Interim Condensed Consolidated Financial Statements of
FIERA CAPITAL CORPORATION

For the three-month periods ended March 31, 2018 and 2017
(unaudited)

FIERA CAPITAL

Fiera Capital Corporation
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Fiera Capital Corporation

Interim Condensed Consolidated Statements of Earnings (Loss)

For the three-month periods ended March 31,
(Unaudited)
(In thousands of Canadian dollars, except per share data)

	Three-month periods	
	2018	2017
	$	$
Revenues		
Base management fees	112,181	96,308
Performance fees	1,470	532
Other revenues (Notes 8 and 17)	6,330	3,734
	119,981	100,574
Expenses		
Selling, general and administrative expenses	97,520	77,152
External managers	367	896
Amortization of intangible assets (Note 7)	10,022	10,935
Depreciation of property and equipment	947	931
Restructuring, integration and other costs (Note 6)	928	1,076
Acquisition costs	3,018	1,718
	112,802	92,708
Earnings before under-noted items	7,179	7,866
Realized (gain) loss on investments	27	(4)
Interest on long-term debt and other financial charges	4,761	2,177
Accretion and change in fair value of purchase price obligations (Note 8)	4,467	1,308
Earnings (loss) before income taxes	(2,076)	4,385
Income tax expense	17	32
Net earnings (loss) for the periods	(2,093)	4,353
Net earnings (loss) attributable to:		
Company's shareholders	(2,193)	4,428
Non-controlling interest	100	(75)
	(2,093)	4,353
Net earnings (loss) per share (Note 12)		
Basic	(0.02)	0.05
Diluted	(0.02)	0.05

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Comprehensive Income

For the three-month periods ended March 31,
(Unaudited)
(In thousands of Canadian dollars)

	Three-month periods	
	2018	2017
	$	$
Net earnings (loss) for the periods	(2,093)	4,353
Other comprehensive income (loss):		
Items that may be reclassified subsequently to earnings:		
Unrealized gain on available-for-sale financial assets (net of income taxes of nil for the three-month period ended March 31, 2018 and $3 for the three-month period ended March 31, 2017 respectively)	-	17
Cash flow hedges (net of income taxes of $468 for the three-month period ended March 31, 2018 and nil for the three-month period ended March 31, 2017 respectively) (Note 8)	3,066	-
Unrealized exchange differences on translating financial statements of foreign operations	6,579	(2,240)
Other comprehensive income (loss)	9,645	(2,223)
Comprehensive income	7,552	2,130
Comprehensive income attributable to:		
Company's shareholders	7,452	2,205
Non-controlling interest	100	(75)
	7,552	2,130

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Financial Position

(Unaudited)

(In thousands of Canadian dollars)

	As at March 31, 2018	As at December 31, 2017
	$	$
Assets		
Current assets		
Cash and cash equivalents	52,382	41,079
Restricted cash	953	930
Accounts receivable	118,182	128,398
Investments	4,930	5,408
Prepaid expenses and other assets	11,713	10,082
	188,160	185,897
Non-current assets		
Goodwill (Note 7)	529,050	523,885
Intangible assets (Note 7)	463,471	462,281
Property and equipment	16,481	16,572
Derivative financial instruments (Note 8)	7,120	3,484
Deferred income taxes	14,969	11,665
Deferred charges and other	1,050	1,131
	1,220,301	1,204,915
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	59,205	114,008
Dividends payable	17,264	-
Current portion of purchase price obligations (Note 8)	32,452	31,050
Restructuring provisions (Note 6)	3,115	5,273
Derivative financial instruments (Note 8)	1,021	-
Current portion of long-term debt (Note 9)	677	1,354
Amounts due to related parties	1,485	1,241
Client deposits and deferred revenues	682	501
	115,901	153,427
Non-current liabilities		
Long-term debt (Note 9)	341,300	292,417
Convertible debentures (Note 10)	77,779	77,461
Purchase price obligations (Note 8)	57,677	58,086
Long-term restructuring provisions (Note 6)	715	715
Cash settled share-based liabilities	5,978	3,087
Other non-current liabilities	3,766	3,338
Deferred lease obligations	3,934	3,939
Lease inducements	4,365	4,420
Deferred income taxes	15,599	16,014
Derivative financial instruments (Note 8)	104	-
	627,118	612,904
Equity attributable to:		
Company's shareholders	593,617	592,545
Non-controlling interest	(434)	(534)
	593,183	592,011
	1,220,301	1,204,915

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Changes in Equity

For the three-month periods ended March 31,

(Unaudited)

(In thousands of Canadian dollars)

	Share Capital	Restricted and holdback shares	Contributed surplus	Convertible debentures equity component	Retained earnings (Deficit)	Accumulated other comprehensive income	Equity attributable to Company's shareholders	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$	$
Balance, December 31, 2017	691,586	(860)	18,660	3,330	(133,195)	13,024	592,545	(534)	592,011
Net earnings (loss)	-	-	-	-	(2,193)	-	(2,193)	100	(2,093)
Other comprehensive income (loss)	-	-	-	-	-	9,645	9,645	-	9,645
Comprehensive income (loss)	-	-	-	-	(2,193)	9,645	7,452	100	7,552
Share-based compensation expense	-	-	3,372	-	-	-	3,372	-	3,372
Shares issued as settlement of purchase price obligations (Note 11)	4,077	-	-	-	-	-	4,077	-	4,077
Performance and restricted share units settled (Note 11)	3,937	-	(2,483)	-	-	-	1,454	-	1,454
Stock options exercised (Note 11)	2,628	-	(647)	-	-	-	1,981	-	1,981
Dividends (Note 11)	-	-	-	-	(17,264)	-	(17,264)	-	(17,264)
Impact of IFRS 9 (Note 3)	-	-	-	-	161	(161)	-	-	-
Balance, March 31, 2018	702,228	(860)	18,902	3,330	(152,491)	22,508	593,617	(434)	593,183
Balance, December 31, 2016	582,134	1,848	16,285	-	(62,129)	28,098	566,236	30,409	596,645
Net earnings (loss)	-	-	-	-	4,428	-	4,428	(75)	4,353
Other comprehensive income (loss)	-	-	-	-	-	(2,223)	(2,223)	-	(2,223)
Comprehensive income (loss)	-	-	-	-	4,428	(2,223)	2,205	(75)	2,130
Share-based compensation expense (Note 11)	-	-	1,322	-	-	-	1,322	9	1,331
Performance share units settled (Note 11)	4,904	-	(4,476)	-	-	-	428	-	428
Stock options exercised (Note 11)	56	-	(14)	-	-	-	42	-	42
Extinguishment of puttable financial instrument liabilities (Note 8)	-	-	2,747	-	-	-	2,747	-	2,747
Hedge	-	-	-	-	-	-	-	66	66
Dividends (Note 11)	-	-	-	-	(13,914)	-	(13,914)	-	(13,914)
Balance, March 31, 2017	587,094	1,848	15,864	-	(71,615)	25,875	559,066	30,409	589,475

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

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Cash Flows

For the three-month periods ended March 31,
(Unaudited)
(In thousands of Canadian dollars)

	2018	2017
	$	$
Operating activities		
Net earnings (loss)	(2,093)	4,353
Adjustments for:		
Amortization of intangible assets and depreciation of property and equipment	10,969	11,866
Amortization of deferred charges	127	147
Accretion and change in fair value of purchase price obligations	4,467	1,308
Lease inducements	(150)	(153)
Deferred lease obligations	(107)	(44)
Share-based compensation expense	3,372	1,331
Cash-settled share-based compensation expense	3,373	1,343
Restructuring, integration and other costs	(2,158)	(1,486)
Interest on long-term debt and other financial charges	4,761	2,177
Income tax expense	17	32
Income tax paid	(3,388)	(4,804)
Realized and unrealized gain on financial instruments	(58)	-
Realized (gain) loss on investments	27	(4)
Other non-current liabilities	389	357
Changes in non-cash operating working capital items (Note 14)	(45,266)	(9,307)
Net cash (used in) generated by operating activities	(25,718)	7,116
Investing activities		
Settlement of purchase price adjustments and obligations	(923)	(3,431)
Investments, net	640	(935)
Purchase of property and equipment	(416)	(476)
Purchase of intangible assets	(3,036)	(959)
Settlement of puttable financial instrument liabilities (Note 8)	-	(2,753)
Deferred charges and other	(38)	(83)
Restricted cash	(1)	(328)
Net cash generated by (used in) investing activities	(3,774)	(8,965)
Financing activities		
Settlement of share-based compensation	-	(475)
Issuance of share capital	1,975	42
Long-term debt, net	41,126	7,392
Interest paid on long-term debt	(3,547)	(3,895)
Settlement of derivative financial instruments	470	-
Financing charges	(546)	(14)
Net cash generated by (used in) financing activities	39,478	3,050
Net increase in cash and cash equivalents	9,986	1,201
Effect of exchange rate changes on cash denominated in foreign currencies	1,317	16
Cash and cash equivalents – beginning of period	41,079	40,110
Cash and cash equivalents – end of period	52,382	41,327

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

1. Description of Business

Fiera Capital Corporation ("Fiera Capital" or the "Company") was incorporated as Fry & Company (Investment Management) Limited in 1955 and is incorporated under the laws of the Province of Ontario. The Company is a global asset management firm which offers a wide range of traditional and alternative investment solutions, including depth and expertise in asset allocation. The Company provides investment advisory and related services to institutional investors, private wealth clients and retail investors. In the U.S., investment advisory services are provided by two of the Company's U.S. affiliates, Fiera Capital Inc. and Bel Air Management, LLC, that are registered as investment advisors with the U.S. Securities and Exchange Commission ("SEC"). The Company's affiliate Charlemagne Capital (UK) Limited is registered with the Financial Conduct Authority in the United Kingdom and as an investment advisor with the SEC and Charlemagne Capital (IOM) is registered with the Isle of Man Financial Services Authority and is also registered as an investment advisor with the SEC. The Company's head office is located at 1501 McGill College Avenue, Suite 800, Montréal, Quebec, Canada. The Company's shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "FSZ".

The Company's Board of Directors (the "Board") approved the interim condensed consolidated financial statements for the three-month period ended March 31, 2018 on May 10, 2018.

2. Basis of presentation

Statement of compliance

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

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2017 and December 31, 2016.

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

3. Adoption of new IFRS

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 interim condensed 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.

As a result of the application of the classification and measurement requirements of IFRS 9, 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 $161 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.

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

3. Adoption of new IFRS (continued)

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 a negligible credit losses.

The following table presents 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.

Financial assets	Original classification under IAS 39	New classification under IFRS 9
Cash and cash equivalents and restricted cash	Loans and receivables	Amortized cost
Investments	Available-for-sale / Fair value through profit or loss	Fair value through profit or loss
Accounts receivable	Loans and receivables	Amortized cost
Long-term receivable [1]	Loans and receivables	Amortized cost
Derivative financial instruments	Fair value through profit or loss	Fair value through profit or loss

[1] Presented in deferred charges and other on the consolidated statements of financial positions.

Financial assets will not be reclassified subsequent to their initial recognition, unless the Company identifies changes in the business model in managing financial assets.

There were no changes to the measurement categories under IFRS 9 for the Company's financial liabilities as at January 1, 2018 and therefore the Company's financial liabilities are not presented in the table above.

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*. This will result in the Company adding disclosure relating to its risk management strategies where hedge accounting is applied in its consolidated financial statements for the year ending December 31, 2018.

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 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.

3. Adoption of new IFRS (continued)

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.

4. IFRS issued but 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, 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 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months and for which the underlying asset is not of low value. This new standard will come into effect for annual periods beginning on or after January 1, 2019. The Company is evaluating the impact of this standard on its consolidated financial statements.

IFRIC 23 – Uncertainty over Tax Treatments

In June 2017, the IASB issued IFRIC 23 – *Uncertainty over 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 standard on its consolidated financial statements.

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 recognised 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.

5. Business combinations and other transactions

Clearwater Capital Partners LLC

On March 1, 2018, the Company announced that it has reached an agreement to acquire Clearwater Capital Partners LLC, an Asia focused credit and special situations investment firm headquartered in Hong Kong. The transaction is subject to a number of conditions, including shareholder and regulatory approvals. The transaction is expected to be completed once the closing conditions have been satisfied.

The aggregate consideration payable at closing will be US$21,000, subject to various adjustments including US$12,000 in cash and US$9,000 in newly issued Class A subordinate voting shares. Additional contingent payments of up to US$44,000 (undiscounted amount) will be payable over five years if certain performance conditions are achieved.

CGOV Asset Management

On March 22, 2018, the Company's Board approved the transaction to acquire CGOV Asset Management, an Ontario-based investment management firm focused on high net worth and institutional investors. The transaction is subject to a number of conditions, including shareholder and regulatory approvals. The transaction is expected to be completed after the closing conditions have been satisfied.

The aggregate consideration payable at closing will be $114,200 including 42% or $48,200 in cash and 58% or $66,000 in new issued Class A subordinate voting shares. The Class A subordinate shares will be placed in escrow and will vest over a five-year period subject to certain conditions.

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

6. Restructuring, integration and other costs

During the three-month periods ended March 31, the Company recorded the following:

	For the three-month periods ended March 31,	
	2018	2017
	$	$
Restructuring provisions related to severance	85	224
Other restructuring costs	11	146
Integration and other costs	832	706
	928	1,076

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

The change in the restructuring provisions for severance-related expenses during the three-month period ended March 31, 2018 is as follows:

	Severance
	$
Balance, December 31, 2017	5,988
Additions during the period	85
Paid during the period	(2,243)
Balance, March 31, 2018	3,830

Provision for severance	As at March 31,2018	As at December 31, 2017
	$	$
Current portion	3,115	5,273
Non-current portion	715	715
Total	3,830	5,988

Integration

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

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

7. Goodwill and intangible assets

		Indefinite life	Finite-life			
	Goodwill	Asset management contracts	Asset management contracts	Customer relationships	Other	Total
	$	$	$	$	$	$
For the three-month period ended March 31, 2018						
Opening carrying amount	523,885	84,069	53,909	311,832	12,471	462,281
Business combinations	-	513	-	-	-	513
Additions	-	-	-	1,866	455	2,321
Additions – internally developed	-	-	-	-	372	372
Amortization for the period	-	-	(2,623)	(6,315)	(1,084)	(10,022)
Foreign exchange difference	5,165	2,165	488	5,082	271	8,006
Closing carrying amount	529,050	86,747	51,774	312,465	12,485	463,471
Balance, March 31, 2018						
Cost	514,847	86,245	105,666	396,223	26,438	614,572
Accumulated amortization and impairment	(1,918)	-	(53,562)	(98,204)	(14,677)	(166,443)
Foreign exchange difference	16,121	502	(330)	14,446	724	15,342
Closing carrying amount	529,050	86,747	51,774	312,465	12,485	463,471

8. Financial instruments

Fair value

Investments

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 $161 from accumulated other comprehensive income to retained earnings (deficit).

As at December 31, 2017, the cost and fair value of investments recorded as available-for-sale was $2,296 and $2,475 respectively. An unrealized gain of $17 (net of income taxes of $3) was recognized in other comprehensive income (loss) during the three-month period ended March 31, 2017.

The cost of investments recorded at fair value through profit or loss is $4,622 as at March 31, 2018 ($2,848 as at December 31, 2017) and the fair value is $4,930 as at March 31, 2018 ($2,933 as at December 31, 2017). An unrealized gain of $58 was recognized in other revenues during the three-month period ended March 31, 2018 (loss of $232 during the three-month period ended March 31, 2017).

Puttable financial instrument liabilities

On March 7, 2017, an amount of $2,753 was paid to a management shareholder of one of the Company's subsidiaries and an amount of $2,747 was extinguished with an offset to contributed surplus.

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

8. Financial instruments (continued)

Convertible debentures

The convertible debentures are recorded at an amortized cost of $77,779 as at March 31, 2018 ($77,461 as at December 31, 2017). The fair value based on market quotes is $87,113 as at March 31, 2018 ($88,018 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 cross currency swap, interest rate swap and foreign exchange forward contracts which are presented at fair value on the statements of financial position.

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

	For the three-month period ended March 31, 2018	As at March 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	(1,456)	-	(1,021)	59,123	-	-
b)Cross currency swaps – held for trading	480	72	-	80,000	-	-
Interest rate contracts						
c)Swap contracts – held for trading	(2)	1,172	(104)	-	80,000	-
d)Swap contracts – cash flow hedges	-	5,948	-	-	217,909	-

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

8. Financial instruments (continued)

	For the three-month period ended March 31, 2017	As at December 31, 2017				
		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	637	497	-	51,875	-	-
b)Cross currency swaps – held for trading	(2,115)	-	-	-	-	-
Interest rate contracts						
c)Swap contracts – held for trading	205	1,070	-	-	30,000	-
d)Swap contracts – cash flow hedges	-	2,414	-	-	212,011	-

Financial statement presentation:

	As at March 31, 2018	As at December 31,2017
	$	$
Current derivative financial instrument assets [1]	72	497
Non-current derivative financial instrument assets	7,120	3,484
Current derivative financial instrument liabilities	(1,021)	-
Non-current derivative financial instrument liabilities	(104)	-

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

a) Forward foreign exchange contracts – held for trading

Company

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

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.

8. Financial instruments (continued)

The Company recorded a loss of $1,227 during the three-month period ended March 31, 2018 and received $163 as settlement of contracts that matured during the period (gain of $297 during the three-month period ended March 31, 2017). As at March 31, 2018 the fair value of the derivative financial liability related to these contracts is $893 (derivative financial asset of $497 as at December 31, 2017).

Subsidiaries

During the three-month period ended March 31, 2018, one of the Company's subsidiaries entered into two forward exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in EUR. The contracts mature in April and August 2018. One of the contracts was partly settled in January 2018 and the subsidiary paid $101 as settlement of this contract. This subsidiary recorded a loss on forward foreign exchange contracts of $229 during the three-month period ended March 31, 2018 (gain of $340 for the three-month period ended March 31, 2017).

As at March 31, 2018, the fair value of the contracts is a derivative financial liability of $128 (nil as at December 31, 2017).

b) Cross currency swaps – held for trading

Under the terms of the Company's revolving facility (Note 9), as at March 31, 2018, the Company can borrow either in US dollars based on US base or LIBOR rates plus 2.50% or in Canadian dollars based on CDOR plus 2.50% (the same credit spread). To benefit from interest cost savings, the Company has effectively created, as at March 31, 2018, a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 2.16% on CA$80,000 (nil as at December 31, 2017) by borrowing against the US dollar revolving facility, the equivalent of CA$80,000 (US$62,100) (nil as at December 31, 2017) at Libor plus 2.50%, and swapping it into CDOR plus 2.16% with a one-month cross currency swap. The contract was entered into on March 29, 2018 and matures on April 30, 2018.

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

The net gain or loss on these derivative financial instruments is recognized in the consolidated statement of earnings (loss) in accordance with the nature of the economically hedged item, the revolving facility, and therefore is presented in interest on long-term debt and other financial charges.

The Company recorded a gain of $480 during the three-month period ended March 31, 2018 with no net impact on earnings as described above (loss of $2,115 during the three-month period ended March 31, 2017). A total of $408 was received during the three-month period ended March 31, 2018 ($2,298 paid during the three-month period ended March 31, 2017). The fair value of the cross currency swap contract is an asset of $72 as at March 31, 2018 (nil as at December 31, 2017).

8. Financial instruments (continued)

c) Interest rate swap contracts – held for trading

On May 31, 2017, the Company entered into an interest rate swap contract to manage the impact of the interest rate fluctuations on its revolving facility denominated in Canadian dollars. The interest rate swap contract had an original amortizing notional amount of CA$100,000 at inception and matures on May 31, 2022. As at March 31, 2018, the notional amount was CA$30,000. The contract consists of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate of 1.335%. Interest is settled on a monthly basis.

In March 2018, the Company entered into two interest rate swap contracts with original amortizing notional amounts of CA$10,000 and CA$40,000 at inception and these mature 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$10,000 notional contract) and 2.358% (on CA$40,000 notional contract). 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 $2 during the three-month period ended March 31, 2018 (gain of $205 during the three-month period ended March 31, 2017).

The fair value of the interest rate swap contract is an asset of $1,172 and a liability of $104 as at March 31, 2018 (asset of $1,070 as at December 31, 2017).

d) Interest rate swap contracts – Cash flow hedges

On May 31, 2017, the Company entered into two US dollar interest rate swap contracts to manage the impact of the interest rate fluctuations on the Company's term and revolving facilities (Note 9) denominated in US dollars. The interest rate swap contracts have an original notional amount of US$125,000 and US$44,000 respectively at inception and mature on May 31, 2022. The contracts consist of exchanging the variable interest rate based on a one-month LIBOR rate for a fixed rate of 1.84%. Interest is settled on a monthly basis.

These contracts are designated as cash flows hedges and satisfy the requirements for hedge accounting. The effective portion of changes in the fair value of these contracts are recognized in other comprehensive income and accumulated in a hedging reserve. The Company recorded a gain of $3,066 (net of income taxes of $468) in other comprehensive income during the three-month period ended March 31, 2018.

The ineffective portion of changes in fair value is recognized immediately in profit or loss in the consolidated statement of earnings. There is no ineffective portion on these contracts for the three-month period ended March 31, 2018.

The fair value of the interest rate swap contracts designated as cash flow hedges is an asset of $5,948 as at March 31, 2018 (asset of $2,414 as at December 31, 2017).

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

8. Financial instruments (continued)

The Company remains exposed to fluctuations in the US base or Libor rates on the difference between the US dollar revolving facility and the notional amount of the US dollar interest rate swap contract. The drawings in US dollars on the term and revolving facilities are US$125,000 and US$130,829 respectively as at March 31, 2018 (US$125,000 and US$50,000 respectively as at December 31, 2017).

Financial instruments by category:

	As at March 31, 2018 – classified under IFRS 9		
	Amortized cost	Fair value through profit or loss	Total
	$	$	$
Assets			
Cash and cash equivalents	52,382	-	52,382
Restricted cash	953	-	953
Investments			
Investment funds under the Company's management	-	4,930	4,930
Accounts receivable	118,182	-	118,182
Long-term receivable [(1)]	67	-	67
Derivative financial instruments [(2)]	-	7,192	7,192
Total	171,584	12,122	183,706
Liabilities			
Accounts payable and accrued liabilities	59,205	-	59,205
Purchase price obligations	-	90,129	90,129
Derivative financial instruments	-	1,125	1,125
Amounts due to related parties	1,485	-	1,485
Client deposits [(3)]	155	-	155
Long-term debt	341,977	-	341,977
Convertible debentures	77,779	-	77,779
Total	480,601	91,254	571,855

(1) Presented in deferred charges and other on the consolidated statements of financial position.

(2) The amount presented at fair value through profit or loss includes $72 presented in prepaid expenses and other assets on the consolidated statements of financial position.

(3) Presented in client deposits and deferred revenues on the consolidated statements of financial position.

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

8. Financial instruments (continued)

	As at December 31, 2017 – classified under IAS 39				
	Loans and receivables	Available-for-sale	Fair value through profit or loss	Financial liabilities at amortized cost	Total
	$	$	$	$	$
Assets					
Cash and cash equivalents	41,079	-	-	-	41,079
Restricted cash	930	-	-	-	930
Investments					
Investment funds under the Company's management	-	2,475	2,933	-	5,408
Accounts receivable	128,398	-	-	-	128,398
Long-term receivable[(1)]	69	-	-	-	69
Derivative financial instruments [(2)]	-	-	3,981	-	3,981
Total	170,476	2,475	6,914	-	179,865
Liabilities					
Accounts payable and accrued liabilities	-	-	-	114,008	114,008
Purchase price obligations	-	-	89,136	-	89,136
Amounts due to related parties	-	-	-	1,241	1,241
Client deposits[(3)]	-	-	-	155	155
Long-term debt	-	-	-	293,771	293,771
Convertible debentures	-	-	-	77,461	77,461
Total	-	-	89,136	486,636	575,772

(1) Presented in deferred charges and other on the consolidated statements of financial position.
(2) The amount presented at fair value through profit or loss includes $497 presented in prepaid expenses and other assets on the consolidated statements of financial position.
(3) Presented in client deposits and deferred revenues on the consolidated statements of financial position.

Fair value hierarchy

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

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

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

8. Financial instruments (continued)

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

				As at March 31, 2018
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Investments	-	4,918	12	4,930
Derivative financial instruments	-	7,192	-	7,192
Total financial assets	-	12,110	12	12,122
Financial liabilities				
Purchase price obligations	-	-	90,129	90,129
Derivative financial instruments	-	1,125	-	1,125
Total financial liabilities	-	1,125	90,129	91,254

				As at December 31, 2017
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Investments	-	5,397	11	5,408
Derivative financial instruments	-	3,981	-	3,981
Total financial assets	-	9,378	11	9,389
Financial liabilities				
Purchase price obligations	-	-	89,136	89,136
Derivative financial instruments	-	-	-	-
Total financial liabilities	-	-	89,136	89,136

Level 3

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

Purchase price obligations are Level 3 financial liabilities. The Company has used valuation techniques to record the fair value of the liabilities at the reporting date.

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

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

8. Financial instruments (continued)

Purchase price obligation - CNR:

Financial liabilities	Fair value March 31, 2018 $	Fair value December 31, 2017 $	Valuation technique	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Purchase price obligation - CNR	CA$64,783 (US$50,243)	CA$60,574 (US$47,000)	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.	• Discount rate • Market rate of return • AUM short-term growth rate (next 1-2 years) and long-term growth rate (up to 10 years)	While holding all other variables constant: A 2.5% increase (decrease) in the market rate of return would result in an increase (decrease) of US$2,500 in the fair value of the contingent consideration. A 3% increase (decrease) in AUM would result in an increase (decrease) of US$3,050 in the fair value of the contingent consideration.

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

8. Financial instruments (continued)

Reconciliation of Level 3 fair value measurements:

	Investments	Purchase price obligations	Total
	$	$	$
Fair value as at December 31, 2017	11	(89,136)	(89,125)
Settlement of purchase price obligations	-	5,006	5,006
Total realized and unrealized gains included in other revenues	1	-	1
Total realized and unrealized (losses) included in accretion and change in fair value of purchase price obligations	-	(4,149)	(4,149)
Total realized and unrealized gains included in other comprehensive income	-	(1,850)	(1,850)
Fair value as at March 31, 2018	12	(90,129)	(90,117)

	Investments	Purchase price obligations	Total
	$	$	$
Fair value as at December 31, 2016	9	(34,968)	(34,959)
Settlement of purchase price obligations	-	1,863	1,863
Total realized and unrealized (losses) included in accretion and change in fair value of purchase price obligations	-	(1,308)	(1,308)
Total realized and unrealized gains included in other comprehensive income	-	28	28
Fair value as at March 31, 2017	9	(34,385)	(34,376)

There were no transfers between levels during the three-month periods ended March 31, 2018 and 2017.

9. Long-term debt

	As at March 31, 2018	As at December 31, 2017
	$	$
Credit facility		
Term facility	**161,175**	156,813
Revolving facility	**180,571**	136,725
Other facilities	**1,426**	1,585
Deferred financing charges	**(1,195)**	(1,352)
	341,977	293,771
Less current portion	**677**	1,354
Non-current portion	**341,300**	292,417

9. Long-term debt (continued)

Credit Facility

On May 31, 2016, the Company entered into the Fourth Amended and Restated Credit Agreement ("Credit Agreement") which includes a term facility and a revolving facility (together, the "Credit Facility"). On December 5, 2017, the Credit Agreement was amended to modify the definitions of Funded Debt and EBITDA and unsecured debt.

Term facility

The Credit Agreement includes a US$125,000 term (non-revolving) facility for which there are no minimum repayments until May 31, 2019, the date at which the full amount drawn on the term facility is repayable.

The total amount drawn on the term facility as at March 31, 2018 is US$125,000 (CA$161,175) (US$125,000 (CA$156,813) as at December 31, 2017).

Revolving facility

During the year ended December 31, 2017, an increase in the revolving facility of CA$50,000 to CA$350,000 was approved by the board of directors of the Company, Fiera Capital Inc. and Fiera US Holding Inc. and the syndicate of lenders. The increase will be used to finance the general corporate purposes of the Company. The Credit Facility includes a CA$350,000 senior unsecured revolving facility that can be drawn on in Canadian or US dollars at the discretion of the Company. Under the terms of the Credit Agreement, there are no minimum repayments on the revolving facility, until March 25, 2020, the date at which the full amount drawn on the revolving facility is repayable in full.

As at March 31, 2018 the total amount drawn on the revolving facility was comprised of CA$11,880 and US$130,829 (CA$168,691) (CA$74,000 and US$50,000 (CA$62,725) as at December 31, 2017).

Under the terms of the Credit Agreement, the Company must satisfy certain restrictive covenants on the Credit Facility including minimum financial ratios. These restrictions include maintaining a maximum ratio of Funded Debt to EBITDA and a minimum interest coverage ratio. EBITDA, a non IFRS financial measure, is defined in the Credit Agreement as consolidated earnings before interest, income taxes, depreciation, amortization, non-recurring and one-time expenses related to acquisitions and other non-cash items. As at March 31, 2018 and December 31, 2017, all restrictive covenants under the Credit Agreement were met. The Credit Agreement 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 Credit Facility, to engage in specified types of transactions and thus imposes operating certain restrictions on these entities.

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

9. Long-term debt (continued)

Other Facilities

As at March 31, 2018 one of the Company's subsidiaries has an outstanding bank loan in the amount of $625 of which quarterly payments of CA$131 are required (respectively $756 and CA$131 as at December 31, 2017). The loan bears interest at prime plus 0.25% to 0.50% 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 March 31, 2018 and December 31, 2017. In March 2017, this subsidiary amended its credit agreement to include a leasing facility. As at March 31, 2018, the outstanding balance of this loan is CA$801, of which monthly payments of CA$15 are required. As at March 31, 2018, the current and non-current portions of the loan are $152 and $649 respectively. This subsidiary also has a line of credit with a limit of CA$750. It bears interest at prime plus up to 0.25% which is also based on the ratio of senior debt EBITDA and has no fixed maturity date. As at March 31, 2018 the subsidiary had not drawn on the line of credit (nil as at December 31, 2017).

Another subsidiary of the Company has a line of credit with a dollar limit of CA$950. It bears interest at prime plus 1.50% and has no fixed maturity date. As at March 31, 2018 the subsidiary had not drawn on the line of credit (nil as at December 31, 2017).

10. Convertible debentures

	As at March 31, 2018	As at December 31, 2017
	$	$
Face value	**86,250**	86,250
Less:		
Issuance costs	**(4,269)**	(4,269)
Equity component (net of issuance costs of $237)	**(4,555)**	(4,555)
Cumulative accretion expense on equity component	**353**	35
Balance, end of period	**77,779**	77,461

On December 21, 2017, the Company issued 86,250 unsecured convertible debentures at 5% maturing on June 23, 2023, with interest payable semi-annually in arrears on June 30 and December 31 of each year starting June 30, 2018, for gross proceeds of CA$86,250. The convertible debentures are convertible at the option of the holder at a conversion price of $18.85 per Class A share. The convertible debentures are not redeemable by the Company before June 30, 2021. The convertible debentures are redeemable by the Company at a price of $1 per convertible debenture, plus accrued and unpaid interest, on or after June 30, 2021 and prior to June 30, 2022 (provided that the weighted average trading price of the Class A Shares on the TSX for the 20 consecutive trading days ending five days preceding the date on which the notice of redemption is given, is not less than 125% of the conversion price of $18.85 per share). On or after June 30, 2022 but prior to the maturity date, the Company may redeem on not more than 60 days and not less than 30 days prior notice, at a price of $1 per convertible debenture, plus accrued and unpaid interest.

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

11. Share capital and accumulated other comprehensive income

	Class A subordinate voting shares ("Class A Shares")		Class B special voting shares ("Class B Shares")		Total	
	Number	$	Number	$	Number	$
As at December 31, 2017	**70,249,199**	**660,644**	**19,444,490**	**30,942**	**89,693,689**	**691,586**
Issuance of shares						
Shares issued as settlement of purchase price obligations	**335,838**	**4,077**	**-**	**-**	**335,838**	**4,077**
Performance and restricted share units settled	**467,852**	**3,937**	**-**	**-**	**467,852**	**3,937**
Stock options exercised	**240,709**	**2,628**	**-**	**-**	**240,709**	**2,628**
Transfers from Class B Shares to Class A Shares	**-**	**-**	**-**	**-**	**-**	**-**
As at March 31, 2018 [(1)]	**71,293,598**	**671,286**	**19,444,490**	**30,942**	**90,738,088**	**702,228**
As at December 31, 2016	60,800,655	550,609	19,810,903	31,525	80,611,558	582,134
Issuance of shares						
Performance share units settled	512,368	4,904	-	-	512,368	4,904
Stock options exercised	5,000	56	-	-	5,000	56
Transfers from Class B Shares to Class A Shares	20,278	32	(20,278)	(32)	-	-
As at March 31, 2017	61,338,301	555,601	19,790,625	31,493	81,128,926	587,094

(1) Includes 4,950,066 Class A Shares held in escrow in relation with the Apex acquisition (4,950,066 as at December 31, 2017), nil Class A Shares held in escrow in relation with the Fiera Private Lending acquisition (formerly "Centria Commerce") (338,124 as at December 31, 2017), and 79,869 restricted shares held in escrow in relation to the restricted share plan (81,496 as at December 31, 2017).

Issuance of shares

Shares issued as settlement of purchase price obligations

On February 22, 2018, in connection with the asset purchase agreement of Fiera Private Lending, the Company issued 335,838 Class A Shares for $4,083 as settlement of purchase price obligations, less issuance costs of $6.

Performance shares and restricted shares settled

During the three-month period ended March 31, 2018, 467,852 Class A Shares were issued following the vesting of performance share units and restricted share units.

During the three-month period ended March 31, 2017, 512,368 Class A Shares were issued following the vesting of performance share units at December 31, 2016.

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

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

Stock option exercised

During the three-month period ended March 31, 2018, 240,709 stock options were exercised and 240,709 Class A Shares were issued for $2,628.

During the three-month period ended March 31, 2017, 5,000 stock options were exercised and 5,000 Class A Shares were issued for $56.

Transfers

During the three-month period ended March 31, 2018, there was no conversion of Class B Shares into Class A Shares (2017 – 20,278 shares converted on a one-for-one basis).

Dividends

During the three-month period ended March 31, 2018, the Company declared dividends on Class A shares and Class B shares totalling $17,264 ($0.19 per share) ($13,796 for the three-month period ended March 31, 2017 ($0.17 per share)) and nil on holdback shares ($118 for the three-month period ended March 31, 2017).

Accumulated other comprehensive income

The components of accumulated other comprehensive income include:

	As at March 31, 2018	As at December 31, 2017
	$	$
Unrealized gain on available-for-sale financial assets	-	161
Cash flow hedges	5,160	2,094
Unrealized exchange differences on translating financial statements of foreign operations	17,348	10,769
	22,508	13,024

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

12. Earnings (loss) per share

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

	For the three-month periods ended March 31,	
	2018	2017
	$	$
Net earnings (loss) attributable to the Company's shareholders for the periods	**(2,193)**	4,428
Weighted average shares outstanding – basic	**90,164,687**	81,268,803
Effect of dilutive share-based awards and contingent consideration payable in shares	**-**	2,314,815
Weighted average shares outstanding – diluted	**90,164,687**	83,583,618
Basic earnings (loss) per share	**(0.02)**	0.05
Diluted earnings (loss) per share	**(0.02)**	0.05

For the three-month period ended March 31, 2018, the share-based awards and contingent consideration payable in shares of 9,472,969 and the 86,250 convertible debentures were all anti-dilutive. For the three-month period ended March 31, 2017, the calculation of hypothetical conversions does not include 1,264,379 stock options with an anti-dilutive effect.

13. Share-based payments

a) Stock option plan:

A summary of the changes that occurred in the Company's stock option plans during the three-month periods ended March 31, 2018 and 2017, is presented below:

		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 periods	**4,183,852**	**11.86**	2,799,345	10.25
Granted	**20,000**	**11.23**	17,000	12.14
Exercised	**(240,709)**	**8.22**	(5,000)	8.44
Forfeited	**(20,252)**	**13.58**	(20,645)	13.44
Outstanding – end of periods	**3,942,891**	**12.07**	2,790,700	10.24
Options exercisable – end of periods	**694,512**	**8.08**	1,165,022	7.76

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

13. Share-based payments (continued)

The following table presents the weighted average assumptions used to determine the fair value of options granted using the Black-Scholes option pricing model during the three-month periods ended March 31, 2018 and 2017:

	2018	2017
Dividend yield (%)	**7.13**	5.34
Risk-free interest rate (%)	**2.08**	1.27
Expected life (years)	**7.50**	7.50
Expected volatility for the share price (%)	**26.84**	32.65
Weighted-average fair values ($)	**1.09**	2.03
Share-based compensation expense ($)	**440**	321

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

b) Deferred share unit ("DSU") plan

DSU units are equivalent to one Class A Share of the Company. The Company recorded an expense (recovery) of ($32) and $15 for this plan during the three-month periods ended March 31, 2018 and 2017. As at March 31, 2018, the Company had a liability for an amount of $173 for the 15,767 units outstanding under the DSU plan ($205 for 15,767 units as at December 31, 2017).

c) Restricted share unit ("RSU") plan

The following table presents transactions that occurred in the Company's RSU Plan during the three-month periods ended March 31, 2018 and 2017.

	2018	2017
Outstanding units – beginning of period	**608,635**	456,303
Vested	**(125,646)**	-
Outstanding units– end of period	**482,989**	456,303

RSU units are equivalent to one Class A Share of the Company. The Company recorded an expense of $1,002 and $760 for these grants during the three-month periods ended March 31, 2018 and 2017, respectively. As at March 31, 2018, the Company had a liability in the amount of $2,664 for the 482,989 units outstanding under the RSU Plan ($3,075 for 608,635 units as at December 31, 2017).

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

13. Share-based payments (continued)

d) Restricted share unit plan – cash

The following table presents transactions that occurred in the Company's cash-settled RSU Plan during the three-month periods ended March 31, 2018 and 2017.

	2018	2017
Outstanding units – beginning of period	**504,380**	316,133
Vested	**(9,917)**	-
Outstanding units – end of period	**494,463**	316,133

RSU cash units are equivalent to one Class A Share of the Company. The Company recorded an expense of $187 and $444 for these grants during the three-month periods ended March 31, 2018 and 2017, respectively. During the three-month period ended March 31, 2018, 9,917 units vested (2017 – nil) and an amount of $262 was paid as settlement of these units. As at March 31, 2018, the Company had a liability in the amount of $2,365 for the 494,463 units outstanding under this RSU Plan ($2,435 for 504,380 units as at December 31, 2017).

e) Restricted share plan

The Company recorded an expense of $84 and $178 for the restricted share plan during the three-month periods ended March 31, 2018 and 2017, respectively.

f) Performance share unit ("PSU") plan

PSU plan applicable to business units ("PSU plan applicable to BU")

The Company recorded the following expense relating to PSU plans applicable to BU during the three-month periods ended March 31, 2018 and 2017:

	2018	2017
	$	$
Equity-settled grants	**2,836**	823
Cash-settled grants	**2,097**	-
Total expense	**4,933**	823

During the three-month periods ended March 31, 2018, the total award value granted under the Company's PSU plans applicable to BU was nil and no PSU applicable to BU vested during the period. 322,387 Class A Shares were issued during the three-month period ended March 31, 2018 as settlement of PSU applicable to BU vested in 2017.

During the three-month periods ended March 31, 2017, the total award value granted under the Company's PSU plans applicable to BU was $2,966 and no PSU applicable to BU vested during the period. 477,043 Class A Shares were issued during the three-month period ended March 31, 2017 as settlement of PSU applicable to BU vested in 2016.

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

13. Share-based payments (continued)

PSU plan

PSU units are equivalent to one Class A Share of the Company. The Company recorded the following expense relating to PSU plans during the three-month periods ended March 31, 2018 and 2017:

	2018	2017
	$	$
Equity-settled grants	12	-
Cash-settled grants	65	408
Total expense	77	408

During the three-month periods ended March 31, 2018, the total award value granted under the Company's PSU plans was $4,220 and no PSU vested during the period. 19,819 Class A Shares were issued during the three-month period ended March 31, 2018 as settlement of PSU vested in 2017.

During the three-month periods ended March 31, 2017, the total award value granted under the Company's PSU plans was $1,200 and no PSU vested during the period. 35,325 Class A Shares were issued during the three-month period ended March 31, 2017 as settlement of PSU vested in 2016 and $475 was paid in cash.

g) 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 consolidated statements of earnings (loss) for the three-month periods ended March 31, 2018 and 2017 was $241 and $169, respectively. The cash settled share-based liability is $2,280 in the statements of financial position as at March 31, 2018 ($2,039 as at December 31, 2017).

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

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

	For the three-month periods ended March 31, 2018	2017
	$	$
Changes in non-cash operating working capital items		
Accounts receivable	**12,532**	30,070
Prepaid expenses and other assets	**(1,360)**	(2,495)
Accounts payable and accrued liabilities	**(56,768)**	(37,144)
Amounts due to related parties	**244**	308
Deferred revenues	**86**	(46)
	(45,266)	(9,307)

The following are non-cash items: during the three-month period ended March 31, 2018, the Company issued Class A Shares of $3,937 as settlement for PSUs and RSUs which vested in 2017 and Class A Shares of $4,083 related to the acquisition of Fiera Private Lending.

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between current income tax expense of $3,972 (2017 – $2,441) and income taxes paid of $3,388 (2017 – $4,804) for a net impact of $584 (2017 – ($2,363)).

15. 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 lenders of the debt. As at March 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, have complied with their respective calculations. The Company and its subsidiaries have 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 or proceed to the issuance of or repayment of debt.

16. Contingent liabilities

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

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

17. 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.

One of the related shareholders has significant influence over the Company. Under an agreement, this related shareholder is 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 (Note 10) and of a Class A Share issuance on December 21, 2017 and subsequent shareholder transactions, the related party's beneficial ownership is approximately 19.4% of the Company's issued and outstanding shares (21.0% as at March 31, 2017) and as a result, the related party no longer has the right to designate two appointees to the Company's Board. This related shareholder is the lead arranger to the Company's Credit Facility and is the counterparty to the derivative financial instruments presented as being with a related entity in the table below.

At March 31, 2018, the other related shareholder has significant influence over the Company since it indirectly owns Class B Special Voting Shares representing approximately 8.0% of the Company's issued and outstanding shares (8.9% as at March 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.

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

	For the three-month periods ended March 31,	
	2018	2017
	$	$
Base management and performance fees and other revenues	**12,854**	11,346
Selling, general & administrative expenses		
Reference fees	**474**	409
Other	**212**	122
Interest on long-term debt	**3,630**	3,692
Net (gain) loss in fair value of derivative financial instruments included in interest on long-term debt and other financial charges	**(478)**	1,910

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

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

18. Segment reporting

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

Geographical information:

Revenues:

	For the three-month periods ended March 31,	
	2018	2017
	$	$
Canada	58,343	51,663
United States of America	46,138	37,404
Europe and other	15,500	11,507
	119,981	100,574

Non-current assets:

	As at March 31,	As at December 31
	2018	2017
	$	$
Canada	511,907	514,222
United States of America	457,928	450,032
Europe and other	40,150	39,546
	1,009,985	1,003,800

Revenues are attributed to countries on the basis of the customer's location. As at March 31, 2018, non-current assets exclude deferred income taxes of $14,969 and financial instruments of $7,187 ($11,665 and $3,553 respectively as at December 31, 2017).

19. Subsequent events

Dividends declared

On May 10, 2018, the Board declared a quarterly dividend of $0.19 per share to shareholders of record as at May 23, 2018 and payable on June 20, 2018.

Samson Capital Advisors LLC ("Samson")

The purchase price consideration for the 2015 acquisition of Samson included an initial amount of up to US$4,175 payable over three years if certain targets are achieved. The second target was met in January 2018 and the Company paid US$1,391 (CA$1,775) on April 6, 2018.

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FIERA CAPITAL