

# Management's Discussion and Analysis FIERA CAPITAL CORPORATION

For the Three and Twelve-Month Periods Ended December 31, 2017



**FIERA**CAPITAL



## Table of Contents

|  |    |
|--|----|
| Basis of Presentation .....  | 1  |
| Forward-Looking Statements.....  | 2  |
| Company Overview .....   | 3  |
| Significant Events .....   | 3  |
| Market and Economic Overview .....   | 5  |
| Summary of Portfolio Performance .....                                       | 7  |
| AUM and Revenue Trend Highlights .....                                       | 7  |
| Highlights for the Three and Twelve-Month Period Ends December 31, 2017..... | 10 |
| Financial Results .....  | 12 |
| Results from Operations and Overall Performance .....                        | 15 |
| Summary of Quarterly Results .....   | 29 |
| Liquidity and Capital Resources.....   | 30 |
| Control and Procedures .....   | 41 |
| Financial Instruments.....   | 41 |
| Capital Management.....  | 47 |
| Significant Accounting Judgments and Estimation Uncertainties.....           | 47 |
| New Accounting Policies .....  | 48 |
| Non-IFRS Measures .....  | 51 |
| Risk Factors.....  | 53 |

This page was intentionally left blank.

## Management's Discussion and Analysis For the Three and Twelve-Month Periods Ended December 31, 2017

---

The following management's discussion and analysis ("MD&A") dated March 23, 2018, presents an analysis of the financial condition and results of the consolidated operations of Fiera Capital Corporation (the "Company" or "Fiera Capital" or "Firm") for the three and twelve-month periods ended December 31, 2017, and December 31, 2016. The following MD&A should be read in conjunction with the audited consolidated financial statements including the notes thereto, as at and for the years ended December 31, 2017 and 2016.

The 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 and equity of subsidiaries are disclosed separately in the consolidated statements of financial position, earnings, 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. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Where applicable, the joint venture's accounting policies are changed prior to the acquisition by the Company, to ensure consistency with the policies adopted by the Company.

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.

### **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, 2017.

The following MD&A should also be read in conjunction with the Company's 2017 annual audited consolidated financial statements, which contain a description of the accounting policies used in the preparation of these financial statements.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

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

#### FORWARD-LOOKING STATEMENTS

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 ability to retain its existing clients and to attract new clients, Fiera Capital's investment performance, 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.

<sup>(1)</sup> The definition of adjusted net earnings was amended and certain comparative figures have been restated to conform with the current presentation. Refer to the "Non-IFRS Measures" Section on page 51.

# Management's Discussion and Analysis

## For the Three and Twelve-Month Periods Ended December 31, 2017

---

### COMPANY OVERVIEW

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 Fiera Capital (UK) Limited (formerly Charlemagne Capital (UK) Limited) is registered with the Financial Conduct Authority in the United Kingdom and as an investment advisor with the SEC and Fiera Capital (IOM) Limited (formerly 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".

### SIGNIFICANT EVENTS

- **Vincent Duhamel appointed Global President and Chief Operating Officer** - November 14, 2017. Vincent Duhamel is now a member of the Global Executive Management Committee and oversees distribution operations and global corporate functional units such as Legal and Compliance, Risk, Technology, Corporate Communications and Investor Relations as well as Human Resources. He is also a Member of the Strategic Development Committee.
- **Fiera Capital Launches Fiera Properties CORE Mortgage** - November 23, 2017. Fiera Capital launched and will act as investment fund manager and portfolio manager of its new Fiera Properties CORE Mortgage Fund. The open-ended Fund was available to accredited individual and institutional investors starting in December 2017, and invests in mortgages secured by high quality commercial real estate.
- **Fiera Capital Acquired Fast-Growing Emerging Markets Fund from Management of City National Rochdale ("CNR")** - December 1, 2017. Through its U.S. Division, Fiera Capital entered into a definitive agreement and acquired the management of City National Rochdale Emerging Markets Fund, a mutual fund that currently invests primarily in Asian Emerging Markets. The Fund and its securities will be transferred to a new Fiera Capital branded fund, which is expected to occur in 2018.
- **Completion of public offerings of \$169 million** - December 21, 2017. The Firm completed its bought deal public offerings of approximately \$169 million in total gross proceeds, including the exercise in full of the underwriters' over-allotment options. The net proceeds of the offerings were used to fund acquisitions and reduce indebtedness.
- **Fiera Capital Consolidates Ownership in Fiera Properties and Appoints Peter Cuthbert President of Fiera Properties** - December 27, 2017. The Firm acquired the remaining 45% interest in Fiera Properties Limited it did not already own from the minority shareholders. Peter Cuthbert, a 5-year veteran of Fiera Properties and the lead fund manager of the Fiera Properties CORE Fund, was appointed President of Fiera Properties earlier in November.

### *Subsequent Events*

- **Launch of Two New Strategies in Europe and Charlemagne Capital Rebranded to Fiera Capital** – January 15, 2018. The fund range in Europe is expanded with two new strategies, Fiera Capital Global Equity Fund and Fiera Capital US Equity Fund, launching on the Firm's UCITS platform. Charlemagne Capital now officially operates under the Fiera Capital brand name and now forms the basis of Fiera Capital's European division. The name change was the final step to the integration within Fiera Capital.
- **Fiera Capital Expands Presence in Asia with Acquisition of Clearwater Capital Partners** – March 1, 2018. Fiera Capital announced the acquisition of Clearwater Capital Partners, LLC, a leading Asia focused credit and special situations investment firm headquartered in Hong Kong with US\$1.4 billion in assets under management. The acquisition, expected to close over the coming months, is subject to customary regulatory approvals.
- **Fiera Capital Acquires Leading High-Net-Worth and Institutional Investment Firm CGOV Asset Management** – March 23, 2018. Fiera Capital and CGOV Asset Management today announced that they have reached an agreement whereby Fiera Capital will acquire CGOV Asset Management, an Ontario-based high-net-worth and institutional investment firm with approximately C\$5.3 billion in assets under management as at December 31, 2017. The transaction, expected to close early in the second quarter, is subject to customary regulatory approvals.



### MARKET AND ECONOMIC OVERVIEW

#### *Market Overview*

Global equity markets ended 2017 on an impressive note and posted broad based gains during the fourth quarter. Regionally speaking, US equity markets marched steadily higher and breached record levels as investors cheered the robust economic and corporate earnings backdrop, which was bolstered even further after US President Trump signed the highly-anticipated tax bill at year-end - paving the way for corporate tax reform in 2018. Meanwhile, Canadian equity markets also joined the quarterly advance, buoyed by a widespread rally in the commodity space during the fourth quarter. Stellar equity results also spread to overseas markets, with both European and Japanese stocks rallying on the back of healthy economic and corporate fundamentals abroad. Finally, upward momentum in the Emerging market space also prevailed, with the trifecta of stronger global growth, rising commodity prices, and a softer greenback lending support during the quarter.

Meanwhile, fixed income markets posted positive results during the final quarter of 2017. Yield curves flattened relentlessly throughout most of the quarter on the heels of some stubbornly subdued inflationary pressures that have weighed on longer-maturity bond yields, while expectations for central bank policy normalization in 2018 has lifted the front end of the curve. Indeed, while several central banks upgraded their growth forecasts for 2018 and have reinforced the notion that ultra-stimulative monetary policies are no longer a necessity, they have left unchanged their inflation forecasts all at once. Meanwhile, the strengthening global economic backdrop stoked demand for corporate bonds in the final quarter of 2017, with the spread on investment-grade debt falling to levels not seen since before the global financial crisis.

#### *Economic Overview*

Global economic momentum remains robust heading into 2018, with both developed and emerging market economies contributing positively to the advance, while the measured and well-telegraphed approach to monetary normalization should allow the recovery to continue uninterrupted in the coming year.

The Canadian economy has moderated towards more sustainable, albeit still above-trend levels. While the consumer has been surprisingly buoyant, higher interest rates and more onerous mortgage regulations could dampen confidence in 2018. Meanwhile, we expect the growth drivers to rotate towards exports on the back of solid demand south of the border, though lingering NAFTA uncertainties could restrain investment in the near-term.

The US economy is firing on all cylinders, while leading economic indicators are suggesting ongoing resilience in 2018. The consumer continues to be the stalwart of the economy, while businesses are also ramping up investment. As such, the combination of above-trend growth, tighter labour markets, and new fiscal stimulus could see the Federal Reserve raise interest rates faster than what the market is expecting in 2018.

The Eurozone has gained some considerable momentum, occluding the uncertain political backdrop and allowing the European Central Bank to scale back its stimulus. Meanwhile, the UK economy remains vulnerable amid a stalemate in Brexit negotiations, while Japan has finally escaped its deflationary spiral and is experiencing some of the strongest growth trends in decades, though depressed inflation suggests that significant tightening remains a distant prospect.

## Management's Discussion and Analysis For the Three and Twelve-Month Periods Ended December 31, 2017

---

Finally, emerging economies are expanding at their fastest pace in several years. The Chinese economy continues to defy expectations for a hard landing and has stabilized even as policymakers balance reforms with growth. Furthermore, the backdrop of stronger and more synchronous global growth has pulled Russia and Brazil out of recession, while India should continue to grow at a healthy pace as economic reforms take effect.

# Management's Discussion and Analysis

## For the Three and Twelve-Month Periods Ended December 31, 2017

### SUMMARY OF PORTFOLIO PERFORMANCE

#### Annualized Rates of Return

| Strategies  | AUM<br>(\$Billion) | 1 yr               |                |          | 5 yrs or Since Inception (SI)*<br>(SI if inception < 5 yrs) |                |          | Inception date | Benchmark name  | Notes |
|---|--------------------|--------------------|----------------|----------|---|----------------|----------|----------------|---|-------|
|   |                    | Strategy<br>return | Added<br>value | Quartile | Strategy<br>return  | Added<br>value | Quartile |                |   |       |
| <b>Fixed Income Investment Strategies</b>             | <b>64.3</b>        |                    |                |          |   |                |          |                |   |       |
| Active Fixed Income Universe                          |                    | 2.53               | 0.02           | Q3       | 2.86  | -0.15          | Q4       | 01/01/1997     | FTSE TMX Universe   |       |
| Integrated Fixed Income Universe                      |                    | 3.52               | 1.01           | Q1       | 3.56  | 0.55           | Q1       | 01/01/1993     | FTSE TMX Universe   |       |
| Tactical Fixed Income Universe                        |                    | 3.90               | 1.38           | Q1       | 2.9   | -0.11          | Q4       | 01/01/2000     | FTSE TMX Universe   |       |
| Active Fixed Income Long-Term                         |                    | 6.82               | -0.22          | Q4       | 4.48  | -0.17          | Q4       | 01/07/1998     | FTSE TMX Long Term  |       |
| High Yield Bonds                                      |                    | 6.74               | -0.24          | Q1       | 5.9   | -0.02          | Q3       | 01/02/2002     | High Yield Blended  | 1     |
| Preferred Shares Relative Value                       |                    | 16.15              | 2.53           | N/A      | 3.5   | 2.04           | N/A      | 01/02/2004     | S&P/TSX Preferred Share   |       |
| Infrastructure Bonds                                  |                    | 9.13               | 1.13           | N/A      | 5.78  | 0.78           | N/A      | 01/08/2011     | FTSE TMX Provincial Long Term                                   |       |
| Tax Efficient Core Intermediate (Primary Benchmark)   |                    | 3.15               | -0.34          | N/A      | 1.82  | -0.20          | N/A      | 31/03/2007     | Bloomberg Barclays 1-10 Year Municipal Index                    | 4     |
| Tax Efficient Core Intermediate (Secondary Benchmark) |                    | 3.15               | 0.50           | N/A      | 1.82  | 0.28           | N/A      | 31/03/2007     | Bloomberg Barclays 1-10 Year AA+ Municipal Index                | 4     |
| Tax Efficient Core Plus                               |                    | 4.44               | 0.95           | N/A      | 2.53  | 0.51           | N/A      | 31/12/2012     | Bloomberg Barclays 1-10 Year Municipal Index                    | 4     |
| High Grade Core Intermediate (Primary Benchmark)      |                    | 2.39               | 0.11           | N/A      | 1.75  | 0.05           | N/A      | 31/12/2004     | Bloomberg Barclays Intermediate Aggregate Index                 | 4     |
| High Grade Core Intermediate (Secondary Benchmark)    |                    | 2.39               | 0.45           | N/A      | 1.75  | 0.21           | N/A      | 01/01/2005     | Bloomberg Barclays Intermediate Aggregate Ex CMBS/ABS/BBB Index | 4     |
| <b>Balanced Investment Strategies</b>                 | <b>4.2</b>         |                    |                |          |   |                |          |                |   |       |
| Balanced Core   |                    | 10.54              | 2.66           | Q1       | 10.28   | 1.55           | Q2       | 01/09/1984     | Balanced Core Blended   | 2     |
| Balanced Integrated                                   |                    | 11.17              | 2.80           | Q1       | 9.99  | 1.80           | Q1       | 01/04/2013     | Balanced Integrated Blended                                     | 3     |
| <b>Equity Investment Strategies</b>                   | <b>53.9</b>        |                    |                |          |   |                |          |                |   |       |
| Canadian Equity                                       |                    | 10.18              | 1.09           | Q2       | 12.42   | 3.79           | Q1       | 01/01/2013     | S&P/TSX Composite   |       |
| Canadian Equity Core                                  |                    | 9.68               | 0.58           | Q2       | 10.06   | 1.43           | Q3       | 01/01/1992     | S&P/TSX Composite   |       |
| Canadian Equity Opportunities                         |                    | 11.78              | 2.68           | Q1       | 11.82   | 3.19           | Q2       | 01/11/2002     | S&P/TSX Composite   |       |
| High Income Equity                                    |                    | 7.59               | -0.03          | Q2       | 9.33  | 1.73           | Q3       | 01/10/2009     | S&P/TSX Composite High Dividend                                 |       |
| Canadian Equity Small Cap Core                        |                    | 0.15               | -2.60          | Q4       | 11.77   | 6.44           | Q2       | 01/01/1989     | S&P/TSX Small Cap   |       |
| Canadian Equity Small Cap                             |                    | -1.80              | -4.55          | Q4       | 11.99   | 6.67           | Q2       | 01/01/1989     | S&P/TSX Small Cap   |       |
| US Equity   |                    | 19.36              | 5.53           | Q1       | 23.8  | 2.56           | Q1       | 01/04/2009     | S&P 500 CAD   |       |
| International Equity                                  |                    | 24.05              | 7.23           | Q1       | 14.81   | 1.83           | Q1       | 01/01/2010     | MSCI EAFE Net CAD   |       |
| Global Equity   |                    | 23.20              | 8.84           | Q1       | 19.91   | 3.03           | Q1       | 01/10/2009     | MSCI World Net CAD  |       |
| Apex Large Cap Growth                                 |                    | 26.32              | -3.89          | Q3       | 16.30   | -1.03          | Q3       | 01/04/2007     | Russell 1000 Growth   | 4     |
| Apex Mid Cap Growth                                   |                    | 36.20              | 10.93          | Q1       | 16.92   | 1.62           | Q1       | 01/05/2008     | Russell MidCap Growth   | 4     |
| Apex Smid Growth                                      |                    | 27.82              | 3.36           | Q2       | 14.85   | -0.61          | Q3       | 01/01/1990     | Russell 2500 Growth   | 4     |
| Apex Small Cap Growth                                 |                    | 11.52              | -10.65         | Q4       | 11.79   | -3.42          | Q4       | 01/01/2006     | Russell 2000 Growth   | 4     |
| City National Rochdale Emerg Mkts                     |                    | 43.29              | 6.01           | Q1       | 11.63   | 7.28           | Q1       | 14/12/2011     | MSCI Emerging Markets NR USD                                    | 4     |
| Emerging Markets Core Growth                          |                    | 43.49              | 16.70          | Q1       | 8.04  | 4.05           | Q1       | 01/07/2003     | MSCI Emerging Markets Index                                     | 4     |
| Emerging Markets Growth & Income                      |                    | 32.96              | 6.17           | Q3       | 4.72  | 0.73           | Q3       | 01/07/2010     | MSCI Emerging Markets Index                                     | 4     |
| Frontier Markets                                      |                    | 35.12              | 3.26           | Q1       | 17.20   | 7.93           | Q1       | 01/07/2010     | MSCI Frontier Markets Index                                     | 4     |
| <b>Alternative Investment Strategies</b>              | <b>6.5</b>         |                    |                |          |   |                |          |                |   |       |
| North American Market Neutral Fund                    |                    | -3.94              | -              | N/A      | 5.89  | -              | N/A      | 01/10/2007     | Absolute Return   |       |
| Long / Short Equity Fund                              |                    | -10.38             | -              | N/A      | 14.32   | -              | N/A      | 01/08/2010     | Absolute Return   |       |
| Diversified Lending Fund                              |                    | 5.82               | -              | N/A      | 6.23  | -              | N/A      | 01/04/2008     | Absolute Return   |       |
| Multi-Strategy Income Fund                            |                    | 5.80               | -              | N/A      | 4.66  | -              | N/A      | 01/11/2009     | Absolute Return   |       |
| Infrastructure Fund                                   |                    | 6.56               | -              | N/A      | 6.26  | -              | N/A      | 01/03/2010     | Absolute Return   |       |
| Real Estate Fund                                      |                    | 6.61               | -              | N/A      | 5.64  | -              | N/A      | 01/07/2013     | Absolute Return   |       |
| Fiera Private Lending Construction Financing Fund     |                    | 3.64               | -              | N/A      | 5.35  | -              | N/A      | 22/11/2006     | Absolute Return   |       |
| Fiera Private Lending Mezzanine Financing Fund        |                    | 11.03              | -              | N/A      | 10.91   | -              | N/A      | 21/07/2015     | Absolute Return   |       |
| Fiera Private Lending Business Financing Fund         |                    | 8.06               | -              | N/A      | 8.71  | -              | N/A      | 06/11/2013     | Absolute Return   |       |
| Charlemagne OCCO Eastern European Fund                |                    | 11.23              | -              | N/A      | 6.77  | -              | N/A      | 01/01/2002     | Absolute Return   | 4     |
| <b>Total AUM</b>                                      | <b>128.9</b>       |                    |                |          |   |                |          |                |   |       |

Notes:

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

#### Important Disclosures:

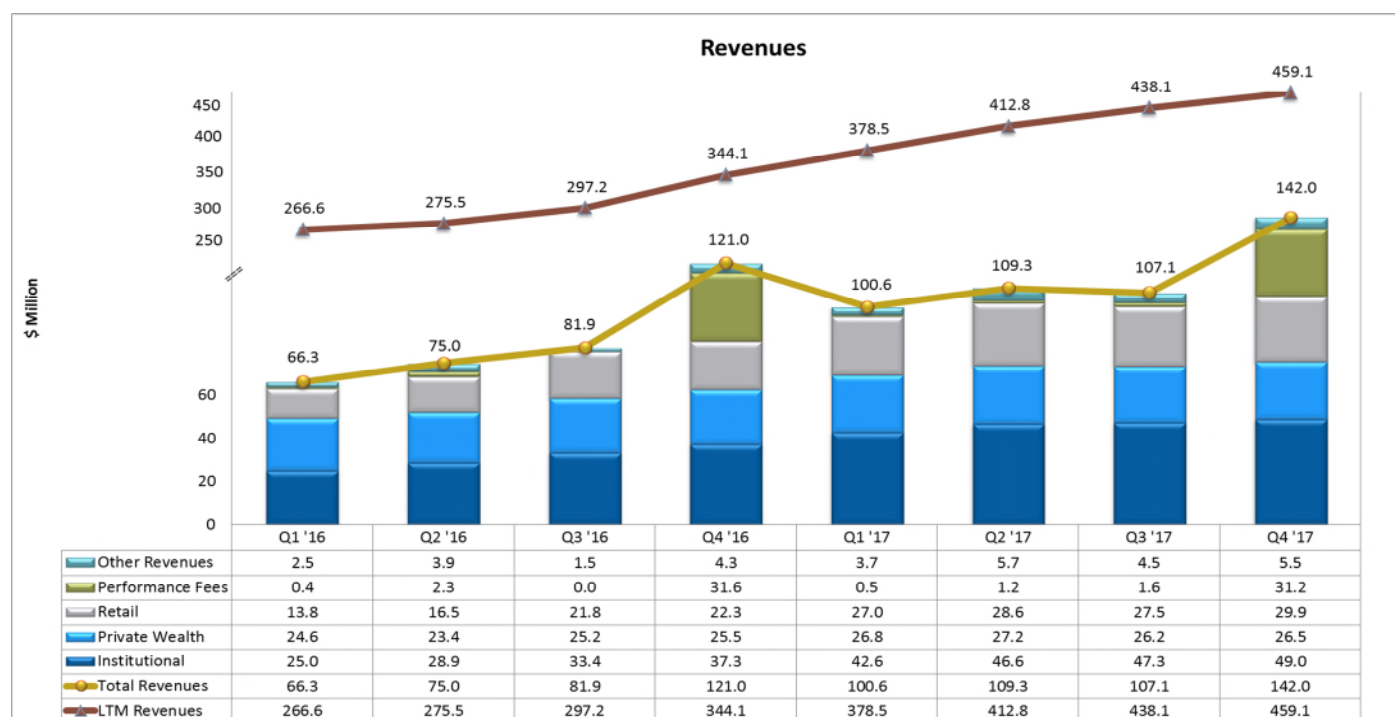
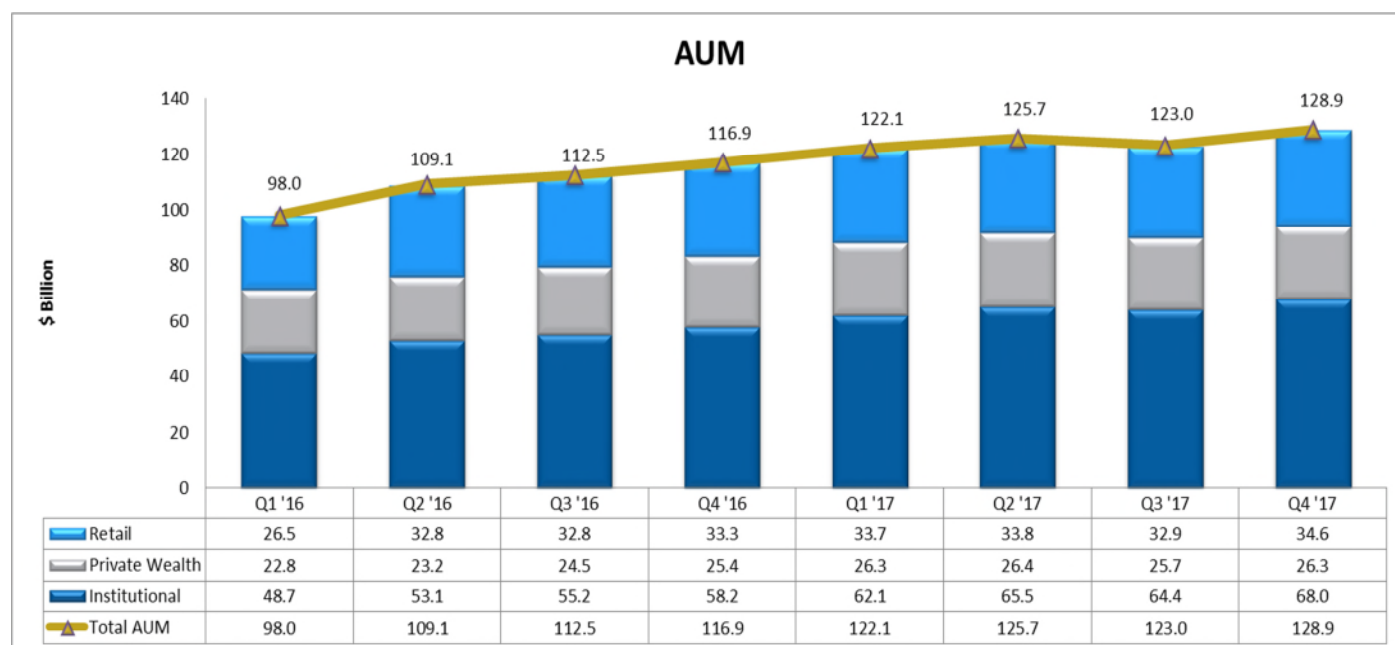
- All returns are expressed in Canadian dollars, unless indicated otherwise.
- All performance returns presented above are annualized.
- All returns, except alternative strategies and Balanced Fund are presented gross of management and custodial fees and withholding taxes but net of all trading expenses.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

# Management's Discussion and Analysis

## For the Three and Twelve-Month Periods Ended December 31, 2017

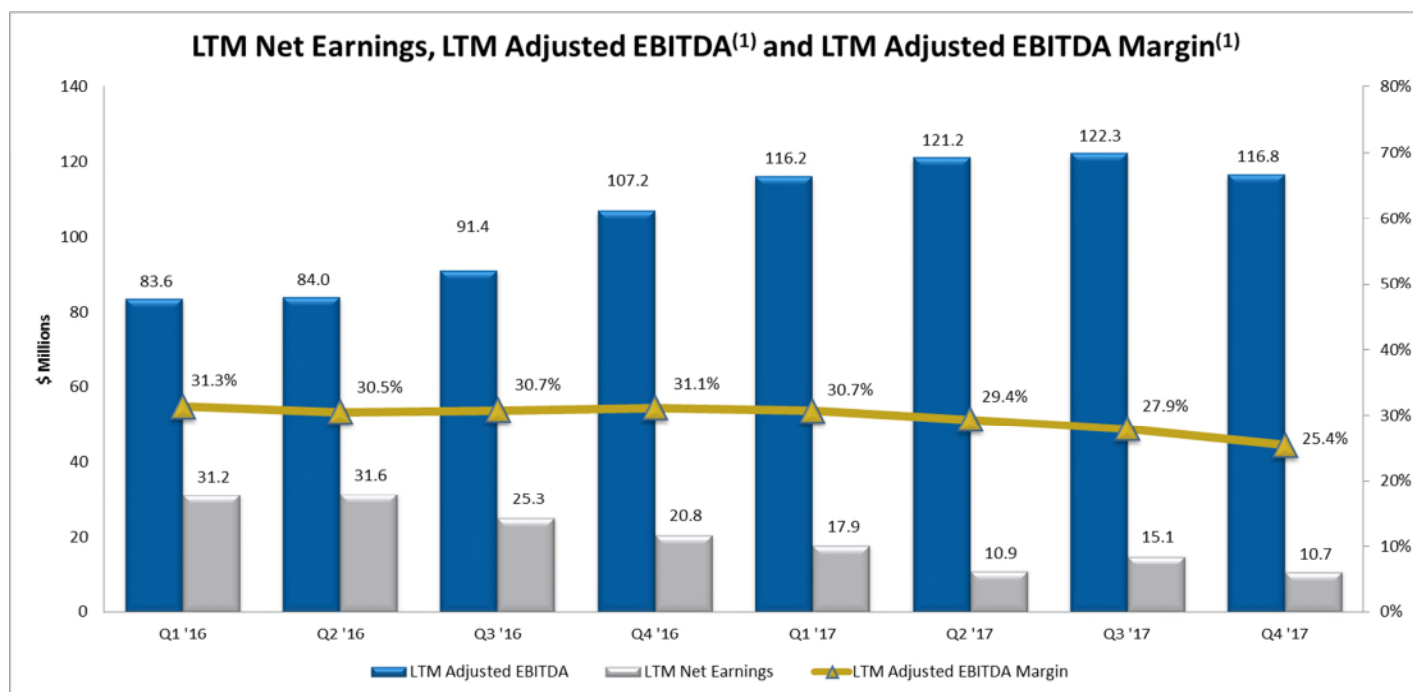
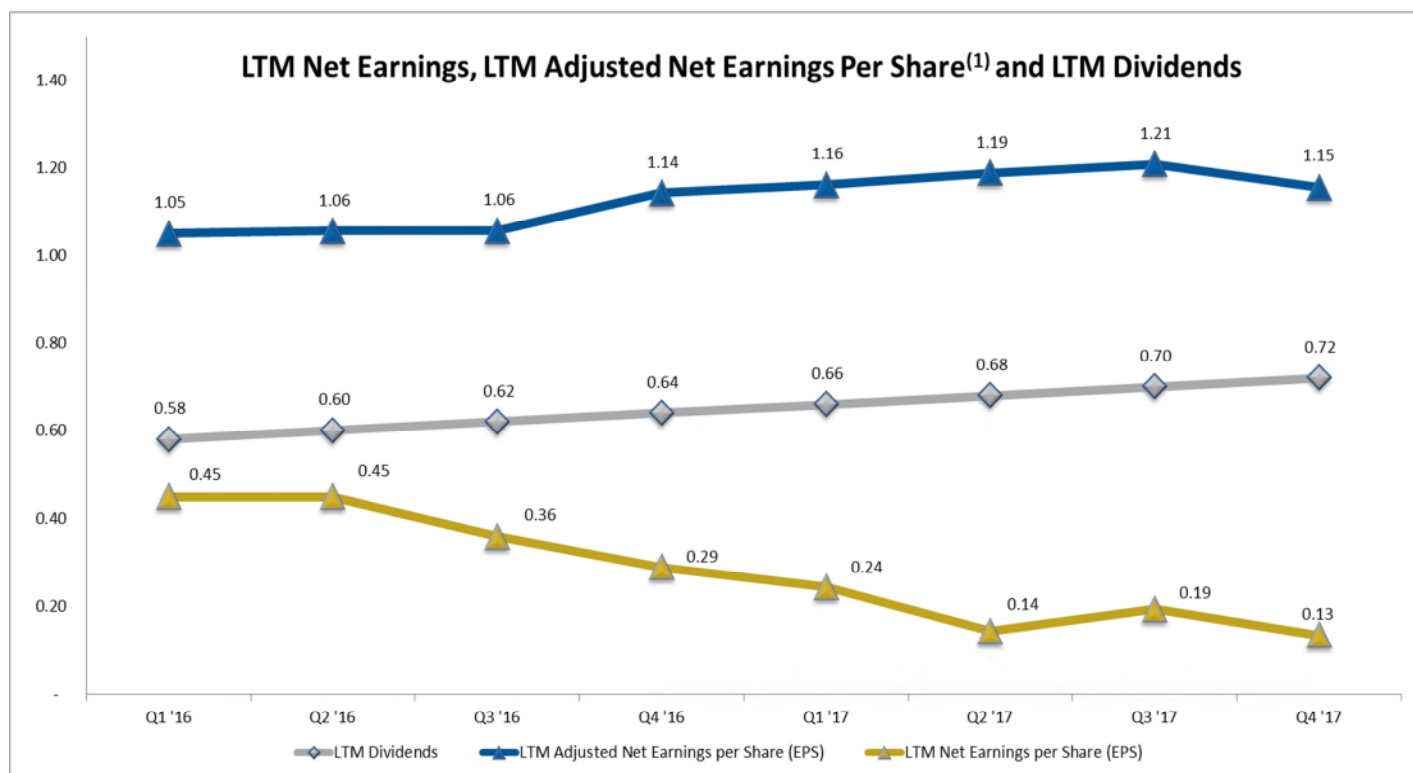
### AUM AND REVENUE TREND HIGHLIGHTS

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



<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 51.

## Management's Discussion and Analysis For the Three and Twelve-Month Periods Ended December 31, 2017



<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 51.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

#### HIGHLIGHTS FOR THE THREE AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2017

##### Current Quarter Compared to Prior-Year Quarter

- › Total AUM were \$128.9 billion as at December 31, 2017, representing an increase of \$12.0 billion, or 10.2%, compared to AUM of \$116.9 billion as at December 31, 2016.
- › Base management fees and other revenues for the fourth quarter ended December 31, 2017, were \$110.8 million, representing an increase of \$21.4 million, or 24%, compared to \$89.4 million for the same period last year.
- › Performance fees were \$31.2 million for the fourth quarter ended December 31, 2017, compared to \$31.6 million for the same period last year.
- › Selling, general and administrative ("SG&A") expenses and external managers' expenses were \$109.9 million for the fourth quarter ended December 31, 2017, representing an increase of \$24.3 million, or 28%, compared to \$85.6 million for the same period last year.
- › Adjusted EBITDA<sup>(1)</sup> was \$36.1 million for the fourth quarter ended December 31, 2017, representing a decrease of \$5.5 million, or 13%, compared to \$41.6 million for the same period last year. Adjusted EBITDA per share was \$0.43 (basic and diluted)<sup>(1)</sup> for the fourth quarter of 2017, compared to \$0.52 per share (basic) and \$0.51 (diluted) for the same period last year.
- › For the fourth quarter ended December 31, 2017, the Firm recorded net earnings attributable to the Company's shareholders of \$0.8 million, or \$0.01 per share (basic and diluted), a decrease of \$4.4 million, or over 100%, compared to the fourth quarter ended December 31, 2016, during which the Firm recorded net earnings attributable to the Company's shareholders of \$5.2 million, or \$0.07 per share (basic) and \$0.06 (diluted).
- › Adjusted net earnings<sup>(1)</sup> attributable to the Company's shareholders for the fourth quarter ended December 31, 2017, amounted to \$26.8 million, or \$0.32 per share (basic and diluted)<sup>(1)</sup>, compared to \$30.7 million, or \$0.38 per share (basic) and \$0.37 (diluted), for the fourth quarter ended December 31, 2016.

##### Current Quarter Compared to Previous Quarter

- › Total AUM were \$128.9 billion as at December 31, 2017, representing an increase of \$5.9 billion, or 4.8%, compared to \$123.0 billion as at September 30, 2017.
- › Base management fees and other revenues for the fourth quarter ended December 31, 2017, were \$110.8 million, representing an increase of \$5.3 million, or 5%, compared to \$105.5 million for the previous quarter ended September 30, 2017.
- › Performance fees were \$31.2 million for the fourth quarter ended December 31, 2017, compared to \$1.6 million for the previous quarter ended September 30, 2017.

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 51.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

- › SG&A expenses and external managers' expenses were \$109.9 million for the fourth quarter ended December 31, 2017, representing an increase of \$24.9 million, or 29%, compared to \$84.9 million for the previous quarter ended September 30, 2017.
- › Adjusted EBITDA<sup>(1)</sup> was \$36.1 million for the fourth quarter ended December 31, 2017, representing an increase of \$9.1 million, or 33%, compared to \$27.0 million for the previous quarter ended September 30, 2017. Adjusted EBITDA per share<sup>(1)</sup> was \$0.43 (basic and diluted) for the fourth quarter ended December 31, 2017, compared to \$0.33 (basic) and \$0.32 (diluted) for the previous quarter ended September 30, 2017.
- › For the fourth quarter ended December 31, 2017, the Firm recorded net earnings attributable to the Company's shareholders of \$0.8 million, or \$0.01 per share (basic and diluted), a decrease of \$3.8 million, or over 100%, compared to the previous quarter ended September 30, 2017, during which the Firm recorded net earnings attributable to the Company's shareholders of \$4.6 million, or \$0.06 per share (basic and diluted).
- › Adjusted net earnings<sup>(1)</sup> attributable to the Company's shareholders for the fourth quarter ended December 31, 2017, amounted to \$26.8 million, or \$0.32 per share (basic and diluted), compared to \$22.2 million, or \$0.27 per share (basic) and \$0.26 (diluted), for the previous quarter ended September 30, 2017.

#### Year-to-Date December 31, 2017, Compared to Year-to-Date December 31, 2016

- › Base management fees and other revenues for the twelve-month period ended December 31, 2017, were \$424.5 million, representing an increase of \$114.6 million, or 37%, compared to \$309.9 million for the same period last year.
- › Performance fees were \$34.6 million for the twelve-month period ended December 31, 2017, compared to \$34.3 million for the same period last year.
- › SG&A expenses and external managers' expenses were \$360.6 million for the twelve-month period ended December 31, 2017, representing an increase of \$108.6 million, or 43%, compared to \$252.0 million for the twelve-month period ended December 31, 2016.
- › Adjusted EBITDA was \$116.8 million for the twelve-month period ended December 31, 2017, representing an increase of \$9.6 million, or 9%, compared to \$107.2 million for the same period last year. Adjusted EBITDA per share was \$1.42 (basic) and \$1.33 (diluted) for the twelve-month period ended December 31, 2017, compared to \$1.41 per share (basic) and \$1.37 (diluted) for the same period last year.
- › For the twelve-month period ended December 31, 2017, the Firm recorded net earnings attributable to the Company's shareholders of \$10.7 million, or \$0.13 per share (basic) and \$0.12 (diluted), a decrease of \$10.1 million, or 57%, compared to the same period last year, during which the Firm recorded net earnings attributable to the Company's shareholders of \$20.8 million, or \$0.27 per share (basic and diluted).
- › Adjusted net earnings attributable to the Company's shareholders for the twelve-month period ended December 31, 2017, were \$94.2 million, or \$1.15 per share (basic) and \$1.07 (diluted), compared to \$87.3 million, or \$1.15 per share (basic) and \$1.08 (diluted), for the same period last year.

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 51



# Management's Discussion and Analysis

## For the Three and Twelve-Month Periods Ended December 31, 2017

### FINANCIAL RESULTS

Table 1 – Consolidated Statements of Earnings and Assets under Management

| ASSETS UNDER MANAGEMENT<br>(in \$ millions) | AS AT                |                       |                      | VARIANCE  |   |
|---|----------------------|-----------------------|----------------------|---|---|
|   | DECEMBER 31,<br>2017 | SEPTEMBER 30,<br>2017 | DECEMBER 31,<br>2016 | QUARTER OVER<br>QUARTER<br>FAV/(UNF) <sup>(2)</sup> | YEAR OVER<br>YEAR<br>FAV/(UNF) <sup>(2)</sup> |
| Assets under Management                     | 128,901              | 123,003               | 116,925              | 5,898   | 11,976  |

| STATEMENTS OF EARNINGS<br>(in \$ thousands except per share data) | FOR THE THREE-MONTH PERIODS ENDED |                       |                      | VARIANCE  |   |
|---|-----------------------------------|-----------------------|----------------------|---|---|
|   | DECEMBER 31,<br>2017              | SEPTEMBER 30,<br>2017 | DECEMBER 31,<br>2016 | QUARTER OVER<br>QUARTER<br>FAV/(UNF) <sup>(2)</sup> | YEAR OVER<br>YEAR<br>FAV/(UNF) <sup>(2)</sup> |
| Revenues  |                                   |                       |                      |   |   |
| Base management fees  | 105,350                           | 100,997               | 85,085               | 4,353   | 20,265  |
| Performance fees - Traditional Assets                             | 10,039                            | 1,603                 | 5,246                | 8,436   | 4,793   |
| Performance fees - Alternative Assets                             | 21,195                            | 1                     | 26,341               | 1,194   | (5,146)                                       |
| Other revenues  | 5,462                             | 4,526                 | 4,296                | 936   | 1,166   |
|   | 142,046                           | 107,127               | 120,968              | 34,919  | 21,078  |
| Expenses  |                                   |                       |                      |   |   |
| Selling, general and administrative expenses                      | 109,457                           | 84,498                | 84,407               | (24,959)  | (25,050)                                      |
| External managers   | 404                               | 425                   | 1,172                | 21  | 768   |
| Depreciation of property and equipment                            | 964                               | 966                   | 894                  | (8)   | (80)  |
| Amortization of intangible assets                                 | 8,778                             | 10,497                | 16,366               | 1,709   | 7,588   |
| Interest on long-term debt and other financial charges            | 4,835                             | 2,641                 | 5,253                | (2,194)   | 418   |
| Accretion and change in fair value of purchase price obligations  | 2,880                             | 375                   | 1,072                | (2,505)   | (1,808)                                       |
| Restructuring, integration and other costs                        | 6,866                             | 2,357                 | 805                  | (4,509)   | (6,061)                                       |
| Acquisition costs   | 1,679                             | 378                   | 3,160                | (1,301)   | 1,481   |
| Loss on disposal of intangible assets and property and equipment  | 42                                | 480                   | -                    | 438   | (42)  |
| Other (income) expenses <sup>(3)</sup>                            | (128)                             | 2                     | (548)                | 130   | (420)   |
| Total expenses  | 135,777                           | 102,619               | 112,581              | (33,158)  | (23,196)                                      |
| Earnings before income taxes                                      | 6,269                             | 4,508                 | 8,387                | 1,761   | (2,118)                                       |
| Income taxes  | 5,185                             | (263)                 | 3,142                | (5,448)   | (2,043)                                       |
| Net earnings  | 1,084                             | 4,771                 | 5,245                | (3,687)   | (4,161)                                       |
| Attributable to:  |                                   |                       |                      |   |   |
| Company's shareholders  | 763                               | 4,603                 | 5,203                | (3,840)   | (4,440)                                       |
| Non-controlling interest  | 321                               | 168                   | 42                   | 153   | 279   |
| Net earnings  | 1,084                             | 4,771                 | 5,245                | (3,687)   | (4,161)                                       |
| BASIC PER SHARE   |                                   |                       |                      |   |   |
| Adjusted EBITDA <sup>(1)</sup>                                    | 0.43                              | 0.33                  | 0.52                 | 0.10  | (0.09)  |
| Net earnings  | 0.01                              | 0.06                  | 0.07                 | (0.05)  | (0.06)  |
| Adjusted net earnings <sup>(1)</sup>                              | 0.32                              | 0.27                  | 0.38                 | 0.05  | (0.06)  |
| DILUTED PER SHARE   |                                   |                       |                      |   |   |
| Adjusted EBITDA <sup>(1)</sup>                                    | 0.43                              | 0.32                  | 0.51                 | 0.11  | (0.08)  |
| Net earnings  | 0.01                              | 0.05                  | 0.06                 | (0.04)  | (0.05)  |
| Adjusted net earnings <sup>(1)</sup>                              | 0.32                              | 0.26                  | 0.37                 | 0.06  | (0.05)  |

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 51.

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

<sup>(3)</sup> Other expenses (income) include "Realized loss (gain) on investments".

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



# Management's Discussion and Analysis

## For the Three and Twelve-Month Periods Ended December 31, 2017

Table 1 – Consolidated Statements of Earnings and Assets under Management (Continued)

| STATEMENTS OF EARNINGS<br>(in \$ thousands except per share data) | FOR THE TWELVE-MONTH PERIODS ENDED |                      | VARIANCE                                      |
|---|------------------------------------|----------------------|---|
|   | DECEMBER 31,<br>2017               | DECEMBER 31,<br>2016 | YEAR OVER<br>YEAR<br>FAV/(UNF) <sup>(2)</sup> |
| Revenues  |                                    |                      |   |
| Base management fees  | 405,056                            | 297,717              | 107,339                                       |
| Performance fees - Traditional Assets                             | 13,379                             | 5,840                | 7,539   |
| Performance fees - Alternative Assets                             | 21,193                             | 28,441               | (7,248)                                       |
| Other revenues  | 19,468                             | 12,146               | 7,322   |
|   | 459,096                            | 344,144              | 114,952                                       |
| Expenses  |                                    |                      |   |
| Selling, general and administrative expenses                      | 358,454                            | 248,469              | (109,985)                                     |
| External managers   | 2,176                              | 3,586                | 1,410   |
| Depreciation of property and equipment                            | 3,817                              | 3,401                | (416)   |
| Amortization of intangible assets                                 | 41,110                             | 42,723               | 1,613   |
| Interest on long-term debt and other financial charges            | 11,479                             | 12,897               | 1,418   |
| Accretion and change in fair value of purchase price obligations  | 5,852                              | (3,337)              | (9,189)                                       |
| Restructuring, integration and other costs                        | 15,150                             | 7,956                | (7,194)                                       |
| Acquisition costs   | 5,434                              | 11,691               | 6,257   |
| Gain on disposal of investment in joint ventures                  | -                                  | (15,013)             | (15,013)                                      |
| Gain on acquisition of control of investment in joint venture     | -                                  | (5,827)              | (5,827)                                       |
| Loss on disposal of subsidiaries                                  | -                                  | 8,315                | 8,315   |
| Revaluation of assets held-for-sale                               | -                                  | 7,921                | 7,921   |
| Loss on disposal of intangible assets and property and equipment  | 893                                | -                    | (893)   |
| Other (income) expenses <sup>(3)</sup>                            | (137)                              | (843)                | (706)   |
| Total expenses  | 444,227                            | 321,939              | (122,288)                                     |
| Earnings before income taxes                                      | 14,868                             | 22,205               | (7,337)                                       |
| Income taxes  | 4,156                              | 4,124                | (32)  |
| Net earnings  | 10,712                             | 18,081               | (7,369)                                       |
| Attributable to:  |                                    |                      |   |
| Company's shareholders  | 10,671                             | 20,777               | (10,106)                                      |
| Non-controlling interest  | 41                                 | (2,696)              | 2,737   |
| Net earnings  | 10,712                             | 18,081               | (7,369)                                       |
| BASIC PER SHARE   |                                    |                      |   |
| Adjusted EBITDA <sup>(1)</sup>                                    | 1.42                               | 1.41                 | 0.01  |
| Net earnings  | 0.13                               | 0.27                 | (0.14)  |
| Adjusted net earnings <sup>(1)</sup>                              | 1.15                               | 1.15                 | -   |
| DILUTED PER SHARE   |                                    |                      |   |
| Adjusted EBITDA <sup>(1)</sup>                                    | 1.33                               | 1.37                 | (0.04)  |
| Net earnings  | 0.12                               | 0.27                 | (0.15)  |
| Adjusted net earnings <sup>(1)</sup>                              | 1.07                               | 1.12                 | (0.05)  |

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 51.

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

<sup>(3)</sup> Other expenses (income) include "Realized loss (gain) on investments" and "Share of earnings of joint ventures".

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

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

Table 2 - Selected Consolidated Statements of Financial Position Information (in \$ thousands)

|   | DECEMBER 31, 2017 | DECEMBER 31, 2016 |
|---|-------------------|-------------------|
| Cash and cash equivalents, restricted cash, investments | 47,417            | 49,742            |
| Accounts receivable                                     | 128,398           | 116,401           |
| Other current assets                                    | 10,082            | 6,547             |
| <b>Total current assets</b>                             | <b>185,897</b>    | <b>172,690</b>    |
| Goodwill  | 523,885           | 541,030           |
| Intangible assets                                       | 462,281           | 458,760           |
| Other non-current assets                                | 32,852            | 28,207            |
| <b>Total assets</b>                                     | <b>1,204,915</b>  | <b>1,200,687</b>  |
| Accounts payable and accrued liabilities                | 114,008           | 89,160            |
| Other current liabilities                               | 39,419            | 25,575            |
| <b>Total current liabilities</b>                        | <b>153,427</b>    | <b>114,735</b>    |
| Long-term debt  | 292,417           | 429,140           |
| Convertible debentures                                  | 77,461            | -                 |
| Purchase price obligations                              | 58,086            | 21,498            |
| Deferred income taxes                                   | 16,014            | 22,926            |
| Other non-current liabilities                           | 15,499            | 15,743            |
| <b>Total liabilities</b>                                | <b>612,904</b>    | <b>604,042</b>    |
| Equity  |                   |                   |
| Attributable to Company's shareholders                  | 592,545           | 566,236           |
| Attributable to Non-controlling interest                | (534)             | 30,409            |
|   | <b>592,011</b>    | <b>596,645</b>    |
| <b>Total liabilities and equity</b>                     | <b>1,204,915</b>  | <b>1,200,687</b>  |

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

# Management's Discussion and Analysis

## For the Three and Twelve-Month Periods Ended December 31, 2017

### RESULTS FROM OPERATIONS AND OVERALL PERFORMANCE

#### Assets under Management

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 Firm's AUM. The change in the Firm'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 disposal ("Disposal"). 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 a complement of information, Note 4 of the audited consolidated financial statements for the year ended December 2016 and year ended 2017 presents the details and history of the Firm's business combinations of the prior year, and is to be read in conjunction with the following discussions. Also, refer to the Company's evolution diagram on page 30 for the details and timing of the acquisitions and creations.

The following tables (Tables 3, 4 and 5) provide a summary of changes in the Firm's assets under management.

**Table 3 – Assets under Management <sup>(1)</sup> (in \$ millions)**

|                                    | FOR THE THREE-MONTH PERIODS ENDED |                    |                   |
|------------------------------------|-----------------------------------|--------------------|-------------------|
|                                    | DECEMBER 31, 2017                 | SEPTEMBER 30, 2017 | DECEMBER 31, 2016 |
| AUM - beginning of period          | 123,003                           | 125,658            | 112,465           |
| Net variance                       | 3,811                             | (2,655)            | 1,248             |
| Acquisitions (Disposal)/Adjustment | 2,087                             | -                  | 3,212             |
| AUM - end of period                | 128,901                           | 123,003            | 116,925           |
| Average AUM                        | 127,830                           | 123,886            | 114,064           |

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

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

**Table 4 – Assets under Management by Clientele Type – Quarterly Activity Continuity Schedule (in \$ millions)**

|                     | SEPTEMBER 30, 2017 | NEW   | LOST    | NET CONTRIBUTIONS | MARKET | FOREIGN EXCHANGE IMPACT | ACQUISITION (DISPOSAL) /ADJUSTMENT | DECEMBER 31, 2017 |
|---------------------|--------------------|-------|---------|-------------------|--------|-------------------------|------------------------------------|-------------------|
| Institutional       | 64,358             | 2,884 | (838)   | (689)             | 2,315  | 8                       | -                                  | 68,038            |
| Private Wealth      | 25,720             | 408   | (275)   | 3                 | 430    | 33                      | -                                  | 26,319            |
| Retail              | 32,925             | 317   | (1,127) | (546)             | 854    | 34                      | 2,087                              | 34,544            |
| AUM - end of period | 123,003            | 3,609 | (2,240) | (1,232)           | 3,599  | 75                      | 2,087                              | 128,901           |

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

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

#### Quarterly Activities

Total AUM were \$128.9 billion as at December 31, 2017, representing an increase of \$5.9 billion, or 4.8%, compared to \$123.0 billion as at September 30, 2017. The increase is due primarily to \$3.6 billion in new mandates and a market appreciation of \$3.6 billion, combined with \$2.1 billion following the agreement with City National Rochdale ("CNR") to acquire the management of the Emerging Markets Fund. These increases in AUM were partially offset by lost mandates of \$2.2 billion and negative net contributions of \$1.2 billion during the fourth quarter of 2017.

The Institutional AUM were \$68.0 billion as at December 31, 2017, representing an increase of \$3.7 billion or 5.7%, compared to \$64.4 billion from the previous quarter ended September 30, 2017. The increase was primarily driven by new mandates won during the quarter mostly in Global and International Equity as well as Liability-Driven Investments and Fixed Income mandates, totalling \$2.9 billion, combined with a market appreciation of \$2.3 billion during the fourth quarter of 2017. These increases were partially offset by negative net contribution of \$0.7 billion and \$0.8 billion in client losses which were driven primarily by clients that either merged their activities with another pension plan or platforms and who experienced redemptions from their own clients.

The AUM related to the Private Wealth clientele were \$26.3 billion as at December 31, 2017, representing an increase of \$0.6 billion, or 2.3%, compared to \$25.7 billion from the previous quarter ended September 30, 2017. The increase is primarily driven by net new mandates in the US, combined with market appreciation during the fourth quarter of 2017.

The AUM related to the Retail clientele were at \$34.5 billion as at December 31, 2017, representing an increase of \$1.6 billion, or 4.9%, compared to \$32.9 billion from the previous quarter ended September 30, 2017. The increase is primarily due to additional AUM of \$2.1 billion following the agreement with CNR to acquire the management of the Emerging Markets Fund, combined with a market appreciation of \$0.8 billion during the period and new inflows of \$0.3 billion. These increases were partially offset by net outflows of \$1.4 billion mainly from a strategic partner with low billing basis point revenues during the fourth quarter of 2017.

**Table 5 – Assets under Management by Clientele Type – Year-to-Date Activity Continuity Schedule**  
(in \$ millions)

|                     | DECEMBER 31,<br>2016 | NEW    | LOST    | NET<br>CONTRIBUTIONS | MARKET | FOREIGN<br>EXCHANGE<br>IMPACT | ACQUISITION<br>(DISPOSAL)<br>/ADJUSTMENT | DECEMBER 31,<br>2017 |
|---------------------|----------------------|--------|---------|----------------------|--------|-------------------------------|--|----------------------|
| Institutional       | 58,264               | 7,659  | (3,801) | 731                  | 6,373  | (1,188)                       | -  | 68,038               |
| Private Wealth      | 25,383               | 2,029  | (674)   | (1,013)              | 2,099  | (1,505)                       | -  | 26,319               |
| Retail              | 33,278               | 1,509  | (3,788) | (1,153)              | 3,115  | (504)                         | 2,087                                    | 34,544               |
| AUM - end of period | 116,925              | 11,197 | (8,263) | (1,435)              | 11,587 | (3,197)                       | 2,087                                    | 128,901              |

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

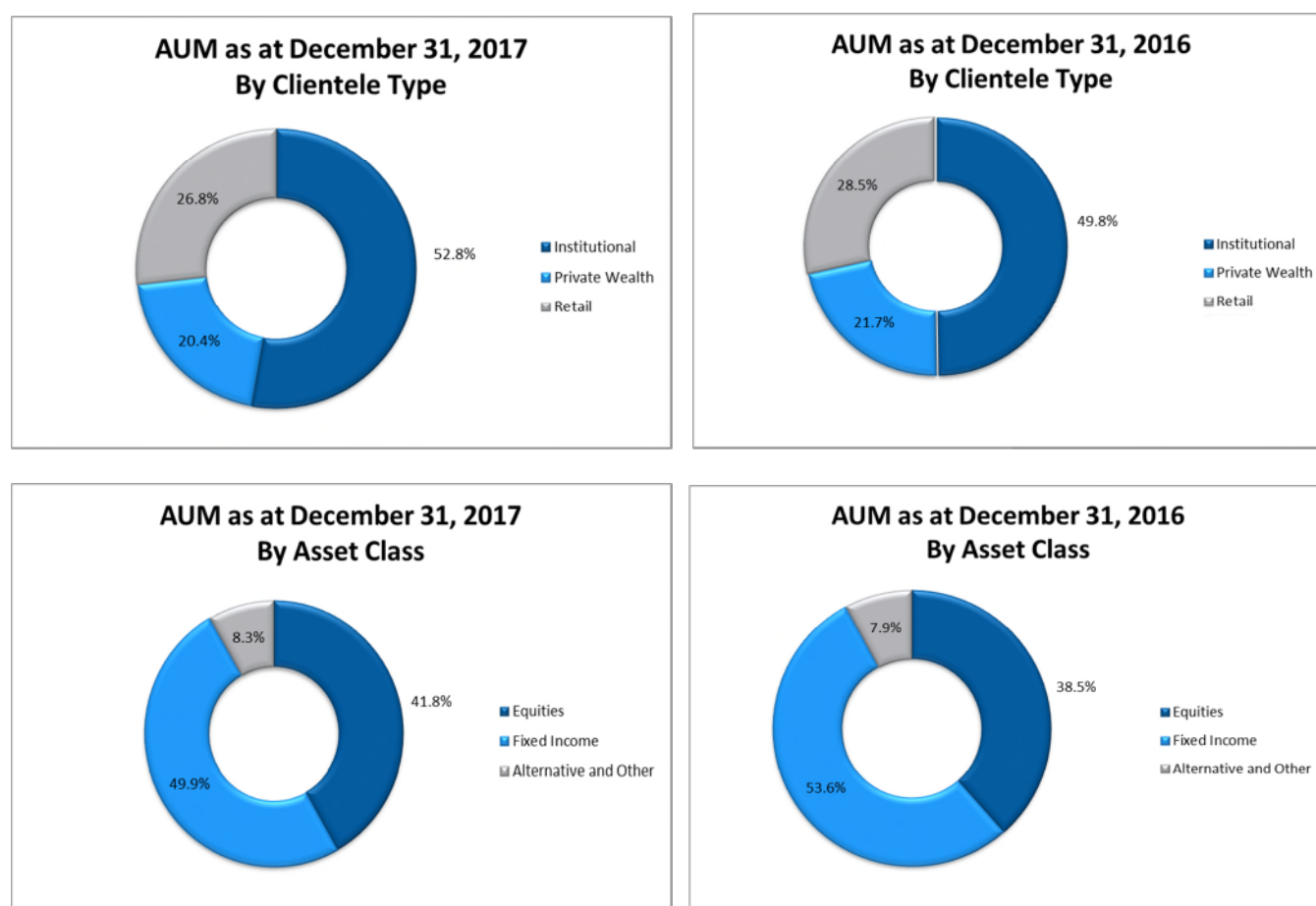
## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

#### Year-to-Date Activity

Total AUM were \$128.9 billion as at December 31, 2017, representing an increase of \$12.0 billion, or 10.2%, compared to \$116.9 billion as at December 31, 2016. The increase is due primarily to new mandates of \$11.2 billion, mostly from the Institutional and Private Wealth clientele, combined with a market appreciation of \$11.6 billion and an additional AUM of \$2.1 billion following the agreement with CNR to acquire the management of the Emerging Markets Fund, partially offset by lost mandates of \$8.3 billion and negative net contributions of \$1.4 billion. Finally, the US dollar exchange rate fluctuation negatively impacted AUM during the twelve-month period ended December 31, 2017, by approximately \$3.2 billion.

The following graphs illustrate the breakdown of the Firm's AUM by clientele type and by asset class as at December 31, 2017, and December 31, 2016, respectively.



#### Revenues

The Firm'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 Firm is also entitled to performance fees. The Firm 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.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

Table 6 – Revenues: Quarterly Activity (in \$ thousands)

|  | FOR THE THREE-MONTH PERIODS ENDED |                    |                   | VARIANCE             |                |
|--|-----------------------------------|--------------------|-------------------|----------------------|----------------|
|  | DECEMBER 31, 2017                 | SEPTEMBER 30, 2017 | DECEMBER 31, 2016 | QUARTER OVER QUARTER | YEAR OVER YEAR |
| Institutional                              | 49,023                            | 47,285             | 37,347            | 1,738                | 11,676         |
| Private Wealth                             | 26,461                            | 26,174             | 25,463            | 287                  | 998            |
| Retail                                     | 29,866                            | 27,538             | 22,275            | 2,328                | 7,591          |
| <b>Total management fees</b>               | <b>105,350</b>                    | <b>100,997</b>     | <b>85,085</b>     | <b>4,353</b>         | <b>20,265</b>  |
| Performance fees – Traditional asset class | 10,039                            | 1,603              | 5,245             | 8,436                | 4,794          |
| Performance fees – Alternative asset class | 21,195                            | 1                  | 26,342            | 21,194               | (5,147)        |
| <b>Total performance fees</b>              | <b>31,234</b>                     | <b>1,604</b>       | <b>31,587</b>     | <b>29,630</b>        | <b>(353)</b>   |
| Other revenues                             | 5,462                             | 4,526              | 4,296             | 936                  | 1,166          |
| <b>Total revenues</b>                      | <b>142,046</b>                    | <b>107,127</b>     | <b>120,968</b>    | <b>34,919</b>        | <b>21,078</b>  |

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, 2017, were \$142.0 million, representing an increase of \$21.0 million, or 17%, compared to \$121.0 million for the same period last year. The year-over-year increase in revenues is due mainly to a complete quarter of the European activities following the acquisition of Fiera Capital (Europe) (formerly Charlemagne Capital Limited) ("Fiera Capital (Europe)"), combined with organic growth, mostly from the institutional and private wealth sectors as well as growth in Private Alternative Investment strategies. The agreement with CNR to acquire the management of the Emerging Markets Fund in December 2017 was also a contributor to revenue growth.

#### *Management Fees*

Management fees were \$105.4 million for the fourth quarter ended December 31, 2017, representing an increase of \$20.3 million, or 24%, compared to \$85.1 million for the same period last year. The overall increase in management fees and by clientele type are as follows:

- › Management fees from the Institutional clientele were \$49.0 million for the fourth quarter ended December 31, 2017, representing an increase of \$11.7 million, or 31%, compared to \$37.3 million for the same quarter last year. The increase in base management fees is primarily due to additional revenues resulting from the higher net AUM from new mandates namely from the US and Canada in Global Equity, as well as a market appreciation during the last twelve months, combined with the inclusion of Fiera Capital (Europe) in late 2016 and the growth in the Private Alternative Investment strategies.
- › Management fees from the Private Wealth clientele were \$26.5 million for the fourth quarter ended December 31, 2017, representing an increase of \$1.0 million, or 4%, compared to \$25.5 million for the same period last year. The increase is primarily the results of a higher AUM base from new mandates in the US.
- › Management fees from the Retail clientele were \$29.9 million for the fourth quarter ended December 31, 2017, representing an increase of \$7.6 million, or 34%, compared to \$22.3 million for the same quarter last year. The increase is mainly attributable to the inclusion of revenues from the European activities following

## Management's Discussion and Analysis For the Three and Twelve-Month Periods Ended December 31, 2017

the acquisition of Fiera Capital (Europe), as well as from the agreement with CNR to acquire the management of the Emerging Markets Fund in December 2017.

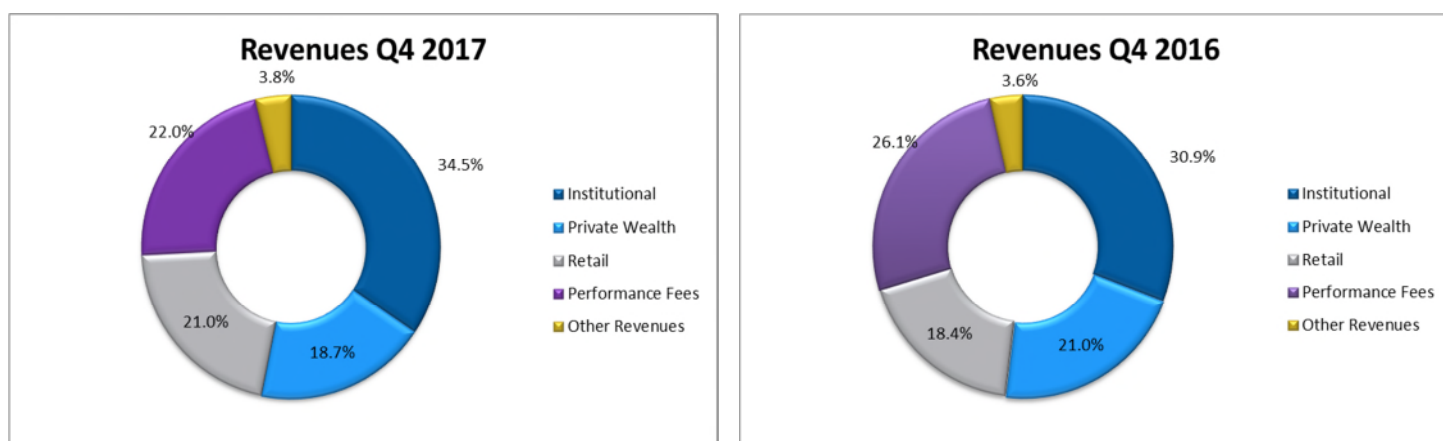
### *Performance Fees*

Performance fees were at \$31.2 million for the fourth quarter ended December 31, 2017, compared to \$31.6 million for the same period last year. The decrease in performance fees from the alternative asset class due to lower hedge fund performance was partially offset by higher performance fees from the traditional asset class.

### *Other Revenues*

Other revenues were \$5.5 million for the fourth quarter ended December 31, 2017, representing an increase of \$1.2 million, or 27%, compared to \$4.3 million for the same period last year. The increase is mainly due to additional revenue from the Private Alternative Investment strategies.

The following graphs illustrate the breakdown of the Firm's revenues for the three-month periods ended December 31, 2017, and December 31, 2016, respectively.



### *Current Quarter versus Previous Quarter*

Revenues for the fourth quarter ended December 31, 2017, were \$142.0 million, representing an increase of \$34.9 million, or 33%, compared to \$107.1 million for the previous quarter ended September 30, 2017. The increase in revenues is mainly due to performance fees recorded in the fourth quarter, combined with higher base management fees.

### *Management Fees*

Management fees were \$105.4 million for the fourth quarter ended December 31, 2017, representing an increase of \$4.4 million, or 4%, compared to \$101.0 million for the previous quarter ended September 30, 2017. The following is the breakdown of the management fees by clientele type:

- Management fees from the Institutional clientele were \$49.0 million for the fourth quarter ended December 31, 2017, representing an increase of \$1.7 million, or 4%, compared to \$47.3 million for the previous quarter ended September 30, 2017. The sequential increase is primarily due to new mandates in the US.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

- › Management fees from the Private Wealth clientele were \$26.5 million for the fourth quarter ended December 31, 2017, representing an increase of \$0.3 million, or 1%, compared to \$26.2 million for the previous quarter ended September 30, 2017. The increase is mainly due to organic growth in the US and market appreciation.
- › Management fees from the Retail clientele were \$29.9 million for the fourth quarter ended December 31, 2017, representing an increase of \$2.4 million, or 9%, compared to \$27.5 million for the previous quarter ended September 30, 2017. The increase is mainly due to the inclusion of revenues from the agreement with CNR to acquire the management of the Emerging Markets Fund.

#### *Performance Fees*

Performance fees, which are generally recorded in June and December of each year, were \$31.2 million for the fourth quarter ended December 31, 2017, compared to \$1.6 million for the previous quarter ended September 30, 2017.

#### *Other Revenues*

Other revenues were \$5.5 million for the fourth quarter ended December 31, 2017, representing an increase of \$0.9 million, or 21%, compared to \$4.5 million for the previous quarter ended September 30, 2017. The increase is mainly due to additional revenue from the Private Alternative Investment strategies.

**Table 7 – Revenues: Year-to-Date Activity (in \$ thousands)**

|  | FOR THE TWELVE-MONTH PERIODS ENDED |                   | VARIANCE       |
|--|------------------------------------|-------------------|----------------|
|  | DECEMBER 31, 2017                  | DECEMBER 31, 2016 | YEAR OVER YEAR |
| Institutional                              | 185,452                            | 124,525           | 60,927         |
| Private Wealth                             | 106,599                            | 98,694            | 7,905          |
| Retail                                     | 113,005                            | 74,498            | 38,507         |
| <b>Total management fees</b>               | <b>405,056</b>                     | <b>297,717</b>    | <b>107,339</b> |
| Performance fees – Traditional asset class | 13,379                             | 5,840             | 7,539          |
| Performance fees – Alternative asset class | 21,193                             | 28,441            | (7,248)        |
| <b>Total performance fees</b>              | <b>34,572</b>                      | <b>34,281</b>     | <b>291</b>     |
| Other revenues                             | 19,468                             | 12,146            | 7,322          |
| <b>Total revenues</b>                      | <b>459,096</b>                     | <b>344,144</b>    | <b>114,952</b> |

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

#### *Year-to-Date December 31, 2017, versus Year-to-Date December 31, 2016*

Revenues for the twelve-month period ended December 31, 2017, were \$459.1 million, representing an increase of \$114.6 million, or 33%, compared to \$344.1 million for the same period last year. The increase in revenues is due mainly to a full year of operations following the acquisition of Apex and Fiera Capital (Europe), as well as the growth of the Private Alternative Investment strategies, combined with organic growth, mostly from the institutional and private wealth clientele.



## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

#### *Management Fees*

Management fees for the twelve-month period ended December 31, 2017, were \$405.1 million, representing an increase of \$107.4 million, or 36%, compared to \$297.7 million for the same period last year. The overall increase in management fees and the increase by clientele type are as follows:

- › Revenues from the Institutional clientele for the twelve-month period ended December 31, 2017, were \$185.5 million, representing an increase of \$60.9 million, or 49%, compared to \$124.5 million for the same period last year. The increase in base management fees was as a result of higher net AUM from new mandates in Global Equity strategies and Private Alternative Investment strategies. Also, a full year of activities of Apex Capital Management Inc. ("Apex") and Fiera Capital (Europe) contributed to the increase in revenues.
- › Revenues from the Private Wealth clientele for the twelve-month period ended December 31, 2017, were \$106.6 million, representing an increase of \$7.9 million, or 8%, compared to \$98.7 million for the same period last year. The increase was primarily due to new mandates and strong market appreciation in the last twelve months.
- › Revenues from the Retail clientele for the twelve-month period ended December 31, 2017, were \$113.0 million, representing an increase of \$38.5 million, or 52%, compared to \$74.5 million for the same period last year. The increase is mainly attributable to the inclusion of revenues from a full year of operation of Fiera Capital (Europe) and Apex, and more recently the agreement with CNR to acquire the management of the Emerging Markets Fund in the US.

#### *Performance Fees*

Total performance fees were at \$34.6 million for the twelve-month period ended December 31, 2017, compared to \$34.3 million for the same period last year. The increase in performance fees from the traditional asset class was partially offset by lower performance fees from the alternative asset class due to lower hedge fund performance.

#### *Other Revenues*

Other revenues were \$19.5 million for the twelve-month period ended December 31, 2017, representing an increase of \$7.3 million, or 60%, compared to \$12.2 million for the same period last year mostly in Private Alternative Investment strategies.

### ***Selling, General and Administrative Expenses***

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

SG&A expenses were \$109.5 million for the three-month period ended December 31, 2017, representing an increase of \$25.1 million, or 30%, compared to \$84.4 million for the same period last year. The increase in costs is mainly due to higher volume resulting from a full year of operations of the acquired companies, combined with an increase 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 in investment strategies.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

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

SG&A expenses were \$109.5 million for the three-month period ended December 31, 2017, representing an increase of \$25.0 million, or 30%, compared to \$84.5 million for the previous quarter ended September 30, 2017. The increase is mainly attributable to compensation related to higher performance fees recorded during the quarter ended December 31, 2017, combined with continued costs to support the Firm's growth and expansion.

#### ***Year-to-Date December 31, 2017, versus Year-to-Date December 31, 2016***

SG&A expenses were \$358.5 million for the twelve-month period ended December 31, 2017, representing an increase of \$110.0 million, or 44%, compared to \$248.5 million for the same period last year. The increase in costs is attributable to higher volume of operations following the Firm's global growth and expansion, 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 in investment strategies.

#### ***External Managers***

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

External managers' expenses were \$0.4 million for the fourth quarter ended December 31, 2017, representing a decrease of \$0.8 million, or 66%, compared to \$1.2 million for the same quarter last year.

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

External managers' expenses for the fourth quarter ended December 31, 2017, remained stable at \$0.4 million, compared to \$0.4 million from the previous quarter ended September 30, 2017.

##### ***Year-to-Date December 31, 2017, versus Year-to-Date December 31, 2016***

External managers' expenses were \$2.2 million for the twelve-month period ended December 31, 2017, representing a decrease of \$1.4 million, or 39%, compared to \$3.6 million for the same period last year.

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

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

Depreciation of property and equipment was \$1.0 million for the fourth quarter ended December 31, 2017, compared to \$0.9 million for the corresponding quarter last year.

Amortization of intangible assets was \$8.8 million for the fourth quarter ended December 31, 2017, representing a decrease of \$7.6 million, or 46%, compared to \$16.4 million for the same period last year. The decrease is mainly attributable to the amortization of intangible assets related to Fiera Capital (Europe) acquisition accounting which was finalized during the quarter ended December 31, 2016.

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

Depreciation of property and equipment remained stable at \$1.0 million for the fourth quarter ended December 31, 2017, when compared to the previous quarter ended September 30, 2017.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

Amortization of intangible assets was \$8.8 million for the fourth quarter ended December 31, 2017, representing a decrease of \$1.7 million, or 16%, compared to \$10.5 million for the previous quarter ended September 30, 2017. The decrease is mainly attributable to the finalization of the acquisition accounting of the intangible assets related to the Fiera Capital (Europe) acquisition.

#### *Year-to-Date December 31, 2017, versus Year-to-Date December 31, 2016*

Depreciation of property and equipment was \$3.8 million for the twelve-month period ended December 31, 2017, representing an increase of \$0.4 million, or 12%, compared to \$3.4 million for the same period last year.

Amortization of intangible assets was \$41.1 million for the twelve-month period ended December 31, 2017, representing a decrease of \$1.6 million, or 4%, compared to \$42.7 million for the same period last year. The decrease is mainly attributable to the finalization of the accounting of the intangible assets related to the Fiera Capital (Europe) acquisition.

As a complement of information, Note 4 of the audited consolidated financial statements for the year ended December 31, 2017, presents the details on the acquisition of intangible assets from business acquisitions.

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

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

The interest on long-term debt and other financial charges was \$4.8 million for the fourth quarter ended December 31, 2017, representing a decrease of \$0.4 million, or 8%, compared to \$5.2 million for the same quarter last year. The decrease is mainly due to a negative variance related to the Company's strategy of swapping the variable interest rate on a portion of its debt to a fixed interest rate.

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

The interest on long-term debt and other financial charges was \$4.8 million for the fourth quarter ended December 31, 2017, representing an increase of \$2.2 million, or 83%, compared to \$2.6 million for the previous quarter ended September 30, 2017. The increase is mainly due to a positive variance related to the Company's strategy of swapping the variable interest rate on a portion of its debt to a fixed interest rate.

#### *Year-to-Date December 31, 2017, versus Year-to-Date December 31, 2016*

The interest on long-term debt and other financial charges was \$11.5 million for the twelve-month period ended December 31, 2017, representing a decrease of \$1.4 million, or 11%, compared to \$12.9 million for the same period last year. The decrease is mainly due to the net impact of the cross currency and interest rate swaps for the year ended December 31, 2017.

#### *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 a charge of \$2.9 million for the fourth quarter ended December 31, 2017, compared to a charge of \$1.1 million for the same quarter last year. The increase is

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

mainly due to additional charge related to the agreement with CNR to acquire the management of the Emerging Markets Fund during the fourth quarter of 2017.

#### *Current Quarter versus Previous Quarter*

The accretion and change in fair value of purchase price obligations represented a charge of \$2.9 million for the fourth quarter ended December 31, 2017, compared to a charge of \$0.4 million (including a \$0.8 million gain on the revaluation of a purchase price obligation) for the previous quarter ended September 30, 2017. The increase is mainly due to additional charge related to the agreement with CNR to acquire the management of the Emerging Markets Fund during the fourth quarter of 2017.

#### *Year-to-Date December 31, 2017, versus Year-to-Date December 31, 2016*

The accretion and change in fair value of purchase price obligations represented a charge of \$5.9 million for the twelve-month period ended December 31, 2017, compared to a gain of \$3.3 million (including a recovery of \$6.4 million related to Natcan Investment Management Inc.) for the same period last year.

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

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

Acquisition and restructuring, integration and other costs were \$8.5 million for the fourth quarter ended December 31, 2017, representing an increase of \$4.5 million, or over 100%, compared to \$4.0 million for the same period last year. The increase in acquisition and restructuring, integration and other costs is mainly due to higher restructuring costs in the fourth quarter of 2017 compared to the fourth quarter of 2016.

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

Acquisition and restructuring, integration and other costs were \$8.5 million for the fourth quarter ended December 31, 2017, representing an increase of \$5.8 million, or over 100%, compared to \$2.7 million for the previous quarter ended September 30, 2017. The increase is mainly due to higher restructuring costs and higher expenses related to the agreement with CNR to acquire the management of the Emerging Markets Fund during the fourth quarter ended December 31, 2017.

#### *Year-to-Date December 31, 2017, versus Year-to-Date December 31, 2016*

Acquisition and restructuring, integration and other costs were \$20.6 million for the twelve-month period ended December 31, 2017, representing an increase of \$1.0 million, or 5%, compared to \$19.6 million for the same period last year. The increase in acquisition and restructuring, integration and other costs is mainly due to higher restructuring and integration costs, partially offset by lower acquisition related costs in 2017.

#### *Adjusted EBITDA*

The following table presents the Firm's adjusted EBITDA<sup>(1)</sup> and adjusted EBITDA per share<sup>(1)</sup> for the three and twelve-month periods ended December 31, 2017, and 2016, respectively.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

**Table 8 - Adjusted EBITDA <sup>(1)</sup> (in \$ thousands except per share data)**

|                                  | FOR THE THREE-MONTH PERIODS<br>ENDED |                       |                      | FOR THE TWELVE-MONTH PERIODS<br>ENDED |                      |
|----------------------------------|--------------------------------------|-----------------------|----------------------|---------------------------------------|----------------------|
|                                  | DECEMBER 31,<br>2017                 | SEPTEMBER 30,<br>2017 | DECEMBER 31,<br>2016 | DECEMBER 31,<br>2017                  | DECEMBER 31,<br>2016 |
| Net earnings                     | 1,084                                | 4,771                 | 5,245                | 10,712                                | 18,081               |
| EBITDA <sup>(1)</sup>            | 20,846                               | 18,612                | 30,899               | 71,274                                | 81,226               |
| Adjusted EBITDA <sup>(1)</sup>   | 36,056                               | 27,020                | 41,599               | 116,753                               | 107,196              |
| Per share basic <sup>(1)</sup>   | 0.43                                 | 0.33                  | 0.52                 | 1.42                                  | 1.41                 |
| Per share diluted <sup>(1)</sup> | 0.43                                 | 0.32                  | 0.51                 | 1.33                                  | 1.37                 |

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 51.

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

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

For the fourth quarter ended December 31, 2017, adjusted EBITDA was \$36.1 million or \$0.43 per share (basic and diluted), representing a decrease of \$5.5 million, or 13%, compared to \$41.6 million, or \$0.52 per share (basic) and \$0.51 (diluted), for the same period last year.

Adjusted EBITDA for the fourth quarter ended December 31, 2017, was lower due to an increase in overall operating expenses to support the Firm's growth and expansion and higher performance fees compensation related expenses. This was partially offset by higher base management fees driven by market and organic growth, the deployment of Private Alternative Investment strategies, a full quarter of operation of Fiera Capital (Europe) and the agreement with CNR to acquire the management of the Emerging Markets Fund in December 2017.

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

For the fourth quarter ended December 31, 2017, adjusted EBITDA was \$36.1 million or \$0.43 per share (basic and diluted), representing an increase of \$9.1 million, or 33%, compared to \$27.0 million or \$0.33 per share (basic) and \$0.32 (diluted), from the previous quarter ended September 30, 2017. The increase is mainly due to higher revenues resulting from the performance fees generally recorded in June and December of each year, partially offset by an increase in overall operating expenses to support the Firm's growth and expansion.

#### ***Year-to-Date December 31, 2017, versus Year-to-Date December 31, 2016***

For the twelve-month period ended December 31, 2017, adjusted EBITDA was \$116.8 million, or \$1.42 per share (basic) and \$1.33(diluted), representing an increase of \$9.6 million, or 9%, compared to \$107.2 million, or \$1.41 per share (basic) and \$1.37 (diluted), for the same period last year.

The increase in adjusted EBITDA for the twelve-month period ended December 31, 2017, is mainly attributable to an AUM driven increase in revenues resulting from organic and market growth as well as various acquisitions compared to the same period last year. This was partially offset by 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 in investment strategies, higher performance fee compensation related expenses and higher operating expenses to support the Firm's growth and expansion.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

#### Net Earnings

The following table presents the Firm's net earnings and adjusted net earnings for the three and twelve-month periods ended December 31, 2017, and 2016, respectively.

**Table 9 - Net Earnings and Adjusted Net Earnings <sup>(1)</sup> (in \$ thousands except per share data)**

|   | FOR THE THREE-MONTH PERIODS<br>ENDED |                       |                      | FOR THE TWELVE-MONTH PERIODS<br>ENDED |                      |
|---|--------------------------------------|-----------------------|----------------------|---------------------------------------|----------------------|
|   | DECEMBER 31,<br>2017                 | SEPTEMBER 30,<br>2017 | DECEMBER 31,<br>2016 | DECEMBER 31,<br>2017                  | DECEMBER 31,<br>2016 |
| Net earnings attributable to the Company's shareholders           | 763                                  | 4,603                 | 5,203                | 10,671                                | 20,777               |
| Depreciation of property and equipment                            | 964                                  | 966                   | 894                  | 3,817                                 | 3,401                |
| Amortization of intangible assets                                 | 8,778                                | 10,497                | 16,366               | 41,110                                | 42,723               |
| Share-based compensation(*)                                       | 3,871                                | 4,816                 | 6,210                | 18,287                                | 15,107               |
| Restructuring, integration and other costs(*)                     | 6,866                                | 2,357                 | 805                  | 15,150                                | 7,956                |
| Acquisition costs(*)  | 1,679                                | 378                   | 3,160                | 5,434                                 | 11,691               |
| Gain on disposal of investment in joint venture(*)                | -                                    | -                     | -                    | -                                     | (15,013)             |
| Revaluation of assets held-for-sale(*)                            | -                                    | -                     | -                    | -                                     | 7,921                |
| Loss on disposal of investment in subsidiaries (*)                | -                                    | -                     | -                    | -                                     | 8,307                |
| Gain on revaluation of a purchase price obligation <sup>(2)</sup> | -                                    | (800)                 | -                    | (800)                                 | (6,408)              |
| Gain on acquisition of control of investment in joint venture (*) | -                                    | -                     | -                    | -                                     | (5,827)              |
| Impact of US Tax Cuts and Jobs Act on future income taxes         | 6,017                                |                       |                      | 6,017                                 |                      |
| Income taxes on above-mentioned items <sup>(*)</sup>              | 2,097                                | 581                   | 1,910                | 5,469                                 | 3,308                |
| Adjusted net earnings attributable to the Company's shareholders  | 26,841                               | 22,236                | 30,728               | 94,217                                | 87,327               |
| Per share – basic   |                                      |                       |                      |                                       |                      |
| Net earnings  | 0.01                                 | 0.06                  | 0.07                 | 0.13                                  | 0.27                 |
| Adjusted net earnings <sup>(1)</sup>                              | 0.32                                 | 0.27                  | 0.38                 | 1.15                                  | 1.15                 |
| Per share – diluted   |                                      |                       |                      |                                       |                      |
| Net earnings  | 0.01                                 | 0.05                  | 0.06                 | 0.12                                  | 0.27                 |
| Adjusted net earnings <sup>(1)</sup>                              | 0.32                                 | 0.26                  | 0.37                 | 1.07                                  | 1.12                 |

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 51.

<sup>(2)</sup> Recorded under the caption "Accretion and change in fair value of purchase price obligations" of the consolidated statement of earnings.

Adjusted net earnings for the year-ended December 31, 2016, were restated to exclude Gain on disposal of investment in joint venture, Revaluation of asset held-for-sale, Loss on disposal of investment in subsidiaries, Gain on revaluation of a purchase price obligation and Gain on acquisition of control of investment in joint venture.

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

#### Current Quarter versus Prior-Year Quarter

For the fourth quarter ended December 31, 2017, the Firm reported net earnings attributable to the Company's shareholders of \$0.8 million, or \$0.01 per share (basic and diluted), compared to \$5.2 million, or \$0.07 per share (basic) and \$0.06 (diluted), for the same quarter last year. The decrease in net earnings is mainly attributable to a charge of \$6.0 million, or \$0.07 per share (basic and diluted) recorded in the fourth quarter of 2017 following the US Tax Cuts and Jobs Act on December 22, 2017.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

#### *Current Quarter versus Previous Quarter*

For the fourth quarter ended December 31, 2017, the Firm reported net earnings attributable to the Company's shareholders of \$0.8 million, or \$0.01 per share (basic and diluted), compared to \$4.6 million, or \$0.06 per share (basic) and \$0.05 (diluted), for the previous quarter ended September 30, 2017. The decrease in net earnings is mainly attributable to a charge of \$6.0 million recorded in the fourth quarter of 2017 following the US Tax Cuts and Jobs Act, partially offset by higher income before taxes resulting from higher performance fees and base management fees.

#### *Year-to-Date December 31, 2017, versus Year-to-Date December 31, 2016*

For the twelve-month period ended December 31, 2017, the Firm recorded net earnings attributable to the Company's shareholders of \$10.7 million, or \$0.13 per share (basic) and \$0.12 (diluted), compared to \$20.8 million, or \$0.27 per share (basic and diluted) for the same period last year. The decrease in net earnings is mainly attributable to the fact that net earnings for the twelve-month period ended December 31, 2016, included a gain of \$5.8 million related to the acquisition of control of an investment in a joint venture related to Fiera Properties, a gain of \$15.0 million on the disposal of Axiom and the revaluation of a purchase price obligation of \$6.4 million related to Natcan, partially offset by the revaluation of assets-held-for-sale related to Fiera Quantum of \$16.2 million, combined with a charge of \$6.0 million recorded in 2017 following the US Tax Cuts and Jobs Act.

#### *Adjusted Net Earnings<sup>(1)</sup>*

The Firm selects adjusted net earnings as one of the key non-IFRS performance measures as it is a good indicator of the Firm's ability to generate cash flows. Please refer to the "Non-IFRS Measures" Section for the definition of adjusted net earnings.

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

Adjusted net earnings attributable to the Company's shareholders amounted to \$26.8 million, or \$0.32 per share (basic and diluted) for the fourth quarter ended December 31, 2017, compared to \$30.7 million, or \$0.38 per share (basic) and \$0.37 (diluted) for the fourth quarter ended December 31, 2016. Adjusted net earnings for the quarter ended December 31, 2017, reflected net earnings, excluding \$13.6 million, or \$0.16 per share (basic and diluted), of depreciation of property and equipment, amortization of intangible assets and share-based compensation, as well as \$12.5 million, or \$0.15 per share (basic and diluted), of acquisition and restructuring, integration and other costs, net of income taxes, as well as a charge related to US Tax Cuts and Jobs Act.

#### *Current Quarter versus Previous Quarter*

For the fourth quarter ended December 31, 2017, the Firm recorded adjusted net earnings of \$26.8 million, or \$0.32 per share (basic and diluted), representing an increase of \$4.6 million compared to \$22.2 million, or \$0.27 (basic) and \$0.26 (diluted) from the previous quarter ended September 30, 2017. 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 Firm's growth.

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 51.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

#### *Year-to-Date December 31, 2017, versus Year-to-Date December 31, 2016*

For the twelve-month period ended December 31, 2017, adjusted net earnings attributable to the Company's shareholders amounted to \$94.2 million, or \$1.15 per share (basic) and \$1.07(diluted), compared to \$87.3 million or \$1.15 per share (basic) and \$1.12 (diluted) for the same period last year. Adjusted net earnings for the year ended December 31, 2017, reflected net earnings, excluding \$63.2 million, or \$0.78 per share (basic) and \$0.72(diluted), of depreciation of property and equipment, amortization of intangible assets and share-based compensation, as well as \$20.3 million, or \$0.24 per share (basic) and \$0.23 (diluted), of acquisition and restructuring, integration and other costs, a gain on the revaluation of the purchase price obligation, net of income taxes, as well as a charge related to US Tax Cuts and Jobs.



## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

#### SUMMARY OF QUARTERLY RESULTS

The Firm's AUM, total revenues, adjusted EBITDA <sup>(1)</sup>, adjusted EBITDA margin <sup>(1)</sup> and net earnings, on a consolidated basis including per share amounts, for each of the Firm's most recently completed eight quarterly periods and the last twelve months are as follows:

Table 10 – Quarterly Results (in \$ thousands except AUM in \$ millions and per share data)

|   | Last Twelve Months <sup>(2)</sup> | Q4<br>Dec. 31<br>2017 | Q3<br>Sep. 30<br>2017 | Q2<br>Jun. 30<br>2017 | Q1<br>Mar. 31<br>2017 | Q4<br>Dec. 31<br>2016 | Q3<br>Sep. 30<br>2016 | Q2<br>Jun. 30<br>2016 | Q1<br>Mar. 31<br>2016 |
|---|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| AUM   | 124,906                           | 128,901               | 123,003               | 125,658               | 122,063               | 116,925               | 112,465               | 109,136               | 97,988                |
| Total revenues  | 459,096                           | 142,046               | 107,127               | 109,349               | 100,574               | 120,968               | 81,909                | 74,983                | 66,284                |
| Adjusted EBITDA <sup>(1)</sup>  | 116,753                           | 36,056                | 27,020                | 28,480                | 25,199                | 41,599                | 25,931                | 23,510                | 16,157                |
| Adjusted EBITDA margin <sup>(1)</sup>   | 25.4%                             | 25.4%                 | 25.2%                 | 26.0%                 | 25.1%                 | 34.4%                 | 31.7%                 | 31.4%                 | 24.4%                 |
| Net earnings attributable to<br>Company's shareholders                                | 10,671                            | 763                   | 4,603                 | 877                   | 4,428                 | 5,203                 | 393                   | 7,901                 | 7,280                 |
| PER SHARE – BASIC   |                                   |                       |                       |                       |                       |                       |                       |                       |                       |
| Adjusted EBITDA <sup>(1)</sup>  | 1.42                              | 0.43                  | 0.33                  | 0.35                  | 0.31                  | 0.52                  | 0.33                  | 0.32                  | 0.22                  |
| Net earnings attributable to<br>the Company's shareholders                            | 0.13                              | 0.01                  | 0.06                  | 0.01                  | 0.05                  | 0.07                  | 0.01                  | 0.11                  | 0.10                  |
| Adjusted net earnings<br>attributable to the<br>Company's shareholders <sup>(1)</sup> | 1.15                              | 0.32                  | 0.27                  | 0.30                  | 0.26                  | 0.38                  | 0.25                  | 0.27                  | 0.24                  |
| PER SHARE – DILUTED   |                                   |                       |                       |                       |                       |                       |                       |                       |                       |
| Adjusted EBITDA <sup>(1)</sup>  | 1.33                              | 0.43                  | 0.32                  | 0.34                  | 0.30                  | 0.51                  | 0.33                  | 0.32                  | 0.22                  |
| Net earnings attributable to<br>the Company's shareholders                            | 0.12                              | 0.01                  | 0.05                  | 0.01                  | 0.05                  | 0.06                  | 0.01                  | 0.11                  | 0.10                  |
| Adjusted net earnings<br>attributable to the<br>Company's shareholders <sup>(1)</sup> | 1.07                              | 0.32                  | 0.26                  | 0.29                  | 0.25                  | 0.37                  | 0.25                  | 0.27                  | 0.24                  |

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 51.

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

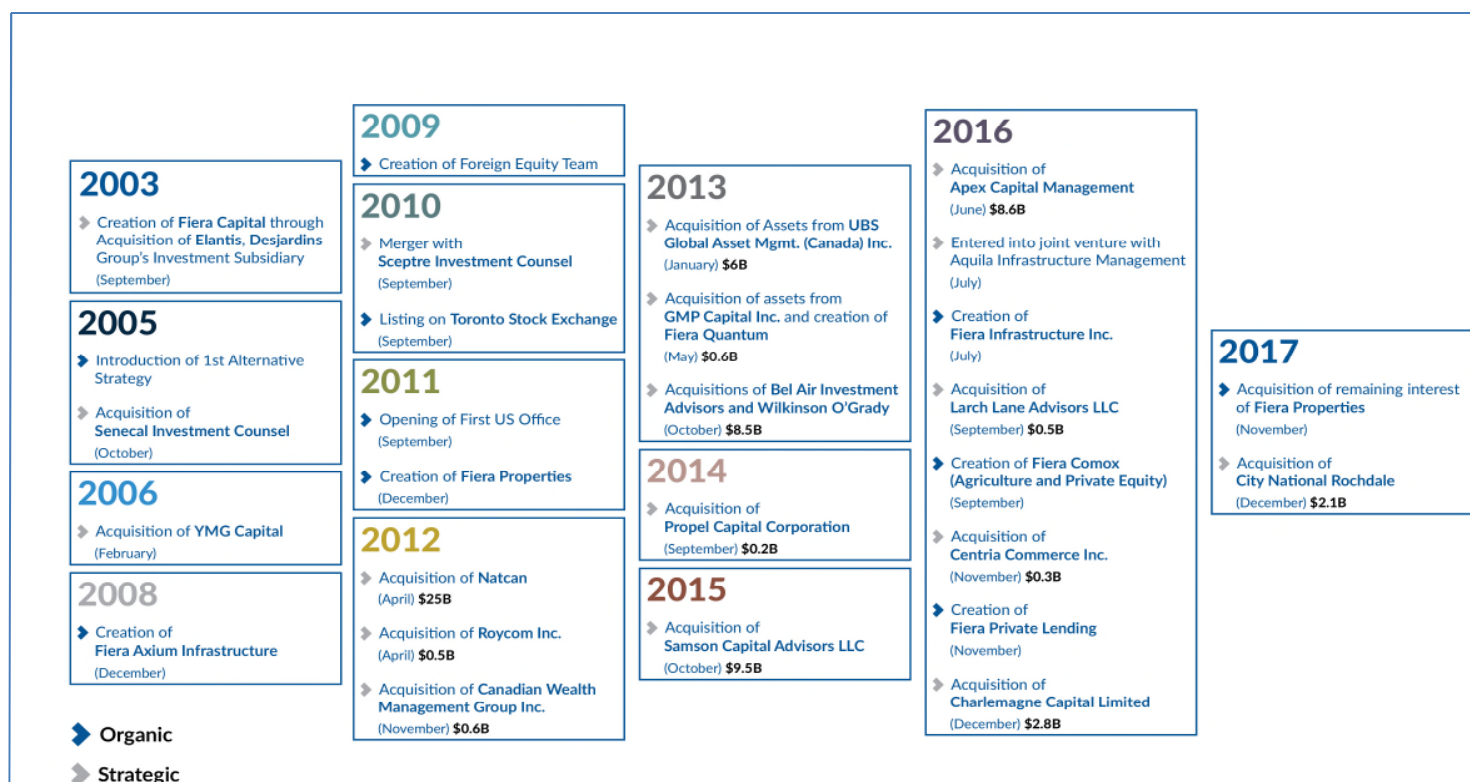
Certain totals, subtotals and percentages may not reconcile due to rounding.

# Management's Discussion and Analysis

## For the Three and Twelve-Month Periods Ended December 31, 2017

### 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.



### LIQUIDITY AND CAPITAL RESOURCES

#### Cash Flows

The ability to consistently generate cash flows from operations in excess of dividend payments, share repurchases, capital expenditures, and ongoing operating expenses remains one of the Company's fundamental financial goals. The Firm's principal uses of cash, other than for operating expenses, include (but are not limited to) dividend payments, debt repayments, capital expenditures, business acquisitions and stock buy-backs.

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

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

Table 11 – Summary of Consolidated Statements of Cash Flows (in \$ thousands)

|   | FOR THE TWELVE-MONTH PERIODS ENDED |                   |
|---|------------------------------------|-------------------|
|   | DECEMBER 31, 2017                  | DECEMBER 31, 2016 |
| Cash generated by operating activities                                    | 92,524                             | 57,514            |
| Cash (used in) investing activities                                       | (24,062)                           | (144,378)         |
| Cash generated by (used in) financing activities                          | (65,887)                           | 101,494           |
| Net increase in cash  | 2,575                              | 14,630            |
| Effect of exchange rate changes on cash denominated in foreign currencies | (1,606)                            | (245)             |
| Cash and cash equivalents, beginning of period                            | 40,110                             | 25,725            |
| Cash and cash equivalents, end of period                                  | 41,079                             | 40,110            |

#### *Year-to-Date Activities*

Cash generated by operating activities amounted to \$92.5 million for the twelve-month period ended December 31, 2017. This amount resulted from \$86.0 million cash generated from net earnings adjusted for depreciation and amortization, share-based compensation, accretion of purchase price obligations, interest on long-term debt and other financial charges, income tax expenses and income tax paid, as well as positive change in non-cash operating working capital of \$6.3 million and positive changes in other non-current liabilities of \$2.1 million during the period. These elements were partially offset by \$1.7 million in negative change in realized and unrealized gain on financial instruments during the period.

Cash used in investing activities was \$24.1 million for the twelve-month period ended December 31, 2017, resulting mainly from \$21.5 million cash used for purchase of intangible assets, \$3.4 million cash used for payment of purchase price adjustments and obligations, \$2.8 million cash used for the settlement of a put option, \$3.2 million cash used for purchase of property and equipment during the period, partially offset by \$5.0 million of cash generated from investments.

Cash used in financing activities was \$65.9 million for the twelve-month period ended December 31, 2017, resulting mainly from \$118.0 million cash used for debt repayment and settlement of derivative financial instruments, \$58.3 million of dividend payments, \$36.3 million cash used for the purchase of a non-controlling interest, \$16.1 million cash used in long-term debt interest payments and financing charges and, partially offset by \$82.5 million of convertible debentures issuance and \$82.1 million of share issuance during the period.

Finally, the negative impact of exchange rate changes on cash denominated in foreign currencies was \$1.6 million during the twelve-month period ended December 31, 2017.

#### *Year-to-Date December 31, 2017 versus Year-to-Date December 31, 2016*

Cash generated by operating activities amounted to \$92.5 million for the twelve-month period ended December 31, 2017, compared to \$57.5 million cash generated by operating activities for the same period last year. The positive variation in cash generated by operating activities is mainly attributable to higher adjusted EBITDA of \$9.6 million as described in the "Adjusted EBITDA" section, combined with a positive impact in non-cash operating working capital of

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

\$22.8 million and a positive change in other non-current liabilities of \$1.8 million during the twelve-month period ended December 31, 2017, compared to the same period last year.

Cash used in investing activities amounted to \$24.1 million for the twelve-month period ended December 31, 2017, compared to \$144.4 million cash used in investing activities for the same period last year. The variation in cash used in investing activities is mainly attributable to \$162.9 million of cash used in the Apex, Fiera Capital (Europe), Centria and Larch Lane acquisition in 2016, partially offset by \$20 million in proceeds from the disposal of an investment in a joint venture recorded during the twelve-month period ended December 31, 2016 and \$21.5 million of cash used for purchase of intangible assets during the twelve-month period ended December 31, 2017 (\$2.9 million for 2016).

Cash used in financing activities was \$65.9 million for the twelve-month period ended December 31, 2017, compared to \$101.5 million cash generated by financing activities for the same period last year. The year-over-year variation is mainly attributable to \$53.6 million net cash generated resulting from shares issuance, convertible debentures issuance and long-term debt repayment in 2017, compared to \$166.5 million long-term debt increase in 2016 to finance various acquisitions. Also, \$36.3 million of cash used for purchase of non-controlling interest in 2017 vs nil in 2016, combined with higher dividend payments of \$9.1 million, higher interest paid on long-term debt of \$5.1 million contributed to the increase in cash used in financing activities during the twelve-month period ended December 31, 2017, compared to the same period of 2016.

Finally, the exchange rate changes on cash denominated in foreign currencies negatively impacted the cash flow of the Firm by \$1.6 million during the twelve-month period ended December 31, 2017, compared to a \$0.2 million negative impact for the same period last year.

### ***Long-Term Debt***

**Table 12 – Credit Facility (in \$ thousands)**

|                            | AS AT DECEMBER 31, 2017 | AS AT DECEMBER 31, 2016 |
|----------------------------|-------------------------|-------------------------|
| Credit Facility            |                         |                         |
| Term facility              | 156,813                 | 167,838                 |
| Revolving facility         | 136,725                 | 262,323                 |
| Other facility             | 1,585                   | 2,039                   |
| Deferred financing charges | (1,352)                 | (1,777)                 |
|                            | 293,771                 | 430,423                 |
| Less current portion       | 1,354                   | (1,283)                 |
| Non- current portion       | 292,417                 | 429,140                 |

### ***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 new US\$125.0 million 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.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

The total amount drawn on the term facility as at December 31, 2017 is US\$125.0 million (CA\$156.813 million) (US\$125.0 million (CA\$167.838 million) as at December 31, 2016).

#### *Revolving Facility*

During the year ended December 31, 2017, an increase in the revolving facility of CA\$50.0 million to CA\$350.0 million 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\$350.0 million 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 December 31, 2017, the total amount drawn on the revolving facility was comprised of CA\$74.0 million and US\$50.0 million (CA\$62.725 million) (CA\$174.0 million and US\$65.781 million (CA\$88.323 million) at December 31, 2016).

#### *Terms of the Credit Facility*

The Credit Facility bears interest based on the currency in which an amount is drawn and includes a credit spread based on the quarterly Funded Debt to EBITDA ratio as defined in the Credit Agreement. On the revolving facility, 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, 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%. The interest rate on the term facility is based on the US base rate plus a spread varying from 0.0% to 1.5% or LIBOR rate plus a spread varying from 1.0% to 2.5%. The Company decides whether amounts drawn in US dollars on the term and revolving facilities will be based on US base rate or the LIBOR rate.

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 December 31, 2017 and 2016, 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.

#### *Other Facilities*

As at December 31, 2017, one of the Company's subsidiaries has an outstanding bank loan in the amount of \$0.756 million of which quarterly payments of CA\$0.131 million are required (respectively \$1.281 million and CA\$0.131 million as at December 31, 2016). 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 December 31, 2017 and 2016.

In March 2017, this subsidiary amended its credit agreement to include a leasing facility. As at December 31, 2017, an amount of CA\$0.829 million was drawn on a lease-back loan with the bank. As at December 31, 2017, the lease-back loan is classified as current as it is due on demand until the finalization of the terms of the loan. The loan agreement was finalized in January 2018.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

This subsidiary also has a line of credit with a dollar limit of CA\$0.750 million. 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 December 31, 2017, the amount drawn by the subsidiary on the line of credit is nil (nil as at December 31, 2016).

Another subsidiary of the Company has a line of credit with a dollar limit of CA\$0.800 million. It bears interest at prime plus 1.50% and has no fixed maturity date. As at December 31, 2017, the amount drawn by the subsidiary on the line of credit is nil (\$0.758 million as at December 31, 2016).

### **Convertible Debentures**

Table 13 – Convertible Debentures (in \$ thousands)

|   | 2017    |
|---|---------|
|   | \$      |
| Face value  | 86,250  |
| Less:   |         |
| Issuance costs                                    | (4,269) |
| Equity component (net of issuance costs of \$237) | (4,555) |
| Accretion expense on equity component             | 35      |
| Balance, end of year                              | 77,461  |

On December 21, 2017, the Company issued 86,250 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 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 \$1,000 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 \$1,000 per convertible debenture, plus accrued and unpaid interest.

The liability component was recorded at the fair value on the date of issuance in the amount of \$81.458 million. The Company allocated \$4.555 million to an equity component (net of issuance costs of \$0.237 million). A separate deferred income tax liability of \$1.225 million was recognized.

The Company incurred total underwriting fees and issuance costs of \$4.269 million which are netted against the convertible debenture liability.

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.

### **Contractual Obligations and Contingent Liabilities**

#### **Contractual Obligations**

The Company has the following contractual obligations as at December 31, 2017:

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

Table 14 – Contractual Obligations (\$ in thousands)

|                            | Carrying Amount | Total   | 2018   | 2019    | 2020    | Thereafter |
|----------------------------|-----------------|---------|--------|---------|---------|------------|
| Long-Term Debt             | 295,123         | 295,123 | 1,354  | 157,044 | 136,725 | -          |
| Purchase Price Obligations | 89,136          | 266,125 | 35,147 | 38,091  | 28,968  | 163,919    |
| Convertible Debentures     | 77,461          | 86,250  | -      | -       | -       | 86,250     |
| Operating Leases           | n/a             | 133,056 | 17,800 | 16,662  | 15,300  | 83,294     |
| Total Obligations          | n/a             | 780,554 | 54,301 | 211,797 | 180,993 | 333,463    |

#### *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.

#### *Off-Balance Sheet Arrangements*

At December 31, 2017, Fiera Capital was not party to any off-balance sheet arrangements, including guarantees, derivatives, except variable-interest entities. We do not expect to enter into such agreements.

#### *Share Capital*

As at December 31, 2017, the Company had 70,249,199 Class A shares and 19,444,490 Class B special voting shares for a total of 89,693,689 outstanding shares compared to 60,800,655 Class A subordinate voting shares and 19,810,903 Class B special voting shares for a total of 80,611,558 outstanding shares as at December 31, 2016.

#### *Share-Based Payments*

##### *Stock Option Plan*

The following table presents transactions that occurred during the twelve-month periods ended December 31, 2017, and 2016, under the terms of the Company's stock option plans:



## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

Table 15 – Options Transactions

|                                     | 2017                            |                                      | 2016                            |                                      |
|-------------------------------------|---------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
|                                     | Number of Class A Share Options | Weighted-Average Exercise Price (\$) | Number of Class A Share Options | Weighted-Average Exercise Price (\$) |
| Outstanding – beginning of period   | 2,799,345                       | 10.25                                | 3,040,225                       | 9.58                                 |
| Granted                             | 1,892,000                       | 13.41                                | 254,379                         | 12.33                                |
| Exercised                           | (397,100)                       | 7.34                                 | (401,642)                       | 5.86                                 |
| Forfeited                           | (110,393)                       | 13.64                                | (93,617)                        | 13.11                                |
| Outstanding – end of period         | 4,183,852                       | 11.86                                | 2,799,345                       | 10.25                                |
| Options exercisable – end of period | 859,473                         | 8.17                                 | 1,049,685                       | 7.82                                 |

#### *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. Under the DSU Plan, each director received, on the date in each quarter which is three business days following the publication by the Company of its earnings results for the previous quarter, that number of DSU having a value equal to up to 100% of such director's base retainer for the current quarter, provided that a minimum of 50% of the base retainer must be in the form of DSU. The number of DSU granted to a director was determined by dividing the dollar value of the portion of the director's fees to be paid in DSUs by the closing price of the Class A Shares of the TSX for the business day immediately preceding the date of the grant. At such time as a director ceased to be a director, the Company would make a cash payment to the director equal to the closing price of the Class A Shares on the date of departure, multiplied by the number of DSU held by the director on that date. 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.

The Company recorded an expense of \$0.013 million and \$0.030 million for these grants during the years ended December 31, 2017 and 2016, respectively. As at December 31, 2017, the Company had a liability for an amount of \$0.205 million for the 15,767 units outstanding under the DSU Plan (\$0.192 million for 14,998 units as at December 31, 2016).

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

On April 13, 2017, the Board approved an amended and restated RSU Plan. The purposes of this plan is to provide eligible employees with the opportunity to acquire RSU in order to retain key employees and to permit them to participate in the growth and development of the Company and, through the acquisition of shares in the Company under the plan, to better align the interests of participants with the long-term interests of shareholders of the Company.



## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

The following table presents transactions that occurred in the Company's RSU Plan during the years ended December 31, 2017 and 2016.

**Table 16 – RSU Transactions**

|                                    | 2017      | 2016      |
|------------------------------------|-----------|-----------|
| Outstanding – beginning of year    | 456,303   | 686,244   |
| Granted                            | 566,686   | -         |
| Reinvestments in lieu of dividends | 19,124    | 31,985    |
| Vested <sup>(1)</sup>              | (420,407) | (259,934) |
| Forfeited                          | (13,071)  | (1,992)   |
| Outstanding – end of year          | 608,635   | 456,303   |

<sup>(1)</sup> 65,867 restricted share units were settled in cash (2016 – 114,812).

The Company recorded an expense of \$5.715 million and \$3.466 million for these grants during the years ended December 31, 2017 and 2016, respectively. As at December 31, 2017, the Company had a liability in the amount of \$3.075 million for the 608,635 units outstanding under the RSU Plan (\$3.081 million for 456,303 units as at December 31, 2016).

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

During the year ended December 31, 2016, the Board approved a RSU cash plan. 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 RSU granted under this plan will be payable in cash. The following table presents transactions that occurred in the Company's RSU Plan during the years ended December 31, 2017 and 2016.

**Table 17 – RSU Cash Transactions**

|                                    | 2017     | 2016    |
|------------------------------------|----------|---------|
| Outstanding – beginning of year    | 316,133  | -       |
| Granted                            | 185,256  | 308,768 |
| Reinvestments in lieu of dividends | 21,963   | 7,365   |
| Forfeited                          | (18,972) | -       |
| Outstanding – end of year          | 504,380  | 316,133 |

The Company recorded an expense of \$1.886 million and \$0.549 million for these grants during the years ended December 31, 2017 and 2016, respectively. As at December 31, 2017, the Company had a liability totalling \$2.435 million for the 504,380 units outstanding (\$0.549 million for 316,133 units as at December 31, 2016).

#### ***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

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

development of the Company. The maximum number of issuable Class A Shares under the plan is 224,699. The Board may determine the number of restricted shares each eligible employee can receive. The restricted shares vest over a three-year period with one third vesting each year. Accelerated vesting occurs in certain circumstances, including death or disability. The restricted shares are entitled to dividends and have voting rights. The plan administrator will reinvest 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 are held in escrow. During the year ended December 31, 2017, 79,022 Class A Shares (2016 - 76,326) that vested were released from escrow and 431 restricted shares were forfeited and cancelled. In addition, 6,838 (2016 - 7,540) Class A Shares were purchased with the proceeds of the dividends received and credited to the escrow account.

The share-based payment expense is measured based on the fair value of the restricted shares on the grant date and is recognized over the vesting period on a straight-line basis. An expense of \$0.672 million and \$1.379 million was recorded for the years ended December 31, 2017 and 2016, respectively for this grant.

#### *Performance Share Unit Plan ("PSU")*

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

On April 13, 2017, the Board approved an amended and restated PSU plan applicable to BU. 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 performance share unit applicable to the business unit which is determined by the Board at each award date.

Performance share units 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 performance share units are settled in accordance with the terms of the plan. The settlement date value is determined by the product of the number of performance share units vested and the value of the performance share unit as calculated by the Board on the applicable vesting date.

The Company recorded the following expense relating to PSU plans applicable to BU during the years ended December 31, 2017 and 2016:

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

|                       | 2017         | 2016         |
|-----------------------|--------------|--------------|
|                       | \$           | \$           |
| Equity-settled grants | 7,493        | 6,523        |
| Cash-settled grants   | 886          | (15)         |
| <b>Total expense</b>  | <b>8,379</b> | <b>6,508</b> |

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

During the year ended December 31, 2017, the total award value granted under the Company's PSU plans applicable to BU was \$10.752 million. Certain PSU applicable to BU representing a total value of \$5.211 million vested. 206,197 Class A Shares were issued during the year ended December 31, 2017 and 322,386 Class A Shares will be issued subsequent to December 31, 2017 as settlement of PSU applicable to BU vested during the year ended December 31, 2017.

During the year ended December 31, 2016, the total award value granted to eligible employees under the Company's PSU plans applicable to BU was nil. Certain PSU applicable to BU representing a total value \$9.441 million vested and 730,285 Class A Shares were issued in the beginning of 2017 as settlement of PSU applicable to BU vested during the year ended December 31, 2016.

During the year ended December 31, 2016, the Company settled certain vested PSU applicable to BU by paying \$4.237 million in cash in lieu of issuing Class A Shares. The Company treated the transaction as a repurchase of an equity interest and recorded a deduction in the amount of \$4.237 million in contributed surplus. The settling of these PSUs in cash was due to unique circumstances. The Company's management has the intention to settle the remaining tranches by issuing shares.

#### PSU Plan

On April 13, 2017, the Board approved an amended and restated PSU plan. 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 market value on the award date.

The Company recorded the following expense relating to PSU plans during the years ended December 31, 2017 and 2016:

Table 19 – PSU Transactions (in \$ thousands)

|                       | 2017         | 2016         |
|-----------------------|--------------|--------------|
|                       | \$           | \$           |
| Equity-settled grants | 140          | 365          |
| Cash-settled grants   | 1,110        | 1,789        |
| <b>Total expense</b>  | <b>1,250</b> | <b>2,154</b> |

The total award value granted to eligible employees under the Company's PSU plans for the years ended December 31, 2017 and 2016 was \$1.2 million and \$1.333 million respectively. Certain PSU representing a total value of \$0.191 million vested during the year ended December 31, 2017 and 19,819 Class A Shares will be issued subsequent to December 31, 2017.

During the year ended December 31, 2016, certain PSU representing a total value \$1.341 million vested and were settled in the beginning of 2017. 73,030 Class A Shares were issued in 2017 relating to PSU vested in 2016 and \$0.476 million was paid in cash.

#### 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

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

stock option plan was discontinued. The Company's subsidiaries stock option expense in the statements of consolidated net earnings for the year ended December 31, 2017 was \$0.855 million (\$0.091 million for the year ended December 31, 2016). The cash settled share-based liability is \$2.039 million in the statements of financial position as at December 31, 2017 (\$1.297 million as at December 31, 2016).

#### ***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 16) and of a Class A Share issuance on December 21, 2017, the related party's beneficial ownership is 19.6% of the Company's issued and outstanding shares (21.1 % as at December 31, 2016) 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 December 31, 2017, the other related shareholder has significant influence over the Company since it indirectly owns Class B Special Voting Shares representing approximately 8.1% of the Company's issued and outstanding shares (9.0 % as at December 31, 2016) 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:

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

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

|  | FOR THE TWELVE-MONTH PERIODS ENDED |                   |
|--|------------------------------------|-------------------|
|  | DECEMBER 31, 2017                  | DECEMBER 31, 2016 |
| Base management, performance and other revenues                    | 51,924                             | 50,180            |
| Selling, general & administrative expenses                         |                                    |                   |
| Reference fees   | 1,639                              | 1,574             |
| Other  | 785                                | 2,147             |
| Interest on long-term debt   | 15,859                             | 11,095            |
| Net loss in fair value of derivative financial instruments         |                                    |                   |
| included in interest on long-term debt and other financial charges | 4,487                              | 211               |
| Acquisition costs  | 252                                | -                 |
| Shares issued as settlement of the purchase price obligations      | 8,500                              | 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, President & Chief Executive Officer ("CEO") and the Executive Vice President, Global Chief Financial Officer & President of the Private Alternative Investment strategies ("CFO"), together with Management, are responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in National Instrument 52-109.

Fiera Capital Corporation's ("Corporation") internal control framework is based on the criteria published in the *Internal Control-Integrated Framework (COSO framework 2013)* report issued 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 Corporation's DC&P and ICFR as at December 31, 2017, and have concluded that they were effective. Furthermore, no significant changes to the internal controls over financial reporting occurred during the quarter ended December 31, 2017.

### 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, 2017 and 2016.

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.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

#### **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, 2017 and 2016 is comprised of mutual fund and pooled fund investments and other securities with a fair value of \$5.408 million as at December 31, 2017 and \$8.972 million as at December 31, 2016. 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, 2017 and 2016 would have an impact of increasing or decreasing comprehensive income by \$0.541 million and \$0.897 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, 2017. National Bank of Canada and related companies represented 11% of accounts receivable as at December 31, 2016.

#### **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.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

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, 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 and Fiera Capital (Europe) 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, 2017, a 5% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income of \$1.846 million (2016 - \$1.849 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 of investments recorded as available-for-sale is \$2.296 million as at December 31, 2017 (\$1.027 million as at December 31, 2016) and the fair value is \$2.475 million as at December 31, 2017 (\$1.060 million as at December 31, 2016).

The unrealized gain on investments of \$0.161 million (net of income taxes of \$0.018 million) as at December 31, 2017 (\$0.029 million (net of income taxes of \$0.004 million) as at December 31, 2016), is reflected in accumulated other comprehensive income (loss).

The cost of investments recorded at fair value through profit or loss is \$2.848 million as at December 31, 2017 (\$7.946 million as at December 31, 2016) and the fair value is \$2.933 million as at December 31, 2017 (\$7.912 million as at December 31, 2016). The unrealized gain of \$1.237 million was recognized in other revenues during the year ended December 31, 2017 (loss of \$0.034 million for the year ended December 31, 2016).



## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

#### *Puttable Financial Instrument Liabilities*

The puttable financial liabilities are recorded at their estimated fair value of \$5.500 million as at December 31, 2016. These were classified as current on the December 31, 2016 consolidated statements of financial position since they gave the holder the right to put the shares that they hold in one of the Company's subsidiaries, to that subsidiary, upon ceasing employment. On March 7, 2017, an amount of \$2.753 million was paid to a management shareholder of one of the Company's subsidiaries and an amount of \$2.747 million was extinguished with an offset to contributed surplus.

#### *Convertible debentures*

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

#### *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 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.

#### *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*

On December 23, 2016, the Company entered into a series of average rate forward foreign exchange contracts to manage the currency fluctuation risk associated with estimated revenues, for the year ending December 31, 2017, denominated in US dollars. In August 2017, the Company converted a series of average rate forward foreign exchange contracts which matured one-by-one on a monthly basis until December 29, 2017, to month-end spot rate forward



## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

exchange contracts. The Company also entered into month-end spot rate forward exchange contracts which mature on a monthly basis until August 31, 2018. 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 Company recorded a gain of \$2.148 million during the year ended December 31, 2017 (\$1.427 million for the year ended December 31, 2016) and received \$1.974 million as settlement of contracts that matured during the year. As at December 31, 2017, the fair value of the derivative financial asset related to these contracts is \$0.497 million (\$0.323 million as at December 31, 2016).

#### *Subsidiaries*

One of the Company's subsidiaries enters into foreign exchange contracts to manage its exposure to foreign exchange rates. As at December 31, 2017, these contracts have all matured or been exited by the subsidiary, therefore none were outstanding at year end. The subsidiary recorded a gain of \$0.260 million and \$0.012 million during the years ended December 31, 2017 and 2016, respectively.

As at December 31, 2016, the fair value of these contracts was a liability of \$0.260 million.

#### **Forward foreign exchange contracts – cash flow hedges**

On September 30, 2016, the Company entered into a foreign exchange forward contract to manage the currency fluctuation risk associated with the consideration for the acquisition of Fiera Capital (Europe) which was denominated in GBP. The foreign exchange forward contract with a total initial notional amount of GBP 15.0 million matured on October 27, 2016. In early October 2016, the Company entered into three additional foreign exchange forward contracts with a total initial notional amount of GBP 15.0 million. At their maturity dates, each of these four contracts was rolled into a new contract, for a total notional amount of GBP 30.0 million, until they were all closed out on December 14, 2016, the closing date of the acquisition.

These contracts were designated as cash flows hedges and satisfied the requirements for hedge accounting. The effective portion of changes in the fair value of these contracts was recognized in other comprehensive income and accumulated in a hedging reserve until the contracts were closed at which time the net realized loss of \$1.072 million including the ineffective portion of changes in fair value was included in the purchase consideration and was recorded as goodwill.

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

Under the terms of the Company's revolving facility (Note 15), the Company can borrow either in US dollars based on US base or LIBOR rates plus 2.25% or in Canadian dollars based on CDOR plus 2.25% (the same credit spread). To benefit from interest cost savings, the Company had effectively created, until December 2017, a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus a spread on CA\$ notional (CA\$100.0 million as at December 31, 2016) by borrowing against the US dollar revolving facility, the equivalent of the same CA\$ notional (denominated in US\$) (CA\$100.0 million (US\$73.5 million) as at December 31, 2016) at LIBOR plus a spread, and swapping it into CDOR plus a spread with a one-month cross currency swap. In December 2017, the Company reimbursed CA\$100.0 million of the amount drawn on the revolving facility following the issuance of the convertible debentures. The last cross currency swap contract matured on December 29, 2017 and was not renewed.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

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 statement of earnings in accordance with the nature of the economically hedged item, the revolving facility, and therefore is presented in interest on long-term debt and other financial charges. The Company recorded a loss of \$7.95 million during the year ended December 31, 2017, with no net impact on earnings as described above (loss of \$1.322 million during the year ended December 31, 2016). A total of \$9.272 million was paid during the year ended December 31, 2017 as settlement of these contracts.

The fair value of the cross currency swap contracts was a liability of \$1.322 million as at December 31, 2016. This fair value was offset by the equivalent changes in fair value in Canadian dollars on the amount drawn on the US dollar revolving facility specifically for this transaction of US\$73.5 million as at December 31, 2016.

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

On May 1, 2012, the Company entered into an interest rate swap contract to manage the interest rate fluctuations on its revolving facility denominated in Canadian dollars. 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 to manage the interest rate fluctuations on its revolving facility denominated in Canadian dollars. 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. The interest rate swap contract had an original amortizing notional amount of CA\$100.0 million at inception and matures on May 31, 2022. As at December 31, 2017, the notional amount was CA\$30.0 million. 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\$100.0 million to CA\$30.0 million.

The net gain or loss on these derivative financial instruments is recognized in the consolidated statement of earnings with interest on long-term debt and other financial charges. The Company recorded a gain of \$3.463 million during the year ended December 31, 2017 (gain of \$1.111 million during the year ended December 31, 2016).

The fair value of the interest rate swap contract is an asset of \$1.070 million as at December 31, 2017 (liability of \$0.279 million as at December 31, 2016). The gain or loss on interest rate swap contracts is recorded in net change in fair value of derivative financial instruments in the consolidated statements of earnings.

#### *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 interest rate fluctuations on the Company's term and revolving facilities (Note 14) denominated in US dollars. The interest rate swap contracts have an original notional amount of US\$125.0 million and US\$44.0 million 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

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

in a hedging reserve. The Company recorded a gain of \$2.094 million (net of income taxes of \$0.32 million) in other comprehensive income 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. There is no ineffective portion on these contracts for the year ended December 31, 2017.

The fair value of the interest rate swap contracts designated as cash flow hedges is a liability 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 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\$125.0 million and US\$50.0 million respectively as at December 31, 2017 (US\$125.0 million and US\$65.781 million respectively as at December 31, 2016).

#### CAPITAL MANAGEMENT

The Company's capital comprises share capital, (deficit) retained earnings, long-term debt and convertible debentures, less cash and cash equivalents. The Company manages its capital to ensure adequate capital resources while maximizing return to shareholders through the optimization of the debt and equity balance and to maintain compliance with regulatory requirements and certain restrictive debt covenants required by the lender of the debt. As at December 31, 2017 and 2016, the Company and one of its subsidiaries have complied with their respective calculations of excess working capital as required by National Instrument 31-103 *Registration Requirements and Exemptions*, which is calculated on a non-consolidated basis. The Company and its subsidiaries 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.

#### 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, 2017, and December 31, 2016. 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 year ended December 31, 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.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

#### NEW ACCOUNTING POLICIES

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

The following revised standards are effective for annual periods beginning on January 1, 2017, and their adoption has not had any significant impact on the amounts reported or disclosures made in these financial statements.

##### ***Amendments to IAS 7 – Statement of Cash Flows***

In January 2016, the IASB published amendments to IAS 7 – *Statement of cash flows*. The amendments are intended to improve information provided to users of financial statements about an entity's financing activities. The adoption of these amendments will result in additional disclosures in the annual consolidated financial statements.

##### ***Amendments to IAS 12 – Income Taxes***

In January 2016, the IASB published amendments to IAS 12 – *Income taxes*. The amendments are intended to clarify the recognition of deferred tax assets where an asset is measured at fair value and that fair value is below the asset's tax base.

##### ***Annual improvements to IFRS (2014-2016) cycle***

In December 2016, the IASB published annual improvements on the 2014-2016 cycle. The pronouncement contained amendments to clarify the scope of IFRS 12 – *Disclosure on interests in other entities*.

##### ***IFRS Issued but Not Yet Adopted***

The Company has not applied the following new and revised IFRS and interpretations that have been issued but are not mandatory for annual reporting periods ending December 31, 2017:

##### **Effective date January 1, 2018:**

##### ***IFRS 9 – Financial Instruments***

In July 2014, the IASB finalized IFRS 9 – *Financial Instruments*, bringing together the financial asset and financial liability classification and measurement, impairment of financial assets and hedge accounting phases of the IASB project. IFRS 9 provides a single model for financial asset classification and measurement that is based on contractual cash flow characteristics and on the business model for holding financial assets. IFRS 9 also introduces a new impairment model for financial assets not measured at fair value through profit or loss. This adds a new expected loss impairment model and limited amendments to classification and measurement of financial assets and liabilities. IFRS 9 replaces IAS 39 – *Financial Instruments: Recognition and Measurement* and is mandatorily effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. The first consolidated financial statements of the Company presented in accordance with IFRS 9 will be its unaudited interim condensed consolidated financial statements for the quarter ending March 31, 2018. As permitted by IFRS 9, the Company will not restate the comparative period consolidated financial statements. The retrospective impact of applying IFRS 9 will be accounted for through adjustments to the opening balance of retained earnings as at January 1, 2018.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

#### Classification and Measurement

IFRS 9 provides a single model for financial asset classification and measurement that is based on both the business model for managing financial assets and the contractual cash flow characteristics of the financial assets. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

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 income. Dividends will continue to be recognized in net income. This designation is also available for existing non-trading equity instruments at the date of IFRS 9 adoption. Derivative financial instruments will 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 will reclassify its equity securities classified as AFS available-for-sale under IAS 39 to fair value through profit or loss and therefore will reclassify a unrealized gain of \$161 million from accumulated other comprehensive income to retained earnings.

#### Impairment

The new impairment guidance sets out an expected credit loss model applicable to all debt instrument financial assets classified as amortized cost or at fair value through OCI/other comprehensive income (loss). The new guidance will not have a significant impact on the Company's profit or loss.

#### Hedge Accounting

IFRS 9 introduces a new general hedge accounting model that better aligns hedge accounting with risk management activities. However, the current 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 IFRS 9 hedge accounting requirements and instead will continue applying the IAS 39 hedge accounting requirements. The Company will, however, comply with the revised hedge accounting disclosures required by the consequential amendments made to IFRS 7.

#### *IFRS 15 – Revenue from Contracts with Customers*

The IASB issued IFRS 15 which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The model requires an entity to recognize revenue as the goods or services are transferred to the customer in an amount that reflects the expected consideration. This standard is effective for annual reporting periods beginning on or after January 1, 2018 and can be applied on a retrospective basis or using a modified retrospective approach. The Company will adopt IFRS 15 using the modified retrospective approach by recognizing the cumulative effect of initial application in opening retained earnings as of the effective date.

The new guidance includes a five-step, principles-based recognition and measurement approach, as well as requirements for accounting for contract costs, and enhanced quantitative and qualitative disclosure requirements.

Significant judgment is required in determining whether fulfillment costs should be expensed or capitalized. IFRS 15 could therefore result in changes to the timing of recognition of certain commission related expenses.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

A detailed impact assessment was completed in 2017 for all major revenue streams, reviewing contracts and analyzing the revenue recognized by the Company. No significant impacts on net earnings were identified.

Due to recent developments in the interpretation of the guidance on fulfillment costs, the Company continues to assess the impact to certain commission payments and related expenses.

The adoption of IFRS 15 is not expected to have a significant impact on the Company's revenues.

#### ***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. The amendments will come into effect for annual periods beginning on or after January 1, 2018. The adoption of this standard will not have a significant impact on the Company's consolidated financial statements.

#### ***Amendments to IAS 40 – Investment Property***

In December 2016, the IASB published amendments to IAS 40 – *Investment Property* to clarify the accounting for transfers of property to, or from, investment property. The amendments will come into effect for annual periods beginning on or after January 1, 2018. The adoption of this standard will not have a significant impact on the Company's consolidated financial statements.

#### ***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. This new standard will come into effect for annual periods beginning on or after January 1, 2018. The adoption of this standard will not have a significant impact on the Company's consolidated financial statements.

#### **Effective date January 1, 2019:**

#### ***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. Earlier adoption is permitted only for entities also applying IFRS 15 – *Revenue from Contracts with Customers*. 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



## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

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.

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

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

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.

The following table provides a reconciliation between EBITDA, adjusted EBITDA and adjusted EBITDA margin to the most comparable IFRS measures earnings.

**Table 21 – EBITDA and Adjusted EBITDA Reconciliation (in \$ thousands)**

|  | FOR THE THREE-MONTH PERIODS<br>ENDED |                          |                      | FOR THE TWELVE-MONTH PERIODS<br>ENDED |                      |
|--|--------------------------------------|--------------------------|----------------------|---------------------------------------|----------------------|
|  | DECEMBER 31,<br>2017                 | SEPTEMBER<br>30,<br>2017 | DECEMBER 31,<br>2016 | DECEMBER 31,<br>2017                  | DECEMBER 31,<br>2016 |
| Net earnings   | 1,084                                | 4,771                    | 5,245                | 10,712                                | 18,081               |
| Income taxes   | 5,185                                | (263)                    | 3,142                | 4,156                                 | 4,124                |
| Depreciation of property and equipment                           | 964                                  | 966                      | 894                  | 3,817                                 | 3,401                |
| Amortization of intangible assets                                | 8,778                                | 10,497                   | 16,366               | 41,110                                | 42,723               |
| Interest on long-term debt and other financial charges           | 4,835                                | 2,641                    | 5,253                | 11,479                                | 12,897               |
| <b>EBITDA</b>  | <b>20,846</b>                        | <b>18,612</b>            | <b>30,900</b>        | <b>71,274</b>                         | <b>81,226</b>        |
| Restructuring, integration and other costs                       | 6,866                                | 2,357                    | 805                  | 15,150                                | 7,956                |
| Acquisition costs  | 1,679                                | 378                      | 3,160                | 5,434                                 | 11,691               |
| Accretion and change in fair value of purchase price obligation  | 2,880                                | 375                      | 1,072                | 5,852                                 | (3,337)              |
| Realized loss (gain) on investments                              | (128)                                | 2                        | (556)                | (137)                                 | (766)                |
| Loss on disposal of intangible assets and property and equipment | 42                                   | 480                      | -                    | 893                                   | -                    |
| Loss on disposal of investment in subsidiaries                   | -                                    | -                        | 8                    | -                                     | 8,315                |
| Gain on disposition of investment in joint ventures              | -                                    | -                        | -                    | -                                     | (15,013)             |
| Gain on acquisition of control of investment in joint venture    | -                                    | -                        | -                    | -                                     | (5,827)              |
| Revaluation of assets held-for-sale                              | -                                    | -                        | -                    | -                                     | 7,921                |
| Share of (earnings) loss of joint ventures                       | -                                    | -                        | -                    | -                                     | (77)                 |
| Share-based compensation   | 3,871                                | 4,816                    | 6,210                | 18,287                                | 15,107               |
| <b>Adjusted EBITDA</b>   | <b>36,056</b>                        | <b>27,020</b>            | <b>41,599</b>        | <b>116,753</b>                        | <b>107,196</b>       |
| <b>REVENUES</b>  | <b>142,046</b>                       | <b>107,127</b>           | <b>120,968</b>       | <b>459,096</b>                        | <b>344,144</b>       |
| <b>Adjusted EBITDA Margin</b>                                    | <b>25.4%</b>                         | <b>25.2%</b>             | <b>34.4%</b>         | <b>25.4%</b>                          | <b>31.1%</b>         |

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

We define **Adjusted net earnings** as net earnings 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, 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 on



## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

revaluation of a purchase price obligation and after-tax gain on acquisition of control of investment in joint venture, as well as impact of US Tax Cuts and Jobs Act.

Effective September 30, 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. The gain or loss from these derivative financial instruments is recognized in net earnings in accordance with the nature of the hedged item. Comparative figures for adjusted net earnings and adjusted net earnings per share (basic and diluted) have been restated to conform with the current presentation.

We believe that adjusted net earnings is a meaningful measure as it allows for the evaluation of the Firm'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. The reconciliation of adjusted net earnings to the most comparable IFRS measures is included in Table 21.

#### **RISK FACTORS**

##### **Risks Related to the Business**

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

##### ***Clients are not committed to a long-term relationship***

The agreements pursuant to which Fiera Capital manages its clients' assets, in accordance with industry practice, may be terminated upon short notice. Clients who are invested in units of the Funds may have their units redeemed upon short notice as well. Consequently, 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.

The loss of any major clients or of a significant number of existing clients could have a material adverse effect upon Fiera Capital's results of operations and financial condition.

##### ***Reliance on a major customer and the AUM Agreement***

As part of the Natcan Transaction, Fiera Capital entered into an Assets Under Management Agreement with Natcan and National Bank. Following the Natcan Transaction, National Bank became the largest client of Fiera Capital with \$22.6 billion of AUM as of December 31, 2017, representing approximately 17.5% of Fiera Capital's \$128.9 billion in AUM. Termination of the agreement or failure to renew the term of this 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.

There is no guarantee that the AUM Agreement will be renewed beyond its initial term ending on June 30, 2019. Natcan may, in its discretion, elect to extend the AUM Agreement for an additional three years, with such election to be made in early 2018. During the renewal term, the level of AUM may be substantially reduced by Natcan from the level of AUM during the initial term in accordance with the terms of the AUM Agreement. The renewal of the AUM Agreement is not conditional upon Fiera Capital meeting performance conditions. However, if Natcan elects not to renew and Fiera Capital has met certain performance conditions based on specified benchmarks determined as at December 31, 2017, Natcan will be required to make a payment of \$50 million to Fiera Capital. If the performance conditions are met as at

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

December 31, 2017 and Natcan elects to renew the AUM Agreement, Natcan will be required to make a payment of \$50 million to Fiera Capital if a specified minimum AUM ratio is not maintained during the renewal term. Otherwise, if these performance conditions are not met, Natcan may elect not to renew without penalty or may elect to renew without being subject to provide to Fiera Capital any minimum level of AUM. A non-renewal of the AUM Agreement, especially in circumstances where Fiera Capital has not met the minimum performance conditions based on specified benchmarks determined as at December 31, 2017, could have a material adverse effect on the business, financial condition and results of operations of Fiera Capital.

#### ***Loss of key employees due to competitive pressures could lead to a loss of clients and a decline in revenues and increased compensation expenses could negatively impact profitability***

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 Investment Management, Risk Management and Client Service teams are important to attracting and retaining clients. Fiera Capital devotes considerable resources to recruiting, training and compensating these individuals. However, given the growth in total AUM in the investment 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. 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.

Fiera Capital has taken, and will continue to take, steps to encourage its key employees to remain with Fiera Capital. These steps include providing a stock option plan, a restricted share unit plan, a performance share unit plan, a performance share unit plan applicable to business units, and short-term incentive plan, as well as a working environment that fosters employee satisfaction. We are confident that these measures, aimed at being an employer of choice, will be efficient at retaining these individuals, even if we face increasing competition for experienced professionals in the industry, and that Fiera Capital will be able to recruit high quality new employees with the desired qualifications in a timely manner, when required. However, despite measures taken by Fiera Capital, competition for qualified personnel is intense and Fiera Capital may be unable to retain key personnel or identify and recruit key personnel if and when needed on short notice. The loss of the services of management personnel or other key employees could materially adversely affect the business, financial condition or profitability of Fiera Capital.

#### ***Management of growth and integration of acquired businesses***

Future growth will depend on, among other things, the ability to maintain an operating platform and management systems sufficient to address growth and realize the anticipated benefits and cost savings from integration of any businesses acquired by Fiera Capital. The maintenance of these systems and integration of any acquired businesses may result in significant challenges, and management of Fiera Capital may face difficulties to accomplish them smoothly or successfully or without expending significant amounts of managerial, operational or financial resources.

It is possible that the entering into of any new businesses, the making of any future strategic investments or acquisitions or entering into of any joint ventures could result in the loss of key employees, the disruption of their respective ongoing businesses or inconsistencies in standards, 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.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

There can be no assurance that management of Fiera Capital will be able to maintain the systems necessary to address growth or to integrate the operations of each acquired business successfully or achieve any of the synergies or other benefits that were anticipated. Any inability of management to successfully manage the systems required to sustain the growth of Fiera Capital or integrate the operations of Fiera Capital and those contemplated by an acquisition, including, information technology, operational processes, team organization and financial reporting systems, could have a material adverse effect on the business, financial condition and results of operations of Fiera Capital.

#### *Competitive pressures could reduce revenues*

The investment management industry (including the non-traditional 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. There can be no assurance that Fiera Capital will be able to achieve or maintain any particular level of AUM or revenues in this competitive environment. Competition could have a material adverse effect on Fiera Capital's profitability and there can be no assurance that Fiera Capital will be able to compete effectively. In addition, Fiera Capital's ability to maintain its management fee and performance fee structure is dependent on its ability to provide clients with products and services that are competitive. There can be no assurance that Fiera Capital will not come under competitive pressures to lower the fees it charges or that it will be able to retain its fee structure or, with such fee structure, retain clients in the future. A significant reduction in Fiera Capital's management fees or performance fees could have an adverse effect on revenues and profitability.

#### *Conflicts of interest and reputational risk*

The failure by Fiera Capital to appropriately manage and address conflicts of interest could damage Fiera Capital's reputation and materially adversely affect its business, financial condition or profitability. 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. 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.

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.

#### *Change(s) in the investment management industry could result in a decline in revenues*

Fiera Capital's ability to generate revenues has been significantly influenced by the growth experienced in the investment management industry and by Fiera Capital's relative performance within the investment management industry. The historical growth of the investment 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 investment management industry or other changes to the industry that

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

discourage investors from using Fiera Capital's services could affect Fiera Capital's ability to attract clients and result in a decline in revenues.

#### ***Employee errors or misconduct could result in regulatory sanctions or reputational harm, which could materially adversely affect Fiera Capital's business, financial condition or profitability***

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.

#### ***Regulatory and litigation risk***

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.

Any change in the securities regulatory framework or failure to comply with any of these laws, rules or regulations could have an adverse effect on Fiera Capital's business. There is also the potential that the 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. The rapidly changing securities regulatory environment, both in Canada and abroad, and the rise of investment management industry standards for operational efficiencies, as well as competitive pressures towards the implementation of innovative products and services may require additional human resources. The implementation of additional reporting obligations and other procedures for investment funds may require additional expenditures. 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.

Regardless of Fiera Capital's effectiveness in monitoring and administering established compliance policies and procedures, Fiera Capital, and any of its directors, officers, employees and agents, may be subject to liability or fines that may limit its ability to conduct business. Fiera Capital maintains various types of insurance to cover certain potential risks and regularly evaluates the adequacy of this coverage. In recent years, the cost of obtaining insurance has increased while the number of insurance providers has decreased. As a result of the introduction of the secondary market civil liability regime, the ability to obtain insurance on reasonable economic terms may be even more difficult in the future.

Litigation risk is inherent in the investment 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.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

Certain of Fiera Capital's indirect subsidiaries, namely Bel Air Advisors (and its subsidiary, Bel Air Management), FCI, Fiera UK and Fiera IOM are registered investment advisers with the SEC. Fiera Capital's indirect US subsidiary Bel Air Securities is a registered US broker-dealer. Many aspects of these entities' asset management and/or broker-dealer activities are subject to US federal and state laws and regulations primarily intended to benefit the investor or client. These laws and regulations generally grant supervisory agencies and bodies broad administrative powers, including the power to limit or restrict Bel Air, Bel Air Management, Fiera UK, Fiera IOM or FCI from carrying on their asset management or broker-dealer activities (including, but not limited to, by suspending individual employees, revoking registrations or imposing other censures and significant fines) in the event that they, their employees or their affiliates fail to comply with such laws and regulations. The regulatory environment in which these entities operate in the United States is in a period of transition. In the United States, there has been active debate over the appropriate extent of regulation and oversight of investment advisers and broker-dealers. New or revised legislation or regulations imposed by the SEC or other US governmental regulatory authorities or self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations, may impose additional costs or other adverse effects on Bel Air, Bel Air Management, FCI, Fiera UK, Fiera IOM, Fiera Capital or any of its affiliates.

#### ***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 behavior. As a result, these methods may not predict future risk exposures, which may be significantly greater than the historical measures indicated.

Other 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 operational, legal and regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events and these policies and procedures may not be fully effective. 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.

#### ***Rapid growth in Fiera Capital's AUM could adversely affect Fiera Capital's investment performance or its ability to continue to grow***

An important component of investment performance is the availability of appropriate investment opportunities for new client assets. If Fiera Capital is not able to identify sufficient investment opportunities for new client assets in a timely manner, its investment performance could be adversely affected or Fiera Capital may elect to limit its growth and reduce the rate at which it receives new client assets. 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.

#### ***Valuation***

Valuation of certain of the Funds' 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.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

Independent pricing information may not always be available regarding certain of the Funds' 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 investments in real estate, infrastructure, private lending, emerging market investments, as well as other types of hedge funds. Fiera Capital may incur substantial costs in rectifying pricing errors caused by the misstatement of investment values. The Funds are audited by external auditors in order to assess whether the Funds' financial statements are fairly stated in accordance with applicable financial reporting standards.

#### ***Possible requirement to absorb operating expenses on behalf of the Funds***

If the AUM in the Funds decline to the point that charging the full fund operating expenses to the Funds results in management expense ratios or the Funds becoming uncompetitive, then Fiera Capital may choose to absorb some of these expenses. This will result in an increase in expenses for Fiera Capital and a decrease in profitability.

#### ***Failure to implement effective information security policies, procedures and capabilities could disrupt operations and cause financial losses that could materially adversely affect Fiera Capital's business, financial condition or profitability***

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. An externally caused information security incident, such as a hacker attack or a virus or worm, or an internally-caused issue, such as failure to control access to sensitive systems, could materially interrupt Fiera Capital's business operations or cause disclosure or modification of sensitive or confidential information and 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.

The administrative services provided by Fiera Capital depend on software supplied by third-party suppliers. Failure of a key supplier, the loss of these suppliers' products, or problems or errors related to such products would likely have a material adverse effect on the ability of Fiera Capital to provide these administrative services. Changes to the pricing arrangement with such third-party suppliers because of upgrades or other circumstances could also have an adverse effect upon the profitability of Fiera Capital. Finally, any information security issue experienced by one of its key third-party providers could materially interrupt Fiera Capital's business operations or cause disclosure or modification of sensitive or confidential information and 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.

#### ***Dependency on 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



## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

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.

#### *Obtaining sufficient insurance coverage on favorable economic terms may not be possible*

Fiera Capital holds various types of insurance, including errors and omissions insurance, general commercial liability insurance, a financial institution bond, and cyber insurance. The adequacy of insurance coverage is evaluated on an ongoing basis, including the cost relative to the benefits. However, 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. 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. There can be no assurance that Fiera Capital will be able to obtain insurance coverage on favorable economic terms in the future.

#### *Risks Related to Performance and Investing the AUM*

##### *Poor investment performance could lead to the loss of existing clients, an inability to attract new clients, lower AUM and a decline in revenues*

Poor investment performance, whether relative to Fiera Capital's competitors or otherwise, could result in the withdrawal of funds by existing clients in favor of better performing products and would have an adverse impact upon Fiera Capital's ability to attract funds from new and existing clients, any of which could have an adverse impact on Fiera Capital's AUM, management fees, profitability and growth prospects. 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 cannot guarantee that it will be able to achieve or maintain any particular level of AUM which may have a material negative impact on its ability to attract and retain clients. Fiera Capital cannot guarantee that it will be able to achieve positive relative returns, retain existing clients or attract new clients.

##### *Investment of the AUM is subject to risks*

The assets, investment strategies, vehicles and Funds (the "Investments") into which the AUM is 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 Corporation'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; the Investments may trade in bonds, preferred shares and / or money market securities that will be affected by changes in the general level of interest rates; some of the special investment techniques which may be employed by the Investments, 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 favorable investment terms than would otherwise be the case; the due diligence undertaken in connection with a particular Investment may not reveal all facts relevant to whether such Investment will be favorable; and Investments may be made in entities that the Corporation does not control and may therefore be subject to business, financial or management decisions which the Corporation does not agree with or do not serve the Corporation's interests.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

#### **Risks Related to Structure and Shares**

##### ***Major shareholders***

Jean-Guy Desjardins indirectly owns approximately 36.09% of the outstanding voting interest of Fiera L.P., a controlling shareholder of Fiera Capital holding 22.23% of the outstanding voting shares of Fiera Capital. Desjardins Financial Holding Inc. ("DFH"), a direct wholly-owned subsidiary of FCD, owns 36.4% of the outstanding voting interest of Fiera L.P. As a result, 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. Although DFH's minority interest in Fiera L.P. does not constitute a controlling interest in Fiera Capital, DFH is entitled to appoint two of the eight directors of Fiera Capital that the holders of Class B Special Voting Shares are entitled to appoint.

As of the date hereof, National Bank holds approximately 19.6% of the outstanding voting shares of Fiera Capital, by way of its wholly-owned subsidiary Natcan.

##### ***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, which is described in this AIF under the sections "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 the Corporation would be diluted.

Additionally, Fiera Capital may determine to redeem outstanding Debentures 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 Corporation's Liquidity and Financial Position**

##### ***Indebtedness***

The Fourth 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 limit Fiera Capital's ability to, among other things:

- incur, create, assume, or suffer to exist additional Debt for Borrowed Money (as defined therein);
- create, assume, or otherwise become or remain obligated in respect of, or permit to be outstanding guarantees;
- pay dividends on, redeem or repurchase Fiera Capital's capital stock;



## Management's Discussion and Analysis For the Three and Twelve-Month Periods Ended December 31, 2017

---

- make investments and loans;
- make acquisitions;
- incur capital expenditures;
- create, incur, assume or suffer to exist certain liens; engage in certain mergers, acquisitions, asset sales or sale-leaseback transactions,
- dispose of assets;
- effect any change in the nature of their business activities;
- amend or modify in any way the Borrower Parties' constitutive documents, charters, by-laws or jurisdiction of incorporation;
- amend any material provision of the Material Contracts (as described therein); and
- consolidate, merge, wind-up, liquidate or sell all or substantially all of their respective assets.

These restrictions may prevent the Corporation from taking 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 Fourth Amended and Restated Credit Agreement requires Fiera Capital to meet certain financial ratios and tests, and provides that the occurrence of a change of control of Fiera Capital will cause an event of default.

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. Furthermore, 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 Fourth Amended and Restated Credit Agreement.

Furthermore, a portion of Fiera Capital's indebtedness, including the borrowings under the Fourth 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 the net income and cash flows would decrease. Failure to manage risks in portfolio models 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 Fourth 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 Corporation'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.

## Management's Discussion and Analysis

### For the Three and Twelve-Month Periods Ended December 31, 2017

---

#### *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 Corporation's earnings and net assets is denominated in multiple foreign currencies, including the US dollar, the pound Sterling and the Euro. Accordingly, fluctuations in exchange rates between the Canadian dollar and such currencies may have an adverse effect on the Corporation's results and financial condition. Future events that may significantly increase or decrease the risk of future movement in the exchange rates for these currencies cannot be predicted.

The Corporation'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 Corporation manages the currency risk related to its earnings before interest, taxes, depreciation and amortization (EBITDA) denominated in US dollars by entering into currency hedging contracts for the value of the budgeted EBITDA.

Based on the US dollar balances outstanding (excluding long-term debt) as at December 31, 2017, a 5% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income (loss) of \$1.8 million. The above calculation does not include the US dollar long-term debt, which is hedged by a long-term asset in the same currency.





**FIERA**CAPITAL