Management's Discussion and Analysis
FIERA CAPITAL CORPORATION

For the Three and Twelve-month Periods Ended December 31, 2018

FIERA CAPITAL

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FINANCIAL HIGHLIGHTS

The following management's discussion and analysis ("MD&A") dated March 22, 2019, presents an analysis of the financial condition and results of the consolidated operations of Fiera Capital Corporation (the "Company" or "Fiera Capital") as at and for the three and twelve-month periods ended December 31, 2018. The following MD&A should be read in conjunction with the audited consolidated financial statements, including the notes thereto, for the years ended December 31, 2018 and 2017.

Highlights as at and for the Twelve-Month Period Ended December 31, 2018

For the year ended December 31, 2018, the Company's revenue increased by $81.2 million, or 18%, year-over-year to $540.3 million and adjusted EBITDA[1] increased by $20.7 million, or 18%, year-over-year, demonstrating the Company's focus on profitability and improving shareholder return, even in a year of market correction.

2018 was a challenging year for investment managers as the fourth quarter was characterized by negative return affecting nearly all sectors. Despite this headwind, most of our fund managers outperformed their benchmarks in 2018, thereby limiting the impact of the markets.

The Company was also able to minimize the impact of market volatility on our overall results in 2018. Furthermore, while there was a tapering of $0.1 billion in organic growth during the year, new mandates gained were in higher basis point (BPS) strategies than those of our lost mandates, which we expect will increase the amount of revenue generated from our AUM going forward.

In addition, our Private Alternative Platform has continued its rapid growth in 2018. The Company has introduced several new solutions over the past few years, and we are beginning to see those results on our top and bottom lines. Moreover, our clients get to reap the benefits of unique asset classes with stable and recurring cash flows and low correlations to traditional investment vehicles.

Finally, the acquisitions of Clearwater and CGOV, our two 2018 acquisitions, enabled the Company to establish a footprint in the Asia credit space and to become one of the largest private wealth investment managers in Canada. These two acquisitions added a combined $6.9 billion to our total AUM in 2018.

[1] *Please refer to the "Non-IFRS Measures" Section on page 30 and the reconciliation to net earnings (loss) IFRS measures.*

Summary of Quarterly Results

The Company's AUM, total revenues, adjusted EBITDA [1], adjusted EBITDA margin[1] 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 years ended December 31, 2018 and 2017, are as follows:

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

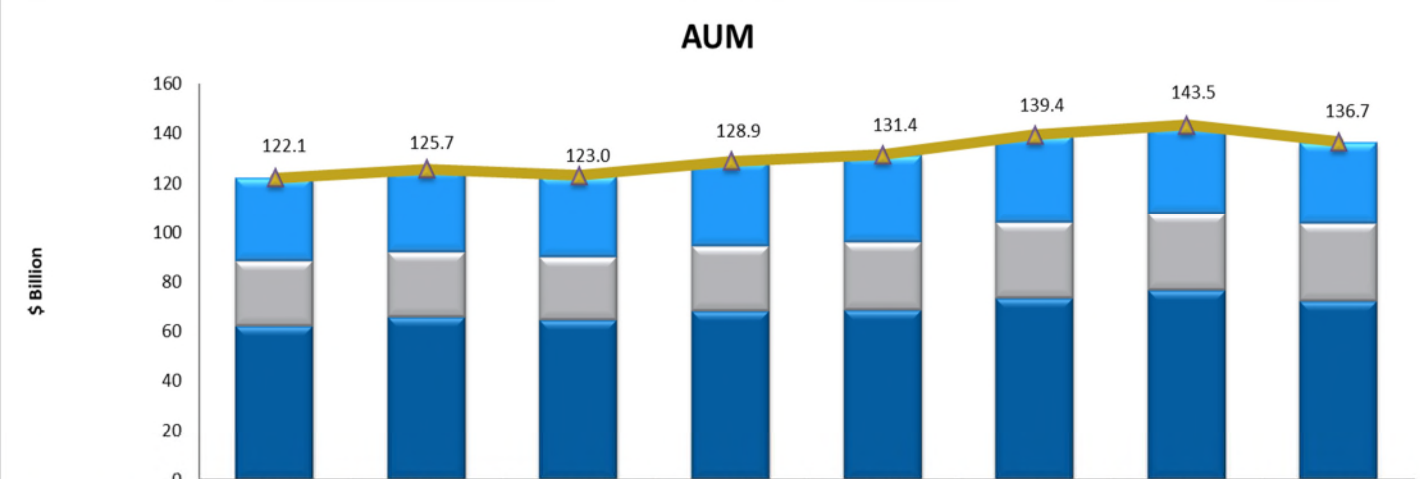
	Year Ended Dec. 31 2018	Year Ended Dec. 31 2017	Q4 Dec. 31 2018	Q3 Sep. 30 2018	Q2 Jun. 30 2018	Q1 Mar. 31 2018	Q4 Dec. 31 2017	Q3 Sep. 30 2017	Q2 Jun. 30 2017	Q1 Mar. 31 2017
AUM	136,675	128,901	136,675	143,475	139,389	131,360	128,901	123,003	125,658	122,063
Total revenues	540,285	459,096	156,963	137,109	126,232	119,981	142,046	107,127	109,349	100,574
Adjusted EBITDA [1]	137,483	116,753	39,322	36,620	32,703	28,839	36,056	27,020	28,480	25,199
Adjusted EBITDA margin[1]	25.4%	25.4%	25.1%	26.7%	25.9%	24.0%	25.4%	25.2%	26.0%	25.1%
Net earnings (loss) attributable to Company's shareholders	(5,013)	10,671	(1,709)	995	(2,106)	(2,193)	763	4,603	877	4,428
PER SHARE – BASIC										
Adjusted EBITDA [1]	1.45	1.42	0.41	0.38	0.35	0.32	0.43	0.33	0.35	0.31
Net earnings (loss) attributable to the Company's shareholders	(0.05)	0.13	(0.02)	0.01	(0.02)	(0.02)	0.01	0.06	0.01	0.05
Adjusted net earnings attributable to the Company's shareholders [1]	1.07	1.21	0.29	0.29	0.26	0.24	0.35	0.28	0.31	0.27
PER SHARE – DILUTED										
Adjusted EBITDA [1]	1.45	1.33	0.41	0.36	0.35	0.32	0.43	0.32	0.34	0.30
Net earnings (loss) attributable to the Company's shareholders	(0.05)	0.12	(0.02)	0.01	(0.02)	(0.02)	0.01	0.05	0.01	0.05
Adjusted net earnings attributable to the Company's shareholders [1]	1.07	1.13	0.29	0.27	0.26	0.24	0.35	0.27	0.30	0.26

[1] Please refer to the "Non-IFRS Measures" Section on page 30.

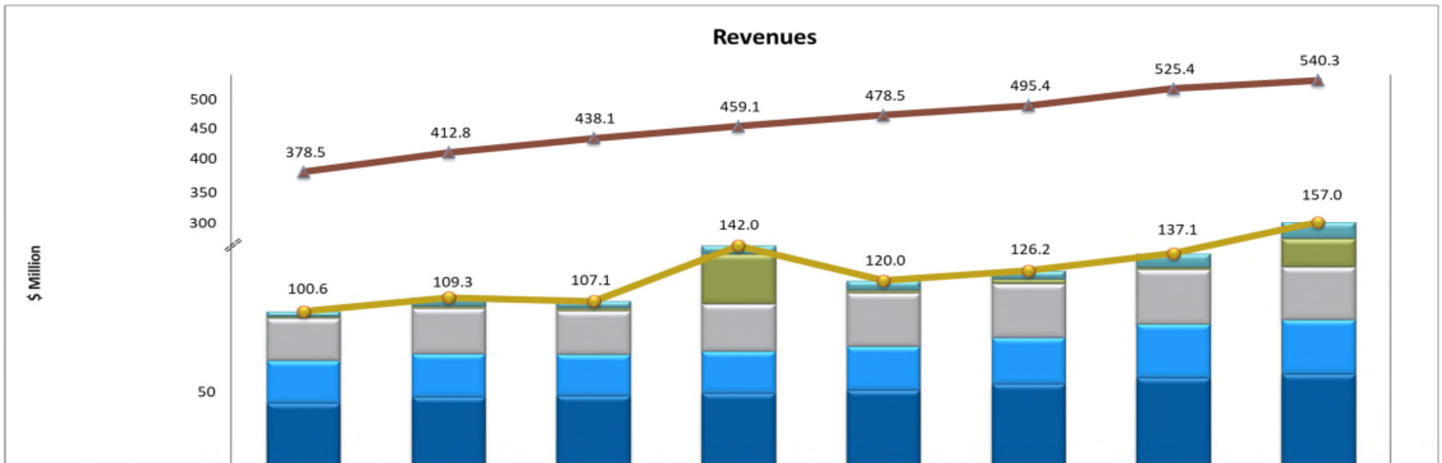
Certain totals, subtotals and percentages may not reconcile due to rounding.

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[1], LTM Adjusted EBITDA Margin[1], LTM Net Earnings (loss) per share, LTM Adjusted Earnings per share[1], as well as the LTM dividend payout.



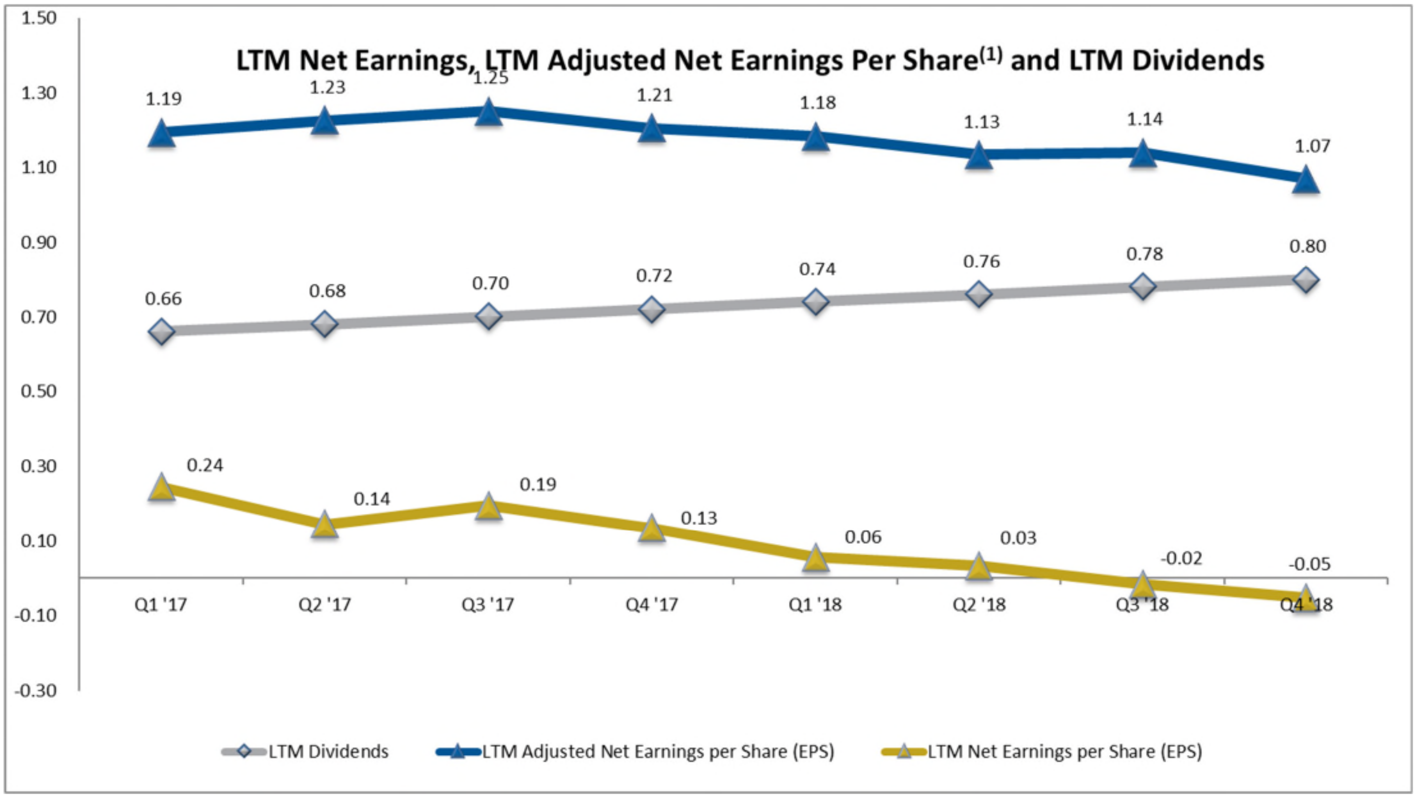
	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18
Retail	33.7	33.8	32.9	34.6	35.3	35.7	36.1	33.4
Private Wealth	26.3	26.4	25.7	26.3	27.5	30.6	31.0	31.3
Institutional	62.1	65.5	64.4	68.0	68.6	73.1	76.4	72.0
Total AUM	122.1	125.7	123.0	128.9	131.4	139.4	143.5	136.7

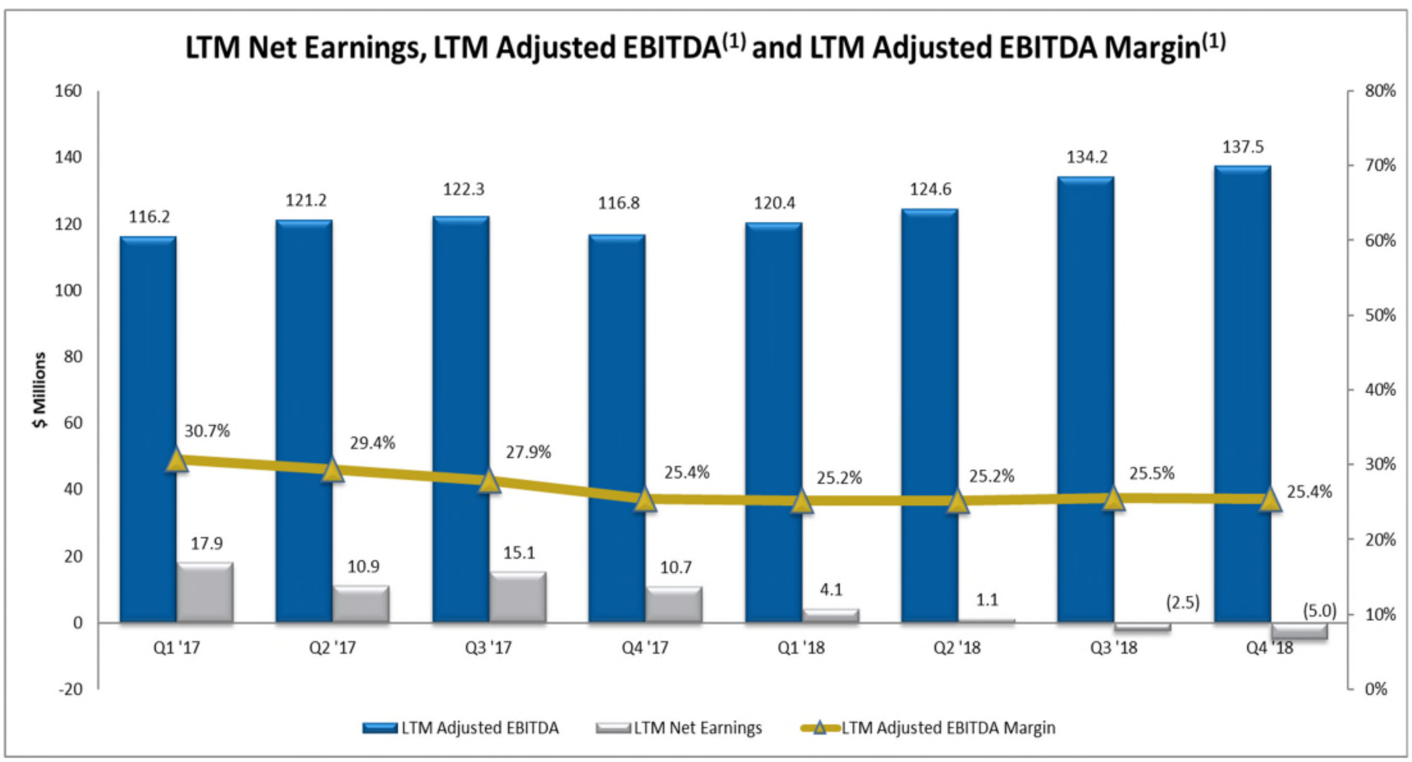


	Q1 '17	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18
Other Revenues	3.7	5.7	4.5	5.5	6.3	5.6	9.0	10.6
Performance Fees	0.5	1.2	1.6	31.2	1.5	2.7	1.2	17.8
Retail	27.0	28.6	27.5	29.9	34.0	34.0	34.6	33.3
Private Wealth	26.8	27.2	26.2	26.5	27.3	29.3	33.6	34.3
Institutional	42.6	46.6	47.3	49.0	50.9	54.7	58.8	60.9
Total Revenues	100.6	109.3	107.1	142.0	120.0	126.2	137.1	157.0
LTM Revenues	378.5	412.8	438.1	459.1	478.5	495.4	525.4	540.3

[1] *Please refer to the "Non-IFRS Measures" Section on page 30.*

Financial Highlights





[1] *Please refer to the "Non-IFRS Measures" Section on page 30.*

BASIS OF PRESENTATION AND FORWARD-LOOKING STATEMENTS

Basis of Presentation

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

The policies applied in the Company's consolidated financial statements are based on IFRS issued and outstanding as at December 31, 2018.

The audited 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 following MD&A should also be read in conjunction with the Company's 2018 annual audited consolidated financial statements, which contain a description of the accounting policies used in the preparation of these financial statements.

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

(1) *Please refer to the "Non-IFRS Measures" Section on page 30.*

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 among 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 over $136 billion in AUM as at December 31, 2018. 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.

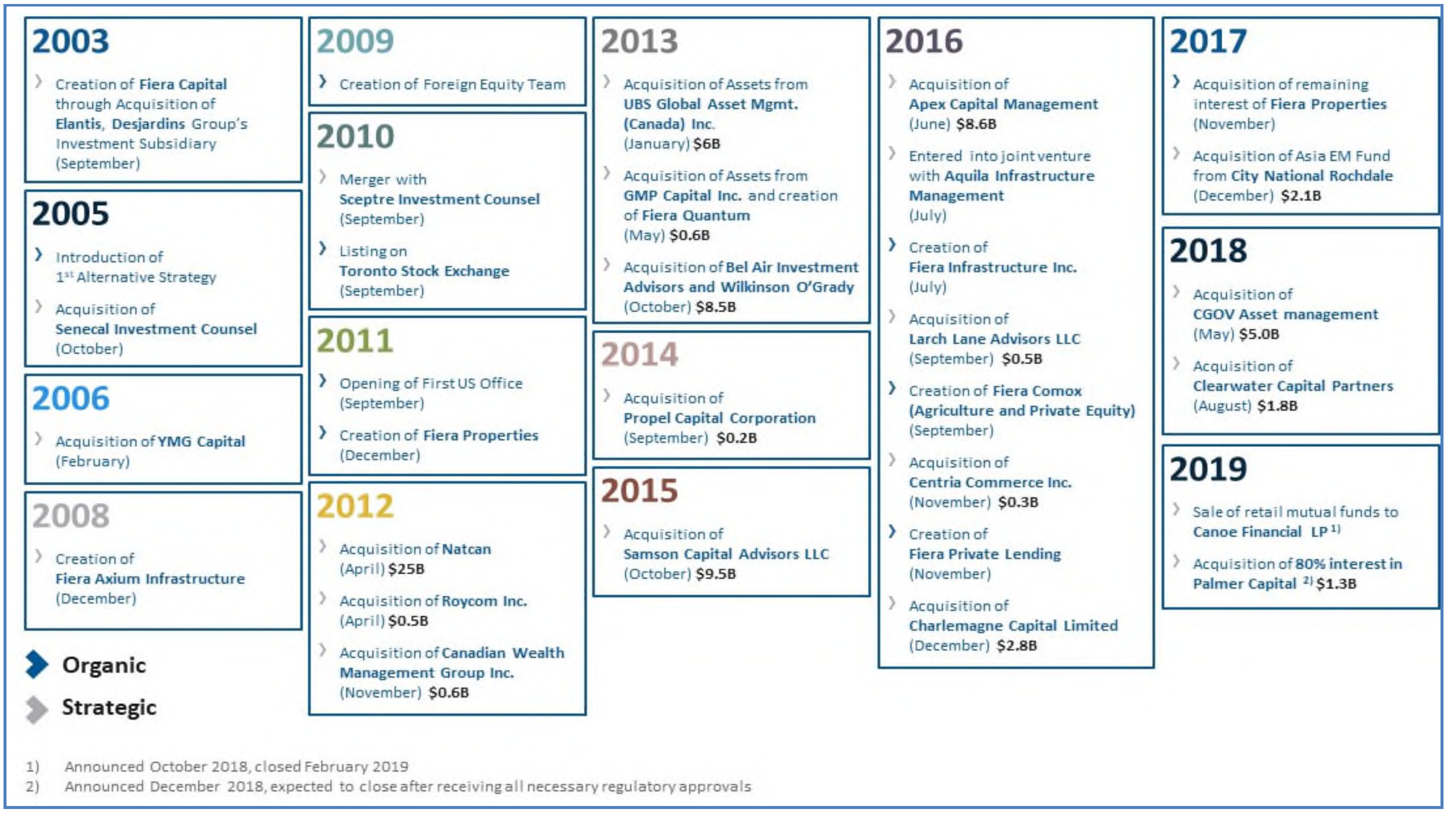
To adapt to the investment landscape's constant evolution, Fiera Capital's teams collaborate and seek to draw on the global industry's most innovative and diverse offerings to craft strategies that meet the needs of every client, no matter where they may be located. The Company adheres to the highest 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. Through its joint ventures with Fiera Infrastructure and Fiera Comox, the Company provides its clients with the ability to access infrastructure, agriculture and private equity investments. Through its subsidiaries Fiera Private Lending and Fiera Properties, Fiera Capital offers its clients exposure to private financings, including construction financing, real estate investment and short-term business financing. The Company's Clearwater subsidiaries provide clients with exposure to private lending in Asian credit markets.

Company Evolution

The following diagram shows key initiatives, including organic growth and business acquisitions in terms of AUM in the evolution of the Company since its creation.



2018 SIGNIFICANT EVENTS

- **2022 Strategic Plan underway** – The execution of the 2022 Strategic Plan commenced in the fourth quarter of 2018 and the first initiatives are already well underway. These initiatives, whether large or small, will have an impact on our processes, practices and corporate culture. This is a turning point that will help properly position Fiera Capital for the coming years in order to achieve our goal of becoming one of the top 100 asset managers in the world.

- **Fiera Capital Expands Presence in Asia with Acquisition of Clearwater Capital Partners** – *August 9, 2018*. The Company closed its acquisition of Clearwater Capital Partners LLC, an Asia focused credit and special situations investment firm headquartered in Hong Kong. The aggregate consideration paid at closing, subject to various post-closing adjustments, was approximately US$14.9 million.

- **Fiera Capital Acquires Leading High-Net-Worth and Institutional Investment Firm CGOV Asset Management** – *May 31, 2018*. Fiera Capital closed its acquisition of CGOV, an Ontario-based high-net-worth and institutional investment firm with approximately C$5 billion in assets under management at closing.

- **Expanded presence in the UK with acquisition of Palmer Capital Partners Limited ("Palmer Capital")** – *December 21, 2018*. The Company entered into a purchase agreement with Palmer Capital to acquire 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 £215.5 million managed through joint ventures.

- **Launch of Fiera Comox Private Equity** – *December 3, 2018*. Fiera Comox announced the launch of Fiera Comox Private Equity, enabling the independent investment manager to offer clients two distinct global private investment strategies: Agriculture and now, Private Equity.

- **Milestone achievement: successfully completed the streamlining of custodians** – *November 2018*. The Canadian division celebrated a milestone achievement during the fourth quarter: the successful completion of a complex multi-phase initiative launched back in 2015 to address the significant challenges that stemmed from having multiple vendors administrating our investment funds. The many benefits of this achievement include reduced operating costs across the funds, enhanced operational, regulatory and fiduciary, compliance, and improved client reporting. These benefits align perfectly with the objectives of operational scalability and cost efficiency outlined in the 2022 Strategic Plan.

- **Launch of the Global Respect & Inclusion Policy** – *December 17, 2018*. The policy aims to foster an inclusive and diverse culture that will drive innovation as we pursue our goal of positioning Fiera Capital among the top 100 asset managers in the world. The Global Respect & Inclusion Policy reflects the Company's commitment to creating a work environment where employees embrace diversity and original thinking while treating one another with respect.

SUBSEQUENT EVENTS

- **Strategy to efficiently deploy capital within the Infrastructure platform** – *January 29, 2019*. Fiera Infrastructure announced that it entered into a long-term partnership with EllisDon, one of North America's most successful and experienced construction capital groups, to acquire EllisDon's interest in its existing portfolio of ten public-private projects ("PPP"). The completion of these ten projects is expected to add approximately $100 million to Fiera Infrastructure's AUM. Moreover, the Partnership has the right of first offer over EllisDon's future PPP for a pre-agreed period that has the potential to increase AUM significantly.

- **Closing of the Canoe transaction** – *February 22, 2019*. The Company completed the closing of its previously announced transaction whereby Canoe Financial LP ("Canoe"), a Canadian mutual fund company, has acquired the rights to manage nine of the Company's retail mutual funds. Canoe has also acquired the Company's ownership interest in Fiera Capital Funds Inc., Fiera Capital's wholly owned subsidiary and registered mutual fund dealer and retained Fiera Capital to act as sub-advisor for four of the nine funds.

- **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.

MARKET, ECONOMIC AND FUND PERFORMANCE REVIEW

Market Review

After an extended period of calm, volatility reasserted itself in 2018. In stark contrast to 2017, investor sentiment has been extremely fragile, with financial markets swinging wildly on the back of a myriad of macroeconomic developments at hand. Notably, investors have had to contend with an environment of rising borrowing costs, persistent trade tensions between the world's two largest economies, a politically-charged environment in Europe, and some tentative signs of slowing global growth. In the highly-volatile and illiquid trading environment, nervous investors have fled indiscriminately from risky assets.

Global equity markets posted their worst quarterly results since 2011 during the final quarter of 2018. Equity market leadership shifted dramatically during the quarter, with the US equity market lagging its global peers after several quarters of outperformance. Canadian equities also joined the quarterly rout, with the steep selloff in the energy sector weighing on the resource-levered market. European bourses were plagued by political anxieties in Italy, France, and the UK, while Japanese stocks plunged into bear market territory as the tumultuous trade backdrop countered some decent corporate profits. Finally, emerging market bourses also declined but managed to outperform their developed market peers as investor perceptions for a less-aggressive Federal Reserve stemmed some of the weakness in risky assets in general.

Meanwhile, fixed income markets posted positive results during the fourth quarter as investors flocked to the safety of bonds in what was a tumultuous trading environment. After breaching multi-year highs, North American bond yields moved lower across the curve and yield curves bull-flattened, with the decline in the long-end exceeding that of the short-end. The short-end was pressured lower as some dovish rhetoric from major central banks saw investors reign-in their wagers for policy normalization. Meanwhile, the long-end retreated alongside a softening of inflation expectations, which moderated in the environment of downgraded expectations for global growth and lower crude prices. Finally, corporate and high yield bonds underperformed their government peers, with deteriorating risk appetite sending credit spreads soaring higher throughout the quarter.

Taken together, we view the late-2018 pullback in equity markets as a short-term, sentiment-driven correction within a cyclical bull market. Encouragingly, the conditions for a pronounced global economic deceleration remain elusive at this time and the outlook for global growth remains reasonably bright. Moreover, the fragile trading relationship between the world's two largest economies may have finally crested following the G20 summit in Buenos Aires, where officials in the US and China demonstrated a willingness to negotiate. In the meantime, tentative signs of compromise between the Italian government and the European Union on the state of Italy's budget are beginning to show. What's more, there are some early signs that the fiscal impulse from both the US and China will stabilize the global economy in 2019 and provide a buffer as major central banks take cautious and coordinated steps towards monetary policy normalization, while "quantitative tightening" (balance sheet contraction) should ultimately replace an overly-aggressive rate hike trajectory. Taken together, we believe that its premature to call an end to the synchronous global expansion, which should provide some scope for equity market upside as we head into the new year.

Economic Outlook

The narrative for a synchronous global expansion should reassert itself in 2019, thanks to the accommodative monetary and fiscal impulse that extends the cycle - though the highly-contentious trade backdrop threatens to undermine activity.

The Canadian positive employment trends should provide some solace in 2019, the fortunes for the Canadian economy remain highly dependent on the much-needed rotation towards business spending and exports to take over from an exhausted consumer and housing backdrop. Encouragingly, business investment intensions for 2019 remain upbeat according to Statistics Canada's latest report on planned capital expenditures, while healthy growth prospects south of the border, a competitive Canadian dollar, and simmering trade tensions should bolster exports in the coming year.

The US economy continues to impress. The consumer is thriving on a resilient job market and rising wages, while the factory sector also remains in good health. After several quarters of impressive performance, growth is expected to downshift to a still-robust pace as the temporary boost from fiscal and monetary stimulus fades – though not enough to derail the Federal Reserve's plans to normalize policy in the coming year. The fourth quarter GDP results painted a picture of healthy, albeit moderating growth prospects for the world's largest economy. Both consumer and business spending were positive contributors, while trade and residential investment acted as a drag at the end of 2018. While some high frequency data at year-end indeed cooled as the economy contended with the government shutdown, ongoing trade uncertainties, and elevated levels of financial market volatility, the good news is that both consumers and businesses have revealed some renewed optimism in the latest survey results, suggesting that some of the softness at year-end may ultimately prove to be transitory in nature.

Looking abroad, while economic momentum in Europe has faded, growth should revert back to a respectable pace as temporary factors that were weighing on the economy dissipate. Meanwhile, a string of natural disasters hindered Japan's economy in 2018 - though leading indicators suggest that a rebound is forthcoming as one-off factors fade. Finally, the fortunes of the UK economy hinge directly on the outcome of Brexit, which remains highly uncertain at this time.

Finally, the Chinese economy demonstrated some preliminary signs of stabilization at the beginning of 2019 in an encouraging sign that the stimulative monetary and fiscal impulse may finally be bearing some fruit. Specifically, retail sales, industrial production, and fixed asset investment all pointed to a marginal improvement and surprised to the upside at the end of 2018, while exports rebounded and new loans hit a record high early-on in 2019. Taken together, this latest string of economic data has offered some reassurance that the world's second largest economy may be finding a floor, which by extension should have positive implications for global growth prospects in general. Encouragingly, officials in the US and China have also demonstrated some willingness to negotiate on the trade front and are taking some important steps towards making some sort of deal, which should remove a key overhang for the world's second largest economy in 2019.

Summary of Portfolio Performance

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 in 2018 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 performed exceptionally well during the year, with a large majority beating their relative benchmarks. Performance over the last five years also significantly beat relevant benchmarks and generated high-single- digit returns.

2018, overall, was another good year 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.

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, but performance over the last 5 years remains solid.

Our Private Alternatives funds performed exceedingly well in 2018. 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.

Table 2 – Annualized Rates of Return as at December 31, 2018

Strategies	AUM ($Billion)	1 yr			5 yrs or Since Inception (SI)* (SI if inception < 5 yrs)			Inception date	Benchmark name	Notes
		Strategy return	Added value	Quartile	Strategy return	Added value	Quartile			
Fixed Income Investment Strategies	**64.9**									
Active and Strategic Fixed Income - Active Universe		1.75	0.34	Q2	1.75*	0.34*	Q1	01/01/2018	FTSE Canada Universe	
Integrated Fixed Income Universe		1.67	0.26	Q2	4.01	0.46	Q1	01/01/2000	FTSE TMX Universe	
Integrated Fixed Income Credit		1.23	0.13	Q3	3.93	0.25	Q3	01/03/2012	FTSE Canada Corporate Universe	
Tactical Fixed Income Universe		2.18	0.77	Q1	3.75	0.2	Q2	01/01/2000	FTSE Canada Universe	
High Yield Bonds		-3.59	-0.36	Q4	3.51	-0.07	Q4	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		-11.19	-2.58	N/A	3.72*	1.06*	N/A	01/08/2015	SOLACTIVE Preferred Share Laddered Index	
Infrastructure Bonds		1.08	1.66	N/A	7.07	0.88	N/A	01/08/2011	FTSE Canada Provincial Long	
Preferred Shares Relative Value		-9.32	-1.39	N/A	1.59	1.26	N/A	01/02/2004	S&P/TSX Preferred Share Index	
Active and Strategic Fixed Income - Strategic Universe		1.65	0.25	N/A	1.11*	0.19*	N/A	01/12/2017	FTSE Canada Universe	
Tax Efficient Core Intermediate (Primary Benchmark)		1.42	-0.22	N/A	2.19	-0.22	N/A	31/03/2007	Bloomberg Barclays 1-10 Year Municipal Index	4
Tax Efficient Core Intermediate (Secondary Benchmark)		1.42	-0.13	N/A	2.19	0.33	N/A	31/03/2007	Bloomberg Barclays 1-10 Year AA+ Municipal Index	4
Tax Efficient Core Plus		1.43	-0.21	N/A	2.98	0.56	N/A	31/12/2012	Bloomberg Barclays 1-10 Year Municipal Index	4
High Grade Core Intermediate (Primary Benchmark)		0.89	-0.03	N/A	2.12	0.02	N/A	31/12/2004	Bloomberg Barclays Intermediate Aggregate Index	4
High Grade Core Intermediate (Secondary Benchmark)		0.89	-0.23	N/A	2.12	0.12	N/A	01/01/2005	Bloomberg Barclays Intermediate Aggregate Ex CMBS/ABS/BBB Index	4
Balanced Investment Strategies	**3.5**									
Balanced Core		-0.66	1.59	Q1	6.98	1.37	Q1	01/09/1984	Balanced Core Blended	2
Balanced Integrated		-1.13	1.69	Q1	7.07	1.55	Q1	01/04/2013	Balanced Integrated Blended	3
Equity Investment Strategies	**57.7**									
Canadian Equity		-2.41	6.48	Q1	7.63	3.57	Q1	01/01/2013	S&P/TSX Composite	
Canadian Equity Core		-8.10	0.79	Q2	4.98	0.93	Q3	01/01/1992	S&P/TSX Composite	
Canadian Equity Opportunities		-17.75	-8.87	Q4	2.5	-1.56	Q4	01/11/2002	S&P/TSX Composite	
Canadian Equity Small Cap Core Mix		-11.97	6.20	Q1	2.69	2.98	Q2	01/01/1987	S&P/TSX Small Cap	
Canadian Equity Small Cap		-18.72	-0.55	Q4	2.22	2.51	Q3	01/01/1989	S&P/TSX Small Cap	
US Equity		9.75	5.52	Q1	16.62	2.54	Q1	01/04/2009	S&P 500 CAD	
International Equity		0.89	6.92	Q1	9.74	4.03	Q1	01/01/2010	MSCI EAFE Net CAD	
Global Equity Multi Currency in CAD		5.73	6.22	Q1	13.75	3.81	Q1	01/10/2009	MSCI World Net CAD	
CGOV Total Equity		-1.97	1.27	Q3	9.13	0.81	Q2	01/04/1999	65% MSCI WORLD / 35% S&P/TSX Composite	
Apex Large Cap Growth		-1.16	0.36	Q3	10.26	-0.15	Q2	01/04/2007	Russell 1000 Growth	4
Apex Mid Cap Growth		3.51	8.26	Q1	12.26	4.83	Q1	01/05/2008	Russell MidCap Growth	4
Apex Smid Growth		-8.65	-1.17	Q4	5.47	-0.71	Q3	01/01/1990	Russell 2500 Growth	4
Apex Small Cap Growth		-9.92	-0.60	Q3	2.09	-3.04	Q4	01/01/2006	Russell 2000 Growth	4
City National Rochdale Emerg Mkts		-23.68	-9.11	Q4	3.40	1.76	Q2	14/12/2011	MSCI Emerging Markets NR USD	4
Emerging Markets Core Growth		-20.10	-5.52	Q4	2.84	1.19	Q2	01/07/2003	MSCI Emerging Markets Index	4
Emerging Markets Growth & Income		12.34	2.23	Q1	0.63	-1.02	Q4	01/07/2010	MSCI Emerging Markets Index	4
Frontier Markets		-14.19	2.22	Q2	7.19	6.51	Q1	01/07/2010	MSCI Frontier Markets Index	4
Alternative Investment Strategies	**10.6**									
North American Market Neutral Fund		0.94	-	N/A	4.16	-	N/A	01/10/2007	Absolute Return	
Long / Short Equity Fund		-2.28	-	N/A	7.50	-	N/A	01/08/2010	Absolute Return	
Diversified Lending Fund		8.12	-	N/A	6.38	-	N/A	01/04/2008	Absolute Return	
Multi-Strategy Income Fund		-0.17	-	N/A	4.47	-	N/A	01/11/2009	Absolute Return	
Charlemagne OCCO Eastern European Fund		3.56	-	N/A	4.44	-	N/A	01/01/2002	Absolute Return	4
OAKS Emerging & Frontier Opportunities Fund		-13.71		Q3	3.41		Q1	01/12/2009	Absolute Return	4
Infrastructure Fund		7.24	-	N/A	6.46	-	N/A	01/03/2010	Absolute Return	
Real Estate Fund		7.20	-	N/A	6.41	-	N/A	01/07/2013	Absolute Return	
Global Agriculture Fund		0.88	-	N/A	-0.19	-	N/A	01/07/2017	Absolute Return	
Properties CORE Mortgage Fund		6.18	-	N/A	6.17	-	N/A	01/12/2017	Absolute Return	
Fiera Private Lending Construction Financing Fund		6.86	-	N/A	7.06	-	N/A	22/11/2006	Absolute Return	
Fiera Private Lending Mezzanine Financing Fund		9.99	-	N/A	10.06	-	N/A	21/07/2015	Absolute Return	
Fiera Private Lending Business Financing Fund		11.06	-	N/A	7.07	-	N/A	06/11/2013	Absolute Return	
TOTAL AUM	**136.7**									

Notes:

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

Important Discolsures:

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

Financial Results

Table 3 – Consolidated Statements of Earnings (Loss) and Assets under Management as at and for the three-month periods ended December 31, 2018 and 2017 and September 30, 2018

ASSETS UNDER MANAGEMENT (in $ millions)	AS AT			VARIANCE	
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017	QUARTER OVER QUARTER FAV/(UNF) (2)	YEAR OVER YEAR FAV/(UNF) (2)
Assets under Management	136,675	143,475	128,901	(6,800)	7,774

STATEMENTS OF EARNINGS (LOSS) (in $ thousands except per share data)	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017	QUARTER OVER QUARTER FAV/(UNF) (2)	YEAR OVER YEAR FAV/(UNF) (2)
Revenues					
Base management fees	128,561	126,936	105,350	1,625	23,211
Performance fees - Traditional Assets	8,309	1,133	10,039	7,176	(1,730)
Performance fees - Alternative Assets	9,498	41	21,195	9,457	(11,697)
Other revenues	10,595	8,999	5,462	1,596	5,133
	156,963	137,109	142,046	19,854	14,917
Expenses					
Selling, general and administrative expenses	122,440	106,710	109,457	(15,730)	(12,983)
External managers	560	544	404	(16)	(156)
Depreciation of property and equipment	1,179	1,091	964	(88)	(215)
Amortization of intangible assets	12,468	11,834	8,778	(634)	(3,690)
Interest on long-term debt and other financial charges	10,147	5,393	4,835	(4,754)	(5,312)
Accretion and change in fair value of purchase price obligations	8,332	5,978	2,880	(2,354)	(5,452)
Restructuring, integration and other costs	3,399	871	6,866	(2,528)	3,467
Acquisition costs	2,966	2,594	1,679	(372)	(1,287)
Loss on disposal of intangible assets	26	-	-	(26)	(26)
Loss on disposal of property and equipment	55	1	42	(54)	(13)
Realized (gain) loss on investments	(171)	(3)	(128)	168	43
Revaluation of assets held-for-sale	191	-	-	(191)	(191)
Total expenses	161,592	135,013	135,777	(26,579)	(25,815)
Earnings (loss) before income taxes	(4,629)	2,096	6,269	(6,725)	(10,898)
Income taxes expense (recovery)	(3,056)	969	5,185	4,025	8,241
Net earnings (loss)	(1,573)	1,127	1,084	(2,700)	(2,657)
Attributable to:					
Company's shareholders	(1,709)	995	763	(2,704)	(2,472)
Non-controlling interest	136	132	321	4	(185)
Net earnings (loss)	(1,573)	1,127	1,084	(2,700)	(2,657)
BASIC PER SHARE					
Adjusted EBITDA (1)	0.41	0.38	0.43	0.03	(0.02)
Net earnings (loss)	(0.02)	0.01	0.01	(0.03)	(0.03)
Adjusted net earnings (1)	0.29	0.29	0.35	-	(0.06)
DILUTED PER SHARE					
Adjusted EBITDA (1)	0.41	0.36	0.43	0.05	(0.02)
Net earnings (loss)	(0.02)	0.01	0.01	(0.03)	(0.03)
Adjusted net earnings (1)	0.29	0.27	0.35	0.02	(0.06)

(1) Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 30.
(2) FAV: Favorable - UNF: Unfavorable
Certain totals, subtotals and percentages may not reconcile due to rounding.

Table 4 – Consolidated Statements of Earnings (Loss) for the twelve-month periods ended December 31, 2018 and 2017

STATEMENTS OF EARNINGS (in $ thousands except per share data)	FOR THE TWELVE-MONTH PERIODS ENDED		VARIANCE
	DECEMBER 31, 2018	DECEMBER 31, 2017	YEAR OVER YEAR FAV/(UNF) (2)
Revenues			
Base management fees	485,624	405,056	80,568
Performance fees - Traditional Assets	13,680	13,379	301
Performance fees - Alternative Assets	9,422	21,193	(11,771)
Other revenues	31,559	19,468	12,091
	540,285	459,096	81,189
Expenses			
Selling, general and administrative expenses	425,924	358,454	(67,470)
External managers	1,845	2,176	331
Depreciation of property and equipment	4,235	3,817	(418)
Amortization of intangible assets	44,813	41,110	(3,703)
Interest on long-term debt and other financial charges	25,355	11,479	(13,876)
Accretion and change in fair value of purchase price obligations	24,497	5,852	(18,645)
Restructuring, integration and other costs	7,586	15,150	7,564
Acquisition costs	11,086	5,434	(5,652)
Loss on disposal of property and equipment	56	522	466
Loss on disposal of intangible assets	26	371	345
Realized (gain) loss on investments	(145)	(137)	8
Revaluation of assets held-for-sale	191	-	(191)
	545,469	444,228	(101,241)
Earnings (loss) before income taxes	(5,184)	14,868	(20,052)
Income taxes expense (recovery)	(429)	4,156	4,585
Net earnings (loss)	(4,755)	10,712	(15,467)
Attributable to:			
Company's shareholders	(5,013)	10,671	(15,684)
Non-controlling interest	258	41	217
Net earnings (loss)	(4,755)	10,712	(15,467)
BASIC PER SHARE			
Adjusted EBITDA (1)	1.45	1.42	0.03
Net earnings (loss)	(0.05)	0.13	(0.18)
Adjusted net earnings (1)	1.07	1.21	(0.14)
DILUTED PER SHARE			
Adjusted EBITDA (1)	1.45	1.33	0.12
Net earnings (loss)	(0.05)	0.12	(0.17)
Adjusted net earnings (1)	1.07	1.13	(0.06)

(1) Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 30.
(2) FAV: Favorable - UNF: Unfavorable
Certain totals, subtotals and percentages may not reconcile due to rounding.

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

	AS AT DECEMBER 31, 2018	AS AT DECEMBER 31, 2017
Cash and cash equivalents, restricted cash, investments	58,335	47,417
Accounts receivable	148,459	128,398
Other current assets	50,654	10,082
Total current assets	257,448	185,897
Goodwill	631,699	523,885
Intangible assets	529,062	462,281
Other non-current assets	42,398	32,852
Total assets	1,460,607	1,204,915
Accounts payable and accrued liabilities	144,059	114,008
Other current liabilities	46,260	39,419
Total current liabilities	190,319	153,427
Long-term debt	421,139	292,417
Convertible debentures	79,008	77,461
Purchase price obligations	98,221	58,086
Deferred income taxes	12,489	16,014
Other non-current liabilities	25,705	15,499
Total liabilities	826,881	612,904
Equity		
Attributable to Company's shareholders	632,958	592,545
Attributable to Non-controlling interest	768	(534)
	633,726	592,011
Total liabilities and equity	1,460,607	1,204,915

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

RESULTS FROM OPERATIONS AND OVERALL PERFORMANCE - AUM AND REVENUES

Assets under Management

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

As complementary information, Note 4 of the audited consolidated financial statements for the years ended December 31, 2018, and 2017 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 6, 7 and 8) provide a summary of changes in the Company's assets under management.

Table 6 – Assets under Management [(1)] (in $ millions)

	FOR THE THREE-MONTH PERIODS ENDED		
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017
AUM - beginning of period	143,475	139,389	123,003
Net variance	(6,800)	2,252	3,811
Acquisitions	-	1,834	2,087
AUM - end of period	136,675	143,475	128,901
Average AUM	**137,995**	**143,314**	**127,830**

(1) AUM include foreign exchange impact.
Certain totals, subtotals and percentages may not reconcile due to rounding.

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

	SEPTEMBER 30, 2018	NEW	LOST	NET CONTRIBUTIONS	MARKET	FOREIGN EXCHANGE IMPACT	ACQUISITION (DISPOSAL) /ADJUSTMENT	DECEMBER 31, 2018
Institutional	76,373	632	(1,844)	(592)	(4,075)	1,464	-	71,958
Private Wealth	30,976	475	(225)	(448)	(816)	1,355	-	31,317
Retail	36,126	291	(422)	(1,008)	(2,141)	554	-	33,400
AUM - end of period	143,475	1,398	(2,491)	(2,048)	(7,032)	3,373	-	136,675

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

Quarterly Activities

Total AUM were $136.7 billion as at December 31, 2018, representing a decrease of $6.8 billion, or 5%, compared to $143.5 billion as at September 30, 2018. The lower AUM are due primarily to market depreciation of $7.0 billion, combined with lost mandates of $2.5 billion and a negative net contribution of $2.0 billion, during the period. These decreases in AUM were partially offset by new mandates of $1.4 billion during the fourth quarter of 2018. Finally, the US dollar exchange rate fluctuation positively impacted the Company's AUM by approximately $3.4 billion during the fourth quarter of 2018. Overall, the market correction in global equities during the quarter was partially offset by positive returns in fixed income and alternative assets, which together make up 55% of the Company's AUM.

AUM related to the Institutional clientele were $72.0 billion as at December 31, 2018, representing a decrease of $4.4 billion, or 6%, compared to $76.4 billion from the quarter ended September 30, 2018. The decrease in AUM was driven primarily by market depreciation of $4.1 billion, combined with lost mandates of $1.8 billion, as a result of clients consolidating investment service providers or pursuing other asset classes, as well as negative net contributions of $0.6 billion during the quarter. These decreases were partially offset by new mandates of $0.6 billion during the quarter, namely in Balanced, Global and International Equity and Alternative mandates. Finally, the US dollar exchange rate fluctuation positively impacted AUM during the three-month period ended December 31, 2018, by approximately $1.5 billion.

The AUM related to the Private Wealth clientele were $31.3 billion as at December 31, 2018, representing an increase of $0.3 billion, or 1%, compared to $31.0 billion from the previous quarter ended September 30, 2018. The increase is primarily due to $1.4 billion from the positive impact of the US dollar exchange rate, combined with new mandates of $0.5 billion, partially offset by market depreciation of $0.8 billion as well as lost mandates and negative net contribution totaling $0.7 billion during the quarter, mainly due to clients pursuing other asset classes.

The AUM related to the Retail clientele were $33.4 billion as at December 31, 2018, representing a decrease of $2.7 billion, or 7%, compared to $36.1 billion from the previous quarter ended September 30, 2018. The decrease is primarily driven by market depreciation of $2.1 billion, combined with lost mandates and negative net contribution of $1.4 billion during the quarter, mainly due to clients pursuing other asset classes. This decrease in AUM was partially offset by the positive impact of the US dollar exchange rate and new mandates of $0.6 billion and $0.3 billion, respectively.

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

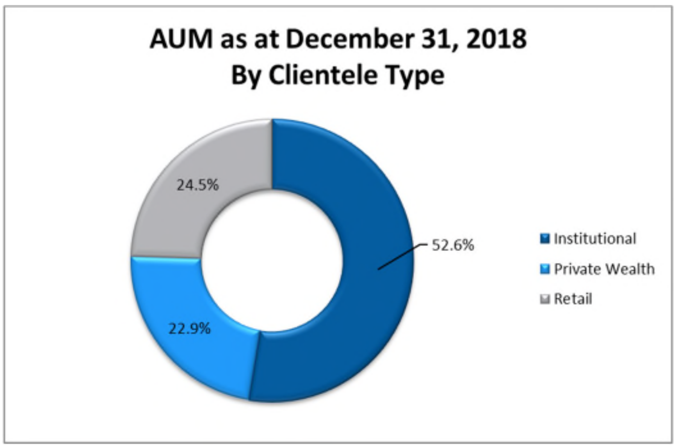
	DECEMBER 31, 2017	NEW	LOST	NET CONTRIBUTIONS	MARKET	FOREIGN EXCHANGE IMPACT	ACQUISITION (DISPOSAL) /ADJUSTMENT	DECEMBER 31, 2018
Institutional	68,038	4,643	(4,465)	(1,316)	(2,031)	2,173	4,916	71,958
Private Wealth	26,319	2,417	(875)	(531)	(30)	2,069	1,948	31,317
Retail	34,544	2,248	(1,356)	(891)	(2,025)	880	-	33,400
AUM - end of period	128,901	9,308	(6,696)	(2,738)	(4,086)	5,122	6,864	136,675

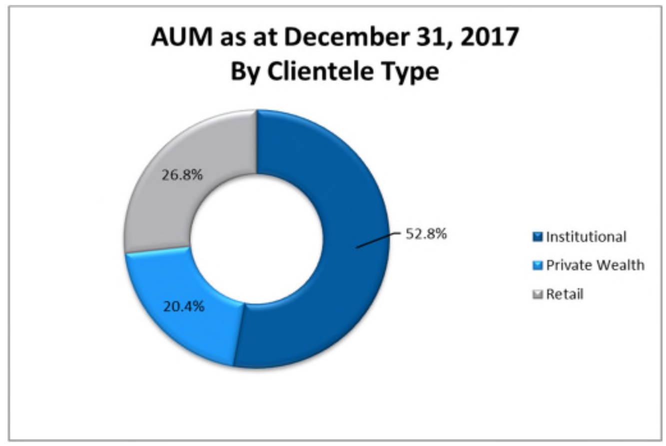
Certain totals, subtotals and percentages may not reconcile due to rounding.

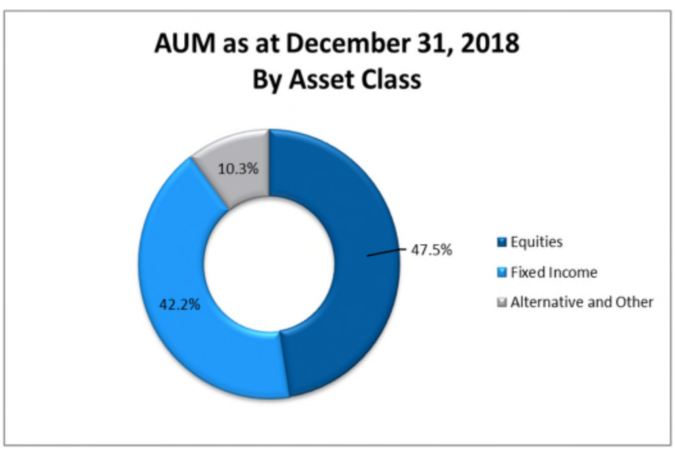
Year-to-Date Activity

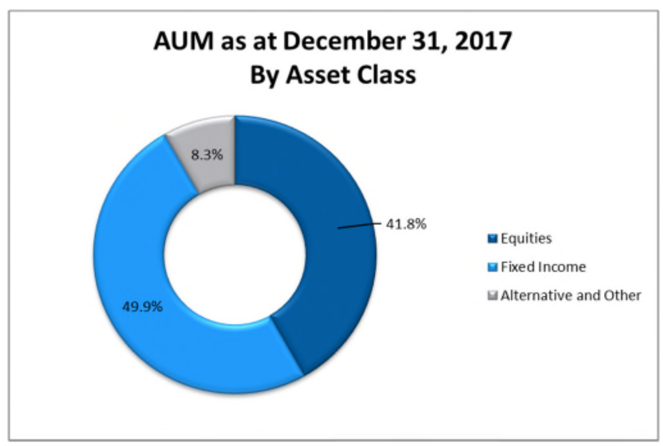
Total AUM were $136.7 billion as at December 31, 2018, representing an increase of $7.8 billion, or 6%, compared to $128.9 billion as at December 31, 2017. The increase is due primarily to new mandates of $9.3 billion, combined with new AUM from the CGOV Asset Management ("CGOV") and Clearwater acquisitions which added $5.0 billion and $1.8 billion, respectively. These increases in AUM were partially offset by lost mandates of $6.7 billion, market depreciation of $4.1 billion and negative net contribution of $2.7 billion during the twelve-month period ended December 31, 2018. Finally, the US dollar exchange rate fluctuation positively impacted AUM during the twelve-month period ended December 31, 2018, by approximately $5.1 billion.

The following graphs illustrate the breakdown of the Company's AUM by clientele type and by asset class as at December 31, 2018, and December 31, 2017, respectively.









Revenues

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

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

	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017	QUARTER OVER QUARTER	YEAR OVER YEAR
Institutional	60,926	58,752	49,023	2,174	11,903
Private Wealth	34,341	33,568	26,461	773	7,880
Retail	33,294	34,616	29,866	(1,322)	3,428
Total management fees	128,561	126,936	105,350	1,625	23,211
Performance fees – Traditional asset class	8,309	1,133	10,039	7,176	(1,730)
Performance fees – Alternative asset class	9,498	41	21,195	9,457	(11,697)
Total performance fees	17,807	1,174	31,234	16,633	(13,427)
Other revenues	10,595	8,999	5,462	1,596	5,133
Total revenues	156,963	137,109	142,046	19,854	14,917

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

Current Quarter versus Prior-Year Quarter

Revenues for the fourth quarter ended December 31, 2018, were $157.0 million, representing an increase of $15.0 million, or 11%, compared to $142.0 million for the same period last year. The year-over-year increase in revenues is mainly due to organic growth resulting from sales efforts, combined with additional revenues from the Fiera Capital Emerging Markets Fund created following the acquisition of Asia Emerging Market Fund from City National Rochdale ("CNR transaction") in December 2017, and from the recent acquisitions of CGOV in May 2018 and Clearwater in August 2018. This increase in revenues was partially offset by lower performance fees recorded in the fourth quarter of 2018 compared to the same period last year.

Management Fees

Management fees were $128.6 million for the fourth quarter ended December 31, 2018, representing an increase of $23.2 million, or 22%, compared to $105.4 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 $60.9 million for the fourth quarter ended December 31, 2018, representing an increase of $11.9 million, or 24%, compared to $49.0 million for the same quarter last year. The increase in base management fees is primarily due to additional revenues from the CGOV and Clearwater 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 $34.3 million for the fourth quarter ended December 31, 2018, representing an increase of $7.8 million, or 29%, compared to $26.5 million for the same period last year. The increase is mainly due to the acquisition of CGOV, combined with a higher AUM base from new mandates in the US.

- Management fees from the Retail clientele were $33.3 million for the fourth quarter ended December 31, 2018, representing an increase of $3.4 million, or 11%, compared to $29.9 million for the same quarter last year. The increase is mainly attributable to additional revenues following the CNR transaction.

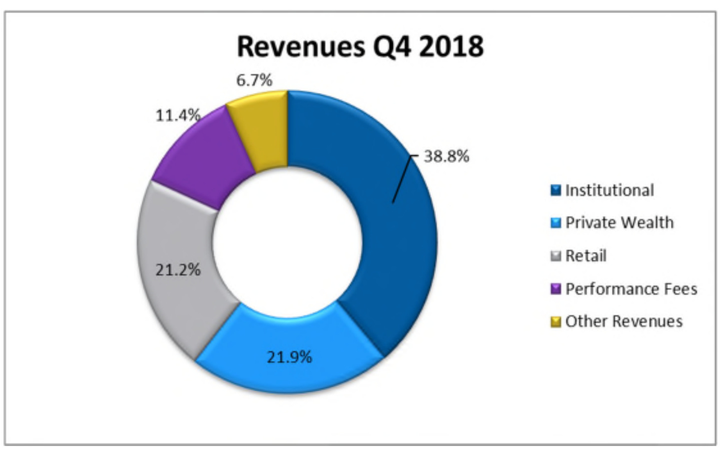
Performance Fees

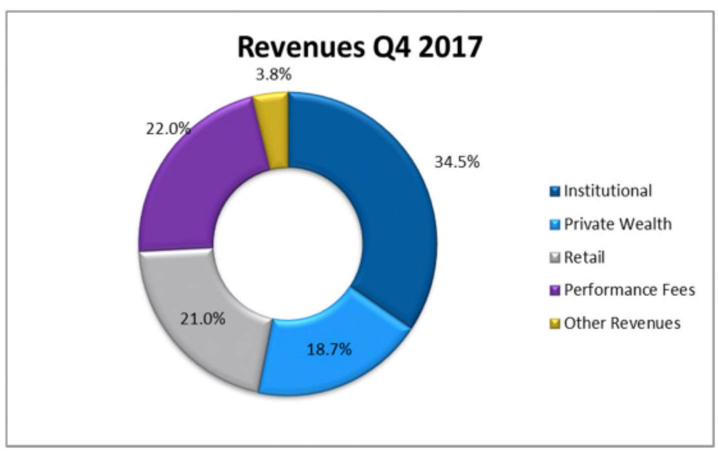
Performance fees were $17.8 million for the fourth quarter ended December 31, 2018, compared to $31.2 million for the same period last year mainly due to lower performance on the emerging market funds.

Other Revenues

Other revenues were $10.6 million for the fourth quarter ended December 31, 2018, representing an increase of $5.1 million, or 93%, compared to $5.5 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 with an overall nil impact on net earnings, combined with additional volume from the Private Alternative Investment strategies and higher other income from the Fiera Capital Emerging Markets Fund created in June 2018 following the CNR transaction in December 2017, partially offset by a loss of $3.1 million on the forward foreign exchange contracts, compared to a gain of $0.9 million for the same period last year.

The following graphs illustrate the breakdown of the Company's revenues for the three-month periods ended December 31, 2018, and December 31, 2017, respectively.





Current Quarter versus Previous Quarter

Revenues for the fourth quarter ended December 31, 2018, were $157.0 million, representing an increase of $19.9 million, or 15%, compared to $137.1 million for the previous quarter ended September 30, 2018. The increase in revenues is mainly due to higher performance fees, combined with a full quarter of Clearwater, partially offset by a loss on hedging recorded in the fourth quarter, compared to a gain recorded in the previous quarter. Overall, the market correction at the end of the fourth quarter of 2018 negatively impacted the Company's revenues, which were offset by the foreign exchange rate fluctuation, as well as the Company's organic growth resulting from sales efforts.

Management Fees

Management fees were $128.6 million for the fourth quarter ended December 31, 2018, representing an increase of $1.7 million, or 1%, compared to $126.9 million for the previous quarter ended September 30, 2018. The following is the breakdown of the management fees by clientele type:

- Management fees from the Institutional clientele were $60.9 million for the fourth quarter ended December 31, 2018, representing an increase of $2.1 million, or 4%, compared to $58.8 million for the previous quarter ended September 30, 2018. The sequential increase is primarily due to a full quarter of revenues from the Clearwater acquisition, combined with new mandates in the US, partially offset by a reclassification of $1.6 million from Fiera Properties institutional to the Private Wealth segment.

- Management fees from the Private Wealth clientele were $34.3 million for the fourth quarter ended December 31, 2018, representing an increase of $0.7 million, or 2%, compared to $33.6 million for the previous quarter ended September 30, 2018. The increase is mainly due to a reclassification of $1.6 million from Fiera Properties institutional, partially offset by lower revenues from US activities.

- Management fees from the Retail clientele were $33.3 million for the fourth quarter ended December 31, 2018, representing a decrease of $1.3 million, or 4%, compared to $34.6 million for the previous quarter ended September 30, 2018. The decrease is mainly due to lower base management fees following client redemptions.

Performance Fees

Performance fees were $17.8 million for the fourth quarter ended December 31, 2018, compared to $1.2 million for the previous quarter ended September 30, 2018. Performance fees are generally recorded in June and December of each year.

Other Revenues

Other revenues were $10.6 million for the fourth quarter ended December 31, 2018, representing a decrease of $1.6 million, or 18%, compared to $9.0 million for the previous quarter ended September 30, 2018. 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 with an overall nil impact on net earnings, combined with additional volume from the Private Alternative Investment strategies, partially offset by a loss of $3.1 million on hedging recorded in the fourth quarter, compared to a gain of $1.1 million recorded in the previous quarter.

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

	FOR THE TWELVE-MONTH PERIODS ENDED		VARIANCE
	DECEMBER 31, 2018	DECEMBER 31, 2017	YEAR OVER YEAR
Institutional	225,229	185,452	39,777
Private Wealth	124,505	106,599	17,906
Retail	135,890	113,005	22,885
Total management fees	485,624	405,056	80,568
Performance fees – Traditional asset class	13,680	13,379	301
Performance fees – Alternative asset class	9,422	21,193	(11,771)
Total performance fees	23,102	34,572	(11,470)
Other revenues	31,559	19,468	12,091
Total revenues	540,285	459,096	81,189

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

Year-to-Date December 31, 2018, versus Year-to-Date December 31, 2017

Revenues for the twelve-month period ended December 31, 2018, were $540.3 million, representing an increase of $81.2 million, or 18%, compared to $459.1 million for the same period last year. The year-over-year increase in revenues is mainly due to additional revenues from the Fiera Capital Emerging Markets fund created in June 2018, following the CNR transaction in December 2017, and the recent acquisitions of CGOV and Clearwater, combined with organic growth resulting from sales efforts, mostly from the institutional sector as well as growth in Private Alternative Investment strategies, partially offset by lower performance fees recorded in 2018 compared to 2017.

Management Fees

Management fees for the twelve-month period ended December 31, 2018, were $485.6 million, representing an increase of $80.5 million, or 20%, compared to $405.1 million for the same period last year. The increase by clientele type is as follows:

- Revenues from the Institutional clientele for the twelve-month period ended December 31, 2018, were $225.2 million, representing an increase of $39.7 million, or 21%, compared to $185.5 million for the same period last year. The increase in base management fees is mainly due to higher AUM from new mandates in Global Equity strategies and Private Alternative Investment strategies, combined with the acquisitions of CGOV and Clearwater.

- Revenues from the Private Wealth clientele for the twelve-month period ended December 31, 2018, were $124.5 million, representing an increase of $17.9 million, or 17%, compared to $106.6 million for the same period last year. The increase was primarily due to additional revenues from the CGOV acquisition, combined with higher revenues resulting from organic growth resulting from sales efforts.

- Revenues from the Retail clientele for the twelve-month period ended December 31, 2018, were $135.9 million, representing an increase of $22.9 million, or 20%, compared to $113.0 million for the same period last year. The increase is mainly attributable to the additional revenues from the Fiera Capital Emerging Markets fund created in June 2018, following the CNR transaction in December 2017 and from Fiera Capital Europe.

Performance Fees

Total performance fees were $23.1 million for the twelve-month period ended December 31, 2018, compared to $34.6 million for the same period last year mainly due to lower performance on the emerging market funds.

Other Revenues

Other revenues were $31.6 million for the twelve-month period ended December 31, 2018, representing an increase of $12.1 million, or 62%, compared to $19.5 million for the same period last year, mostly from the Private Alternative Investment strategies and higher other income from the Fiera Capital Emerging Markets Fund created in June 2018 following the CNR transaction in December 2017, 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 with an overall nil impact on net earnings, partially offset by a loss of $4.7 million on the forward foreign exchange contracts on revenues denominated in US dollars, compared to a gain of $2.1 million for the comparable period last year.

Results from Operations and Overall Performance - Expenses

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

Current Quarter versus Prior-Year Quarter

SG&A and external managers' expenses were $123.0 million for the three-month period ended December 31, 2018, representing an increase of $13.1 million, or 12%, compared to $109.9 million for the same period last year. The higher costs are mainly due to an increase in variable compensation related to long-term cash compensation agreements with key investment professionals which aim to secure and contribute to the continued growth in revenues and in investment strategies, combined with higher volume resulting from the Company's growth and acquisitions.

Current Quarter versus Previous Quarter

SG&A and external managers' expenses were $123.0 million for the three-month period ended December 31, 2018, representing an increase of $15.7 million, or 15%, compared to $107.3 million for the previous quarter ended September 30, 2018. The increase is mainly attributable to higher performance fees related expenses, as well as higher volume resulting from the Company's growth.

Year-to-Date December 31, 2018, versus Year-to-Date December 31, 2017

SG&A and external managers' expenses were $427.8 million for the twelve-month period ended December 31, 2018, representing an increase of $67.2 million, or 19%, compared to $360.6 million for the same period last year. The increase in costs is attributable to the higher volume of operations following the Company's global growth and increases in variable compensation related to long-term cash and share-based compensation agreements with key investment professionals which aim to secure and contribute to the continued growth in revenues and investment strategies.

Depreciation and Amortization

Current Quarter versus Prior-Year Quarter

Depreciation of property and equipment was $1.2 million for the fourth quarter ended December 31, 2018, representing an increase of $0.2 million, or 20%, compared to $1.0 million from the corresponding quarter last year, mainly due to various acquisitions in 2018.

Amortization of intangible assets was $12.5 million for the fourth quarter ended December 31, 2018, representing an increase of $3.7 million, or 42%, compared to $8.8 million for the same period last year. The increase in amortization of intangible assets is mainly attributed to various acquisitions.

Current Quarter versus Previous Quarter

Depreciation of property and equipment remained fairly stable at $1.2 million for the fourth quarter ended December 31, 2018, when compared to $1.1 million from the previous quarter ended September 30, 2018.

Amortization of intangible assets was $12.5 million for the fourth quarter ended December 31, 2018, representing an increase of $0.7 million, or 6%, compared to $11.8 million for the previous quarter ended September 30, 2018. The increase is mainly attributable to the Clearwater acquisition.

Year-to-Date December 31, 2018, versus Year-to-Date December 31, 2017

Depreciation of property and equipment was $4.2 million for the twelve-month period ended December 31, 2018, representing an increase of $0.4 million, or 11%, compared to $3.8 million for the same period last year.

Amortization of intangible assets was $44.8 million for the twelve-month period ended December 31, 2018, representing an increase of $3.7 million, or 9%, compared to $41.1 million for the same period last year.

As complementary information, Note 4 of the audited consolidated financial statements for the years ended December 31, 2018, and 2017, presents the details on the acquisition of intangible assets related to business acquisitions and other transactions.

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 $10.1 million for the fourth quarter ended December 31, 2018, representing an increase of $5.3 million, 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 $10.1 million for the fourth quarter ended December 31, 2018, representing an increase of $4.7 million, compared to $5.4 million for the previous quarter ended September 30, 2018. 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 long-term debt.

Year-to-Date December 31, 2018, versus Year-to-Date December 31, 2017

Interest on long-term debt and other financial charges was $25.4 million for the twelve-month period ended December 31, 2018, representing an increase of $13.9 million, compared to $11.5 million for the same period 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 increased interest expense on the convertible debentures and debt interest.

Accretion and Change in Fair Value of Purchase Price Obligations

Current Quarter versus Prior-Year Quarter

The accretion and change in fair value of purchase price obligations represented an expense of $8.3 million for the fourth quarter ended December 31, 2018, compared to an expense of $2.9 million for the same quarter last year. The increase is mainly due to the CNR transaction with corresponding increased revenues.

Current Quarter versus Previous Quarter

The accretion and change in fair value of purchase price obligations represented a charge of $8.3 million for the fourth quarter ended December 31, 2018, compared to a charge of $6.0 million for the previous quarter ended September 30, 2018. The increase is mainly due to the Clearwater acquisition.

Year-to-Date December 31, 2018, versus Year-to-Date December 31, 2017

The accretion and change in fair value of purchase price obligations represented a charge of $24.5 million for the twelve-month period ended December 31, 2018, compared to a charge of $5.9 million for the same period last year. The increase is mainly due to the CNR transaction in 2017 and Clearwater acquisition in 2018.

Acquisition and Restructuring, Integration and Other Costs

Current Quarter versus Prior-Year Quarter

Acquisition and restructuring, integration and other costs were $6.4 million for the fourth quarter ended December 31, 2018, representing a decrease of $2.1 million, or 25%, compared to $8.5 million for the same period last year. The decrease is mainly due to lower restructuring, integration and other costs, partially offset by higher acquisition costs during the fourth quarter of 2018 compared to the same period last year.

Current Quarter versus Previous Quarter

Acquisition and restructuring, integration and other costs were $6.4 million for the fourth quarter ended December 31, 2018, representing an increase of $2.9 million, or 83%, compared to $3.5 million for the previous quarter ended September 30, 2018. The increase is mainly due to higher restructuring, integration and other costs in the fourth quarter of 2018, compared to the previous quarter ended September 30, 2018.

Year-to-Date December 31, 2018, versus Year-to-Date December 31, 2017

Acquisition and restructuring, integration and other costs were $18.7 million for the twelve-month period ended December 31, 2018, representing a decrease of $1.9 million, or 9%, compared to $20.6 million for the same period last year. The decrease is mainly due to lower restructuring, integration and other costs, partially offset by higher acquisitions costs for the twelve-month period ended December 31, 2018, compared to the same period last year.

NET EARNINGS (LOSSES)

Current Quarter versus Prior-Year Quarter

For the fourth quarter ended December 31, 2018, the Company reported net loss attributable to the Company's shareholders of $(1.7) million, or $(0.02) per share (basic and diluted), compared to $0.8 million, or $0.01 per share (basic and diluted), for the same quarter last year. The decrease in net earnings is mainly attributable to higher expenses related to the accretion and change in fair value of the purchase price obligations of $5.5 million mainly related to the CNR transaction, partially offset by higher revenues due to volume and acquisitions.

Current Quarter versus Previous Quarter

For the fourth quarter ended December 31, 2018, the Company reported net loss attributable to the Company's shareholders of $(1.7) million, or $(0.02) per share (basic and diluted), compared to net earnings of $1.0 million, or $0.01 per share (basic and diluted), for the previous quarter ended September 30, 2018. The quarter net loss resulted mainly from the increase in expenses related to the accretion and change in fair value of purchase price obligations related to the CNR transaction, combined with the rise in debt interest and in amortization of intangible assets, partially offset by higher revenues due to volume and acquisitions.

Year-to-Date December 31, 2018, versus Year-to-Date December 31, 2017

For the twelve-month period ended December 31, 2018, the Company recorded net loss attributable to the Company's shareholders of $(5.0) million, or $(0.05) per share (basic and diluted), compared to net earnings of $10.7 million, or $0.13 per share (basic) and $0.12 (diluted) for the same period last year. The decrease in net earnings is attributable to higher expenses related to the accretion and change in fair value of the purchase price obligations of $18.6 million related to the CNR transaction, partially offset by higher revenues due to sales efforts, market appreciation and acquisitions.

NON-IFRS MEASURES

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

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

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

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.

Adjusted EBITDA

The following table presents the Company's adjusted EBITDA and adjusted EBITDA per share[1] for the three and twelve-month periods ended December 31, 2018, and 2017, as well as for the three-month period ended September 30, 2018.

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

	FOR THE THREE-MONTH PERIODS ENDED			FOR THE TWELVE-MONTH PERIODS ENDED	
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017	DECEMBER 31, 2018	DECEMBER 31, 2017
Net earnings (Loss)	(1,573)	1,127	1,084	(4,755)	10,712
EBITDA	19,165	20,414	20,846	69,219	71,274
Adjusted EBITDA	39,322	36,620	36,056	137,483	116,753
Per share basic	0.41	0.38	0.43	1.45	1.42
Per share diluted	0.41	0.36	0.43	1.45	1.33

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

Current Quarter versus Prior-Year Quarter

For the fourth quarter ended December 31, 2018, adjusted EBITDA was $39.3 million or $0.41 per share (basic and diluted), representing an increase of $3.2 million, or 9%, compared to $36.1 million, or $0.43 per share (basic and diluted), for the same period last year.

Adjusted EBITDA for the fourth quarter ended December 31, 2018, was higher primarily due to the CNR transaction and the acquisition of CGOV, combined with revenues from the deployment of the Private Alternative Investment strategies. This increase in revenues was partially offset by an overall operating expenses increase to support the Company's growth and expansion.

Current Quarter versus Previous Quarter

For the fourth quarter ended December 31, 2018, adjusted EBITDA was $39.3 million or $0.41 per share (basic and diluted), representing an increase of $2.7 million, or 7%, compared to $36.6 million or $0.38 per share (basic) and $0.36 (diluted), from the previous quarter ended September 30, 2018. The sequential increase in adjusted EBITDA is mainly due to higher revenues, partially offset by additional SG&A expenses to support the Company's growth.

Year-to-Date December 31, 2018, versus Year-to-Date December 31, 2017

For the twelve-month period ended December 31, 2018, adjusted EBITDA was $137.5 million, or $1.45 per share (basic and diluted), representing an increase of $20.7 million, or 18%, compared to $116.8 million, or $1.42 per share (basic) and $1.33 (diluted), for the same period last year.

The increase in adjusted EBITDA for the twelve-month period ended December 31, 2018, is mainly attributable to the CNR transaction in December 2017, CGOV in May 2018, combined with an increase in revenues resulting from organic growth resulting from sales efforts driven by global collaboration between our distribution team. This was partially offset by an increase in variable compensation related to long-term cash agreements with key investment professionals which aim to secure and contribute to the continued growth in revenues and in investment strategies, combined with higher operating expenses to support the Company's growth and expansion.

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

Table 12 – EBITDA and Adjusted EBITDA Reconciliation (in $ thousands except per share data)

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net earnings (loss)	(1,573)	1,127	(2,215)	(2,093)	1,084	4,771	504	4,353
Income taxes expense (recovery)	(3,056)	969	1,641	17	5,185	(263)	(797)	32
Depreciation of property and equipment	1,179	1,091	1,018	947	964	976	956	931
Amortization of intangible assets	12,468	11,834	10,488	10,022	8,778	10,487	10,900	10,935
Interest on long-term debt and other financial charges	10,147	5,393	5,054	4,761	4,835	2,641	1,827	2,177
EBITDA	19,165	20,414	15,986	13,654	20,846	18,612	13,390	18,428
Restructuring, integration and other costs	3,399	871	2,389	928	6,866	2,357	4,851	1,076
Acquisition costs	2,966	2,594	2,508	3,018	1,679	378	1,659	1,718
Accretion and change in fair value of purchase price obligations	8,332	5,978	5,720	4,467	2,880	375	1,289	1,308
Realized loss (gain) on investments	(171)	(3)	2	27	(128)	2	(8)	(4)
Loss on disposal of intangible assets and property and equipment	81	1	-	-	42	480	371	-
Revaluation of assets-held-for-sale	191	-	-	-	-	-	-	-
Share-based compensation	5,359	6,765	6,098	6,745	3,871	4,816	6,928	2,673
Adjusted EBITDA	39,322	36,620	32,703	28,839	36,056	27,020	28,480	25,199
REVENUES	156,963	137,109	126,232	119,981	142,046	107,127	109,349	100,574
Adjusted EBITDA Margin	25.1%	26.7%	25.9%	24.0%	25.4%	25.2%	26.0%	25.1%
Adjusted EBITDA Per Share								
Basic	0.41	0.38	0.35	0.32	0.43	0.33	0.35	0.31
Diluted	0.41	0.36	0.35	0.32	0.43	0.32	0.34	0.30

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

We define ***adjusted net earnings*** as net earnings (loss) attributable to the Company's shareholders, adjusted for depreciation of property and equipment, 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 investment in joint venture 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 among periods and could potentially distort the analysis of trends in its business performance. Excluding these items does not imply they are necessarily non-recurring.

Adjusted Net Earnings

The following table presents the Company's net earnings (loss) and adjusted net earnings for the three and twelve-month periods ended December 31, 2018, and 2017, as well as for the three-month period ended September 30, 2018.

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

	FOR THE THREE-MONTH PERIODS ENDED			FOR THE TWELVE-MONTH PERIODS ENDED	
	DECEMBER 31, 2018	SEPTEMBER 30, 2018	DECEMBER 31, 2017	DECEMBER 31, 2018	DECEMBER 31, 2017
Net earnings (loss) attributable to the Company's shareholders	(1,709)	995	763	(5,013)	10,671
Depreciation of property and equipment	1,179	1,091	964	4,235	3,817
Amortization of intangible assets	12,468	11,834	8,778	44,813	41,110
Share-based compensation(*)	5,359	6,765	3,871	24,967	18,287
Restructuring, integration and other costs(*)	3,399	871	6,866	7,586	15,150
Acquisition costs(*)	2,966	2,594	1,679	11,086	5,434
Accretion and change in fair value of purchase price obligations and effective interest on convertible bonds(*)	8,692	6,285	2,880	25,819	5,852
Revaluation of assets-held-for-sale(*)	191	-	-	191	-
Impact of US Tax Cuts and Jobs Act on future income taxes	-	-	6,017	-	6,017
Less: Income taxes on above-mentioned items (*)	4,294	2,902	2,580	12,447	7,084
Adjusted net earnings attributable to the Company's shareholders	28,251	27,533	29,238	101,237	99,254
Per share – basic					
Net earnings (loss)	(0.02)	0.01	0.01	(0.05)	0.13
Adjusted net earnings	0.29	0.29	0.35	1.07	1.21
Per share – diluted					
Net earnings (loss)	(0.02)	0.01	0.01	(0.05)	0.12
Adjusted net earnings	0.29	0.27	0.35	1.07	1.13

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 $28.3 million, or $0.29 per share (basic and diluted) for the fourth quarter ended December 31, 2018, compared to $29.2 million, or $0.35 per share (basic and diluted) for the fourth quarter ended December 31, 2017. Adjusted net earnings for the quarter ended December 31, 2018, reflected net loss, excluding $19.0 million, or $0.20 per share (basic and diluted), of depreciation of property and equipment, amortization of intangible assets and share-based compensation, as well as $11.0 million, or $0.11 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 fourth quarter ended December 31, 2018, the Company recorded adjusted net earnings of $28.3 million, or $0.29 per share (basic and diluted) representing an increase of $0.1 million compared to $27.5 million, or $0.29 (basic) and $0.27 (diluted) from the previous quarter ended September 30, 2018. The increase in adjusted net earnings is mainly attributable to higher revenues resulting from performance fees and higher base management fees, partially offset by higher operating expenses to support the Company's growth.

Year-to-Date December 31, 2018, versus Year-to-Date December 31, 2017

For the twelve-month period ended December 31, 2018, adjusted net earnings attributable to the Company's shareholders amounted to $101.2 million, or $1.07 per share (basic and diluted), compared to $99.3 million, or $1.21 per share (basic) and $1.13 (diluted) for the same period last year. Adjusted net earnings for the year ended December 31, 2018, reflected net loss, excluding $74.0 million, or $0.78 per share (basic and diluted), of depreciation of property and equipment, amortization of intangible assets and share-based compensation, as well as $32.2 million, or $0.34 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.

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

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

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net earnings (loss) attributable to the Company's shareholders	(1,709)	995	(2,106)	(2,193)	763	4,603	877	4,428
Depreciation of property and equipment	1,179	1,091	1,018	947	964	976	956	931
Amortization of intangible assets	12,468	11,834	10,488	10,022	8,778	10,487	10,900	10,935
Share-based compensation(*)	5,359	6,765	6,098	6,745	3,871	4,816	6,928	2,673
Restructuring, integration and other costs(*)	3,399	871	2,389	928	6,866	2,357	4,851	1,076
Acquisition costs(*)	2,966	2,594	2,508	3,018	1,679	378	1,659	1,718
Accretion and change in fair value of purchase price obligations and effective interest on convertible bonds(*)	8,692	6,285	6,058	4,784	2,880	375	1,289	1,308
Revaluation of assets-held-for-sale(*)	191	-	-	-	-	-	-	-
Impact of US Tax Cuts and Jobs Act on future income taxes	-	-	-	-	6,017	-	-	-
Income taxes on above-mentioned items (*)	4,294	2,902	2,661	2,590	2,580	933	2,340	1,231
Adjusted net earnings attributable to the Company's shareholders	28,251	27,533	23,792	21,661	29,238	23,059	25,120	21,838
Per share – basic								
Net earnings (loss) attributable to the Company's shareholders	(0.02)	0.01	(0.02)	(0.02)	0.01	0.06	0.01	0.05
Adjusted net earnings attributable to the Company's shareholders	0.29	0.29	0.26	0.24	0.35	0.28	0.31	0.27
Per share – diluted								
Net earnings (loss) attributable to the Company's shareholders	(0.02)	0.01	(0.02)	(0.02)	0.01	0.05	0.01	0.05
Adjusted net earnings attributable to the Company's shareholders	0.29	0.27	0.26	0.24	0.35	0.27	0.30	0.26

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

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

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

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

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

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

	FOR THE TWELVE-MONTH PERIODS ENDED	
	DECEMBER 31, 2018	DECEMBER 31, 2017
Cash generated from operating activities	106,294	92,524
Cash (used in) investing activities	(110,745)	(24,062)
Cash generated by (used in) financing activities	16,811	(65,887)
Net (decrease) increase in cash and cash equivalent	12,360	2,575
Effect of exchange rate changes on cash denominated in foreign currencies	(973)	(1,606)
Cash and cash equivalents, beginning of year	41,079	40,110
Cash and cash equivalents, end of year	52,466	41,079

Year-to-Date Activities

Cash generated from operating activities amounted to $106.3 million for the twelve-month period ended December 31, 2018. This amount resulted mainly from $107.7 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, combined with the positive impact of change in other non-current liabilities of $1.6 million, partially offset by the negative changes in non-cash operating working capital of $2.9 million (refer to Note 22 of the audited consolidated financial statements for the years ended December 31, 2018 and 2017).

Cash used in investing activities was $110.7 million for the twelve-month period ended December 31, 2018, resulting mainly from $53.7 million cash used for the acquisitions of CGOV and Clearwater and from $11.3 million for purchases of intangible assets, combined with $25.1 million cash used for the settlement of purchase price adjustments and obligations, $18.0 million cash used as seed investment and $2.5 million cash used for the purchase of property and equipment during the period.

Cash generated by financing activities was $16.8 million for the twelve-month period ended December 31, 2018, resulting mainly from the $109.3 million increase in long-term debt, a share issuance of $3.2 million, partially offset by dividend payments totalling $73.6 million, $22.4 million of long-term debt interest payments and financing charges and $1.0 million from the contribution of non-controlling interest during the period.

The negative impact of exchange rate changes on cash denominated in foreign currencies was $1.0 million during the twelve-month period ended December 31, 2018.

Year-to-Date December 31, 2018 versus Year-to-Date December 31, 2017

Cash generated from operating activities was $106.3 million for the twelve-month period ended December 31, 2018, compared to $92.5 million cash generated from operating activities for the same period last year. The positive variation is mainly attributable to higher adjusted EBITDA year-over-year of $20.7 million as described in the *"Adjusted EBITDA"* section, combined with the positive variance of $2.4 million related to realized and unrealized gain (loss) on financial instruments, partially offset by the negative impact in non-cash operating working capital of $9.2 million.

Cash used in investing activities was $110.7 million for the twelve-month period ended December 31, 2018, compared to $24.1 million cash used in investing activities for the same period last year. The increase in cash used in investing activities is mainly attributable to the $53.7 million increase in business acquisition activities of, combined with higher cash used as settlement of purchase price adjustment and obligations of $21.7 million, higher cash used as seed investment of $23.0 million, partially offset by lower cash used for purchase of intangible assets of $10.2 million.

Cash generated from financing activities was $16.8 million for the twelve-month period ended December 31, 2018, compared to $65.9 million cash used in financing activities for the same period last year. The year-over-year variation is mainly attributable to an additional amount of $58.8 million related to debt borrowing and share issuance in 2018 following various acquisitions, compared to debt repayment, share issuance and issuance of convertible debentures activities in 2017, combined with the positive impact of the contribution of non-controlling interest of $37.4 million and positive impact of $7.8 million related to the settlement of derivative financial instruments. These increase in cash in financing activities were partially offset by higher dividend payments of $15.3 million, and higher interest paid on long-term debt of $4.7 million in 2018 compared to the same period last year.

The exchange rate changes on cash denominated in foreign currencies negatively impacted the cash flow of the Company by $1.0 million during the twelve-month period ended December 31, 2018, compared to a $1.6 million negative impact for the same period last year.

Long-Term Debt

Table 16 – Credit Facility (in $ thousands)

	AS AT DECEMBER 31, 2018	AS AT DECEMBER 31, 2017
Credit Facility		
Term facility	-	156,813
Revolving facility	422,805	136,725
Other facilities	919	1,585
Deferred financing charges	(2,197)	(1,352)
	421,527	293,771
Less current portion	(388)	(1,354)
Non- current portion	421,139	292,417

Credit Facility

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

Under the terms of the Credit Agreement, there are no minimum repayments until June 30, 2022, the date at which the amount drawn is repayable in full. At any time, subject to certain terms and conditions, the Company may request an increase in the available Facility by an amount of up to CA$200 million subject to the acceptance of the individual lenders in the banking syndicate. 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 December 31, 2018, the total amount drawn on the Facility was CA$123.5 million and US$219.4 million (CA$299.305 million) (CA$74 million and US$50 million (CA$62.725 million) on the revolving facility, and US$125 million (CA$156.813 million) on the term facility under the Previous Credit Agreement at December 31, 2017).

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. As at December 31, 2018, all restrictive covenants under the Credit Agreement were met and these were also met at December 31, 2017 under the terms of the Previous Credit Agreement. 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 has an outstanding bank loan in the amount of $0.231 million of which quarterly payments of CA$0.131 million are required (respectively CA$0.756 million and CA$0.131 million as at December 31, 2017). The loan bears interest at prime plus 0.25% to 1.25% which is based on the ratio of senior debt to EBITDA (a non-IFRS financial measure defined in the loan agreement) and matures on June 30, 2019. All debt covenant requirements were met as at December 31, 2018 and December 31, 2017. In March 2017, this subsidiary amended its credit agreement to include a leasing facility. As at December 31, 2018, the outstanding balance of this loan is CA$0.688 million (CA$0.829 million at December 31, 2017), of which monthly payments of CA$0.015 million are required. As at December 31, 2018, the current and non-current portions of the loan are $0.157 million and $0.531 million respectively. This subsidiary also has a line of credit with a limit of CA$0.750 million. It bears interest at prime plus up to 0.25% to 1% which is also based on the ratio of senior debt EBITDA and has no fixed maturity date. As at December 31, 2018 the subsidiary had not drawn on the line of credit (nil as at December 31, 2017).

In January 2019, this subsidiary repaid the outstanding balances of the bank loan and the lease facility which had a balance as at December 31, 2018 of $0.231 million and $0.688 million respectively.

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 December 31, 2018 the subsidiary had not drawn on the line of credit (nil as at December 31, 2017).

Convertible Debentures

Table 17 – Convertible Debentures (in $ thousands)

	As at December 31, 2018	As at December 31,2017
	$	$
Face value	86,250	86,250
Less:		
Issuance costs[1]	(4,031)	(4,269)
Equity component (net of issuance costs of $224)	(4,568)	(4,555)
Cumulative accretion expense on equity component	1,357	35
Balance, end of period	79,008	77,461

(1) During the twelve-month period ended December 31, 2018, the Company revised the issuance costs and effective interest rate in order to reflect differences between issuance costs estimated at the date of issuance of the unsecured convertible debentures and the invoices subsequently received.

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.

In 2017, the proceeds of the convertible debentures were used to finance the cash portion of the repurchase of Fiera Properties' remaining 45.0% non-controlling interest, to reduce indebtedness under the Credit Facility and for general corporate purposes.

During the year ended December 31, 2018, an amount of $4.431 million (2017 – nil) was paid representing the accrued cash interest from the issuance date of the unsecured convertible debentures to December 31, 2018.

Share Capital

As at December 31, 2018, the Company had 77,556,288 Class A shares and 19,412,401 Class B special voting shares for a total of 96,968,689 outstanding shares compared to 70,249,199 Class A shares and 19,444,490 Class B special voting shares for a total of 89,693,689 outstanding shares as at December 31, 2017.

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 December 31, 2018 and 2017, 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

The Company has the following contractual obligations as at December 31, 2018:

Table 18– Contractual Obligations ($ in thousands)

	Carrying Amount	Total	2019	2020	2021	2022	2023	Thereafter
Long-Term Debt	423,724	423,724	388	531	-	422,805	-	-
Purchase Price Obligations	130,708	313,314	31,511	41,744	41,930	41,740	31,508	124,881
Convertible Debentures	79,008	86,250	-	-	-	-	86,250	-
Operating Leases	n/a	134,174	21,090	17,471	17,073	14,993	14,164	49,383
Total Obligations	n/a	957,462	52,989	59,746	59,003	479,538	131,922	174,264

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

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 twelve-month periods ended December 31, 2018, and 2017, is presented below:

Table 19 – Options Transactions

	2018		2017	
	Number of Class A Share Options	Weighted-Average Exercise Price ($)	Number of Class A Share Options	Weighted-Average Exercise Price ($)
Outstanding – beginning of year	4,183,852	11.86	2,799,345	10.25
Granted	305,000	12.22	1,892,000	13.41
Exercised	(391,409)	8.07	(397,100)	7.34
Forfeited	(120,252)	13.63	(110,393)	13.64
Outstanding – end of year	3,977,191	12.21	4,183,852	11.86
Options exercisable – end of year	1,281,812	11.20	859,473	8.17

Deferred Share Unit Plan ("DSU")

In 2007, the Board adopted a deferred share unit plan (the "DSU Plan") for the purposes of strengthening the alignment of interests between the directors and the shareholders by linking a portion of annual director compensation to the future value of the shares, in lieu of cash compensation. As at September 1, 2010, the Board cancelled the DSU plan; however, all existing rights and privileges were kept intact. All directors are now compensated in cash.

One DSU is equivalent to one Class A Share of the Company. The Company recorded an expense (recovery) of ($0.012 million) for this plan during year ended December 31, 2018 (expense of $0.013 million during the year ended December 31, 2017) and an amount of $0.098 million was paid out. As at December 31, 2018, the Company had a liability for an amount of $0.095 million for the 8,395 units outstanding under the DSU plan ($0.205 million for 15,767 units as at December 31, 2017).

Restricted Share Unit ("RSU") Plan

On April 12, 2018, the Board approved an amended and restated RSU Plan mainly to include various tax considerations and to specify that the Company may, at its discretion, settle the RSU awards in cash or in shares. The purpose of this plan is to provide eligible employees with the opportunity to acquire RSUs in order to retain key employees and to permit them to participate in the growth and development of the Company and to better align the interests of participants with the long-term interests of shareholders of the Company.

The following table presents transactions that occurred in the Company's RSU Plan during the years ended December 31, 2018 and 2017.

Table 20 – RSU Transactions

	2018	2017
Outstanding units – beginning of year	608,635	456,303
Granted	-	566,686
Reinvestments in lieu of dividends	24,610	19,124
Vested [1]	(374,685)	(420,407)
Forfeited	-	(13,071)
Outstanding units – end of year	258,560	608,635

[1] 47,252 restricted share units were settled in cash (2017 – 65,867).

One RSU is equivalent to one Class A Share of the Company. The Company recorded an expense of $3.176 million and $5.715 million for these grants during the years ended December 31, 2018 and 2017, respectively. During the year ended December 31, 2018, 327,433 Class A Shares (2017 – 354,540) were issued as settlement of RSU vested and $0.585 million was paid in cash (2017 – $0.908 million). As at December 31, 2018, the Company had a liability in the amount of $1.759 million for the 258,560 units outstanding under the RSU Plan ($3.075 million for 608,635 units as at December 31, 2017).

Restricted Share Unit Plan – Cash ("RSU Cash")

On April 12, 2018, the Board approved an amended and restated RSU cash plan mainly to include various tax considerations. The purpose of this plan is to provide eligible employees with the opportunity to acquire restricted share units in order to retain key employees and to permit them to participate in the growth and development of the Company and to better align the interests of participants with the long-term interests of shareholders of the Company. All RSUs granted under this plan will be settled in cash. The following table presents transactions that occurred in the Company's RSU Plan during the years ended December 31, 2018 and 2017.

Table 21 – RSU Cash Transactions

	2018	2017
Outstanding units – beginning of year	504,380	316,133
Granted	154,693	185,256
Reinvestments in lieu of dividends	37,936	21,963
Vested	(167,974)	-
Forfeited	(727)	(18,972)
Outstanding units – end of year	528,308	504,380

RSU cash units are equivalent to one Class A Share of the Company. The Company recorded an expense of $2.254 million and $1.886 million for these grants during the years ended December 31, 2018 and 2017, respectively. During the year ended December 31, 2018, 167,974 units vested (2017 – nil), an amount of $0.396 million was paid as settlement of 32,607 units and the remaining 135,367 units were settled in January 2019. As at December 31, 2018, the Company had a liability totalling $4.305 million for the 528,308 units outstanding ($2.435 million for the 504,380 units as at December 31, 2017).

Restricted Share Plan ("RSP")

On October 30, 2015, in relation with the acquisition of Samson, the Board adopted a restricted share plan for the purposes of retaining certain employees and providing them with the opportunity to participate in the growth and development of the Company. The restricted shares vest over a three-year period with one third vesting each year. The restricted shares are entitled to dividends and have voting rights. The plan administrator reinvests the proceeds of the dividends received into additional shares of the Company.

On October 30, 2015, the Company issued 224,699 restricted shares. In conjunction with the restricted share issuance, the Company issued 224,699 Class A Shares which were held in escrow. During the year ended December 31, 2018, the last tranche of this plan vested and 78,548 Class A Shares (2017 – 79,022) that vested were released from escrow and 4,060 restricted shares were forfeited and cancelled (2017 – 431).

The Company recorded an expense of $0.284 million and $0.672 million for the years ended December 31, 2018 and 2017, respectively for this grant.

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.

PSU and UAR Plan Applicable to Business Units

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

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

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

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

PSU Applicable to BU

The Company recorded the following expense relating to PSU plans applicable to BU during the years ended December 31, 2018 and 2017:

Table 22 – PSU Plan Applicable to BU Transactions (in $ thousands)

	2018	2017
	$	$
Equity-settled grants	6,229	7,493
Cash-settled grants	7,297	886
Total expense	13,526	8,379

During the year ended December 31, 2018, the total award value granted under the Company's PSU plans applicable to BUs was $6.575 million. A total of 616,948 Class A Shares were issued during the year ended December 31, 2018 as settlement of PSU applicable to BUs. Vested units will be settled in 2019 through the issuance of Class A Share.

During the year ended December 31, 2017, the total award value granted under the Company's PSU plans applicable to BUs was $10.752 million. Certain PSU applicable to BUs representing a total value of $5.211 million vested. A total of 206,197 Class A Shares were issued during the year ended December 31, 2017 as settlement of PSU applicable to BUs.

UAR Applicable to BU

Under the UAR plan 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 $1.276 million during the year ended December 31, 2018.

PSU Plan

On April 12, 2018, the Board approved an amended and restated PSU Plan mainly to include various tax considerations and to specify that the Company may, at its discretion, settle the PSU awards in cash or in shares. PSUs 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 PSUs awarded to a participant as of the award date is calculated by dividing the award value by the market value on the award date. One PSU is equivalent to one Class A Share of the Company.

The Company recorded the following expense relating to PSU plans during the years ended December 31, 2018 and 2017:

Table 23 – PSU Transactions (in $ thousands)

	2018	2017
	$	$
Equity-settled grants	**1,292**	140
Cash-settled grants	**1,126**	1,110
Total expense	**2,418**	1,250

The total award value granted to eligible employees under the Company's PSU plans for the years ended December 31, 2018 and 2017 was $4.828 million and $1.2 million respectively. A total of 19,819 Class A Shares were issued during the year ended December 31, 2018 as settlement of PSU vested in 2017 (2017 – 35,325). Vested units will be settled in 2019 through the issuance of Class A Shares.

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. During the year ended December 31, 2017, another subsidiary's stock option plan was discontinued. The Company's subsidiaries stock option expense in the statements of consolidated net earnings (loss) for the year ended December 31, 2018 was $2.568 million ($0.855 million for the year ended December 31, 2017). The subsidiary paid an amount of $0.651 million during the year ended December 31, 2018 as settlement of stock options exercised. The cash settled share-based liability is $3.956 million in the statements of financial position as at December 31, 2018 ($2.039 million as at December 31, 2017).

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 18.0% of the Company's issued and outstanding shares as at December 31, 2018 (19.6 % as at December 31, 2017) 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 the 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 December 31, 2018, the other related shareholder indirectly owns Class B Special Voting Shares representing approximately 7.4% of the Company's issued and outstanding shares (8.1% as at December 31, 2017) 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 for the twelve-month periods ended December 31, 2018 and 2017:

Table 24 – Related Party Transactions (in $ thousands)

	2018	2017
	$	$
Base management fees	44,154	43,334
Performance fees	3,779	3,767
Other revenues	367	4,823
Selling, general & administrative expenses		
Reference fees	1,701	1,639
Other	613	785
Interest on long-term debt	15,946	15,859
Net (gain) loss in fair value of derivative financial instruments included in interest on long-term debt and other financial charges	(3,093)	4,487
Acquisition costs	-	252
Shares issued as settlement of a purchase price obligation	-	8,500
Cash consideration as settlement of a purchase price obligation	8,500	-

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, 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 and the operating effectiveness of the Company's DC&P and ICFR as at December 31, 2018, and have concluded that they were effective. Furthermore, no significant changes to the internal controls over financial reporting occurred during the year ended December 31, 2018 except as described below:

On May 31, 2018, the Company acquired substantially all of the assets and assumed certain liabilities of CGOV Asset Management ("CGOV"). The institutional segment has been fully integrated to the Company's platforms. On the other hand, the Company has considered to maintain the CGOV platforms for the Private Wealth segment. The CGOV – Private Wealth segment is comprised of 1.6% of revenues as other P&L and balance sheet figures are included in the Fiera Capital – Canadian division figures of the consolidated financial statements for the year ended December 31, 2018, which the accounting system used to prepare the financial information does not provide the statement of CGOV – Private Wealth financial information. In the coming months, management will complete its review of the design of ICFR for CGOV – Private Wealth segment and assess its effectiveness.

Financial Instruments

The Company, through its financial assets and liabilities, has exposure to the following risks from its financial instruments: market risk, credit risk, interest rate risk, currency risk and liquidity risk. The following analysis provides a measurement risk as at December 31, 2018 and 2017.

The Company's business is the management of investment assets. The key performance driver of the Company's ongoing results is the level of AUM. The level of AUM is directly linked to investment returns and the Company's ability to attract and retain clients.

The Company's consolidated statements of financial position include a portfolio of investments. The value of these investments is subject to a number of risk factors.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Company's primary market risk exposures and how these exposures are currently managed.

Appreciation or depreciation in the fair value of equity securities affect the amount and timing of recognition of gains and losses on equity securities and mutual fund and pooled fund investments in the Company's portfolio resulting in changes in realized and unrealized gains and losses. General economic conditions, political conditions and many other factors can also adversely affect the stock and bond markets and, consequently, the fair value of the equity, mutual fund and fixed income financial assets held.

The Company's portfolio managers monitor the risks of the portfolio as part of its daily operations. The Company's portfolio of equity and equity-related securities as at December 31, 2018 and 2017 is comprised of mutual fund and pooled fund investments and other securities with a fair value of $4.857 million as at December 31, 2018 and $5.408 million as at December 31, 2017. Mutual fund and pooled fund investments are comprised of a well-diversified portfolio of investments in equities and bonds.

A 10% change in the fair value of the Company's equity and equity-related holdings as at December 31, 2018 and 2017 would have an impact of increasing or decreasing comprehensive income by $0.486 million and $0.541 million respectively.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company's principal financial assets which are subject to credit risk are cash and cash equivalents, restricted cash, investments and accounts receivable. The carrying amounts of financial assets on the consolidated statements of financial position, other than derivative financial instruments represent the Company's maximum exposure to credit risk at the consolidated statements of financial position dates.

The credit risk on cash and cash equivalents and restricted cash is limited because the counterparties are commercial banks or financial institutions with high credit ratings assigned by independent credit-rating agencies.

The Company's credit risk is attributable primarily to its trade receivables. The amounts disclosed in the consolidated statements of financial position are net of allowance for doubtful accounts, estimated by the Company's management based on previous experience and its assessment of the current economic environment and financial condition of the counterparties. In order to reduce its risk, management has adopted credit policies that include regular review of client balances. No customer represents more than 10% of the Company's accounts receivable as at December 31, 2018 and 2017.

Interest Rate Risk

The Company is exposed to interest rate risk through its cash and cash equivalents and long-term debt. The interest rates on the long-term debt are variable and expose the Company to cash flow interest rate risk.

The Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting debt from floating rates to fixed rates. The Company obtained its long-term debt at a floating rate and swapped a portion of it into fixed rates that were lower than those available if the Company borrowed at fixed rates directly. Under the interest rate swap contract, the Company agrees with the counterparty to exchange, at specified intervals, the difference between the fixed contract rate and floating-rate interest amounts calculated by reference to the agreed notional amounts.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure relates to cash and cash equivalents, accounts receivable, derivative financial instruments, accounts payable and accrued liabilities, purchase price obligations and long-term debt denominated in US dollars and the operations of its US businesses, Fiera Capital (Europe) and Clearwater which are predominantly in US dollars. The Company manages a portion of its exposure to foreign currency by matching asset and liability positions. More specifically, the Company matches the long-term debt in foreign currency with long-term assets in the same currency.

Based on the balances outstanding (excluding long-term debt) as at December 31, 2018, a 5% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income of $0.568 million (2017 - $1.846 million). The above calculation does not include the US dollar long-term debt, which is partially hedged by a long-term asset in the same currency. This long-term asset is not included in the consolidated statements of financial position given that it is an intercompany balance and is eliminated on consolidation.

Liquidity Risk

The Company's objective is to have sufficient liquidity to meet its liabilities when they become due. The Company monitors its cash balance and cash flows generated from operations to meet its requirements.

The Company generates enough cash from its operating activities and has sufficient available financing through its long-term debt to finance its activities and to respect its obligations as they become due.

Fair Value

Investments

The cost and fair value of investments recorded at fair value through profit or loss was $4.574 million and $4.857 million, respectively, as at December 31, 2018 ($2.848 million and $2.933 million respectively as at December 31, 2017). An unrealized loss of $0.623 million was recognized in other revenues during the year ended December 31, 2018 (gain of $1.237 million during the year ended December 31, 2017).

As at December 31, 2017, the cost and fair value of investments recorded as available-for-sale was $2.296 million and $2.475 million respectively. As a result of the adoption of IFRS 9 on January 1, 2018, the Company reclassified its equity securities classified as available-for-sale under IAS 39 to fair value through profit or loss and reclassified an unrealized gain of $0.161 million (net of income taxes of $0.018 million) from accumulated other comprehensive income to retained earnings (deficit).

Convertible Debentures

The convertible debentures are recorded at an amortized cost of $79.008 million as at December 31, 2018 ($77.461 million as at December 31, 2017). The fair value based on market quotes is $87.544 million as at December 31, 2018 ($88.018 million as at December 31, 2017).

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 interest rate and cross currency swap contracts and foreign exchange forward contracts which are presented at fair value on the consolidated statements of financial position.

The fair value of derivative 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 they 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 contracts by applying valuation techniques.

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

$ thousands	For the year ended December 31, 2018	As at December 31, 2018				
		Fair value		Notional amount: term to maturity		
	Net gain (loss) on derivatives	Asset	(Liability)	Less than 1 year	From 1 to 5 years	Over 5 years
	$	$	$	$	$	$
Foreign exchange contracts						
a)Forward foreign exchange contracts – held for trading	(5,294)	-	(1,672)	45,374	-	-
b)Cross currency swaps – held for trading	4,700	1,083	-	80,000	-	-
Interest rate contracts						
c)Swap contracts – held for trading	(1,770)	860	(1,560)	-	190,000	-
d)Swap contracts – cash flow hedges	-	4,506	-	-	230,550	-

Presentation of the derivative financial instruments in the Financial Statements as at December 31 is as follows:

$ thousands	2018	2017
	$	$
Current derivative financial instrument assets [1]	1,083	497
Non-current derivative financial instrument assets	5,366	3,484
Current derivative financial instrument liabilities	(1,672)	-
Non-current derivative financial instrument liabilities	(1,560)	-

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

a) Forward Foreign Exchange Contracts

Forward Foreign Exchange Contracts - Held for Trading

The Company enters into forward exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in US dollars. The gain or loss on these derivative financial instruments is recognized in the consolidated statement of earnings in accordance with the nature of the hedged item and therefore, as other revenues.

Company

The Company enters into forward exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in US dollars.

In December 2016, the Company entered into a series of average rate forward foreign exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in US dollars for the year ended December 31, 2017. In August 2017, the series of average rate forward foreign exchange contracts, which matured one-by-one on a monthly basis until December 2017, was converted into month-end spot rate forward exchange contracts. Since August 2017, the Company enters into month-end spot rate forward exchange contracts with various terms to maturity that aim to manage the currency fluctuation risk associated with up to twelve months of estimated future revenues in US dollars.

Forward foreign exchange contracts are recognized at fair value at the date the contracts are entered into and are subsequently remeasured to fair value through profit or loss at the end of each reporting period. The gain or loss on these derivative financial instruments is recognized in the consolidated statement of earnings (loss) in accordance with the nature of the hedged item and therefore, as other revenues.

The Company recorded a loss of $4.673 million during the year ended December 31, 2018 (gain of $2.148 million for the year ended December 31, 2017) and paid $2.939 million as settlement of contracts that matured during the year (received $1.974 million during the year ended December 31, 2017). The fair value of the foreign exchange contracts is a liability of $1.237 million as at December 31, 2018 (asset of $0.497 million as at December 31, 2017).

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. The subsidiary recorded a loss of $0.621 million and a gain $0.260 million during the years ended December 31, 2018 and 2017, respectively. A total of $0.186 million was paid during the year ended December 31, 2018 as settlement of the contracts.

As at December 31, 2018, the fair value of these contracts was a liability of $0.435 million (nil as at December 31, 2017).

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 December 31, 2018, a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 1.57% on CA$80.0 million (nil as at December 31, 2017) by borrowing against the US dollar revolving facility, the equivalent of CA$80.0 million (US$59.4 million) (nil as at December 31, 2017) at LIBOR plus 2.25%, and swapping it into CDOR plus 1.57% with a one-month cross currency swap. The contract was entered into on December 31, 2018 and matures on January 31, 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 consolidated statements 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 gain of $4.7 million during the year ended December 31, 2018, with no net impact on earnings as described above (loss of $7.95 million during the year ended December 31, 2017). A total of $3.617 million was received during the year ended December 31, 2018 as settlement of these contracts ($9.272 million was paid during the year ended December 31, 2017).

The fair value of the cross currency swap contracts was an asset of $1.083 million as at December 31, 2018 (nil as at December 31, 2017).

c) Interest Rate Swap Contract – 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

On May 1, 2012, the Company entered into an interest rate swap contract with an original amortizing notional amount of CA$108 million. The contract consisted of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 1.835%. Interest was settled on a monthly basis. The interest swap matured on April 3, 2017 and an amount of $0.074 million was paid as settlement of this contract.

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 December 31, 2018, the notional amount was CA$30 million (2017 – 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%. The Company received an amount of $2.188 million as a crystallized gain, in December 2017, when the notional amount of the contract decreased from CA$100 million to CA$30 million. Interest is settled on a monthly basis.

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). Interest is settled on a monthly basis.

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%. Interest is settled on a monthly basis.

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%. Interest is settled on a monthly basis.

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%. Interest is settled on a monthly basis.

The net gain or loss on these derivative financial instruments is recognized in the consolidated statement of earnings (loss) with interest on long-term debt and other financial charges. The Company recorded a loss of $1.77 million during the year ended December 31, 2018 (gain of $3.463 million during the year ended December 31, 2017).

The fair value of the interest rate swap contracts is an asset of $0.86 million and a liability of $1.56 million as at December 31, 2018 (asset of $1.07 million as at December 31, 2017).

d) Interest Rate Swap Contracts – Cash Flow Hedges

The Company enters into US dollar interest rate swap contracts to manage the impact of the interest rate fluctuations on its credit facility denominated in US dollars.

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.

On May 31, 2018, the Company entered into a US dollar interest rate swap contract with an original notional amount of US$11 million maturing on May 31, 2022. The contract consisted of exchanging the variable interest rate based on a one-month LIBOR rate for a fixed rate of 2.655%. Interest was settled on a monthly basis. This contract was unwound in November 2018 and an amount of $0.162 million was received as settlement. This realized gain was reclassified from other comprehensive income to interest on long-term debt and other financial charges on the consolidated statement of earnings (loss).

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 $1.833 million (net of income taxes of $0.259 million) during the year ended December 31, 2018 (gain of $2.094 million (net of income taxes of $0.32 million) during the year ended December 31, 2017).

The ineffective portion of changes in fair value is recognized immediately in profit or loss in the consolidated statement of earnings (loss). There is no ineffective portion on these contracts for the years ended December 31, 2018 and 2017.

The fair value of the interest rate swap contracts designated as cash flow hedges is an asset of $4.506 million as at December 31, 2018 (asset of $2.414 million as at December 31, 2017).

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$219.4 million as at December 31, 2018 (US$50 million on the revolving facility and US$125 million on the term facility under the previous credit agreement as at December 31, 2017).

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 it is not exercisable at December 31, 2018, this derivative financial instrument has no financial impact in the Company’s consolidated financial statements.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES

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

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

Purchase price obligations 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 December 31, 2018, the Company used a 9% and 10% respectively for market growth and net contributions.
- 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 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 December 31, 2018 was CA$74.118 million (US$54.331 million) and CA$60.574 million (US$47 million) as at December 31, 2017.

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$5.39 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$2.69 million (US$2 million) in the fair value of the purchase price obligation.

- A variance of 200 basis points in the risk-adjusted discount rate, as an increase (discount), would result in a decrease (increase) of approximately CA$2.69 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 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$8.08 million (US$6 million) increase or decrease in the fair value of the purchase price obligation as at December 31, 2018 (nil as at December 31, 2017).

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 December 31, 2018 was CA$39.955 million (US$28.553 million) and CA$35.055 million (US$27 million) as at August 9, 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$35.47 million (US$26 million) and CA$40.925 million (US$30 million) for its purchase price obligation as at December 31, 2018.

NEW ACCOUNTING STANDARDS

Adoption of New IFRS

On January 1, 2018, the Company adopted the following new IFRS standards.

IFRS 9 – Financial Instruments

IFRS 9 replaced IAS 39 – Financial Instruments: Recognition and Measurement and was mandatorily effective for annual periods beginning on or after January 1, 2018. As permitted by IFRS 9, the Company has taken the exemption not to restate the comparative information in the consolidated financial statements with respect to classification and measurement requirements. The retrospective impact of applying IFRS 9 was accounted for through adjustments to the opening balance of retained earnings (deficit) and accumulated other comprehensive income as at January 1, 2018.

The adoption of IFRS 9 did not have a significant impact on the Company's consolidated financial statements.

Classification and measurement

IFRS 9 retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available-for-sale.

Under IFRS 9, all equity instrument financial assets must be classified as at fair value through profit or loss. However, the Company may, at initial recognition of a non-trading equity instrument, irrevocably elect to designate the instrument as at fair value through other comprehensive income with no subsequent reclassification of gains and losses to net earnings. This election is made on an investment-by-investment basis. Dividends will continue to be recognized in net earnings (loss). This designation is also available for existing non-trading equity instruments at the date of IFRS 9 adoption. Derivative financial instruments continue to be measured at fair value through profit or loss.

The original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at January 1, 2018 are disclosed in Note 3. There were no changes to the measurement categories under IFRS 9 for the Company's financial liabilities as at January 1, 2018. Financial assets will not be reclassified subsequent to their initial recognition, unless the Company identifies changes in the business model in managing financial assets.

As a result of the application of the classification and measurement requirements of IFRS 9, on January 1, 2018, the Company reclassified its equity securities classified as available-for-sale under IAS 39 to fair value through profit or loss and therefore reclassified an unrealized gain of $0.161 million from accumulated other comprehensive income to retained earnings (deficit).

Impairment

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" ("ECL") model. The new ECL impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The Company's financial assets subject to the new impairment model are cash and cash equivalents, accounts receivable and long-term receivable. The new impairment guidance using an expected credit loss model did not have a significant impact on the carrying amounts of the Company's accounts receivable or long-term receivable as the Company has had negligible credit losses.

Hedge accounting

The hedge accounting requirements under IAS 39 may continue to be applied until the IASB finalizes its macro hedge accounting project. As permitted, the Company elected not to adopt the general hedge accounting requirements of IFRS 9 and instead chose to continue to apply the requirements in IAS 39 – *Financial instruments: recognition and measurement*.

The Company also adopted amendments to the revised hedge accounting disclosures required by IFRS 7 – *Financial Instruments: Disclosures*.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 – *Revenue* and was mandatorily effective for annual periods beginning on or after January 1, 2018. The new standard specifies a five-step approach to determine how and when to recognize revenue and requires additional disclosures. The Company completed an impact assessment for all major revenue streams, reviewed contracts and analyzed revenue recognized by the Company.

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flow arising from a contract with a customer.

The Company elected to adopt IFRS 15 using the modified retrospective approach with the effect of initially applying this standard at the date of initial application (January 1, 2018). However, the adoption of IFRS 15 did not have a significant impact on the ongoing recognition of the Company's revenues or net earnings (loss) and therefore there were no opening retained earnings (deficit) adjustments required as at January 1, 2018.

Revised IFRS, Interpretations and Amendments

The following revised standards are effective for annual periods beginning on January 1, 2018. Their adoption did not have a significant impact on the amounts reported or disclosures made in these financial statements.

Amendments to IFRS 2 – Share-Based Payments

In June 2016, the IASB published amendments to IFRS 2 – *Share-based payments*. The amendments clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

In December 2016, the IASB published IFRIC 22 – *Foreign Currency Transactions and Advance Consideration* to clarify the exchange rate that should be used for transactions that include the receipt or payment of advance consideration in a foreign currency.

New Standards and Interpretations Not Yet Adopted

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases. It supersedes the IASB's current lease standard, IAS 17 – Leases, which required lessees and lessors to classify their leases as either finance leases or operating leases and to account for those two types of leases differently. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize an asset representing the right to use the underlying asset and a financial liability representing an obligation to make lease payments. The Company expects to apply the recognition exemption for low-value leases. This new standard will come into effect for annual periods beginning on or after January 1, 2019.

The Company has assessed the impact that the initial application of IFRS 16 will have on its consolidated financial statements, as described below.

Leases for which the Company is a Lessee

The Company will recognise right-of-use assets and lease liabilities for its leases of office facilities, equipment and other assets that meet the definition of a lease. The nature of expenses related to leases will change under IFRS 16, because the Company will recognise a depreciation charge for right-of-use assets and an interest expense on lease liabilities. Previously, under IFRS 17, the Company recognised operating lease expenses on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. The Company will apply this standard from its mandatory adoption date of January 1, 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured on transition at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease payments).

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

Low-value leases will continue to be recognized as an expense in the consolidated statement of earnings (loss). Operating cash flows will increase and financing cash flows will decrease as repayment of the principle portion of the lease liabilities will be classified as cash flow from financing activities.

The Company's activities as a lessor are not material and the Company does not expect any significant impact on the consolidated financial statements, however some additional disclosures may be required.

The Company does not expect the adoption of IFRS 16 to impact its ability to comply with restrictive covenants including minimum financial ratios applicable to its Credit Facility.

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 new interpretation is applicable to annual reporting periods beginning on or after January 1, 2019. The Company is evaluating the impact of this interpretation on its consolidated financial statements however it is not expected to have a significant impact for the Company.

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 International Financial Reporting Standards (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 are effective for annual periods beginning on or after January 1, 2019. The Company is evaluating the impact of these amendments on its consolidated financial statements however it is not expected to have a significant impact for the Company.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Risk Factors

Risks Related to Performance and Investing the AUM

Investment Performance

Poor investment performance, whether relative to Fiera Capital's competitors or otherwise, could result in the withdrawal of cash by existing clients in favour of better performing products and an inability for Fiera Capital to attract new clients. In addition, Fiera Capital's ability to earn performance fees is directly related to its investment performance and therefore poor investment performance may cause Fiera Capital to earn less or no performance fees.

Fiera Capital's inability to retain existing clients and attract new clients, could have an adverse impact on Fiera Capital's AUM, management fees, profitability and growth prospects.

Fiera Capital cannot guarantee it will be able to achieve or maintain any particular level of AUM and cannot guarantee is will be able to achieve positive relative returns, retain existing clients or attract new clients.

Investment of the AUM

The assets, investment strategies and vehicles (the "**Investments**") into which the Funds' and Managed Accounts' AUM are invested are subject to risks which could have a negative effect on the value and / or performance of such Investments, including but not limited to some or all of the following risks:

- external market and economic conditions beyond the Company's control such as regulatory environments and changes thereto, global and national political situations and economic uncertainty;

- interest rates, inflation rates and availability of credit;

- currency risk and foreign investment risk;

- special investment techniques, such as short selling, leveraging, hedging, using derivatives or options and concentration of investment holdings, carry their own particular risks;

- the competitive environment for investments means there may be uncertainty in identifying and completing investment transactions which may result in less favourable investment terms than would otherwise be the case;

- Investments may be made in entities that the Company does not control and may therefore be subject to business, financial or management decisions which the Company does not agree with or do not serve the Company's interests; and

- the due diligence undertaken in connection with a particular Investment may not reveal all facts relevant to whether such Investment will be favourable.

The failure by Fiera Capital to appropriately manage and address Investments' risk could have a material adverse effect on Fiera Capital's results of operations and financial condition.

Risks Related to the Business

Fiera Capital's business is subject to a number of risk factors, including but not limited to the following:

Reputational Risk

Reputational risk is the potential that adverse publicity, whether true or not, may cause a decline in Fiera Capital's earnings or client base due to its impact on Fiera Capital's corporate image. Reputational risk is inherent in virtually all of Fiera Capital's business transactions, even when the transaction is fully compliant with legal and regulatory requirements. Reputational risk cannot be managed in isolation, as it often arises as a result of operational, regulatory and other risks inherent in Fiera Capital's business. For this reason, reputational risk is part of Fiera Capital's risk management framework and is a key part of the code of ethics and conduct which all of Fiera Capital's employees are required to observe.

Regulatory and Litigation Risks

Fiera Capital's ability to carry on business is dependent upon Fiera Capital's compliance with, and continued registration under, securities legislation in the jurisdictions where it carries on business. Monitoring and responding to the rapidly changing securities regulatory environment, both in Canada and abroad, requires significant managerial, operational and financial resources.

Laws or regulations governing Fiera Capital's operations or particular investment products or services could be amended or interpreted in a manner that is adverse to Fiera Capital. Any change in the securities regulatory framework or failure to comply with these regulations could result in fines, temporary or permanent prohibitions on Fiera Capital's activities or the activities of some of Fiera Capital's personnel or reputational harm, which could materially adversely affect Fiera Capital's business, financial condition or profitability.

Litigation risk is inherent in the asset management industry in which Fiera Capital operates. Litigation risk cannot be eliminated, even if there is no legal cause of action. The legal risks facing Fiera Capital, its directors, officers, employees and agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. In addition, with the existence of the secondary market civil liability regime in certain jurisdictions, dissatisfied shareholders may more easily make claims against Fiera Capital, its directors and its officers.

Fiera Capital maintains various types of insurance to cover certain potential risks and regularly evaluates the adequacy of this coverage. There is no guarantee that Fiera Capital's insurance coverage will be adequate to cover all risks relating to its business.

Insurance Coverage

Fiera Capital holds various types of insurance, including directors' and officers', errors and omissions, general commercial liability and a financial institution bond. The adequacy of insurance coverage is evaluated on an ongoing basis, including the cost relative to the benefits.

There can be no assurance that claims will not exceed the limits of available insurance coverage or that any claim or claims will be ultimately satisfied by an insurer, nor can there be any assurance that Fiera Capital will be able to obtain insurance coverage on favourable economic terms in the future.

A judgment against Fiera Capital in excess of available insurance or in respect of which insurance is not available could have a material adverse effect on the business, financial condition or profitability.

Growth and Integration of Acquired Businesses

Future growth will depend on, among other things, the ability to efficiently operate to address growth and realize the anticipated synergies, benefits and cost savings from integration of any businesses acquired by Fiera Capital. The maintenance of the current operations and the integration of any acquired businesses may result in significant challenges, and management of Fiera Capital may face difficulties to accomplish integrations smoothly or successfully or without expending significant amounts of managerial, operational or financial resources. Moreover, through acquisitions Fiera Capital may be exposed to inconsistencies in standards, internal controls, procedures and policies that adversely affect the ability of management of Fiera Capital to maintain relationships with customers, suppliers, employees or to achieve the anticipated benefits.

Any inability of Fiera Capital to successfully manage its growth or the integration of acquired businesses, including governance, regulatory processes, information technology platforms, operational processes and financial reporting processes, could have a material adverse effect on the business, financial condition and results of operations of Fiera Capital.

Growth in Fiera Capital's AUM

An important component of investment performance is the availability of appropriate investment opportunities for new client assets in a timely manner. If Fiera Capital's AUM increases rapidly, it may not be able to exploit the investment opportunities that have historically been available to it or find sufficient investment opportunities for producing the absolute returns it targets.

Any inability to identify sufficient investment opportunities for new client assets in a timely manner, could be adversely affected upon Fiera Capital's results of operations and financial condition

Fiera Capital may elect to limit its growth and reduce the rate at which it receives new client assets.

Key Employees

Fiera Capital's business is dependent on the highly-skilled and often highly-specialized individuals it employs. The contributions of these individuals to Fiera Capital's asset management, investment risk management and client service teams are important to retaining clients and attracting new clients. Given the growth in total AUM in the asset management industry, the number of new firms entering the industry and the reliance on performance results to sell financial products, demand has increased for high-quality investment and client service professionals, and it is always a risk that management personnel or other key employees may decide to leave Fiera Capital. Additionally, in the face of increasing competition for experienced professionals in the industry, there is a risk that Fiera Capital will be unable to recruit high quality new employees with the desired qualifications in a timely manner, when required.

The loss of the services of management personnel or other key employees and an inability to recruit high quality new employees could materially adversely affect the business, financial condition or profitability of Fiera Capital.

Fiera Capital devotes considerable resources to recruiting, training and compensating key employees, as well as measures to encourage them to remain with Fiera Capital. Compensation related measures include providing a stock option plan, a restricted share unit plan, a performance share unit plan, a performance share unit and unit appreciation right plan applicable to business units and a short-term incentive plan, as well as a working environment that fosters employee satisfaction.

Further, compensation packages for these professionals have a tendency to increase at a rate well in excess of inflation and above the rates observed in other industries. Fiera Capital expects that these costs will continue to represent a significant portion of its expenses. As a result, such increased expenses could adversely affect the business, financial condition or profitability of Fiera Capital.

Competitive Pressures

The asset management industry (including the alternative investment industry) is competitive. Certain of Fiera Capital's competitors have, and potential future competitors could have, substantially greater technical, financial, marketing, distribution and other resources than Fiera Capital. They may also propose or develop ranges of products and service offerings that are more attractive to existing or potential clients of Fiera Capital.

Competition could have a material adverse effect on Fiera Capital's management fees or performance fees and there can be no assurance that Fiera Capital will be able to compete effectively.

Asset Management Industry

Fiera Capital's ability to generate revenues has been significantly influenced by the growth experienced in the asset management industry and by Fiera Capital's relative performance within the asset management industry. The historical growth of the asset management industry may not continue and adverse economic conditions and other factors, including any significant decline in the financial markets, could affect the popularity of Fiera Capital's services or result in clients withdrawing from the markets or decreasing their level and/or rate of investment.

A decline in the growth of the asset management industry or other changes to the industry that discourage investors from using Fiera Capital's services could affect Fiera Capital's ability to attract clients and result in a decline in revenues.

Major Customer

Fiera Capital entered into the AUM Agreement as part of the Natcan Transaction and National Bank is presently Fiera Capital's largest client, representing a significant portion of Fiera Capital's $136.7 billion in AUM. Termination of the agreement could result in a significant reduction of Fiera Capital's AUM which could have a material adverse effect on its business, prospect financial condition and results of operations.

Conflicts of Interest

Certain of the Funds and Managed Accounts have overlapping investment objectives and potential conflicts may arise with respect to a decision regarding how to allocate investment opportunities among them. It is possible that actual, potential or perceived conflicts could give rise to investor dissatisfaction or litigation or regulatory enforcement actions. The failure by Fiera Capital to appropriately manage and address conflicts of interest and claims in connection with conflicts of interest could have a material adverse effect on Fiera Capital's reputation, which could materially adversely affect Fiera Capital's business in a number of ways, including as a result of any related client losses.

Employee Misconduct or Error

There have been a number of highly-publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years and, notwithstanding the extensive measures Fiera Capital takes to deter and prevent such activity (including by instituting its Code of Conduct), Fiera Capital runs the risk that employee misconduct could occur. Misconduct by employees could include binding Fiera Capital to transactions that exceed authorized limits or present unacceptable risks, or concealing from Fiera Capital unauthorized or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. Fiera Capital is also susceptible to loss as a result of employee error.

It is not always possible to deter employee misconduct or prevent employee error and the precautions Fiera Capital takes to prevent and detect these activities may not be effective in all cases, which could materially adversely affect Fiera Capital's business, financial condition or profitability.

Investment Valuation

Valuation of certain securities and other investments may involve uncertainties and judgment determinations and, if such valuations should prove to be incorrect, the net asset value of a Fund could be misstated. Independent pricing information may not always be available regarding certain securities and other investments. Additionally, the Funds may hold investments which by their very nature may be extremely difficult to value accurately, particularly the venture investments held by Fiera Capital in private portfolio companies, as well as alternative investments (e.g. real estate, infrastructure and private lending) and emerging market investments, as well as certain types of hedge funds.

Fiera Capital may incur substantial costs in rectifying pricing errors caused by the misstatement of investment values.

Funds are audited by external auditors in order to assess whether the Funds' financial statements are fairly stated in all material respects in accordance with the applicable financial reporting standards.

Client Commitment

The agreements pursuant to which Fiera Capital manages its clients' assets, in accordance with industry practice, may be terminated upon short notice. Clients that are invested in units of the Funds may have their units redeemed upon short notice as well. The loss of any major client or of a significant number of existing clients could have a material adverse effect on Fiera Capital's results of operations and financial condition.

There is no assurance that Fiera Capital will be able to achieve or maintain any particular level of AUM, which may have a material negative impact on Fiera Capital's ability to attract and retain clients and on its management fees, its potential performance fees and its overall profitability.

Information Security Policies, Procedures and Capabilities

Fiera Capital is dependent on the effectiveness of its information security policies, procedures and capabilities to protect its computer and telecommunications systems and the data that resides on or is transmitted through them. The administrative services provided by Fiera Capital depend on software supplied by third-parties. An externally caused information security incident, such as a cyber attack or a virus or worm, or an internally-caused issue, such as failure to control access to sensitive systems, affecting such administrative services could materially interrupt Fiera Capital's business operations or cause disclosure or modification of sensitive or confidential information.

Security breach, information security issue experienced by or failure of key third parties, the loss of use of these third parties' products, problems or errors related to such products, termination or failure to renew the term of a third party agreement, could result in material financial loss, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could materially adversely affect Fiera Capital's business, financial condition or profitability.

Fiera Capital has established information security controls, defined by a governance framework and processes that are intended to protect information and computer systems including information security risk assessments and privacy impact assessments. Notwithstanding these measures, the cyber security threats are rapidly and constantly changing, and there remains a possibility that processes and controls in place could be unsuccessful in preventing a security breach. Fiera Capital may be vulnerable, and work with third parties who may also be vulnerable to computer viruses and other types of malicious software, cyber-attacks and hacking attempts from unauthorized persons, the physical theft of computer systems, internal programming or human errors, fraud, or other disruptive problems or events. There is also a risk that certain internal controls fail, which could also exacerbate any consequences from such events.

Enterprise Risk Management

Fiera Capital monitors, evaluates and manages the principal risks associated with the conduct of its business. These risks include external market risks to which all investors are subject, as well as internal risks resulting from the nature of Fiera Capital's business. Certain of Fiera Capital's methods of managing risk are based upon the use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which may be significantly greater than the historical measures indicated.

Other enterprise risk management methods depend upon evaluation of information regarding markets, clients or other matters that is publicly available or otherwise accessible by Fiera Capital. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of strategic, technologic, operational, financial, legal and regulatory risks requires, among other things, policies and procedures including the segregation of duties. These policies and procedures may not be fully effective in managing these risks. A failure by Fiera Capital to manage risks in its portfolios and activities could materially adversely affect Fiera Capital's business, financial condition or profitability.

In order to reduce this risk, Fiera Capital adopted risk management practices that are under the oversight of Fiera Capital's Audit and Risk Management Committee.

Fund Operating Expenses

If the AUM in the Funds decline to the point that charging the full fund operating expenses to the Funds results in weakening management expense ratios or the Funds becoming uncompetitive, Fiera Capital may choose to absorb some of these expenses.

Any such discretionary decision will result in an increase in expenses for Fiera Capital and a decrease in profitability.

Information Systems and Telecommunications

Fiera Capital is dependent on the availability of its personnel, its office facilities and the proper functioning of its computer and telecommunications systems.

A disaster such as water damage, an explosion or a prolonged loss of electrical power could materially interrupt Fiera Capital's business operations and cause material financial loss, loss of human capital, regulatory actions, breach of client contracts, reputational harm or legal liability, which in turn could materially adversely affect Fiera Capital's business, financial condition or profitability. Despite being reviewed on an annual basis, there is no guarantee that the disaster recovery plan maintained by the Company will be adequate in mitigating the impacts of such a disaster.

Risks Related to Structure and Shares

Major Shareholders

As of the date hereof, National Bank holds approximately 18.0% of the outstanding voting shares of Fiera Capital, by way of its wholly-owned subsidiary Natcan. Mr. Jean-Guy Desjardins indirectly owns approximately 36.5% of the outstanding voting interest of Fiera L.P., a controlling shareholder of Fiera Capital holding 26.2% of the outstanding voting shares of Fiera Capital. Desjardins Financial Holding Inc. ("**DFH**"), a direct wholly-owned subsidiary of FCD, owns 28.3% of the outstanding voting interest of Fiera L.P. DFH proposed for election two of the current eight directors of Fiera Capital that the holders of Class B Special Voting Shares are entitled to appoint.

Mr. Desjardins is in a position to exercise significant control over matters of Fiera Capital requiring shareholder approval, including the election of directors and the determination of significant corporate actions.

Potential Dilution

Fiera Capital is authorized to issue an unlimited number of Class A Subordinate Voting Shares, Class B Special Voting Shares and Preferred Shares and may decide to issue additional Shares or Preferred Shares in order to finance investment projects or raise liquidity, which could dilute the share ownership.

Further, under the Sceptre Investor Agreement, Fiera L.P. benefits from the Fiera L.P. Anti-Dilution Rights (as defined below), which is described in this AIF under the section "Description of Material Contracts - Sceptre Investor Agreement". As a result of an issuance pursuant to the Fiera L.P. Anti-Dilution Rights, the share ownership of Fiera Capital would be diluted.

Additionally, Fiera Capital may determine to redeem outstanding Debentures (as defined below) for Class A Subordinate Voting Shares or to repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Class A Subordinate Voting Shares. The issuance of additional Class A Subordinate Voting Shares may have a dilutive effect on Fiera Capital's shareholders and an adverse impact on the price of Class A Subordinate Voting Shares.

Risks Related to the Company's Liquidity and Financial Position

Indebtedness

The Fifth Amended and Restated Credit Agreement contains various covenants that limit the ability of Fiera Capital and certain of its subsidiaries (collectively, the "**Borrower Parties**") to engage in specified types of transactions and imposes significant operating restrictions, which may prevent the Borrower Parties from pursuing certain business opportunities and taking certain actions that may be in their interest.

These covenants may limit the Borrower Parties' ability to take actions that it believes would profit its business, and may make it difficult for Fiera Capital to successfully execute its business strategy or effectively compete with companies that are not similarly restricted.

In addition, the Fifth Amended and Restated Credit Agreement requires Fiera Capital to meet certain financial ratios and tests, and provides that the occurrence of an acquisition of control of Fiera Capital will cause an event of default.

A failure to comply with these covenants, including a failure to meet the financial tests or ratios, could result in an event of default under the Fifth Amended and Restated Credit Agreement.

Although at present these covenants do not restrict Fiera Capital's ability to conduct its business as presently conducted, there are no assurances that in the future, Fiera Capital will not be limited in its ability to respond to changes in its business or competitive activities or be restricted in its ability to engage in mergers, acquisitions or dispositions of assets.

Interest Risk

A portion of Fiera Capital's indebtedness, including the borrowings under the Fifth Amended and Restated Credit Agreement, is at variable rates of interest and exposes Fiera Capital to interest rate risk. If interest rates increase, Fiera Capital's debt service obligations on the variable rate indebtedness would increase even though the amount borrowed would remain the same, and net income and cash flows would decrease.

Failure to manage interest risks could materially adversely affect Fiera Capital's business, financial condition or profitability.

To hedge some of the interest rate risk it is exposed to via its borrowing under the Fifth Amended and Restated Credit Agreement, Fiera Capital has contracted interest rate swaps that fix a portion of interest rate payments. Given that changes in the fair values of derivatives must be reported in the Company's financial statements, interest rate fluctuations may have an impact on the reported profits and loss of Fiera Capital on a quarterly basis, thus creating some volatility in reported earnings.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A significant portion of the Company's earnings and net assets is denominated in US dollars. The Company's main exposure relates to cash, purchase price obligations and long-term debt denominated in US dollars and the operations of its US subsidiaries and Fiera Europe which are predominantly in US dollars. The Company and certain of its subsidiaries manage currency risk by entering into currency hedging contracts relating to US dollars and various other currencies.

Future events that may significantly increase or decrease the risk of future movement in the exchange rates for these currencies cannot be predicted. Fluctuations in exchange rates between the Canadian dollar and such currencies may have an adverse effect on the Company's results and financial condition.

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