

# Management's Discussion and Analysis FIERA CAPITAL CORPORATION

For the Three-Month Period Ended March 31, 2019



**FIERA**CAPITAL



## Table of Contents

Financial Highlights.....	1
Basis of Presentation and Forward-Looking Statements.....	5
Overview .....	7
Significant Events .....	9
Subsequent Events .....	10
Market, Economic and Fund Performance Review.....	11
Financial Results .....	15
Results from Operations and Overall Performance - AUM and Revenues .....	17
Results from Operations and Overall Performance - Expenses .....	23
Net Earnings (Losses).....	26
Non-IFRS Measures.....	27
Liquidity and Capital Resources.....	34
Share-Based Payments.....	39
Related Party Transactions.....	43
Control and Procedures.....	44
Financial Instruments .....	45
Significant Accounting Judgments and Estimation Uncertainties .....	50
New Accounting Standards.....	52
Risk Factors.....	54

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### FINANCIAL HIGHLIGHTS

The following management's discussion and analysis ("MD&A") dated May 9, 2019, presents an analysis of the financial condition and results of the consolidated operations of Fiera Capital Corporation (the "Company" or "Fiera Capital") as at and for the three-month period ended March 31, 2019. The following MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements, including the notes thereto, for the three-month periods ended March 31, 2019 and 2018.

#### *Highlights as at and for the Three-Month Period Ended March 31, 2019*

The current period results include the impacts from the adoption of IFRS 16 *Leases*, the new accounting standard on leases, which came into effect January 1, 2019. This adoption is discussed in Note 3 of the unaudited interim condensed consolidated financial statements. The main impact of IFRS 16 *Leases* on Fiera Capital's Q1 2019 financial results is a shift in lease expense classification from operating expenses to financing costs and amortization. As is permitted by IFRS 16 *Leases*, comparative information has not been restated.

The Company generated revenues of \$142.8 million in the first quarter of 2019, an increase of \$22.8 million, or 19%, compared to the first quarter of last year, and adjusted EBITDA<sup>(1)</sup> of \$38.8 million was \$10.0 million, or 35%, higher than in the prior year period. As such, and in line with its pursuit of growth and profitability, the Company's adjusted EBITDA margin increased from 24.0% in Q1 2018 to 27.2% in Q1 2019, of which 1.8% is attributable to lower rent expense as a result of the adoption of IFRS 16 *Leases*.

On the heels of a volatile fourth quarter, the first quarter was characterized by a rebound in global equity markets. Stronger financial markets significantly contributed to the 6% AUM increase during the period as well as higher revenues. Moreover, new mandates won during the first quarter were in higher basis point strategies compared to those lost, positively contributing to the Company's margins.

Finally, the Private Alternative Investments platform continued its rapid growth during the first quarter: the Company announced its acquisition of Integrated Asset Management ("IAM"), one of Canada's leading alternative asset management companies, which is expected to add approximately \$3 billion in AUM and committed capital to Fiera Private Lending and Fiera Properties and entered into a partnership with EllisDon, one of North America's most successful and experienced construction groups, that will enable Fiera Infrastructure to deploy capital more efficiently. We continue to see demand for these types of products as our clients reap the benefits of a unique asset class with stable and recurring cash flows and low correlation to traditional market fluctuation.

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 27 and the reconciliation to net earnings (loss) IFRS measures.

## Financial Highlights

### Summary of Quarterly Results

The Company's AUM, total revenues, adjusted EBITDA <sup>(1)</sup>, adjusted EBITDA margin<sup>(1)</sup> and net earnings (loss), on a consolidated basis, including per share amounts, for each of the Company's most recently completed eight quarterly periods as well as for the last-twelve-month period ended March 31, 2019, are as follows:

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

	Last Twelve Months <sup>(2)</sup>	Q1 Mar. 31 2019	Q4 Dec. 31 2018	Q3 Sep. 30 2018	Q2 Jun. 30 2018	Q1 Mar. 31 2018	Q4 Dec. 31 2017	Q3 Sep. 30 2017	Q2 Jun. 30 2017
AUM	141,100	144,861	136,675	143,475	139,389	131,360	128,901	123,003	125,658
Total revenues	563,089	142,785	156,963	137,109	126,232	119,981	142,046	107,127	109,349
Adjusted EBITDA <sup>(1)</sup>	147,462	38,817	39,322	36,620	32,703	28,839	36,056	27,020	28,480
Adjusted EBITDA margin <sup>(1)</sup>	26.2%	27.2%	25.1%	26.7%	25.9%	24.0%	25.4%	25.2%	26.0%
Net earnings (loss) attributable to the Company's shareholders	(9,373)	(6,553)	(1,709)	995	(2,106)	(2,193)	763	4,603	877
PER SHARE – BASIC									
Adjusted EBITDA <sup>(1)</sup>	1.54	0.40	0.41	0.38	0.35	0.32	0.43	0.33	0.35
Net earnings (loss) attributable to the Company's shareholders	(0.10)	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01	0.06	0.01
Adjusted net earnings (loss) attributable to the Company's shareholders	1.10	0.26	0.29	0.29	0.26	0.24	0.35	0.28	0.31
PER SHARE – DILUTED									
Adjusted EBITDA <sup>(1)</sup>	1.52	0.40	0.41	0.36	0.35	0.32	0.43	0.32	0.34
Net earnings (loss) attributable to the Company's shareholders	(0.10)	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01	0.05	0.01
Adjusted net earnings (loss) attributable to the Company's shareholders	1.08	0.26	0.29	0.27	0.26	0.24	0.35	0.27	0.30

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 27.

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

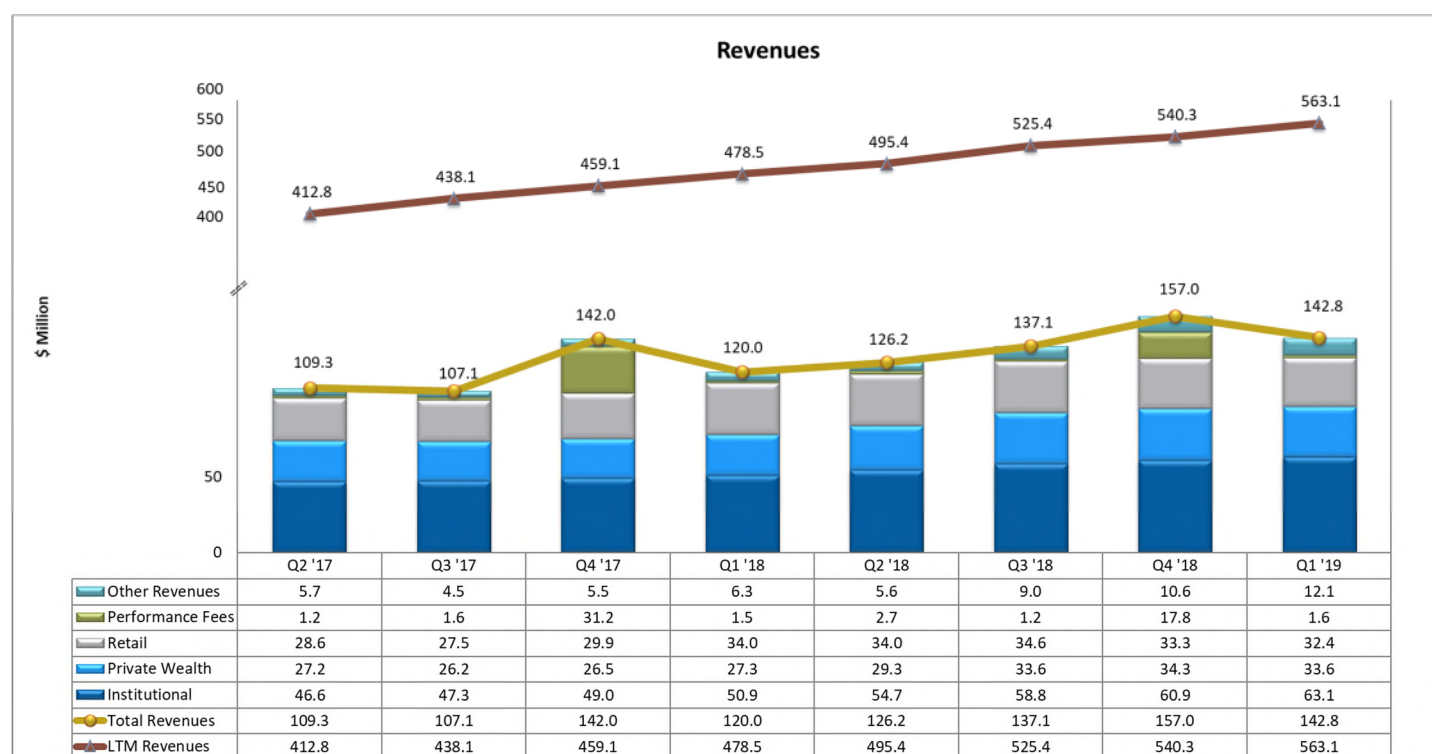
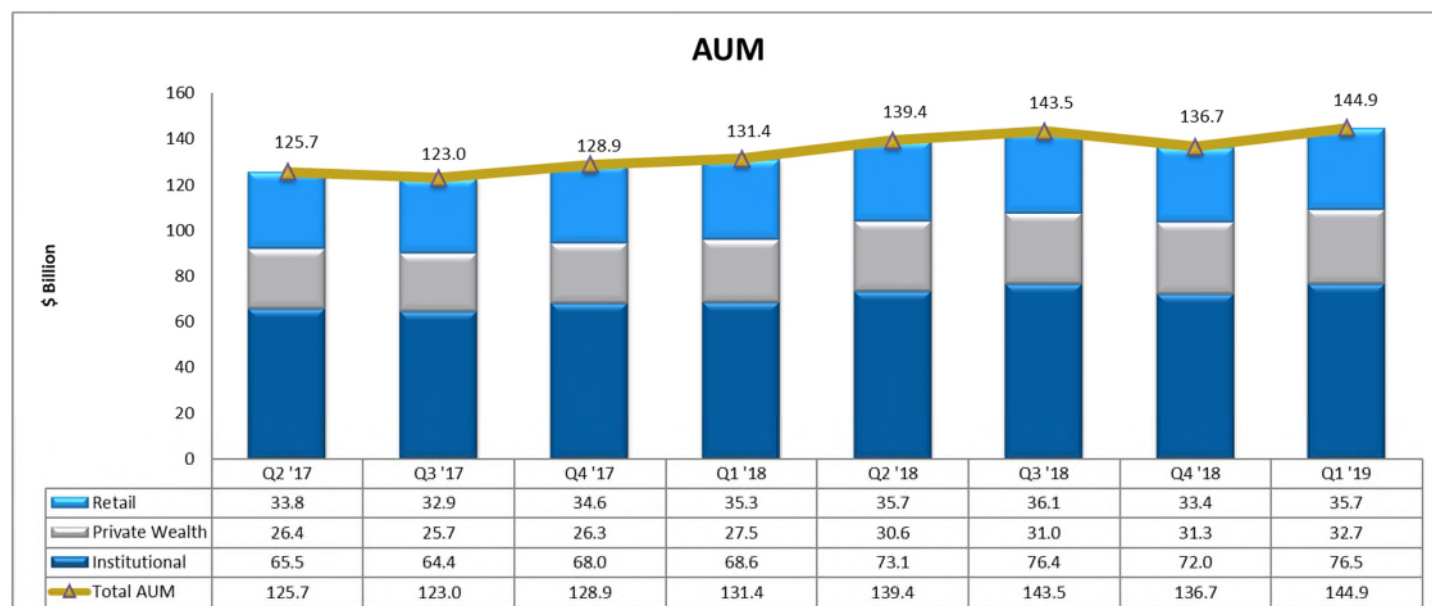
<sup>(2)</sup> AUM Last Twelve Months ("LTM") represents the average of the ending AUM of the last four quarters.

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

## Financial Highlights

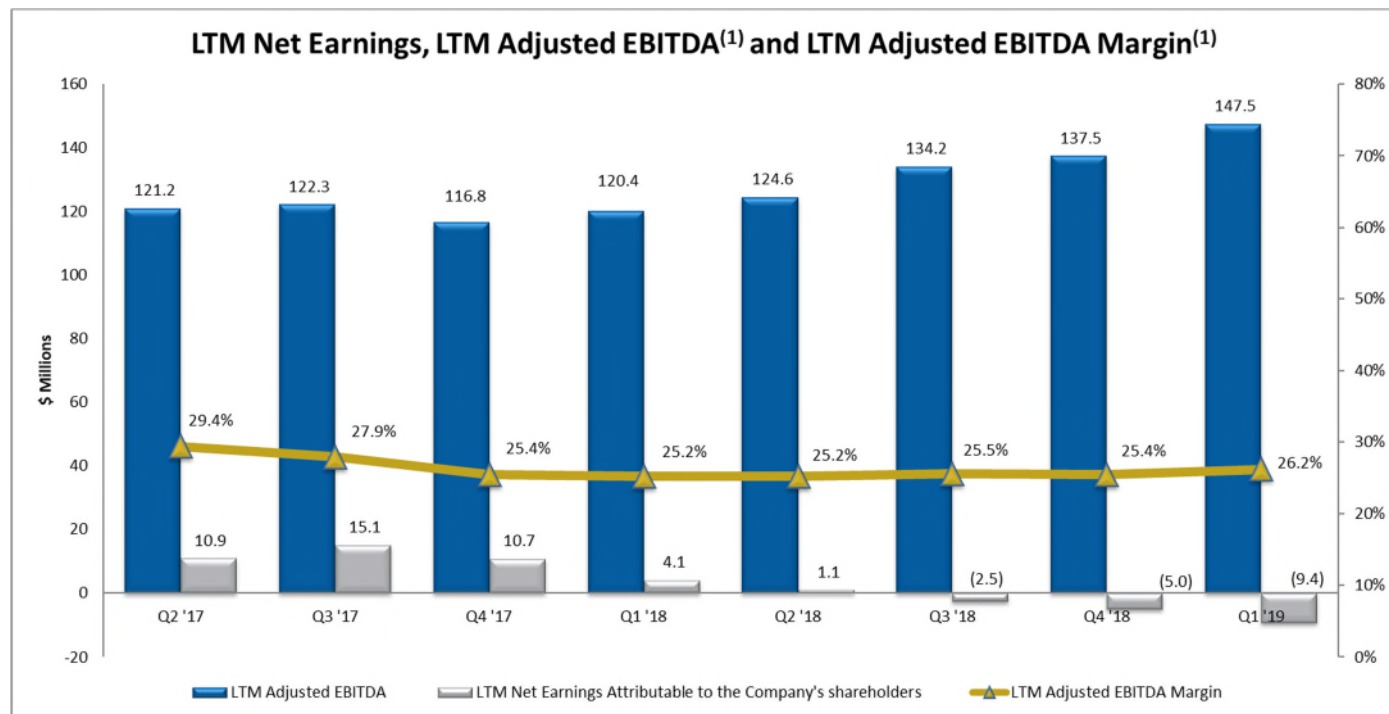
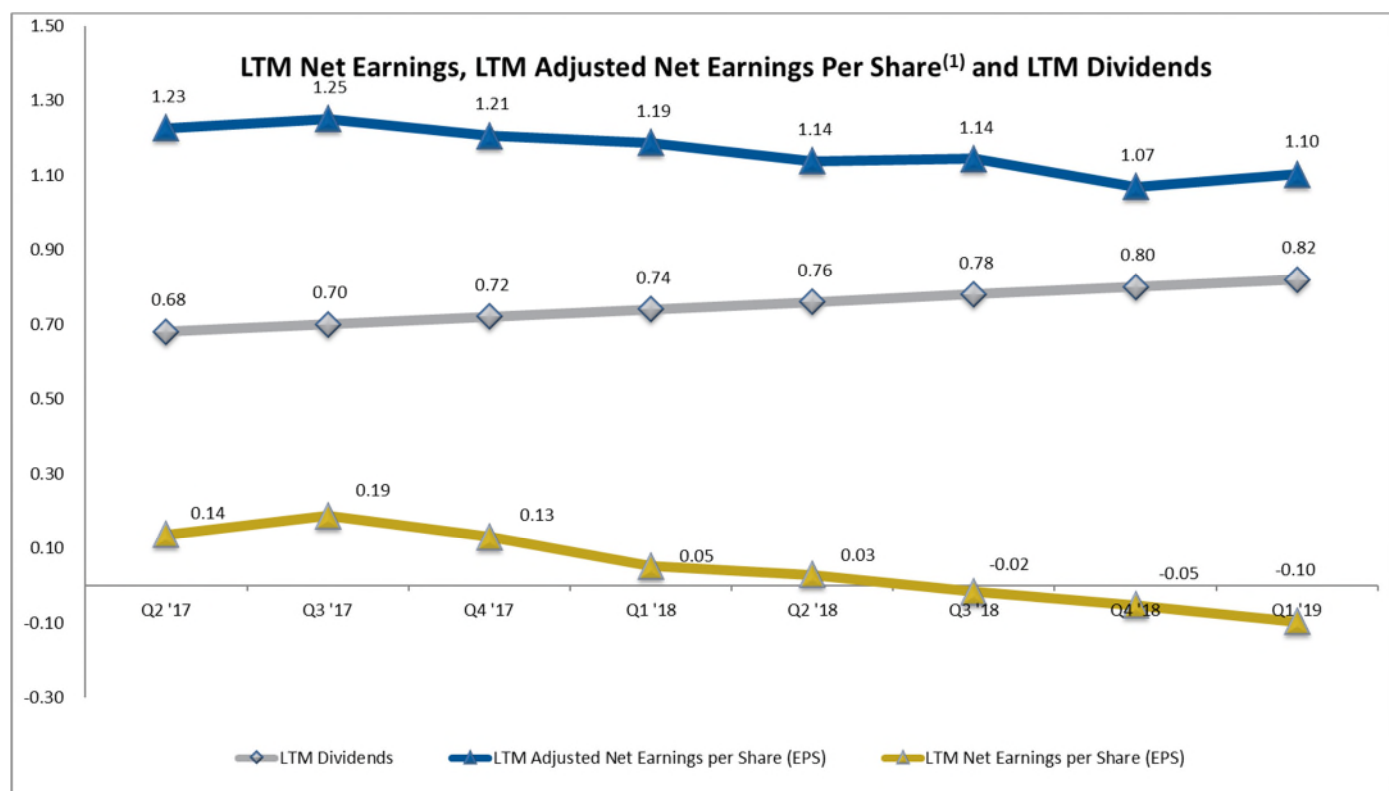
### AUM and Revenue Trend

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



<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 27.

## Financial Highlights



<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 27.

## Basis of Presentation and Forward-Looking Statements

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### BASIS OF PRESENTATION AND FORWARD-LOOKING STATEMENTS

#### *Basis of Presentation*

The Company prepares its interim condensed consolidated financial statements in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standard Board ("IASB") and accordingly, do not include all disclosures required under International Financial Reporting Standards ("IFRS") for annual consolidated financial statements. The accounting policies and methods of computation applied in these interim condensed consolidated financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2018, except for the impact of the adoption of the standards, interpretations and amendment described in Note 3. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2018 and December 31, 2017.

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

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

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

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

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

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

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 27.

### *Forward-Looking Statements*

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

### OVERVIEW

#### *Company Overview*

Fiera Capital is a global independent asset management firm with \$144.9 billion in AUM as at March 31, 2019. The Company delivers customized multi-asset solutions across traditional and alternative asset classes to institutional, retail and private wealth clients across North America, Europe and key markets in Asia. The Company's approach to investing is rooted in its deep Canadian heritage, expanding international presence and a commitment to being both disciplined and entrepreneurial in how it evaluates opportunities. Its integrated model offers its clients the scale, resources and reach of a global asset manager coupled with the client-centric approach of a multi-boutique firm.

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

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

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

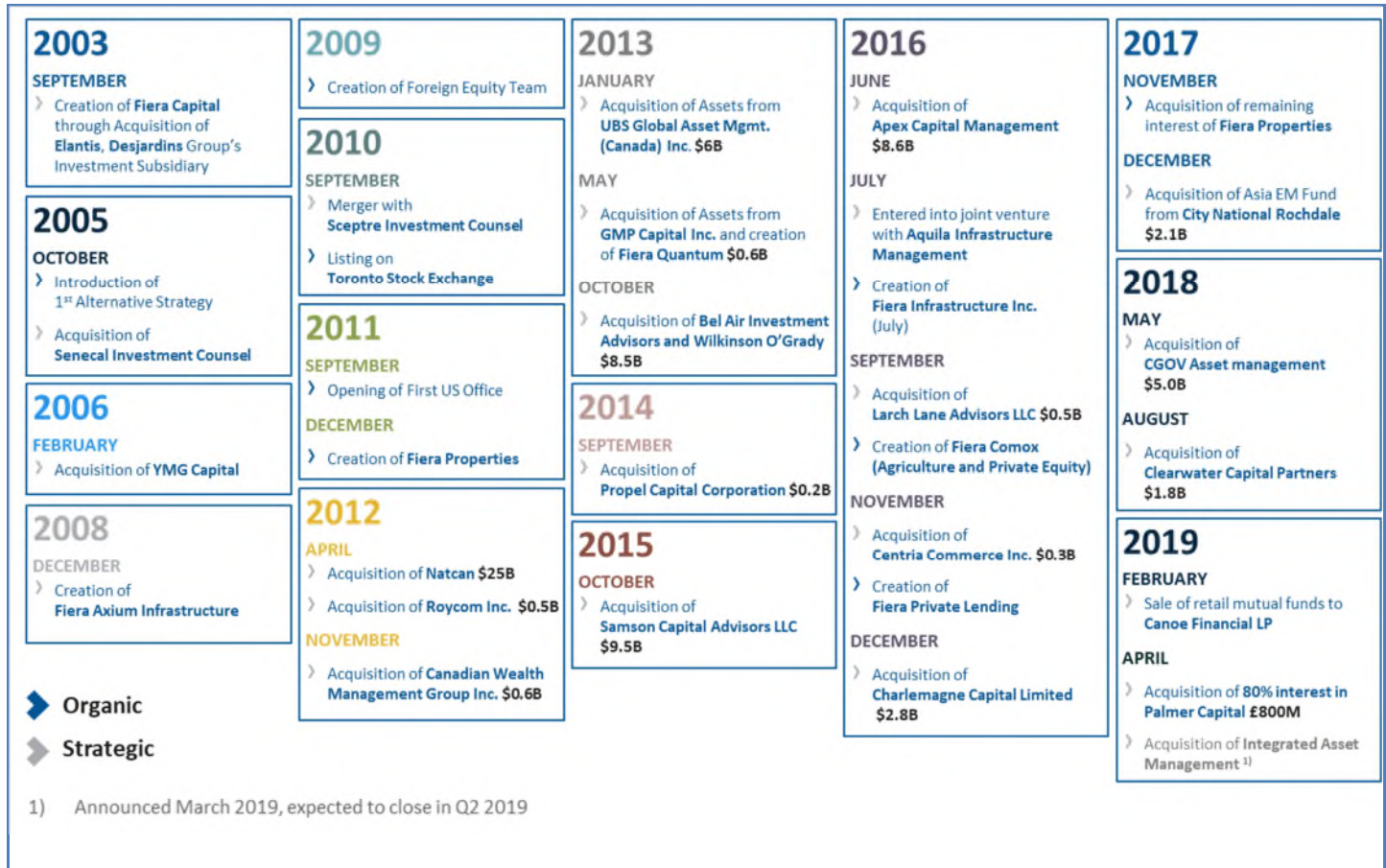
Fiera Capital also manages several investment funds. These Funds consist of open-ended and closed-ended investment companies, alternative mutual funds, limited partnerships and other pooled funds which invest in a range of asset classes. Until the closing of the Canoe Transaction on February 22, 2019,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

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

## Overview

### Company Evolution

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



### SIGNIFICANT EVENTS

- **Global Q1 equity market rebound.** Following a volatile end to 2018, the first three months of 2019 saw equity markets recover around the world as trade tensions between the U.S. and China eased and the Fed took a dovish stance on interest rate hikes. High-yield corporate bonds and commodities also rebounded.
- **Strengthening of the Private Alternative Investments Platform with the acquisition of Integrated Asset Management Corp. ("IAM") – March 22, 2019.** The announced acquisition of IAM is expected to add over \$3 billion in AUM and committed capital to the Company's private alternative investments platform. IAM's private debt investment team will be incorporated within Fiera Private Lending and the industrial real estate team will be joining Fiera Properties.
- **Strategy to efficiently deploy capital within the Infrastructure platform – January 29, 2019.** Fiera Infrastructure announced a long-term partnership with EllisDon (the "Partnership"), one of North America's most successful and experienced construction capital groups, whereby the Company will acquire EllisDon's interest in its existing portfolio of ten public-private projects ("PPP"). The Partnership was formed in October 2018, the acquisition of the first two projects closed in Q1 2019 and a third is expected to close in Q2 2019.

## Subsequent Events

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### SUBSEQUENT EVENTS

- **Distribution agreement and strategic partnership established with Natixis Investment Managers ("Natixis"), one of the largest asset management firms in the world – May 9, 2019.** The Company announced that it has entered into a distribution agreement with Natixis, a global asset management firm with a presence in 38 countries and US\$924.5 billion in AUM. Through the distribution agreement, Fiera Capital will distribute Natixis investment strategies to Canadian institutional, private wealth and retail clients, and Natixis will offer complementary Fiera Capital investment strategies in international markets. As part of the agreement, Natixis has also acquired an 11.0% stake in Fiera Capital.
- **Expansion of real estate strategies with the closing of the Palmer Capital Partners Limited ("Palmer Capital") transaction – April 3, 2019.** The Company completed the acquisition of an 80% interest in Palmer Capital, marking its first acquisition of a real estate investment management business outside of Canada and its second acquisition in the UK. Palmer Capital has over £800 million in assets under management with an additional £260 million managed through joint ventures and becomes the UK arm of Fiera Properties.

### MARKET, ECONOMIC AND FUND PERFORMANCE REVIEW

#### *Market Review*

After a difficult end to 2018, financial market conditions eased substantially during the first quarter of 2019. In response to a multitude of global economic and financial vulnerabilities at hand, several major central banks capitulated early-on in 2019 and adopted an increasingly dovish approach – which ultimately diffused the crisis in confidence and translated into a revival in risky assets.

Global equity markets recalibrated and posted some impressive results during the first quarter of 2019, thanks to the dovish-turn from several major central banks and renewed optimism for a potential trade deal between the world's two largest economies – both of which rekindled investor sentiment at the beginning of the year. The bounce was widespread across the globe, with most major bourses recouping their losses from late-2018 and posting some stellar results for the quarter as a whole. US equity markets displayed some remarkable upward momentum, with the S&P 500 posting its best quarter in a decade, while Canadian stocks also thrived on the back of the sharp recovery in crude prices and the long-overdue comeback in the energy space. Looking abroad, European equities also got off to a strong start to the year and fully erased losses from the fourth quarter - though global growth and trade concerns plagued Japanese stocks and tempered results for international developed markets somewhat. Finally, emerging market bourses edged higher thanks to some tentative signs of economic stabilization in China, while constructive developments on the trade front and cautious rhetoric from the Federal Reserve buoyed shares in the developing world.

Fixed income markets posted positive results in a quarter that was dominated by headlines around yield curve inversion that prompted fears of recession, while persistently dovish undertones from major central banks also sent investors flocking to the safety of bonds. Yield curves flattened (and in some cases inverted), with the retreat in bond yields visible up the entire maturity spectrum and across most geographies. The biggest move took place in the long-end. North American 10-year yields slipped back to 2017 levels, while German bonds are sporting negative yields for the first time since 2016 (and are trading below their Japanese counterparts). And at the short-end, yields were pressured lower after the Federal Reserve signalled that it would remain sidelined for the remainder of 2019, with the dovish message echoed by other major central banks including the likes of the Bank of Canada, European Central Bank and the Bank of Japan. Finally, corporate and high yield bonds outperformed their government peers, with the revival in risk appetite sending credit spreads tumbling lower during the quarter.

### *Economic Outlook*

Looking forward, we expect the global economy to find a bottom and reaccelerate through 2019 - particularly if the external forces that have been weighing on sentiment dissipate as we expect. Indeed, there are reasons for optimism. While the factory sector has been plagued by persistent trade-related angst, the domestic, services-oriented side of the global economy remains firmly in expansion-mode. Furthermore, we expect the combination of diffused US-China trade tensions and a policy-induced stabilization in China to prove sufficient in reigniting the global economy this year. And while the environment of non-threatening inflation will allow central banks to assume a cautious approach to future normalization in the near-term, we believe that inflationary pressures will ultimately reassert themselves and allow central banks to resume monetary policy normalization later in 2019 – albeit at an extremely gradual pace so as not to derail the status of the economic trajectory.

Taken together, the narrative for a synchronous global expansion should reassert itself in 2019, thanks to the reflationary impulse from major central banks that extends the visibility of the cycle.

Regionally speaking, the Canadian economy is set to grow at a slower, albeit trend-like pace in 2019. Temporary weakness in the energy sector is likely to reverse course, while clarity on the trade front should entice a revival in investment and export activity – helping to facilitate the rotation away from the fatigued consumer that has become vulnerable in the environment of higher borrowing costs.

Meanwhile in the US, we expect growth to moderate in 2019 from the brisk pace of 2018 as the fiscal and monetary impetus fades. However, above-trend growth should help to place upward pressure on prices, while the mighty consumer remains a pivotal source of strength – which when taken together should put Federal Reserve rate hikes back on the table in late 2019 should financial and economic vulnerabilities dissipate.

Sentiment abroad has been sapped by temporary factors that have been exacerbated by global trade tensions, though growth should revert back to a respectable pace as the transitory factors that were weighing on the global economy recede. Meanwhile, the fortunes of the UK economy hinge directly on the outcome of Brexit, which remains highly uncertain at this time.

Finally, Chinese policymakers have responded to the erratic macroeconomic backdrop with a plethora of stimulus measures that include tax cuts for businesses and consumers, infrastructure spending, and lower reserve requirements for banks. In response, we are seeing some preliminary signs of stabilization, while progress on the trade front should alleviate hard landing fears and place a floor under the Chinese economy - and by extension, global growth.

### *Summary of Portfolio Performance*

#### Fixed Income Strategies

Despite the high volatility that marked the fourth quarter of 2018, most of the Company's fixed income strategies generated positive results compared to benchmarks during the twelve months ended March 31, 2019, driven by successful credit investments. Over the last five-year period (since inception, when inception-to-date is less than five years) these strategies delivered excellent performance, with most of them outperforming their relative benchmarks.

#### Balanced Mandates

Balanced mandates performed exceptionally well during the twelve-month period ended March 31, 2019, with a large majority beating their relative benchmarks.

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

#### Equity Strategies

The six-month period ended March 31, 2019 was characterized by a difficult market environment in the fourth quarter of 2018, followed by a market rebound in the first three months of 2019. As a result, it was a good twelve-month period for most equity strategies as fund managers maintained their quality focus. Most strategies outperformed their benchmark during the year, with many of those also ranking in the top quartile. While both our domestic and global equity strategies have performed remarkably well, the latter has become the victim of its own success, with capacity tempering as a result of clients actively seeking it out.

#### Alternative Investment Strategies

##### Liquid

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

##### Private

Our Private Alternatives funds performed exceedingly during the twelve-month period ended March 31, 2019. These strategies are gaining more and more traction as a result of offering attractive returns with a lower degree of volatility and a low correlation to traditional asset classes.

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

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

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

# Market, Economic and Fund Performance Review

Table 2 – Annualized Rates of Return as at March 31, 2019

Strategies	AUM (\$Billion)	1 yr			5 yrs or Since Inception (SI)* (SI if inception < 5 yrs)			Inception date	Benchmark name	Notes
		Strategy return	Added value	Quartile	Strategy return	Added value	Quartile			
<b>Fixed Income Investment Strategies</b>	<b>66.5</b>									
Integrated Fixed Income Credit		5.06	0.18	Q2	4.16	0.27	Q3	01/03/2012	FTSE Canada Corporate Universe	
Integrated Fixed Income Universe		5.54	0.27	Q1	4.01	0.46	Q1	01/01/1993	FTSE Canada Universe	
Tactical Fixed Income Universe		5.42	0.15	Q2	3.85	0.08	Q3	01/01/2000	FTSE Canada Universe	
High Yield Bonds		4.01	-0.72	Q3	4.34	0.01	Q3	01/02/2002	85% Merrill Lynch High Yield Corp B-BB Hedged in CAD, 15% Merrill Lynch High Yield Corp CCC Hedged in CAD	
Preferred Share Opportunistic		-11.68	-3.48	N/A	3.38*	0.79*	N/A	01/08/2015	SOLACTIVE Preferred Share Laddered Index	
Preferred Shares Relative Value		-9.45	-2.68	N/A	1.15	1.13	N/A	01/02/2004	S&P/TSX Preferred Share Index	
Infrastructure Bonds		7.43	-0.12	N/A	7.23	0.48	N/A	01/08/2011	FTSE Canada Provincial Long	
Active and Strategic Fixed Income - Active Universe		5.27	0.00	Q3	4.45*	0.17*	Q2	01/01/2018	FTSE Canada Universe	
Active and Strategic Fixed Income - Strategic Universe		5.57	0.30	N/A	4.09*	0.41*	N/A	01/12/2017	FTSE Canada Universe	
Tax Efficient Core Intermediate (Primary Benchmark)		4.53	-0.10	N/A	2.36	-0.18	N/A	31/03/2007	Bloomberg Barclays 1-10 Year Municipal Index	4
Tax Efficient Core Intermediate (Secondary Benchmark)		4.53	0.36	N/A	2.36	0.34	N/A	31/03/2007	Bloomberg Barclays 1-10 Year AA+ Municipal Index	4
Tax Efficient Core Plus		5.15	0.53	N/A	3.05	0.51	N/A	31/12/2012	Bloomberg Barclays 1-10 Year Municipal Index	4
High Grade Core Intermediate (Primary Benchmark)		4.29	-0.04	N/A	2.35	0.04	N/A	31/12/2004	Bloomberg Barclays Intermediate Aggregate Index	4
High Grade Core Intermediate (Secondary Benchmark)		4.29	0.09	N/A	2.35	0.17	N/A	01/01/2005	Bloomberg Barclays Intermediate Aggregate Ex CMBS/ABS/BBB Index	4
<b>Balanced Investment Strategies</b>	<b>3.9</b>									
Balanced Core		8.70	1.80	Q1	8.07	1.67	Q1	01/09/1984	Balanced Core Blended	2
Balanced Integrated		8.70	2.04	Q1	8.17	1.83	Q1	01/04/2013	Balanced Integrated Blended	3
<b>Equity Investment Strategies</b>	<b>63.5</b>									
Canadian Equity		13.31	5.20	Q1	9.3	3.86	Q1	01/01/2013	S&P/TSX Composite	
Canadian Equity Core		7.63	-0.48	Q2	6.72	1.28	Q2	01/01/1992	S&P/TSX Composite	
Canadian Equity Opportunities		-4.42	-12.53	Q4	3.41	-2.03	Q4	01/11/2002	S&P/TSX Composite	
Canadian Equity Small Cap Core Mix		1.81	3.62	Q2	3.57	3.35	Q3	01/01/1987	S&P/TSX Small Cap	
Canadian Equity Small Cap		-0.14	1.68	Q2	3.82	3.6	Q2	01/01/1989	S&P/TSX Small Cap	
US Equity		21.40	7.93	Q1	18.34	3.11	Q1	01/04/2009	S&P 500 CAD	
International Equity		8.28	8.50	Q1	10.63	4.32	Q1	01/01/2010	MSCI EAFE Net CAD	
Global Equity Multi Currency in CAD		15.46	7.68	Q1	15.42	4.49	Q1	01/10/2009	MSCI World Net CAD	
CGOV Total Equity		6.62	-1.48	Q3	9.07	-0.35	Q1	01/04/1999	65% MSCI WORLD / 35% S&P/TSX Composite	
Apex Large Cap Growth		12.93	0.18	Q2	13.11	-0.39	Q2	01/04/2007	Russell 1000 Growth	4
Apex Mid Cap Growth		16.77	5.25	Q1	16.31	5.42	Q1	01/05/2008	Russell MidCap Growth	4
Apex Smid Growth		4.00	-3.53	Q4	8.68	-1.02	Q3	01/01/1990	Russell 2500 Growth	4
Apex Small Cap Growth		7.39	3.56	Q3	5.80	-2.61	Q3	01/01/2006	Russell 2000 Growth	4
City National Rochdale Emerg Mkts		-10.61	-3.20	Q4	6.03	2.35	Q1	14/12/2011	MSCI Emerging Markets NR USD	4
Emerging Markets Core Growth		-7.22	0.19	Q2	5.95	2.27	Q1	01/07/2003	MSCI Emerging Markets Index	4
Emerging Markets Growth & Income		-2.76	4.52	Q1	4.01	0.33	Q3	01/07/2010	MSCI Emerging Markets Index	4
Frontier Markets		-15.71	-0.81	Q2	7.41	6.84	Q1	01/07/2010	MSCI Frontier Markets Index	4
<b>Alternative Investment Strategies</b>	<b>11.0</b>									
North American Market Neutral Fund		2.84	-	N/A	4.04	-	N/A	01/10/2007	Absolute Return	
Long / Short Equity Fund		3.86	-	N/A	7.78	-	N/A	01/08/2010	Absolute Return	
Diversified Lending Fund		8.31	-	N/A	6.49	-	N/A	01/04/2008	Absolute Return	
Multi-Strategy Income Fund		2.09	-	N/A	4.39	-	N/A	01/11/2009	Absolute Return	
Charlemagne OCCO Eastern European Fund		0.16	-	N/A	5.08	-	N/A	01/01/2002	Absolute Return	4
OAKS Emerging & Frontier Opportunities Fund		-17.09	-	N/A	3.65	-	N/A	01/12/2009	Absolute Return	4
Infrastructure Fund		5.95	-	N/A	6.40	-	N/A	01/03/2010	Absolute Return	
Real Estate Fund		8.82	-	N/A	6.40	-	N/A	01/07/2013	Absolute Return	
Global Agriculture Fund		3.35	-	N/A	0.72*	-	N/A	01/07/2017	Absolute Return	
Properties CORE Mortgage Fund		6.32	-	N/A	6.3*	-	N/A	01/12/2017	Absolute Return	
Fiera Private Lending Construction Financing Fund		8.48	-	N/A	7.65	-	N/A	22/11/2006	Absolute Return	
Fiera Properties Mezzanine Financing Fund		8.37	-	N/A	10.20	-	N/A	21/07/2015	Absolute Return	
Fiera Private Lending Business Financing Fund		9.26	-	N/A	9.72	-	N/A	06/11/2013	Absolute Return	
<b>TOTAL AUM</b>	<b>144.9</b>									

Notes:

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

## Important Disclosures:

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

## Financial Results

### FINANCIAL RESULTS

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

ASSETS UNDER MANAGEMENT (in \$ millions)	AS AT			VARIANCE	
	MARCH 31, 2019	DECEMBER 31, 2018	MARCH 31, 2018	QUARTER OVER QUARTER FAV/(UNF) <sup>(2)</sup>	YEAR OVER YEAR FAV/(UNF) <sup>(2)</sup>
Assets under Management	144,861	136,675	131,360	8,186	13,501

STATEMENTS OF EARNINGS (LOSS) (in \$ thousands except per share data)	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	MARCH 31, 2019	DECEMBER 31, 2018	MARCH 31, 2018	QUARTER OVER QUARTER FAV/(UNF) <sup>(2)</sup>	YEAR OVER YEAR FAV/(UNF) <sup>(2)</sup>
Revenues					
Base management fees	129,093	128,561	112,181	532	16,912
Performance fees - Traditional Assets	1,557	8,309	1,573	(6,752)	(16)
Performance fees - Alternative Assets	50	9,498	(103)	(9,448)	153
Other revenues	12,085	10,595	6,330	1,490	5,755
	142,785	156,963	119,981	(14,178)	22,804
Expenses					
Selling, general and administrative expenses	109,020	122,440	97,520	13,420	(11,500)
External managers	182	560	367	378	185
Amortization of intangible assets	12,415	12,468	10,022	53	(2,393)
Depreciation of property and equipment	1,084	1,179	947	95	(137)
Depreciation of right-of-use assets	5,057	-	-	(5,057)	(5,057)
Restructuring, integration and other costs	3,128	3,399	928	271	(2,200)
Acquisition costs	1,707	2,966	3,018	1,259	1,311
Realized (gain) loss on investments	5	(171)	27	(176)	22
Loss on disposal of intangible assets	-	26	-	26	-
Loss on disposal of assets and property and equipment	300	55	-	(245)	(300)
Interest on leases	1,284	-	-	(1,284)	(1,284)
Interest on long-term debt and other financial charges	7,398	10,147	4,761	2,749	(2,637)
Accretion and change in fair value of purchase price obligations	6,491	8,332	4,467	1,841	(2,024)
Revaluation of assets held-for-sale	(546)	191	-	737	546
Total expenses	147,525	161,592	122,057	14,067	(25,468)
Earnings (loss) before income taxes	(4,740)	(4,629)	(2,076)	(111)	(2,664)
Income tax expense (recovery)	1,844	(3,056)	17	(4,900)	(1,827)
Net earnings (loss)	(6,584)	(1,573)	(2,093)	(5,011)	(4,491)
Attributable to:					
Company's shareholders	(6,553)	(1,709)	(2,193)	(4,844)	(4,360)
Non-controlling interest	(31)	136	100	(167)	(131)
Net earnings (loss)	(6,584)	(1,573)	(2,093)	(5,011)	(4,491)
BASIC PER SHARE					
Adjusted EBITDA <sup>(1)</sup>	0.40	0.41	0.32	(0.01)	0.08
Net earnings (loss)	(0.07)	(0.02)	(0.02)	(0.05)	(0.05)
Adjusted net earnings <sup>(1)</sup>	0.26	0.29	0.24	(0.03)	0.02
DILUTED PER SHARE					
Adjusted EBITDA <sup>(1)</sup>	0.40	0.41	0.32	(0.01)	0.08
Net earnings (loss)	(0.07)	(0.02)	(0.02)	(0.05)	(0.05)
Adjusted net earnings <sup>(1)</sup>	0.26	0.29	0.24	(0.03)	0.02

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 27. The current period results include the impacts from the adoption of IFRS 16 Leases. This adoption is discussed in Note 3 of the unaudited interim condensed consolidated financial statements. As is permitted by IFRS 16 Leases, comparative information has not been restated and, therefore, may not be comparable.

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

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

## Financial Results

Table 4 - Selected Consolidated Statements of Financial Position Information (in \$ thousands)

	AS AT MARCH 31, 2019	AS AT DECEMBER 31, 2018
Cash and cash equivalents, restricted cash, investments	41,793	58,335
Accounts receivable	146,508	148,459
Other current assets	57,522	50,654
<b>Total current assets</b>	<b>245,823</b>	<b>257,448</b>
Goodwill	626,338	631,699
Intangible assets	510,825	529,062
Right-of-use assets	111,163	-
Other non-current assets	43,652	42,398
<b>Total assets</b>	<b>1,537,801</b>	<b>1,460,607</b>
Accounts payable and accrued liabilities	88,916	144,059
Other current liabilities	87,030	46,260
<b>Total current liabilities</b>	<b>175,946</b>	<b>190,319</b>
Long-term debt	435,163	421,139
Lease liabilities	114,186	-
Convertible debentures	79,324	79,008
Purchase price obligations	94,114	98,221
Deferred income taxes	11,780	12,489
Other non-current liabilities	22,925	25,705
<b>Total liabilities</b>	<b>933,438</b>	<b>826,881</b>
<b>Equity</b>		
Attributable to Company's shareholders	603,626	632,958
Attributable to Non-controlling interest	737	768
	<b>604,363</b>	<b>633,726</b>
<b>Total liabilities and equity</b>	<b>1,537,801</b>	<b>1,460,607</b>

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

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

### RESULTS FROM OPERATIONS AND OVERALL PERFORMANCE - AUM AND REVENUES

#### Assets under Management

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

As complementary information, Note 4 of the audited consolidated financial statements for the years ended December 31, 2018, and 2017 presents the Company's business combinations and other transactions, and is to be read in conjunction with the following discussions. Also, refer to the Company's evolution diagram on page 8 for the details and timing of the acquisitions and other business transactions.

The following tables (Tables 5 and 6) provide a summary of changes in the Company's assets under management.

Table 5 – Assets under Management <sup>(1)</sup> (in \$ millions)

	FOR THE THREE-MONTH PERIODS ENDED		
	MARCH 31, 2019	DECEMBER 31, 2018	MARCH 31, 2018
AUM - beginning of period	136,675	143,475	128,901
Net variance	8,186	(6,800)	2,459
Acquisitions	-	-	-
AUM - end of period	144,861	136,675	131,360
Average AUM	141,887	137,995	130,512

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

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

Table 6 – Assets under Management by Clientele Type – Quarterly Activity Continuity Schedule (in \$ millions)

	DECEMBER 31, 2018	NEW	LOST	NET CONTRIBUTIONS	MARKET	FOREIGN EXCHANGE IMPACT	ACQUISITION (DISPOSAL) /ADJUSTMENT	MARCH 31, 2019
Institutional	71,958	680	(1,407)	128	5,644	(514)	-	76,489
Private Wealth	31,317	720	(220)	(74)	1,473	(520)	-	32,696
Retail	33,400	249	(381)	(238)	2,850	(204)	-	35,676
AUM - end of period	136,675	1,649	(2,008)	(184)	9,967	(1,238)	-	144,861

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

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

### Quarterly Activities

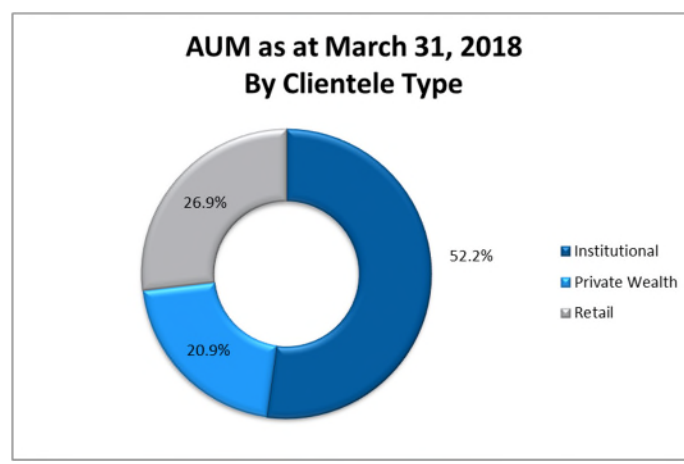
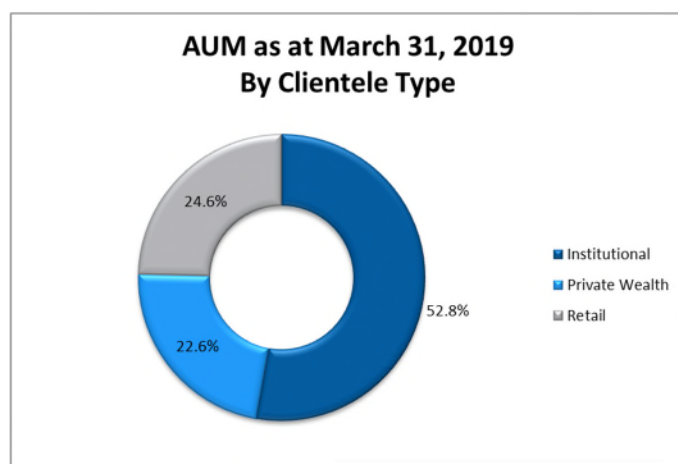
Total AUM were \$144.9 billion as at March 31, 2019, representing an increase of \$8.2 billion, or 6%, compared to \$136.7 billion as at December 31, 2018. The higher AUM are due primarily to market appreciation of \$10.0 billion, combined with new mandates of \$1.6 billion won during the period. These increases in AUM were partially offset by lost mandates of \$2.0 billion and negative net contributions of \$0.2 billion during the first quarter of 2019. Finally, the US dollar exchange rate fluctuation negatively impacted the Company's AUM by approximately \$1.2 billion during the first quarter of 2019.

AUM related to the Institutional clientele were \$76.5 billion as at March 31, 2019, representing an increase of \$4.5 billion, or 6%, compared to \$72.0 billion from the quarter ended December 31, 2018. The increase in AUM was driven primarily by market appreciation of \$5.6 billion, combined with new mandates of \$0.7 billion mainly from Canada and the deployment of the Private Alternatives platform and from Europe, as well as positive net contributions of \$0.1 billion during the quarter. The increase in AUM was partially offset by lost mandates of \$1.4 billion during the quarter, namely as a result of clients consolidating investment service providers or pursuing other asset classes. Finally, the US dollar exchange rate fluctuation negatively impacted AUM during the three-month period ended March 31, 2019, by approximately \$0.5 billion.

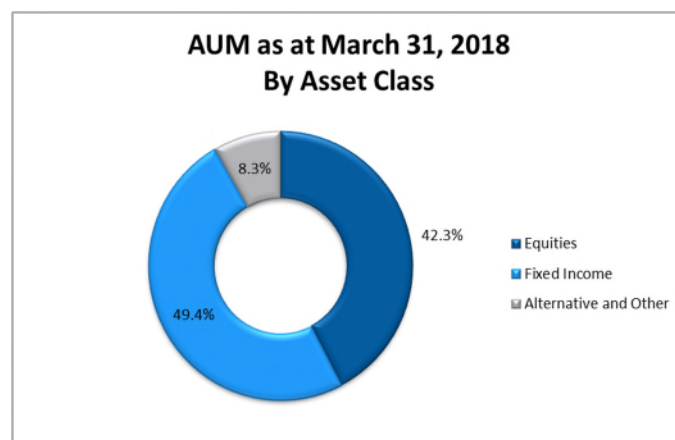
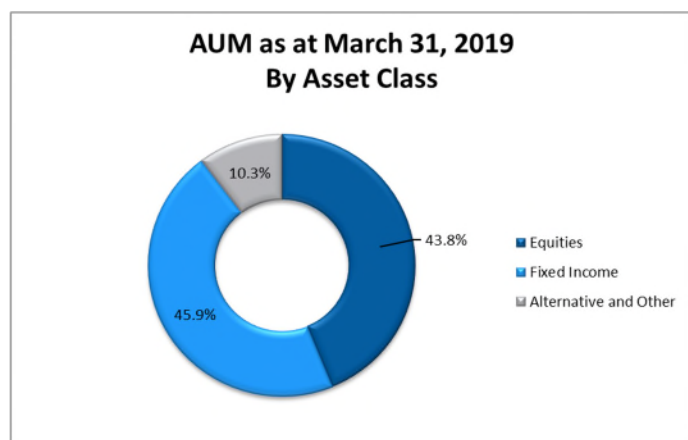
The AUM related to the Private Wealth clientele were \$32.7 billion as at March 31, 2019, representing an increase of \$1.4 billion, or 4%, compared to \$31.3 billion from the previous quarter ended December 31, 2018. The increase is primarily due to market appreciation of \$1.5 billion, combined with new mandates of \$0.7 billion mainly from the US activities. The increase in AUM was partially offset by lost mandates of \$0.2 billion during the period. Finally, the US dollar exchange rate fluctuation negatively impacted AUM during the three-month period ended March 31, 2019, by approximately \$0.5 billion.

The AUM related to the Retail clientele were \$35.7 billion as at March 31, 2019, representing an increase of \$2.3 billion, or 7%, compared to \$33.4 billion from the previous quarter ended December 31, 2018. The increase is primarily driven by market appreciation of \$2.9 billion, combined new mandates of \$0.2 billion during the quarter. The increase in AUM was partially offset by lost mandates of \$0.4 billion mainly due to clients pursuing other asset classes and negative net contribution of \$0.2 billion during the period. Finally, the US dollar exchange rate fluctuation negatively impacted AUM during the three-month period ended March 31, 2019, by approximately \$0.2 billion.

The following graphs illustrate the breakdown of the Company's AUM by clientele type and by asset class as at March 31, 2019, and March 31, 2018, respectively.



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



### Revenues

The Company's revenues consist of (i) management fees, (ii) performance fees, and (iii) other revenues. Management fees are AUM-based and, for each clientele type, revenues are primarily earned on the AUM average closing value at the end of each day, month or calendar quarter in accordance with contractual agreements. For certain mandates, the Company is also entitled to performance fees. The Company categorizes performance fees in two groups: those associated with traditional asset classes or strategies and those associated with alternative asset classes or strategies. Other revenues are comprised mainly of brokerage and consulting fees which are not AUM-driven, as well as gains or losses on the foreign exchange hedge contracts.

Table 7 – Revenues: Quarterly Activity (in \$ thousands)

	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	MARCH 31, 2019	DECEMBER 31, 2018	MARCH 31, 2018	QUARTER OVER QUARTER	YEAR OVER YEAR
Institutional	63,057	60,926	50,867	2,131	12,190
Private Wealth	33,609	34,341	27,348	(732)	6,261
Retail	32,427	33,294	33,966	(867)	(1,539)
Total management fees	129,093	128,561	112,181	532	16,912
Performance fees – Traditional asset class	1,557	8,309	1,573	(6,752)	(16)
Performance fees – Alternative asset class	50	9,498	(103)	(9,448)	153
Total performance fees	1,607	17,807	1,470	(16,200)	137
Other revenues	12,085	10,595	6,330	1,490	5,755
Total revenues	142,785	156,963	119,981	(14,178)	22,804

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

### Current Quarter versus Prior-Year Quarter

Revenues for the first quarter ended March 31, 2019, were \$142.8 million, representing an increase of \$22.8 million, or 19%, compared to \$120.0 million for the same period last year. The year-over-year increase in revenues is mainly due to

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

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organic growth resulting from new mandates and increased client contributions, combined with additional revenues from the acquisitions of CGOV in May 2018 and Clearwater in August 2018 and other revenues resulting mainly from a gain on the forward foreign exchange contracts, compared to a loss for the same period last year.

### *Management Fees*

Management fees were \$129.1 million for the first quarter ended March 31, 2019, representing an increase of \$16.9 million, or 15%, compared to \$112.2 million for the same period last year. The overall increase in management fees by clientele type is as follows:

- › Management fees from the Institutional clientele were \$63.1 million for the first quarter ended March 31, 2019, representing an increase of \$12.2 million, or 24%, compared to \$50.9 million for the same quarter last year. The increase in base management fees is primarily due to additional revenues from the Clearwater and CGOV acquisitions, combined with higher revenues resulting from higher AUM from new mandates namely from the US and Canada mainly in Global Equity, as well as from the growth in Private Alternative Investment Strategies.
- › Management fees from the Private Wealth clientele were \$33.6 million for the first quarter ended March 31, 2019, representing an increase of \$6.3 million, or 23%, compared to \$27.3 million for the same period last year. The increase is mainly due to the acquisition of CGOV, partially offset by lower revenues from the US activities.
- › Management fees from the Retail clientele remained stable at \$32.4 million for the first quarter ended March 31, 2019, compared to \$34.0 million for the same quarter last year.

### *Performance Fees*

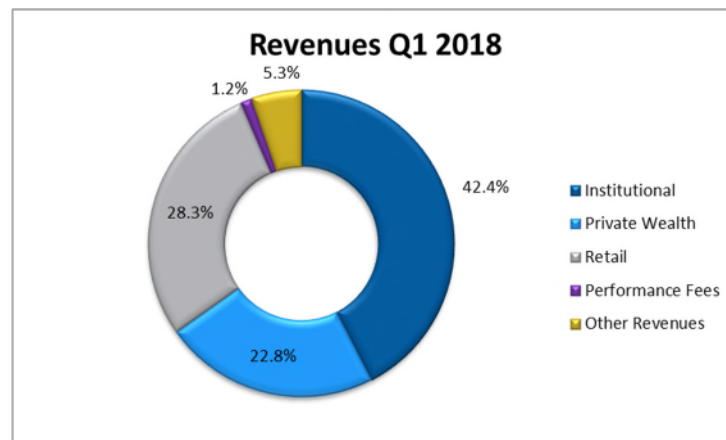
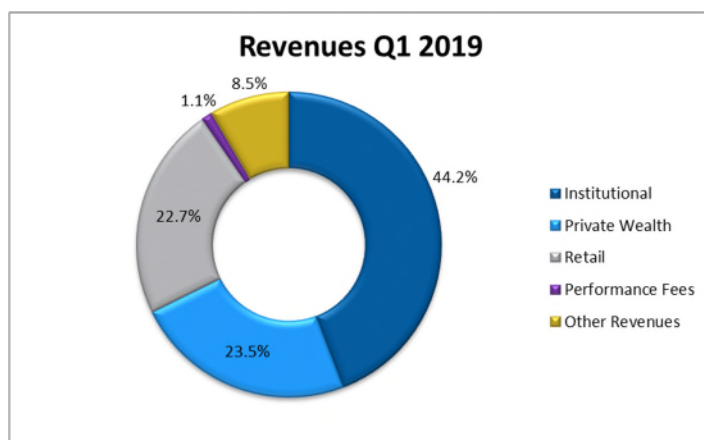
Performance fees remained stable at \$1.6 million for the first quarter ended March 31, 2019, compared to \$1.5 million for the same period last year.

### *Other Revenues*

Other revenues were \$12.1 million for the first quarter ended March 31, 2019, representing an increase of \$5.8 million, or 91%, compared to \$6.3 million for the same period last year. The increase is mainly due to higher income from Canada resulting from the change in revenue recognition following the recent update of IFRS 15 presenting gross revenue as opposed to previously presented on a net basis under operating expenses, combined with higher other income from the Fiera Capital Emerging Markets Fund created in June 2018 following the CNR transaction in December 2017, and a gain of \$0.9 million on the forward foreign exchange contracts, compared to a loss of \$1.3 million for the same period last year.

The following graphs illustrate the breakdown of the Company's revenues for the three-month periods ended March 31, 2019, and March 31, 2018, respectively.

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



### *Current Quarter versus Previous Quarter*

Revenues for the first quarter ended March 31, 2019, were \$142.8 million, representing a decrease of \$14.2 million, or 9%, compared to \$157.0 million for the previous quarter ended December 31, 2018. The decrease in revenues is mainly due to lower performance fees, partially offset by higher other income and higher base management fees.

### *Management Fees*

Management fees were \$129.1 million for the first quarter ended March 31, 2019, representing an increase of \$0.5 million, or 0.4%, compared to \$128.6 million for the previous quarter ended December 31, 2018. The following is the breakdown of the management fees by clientele type:

- Management fees from the Institutional clientele were \$63.1 million for the first quarter ended March 31, 2019, representing an increase of \$2.2 million, or 4%, compared to \$60.9 million for the previous quarter ended December 31, 2018. The sequential increase is primarily due to higher revenues from the Private Alternatives Investment platform and the Clearwater acquisition.
- Management fees from the Private Wealth clientele were \$33.6 million for the first quarter ended March 31, 2019, representing a decrease of \$0.7 million, or 2%, compared to \$34.3 million for the previous quarter ended December 31, 2018. The decrease is mainly due to lower revenues from US activities and the reclassification of revenues under the Private Alternatives in the previous quarter ended December 31, 2018.
- Management fees from the Retail clientele were \$32.4 million for the first quarter ended March 31, 2019, representing a decrease of \$0.9 million, or 3%, compared to \$33.3 million for the previous quarter ended December 31, 2018. The decrease is mainly due to lower base management fees resulting from the Canadian activities following the sale of the Company's interest in Fiera Capital Funds Inc., and nine retail mutual funds to Canoe.

### *Performance Fees*

Performance fees were \$1.6 million for the first quarter ended March 31, 2019, compared to \$17.8 million for the previous quarter ended December 31, 2018 as performance fees are generally recorded in June and December.

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

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### *Other Revenues*

Other revenues were \$12.1 million for the first quarter ended March 31, 2019, representing an increase of \$1.5 million, or 14%, compared to \$10.6 million for the previous quarter ended December 31, 2018. The decrease is mainly due a gain of \$0.9 million on hedging recorded in the first quarter of 2019, compared to a loss of \$3.1 million recorded in the previous quarter, partially offset by lower other revenues of \$3.9 million from the Private Alternatives Investment platform which are generally recorded at the end of the year .

### RESULTS FROM OPERATIONS AND OVERALL PERFORMANCE - EXPENSES

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

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

SG&A and external managers' expenses were \$109.2 million for the three-month period ended March 31, 2019, representing an increase of \$11.3 million, or 12%, compared to \$97.9 million for the same period last year. The higher costs are mainly due to higher volume resulting from the Company's growth and acquisitions, partially offset by a shift in lease expense classification from operating expenses to financing costs and amortization following the introduction of IFRS 16 *Leases* effective as at January 1, 2019.

##### *Current Quarter versus Previous Quarter*

SG&A and external managers' expenses were \$109.2 million for the three-month period ended March 31, 2019, representing a decrease of \$13.8 million, or 11%, compared to \$123.0 million for the previous quarter ended December 31, 2018. The decrease is mainly attributable to higher performance fees related expenses recorded in the previous quarter ended December 31, 2018, and to a shift in lease expense classification from operating expenses to financing costs and amortization following the introduction of IFRS 16 *Leases* effective as at January 1, 2019.

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

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

Depreciation of property and equipment was \$1.1 million for the first quarter ended March 31, 2019, representing an increase of \$0.2 million, or 25%, compared to \$0.9 million from the corresponding quarter last year, mainly due to various acquisitions in 2018.

Amortization of intangible assets was \$12.4 million for the first quarter ended March 31, 2019, representing an increase of \$2.4 million, or 24%, compared to \$10.0 million for the same period last year. The increase in amortization of intangible assets is mainly attributed to various acquisitions.

Depreciation of right-of-use assets related to the adoption of IFRS 16 *Leases* was \$5.1 million for the first quarter ended March 31, 2019, compared to nil from the corresponding quarter last year.

##### *Current Quarter versus Previous Quarter*

Depreciation of property and equipment remained stable at \$1.1 million for the first quarter ended March 31, 2019, when compared to \$1.2 million from the previous quarter ended December 31, 2018.

Amortization of intangible assets remained stable at \$12.4 million for the first quarter ended March 31, 2019, compared to \$12.5 million for the previous quarter ended December 31, 2018.

Depreciation of right-of-use assets related to the adoption of IFRS 16 *Leases* was \$5.1 million for the first quarter ended March 31, 2019, compared to nil from the previous quarter ended December 31, 2018.

## Results from Operations and Overall Performance - Expenses

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

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

Interest on long-term debt and other financial charges was \$7.4 million for the first quarter ended March 31, 2019, representing an increase of \$2.6 million, or 55%, compared to \$4.8 million for the same quarter last year. The increase is mainly due to the net impact of cross currency and interest rate swaps, combined with the remeasurement impact of financial instruments denominated in foreign currencies, as well as an increased interest expense on the convertible debentures and long-term debt.

#### *Current Quarter versus Previous Quarter*

Interest on long-term debt and other financial charges was \$7.4 million for the first quarter ended March 31, 2019, representing a decrease of \$2.7 million, or 27% compared to \$10.1 million for the previous quarter ended December 31, 2018. The decrease is mainly due to the net impact of cross currency and interest rate swaps, combined with the remeasurement impact of financial instruments denominated in foreign currencies.

### ***Interest on Leases***

Following the adoption of IFRS 16 *Leases*, the interest on leases was \$1.3 million for the first quarter ended March 31, 2019, compared to nil in the previous quarter and the comparable quarter ended March 31, 2018 (please refer to the Non-IFRS Section on page 27).

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

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

The accretion and change in fair value of purchase price obligations represented an expense of \$6.5 million for the first quarter ended March 31, 2019, compared to an expense of \$4.5 million for the same quarter last year. The increase is mainly due to the CNR and Clearwater transactions with corresponding increased revenues.

#### *Current Quarter versus Previous Quarter*

The accretion and change in fair value of purchase price obligations represented an expense of \$6.5 million for the first quarter ended March 31, 2019, compared to an expense of \$8.3 million for the previous quarter ended December 31, 2018. The decrease is mainly due to the revaluation on earn out performed during the previous quarter ended December 31, 2018.

## Results from Operations and Overall Performance - Expenses

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

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

Acquisition and restructuring, integration and other costs were \$4.8 million for the first quarter ended March 31, 2019, representing an increase of \$0.9 million, or 23%, compared to \$3.9 million for the same period last year. The increase is mainly due to higher restructuring, integration and other costs, partially offset by lower acquisition costs during the first quarter of 2019 compared to the same period last year.

#### *Current Quarter versus Previous Quarter*

Acquisition and restructuring, integration and other costs were \$4.8 million for the first quarter ended March 31, 2019, representing a decrease of \$1.6 million, or 26%, compared to \$6.4 million for the previous quarter ended December 31, 2018. The decrease is mainly due to lower acquisition costs in the first quarter of 2019, compared to the previous quarter ended December 31, 2018.

## Net Earnings (Losses)

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### NET EARNINGS (LOSSES)

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

For the first quarter ended March 31, 2019, the Company reported a net loss attributable to the Company's shareholders of \$(6.6) million, or \$(0.07) per share (basic and diluted), compared to a net loss of \$(2.2) million, or \$(0.02) per share (basic and diluted), for the same quarter last year. The decrease in net earnings is mainly attributable to the increase in amortization of intangible assets, higher interest expenses and higher expenses related to the accretion and change in fair value of the purchase price obligations mainly related to the CNR and Clearwater transactions, partially offset by higher revenues due to volume and acquisitions.

#### *Current Quarter versus Previous Quarter*

For the first quarter ended March 31, 2019, the Company reported a net loss attributable to the Company's shareholders of \$(6.6) million, or \$(0.07) per share (basic and diluted), compared to a net loss of \$(1.7) million, or \$(0.02) per share (basic and diluted), for the previous quarter ended December 31, 2018. The decrease in net earnings is mainly due to the income tax expense in the first quarter of 2019 compared to an income tax credit for the previous quarter, combined with the increase in amortization of intangible assets, partially offset by higher revenues due to volume and acquisitions.

### NON-IFRS MEASURES

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

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

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

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

The Company initially adopted IFRS 16 *Leases* on January 1, 2019. The Company has applied IFRS 16 *Leases* using the modified retrospective approach. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use its office facilities, equipment and other assets that meet the definition of a lease, and lease liabilities representing its obligations to make lease payments. Accordingly, the comparative information presented has not been restated and is presented as previously reported under IAS 17 *Leases*. The impact of adoption is disclosed in Note 3 of the unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2019 and 2018.

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

## Non-IFRS Measures

### Adjusted EBITDA

The following table presents the Company's adjusted EBITDA and adjusted EBITDA per share<sup>(1)</sup> for the three -month periods ended March 31, 2019, and 2018, as well as for the three-month period ended December 31, 2018.

**Table 8 - Adjusted EBITDA (in \$ thousands except per share data)**

	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	MARCH 31, 2019	DECEMBER 31, 2018	MARCH 31, 2018	QUARTER OVER QUARTER	YEAR OVER YEAR
Net earnings (Loss)	(6,584)	(1,573)	(2,093)	(5,011)	(4,491)
Income tax expense (recovery)	1,844	(3,056)	17	4,900	1,827
Depreciation of property and equipment	1,084	1,179	947	(95)	137
Amortization of intangible assets	12,415	12,468	10,022	(53)	2,393
Depreciation of right-of-use assets	5,057	-	-	5,057	5,057
Interest on leases	1,284	-	-	1,284	1,284
Interest on long-term debt and other financial charges	7,398	10,147	4,761	(2,749)	2,637
<b>EBITDA<sup>(1)</sup></b>	<b>22,498</b>	<b>19,165</b>	<b>13,654</b>	<b>3,333</b>	<b>8,844</b>
Restructuring, integration and other costs	3,128	3,399	928	(271)	2,200
Acquisition costs	1,707	2,966	3,018	(1,259)	(1,311)
Accretion and change in fair value of purchase price obligations	6,491	8,332	4,467	(1,841)	2,024
Realized loss (gain) on investments	5	(171)	27	176	(22)
Loss on disposal of intangible assets and property and equipment	300	81	-	219	300
Revaluation of assets-held-for-sale	(546)	191	-	(737)	(546)
Share-based compensation	5,234	5,359	6,745	(125)	(1,511)
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>38,817</b>	<b>39,322</b>	<b>28,839</b>	<b>(505)</b>	<b>9,978</b>
Per share basic	<b>0.40</b>	<b>0.41</b>	<b>0.32</b>	<b>(0.01)</b>	<b>0.08</b>
Per share diluted	<b>0.40</b>	<b>0.41</b>	<b>0.32</b>	<b>(0.01)</b>	<b>0.08</b>

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

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

### Current Quarter versus Prior-Year Quarter

For the first quarter ended March 31, 2019, adjusted EBITDA was \$38.8 million or \$0.40 per share (basic and diluted), representing an increase of \$10.0 million, or 35% , compared to \$28.8 million, or \$0.32 per share (basic and diluted), for the same period last year.

Adjusted EBITDA for the first quarter ended March 31, 2019, was higher primarily due to the CNR transaction and the acquisition of CGOV, combined with revenues from the deployment of Private Alternative Investment strategies and the impact of the adoption of IFRS 16 Leases. This increase was partially offset by an increase in overall operating expenses to support the Company's growth and expansion.

## Non-IFRS Measures

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### *Current Quarter versus Previous Quarter*

For the first quarter ended March 31, 2019, adjusted EBITDA was \$38.8 million or \$0.40 per share (basic and diluted), representing a decrease of \$0.5 million, or 1%, compared to \$39.3 million or \$0.41 per share (basic and diluted), from the previous quarter ended December 31, 2018. The sequential decrease in adjusted EBITDA is mainly due to lower performance fees, partially offset by higher base management fees and other revenues, lower SG&A expenses and the impact of the adoption of IFRS 16 *Leases*.

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

## Non-IFRS Measures

Table 9 – EBITDA and Adjusted EBITDA Reconciliation (in \$ thousands except per share data)

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Net earnings (loss)	(6,584)	(1,573)	1,127	(2,215)	(2,093)	1,084	4,771	504
Income tax expense (recovery)	1,844	(3,056)	969	1,641	17	5,185	(263)	(797)
Depreciation of property and equipment	1,084	1,179	1,091	1,018	947	964	976	956
Amortization of intangible assets	12,415	12,468	11,834	10,488	10,022	8,778	10,487	10,900
Depreciation of right-of-use assets	5,057	-	-	-	-	-	-	-
Interest on leases	1,284	-	-	-	-	-	-	-
Interest on long-term debt and other financial charges	7,398	10,147	5,393	5,054	4,761	4,835	2,641	1,827
EBITDA <sup>(1)</sup>	22,498	19,165	20,414	15,986	13,654	20,846	18,612	13,390
Restructuring, integration and other costs	3,128	3,399	871	2,389	928	6,866	2,357	4,851
Acquisition costs	1,707	2,966	2,594	2,508	3,018	1,679	378	1,659
Accretion and change in fair value of purchase price obligations	6,491	8,332	5,978	5,720	4,467	2,880	375	1,289
Realized loss (gain) on investments	5	(171)	(3)	2	27	(128)	2	(8)
Loss on disposal of intangible assets and property and equipment	300	81	1	-	-	42	480	371
Revaluation of assets-held-for-sale	(546)	191	-	-	-	-	-	-
Share-based compensation	5,234	5,359	6,765	6,098	6,745	3,871	4,816	6,928
Adjusted EBITDA <sup>(1)</sup>	38,817	39,322	36,620	32,703	28,839	36,056	27,020	28,480
REVENUES	142,785	156,963	137,109	126,232	119,981	142,046	107,127	109,349
Adjusted EBITDA Margin	27.2%	25.1%	26.7%	25.9%	24.0%	25.4%	25.2%	26.0%
Adjusted EBITDA Per Share								
Basic	0.40	0.41	0.38	0.35	0.32	0.43	0.33	0.35
Diluted	0.40	0.41	0.36	0.35	0.32	0.43	0.32	0.34

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

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

## Non-IFRS Measures

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

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

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

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

### **Adjusted Net Earnings**

The following table presents the Company's net earnings (loss) and adjusted net earnings for the three-month periods ended March 31, 2019, and 2018, as well as for the three-month period ended December 31, 2018.

## Non-IFRS Measures

**Table 10 - Net Earnings (Loss) and Adjusted Net Earnings (in \$ thousands except per share data)**

	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	MARCH 31, 2019	DECEMBER 31, 2018	MARCH 31, 2018	QUARTER OVER QUARTER	YEAR OVER YEAR
Net earnings (loss) attributable to the Company's shareholders	(6,553)	(1,709)	(2,193)	(4,844)	(4,360)
Depreciation of property and equipment	1,084	1,179	947	(95)	137
Amortization of intangible assets	12,415	12,468	10,022	(53)	2,393
Depreciation of right-of-use assets	5,057	-	-	5,057	5,057
Share-based compensation <sup>(*)</sup>	5,234	5,359	6,745	(125)	(1,511)
Restructuring, integration and other costs <sup>(*)</sup>	3,128	3,399	928	(271)	2,200
Acquisition costs <sup>(*)</sup>	1,707	2,966	3,018	(1,259)	(1,311)
Accretion and change in fair value of purchase price obligations and effective interest on convertible bonds <sup>(*)</sup>	6,807	8,692	4,784	(1,885)	2,023
Revaluation of assets-held-for-sale <sup>(*)</sup>	(546)	191	-	(737)	(546)
Less: Income taxes on above-mentioned items <sup>(*)</sup>	3,460	4,294	2,590	834	(870)
Adjusted net earnings attributable to the Company's shareholders	24,873	28,251	21,661	(3,378)	3,212
Per share – basic					
Net earnings (loss)	(0.07)	(0.02)	(0.02)	(0.05)	(0.05)
Adjusted net earnings	0.26	0.29	0.24	(0.03)	0.02
Per share – diluted					
Net earnings (loss)	(0.07)	(0.02)	(0.02)	(0.05)	(0.05)
Adjusted net earnings	0.26	0.29	0.24	(0.03)	0.02

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

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

Adjusted net earnings attributable to the Company's shareholders amounted to \$24.9 million, or \$0.26 per share (basic and diluted) for the first quarter ended March 31, 2019, compared to \$21.7 million, or \$0.24 per share (basic and diluted) for the first quarter ended March 31, 2018. Adjusted net earnings for the quarter ended March 31, 2019, reflected net loss, excluding \$23.8 million, or \$0.25 per share (basic and diluted), of depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets and share-based compensation, as well as \$7.6 million, or \$0.08 per share (basic and diluted), of acquisition, restructuring, integration and other costs, an expense related to the accretion and change in fair value of purchase price obligations and the accretion on effective interest on convertible bonds and the revaluation of assets held-for-sale, net of income taxes.

### *Current Quarter versus Previous Quarter*

For the first quarter ended March 31, 2019, the Company recorded adjusted net earnings of \$24.9 million, or \$0.26 per share (basic and diluted), compared to \$28.3 million, or \$0.29 (basic and diluted) from the previous quarter ended December 31, 2018. The decrease in adjusted net earnings is mainly attributable to lower revenues resulting from lower performance fees, partially offset by lower operating expenses.

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

## Non-IFRS Measures

Table 11 – Adjusted Net Earnings Reconciliation (in \$ thousands except per share data)

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Net earnings (loss) attributable to the Company's shareholders	(6,553)	(1,709)	995	(2,106)	(2,193)	763	4,603	877
Depreciation of property and equipment	1,084	1,179	1,091	1,018	947	964	976	956
Amortization of intangible assets	12,415	12,468	11,834	10,488	10,022	8,778	10,487	10,900
Depreciation of right-of-use assets	5,057	-	-	-	-	-	-	-
Share-based compensation <sup>(*)</sup>	5,234	5,359	6,765	6,098	6,745	3,871	4,816	6,928
Restructuring, integration and other costs <sup>(*)</sup>	3,128	3,399	871	2,389	928	6,866	2,357	4,851
Acquisition costs <sup>(*)</sup>	1,707	2,966	2,594	2,508	3,018	1,679	378	1,659
Accretion and change in fair value of purchase price obligations and effective interest on convertible bonds <sup>(*)</sup>	6,807	8,692	6,285	6,058	4,784	2,880	375	1,289
Revaluation of assets-held-for-sale <sup>(*)</sup>	(546)	191	-	-	-	-	-	-
Impact of US Tax Cuts and Jobs Act on future income taxes	-	-	-	-	-	6,017	-	-
Income taxes on above-mentioned items <sup>(*)</sup>	3,460	4,294	2,902	2,661	2,590	2,580	933	2,340
Adjusted net earnings attributable to the Company's shareholders	24,873	28,251	27,533	23,792	21,661	29,238	23,059	25,120
Per share – basic								
Net earnings (loss) attributable to the Company's shareholders	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01	0.06	0.01
Adjusted net earnings attributable to the Company's shareholders	0.26	0.29	0.29	0.26	0.24	0.35	0.28	0.31
Per share – diluted								
Net earnings (loss) attributable to the Company's shareholders	(0.07)	(0.02)	0.01	(0.02)	(0.02)	0.01	0.05	0.01
Adjusted net earnings attributable to the Company's shareholders	0.26	0.29	0.27	0.26	0.24	0.35	0.27	0.30

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

### LIQUIDITY AND CAPITAL RESOURCES

#### Cash Flows

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

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

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

Table 12 – Summary of Consolidated Statements of Cash Flows (in \$ thousands)

	FOR THE THREE-MONTH PERIOD ENDED	
	MARCH 31, 2019	MARCH 31, 2018
Cash generated by (used in) operating activities	(21,192)	(25,718)
Cash (used in) investing activities	(5,847)	(3,774)
Cash generated by (used in) financing activities	11,790	39,478
Net (decrease) increase in cash and cash equivalent	(15,249)	9,986
Effect of exchange rate changes on cash denominated in foreign currencies	(4,722)	1,317
Cash and cash equivalents, beginning of period	52,466	41,079
Cash and cash equivalents, end of period	32,495	52,382

#### Year-to-Date Activities

Cash used in operating activities amounted to \$21.2 million for the three-month period ended March 31, 2019. This amount resulted mainly from \$27.5 million cash generated from net earnings (loss) adjusted for depreciation and amortization, share-based compensation, accretion of purchase price obligations, restructuring integration and other costs, interest on long-term debt and other financial charges, income tax expenses and income tax paid, partially offset by the negative changes in non-cash operating working capital of \$49.0 million (refer to Note 15 of the unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2019 and 2018).

Cash used in investing activities was \$5.8 million for the three-month period ended March 31, 2019, resulting mainly from \$8.8 million cash used for the settlement of purchase price adjustments and obligations, \$3.4 million cash used for purchases of property and equipment, combined with \$5.9 million decrease in restricted cash, partially offset by \$12.0 million of cash generated from the disposal of assets (refer to Note 5 of the unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2019 and 2018).

Cash generated by financing activities was \$11.8 million for the three-month period ended March 31, 2019, resulting mainly from the \$21.7 million increase in long-term debt, partially offset by \$4.8 million of lease payments, \$4.0 million of long-term debt interest payments and financing charges and \$1.4 million of settlement of derivative financial instruments during the period.

## Liquidity and Capital Resources

Finally, exchange rate fluctuations on cash denominated in foreign currencies had an unfavorable impact of \$4.7 million during the three-month period ended March 31, 2019.

### *Year-to-Date March 31, 2019 versus Year-to-Date March 31, 2018*

Cash used from operating activities was \$21.2 million for the three-month period ended March 31, 2019, compared to \$25.7 million cash used in operating activities for the same period last year. The positive variation is mainly attributable to higher adjusted EBITDA year-over-year of \$10.0 million as described in the “Adjusted EBITDA” section, partially offset by the negative variance in non-cash operating working capital of \$3.8 million.

Cash used in investing activities was \$5.8 million for the three-month period ended March 31, 2019, compared to \$3.8 million cash used in investing activities for the same period last year. The increase in cash used in investing activities is mainly attributable to an increase in cash used as settlement of purchase price adjustment and obligations of \$7.8 million, higher cash used in restricted cash of \$5.9 million, combined with an increase in cash used for the purchase of property and equipment of \$3.0 million, partially offset by higher cash generated from the disposal of assets of \$12.0 million.

Cash generated from financing activities was \$11.8 million for the three-month period ended March 31, 2019, compared to \$39.5 million cash generated from financing activities for the same period last year. The year-over-year variation is mainly attributable to lower debt borrowing of \$19.5 million and lower share issuance of \$1.7 million, combined with \$4.8 million of cash used for lease payments during the first quarter ended March 31, 2019, compared to nil for the same period last year, and the year-over-year negative impact of \$1.8 million related to the settlement of derivative financial instruments.

Finally, exchange rate fluctuations on cash denominated in foreign currencies had an unfavorable impact of \$4.7 million during the three-month period ended March 31, 2019, compared to a favorable impact of \$1.3 million for the same period last year.

### **Long-Term Debt**

Table 13 – Credit Facility (in \$ thousands)

	AS AT MARCH 31, 2019	AS AT DECEMBER 31, 2018
Credit Facility		
Revolving facility	437,231	422,805
Other facilities	-	919
Deferred financing charges	(2,068)	(2,197)
	435,163	421,527
Less current portion	-	(388)
Non- current portion	435,163	421,139

### *Credit Facility*

On May 28, 2018, the Company entered into the Fifth Amended and Restated Credit Agreement (“Credit Agreement”) with a Canadian banking syndicate of lenders. The Facility is used for general corporate purposes. It is comprised of a \$600 million senior unsecured revolving facility (“Facility”) which can be drawn in Canadian or US dollars at the discretion of the Company.

## Liquidity and Capital Resources

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Under the terms of the Credit Agreement, there are no minimum repayments until June 30, 2022, the date at which the amount drawn is repayable in full. At any time, subject to certain terms and conditions, the Company may request an increase in the available Facility by an amount of up to CA\$200 million subject to the acceptance of the individual lenders in the banking syndicate. 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 in the aggregate, to more than 66 2/3%, subject to certain terms and conditions.

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%.

Prior to May 28, 2018, the Fourth Amended and Restated Credit Agreement (the "Previous Credit Agreement") included a US\$125 million term (non-revolving) facility and a CA\$350 million senior unsecured revolving facility which could be drawn in Canadian or US dollars at the discretion of the Company.

Under the terms of the Previous Credit Agreement, there were no minimum repayments on the term facility until May 31, 2019, and until March 25, 2020, for the revolving facility, at which dates the amounts drawn were repayable in full. On May 28, 2018, the term facility was terminated and balances drawn on that date were converted to the Facility.

There were no changes to the interest rates applicable on the Previous Credit Facility. As at March 31, 2019, the total amount drawn on the Facility was CA\$23.542 million and US\$309.659 million (CA\$413.689 million) (CA\$123.500 million and US\$219.4 million (CA\$299.305 million) as at December 31, 2018).

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

Under the terms of the Credit Agreement and the Previous Credit Agreement, the Company must satisfy certain restrictive covenants including minimum financial ratios. These restrictions include maintaining a maximum ratio of Funded Debt to EBITDA and a minimum Interest Coverage Ratio as defined in the Credit Agreement and the Previous Credit Agreement. EBITDA, a non-IFRS financial measure, includes consolidated earnings (losses) before interest, income taxes, depreciation, amortization and other non-cash items, and excludes extraordinary and unusual items including non-recurring items and certain purchase price obligations as well as certain other adjustments outlined in the Credit Agreement. All restrictive covenants under the Credit Agreement were met as at March 31, 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 \$0.231 million of which quarterly payments of CA\$0.131 million were required. The loan bore interest at prime plus 0.25% to 1.25% which was based on the ratio of senior debt to EBITDA (a non-IFRS financial measure defined in the loan agreement). The original maturity of this loan was on June 30, 2019, however, the subsidiary repaid the total outstanding balance in January 2019. All debt covenant requirements were met as at December 31, 2018.

## Liquidity and Capital Resources

As at December 31, 2018, this subsidiary also had a line of credit with a limit of CA\$0.75 million. This credit limit bore interest at prime plus up to 0.25% to 1% which was also based on the ratio of senior debt EBITDA and had no fixed maturity date. As at December 31, 2018 the subsidiary had not drawn on the line of credit and it was cancelled in January 2019.

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

### Convertible Debentures

Table 14 – Convertible Debentures (in \$ thousands)

	As at March 31, 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	1,673	1,357
Balance, end of period	79,324	79,008

On December 21, 2017, the Company issued 86,250 unsecured convertible debentures at 5% maturing on June 23, 2023, with interest payable semi-annually in arrears on June 30 and December 31 of each year starting June 30, 2018, for gross proceeds of CA\$86.25 million. The convertible debentures are convertible at the option of the holder at a conversion price of \$18.85 per Class A subordinate shares ("Class A Shares"). The convertible debentures are not redeemable by the Company before June 30, 2021. The convertible debentures are redeemable by the Company at a price of \$0.001 million per convertible debenture, plus accrued and unpaid interest, on or after June 30, 2021, and prior to June 30, 2022, (provided that the weighted average trading price of the Class A Shares on the TSX for the 20 consecutive trading days ending five days preceding the date on which the notice of redemption is given, is not less than 125% of the conversion price of \$18.85 per share). On or after June 30, 2022, but prior to the maturity date, the Company may redeem on not more than 60 days and not less than 30 days prior notice, at a price of \$0.001 million per convertible debenture, plus accrued and unpaid interest.

During the three-month period ended March 31, 2019, no amount was paid as accrued interest. During the year ended December 31, 2018, an amount of \$4.431 million was paid representing the accrued cash interest from the issuance date of the unsecured convertible debentures to December 31, 2018.

### ***Share Capital***

As at March 31, 2019, the Company had 78,054,445 Class A shares and 19,412,401 Class B special voting shares for a total of 97,466,846 outstanding shares compared to 71,293,598 Class A shares and 19,444,490 Class B special voting shares for a total of 90,738,088 outstanding shares as at March 31, 2018.

### ***Capital Management***

The Company's capital comprises share capital, retained earnings (deficit), long-term debt and convertible debentures, less cash and cash equivalents. The Company manages its capital to ensure there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance and to maintain compliance with regulatory requirements and certain restrictive covenants required by the lender of the debt. As at March 31, 2019 and December 31, 2018, the Company and one of its subsidiaries 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 they have complied with their respective calculations. The Company and its subsidiaries have also complied with their restrictive debt covenants under the various credit facilities.

In order to maintain or adjust its capital structure, the Company may issue shares, proceed to the issuance or repayment of debt or redeem convertible debentures.

### ***Contractual Obligations***

As at March 31, 2019, the Company had no material contractual obligation other than those described in the Company's 2018 Annual MD&A in the section entitled "*Contractual Obligations*".

### ***Contingent Liabilities***

In the normal course of business, the Company and its subsidiaries may be party to business and employee-related claims. The potential outcomes related to existing matters faced by the Company are not determinable at this time. The Company intends to defend these actions, and management believes that the resolution of these matters will not have a material adverse effect on the Company's financial condition.

## Share-Based Payments

### SHARE-BASED PAYMENTS

#### Stock Option Plan

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

A summary of the changes that occurred in the Company's stock option plans during the three-month periods ended March 31, 2019, and 2018, is presented below:

Table 15 – Options Transactions

	2019		2018	
	Number of Class A Share Options	Weighted-Average Exercise Price (\$)	Number of Class A Share Options	Weighted-Average Exercise Price (\$)
Outstanding – beginning of period	3,977,191	12.21	4,183,852	11.86
Granted	-	-	20,000	11.23
Exercised	(40,000)	7.41	(240,709)	8.22
Forfeited	(195,000)	13.44	(20,252)	13.58
Outstanding – end of period	3,742,191	12.19	3,942,891	12.07
Options exercisable – end of period	1,247,812	11.13	694,512	8.08

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

One DSU unit is equivalent to one Class A Share of the Company. The Company recorded an expense of \$0.01 million for this plan during the three-month period ended March 31, 2019 ((\$0.032 million) during the three-month period ended March 31, 2018). As at March 31, 2019, the Company had a liability for an amount of \$0.105 million for the 8,395 units outstanding under the DSU plan (\$0.095 million for 8,395 units as at December 31, 2018).

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

The following table presents transactions that occurred in the Company's RSU Plan during the three-month period ended March 31, 2019 and 2018.

Table 16 – RSU Transactions

	2019	2018
Outstanding units – beginning of period	258,560	608,635
Vested	-	(125,646)
Outstanding units – end of period	258,560	482,989

One RSU unit is equivalent to one Class A Share of the Company. The Company recorded an expense of \$0.575 million and \$1.002 million for these grants during the three-month periods ended March 31, 2019 and 2018 respectively. During the three-month period ended March 31, 2018, 125,646 Class A Shares were issued as settlement of RSU vested (2019 –

## Share-Based Payments

nil). As at March 31, 2019, the Company had a liability in the amount of \$2.334 million for the 258,560 units outstanding under the RSU Plan (\$1.759 million for 258,560 units as at December 31, 2018).

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

The following table presents transactions that occurred in the Company’s RSU Plan during the three-month periods ended March 31, 2019 and 2018.

Table 17 – RSU Cash Transactions

	2019	2018
Outstanding units – beginning of period	528,308	504,380
Vested	(10,589)	(9,917)
Outstanding units – end of year	517,719	494,463

RSU cash units are equivalent to one Class A Share of the Company. The Company recorded an expense of \$0.978 million and \$0.187 million for these grants during the three-month periods ended March 31, 2019 and 2018, respectively. During the three-month period ended March 31, 2019, 10,589 units vested (2018 – 9,917) and an amount of \$0.128 million (2018 – \$0.262 million) was paid as settlement of these units. In addition, a total of \$1.655 million was paid during the three-month period ended March 31, 2019 as settlement of units vested in 2018.

As at March 31, 2019, the Company had a liability in the amount of \$3.623 million for the 517,719 units outstanding (\$4.305 million for 528,308 units as at December 31, 2018).

### *Restricted Share Plan (“RSP”)*

As at December 31, 2018, there were no longer any restricted shares outstanding. Therefore, on March 21, 2019 the Board approved the termination of the Restricted share plan effective as at such date.

No expenses were recorded for the restricted share plan during the three-month period ended March 31, 2019 (an expense of \$0.084 million was recorded during the three-month period ended March 31, 2018 for this grant).

### *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.

## Share-Based Payments

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-month periods ended March 31, 2019 and 2018:

**Table 18 – PSU Plan Applicable to BU Transactions (in \$ thousands)**

	2019	2018
	\$	\$
Equity-settled grants	810	2,836
Cash-settled grants	2,219	2,097
Total expense	3,029	4,933

The total award value granted under the Company's PSU plans applicable to BU was during the three-month periods ended March 31, 2019 and 2018 was nil. During the three-month period ended March 31, 2018, 322,387 Class A Shares were issued as settlement of PSU applicable to BU (nil during the three-month period ended March 31, 2019).

### *UAR Applicable to BU*

Under the UAR applicable to BU, eligible employees are entitled to receive Class A Shares of the Company for an amount equivalent to the difference between the business value per unit on the vesting date and the exercise price determined on the grant date. The Company recorded an expense of \$0.371 million during the three-month period ended March 31, 2019.

### *PSU Plan*

One PSU unit is equivalent to one Class A Share of the Company. The Company recorded the following expense relating to the PSU plans during the three-month periods ended March 31, 2019 and 2018:

**Table 19 – PSU Transactions (in \$ thousands)**

	2019	2018
	\$	\$
Equity-settled grants	286	12
Cash-settled grants	619	65
Total expense	905	77

The total award value granted to eligible employees under the Company's PSU plans for the three-month periods ending March 31, 2019 and 2018 was nil and \$4.22 million respectively. No Class A Shares were issued during the three-month period ended March 31, 2019 as settlement of PSU vested in 2018 (2018 – 19,819).

## Share-Based Payments

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### *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 consolidated statements of earnings (loss) for the three-month periods ended March 31, 2019 and 2018, was \$0.399 million and \$0.241 million, respectively. The cash settled share-based liability is \$4.355 million in the consolidated statements of financial position as at March 31, 2019 (\$3.956 million as at December 31, 2018).

## Related Party Transactions

### RELATED PARTY TRANSACTIONS

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

Under a former agreement with a related shareholder, this related shareholder was entitled to appoint two of the four directors of the Company that the holders of Class A Shares are entitled to elect, as long as it holds, directly or indirectly, at least 20% of the outstanding Class A Shares and Class B Shares, together, on a non-diluted basis. Following the closing of the Company's bought deal financing comprised of unsecured convertible debentures and of a Class A Share issuance on December 21, 2017 and subsequent shareholder transactions, the related party's beneficial ownership is approximately 17.9% of the Company's issued and outstanding shares as at March 31, 2019 (18.0 % as at December 31, 2018) and as a result, such agreement terminated and the related party no longer has the right to designate two appointees to the Company's Board. This related shareholder is one of the two co-lead arrangers and one of lenders to the Company's Credit Facility and is the counterparty to the derivative financial instruments presented as being with a related entity in the table below.

At March 31, 2019, the other related shareholder indirectly owns Class B Special Voting Shares representing approximately 7.4% 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 arrangers and one of the lenders to the Company's Credit Facility.

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

**Table 20 – Related Party Transactions (in \$ thousands)**

	For the three-month periods ended March 31,	
	2019	2018
Base management fees	11,656	10,861
Performance fees	-	219
Other revenues	4,901	1,774
Selling, general & administrative expenses		
Reference fees	409	474
Other	161	212
Interest on long-term debt	4,697	3,630
Net (gain) loss in fair value of derivative financial instruments included in interest on long-term debt and other financial charges	5,668	(478)

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

### CONTROL AND PROCEDURES

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

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

The CEO and CFO, supported by Management, evaluated the design of the Company's DC&P and ICFR as at March 31, 2019, and have concluded that they were effective. Furthermore, no significant changes to the ICFR occurred during the three-month period ended March 31, 2019.

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

### FINANCIAL INSTRUMENTS

#### *Fair Value*

##### *Investments*

The cost of and fair value of investments recorded at fair value through profit or loss was \$1.943 million and \$2.301 million, respectively, as at March 31, 2019 (\$4.574 million and \$4.857 million respectively as at December 31, 2018). Total realized and unrealized gain of \$0.221 million was recognized in other revenues during the three-month period ended March 31, 2019 (gain of \$0.058 million during the three-month period ended March 31, 2018).

##### *Convertible debentures*

The convertible debentures are recorded at an amortized cost of \$79.324 million as at March 31, 2019 (\$79.008 million as at December 31, 2018). The fair value based on market quotes is \$88.415 million as at March 31, 2019 (\$87.544 million as at December 31, 2018).

##### *Long-term debt*

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

##### *Derivative financial instruments*

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

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

The Company determines the fair value of its foreign exchange forward contracts by calculating the difference between the forward exchange rates at the measurement date and the contractual forward price for the residual maturity of the contract. The Company determines the fair value of its interest rate swap and cross currency swap contracts by applying valuation techniques.

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

## Financial Instruments

\$ in thousands	For the three-month period ended March 31, 2019	As at March 31, 2019				
		Fair value		Notional amount: term to maturity		
		Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$
<b>Foreign exchange contracts</b>						
a) Forward foreign exchange contracts						
– held for trading	1,120	-	(804)	169,942	-	-
b) Cross currency swaps						
– held for trading	(3,619)	-	(906)	190,000	-	-
<b>Interest rate contracts</b>						
c) Swap contracts						
– held for trading	(2,049)	474	(3,223)	-	190,000	-
d) Swap contracts						
– cash flow hedges	-	2,309	-	-	225,776	-

\$ in thousands	For the three-month period ended March 31, 2018	As at December 31, 2018				
		Fair value		Notional amount: term to maturity		
		Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	\$	\$	\$	\$	\$	\$
<b>Foreign exchange contracts</b>						
a) Forward foreign exchange contracts						
– held for trading	(1,456)	-	(1,672)	45,374	-	-
b) Cross currency swaps						
– held for trading	480	1,083	-	80,000	-	-
<b>Interest rate contracts</b>						
c) Swap contracts						
– held for trading	(2)	860	(1,560)	-	190,000	-
d) Swap contracts						
– cash flow hedges	-	4,506	-	-	230,550	-

### Financial statement presentation:

	As at March 31, 2019	As at December 31, 2018
\$ in thousands	\$	\$
Current derivative financial instrument assets <sup>(1)</sup>	-	1,083
Non-current derivative financial instrument assets	2,783	5,366
Current derivative financial instrument liabilities	(1,710)	(1,672)
Non-current derivative financial instrument liabilities	(3,223)	(1,560)

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

### *a) Forward foreign exchange contracts – held for trading*

#### *Company*

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

In March 2019, the Company entered into foreign exchange forward contracts to manage the currency fluctuation risk associated with the consideration for the acquisition of Palmer which was denominated in British Pounds (GBP). These foreign exchange forward contracts mature in April 2019.

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 \$0.901 million during the three-month period ended March 31, 2019 (loss of \$1.227 million during the three-month period ended March 31, 2018) and received \$0.276 million as settlement of contracts that matured during the period (received \$0.163 million during the three-month period ended March 31, 2018). The fair value of the forward foreign exchange contracts is a liability of \$0.612 million as at March 31, 2019 (liability of \$1.237 million as at December 31, 2018).

#### *Subsidiaries*

One of the Company's subsidiaries enters into forward exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in Euros and British pounds. This subsidiary recorded a gain of \$0.219 million and a loss of \$0.229 million during the three-month periods ended March 31, 2019 and 2018. A total of \$0.024 million was paid during the three-month period ended March 31, 2019 as settlement of the contracts (paid \$0.101 million during the three-month period ended March 31, 2018). As at March 31, 2019, the fair value of these contracts was a liability of \$0.192 million (a liability of \$0.435 million as at December 31, 2018).

### *b) Cross currency swaps – held for trading*

Under the terms of the Company's revolving facility, 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, as at March 31, 2019, a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 1.94% on CA\$190 million (CDOR plus 1.57% on CA\$80 million as at December 31, 2018) by borrowing against the US dollar revolving facility, the equivalent of CA\$190 million (US\$141.5 million) (CA\$80 million (US\$59.4 million) as at December 31, 2018) at LIBOR plus 2.25%, and swapping it into CDOR plus 1.94% with a one-month cross currency swap. The contract was entered into on March 29, 2019 and matures on April 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, and therefore is presented in interest on long-term debt and other financial charges.

The Company recorded a loss of \$3.619 million during the three-month period ended March 31, 2019, with no net impact on earnings as described above (gain of \$0.48 million during the three-month period ended March 31, 2018). A total of \$1.63 million was paid during the three-month period ended March 31, 2019 as settlement of the contracts (received \$0.408 million for the three-month period ended March 31, 2018). The fair value of the cross currency swap contracts was a liability of \$0.906 million as at March 31, 2019 (an asset of \$1.083 million as at December 31, 2018).

### *c) Interest rate swap contracts – held for trading*

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

On May 31, 2017, the Company entered into an interest rate swap contract with an original amortizing notional amount of CA\$100 million at inception and maturing on May 31, 2022. As at March 31, 2019, the notional amount was CA\$30 million (December 31, 2018 – CA\$30 million). The contract consists of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 1.335%.

In March 2018, the Company entered into two interest rate swap contracts with original notional amounts of CA\$10 million and CA\$40 million at inception and maturing on May 31, 2022. The contracts consist of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 2.350% (on CA\$10 million notional contract) and 2.358% (on CA\$40 million notional contract).

In May 2018, the Company entered into an interest rate swap contract with an original notional amount of CA\$47 million maturing on May 31, 2022. The contract consists of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 2.430%.

In September 2018, the Company entered into an interest rate swap contract with an original notional amount of CA\$18 million maturing on May 31, 2022. The contract consists of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 2.530%.

In October 2018, the Company entered into an interest rate swap contract with an original notional amount of CA\$45 million maturing on May 31, 2022. The contract consists of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 2.703%.

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 \$2.049 million during the three-month period ended March 31, 2019 (loss of \$0.002 million during the three-month period ended March 31, 2018). The fair value of the interest rate swap contracts is an asset of \$0.474 million and a liability of \$3.223 million as at March 31, 2019 (an asset of \$0.860 million and a liability of \$1.56 million as at December 31, 2018).

### *d) Interest rate swap contracts – Cash flow hedges*

On May 31, 2017, the Company entered into two US dollar interest rate swap contracts with original notional amounts of US\$125 million and US\$44 million respectively at inception and maturing on May 31, 2022. The contracts consist of exchanging the variable interest rate based on a one-month LIBOR rate for a fixed rate of 1.84%. Interest is settled on a monthly basis.

These contracts are designated as cash flows hedges and satisfy the requirements for hedge accounting. The effective portion of changes in the fair value of these contracts are recognized in other comprehensive income and accumulated in a hedging reserve. The Company recorded a gain in other comprehensive income of \$1.906 million during the three-

month period ended March 31, 2019 (net of income taxes of \$0.291 million) (gain of \$3.066 million (net of income taxes of \$0.468 million) during the three-month period ended March 31, 2018).

The ineffective portion of changes in fair value is recognized immediately in profit or loss in the interim condensed consolidated statement of earnings (loss). There is no ineffective portion on these contracts for the three-month periods ended March 31, 2019 and 2018. The fair value of the interest rate swap contracts designated as cash flow hedges is an asset of \$2.309 million as at March 31, 2019 (asset of \$4.506 million as at December 31, 2018).

The Company remains exposed to fluctuations in the US base or LIBOR rates on the difference between the US dollar credit facility and the notional amounts of the US dollar interest rate swap contracts. The drawings in US dollars on the credit facility are US\$309.659 million as at March 31, 2019 (US\$219.4 million as at December 31, 2018).

### *e) Call option*

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 March 31, 2019, this derivative financial instrument has no financial impact on the Company's consolidated financial statements.

## Significant Accounting Judgments and Estimation Uncertainties

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### SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES

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

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

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

#### *Purchase Price Obligation – CNR*

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

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

- Annual revenue growth factors, such as market rate and net contributions rate, are estimated based on internal and external data and publications, economic conditions, and the specific characteristics of the financial liability. A higher annual revenue growth factor will result in a higher fair value. To assess the fair value as at March 31, 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 March 31, 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 March 31, 2019 was CA\$70.564 million (US\$52.82 million) and CA\$74.118 million (US\$54.331 million) as at December 31, 2018.

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

- A variance of 350 basis points in the market growth rate, as an increase or (decrease), would result in an increase (decrease) of approximately CA\$5.345 million (US\$4 million) in the fair value of the purchase price obligation.
- A variance of 300 basis points in the net contributions rate, as an increase or (decrease) would result in an increase (decrease) of approximately CA\$2.672 million (US\$2 million) in the fair value of the purchase price obligation.

## Significant Accounting Judgments and Estimation Uncertainties

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- A variance of 200 basis points in the risk-adjusted discount rate, as an increase (discount), would result in a decrease (increase) of approximately CA\$2.672 million (US\$2 million) in the fair value of the purchase price obligation.

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate, the market growth and the net contributions and established a reasonable fair value range that could result in a CA\$8.015 million (US\$6 million) increase or decrease in the fair value of the purchase price obligation as at March 31, 2019.

### *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 March 31, 2019 was CA\$39.454 million (US\$29.53 million) and CA\$39.955 million (US\$28.553 million) as at December 31, 2018.

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

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate, revenue, EBITDA, and cross-selling forecasts and established a reasonable fair value range between CA\$34.735 million (US\$26 million) and CA\$40.079 million (US\$30 million) for its purchase price obligation as at March 31, 2019.

### NEW ACCOUNTING STANDARDS

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

##### ***IFRS 16 – Leases***

The Company has initially adopted IFRS 16 *Leases* on January 1, 2019. IFRS 16 *Leases* 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, 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 *Leases* using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated and it is presented, as previously reported, under IAS 17 *Leases* and related interpretations. The details of the changes in accounting policies are disclosed in the Company's unaudited interim condensed consolidated financial statements, including the notes thereto, for the three-month periods ended March 31, 2019 and 2018.

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

The following revised standards are effective for annual periods beginning on January 1, 2019. Their adoption did not have a significant impact on the amounts reported or disclosures made in the unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2019 and 2018.

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

In June 2017, the IASB issued IFRIC 23 – *Uncertainty over Income Tax Treatments*. The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatment under IAS 12. It specifically considers whether tax treatments should be considered collectively, assumptions for taxation authorities' examinations, the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and the effect of changes in facts and circumstances. This interpretation does not have a significant impact on the unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2019 and 2018.

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

In December 2017, the IASB issued *Annual Improvements to IFRS Standards 2015–2017 Cycle*. The pronouncement 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 did not have a significant impact on the unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2019 and 2018.

## New Accounting Standards

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

No new IFRS were issued during the three-month period ended March 31, 2019 and there are no other standards that are not yet effective that are expected to have a significant impact on the Company's consolidated financial statements in the current or future reporting periods or on foreseeable future transactions.

### RISK FACTORS

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





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