Consolidated Financial Statements of

FIERA CAPITAL CORPORATION

December 31, 2016 and 2015

FIERA CAPITAL

Fiera Capital Corporation
Table of Contents

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Fiera Capital Corporation

We have audited the accompanying consolidated financial statements of Fiera Capital Corporation, which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, and the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fiera Capital Corporation as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

/s/ Deloitte LLP[1]

March 22, 2017

Montreal, Quebec

[1] CPA auditor, CA, public accountancy permit No. A121444

Fiera Capital Corporation

Consolidated Statements of Earnings

For the years ended December 31,

(In thousands of Canadian dollars, except per share data)

	2016	2015
	$	$
Revenues		
Base management fees	297,717	231,421
Performance fees	34,281	19,534
Other revenues (Note 7)	12,146	7,462
	344,144	258,417
Expenses		
Selling, general and administrative expenses (Note 19)	248,469	177,691
External managers	3,586	4,825
Depreciation of property and equipment (Note 10)	3,401	2,030
Amortization of intangible assets (Note 11)	42,723	27,119
Acquisition costs	11,691	4,748
Restructuring and other integration costs (Note 4)	7,956	2,361
	317,826	218,774
Earnings before under-noted items	26,318	39,643
Realized gain on investments	(766)	(522)
Interest on long-term debt and other financial charges	12,686	8,852
Accretion and change in fair value of purchase price obligations	(3,337)	484
Changes in fair value of derivative financial instruments (Note 7)	211	445
Gain on acquisition of control of investment in joint venture (Note 4)	(5,827)	-
Gain on dilution of investments in joint ventures	-	(83)
Gain on disposal of investment in joint venture (Note 5)	(15,013)	-
Revaluation of assets held-for-sale (Note 6)	7,921	-
Loss on disposal of subsidiaries (Note 6)	8,315	-
Share of earnings of joint ventures (Note 5)	(77)	(1,968)
Earnings before income taxes	22,205	32,435
Income taxes (Note 13)	4,124	6,771
Net earnings	18,081	25,664
Net earnings attributable to :		
Company's shareholders	20,777	27,631
Non-controlling interest	(2,696)	(1,967)
	18,081	25,664
Earnings per share (Note 16)		
Basic	0.27	0.40
Diluted	0.27	0.39

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

Fiera Capital Corporation

Consolidated Statements of Comprehensive Income

For the years ended December 31,
(In thousands of Canadian dollars)

	2016	2015
	$	$
Net earnings	18,081	25,664
Other comprehensive income:		
Items that may be reclassified subsequently to earnings:		
Unrealized gain on available-for-sale financial assets (net of income taxes of $5 in 2016 and $105 in 2015)	30	640
Reclassification of gain on disposal of investments (net of income tax recovery of $121 in 2016 and $68 in 2015)	(780)	(414)
Share of other comprehensive income of joint ventures	-	155
Reclassification of share of other comprehensive income of joint ventures (Note 5)	(509)	-
Unrealized exchange differences on translating financial statements of foreign operations	743	18,382
Other comprehensive income	(516)	18,763
Comprehensive income	17,565	44,427
Comprehensive income attributable to:		
Company's shareholders	20,261	46,394
Non-controlling-interest	(2,696)	(1,967)
	17,565	44,427

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

Fiera Capital Corporation

Consolidated Statements of Financial Position

As at December 31,

(In thousands of Canadian dollars)

	2016	2015
	$	$
Assets		
Current assets		
Cash and cash equivalents	40,110	25,725
Restricted cash	660	2,890
Investments (Note 7)	8,972	4,707
Assets held-for-sale (Note 5)	-	5,496
Accounts receivable (Note 9)	116,401	65,435
Prepaid expenses and other assets	6,547	6,115
Subscription receipts receivable	-	1,755
	172,690	112,123
Non-current assets		
Deferred charges	1,688	3,284
Long-term receivable	27	433
Deferred income taxes (Note 13)	562	1,079
Investment in joint ventures (Note 5)	-	6,460
Property and equipment (Note 10)	18,398	18,956
Intangible assets (Note 11)	458,760	322,975
Goodwill (Note 11)	541,030	391,347
	1,193,155	856,657
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	89,160	50,784
Dividend payable	249	334
Restructuring provisions (Note 4)	1,879	75
Amount due to related companies	1,058	1,259
Purchase price obligations	13,470	11,561
Puttable financial instrument liabilities (Notes 4 and 7)	5,500	-
Client deposits	155	155
Deferred revenues	120	-
Subscription receipts obligation	-	1,755
Current portion of long-term debt (Note 14)	1,283	-
Derivative financial instruments (Note 7)	1,861	-
	114,735	65,923
Non-current liabilities		
Deferred lease obligations	3,479	1,311
Lease inducements	4,612	5,284
Deferred income taxes (Note 13)	15,394	12,566
Long-term restructuring provisions (Note 4)	715	936
Other non-current liabilities	2,694	2,512
Cash settled share-based liabilities	4,243	1,807
Long-term debt (Note 14)	429,140	264,226
Purchase price obligations	21,498	30,674
Derivative financial instruments (Note 7)	-	1,390
	596,510	386,629
Equity		
Equity attributable to Company's shareholders	566,236	474,938
Non-controlling interest	30,409	2,388
Initial value of option granted to non-controlling interest	-	(7,298)
Total non-controlling interest	30,409	(4,910)
	596,645	470,028
	1,193,155	856,657

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

Approved by the Board of Directors

/s/ Jean-Guy Desjardins — *Jean-Guy Desjardins, Director*

/s/ Sylvain Brosseau — *Sylvain Brosseau, Director*

Fiera Capital Corporation

Consolidated Statements of Changes in Equity

For the years ended December 31,

(In thousands of Canadian dollars)

	Share Capital	Restricted and Hold back shares	Contributed surplus	(Deficit) Retained earnings	Accumulated other comprehensive income	Equity attributable to Company's shareholders	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$
Balance, December 31, 2014	436,888	5,677	9,231	(24,493)	9,851	437,154	(2,943)	434,211
Net earnings	-	-	-	27,631	-	27,631	(1,967)	25,664
Other comprehensive income	-	-	-	-	18,763	18,763	-	18,763
Comprehensive income	-	-	-	27,631	18,763	46,394	(1,967)	44,427
Share-based compensation expense (Note 17)	-	-	5,994	-	-	5,994	-	5,994
Performance share units settled	-	-	(3,450)	-	-	(3,450)	-	(3,450)
Stock options exercised (Note 15)	3,146	-	(719)	-	-	2,427	-	2,427
Shares issued as part of a business combination (Note 4)	11,998	3,566	-	-	-	15,564	-	15,564
Shares purchased for cancellation (Note 15)	(2,320)	-	-	(789)	-	(3,109)	-	(3,109)
Issuance of restricted shares (Note 15)	2,622	(2,622)	-	-	-	-	-	-
Shares issued as settlement of purchase price obligations (Note 15)	8,500	-	-	-	-	8,500	-	8,500
Issuance of shares (Note 15)	3,341	-	-	-	-	3,341	-	3,341
Conversion of hold back shares (Note 15)	2,959	(2,959)	-	-	-	-	-	-
Dividends (Note 15)	-	-	-	(37,877)	-	(37,877)	-	(37,877)
Balance, December 31, 2015	467,134	3,662	11,056	(35,528)	28,614	474,938	(4,910)	470,028
Net earnings	-	-	-	20,777	-	20,777	(2,696)	18,081
Other comprehensive income	-	-	-	-	(516)	(516)	-	(516)
Comprehensive income	-	-	-	20,777	(516)	20,261	(2,696)	17,565
Share-based compensation expense (Note 17)	-	-	9,636	-	-	9,636	26	9,662
Performance share units settled	-	-	(4,237)	-	-	(4,237)	-	(4,237)
Restricted shares vested	-	859	(859)	-	-	-	-	-
Stock options exercised (Note 15)	2,983	-	(630)	-	-	2,353	(223)	2,130
Shares issued as part of a business combination (Note 4)	98,504	-	-	-	-	98,504	-	98,504
Shares purchased for cancellation (Note 15)	(1,342)	45	-	(362)	-	(1,659)	-	(1,659)
Non-controlling interest acquired (Note 4)	-	-	-	-	-	-	31,711	31,711
De-recognition of non-controlling interest	-	-	-	-	-	-	8,278	8,278
Call option (Note 4)	-	-	1,419	-	-	1,419	-	1,419
Shares issued as settlement of purchase price obligations (Note 15)	8,500	-	-	-	-	8,500	-	8,500
Issuance of shares (Note 15)	3,637	-	-	-	-	3,637	-	3,637
Contribution to non-controlling interest	-	-	(100)	-	-	(100)	350	250
Conversion of hold back shares (Note 15)	2,718	(2,718)	-	-	-	-	-	-
Dividends (Note 15)	-	-	-	(47,016)	-	(47,016)	(2,127)	(49,143)
Balance, December 31, 2016	582,134	1,848	16,285	(62,129)	28,098	566,236	30,409	596,645

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

Fiera Capital Corporation
Consolidated Statements of Cash Flows
For the years ended December 31,
(In thousands of Canadian dollars)

	2016	2015
	$	$
Operating activities		
Net earnings	18,081	25,664
Adjustments for:		
Depreciation of property and equipment	3,401	2,030
Amortization of intangible assets	42,723	27,119
Amortization of deferred charges	768	507
Accretion and change in fair value of purchase price obligations	(3,337)	484
Lease inducements	(601)	(216)
Deferred lease obligations	1,957	764
Share-based compensation	9,662	5,994
Cash settled share-based compensation	5,361	2,886
Restructuring provisions	3,492	(872)
Interest on long-term debt and other financial charges	12,686	8,852
Changes in fair value of derivative financial instruments	211	445
Income tax expense	4,124	6,771
Income tax paid	(19,306)	(12,563)
Share of earnings of joint ventures	(77)	(1,968)
Gain on disposal of investment in joint venture (Note 5)	(15,013)	-
Revaluation of assets held-for-sale	7,921	-
Gain on acquisition of control of investment in joint venture	(5,827)	-
Loss on disposal of subsidiaries	8,315	-
Gain on dilution of investments in joint ventures	-	(83)
Realized gain on investments	(766)	(522)
Other non-current liabilities	252	2,490
Changes in non-cash operating working capital items (Note 20)	(16,513)	(926)
Net cash generated from operating activities	57,514	66,856
Investing activities		
Business combinations (less cash acquired of $16,739 ($1,144 in 2015) (Note 4)	(162,867)	(23,975)
Proceeds from disposal of investment in joint venture (Note 5)	20,000	-
Payment of purchase price obligations	(1,321)	-
Investments, net	3,973	3,385
Contribution to non-controlling interest	250	-
Investment in joint ventures	-	(96)
Purchase of property and equipment	(3,993)	(9,409)
Purchase of intangible assets	(2,942)	(1,655)
Deferred lease obligations	331	-
Long-term receivable	406	(218)
Deferred charges	(441)	(1,874)
Restricted cash and client deposits	2,226	(758)
Net cash used in investing activities	(144,378)	(34,600)
Financing activities		
Settlement of share-based compensation	(5,813)	(3,450)
Dividends	(49,228)	(37,854)
Issuance of share capital less issuance cost of $138 ($19 in 2015)	3,822	4,238
Shares purchased for cancellation	(1,659)	(3,109)
Long-term debt, net	166,520	23,030
Interest paid on long-term debt	(11,015)	(7,539)
Financing charges	(1,133)	(1,168)
Net cash generated from (used in) financing activities	101,494	(25,852)
Net increase in cash and cash equivalents	14,630	6,404
Effect of exchange rate changes on cash denominated in foreign currencies	(245)	2,441
Cash and cash equivalents – beginning of year	25,725	16,880
Cash and cash equivalents – end of year	40,110	25,725

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

1. Description of business

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

The Board of Directors (the "Board") approved the consolidated financial statements for the years ended December 31, 2016 and 2015, on March 22, 2017.

2. Basis of presentation and adoption of new IFRS

Compliance with IFRS

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

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as at December 31, 2016.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2. Basis of presentation and adoption of new IFRS (continued)

Revised IFRS, interpretations and amendments

The following standards are effective for annual periods beginning on January 1, 2016. The adoption of these standards did not have any impact on the amounts reported or disclosures made in these financial statements and are not likely to affect future periods.

Amendments to IFRS 11 – *Joint Arrangements*

In May 2014, the IASB issued an amendment to this standard requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business.

Amendments to IAS 38 – *Intangible Assets* and IAS 16 – *Property, Plant and Equipment*

In May 2014, the IASB issued amendments to these standards to introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate.

Amendments to IFRS 10 – *Consolidated Financial Statements* and IAS 28 – *Investments in Associates and Joint Ventures*

In September 2014, the IASB issued amendments to these standards to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture. The extent of gains and losses arising on the sale or contribution of assets depends on whether the assets sold or contributed constitute a business. In August 2015, the IASB published an exposure draft proposing an indefinite deferral of the effective date for these amendments.

Annual improvements to IFRS (2012-2014) cycle

In September 2014, the IASB published annual improvements on the 2012-2014 cycle which included narrow-scope amendments. Modifications of standards that are relevant to the Company include: (1) specific guidance for cases when an entity reclassifies an asset from held-for-sale to held-for-distribution and vice versa in IFRS 5 – *Non-current assets held-for-sale*, (2) additional guidance on whether a servicing contract constitutes continuing involvement in a transferred financial asset and therefore whether the asset qualifies for derecognition in IFRS 7 – *Financial Instruments: Disclosures*, and (3) clarification that the high quality bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits paid under IAS 9 – *Employee Benefits.*

Amendments to IAS 1 – *Presentation of Financial Statements*

In December 2014, the IASB published amendments to this standard to clarify materiality, aggregation and disaggregation of items presented on the statements of financial position, earnings, and comprehensive income and guidance on the order of notes to the financial statements.

3. Significant accounting policies, judgments and estimation uncertainty

Significant accounting policies

This note provides a list of significant accounting policies adopted in the presentation of these consolidated financial statements.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities held at fair value through profit or loss (including derivatives) and assets available-for-sale, which have been measured at fair value as discussed under "Financial Instruments".

Consolidation

The financial statements of the Company include the accounts of the Company and its subsidiaries, as well as its share of interests in joint ventures. All intercompany transactions and balances with and amongst the subsidiaries are eliminated on consolidation.

The consolidated financial statements include the accounts of Fiera Capital Corporation and its wholly owned 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.

Non-controlling interests in the earnings and equity of subsidiaries are disclosed separately in the consolidated statements of financial position, earnings, comprehensive income, 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.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Company's interests in joint ventures are accounted for using the equity method of accounting.

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

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

3. Significant accounting policies, judgments and estimation uncertainty (continued)

The Company assesses at each year-end whether there is any objective evidence that its interests in the joint ventures are impaired; if impaired, the carrying value of the Company's investment in the joint venture is written down to its estimated recoverable amount (being the higher of fair value less costs to sell and value-in-use) and charged to the consolidated statements of earnings. In accordance with IAS 36 – *Impairment of assets*, impairment losses are reversed in subsequent years if the recoverable amount of the investment subsequently increases and the increase can be related objectively to an event occurring after the impairment was recognized.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition-related costs are recognized when incurred in the consolidated statements of earnings.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – *Income Taxes.* Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of earnings. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration. Contingent consideration that is classified as a liability is measured at each subsequent reporting date with the corresponding gain or loss being recognized in earnings.

Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognized immediately in the consolidated statements of earnings as a bargain purchase gain.

Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses from the settlement of foreign currency transactions and from the translation at reporting date exchange rates for monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of earnings. Foreign exchange gains or losses are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to a part of the net investment in a foreign operation. Non-monetary assets and liabilities denominated in foreign currencies are reported in Canadian dollars using the exchange rates in effect at the date of initial recognition.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated into Canadian dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated at exchange rates at the date of transactions.

Translation gains or losses related to foreign operations are recognized in other comprehensive income and are reclassified in earnings on disposal or partial disposal of the investment in the related foreign operations.

Derivative financial instruments

The Company uses derivative financial instruments including interest rate and cross currency swaps and forward foreign exchange contracts, to manage its exposure to foreign exchange, interest rate and market risks arising from operational, financing and investment activities. Derivatives financial instruments are used only for economic hedging purposes and not as speculative instruments.

The Company designates certain derivatives as either: fair value, cash flow or net investment hedges. When hedge accounting is applied, the Company documents at the inception of the hedging transaction the relationship between the hedging instrument and hedged items as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment both at hedge inception and on an ongoing basis, of whether the derivatives that are used for hedging transactions have been and will continue to be highly effective in offsetting changes in fair values and cash flows of hedged items.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedged item. For trading derivatives, gains or losses on remeasurement to fair value are recognized immediately in profit or loss. For hedging derivatives, the effective portion of changes in fair value of derivatives that qualify for hedge accounting are recognized in other comprehensive income and accumulated reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit and loss.

When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the definition for hedge accounting any cumulative gains or losses in equity at that time remains in equity and is recognized when the transaction is ultimately recognized in profit or loss.

Trading derivatives are classified as a current asset or current liability. The full value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged item is greater than 12 months.

Transaction costs for trading and hedging derivative financial instruments are recognized in profit or loss as incurred.

Revenue recognition

Revenue from management fees is recognized as the related services are rendered and when the fees are reliably measurable and it is probable that future economic benefits will flow to the entity. Management fees are invoiced quarterly based on daily average assets under management (“AUM”) while others are calculated and invoiced monthly or quarterly in arrears based on calendar quarter-end or month-end asset values under management or on an average of opening and closing AUM for the quarter.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

Performance fees are recorded only at the performance measurement dates contained in the individual account agreements and are dependent upon performance of the account exceeding agreed-upon benchmarks over the relevant period.

Deferred revenues

Payments received in advance for services to be provided to external parties are recorded upon receipt as deferred revenues. These revenues are recognized in the period in which the related services are rendered.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Regular-way purchases and sales of financial assets are recognized on the trade date.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Classification

Cash and cash equivalents and restricted cash	Loans and receivables
Investments	
Other securities and obligations	Fair value through profit or loss
Mutual fund and pooled fund investments	Available-for-sale / Fair value through profit or loss
Accounts receivable	Loans and receivables
Long-term receivable	Loans and receivables
Subscription receipts receivable	Loans and receivables
Accounts payable and accrued liabilities	Financial liabilities at amortized cost
Amount due to related companies	Financial liabilities at amortized cost
Client deposits	Financial liabilities at amortized cost
Subscription receipts obligation	Financial liabilities at amortized cost
Puttable financial instrument liabilities	Fair value through profit or loss
Value of option granted to non-controlling interest	Fair value through profit or loss
Long-term debt	Financial liabilities at amortized cost
Purchase price obligations	Financial liabilities at amortized cost
Derivative financial instruments	Fair value through profit or loss

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. The instruments held by the Company that are classified in this category are certain securities and obligations, classified under investments and derivative financial instruments in the consolidated statements of financial position.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

Financial instruments in this category are measured initially and subsequently at fair value. Transaction costs are expensed as incurred in the consolidated statements of earnings. Gains and losses arising from changes in fair value are presented in the consolidated statements of earnings in the period in which they arise. Dividends on financial assets through profit or loss are recognized in the consolidated statements of earnings when the Company's right to receive dividends is established. Financial assets at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the consolidated statements of financial position date, which is classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. With the exception of the long-term receivable, these assets are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, if applicable, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less a provision for impairment, if applicable.

Available-for-sale

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income (loss). Available-for-sale investments are classified as non-current, unless the investment matures within twelve months or management expects to dispose of it within twelve months.

Dividends on available-for-sale equity instruments are recognized in the consolidated statements of earnings when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the consolidated statements of earnings.

Available-for-sale investments are assessed for indicators of impairment at the end of each reporting period. The investments are considered to be impaired when there is objective evidence that, as a result of one or more events that have occurred, the estimated future cash flows of the investment have been affected, such as a significant or prolonged decline in the fair value of the investment below cost.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss

Amounts that may be payable under written put rights are initially recorded at their fair value as puttable financial instrument liabilities and subsequently remeasured to fair value at each reporting date.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and bank overdrafts.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

Restricted cash

Restricted cash consists of client deposits received following the settlement of a class action in favour of certain clients for whom the Company acted as agent and cash held in a segregated account, in connection with lease arrangements.

Investments

Investments in other securities and obligations are carried on the consolidated statements of financial position at fair value using bid prices at the end of the reporting period. Investments in mutual fund and pooled fund units are carried at the net asset value reported by the fund manager.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are expensed in the consolidated statements of earnings during the period in which they are incurred.

The major categories of property and equipment are depreciated over their estimated useful lives using the straight-line method over the following periods:

Office furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	Shorter of lease term or useful life

Residual values, methods of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized in the consolidated statements of earnings.

Intangible assets other than goodwill

Intangible assets with an indefinite life such as the asset management contracts with mutual funds are accounted for at historical cost. The Company expects both the renewal of these contracts and the cash flows generated by these assets to continue indefinitely. These mutual funds have an indefinite life. Accordingly, the Company does not amortize these intangible assets, but reviews them for impairment, annually or more frequently if events or changes in circumstances indicate that the assets might be impaired.

Separately acquired finite-life intangible assets are accounted for at historical cost, less accumulated amortization and impairment losses. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Other intangible assets are comprised of trade names, software and non-compete agreements. The expected useful lives of finite-life customer relationships and management contracts are analyzed each year and determined based on the analysis of the historical and projected attrition rates of clients and other factors that may influence the expected future economic benefit that the Company will generate from the customer relationships.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

Development costs for internally-generated intangible assets are capitalized when all of the following conditions are met:

- technical feasibility can be demonstrated;
- management has the intention to complete the intangible asset and use or sell it;
- management can demonstrate the ability to use or sell the intangible asset;
- it is probable that the intangible asset will generate future economic benefits;
- the Company can demonstrate the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- costs attributable to the asset can be measured reliably.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditures are charged to the consolidated statements of earnings in the period in which they are incurred.

Amortization of the finite-life intangible assets is based on their estimated useful lives using the straight-line method over the following periods:

Asset management contracts	10 years
Customer relationships	5 to 20 years
Other	2 to 8 years

Goodwill

Goodwill represents the excess of the consideration transferred in a business combination over the fair value of the Company's share of the net identifiable assets acquired at the date of acquisition. Goodwill is tested at least annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Impairment of non-financial assets

Property and equipment and finite-life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount is greater than its estimated recoverable amount. For the purpose of measuring recoverable amounts, assets are grouped at the lowest level for which there are separately identifiable cash inflows (cash-generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. Value-in-use is determined by discounting estimated future cash flows, using a pre-tax discount rate that reflects current assessments of the market, of the time value of money and of the risks specific to the CGU. Fair value less costs to sell is determined using an EBITDA (earnings before interest, taxes, depreciation and amortization) multiple of comparable companies operating in similar industries for each CGU. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statements of earnings.

Impairment losses recognized are allocated first to reduce the carrying amount of any goodwill allocated to the operating segment, and then to reduce the carrying amounts of the other assets in the operating segment on a pro rata basis. Previously impaired non-financial assets are reassessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there have been changes to the estimates used to determine the recoverable amount, and that these changes will be supported in the future. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

For goodwill impairment testing purposes, the operating segment represents the lowest level within the Company at which management monitors goodwill.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any lease inducements received from the lessor) are charged to the consolidated statements of earnings on a straight-line basis over the term of the lease.

Deferred charges

Deferred charges consist of insurance, rent and other long-term prepaid expenses and are amortized on a straight-line basis over the term of the contract or lease.

Deferred lease obligations

The Company leases office space with a predetermined fixed escalation of the minimum rent. The Company recognizes the related rent expense on a straight-line basis and, consequently, records the difference between the recognized rental expense and the amounts payable under the lease as deferred lease obligations.

Lease inducements

Lease inducements consist of allocations received from lessors for leasehold improvements and are amortized on a straight-line basis over the lease term.

Income taxes

Income taxes are comprised of current and deferred tax. Income taxes are recognized in the consolidated statements of earnings, except to the extent that they relate to items recognized directly in equity, in which case the income taxes are also recognized directly in equity.

Current income taxes are the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income taxes are recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income taxes are determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statements of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income taxes are provided on temporary differences arising on investments in subsidiaries and joint ventures except in the cases of subsidiaries where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

Deferred income tax assets and liabilities are presented as non-current.

Employee benefits

Post-employment benefit obligations

Certain employees of the Company have entitlements under the Company's pension plans, which are defined contribution pension plans. The cost of defined contribution pension plans is charged to expense as the contributions are earned by the employees.

Bonus plans

The Company recognizes a provision and an expense for bonuses at the time the Company becomes contractually obliged to make a payment or when there is a past practice that has created a constructive obligation.

Share-based compensation

The Company grants stock options to certain employees which are approved by the Board. The Board may determine the vesting term of the option including when any option will become exercisable and if the option will be exercisable in instalments or pursuant to a vesting schedule.

Share-based compensation expense is recorded using the fair value method. Under this method, the compensation expense for each tranche is measured at fair value at the grant date using the Black-Scholes option-pricing model and recognized as share-based compensation over the vesting period with an equal and offsetting amount recorded to contributed surplus. The vesting period is the period over which all of the specified vesting conditions are to be satisfied. When stock options are exercised, any consideration paid by employees is credited to share capital and the recorded fair value of the options is removed from contributed surplus and credited to share capital.

Deferred share unit plan

The expense associated with granting deferred share units ("DSU") was recognized when the deferred shares were issued. Changes in the fair value of previously issued DSU that arise due to changes in the price of the Company's common shares are recognized on an ongoing basis in the consolidated statements of earnings. The number of DSU granted to directors was determined by dividing the dollar value of the portion of directors' fees to be paid in DSU by the closing price of the Company's shares on the TSX for the business day immediately preceding the date of the grant.

In 2010, the Board discontinued the DSU plan; however, all existing rights and privileges were maintained. Eligible directors will be compensated in cash. The liability related to this plan is classified as current and is recognized in accounts payable and accrued liabilities. The liability is derecognized when the DSUs are settled.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

Restricted share unit plan

The Restricted Share Unit Plan ("RSU Plan") was established for the purpose of providing certain employees with the opportunity to acquire Class A subordinated voting shares ("Class A Shares") of the Company in order to induce such persons to become employees of the Company or one of its affiliates and to permit them to participate in the growth and development of the Company. If a RSU participant's employment with the Company terminates for any reason other than upon death or disability, then all unvested RSUs will automatically be forfeited and cancelled. The maximum number of issuable shares under all plans is 10% of the issued and outstanding shares of the Company calculated on a non-diluted basis. The vesting date is the third anniversary of the award date. The Board may determine the number of shares each eligible employee will receive. The plan is recorded as a cash settled share-based liability. The liability is measured at each reporting period based on the trading price of the Company's Class A Shares on the TSX, and is remeasured until the settlement date. The restricted share unit ("RSU") expense is recorded at fair value and is amortized over the vesting period on a straight-line basis.

A RSU participant's account is credited with dividend equivalents in the form of additional RSUs at each dividend payment date, if any, in respect of which dividends are paid on Class A Shares.

Restricted share unit plan - cash

RSUs granted under this plan, unless specified otherwise in the participant's award notice, will be paid in cash on the vesting date. The plan is recorded as a cash settled share-based liability. The liability is measured at each reporting period based on the trading price of the Company's Class A Shares on the TSX, and is remeasured until the settlement date. The expense is amortized over the vesting period on a straight-line basis.

A RSU – cash participant's account is credited with dividend equivalents in the form of additional RSUs at each dividend payment date, if any, in respect of which dividends are paid on Class A Shares.

Performance share unit plan

Performance share unit plan applicable to business units ("PSU plan applicable to BU")

The Company established various PSU plans applicable to BU for the purposes of attracting persons to become employees of the Company or to retain key employees and officers by allowing them to participate in the growth and development of the Company and the business unit in which they directly contribute. Under the terms of the PSU plan applicable to BU, the Company grants PSUs at a value determined by reference to the value of a specific business unit rather than by reference to the price of the Class A Shares of the Company.

At the time of grant of any PSU plan applicable to BU, the Company determines (i) the award value, (ii) the number of PSUs granted, (iii) the value of each PSU granted, (iv) the formula used to determine the value of the applicable business unit, (v) the vesting terms and conditions of the PSUs, and (vi) the applicable vesting date(s). The method of settlement with respect to the vested PSUs is determined for each grant. Such methods may include all or a portion of the value of the vested PSUs payable in Class A Shares or in cash. The choice of the method of settlement may be at the option of either the Company or the participant.

The PSU applicable to BU compensation expense is recognized on a straight-line basis over the vesting period when it is probable that the performance targets will be met. The attainment of the performance conditions and the estimated vesting of the PSUs are reassessed at the end of each reporting period.

A PSU participant's account is credited with dividend equivalents in the form of additional PSUs at each dividend payment date, if any, in respect of which dividends are paid on Class A Shares.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

The fair value of equity instruments is measured at the grant date which is the date at which the Company and the participant agree to a share-based compensation arrangement and requires that the Company and the participant have a shared understanding of the terms and conditions of the arrangement. The Company recognizes compensation expense as of the grant date.

PSU Plan

The Company has a PSU plan ("PSU plan") for the purposes of retaining key employees and officers by allowing them to participate in the growth and development of the Company. Under the terms of the PSU plan, the Company may grant PSUs based on the price of the Class A Shares of the Company on the date of the award.

PSUs awarded to participants vest on an anniversary of the date of the grant or as determined by the Board of Directors at the time of the grant, provided that the PSU participants have satisfied the performance conditions determined at the time of the grant. These performance conditions are expressed as performance criteria objectives and may be set at different aggregate levels: from individual to corporate level. PSU participants have the right to receive up to 50% of the vested PSUs in cash. A PSU participant's account will be credited with dividend equivalents in the form of additional PSUs as of each dividend payment date, if any, in respect of which dividends are paid on Class A Shares.

Restructuring provisions

The Company recognizes termination benefits when employment is terminated by the Company, or when an employee accepts an offer of voluntary redundancy in exchange for benefits and the Company can no longer withdraw the offer of those benefits or when the Company recognizes costs for a restructuring involving termination benefits. Benefits payable more than twelve months after the end of the reporting period are discounted to their present value.

Provisions, representing termination benefits, are measured at management's best estimate of the expenditures required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

Acquisition costs

Acquisition costs include expenses, fees, commissions and other costs associated with the collection of information, negotiation of contracts, risk assessments related to business combinations that have closed or that are being contemplated. These expenses are mostly composed of lawyers, advisors and specialists' fees.

Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net earnings for the year attributable to equity owners of the Company by the weighted average number of shares and hold back shares outstanding during the year.

Diluted EPS is calculated by adjusting the weighted average number of shares that would have been outstanding assuming the conversion of all dilutive shares. The number of shares included with respect to options and similar instruments is computed using the treasury stock method, with only the bonus element of the issue reflected in diluted EPS. The bonus element is the difference between the number of ordinary shares that would be issued at the exercise price and the number of ordinary shares that would have been issued at the average market price. The Company's potentially dilutive shares comprise stock options, RSUs, PSU applicable to BUs, PSUs granted to employees and contingent purchase price consideration payable in shares for which management expects the shares to be issued based on meeting target conditions specified in the acquisition agreement.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

Share capital

Class A Shares and Class B special voting shares ("Class B Shares") are classified as equity. Incremental costs directly attributable to the issuance of shares or options are recognized as a deduction from equity, net of tax, from the proceeds.

Dividends

Dividends on shares are recognized in the period in which the dividends are declared and approved by the Company's Board of Directors.

Contributed surplus

Contributed surplus is defined as the share-based payment reserve recorded at fair value at the grant date.

Significant accounting judgments and estimation uncertainties

The application of the Company's accounting policies requires management to make estimates and use judgment that can have a significant effect on the revenues, expenses, comprehensive income, assets and liabilities recognized and disclosures made in the consolidated financial statements. Estimates and judgments are significant when:

- the outcome is highly uncertain at the time the estimates and judgments are made; and
- if different estimates or judgments could reasonably have been used that would have had a material impact on the consolidated financial statements.

Management's best estimates regarding the future are based on the facts and circumstances available at the time estimates are made. Management uses historical experience, general economic conditions and trends, as well as assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically and the effects of any changes are recognized immediately. Actual results will differ from the estimates used, and such differences could be material. Management's annual budget and long-term plan which covers a four-year period are key information for many significant estimates necessary to prepare these consolidated financial statements. Management prepares a budget on an annual basis and periodically updates its long-term plan. Cash flows and profitability included in the budget and long-term plan are based on existing and expected future assets under management, general market conditions and current and future cost structures. The Board approves the annual budget.

The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the consolidated financial statements:

Cash generating unit

The Company determined that it had one CGU for the purpose of assessing the carrying value of the allocated goodwill and indefinite-life intangible assets.

Share-based payments

The Company recognizes compensation expense for cash and equity-settled transactions with employees by reference to the fair value of the related instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant, which is dependent on the terms and conditions of the grant. This also requires making assumptions and determining the most appropriate inputs to the valuation model including assessing whether the performance conditions will be met and estimating the expected number of units expected to vest.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

Impairment of non-financial assets

Goodwill is tested annually for impairment. The recoverable amount of the operating segment is determined based on a value-in-use calculation. This calculation requires assumptions and the use of estimates including growth rates for future cash flows, the number of years used in the cash flow model, the discount rate and others estimates. The recoverable amounts of indefinite-life intangible assets and finite-life intangible assets are based on the present value of the expected future cash flows, which involves making estimates about the future cash flows including projected client attrition rates, discount rates and gross profit margin percentage.

Business combinations

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied.

Income taxes

The calculation of income tax expense requires significant judgment in interpreting tax rules and regulations, which are subject to change. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets and liabilities require judgment in determining the amounts to be recognized. Significant judgment is required when assessing the timing of the reversal of the temporary differences to which future tax rates are applied. The recognition of deferred tax assets, which is limited to the amount that is probable to be realized, is estimated with consideration given to the timing, sources and level of future taxable profit.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

IFRS not yet adopted

The Company has not applied the following new and revised IFRS and interpretations that have been issued but are not mandatory for annual reporting periods ending December 31, 2016:

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. Early adoption permitted. 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 annual periods beginning on or after January 1, 2018. Entities have the choice of full retrospective application, or prospective application with additional disclosures. Early adoption is permitted. 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.

3. Significant accounting policies, judgments and estimation uncertainty (continued)

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 amendments will come into effect for annual periods beginning on or after January 1, 2017. Earlier application is permitted. Management does not expect this amendment to have a significant impact on the Company's consolidated statements of cash flows.

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. The amendments will come into effect for annual periods beginning on or after January 1, 2017. Earlier application is permitted. Management does not expect this amendment to have a significant impact on the Company's 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. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

Amendments to IAS 40 – *Investment Property*

In December 2016, the IASB published amendments to IAS 40 – *Investment Property* to clarify the accounting for transfers of property to, or from, investment property. The amendments will come into effect for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*

In December 2016, the IASB published IFRIC 22 – *Foreign Currency Transactions and Advance Consideration* to clarify the exchange rate that should be used for transactions that include the receipt or payment of advance consideration in a foreign currency. This new standard will come into effect for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

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*. The amendments will come into effect for annual periods beginning on or after January 1, 2017. Management does not expect this amendment to have a significant impact on the Company's consolidated financial statements.

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

4. Business combinations

2016

Apex Capital Management Inc. ("Apex")

On June 1, 2016, the Company completed the acquisition of all of the outstanding shares of Apex, a growth equity investment manager based in Dayton, Ohio. The acquisition is in line with the Company's global asset management growth strategy, and provides a complementary presence in the institutional and sub-advisory retail markets, small and cap, and other growth strategies.

Under the terms of the agreement, the purchase consideration for Apex includes US$88,000 (CA$115,201) paid in cash to the sellers, financed through a new US$125,000 term loan as provided under the Company's credit facility (Note 14) and US$57,000 (CA$74,619) worth of Fiera Capital Class A Shares, representing 5,775,075 Class A Shares, that were issued upon closing of the transaction, which was accounted for at a fair value of US$57,349 (CA$75,076) at the acquisition date. The Class A Shares are held in escrow and one seventh will be released each year over a seven year period commencing on the first anniversary of the closing date. The Class A Shares will not have voting rights until their release from escrow but are entitled to dividends. In addition, the purchase price includes an amount of US$1,170 (CA$1,532) which represents the working capital and post-closing price adjustments.

The transaction was accounted for as a business combination using the acquisition method and the purchase price was preliminarily allocated to the assets acquired and liabilities assumed based on their estimated fair value at the acquisition date as follows:

	$
Cash	678
Other current assets	5,025
Property and equipment	65
Intangible assets	115,548
Goodwill ($72,002 deductible for tax purposes)	72,460
Accounts payable and accrued liabilities	(820)
Deferred revenues	(1,147)
	191,809

Purchase consideration	$
Cash consideration	115,201
Share capital	75,076
Purchase price adjustment	1,532
	191,809

Goodwill is attributable to synergies expected as a result of the consolidation of the Company's U.S. operations. Management of Fiera Capital has identified intangible assets acquired from Apex which have been accounted for separately from goodwill. These intangible assets include non-compete agreement valued at $3,927, customer relationships valued at $104,728 and tradename valued at $6,893. Subsequent to the closing date, the Company revised certain valuation assumptions, including the discount rate used in the determination of the acquisition date fair value of customer relationships. This resulted in a decrease in the fair value of customer relationships of $40,778 with a corresponding increase in goodwill.

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

4. Business combinations (continued)

The Company incurred acquisition-related costs of $1,796 mainly composed of legal, financial advisor fees and due diligence costs. These costs were included under the caption acquisition costs in the consolidated statements of earnings. The Company financed the cash portion of the acquisition price with a term facility as described in Note 14.

The Company expects to finalize the accounting for this acquisition within twelve months of the acquisition date.

Pro forma Impact

The impact of the acquisition for the year ended December 31, 2016 on the Company's consolidated base management fees and net earnings was as follows:

	$
Base management fees	22,044
Net earnings	10,247

If the business combination would have occurred on January 1, 2016, the Company's consolidated base management fees, performance fees and net earnings for the year ended December 31, 2016 would have been as follows:

	$
Base management fees	314,002
Performance fees	34,281
Net earnings	27,721

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a twelve-month period and that they provide a baseline against which to compare the financial performance of future periods.

The above pro forma net earnings includes selling, general and administrative expense, amortization of tangible and intangible assets, and the elimination of the acquisition costs, as well as related tax effects.

Fiera Properties Limited ("Fiera Properties")

On April 4, 2016, the Company reorganized the capital of Fiera Properties, a joint venture created in 2011 by the Company and Axia Investments Inc. ("Axia"), to offer national real estate fund vehicles and segregated account management services to investors. The Company and Axia are the controlling shareholders. As a result of the reorganization and related amendment to the shareholders' agreement, the Company obtained effective control of Fiera Properties.

The Company's economic ownership in Fiera Properties is 38.46% of class B shares and 50% of class A shares. The amended shareholders' agreement includes as consideration transferred, an option to acquire an additional 10 class A shares of Fiera Properties. Exercising the call option to acquire additional class A shares would result in the Company holding a majority of class A shares. This change in control of the previously held equity interest was an economic event that triggered the remeasurement of the investment to fair value. The transaction was accounted for as a business combination achieved in stages using the acquisition method of accounting.

The purchase price was preliminarily allocated to assets and liabilities based on their estimated fair value at the acquisition date as follows:

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

4. Business combinations (continued)

	$
Cash	2,170
Other current assets	3,302
Property and equipment	123
Intangible assets	18,950
Goodwill (nil deductible for tax purposes)	12,805
Deferred income taxes	(5,385)
Accounts payable and accrued liabilities	(935)
Puttable financial instrument liabilities	(5,500)
Long-term debt	(1,675)
	23,855

Purchase consideration	$
Call option	1,419
Non-controlling interest	10,186
Fair value of Fiera Capital's previously held equity interest	12,250
	23,855

Prior to the amended shareholders' agreement, the Company accounted for the investment in the joint venture using the equity method of accounting. At the acquisition date, the carrying amount of the investment in the joint venture was $6,423. The fair value of the previously held equity interest amounted to $12,250. The remeasurement of Fiera Capital's investment to fair value resulted in a gain of $5,827. The gain is recorded in the consolidated statements of earnings under the caption: gain on acquisition of control of investment in joint venture.

Goodwill is attributable to the benefits from combining the assets and activities of Fiera Properties with those of Fiera Capital. Management of Fiera Capital has identified intangible assets acquired from Fiera Properties which have been accounted for separately from goodwill. These intangible assets were customer relationships valued at $18,950.

Under the terms of the amended shareholders' agreement, if certain management shareholders of Fiera Properties cease to be employed by Fiera Properties, it will be required to purchase all of the shares owned by the departing management shareholder within 30 days of the termination date. As a result of this put option, Fiera Properties' contingent obligation to purchase these shares was recorded by the Company as puttable financial instrument liabilities at the opening balance sheet date at their fair value of $5,500 with a corresponding increase in goodwill.

The Company expects to finalize the accounting for this acquisition within twelve months of the acquisition date.

Pro forma Impact

The impact of the acquisition for the year ended December 31, 2016 on the Company's consolidated base management fees and net earnings was as follows:

	$
Base management fees	6,442
Net earnings	1,054

If the business combination would have occurred on January 1, 2016, the Company's consolidated base management fees, performance fees and net earnings for the year ended December 31, 2016 would have been as follows:

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

4. Business combinations (continued)

	$
Base management fees	299,632
Performance fees	34,281
Net earnings	18,118

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a twelve-month period and that they provide a baseline against which to compare the financial performance of future periods.

The above pro forma net earnings includes selling, general and administrative expense, amortization of tangible and intangible assets, and the elimination of the acquisition costs, as well as related tax effects.

Natcan Investment Management Inc.

In connection with the 2012 acquisition of Natcan Investment Management Inc., the Company had recorded a purchase price obligation. During the year ended December 31, 2016, the Company reviewed its estimate of the minimum assets under management threshold required to be obligated to make the contingent payment of $7,500. The Company concluded that the minimum threshold would not be met and the purchase price obligation was revalued with the recovery recorded in the consolidated statements of earnings under the caption: accretion and change in fair value purchase price obligations. The contingent payment had a carrying value of $6,408 before the revaluation to nil.

Centria Commerce Inc.

On November 10, 2016, the Company's completed the acquisition of all the issued and outstanding shares of Centria Commerce Inc. ("Centria") and six general partnerships (Note 8) from DJM Capital Inc. ("DJM"). Centria is a Quebec-based private investment manager that establishes and manages funds providing construction financing, real estate investment and short-term business financing. The acquisition will allow the Company to integrate Centria as its own private lending platform, bringing a major alternative investment portfolio in-house and allowing the Company to offer its own diversified investment solutions directly to clients.

Under the terms of the share purchase agreement, the total purchase consideration paid at closing for Centria and the six general partnerships was $10,000 in cash and the balance was by the issuance of 1,944,211 Class A Shares. The Class A Shares issued at the closing date were accounted for at a fair value of $23,428 representing the closing share price on the closing date. Of the 1,944,211 Class A Shares issued, 338,124 will be held in escrow for general representations and warranties until fifteen months following the closing date. The escrow shares are voting and entitled to dividends. Additional purchase consideration up to $12,000, which was accounted for at fair value of $5,306, may be paid in Class A Shares at over a period of three calendar years following the closing date, if certain assets under management, revenue and earnings before interest, taxes, depreciation and amortization (as defined in the share purchase agreement) are met. The purchase consideration includes a net amount of $222 which represents net working capital and other adjustments.

The transaction constitutes a related party transaction as DJM is indirectly owned by Fiera Capital's Chairman and CEO and another member of Fiera Capital's Board. DJM also indirectly owns or has influence through related companies, over the issued and outstanding units of Class B Shares of Fiera Capital where holders of Class B Shares are entitled, voting separately as a class, to elect two-thirds of the members of the Board.

The transaction was accounted for as a business combination using the acquisition method and the purchase price was preliminarily allocated to the assets and liabilities based on their estimated fair value at the acquisition date as follows:

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

4. Business combinations (continued)

	$
Cash	2,282
Other current assets	706
Deferred charges	31
Property and equipment	262
Intangible assets	1,652
Goodwill (nil deductible for tax purposes)	38,772
Deferred income taxes	(104)
Accounts payable and accrued liabilities	(4,556)
Deferred lease obligations	(79)
Deferred revenues	(10)
	38,956

Purchase consideration	$
Cash consideration	10,222
Share capital	23,428
Fair value of purchase price obligation	5,306
	38,956

Goodwill is attributable to an experienced team knowledgeable in construction, financing, real estate investment and short-term business financing. Management of Fiera Capital has identified intangible assets acquired from Centria which have been accounted for separately from goodwill. These intangible assets include customer relationships valued at $1,600 and software valued at $52. The Company incurred acquisition-related costs of $991 mainly composed of legal, financial advisor fees and due diligence costs. These costs were included under the caption acquisition costs in the consolidated statements of earnings. The Company expects to finalize the accounting for this acquisition within twelve months of the acquisition date.

Pro forma Impact

The impact of the acquisition for the twelve-month period ended December 31, 2016 on the Company's consolidated base management fees, performance fees and net earnings was as follows:

	$
Base management fees	1,139
Performance fees	170
Net earnings	531

If the business combination would have occurred on January 1, 2016, the Company's consolidated base management fees, performance fees and net earnings for the twelve-month period ended December 31, 2016 would have been as follows:

	$
Base management fees	304,493
Performance fees	35,274
Net earnings	20,394

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a twelve-month period and that they provide a baseline against which to compare the financial performance of future periods.

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

4. Business combinations (continued)

The above pro forma net earnings includes selling, general and administrative expense, amortization of tangible and intangible assets, and the elimination of the acquisition costs, as well as related tax effects.

Charlemagne Capital Limited ("Charlemagne Capital")

On December 14, 2016, the Company acquired all of the issued and outstanding shares of Charlemagne Capital. Charlemagne Capital is a London-based emerging markets equity investment manager whose principal activity is providing emerging markets asset management products and services. The acquisition provides the Company with an entry into the emerging and frontier markets asset class and creates a European platform to enhance the growth and distribution of its existing investment strategies. The acquisition is also an important step in advancing the Company's growing global presence.

Under the terms of the acquisition agreement, Charlemagne Capital shareholders received 14 pence in cash in aggregate for each Charlemagne Capital share. The 14 pence was composed of 11 pence of cash for Charlemagne Capital share and a special dividend of 3 pence paid by Charlemagne Capital. The total consideration was 11 pence per share paid by Fiera Capital together with the special dividend of 3 pence per share paid by Charlemagne Capital.

The total purchase consideration for Charlemagne Capital includes an amount paid in cash of Great Britain pounds ("GBP") 32,000 (CA$52,983) and a realized loss of $1,072 on GBP forward contracts entered into to hedge the CAD to GBP exchange rate fluctuations during the period from the announcement of the transaction to the closing date (Note 7).

The transaction was accounted for as a business combination using the acquisition method and the purchase price was preliminarily allocated to the assets and liabilities based on their estimated fair value at the acquisition date as follows:

	$
Cash	11,605
Short-term investments	6,880
Other current assets	7,423
Property and equipment	94
Intangible assets	45,537
Goodwill (nil deductible for tax purposes)	26,336
Accounts payable and accrued liabilities	(14,657)
Deferred income taxes	(7,638)
Non-controlling interest	(21,525)
	54,055

Purchase consideration	$
Cash consideration	52,983
Forward foreign exchange contracts	1,072
	54,055

Goodwill is attributable to a well-established network and the complementary expertise and knowledge of emerging markets. Management of Fiera Capital has identified intangible assets acquired from Charlemagne Capital which have been accounted for separately from goodwill. These intangible assets include asset management contracts valued at $38,188. The Company incurred acquisition-related costs of $3,172 mainly composed of legal, financial advisor fees and due diligence costs. These costs were included under the caption acquisition costs in the consolidated statements of earnings. The Company expects to finalize the accounting for this acquisition within twelve months of the acquisition date.

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

4. Business combinations (continued)

The net assets acquired includes an intangible asset of $7,349 representing the fair value of the performance fee revenue (net of related commissions and income taxes) estimated to be collectible on December 31, 2016. This other asset was fully amortized over the period from the acquisition date to December 31, 2016 (Note 11).

The total consideration of $54,055 was paid in cash, financed in part by the credit facility (Note 14).

The entities consolidated by Charlemagne are disclosed in Note 8.

Pro forma Impact

The impact of the acquisition for the twelve-month period ended December 31, 2016 on the Company's consolidated base management fees, performance fees and net earnings was as follows:

	$
Base management fees	1,290
Performance fees	17,406[(1)]
Net earnings	539

[(1)] Performance fees were recognized at the performance measurement date of December 31, 2016.

If the business combination would have occurred on January 1, 2016, the Company's consolidated base management fees, performance fees and net earnings for the twelve-month period ended December 31, 2016 would have been as follows:

	$
Base management fees	323,738
Performance fees	35,432
Net earnings	19,841

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a twelve-month period and that they provide a baseline against which to compare the financial performance of future periods.

Other acquisitions

Aquila Infrastructure Management

On July 22, 2016, the Company entered into a transaction with Toronto-based Aquila Infrastructure Management ("Aquila"), a manager of infrastructure investments therefore creating Fiera Infrastructure Inc. The Company owns 75% of the issued and outstanding shares of this entity.

On July 22, 2016, Fiera Infrastructure Inc. acquired all of the issued and outstanding shares of 9562834 Canada Inc., a company that indirectly held investments in infrastructure assets for cash consideration of $128.

This transaction was accounted for as business combination using the acquisition method. The purchase price was preliminarily allocated to intangible assets of customer relationships and indefinite life asset management contracts. The Company expects to finalize the accounting for these acquisitions within twelve months of the acquisition date.

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

4. Business combinations (continued)

2015

Samson Capital Advisors LLC ("Samson")

On October 30, 2015, the Company completed the acquisition of all the outstanding shares of Samson, a New York-based investment management firm which specializes in global fixed income and currency investment. The acquisition enabled the Company to expand its global asset management services in the United States, adding strong leadership and investment talent in order to further increase the Company's presence in the US market.

Under the terms of the agreement, the total purchase price for Samson included US$19,200 (CA$25,119) paid in cash to the sellers, US$9,150 worth of Class A Shares, representing 1,028,086 Class A Shares, that were issued on the closing date, which was accounted for at a fair value of US$9,170 (CA$11,998) and US$3,150 worth of hold back shares, representing approximately 353,928 Class A Shares, that will be issued eighteen months after the closing, which was accounted for at a fair value of US$2,725 (CA$3,566). In addition, the purchase price includes an amount of up to US$4,175 which was accounted for at a fair value of US$3,008 (CA$3,935) payable over three years if certain targets are achieved, as well as US$1,025 (CA$1,342) which represented the Company's best estimate of the working capital adjustment. Other compensation mechanisms were agreed upon at the time the agreements were signed including retention bonuses, PSUs, and restricted shares.

The transaction was accounted for as a business combination using the acquisition method and the assets and liabilities were recorded at their estimated fair value at the acquisition date as follows:

	$
Cash	1,144
Restricted cash	509
Other current assets	4,486
Non-current assets	15
Property and equipment	100
Intangible assets	38,122
Goodwill ($5,699 deductible for tax purposes)	4,791
Deferred income taxes	379
Accounts payable and accrued liabilities	(460)
Deferred revenues	(3,126)
	45,960

Purchase consideration	$
Cash consideration	25,119
Share capital	11,998
Hold back shares	3,566
Fair value of purchase price obligation	5,277
	45,960

Goodwill was attributable to synergies expected as a result of the consolidation of the Company's U.S. operations. Management of Fiera Capital had identified intangible assets acquired from Samson which had been accounted for separately from goodwill. These intangible assets were non-compete agreement valued at $471, customer relationships valued at $36,168 and tradename valued at $1,433. The fair value of the purchase price obligation was calculated using the estimated discounted cash flows. The Company incurred acquisition-related costs of $3,363 mainly composed of legal and compliance fees and due diligence costs. These costs were included under the caption acquisition costs in the consolidated statements of earnings. The Company financed the cash portion of the acquisition price with the revolving facility described in Note 14.

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

4. Business combinations (continued)

During the year ended December 31 2016, the Company completed the calculation of the closing adjustments. As a result, the Company reduced the purchase price obligation by US$26 (CA$35) and goodwill by the same amount. The excess working capital in the amount of US$999 (CA$1,321) was paid to the former shareholders of Samson.

Pro forma Impact

The impact of the acquisition for the year ended December 31, 2015 on the Company's base consolidated management fees, performance fees and net earnings was as follows:

	$
Base management fees	3,239
Performance fees	-
Net loss	(210)

If the business combination would have occurred on January 1, 2015, the Company's consolidated base management fees, performance fees and net earnings for the year ended December 31, 2015 would have been as follows:

	$
Base management fees	246,674
Performance fees	19,534
Net earnings	29,197

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a twelve-month period and that they provide a baseline against which to compare the financial performance of future periods.

The above pro forma net earnings includes selling, general and administrative expense, amortization of tangible and intangible assets, and the elimination of the acquisition costs, as well as related tax effects.

Restructuring and other integration costs

During the year ended December 31, 2016, the Company recorded restructuring provisions related to severance of $3,099 ($1,267 for the year ended December 31, 2015) and other restructuring costs of $3,257 (nil for the year ended December 31, 2015). In addition, the Company recorded other integration costs of $1,600 ($1,094 for the year ended December 31, 2015) for an aggregate amount of $7,956 ($2,361 for the year ended December 31, 2015). The restructuring charges are mostly composed of severance costs due to corporate reorganizations following business combinations or as a result of the normal evolution of the business as well as abandoned software development costs. The integration costs are mostly composed of professional fees, relocation and lease related costs and other expenses incurred as a result of the integration of businesses recently acquired.

The change in the restructuring provisions for severance during the years ended December 31 is as follows:

	Severance
	$
Balance, December 31, 2014	1,883
Additions during the year	1,267
Paid during the year	(2,139)
Balance, December 31, 2015	1,011
Additions during the year	3,099
Paid during the year	(1,516)
Balance, December 31, 2016	2,594

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

4. Business combinations (continued)

	December 31, 2016	December 31, 2015
	$	$
Current portion	1,879	75
Non-current portion	715	936
Total	2,594	1,011

The restructuring provision of $715 ($936 in 2015) is classified as a non-current liability as the Company does not expect to settle the provision within the next twelve months.

5. Investment in joint ventures

The Company had investments in two joint ventures over which the Company had joint control. Axium Infrastructure Inc. (“Axium”), a Montréal, Quebec based entity that specializes in infrastructure investment and Fiera Properties, a Halifax, Nova Scotia based entity that specializes in real estate investments.

Axium

On December 21, 2015, the Company entered into a definitive agreement with Axium pursuant to which Axium purchased for cancellation the Company’s 35% equity ownership in Axium. As a result, the Company discontinued equity accounting for Axium and reclassified the investment as assets held-for-sale. On January 15, 2016 the Company completed the sale of its 35% equity ownership for cash proceeds of $20,000. The Company derecognized the investment of $5,496, reclassified $509 of accumulated other comprehensive income to net earnings and recorded a gain on disposal of $15,013 under the caption: Gain on disposal of investment in joint venture.

Fiera Properties

In 2015, the Company’s ownership in Fiera Properties was approximately 44% and was accounted for using the equity method of accounting. On April 4, 2016, the Company amended the shareholders’ agreement of Fiera Properties which resulted in the Company obtaining effective control (refer to Note 4). Consequently, the results of Fiera Properties are now consolidated. A gain on dilution of $83 was recorded during the year ended December 31, 2015 to reflect minor changes in ownership.

The following table includes the variation of the Company’s interests in joint ventures during the year ended December 31, 2015.

	2015
	$
Balance, December 31, 2014	9,635
Share of earnings	1,968
Gain on dilution	83
Share of other comprehensive income	155
Business combination	15
Subscription to capital	96
Foreign exchange difference	4
Assets held-for-sale	(5,496)
Balance, December 31, 2015	6,460

The Company’s share of earnings for the year ended December 31, 2016 was $72.

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

5. Investment in joint ventures (continued)

The following summarized financial information of Fiera Properties for the year ended December 31, 2015 represents amounts shown in the Fiera Properties financial statements, prepared in accordance with IFRS. As at December 31, 2015, the statement of financial position included: current assets (including cash of $423) of $5,167, non-current assets of $13,644, current liabilities of $5,382 representing net assets of $13,429. For the year ended December 31, 2015, the statement of earnings included: revenues of $8,232, expenses of $6,332 representing net earnings of $1,900.

The reconciliation of the summarized financial information to the carrying amount of the interest in the joint venture recognized in the consolidated financial statements as at December 31, 2015 is as follows:

	$
Net assets of the joint venture	13,429
Contributed surplus not attributable to the Company	(93)
	13,336
Ownership of the Company	5,860
Goodwill	600
Carrying amount of investment in joint ventures	6,460

6. Disposal of subsidiaries

On July 18, 2016, the Company completed the sale of its ownership interest in the following companies: Fiera Quantum GP Inc., 9276-5072 Quebec Inc. and Fiera Quantum Limited Partnership ("Fiera Quantum L.P."). During the first quarter of 2016, the Company revalued the non-current assets to the lower of their carrying amount and their fair value less costs to sell, and a revaluation of $7,921 was recognized and recorded under the caption: Revaluation of assets held-for sale. 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 L.P. and an additional charge of $8,315 was recorded in the statements of earnings under the caption: Loss on disposal of subsidiaries.

7. Financial instruments

The Company, through its financial assets and liabilities, has exposure to the following risks from its financial instruments: equity market fluctuation risk, credit risk, interest rate risk, currency risk and liquidity risk. The following analysis provides a measurement risk as at December 31, 2016 and 2015.

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

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

Market risk

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

7. Financial instruments (continued)

Equity market fluctuation risk

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

The Company's portfolio managers monitor the risks of the portfolio as part of its daily operations. The Company's portfolio of equity and equity-related securities as at December 31, 2016 and 2015 is comprised of mutual fund and pooled fund investments and other securities with a fair value of $8,972 as at December 31, 2016 and $4,707 as at December 31, 2015. Mutual fund and pooled fund investments are comprised of a well-diversified portfolio of investments in equities and bonds.

A 10% change in the fair value of the Company's equity and equity-related holdings as at December 31, 2016, and 2015 would have an impact of increasing or decreasing other comprehensive income by $897 and $471 respectively.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party.

The Company's principal financial assets which are subject to credit risk are cash and cash equivalents, restricted cash, investments and accounts receivable. The carrying amounts of financial assets on the consolidated statements of financial position, other than derivative financial instruments represent the Company's maximum exposure to credit risk at the consolidated statements of financial position dates.

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

The Company's credit risk is attributable primarily to its trade receivables. The amounts disclosed in the consolidated statements of financial position are net of allowance for doubtful accounts, estimated by the Company's management based on previous experience and its assessment of the current economic environment and financial condition of the counterparties. In order to reduce its risk, management has adopted credit policies that include regular review of client balances. With the exception of National Bank of Canada and related companies which represent 11% as at December 31, 2016 (21% as at December 31, 2015), no customer represents more than 10% of the Company's accounts receivable as at December 31, 2016 and 2015.

Interest rate risk

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

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

7. Financial instruments (continued)

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

Currency risk

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

The consolidated statements of financial position as at December 31, 2016 and 2015 include the following amounts expressed in Canadian dollars with respect to financial assets and liabilities for which cash flows are denominated in US dollars:

	2016	2015
	$	$
Cash and cash equivalents	28,255	16,918
Restricted cash	523	1,530
Investments	7,306	946
Accounts receivable	52,223	16,602
Accounts payable and accrued liabilities	(44,882)	(13,009)
Purchase price obligations	(4,869)	(5,704)
Long-term debt	(256,161)	(137,012)

Based on the balances outstanding (excluding long-term debt) as at December 31, 2016, a 5% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income of $1,928 (2015 - $864). The above calculation does not include the US dollar long-term debt, which is partially hedged by a long-term asset in the same currency. This long-term asset is not included in the consolidated statements of financial position given that it is an intercompany balance and is eliminated on consolidation.

Liquidity risk

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

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

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

7. Financial instruments (continued)

The Company has the following financial liabilities as at December 31, 2016:

			Contractual cash flow commitments			
	Carrying Amount	Total	2017	2018	2019	Other
	$	$	$	$	$	$
Accounts payable and accrued liabilities	89,160	89,160	89,160	-	-	-
Amount due to related companies	1,058	1,058	1,058	-	-	-
Puttable financial instrument liabilities	5,500	5,500	5,500	-	-	-
Long-term debt	432,200	432,200	1,283	525	168,069	262,323
Purchase price obligations	34,968	43,906	14,940	14,488	14,473	5
	562,886	571,824	111,941	15,013	182,542	262,328

Fair value

Puttable financial instrument liabilities

The puttable financial liabilities are recorded at their estimated fair value of $5,500 as at December 31, 2016. These are classified as current on the December 31, 2016 consolidated statements of financial position since they give the holder the right to put the shares that they hold in one of the Company's subsidiaries, to that subsidiary, upon ceasing employment. An amount of $2,750 is payable to a management shareholder of the Company's subsidiary within 30 days of December 31, 2016. The remaining balance is a contingent obligation to a management shareholder of the same subsidiary.

Derivative financial instruments

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

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

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

The Company had the following derivative financial instruments at fair value as at December 31:

	2016	2015
	$	$
Forward foreign exchange contracts – held for trading	323	-
Forward foreign exchange contracts – hedge	-	-
Forward foreign exchange contracts – held for trading	(260)	-
Interest rate swap contract – held for trading	(279)	(1,390)
Cross currency swap contracts – held for trading	(1,322)	-

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

7. Financial instruments (continued)

Financial statement presentation as at December 31:

	2016	2015
	$	$
Current derivative financial instrument assets[1]	323	-
Current derivative financial instrument liabilities	(1,861)	-
Non-current derivative financial instrument liabilities	-	(1,390)

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

a) Forward foreign exchange contracts – held for trading

On January 6, 2016, the Company entered into a series of (twelve) average rate forward foreign exchange contracts to manage the currency fluctuation risk associated with revenues denominated in US dollars for the year ended December 31, 2016. These forward foreign exchange contracts had a total initial notional amount of US$15,203 (the notional amounts ranged from US$859 to US$1,619 per month) and matured one by one on a monthly basis until December 31, 2016. At each monthly settlement from January 2016 to December 2016, the Company sold US dollars at 1.4000.

On December 23, 2016, the Company entered into a series of (twelve) average rate forward foreign exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in US dollars for the year ending December 31, 2017. These foreign exchange contracts have a total initial notional amount of US$35,107 (the notional amounts range from US$2,034 to US$5,935 per month) and mature one by one on a monthly basis until December 29, 2017. At each monthly settlement from January 2017 to December 2017, the Company will sell US dollars at 1.3482.

Forward foreign exchange contracts are recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value through profit or loss at the end of each reporting period. The gain or loss from these derivative financial instruments is $1,427 for the year ended December 31, 2016 and is recognized in accordance to the nature of the transaction and therefore within other revenues on the statements of earnings under the caption: Other revenues.

On June 29, 2016 and October 19, 2016, one of the Company's subsidiaries entered into two forward foreign exchange contracts to manage its exposure to foreign exchange rates. Each contract has a notional US dollar value of $2,000 to sell US and buy GBP. The contracts ended on January 25, 2017 and January 23, 2017 respectively.

The fair value of the derivative financial liability for these two contracts is US$193 (CA$260) as at December 31, 2016. The change in fair value of derivative financial instruments presented in the consolidated statements of earnings is revenue of US$9 (CA$12) for the period from acquisition date to December 31, 2016.

b) Forward foreign exchange contracts – hedge

On September 30, 2016, the Company entered into a foreign exchange forward contract to manage the currency fluctuation risk associated with the consideration for the acquisition of Charlemagne which was denominated in GBP. The foreign exchange forward contract with a total initial notional amount of GBP 15,000 matured on October 27, 2016. In early October 2016, the Company entered into three additional foreign exchange forward contracts with a total initial notional amount of GBP 15,000. At their maturity dates, each of these four contracts was rolled into a new contract, for a total notional amount of GBP 30,000, until they were all closed out on the closing date of the Charlemagne acquisition.

7. Financial instruments (continued)

These contracts were designated as cash flows hedges and satisfied the requirements for hedge accounting. The effective portion of changes in the fair value of these contracts was recognized in other comprehensive income and accumulated in a hedging reserve until the contracts were closed at which time the net realized loss of $1,072 including the ineffective portion of changes in fair value was included in the purchase consideration and was recorded as goodwill.

c) Interest rate swap contract – held for trading

On May 1, 2012, the Company entered into a Canadian interest rate swap contract to manage the interest rate fluctuations on its term facility denominated in Canadian dollars. The interest rate swap contract had an original amortizing notional amount of CA$108,000 at inception and matures on April 3, 2017. As at December 31, 2016, the notional amount was CA$95,850 (CA$103,950 as at December 31, 2015). The contract consists of exchanging the variable interest rate based on one-month Canadian prime rate for a fixed rate of 1.835%. Amounts are settled on a monthly basis. The gain or loss on the interest rate swap is recorded in changes in fair value of derivative financial instruments in the consolidated statements of earnings.

The Company remains exposed to changes in the Canadian prime rate on the difference between the amount drawn on the revolving facility in Canadian dollars and the notional amount of the interest rate swap contract. The swap is effective until April 2017 while the revolving facility matures on March 25, 2020. The Company is exposed to fluctuations in the US base or Libor rates on the US dollar term and revolving facilities since the Company does not have any US dollar swaps in place. The drawings in US dollars on the revolving facilities total US$65,781 as at December 31, 2016 (US$98,997 as at December 31, 2015).

d) Cross currency swaps – held for trading

Under the terms of the revolving facility, the Company can borrow either in US dollars based on US base or LIBOR rates plus 2.5% or in Canadian dollars based on CDOR plus 2.5% (the same credit spread). To benefit from interest cost savings, the Company has effectively created a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 2.1% on CA$100,000 by borrowing against the US dollar revolving facility, the equivalent of CA$100,000 (US$73,500) at Libor plus 2.5%, and swapping it into CDOR plus 2.1% with a one-month cross currency swap. On December 28, 2016, the Company withdrew US$73,500 on its credit facility at a one-month LIBOR rate plus 2.5% and simultaneously entered into a one-month cross currency swap contract that has a total notional amount of US$73,500 (CA $100,000) and that matures on January 30, 2017. As a result of the swap, the Company receives floating interest payments based on a spread of one-month LIBOR rate (US$) plus 2.5% and pays a floating rate based one-month CDOR rate (CA$) plus a spread of 2.1%.

This combination of transactions will be repeated on a monthly basis. This strategy provides cost savings without currency risk since the terms of the US LIBOR financing and the cross currency swap are exactly matched (US dollar notional amount, LIBOR rate, trade and maturity dates).

As at December 31, 2016, the fair value of the cross currency swap contract is a liability of US$984 (CA$1,322). This fair value is offset by the equivalent changes in fair value in Canadian dollars on the amount drawn on the US revolving facility specifically for this transaction (US$73,500). The change in fair value of the cross currency swaps presented in the consolidated statements of earnings is $1,322 for the year ended December 31, 2016.

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

7. Financial instruments (continued)

Financial instruments by category:

					December 31, 2016
	Loans and receivables	Available-for-sale	FVTPL[1]	Financial liabilities at amortized cost	Total
	$	$	$	$	$
Assets					
Cash and cash equivalents	40,110	-	-	-	40,110
Restricted cash	660	-	-	-	660
Investments					
Mutual fund and pooled fund investments under the Company's management	-	1,060	7,514	-	8,574
Other securities and investments	-	-	398	-	398
Accounts receivable	116,401	-	-	-	116,401
Long-term receivable	27	-	-	-	27
Derivative financial instruments [2]	-	-	323	-	323
Total	157,198	1,060	8,235	-	166,493
Liabilities					
Accounts payable and accrued liabilities	-	-	-	89,160	89,160
Amount due to related companies	-	-	-	1,058	1,058
Client deposits	-	-	-	155	155
Puttable financial instrument liabilities	-	-	5,500	-	5,500
Long-term debt	-	-	-	430,423	430,423
Purchase price obligations	-	-	-	34,968	34,968
Derivative financial instruments	-	-	1,861	-	1,861
Total	-	-	7,361	555,764	563,125

[1] Financial assets (liabilities) at fair value through profit or loss ("FVTPL").

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

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

7. Financial instruments (continued)

	Loans and receivables	Available-for-sale	FVTPL	Financial liabilities at amortized cost	December 31, 2015 Total
	$	$	$	$	$
Assets					
Cash and cash equivalents	25,725	-	-	-	25,725
Restricted cash	2,890	-	-	-	2,890
Investments					
Mutual fund and pooled fund investments under the Company's management	-	4,707	-	-	4,707
Accounts receivable	65,435	-	-	-	65,435
Long-term receivable	433	-	-	-	433
Subscription receipts receivable	1,755	-	-	-	1,755
Total	96,238	4,707	-	-	100,945
Liabilities					
Accounts payable and accrued liabilities	-	-	-	50,784	50,784
Amount due to related companies	-	-	-	1,259	1,259
Client deposits	-	-	-	155	155
Subscription receipts obligation	-	-	-	1,755	1,755
Long-term debt	-	-	-	264,226	264,226
Purchase price obligations	-	-	-	42,235	42,235
Derivative financial instruments	-	-	1,390	-	1,390
Total	-	-	1,390	360,414	361,804

The cost of investments recorded as available-for-sale is $1,027 as at December 31, 2016 and $3,808 as at December 31, 2015, while the fair value is $1,060 as at December 31, 2016 and $4,707 as at December 31, 2015. The unrealized gain of $29 (net of income taxes of $4) as at December 31, 2016 and $779 (net of income taxes of $120) as at December 31, 2015, are reflected in accumulated other comprehensive income.

The cost of investments recorded at fair value through profit or loss is $7,946 as at December 31, 2016 (nil as at December 31, 2015), while the fair value is $7,912 as at December 31, 2016 (nil as at December 31, 2015). The loss of $34 was recognized in net earnings during the year ended December 31, 2016.

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

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

7. Financial instruments (continued)

Fair value hierarchy

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

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

There were no transfers between levels during the years ended December 31, 2016 and 2015.

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

				December 31, 2016
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Investments				
Mutual fund and pooled fund investments under the Company's management	-	8,574	-	8,574
Other securities and investments	-	389	9	398
Derivative financial instruments	-	323	-	323
Total financial assets	-	9,286	9	9,295
Financial liabilities				
Derivative financial instruments	-	1,861	-	1,861
Puttable financial instrument liabilities	-	5,500	-	5,500
Total financial liabilities	-	7,361	-	7,361

				December 31, 2015
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Investments				
Mutual fund and pooled fund investments under the Company's management	-	4,707	-	4,707
Total financial assets	-	4,707	-	4,707
Financial liabilities				
Derivative financial instruments	-	1,390	-	1,390
Total financial liabilities	-	1,390	-	1,390

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

8. Investments

The consolidated financial statements include the accounts of the Company and all of its subsidiaries as at December 31, 2016 and 2015. The operating subsidiaries and their principal activities are set out in the table below. Unless otherwise stated, they have share capital solely in ordinary shares that are held directly or indirectly by the Company.

	Percentage of equity interest attributable to the Company				
	Direct		Indirect		
Name	2016	2015	2016	2015	Principal activities
Fiera Capital Funds Inc.	100%	100%	-	-	Asset management
The Fiera Capital QSSP II Investment Fund Inc.	100%	100%	-	-	Investment fund
8645230 Canada Inc.	100%	100%	-	-	Holding company
Gestion Fiera Capital S.a.r.l.	-	-	100%	100%	Other
Fiera US Holding Inc.	100%	100%	-	-	Holding company
Bel Air Investment Advisors LLC	-	-	100%	100%	Asset management
Bel Air Management LLC	-	-	100%	100%	Asset management
Bel Air Securities LLC	-	-	100%	100%	Asset management
Fiera Capital Inc. (1)	-	-	100%	100%	Asset management
Apex Capital Management Inc.	-	-	100%	-	Asset management
Fiera Capital Management Company LLC	-	-	100%	-	Asset management
Fiera Comox Partners Inc. (2)	65%	-	-	-	Asset management
Centria Commerce Inc. (renamed Fiera Private Lending Inc.)	100%	-	-	-	Asset management
General Partner Centria Capital Start-Up Fund Inc.	100%	-	-	-	Asset management
General Partner Centria Capital Real Estate Investment Fund I Inc.	100%	-	-	-	Asset management
General Partner Fiera FP Real Estate Investment Fund II Inc.	100%	-	-	-	Asset management
General Partner Centria Capital Mezzanine Financing Fund Inc.	100%	-	-	-	Asset management
General Partner Centria Capital Business Evolution Fund Inc.	100%	-	-	-	Asset management
General Partner Centria Capital Construction Financing Fund Inc.	100%	-	-	-	Asset management
General Partner Centria Capital Fund Inc.	100%	-	-	-	Asset management
Charlemagne Capital Limited	100%	-	-	-	Asset management
Charlemagne Capital (OCCO EE) Limited	-	-	50.1%	-	Asset management
Charlemagne Capital (UK) Limited	-	-	100%	-	Asset management
Charlemagne Capital (IOM) Limited	-	-	100%	-	Asset management
Charlemagne Capital (Services) Limited	-	-	100%	-	Other
Charlemagne Capital (Investments) Limited	-	-	100%	-	Asset management
OCCO Global Financials GP, LLC	-	-	100%	-	Other
Fiera Infrastructure Inc.	75%	-	-	-	Asset management
Fiera Infra GP Inc.	-	100%	100%	-	Asset management
9562834 Canada Inc.	-	-	100%	-	Holding company
Aquila GP Inc.	-	-	100%	-	Asset management

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

8. Investments (continued)

Name	Percentage of equity interest attributable to the Company				Principal activities
	Direct		Indirect		
	2016	2015	2016	2015	
Fiera Properties Limited (3)	38.46%	43.94%	-	-	Asset management
Roycom Inc.	-	-	100%	100%	Asset management
Propel Capital Corporation (4)	-	100%	-	-	Other
Fiera Quantum GP Inc.	-	100%	-	-	Holding company
9276-5072 Quebec Inc.	-	100%	-	-	Holding company
Fiera Quantum Limited Partnership	-	-	-	55%	Holding company
FQ ABCP GP Inc.	-	-	-	100%	Other
FQ GenPar LLC	-	-	-	100%	Other

(1) On November 9, 2015, the Company's wholly-owned subsidiary, Samson, was transferred to Fiera Capital Inc., a wholly-owned subsidiary of the Company and then Samson was dissolved.

(2) On November 10, 2016, the Company completed the creation of a private equity investment and asset management joint venture with Comox Equity Partners Inc. named Fiera Comox Partners Inc. ("Fiera Comox") which is engaged in the business of raising third-party capital and investing in and managing agriculture and private equity investment for third party investors.

(3) The Company's economic ownership in Fiera Properties is 38.46% of class B shares and 50% of class A shares. In April 2016, the Company amended the shareholders' agreement to include, as consideration transferred, an option to acquire an additional 10 class A shares of Fiera Properties. Exercising the option to acquire additional class A shares would result in the Company holding a majority of class A shares.

(4) Propel Capital Corporation was dissolved in 2016.

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

9. Accounts receivable

	December 31, 2016	December 31, 2015
	$	$
Trade accounts	94,463	50,288
Trade accounts – related companies of shareholders	14,300	14,314
Trade accounts – related parties	2,342	-
Trade accounts – Joint ventures	-	409
Other	5,296	424
	116,401	65,435

The aging of accounts receivable were as follows:

	December 31, 2016	December 31, 2015
	$	$
Trade		
Current	87,052	49,241
Aged between 61 – 119 days	6,228	520
Aged greater than 120 days	1,183	527
Total trade	94,463	50,288
Related companies, related parties and joint ventures		
Current	15,672	14,584
Aged between 61 – 119 days	-	109
Aged greater than 120 days	970	30
Total related companies, related parties and joint ventures	16,642	14,723
Other	5,296	424
	116,401	65,435

As at December 31, 2016, there was a provision for doubtful accounts of $32 (2015 - $37).

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

10. Property and equipment

	Office furniture & equipment	Computer equipment	Leasehold improvements	Total
	$	$	$	$
For the year ended December 31, 2015				
Opening net book value	1,236	764	3,120	5,120
Additions	3,091	1,026	11,168	15,285
Business combination	52	9	39	100
Transfer to intangible assets	-	(135)	-	(135)
Reclassification	(113)	113	-	-
Write-off	(31)	(53)	-	(84)
Foreign exchange difference	161	80	375	616
Depreciation	(506)	(488)	(952)	(1,946)
Closing net book value	3,890	1,316	13,750	18,956
Balance, December 31, 2015				
Cost	6,209	2,763	16,289	25,261
Accumulated depreciation	(2,497)	(1,560)	(2,953)	(7,010)
Foreign exchange difference	178	113	414	705
Net book value	3,890	1,316	13,750	18,956
For the year ended December 31, 2016				
Opening net book value	3,890	1,316	13,750	18,956
Additions	715	1,213	871	2,799
Business combinations	259	148	148	555
Reclassification	5	(5)	-	-
Disposal of assets held for sale	(2)	(6)	-	(8)
Foreign exchange difference	(106)	(22)	(375)	(503)
Depreciation	(902)	(634)	(1,865)	(3,401)
Closing net book value	3,859	2,010	12,529	18,398
Balance, December 31, 2016				
Cost	7,183	4,077	17,308	28,568
Accumulated depreciation	(3,396)	(2,158)	(4,818)	(10,372)
Foreign exchange difference	72	91	39	202
Net book value	3,859	2,010	12,529	18,398

During the year ended December 31, 2016, the Company derecognized office furniture and equipment with a cost of $5 (2015 - $695) and accumulated amortization of $3 (2015 - $664) and computer equipment with a cost of $42 (2015 - $950) and accumulated amortization of $36 (2015 - $897). During the year ended December 31, 2015, the Company also derecognized leasehold improvements which had an accounting cost of $120 and accumulated amortization of $120 (nil for 2016). During the year ended December 31, 2016, the excess of the cost over the accumulated amortization of $8 was recognized in the statements of consolidated earnings under the caption: revaluation of assets held for sale. During the year ended December 31, 2015, the excess of the cost over the accumulated amortization of $84 was recognized in the statements of consolidated earnings under the caption: depreciation of property and equipment.

During the year ended December 31, 2015, computer equipment with a cost of $238 and accumulated amortization of $103 was transferred to other intangible assets and office furniture and equipment with a cost of $159 and accumulated amortization of $46 were transferred to computer equipment (nil for 2016).

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

11. Goodwill and intangible assets

		Indefinite life	Finite-life			
	Goodwill	Asset management contracts	Asset management contracts	Customer relationships	Other	Total
	$	$	$	$	$	$
For the year ended December 31, 2015						
Opening net book value	370,161	8,375	61,480	215,138	7,842	292,835
Additions	-	-	-	-	408	408
Additions – internally developed	-	-	-	-	1,250	1,250
Business combinations	4,791	-	-	36,168	1,954	38,122
Transfer from property and equipment	-	-	-	-	135	135
Foreign exchange difference	16,395	425	-	16,201	718	17,344
Amortization for the year	-	-	(8,480)	(16,752)	(1,887)	(27,119)
Closing net book value	391,347	8,800	53,000	250,755	10,420	322,975
Balance, December 31, 2015						
Cost	368,504	8,154	84,800	281,966	14,396	389,316
Accumulated amortization and impairment	(1,918)	-	(31,800)	(55,250)	(5,133)	(92,183)
Foreign exchange difference	24,761	646	-	24,039	1,157	25,842
Net book value	391,347	8,800	53,000	250,755	10,420	322,975
For the year ended December 31, 2016						
Opening net book value	391,347	8,800	53,000	250,755	10,420	322,975
Additions	-	-	-	-	670	670
Additions – internally developed	-	-	-	-	210	210
Business combinations	150,338	-	45,537	125,747	10,872	182,156
Acquisitions	-	394	-	3,003	-	3,397
Revaluation	-	-	-	(7,031)	-	(7,031)
Write-off	-	-	-	-	(779)	(779)
Foreign exchange difference	(655)	(69)	1,001	(1,117)	70	(115)
Amortization for the year	-	-	(15,945)	(22,680)	(4,098)	(42,723)
Closing net book value	541,030	9,125	83,593	348,677	17,365	458,760
Balance, December 31, 2016						
Cost	518,842	8,548	122,988	392,146	25,304	548,986
Accumulated amortization and impairment	(1,918)	-	(40,280)	(66,391)	(9,166)	(115,837)
Foreign exchange difference	24,106	577	885	22,922	1,227	25,611
Net book value	541,030	9,125	83,593	348,677	17,365	458,760

Acquisitions

Larch Lane Advisors LLC

On September 1, 2016, the Company completed the purchase agreement with Larch Lane Advisors LLC ("Larch Lane") and announced that the Larch Lane team joined its US division, Fiera Capital Inc. The total purchase price for the net assets acquired was US$1,750 (CA$2,297) of which US$1,146 (CA$1,504) was paid at closing and the remaining amount was payable on or before January 15, 2017. The intangible assets resulting from this acquisition were recorded as asset management contracts of US$300 (CA$394) and customer relationships of US$1,450 (CA$1,903).

The addition of the team will enable Fiera Capital's US division to offer clients a range of alternative investment solutions, including a liquid alternatives mutual fund, traditional funds of hedge funds and hedge fund seeding.

11. Goodwill and intangible assets (continued)

HRS Capital ("HRS")

On November 1, 2016, the Company completed the purchase agreement with HRS, for a maximum purchase price of $1,100 of which $300 was paid at closing. The remaining amount of up to $800 is payable over a three year period ending December 31, 2019, if certain minimum thresholds based on revenues are satisfied. Intangible assets resulting from this acquisition were recorded as customer relationships of $1,100.

Revaluation and transfer

During the year ended December 31, 2016, customer relationships with a cost of $18,570 (nil for the year ended December 31, 2015) and accumulated amortization of $11,539 (nil for the year ended December 31, 2015) and other intangibles assets with a cost of $65 (nil for the year ended December 31, 2015) and accumulated amortization of $65 (nil for the year ended December 31, 2015) were revalued at their fair value of nil and reclassified as held-for-sale. The Company derecognized asset management contracts with a cost of $7,349 (nil for the year ended December 31, 2015) and accumulated amortization of $7,465 (nil for the year ended December 31, 2015), as well as foreign exchange difference of $116. In addition, the Company wrote-off software development costs in the amount of $779.

There were no transfers of intangible assets in 2016. During the year ended December 31, 2015, other intangible assets with a cost of $238 and accumulated amortization of $103 were transferred from property and equipment. In addition, during the year ended December 31, 2015, the Company derecognized other intangible assets which had an accounting cost of $2,751 and accumulated amortization of $2,751.

Goodwill impairment test

During the fourth quarters of 2016 and 2015, in the context of its annual impairment testing, the Company completed its impairment analysis and assessed the recoverability of its assets. In 2016 and 2015, for goodwill impairment testing purposes, the operating segment represents the lowest level within the Company at which management monitors goodwill.

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

11. Goodwill and intangible assets (continued)

Goodwill is monitored by management based on the Company's operating segment: asset management. In assessing goodwill for impairment as at December 31, 2016 and 2015, the Company compared the aggregate recoverable amount of the operating segment to the carrying amount. The recoverable amount has been determined based on the value-in-use using four-year cash flow budgets and forecasts approved by management and the Board. These make use of observable market inputs when available. Cash flows beyond the four-year budget are determined using the expected long-term growth rate. Key assumptions included the following:

	2016	2015[1]
	%	%
Weighted average growth rate	5.0%	5.5%
Discount rate	11%	11%

(1) Assumptions carried forward from 2013.

Reasonable changes in key assumptions would not cause the recoverable amount of goodwill to fall below the carrying value.

Impairment tests of indefinite-life intangible assets

In assessing indefinite-life intangible assets for impairment as at December 31, 2016 and 2015, the Company compared the aggregate recoverable amount of the assets to their respective carrying amounts. Key assumptions included the following:

	2016	2015[1]
	%	%
Weighted average growth rate	2.5%	2.5%
Discount rate	11%	11%

(1) Assumptions carried forward from 2013.

The recoverable amount has been determined based on value-in-use using indefinite-life four-year cash flow budgets and forecasts approved by management and the Board. These make use of observable market inputs when available. Cash flows beyond the four-year budget are determined using the expected long-term growth rate of 2.5%. The discount rate is applied to the pre-tax cash flow projections and is derived from the weighted average cost of capital.

Reasonable changes in key assumptions would not cause the recoverable amount of indefinite life intangible assets to fall below the carrying value.

As a result of the impairment analysis, the Company determined that the recoverable amounts exceeded the carrying amounts and therefore, there was no impairment.

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

12. Accounts payable and accrued liabilities

	December 31, 2016	December 31, 2015
	$	$
Trade accounts payable and accrued liabilities	22,302	12,947
Wages and vacation payable	651	429
Bonuses and commissions payable	63,081	30,641
Cash settled share-based liabilities	2,594	1,984
Income taxes payable	(678)	3,904
Sales taxes payable	1,210	879
	89,160	50,784

13. Income taxes

Income tax expense for the years ended December 31, are as follows:

	2016	2015
	$	$
Current income taxes	14,625	15,077
Deferred income taxes (recovery)	(10,501)	(8,306)
	4,124	6,771

For the years ended December 31, the Company's income tax expense differs from the amounts that would have been obtained using the combined Canadian federal and provincial statutory tax rates as follows:

	2016	2015
	$	$
Earnings before income taxes	22,205	32,435
Combined federal and provincial statutory tax rates	26.7%	26.7%
Income tax expense based on combined statutory income tax rate	5,929	8,660
Share-based compensation	1,064	956
Non-deductible acquisition costs	1,973	755
Income tax allocated to non-controlling interest	865	539
Difference between Canadian and foreign statutory rates	(6,024)	(3,407)
Prior years' tax adjustments	1,282	(835)
Other (non-taxable) non-deductible amounts	(965)	103
	4,124	6,771

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

13. Income taxes (continued)

The movement in deferred income tax assets and liabilities during the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Lease inducements & Deferred lease obligations	Restructuring provisions	Carry forward losses	Other	Total
	$	$	$	$	$
Balance, December 31, 2014	353	260	833	3,228	4,674
Charged to earnings	(48)	(10)	3,106	3,194	6,242
Other	-	-	276	-	276
Charged to other comprehensive income	-	-	-	(37)	(37)
Foreign exchange difference	-	-	158	493	651
Balance, December 31, 2015	305	250	4,373	6,878	11,806
Charged to earnings	2,642	438	5,831	2,015	10,926
Write-off	-	-	(727)	-	(727)
Business combinations	22	-	14	342	378
Charged to other comprehensive income	-	-	-	116	116
Foreign exchange difference	11	-	216	252	479
Balance, December 31, 2016	2,980	688	9,707	9,603	22,978

	Total (from above)	Intangible assets	Property & equipment	Total
	$	$	$	$
Balance, December 31, 2014	4,674	(24,441)	159	(19,608)
Charged to earnings	6,242	1,723	341	8,306
Other	276	-	-	276
Business combinations	-	379	-	379
Charged to other comprehensive income	(37)	-	-	(37)
Foreign exchange difference	651	(1,502)	48	(803)
Balance, December 31, 2015	11,806	(23,841)	548	(11,487)
Charged to earnings	10,926	1,924	(2,349)	10,501
Write-off	(727)	(138)	(15)	(880)
Business combinations	378	(13,559)	54	(13,127)
Charged to other comprehensive income	116	-	-	116
Foreign exchange difference	479	(472)	38	45
Balance, December 31, 2016	22,978	(36,086)	(1,724)	(14,832)

Financial statement presentation as at December 31:

	2016	2015
	$	$
Non-current deferred income tax assets	562	1,079
Non-current deferred income tax liabilities	(15,394)	(12,566)
Total	(14,832)	(11,487)

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

14. Long-term debt

	December 31, 2016	December 31, 2015
	$	$
Credit facility		
Term facility	167,838	-
Revolving facility	262,323	265,270
Other facility	2,039	-
Deferred financing charges	(1,777)	(1,044)
	430,423	264,226
Less current portion	(1,283)	-
Non-current portion	429,140	264,226

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

On May 31, 2016, the Company used the additional amount available under the new term facility to finance the cash portion of the Apex acquisition and the remaining amount available under the term facility at that date, was used to reimburse borrowings under the revolving facility. The total amount drawn on the term facility at December 31, 2016 is US$125,000 (CA$167,838).

Revolving facility

The Credit Facility includes a CA$300,000 senior unsecured revolving facility that can be drawn on in Canadian or US dollars at the discretion of the Company. Under the terms of the Credit Agreement, there are no minimum repayments on the revolving facility, until March 25, 2020, the date at which the full amount drawn on the revolving facility is repayable in full.

As at December 31, 2016, the total amount drawn on the revolving facility was comprised of CA$174,000 and US$65,781 (CA$88,323) (CA$128,258 and US$98,997 (CA$137,012) was outstanding as at December 31, 2015). The total consideration of $54,055 for the Charlemagne acquisition was financed in part by the revolving facility.

Terms of the Credit Facility

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

14. Long-term debt (continued)

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 minimal interest coverage ratio. EBITDA, a non IFRS measure, is defined in the Credit Agreement as consolidated earnings before interest, income taxes, depreciation, amortization, non-recurring and one-time expenses related to acquisitions and other non-cash items. As at December 31, 2016 and 2015, all restrictive covenants under the Credit Agreement were met.

The Credit Agreement includes covenants that limit the ability of the Company and certain of its subsidiaries that are specifically included in the Credit Agreement as borrowing parties and therefore are guarantors to the Credit Facility, to engage in specified types of transactions and thus imposes operating certain restrictions on these entities.

In 2015 the Company evaluated the changes to the Third Amendment and Restated Credit Agreement and concluded that the revised terms were substantial and constituted an extinguishment of the previous facility. As a result, unamortized deferred financing charges of $718 relating to the previous facility were written off in the consolidated financial statements on the date of the amendment (nil for 2016).

Other Facility

One of the Company's subsidiaries has an outstanding bank loan in the amount of $1,281 of which quarterly payments of CA$131 are required. The loan bears interest at prime plus 0.25% to 0.50% which is based on the ratio of senior debt to EBITDA (as defined in the loan agreement), and matures on June 30, 2019. As at December 31, 2016, all debt covenant requirements were met.

Another subsidiary of the Company has a line of credit with a dollar limit of CA$800. It bears interest at prime plus 2.75% and has no fixed maturity date. As at December 31, 2016, the amount drawn by the subsidiary on the line of credit is $758.

15. Share capital and accumulated other comprehensive income

Authorized

The Company is authorized to issue an unlimited number of Class A Shares and an unlimited number of Class B Shares. The Class B Shares may only be issued to Fiera Capital L.P.

Except as described below, the Class A Shares and the Class B Shares have the same rights, are equal in all respects and are treated as if they were shares of one class only. The Class A Shares and Class B Shares rank equally with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Company.

The holders of outstanding Class A Shares and Class B Shares are entitled to receive dividends out of assets legally available at such times and in such amounts and form as the Board may from time to time determine without preference or distinction between Class A Shares and Class B Shares.

Class A Shares and Class B Shares each carry one vote per share for all matters other than the election of directors. With respect to the election of directors, holders of Class A Shares are entitled to elect, voting separately as a class, one-third of the members of the Board while holders of Class B Shares are entitled to elect, voting separately as a class, two-thirds of the members of the Board of the Company.

The Class A Shares are not convertible into any other class of shares. Class B Shares are convertible into Class A Shares on a one-for-one basis, at the option of the holder as long as Fiera Capital L.P. is controlled by current shareholders or holds at least 20% of the total number of issued and outstanding Class A Shares and Class B Shares.

The shares have no par value.

Preferred Shares

The Company is authorized to issue an unlimited number of Preferred Shares. Preferred Shares are issuable in series and would rank, both in regards to dividends and return on capital, in priority to the holders of the Class A Shares, the holders of the Class B Shares and over any other shares ranking junior to the holders of the Preferred Shares. Other conditions could also be applicable to the holders of the Preferred Shares. The Company has not issued any Preferred Shares.

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

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

The following table provides details of the issued and outstanding common shares:

	Class A Shares		Class B Shares		Total	
	Number	$	Number	$	Number	$
As at December 31, 2014	48,715,873	404,999	20,039,750	31,889	68,755,623	436,888
Conversion of hold back shares	277,578	2,959	-	-	277,578	2,959
Issuance of shares	288,339	3,341	-	-	288,339	3,341
Shares issued as part of a business combination (Note 4)	1,028,086	11,998	-	-	1,028,086	11,998
Shares issued as settlement of purchase price obligations	729,157	8,500	-	-	729,157	8,500
Issuance of restricted shares	224,699	2,622	-	-	224,699	2,622
Stock options exercised	356,173	3,146	-	-	356,173	3,146
Shares purchased for cancellation	(275,230)	(2,320)	-	-	(275,230)	(2,320)
Transfers from Class B Shares to Class A Shares	192,173	306	(192,173)	(306)	-	-
As at December 31, 2015	51,536,848	435,551	19,847,577	31,583	71,384,425	467,134
Conversion of hold back shares	277,578	2,718	-	-	277,578	2,718
Issuance of shares	304,133	3,637	-	-	304,133	3,637
Shares issued as part of a business combination (Note 4)	7,719,286	98,504	-	-	7,719,286	98,504
Shares issued as settlement of purchase price obligations	683,142	8,500	-	-	683,142	8,500
Stock options exercised	401,642	2,983	-	-	401,642	2,983
Shares purchased for cancellation	(158,648)	(1,342)	-	-	(158,648)	(1,342)
Transfers from Class B shares to Class A shares	36,674	58	(36,674)	(58)	-	-
As at December 31, 2016 (1)	60,800,655	550,609	19,810,903	31,525	80,611,558	582,134

(1) Includes 5,775,075 Class A Shares held in escrow in relation with the Apex acquisition, 338,124 Class A Shares held in escrow in relation with the Centria acquisition, and 154,111 restricted shares held in escrow in relation to the restricted share plan.

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

2016

Conversion of hold back shares

As part of the acquisition of Bel Air Investment Advisors LLC as well as its affiliate Bel Air Securities LLC (collectively "Bel Air"), the Company committed to issue 832,755 Class A Shares worth US$9,760 at the closing date. These were issued in three tranches over the 32-month period following the closing date. This commitment is considered a component of equity and was recorded at a discounted value of US$8,419 (CA$8,781) under the caption: Restricted and Hold back shares.

In 2016, the third tranche amounting to 277,578 of the hold back shares were issued and effectively converted into Class A Shares and an amount of CA$2,718 was transferred from the caption Restricted and Hold back shares to Share Capital.

Issuance of shares

On the same day as the conversion of the third tranche of the hold back shares into share capital, in connection with a related agreement, the Company issued 149,469 Class A Shares to National Bank of Canada ("National Bank") for cash proceeds of $1,830 less issuance costs of $138. These shares were issued upon the exercise by National Bank of its anti-dilution rights, as defined in the Investor Rights Agreement.

In connection with the agreement described above, the Company had issued subscription receipts to National Bank providing for the issuance of 149,469 Class A Shares, at a pre-determined price of $12.24, to be exchanged into shares concurrently with the third conversion of hold back shares into share capital. The proceeds of these subscription receipts have been released from escrow on the issuance of the hold back shares.

The Company issued 154,664 Class A Shares from treasury at a cost of $1,945 for restricted and performance share units that vested during the year ended December 31, 2016.

Shares issued as part of a business combination

As part of the acquisition of Apex, the Company issued 5,775,075 Class A Shares worth US$57,000. The shares issued were recorded at the closing price at the acquisition date of CA$75,076. These shares are held in escrow and one seventh will be released each year over a seven year period commencing on the first anniversary of the closing date.

As part of the acquisition of Centria, the Company issued 1,944,211 Class A Shares worth CA$23,000. The shares were recorded at a closing price at the acquisition date of CA$23,428. Of the 1,944,211 shares issued, 338,124 shares will be held in escrow for general representations and warranties until fifteen months following the closing date of November 10, 2016.

Shares issued as settlement of purchase price obligations

On October 21, 2016, in connection with the asset purchase agreement of Natcan Investment Management Inc., the Company issued 683,142 Class A Shares for $8,500 as settlement of purchase price obligations.

Shares purchased for cancellation

On October 17, 2016, the Company announced the renewal of its normal course issuer bid for a period of twelve months. Purchases could commence as of October 19, 2016 and will end no later than October 18, 2017. Pursuant to the renewed normal course issuer bid, the Company may purchase for cancellation up to a maximum of 3,421,685 Class A Shares, representing approximately 10% of the public float of Class A Shares as at October 11, 2016.

During the year ended December 31, 2016, the Company paid $1,659 to purchase and cancel 158,648 Class A Shares which reduced share capital by $1,297 and the excess paid of $362 was charged to retained earnings.

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

Transfers

During the year ended December 31, 2016, 36,674 Class B Shares were converted into 36,674 Class A Shares on a one-for-one basis.

Dividends

During the year ended December 31, 2016, the Company declared dividends of $46,659 ($0.62 per share) on Class A Shares and Class B Shares and $357 on hold back shares.

2015

Conversion of hold back shares

As part of the acquisition of Bel Air, the Company committed to issue in three tranches over a 32-month period following closing, 832,755 Class A Shares worth US$9,760. This commitment was considered an equity component and was recorded at a discounted value of US$8,419 (CA$8,781) under the caption: Restricted and Hold back shares. During the second quarter of 2015, the second tranche amounting to 277,578 of the hold back shares were issued and effectively converted into Class A Shares and a value of CA$2,959 was transferred from the caption Restricted and Hold back shares to Share Capital.

Issuance of shares

On the same day as the conversion of the second tranche of the hold back shares into share capital in connection with a related agreement, the Company issued 149,469 Class A Shares to National Bank for cash proceeds of $1,830 less issuance-related costs of $19. These shares were issued upon the exercise by National Bank of its anti-dilution rights, as defined in the Investor Rights Agreement.

In connection with the agreement described above, the Company also issued subscription receipts to National Bank providing for the issuance of 149,469 Class A Shares, at a pre-determined price of $12.24, to be exchanged into shares concurrently with the third conversion of hold back shares into share capital. The proceeds of these subscription receipts have been transferred to an escrow account but the release from the escrow is conditional on the issuance of the hold back shares. As such, the amounts have been recorded as an asset and a liability for an amount of $1,755 which is presented as a current asset/liability.

The Company issued 138,870 Class A Shares from treasury at a cost of $1,530 for Restricted Share Units that vested during the year ended December 31, 2015.

Shares issued as part of a business combination

As part of the acquisition of Samson, the Company issued 1,028,086 Class A Shares worth US$9,150. The shares issued were recorded at the closing price at the acquisition date of CA$11,998. The Company also committed to issue approximately 353,928 Class A Shares eighteen months following the closing of the acquisition. The commitment was considered an equity component and was recorded at a discounted value of CA$3,566 under the caption: Restricted and Hold back shares.

Shares issued as settlement of purchase price obligations

On October 15, 2015, in connection with the asset purchase agreement of Natcan Investment Management Inc., the Company issued 729,157 Class A Shares for $8,500 as settlement of purchase price obligations.

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

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

Issuance of restricted shares

In addition, the Company issued 224,699 restricted shares (the “Restricted Shares”) to former employees of Samson. These shares will vest over a period of up to three years and the grant is accounted for as a share-based payment (see Note 17). The Restricted Shares of CA$2,622 were included as an increase in Share Capital with a corresponding decrease under the caption: Restricted and Hold back shares.

Shares purchased for cancellation

On October 15, 2015, the Company announced its intention to make a normal course issuer bid for its shares through the facilities of the TSX from October 19, 2015 to no later than October 18, 2016 in accordance with applicable regulations of the TSX. Under its normal course issuer bid, the Company may purchase for cancellation up to but no more than 3,509,288 Class A Shares, representing approximately 10% of the public float of Class A Shares as at September 30, 2015.

During the year ended December 31, 2015, the Company paid $3,109 to purchase and cancel 275,230 Class A Shares which reduced share capital by $2,320 and the excess paid of $789 was charged to retained earnings.

Transfers

During the year ended December 31, 2015, 192,173 Class B Shares were converted into 192,173 Class A Shares on a one-for-one basis.

Dividends

During the year ended December 31, 2015, the Company declared $37,605 of dividends ($0.54 per share) on Class A and Class B Shares and $272 on hold back shares.

Accumulated other comprehensive income

The components of accumulated other comprehensive income as at December 31 include:

	December 31, 2016	December 31, 2015
	$	$
Unrealized gain on available-for-sale financial assets	29	779
Share of other comprehensive income of joint ventures	-	509
Unrealized exchange differences on translating financial statements of foreign operations	28,069	27,326
	28,098	28,614

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

16. Earnings per share

Earnings per share and the reconciliation of the number of shares used to calculate basic and diluted earnings per share are as follows:

	For the years ended December 31,	
	2016	2015
	$	$
Net earnings attributable to shareholders	20,777	27,631
Weighted average shares outstanding – basic	75,969,314	69,956,100
Effect of dilutive share-based awards	2,326,073	808,523
Weighted average shares outstanding – diluted	78,295,387	70,764,623
Basic earnings per share	0.27	0.40
Diluted earnings per share	0.27	0.39

For the year ended December 31, 2016, the calculation of hypothetical conversions does not include 1,368,024 options (1,220,427 in 2015) with an anti-dilutive effect.

17. Share-based payments

a) Stock option plan

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

A summary of the changes that occurred in the Company's stock option plan during the years ended December 31, 2016, and 2015, is presented below:

		2016		2015
	Number of Class A Share options	Weighted-average exercise price	Number of Class A Share options	Weighted-average exercise price
		$		$
Outstanding – beginning of year	3,040,225	9.58	3,346,037	9.32
Granted	254,379	12.33	255,000	11.64
Exercised	(401,642)	5.86	(356,173)	6.82
Forfeited	(93,617)	13.11	(204,639)	12.74
Outstanding – end of year	2,799,345	10.25	3,040,225	9.58
Options exercisable – end of year	1,049,685	7.82	1,225,485	7.04

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

17. Share-based payments (continued)

The following table presents the weighted average assumptions used to determine the share-based compensation expense using the Black-Scholes option-pricing model during the years ended December 31, 2016 and 2015:

	2016	2015
Dividend yield (%)	4.63 to 5.34	3.80 to 5.17
Risk-free interest rate (%)	1.08 to 1.27	1.09 to 1.37
Expected life (years)	7.5	7.5
Expected volatility of the share price (%)	32.65 to 40.87	41.1 to 42.5
Weighted-average fair values ($)	2.21	2.80
Share-based compensation expense ($)	1,369	1,132

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

The following table summarizes the stock options outstanding and exercisable as at December 31, 2016:

	Options outstanding			Options exercisable	
Range of exercise price	Number of Class A Share options	Weighted-average remaining contractual life in years	Weighted-average exercise price	Number of Class A Share options	Weighted-average exercise price
			$		$
3.67	136,402	3	3.67	136,402	3.67
5.41 to 8.50	1,294,919	5	8.07	872,638	8.25
8.51 to 13.83	1,368,024	8	12.97	40,645	12.44

b) Deferred share unit plan

In 2007, the Board adopted a deferred share unit plan (the "DSU Plan") for the purposes of strengthening the alignment of interests between the directors and the shareholders by linking a portion of annual director compensation to the future value of the shares, in lieu of cash compensation. Under the DSU Plan, each director received, on the date in each quarter which is three business days following the publication by the Company of its earnings results for the previous quarter, that number of DSU having a value equal to up to 100% of such director's base retainer for the current quarter, provided that a minimum of 50% of the base retainer must be in the form of DSU. The number of DSU granted to a director was determined by dividing the dollar value of the portion of the director's fees to be paid in DSUs by the closing price of the Class A Shares of the TSX for the business day immediately preceding the date of the grant. At such time as a director ceased to be a director, the Company would make a cash payment to the director equal to the closing price of the Class A Shares on the date of departure, multiplied by the number of DSU held by the director on that date. As at September 1, 2010, the Board cancelled the DSU plan; however, all existing rights and privileges were kept intact. All directors are now compensated in cash.

As at December 31, 2016, management recorded a liability for an amount of $192 for the 14,998 units outstanding under the DSU Plan ($162 for 14,295 units as at December 31, 2015).

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

17. Share-based payments (continued)

c) Restricted share unit plan

On December 11, 2012, the Board adopted a RSU Plan for the purposes of providing certain employees with the opportunity to acquire Class A Shares of the Company in order to induce such persons to become employees of the Company, or one of its affiliates and to permit them to participate in the growth and development of the Company. The maximum number of issuable Class A Shares under all plans is 10% of the issued and outstanding shares of the Company calculated on a non-diluted basis. The vesting date is the third anniversary of the award date. The Board may determine the number of shares each eligible employee can receive. RSU expense is recorded at fair value and is amortized over the vesting period on a straight-line basis.

The following table presents transactions that occurred in the Company's RSU Plan during the years ended December 31, 2016 and 2015.

	2016	2015
Outstanding – beginning of year	686,244	540,508
Granted	-	273,964
Reinvestments in lieu of dividends	31,985	30,872
Vested [1]	(259,934)	(140,630)
Forfeited	(1,992)	(18,470)
Outstanding – end of year	456,303	686,244

[1] 114,812 Restricted share units were paid in cash (2015 - 1,760).

As at December 31, 2016, the Company recorded a liability in the amount of $3,081 for the 456,303 units outstanding under the RSU Plan ($2,905 for 686,244 units as at December 31, 2015). An expense of $3,466 and $2,204 was recorded for these grants during the years ended December 31, 2016 and 2015, respectively.

d) Restricted share unit plan – cash

During the year ended December 31, 2016, the Board approved an amendment to the settlement terms under the RSU Plan. RSUs granted under the revised plan, unless specified otherwise in the participant's award notice, will be paid in cash on the vesting date. All other terms of the RSU Plan remained unchanged. Prior to the amendment, participants had the choice to settle vested units with a combination of cash and Class A Shares.

	2016
Outstanding – beginning of year	-
Granted	308,768
Reinvestments in lieu of dividends	7,365
Outstanding – end of year	316,133

As at December 31, 2016, the liability under this RSU Plan was $549 for the 316,133 units outstanding which is included in Other non-current liabilities on the consolidated statements of financial position. An expense of $549 was recorded during the year ended December 31, 2016 for these grants.

17. Share-based payments (continued)

e) Restricted share plan

On October 30, 2015, in relation with the acquisition of Samson, the Board adopted a Restricted Share Plan for the purposes of retaining certain employees and providing them with the opportunity to participate in the growth and development of the Company. The maximum number of issuable Class A Shares under the plan is 224,699. The Board may determine the number of restricted shares each eligible employee can receive. The Restricted Shares vest over a three-year period with one third vesting each year. Accelerated vesting occurs in certain circumstances, including death or disability. The Restricted Shares are entitled to dividends and have voting rights. The plan administrator will reinvest the proceeds of the dividends received into additional shares of the Company.

On October 30, 2015, the Company issued 224,699 Restricted Shares. In conjunction with the Restricted Share issuance, the Company issued 224,699 Class A Shares which are held in escrow. During the year ended December 31, 2016, 76,326 Class A Shares that vested were released from escrow. In addition, 7,540 (2015 - 2,346) Class A Shares were purchased with the proceeds of the dividends received and credited to the escrow account.

The share-based payment expense is measured based on the fair value of the Restricted Shares on the grant date and is recognized over the vesting period on a straight-line basis. An expense of $1,379 and $227 was recorded for the years ended December 31, 2016 and 2015, respectively for this grant.

f) Performance share unit plan

PSU plan applicable to business units

Performance share units are provided to eligible employees at an award value which is determined by the Board as the original value of the award. The number of performance share units awarded to a participant as of the award date is calculated by dividing the award value, by the value of the performance share unit applicable to the business unit which is determined by the Board at each award date.

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

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

Each award notice specifies whether the settlement of the Company's payment obligation will be by issuance and delivery of the Company's Class A shares either at the option of the Company, the eligible employee or both. When the payment obligation is settled through the delivery of shares, the Company determines the total number of the Class A Shares to be issued based on the total settlement date value divided by a volume-weighted average price as defined in the plan.

During the years ended December 31, 2016 and 2015, the total award value granted to eligible employees under the Company's PSU plans applicable to business units was nil and $16,228 respectively. During the year ended December 31, 2016, certain PSU applicable to business units representing a total value of $13,475 vested. A total of 1,044 Class A Shares will be issued subsequent to December 31, 2016.

17. Share-based payments (continued)

In early 2016, the Company settled the vested PSUs at December 31, 2015 by paying $4,237 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 in contributed surplus. The settling of these PSUs in cash was due to unique circumstances. The Company still has the intention to settle the remaining tranches by issuing shares.

An expense of $6,508 and $4,393 was recorded during the years ended December 31, 2016 and 2015, respectively for the PSU plan applicable to BU. For the year ended December 31, 2016, the expense is attributable to equity-settled grants and cash-settled grants for an amount of $6,523 and ($15), respectively ($4,422 and ($29), respectively for the year ended December 31, 2015).

PSU plan

An expense of $2,154 and $924 was recorded during the years ended December 31, 2016 and 2015, respectively for awards granted under this PSU plan. For the year ended December 31, 2016, the expense is attributable to equity-settled grants and to cash-settled grants for an amount of $365 and $1,789, respectively ($213 and $711, respectively for the year ended December 31, 2015).

g) Stock option plans in the Company's subsidiaries

Two of the Company's subsidiaries have a stock option plan which is based on the shares of the respective subsidiary entity. These plans are accounted for as cash-settled plans. The total stock option expense in the statements of consolidated net earnings for the year ended December 31, 2016 was $91. The cash settled share-based liability is $1,297 in the statements of financial position as at December 31, 2016.

18. Post-employment benefit obligations

The Company contributes to defined contribution plans for its employees. Contributions for the year ended December 31, 2016 amount to $2,851 ($2,409 for the year ended December 31, 2015).

Subsequent to a business combination in September 2010, the Company assumed the role of sponsor of several individual pension plans ("IPPs") which had been established by the Company for former employees. Under pension legislation, while the IPPs are ongoing, the Company has no legal requirement to make contributions towards any solvency deficiencies. These IPPs are valued on a triennial reporting cycle. The most recent actuarial valuation was performed as at January 1, 2016 for four plans. The next actuarial valuation date is January 1, 2018 for one plan, June 30, 2018 for one plan and January 1, 2019 for four plans. Each IPP plan will be wound up upon the death of the respective participant or if applicable, their surviving spouse.

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

19. Expenses by nature

The details of selling, general and administration expense are as follows:

	For the years ended December 31,	
	2016	2015
	$	$
Wages and employee benefits	190,995	132,034
Travelling and marketing	9,636	8,369
Reference fees	5,637	5,978
Rent	9,852	6,537
Technical services	13,359	9,907
Professional fees	8,767	6,321
Insurance, permits and taxes	3,498	2,645
Other	6,725	5,900
	248,469	177,691

The details of wages and employee benefits are as follows:

	For the years ended December 31,	
	2016	2015
	$	$
Salaries and wages	158,966	110,630
Pension costs	2,851	2,409
Payroll deductions	3,219	2,814
Share-based compensation	9,662	5,994
Cash settled share-based compensation	5,361	2,886
Other	10,936	7,301
	190,995	132,034

Key management includes the Company's directors and key officers. Compensation awarded to key management is as follows:

Salaries and other short-term benefits	7,588	6,884
Share-based payments	2,534	2,229

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

20. Additional information relating to consolidated statements of cash flows

	For the years ended December 31,	
	2016	2015
	$	$
Changes in non-cash operating working capital items		
Accounts receivable	(36,118)	1,990
Prepaid expenses and other assets	552	(2,484)
Accounts payable and accrued liabilities	20,383	2,565
Amount due to related companies	(201)	328
Deferred revenues	(1,129)	(3,325)
	(16,513)	(926)

The following are non-cash items: shares issued as settlement for purchase price obligations of $8,500 (2015 – $8,500), conversion of hold back shares of $2,718 (2015 – $2,959), issuance of Restricted Shares of nil (2015 – $2,622), issuance of shares and hold back shares as part of a business combination of $98,504 and nil, respectively (2015 – $11,998 and $3,566, respectively), issuance of shares relating to the vesting of RSU and PSUs of $1,945 (2015 – $1,530), conversion of amounts outstanding under the previous facility into the amended revolving facility of nil (2015 - CA$129,500 and US$73,159), additions to property and equipment included in lease inducements of nil (2015 – $4,844), additions to property and equipment included in accounts payable and accrued liabilities of nil (2015 – $1,194) and additions to intangible assets included in accounts payable and accrued liabilities and purchase price obligation of $609 and $800, respectively (2015 – $70 and nil, respectively).

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between income taxes paid of $19,306 (2015 – $12,563) and income tax expense of $14,625 (2015 – $15,077) for a net impact of ($4,681) for the year ended December 31, 2016 (2015 – $2,514).

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

21. Commitments and contingent liabilities

Commitments

The Company leases office space and equipment under non-cancellable operating leases expiring at different dates until 2026. Future lease payments total $77,164 and include the following payments for each of the next five years as at December 31, 2016, and thereafter:

	$
2017	12,655
2018	10,439
2019	9,435
2020	8,739
2021	8,099
Thereafter	27,797

Contingent liabilities

In the normal course of business, the Company is 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.

22. Capital management

The Company's capital comprises share capital, (deficit) retained earnings and long-term debt, less cash. The Company manages its capital to ensure there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance and to maintain compliance with regulatory requirements and certain restrictive covenants required by the lender of the debt. During the years ended December 31, 2016 and 2015, 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.

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

23. Related party transactions

The Company has carried out the following transactions with shareholders and their related companies, during the years ended December 31.

	2016	2015
	$	$
Base management, performance and other revenues	50,180	52,326
Selling, general & administrative expenses		
Reference fees	1,574	1,592
Other	2,147	2,320
Interest on long-term debt	11,095	7,782
Changes in fair value of derivative financial instruments	211	445
Acquisition costs	-	120
Shares issued as settlement of the purchase price obligations	8,500	8,500

These 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.

The amounts due under the Company's Credit Facility, presented as long-term debt, are amounts due to a syndicate of lenders which includes two related parties of the Company. During 2016, the Company paid $1,020 (2015 - $1,034) to the syndicate of lenders for different transaction-related fees. The amounts are recorded as deferred financing costs.

The counterparty to three of the derivative financial instruments is a related company.

The Company has carried out the following transaction with joint ventures: other revenue of nil for the year ended December 31, 2016 ($400 for the year ended December 31, 2015).

24. Segment reporting

The chief operating decision-maker of the Company has determined that the Company's reportable segment is investment management services in Canada, the United States of America and Europe and other.

Geographical information

	Revenues	Non-current assets
	For the year ended December 31, 2016	As at December 31, 2016
	$	$
Canada	197,840	531,486
United States of America	118,610	422,304
Europe and other	27,694	66,113

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

24. Segment reporting (continued)

	Revenues	Non-current assets
	For the year ended December 31, 2015	As at December 31, 2015
	$	$
Canada	180,178	492,841
United States of America	72,937	250,614
Europe and other	5,302	-

Revenues are attributed to countries on the basis of the customer's location. Non-current assets exclude deferred income taxes.

25. Subsequent events

Dividends declared

On March 22, 2017, the Board declared a quarterly dividend of $0.17 per share to shareholders of record as at April 4, 2017 which is payable on May 2, 2017.

Fiera Properties

On March 7, 2017, the Company purchased 1,500,000 Fiera Properties' class B shares held by a departing minority management shareholder which increased the Company's ownership interest in Fiera Properties to 50.93% of class B shares. Concurrently with the transaction, the Company granted Axia Investment Inc., another shareholder of Fiera Properties, a call right which gives Axia the right to acquire up to 50% of the purchased class B shares from the Company within six months from the date of the transaction based on the same valuation.

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