

Management's Discussion and Analysis  
**FIERA CAPITAL CORPORATION**

For the Three and Nine-Month Periods Ended September 30, 2016



**FIERACAPITAL**



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## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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The following management's discussion and analysis ("MD&A") dated November 9, 2016, presents an analysis of the financial condition and results of the consolidated operations of Fiera Capital Corporation (the "Company" or "Fiera Capital" or "Firm") for the three and nine-month periods ended September 30, 2016. The following MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements including the notes thereto, as at and for the three and nine-month periods ended September 30, 2016.

The unaudited interim condensed consolidated financial statements include the accounts of Fiera Capital Corporation and its wholly owned subsidiaries: Fiera Capital Funds Inc. ("FCFI") which is registered with various provincial securities commissions as a mutual fund dealer and maintains its membership with the Mutual Fund Dealer Association (MFDA), and Fiera US Holding Inc. (which owns Bel Air Investment Advisors LLC, Bel Air Management LLC, Bel Air Securities LLC, Fiera Capital Inc., formally Wilkinson O'Grady & Co. Inc., Apex Capital Management "Apex"). Other subsidiaries including Fiera Infrastructure Inc. ("Fiera Infrastructure"), Fiera Properties Limited ("Fiera Properties") and Fiera Capital Management Company LLC are also consolidated. All intercompany transactions and balances have been eliminated on consolidation.

Unless otherwise stated, figures are presented in Canadian dollars. Certain totals, subtotals and percentages may not reconcile due to rounding. Certain comparative figures have been reclassified to conform with the current period's presentation.

#### **BASIS OF PRESENTATION**

The Company prepares its interim condensed consolidated financial statements in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standard Board ("IASB") and accordingly, do not include all disclosures required under International Financial Reporting Standards ("IFRS") for annual consolidated financial statements. The accounting policies and methods of computation applied in these interim condensed consolidated financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2015, except for the impact of the adoption of the standards, interpretations and amendment described in Note 3. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015.

The following MD&A should also be read in conjunction with the Company's 2015 audited consolidated financial statements, which contain a description of the accounting policies used in the preparation of these financial statements.

The Company presents adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), adjusted net earnings and cash earnings as key non-IFRS performance measures. These non-IFRS measures are defined on page 47.

## **Management's Discussion and Analysis**

### **For the Three and Nine-Month Periods Ended September 30, 2016**

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#### **FORWARD-LOOKING STATEMENTS**

Forward-looking statements, by their very nature, involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will prove to be inaccurate. As a result, the Company does not guarantee that any forward-looking statement will materialize and readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors, many of which are beyond Fiera Capital's control, could cause actual events or results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: Fiera Capital's ability to retain its existing clients and to attract new clients, Fiera Capital's investment performance, Fiera Capital's reliance on major customers, Fiera Capital's ability to attract and retain key employees, Fiera Capital's ability to successfully integrate the businesses it acquires, industry competition, Fiera Capital's ability to manage conflicts of interest, adverse economic conditions in Canada or globally, including among other things, declines in financial markets, fluctuations in interest rates and currency values, regulatory sanctions or reputational harm due to employee errors or misconduct, regulatory and litigation risks, Fiera Capital's ability to manage risks, the failure of third parties to comply with their obligations to Fiera Capital and its affiliates, the impact of acts of God or other force majeure events; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws, the impact and consequences of Fiera Capital's indebtedness, potential share ownership dilution and other factors described under "Risk Factors" in this MD&A or discussed in other documents filed by the Company with applicable securities regulatory authorities from time to time. These forward-looking statements are made as at the date of this MD&A and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as may be required pursuant to securities laws.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2016

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### COMPANY OVERVIEW

Fiera Capital Corporation was incorporated as Fry Investment Management Limited in 1955 and is incorporated under the laws of the Province of Ontario. The Company is a North American 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 US, investment advisory services are provided by the Company's US affiliates, which are investment advisors registered with the US Securities and Exchange Commission. Its head office is located at 1501 Avenue McGill College, office 800, Montréal, Quebec, Canada. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol "FSZ".

### SIGNIFICANT EVENTS

The Firm's results reflect solid contributions from its business activities in Canada and the US, as well as its proven ability to win new mandates.

#### *Fiera Capital Divested its Stake in Fiera Quantum Limited Partnership*

On July 18, 2016, the Firm divested its stake in Fiera Quantum Limited Partnership ("Fiera Quantum"). Revaluation of the assets held for sale is a two-step transaction, the first of which occurred in the first quarter of 2016 when Fiera Capital revalued the non-current assets to the lower of their carrying amount and their fair value less costs to sell, and a revaluation of assets held-for-sale of \$7.9 million was recognized in the first quarter of 2016. The second step of the transaction occurred on July 18, 2016, when the Firm de-recognized the non-controlling interest in the amount of \$8.3 million in the third quarter of 2016.

#### *Closing of Transaction with Aquila Infrastructure Management*

On July 22, 2016, Fiera Capital closed the transaction with Toronto-based Aquila Infrastructure Management Inc. This transaction brought Fiera Capital's total infrastructure asset portfolio to more than \$1.2 billion which includes Fiera Infrastructure's \$500 million of invested and committed capital and \$720 million of infrastructure debt.

#### *Head of Two New Alternative Strategies Appointed*

On August 29, 2016, Fiera Capital welcomed Antoine Bisson-McLernon as head of its soon-to-be-created joint venture in the private alternative investment space, managing two new alternative strategies, Agriculture and Private Equity. The joint venture is expected to be formed during the fourth quarter and the new funds launched in the new year.

#### *Strengthened Investment Management Team at Fiera Properties Limited*

On September 13, 2016, Stuart Lazier, the President and CEO of Fiera Properties ("Fiera Properties"), announced the appointment of Peter Cuthbert to the position of Chief Operating Officer of Fiera Properties, in addition to the arrival of Blair McCreadie as Senior Vice-President and Fund Manager and William Secnik as Vice-President, Investments. The team expansion is consistent with Fiera Properties' and Fiera Capital's commitment to continually grow and improve the Firm's alternative investment solutions and best-in-class diversification opportunities offered to its clients. The success of Fiera Properties to date is marked by the growth of the firm's flagship fund, the Fiera Properties CORE Fund, launched in June of 2013, which recently surpassed \$1 billion of assets under management, after several years of above-average returns.

### ***Offer to Acquire Charlemagne Capital Limited***

On September 30, 2016, Fiera Capital announced that it had made an offer (by way of a court-approved scheme of arrangement) to acquire the entire share capital of Charlemagne Capital, an independent London-based asset manager. For Fiera Capital, the benefits of the transaction, if completed, will be the creation of a strong European platform and a broadening of the Firm's offering with emerging and frontier market strategies.

### ***Subsequent Events***

#### ***Fiera Capital's New Private Lending Strategy***

On November 10, 2016, Fiera Capital announced that its Board of Directors approved the acquisition of Centria Commerce Inc., a leading Quebec-based private investment manager that establishes and manages funds providing construction financing, real estate investment and short-term business financing, from DJM Capital Inc. Operating under Fiera Private Lending, Centria will become Fiera Capital's private lending platform, bringing a major alternative investment portfolio in-house and allowing it to now offer its own diversified investment solutions directly to clients. The Firm issued a separate release announcing the transaction.

#### ***New Risk Management Overlay Strategy***

On November 1, 2016, Fiera Capital has been appointed as a portfolio sub-advisor for CI Investments' G5|20 Series, a family of guaranteed cash flow funds. Fiera Capital therefore assumed responsibility for the funds' risk management overlay strategy. The team is led by Alexandre Hocquard, Co-Leader, Research and Quantitative Solutions and Senior Portfolio Manager, and Nicolas Papageorgiou, Co-Leader, Research and Quantitative Solutions. They have been responsible for the G5|20 risk management overlay strategy since November 2014. The new team will allow Fiera Capital to provide clients with customized quantitative solutions focusing on volatility management, smart beta and liquid alternative investments.

#### ***Arrival of New Canadian Equity Team within Fiera Capital's Canadian Division***

On October 28, 2016, Fiera Capital is pleased to announce the arrival of a new Canadian equity team led by Nessim Mansoor and supported by two senior analysts, Tony Rizzi and Nicholas Smart. The team previously worked for a large insurance company where they were responsible for the management of Canadian equity mandates totaling \$3billion in AUM. They will bring with them a high quality focused investment approach to the management of Canadian equity portfolios.



## **MARKET AND ECONOMIC OVERVIEW**

### *Market Overview*

Fixed income markets posted positive results during the third quarter of 2016, as investors contemplated both the consequences surrounding the United Kingdom's vote to leave the European Union as well as the path of monetary policy in the US, particularly as the Federal Reserve revised its path for future interest rates lower. North American interest rates have been in a perpetual downtrend, despite the decent fundamental backdrop in the US and Canada. However, interest rates have been driven lower by several global (rather than domestic) factors, specifically the risks associated with "Brexit" implications as well as ultra-stimulative monetary policies from central banks abroad. In turn, the environment of extremely depressed interest rates abroad has stoked appetite for higher-yielding North American fixed income as yield-starved investors seek out an attractive alternative to more than two thirds of worldwide sovereign debt that's carrying a negative interest rate, which has fuelled massive fund flows into the North American fixed income market and placed a cap on bond yields.

Global equity markets produced some mixed results during the third quarter of 2016. Once again, the theme of Canadian equity dominance prevailed, with the S&P/TSX significantly outperforming its global peers. Canadian equities pushed through the 14,000 mark to hit their highest level since last August, as ongoing momentum in the commodity space bolstered the resource-levered market. However, in late June, uncertainty following the Brexit vote cooled down equity markets. Meanwhile, the US equity market also posted positive, albeit more modest results for the quarter, particularly as the Federal Reserve adopted a cautious approach to monetary policy, reassuring investors that officials would not derail the recovery with a premature rate hike. Moreover, while the US equity market collapsed in the aftermath of the Brexit vote, confidence was restored late in the month and accordingly, the US market recouped its late-month losses. In contrast, international equity markets posted some negative results during the second quarter even despite ongoing reflationary efforts from both the European Central Bank and the Bank of Japan. Not surprisingly, European equities suffered the brunt of the equity downturn associated with the UK referendum in June, as investors questioned the fortunes of the European economy following a UK exit. Meanwhile, Japanese stocks have been plagued by persistent strength in the yen, which has acted as a drag on expected domestic earnings and accordingly, equity performance.

Finally, emerging market bourses posted marginally positive results during the third quarter, as growth prospects continued to show encouraging signs of stabilization in the environment of stimulative monetary and fiscal policy. The US growth outlook continues to be driven by the robust consumer backdrop, which is helping to offset some softness in net exports and business investment. Household fundamentals remain in healthy shape, driven by an improving labour market, rising home values, and the accumulated savings from cheaper gasoline prices, all of which should provide a boost to confidence and spending. Meanwhile, after several months in contraction-mode, the manufacturing sector finally appears to be finding a bottom, particularly as headwinds from a stronger US dollar have faded. As the Federal Reserve's dual mandate of full employment and a stabilizing inflationary backdrop have largely been reached, interest rates are likely to resume higher later this year. However, the Federal Reserve has committed to a gradual and cautious approach to rate normalization, reflecting the potential downside risks from global financial market volatility, so as not to threaten the economic recovery in the US.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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#### *Economic Overview*

After an abysmal second quarter, we are beginning to see some signs of life in the Canadian economy, thanks to a resumption of activity in the oil sands. After a brief set-back earlier this year, exports have also made an impressive comeback, aided by the resurgence in US demand for Canadian-made goods and a competitive loonie, while the implementation of enhanced Canada Child Benefits has bolstered consumer confidence and accordingly, spending. In this environment, the Bank of Canada remains comfortably on the sidelines, balancing the positive economic impacts from resurgent US demand, a competitive Canadian dollar, and impending fiscal stimulus measures against transitory weakness in the commodity-related sectors of the economy.

The US consumer continues to thrive in the environment of solid job creation, modest wage gains, and low energy prices – a boon for both confidence and spending. Encouragingly, the manufacturing sector also appears to be finding a floor after several quarters in contraction, as the negative forces stemming from lower commodity prices and a stronger greenback fade, making way for a synchronous economic acceleration in the US. The Federal Reserve remains optimistic on the fortunes for the US economy and has noted that the case for a rate hike has strengthened, citing the healthy labor market and the expectation that inflation will reaccelerate as transitory factors recede, which should prompt the Federal Reserve to raise interest rates later in 2016.

The European consumer has prospered in the environment of low interest rates and cheap energy prices, while business confidence has also rebounded in the aftermath of Brexit, suggesting that the powerful stimulus package from the European Central Bank (ECB) is giving the economy a much-needed boost. And while prompt actions from the Bank of England were successful in cushioning the blow to the economy following the UK referendum, the longer-term consequences of Brexit remain unknown and warrant some caution. Finally, policymakers continue their struggle to revitalize the Japanese economy in the wake of a strengthening yen and an uninspiring consumer backdrop, though newly announced monetary and fiscal support suggests that authorities will stop at nothing to reinvigorate growth.

Finally, the emerging markets growth outlook has brightened somewhat, notably in China, where both hard landing fears and capital outflows have abated, while gradual increases to US borrowing costs remove a significant headwind to growth prospects. The Chinese economy has been in firming-mode this year, a sign that past monetary and fiscal stimulus measures have been successful in stabilizing the world's second largest economy, while the growth outlook in India (the world's fastest growing economy) remains robust. In contrast, economic conditions in Brazil remain challenging as the economy grapples with its deepest recession on record, though the new government has been called-upon to promote recovery efforts while rising commodity prices should also remain supportive.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2016

### SUMMARY OF PORTFOLIO PERFORMANCE

#### Annualized Rates of Return

Strategies	AUM (\$Billion)	1 yr			5 yrs or Since Inception (SI)* (SI if inception < 5 yrs)			Inception date	Benchmark name	Notes
		Strategy return	Added value	Quartile	Strategy return	Added value	Quartile			
<b>Fixed Income Investment Strategies</b>	<b>63.1</b>									
Active Fixed Income Universe		6.48	0.17	Q3	4.51	0.13	Q3	01/01/1997	FTSE TMX Universe	
Tactical Fixed Income Universe		6.66	0.35	Q2	4.71	0.33	Q2	01/01/2000	FTSE TMX Universe	
Integrated Fixed Income Universe		6.60	0.29	Q3	4.83	0.45	Q2	01/01/1993	FTSE TMX Universe	
Active Fixed Income Long-Term		12.78	0.14	Q3	7	0.04	Q3	01/07/1998	FTSE TMX Long Term	
High Yield Bonds		11.77	-0.50	Q2	7.88	-0.65	Q3	01/02/2002	High Yield Blended	1
Preferred Shares Relative Value		9.69	1.16	N/A	1.15	1.75	N/A	01/02/2004	S&P/TSX Preferred Share	
Infrastructure Bonds		12.99	-0.46	N/A	8.25	1.22	N/A	01/08/2011	FTSE TMX Provincial Long Term	
<b>Balanced Investment Strategies</b>	<b>4.2</b>									
Balanced Core		10.85	1.21	Q1	10.81	1.68	Q1	01/09/1984	Balanced Core Blended	2
Balanced Integrated		11.02	0.83	Q2	10.36*	1.99*	Q1	01/04/2013	Balanced Integrated Blended	3
Balanced Fund		10.30	0.64	Q2	10.16	1.16	Q2	01/03/1973	Balanced Blended Benchmark	4
<b>Equity Investment Strategies</b>	<b>40.6</b>									
Canadian Equity Growth		11.62	-2.59	Q3	10.31	2.26	Q3	01/01/2007	S&P/TSX Composite Capped	
Canadian Equity Core		13.63	-0.58	Q2	10.02	1.96	Q3	01/01/1992	S&P/TSX Composite	
High Income Equity		16.89	-1.14	Q1	9.94	2.25	Q4	01/10/2009	S&P/TSX Composite High Dividend	
Canadian Equity Small Cap Core		21.65	-14.15	Q3	13.66	8.83	Q2	01/01/1989	S&P/TSX Small Cap	
Canadian Equity Small Cap		22.71	-13.08	Q3	14.44	9.61	Q2	01/01/1989	S&P/TSX Small Cap	
US Equity		12.30	-0.85	Q2	23.82	1.92	Q1	01/04/2009	S&P 500 CAD	
International Equity		10.75	6.33	Q1	16.14	3.65	Q1	01/01/2010	MSCI EAFE Net CAD	
Global Equity		13.18	4.02	Q1	20.3	3.36	Q1	01/10/2009	MSCI World Net CAD	
<b>Alternative Investment Strategies</b>	<b>4.6</b>									
North American Market Neutral Fund		5.64	5.19	N/A	6.41	5.59	N/A	01/10/2007	FTSE TMX T-Bill 91 day	
Long / Short Equity Fund		12.86	12.40	N/A	17.74	16.91	N/A	01/08/2010	FTSE TMX T-Bill 91 day	
Diversified Lending Fund		6.45	6.00	N/A	7.06	6.23	N/A	01/04/2008	FTSE TMX T-Bill 91 day	
Multi-Strategy Income Fund		9.82	7.80	N/A	5.27	2.98	N/A	01/11/2009	FTSE TMX Short Term	
Infrastructure Fund		5.34	N/A	N/A	6.29	N/A	N/A	01/03/2010	No Benchmark	
Real Estate Fund		6.53	N/A	N/A	5.06*	N/A	N/A	01/07/2013	No Benchmark	
<b>Total</b>	<b>112.5</b>									

Notes:

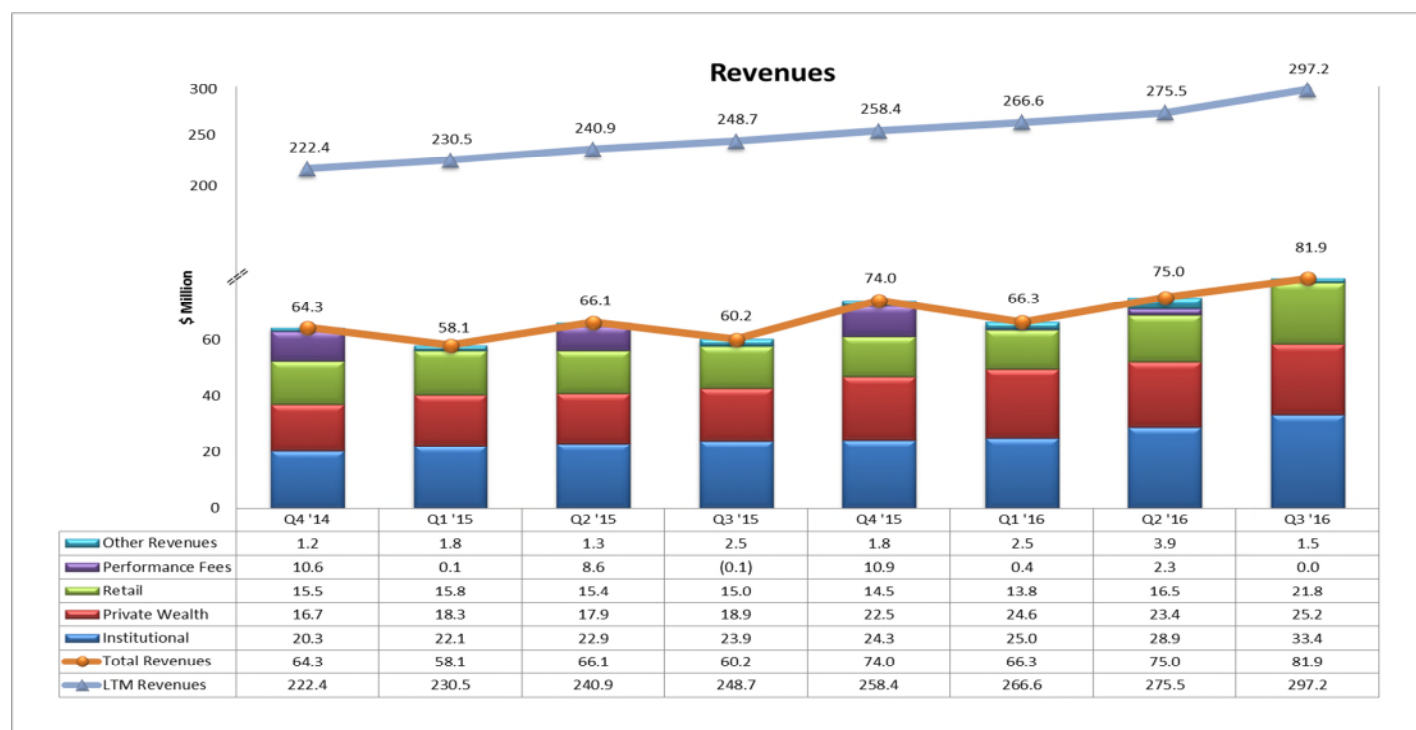
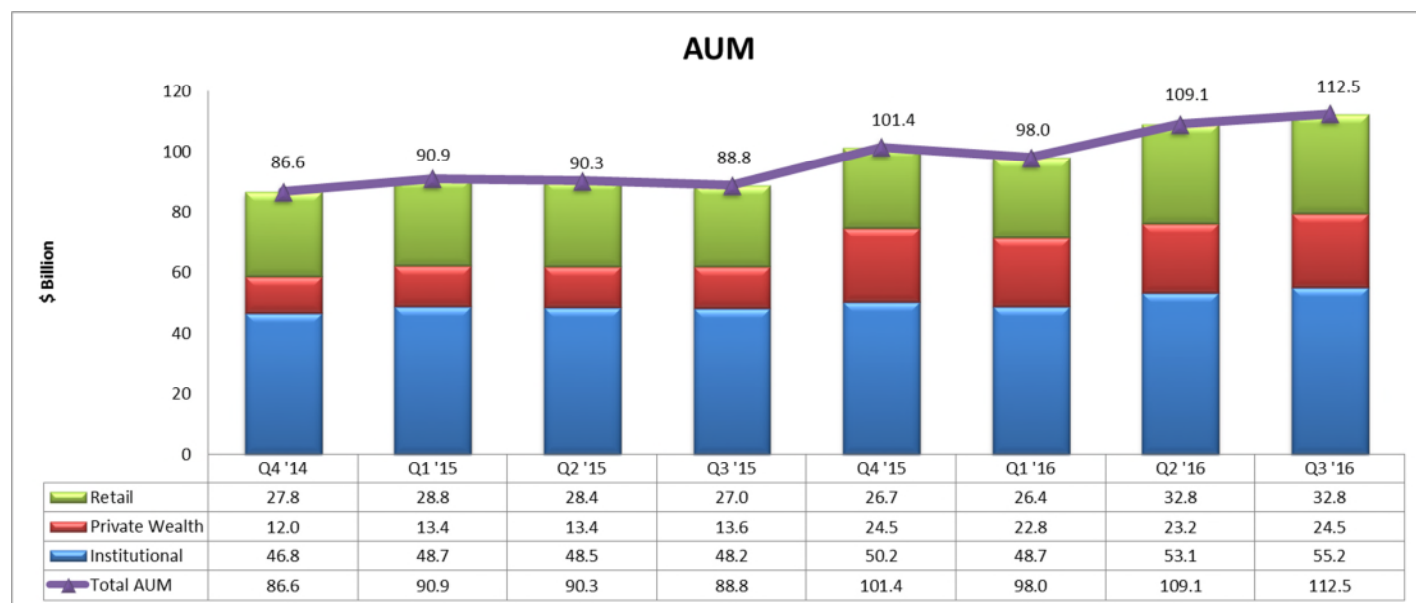
1. The High Yield Blended Index is composed of 85% Merrill Lynch US High Yield Cash Pay BB-B Hedged in CAD, 15% Merrill Lynch US High Yield Cash Pay C Hedged in CAD.
2. Balanced Core Blended Benchmark is composed of 5% FTSE TMX T-Bill 91 Day / 35% FTSE TMX Universe / 32.5% S&P TSX Composite / 27.5% MSCI World Ex-Canada Net.
3. Balanced Integrated Blended Benchmark is composed of 2% FTSE TMX T-Bill 91 Day / 36% FTSE TMX Universe / 35% S&P/TSX Composite / 27% MSCI ACWI Net.
4. Balanced Blended Benchmark is composed of 5% FTSE TMX T-Bill 91 Day / 35% FTSE TMX Universe / 32.5% S&P TSX Composite / 27.5% MSCI World NET CAD.
5. All returns, including those of the High Yield Bonds, US Equities, International Equities, and Global Equities, are expressed in Canadian dollars.
6. All performance returns presented above are annualized.
7. All returns, except alternative strategies and Balanced Fund are presented gross of management and custodial fees and without taxes but net of all trading expenses.
8. Alternative Investment Strategies and Balanced Fund are presented net of management fees, custodial fees, performance fees and withholding taxes.
9. The performance returns above assume reinvestment of all dividends.
10. Besides for the alternative strategies, the returns presented for any one line above represent the returns of a composite of discretionary portfolios.
11. Each strategy listed above represents a single discretionary portfolio or group of discretionary portfolios that collectively represent a unique investment strategy or composite.
12. The since inception date represents the earliest date at which a discretionary portfolio was in operation within the strategy.
13. The above composites and pooled funds were selected from the Firm's major investment strategies while the AUM represent the total amounts managed by asset class.
14. Quartile rankings are provided by eVestment.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2016

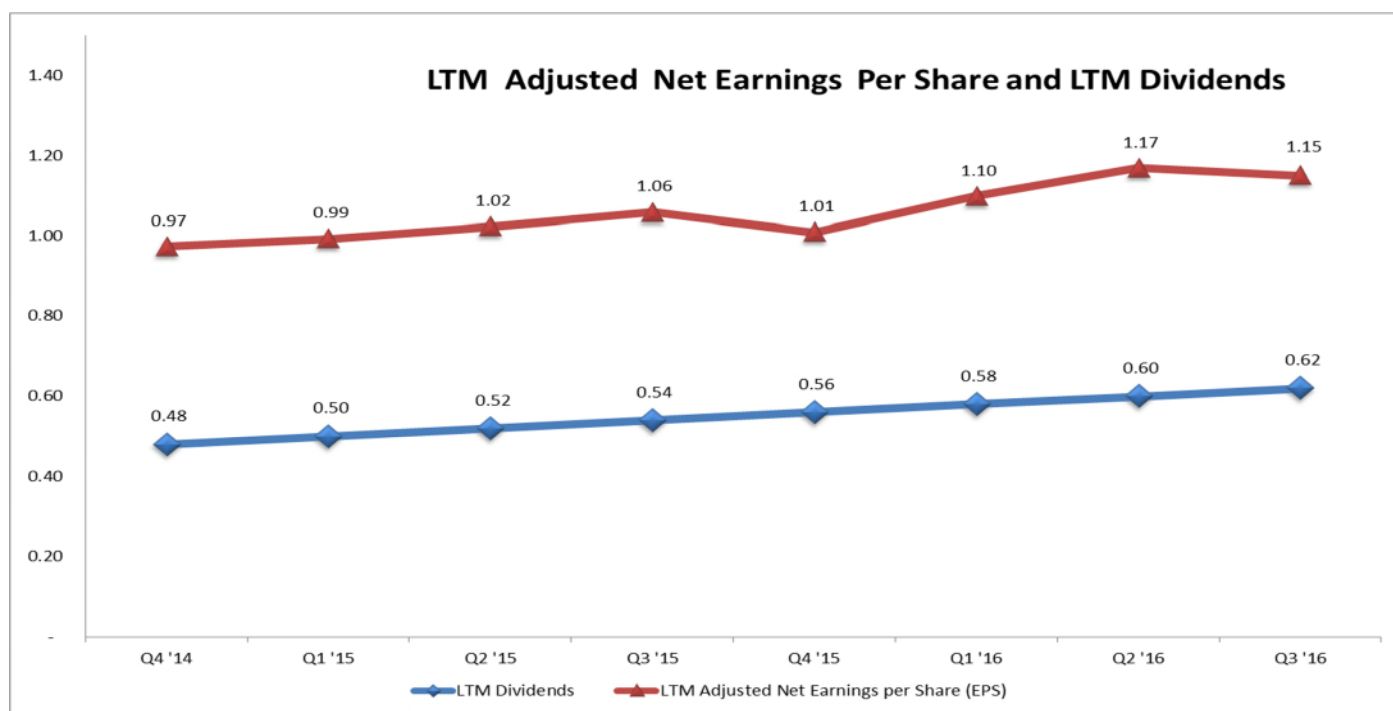
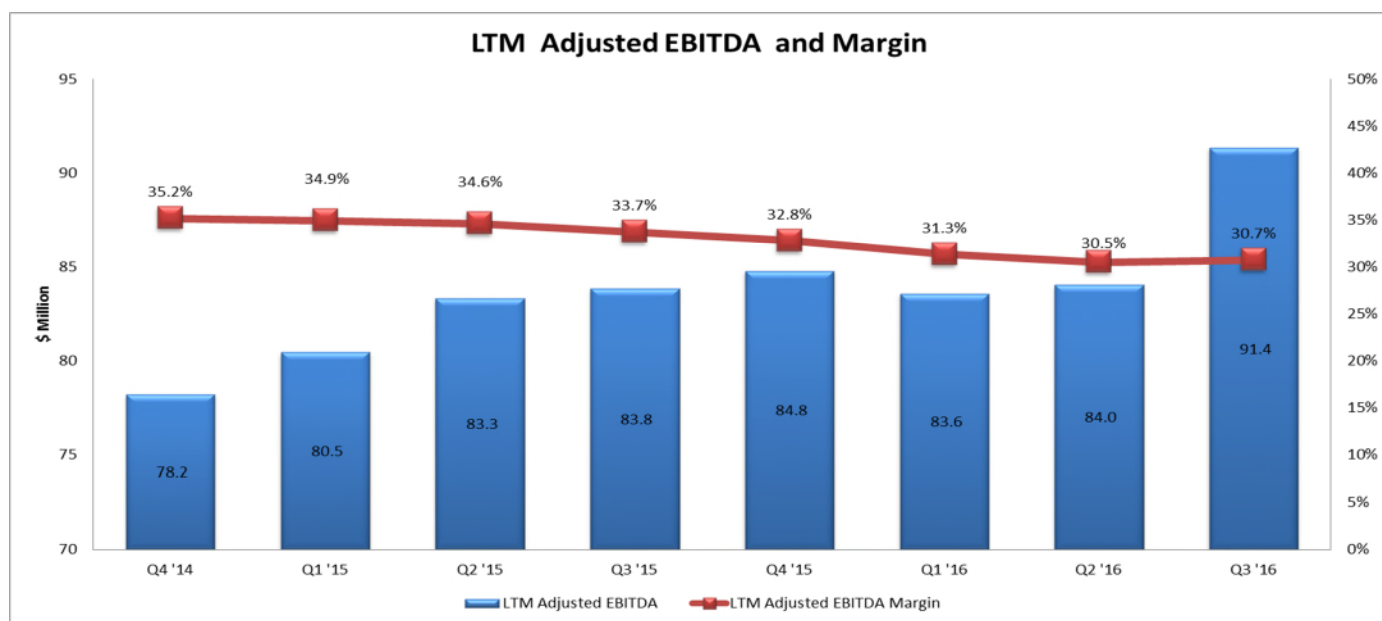
### TREND HIGHLIGHTS

The following illustrates the Company's trends regarding AUM, quarterly and last twelve months ("LTM") revenues, LTM Adjusted EBITDA, LTM Adjusted EBITDA Margin, LTM Adjusted Earnings per share, as well as the LTM dividend payout. The trend analysis is presented in the "Results and Trend Analysis" section on page 32.



# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2016



## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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#### HIGHLIGHTS FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016

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

- › Total AUM were \$112.5 billion as at September 30, 2016, representing an increase of \$23.7 billion, or 27%, compared to AUM of \$88.8 billion as at September 30, 2015.
- › Base management fees and other revenues for the third quarter ended September 30, 2016, were \$81.9 million, representing an increase of \$21.6 million, or 36%, compared to \$60.3 million for the same period last year.
- › Performance fees were nil for the third quarter ended September 30, 2016, compared to \$(0.1) million for the same period last year.
- › Selling, general and administrative ("SG&A") expenses and external managers' expenses were \$58.8 million for the third quarter ended September 30, 2016, representing an increase of \$14.8 million, or 34%, compared to \$44.0 million for the same period last year.
- › Adjusted EBITDA was \$25.9 million for the third quarter ended September 30, 2016, representing an increase of \$7.3 million, or 39%, compared to \$18.6 million for the same period last year. Adjusted EBITDA per share was \$0.33 (basic and diluted) for the third quarter of 2016, compared to \$0.27 per share (basic and diluted) for the same period last year.
- › For the third quarter ended September 30, 2016, the Firm recorded net earnings attributable to the Company's shareholders of \$0.4 million, or \$0.01 per share (basic and diluted), a decrease of \$6.3 million, or 94%, compared to the third quarter ended September 30, 2015, during which the Firm recorded net earnings attributable to the Company's shareholders of \$6.7 million, or \$0.10 per share (basic and diluted).
- › Adjusted net earnings attributable to the Company's shareholders for the third quarter ended September 30, 2016, amounted to \$18.1 million, or \$0.23 per share (basic and diluted), compared to \$17.3 million, or \$0.25 per share (basic and diluted), for the third quarter ended September 30, 2015.

##### Current Quarter Compared to Previous Quarter

- › Total AUM were \$112.5 billion as at September 30, 2016, representing an increase of \$3.4 billion, or 3%, compared to \$109.1 billion as at June 30, 2016.
- › Base management fees and other revenues for the third quarter ended September 30, 2016, were \$81.9 million, representing an increase of \$9.2 million, or 13%, compared to \$72.7 million for the previous quarter ended June 30, 2016.
- › Performance fees were nil for the third quarter ended September 30, 2016, compared to \$2.3 million for the previous quarter ended June 30, 2016, and are generally recognized in June and December of each year.
- › SG&A expenses and external managers' expenses were \$58.8 million for the third quarter ended September 30, 2016, representing an increase of \$4.8 million, or 9%, compared to \$54.0 million for the previous quarter ended June 30, 2016.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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- › Adjusted EBITDA was \$25.9 million for the third quarter ended September 30, 2016, representing an increase of \$2.4 million, or 10%, compared to \$23.5 million for the previous quarter ended June 30, 2016. Adjusted EBITDA per share was \$0.33 (basic and diluted) for the third quarter ended September 30, 2016, compared to \$0.32 per share (basic and diluted) for the previous quarter ended June 30, 2016.
- › For the third quarter ended September 30, 2016, the Firm recorded net earnings attributable to the Company's shareholders of \$0.4 million, or \$0.01 per share (basic and diluted), a decrease of \$7.5 million, or 95%, compared to the previous quarter ended June 30, 2016, during which the Firm recorded net earnings attributable to the Company's shareholders of \$7.9 million, or \$0.11 per share (basic and diluted).
- › Adjusted net earnings attributable to the Company's shareholders for the third quarter ended September 30, 2016, amounted to \$18.1 million, or \$0.23 per share (basic and diluted), compared to \$23.7 million, or \$0.32 per share (basic and diluted), for the previous quarter ended June 30, 2016.

#### Year-to-Date September 30, 2016, Compared to Year-to-Date September 30, 2015

- › Base management fees and other revenues for the nine-month period ended September 30, 2016, were \$220.5 million, representing an increase of \$44.7 million, or 25%, compared to \$175.8 million for the same period last year.
- › Performance fees were \$2.7 million for the nine-month period ended September 30, 2016, compared to \$8.6 million for the same period last year.
- › SG&A expenses and external managers' expenses were \$166.5 million for the nine-month period ended September 30, 2016, representing an increase of \$33.9 million, or 26%, compared to \$132.6 million for the nine-month period ended September 30, 2015.
- › Adjusted EBITDA were \$65.6 million for the nine-month period ended September 30, 2016, representing an increase of \$6.6 million, or 11%, compared to \$59.0 million for the same period last year. Adjusted EBITDA per share was \$0.88 (basic) and \$0.87 (diluted) for the nine-month period ended September 30, 2016, compared to \$0.85 per share (basic) and \$0.84 (diluted) for the same period last year.
- › For the nine-month period ended September 30, 2016, the Firm recorded net earnings attributable to the Company's shareholders of \$15.6 million, or \$0.21 per share (basic and diluted), a decrease of \$2.4 million, or 13%, compared to the same period last year, during which the Firm recorded net earnings attributable to the Company's shareholders of \$18.0 million, or \$0.26 per share (basic and diluted).
- › Adjusted net earnings attributable to the Company's shareholders for the nine-month period ended September 30, 2016, were \$63.7 million, or \$0.85 per share (basic and diluted), compared to \$49.9 million, or \$0.71 per share (basic and diluted), for the same period last year.



# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2016

### SUMMARY OF QUARTERLY RESULTS

Table 1 – Statements of Earnings and Assets under Management

ASSETS UNDER MANAGEMENT (in \$ millions)	AS AT			VARIANCE	
	SEPTEMBER 30, 2016	JUNE 30, 2016	SEPTEMBER 30, 2015	QUARTER OVER QUARTER FAV/(UNF) <sup>(2)</sup>	YEAR OVER YEAR FAV/(UNF) <sup>(2)</sup>
Assets under Management	112,465	109,136	88,759	3,329	23,706

STATEMENTS OF EARNINGS (in \$ thousands except per share data)	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	SEPTEMBER 30, 2016	JUNE 30, 2016	SEPTEMBER 30, 2015	QUARTER OVER QUARTER FAV/(UNF) <sup>(2)</sup>	YEAR OVER YEAR FAV/(UNF) <sup>(2)</sup>
Revenues					
Base management fees	80,413	68,804	57,786	11,609	22,627
Performance fees - Traditional Assets	(341)	646	(181)	(987)	(160)
Performance fees - Alternative Assets	345	1,672	53	(1,327)	292
Other revenues	1,492	3,861	2,556	(2,369)	(1,064)
Total revenues	81,909	74,983	60,214	6,926	21,695
Expenses					
Selling, general and administrative expenses	57,979	53,289	42,749	(4,690)	(15,230)
External managers	788	743	1,205	(45)	417
Depreciation of property and equipment	852	824	487	(28)	(365)
Amortization of intangible assets	10,348	8,464	6,709	(1,884)	(3,639)
Interest on long-term debt and other financial charges	3,585	2,536	1,905	(1,049)	(1,680)
Accretion and change in fair value of purchase price obligations	(5,807)	694	(1,431)	6,501	4,376
Restructuring and other integration costs	2,739	3,894	468	1,155	(2,271)
Acquisition costs	2,769	2,054	1,189	(715)	(1,580)
Changes in fair value of derivative financial instruments	(248)	(265)	(89)	(17)	159
Loss on disposal of subsidiaries	8,307	-	-	(8,307)	(8,307)
Gain on acquisition of control of investment in joint venture	-	(5,827)	-	(5,827)	-
Other (income) expenses <sup>(3)</sup>	(224)	(2)	(864)	222	(640)
Total net expenses	81,088	66,404	52,328	(14,684)	(28,760)
Earnings before income taxes	821	8,579	7,886	(7,758)	(7,065)
Income taxes	200	276	1,667	76	1,467
Net earnings	621	8,303	6,219	(7,682)	(5,598)
Attributable to:					
Company's shareholders	393	7,901	6,700	(7,508)	(6,307)
Non-controlling interest	228	402	(481)	(174)	709
Net earnings	621	8,303	6,219	(7,682)	(5,598)
BASIC PER SHARE					
Adjusted EBITDA <sup>(1)</sup>	0.33	0.32	0.27	0.01	0.06
Net earnings	0.01	0.11	0.10	(0.10)	(0.09)
Adjusted net earnings <sup>(1)</sup>	0.23	0.32	0.25	(0.09)	(0.02)
DILUTED PER SHARE					
Adjusted EBITDA <sup>(1)</sup>	0.33	0.32	0.27	0.01	0.06
Net earnings	0.01	0.11	0.10	(0.10)	(0.09)
Adjusted net earnings <sup>(1)</sup>	0.23	0.32	0.25	(0.09)	(0.02)

<sup>(1)</sup> Adjusted EBITDA and Adjusted net earnings are non-IFRS measures. Please refer to "Non-IFRS Measures" on page 47.

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

<sup>(3)</sup> Other expenses (income) include "Realized loss (gain) on investments", "Share of earnings of joint ventures" and "Gain on dilution of investment in joint ventures". Certain totals, subtotals and percentages may not reconcile due to rounding.



# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2016

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

STATEMENTS OF EARNINGS (in \$ thousands except per share data)	FOR THE NINE-MONTH PERIODS ENDED		VARIANCE
	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015	YEAR OVER YEAR FAV/(UNF) <sup>(2)</sup>
<b>Revenues</b>			
Base management fees	212,632	170,102	42,530
Performance fees - Traditional Assets	594	298	296
Performance fees - Alternative Assets	2,100	8,325	(6,225)
Other revenues	7,850	5,693	2,157
<b>Total revenues</b>	<b>223,176</b>	<b>184,418</b>	<b>38,758</b>
<b>Expenses</b>			
Selling, general and administrative expenses	164,062	128,678	(35,384)
External managers	2,414	3,928	1,514
Depreciation of property and equipment	2,507	1,384	(1,123)
Amortization of intangible assets	26,357	19,950	(6,407)
Interest on long-term debt and other financial charges	8,511	6,644	(1,867)
Accretion and change in fair value of purchase price obligations	(4,409)	(160)	4,249
Restructuring and other integration costs	7,151	1,588	(5,563)
Acquisition costs	8,531	2,436	(6,095)
Changes in fair value of derivative financial instruments	(867)	787	1,654
Gain on disposal of investment in joint venture	(15,013)	-	15,013
Gain on acquisition of control of investment in joint venture	(5,827)	-	5,827
Loss on disposal of subsidiaries	8,307	-	(8,307)
Revaluation of assets held-for-sale	7,921	-	(7,921)
Other (income) expenses <sup>(3)</sup>	(287)	(1,599)	(1,312)
<b>Total net expenses</b>	<b>209,358</b>	<b>163,636</b>	<b>(45,722)</b>
<b>Earnings before income taxes</b>	<b>13,818</b>	<b>20,782</b>	<b>(6,964)</b>
Income taxes	982	4,591	3,609
<b>Net earnings</b>	<b>12,836</b>	<b>16,191</b>	<b>(3,355)</b>
<b>Attributable to:</b>			
Company's shareholders	15,574	17,953	(2,379)
Non-controlling interest	(2,738)	(1,762)	(976)
<b>Net earnings</b>	<b>12,836</b>	<b>16,191</b>	<b>(3,355)</b>
<b>BASIC PER SHARE</b>			
Adjusted EBITDA <sup>(1)</sup>	0.88	0.85	0.03
Net earnings	0.21	0.26	(0.05)
Adjusted net earnings <sup>(1)</sup>	0.85	0.71	0.14
<b>DILUTED PER SHARE</b>			
Adjusted EBITDA <sup>(1)</sup>	0.87	0.84	0.03
Net earnings	0.21	0.26	(0.05)
Adjusted net earnings <sup>(1)</sup>	0.85	0.71	0.14

<sup>(1)</sup> Adjusted EBITDA and Adjusted net earnings are non-IFRS measures. Please refer to "Non-IFRS Measures" on page 47.

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

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

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

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2016

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

	SEPTEMBER 30, 2016	DECEMBER 31, 2015
Cash, restricted cash, investments	26,448	33,322
Accounts receivable	72,729	65,435
Other current assets	4,899	13,366
<b>Total current assets</b>	<b>104,076</b>	<b>112,123</b>
Intangible assets	460,958	322,975
Goodwill	424,891	391,347
Investment in joint ventures	-	6,460
Other non-current assets	19,972	23,752
<b>Total assets</b>	<b>1,009,897</b>	<b>856,657</b>
Accounts payable and accrued liabilities	42,534	50,784
Other current liabilities	13,901	15,139
<b>Total current liabilities</b>	<b>56,435</b>	<b>65,923</b>
Deferred income taxes	8,396	12,566
Long-term debt	366,234	264,226
Purchase price obligations	25,938	30,674
Derivative financial instruments	-	1,390
Other non-current liabilities	14,379	11,850
<b>Total liabilities</b>	<b>471,382</b>	<b>386,629</b>
<b>Equity</b>		
Attributable to Company's shareholders	529,809	474,938
Attributable to Non-controlling interest	8,706	(4,910)
	<b>538,515</b>	<b>470,028</b>
<b>Total liabilities and equity</b>	<b>1,009,897</b>	<b>856,657</b>

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2016

### RESULTS FROM OPERATIONS AND OVERALL PERFORMANCE

#### Assets under Management

Assets under management levels are critical to Fiera Capital's business. The change in the Firm's AUM is determined by i) the level of new mandates ("New"); ii) the level of redemptions ("Lost"); iii) the level of inflows and outflows from existing customers ("Net Contributions"); iv) the increase or decrease in the market value of the assets held in the portfolio of investments ("Market"); and v) business acquisitions ("Acquisitions") and/or business disposal ("Disposal"). For simplicity, the "Net variance" is the sum of the New mandates, Lost mandates and Net Contributions, the change in Market value and the impact of foreign exchange rate changes. Also, the average assets under management ("Average AUM") for a given period is the average of the ending value of AUM of the months for this period. In this MD&A, the Firm analyzes its results based on its clientele type.

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

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

	FOR THE THREE-MONTH PERIODS ENDED		
	SEPTEMBER 30, 2016	JUNE 30, 2016	SEPTEMBER 30, 2015
AUM - beginning of period	109,136	97,988	90,291
Net variance	2,598	2,915	(1,532)
Acquisitions (Disposal)/Adjustment	731	8,233	-
AUM - end of period	112,465	109,136	88,759
Average AUM	111,707	102,112	89,686

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

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

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

	JUNE 30, 2016	NEW	LOST	NET CONTRIBUTIONS	MARKET	FOREIGN EXCHANGE IMPACT	ACQUISITION (DISPOSAL) /ADJUSTMENT	SEPTEMBER 30, 2016
Institutional	53,110	471	(656)	57	1,583	73	537 <sup>(1)</sup>	55,175
Private Wealth	23,164	615	(210)	207	377	244	116 <sup>(2)</sup>	24,513
Retail	32,862	258	(1,241)	(444)	1,194	70	78 <sup>(3)</sup>	32,777
AUM - end of period	109,136	1,344	(2,107)	(180)	3,154	387	731	112,465

<sup>(1)</sup> \$0.3 billion of Larch Lane; \$0.3 billion of Aquila

<sup>(2)</sup> \$0.1 billion of Larch Lane

<sup>(3)</sup> \$0.1 billion of Larch Lane

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

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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#### **Quarterly Activities**

Total AUM were \$112.5 billion as at September 30, 2016, representing an increase of \$3.4 billion, or 3%, compared to \$109.1 billion as at June 30, 2016. The increase is due primarily to market appreciation of \$3.2 billion, combined with new mandates of \$1.3 billion across all clientele type during the period and the acquisitions of Larch Lane Advisor LLC ("Larch Lane") and Aquila, adding \$0.5 billion and \$0.3 billion to the Firm's AUM, respectively. These increases in AUM were partially offset by lost mandates of \$2.1 billion and negative net contribution of \$0.2 billion during the quarter. Lastly, the US dollar exchange rate fluctuations positively impacted AUM during the third quarter by approximately \$0.4 billion.

The Institutional AUM were \$55.2 billion as at September 30, 2016, representing an increase of \$2.1 billion or 4%, compared to \$53.1 billion from the previous quarter ended June 30, 2016. The increase was primarily driven by market appreciation of \$1.6 billion, combined with the inclusion of the assets of Larch Lane and Aquila for \$0.6 billion in total and new mandates of \$0.5 billion, mostly in Global and International Equity as well as Balanced mandates. These increases were partially offset by \$0.7 billion in client losses which were driven primarily by clients that either merged their activities with another pension plan or that decided to adopt de-risking strategies. Lastly, the US dollar exchange rate fluctuations positively impacted AUM during the third quarter by approximately \$0.1 billion.

The AUM related to the Private Wealth clientele were \$24.5 billion as at September 30, 2016, representing an increase of \$1.3 billion, or 6%, compared to \$23.2 billion from the previous quarter ended June 30, 2016. The increase is mainly due to new mandates of \$0.6 billion won both in the US and in Canada, combined with market appreciation of \$0.4 billion, positive net contribution of \$0.2 billion during the period along with additional AUM of \$0.1 billion from the Larch Lane acquisition. These increases in AUM were partially offset by lost mandates of \$0.2 billion, mostly in the US. Finally, the US dollar exchange rate fluctuations positively impacted AUM during the third quarter by approximately \$0.2 billion.

The AUM related to the Retail clientele were \$32.8 billion as at September 30, 2016, representing a decrease of \$0.1 billion, or 0.3%, compared to \$32.9 billion from the previous quarter ended June 30, 2016. The decrease is mainly due to lost mandates of \$1.2 billion, resulting mostly from the repatriation of a specific fund amounting to \$0.8 billion at low billing basis points ("BPS"), combined with a negative net contribution of \$0.4 billion during the period. The repatriation was attributed to a large client which assets remain with the Firm. Also, during the quarter, the client invested an additional amount in a higher BPS strategy, resulting in a net gain in revenues for the Firm. These decreases in AUM were partially offset by market appreciation of \$1.2 billion, combined with new mandates of \$0.3 billion and the inclusion of AUM from the Larch Lane acquisition of \$ 0.1 billion. Also, the US dollar exchange rate fluctuations positively impacted AUM during the third quarter by approximately \$0.1 billion.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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

	DECEMBER 31, 2015	NEW	LOST	NET CONTRIBUTIONS	MARKET	FOREIGN EXCHANGE IMPACT	ACQUISITION (DISPOSAL) /ADJUSTMENT	SEPTEMBER 30, 2016
Institutional	50,177	1,826	(2,166)	(153)	3,822	(199)	1,868 <sup>(1)</sup>	55,175
Private Wealth	24,538	1,160	(589)	(60)	615	(1,125)	(26) <sup>(2)</sup>	24,513
Retail	26,716	387	(1,321)	(892)	2,062	70	5,755 <sup>(3)</sup>	32,777
<b>AUM - end of period</b>	<b>101,431</b>	<b>3,373</b>	<b>(4,076)</b>	<b>(1,105)</b>	<b>6,499</b>	<b>(1,254)</b>	<b>7,597</b>	<b>112,465</b>

<sup>(1)</sup> \$2.8 billion of Apex; (\$1.2) billion of disposal of Axiom; (\$0.4) billion of adjustment presentation of Fiera Properties and \$0.1 billion reclassification from Private Wealth; \$0.3 billion of Larch Lane and \$0.3 billion of Aquila

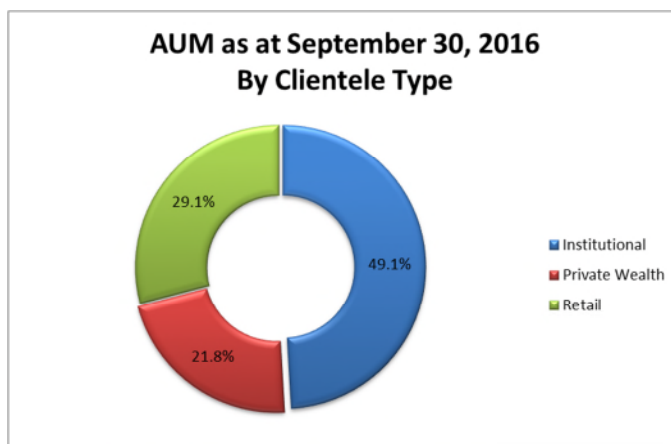
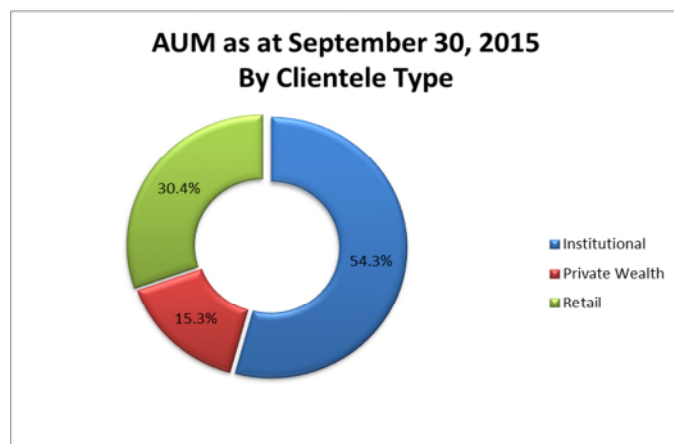
<sup>(2)</sup> (\$0.1) billion reclassification to Institutional; \$0.1 billion of Larch Lane

<sup>(3)</sup> \$5.8 billion of Apex; \$0.1 billion of Larch Lane and (\$0.1) billion to adjust the valuation of a specific mandate  
Certain totals, subtotals and percentages may not reconcile due to rounding.

#### Year-to-Date Activity

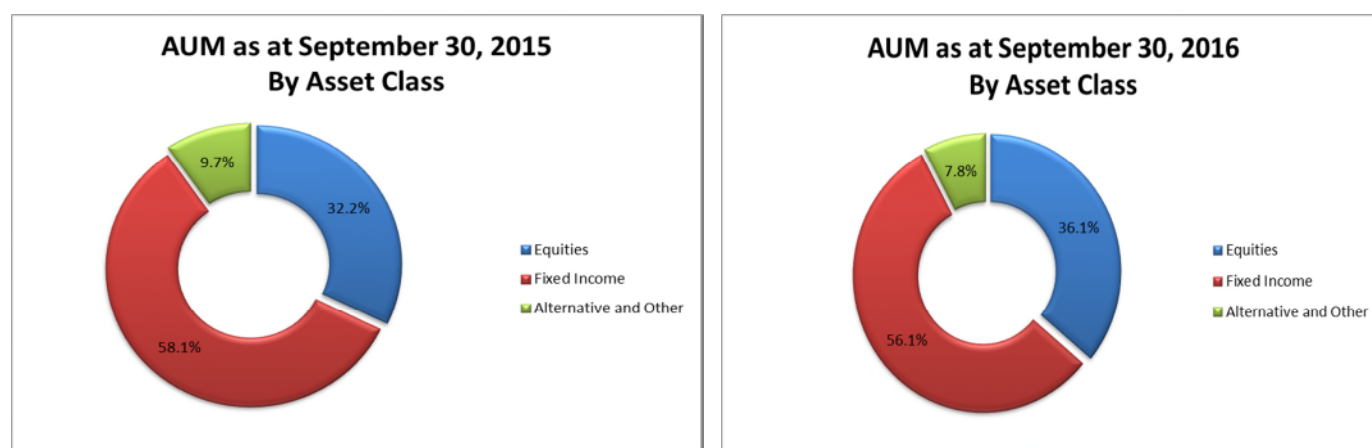
Total AUM were \$112.5 billion as at September 30, 2016, representing an increase of \$11.1 billion, or 11%, compared to \$101.4 billion as at December 31, 2015. The increase is due primarily to the inclusion of \$8.6 billion, \$0.5 billion and \$0.3 billion from the acquisitions of Apex, Larch Lane and Aquila, respectively, combined with market appreciation of \$6.5 billion and new mandates of \$3.4 billion, mostly from the Institutional and Private Wealth clientele during the period, partially offset by lost mandates of \$4.1 billion, the disposal of assets of Axiom of \$1.2 billion and negative net contribution of \$1.1 billion. Finally, the US dollar exchange rate fluctuation negatively impacted AUM during the nine-month period ended September 30, 2016, by approximately \$1.3 billion.

The following graphs illustrate the breakdown of the Firm's AUM by clientele type and by asset class as at September 30, 2015, and September 30, 2016, respectively.



## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016



### Revenues

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

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

	FOR THE THREE-MONTH PERIODS ENDED			VARIANCE	
	SEPTEMBER 30, 2016	JUNE 30, 2016	SEPTEMBER 30, 2015	QUARTER OVER QUARTER	YEAR OVER YEAR
Institutional	33,412	28,842	23,876	4,570	9,536
Private Wealth	25,185	23,431	18,857	1,754	6,328
Retail	21,816	16,531	15,053	5,285	6,763
<b>Total management fees</b>	<b>80,413</b>	<b>68,804</b>	<b>57,786</b>	<b>11,609</b>	<b>22,627</b>
Performance fees –					
Traditional asset class	(341)	646	(181)	(987)	(160)
Performance fees –					
Alternative asset class	345	1,672	53	(1,327)	292
<b>Total performance fees</b>	<b>4</b>	<b>2,318</b>	<b>(128)</b>	<b>(2,314)</b>	<b>132</b>
Other revenues	1,492	3,861	2,556	(2,369)	(1,064)
<b>Total revenues</b>	<b>81,909</b>	<b>74,983</b>	<b>60,214</b>	<b>6,926</b>	<b>21,695</b>

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

### Current Quarter versus Prior-Year Quarter

Revenues for the third quarter ended September 30, 2016, were \$81.9 million, representing an increase of \$21.7 million, or 36%, compared to \$60.2 million for the same period last year. The increase in revenues is due mainly to the inclusion of Samson, the recently acquired Apex, and to Fiera Properties following the acquisition of control of investment in a

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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joint venture, partially offset by lower other revenues due to non-recurring revenue recorded in the third quarter of 2015.

#### *Management Fees*

Management fees were \$80.4 million for the third quarter ended September 30, 2016, representing an increase of \$22.6 million, or 39%, compared to \$57.8 million for the same period last year. The overall increase in management fees and the increase by clientele type are as follows:

- › Management fees from the Institutional clientele were \$33.4 million for the third quarter ended September 30, 2016, representing an increase of \$9.5 million, or 40%, compared to \$23.9 million for the same quarter last year. The increase in base management fees is primarily due to the inclusion of Apex and Fiera Properties, combined with the increase in net AUM, resulting from new mandates namely from the US and market appreciation during the third quarter of 2016, compared to the same period last year.
- › Management fees from the Private Wealth clientele were \$25.2 million for the third quarter ended September 30, 2016, representing an increase of \$6.3 million, or 34%, compared to \$18.9 million for the same period last year. The increase is primarily due to the inclusion of a full quarter of revenues from Samson, higher revenue resulting from new mandates, combined with market appreciation and the positive impact of changes in the US dollar exchange rate.
- › Management fees from the Retail clientele were \$21.8 million for the third quarter ended September 30, 2016, representing an increase of \$6.7 million, or 44%, compared to \$15.1 million for the same quarter last year. The increase is mainly attributable to the inclusion of revenue from Apex during the quarter ended September 30, 2016.

#### *Performance Fees*

Performance fees were almost nil for the third quarter ended September 30, 2016, compared to \$(0.1) million for the same period last year.

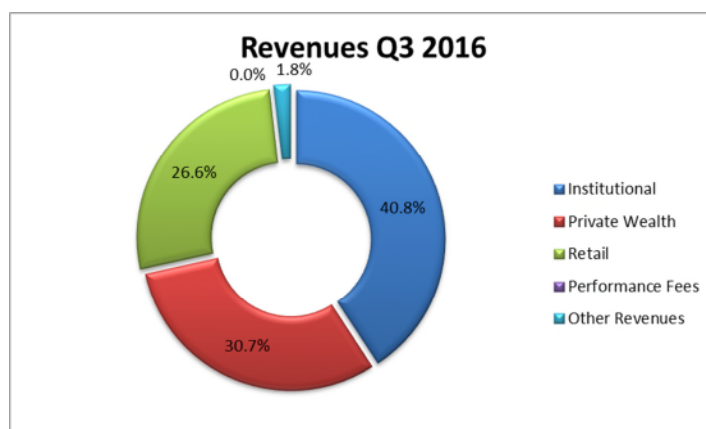
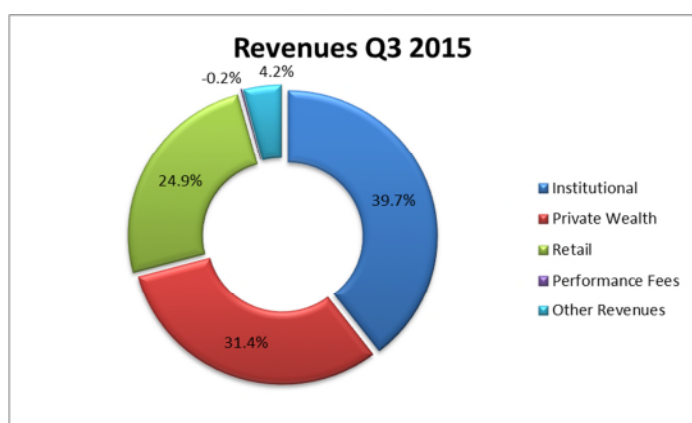
#### *Other Revenues*

Other revenues were \$1.5 million for the third quarter ended September 30, 2016, representing a decrease of \$1.1 million, or 42%, compared to \$2.6 million for the same period last year. The decrease is mainly due to a one-time non-recurring revenue recorded in the third quarter of 2015 compared to nil in the current quarter.

The following graphs illustrate the breakdown of the Firm's revenues for the three-month periods ended September 30, 2015, and September 30, 2016, respectively.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016



#### *Current Quarter versus Previous Quarter*

Revenues for the third quarter ended September 30, 2016, were \$81.9 million, representing an increase of \$6.9 million, or 9%, compared to \$75.0 million for the previous quarter ended June 30, 2016. The increase in revenues is mainly attributable to the inclusion of a full quarter of revenue from Apex during the third quarter of 2016 compared to one month of revenue in the previous quarter, combined with higher AUM base resulting from market appreciation and new mandates during the period. The increase in revenues was partially offset by lower performance fees, which are generally recognized in December and June of each year, and one-time non-recurring revenue recorded in the second quarter of 2016 compared to nil in the third quarter of 2016.

#### *Management Fees*

Management fees were \$80.4 million for the third quarter ended September 30, 2016, representing an increase of \$11.6 million, or 17%, compared to \$68.8 million for the previous quarter ended June 30, 2016. The following is the breakdown of the management fees by clientele type:

- › Management fees from the Institutional clientele were \$33.4 million for the third quarter ended September 30, 2016, representing an increase of \$4.6 million, or 16%, compared to \$28.8 million for the previous quarter ended June 30, 2016, mainly due to the inclusion of a full quarter of revenues from the Apex acquisition, combined with higher revenues resulting from higher base AUM due to market appreciation and new mandates won during the period.
- › Management fees from the Private Wealth clientele were \$25.2 million for the third quarter ended September 30, 2016, representing an increase of \$1.8 million, or 8%, compared to \$23.4 million for the previous quarter ended June 30, 2016. The increase in management fees is mainly attributable to higher base AUM resulting from new mandates, market appreciation, positive net contribution and the positive impact of changes in the US dollar exchange rate during the period.
- › Management fees from the Retail clientele were \$21.8 million for the third quarter ended September 30, 2016, representing an increase of \$5.3 million, or 32%, compared to \$16.5 million for the previous quarter ended June 30, 2016, mainly due to the inclusion of a full quarter of revenues from the Apex acquisition during the quarter ended September 30, 2016.



## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

#### Performance Fees

Total performance fees, which are generally recorded in June and December of each year, were almost nil for the third quarter ended September 30, 2016, compared to \$2.3 million for the previous quarter ended June 30, 2016.

#### Other Revenues

Other revenues were \$1.5 million for the third quarter ended September 30, 2016, representing a decrease of \$2.4 million, or 61%, compared to \$3.9 million for the previous quarter ended June 30, 2016. The decrease in other revenues is mainly due to a one-time non-recurring revenue recorded in the second quarter of 2016, compared to nil in the third quarter of 2016, combined with lower revenues related to changes in the fair value of the foreign exchange forward contracts during the third quarter of 2016 compared to the previous quarter.

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

	FOR THE NINE-MONTH PERIODS ENDED		VARIANCE
	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015	YEAR OVER YEAR
Institutional	87,247	68,846	18,401
Private Wealth	73,231	55,063	18,168
Retail	52,154	46,193	5,961
Total management fees	212,632	170,102	42,530
Performance fees – Traditional asset class	594	298	296
Performance fees – Alternative asset class	2,100	8,325	(6,225)
Total performance fees	2,694	8,623	(5,929)
Other revenues	7,850	5,693	2,157
Total revenues	223,176	184,418	38,758

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

#### *Year-to-Date September 30, 2016, versus Year-to-Date September 30, 2015*

Revenues for the nine-month period ended September 30, 2016, were \$223.2 million, representing an increase of \$38.8 million, or 21%, compared to \$184.4 million for the same period last year. The increase in revenues is mainly due to the acquisitions of Samson and Apex, combined with the recognition of revenue from Fiera Properties following the acquisition of control of the investment in a joint venture and higher other revenues, partially offset by lower performance fees during the first nine months of 2016 compared to the same period last year.

#### Management Fees

Management fees for the nine-month period ended September 30, 2016, were \$212.6 million, representing an increase of \$42.5 million, or 25% , compared to \$170.1 million for the same period last year. The overall increase in management fees and the increase by clientele type are as follows:

- › Revenues from the Institutional clientele for the nine-month period ended September 30, 2016, were \$87.2 million, representing an increase of \$18.4 million, or 27%, compared to \$68.8 million for the same period last year. The improvement is mainly due to the inclusion of the Apex acquisition and the recognition of

## **Management's Discussion and Analysis**

### **For the Three and Nine-Month Periods Ended September 30, 2016**

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revenue from Fiera Properties following the acquisition of control of investment in a joint venture, combined with additional net AUM, mostly from new mandates in the US.

- › Revenues from the Private Wealth clientele for the nine-month period ended September 30, 2016, were \$73.2 million, representing an increase of \$18.2 million, or 33%, compared to \$55.0 million for the same period last year. The increase is primarily due to the inclusion of revenues from the Samson acquisition, higher revenue resulting from higher base AUM due to market appreciation and new mandates won during the period.
- › Revenues from the Retail clientele for the nine-month period ended September 30, 2016, were \$52.2 million, representing an increase of \$6.0 million, or 13%, compared to \$46.2 million for the same period last year. The increase is mainly due to the inclusion of revenues from the Apex acquisition, partially offset by lower revenues resulting from lost mandates during the nine-month period ended September 30, 2016, compared to the same period last year.

#### *Performance Fees*

Total performance fees were \$2.7 million for the nine-month period ended September 30, 2016, compared to \$8.6 million for the same period last year. The decrease in performance fees result from lower performance fees from the alternative asset class, partially offset by higher revenues in the traditional asset class during the first nine months of 2016 compared to the same period last year.

#### *Other Revenues*

Other revenues were \$7.9 million for the nine-month period ended September 30, 2016, representing an increase of \$2.2 million, or 39%, compared to \$5.7 million for the same period last year. The increase in other revenues is mainly due to revenues related to changes in the fair value of the foreign exchange forward contracts recorded in the nine-month period ended September 30, 2016, compared to nil during the same period last year, combined with higher one-time non-recurring revenue recorded in the nine-month period ended September 30, 2016 compared to the non-recurring revenue recorded in the same period last year.

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

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

SG&A expenses were \$58.0 million for the three-month period ended September 30, 2016, representing an increase of \$15.2 million, or 36%, compared to \$42.8 million for the same period last year. The increase is mainly due to the inclusion of costs related to the Samson and Apex acquisitions, and higher volume on various expenses to support the Firm's expansion, combined with the negative impact of the US dollar exchange rate fluctuations on US operations.

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

SG&A expenses were \$58.0 million for the three-month period ended September 30, 2016, representing an increase of \$4.7 million, or 9%, compared to \$53.3 million for the previous quarter ended June 30, 2016. The increase is attributable to the inclusion of costs related to Apex, and Fiera Properties following the acquisition of control of investment in a joint venture, and additional expenses to support the Firm's expansion, combined with the negative impact of the US dollar exchange rate fluctuations on US operations.

## **Management's Discussion and Analysis**

### **For the Three and Nine-Month Periods Ended September 30, 2016**

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#### ***Year-to-Date September 30, 2016, versus Year-to-Date September 30, 2015***

SG&A expenses were \$164.1 million for the nine-month period ended September 30, 2016, representing an increase of \$35.4 million, or 28%, compared to \$128.7 million for the same period last year. The increase is attributable to the inclusion of costs related to the Apex and Samson acquisitions, and to Fiera Properties following the acquisition of control of investment in a joint venture, and additional expenses to support the Firm's expansion, combined with the negative impact of foreign exchange rate changes on US operations.

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

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

External managers' expenses were \$0.8 million for the third quarter ended September 30, 2016, representing a decrease of \$0.4 million, or 33%, compared to \$1.2 million for the same quarter last year. The decrease in external managers' expenses is mainly due to lower external managers' expenses from Bel Air, resulting from the change in revenue presentation (net revenue presentation vs growth revenue presentation).

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

External managers' expenses for the third quarter ended September 30, 2016, remained stable at \$0.8 million compared to \$0.7 million from the previous quarter ended June 30, 2016.

#### ***Year-to-Date September 30, 2016, versus Year-to-Date September 30, 2015***

External managers' expenses were \$2.4 million for the nine-month period ended September 30, 2016, representing a decrease of \$1.5 million, or 39%, compared to \$3.9 million for the same period last year. The decrease in external managers' expenses is mainly due to lower external managers' expenses from Bel Air, resulting from the change in revenue presentation (net revenue presentation vs growth revenue presentation).

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

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

Depreciation of property and equipment was \$0.9 million for the third quarter ended September 30, 2016, representing an increase of \$0.4 million, or 80%, compared to \$0.5 million for the corresponding quarter last year.

Amortization of intangible assets was \$10.4 million for the third quarter ended September 30, 2016, representing an increase of \$3.7 million, or 54%, compared to \$6.7 million for the same period last year, resulting from the acquisition of intangible assets from Samson and Apex.

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

Depreciation of property and equipment remained unchanged at \$0.9 million for the third quarter ended September 30, 2016, compared to \$0.8 million for the previous quarter ended June 30, 2016.

Amortization of intangible assets was \$10.4 million for the third quarter ended September 30, 2016, representing an increase of \$1.9 million, or 22%, compared to \$8.5 million from the previous quarter ended June 30, 2016, resulting from the acquisition of intangible assets from Apex.

## **Management's Discussion and Analysis**

### **For the Three and Nine-Month Periods Ended September 30, 2016**

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#### ***Year-to-Date September 30, 2016, versus Year-to-Date September 30, 2015***

Depreciation of property and equipment were \$2.5 million for the nine-month period ended September 30, 2016, representing an increase of \$1.1 million, or 79%, compared to \$1.4 million for the same period last year.

Amortization of intangible assets were \$26.4 million for the nine-month period ended September 30, 2016, representing an increase of \$6.5 million, or 33%, compared to \$19.9 million for the same period last year, resulting from the acquisition of intangible assets from Samson and Apex.

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

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

The interest on long-term debt and other financial charges were \$3.6 million for the third quarter ended September 30, 2016, representing an increase of \$1.7 million, or 88%, compared to \$1.9 million for the same quarter last year. The increase is due to higher borrowing following the acquisitions of Samson and Apex.

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

The interest on long-term debt and other financial charges was \$3.6 million for the third quarter ended September 30, 2016, representing an increase of \$1.1 million, or 44%, compared to \$2.5 million for the previous quarter ended June 30, 2016. The increase is due to higher borrowing following the acquisition of Apex.

#### ***Year-to-Date September 30, 2016, versus Year-to-Date September 30, 2015***

The interest on long-term debt and other financial charges were \$8.5 million for the nine-month period ended September 30, 2016, representing an increase of \$1.9 million, or 28%, compared to \$6.6 million for the same period last year. The increase is due to higher borrowing following the acquisitions of Samson and Apex.

#### ***Accretion and Change in Fair Value of Purchase Price Obligations***

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

The accretion and change in fair value of purchase price obligations were a recovery of \$5.8 million for the third quarter ended September 30, 2016, compared to a recovery of \$1.4 million for the same quarter last year.

During the three-month period ended September 30, 2016, the Company reviewed its estimate of the minimum assets under management threshold required to be obligated to make the contingent payment of \$7.5 million related to Natcan Investment Management Inc. The Company concluded that the minimum threshold would not be met and the purchase price obligation was revalued and the recovery was recorded in the consolidated statement of earnings under the caption: accretion and change in fair value purchase price obligations. The contingent payment had a carrying value of \$6.4 million before the revaluation to nil.

During the quarter ended September 30, 2015, the Company reviewed its estimate with regards to the performance conditions required to make the contingent payment of \$2 million related to Propel Capital Corporation ("Propel"). As a result of the review, the Company concluded that the minimum threshold would not be met.

## **Management's Discussion and Analysis**

### **For the Three and Nine-Month Periods Ended September 30, 2016**

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

The accretion and change in fair value of purchase price obligations were a recovery of \$5.8 million for the third quarter ended September 30, 2016, compared to a charge of \$0.7 million for the previous quarter ended June 30, 2016.

#### ***Year-to-Date September 30, 2016, versus Year-to-Date September 30, 2015***

The accretion and change in fair value of purchase price obligations were a recovery of \$4.4 million for the nine-month period ended September 30, 2016, compared to a recovery of \$0.2 million for the same period last year.

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

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

Acquisition and restructuring and other integration costs were \$5.5 million for the third quarter ended September 30, 2016, representing an increase of \$3.8 million, or more than 100%, compared to \$1.7 million for the same period last year. The increase in acquisition and restructuring and other integration costs is mainly due to the acquisitions of Samson and Apex, combined with numerous activities to set up the US platform during the third quarter ended September 30, 2016, compared to the same period last year. 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.

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

Acquisition and restructuring and other integration costs were \$5.5 million for the third quarter ended September 30, 2016, representing a decrease of \$0.4 million, or 6%, compared to \$5.9 million for the previous quarter ended June 30, 2016. The decrease is mainly due to the abandoned software development costs recorded during the second quarter of 2016.

#### ***Year-to-Date September 30, 2016, versus Year-to-Date September 30, 2015***

Acquisition and restructuring and other integration costs were \$15.7 million for the nine-month period ended September 30, 2016, representing an increase of \$11.7 million, or over 100%, compared to \$4.0 million for the same period last year. The increase in acquisition and restructuring and other integration costs is mainly due to the acquisitions of Samson and Apex, as well as abandoned software development costs, combined with numerous activities to set up the US platform during the first nine months of 2016, compared to the same period last year.

#### ***Changes in Fair Value of Derivative Financial Instruments***

The Company recorded a gain of \$0.2 million related to changes in the fair value of derivative financial instruments for the third quarter ended September 30, 2016, compared to a gain of \$0.3 million for the previous quarter ended June 30, 2016, and compared to a gain of \$0.1 million for the third quarter ended September 30, 2015.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

#### ***Gain on Acquisition of Control of Investment in Joint Venture***

On April 4, 2016, the Company amended the shareholders' agreement of Fiera Properties Limited ("Fiera Properties"), which resulted in the Company obtaining effective control. This change in control of the previously held equity interest was an economic event that triggered the remeasurement of the investment to fair value. Previously, 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 \$6.4 million. The fair value of the retained interest amounted to \$12.2 million. The remeasurement of Fiera Capital's investment to fair value resulted in a gain of \$5.8 million. The gain was recorded in the interim condensed consolidated statement of earnings during the second quarter of 2016.

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

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

#### ***Adjusted EBITDA***

Adjusted EBITDA is calculated as the difference between total revenues and SG&A expenses (excluding non-cash compensation) and external managers' expenses. We believe that adjusted EBITDA is a meaningful measure as it allows for the evaluation of our operating performance before the impact of non-operating items.

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

	FOR THE THREE-MONTH PERIODS ENDED			FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2016	JUNE 30, 2016	SEPTEMBER 30, 2015	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015
Revenues					
Base management fees	80,413	68,804	57,786	212,632	170,102
Performance fees	4	2,318	(128)	2,694	8,623
Other revenues	1,492	3,861	2,556	7,850	5,693
Total revenues	81,909	74,983	60,214	223,176	184,418
Expenses					
Selling, general and administrative	57,979	53,289	42,749	164,062	128,678
External managers	788	743	1,205	2,414	3,928
Total expenses	58,767	54,032	43,954	166,476	132,606
EBITDA	23,142	20,951	16,260	56,700	51,812
Add back: Non-cash compensation	2,789	2,559	2,348	8,897	7,212
Adjusted EBITDA	25,931	23,510	18,608	65,597	59,024
Per share basic <sup>(2)</sup>	0.33	0.32	0.27	0.88	0.85
Per share diluted <sup>(2)</sup>	0.33	0.32	0.27	0.87	0.84

<sup>(1)</sup> Adjusted EBITDA is a non-IFRS measure. Please refer to "Non-IFRS Measures" on page 47.

<sup>(2)</sup> Adjusted EBITDA include EBITDA attributable to the Company's shareholders and non-controlling interest. Certain totals, subtotals and percentages may not reconcile due to rounding.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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

For the third quarter ended September 30, 2016, adjusted EBITDA was \$25.9 million or \$0.33 per share (basic and diluted), representing an increase of \$7.3 million, or 39%, compared to \$18.6 million, or \$0.27 per share (basic and diluted), for the same period last year.

Adjusted EBITDA for the third quarter ended September 30, 2016, was affected by an increase in revenues compared to the same period last year, mainly due to additional base management fees. However, this was partially offset by an increase in overall operating expenses to support growth in the US operations, including costs related to the acquisitions of Samson and Apex.

#### *Current Quarter versus Previous Quarter*

For the third quarter ended September 30, 2016, adjusted EBITDA was \$25.9 million or \$0.33 per share (basic and diluted), representing an increase of \$2.4 million, or 10%, compared to \$23.5 million, or \$0.32 per share (basic and diluted), from the previous quarter ended June 30, 2016. The increase is mainly due to higher base management fees following the inclusion of Apex and Fiera Properties, partially offset by an increase in overall operating expenses to support growth in the US operations, including costs related to acquisitions of Apex, and lower performance fees, which are generally recorded in June and December of each year.

#### *Year-to-Date September 30, 2016, versus Year-to-Date September 30, 2015*

For the nine-month period ended September 30, 2016, adjusted EBITDA were \$65.6 million, representing an increase of \$6.6 million, or 11%, or \$0.88 per share (basic) and \$0.87 (diluted), compared to \$59.0 million, or \$0.85 per share (basic) and \$0.84 (diluted), for the same period last year.

The increase in adjusted EBITDA for the nine-month period ended September 30, 2016, is mainly attributable to an increase in revenues compared to the same period last year, resulting from additional base management fees. However, this was partially offset by an increase in overall operating expenses to support growth in the US operations, including costs related to acquisitions of Samson and Apex.



## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

#### Net Earnings

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

	FOR THE THREE-MONTH PERIODS ENDED			FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2016	JUNE 30, 2016	SEPTEMBER 30, 2015	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015
Net earnings attributable to the Company's shareholders	393	7,901	6,700	15,574	17,953
Depreciation of property and equipment	852	824	487	2,507	1,384
Amortization of intangible assets	10,348	8,464	6,709	26,357	19,950
Non-cash compensation items	2,789	2,559	2,348	8,897	7,212
Changes in fair value of derivative financial instruments <sup>(2)</sup>	(248)	(265)	(89)	(867)	787
Non-cash items	13,741	11,582	9,455	36,894	29,333
Restructuring and other integration costs <sup>(2)</sup>	2,739	3,894	468	7,151	1,588
Acquisition costs <sup>(2)</sup>	2,769	2,054	1,189	8,531	2,436
Acquisition and restructuring and other integration costs	5,508	5,948	1,657	15,682	4,024
Adjusted net earnings before income taxes on above-mentioned items <sup>(2)</sup>	19,642	25,431	17,812	68,150	51,310
Income taxes on above-mentioned items <sup>(2)</sup>	1,578	1,705	470	4,445	1,443
Adjusted net earnings attributable to the Company's shareholders <sup>(3)</sup>	18,064	23,726	17,342	63,705	49,867
Per share – basic					
Net earnings	0.01	0.11	0.10	0.21	0.26
Adjusted net earnings	0.23	0.32	0.25	0.85	0.71
Per share – diluted					
Net earnings	0.01	0.11	0.10	0.21	0.26
Adjusted net earnings	0.23	0.32	0.25	0.85	0.71

<sup>(1)</sup> Adjusted net earnings are a non-IFRS measure. Please refer to "Non-IFRS Measures" on page 47.

<sup>(2)</sup> Income tax on changes in fair value of derivative financial instruments, acquisition and restructuring and other integration costs is estimated by using a tax rate of 30%.

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

#### Current Quarter versus Prior-Year Quarter

For the third quarter ended September 30, 2016, the Firm reported net earnings attributable to the Company's shareholders of \$0.4 million, or \$0.01 per share (basic and diluted), compared to \$6.7 million, or \$0.10 per share (basic and diluted) for the same quarter last year. The decrease in net earnings is mainly attributable to the rise in overall operating expenses to support business growth, higher acquisition and restructuring costs following the acquisitions of Samson and Apex, combined with a one-time non-recurring loss related to the disposal of investment in subsidiaries. The increase in expenses was partially offset by higher base management fees resulting from higher AUM base following the acquisition of Samson and Apex and organic growth, combined with a gain on accretion and change in fair value of purchase price obligations recorded in the three-month period ended September 30, 2016.

#### Current Quarter versus Previous Quarter

For the third quarter ended September 30, 2016, the Firm reported net earnings attributable to the Company's shareholders of \$0.4 million, or \$0.01 per share (basic and diluted), compared to \$7.9 million, or \$0.11 per share (basic and diluted), for the previous quarter ended June 30, 2016. The decrease in net earnings is mainly attributable to higher operating expenses to include a full quarter of Apex operations, combined with lower performance fees which are generally recorded in June and December of each year, and a one-time non-recurring loss related to the disposal of



## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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investment in subsidiaries. The increase in expenses was partially offset by higher base management fees resulting from higher AUM base following the acquisition of Samson and Apex and organic growth, combined with a gain on accretion and change in fair value of purchase price obligations recorded in the three-month period ended September 30, 2016. Also, net earnings for the quarter ended June 30, 2016, included a gain of \$5.8 million related to the acquisition of control of investment in a joint venture.

#### *Year-to-Date September 30, 2016, versus Year-to-Date September 30, 2015*

For the nine-month period ended September 30, 2016, the Firm recorded net earnings attributable to the Company's shareholders of \$15.6 million, or \$0.21 per share (basic and diluted), compared to \$18.0 million, or \$0.26 per share (basic and diluted) for the same period last year. The decrease in net earnings is mainly attributable to the rise in overall operating expenses to support business growth, higher acquisition and restructuring costs following the acquisitions of Samson and Apex, and lower performance fees from the alternative asset class. The increase in expenses was partially offset by higher base management fees resulting from higher AUM base following the acquisition of Samson and Apex and organic growth during the nine-month period ended September 30, 2016.

#### *Adjusted Net Earnings*

The Firm selects adjusted net earnings as one of the key non-IFRS performance measures as it is a good indicator of the Firm's ability to generate cash flows. Adjusted net earnings are calculated as the sum of net earnings (loss) attributable to the Company's shareholders, non-cash items, including depreciation of property and equipment, amortization of intangible assets, after-tax changes in fair value of derivative financial instruments, after-tax acquisition and restructuring and other integration costs and non-cash compensation items.

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

During the third quarter ended September 30, 2016, \$13.8 million of non-cash items, net of income taxes on the changes in fair value of derivative financial instruments (\$13.7 million before taxes), or \$0.17 per share (basic and diluted), as well as \$3.9 million, or \$0.05 per share (basic and diluted), of acquisition and restructuring and other integration costs, net of income taxes (\$5.5 million before taxes) had an unfavourable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders amounted to \$18.1 million, or \$0.23 per share (basic and diluted) for the third quarter ended September 30, 2016.

During the third quarter ended September 30, 2015, \$9.5 million of non-cash items, net of income taxes on the changes in fair value of derivative financial instruments (\$9.5 million before taxes), or \$0.13 per share (basic and diluted), as well as \$1.2 million, or \$0.02 per share (basic and diluted), of acquisition and restructuring and other integration costs, net of income taxes (\$1.7 million before taxes) had an unfavourable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders amounted to \$17.3 million, or \$0.25 per share (basic and diluted) for the third quarter ended September 30, 2015.

#### *Current Quarter versus Previous Quarter*

During the second quarter ended June 30, 2016, \$11.7 million of non-cash items, net of income taxes on the changes in fair value of derivative financial instruments (\$11.6 million before taxes), or \$0.16 per share (basic and diluted), as well as \$4.2 million, or \$0.05 per share (basic and diluted), of acquisition and restructuring and other integration costs, net of income taxes (\$5.9 million before taxes) had an unfavourable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders

## **Management's Discussion and Analysis**

### **For the Three and Nine-Month Periods Ended September 30, 2016**

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amounted to \$23.7 million, or \$0.32 per share (basic and diluted) for the second quarter ended June 30, 2016, compared to adjusted net earnings attributable to the Company's shareholders of \$18.1 million or \$0.23 per share (basic and diluted) for the third quarter ended September 30, 2016.

#### ***Year-to-Date September 30, 2016, versus Year-to-Date September 30, 2015***

For the nine-month period ended September 30, 2016, \$37.2 million of non-cash items, net of income taxes on the changes in fair value of derivative financial instruments (\$36.9 million before taxes), or \$0.49 per share (basic and diluted), as well as \$11.0 million, or \$0.15 per share (basic and diluted), of acquisition and restructuring and other integration costs, net of income taxes (\$15.7 million before taxes) had an unfavourable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders amounted to \$63.7 million, or \$0.85 per share (basic and diluted) for the nine-month period ended September 30, 2016, compared to \$49.9 million or \$0.71 per share (basic and diluted) for the same period last year.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2016

### SUMMARY OF QUARTERLY RESULTS

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

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

	Last Twelve Months <sup>(3)</sup>	Q3 Sep. 30 2016	Q2 Jun. 30 2016	Q1 Mar. 31 2016	Q4 Dec. 31 2015	Q3 Sep. 30 2015	Q2 Jun. 30 2015	Q1 Mar. 31 2015	Q4 Dec. 31 2014
AUM	105,255	112,465	109,136	97,988	101,431	88,759	90,291	90,927	86,612
Total revenues	297,175	81,909	74,983	66,284	73,999	60,214	66,143	58,061	64,304
Adjusted EBITDA <sup>(1)</sup>	91,355	25,931	23,510	16,157	25,757	18,608	23,050	17,366	24,820
Adjusted EBITDA margin	30.7%	31.7%	31.4%	24.4%	34.8%	30.9%	34.8%	29.9%	38.6%
Net earnings attributable to Company's shareholders	25,252	393	7,901	7,280	9,678	6,700	7,541	3,712	12,090
PER SHARE – BASIC									
Adjusted EBITDA <sup>(1)</sup>	1.23	0.33	0.32	0.22	0.36	0.27	0.33	0.25	0.36
Net earnings attributable to the Company's shareholders	0.36	0.01	0.11	0.10	0.14	0.10	0.11	0.05	0.18
Adjusted net earnings attributable to the Company's shareholders <sup>(1)</sup>	1.15	0.23	0.32	0.30	0.30	0.25	0.26	0.21	0.34
PER SHARE – DILUTED									
Adjusted EBITDA <sup>(1)</sup>	1.23	0.33	0.32	0.22	0.36	0.27	0.33	0.25	0.35
Net earnings attributable to the Company's shareholders	0.35	0.01	0.11	0.10	0.13	0.10	0.11	0.05	0.18
Adjusted net earnings attributable to the Company's shareholders <sup>(1)</sup>	1.14	0.23	0.32	0.30	0.29	0.25	0.26	0.21	0.34
PER SHARE – DILUTED (Including non-cash compensation and options granted) <sup>(2)</sup>									
Adjusted EBITDA <sup>(1)</sup>	1.14	0.31	0.29	0.21	0.33	0.25	0.30	0.23	0.33
Net earnings attributable to the Company's shareholders	0.32	0.00	0.10	0.09	0.12	0.09	0.10	0.05	0.16
Adjusted net earnings attributable to the Company's shareholders <sup>(1)</sup>	1.06	0.21	0.30	0.28	0.27	0.23	0.24	0.19	0.31

<sup>(1)</sup> Adjusted EBITDA and Adjusted net earnings are non-IFRS measures. Please refer to "Non-IFRS Measures" on page 47.

<sup>(2)</sup> This analysis assumes that all outstanding stock-based awards will vest and will be settled with shares of the Company (including 2,729,672 share options; 2,215,782 PSUs and 637,620 RSUs as at September 30, 2016).

<sup>(3)</sup> Last Twelve Months ("LTM") represents the sum of the last four quarters, except for AUM, which are an average of the last four quarters.

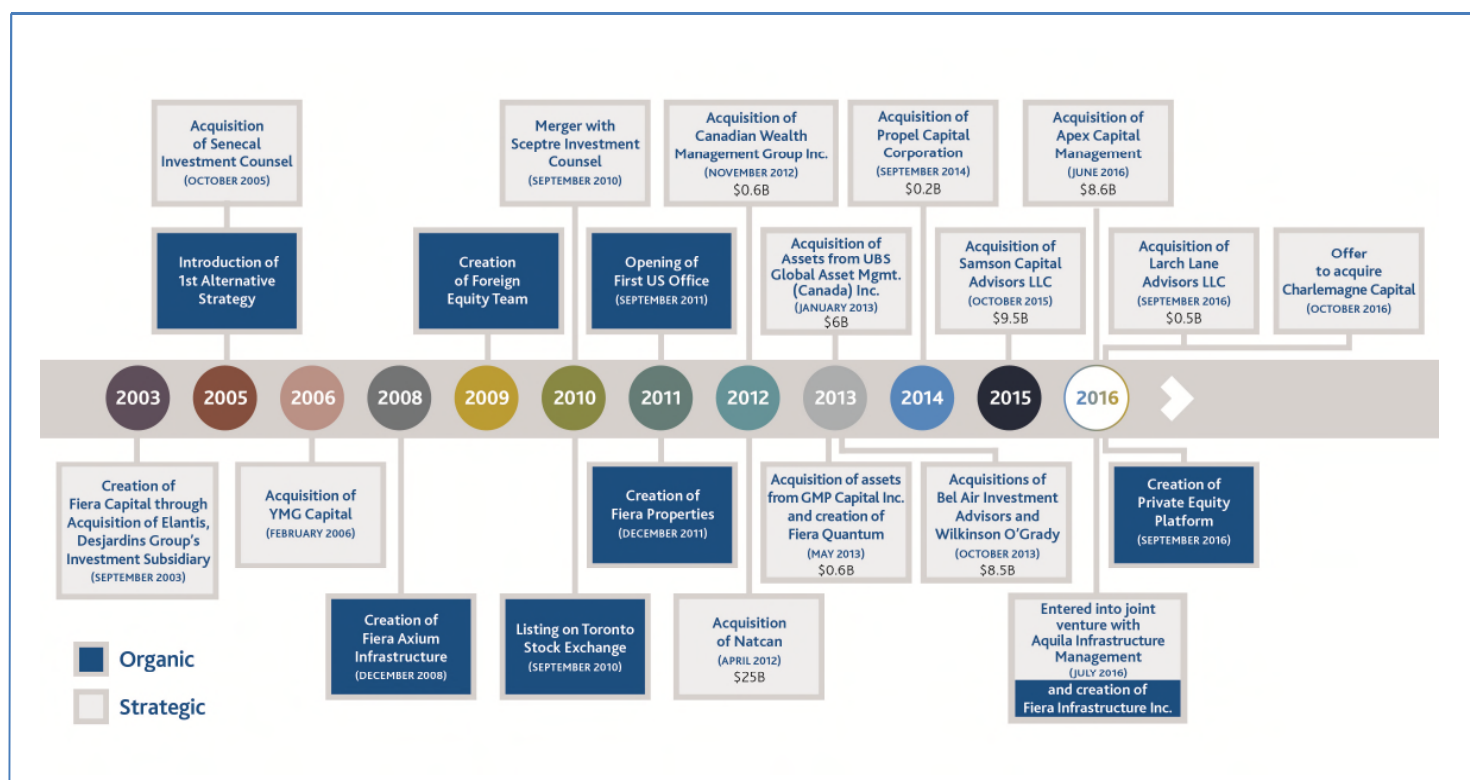
Certain totals, subtotals and percentages may not reconcile due to rounding.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2016

### Results and Trend Analysis

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



### AUM

The current quarter was characterized by an increase in AUM compared to the previous quarter mainly due to market appreciation, combined with the inclusion of Larch Lane and Aquila AUM. The previous quarter showed an increase in AUM compared to the quarter ended March 31, 2016, mainly due to the inclusion of Apex, combined with market appreciation during the period.

The quarter ended March 31, 2016 presented a decrease in AUM compared to the quarter ended December 31, 2015, mainly due to the divestiture of Axium, combined with the negative impact of the US dollar exchange rate, negative net contribution and lost mandates. These decreases in AUM were partially offset by new mandates, namely from the Institutional and Private Wealth clientele and the market appreciation during the period.

The quarter ended December 31, 2015, showed an increase in AUM compared to the quarter ended September 30, 2015, mainly due to the acquisition of Samson and new mandates won during the quarter, namely in the US institutional sector, combined with market appreciation and the positive impact of the US dollar exchange rate, partially offset by lost mandates and negative net contribution during the period.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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The quarter ended September 30, 2015, showed a decrease in AUM compared to the quarter ended June 30, 2015, mainly due to market depreciation and lost mandates, despite an increase in net inflows during the period, and favourable US dollar exchange rate impact. The quarter ended June 30, 2015, showed a decrease in AUM compared to the quarter ended March 31, 2015, mainly due to market depreciation combined with lost mandates, partially offset by new mandates won during the quarter. The quarter ended March 31, 2015, showed an increase in AUM compared to the quarter ended December 31, 2014, mainly due to market appreciation and to the favourable impact of the US dollar exchange rate. Finally, the quarter ended December 31, 2014, showed an increase in AUM mainly due to new mandates obtained in the institutional clientele, notably in the US, combined with market appreciation and the positive impact of the US dollar exchange rate.

#### Revenues

Since the acquisition of Bel Air and Wilkinson O'Grady in late 2013, the Firm's revenue stream is balanced between the institutional, retail and private wealth clientele and has been constantly progressing. Also, revenue from the US Institutional clientele is increasing, fuelled by new mandates.

The current quarter showed an increase in revenues mainly due to higher base management fees to include a full quarter of revenues from Apex, partially offset by lower performance fees which are generally recorded in June and December of each year.

The previous quarter showed an increase in revenues mainly due to higher base management fees following the acquisition of Apex and the acquisition of control of Fiera Properties, combined with higher performance fees compared to the quarter ended March 31, 2016.

The quarter ended March 31, 2016, showed a decrease in revenues mainly due to lower performance fees which are generally recorded in June and December of each year, partially offset by higher base management fees resulting from the inclusion of a full quarter of revenues from Samson during the first quarter of 2016, compared to two months of revenues from Samson during the previous quarter.

The quarter ended December 31, 2015, showed an increase in revenues mainly due to higher performance fees recorded at the end of the year, combined with the inclusion of two months of revenues from the Samson acquisition. The quarter ended September 30, 2015, showed an increase in base management fees compared to the quarter ended June 30, 2015, mainly as a result of new mandates from the US funded toward the end of the second quarter of 2015, for which revenues are recognized during the third quarter of 2015, while performance fees were lower due to the fact that they are generally recorded in June and December of each year.

The quarter ended June 30, 2015, showed an increase in performance fees from the alternative asset class, which are generally recorded in June and December of each year. The quarter ended March 31, 2015, showed an increase in base management fees compared to the fourth quarter of 2014 as a result of a higher AUM base.

Finally, the quarter ended December 31, 2014, showed a significant increase in revenues mainly due to the inclusion of performance fees from both traditional and alternative asset classes. Also, revenues from base management fees in the fourth quarter of 2014 were higher than those in the third quarter of 2014. This was mainly attributable to a higher AUM base resulting from new mandates won during the period.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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#### **Adjusted EBITDA**

Adjusted EBITDA increased in the current quarter ended September 30, 2016, compared to the previous quarter, mainly due to higher base management fees resulting from a full quarter of operation of Apex, partially offset by higher overall operating expenses and lower performance fees compared to the previous quarter.

Adjusted EBITDA increased in the previous quarter ended June 30, 2016, compared to the previous quarter, mainly due to higher base management fees following the acquisition of Apex, combined with higher performance fees, partially offset by higher overall operating expenses.

Adjusted EBITDA decreased in the quarter ended March 31, 2016, compared to the quarter ended December 31, 2015, mainly due to lower performance fees and higher overall operating expenses, particularly related to variable compensation, which is generally higher in the first quarter of the fiscal year and increased costs related to recent acquisitions and investments in the US, partially offset by higher base management fees.

Adjusted EBITDA increased in the quarter ended December 31, 2015, compared to the quarter ended September 30, 2015, mainly due to higher performance fees and base management fees, partially offset by higher overall operating expenses. Adjusted EBITDA decreased in the third quarter of 2015 compared to the second quarter of 2015, mainly due to lower performance fees in the alternative asset class, which are generally recorded in June and December of each year.

Adjusted EBITDA increased in the second quarter of 2015, compared to the first quarter of 2015, mainly due to higher performance fees from the alternative asset class, partially offset by higher SG&A expenses namely related to variable compensation. Adjusted EBITDA decreased in the first quarter of 2015, compared to the fourth quarter of 2014, mainly due to lower performance fees, despite the fact that base management fees were higher and SG&A expenses stayed at the same level compared to those from the fourth quarter of 2014.

Finally, adjusted EBITDA increased in the fourth quarter of 2014, compared to those in the third quarter of 2014, mainly due to higher performance fees, combined with higher base management fee revenues, partially offset by higher SG&A expenses.

#### **Adjusted EBITDA Margin**

Adjusted EBITDA margin relates adjusted EBITDA to revenues. It is an important measure of overall operating performance because it measures Company profitability from operations.

Adjusted EBITDA margin has fluctuated from a low of 24.4% to a high of 38.6% during the most recent eight quarters. The first quarter of each year generally absorbs a higher percentage of variable compensation expenses. Also, adjusted EBITDA margin tends to be higher in the second and the fourth quarter of each year due to the fact that performance fees are generally recorded in June and December of each year.

The current quarter ended September 30, 2016, showed an adjusted EBITDA margin of 31.7%, which is higher than the previous quarter, mainly due to higher base management fees resulting from a full quarter of operations of Apex, partially offset by higher operating expenses. Also, the upfront set-up costs of the US platform initiative and other costs associated with building scale will generate benefits in the upcoming quarters.

The previous quarter ended June 30, 2016, showed an adjusted EBITDA margin of 31.4%, which is higher than the previous quarter, mainly due to higher base management fees following the acquisition of Apex and higher performance

## **Management's Discussion and Analysis**

### **For the Three and Nine-Month Periods Ended September 30, 2016**

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fees recorded during the quarter, partially offset by higher operating expenses. Also, the upfront set-up costs of the US platform initiative and other costs associated with building scale will generate benefits in the upcoming quarters.

The quarter ended March 31, 2016, showed an adjusted EBITDA margin of 24.4%, which is lower than the quarter ended December 31, 2015, mainly due to lower performance fees, combined with higher operating expenses, particularly related to higher variable compensation in the first quarter and higher SG&A expenses to support business growth.

The quarter ended December 31, 2015, showed an adjusted EBITDA margin of 34.8%, which is higher than the quarter ended September 30, 2015, mainly due to higher performance fees and higher base management fees. The quarter ended September 30, 2015, showed an adjusted EBITDA margin of 30.9% mainly due to lower performance fees compared to the quarter ended June 30, 2015, despite higher base management fees recorded in the quarter ended September 30, 2015, compared to the quarter ended June 30, 2015. The previous quarter ended June 30, 2015, showed an adjusted EBITDA margin of 34.8% mainly due to higher performance fees from the alternative asset class compared to the first quarter of 2015. The quarter ended March 31, 2015, showed an adjusted EBITDA margin of 29.9% mainly due to lower performance fees compared to the fourth quarter of 2014.

Finally, the quarter ended December 31, 2014, had an adjusted EBITDA margin of 38.6%, a higher level compared to the previous quarter, mainly attributable to higher performance fees which are generally recorded in December of each year, combined with higher base management fees as a result of higher base AUM.

On a twelve-month basis, the current LTM adjusted EBITDA margin was at 30.7%, which compares to the LTM adjusted EBITDA margin of 30.5% and 33.7% reported as at June 30, 2016, and September 30, 2015, respectively. The LTM adjusted EBITDA margin neutralizes the impact of the timing of performance fees which are generally recorded in the second and the fourth quarter of each year, as well as the rise in SG&A expenses in recent quarters resulting from various acquisitions and provides a better measure of the Firm's overall performance.

#### ***Net Earnings Attributable to the Company's Shareholders***

Net earnings attributable to the Company's shareholders have fluctuated from a low of \$0.4 million to a high of \$12.1 million over the last eight quarters. Net earnings attributable to the Company's shareholders were impacted by various initiatives resulting in higher SG&A expenses, acquisitions and restructuring and other integration costs. Also, performance fees generally recorded in the second quarter and the fourth quarter of each year contributed to the fluctuation of the net earnings attributable to the Company's shareholders.

The current quarter's net earnings attributable to the Company's shareholders were lower than those of the previous quarter ended June 30, 2016. The decrease in net earnings is mainly attributable to higher operating expenses to include a full quarter of Apex operations, combined with lower performance fees which are generally recorded in June and December of each year, and a one-time non-recurring loss related to the disposal of investment in subsidiaries. The increase in expenses was partially offset by higher base management fees resulting from higher AUM base following the acquisition of Samson and Apex and organic growth, combined with a gain on accretion and change in fair value of purchase price obligations recorded in the three-month period ended September 30, 2016.

#### ***Adjusted Net Earnings per Share Attributable to the Company's Shareholders***

Adjusted net earnings attributable to the Company's shareholders per share are a good performance indicator of the Company's ability to generate cash flows. Adjusted net earnings attributable to the Company's shareholders have fluctuated from a low of \$0.21 per share (basic and diluted) to a high of \$0.34 per share (basic and diluted) over the last eight quarters.



## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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The current quarter showed adjusted net earnings attributable to the Company's shareholders of \$0.23 per share (basic and diluted), which are lower than those of the previous quarter, mainly due to higher operating expenses following the acquisition of Apex, lower performance fees from the traditional and alternative asset classes and various one-time non-recurring costs during the period.

The previous quarter ended June 30, 2016, showed adjusted net earnings attributable to the Company's shareholders of \$0.32 per share (basic and diluted), which are higher than those of the previous quarter, mainly due to higher base management fees following the acquisition of Apex and higher performance fees from the traditional and alternative asset classes.

The quarter ended March 31, 2016, closed with adjusted net earnings attributable to the Company's shareholders of \$0.30 per share (basic and diluted), mainly due to a gain related to the disposal of Axiom, offset by the revaluation of assets held-for-sale related to Fiera Quantum, combined with higher base management fees reflecting a full quarter of operation of Samson, compared to two months from the previous quarter, partially offset by lower performance fees and higher SG&A expenses to support business growth, compared to the quarter ended December 31, 2015. The gain related to the disposal of the investment in Axiom and the revaluation of assets held-for-sale had a net positive impact of \$0.10 per share (basic and diluted) on the Firm's adjusted net earnings for the quarter ended March 31, 2016.

The quarter ended December 31, 2015, showed adjusted net earnings attributable to the Company's shareholders of \$0.30 per share (basic) and \$0.29 (diluted), mainly due to higher performance fees from both the traditional and alternative asset classes, combined with higher base management fees as a result of higher average AUM and the inclusion of Samson. For the quarter ended September 30, 2015, adjusted net earnings attributable to the Company's shareholders were \$0.25 per share (basic and diluted), representing a slight decrease from the previous quarter resulting mainly from lower performance fees from the alternative asset class, compared to \$0.26 per share (basic and diluted) recorded for the second quarter ended June 30, 2015.

The quarter ended June 30, 2015, closed with adjusted net earnings attributable to the Company's shareholders of \$0.26 per share (basic and diluted), a higher level compared to the first quarter of 2015, mainly due to higher performance fees from the alternative asset class than the previous quarter. For the first quarter of 2015, the Firm recorded adjusted net earnings attributable to the Company's shareholders of \$0.21 per share (basic and diluted), a level lower than that of the fourth quarter of 2014, mainly due to lower performance fees, partially offset by higher base management fees recorded during the quarter.

Finally, the fourth quarter of 2014 showed a high level of adjusted net earnings attributable to the Company's shareholders of \$0.34 per share (basic and diluted), mainly due to higher performance fees recorded during the quarter.

## LIQUIDITY AND CAPITAL RESOURCES

### *Cash Flows*

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

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



## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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

	FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015
Cash generated by operating activities	31,949	42,613
Cash used in investing activities	(95,541)	(4,330)
Cash generated by (used in) financing activities	60,159	(40,780)
Net decrease in cash	(3,433)	(2,497)
Effect of exchange rate changes on cash denominated in foreign currencies	(1,106)	1,808
Cash, beginning of period	25,725	16,880
Cash, end of period	21,186	16,191

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

Cash generated by operating activities amounted to \$31.9 million for the nine-month period ended September 30, 2016. This amount resulted from \$45.4 million cash generated from net earnings adjusted for depreciation and amortization, non-cash compensation, accretion of purchase price obligations, interest on long-term debt and other financial charges, income tax expenses, as well as changes in fair value of derivative financial instruments, which was offset by a gain of \$15.0 million on the disposal of Axium (offset by the revaluation of assets-held-for-sale related to Fiera Quantum GP Inc. of \$7.9 million and \$8.3 million of loss on disposal of subsidiaries), the gain on acquisition of control of investment in joint venture of \$5.8 million, and \$9.2 million in negative change in non-cash operating working capital.

Cash used in investing activities was \$95.5 million for the nine-month period ended September 30, 2016, resulting mainly from \$114.2 million cash used in the Apex and Larch Lane acquisitions, partially offset by the proceeds of \$20.0 million from the disposal of Axium.

Cash generated by financing activities was \$60.2 million for the nine-month period ended September 30, 2016, resulting mainly from a \$108.4 million increase in long-term debt, combined with \$3.2 million of share issuance, partially offset by \$36.4 million cash used for dividend payments, \$8.0 million for long-term debt interest payments and financing charges, and \$1.7 million cash used to purchase shares for cancellation during the period.

Finally, the negative impact of exchange rate changes on cash denominated in foreign currencies was \$1.1 million during the nine-month period ended September 30, 2016.

#### *Year-to-Date September 30, 2016, versus Year-to-Date September 30, 2015*

Cash generated by operating activities amounted to \$31.9 million for the nine-month period ended September 30, 2016, compared to \$42.6 million cash generated by operating activities for the same period last year. The variation in cash generated by operating activities is mainly attributable to higher income tax paid totaling \$5.3 million and higher negative change in non-cash operating working capital of \$7.1 million during the nine-month period ended September 30, 2016, compared to the same period last year, combined with net negative variation of non-recurring items of \$4.6 million related to a gain on disposal of investment in joint venture, revaluation of assets held-for-sale, loss on disposal of subsidiaries and gain on acquisition of control of investment in joint venture. The decrease in cash generated from operating activities was partially offset by an increase of \$7.3 million in adjusted EBITDA as described in the "Adjusted EBITDA" section for the nine-month period ended September 30, 2016, compared to the same period last year.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

Cash used in investing activities amounted to \$95.5 million for the nine-month period ended September 30, 2016, compared to \$4.3 million cash used in investing activities for the same period last year. The variation in cash used in investing activities is mainly attributable to \$114.2 million cash used related to the Apex and Larch Lane acquisitions, partially offset by the proceeds related to the disposal of investment in a joint venture of \$20.0 million.

Cash generated by financing activities was \$60.2 million for the nine-month period ended September 30, 2016, compared to \$40.8 million cash used in financing activities for the same period last year. The year-over-year variation is mainly attributable to higher long-term debt of \$114.2 million, partially offset by a higher dividend payment of \$8.5 million during the nine-month period ended September 30, 2016, compared to the same period of 2015.

Finally, the exchange rate changes on cash denominated in foreign currencies negatively impacted the cash flow of the Firm by \$1.1 million during the nine-month period ended September 30, 2016, compared to \$1.8 million positive impact for the same period last year.

### Cash Earnings

The Company defines cash earnings as net earnings attributable to the Company's shareholders, adjusted for depreciation and amortization, changes in fair value of derivative financial instruments and non-cash compensation items. Cash earnings are an indicator of our ability to pay out dividends, to continue operations, and to invest in new businesses. We believe that cash earnings are an important measure to assess our core operating performance.

The following table provides details of the Firm's cash earnings and cash earnings per share for the nine-month periods ended September 30, 2016, and 2015, respectively.

**Table 12 – Cash Earnings <sup>(1)</sup> (in \$ thousands except per share data)**

	FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015
Net earnings attributable to the Company's shareholders	15,574	17,953
Adjusted for the following items:		
Depreciation of property and equipment	2,507	1,384
Amortization of intangible assets	26,357	19,950
Non-cash compensation	8,897	7,212
Changes in fair value of derivative financial instruments	(867)	787
Cash earnings attributable to the Company's shareholders	52,468	47,286
Cash earnings per share (basic)	0.70	0.68
Cash earnings per share (diluted)	0.70	0.67

<sup>(1)</sup>Cash earnings and cash earnings per share are non-IFRS measures. Please refer to "Non-IFRS Measures" on page 47.

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

For the nine-month period ended September 30, 2016, \$28.9 million depreciation of property and equipment, and amortization of intangible assets, as well as \$8.9 million non-cash compensation and (\$0.9) million change in fair value of derivative financial instruments had an unfavourable impact on the net earnings attributable to the Company, compared to \$21.3 million, \$7.2 million and \$0.8 million for the same period last year, respectively. Excluding these items, cash earnings attributable to the Company's shareholders amounted to \$52.5 million, or \$0.70 per share (basic

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

and diluted) for the nine-month period ended September 30, 2016, compared to \$47.3 million or \$0.68 per share (basic) and \$0.67 (diluted) for the same period last year.

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

Table 13 – Credit Facility (in \$ thousands)

	SEPTEMBER 30, 2016	DECEMBER 31, 2015
Revolving facility	202,485	265,270
Term facilities	165,376	-
Deferred financing charges	(1,627)	(1,044)
	366,234	264,226

On May 31, 2016, the Company amended the terms of its credit facility to include, amongst others, the following change:

A new US\$125 million term facility maturing in May 2019;

The Company used the additional amounts available under the term facility to finance the cash portion of the Apex acquisition and to reimburse existing borrowings under the revolving facility.

As at September 30, 2016, the total amount of the revolving facility was comprised of CA\$112.564 million and US\$68.553 million (CA\$89.921 million) (CA\$128.258 million and US\$98.997 million (CA\$137.012 million) was outstanding as at December 31, 2015) and the total amount of the term facility was comprised of US\$125 million (CA\$163.963 million).

In addition, the Company's subsidiary Fiera Properties Limited has an outstanding term facility in the amount of \$1.413 million of which quarterly instalments of \$0.131 million are required.

Under the terms of the loan agreement, the Company must satisfy certain restrictive covenants including minimum financial ratios. These restrictions include maintaining a maximum ratio of funded debt to EBITDA and a minimal interest coverage ratio. EBITDA, a non IFRS measure, is defined in the credit facility on a consolidated basis, as earnings of the Borrower before interest, taxes, depreciation, amortization, non-recurring and one-time expenses related to acquisitions and other non-cash items. As at September 30, 2016, all debt covenant requirements were met.

On May 1, 2012, the Company entered into an interest rate swap agreement for a notional amount of \$108 million, to exchange its monthly variable interest rate payments for fixed interest payments at the rate of 1.835% until March 2017, payable in monthly instalments.

On September 29, 2016, the Company entered into an irrevocable financial standby letter of credit in the amount of GBP 32 million that expires on May 15, 2017.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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

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

As at September 30, 2016, the Company had no material contractual obligation other than those described in the Company's 2015 Annual MD&A in the section entitled "Contractual Obligations".

##### ***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.

##### ***Off-Balance Sheet Arrangements***

At September 30, 2016, Fiera Capital was not party to any off-balance sheet arrangements, including guarantees, derivatives, except for the above-mentioned floating-to-fixed interest rate swap agreement, and variable-interest entities. We do not expect to enter into such agreements.

##### ***Share Capital***

As at September 30, 2016, the Company had 57,932,650 Class A shares and 19,847,577 Class B special voting shares for a total of 77,780,227 outstanding shares compared to 49,500,575 Class A subordinate voting shares and 19,899,018 Class B special voting shares for a total of 69,399,593 outstanding shares as at September 30, 2015.

##### ***Share-Based Payments***

##### ***Stock Option Plan***

The following table presents transactions that occurred during the three-month periods ended September 30, 2016, and 2015, under the terms of the Company's stock option plan:

**Table 14 – Options Transactions**

	SEPTEMBER 30, 2016		SEPTEMBER 30, 2015	
	Number of Class A Share Options	Weighted-Average Exercise Price (\$)	Number of Class A Share Options	Weighted-Average Exercise Price (\$)
Outstanding – beginning of period	3,040,225	9.58	3,346,037	9.32
Granted	41,259	13.33	25,000	13.83
Exercised	(298,744)	5.13	(216,923)	6.12
Forfeited	(53,068)	12.82	(164,639)	12.80
Outstanding – end of period	2,729,672	10.06	2,989,475	9.40
Options exercisable – September 30, 2016 and 2015	1,076,829	7.73	1,182,648	6.96

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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

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

The following table presents transactions that occurred during the nine-month periods ended September 30, 2016, in the Company's PSU plans applicable to BU.

Table 15 – PSU Transactions

	SEPTEMBER 30, 2016	
	Number of PSUs Outstanding	Weighted-Average Value of PSU(\$)
Outstanding – December 31, 2015	2,542,711	12.88
Settled	(244,878)	12.23
Transferred to PSU plan	(82,051)	13.66
Outstanding – September 30, 2016	2,215,782	12.99

During the nine-month period ended September 30, 2016, 244,878 PSUs vested and were settled. The Company settled the vested PSUs by paying \$4.2 million in cash in lieu of issuing Class A Shares. The Company treated the transaction as a repurchase of an equity interest and recorded a deduction in the amount of \$4.2 million in contributed surplus. The settling of these PSUs in cash was due to exceptional circumstances. The Company still has the intention to settle the remaining tranches by issuing shares.

The Company recorded an expense of \$1.2 million and \$3.3 million during the three and nine-month periods ended September 30, 2016, respectively for the PSU plan applicable to business units (\$1.2 million and \$3.8 million for the three and nine-month periods ended September 30, 2015, respectively). For the three and nine-month periods ended September 30, 2016, the expense is attributable to equity-settled grants for an amount of \$1.2 million and \$3.3 million, respectively and cash-settled grants for an amount of nil and (\$0.015 million), respectively (for the three and nine-month periods ended September 30, 2015, the expense is attributable to equity-settled grants for an amount of \$1.2 million and \$3.9 million respectively and cash-settled grants for an amount of nil and (\$0.043 million), respectively).

##### PSU plan

The Company recorded an expense of \$0.108 million and \$0.691 million during the three and nine-month periods ended September 30, 2016, respectively for the PSU Plan (\$0.297 million and \$0.831 million for the three and nine-month periods ended September 30, 2015, respectively). For the three and nine-month periods ended September 30, 2016, the expense is attributable to equity-settled grants for an amount of nil and (\$0.023 million), respectively and to cash-settled grants for an amount of \$0.108 million and \$0.714 million, respectively (for the three and nine-month periods ended September 30, 2015 the expense is attributable to equity-settled grants for an amount of \$0.033 million and \$0.168 million, respectively, and cash-settled grants for an amount of \$0.264 million and \$0.663 million, respectively). During the nine-month period ended September 30, 2016, the Company settled vested PSUs by issuing 9,542 Class A Shares.

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

The Company recorded an expense of \$0.603 million and \$2.574 million during the three and nine-month periods ended September 30, 2016, respectively for the RSU Plan (\$0.582 million and \$1.722 million during the three and nine-month periods ended September 30, 2015, respectively). As at September 30, 2016, the Company had a liability

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

totaling \$4.567 million related this plan (\$2.905 million as at December 31, 2015). As at September 30, 2016 there were 637,620 RSUs outstanding (686,244 December 31, 2015). During the nine-month period ended September 30, 2016, 1,991 RSUs were forfeited, 24,806 RSUs were reinvested in lieu of dividends and 71,439 RSUs were settled by issuing 44,042 Class A Shares.

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

The Company recorded an expense of \$0.394 million and \$1.128 million during the three and nine-month periods ended September 30, 2016, for the restricted share plan (nil for the three and nine-month periods ended September 30, 2015).

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

The Company recorded an expense of (\$0.006) million and \$0.019 million during the three and nine-month periods ended September 30, 2016, respectively for the deferred share unit plan ((\$0.006) million and (\$0.005) million for the three and nine-month periods ended September 30, 2015, respectively).

#### ***Related Party Transactions***

The Company entered into the following significant transactions with its shareholders and their related companies:

**Table 16 – Related Party Transactions (in \$ thousands)**

	FOR THE THREE-MONTH PERIODS ENDED		FOR THE NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015	SEPTEMBER 30, 2016	SEPTEMBER 30, 2015
Base management, performance fees and other revenues	11,228	12,543	36,083	36,235
Interest on long-term debt	3,271	2,120	7,925	5,841

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. The counterparty to the derivative financial instruments and the issuer of the irrevocable financial standby letter of credit is a related company.

# Management's Discussion and Analysis

## For the Three and Nine-Month Periods Ended September 30, 2016

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### CONTROL AND PROCEDURES

The Chairman of the Board & Chief Executive Officer ("CEO") and the Executive Vice President & Chief Financial Officer ("CFO"), together with Management, are responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in National Instrument 52-109.

Fiera Capital Corporation's ("Corporation") internal control framework is based on the criteria published in the *Internal Control-Integrated Framework (COSO framework 2013)* report issued by the *Committee of Sponsoring Organizations of the Treadway Commission (COSO)* and is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The CEO and CFO, supported by Management, evaluated the design of the Corporation's DC&P and ICFR as at September 30, 2016, and have concluded that they were effective. Furthermore, no significant changes to the internal controls over financial reporting occurred during the quarter ended September 30, 2016, except as described below:

On October 30, 2015, the Corporation acquired 100% of the issued and outstanding shares of Samson Capital Advisors LLC ("Samson"). On June 1, 2016, the Firm acquired 100% of the issued and outstanding shares of Apex Capital Management ("Apex"). Management is in the process of completing its review of the design and operating effectiveness of ICFR for these acquisitions. At September 30, 2016, risks were, however, mitigated as management was fully apprised of any material events affecting these acquisitions. In addition, all the assets and liabilities acquired were valued and recorded in the consolidated financial statements as part of the purchase price allocation process and the results of operations of Samson and Apex were also included in the Corporation's consolidated results. Samson constitutes 6.9% of revenue, (24.9%) of the net earnings of the year, 4.42% of the total assets, 3.91% of the current assets, 4.48% of the non-current assets, 4% of the current liabilities and 0.08% of the non-current liabilities of the interim condensed consolidated financial statements for the nine-month period ended September 30, 2016. Apex constitutes 5.6% of revenue, 25.8% of the net earnings of the year, 19.5% of the total assets, 11.6% of the current assets, 20.4% of the non-current assets, 5.6% of the current liabilities and none of the non-current liabilities of the interim condensed consolidated financial statements for the nine-month period ended September 30, 2016. In the coming months, management will complete its review of the design of ICFR for Samson and Apex, and assess its effectiveness.

Following the above mentioned acquisition, Management had to adjust the consolidation process to incorporate the new US subsidiary. New controls were implemented in order to present fairly the financial position of the Company as at September 30, 2016, and its financial performance and its cash flows for the quarter ended September 30, 2016.

### FINANCIAL INSTRUMENTS

The Company, through its financial assets and financial liabilities, has exposure to the following risks from its use of financial instruments: market risk, equity market fluctuation risk, credit risk, interest rate risk, currency risk and liquidity risk. These risks and the management of these risks are described in the Company's 2015 Annual MD&A in the section entitled "*Financial Instruments*". The Company has not identified any material changes to the risk factors affecting its business or in the management of these risks.

### CAPITAL MANAGEMENT

The Company's capital comprises share capital including hold back shares, (deficit) retained earnings and long-term debt, less cash. The Company manages its capital to ensure adequate capital resources while maximizing return to shareholders through the optimization of the debt and equity balance and to maintain compliance with regulatory requirements and certain restrictive debt covenants required by the lender of the debt. During the nine-month period



## **Management's Discussion and Analysis**

### **For the Three and Nine-Month Periods Ended September 30, 2016**

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ended September 30, 2016, the Company has complied with the calculation of excess working capital as required by National Instrument 31-103 *Registration Requirements and Exemptions*, as well as the restrictive debt covenants.

In order to maintain its capital structure, the Company may issue new shares or proceed to the issuance or repayment of debt and acquire or sell assets to improve its financial performance and flexibility.

#### **SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES**

This MD&A is prepared with reference to the unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2016. A summary of the Company's significant accounting judgments and estimation uncertainties are presented in Note 3 to the Company's audited consolidated financial statements for the year ended December 31, 2015. Some of the Company's accounting policies, as required under IFRS, require the Management to make subjective, complex judgments and estimates to matters that are inherent to uncertainties. Accounting policies that require Management's judgment and estimates are described in the "*Significant Accounting Judgment and Estimation Uncertainties*" section of the Company's annual MD&A for the year ended December 31, 2015.

#### **NEW ACCOUNTING POLICIES**

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

The following revised standards are effective for annual periods beginning on January 1, 2016, and their adoption has not had any impact on the amounts reported or disclosures made in these financial statements but may affect the accounting for future transactions, arrangements, or disclosures in the Company's 2016 annual financial statements.

##### ***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.

##### ***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 statement of financial position, statement of earnings, and statement of comprehensive income as well as the order of notes to the financial statements.



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

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

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

In July 2014, the IASB finalized IFRS 9, 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 is permitted.

#### ***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 July 2015, the IASB affirmed its proposal to defer the effective date by one year. Application of IFRS 15 is mandatory for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted.

#### ***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 application is permitted.

#### ***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 to a total of four standards. Modifications of standards that may be relevant to the Company include amendments made to provide: (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 is continuing involvement in a transferred asset and clarification on offsetting disclosures in condensed interim financial statements in IFRS 7 – *Financial Instruments: Disclosures*, (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*, (4) clarification of the term "elsewhere in the interim report" in IAS 34 – *Interim Financial Reporting*. Most of the amendments are effective for annual periods beginning on or after July 1, 2016. Early adoption is permitted. The Company is still evaluating the impact of these standards on its consolidated financial statements.

## **Management's Discussion and Analysis**

### **For the Three and Nine-Month Periods Ended September 30, 2016**

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#### ***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.

#### ***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 for unrealized losses related to debt instruments measured at fair value. The amendments will come into effect for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The Company is still evaluating the impact of these standards on its consolidated financial statements.

## **NON-IFRS MEASURES**

Adjusted EBITDA is calculated as the difference between total revenues and SG&A expenses (excluding non-cash compensation) and external managers' expenses.

Adjusted net earnings are calculated as the sum of net earnings (loss) attributable to the Company's shareholders, non-cash items, including depreciation of property and equipment, amortization of intangible assets, after-tax changes in fair value of derivative financial instruments, after-tax impairment of non-financial assets, after-tax acquisition and restructuring and other integration costs and non-cash compensation items.

Cash earnings are calculated as the sum of net earnings (loss) attributable to the Company's shareholders, non-cash items, including depreciation of property and equipment, amortization of intangible assets, changes in fair value of derivative financial instruments, impairment of non-financial assets and non-cash compensation items.

We have included non-IFRS measures to provide investors with supplemental measures of our operating and financial performance. We believe non-IFRS measures are important supplemental metrics of operating and financial performance because they eliminate items that have less bearing on our operating and financial performance and thus highlight trends in our core business that may not otherwise be apparent when one relies solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers, many of which present non-IFRS measures when reporting their results. Management also uses non-IFRS measures in order to facilitate operating and financial performance comparisons from period to period, to prepare annual budgets and to assess our ability to meet our future debt service, capital expenditure and working capital requirements. Non-IFRS measures are not recognized measures under IFRS. For example, some or all of the non-IFRS measures do not reflect: (a) our cash expenditures, or future requirements for capital expenditures or contractual commitments; (b) changes in, or cash requirements for, our working capital needs; (c) the significant interest expense, or the cash requirements necessary to service interest or principal payments on our debt; and (d) income tax payments that represent a reduction in cash available to us. Although we consider the items excluded from the calculation of non-IFRS measures to be non-recurring and less relevant to evaluate our performance, some of these items may be recurring and, accordingly, may reduce available cash. We believe that the presentation of the non-IFRS measures described above is appropriate. However, these non-IFRS measures have important limitations as analytical tools, and the reader should not consider them in isolation, or as substitutes in the analysis of our results as reported under IFRS. Because of these limitations, we rely primarily on our results as reported in accordance with IFRS and use non-IFRS measures only as a supplement. In addition, because other companies may calculate non-IFRS measures differently than we do, these measures may not be comparable to similarly titled measures reported by other companies.

## Management's Discussion and Analysis

### For the Three and Nine-Month Periods Ended September 30, 2016

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#### RISKS OF THE BUSINESS

Fiera Capital's business is subject to a number of risk factors that may impact the Company's operating and financial performance. These risks and the management of these risks are detailed in the Company's 2015 Annual MD&A in the section entitled "*Risks of the Business*". The Company has not identified any material changes to the risk factors affecting its business or in the management of these risks.

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