On May 9, 2019, the Company entered into a share purchase agreement by which an affiliate of Natixis Investment Managers S.A. ("Natixis"), a global asset management firm, Natixis Investment Managers Canada Holdings Ltd. ("Natixis Canada Holdings"), acquired a total of 10,680,000 Class A subordinate voting shares ("Class A Shares") of the Company from Natcan Investment Management Inc. ("Natcan"), a wholly-owned subsidiary of National Bank of Canada, and DJM Capital for a total consideration of CA$128,160. In relation to acquiring an 11.0% equity interest in the Company, Natixis Canada Holdings has the right to elect one director to the Company's Board. The Board approved the share purchase agreement for the purchase for cancellation of 2,450,000 of its Class A Shares from Natcan for a total consideration of CA$29,400. The fair value of the shares cancelled was $23,661 and the premium paid by the Company of $5,739 was recorded in contributed surplus. The closing and settlement dates for this transaction was May 9, 2019.

On July 3, 2019, the Company completed the acquisition of all of the issued and outstanding shares of Natixis Investment Managers Canada Corp. ("Natixis Corp."), Natixis' Canadian operations (Note 20).

Transfers

During the six-month period ended June 30, 2019, no Class B Shares were converted into Class A Shares.

Dividends

During the six-month period ended June 30, 2019, the Company declared dividends on Class A shares and Class B shares totalling $41,418 ($0.42 per share).

Dividend Reinvestment Plan

The Board approved a Dividend Reinvestment Plan ("DRIP") dated May 30, 2019. The DRIP provides the Company's shareholders with the option to have cash dividends on their Class A Shares automatically reinvested into additional Class A Shares. At the Company's sole discretion, shares issued to settle the dividend payment under the DRIP may be either in the form of newly issued treasury shares, purchased on the open market or a combination of both.

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

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

2018

Issuance of shares

Shares issued as part of purchase price obligations

On February 22, 2018, in connection with the asset purchase agreement of Fiera Private Lending, the Company issued 335,838 Class A Shares for $4,083 as settlement of purchase price obligations, less issuance costs of $7.

Performance share units and restricted share units settled

During the six-month period ended June 30, 2018, 629,239 Class A Shares were issued following the vesting of performance share units and restricted share units.

Stock option exercised

During the six-month period ended June 30, 2018, 336,606 stock options were exercised, and 336,606 Class A Shares were issued for $3,584.

Transfers

During the six-month period ended June 30, 2018, 32,089 Class B Shares were converted into Class A Shares on a one-for-one basis.

Dividends

During the six-month period ended June 30, 2018, the Company declared and paid dividends on Class A shares and Class B shares totalling $34,540 ($0.38 per share) and nil on holdback shares.

Accumulated other comprehensive income

The components of accumulated other comprehensive income include:

	As at June 30, 2019	As at December 31, 2018
	$	$
Cash flow hedges	(1,279)	3,927
Unrealized exchange differences on translating financial statements of foreign operations	17,266	33,729
	15,987	37,656

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

13. Earnings (loss) per share

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

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Net loss attributable to the Company's shareholders for the periods	**(5,513)**	(2,106)	**(12,066)**	(4,299)
Weighted average shares outstanding – basic	**98,428,704**	92,504,396	**98,182,609**	91,341,276
Effect of dilutive share-based awards and contingent consideration payable in shares	**–**	–	**–**	–
Weighted average shares outstanding – diluted	**98,428,704**	92,504,396	**98,182,609**	91,341,276
Basic loss per share	**(0.06)**	(0.02)	**(0.12)**	(0.05)
Diluted loss per share	**(0.06)**	(0.02)	**(0.12)**	(0.05)

For the three and six-month periods ended June 30, 2019, the share-based awards and contingent consideration payable in shares of 10,313,700 and 10,085,058 as well as the 86,250 convertible debentures were all anti-dilutive.

For the three and six-month period ended June 30, 2018, the share-based awards and contingent consideration payable in shares of 10,502,266 and the 86,250 convertible debentures were all anti-dilutive.

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

14. Share-based payments

a) Stock option plan:

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:

	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

The following table presents the weighted average assumptions used to determine the fair value of options granted using the Black-Scholes option pricing model during the three and six-month periods ended June 30, 2019 and 2018:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2019	2018	**2019**	2018
Dividend yield (%)	**6.89**	7.13	**6.89**	7.13
Risk-free interest rate (%)	**1.59**	2.08	**1.59**	2.08
Expected life (years)	**7.73**	7.50	**7.73**	7.50
Expected volatility for the share price (%)	**25.32**	26.84	**25.32**	26.84
Weighted-average fair values ($)	**1.04**	1.09	**1.04**	1.09
Share-based compensation expense ($)	**241**	392	**187**	832

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

b) Deferred share unit ("DSU") plan

One DSU unit is equivalent to one Class A Share of the Company. The Company recorded a (recovery) expense of $(7) and $3 for this plan during the three and six-month periods ended June 30, 2019, respectively (an expense (recovery) of $18 and ($13) 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 $98 for the 8,688 units outstanding under the DSU plan ($95 for 8,395 units as at December 31, 2018).

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

14. Share-based payments (continued)

c) Restricted share unit ("RSU") plan

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

	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 $275 and $850 for these grants during the three and six-month periods ended June 30, 2019, respectively ($1,039 and $2,041 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 $585 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 for the 369,451 units outstanding under the RSU Plan ($1,759 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 Company's RSU Plan during the six-month periods ended June 30, 2019 and 2018.

	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 $402 and $1380 for these grants during the three and six-month periods ended June 30, 2019, respectively ($630 and $817 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 $128 was paid as partial settlement of these units (2018 - $391). In addition, $1,528 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 for the 449,683 units outstanding under this RSU Plan ($4,305 for 528,308 units as at December 31, 2018).

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

14. Share-based payments (continued)

e) Restricted share plan

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 $88 and $172 was recorded during the three and six-month periods ended June 30, 2018 for this grant).

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:

	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 $6,320 ($6,575 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).

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

14. Share-based payments (continued)

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 $423 and $794 during the three and the six-month periods ended June 30, 2019 ($123 and $123 during the three and six-month periods ended June 30, 2018).

g) PSU plan

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

	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 $210 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 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 $703 and $1,102, respectively $765 and $1,006 for the three and six-month periods ended June 30, 2018). The cash settled share-based liability is $5,058 in the interim consolidated statement of financial position as at as at June 30, 2019 ($3,956 as at December 31, 2018).

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

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

	For the six-month periods ended June 30,	
	2019	2018
	$	$
Changes in non-cash operating working capital items		
Accounts receivable	11,873	2,707
Prepaid expenses and other assets	(8,968)	(2,897)
Accounts payable and accrued liabilities	(32,868)	(31,432)
Amounts due to related parties	(835)	1,036
Client deposits and deferred revenues	1,771	(119)
	(29,027)	(30,705)

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between current income tax expense of $9,336 for the six-month period ended June 30, 2019 ($8,456 for the six-month period ended June 30, 2018) and income taxes paid of $11,504 (2018 – $6,798) for a net impact of ($2,168) for the six-month period ended June 30, 2019 ($1,658 for the six-month period ended June 30, 2018).

The following are non-cash items:

During the six-month period ended June 30, 2019, the Company issued Class A Shares of $5,548 related to the acquisition of Fiera Private Debt, as well as $16,975 related to the acquisition of Palmer Capital and $6,099 as settlement of PSUs and RSUs. The puttable financial liability of $13,237 recorded at the acquisition of Palmer Capital is a non-cash item.

During the six-month period ended June 30, 2018, the Company issued Class A Shares of $5,543 as settlement for PSUs and RSUs which vested in 2017 and Class A Shares of $4,083 related to the acquisition of Fiera Private Debt.

16. 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).

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).

17. 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.

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

18. 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.

As at June 30, 2019, a related shareholder 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). 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:

	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.

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

19. Segment reporting

The Company has determined that there is one reportable segment, asset management services in Canada, the United States of America and Europe and other.

Geographical information:

Revenues:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Canada	**80,557**	62,523	**152,407**	120,866
United States of America	**51,872**	47,735	**103,357**	93,873
Europe and other	**17,475**	15,974	**36,925**	31,474
	149,904	126,232	**292,689**	246,213

Non-current assets:

	As at June 30,	As at December 31
	2019	2018
	$	$
Canada	**667,178**	599,334
United States of America	**400,187**	472,472
Europe and other	**228,074**	105,872
	1,295,439	1,177,678

Revenues are attributed to countries on the basis of the customer's location. As at June 30, 2019, geographical non-current assets presented above exclude deferred income taxes of $21,495 and financial instruments and long-term receivable of $339 ($20,093 and $5,388 respectively as at December 31, 2018).

20. Subsequent events

Debentures

On July 4, 2019, the Company issued $100,000 and on July 9, 2019 the Company issued $10,000 senior subordinated unsecured debentures. The debentures bear interest at a rate of 5.6% per annum, payable semi-annually in arrears on January 31 and July 31 of each year, with the first interest payment on January 31, 2020. The debentures will mature on July 31, 2024. The debentures will not be redeemable before July 31, 2022, except upon the occurrence of a change of control of the Company. On and after July 31, 2022 and prior to July 31, 2023, the debentures will be redeemable in whole or in part from time to time at the Company's option at a redemption price equal to 102.8% of the principal amount redeemed plus accrued and unpaid interest, if any. On and after July 31, 2023 and prior to July 31, 2024, the debentures will be redeemable, in whole or in part, from time to time, at the Company's option at par plus accrued and unpaid interest, if any. The Company will have the option to repay the principal amount of the debentures due at redemption or maturity by issuing and delivering Class A Shares in accordance with the terms of the trust indenture. The debentures will not be, at any time, convertible into Class A shares at the option of the holders. The debentures will be accounted for at the issuance date at amortized cost, net of issuance costs, using the effective interest rate method.

Natixis Investment Managers Canada Corp.

On July 3, 2019, the Company completed the acquisition of all the issued and outstanding shares of Natixis Investment Managers Canada Corp. (Natixis 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 acquisition relates to the long-term strategic partnership between the Company and Natixis Investment Managers S.A announced on May 9, 2019. The transaction will be accounted for as a business combination using the acquisition method.

Integrated Asset Management

On July 3, 2019, the Company acquired all of the outstanding common shares of Integrated Asset Management ("IAM"), one of Canada's leading alternative asset management companies, for a total consideration of $74,000. The consideration paid by the Company consists of $55,500 in cash and $18,500 representing 1,614,297 Class A shares. In addition, the IAM shareholders received contingent consideration in the form of one contingent value rights ("CVRs") for each IAM share. The CVRs represent the contingent right for the IAM shareholders to receive their pro rata portion of the aggregate cash payments from the Company which are based on incentive fees (net of employee bonuses, certain taxes and expenses) to be received by IAM affiliates (which affiliates are now Fiera Capital affiliates) in connection with the management of two real estate funds. The transaction will be accounted for as a business combination using the acquisition method.

Foresters Asset Management Inc.

On May 15, 2019 the Company entered into an agreement to acquire all of the outstanding shares of Foresters Asset Management an Ontario-based investment management firm. The transaction expected to be completed once the closing conditions have been satisfied.

20. Subsequent events (continued)

Dividends declared

On August 13, 2019, the Board declared a dividend of $0.21 per share to shareholders of record on August 26, 2019 and payable on September 23, 2019.

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