

# Management's Discussion and Analysis

## FIERA CAPITAL CORPORATION

For the Three and Nine-Month Periods Ended September 30, 2017



FIERACAPITAL



## Table of Contents

Basis of Presentation .....	1
Forward-Looking Statements.....	2
Company Overview .....	3
Significant Events .....	3
Market and Economic Overview .....	4
Summary of Portfolio Performance .....	6
Trend Highlights .....	7
Highlights for the Three and Nine-Month Period Ends September 30, 2017 .....	9
Financial Results .....	11
Results from Operations and Overall Performance .....	14
Summary of Quarterly Results .....	28
Liquidity and Capital Resources.....	29
Control and Procedures .....	36
Financial Instruments.....	37
Capital Management.....	37
Significant Accounting Judgments and Estimation Uncertainties.....	37
New Accounting Policies .....	38
Non-IFRS Measures .....	39
Risks of the Business .....	41

This page was intentionally left blank.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

The following management's discussion and analysis ("MD&A") dated November 10, 2017, 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 nine-month periods ended September 30, 2017, and September 30, 2016. The following MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements including the notes thereto, as at and for the three and nine-month periods ended September 30, 2017 and 2016.

The interim condensed consolidated financial statements include the accounts of Fiera Capital Corporation and its subsidiaries. Subsidiaries are those entities which the Company controls. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully 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 interim condensed 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 interim condensed 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 interim condensed consolidated financial statements in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standard Board ("IASB") and accordingly, do not include all disclosures required under International Financial Reporting Standards ("IFRS") for annual consolidated financial statements. The accounting policies and methods of computation applied in these interim condensed consolidated financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2016, except for the impact of the adoption of the standards, interpretations and amendment described in Note 3. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2016, and 2015.

The following MD&A should also be read in conjunction with the Company's 2016 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 Nine-Month Periods Ended September 30, 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 39.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2017

---

### COMPANY OVERVIEW

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

### SIGNIFICANT EVENTS

- **Vincent Duhamel appointed Global President and Chief Operating Officer** — September 6, 2017. Vincent Duhamel was appointed Global President and Chief Operating Officer, and will officially join the Firm on November 14, 2017. He will be a member of the Global Executive Management Committee and oversee distribution operations and global corporate functional units including Legal and Compliance, Risk, Technology, Corporate Communications and Investor Relations as well as Human Resources. He will also be a Member of the Strategic Development Committee.
- **Arrival of New Canadian Fixed Income Team** — September 7, 2017. Three senior professionals joined the Canadian Division's fixed income team: Charles Lefebvre, Luc Bergeron and Tan Vu Nguyen will add further depth to the Firm's accomplished fixed income team.
- **Fiera Capital Issues Seven-year Global Financial Forecast** — September 27, 2017. Fiera Capital released its first Global Financial Forecast 2017-2024. Looking ahead seven years, the usual length of an economic cycle, the forecast seeks to provide guidance for investors who are seeking both to structure their portfolios within the current market environment and prepare for future policy developments.
- **Compensation agreements with key investment professionals within Fiera Capital** — The Firm is in the process of concluding long term cash and share-based compensation agreements with key investment professionals which will secure and contribute to the continued growth in revenues and in investment strategies.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2017

---

### MARKET AND ECONOMIC OVERVIEW

#### *Market Overview*

Global equity markets posted some stellar results during the third quarter - even in the wake of lingering geopolitical disarray and as central banks signaled their intension to reign-in stimulus after years of unprecedented support.

Regionally speaking, the S&P 500 rose to record highs amid growing optimism over the health of the US economy and robust earnings growth, while investors weighed the prospect for corporate tax cuts after the Trump administration released the highly-anticipated proposal on tax reform at the end of September. Meanwhile, after lagging for most of 2017, the Canadian equity market staged an impressive comeback and posted some respectable results owing to the rebound crude oil prices and as rising interest rates bolstered the financial sector, taking the S&P/TSX back into positive territory for the year. Looking abroad, international stocks were well-supported by stronger economic and corporate earnings results in both Europe and Japan. Finally, emerging market equities maintained their recent momentum and led the performance charge as improved fundamental underpinnings in the developing world and the Federal Reserve's glacial path to monetary normalization increased the allure of risky assets in the emerging market space.

Meanwhile, fixed income markets posted negative results during the third quarter of 2017. While ongoing upheaval in Washington, some muted inflation results, and lingering geopolitical uncertainties placed a cap on yields early on in the third quarter, the reflationary trade regained some traction in September. Notably, after several failed attempts to repeal Obamacare, President Trump finally unveiled his long-awaited tax-overhaul proposal, while renewed signs of life on the inflation front and a resurgence in crude prices also helped to reignite inflation expectations. Furthermore, the synchronized shift in monetary policy also swept across the bond markets, with hawkish chatter from several major central banks causing investors to recalibrate their expectations for the path of interest rates, which pushed bond yields higher across the globe.

#### *Economic Overview*

The global economic backdrop remains resilient even in the wake of a deteriorating political and geopolitical landscape, underpinning the sustainability and durability of the recovery.

The Canadian economy is undergoing an all-encompassing expansion, corroborating the Bank of Canada's hawkish turn. The consumer has been the dominant engine of growth amid robust employment gains, rising home values, and cheap credit – though we expect trade and business investment to take the growth baton from an overly exhausted consumer and a frothy housing market, particularly as rates move higher.

In the US, the economy has regained some momentum. The consumer remains well-supported by a firm labour market and low interest rates, while business optimism remains elevated even with little in the way of progress on President Trump's pro-growth policy agenda. While destructive hurricane activity is likely to distort the data in the third quarter, rebuilding efforts should make way for a quick turnaround later this year.

Looking abroad, the Eurozone recovery continues to gather pace and has spread more broadly across the region, while the future of the UK remains uncertain amid Brexit negotiations and as surging inflation takes its toll. Meanwhile, the Japanese economy has prospered amid a resurgence in domestic demand and exports – though lack of notable inflationary pressures suggests that the Bank of Japan will maintain its accommodative stance.



## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

Finally, the latest activity data suggests that recovery lingers on, as emerging market economies continue to thrive on the trifecta of firming global demand, rising commodity prices, and a weaker greenback. While the Chinese economy accelerated rapidly in the first half of 2017, commodity exporters such as Brazil and Russia have escaped recession and are showing some tentative signs of recovery.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2017

### SUMMARY OF PORTFOLIO PERFORMANCE

#### Annualized Rates of Return

Strategies	AUM (\$Billion)	1 yr			5 yrs or Since Inception (SI)* (SI if inception < 5 yrs)			Inception date	Benchmark name	Notes
		Strategy return	Added value	Quartile	Strategy return	Added value	Quartile			
<b>Fixed Income Investment Strategies</b>	<b>61.6</b>									
Active Fixed Income Universe		-2.94	0.03	Q4	2.55	-0.11	Q4	01/01/1997	FTSE TMX Universe	
Integrated Fixed Income Universe		-1.81	1.16	Q1	3.22	0.56	Q1	01/01/1993	FTSE TMX Universe	
Tactical Fixed Income Universe		-3.59	-0.62	Q4	2.45	-0.21	Q4	01/01/2000	FTSE TMX Universe	
Active Fixed Income Long-Term		-5.96	-0.01	Q3	3.51	-0.11	Q4	01/07/1998	FTSE TMX Long Term	
High Yield Bonds		8.76	0.09	Q1	6.28	-0.29	Q2	01/02/2002	High Yield Blended	1
Preferred Shares Relative Value		19.34	2.88	N/A	3.21	2.02	N/A	01/02/2004	S&P/TSX Preferred Share	
Infrastructure Bonds		-4.04	2.00	N/A	4.79	1.02	N/A	01/08/2011	FTSE TMX Provincial Long Term	
Tax Efficient Core Intermediate (Primary Benchmark)		0.75	-0.26	N/A	1.88	-0.24	N/A	31/03/2007	Bloomberg Barclays 1-10 Year Municipal Index	
Tax Efficient Core Intermediate (Secondary Benchmark)		1.88	0.00	N/A	1.88	0.23	N/A	31/03/2007	Bloomberg Barclays 1-10 Year AA+ Municipal Index	
Tax Efficient Core Plus		0.89	-0.11	N/A	2.65	0.48	N/A	31/12/2012	Bloomberg Barclays 1-10 Year Municipal Index	
High Grade Core Intermediate (Primary Benchmark)		0.03	-0.22	N/A	1.72	-0.02	N/A	31/12/2004	Bloomberg Barclays Intermediate Aggregate Index	
High Grade Core Intermediate (Secondary Benchmark)		0.03	0.07	N/A	1.72	0.15	N/A	01/01/2005	Bloomberg Barclays Intermediate Aggregate Ex CMBS/ABS/BBB Index	
<b>Balanced Investment Strategies</b>	<b>4.7</b>									
Balanced Core		6.19	0.84	Q2	9.93	1.62	Q1	01/09/1984	Balanced Core Blended	2
Balanced Integrated		6.68	1.12	Q2	9.53	1.79	Q1	01/04/2013	Balanced Integrated Blended	3
<b>Equity Investment Strategies</b>	<b>50.4</b>									
Canadian Equity		11.05	1.87	Q2	12.26	4.15	Q1	01/01/2013	S&P/TSX Composite	
Canadian Equity Core		7.69	-1.50	Q4	9.37	1.32	Q4	01/01/1992	S&P/TSX Composite	
Canadian Equity Opportunities		15.25	6.06	Q1	11.21	3.16	Q2	01/11/2002	S&P/TSX Composite	
High Income Equity		10.57	0.42	Q2	9.75	2.45	Q3	01/10/2009	S&P/TSX Composite High Dividend	
Canadian Equity Small Cap Core		-7.11	-8.32	Q4	10.18	6.24	Q3	01/01/1989	S&P/TSX Small Cap	
Canadian Equity Small Cap		-2.88	-4.09	Q4	11.41	7.47	Q2	01/01/1989	S&P/TSX Small Cap	
US Equity		13.42	0.55	Q2	22.67	2.84	Q1	01/04/2009	S&P 500 CAD	
International Equity		15.36	2.02	Q2	15.82	2.12	Q1	01/01/2010	MSCI EAFE Net CAD	
Global Equity		15.82	3.37	Q2	20.01	3.56	Q1	01/10/2009	MSCI World Net CAD	
Apex Large Cap Growth		22.87	0.93	Q1	15.00	-0.26	Q2	01/04/2007	Russell 1000 Growth	
Apex Mid Cap Growth		21.90	4.08	Q1	15.88	1.70	Q1	01/05/2008	Russell MidCap Growth	
Apex Smid Growth		17.72	-2.34	Q3	13.49	-0.96	Q3	01/01/1990	Russell 2500 Growth	
Apex Small Cap Growth		10.34	-10.65	Q4	10.99	-3.29	Q4	01/01/2006	Russell 2000 Growth	
Emerging Markets Core Growth		26.91	4.45	Q2	7.49	3.50	Q1	01/07/2003	MSCI Emerging Markets Index	
Emerging Markets Growth & Income		19.27	-3.18	Q3	5.07	1.08	Q3	01/07/2010	MSCI Emerging Markets Index	
Frontier Markets		37.41	11.94	Q1	17.41	8.68	Q1	01/07/2010	MSCI Frontier Markets Index	
<b>Alternative Investment Strategies</b>	<b>6.3</b>									
North American Market Neutral Fund		-8.82	-8.82	N/A	5.80	5.80	N/A	01/10/2007	No Benchmark	
Long / Short Equity Fund		-14.02	-14.02	N/A	14.95	14.95	N/A	01/08/2010	No Benchmark	
Diversified Lending Fund		5.31	5.31	N/A	6.32	6.32	N/A	01/04/2008	No Benchmark	
Multi-Strategy Income Fund		7.10	7.10	N/A	4.74	4.74	N/A	01/11/2009	No Benchmark	
Infrastructure Fund		4.93	4.93	N/A	6.24	6.24	N/A	01/03/2010	No Benchmark	
Real Estate Fund		7.95	7.95	N/A	6.07	6.07	N/A	01/07/2013	No Benchmark	
Fiera Private Lending Construction Financing Fund		6.14	6.14	N/A	6.30	6.30	N/A	22/11/2006	No Benchmark	
Fiera Private Lending Mezzanine Financing Fund		11.12	11.12	N/A	10.46	10.46	N/A	21/07/2015	No Benchmark	
Fiera Private Lending Business Financing Fund		9.37	9.37	N/A	9.44	9.44	N/A	06/11/2013	No Benchmark	
Charlemagne OCCO Easter European Fund		11.07	11.07	N/A	6.71	6.71	N/A	01/01/2002	No Benchmark	
<b>Total</b>	<b>123.0</b>									

Notes:

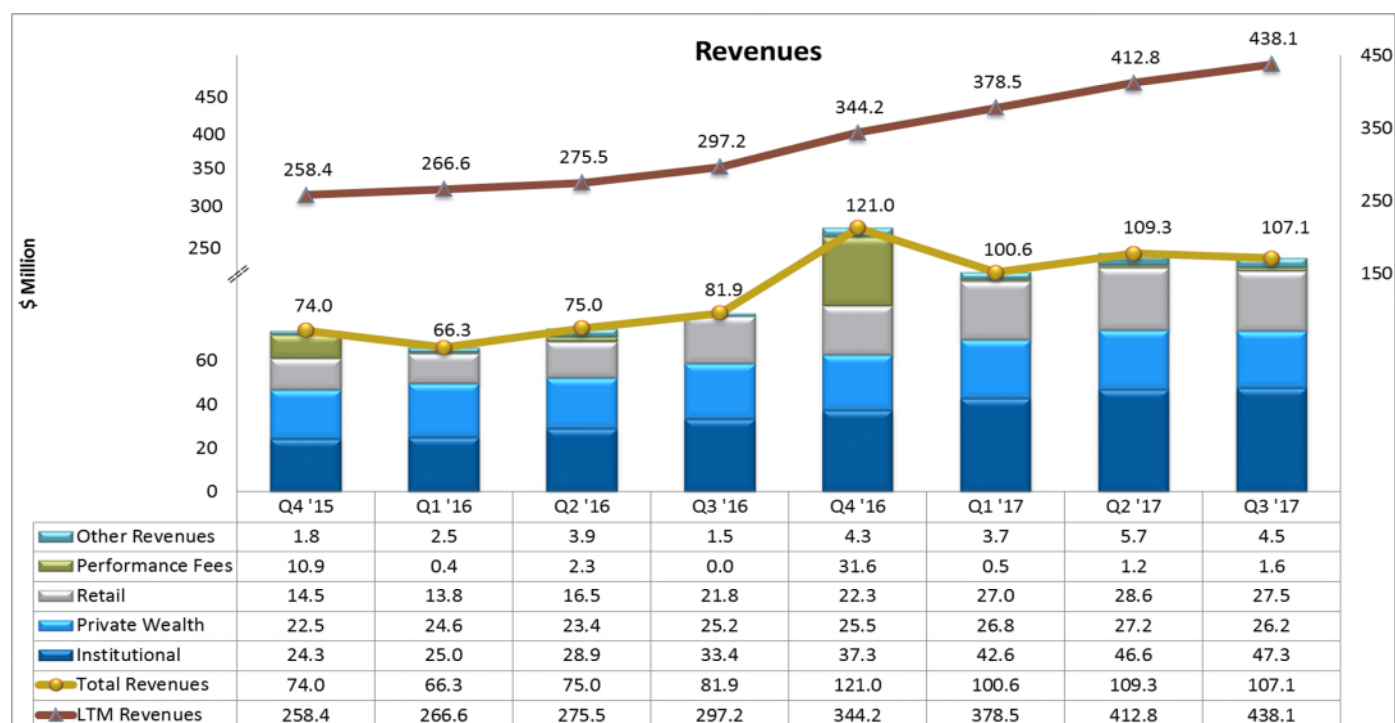
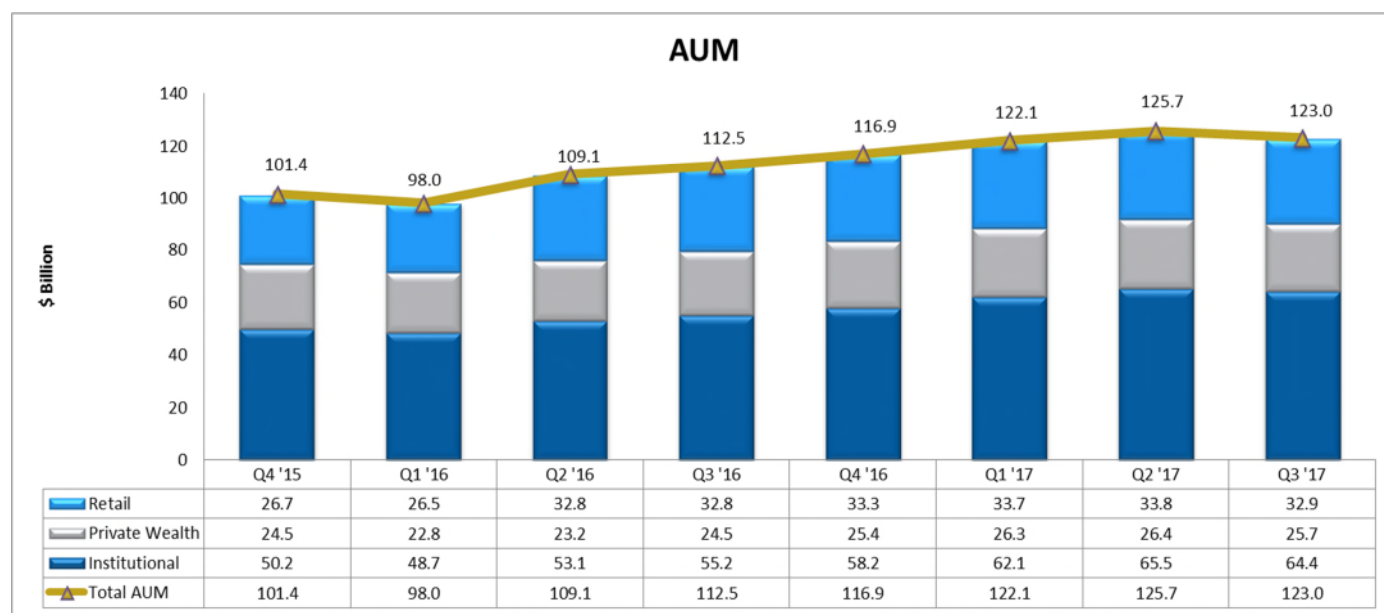
- The High Yield Blended Index is composed of 85% Merrill Lynch US High Yield Cash Pay BB-B Hedged in CAD, 15% Merrill Lynch US High Yield Cash Pay C Hedged in CAD.
  - Balanced Core Blended Benchmark is composed of 5% FTSE TMX T-Bill 91 Day / 35% FTSE TMX Universe / 32.5% S&P TSX Composite / 27.5% MSCI World Ex-Canada Net.
  - Balanced Integrated Blended Benchmark is composed of 2% FTSE TMX T-Bill 91 Day / 36% FTSE TMX Universe / 35% S&P/TSX Composite / 27% MSCI ACWI Net.
  - US Dollar returns
- Important Disclosures:**
- All returns are expressed in Canadian dollars, unless indicated otherwise.
  - All performance returns presented above are annualized.
  - All returns, except alternative strategies and Balanced Fund are presented gross of management and custodial fees and withholding taxes but net of all trading expenses.
  - Alternative Investment Strategies and Balanced Fund are presented net of management fees, custodial fees, performance fees and withholding taxes.
  - The performance returns above assume reinvestment of all dividends.
  - Besides for the alternative strategies, the returns presented for any one line above represent the returns of a composite of discretionary portfolios.
  - Each strategy listed above represents a single discretionary portfolio or group of discretionary portfolios that collectively represent a unique investment strategy or composite.
  - The since inception date represents the earliest date at which a discretionary portfolio was in operation within the strategy.
  - The above composites and pooled funds were selected from the Firm's major investment strategies while the AUM represent the total amounts managed by asset class.
  - Quartile rankings are provided by eVestment.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2017

### AUM AND REVENUE TREND HIGHLIGHTS

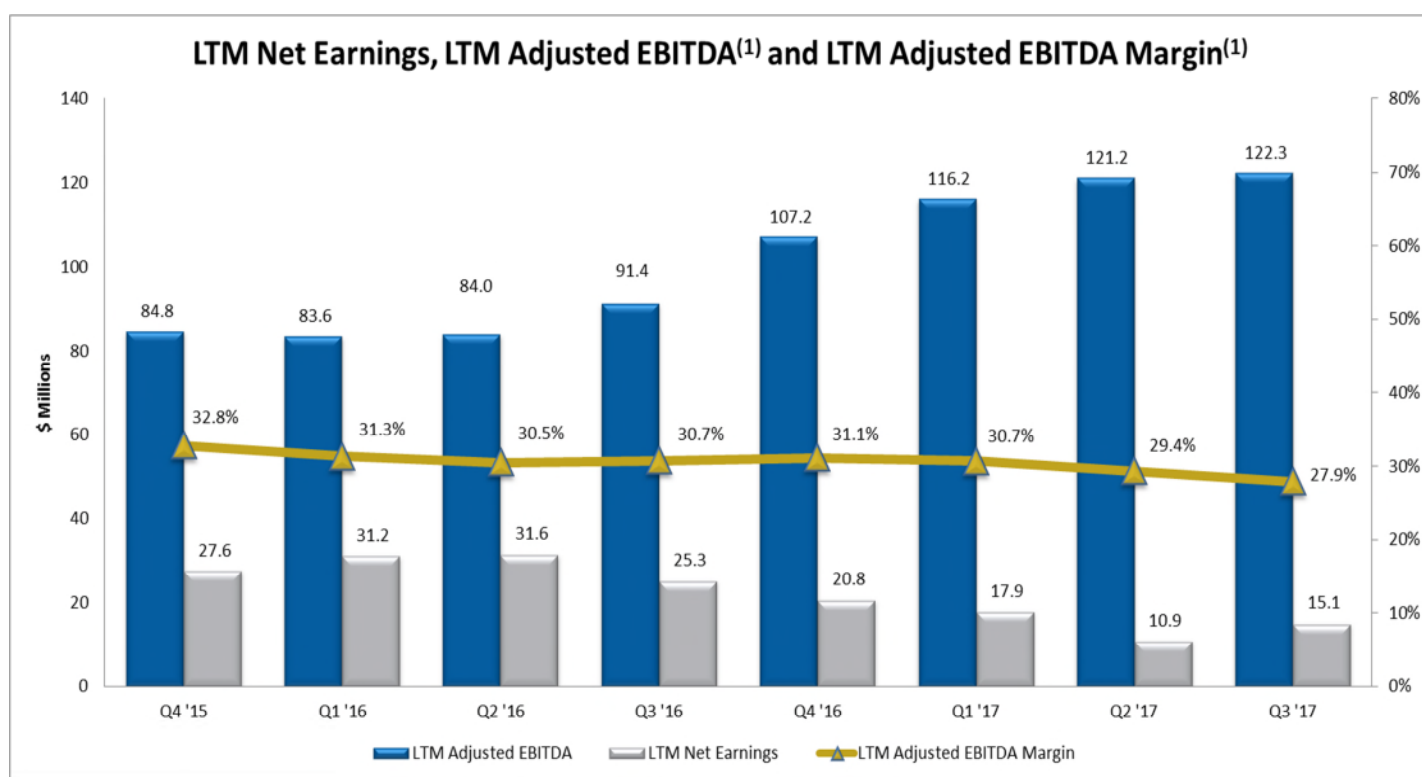
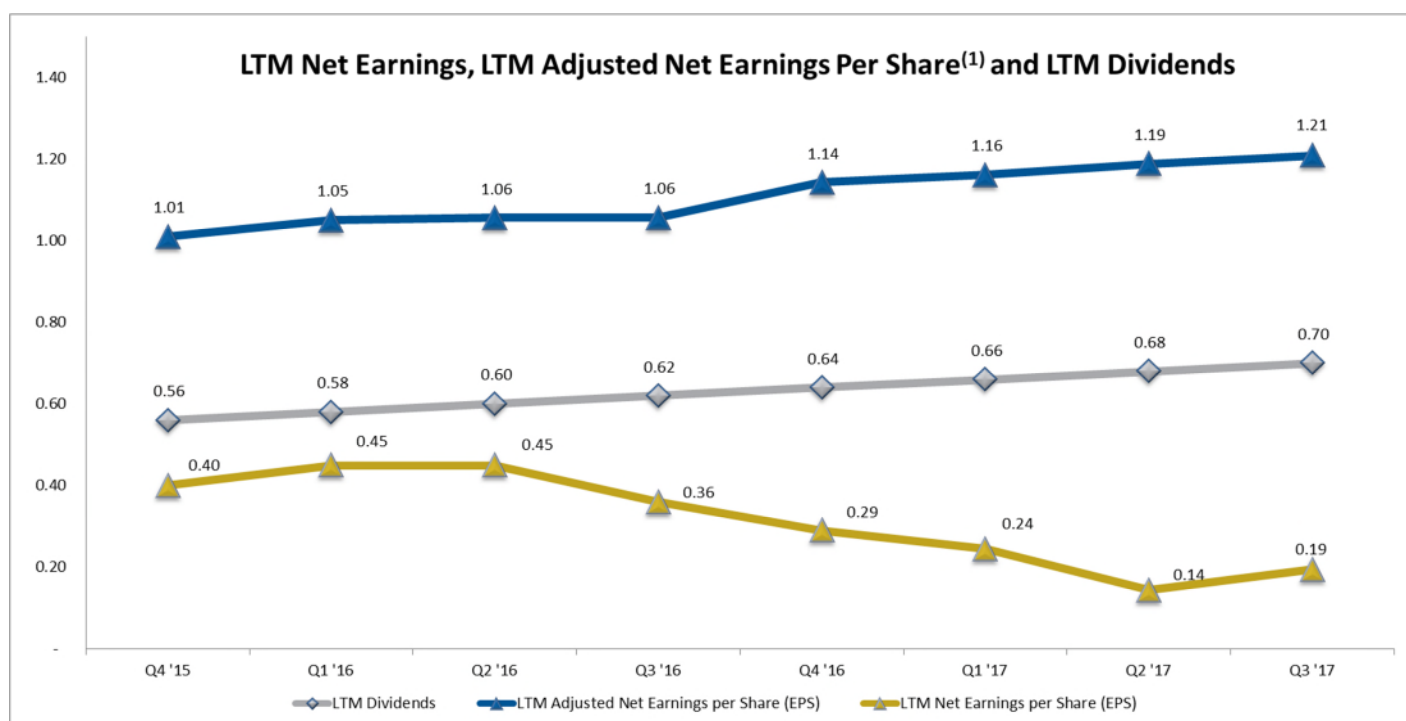
The following illustrates the Company's trends regarding AUM, quarterly and last twelve months ("LTM") revenues, LTM Adjusted EBITDA<sup>(1)</sup>, LTM Adjusted EBITDA Margin<sup>(1)</sup>, LTM Net Earnings per share, LTM Adjusted Earnings per share<sup>(1)</sup>, as well as the LTM dividend payout.



<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 39.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017



<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 39.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2017

---

### HIGHLIGHTS FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017

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

- › Total AUM were \$123.0 billion as at September 30, 2017, representing an increase of \$10.5 billion, or 9%, compared to AUM of \$112.5 billion as at September 30, 2016.
- › Base management fees and other revenues for the third quarter ended September 30, 2017, were \$105.5 million, representing an increase of \$23.6 million, or 29%, compared to \$81.9 million for the same period last year.
- › Performance fees were \$1.6 million for the third quarter ended September 30, 2017, compared to almost nil for the same period last year.
- › Selling, general and administrative ("SG&A") expenses and external managers' expenses were \$84.9 million for the third quarter ended September 30, 2017, representing an increase of \$26.1 million, or 44%, compared to \$58.8 million for the same period last year.
- › Adjusted EBITDA<sup>(1)</sup> was \$27.0 million for the third quarter ended September 30, 2017, representing an increase of \$1.1 million, or 4%, compared to \$25.9 million for the same period last year. Adjusted EBITDA per share was \$0.33 (basic)<sup>(1)</sup> and \$0.32 (diluted)<sup>(1)</sup> for the third quarter of 2017, compared to \$0.33 per share (basic and diluted) for the same period last year.
- › For the third quarter ended September 30, 2017, the Firm recorded net earnings attributable to the Company's shareholders of \$4.6 million, or \$0.06 per share (basic) and \$0.05 (diluted), an increase of \$4.2 million, or over 100%, compared to the third quarter ended September 30, 2016, during which the Firm recorded net earnings attributable to the Company's shareholders of \$0.4 million, or \$0.01 per share (basic and diluted).
- › Adjusted net earnings<sup>(1)</sup> attributable to the Company's shareholders for the third quarter ended September 30, 2017, amounted to \$22.2 million, or \$0.27 per share (basic)<sup>(1)</sup> and \$0.26 (diluted)<sup>(1)</sup>, compared to \$19.6 million, or \$0.25 per share (basic and diluted), for the third quarter ended September 30, 2016.

#### Current Quarter Compared to Previous Quarter

- › Total AUM were \$123.0 billion as at September 30, 2017, representing a decrease of \$2.7 billion, or 2%, compared to \$125.7 billion as at June 30, 2017.
- › Base management fees and other revenues for the third quarter ended September 30, 2017, were \$105.5 million, representing a decrease of \$2.6 million, or 2%, compared to \$108.1 million for the previous quarter ended June 30, 2017.
- › Performance fees were \$1.6 million for the third quarter ended September 30, 2017, compared to \$1.2 million for the previous quarter ended June 30, 2017.

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 39.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

- › SG&A expenses and external managers' expenses were \$84.9 million for the third quarter ended September 30, 2017, representing a decrease of \$2.9 million, or 3%, compared to \$87.8 million for the previous quarter ended June 30, 2017.
- › Adjusted EBITDA<sup>(1)</sup> was \$27.0 million for the third quarter ended September 30, 2017, representing a decrease of \$1.5 million, or 5%, compared to \$28.5 million for the previous quarter ended June 30, 2017. Adjusted EBITDA per share<sup>(1)</sup> was \$0.33 (basic) and \$0.32 (diluted) for the third quarter ended September 30, 2017, compared to \$0.35 (basic) and \$0.34 (diluted) for the previous quarter ended June 30, 2017.
- › For the third quarter ended September 30, 2017, the Firm recorded net earnings attributable to the Company's shareholders of \$4.6 million, or \$0.06 per share (basic) and \$0.05 (diluted), an increase of \$3.7 million, or over 100%, compared to the previous quarter ended June 30, 2017, during which the Firm recorded net earnings attributable to the Company's shareholders of \$0.9 million, or \$0.01 per share (basic and diluted).
- › Adjusted net earnings<sup>(1)</sup> attributable to the Company's shareholders for the third quarter ended September 30, 2017, amounted to \$22.2 million, or \$0.27 per share (basic) and \$0.26 (diluted), compared to \$24.2 million, or \$0.30 per share (basic) and \$0.29 (diluted), for the previous quarter ended June 30, 2017.

#### Year-to-Date September 30, 2017, Compared to Year-to-Date September 30, 2016

- › Base management fees and other revenues for the nine-month period ended September 30, 2017, were \$313.7 million, representing an increase of \$93.2 million, or 42%, compared to \$220.5 million for the same period last year.
- › Performance fees were \$3.3 million for the nine-month period ended September 30, 2017, compared to \$2.7 million for the same period last year.
- › SG&A expenses and external managers' expenses were \$250.8 million for the nine-month period ended September 30, 2017, representing an increase of \$84.3 million, or 51%, compared to \$166.5 million for the nine-month period ended September 30, 2016.
- › Adjusted EBITDA was \$80.7 million for the nine-month period ended September 30, 2017, representing an increase of \$15.1 million, or 23%, compared to \$65.6 million for the same period last year. Adjusted EBITDA per share was \$0.99 (basic) and \$0.95 (diluted) for the nine-month period ended September 30, 2017, compared to \$0.88 per share (basic) and \$0.87 (diluted) for the same period last year.
- › For the nine-month period ended September 30, 2017, the Firm recorded net earnings attributable to the Company's shareholders of \$9.9 million, or \$0.12 per share (basic and diluted), a decrease of \$5.7 million, or 36%, compared to the same period last year, during which the Firm recorded net earnings attributable to the Company's shareholders of \$15.1 million, or \$0.21 per share (basic and diluted).
- › Adjusted net earnings attributable to the Company's shareholders for the nine-month period ended September 30, 2017, were \$67.4 million, or \$0.82 per share (basic) and \$0.80 (diluted), compared to \$56.6 million, or \$0.76 per share (basic) and \$0.75 (diluted), for the same period last year.

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 39

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2017

### FINANCIAL RESULTS

Table 1 – Consolidated Statements of Earnings and Assets under Management

ASSETS UNDER MANAGEMENT (in \$ millions)	AS AT			VARIANCE	
	SEPTEMBER 30, 2017	JUNE 30, 2017	SEPTEMBER 30, 2016	QUARTER OVER QUARTER FAV/(UNF) <sup>(2)</sup>	YEAR OVER YEAR FAV/(UNF) <sup>(2)</sup>
Assets under Management	123,003	125,658	112,465	(2,655)	10,538

STATEMENTS OF EARNINGS (in \$ thousands except per share data)	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	SEPTEMBER 30, 2017	JUNE 30, 2017	SEPTEMBER 30, 2016	QUARTER OVER QUARTER FAV/(UNF) <sup>(2)</sup>	YEAR OVER YEAR FAV/(UNF) <sup>(2)</sup>
Revenues					
Base management fees	100,997	102,401	80,413	(1,404)	20,584
Performance fees - Traditional Assets	1,603	1,209	(341)	394	1,944
Performance fees - Alternative Assets	1	(7)	345	8	(344)
Other revenues	4,526	5,746	1,492	(1,220)	3,034
	107,127	109,349	81,909	(2,222)	25,218
Expenses					
Selling, general and administrative expenses	84,498	87,346	57,979	2,848	(26,519)
External managers	425	451	788	26	363
Depreciation of property and equipment	966	956	852	(10)	(114)
Amortization of intangible assets	10,497	10,900	10,348	403	(149)
Interest on long-term debt and other financial charges	2,641	1,827	3,337	(814)	696
Accretion and change in fair value of purchase price obligations	375	1,289	(5,807)	914	(6,182)
Restructuring, integration and other costs	2,357	4,851	2,739	2,494	382
Acquisition costs	378	1,659	2,769	1,281	2,391
Loss on disposal of intangible assets and property and equipment	480	371	-	(109)	(480)
Loss on disposal of subsidiaries	-	-	8,307	-	8,307
Other (income) expenses <sup>(3)</sup>	2	(8)	(224)	(10)	(226)
Total expenses	102,619	109,642	81,088	7,023	(21,531)
Earnings before income taxes	4,508	(293)	821	4,801	3,687
Income taxes	(263)	(797)	200	(534)	463
Net earnings	4,771	504	621	4,267	4,150
Attributable to:					
Company's shareholders	4,603	877	393	3,726	4,210
Non-controlling interest	168	(373)	228	541	(60)
Net earnings	4,771	504	621	4,267	4,150
BASIC PER SHARE					
Adjusted EBITDA <sup>(1)</sup>	0.33	0.35	0.33	(0.02)	-
Net earnings	0.06	0.01	0.01	0.05	0.05
Adjusted net earnings <sup>(1)</sup>	0.27	0.30	0.25	(0.03)	0.02
DILUTED PER SHARE					
Adjusted EBITDA <sup>(1)</sup>	0.32	0.34	0.33	(0.02)	(0.01)
Net earnings	0.05	0.01	0.01	0.04	0.04
Adjusted net earnings <sup>(1)</sup>	0.26	0.29	0.25	(0.03)	0.01

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 39.

<sup>(2)</sup> FAV: Favourable - UNF: Unfavourable

<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 Nine-Month Periods Ended September 30, 2017

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

STATEMENTS OF EARNINGS (in \$ thousands except per share data)	FOR THE NINE-MONTH PERIODS ENDED		VARIANCE
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016	YEAR OVER YEAR FAV/(UNF) <sup>(2)</sup>
<b>Revenues</b>			
Base management fees	299,706	212,632	87,074
Performance fees - Traditional Assets	3,339	594	2,745
Performance fees - Alternative Assets	(1)	2,100	(2,101)
Other revenues	14,006	7,850	6,156
	<b>317,050</b>	<b>223,176</b>	<b>93,874</b>
<b>Expenses</b>			
Selling, general and administrative expenses	248,996	164,062	(84,934)
External managers	1,772	2,414	642
Depreciation of property and equipment	2,853	2,507	(346)
Amortization of intangible assets	32,332	26,357	(5,975)
Interest on long-term debt and other financial charges	6,645	7,644	999
Accretion and change in fair value of purchase price obligations	2,972	(4,409)	(7,381)
Restructuring, integration and other costs	8,284	7,151	(1,133)
Acquisition costs	3,755	8,531	4,776
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	-	8,307	8,307
Revaluation of assets held-for-sale	-	7,921	7,921
Loss on disposal of intangible assets and property and equipment	851	-	(851)
Other (income) expenses <sup>(3)</sup>	(10)	(287)	(277)
<b>Total expenses</b>	<b>308,450</b>	<b>209,358</b>	<b>(99,092)</b>
<b>Earnings before income taxes</b>	<b>8,600</b>	<b>13,818</b>	<b>(5,218)</b>
<b>Income taxes</b>	<b>(1,028)</b>	<b>982</b>	<b>2,010</b>
<b>Net earnings</b>	<b>9,628</b>	<b>12,836</b>	<b>(3,208)</b>
<b>Attributable to:</b>			
Company's shareholders	9,908	15,574	(5,666)
Non-controlling interest	(280)	(2,738)	2,458
<b>Net earnings</b>	<b>9,628</b>	<b>12,836</b>	<b>(3,208)</b>
<b>BASIC PER SHARE</b>			
Adjusted EBITDA <sup>(1)</sup>	0.99	0.88	0.11
Net earnings	0.12	0.21	(0.09)
Adjusted net earnings <sup>(1)</sup>	0.82	0.76	0.06
<b>DILUTED PER SHARE</b>			
Adjusted EBITDA <sup>(1)</sup>	0.95	0.87	0.08
Net earnings	0.12	0.21	(0.09)
Adjusted net earnings <sup>(1)</sup>	0.80	0.75	0.05

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 39.

<sup>(2)</sup> FAV: Favourable - UNF: Unfavourable

<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 Nine-Month Periods Ended September 30, 2017

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

	SEPTEMBER 30, 2017	DECEMBER 31, 2016
Cash and cash equivalents, restricted cash, investments	49,643	49,742
Accounts receivable	102,128	116,401
Other current assets	12,565	6,547
<b>Total current assets</b>	<b>164,336</b>	<b>172,690</b>
Goodwill	510,339	541,030
Intangible assets	408,115	458,760
Other non-current assets	22,612	20,675
<b>Total assets</b>	<b>1,105,402</b>	<b>1,193,155</b>
Accounts payable and accrued liabilities	66,713	89,160
Other current liabilities	17,361	25,575
<b>Total current liabilities</b>	<b>84,074</b>	<b>114,735</b>
Long-term debt	436,635	429,140
Purchase price obligations	21,623	21,498
Deferred income taxes	6,274	15,394
Other non-current liabilities	17,709	15,743
<b>Total liabilities</b>	<b>566,315</b>	<b>596,510</b>
<b>Equity</b>		
Attributable to Company's shareholders	531,220	566,236
Attributable to Non-controlling interest	7,867	30,409
	<b>539,087</b>	<b>596,645</b>
<b>Total liabilities and equity</b>	<b>1,105,402</b>	<b>1,193,155</b>

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

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 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 level of new mandates ("New"); ii) the level of redemptions ("Lost"); iii) the level 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 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 29 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		
	SEPTEMBER 30, 2017	JUNE 30, 2017	SEPTEMBER 30, 2016
AUM - beginning of period	125,658	122,063	109,136
Net variance	(2,655)	3,595	2,598
Acquisitions (Disposal)/Adjustment	-	-	731
AUM - end of period	123,003	125,658	112,465
Average AUM	123,886	125,886	111,707

<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)**

	JUNE 30, 2017	NEW	LOST	NET CONTRIBUTIONS	MARKET	FOREIGN EXCHANGE IMPACT	ACQUISITION (DISPOSAL) /ADJUSTMENT	SEPTEMBER 30, 2017
Institutional	65,451	701	(1,158)	(207)	249	(678)	-	64,358
Private Wealth	26,408	342	(176)	(652)	632	(834)	-	25,720
Retail	33,799	286	(1,419)	(76)	621	(286)	-	32,925
AUM - end of period	125,658	1,329	(2,753)	(935)	1,502	(1,798)	-	123,003

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

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

#### Quarterly Activities

Total AUM were \$123.0 billion as at September 30, 2017, representing a decrease of \$2.7 billion, or 2%, compared to \$125.7 billion as at June 30, 2017. The decrease is due primarily to \$2.8 billion in lost mandates and negative net contributions of \$0.9 billion, combined with the negative impact of fluctuations in foreign exchange rates on the US dollar of \$1.8 billion during the quarter. These decreases in AUM were partially offset by market appreciation of \$1.5 billion and new mandates of \$1.3 billion won during the third quarter of 2017.

The Institutional AUM were \$64.4 billion as at September 30, 2017, representing a decrease of \$1.1 billion or 1.7%, compared to \$65.5 billion from the previous quarter ended June 30, 2017. The decrease was driven by lost mandates and negative net contributions of \$1.4 billion, combined with the negative impact of fluctuations in foreign exchange rates on the US dollar of \$0.7 billion. These decreases in AUM were partially offset by new mandates of \$0.7 billion and market appreciation of \$0.2 billion during the third quarter of 2017.

The AUM related to the Private Wealth clientele were \$25.7 billion as at September 30, 2017, representing a decrease of \$0.7 billion, or 2.6%, compared to \$26.4 billion from the previous quarter ended June 30, 2017. The decrease is primarily driven by the negative impact of foreign exchange variation on the US dollar of \$0.8 billion, combined with lost mandates and negative net contribution of \$0.8 billion, partially offset by new mandates of \$0.4 billion won and market appreciation of \$0.6 billion during the third quarter of 2017.

The AUM related to the Retail clientele were at \$32.9 billion as at September 30, 2017, representing a decrease of \$0.9 billion, or 1%, compared to \$33.3 billion from the previous quarter ended June 30, 2017. The decrease is due primarily to lost mandates of \$1.4 billion, combined with the negative impact of foreign exchange variation on the US dollar of \$0.3 billion during the quarter. These decreases in AUM were partially offset by market appreciation of \$0.6 billion and new mandates of \$0.3 billion won during the third quarter of 2017.

The presented lost AUM under the Institutional and Retail clientele were mainly from withdrawals (expected temporary) from a strategic partner.

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

	DECEMBER 31, 2016	NEW	LOST	NET CONTRIBUTIONS	MARKET	FOREIGN EXCHANGE IMPACT	ACQUISITION (DISPOSAL) /ADJUSTMENT	SEPTEMBER 30, 2017
Institutional	58,264	4,775	(2,964)	1,421	4,059	(1,197)	-	64,358
Private Wealth	25,383	1,621	(398)	(1,017)	1,669	(1,538)	-	25,720
Retail	33,278	1,192	(2,661)	(607)	2,260	(537)	-	32,925
AUM - end of period	116,925	7,558	(6,023)	(203)	7,998	(3,272)	-	123,003

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

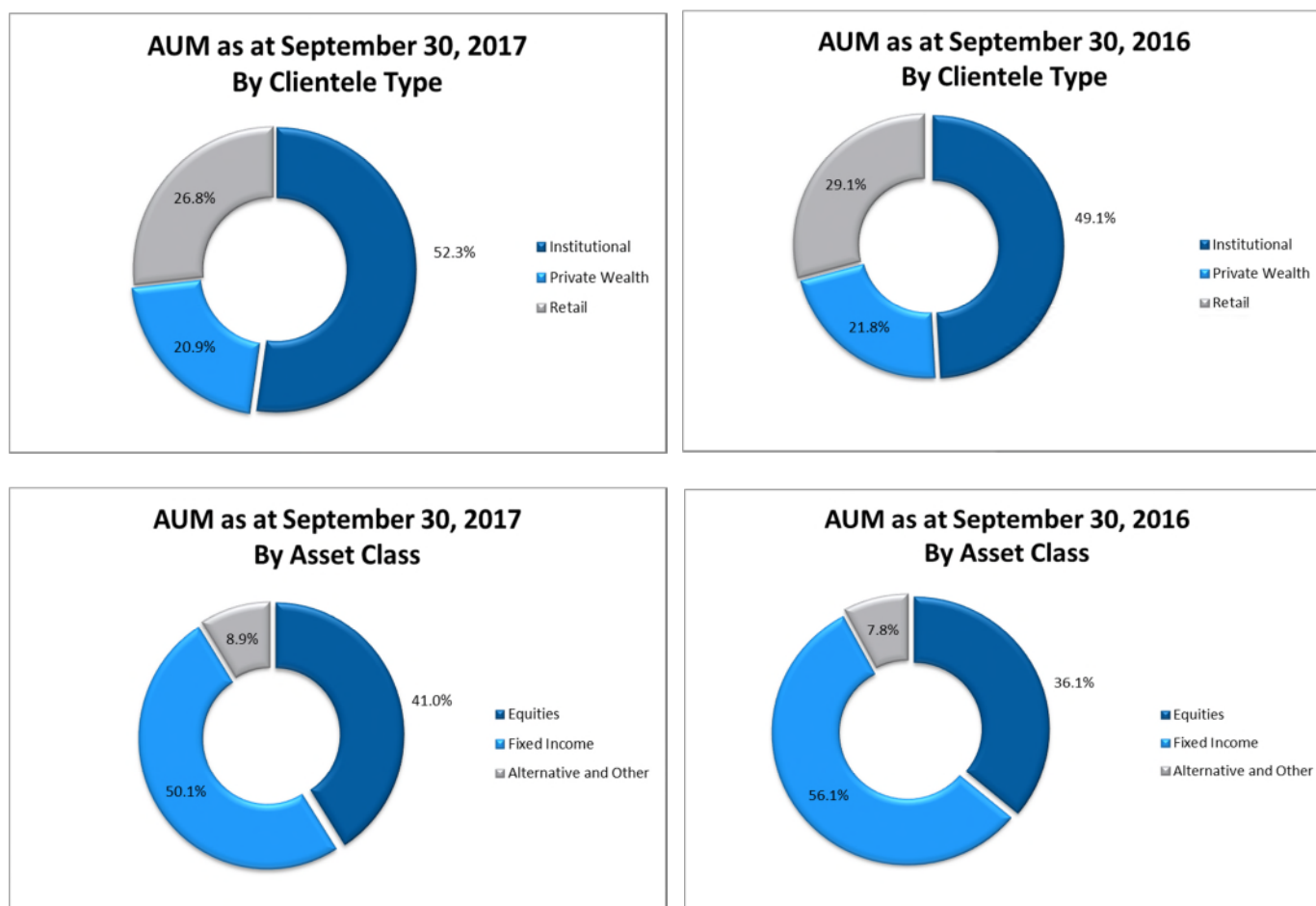
# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2017

### Year-to-Date Activity

Total AUM were \$123.0 billion as at September 30, 2017, representing an increase of \$6.1 billion, or 5%, compared to \$116.9 billion as at December 31, 2016. The increase is due primarily to new mandates of \$7.6 billion, mostly from the Institutional and Private Wealth clientele, combined with a market appreciation of \$8.0 billion, partially offset by lost mandates of \$6.0 billion and negative net contribution of \$0.3 billion. Finally, the US dollar exchange rate fluctuation negatively impacted AUM during the nine-month period ended September 30, 2017, by approximately \$3.3 billion.

The following graphs illustrate the breakdown of the Firm's AUM by clientele type and by asset class as at September 30, 2017, and September 30, 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 Nine-Month Periods Ended September 30, 2017

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

	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	SEPTEMBER 30, 2017	JUNE 30, 2017	SEPTEMBER 30, 2016	QUARTER OVER QUARTER	YEAR OVER YEAR
Institutional	47,285	46,615	33,412	670	13,873
Private Wealth	26,174	27,189	25,185	(1,015)	989
Retail	27,538	28,597	21,816	(1,059)	5,722
<b>Total management fees</b>	<b>100,997</b>	<b>102,401</b>	<b>80,413</b>	<b>(1,404)</b>	<b>20,584</b>
Performance fees – Traditional asset class	1,603	1,209	(341)	394	1,944
Performance fees – Alternative asset class	1	(7)	345	8	(344)
<b>Total performance fees</b>	<b>1,604</b>	<b>1,202</b>	<b>4</b>	<b>402</b>	<b>1,600</b>
Other revenues	4,526	5,746	1,492	(1,220)	3,034
<b>Total revenues</b>	<b>107,127</b>	<b>109,349</b>	<b>81,909</b>	<b>(2,222)</b>	<b>25,218</b>

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

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

Revenues for the third quarter ended September 30, 2017, were \$107.1 million, representing an increase of \$25.2 million, or 31%, compared to \$81.9 million for the same period last year. The year-over-year increase in revenues is due mainly to the acquisition of Charlemagne Capital Limited ("Charlemagne Capital"), combined with organic growth, mostly from the institutional and private wealth clientele as well as the growth of the Private Alternative Investment strategies which is comprised of non-traditional investment strategies.

#### *Management Fees*

Management fees were \$101.0 million for the third quarter ended September 30, 2017, representing an increase of \$20.6 million, or 26%, compared to \$80.4 million for the same period last year. The overall increase in management fees and the increase by clientele type are as follows:

- › Management fees from the Institutional clientele were \$47.3 million for the third quarter ended September 30, 2017, representing an increase of \$13.9 million, or 42%, compared to \$33.4 million for the same quarter last year. The increase in base management fees is primarily due to the inclusion of the following acquisitions in late 2016: Fiera Private Lending (Centria) and Charlemagne Capital. Additional revenues resulting from the higher net AUM coming from new mandates namely from the US and Canada as well as market appreciation during the last twelve months contributed to the increase in revenues.
- › Management fees from the Private Wealth clientele were \$26.2 million for the third quarter ended September 30, 2017, representing an increase of \$1.0 million, or 4%, compared to \$25.2 million for the same period last year. The increase is primarily due to higher revenues from the Bel Air division in the US and private wealth in Canada, resulting from a higher AUM base mostly from new mandates.

## Management's Discussion and Analysis For the Three and Nine-Month Periods Ended September 30, 2017

- Management fees from the Retail clientele were \$27.5 million for the third quarter ended September 30, 2017, representing an increase of \$5.7 million, or 26%, compared to \$21.8 million for the same quarter last year. The increase is mainly attributable to the inclusion of revenues from the acquisition Charlemagne Capital.

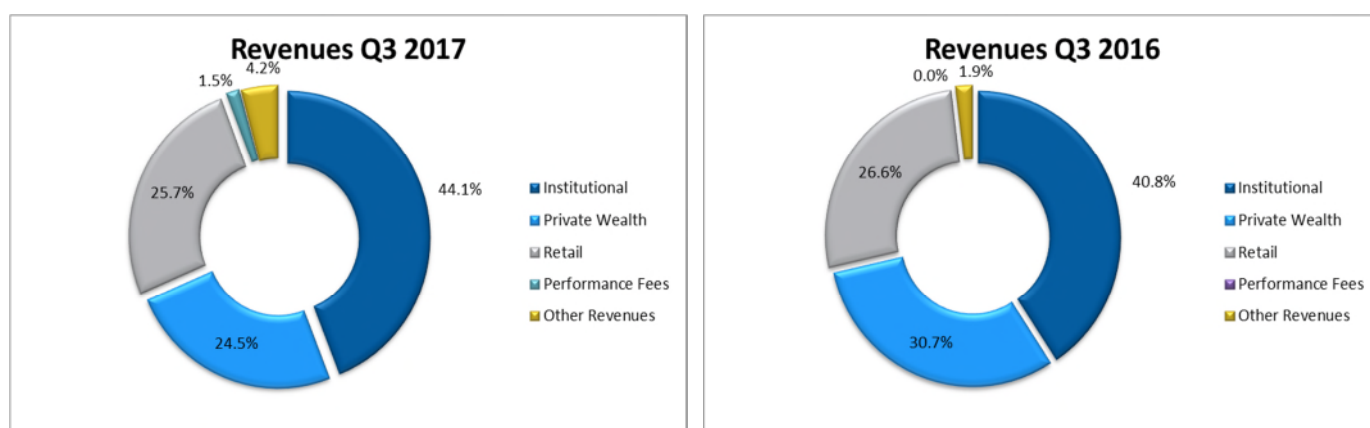
### *Performance Fees*

Performance fees were \$1.6 million for the third quarter ended September 30, 2017, compared to almost nil for the same period last year. The increase in performance fees is mainly due to higher performance fees from the traditional asset class.

### *Other Revenues*

Other revenues were \$4.5 million for the third quarter ended September 30, 2017, representing an increase of \$3.0 million, or over 100%, compared to \$1.5 million for the same period last year. The increase is mainly due to additional revenue from Fiera Private Lending.

The following graphs illustrate the breakdown of the Firm's revenues for the three-month periods ended September 30, 2017, and September 30, 2016, respectively.



### *Current Quarter versus Previous Quarter*

Revenues for the third quarter ended September 30, 2017, were \$107.1 million, representing a decrease of \$2.2 million, or 2%, compared to \$109.3 million for the previous quarter ended June 30, 2017. The decrease in revenues is mainly due to a contingent fee earned in the previous quarter.

### *Management Fees*

Management fees were \$101.0 million for the third quarter ended September 30, 2017, representing a decrease of \$1.4 million, or 1.4%, compared to \$102.4 million for the previous quarter ended June 30, 2017. The following is the breakdown of the management fees by clientele types:

- Management fees from the Institutional clientele were \$47.3 million for the third quarter ended September 30, 2017, representing an increase of \$0.7 million, or 1%, compared to \$46.6 million for the previous quarter

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

ended June 30, 2017. The sequential increase is primarily due to higher base management fees during the period from the US as a result of higher base AUM due to new mandates.

- › Management fees from the Private Wealth clientele were \$26.2 million for the third quarter ended September 30, 2017, representing a decrease of \$1.0 million, or 4%, compared to \$27.2 million for the previous quarter ended June 30, 2017. The decrease is mainly due to lower revenues from the US resulting from lower base AUM.
- › Management fees from the Retail clientele were \$27.5 million for the third quarter ended September 30, 2017, representing a decrease of \$1.1 million, or 4%, compared to \$28.6 million for the previous quarter ended June 30, 2017. The decrease is mainly due to lower AUM base.

#### *Performance Fees*

Performance fees were \$1.6 million for the third quarter ended September 30, 2017, compared to \$1.2 million for the previous quarter ended June 30, 2017. The increase in performance fees is mainly due to higher performance fees from the traditional asset class.

#### *Other Revenues*

Other revenues were \$4.5 million for the third quarter ended September 30, 2017, representing a decrease of \$1.2 million, or 21%, compared to \$5.7 million for the previous quarter ended June 30, 2017. The decrease is mainly due to a contingent fee earned in the previous quarter.

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

	FOR THE NINE-MONTH PERIODS ENDED		VARIANCE
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016	YEAR OVER YEAR
Institutional	136,429	87,247	49,182
Private Wealth	80,137	73,231	6,906
Retail	83,140	52,154	30,986
<b>Total management fees</b>	<b>299,706</b>	<b>212,632</b>	<b>87,074</b>
Performance fees – Traditional asset class	3,339	594	2,745
Performance fees – Alternative asset class	(1)	2,100	(2,101)
<b>Total performance fees</b>	<b>3,338</b>	<b>2,694</b>	<b>644</b>
Other revenues	14,006	7,850	6,156
<b>Total revenues</b>	<b>317,050</b>	<b>223,176</b>	<b>93,874</b>

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

#### *Year-to-Date September 30, 2017, versus Year-to-Date September 30, 2016*

Revenues for the nine-month period ended September 30, 2017, were \$316.9 million, representing an increase of \$93.7 million, or 42%, compared to \$223.2 million for the same period last year. The increase in revenues is due mainly to the acquisition of Apex and Charlemagne Capital, 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 Nine-Month Periods Ended September 30, 2017

---

#### *Management Fees*

Management fees for the nine-month period ended September 30, 2017, were \$299.6 million, representing an increase of \$87.0 million, or 41%, compared to \$212.6 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 nine-month period ended September 30, 2017, were \$136.3 million, representing an increase of \$49.1 million, or 56%, compared to \$87.2 million for the same period last year. The increase in base management fees is primarily due to the inclusion of the following acquisitions in 2016: Apex, Fiera Private Lending, Fiera Properties, Fiera Infrastructure and Charlemagne Capital. Additional revenues resulting from the higher net AUM coming from new mandates namely from the US and Canada as well as market appreciation during the last twelve months contributed to the increase in revenues.
- › Revenues from the Private Wealth clientele for the nine-month period ended September 30, 2017, were \$80.1 million, representing an increase of \$6.9 million, or 9%, compared to \$73.2 million for the same period last year. The increase is primarily due to higher revenues from the Bel Air division in the US and private wealth in Canada, resulting from a higher AUM base mostly from new mandates.

Revenues from the Retail clientele for the nine-month period ended September 30, 2017, were \$83.1 million, representing an increase of \$30.9 million, or 59%, compared to \$52.2 million for the same period last year. The increase is mainly attributable to the inclusion of revenues from the acquisition of Charlemagne Capital and Apex.

#### *Performance Fees*

Total performance fees were \$3.3 million for the nine-month period ended September 30, 2017, compared to \$2.7 million for the same period last year. The increase in performance fees resulted from higher performance fees from the traditional asset class, partially offset by lower revenues in the alternative asset class during the first nine months of 2017 compared to the same period last year.

#### *Other Revenues*

Other revenues were \$14.0 million for the nine-month period ended September 30, 2017, representing an increase of \$6.1 million, or 78%, compared to \$7.9 million for the same period last year. The increase is mainly due to additional revenue from Fiera Private Lending and Charlemagne Capital during the first nine months of 2017 compared to the same period last year.

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

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

SG&A expenses were \$84.5 million for the three-month period ended September 30, 2017, representing an increase of \$26.5 million, or 46%, compared to \$58.0 million for the same period last year. The increase in costs is mainly due to the inclusion of the acquired entities: Fiera Private Lending and Charlemagne Capital, 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 Nine-Month Periods Ended September 30, 2017

---

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

SG&A expenses were \$84.5 million for the three-month period ended September 30, 2017, representing a decrease of \$2.8 million, or 3%, compared to \$87.4 million for the previous quarter ended June 30, 2017. The decrease is mainly attributable to lower share-based compensation as a result of one-time payment recorded in the previous quarter ended June 30, 2017.

#### ***Year-to-Date September 30, 2017, versus Year-to-Date September 30, 2016***

SG&A expenses were \$249.0 million for the nine-month period ended September 30, 2017, representing an increase of \$84.9 million, or 52%, compared to \$164.1 million for the same period last year. The increase in costs is attributable to the inclusion of the acquired entities (Apex, Fiera Private Lending, Fiera Properties, Fiera Infrastructure and Charlemagne Capital) 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 third quarter ended September 30, 2017, representing a decrease of \$0.4 million, or 50%, compared to \$0.8 million for the same quarter last year.

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

External managers' expenses for the third quarter ended September 30, 2017, remained fairly stable at \$0.4 million, compared to \$0.5 million from the previous quarter ended June 30, 2017.

##### ***Year-to-Date September 30, 2017, versus Year-to-Date September 30, 2016***

External managers' expenses were \$1.8 million for the nine-month period ended September 30, 2017, representing a decrease of \$0.6 million, or 27%, compared to \$2.4 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 third quarter ended September 30, 2017, representing a slight increase of \$0.1 million, or 13%, compared to \$0.9 million for the corresponding quarter last year.

Amortization of intangible assets remained stable at \$10.5 million for the third quarter ended September 30, 2017, compared to \$10.4 million for the same period last year.

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

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

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

Amortization of intangible assets was \$10.5 million for the third quarter ended September 30, 2017, representing a decrease of \$0.4 million, or 4%, compared to \$10.9 million from the previous quarter ended June 30, 2017.

#### *Year-to-Date September 30, 2017, versus Year-to-Date September 30, 2016*

Depreciation of property and equipment was \$2.9 million for the nine-month period ended September 30, 2017, representing an increase of \$0.4 million, or 14%, compared to \$2.5 million for the same period last year.

Amortization of intangible assets was \$32.3 million for the nine-month period ended September 30, 2017, representing an increase of \$5.9 million, or 23%, compared to \$26.4 million for the same period last year, mainly due to customer relationships and other intangible assets recognized as a result of the acquisitions of Apex, Fiera Properties, Fiera Infrastructure, Fiera Private Lending and Charlemagne Capital.

#### **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 \$2.6 million for the third quarter ended September 30, 2017, representing a decrease of \$0.7 million, or 21%, compared to \$3.3 million for the same quarter last year. The decrease is mainly due to a gain 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 \$2.6 million for the third quarter ended September 30, 2017, representing an increase of \$0.8 million, or 45%, compared to \$1.8 million for the previous quarter ended June 30, 2017.

#### *Year-to-Date September 30, 2017, versus Year-to-Date September 30, 2016*

The interest on long-term debt and other financial charges was \$6.6 million for the nine-month period ended September 30, 2017, representing a decrease of \$1.0 million, or 13%, compared to \$7.6 million for the same period last year. The decrease is mainly due to a gain related to the Company's strategy of swapping the variable interest rate on a portion of its debt to a fixed interest rate.

#### **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 \$0.4 million (including a gain on the revaluation of a purchase price obligation of \$0.8 million) for the third quarter ended September 30, 2017, compared to a gain of \$5.8 million including a recovery of \$6.4 million for the same quarter last year.

During the three-month period ended September 30, 2016, the Company reviewed its estimate of the minimum assets under management threshold required to be obligated to make the contingent payment of \$7.5 million related to Natcan Investment Management Inc ("Natcan"). The Company concluded that the minimum threshold would not be met and the purchase price obligation was revalued and the recovery was recorded in the consolidated statement of

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

earnings under the caption: accretion and change in fair value purchase price obligations. The contingent payment had a carrying value of \$6.4 million before the revaluation to nil.

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

The accretion and change in fair value of purchase price obligations represented a charge of \$0.4 million (including a gain on the revaluation of a purchase price obligation of \$0.8 million) for the third quarter ended September 30, 2017, compared to a charge of \$1.3 million for the previous quarter ended June 30, 2017.

#### ***Year-to-Date September 30, 2017, versus Year-to-Date September 30, 2016***

The accretion and change in fair value of purchase price obligations represented a charge of \$3.0 million for the nine-month period ended September 30, 2017, compared to a gain of \$4.4 million (including a recovery of \$6.4 million related to Natcan as mentioned above) 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 \$2.7 million for the third quarter ended September 30, 2017, representing a decrease of \$2.8 million, or 50%, compared to \$5.5 million for the same period last year. The decrease in acquisition and restructuring, integration and other costs is mainly due to lower acquisition activities in the third quarter of 2017 compared to the third quarter of 2016.

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

Acquisition and restructuring, integration and other costs were \$2.7 million for the third quarter ended September 30, 2017, representing a decrease of \$3.8 million, or 58%, compared to \$6.5 million for the previous quarter ended June 30, 2017. The decrease is mainly due to the accrual of a one-time cost recorded in the previous quarter ended June 30, 2017.

##### ***Year-to-Date September 30, 2017, versus Year-to-Date September 30, 2016***

Acquisition and restructuring, integration and other costs were \$12.0 million for the nine-month period ended September 30, 2017, representing a decrease of \$3.7 million, or 23%, compared to \$15.7 million for the same period last year. The decrease in acquisition and restructuring, integration and other costs is mainly due a decrease in acquisition activities in 2017 as compared to 2016.

#### ***Revaluation of Assets Held-For- Sale and Loss on Disposal of Subsidiaries***

On July 18, 2016, the Company completed the sale of the investment in the following companies: Fiera Quantum GP Inc., 9276-5072 Quebec Inc. and Fiera Quantum Limited Partnership. The Company revalued the non-current assets to the lower of its carrying amount and its fair value less costs to sell and a revaluation of \$7.9 million was recognized and recorded under the caption: Revaluation of assets held-for-sale during the first quarter of 2016. The intangible assets and property and equipment were no longer amortized or depreciated from the date that the assets were classified as held-for-sale. On July 18, 2016, the date of disposal, the Company de-recognized the non-controlling interest in Fiera Quantum Limited Partnership and an additional charge of \$8.3 million was recorded in the statement of earnings under the caption: Loss on disposal of subsidiaries during the third quarter ended September 30, 2016.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 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 nine-month periods ended September 30, 2017, and 2016, respectively.

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

	FOR THE THREE-MONTH PERIODS ENDED			FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2017	JUNE 30, 2017	SEPTEMBER 30, 2016	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
Net earnings	4,771	504	621	9,628	12,836
EBITDA <sup>(1)</sup>	18,612	13,390	15,358	50,430	50,326
Adjusted EBITDA <sup>(1)</sup>	27,020	28,480	25,931	80,699	65,598
Per share basic <sup>(1)</sup>	0.33	0.35	0.33	0.99	0.88
Per share diluted <sup>(1)</sup>	0.32	0.34	0.33	0.95	0.87

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 39.

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

#### Current Quarter versus Prior-Year Quarter

For the third quarter ended September 30, 2017, adjusted EBITDA was \$27.0 million or \$0.33 per share (basic) and \$0.32 (diluted), representing an increase of \$1.1 million, or 4%, compared to \$25.9 million, or \$0.33 per share (basic and diluted), for the same period last year.

Adjusted EBITDA for the third quarter ended September 30, 2017, was higher due to an increase in revenues compared to the same period last year, mainly due to additional base management fees following the acquisitions and creation of Fiera Private Lending and Charlemagne Capital. However, this was partially offset by an increase in overall operating expenses to support the Firm's growth and expansion.

#### Current Quarter versus Previous Quarter

For the third quarter ended September 30, 2017, adjusted EBITDA was \$27.0 million or \$0.33 per share (basic) and \$0.32 (diluted), representing a decrease of \$1.5 million, or 5%, compared to \$28.5 million or \$0.35 per share (basic) and \$0.34 (diluted), from the previous quarter ended June 30, 2017. The decrease is mainly due to lower revenues resulting from a contingent fee earned in the previous quarter, partially offset by lower operating expenses during the third quarter.

#### Year-to-Date September 30, 2017, versus Year-to-Date September 30, 2016

For the nine-month period ended September 30, 2017, adjusted EBITDA was \$80.7 million, or \$0.99 per share (basic) and \$0.95 (diluted), representing an increase of \$15.1 million, or 23%, compared to \$65.6 million, or \$0.88 per share (basic) and \$0.87 (diluted), for the same period last year.

The increase in adjusted EBITDA for the nine-month period ended September 30, 2017, is mainly attributable to an AUM driven increase in revenues compared to the same period last year, partially offset by higher operating expenses to support business expansion.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

#### Net Earnings

The following table presents the Firm's net earnings and adjusted net earnings for the three and nine-month periods ended September 30, 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 ENDED			FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2017	JUNE 30, 2017	SEPTEMBER 30, 2016	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
Net earnings attributable to the Company's shareholders	4,603	877	393	9,908	15,574
Depreciation of property and equipment	966	956	852	2,853	2,507
Amortization of intangible assets	10,497	10,900	10,348	32,332	26,357
Share-based compensation	4,816	6,928	2,789	14,417	8,898
Restructuring, integration and other costs <sup>(*)</sup>	2,357	4,851	2,739	8,284	7,151
Acquisition costs <sup>(*)</sup>	378	1,659	2,769	3,755	8,531
Gain on disposal of investment in joint venture <sup>(*)</sup>	-	-	-	-	(15,013)
Revaluation of assets held-for-sale <sup>(*)</sup>	-	-	-	-	7,921
Loss on disposal of investment in subsidiaries <sup>(*)</sup>	-	-	8,307	-	8,307
Gain on revaluation of a purchase price obligation <sup>(2)</sup>	(800)	-	(6,408)	(800)	(6,408)
Gain on acquisition of control of investment in joint venture <sup>(*)</sup>	-	-	-	-	(5,827)
Income taxes on above-mentioned items <sup>(*)</sup>	581	1,953	2,222	3,372	1,398
Adjusted net earnings attributable to the Company's shareholders	22,236	24,218	19,567	67,377	56,600
Per share – basic					
Net earnings	0.06	0.01	0.01	0.12	0.21
Adjusted net earnings <sup>(1)</sup>	0.27	0.30	0.25	0.82	0.76
Per share – diluted					
Net earnings	0.05	0.01	0.01	0.12	0.21
Adjusted net earnings <sup>(1)</sup>	0.26	0.29	0.25	0.80	0.75

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section and the related reconciliation table on page 39.

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

<sup>(\*)</sup> Income tax on the above-mentioned items is estimated by using a tax rate of 30%.

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

#### Current Quarter versus Prior-Year Quarter

For the third quarter ended September 30, 2017, the Firm reported net earnings attributable to the Company's shareholders of \$4.6 million, or \$0.06 per share (basic) and \$ 0.05 (diluted), compared to \$0.4 million, or \$0.01 per share (basic and diluted), for the same quarter last year. The increase in net earnings is mainly attributable to a non-recurring loss on disposal of investment in a joint venture related to Fiera Quantum Limited Partnership recorded in the third quarter of 2016 vs nil in the current quarter ended September 30, 2017.

#### Current Quarter versus Previous Quarter

For the third quarter ended September 30, 2017, the Firm reported net earnings attributable to the Company's shareholders of \$4.6 million, or \$0.06 per share (basic) and \$0.06 (diluted), compared to \$0.9 million, or \$0.01 per share (basic and diluted), for the previous quarter ended June 30, 2017. The increase in net earnings is mainly attributable to lower overall operating expenses, partially offset by lower revenue due to a contingent fee earned during the previous quarter ended June 30, 2017.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

#### *Year-to-Date September 30, 2017, versus Year-to-Date September 30, 2016*

For the nine-month period ended September 30, 2017, the Firm recorded net earnings attributable to the Company's shareholders of \$9.9 million, or \$0.12 per share (basic and diluted), compared to \$15.6 million, or \$0.21 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 nine-month period ended September 30, 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 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.

#### ***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***

During the third quarter ended September 30, 2017, \$16.3 million, or \$0.19 per share (basic and diluted), of depreciation of property and equipment, amortization of intangible assets and share-based compensation, as well as \$1.4 million, or \$0.02 per share (basic and diluted), of acquisition and restructuring, integration and other costs and a gain on the revaluation of a purchase price obligation, net of income taxes (\$1.9 million before taxes) had an unfavorable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders amounted to \$22.2 million, or \$0.27 per share (basic) and \$0.26 (diluted) for the third quarter ended September 30, 2017.

For the third quarter ended September 30, 2017, the Firm recorded adjusted net earnings of \$22.2 million, a decrease of \$2.0 million compared to \$24.2 million from the previous quarter ended June 30, 2017. The decrease in adjusted net earnings is mainly due to lower revenues resulting primarily from a contingent fee recorded in the quarter ended June 30, 2016.

During the third quarter ended September 30, 2016, \$14.0 million, or \$0.18 per share (basic and diluted), of depreciation of property and equipment, amortization of intangible assets and share-based compensation, as well as \$5.2 million, or \$0.06 per share (basic and diluted), of acquisition and restructuring, integration and other costs, loss on disposal of investment in subsidiaries and a gain on revaluation of the purchase price obligations, net of income taxes (\$7.4 million before taxes) had an unfavourable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders amounted to \$19.6 million, or \$0.25 per share (basic and diluted) for the third quarter ended September 30, 2016.

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 39.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

#### *Current Quarter versus Previous Quarter*

During the second quarter ended June 30, 2017, \$18.8 million, or \$0.23 per share (basic and diluted), of depreciation of property and equipment, amortization of intangible assets and share-based compensation, as well as \$4.6 million, or \$0.06 per share (basic) and \$0.05 (diluted), of acquisition and restructuring, integration and other costs, net of income taxes (\$6.5 million before taxes) had an unfavourable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders amounted to \$24.2 million, or \$0.30 per share (basic) and \$0.29 (diluted) for the second quarter ended June 30, 2017, compared to adjusted net earnings attributable to the Company's shareholders of \$22.2 million or \$0.27 per share (basic) and \$0.26 (diluted) for the third quarter ended September 30, 2017.

#### *Year-to-Date September 30, 2017, versus Year-to-Date September 30, 2016*

For the nine-month period ended September 30, 2017, \$49.6 million, or \$0.61 per share (basic) and \$0.59 (diluted), of depreciation of property and equipment, amortization of intangible assets and share-based compensation, as well as \$7.9 million, or \$0.09 per share (basic and diluted), of acquisition and restructuring, integration and other costs and a gain on the revaluation of the purchase price obligation, net of income taxes (\$11.2 million before taxes) had an unfavourable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders amounted to \$67.4 million, or \$0.82 per share (basic) and \$0.80 (diluted) for the nine-month period ended September 30, 2017, compared to \$56.6 million or \$0.76 per share (basic) and \$0.75 (diluted) for the same period last year.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 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>	Q3 Sep. 30 2017	Q2 Jun. 30 2017	Q1 Mar. 31 2017	Q4 Dec. 31 2016	Q3 Sep. 30 2016	Q2 Jun. 30 2016	Q1 Mar. 31 2016	Q4 Dec. 31 2015
AUM	121,912	123,003	125,658	122,063	116,925	112,465	109,136	97,988	101,431
Total revenues	438,018	107,127	109,349	100,574	120,968	81,909	74,983	66,284	73,999
Adjusted EBITDA <sup>(1)</sup>	122,298	27,020	28,480	25,199	41,599	25,931	23,510	16,157	25,757
Adjusted EBITDA margin <sup>(1)</sup>	27.9%	25.2%	26.0%	25.1%	34.4%	31.7%	31.4%	24.4%	34.8%
Net earnings attributable to Company's shareholders	15,111	4,603	877	4,428	5,203	393	7,901	7,280	9,678
PER SHARE – BASIC									
Adjusted EBITDA <sup>(1)</sup>	1.51	0.33	0.35	0.31	0.52	0.33	0.32	0.22	0.36
Net earnings attributable to the Company's shareholders	0.19	0.06	0.01	0.05	0.07	0.01	0.11	0.10	0.14
Adjusted net earnings attributable to the Company's shareholders <sup>(1)</sup>	1.21	0.27	0.30	0.26	0.38	0.25	0.27	0.24	0.30
PER SHARE – DILUTED									
Adjusted EBITDA <sup>(1)</sup>	1.47	0.32	0.34	0.30	0.51	0.33	0.32	0.22	0.36
Net earnings attributable to the Company's shareholders	0.17	0.05	0.01	0.05	0.06	0.01	0.11	0.10	0.13
Adjusted net earnings attributable to the Company's shareholders <sup>(1)</sup>	1.17	0.26	0.29	0.25	0.37	0.25	0.27	0.24	0.30

<sup>(1)</sup> Please refer to the "Non-IFRS Measures" Section on page 39.

<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.

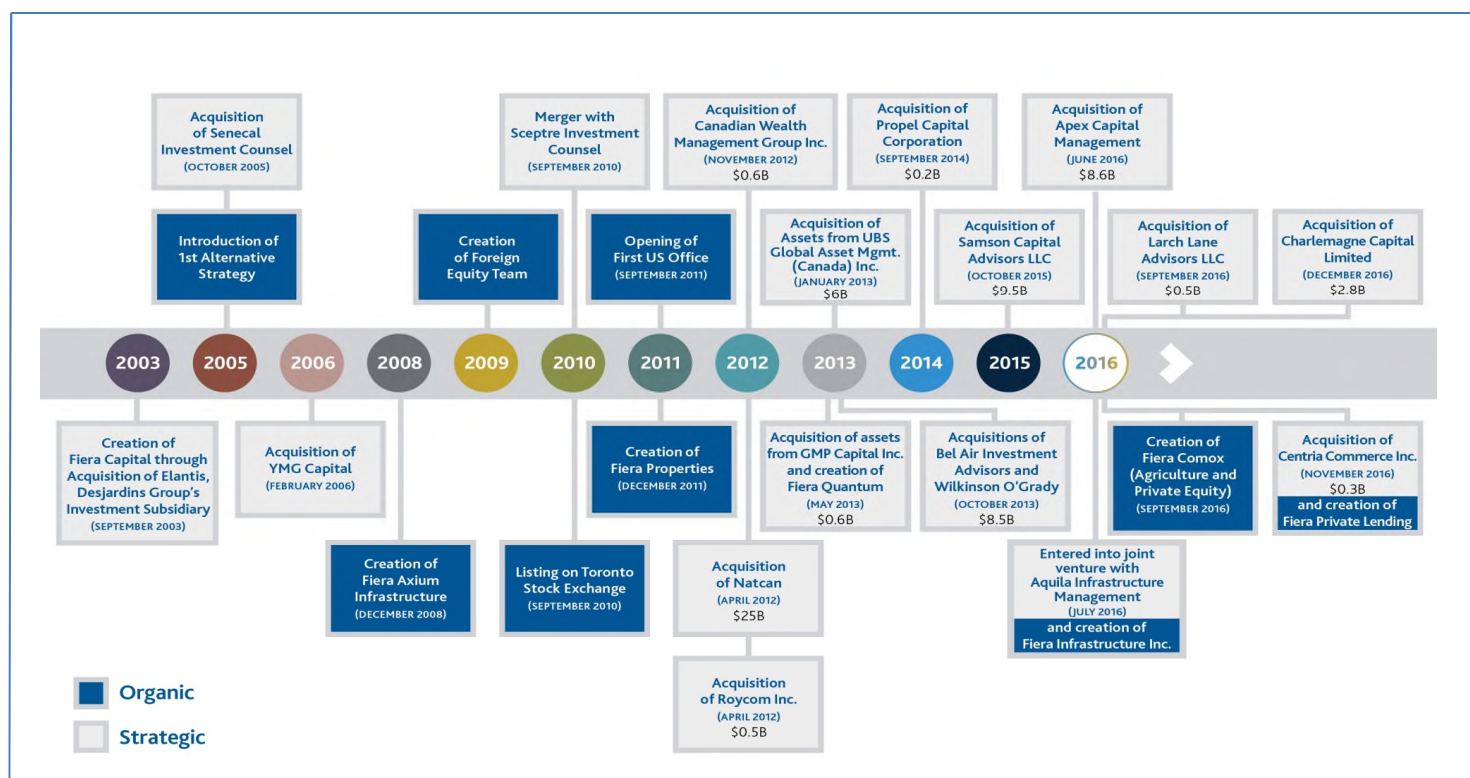


# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2017

### Company Evolution

The following diagram shows key initiatives, including organic growth and business acquisitions 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 Nine-Month Periods Ended September 30, 2017

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

	FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
Cash generated by operating activities	44,995	31,949
Cash (used in) investing activities	(4,956)	(95,541)
Cash generated by (used in) financing activities	(35,090)	60,159
Net (decrease) in cash	4,949	(3,433)
Effect of exchange rate changes on cash denominated in foreign currencies	(2,151)	(1,106)
Cash and cash equivalents, beginning of period	40,110	25,725
Cash and cash equivalents, end of period	42,908	21,186

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

Cash generated by operating activities amounted to \$45.0 million for the nine-month period ended September 30, 2017. This amount resulted from \$55.7 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 changes in other non-current liabilities of \$1.2 million during the period. These elements were partially offset by \$10.4 million in negative change in non-cash operating working capital and negative changes in fair value of derivative financial instruments of \$1.4 million during the period.

Cash used in investing activities was \$5.0 million for the nine-month period ended September 30, 2017, resulting mainly from \$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, \$2.6 million cash used for purchase of property and equipment and \$1.9 million cash used for the purchase of intangible assets during the period, partially offset by \$4.9 million of cash generated from investments.

Cash used in financing activities was \$35.1 million for the nine-month period ended September 30, 2017, resulting mainly from \$42.9 million of dividend payments, \$12.4 million cash used in long-term debt interest payments and financing charges and \$4.8 million cash used for the purchase of a non-controlling interest, partially offset by \$23.6 million of increase in long-term debt and \$2.3 million of share issuance during the period.

Finally, the negative impact of exchange rate changes on cash denominated in foreign currencies was \$2.2 million during the nine-month period ended September 30, 2017.

#### *Year-to-Date September 30, 2017 versus Year-to-Date September 30, 2016*

Cash generated by operating activities amounted to \$45.0 million for the nine-month period ended September 30, 2017, compared to \$31.9 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 \$15.1 million as described in the "Adjusted EBITDA" section, combined with lower income tax expenses and income tax paid of \$1.3 million for the nine-month period ended September 30, 2017, compared to the same period last year. This increase in cash was partially offset by higher negative changes in realized and unrealized gain on financial instrument of \$1.4

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

million and a negative impact in non-cash operating working capital of \$1.2 million during the nine-month period ended September 30, 2017, compared to the same period last year.

Cash used in investing activities amounted to \$5.0 million for the nine-month period ended September 30, 2017, compared to \$95.5 million cash used in investing activities for the same period last year. The variation in cash used in investing activities is mainly attributable to \$114.2 million of cash used in the Apex acquisition, partially offset by \$20 million in proceeds from the disposal of an investment in a joint venture recorded during the nine-month period ended September 30, 2016 .

Cash used in financing activities was \$35.1 million for the nine-month period ended September 30, 2017, compared to \$60.2 million cash generated by financing activities for the same period last year. The year-over-year variation is mainly attributable to lower long-term debt of \$84.8 million, combined with higher dividend payments of \$6.5 million, higher interest paid on long-term debt of \$4.3 million during the nine-month period ended September 30, 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 \$2.2 million during the nine-month period ended September 30, 2017, compared to a \$1.1 million negative impact for the same period last year.

### **Long-Term Debt**

Table 12 – Credit Facility (in \$ thousands)

	AS AT SEPTEMBER 30, 2017	AS AT DECEMBER 31, 2016
Credit Facility		
Term facility	156,000	167,838
Revolving facility	281,367	262,323
Other facility	1,271	2,039
Deferred financing charges	(1,478)	(1,777)
	437,160	430,423
Less current portion	(525)	(1,283)
Non- current portion	436,635	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").

### *Term Facility*

The Credit Agreement includes a US\$125 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.

The total amount drawn on the term facility as at September 30, 2017, is US\$125 million (CA\$156 million) (US\$125 million (CA\$167.838 million) as at December 31, 2016).

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

#### *Revolving Facility*

During the three-month period ended September 30, 2017, an increase in the Revolving facility of CA \$50.0 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 September 30, 2017, the total amount drawn on the revolving facility was comprised of CA\$7.356 million and US\$219.560 million (CA\$274.011 million) (CA\$174.0 million and US\$65.781 million (CA\$88.323 million) as at December 31, 2016).

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 September 30, 2017, and December 31, 2016, all restrictive covenants under the Credit Agreement were met.

#### *Other Facilities*

As at September 30, 2017, one of the Company's subsidiaries has an outstanding bank loan in the amount of \$0.888 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 September 30, 2017, and December 31, 2016.

In March 2017, this subsidiary amended its credit agreement to include a leasing facility. As at September 30, 2017, an amount of CA\$0.383 million was drawn on a lease-back loan with the bank.

This subsidiary also has a line of credit with a dollar limit of CA\$0.75 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 September 30, 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\$0.8 million. It bears interest at prime plus 2.75% and has no fixed maturity date. As at September 30, 2017, the amount drawn by the subsidiary on the line of credit is nil (\$0.758 million as at December 31, 2016).

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

##### ***Contractual Obligations***

As at September 30, 2017, the Company had no material contractual obligation other than those described in the Company's 2016 Annual MD&A in the section entitled "Contractual Obligations".

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

#### *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 September 30, 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 September 30, 2017, the Company had 62,586,973 Class A shares and 19,748,503 Class B special voting shares for a total of 82,335,476 outstanding shares compared to 57,932,650 Class A subordinate voting shares and 19,847,577 Class B special voting shares for a total of 77,780,227 outstanding shares as at September 30, 2016.

#### *Share-Based Payments*

##### *Stock Option Plan*

The following table presents transactions that occurred during the nine-month periods ended September 30, 2017, and 2016, under the terms of the Company's stock option plans:

**Table 13 – 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	387,000	13.74	41,259	13.33
Exercised	(284,758)	8.09	(298,744)	5.13
Forfeited	(20,645)	13.44	(53,068)	12.82
Outstanding – end of period	2,880,942	10.90	2,729,672	10.06
Options exercisable – end of period	885,264	7.66	1,076,829	7.73

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

The Company recorded an expense of \$0.012 million and \$0.033 million during the three and nine-month periods ended September 30, 2017, for the DSU Plan ((\$0.006 million) and \$0.019 million for the three and nine-month periods ended September 30, 2016). As at September 30, 2017, the Company had a liability of \$0.225 million related to this plan (\$0.192 million as at December 31, 2016).

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

The Company recorded an expense of \$0.711 million and \$5.344 million during the three and nine-month periods ended September 30, 2017, for the RSU Plan (\$0.603 million and \$2.574 million for the three and nine-month periods ended

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

September 30, 2016). As at September 30, 2017, the Company had a liability totalling \$4.176 million related to this plan (\$3.081 million as at December 31, 2016). As at September 30, 2017, there were 400,414 RSUs outstanding (456,303 as at December 31, 2016).

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

The Company recorded an expense of \$0.639 million and \$1.573 million during the three and nine-month periods ended September 30, 2017, for this plan (\$0.258 million for the three and nine-month periods ended September 30, 2016). As at September 30, 2017, the Company had a liability totalling \$2.122 million related this plan (\$0.549 million as at December 31, 2016).

#### ***Restricted Share Plan ("RSP")***

The Company recorded an expense of \$0.19 million and \$0.552 million during the three and nine-month periods ended September 30, 2017, for the restricted share plan (\$0.394 million and \$1.128 million for the three and nine-month periods ended September 30, 2016).

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

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

The Company recorded an expense of \$3.222 million and \$5.827 million during the three and nine-month periods ended September 30, 2017, for the PSU plan applicable to BU (\$1.194 million and \$3.318 million for the three and nine-month periods ended September 30, 2016). For the three and nine-month periods ended September 30, 2017, the expense is entirely attributable to equity-settled grants. For the three and nine-month periods ended September 30, 2016, the expense attributable to equity-settled grants is \$1.194 million and \$3.333 million, respectively and cash-settled grants is nil and (\$0.015 million), respectively.

During the three and nine-month periods ended September 30, 2017, the total award value granted to eligible employees under the Company's PSU plans applicable to business units was nil and \$6.566 million (nil for the three and nine-month periods ended September 30, 2016). During the three and nine-month periods ended September 30, 2017, no PSU applicable to business units vested. A total of nil and 730,285 Class A Shares were issued during the three and nine-month periods ended September 30, 2017, relating to PSUs vested in 2016.

During the three and nine-month periods ended September 30, 2016, nil and 244,878 PSUs vested and were settled. The Company settled the vested PSUs 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 exceptional circumstances. The Company's management has the intention to settle the remaining tranches by issuing shares.

##### **PSU Plan**

The Company recorded an expense of \$0.168 million and \$0.9 million during the three and nine-month periods ended September 30, 2017, for this PSU plan (\$0.108 million and \$0.691 million for the three and nine-month periods ended September 30, 2016). For the three and nine-month periods ended September 30, 2017, the expense is attributable to cash-settled grants for an amount of \$0.368 million and \$1.1 million, respectively and to equity-settled grants for an amount of (\$0.2) million for the three and nine-month periods ended September 30, 2017. For the three and nine-month periods ended September 30, 2016, the expense is attributable to equity-settled grants for an amount of nil and



## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

(\$0.023) million, respectively and to cash-settled grants for an amount of \$0.108 million and \$0.714 million, respectively. A total of nil and 73,030 Class A Shares were issued during the three and nine-month periods ended September 30, 2017, relating to PSUs vested in 2016 and \$0.475 million was paid in cash (9,542 Class A Shares issued during nine-month periods ended September 30, 2016).

#### ***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 nine-month period ended September 30, 2017, another subsidiary's stock option plan was discontinued. The Company's subsidiaries stock option expense in the statements of consolidated net earnings for the three and nine-month periods ended September 30, 2017, was \$0.146 million and \$0.721 million, respectively (\$0.017 million for the three and nine-month periods ended September 30, 2016). The cash settled share-based liability is \$1.905 million in the statements of financial position as at September 30, 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 since it 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. At September 30, 2017, this shareholder held 20.7% of the Company's issued and outstanding shares (21.0% as at September 30, 2016). 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 September 30, 2017, the other related shareholder has significant influence over the Company since it indirectly owns Class B Special Voting Shares representing approximately 8.8% of the Company's issued and outstanding shares (9.3% as at September 30, 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 Nine-Month Periods Ended September 30, 2017

Table 14 – Related Party Transactions (in \$ thousands)

	FOR THE THREE-MONTH PERIODS ENDED		FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
Base management, performance fees and other revenues	11,747	11,228	37,349	36,083
Selling, general & administrative expenses				
Reference fees	411	382	1,230	1,138
Other	343	604	558	1,813
Interest on long-term debt	4,127	3,271	11,751	7,925
Acquisition costs	-	-	252	-
Net gain (loss) in fair value of derivative financial instruments	(3,875)	(248)	(8,958)	(867)

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 of the Corporation's DC&P and ICFR as at September 30, 2017, and have concluded that they were effective. Furthermore, no significant changes to the internal controls over financial reporting occurred during the quarter ended September 30, 2017.

#### Limitation on Scope of Design

The Regulation 52-109 permits an issuer to limit the scope of its design of DC&P and ICFR for a business that the issuer acquired not more than 365 days before the end of the financial period to which the certificate relates. Therefore the Corporation excluded the following acquisitions until the fourth quarter of 2017:

- On November 10 2016, the Corporation acquired 100% of the issued and outstanding shares of Centria ("Fiera Private Lending Inc.")
- On December 14 2016, the Corporation acquired 100% of the issued and outstanding shares of Charlemagne Capital Limited ("Charlemagne Capital").



## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

Management is in the process of completing its review of the design of DC&P and ICFR for these acquisitions. At September 30, 2017, risks were, however, mitigated as management was fully apprised of any material events affecting these acquisitions. In addition, all the assets and liabilities acquired were valued and recorded as part of the purchase price allocation process and the results of operations of these acquisitions were also included in the Corporation's interim condensed consolidated financial statements as follow:

% of Interim Condensed Consolidated Financial Statements	Charlemagne Capital	Fiera Private Lending Inc.
Revenue	9.23%	3.62%
Net earnings	1.71%	35.43%
Current assets	16.45%	3.48%
Total assets	6.28%	4.24%

#### FINANCIAL INSTRUMENTS

The Company, through its financial assets and financial liabilities, has exposure to the following risks from its use of financial instruments: market risk, equity market fluctuation risk, credit risk, interest rate risk, currency risk and liquidity risk. These risks and the management of these risks are described in the Company's 2016 Annual MD&A in the section entitled "*Financial Instruments*". The Company has not identified any material changes to the risk factors affecting its business or in the management of these risks.

#### CAPITAL MANAGEMENT

The Company's capital comprises share capital including hold back shares, (deficit) retained earnings and long-term debt, 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 September 30, 2017, 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 or proceed to the issuance or repayment of debt.

#### SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES

This MD&A is prepared with reference to the interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2017, and September 30, 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, 2016. 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 Nine-Month Periods Ended September 30, 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 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 that have been issued but are not yet effective:

##### ***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 version 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 Company is evaluating the impact of this standard on its consolidated financial statements.

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

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments.

In April 2016, the IASB issued clarifications to IFRS 15 which provide clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property and provide some transition relief for modified contracts and completed contracts. Adoption of IFRS 15 is mandatory for

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

annual periods beginning on or after January 1, 2018. Entities have the choice of full retrospective application, or prospective application with additional disclosures. The Company is evaluating the impact of this standard on its consolidated financial statements.

#### *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.

#### *Amendments to IFRS 2 – Share-Based Payments*

In June 2016, the IASB published amendments to IFRS 2 – *Share-based payments*. The amendments clarify the classification and measurement of share-based payment transactions. The amendments will come into effect for annual periods beginning on or after January 1, 2018. The Company is evaluating the impact of this standard 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 Nine-Month Periods Ended September 30, 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 15 – EBITDA and Adjusted EBITDA Reconciliation (in \$ thousands)**

	FOR THE THREE-MONTH PERIODS ENDED			FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2017	JUNE 30, 2017	SEPTEMBER 30, 2016	SEPTEMBER 30, 2017	SEPTEMBER 30, 2016
Net earnings	4,771	504	621	9,628	12,836
Income taxes	(263)	(797)	200	(1,028)	982
Depreciation of property and equipment	966	956	850	2,853	2,507
Amortization of intangible assets	10,497	10,900	10,350	32,332	26,357
Interest on long-term debt and other financial charges	2,641	1,827	3,337	6,645	7,644
<b>EBITDA</b>	<b>18,612</b>	<b>13,390</b>	<b>15,358</b>	<b>50,430</b>	<b>50,326</b>
Restructuring, integration and other costs	2,357	4,851	2,739	8,284	7,151
Acquisition costs	378	1,659	2,769	3,755	8,531
Accretion and change in fair value of purchase price obligation	375	1,289	(5,807)	2,972	(4,409)
Realized loss (gain) on investments	2	(8)	(224)	(10)	210
Loss on disposal of intangible assets and property and equipment	480	371	-	851	-
Loss on disposal of investment in subsidiaries	-	-	8,307	-	8,307
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	4,816	6,928	2,789	14,417	8,898
<b>Adjusted EBITDA</b>	<b>27,020</b>	<b>28,480</b>	<b>25,931</b>	<b>80,699</b>	<b>65,598</b>
<b>REVENUES</b>	<b>107,127</b>	<b>109,349</b>	<b>81,909</b>	<b>317,050</b>	<b>223,176</b>
<b>Adjusted EBITDA Margin</b>	<b>25.2%</b>	<b>26.0%</b>	<b>31.7%</b>	<b>25.5%</b>	<b>29.4%</b>

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

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2017

---

We define **Adjusted net earnings** as net earnings (loss) attributable to the Company's shareholders, adjusted for depreciation of property and equipment, amortization of intangible assets and share-based compensation, as well as after-tax acquisition, restructuring, integration and other costs, 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 revaluation of a purchase price obligation and after-tax gain on acquisition of control of investment in joint venture.

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 9.

#### RISKS OF THE BUSINESS

Fiera Capital's business is subject to a number of risk factors that may impact the Company's operating and financial performance. These risks and the management of these risks are detailed in the Company's 2016 Annual MD&A in the section entitled "*Risks of the Business*". The Company has not identified any material changes to the risk factors affecting its business or in the management of these risks.

This page was intentionally left blank.



