Interim Condensed Consolidated Financial Statements of
FIERA CAPITAL CORPORATION

For the periods ended March 31, 2016 and 2015
(unaudited)

FIERA CAPITAL

Fiera Capital Corporation
Table of Contents

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Earnings

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

	2016	2015
	$	$
Revenues		
Base management fees	63,415	56,181
Performance fees	372	108
Other revenues (Note 16)	2,497	1,772
	66,284	58,061
Expenses		
Selling, general and administrative expenses	52,794	40,556
External managers	883	1,585
Depreciation of property and equipment	831	442
Amortization of intangible assets	7,545	6,622
Acquisition costs	3,708	1,060
Restructuring and other integration costs (Note 6)	518	1,002
	66,279	51,267
Earnings before under-noted items	5	6,794
Realized loss (gain) on investments	16	(55)
Interest on long-term debt and other financial charges	2,390	2,144
Accretion of purchase price obligations	704	635
Gain on dilution of investments in joint ventures	-	(51)
Changes in fair value of derivative financial instruments	(354)	1,152
Gain on disposal of investment in joint venture (Note 7)	(15,013)	-
Revaluation of assets held-for-sale (Note 8)	7,921	-
Share of earnings of joint ventures	(77)	(214)
Earnings before income taxes	4,418	3,183
Income taxes	506	260
Net earnings for the period	3,912	2,923
Net earnings attributable to :		
Company’s shareholders	7,280	3,712
Non-controlling interest	(3,368)	(789)
	3,912	2,923
Net earnings per share (Note 12)		
Basic and diluted	0.10	0.05

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Comprehensive Income

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

	2016	2015
	$	$
Net earnings for the period	3,912	2,923
Other comprehensive income:		
Items that may be reclassified subsequently to earnings:		
Unrealized (loss) gain on available-for-sale financial assets (net of income tax recovery of $24 in 2016 and income taxes of $69 in 2015)	(154)	438
Reclassification of loss on disposal of investments (net of income tax recovery of $1 in 2016)	11	-
Share of other comprehensive income of joint ventures	-	105
Reclassification of share of other comprehensive income of joint ventures (Note 7)	(509)	-
Unrealized exchange differences on translating financial statements of foreign operations	(7,443)	8,207
Other comprehensive income for the period	(8,095)	8,750
Comprehensive income for the period	(4,183)	11,673
Comprehensive income attributable to:		
Company's shareholders	(815)	12,462
Non-controlling interest	(3,368)	(789)
	(4,183)	11,673

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Financial Position

(Unaudited)

(In thousands of Canadian dollars)

	As at March 31, 2016	As at December 31, 2015
	$	$
Assets		
Current assets		
Cash	12,284	25,725
Restricted cash	2,465	2,890
Investments	4,314	4,707
Assets held-for-sale (Note 7)	-	5,496
Accounts receivable	58,797	65,435
Prepaid expenses and other assets	5,542	6,115
Subscription receipts receivable	1,792	1,755
	85,194	112,123
Non-current assets		
Deferred charges	3,094	3,284
Long-term receivable	433	433
Deferred income taxes	258	1,079
Investment in joint ventures	6,540	6,460
Property and equipment	18,348	18,956
Intangible assets (Note 9)	300,699	322,975
Goodwill (Note 9)	384,739	391,347
	799,305	856,657
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	29,714	50,784
Dividend payable	11,120	334
Restructuring provisions (Note 6)	57	75
Amount due to related companies	1,508	1,259
Purchase price obligations	10,101	11,561
Client deposits	155	155
Subscription receipts obligation	1,792	1,755
	54,447	65,923
Non-current liabilities		
Deferred lease obligations	2,931	1,311
Lease inducements	4,834	5,284
Deferred income taxes	7,793	12,566
Long-term restructuring provisions (Note 6)	890	936
Other non-current liabilities	2,518	2,512
Cash settled share-based liabilities	2,907	1,807
Long-term debt (Note 10)	239,021	264,226
Purchase price obligations	31,142	30,674
Derivative financial instruments	1,036	1,390
	347,519	386,629
Equity		
Equity attributable to Company's shareholders	460,064	474,938
Non-controlling interest	(980)	2,388
Initial value of option granted to non-controlling interest	(7,298)	(7,298)
Total non-controlling interest	(8,278)	(4,910)
	451,786	470,028
	799,305	856,657

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Changes in Equity

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

	Share Capital	Hold back shares	Contributed surplus	(Deficit) Retained earnings	Accumulated other compre-hensive income	Equity attributable to Company's shareholders	Non-Controlling Interests	Total Equity
	$	$	$	$	$	$	$	$
As at December 31, 2015	467,134	3,662	11,056	(35,528)	28,614	474,938	(4,910)	470,028
Net earnings for the period	-	-	-	7,280	-	7,280	(3,368)	3,912
Other comprehensive income	-	-	-	-	(8,095)	(8,095)	-	(8,095)
Comprehensive income for the period	-	-	-	7,280	(8,095)	(815)	(3,368)	(4,183)
Share-based compensation expense	-	-	1,772	-	-	1,772	-	1,772
Performance share units settled	-	-	(4,237)	-	-	(4,237)	-	(4,237)
Stock options exercised	1,012	-	(161)	-	-	851	-	851
Shares purchased for cancellation	(1,306)	-	-	(353)	-	(1,659)	-	(1,659)
Dividends	-	-	-	(10,786)	-	(10,786)	-	(10,786)
As at March 31, 2016	466,840	3,662	8,430	(39,387)	20,519	460,064	(8,278)	451,786
As at December 31, 2014	436,888	5,677	9,231	(24,493)	9,851	437,154	(2,943)	434,211
Net earnings for the period	-	-	-	3,712	-	3,712	(789)	2,923
Other comprehensive income	-	-	-	-	8,750	8,750	-	8,750
Comprehensive income for the period	-	-	-	3,712	8,750	12,462	(789)	11,673
Share-based compensation expense	-	-	638	-	-	638	-	638
Performance share units settled	-	-	(3,450)	-	-	(3,450)	-	(3,450)
Stock options exercised	525	-	(131)	-	-	394	-	394
Dividends	-	-	-	(9,021)	-	(9,021)	-	(9,021)
As at March 31, 2015	437,413	5,677	6,288	(29,802)	18,601	438,177	(3,732)	434,445

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

Fiera Capital Corporation

Interim Condensed Consolidated Statements of Cash Flows

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

	2016	2015
	$	$
Operating activities		
Net earnings for the period	3,912	2,923
Adjustments for:		
Depreciation of property and equipment	831	442
Amortization of intangible assets	7,545	6,622
Amortization of deferred charges	133	99
Accretion of purchase price obligations	704	635
Lease inducements	(154)	48
Deferred lease obligations	1,444	(11)
Share-based compensation expense	1,772	638
Cash settled share-based compensation expense	1,779	808
Restructuring provisions	(64)	214
Interest on long-term debt and other financial charges	2,390	2,144
Changes in fair value of derivative financial instruments (Note 16)	(354)	1,152
Income tax expense	506	260
Income tax paid	(6,652)	(3,121)
Share of earnings of joint ventures	(77)	(214)
Gain on disposal of investment in joint venture	(15,013)	-
Revaluation of assets held-for-sale	7,921	-
Gain on dilution of investments in joint ventures	-	(51)
Realized loss (gain) on investments	16	(55)
Other non-current liabilities	142	-
Changes in non-cash operating working capital items (Note 14)	(12,449)	(15,896)
Net cash used by operating activities	(5,668)	(3,363)
Investing activities		
Proceeds from disposal of investment in joint venture (Note 7)	20,000	-
Payment of purchase price obligations (Note 5)	(1,321)	-
Investments, net	203	1,775
Investment in joint ventures	(10)	-
Purchase of property and equipment	(2,436)	(576)
Purchase of intangible assets	(282)	(351)
Long-term receivable	-	(377)
Deferred lease obligations	331	-
Deferred charges	(128)	(359)
Restricted cash and clients deposits	393	-
Net cash generated by investing activities	16,750	112
Financing activities		
Settlement of share-based compensation	(4,237)	(3,450)
Issuance of share capital	851	394
Shares purchased for cancellation	(1,659)	-
Long-term debt, net	(16,646)	3,216
Interest paid on long-term debt	(2,008)	(1,826)
Financing charges	(4)	(32)
Net cash used in financing activities	(23,703)	(1,698)
Net decrease in cash	(12,621)	(4,949)
Effect of exchange rate changes on cash denominated in foreign currencies	(820)	1,010
Cash – beginning of period	25,725	16,880
Cash – end of period	12,284	12,941

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

1. Description of Business

Fiera Capital Corporation ("Fiera Capital" or the "Company") was incorporated as Fry 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 U.S., investment advisory services are provided by the Company's U.S. affiliates, which are investment advisors registered with the U.S. Securities and Exchange Commission. Its head office is located at 1501 Avenue McGill College, office 800, Montreal, Quebec, Canada. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol "FSZ".

The Board of Directors (the "Board") approved the interim condensed consolidated financial statements for the period ended March 31, 2016 on May 4, 2016.

2. Basis of presentation

Statement of compliance

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

In addition, on January 6, 2016, the Company entered into a series of twelve foreign exchange forward contracts in order to manage the currency fluctuation risk associated with revenues denominated in U.S. dollars. The foreign exchange forward contracts mature on December 31, 2016 with a total initial notional amount of US$15,203 (the notional amounts range from US$858 to US$1,619 per month). The foreign exchange forward contracts are recognized at fair value at the date the contracts were entered into and subsequently remeasured to their fair value at the end of each reporting period through profit or loss. The gain or loss is recognized within the revenues section under the caption: Other revenues since it follows the nature of the transaction.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015.

These interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. 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.

4. IFRS issued but not yet adopted

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.

4. IFRS issued but not yet adopted (continued)

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.

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.

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

5. Business combinations

Samson Capital Advisors

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

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6. Restructuring and other integration costs

During the three-month period ended March 31, 2016, the Company recorded a restructuring provision of $112 ($839 for the three-month period ended March 31, 2015) and other integration costs of $406 ($163 for the three-month period ended March 31, 2015) for an aggregate amount of $518 ($1,002 for the three-month period ended March 31, 2015). The restructuring charges are mostly composed of severance costs due to corporate reorganizations following business combinations or as a result of the normal evolution of the business. 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.

	Severance
	$
Balance, December 31, 2015	1,011
Additions during the period	112
Paid during the period	(176)
Balance, March 31, 2016	947

7. Disposal of investment in joint venture

On January 15, 2016 the Company completed the sale of the Company's 35% equity ownership in Axium Infrastructure Inc. for cash proceeds of $20,000. As a result, the Company derecognized the investment of $5,496, reclassified $509 of accumulated other comprehensive income to net earnings and recorded a gain on disposal of $15,013 under the caption: Gain on disposal of investment in joint venture.

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

8. Revaluation of assets held-for-sale

The Company plans to sell the investment in the following companies: Fiera Quantum GP Inc., 9276-5072 Quebec Inc. and Fiera Quantum Limited Partnership. Efforts to sell the companies have commenced and a sale is expected by June 30, 2016. 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 $7,921 has been recognized and recorded under the caption: Revaluation of assets held-for sale. The intangible assets and property and equipment are no longer being amortized or depreciated from the date that the assets were classified as held-for-sale.

As at March 31, 2016, the current assets were comprised of the following:

			March 31, 2016
	Carrying value	Fair value less costs to sell	Revaluation of assets held-for-sale
	$	$	$
Property and equipment	8	-	8
Intangible assets	7,031	-	7,031
Deferred income taxes	882	-	882
	7,921	-	7,921

9. Goodwill and intangible assets

		Indefinite life	Finite-life			
	Goodwill	Asset management contracts	Asset management contracts	Customer relationships	Other	Total
	$	$	$	$	$	$
For the three-month period ended March 31, 2016						
Opening net book value	391,347	8,800	53,000	250,755	10,420	322,975
Business combination	(35)	-	-	-	-	-
Revaluation	-	-	-	(7,031)	-	(7,031)
Additions	-	-	-	-	284	284
Foreign exchange difference	(6,573)	(165)	-	(7,508)	(311)	(7,984)
Amortization for the period	-	-	(2,120)	(4,829)	(596)	(7,545)
Closing net book value	384,739	8,635	50,880	231,387	9,797	300,699
Balance, March 31, 2016						
Cost	368,469	8,154	84,800	263,396	14,615	370,965
Accumulated amortization and impairment	(1,918)	-	(33,920)	(48,540)	(5,664)	(88,124)
Foreign exchange difference	18,188	481	-	16,531	846	17,858
Net book value	384,739	8,635	50,880	231,387	9,797	300,699

During the three-month period ended March 31, 2016, customer relationships with a cost of $18,570 (nil for the three-month period ended March 31, 2015) and accumulated amortization of $11,539 (nil for the three-month period ended March 31, 2015) and other intangibles assets with a cost of $65 (nil for the three-month period ended March 31, 2015) and accumulated amortization of $65 (nil for the three-month period ended March 31, 2015) were revalued at their fair value of nil and reclassified as held-for-sale.

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

10. Long-term debt

	March 31, 2016	December 31, 2015
	$	$
Revolving facility	240,007	265,270
Deferred financing charges	(986)	(1,044)
	239,021	264,226

Revolving facility

As at March 31, 2016, the total amount of long-term debt was comprised of CA$110,420 and US$99,905 (CA$129,587) (CA$128,258 and US$98,997 (CA$137,012) was outstanding as at December 31, 2015).

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 revolving 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 March 31, 2016, all debt covenant requirements were met.

On May 1, 2012, the Company entered into an interest rate swap agreement for an initial notional amount of $108,000, 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.

11. Share capital and accumulated other comprehensive income

	Class A subordinate voting shares ("Class A Shares")		Class B special voting shares ("Class B Shares")		Total	
	Number	$	Number	$	Number	$
As at December 31, 2015	51,536,848	435,551	19,847,577	31,583	71,384,425	467,134
Stock options exercised	216,603	1,012	-	-	216,603	1,012
Shares purchased for cancellation	(154,500)	(1,306)	-	-	(154,500)	(1,306)
As at March 31, 2016	51,598,951	435,257	19,847,577	31,583	71,446,528	466,840
As at December 31, 2014	48,715,873	404,999	20,039,750	31,889	68,755,623	436,888
Stock options exercised	46,676	525	-	-	46,676	525
Transfer from Class B Shares to Class A Shares	17,112	27	(17,112)	(27)	-	-
As at March 31, 2015	48,779,661	405,551	20,022,638	31,862	68,802,299	437,413

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

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

Shares purchased for cancellation

During the three-month period ended March 31, 2016, the Company purchased and cancelled 154,500 Class A Shares at a cost of $1,306. The excess paid of $353 over the recorded capital stock value of the shares repurchased for cancellation was charged to retained earnings.

Transfers

During the three-month period ended March 31, 2015, 17,112 Class B Shares were converted into 17,112 Class A Shares on a one-for-one basis.

Dividends

During the three-month period ended March 31, 2016, the Company declared dividends of $10,691 ($0.15 per share) on Class A Shares and Class B Shares ($8,949 for the three-month period ended March 31, 2015 ($0.13 per share)) and $95 on hold back shares ($72 for the three-month period ended March 31, 2015).

The components of accumulated other comprehensive income include:

	March 31, 2016	December 31, 2015
	$	$
Unrealized gain on available-for-sale financial assets	636	779
Share of other comprehensive income of joint ventures	-	509
Unrealized exchange differences on translating financial statements of foreign operations	19,883	27,326
	20,519	28,614

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

12. Earnings per share

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

	For the three-month periods ended March 31,	
	2016	2015
	$	$
Net earnings attributable to shareholders for the periods	7,280	3,712
Weighted average shares outstanding – basic	71,892,521	69,320,490
Effect of dilutive share-based awards	620,322	927,400
Weighted average shares outstanding – diluted	72,512,843	70,247,890
Basic and diluted earnings per share	0.10	0.05

For the three-month period ended March 31, 2016, the calculation of hypothetical conversions does not include 1,261,686 stock options (1,150,427 for the three-month period ended March 31, 2015) with an anti-dilutive effect.

13. Share-based payments

(a) Stock option plan:

The following table presents transactions that occurred during the three-month periods ended March 31, in the Company's stock option plans.

		2016		2015
	Number of Class A Share options	Weighted-average exercise price	Number of Class A Share options	Weighted average exercise price
		$		$
Outstanding – beginning of period	3,040,225	9.58	3,346,037	9.32
Granted	41,259	13.33	25,000	13.83
Exercised	(216,603)	3.93	(46,676)	8.44
Forfeited	-	-	(32,783)	10.79
Outstanding – end of period	2,864,881	10.06	3,291,578	9.35
Options exercisable – March 31, 2016 and 2015	1,152,241	7.76	1,352,896	6.78

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

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

13. Share-based payments (continued)

	For the three-month periods ended March 31,	
	2016	2015
Dividend yield (%)	4.63	3.80
Risk-free interest rate (%)	1.08	1.09
Expected life (years)	7.50	7.50
Expected volatility for the share price (%)	40.87	42.53
Weighted-average fair values ($)	3.12	3.92

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

An expense of $341 was recorded during the three-month period ended March 31, 2016 for the stock option plan ($235 for the three-month period ended March 31, 2015).

(b) Performance share unit ("PSU") plan:

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

The following table presents transactions that occurred during the three-month period ended March 31, 2016 in the Company's PSU plan applicable to BU.

		March 31, 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 – March 31, 2016	2,215,782	12.99

During the three-month period ended March 31, 2016, 244,878 PSUs vested and were settled. The Company settled the vested PSUs by paying $4,237 in cash in lieu of issuing Class A Shares. The Company treated the transaction as a repurchase of an equity interest and recorded a deduction in the amount of $4,237 in contributed surplus. The settling of these PSUs in cash was due to exceptional circumstances. The Company still has the intention to settle the remaining tranches by issuing shares.

The Company recorded an expense of $1,086 during the three-month period ended March 31, 2016 for the PSU plan applicable to business units ($436 for the three-month period ended March 31, 2015). For the three-month period ended March 31, 2016, the expense is attributable to equity-settled grants and cash-settled grants for an amount of $1,101 and ($15), respectively. For the three-month period ended March 31, 2015, the expense is attributable to equity-settled grants and cash-settled grants for an amount of $403 and $33, respectively.

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

13. Share-based payments (continued)

PSU plan

The Company recorded an expense of $448 during the three-month period ended March 31, 2016 for the PSU Plan (nil for the three-month period ended March 31, 2015). For the three-month period ended March 31, 2016, the expense is attributable to equity-settled grants and to cash-settled grants for an amount of ($23) and $471, respectively (nil for the three-month period ended March 31, 2015).

(c) Restricted share unit ("RSU") plan:

The Company recorded an expense of $1,323 during the three-month period ended March 31, 2016 for the RSU Plan ($775 for the three-month period ended March 31, 2015). As at March 31, 2016, the Company had a liability totalling $4,208 related this plan ($2,905 as at December 31, 2015). During the three-month period ended March 31, 2016, 1,991 RSUs were forfeited. As at March 31, 2016 there were 684,253 RSUs outstanding (686,244 December 31, 2015).

(d) Restricted share plan

The Company recorded an expense of $353 during the three-month period ended March 31, 2016 for the restricted share plan (nil for the three-month period ended March 31, 2015).

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

	For the three-month periods ended March 31,	
	2016	2015
	$	$
Changes in non-cash operating working capital items		
Accounts receivable	5,181	4,308
Prepaid expenses	374	(1,647)
Accounts payable and accrued liabilities	(18,428)	(19,042)
Amount due to related companies	249	545
Deferred revenues	175	(60)
	(12,449)	(15,896)

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between current income tax expense of $5,339 (2015 – $2,589) and income taxes paid of $6,652 (2015 – $3,121) for a net impact of $1,313 (2015 – ($532)).

15. Capital management

The Company's capital comprises share capital including hold backs 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.

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

During the three-month period ended March 31, 2016, all regulatory requirements and exemptions were met.

16. Fair value of financial instruments

The fair value of the financial instruments represents the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The Company presents a fair value hierarchy with three levels that reflects the significance of inputs used in determining the fair value assessments. The fair value of financial assets and liabilities classified in these three levels is evaluated as follows:

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

The fair value of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, dividend payable, amount due to related companies and client deposits is approximately equal to their carrying values due to their short-term maturities.

The cost of mutual fund investments and pool funds is $3,580 as at March 31, 2016 and $3,808 as at December 31, 2015, while the fair value is $4,314 as at March 31, 2016 and $4,707 as at December 31, 2015. The unrealized gain of $636 (net of income taxes of $98) as at March 31, 2016 and $779 (net of income taxes of $120) as at December 31, 2015, is reflected in accumulated other comprehensive income. The Company measures the fair value of the mutual fund investments and pool funds using level 2 inputs in the fair value hierarchy.

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

The Company measured the fair value of the subscription receipts receivable of $1,792 and subscription receipts obligation of the same amount using level 2 inputs in the fair value hierarchy. The Company determined the fair value by using observable market inputs such as the discount rate.

16. Fair value of financial instruments (continued)

Derivative financial instruments consist of interest rate swap contracts and foreign exchange forward contracts which are presented at fair value on the statement of financial position. The Company measures the fair value of the derivative financial instruments using level 2 inputs in the fair value hierarchy. The Company determines the fair value of its interest rate swap contracts by applying valuation techniques, using observable market inputs such as interest rate yield curves as well as available information on market transactions involving other instruments that are substantially the same, discounted cash flows analysis or other techniques, where appropriate. The Company ensures, to the extent practicable, that its valuation technique incorporates all factors that market participants would consider in setting a price and that is consistent with accepted economic methods for pricing financial instruments. The Company determines the fair value of its of foreign exchange forward contracts by calculating the difference between the forward exchange rates at the measurement date and the contractual forward price for the residual maturity of the contract.

As part of the acquisition of GMP Capital Inc. ("GMP"), the key members of the GMP Investment Management's team have the option to sell all but not less than all of their interest in Fiera Quantum Limited Partnership. The value of the option granted to non-controlling interest is based on a formula that was agreed upon by all parties during the acquisition of the selected alternative asset management funds of GMP. The value of the option is calculated using the present value of the sum of a multiple of the forecasted earnings before income taxes, depreciation, amortization ("EBITDA") and forecasted performance fees. The actual performance of the subsidiary directly impacts the value of the option. Forecasts are monitored and updated on a monthly basis, and the value of the option is recalculated at the end of each reporting period. As at March 31, 2016 and December 31, 2015, the Company determined that the value of the option was nil. The Company measures the fair value of the option granted to non-controlling interest using level 3 inputs in the fair value hierarchy.

In addition, the Company has the option to purchase the 45% interest owned by the key member of the GMP Investment Management team at any time following December 31, 2015. This option can be settled in cash or by the issuance of Class A Shares at the option of Fiera Capital. The formula to determine the purchase price of the remaining 45% is the same that is used to calculate the value of the option granted to non-controlling interest, which considers the sum of a multiple of the forecasted EBITDA and forecasted performance fees.

Changes in fair value of derivative financial instruments presented in the statement of earnings include changes in the fair value of the interest rate swap contracts described above of ($354) for the three-month period ended March 31, 2016 ($1,152 for three-month period ended March 31, 2015). Other revenues include $1,049 related to changes in the fair value of the foreign exchange forward contracts.

There was no transfer between the three levels of the fair value hierarchy during these periods.

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

17. Related party transactions

The Company has carried out the following principal transactions with shareholders and their related companies.

	For the three-month periods ended March 31,	
	2016	2015
	$	$
Base management and performance fees and other revenues	12,008	11,630
Interest on long-term debt	1,976	1,826

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 revolving facility, presented as long-term debt are amounts due to a syndicate of lenders which includes two related parties of the Company. The derivative financial instruments are entered into with a related company.

18. Segment reporting

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

Geographical information:

Revenues:

	For the three-month periods ended March 31,	
	2016	2015
	$	$
Canada	40,654	39,885
United States of America	25,630	18,176

Non-current assets:

	As at March 31, 2016	As at December 31, 2015
	$	$
Canada	480,981	492,841
United States of America	232,872	250,614

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

19. 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.

20. Pending acquisition and subsequent events

Pending acquisition

On February 29, 2016, the Company announced that it had reached a definitive agreement to acquire all of the outstanding shares of Apex Capital Management ("Apex"), a prominent growth equity manager based in Dayton, Ohio. The acquisition is in line with the Company's North American growth strategy, and provides a meaningful complementary presence in the institutional and sub-advisory retail markets, small/mid cap, small cap and other growth strategies.

Under the terms of the agreement, the purchase price for Apex includes US$88,000 payable in cash to the sellers and US$57,000 worth of Fiera Capital Class A Shares that will be held in escrow and issued over 7 years starting on the first anniversary of the closing date. The Class A Shares will not have voting rights until their release from escrow. The purchase price is subject to post-closing price adjustments.

The Company will finance the cash portion of the acquisition with a new US$125,000 term loan which will mature three years from the date of closing. The Company plans to use the additional amounts available under the new loan to refinance existing borrowings under the revolving facility.

The transaction is expected to close in May 2016, and is subject to customary conditions, including regulatory approvals and approval of the TSX.

Fiera Properties Limited

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 is an economic event that triggers the remeasurement of the investment to fair value. The transaction will be treated as a business combination achieved in stages and will be accounted for using the acquisition method of accounting. Currently, the Company accounts for the investment in the joint venture using the equity method of accounting.

The Company is in the process of completing the closing balance sheet and the valuation of assets liabilities acquired including intangible assets. The Company will disclose the preliminary accounting for this step acquisition in the condensed interim financial statements for the three-month period ended June 30, 2016.

Dividends declared

On May 4, 2016, the Board declared a quarterly dividend of $0.15 per share to shareholders of record as at May 17, 2016 and payable on June 14, 2016.

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