Consolidated Financial Statements of

FIERA CAPITAL CORPORATION

December 31, 2014 and 2013

FIERA CAPITAL

Fiera Capital Corporation
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Independent Auditor's Report

To the Shareholders of
Fiera Capital Corporation

We have audited the accompanying consolidated financial statements of Fiera Capital Corporation, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2014 and December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fiera Capital Corporation as at December 31, 2014 and December 31, 2013, and its financial performance and cash flows for the years ended December 31, 2014 and December 31, 2013, in accordance with International Financial Reporting Standards.

Deloitte LLP[1]

Montreal (Canada)
March 18, 2015

[1] CPA auditor, CA, public accountancy permit No. A116635

Fiera Capital Corporation

Consolidated Statements of Earnings

For the years ended December 31,
(In thousands of Canadian dollars, except per share data)

	2014	2013
	$	$
Revenues		
Base management fees	200,612	139,397
Performance fees	15,437	12,117
Other revenues	6,309	2,213
	222,358	153,727
Expenses		
Selling, general and administrative expenses (Note 18)	145,967	94,357
External managers	5,107	2,858
Depreciation of property and equipment (Note 9)	1,733	1,341
Amortization of intangible assets (Note 10)	25,700	19,083
Impairment of non-financial assets (Note 10)	8,016	-
Acquisition costs	2,079	6,572
Restructuring and other integration costs (Note 4)	3,127	1,509
	191,729	125,720
Earnings before realized (gain) loss on investments, interest on long-term debt and other financial charges, accretion and change in fair value of purchase price obligations, loss on dilution of investments in joint ventures, changes in fair value of derivative financial instruments and share of earnings of joint ventures	30,629	28,007
Realized (gain) loss on investments	(80)	98
Interest on long-term debt and other financial charges	7,977	6,931
Accretion and change in fair value of purchase price obligations	2,642	637
Loss on dilution of investments in joint ventures	23	-
Changes in fair value of derivative financial instruments (Note 6)	(7,419)	(426)
Share of earnings of joint ventures (Note 5)	(1,263)	(1,227)
Earnings before income taxes	28,749	21,994
Income taxes (Note 12)	5,158	7,389
Net earnings	23,591	14,605
Net earnings attributable to :		
Company's shareholders	27,492	14,939
Non-controlling interest	(3,901)	(334)
	23,591	14,605
Earnings per share (Note 15)		
Basic	0.40	0.26
Diluted	0.40	0.25

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

Fiera Capital Corporation

Consolidated Statements of Comprehensive Income

For the years ended December 31,

(In thousands of Canadian dollars)

	2014	2013
	$	$
Net earnings	23,591	14,605
Other comprehensive income:		
Items that may be reclassified subsequently to earnings:		
Unrealized gain on available-for-sale financial assets (net of income taxes of $83 in 2014 and nil in 2013)	352	152
Reclassification of loss on disposal of investments	-	97
Share of other comprehensive income of joint ventures	111	130
Unrealized exchange differences on translating financial statements of foreign operations	7,472	1,472
Other comprehensive income	7,935	1,851
Comprehensive income	31,526	16,456
Comprehensive income attributable to:		
Company's shareholders	35,427	16,790
Non-controlling-interest	(3,901)	(334)
	31,526	16,456

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

Fiera Capital Corporation

Consolidated Statements of Financial Position

As at December 31,

(In thousands of Canadian dollars)

	2014	2013
	$	$
Assets		
Current assets		
Cash	16,880	21,774
Restricted cash	579	689
Investments (Note 7)	7,986	9,711
Accounts receivable (Note 8)	59,960	56,072
Prepaid expenses	2,908	3,771
Subscription receipts receivable	1,746	-
	90,059	92,017
Non-current assets		
Deferred charges	1,831	460
Long-term receivable	449	-
Deferred income taxes (Note 12)	483	1,349
Subscription receipts receivable	1,607	-
Advance to a related shareholder	-	1,211
Investment in joint ventures (Note 5)	9,635	8,284
Property and equipment (Note 9)	5,120	5,322
Intangible assets (Note 10)	292,835	310,151
Goodwill (Note 10)	370,161	357,773
	772,180	776,567
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	41,034	35,000
Dividend payable	311	-
Restructuring provisions (Note 4)	904	1,116
Amount due to related companies	931	956
Purchase price obligations	8,500	18,073
Client deposits	155	689
Deferred revenues	99	495
Subscription receipts obligation	1,746	-
	53,680	56,329
Non-current liabilities		
Deferred lease obligations	519	588
Lease inducements	636	904
Deferred income taxes (Note 12)	20,091	24,636
Long-term restructuring provisions (Note 4)	979	193
Value of option granted to non-controlling interest (Note 6)	-	7,720
Cash settled share-based liabilities	1,263	-
Long-term debt (Note 13)	222,081	228,262
Purchase price obligations	36,168	40,250
Derivative financial instruments (Note 6 & 13)	945	644
Subscription receipts obligation	1,607	-
	337,969	359,526
Equity		
Share capital, hold back shares, contributed surplus, (deficit) retained earnings, and accumulated other comprehensive income	437,154	416,083
Non-controlling interest	4,355	8,256
Initial value of option granted to non-controlling interest	(7,298)	(7,298)
Total non-controlling interest	(2,943)	958
	434,211	417,041
	772,180	776,567

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

Approved by the Board

/s/ Jean-Guy Desjardins *\/s/ Sylvain Brosseau*

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Jean-Guy Desjardins, Director Sylvain Brosseau, Director

Fiera Capital Corporation

Consolidated Statements of Changes in Equity

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

	Share Capital	Hold back shares	Contributed surplus	(Deficit) Retained earnings	Accumulated other comprehensive income	Total	Related to Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$
Balance, December 31, 2012	307,759	-	2,668	(12,753)	65	297,739	-	297,739
Net earnings	-	-	-	14,939	-	14,939	(334)	14,605
Other comprehensive income	-	-	-	-	1,851	1,851	-	1,851
Comprehensive income	-	-	-	14,939	1,851	16,790	(334)	16,456
Share-based compensation expense	-	-	2,128	-	-	2,128	-	2,128
Stock options exercised (Note 14)	1,090	-	(263)	-	-	827	-	827
Shares issued as settlement of purchase price obligations (Note 14)	8,500	-	-	-	-	8,500	-	8,500
Shares issued under a private placement (Note 14)	102,066	-	-	-	-	102,066	-	102,066
Shares issued as part of a business combination (Note 4)	1,794	8,781	-	-	-	10,575	-	10,575
Gain on dilution	-	-	-	48	-	48	-	48
Dividends	-	-	-	(22,590)	-	(22,590)	-	(22,590)
Non-controlling interest	-	-	-	-	-	-	8,590	8,590
Initial value of option granted to non-controlling interest	-	-	-	-	-	-	(7,298)	(7,298)
Balance, December 31, 2013	421,209	8,781	4,533	(20,356)	1,916	416,083	958	417,041
Net earnings	-	-	-	27,492	-	27,492	(3,901)	23,591
Other comprehensive income	-	-	-	-	7,935	7,935	-	7,935
Comprehensive income	-	-	-	27,492	7,935	35,427	(3,901)	31,526
Share-based compensation expense (Note 18)	-	-	5,255	-	-	5,255	-	5,255
Stock options exercised (Note 14)	2,245	-	(557)	-	-	1,688	-	1,688
Shares issued as settlement of purchase price obligations (Note 14)	8,500	-	-	-	-	8,500	-	8,500
Issuance of shares (Note 14)	1,830	-	-	-	-	1,830	-	1,830
Conversion of hold back shares (Note 14)	3,104	(3,104)	-	-	-	-	-	-
Dividends	-	-	-	(31,629)	-	(31,629)	-	(31,629)
Balance, December 31, 2014	436,888	5,677	9,231	(24,493)	9,851	437,154	(2,943)	434,211

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

Fiera Capital Corporation

Consolidated Statements of Cash Flows

For the years ended December 31,

(In thousands of Canadian dollars)

	2014	2013
	$	$
Operating activities		
Net earnings	23,591	14,605
Adjustments for:		
Depreciation of property and equipment	1,733	1,341
Amortization of intangible assets	25,700	19,083
Impairment of non-financial assets	8,016	-
Amortization of deferred charges	373	321
Accretion and change in fair value of purchase price obligations	2,642	637
Lease inducements	(121)	(148)
Deferred lease obligations	(15)	(11)
Share-based compensation	5,255	2,128
Cash settled share-based compensation	1,683	567
Restructuring provisions	574	(767)
Interest on long-term debt and other financial charges	7,977	6,931
Changes in fair value of derivative financial instruments	(7,419)	(426)
Income tax expense	5,158	7,389
Income tax paid	(14,346)	(5,800)
Share of earnings of joint ventures	(1,263)	(1,227)
Loss on dilution of investments in joint ventures	23	-
Realized (gain) loss on investments	(80)	98
Other	-	(34)
Changes in non-cash operating working capital items (Note 19)	4,254	(9,685)
Net cash generated from operating activities	63,735	35,002
Investing activities		
Business combinations (less cash acquired of $107 in 2014 ($11,468 in 2013)) (Note 4)	(9,914)	(150,445)
Payment of purchase price obligations	(9,484)	-
Investments, net	2,904	(1,410)
Purchase of property and equipment	(1,295)	(572)
Purchase of intangible assets	(2,343)	(48,224)
Advance to a related shareholder, net	1,211	(1,211)
Long-term receivable	(449)	-
Advance to a joint venture	-	342
Deferred charges	(1,500)	(379)
Restricted cash and client deposits	158	531
Net cash used in from investing activities	(20,712)	(201,368)
Financing activities		
Repayment of bank loan	-	(9,800)
Dividends	(31,318)	(22,590)
Issuance of share capital, net of issuance costs of nil in 2014 ($4,201 for 2013)	3,518	101,772
Long-term debt, net	(13,300)	120,579
Interest paid on long-term debt	(7,864)	(6,934)
Financing charges	(23)	(1,109)
Net cash (used) generated from financing activities	(48,987)	181,918
Net (decrease) increase in cash	(5,964)	15,552
Effect of exchange rate changes on cash denominated in foreign currencies	1,070	206
Cash – beginning of year	21,774	6,016
Cash – end of year	16,880	21,774

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

1. Description of business

Fiera Capital Corporation ("Fiera Capital" or the "Company") was incorporated as Fry Investment Management Limited in 1955 and is incorporated under the laws of the Province of Ontario. The Company is a full-service, multi-product investment firm, providing investment advisory and related services to institutional investors, private wealth clients and retail investors. 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 Company changed its registered company name to Fiera Capital Corporation as approved by the shareholders at Fiera Capital Corporation's annual and special meeting held on March 29, 2012.

Fiera Capital Corporation is registered in the categories of exempt market dealer and portfolio manager in all provinces and territories of Canada. Fiera Capital Corporation is also registered in the category of investment fund manager in the provinces of Ontario and Quebec. In addition, as Fiera Capital Corporation manages derivatives portfolios, it is registered as a commodity trading manager pursuant to the *Commodity Futures Act* (Ontario), as an adviser under the *Commodity Futures Act* (Manitoba) and, in Quebec, as derivatives portfolio manager pursuant to the *Derivatives Act* (Quebec). In addition to the above, Bel Air Investment Advisors LLC, a subsidiary of Fiera Capital Corporation, is registered as an investment adviser with the United States Securities and Exchange Commission.

The Board of Directors (the "Board") approved the consolidated financial statements for the years ended December 31, 2014 and 2013 on March 18, 2015.

2. Basis of presentation and adoption of new IFRS

Statement of compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2014.

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

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

Revised IFRS, interpretations and amendments

Amendments to IFRS 10, IFRS 12 and IAS 27 – *Investment Entities*

The amendments to IFRS 10 define an investment entity and require that a reporting entity that meets the definition of an investment entity measures its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements, instead of consolidating them.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. The adoption of this standard had no impact on the amounts reported or disclosures made in these consolidated financial statements.

Amendments to IAS 32 – *Offsetting Financial Assets and Financial Liabilities*

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”. The adoption of this standard had no impact on the amounts reported or disclosures made in these consolidated financial statements.

IFRIC Interpretation 21 – *Levies*

IFRIC Interpretation 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37- *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation, other than income taxes within the scope of IAS 12 - *Income Taxes* and fines or other penalties imposed for breaches of the legislation. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The adoption of this standard had no impact on the amounts reported or disclosures made in these consolidated financial statements.

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

Amendments to IAS 36 – *Impairment of Assets*

The amendments to IAS 36 reduce the circumstances in which the recoverable amount of assets or cash generating units is required to be disclosed, clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The adoption of this standard had no impact on the amounts reported or disclosures made in these consolidated financial statements.

3. Significant accounting policies, judgments and estimation uncertainty

Significant accounting policies

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and liabilities held at fair value through profit or loss and available-for-sale investments, which have been measured at fair value as discussed under “Financial Instruments”.

Consolidation

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

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

The 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 membership in the Mutual Fund Dealer Association, Fiera US Holding Inc. (which owns Bel Air Investment Advisors LLC, Bel Air Management LLC, Bel Air Securities LLC, and Wilkinson O'Grady & Co. Inc.), Fiera Quantum GP Inc. and 9276-5072 Quebec Inc. (which collectively owns a controlling 55% interest in Fiera Quantum Limited Partnership ("Fiera Quantum L.P.") which owns FQ ABCP GP Inc., FQ GenPar LLC and FQ ABCP (USA) GP Inc.), and 8645230 Canada Inc. (which owns Gestion Fiera Capital S.a.r.l.).

Subsidiaries are those entities which the Company controls. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

Accounting policies of subsidiaries have been changed when necessary to ensure consistency with the policies adopted by the Company.

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Company owns interests in the following joint ventures: Fiera Axium Infrastructure Inc. ("Fiera Axium"), an entity in Montreal, Quebec that specializes in infrastructure investment and Fiera Properties Limited ("Fiera Properties"), an entity in Halifax, Nova Scotia that specializes in real estate investments, over which the Company has joint control. The financial results of the Company's investments in its joint ventures are included in the Company's results using the equity method of accounting.

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

The accounting policies of the joint ventures have been changed when necessary to ensure consistency with the policies adopted by the Company.

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

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

Business combinations

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

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

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

Foreign currency translation

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

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of earnings. Non-monetary assets and liabilities denominated in foreign currencies are reported in Canadian dollars based on the exchange rates in effect at the date of initial recognition.

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

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

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

Revenue recognition

Revenue from management fees is recognized as the related services are rendered and when the fees are determinable. Management fees are invoiced quarterly based on daily average assets under management ("AUM") while others are calculated and invoiced monthly or quarterly in arrears based on calendar quarter-end or month-end asset values under management or on an average of opening and closing AUM for the quarter.

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

Deferred revenues

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

Financial instruments

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

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

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

Classification

Cash and restricted cash	Loans and receivables
Investments	
Other securities and obligations	Fair value through profit or loss
Mutual fund and pool fund investment	Available-for-sale
Accounts receivable	Loans and receivables
Long-term receivable	Loans and receivables
Advance to a related shareholder	Loans and receivables
Subscription receipts receivable	Loans and receivables
Accounts payable and accrued liabilities	Financial liabilities at amortized cost
Dividend payable	Financial liabilities at amortized cost
Amount due to related companies	Financial liabilities at amortized cost
Client deposits	Financial liabilities at amortized cost
Value of option granted to non-controlling interest	Fair value through profit or loss
Cash settled share-based liabilities	Fair value through profit or loss
Long-term debt	Financial liabilities at amortized cost
Purchase price obligations	Financial liabilities at amortized cost
Derivative financial instruments	Fair value through profit or loss
Subscription receipts obligation	Financial liabilities at amortized cost

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

Available-for-sale

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

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

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

Financial liabilities at amortized cost

Financial liabilities at amortized cost include accounts payable and accrued liabilities, dividend payable, amount due to related companies, client deposits, long-term debt, purchase price obligations and subscription receipts obligation. Accounts payable and accrued liabilities, dividend payable, amount due to related companies and client deposits are initially recognized at the amount required to be paid less, if applicable, a discount to reduce the payables to fair value. Subsequently, they are measured at amortized cost using the effective interest method. Long-term debt, purchase price obligations and subscription receipts obligation are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Restricted cash

Restricted cash consists of client deposits received following the settlement of a class action in favour of certain clients for whom the Company acted as agent and a letter of credit issued in conjunction with a lease agreement.

Investments

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

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

Property and equipment

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

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

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

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

Intangible assets

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

The finite-life intangible assets are accounted for at cost. Other intangible assets are comprised of trade name, software and non-compete agreements. The expected useful lives of finite-life customer relationships are analyzed each year and determined based on the analysis of the historical and projected attrition rates of clients and other factors that may influence the expected future economic benefit that the Company will generate from the customer relationships.

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

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

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

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

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

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

Goodwill

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

Impairment of non-financial assets

Property and equipment and finite-life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Indefinite-life intangible assets are tested at least annually for impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest level for which there are separately identifiable cash inflows (cash-generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. Value-in-use is determined by discounting estimated future cash flows, using a pre-tax discount rate that reflects current assessments of the market, of the time value of money and of the risks specific to the CGU. Fair value less costs to sell is determined using an EBITDA (earnings before interest, taxes, depreciation and amortization) multiple of comparable companies operating in similar industries for each CGU. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of earnings.

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

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

For goodwill impairment testing purposes, the CGU, which represents the lowest level within the Company at which management monitors goodwill is the operating segment (Note 23) excluding the selected alternative asset management funds managed under Fiera Quantum L.P. (see Note 4) which, since its acquisition on May 1, 2013, also represents a CGU.

Leases

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

Deferred charges

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

Deferred lease obligations

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

Lease inducements

Lease inducements consist of allocations received from lessors for leasehold improvements and are amortized over the lease term.

Income taxes

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

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

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

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

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

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

Employee benefits

Post-employment benefit obligations

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

Bonus plans

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

Share-based compensation

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

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

Deferred share unit plan

The expense associated with granting deferred share units ("DSU") was recognized when the deferred shares were issued. Changes in the fair value of previously issued DSU that arise due to changes in the price of the Company's common shares are recognized on an ongoing basis in the consolidated statement of earnings. The number of DSU granted to directors was determined by dividing the dollar value of the portion of directors' fees to be paid in DSU by the closing price of the Company's shares on the TSX for the business day immediately preceding the date of the grant. In 2010, the Board discontinued the DSU plan; however, all existing rights and privileges were kept intact. All eligible directors are now compensated in cash. The liability related to this plan is recognized in accounts payable and accrued liabilities.

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

Restricted share unit plan

The Restricted Share Unit Plan ("RSU Plan") was established for the purpose of providing certain employees with the opportunity to acquire Class A subordinate voting shares of the Company in order to induce such persons to become employees of the Company or one of its affiliates and to permit them to participate in the growth and development of the Company. The maximum number of issuable shares under all plans is 10% of the issued and outstanding shares of the Company calculated on a non-diluted basis. The subscription date is the third anniversary of the award date. The Board may determine the number of shares each eligible employee can receive. The restricted share unit ("RSU") expense is recorded at fair value and is amortized over the vesting period on a straight-line basis.

Performance share unit plan

The Company has two Performance Share Unit Plans (collectively the "PSU Plans"). One PSU Plan was established in 2012 and the other one was established in 2013. These PSU Plans were established for the purpose of retaining key employees and to permit them to participate in the growth and development of the Company. Grants of PSUs have been made under both of the PSU Plans.

Under both of the PSU Plans, the Company has the option to settle the PSUs in cash or Class A shares of the Company. The vesting of the PSUs awarded is subject to satisfying time and performance conditions determined by the Board when the PSUs are awarded. The grant date is the date at which the Company and the participant agree on the terms and conditions of the award, including the definition of the performance criteria. On this date, the Company and the participant have a shared understanding of the terms and conditions of the award.

The PSU expense for the PSU Plans that the Company intends to settle in shares is recorded using the fair value method. Under this method, the compensation expense is measured at fair value at the grant date using a discounted cash flow model and recognized over the vesting period. These awards are considered equity-settled share-based payment awards.

The PSU expense for the PSU Plans that the Company intends to settle in cash is recorded at fair value at the end of each reporting period and recognized over the vesting period. These awards are considered cash-settled share-based payment awards.

Termination benefits

The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing benefits as a result of an offer made to encourage voluntary termination. Benefits becoming due more than twelve months after the end of the reporting period are discounted to their present value.

Restructuring Provisions

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

Acquisition costs

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

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

Earnings per share

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

Diluted EPS is calculated by adjusting the weighted average number of shares outstanding for dilutive instruments. The number of shares included with respect to options and similar instruments is computed using the treasury stock method, with only the bonus element of the issue reflected in diluted EPS. The bonus element is the difference between the number of ordinary shares that would be issued at the exercise price and the number of ordinary shares that would have been issued at the average market price. The Company's potentially dilutive shares comprise stock options and performance share units granted to employees.

Share capital

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

Dividends

Dividends on shares are recognized in the Company's consolidated financial statements in the period in which the dividends are approved by the Company's Board of Directors.

Contributed surplus

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

Significant accounting judgments and estimation uncertainties

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

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

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

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

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

Cash generating unit

The Company determined that it had one CGU for the purpose of assessing the carrying value of the allocated goodwill and indefinite-life intangible assets, until the acquisition by the Company of the asset management funds of GMP Investment Management which also constitutes a CGU since their acquisition on May 1, 2013.

Share- based payments

The Company measures the cost of cash and equity-settled transactions with employees by reference to the fair value of the related instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant, which is dependent on the terms and conditions of the grant. This also requires making assumptions and determining the most appropriate inputs to the valuation model including the assessment of some of the performance criteria along with the expected number of units that are going to vest.

Impairment of non-financial assets

Goodwill is tested annually for impairment. The recoverable amount of the CGU is determined based on value-in-use calculation. This calculation requires the use of estimates including those with respect to the assumed growth rates for future cash flows, the numbers of years used in the cash flow model, the discount rate and others estimates. The recoverable amounts of indefinite-life intangible assets and finite-life intangible assets are based on the present value of the expected future cash flows, which involves making estimates about the future cash flows including projected client attrition rates when applicable, as well as discount rates and gross profit margin percentage.

Business combinations

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of assets acquired including intangible assets, property and equipment along with liabilities assumed and the purchase price obligation due over time. The Company uses valuation techniques, which are generally based on a forecast of the total expected future net discounted cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate applied.

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

Income taxes

The calculation of income tax expense requires significant judgment in interpreting tax rules and regulations, which are frequently subject to change. Furthermore, there are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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

IFRS not yet adopted

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

IFRS 9 – *Financial Instruments*

In July 2014, the IASB finalized IFRS 9 – *Financial Instruments* bringing together the financial asset and financial liability classification and measurement, impairment of financial assets and hedge accounting phases of the IASB project. IFRS 9 provides a single model for financial asset classification and measurement that is based on contractual cash flow characteristics and on the business model for holding financial assets. IFRS 9 also introduces a new impairment model for financial assets not measured at fair value through profit or loss. This version adds a new expected loss impairment model and limited amendments to classification and measurement of financial assets and liabilities. IFRS 9 replaces IAS 39 – *Financial Instruments: Recognition and Measurement* and is mandatorily effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. Early adoption 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. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2017, and is to be applied retrospectively. Early adoption is permitted.

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. The amendment is effective for annual periods beginning on or after January 1, 2016.

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

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. The amendment is effective for annual periods beginning on or after January 1, 2016 with early adoption permitted.

Annual improvements to IFRS (2010-2012) and (2011-2013) cycles

In December 2013, the IASB published annual improvements on the 2010-2012 and the 2011-2013 cycles which included narrow-scope amendments to a total of nine standards. Modifications of standards that may be relevant to the Company include amendments made to clarify items including the definition of vesting conditions in IFRS 2 – *Share-Based payment*, disclosure on the aggregation of operating segments in IFRS 8 – *Operating segments*, measurement of short-term receivables and payables under IFRS 13 – *Fair value measurement*, definition of related party in IAS 24 – *Related party disclosures*, and other amendments. Most of the amendments are effective for annual periods beginning on or after July 1, 2014. Early adoption is permitted.

Amendments to IAS 1 – *Presentation of Financial Statements*

In December 2014, the IASB published amendments to this standard which aims to improve presentation and disclosure. The amendments relate to materiality, order of notes, subtotals, accounting policies and disaggregation and are designed to further encourage companies to apply professional judgement in determining what information to disclose in the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted.

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

4. Business combinations

2014

Propel Capital Corporation

On September 2, 2014, the Company acquired all of the outstanding shares of Propel Capital Corporation ("Propel"), a prominent Toronto–based investment firm which develops, manages and distributes investment solutions to Canadians with a focus on closed-end funds. The acquisition will enhance the Company's expertise, offering and distribution capabilities in the Canadian retail investor space.

Under the terms of the agreement, the purchase price for Propel includes $9,021 paid in cash to the sellers plus $1,000 paid to an escrow account which will be released in February 2016 provided there are no claims pursuant to the indemnification provisions of the share purchase agreement. In addition, the purchase price includes an amount of $2,000 payable in February 2016 if a certain level of revenues generated from closed-end funds managed by the Company is reached. Management believes that the target level of revenues generated from closed-end funds will be achieved. The transaction was accounted for as a business combination using the acquisition method and the assets and liabilities were recorded at their estimated fair value at the acquisition date as follows:

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

4. Business combinations (continued)

	$
Cash	107
Other current assets	1,073
Intangible assets	5,050
Goodwill	7,954
Accounts payable and accrued liabilities	(931)
Deferred income tax liability	(1,346)
	11,907

Purchase consideration	$
Cash consideration	10,021
Fair value of purchase price obligation	1,886
	11,907

The goodwill is attributable to the well-established network and trained work force of Propel and is not deductible for tax purposes. Management of Fiera Capital Corporation has identified intangible assets acquired from Propel which have been accounted for separately from goodwill. These intangible assets are customer relationships valued at $5,050. The fair value of the purchase price obligation was calculated using the estimated discounted cash flows. The Company incurred acquisition-related costs of $623 mainly composed of legal fees and due diligence costs. These costs have been included under the caption acquisition costs in the consolidated statement of earnings. The Company financed the acquisition of Propel with cash on hand.

Pro forma Impact

The impact of the acquisition for the year ended December 31, 2014 on the Company's base management fees, performance fees and net earnings is as follows:

	$
Base management fees	1,481
Performance fees	-
Net earnings	269

If the business combination would have occurred on January 1, 2014, the Company's consolidated base management fees, performance fees and net earnings for the year ended December 31, 2014 would have been as follows:

	$
Base management fees	204,366
Performance fees	15,437
Net earnings	23,707

4. Business combinations (continued)

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

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

2013

GMP Capital Inc.

On May 1, 2013, the Company closed a transaction with GMP Capital Inc. ("GMP") whereby the Company acquired selected alternative asset management funds of GMP Investment Management including flagship funds pertaining to the GMP Diversified Alpha Fund and the Canadian ABCP Fund. The transaction enabled Fiera Capital to expand its alternative strategies, an investment area that has been experiencing significant momentum over the past few years in the North American marketplace and that will continue to grow in the future. The acquisition provided clients of the Company with enhanced product innovation and offerings, and with customized investment solutions that meet their objectives. Under the terms of the agreement, key members of GMP Investment Management's team joined a newly created Fiera Capital subsidiary, Fiera Quantum L.P. in which they now own a 45% interest. The purchase price included a $10,750 cash consideration paid at closing, plus an amount payable to an escrow account at the end of each of the next three years equal to 25 percent of the performance fees generated based on the acquired assets. The amount in escrow will be released to GMP only if certain minimum AUM thresholds are met. During the year ended December 31, 2014, the Company paid $631 to an escrow account.

As part of the GMP business combination, 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 L.P. on the last business day of the 36th month following the closing of the purchase of the GMP assets by Fiera Quantum L.P. This option can be settled in cash or by the issuance of Fiera Capital Class A subordinate voting shares at the option of Fiera Capital. The option to acquire the non-controlling interest was accounted for as a liability and applied in reduction of the non-controlling interest.

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 Fiera Capital Class A subordinate voting 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, which considers the sum of a multiple of the forecasted earnings before income taxes, depreciation, amortization ("EBITDA") and forecasted performance fees.

The transaction was accounted for as a business combination using the acquisition method and accordingly the assets and liabilities were recorded at their estimated fair value at the date of acquisition. The Company completed the purchase price allocation based on management's best estimates as follows:

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

4. Business combinations (continued)

	$
Current assets	518
Intangible assets	18,570
Goodwill	1,918
Deferred income taxes	(1,555)
Value of option granted to non-controlling interest	(7,298)
	12,153
Non-controlling interest	(8,590)
Initial value of option granted to non-controlling interest	7,298
Non-controlling interest, net	(1,292)
	10,861

Purchase consideration	$
Cash consideration	10,750
Purchase price obligation	111
	10,861

Goodwill was attributable to synergies expected as a result of the consolidation of the alternative asset management teams. Goodwill was not deductible for tax purposes. Management of the Company had identified certain intangible assets acquired from GMP, which had been accounted for separately from goodwill. These intangible assets included customer relationships valued at $18,570.

During the fourth quarter of 2013, although the Company had completed the purchase price allocation in the third quarter, the Company recorded an adjustment to increase the current assets for an amount of $518 and to reduce the purchase price obligation for an amount of $1,239 for an aggregate reduction of goodwill of $1,757. The above adjustment led to an increase of non-controlling interest of $234, with a corresponding increase in goodwill.

Bel Air

On October 31, 2013, the Company closed a transaction to acquire Los Angeles, California based Bel Air Investment Advisors, LLC as well as its affiliate Bel Air Securities LLC, (collectively “Bel Air”), a prominent U.S. wealth management firm. The acquisition was part of the Company’s strategy to expand into the U.S. market. The transaction provided the Company with a foothold in California and Texas and increased the growth potential in the U.S. private wealth market.

Under the terms of the agreement, the purchase price for Bel Air included US$115,240 (CA$120,371) paid in cash and US$9,760 worth of new Fiera Capital Class A Shares to be issued over a 32-month period following closing, which was accounted for at a value of US$8,419 (CA$8,781) as well as a purchase price obligation of US$9,000 (CA$9,400) which represented the Company’s best estimate of the working capital adjustment that was finalized in 2014. During the year ended December 31, 2014, the Company reduced the purchase price obligation by US$561 (CA$623) after completing the calculation of the working capital adjustment and making the appropriate price adjustment payments of US$8,439 (CA$9,373). As a result, goodwill was reduced by US$561 (CA$623). An amount of US$14,640 (CA$15,292) of the cash consideration will be held in escrow for a period of up to three years.

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

4. Business combinations (continued)

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

	$
Cash	9,629
Other current assets	5,503
Property and equipment	376
Intangible assets	66,112
Goodwill ($59,426 deductible for tax purposes)	59,426
Accounts payable and accrued liabilities	(3,117)
	137,929

Purchase consideration	$
Cash consideration	120,371
Purchase price obligation	8,777
Hold back shares	8,781
	137,929

The goodwill was attributable to the future growth potential of establishing a North American private wealth platform as well as an assembled and trained work force. Management of Fiera Capital Corporation had identified certain intangible assets acquired from Bel Air, which had been accounted for separately from goodwill. These intangible assets included trade name valued at $1,880, non-compete agreement valued at $2,298, asset management contract valued at $1,984 and customer relationships valued at $59,950.

Wilkinson O'Grady

On October 31, 2013, the Company closed a transaction to acquire New York based investment manager Wilkinson O'Grady & Co. Inc. ("Wilkinson O'Grady"), a global asset manager. The acquisition is part of the Company's strategy to expand into the U.S. private wealth market and will broaden its product expertise in U.S. and global equities.

The purchase price for Wilkinson O'Grady included US$29,529 (CA$30,844) paid in cash and US$1,720 (CA $1,794) worth of new Fiera Capital Class A subordinate voting shares (which reflects the roll-over of senior employee ownership in Wilkinson O'Grady into newly issued Fiera Capital Class A Shares).

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

4. Business combinations (continued)

The transaction was accounted for as a business combination using the acquisition method and the assets and liabilities were recorded at their estimated fair value at the date of acquisition. The Company completed the purchase price allocation based on management's best estimates as follows:

	$
Cash	1,839
Other current assets	7,674
Property and equipment	498
Deferred income tax asset	155
Intangible assets	14,622
Goodwill	15,717
Accounts payable and accrued liabilities	(1,251)
Deferred income tax liability	(6,616)
	32,638

Purchase consideration	$
Cash consideration	30,844
Share capital (Note 14)	1,794
	32,638

The goodwill was attributable to the future growth potential of establishing a North American private wealth platform as well as an assembled and trained work force. Goodwill was not deductible for tax purposes.

Management of Fiera Capital had identified certain intangible assets acquired from Wilkinson O'Grady, which had been accounted for separately from goodwill. These intangible assets included trade name valued at $679 and customer relationships valued at $13,943.

The Company financed the Bel Air and Wilkinson O'Grady transactions by extending its long-term debt and by the proceeds received from the issuance of share capital as disclosed in Note 14.

Pro forma impact of 2013 acquisitions

The impact of these acquisitions for the year ended December 31, 2013 on the base management and performance fees and the net loss are as follows:

	$
Base management fees	12,622
Performance fees	3,172
Net earnings	770

If the business combinations had occurred on January 1, 2013, the Company's consolidated base management fees and performance fees and net earnings for the year ended December 31, 2013 would have been as follows:

	$
Base management fees	171,118
Performance fees	15,552
Net earnings	19,193

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

4. Business combinations (continued)

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

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

Restructuring and other integration costs

With respect to the current and past business combinations, the Company recorded restructuring provisions and costs related to the termination of certain employees as part of the integration of the different businesses.

During the year ended December 31, 2014, the Company recorded a restructuring provision of $1,210 (nil for the year ended December 31, 2013) and integration costs related to the companies acquired of $1,917 for the year ended December 31, 2014 ($1,509 for the year ended December 31, 2013), for an aggregate amount of $3,127 ($1,509 for the year ended December 31, 2013). These integration costs include an onerous lease provision for vacated premises, cost for the termination of certain employees, professional fees and other expenses.

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

	Severance
	$
Balance, December 31, 2012	2,076
Paid during the year	(767)
Balance, December 31, 2013	1,309
Addition during the year	1,210
Paid during the year	(636)
Balance, December 31, 2014	1,883

	December 31,2014	December 31, 2013
	$	$
Current portion	904	1,116
Non-current portion	979	193
Total	1,883	1,309

The restructuring provision of $979 is classified as a non-current liability as the Company does not expect to settle the provision within the next twelve months.

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

5. Investment in joint ventures

The Company has investments in two joint ventures (Fiera Axium and Fiera Properties) and the variation of its interests during the years ended December 31 are as follows:

	2014	2013
	$	$
Balance, December 31,	8,284	6,879
Share of earnings	1,263	1,227
(Loss) gain on dilution	(23)	48
Share of other comprehensive income	111	130
Balance, December 31,	9,635	8,284

During the years ended December 31, 2014 and 2013, the Company's ownership in Fiera Axium changed slightly but remained stable at approximately 35%. In addition, during the year, the Company's ownership in Fiera Properties decreased slightly to 44% from 46% in 2013. A loss on dilution of $23 (gain of $48 in 2013) was recorded to reflect these minor changes.

The summarized financial information of the joint ventures are presented below. The summarized financial information represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRS:

	December 31, 2014	December 31, 2013
	$	$
Statements of financial position		
Current assets (including cash – 2014: $687 and 2013: $3,358)	3,698	6,647
Non-current assets	28,108	22,873
Current liabilities	(8,618)	(10,457)
Non-current liabilities	(58)	(145)
Net assets	23,130	18,918

		For the years ended,
	December 31, 2014	December 31, 2013
	$	$
Statements of earnings		
Revenues	18,525	19,283
Expenses	14,931	15,300
Depreciation and amortization	451	429
Interest income	48	36
Interest expense	147	153
Income taxes	647	1,533
Net earnings	3,594	3,983

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

5. Investment in joint ventures (continued)

The reconciliation of the summarized financial information to the carrying amount of the interests in the joint ventures recognized in the consolidated financial statements as at December 31 is as follows:

	2014	2013
	$	$
Net assets of the joint ventures	23,130	18,918
Contributed surplus not attributable to the Company	(195)	(322)
	22,935	18,596
Ownership of the Company	9,049	7,698
Goodwill	586	586
Carrying amount of investment in joint ventures	9,635	8,284

6. Financial instruments

The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: equity market fluctuation risk, credit risk, interest rate risk, currency risk and liquidity risk. The following analysis provides a measurement risk as at December 31, 2014 and 2013.

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

The Company's consolidated statements of financial position include a portfolio of investments. The value of these investments is subject to a number of risk factors. While a number of these risks also affect the value of client's AUM, the following discussion relates only to the Company's own portfolio of investments.

Market risk

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

Equity market fluctuation risk

Fluctuations in the value of equity securities affect the level and timing of recognition of gains and losses on equity and mutual fund and pool fund securities in the Company's portfolio and causes changes in realized and unrealized gains and losses. General economic conditions, political conditions and many other factors can also adversely affect the stock and bond markets and, consequently, the value of the equity, mutual fund and fixed income available-for-sale financial assets held.

6. Financial instruments (continued)

The Company manages its investment portfolio with a medium risk mandate. Its particular expertise is investment management and, as part of its daily operations, it has resources to assess and manage the risks of a portfolio. The Company's portfolio of equity and equity-related securities as at December 31, 2014 and 2013, is comprised of mutual fund and pool fund investments under its management with a fair value of $7,128 as at December 31, 2014 and $6,096 as at December 31, 2013. Mutual fund and pooled fund investments are comprised of a well-diversified portfolio of investments in equities and bonds. Mutual fund and pool fund units have no specific maturities.

A 10% change in the fair value of the Company's equity and equity-related holdings as at December 31, 2014, and 2013 has an impact of increasing or decreasing other comprehensive income by $713 and $610 respectively.

Credit risk

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

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

The credit risk on cash, restricted cash and investments is limited because the counterparties are chartered and commercial banks with high-credit ratings assigned by national credit-rating agencies.

The Company's credit risk is attributable primarily to its trade receivables. The amounts disclosed in the consolidated statements of financial position are net of allowance for doubtful accounts, estimated by the Company's management based on previous experience and its assessment of the current economic environment and financial condition of the counterparties. In order to reduce its risk, management has adopted credit policies that include regular review of client balances. With the exception of National Bank of Canada and related companies which represent 20% as at December 31, 2014 (22% as at December 31, 2013), no customer represents more than 10% of the Company's accounts receivable as at December 31, 2014 and 2013.

Interest rate risk

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

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

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

6. Financial instruments (continued)

Currency risk

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

The consolidated statements of financial position as at December 31, 2014 and 2013, include the following amounts expressed in Canadian dollars with respect to financial assets and liabilities for which cash flows are denominated in US dollars:

	2014	2013
	$	$
US dollars		
Cash	15,797	8,481
Restricted cash	579	531
Investments	1,084	5,268
Accounts receivable	12,643	10,368
Accounts payable and accrued liabilities	(7,543)	(4,357)
Purchase price obligations	-	(9,572)
Long-term debt	(93,501)	(54,563)

Based on the US dollar balances outstanding (excluding long-term debt) as at December 31, 2014, a 5% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income of $1,128 (2013 - $536). The above calculation does not include the US dollar long-term debt, which is hedged by a long-term asset in the same currency. This long-term asset is not included in the consolidated statement of financial position given that it is an intercompany balance.

Liquidity risk

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

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

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

6. Financial instruments (continued)

The Company has the following financial liabilities as at December 31, 2014:

			Contractual cash flow commitments			
	Carrying Amount	Total	2015	2016	2017	Other
	$	$	$	$	$	$
Accounts payable and accrued liabilities	41,034	41,034	41,034	-	-	-
Dividend payable	311	311	311	-	-	-
Amount due to related companies	931	931	931	-	-	-
Long-term debt	223,000	223,000	10,125	13,500	199,375	-
Purchase price obligations	44,668	52,000	8,500	10,500	8,500	24,500
	309,944	317,276	60,901	24,000	207,875	24,500

Fair value

Determination of fair value of financial instruments

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 $6,492 as at December 31, 2014 and $5,890 as at December 31, 2013, while the fair value is $7,128 as at December 31, 2014 and $6,096 as at December 31, 2013. The unrealized gain of $553 (net of income taxes of $83) as at December 31, 2014 and $206 (net of income taxes of nil) as at December 31, 2013, are reflected in other comprehensive income.

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

The Company measured the initial fair value of the subscription receipts receivable of $3,353 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.

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. During the fourth quarter of 2014, the Company completed the annual budget of the subsidiary for fiscal year 2015 and recalculated the option value using the most recent forecasted EBITDA attributable to Fiera Quantum L.P. As a result, the Company determined that the value of the option was nil.

For the year ended December 31, 2014, the Company recorded a recovery of $7,720 (2013 – charge of $421) in changes in fair value of financial instruments in the consolidated statement of earnings to reflect the re-measurement of the value of the option to fair value.

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

6. Financial instruments (continued)

Derivative financial instruments consist only of interest rate swap contracts. 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 it is consistent with accepted economic methods for pricing financial instruments.

Changes in fair value of derivative financial instruments presented in the consolidated statement of earnings include changes in the fair value of the interest rate swap contracts described above and the changes in the fair value of the option granted to non-controlling interest for a total of $301 and $(7,720) for the year ended December 31, 2014, respectively and ($847) and $421 for the year ended December 31, 2013, respectively.

Financial instruments by category:

As at December 31, 2014

	Loans and receivables	Available-for-sale	FVTPL[1]	Financial liabilities at amortized cost	Total
	$	$	$	$	$
Assets					
Cash	16,880	-	-	-	16,880
Restricted cash	579	-	-	-	579
Investments	-	7,128	858	-	7,986
Accounts receivable	59,960	-	-	-	59,960
Long-term receivable	449	-	-	-	449
Subscription receipts receivable	3,353	-	-	-	3,353
Total	81,221	7,128	858	-	89,207
Liabilities					
Accounts payable and accrued liabilities	-	-	-	41,034	41,034
Dividend payable	-	-	-	311	311
Amount due to related companies	-	-	-	931	931
Client deposits	-	-	-	155	155
Subscription receipts obligation	-	-	-	3,353	3,353
Cash settled share-based liabilities	-	-	1,263	-	1,263
Long-term debt	-	-	-	222,081	222,081
Purchase price obligations	-	-	-	44,668	44,668
Derivative financial instruments	-	-	945	-	945
Total	-	-	2,208	312,533	314,741

[1] Assets (Liabilities) at fair value through profit or loss. This category includes assets and financial instruments designated as financial liabilities at fair value through profit or loss.

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

6. Financial instruments (continued)

As at December 31, 2013

	Loans and receivables	Available-for-sale	FVTPL[1]	Financial liabilities at amortized cost	Total
	$	$	$	$	$
Assets					
Cash	21,774	-	-	-	21,774
Restricted cash	689	-	-	-	689
Investments	-	6,096	3,615	-	9,711
Accounts receivable	56,072	-	-	-	56,072
Advance to a related shareholder	1,211	-	-	-	1,211
Total	79,746	6,096	3,615	-	89,457
Liabilities					
Accounts payable and accrued liabilities	-	-	-	35,000	35,000
Amount due to related companies	-	-	-	956	956
Client deposits	-	-	-	689	689
Value of option granted to non-controlling interest	-	-	7,720	-	7,720
Long-term debt	-	-	-	228,262	228,262
Purchase price obligations	-	-	-	58,323	58,323
Derivative financial instruments	-	-	644	-	644
Total	-	-	8,364	323,230	331,594

[1] Assets (Liabilities) at fair value through profit or loss. This category includes assets and financial instruments designated as financial liabilities at fair value through profit or loss.

Fair value hierarchy

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

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

There was no transfer between levels during these years.

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

6. Financial instruments (continued)

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

	Level 1	Level 2	Level 3	December 31, 2014 Total
	$	$	$	$
Financial assets				
Mutual fund and pool fund investments under the Company's management	-	7,128	-	7,128
Other securities and investments	858	-	-	858
Total financial assets	858	7,128	-	7,986
Financial liabilities				
Cash settled share-based liabilities	1,263	-	-	1,263
Derivative financial instruments – interest rate swap agreement	-	945	-	945
Total financial liabilities	1,263	945	-	2,208

	Level 1	Level 2	Level 3	December 31, 2013 Total
	$	$	$	$
Financial assets				
Mutual fund and pool fund investments under the Company's management	-	6,096	-	6,096
Other securities and investments	3,615	-	-	3,615
Total financial assets	3,615	6,096	-	9,711
Financial liabilities				
Value of option granted to non – controlling interest	-	-	7,720	7,720
Derivative financial instruments – interest rate swap agreement	-	644	-	644
Total financial liabilities	-	644	7,720	8,364

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

7. Investments

	December 31, 2014	December 31, 2013
	$	$
Mutual fund and pool fund investments under the Company's management	7,128	6,096
Other securities and investments	858	3,615
	7,986	9,711

8. Accounts receivable

	December 31, 2014	December 31, 2013
	$	$
Trade accounts and other	46,281	41,127
Trade accounts – related companies of shareholders	13,241	13,894
Trade accounts – Joint ventures	438	1,051
	59,960	56,072

The aging of accounts receivable were as follows:

	December 31, 2014	December 31, 2013
	$	$
Trade		
Current	43,378	38,180
Aged between 61 – 119 days	1,446	1,441
Aged greater than 120 days	1,111	1,087
Total trade	45,935	40,708
Related companies and joint ventures		
Current	13,438	14,508
Aged between 61 – 119 days	165	412
Aged greater than 120 days	76	25
Total related companies and joint ventures	13,679	14,945
Other	346	419
	59,960	56,072

As at December 31, 2014, there was a provision for doubtful accounts of $68 (2013 - $76).

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

9. Property and equipment

	Office furniture & equipment	Computer equipment	Leasehold improvements	Total
	$	$	$	$
For the year ended December 31, 2013				
Opening net book value	1,429	887	2,884	5,200
Additions	69	238	265	572
Business combinations	124	354	396	874
Foreign exchange difference	2	7	8	17
Depreciation	(360)	(483)	(498)	(1,341)
Closing net book value	1,264	1,003	3,055	5,322
Balance, December 31, 2013				
Cost	3,561	2,462	4,397	10,420
Accumulated depreciation	(2,299)	(1,466)	(1,350)	(5,115)
Foreign exchange difference	2	7	8	17
Net book value	1,264	1,003	3,055	5,322
For the year ended December 31, 2014				
Opening net book value	1,264	1,003	3,055	5,322
Additions	359	295	805	1,459
Foreign exchange difference	15	26	31	72
Depreciation	(402)	(560)	(771)	(1,733)
Closing net book value	1,236	764	3,120	5,120
Balance, December 31, 2014				
Cost	3,920	2,757	5,202	11,879
Accumulated depreciation	(2,701)	(2,026)	(2,121)	(6,848)
Foreign exchange difference	17	33	39	89
Net book value	1,236	764	3,120	5,120

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

10. Goodwill and intangible assets

	Goodwill	Indefinite life Asset management contracts	Finite-life Asset management contracts	Finite-life Customer relationships	Finite-life Other	Total
	$	$	$	$	$	$
For the year ended December 31, 2013						
Opening net book value	278,750	6,170	78,440	91,857	3,763	180,230
Additions	-	-	-	-	124	124
Business combinations	77,632	1,984	-	92,463	4,857	99,304
Acquisitions	-	-	-	48,100	-	48,100
Foreign exchange difference	1,391	37	-	1,351	88	1,476
Amortization for the year	-	-	(8,480)	(9,277)	(1,326)	(19,083)
Closing net book value	357,773	8,191	69,960	224,494	7,506	310,151
Balance, December 31, 2013[1]						
Cost	356,382	8,154	84,800	240,748	11,692	345,394
Accumulated amortization	-	-	(14,840)	(17,605)	(4,274)	(36,719)
Foreign exchange difference	1,391	37	-	1,351	88	1,476
Net book value	357,773	8,191	69,960	224,494	7,506	310,151
For the year ended December 31, 2014						
Opening net book value	357,773	8,191	69,960	224,494	7,506	310,151
Additions	-	-	-	-	1,799	1,799
Additions – internally developed	-	-	-	-	611	611
Business combinations	7,331	-	-	5,050	-	5,050
Impairment charge	(1,918)	-	-	(6,098)	-	(6,098)
Foreign exchange difference	6,975	184	-	6,487	351	7,022
Amortization for the year	-	-	(8,480)	(14,795)	(2,425)	(25,700)
Closing net book value	370,161	8,375	61,480	215,138	7,842	292,835
Balance, December 31, 2014[1]						
Cost	363,713	8,154	84,800	245,798	13,297	352,049
Accumulated amortization and impairment	(1,918)	-	(23,320)	(38,498)	(5,894)	(67,712)
Foreign exchange difference	8,366	221	-	7,838	439	8,498
Net book value	370,161	8,375	61,480	215,138	7,842	292,835

(1) During the years ended December 31, 2014 and December 31, 2013, the Company derecognized a non-compete agreement which had an accounting cost of $805 (nil for December 31, 2013) and accumulated amortization of $805 (nil for December 31, 2013).

10. Goodwill and intangible assets (continued)

Acquisitions

In December 2012, the Company announced that it had reached an agreement with UBS Global Asset Management (Canada) Inc. ("UBS") to purchase the latter's Canadian Fixed Income, Canadian Equity and Domestic Balance account assets for a maximum cash consideration of $52,000. At closing, which occurred on January 31, 2013, an amount of $40,200 was paid to UBS and an amount of $11,800 was placed in escrow.

As certain AUM thresholds were not met, during the quarter ended September 30, 2013, the Company received from the escrow agent an amount of $3,900, which was applied as a reduction of the purchase price, for a net revised amount of $48,100. The remaining $7,900 under escrow was released and paid by the escrow agent on July 31, 2013, to UBS.

The Company financed the 2013 assets acquisition by extending its long-term debt.

Impairment tests of goodwill

During the fourth quarter of 2014, in the context of its annual impairment testing, the Company completed its impairment analysis and assessed the recoverability of its assets. The Company identified two CGUs as at December 31, 2013 and 2014: Fiera Quantum L.P. and the remainder of the business.

Fiera Quantum L.P.

The recoverable amount of the assets within the Fiera Quantum L.P. CGU was determined based on the value-in-use approach using a discounted cash flow model. The significant key assumptions included forecasted cash flows based on updated financial plans prepared by management covering a five-year period.

The discounted cash flow models were established using a discount rate of 17%. The forecasted cash flows also incorporated forecasted AUM decline in 2015 and stable AUM in future years. Cash flows for the years beyond Fiera Quantum L.P.'s long-term plan were extrapolated using a terminal growth rate of 1%.

As a result of the impairment analysis, the Company determined that the carrying amounts of the assets of Fiera Quantum L.P. exceeded their recoverable amounts and accordingly, the Company recorded a goodwill impairment charge of $1,918 and an intangible assets impairment charge of $6,098 for a total impairment charge of $8,016. The charge is mostly attributable to lower AUM in Fiera Quantum L.P. coupled with expenses that are not decreasing at the same pace as revenues. The impairment charge did not affect Fiera Quantum L.P.'s operations, its liquidity, or its cash flows from operating activities.

Remainder of the business

The 2013 calculation of the recoverable amount of this CGU, which represents the most recent detailed calculation made in a preceding year, was used in the impairment test of that unit as of December 31, 2014 given that all of the following criteria were met:

(a) the assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation;
(b) the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and

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

10. Goodwill and intangible assets (continued)

(c) based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote.

In assessing goodwill for impairment as at December 31, 2014 and 2013, the Company compared the aggregate recoverable amount of the CGU to the carrying amount. The recoverable amounts have been determined based on the value-in-use using five-year cash flow forecasts approved by management that made maximum use of observable market inputs. For the periods beyond the five-year budget, the terminal value was determined using the expected long-term growth rate. Key assumptions included the following:

	2014[1]	2013
	%	%
Budgeted gross margin	38%	38%
Weighted average growth rate	5.5%	5.5%
Discount rate	11%	11%

(1) Assumptions carried forward from 2013.

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

Impairment tests of indefinite-life intangible assets

In assessing indefinite-life intangible assets for impairment as at December 31, 2014 and 2013, the Company compared the aggregate recoverable amount of the assets to their respective carrying amounts. For 2014, the 2013 calculation of the recoverable amount for indefinite-life intangible assets was used in the impairment test as of December 31, 2014 for the same reasons as discussed above. Key assumptions included the following:

	2014[1]	2013
	%	%
Budgeted gross margin	38%	38%
Weighted average growth rate	2.5%	2.5%
Discount rate	11%	11%

(1) Assumptions carried forward from 2013.

The recoverable amount has been determined based on value-in-use using indefinite-life cash flow forecasts approved by management that made maximum use of observable markets inputs and outputs. For the periods beyond the budget period, the terminal value was determined using the expected long-term growth rate. The budgeted gross margin is based on past experience and represents the margin achieved in the period preceding the budgeted period. The discount rate is applied to the pre-tax cash flow projections and is derived from the weighted average cost of capital.

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

As a result of the impairment analysis, the Company determined that the recoverable amount of its CGUs exceeded their carrying amounts and as a result, there was no impairment identified, other than the impairment on Fiera Quantum L.P. assets described earlier.

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

11. Accounts payable and accrued liabilities

	December 31, 2014	December 31, 2013
	$	$
Trade accounts payable and accrued liabilities	11,989	14,932
Wages and vacation payable	552	1,564
Bonuses and commissions payable	27,235	17,544
Sales taxes payable	1,258	960
	41,034	35,000

12. Income taxes

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

	2014	2013
	$	$
Current income taxes	10,818	10,017
Deferred income taxes (recovery)	(5,660)	(2,628)
	5,158	7,389

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

	2014	2013
	$	$
Earnings before income taxes	28,749	21,994
Combined federal and provincial statutory tax rates	26.7%	26.7%
Income tax expense based on combined statutory income tax rate	7,676	5,872
Share-based compensation	154	568
Non-deductible acquisition costs	357	1,266
Income tax allocated to non-controlling interest	1,022	89
Difference between Canadian and foreign statutory rates	(1,314)	(313)
Prior years' tax adjustments	(1,380)	414
Other non-deductible (non-taxable) amounts	(1,357)	(507)
	5,158	7,389

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

12. Income taxes (continued)

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

	Lease inducements & Deferred lease obligations	Restructuring provisions	Carry forward losses	Other	Total
	$	$	$	$	$
Balance, December 31, 2012	440	110	1,173	575	2,298
Charged to earnings	(42)	239	(792)	(66)	(661)
Business combinations	-	-	-	1,121	1,121
Balance, December 31, 2013	398	349	381	1,630	2,758
Charged to earnings	(45)	(89)	451	1,624	1,941
Business combinations	-	-	-	-	-
Charged to other comprehensive income	-	-	-	(83)	(83)
Foreign exchange difference	-	-	1	57	58
Balance, December 31, 2014	353	260	833	3,228	4,674

	Total (from above)	Intangible assets	Property & equipment	Total
	$	$	$	$
Balance, December 31, 2012	2,298	(20,822)	(376)	(18,900)
Charged to earnings	(661)	3,136	153	2,628
Business combinations	-	(8,016)	-	(8,016)
Charged to equity	1,121	-	-	1,121
Foreign exchange difference	-	(120)	-	(120)
Balance, December 31, 2013	2,758	(25,822)	(223)	(23,287)
Charged to earnings	1,941	3,339	380	5,660
Business combinations	-	(1,346)	-	(1,346)
Charged to other comprehensive income	(83)	-	-	(83)
Foreign exchange difference	58	(612)	2	(552)
Balance, December 31, 2014	4,674	(24,441)	159	(19,608)

Financial statement presentation as at December 31:

	2014	2013
	$	$
Non-current deferred income tax assets	483	1,349
Non-current deferred income tax liabilities	(20,091)	(24,636)
Total	(19,608)	(23,287)

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

13. Long-term debt

	December 31, 2014	December 31, 2013
	$	$
Term facility (2014 - $41,597 US dollars, 2013 - nil US dollars)	177,756	175,000
Revolving facility (2014 - $39,000 US dollars, 2013 - $51,300 US dollars)	45,244	54,563
Deferred financing charges	(919)	(1,301)
	222,081	228,262

Credit facilities

Fiera Capital Corporation has in place a $250,000 unsecured credit facility (“Credit Facility”) consisting of:

a) $75,000 revolving facility maturing in April 2017 and;
b) $175,000 term facility maturing in April 2017.

On October 31, 2013, the Company amended its $118,000 credit facility which consisted of a $10,000 revolving facility and a $108,000 term facility to a $250,000 Credit Facility. The amended Credit Facility bears interest at prime rate plus a premium varying from 0% to 2.25% or at banker’s acceptance rate plus a premium varying from 1.00% to 2.25% (2.25% as at December 31, 2014), matures on April 3, 2017, and is repayable in quarterly instalments of $3,375 starting in June 2015 up to April 2017.

The instalments that are due in 2015 have been classified as non-current since the Company has the ability to refinance the term facility using the undrawn portion of the revolving facility. The revolving facility can also be used for general corporate purposes, to finance permitted acquisitions and was used to finance a portion of the Bel Air and Wilkinson O’Grady acquisitions.

During the year ended December 31, 2014, the Company converted $45,500 from its term facility to US$41,597. In addition, the Company reduced the drawings under its revolving facility by US$12,300. As at December 31, 2014, the total amount of long-term debt included US$41,597 outstanding on the term facility and US$39,000 outstanding on the revolving facility (US$51,300 was outstanding on the revolving facility as at December 31, 2013).

Under the terms of the loan agreement, the Company must satisfy certain restrictive covenants including minimum financial ratios. These restrictions are composed of ratio of funded debt to EBITDA and 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 and shall include various items. As at December 31, 2014, all debt covenant requirements were met.

On May 1, 2012, the Company entered into an interest rate swap agreement of a notional amount of $108,000, which consists of exchanging its variable rate for a fixed rate of 1.835% ending in March 2017, payable in monthly instalments (see Note 6).

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

13. Long-term debt (continued)

The principal repayments required over the next three years as at December 31, 2014, are as follows:

Years	
	$
2015	10,125
2016	13,500
2017	199,375
	223,000

14. Share capital and accumulated other comprehensive income

Authorized

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

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

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

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

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

The shares have no par value.

Preferred Shares

On April 17, 2014, Directors of the Company approved the filings of articles of amendment to create a new class of shares to be designated as preferred shares (“Preferred Shares”). This amendment was approved by the Company’s shareholders at the annual shareholders’ meeting. The Preferred Shares would be issuable in series and would rank, both in regards to dividends and return on capital, in priority to the holders of the Class A Shares, the holders of the Class B Shares and over any other shares ranking junior to the holders of the Preferred Shares. Other conditions could also be applicable to the holders of the Preferred Shares.

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

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

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

	Class A subordinate voting shares		Class B special voting shares		Total	
	Number	$	Number	$	Number	$
Balance, December 31, 2012	35,368,114	274,011	21,207,964	33,748	56,576,078	307,759
Stock options exercised	170,871	1,090	-	-	170,871	1,090
Shares issued as settlement of purchase price obligations	764,602	8,500	-	-	764,602	8,500
Transfer from Class B Shares to Class A Shares	409,956	652	(409,956)	(652)	-	-
Shares issued under a private placement	9,781,000	102,066	-	-	9,781,000	102,066
Shares issued as part of a business combination (Note 4)	144,514	1,794	-	-	144,514	1,794
Balance, December 31, 2013	46,639,057	388,113	20,798,008	33,096	67,437,065	421,209
Issuance of shares	149,469	1,830	-	-	149,469	1,830
Conversion of hold back shares	277,578	3,104	-	-	277,578	3,104
Stock options exercised	249,236	2,245	-	-	249,236	2,245
Shares issued as settlement of purchase price obligations	642,275	8,500	-	-	642,275	8,500
Transfer from Class B Shares to Class A Shares	758,258	1,207	(758,258)	(1,207)	-	-
Balance, December 31, 2014	48,715,873	404,999	20,039,750	31,889	68,755,623	436,888

Shares issued

2014

Conversion of hold back shares

As part of the acquisition of Bel Air, the Company committed to issue in three tranches over a 32-month period following closing, 832,755 Class A Shares worth US$9,760. This commitment was considered an equity component and was recorded at a discounted value of US$8,419 ($8,781) under the caption: Hold back shares. During the second quarter of 2014, the first tranche amounting to 277,578 of the hold back shares were issued and effectively converted into Class A Shares and a value of $3,104 was transferred from the caption hold back shares to share capital.

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

On the same day as the conversion of the first tranche of the hold back shares into share capital in connection with a related agreement, the Company issued 149,469 Class A Shares to National Bank of Canada ("National Bank") for $1,830. The amount of $1,830 was received on July 2, 2014. These shares were issued upon the exercise by National Bank of its anti-dilution rights, as defined in the Investor Rights Agreement. The National Bank anti-dilution rights allow National Bank to participate in future issuances of shares upon the occurrence of certain dilutive events in order for National Bank to maintain its ownership percentage.

In connection with the agreement described above, the Company also issued two subscription receipts to National Bank, each providing for the issuance of 149,469 Class A Shares, at a pre-determined price of $12.24, to be exchanged into shares concurrently with the second and third conversion of hold back shares into share capital. The proceeds of these subscription receipts have been transferred to an escrow account but the release from the escrow is conditional on the issuance of the hold back shares. As such, the amounts have been recorded as an asset and a liability for an amount of $3,353 of which $1,746 is presented as a current asset/liability.

Shares issued as settlement of purchase price obligations

On November 3, 2014, in connection with the asset purchase agreement of Natcan Investment Management Inc., the Company issued 642,275 Class A Shares for $8,500 as settlement of purchase price obligations.

2013

On September 18, 2013, the Company issued, under a private placement, 9,781,000 subscription receipts at a price of $10.75 per receipt for an aggregate amount of $102,066, net of issuance costs of $4,201 and deferred income taxes recovery of $1,121. Proceeds were placed in escrow until the closing of the Bel Air and Wilkinson O'Grady business combinations. Upon the closing, the subscription receipts were automatically exchanged on a one-for-one basis for 9,781,000 Class A Shares.

On October 31, 2013, as part of the acquisition of Wilkinson O'Grady by Fiera USA Holding Inc., the Company issued 144,514 Class A shares with a value of $1,794 (Note 4).

Transfers

During the year ended December 31, 2014, 758,258 Class B Shares were converted into 758,258 Class A Shares (409,956 Class B Shares were converted into 409,956 Class A Shares for the year ended December 31, 2013) on a one-for-one basis.

Dividends

During the year ended December 31, 2014, the Company declared $31,229 of dividends ($0.46 per share) on Class A and Class B Shares ($22,590 for the year ended December 31, 2013 ($0.38 per share)) and $400 on hold back shares.

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

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

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

	December 31, 2014	December 31, 2013
	$	$
Unrealized gain on available-for-sale financial assets	553	201
Share of other comprehensive income of joint ventures	354	243
Unrealized exchange differences on translating financial statements of foreign operations	8,944	1,472
	9,851	1,916

15. 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 years ended December 31,	
	2014	2013
	$	$
Net earnings attributable to shareholders	27,492	14,939
Weighted average shares outstanding – basic	68,578,274	58,576,797
Effect of dilutive share-based awards	987,478	872,215
Weighted average shares outstanding – diluted	69,565,752	59,449,012
Basic earnings per share	0.40	0.26
Diluted earnings per share	0.40	0.25

For the year ended December 31, 2014, the calculation of hypothetical conversions does not include 1,140,427 options (448,000 in 2013) with an anti-dilutive effect.

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

16. Share-based payments

a) Stock option plan

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

A summary of the changes that occurred during the years ended December 31, 2014, and 2013, in the Company's stock option plan is presented below:

	December 31, 2014		December 31, 2013	
	Number of Class A Share options	Weighted-average exercise price	Number of Class A Share options	Weighted-average exercise price
		$		$
Outstanding – beginning of year	2,942,522	8.12	2,290,393	6.92
Granted	692,427	13.43	823,000	10.77
Exercised	(249,236)	6.77	(170,871)	4.84
Forfeited	(32,176)	8.10	-	-
Expired	(7,500)	5.59	-	-
Outstanding – end of year	3,346,037	9.32	2,942,522	8.12
Options exercisable – end of year	1,230,298	6.55	999,690	6.48

The following table presents the weighted average assumptions used during the years ended December 31, 2014 and 2013, to determine the share-based compensation expense using the Black-Scholes option-pricing-model:

	December 31, 2014	December 31, 2013
Dividend yield (%)	2.93 to 3.67	2.93 to 4.22
Risk-free interest rate (%)	1.72 to 2.09	1.70 to 2.20
Expected life (years)	7.5	7.5
Expected volatility of the share price (%)	43.2 to 43.8	43.8 to 44.5
Weighted-average fair values ($)	4.31	3.59
Share-based compensation expense ($)	1,292	1,372

The expected volatility is based on the historical volatility of the Company's share price. The risk-free interest 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.

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

16. Share-based payments (continued)

The following table summarizes the stock options outstanding:

	Options outstanding			Options exercisable	
Range of exercise price	Number of Class A Share options	Weighted-average remaining contractual life in (years)	Weighted-average exercise price	Number of Class A Share options	Weighted-average exercise price
			$		$
3.67	463,768	5	3.67	463,768	3.67
6.38 to 8.50	1,741,842	7	8.10	766,530	8.29
8.51 to 13.89	1,140,427	9	13.49	-	-

b) Deferred share unit plan

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

As at December 31, 2014, management had recorded a liability for an amount of approximately $174 for the 13,681 units ($186 for 13,214 units as at December 31, 2013), outstanding under the DSU Plan.

c) Employee share purchase plan

On October 6, 2011, the Board adopted an Employee Share Purchase Plan (“ESPP”) for the purposes of attracting and retaining eligible employees, therefore allowing them to participate in the growth and development of the Company. The maximum number of issuable shares under this plan is 1.5 million shares of Class A Shares. The Board may determine the subscription date and the number of shares each eligible employee can subscribe to. The subscription price is determined by the volume-weighted average trading price of the Company’s shares on the TSX for the five trading days immediately preceding the date of the subscription.

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

16. Share-based payments (continued)

d) Restricted share unit plan

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

The following table presents transactions that occurred during the years ended December 31, 2014 and 2013 in the Company's RSU plans.

	Number of RSUs outstanding	
	2014	2013
Outstanding – beginning of year	367,548	125,646
Granted	166,559	237,071
Reinvestments in lieu of dividends	15,573	4,831
Forfeited	(9,172)	-
Outstanding – end of year	540,508	367,548

As at December 31, 2014, management had recorded a liability for an amount of $2,231 for the 540,508 units ($591 for 367,548 units as at December 31, 2013), outstanding under the RSU Plan. An expense of $1,640 and $567 was recorded during the years ended December 31, 2014 and 2013, respectively for these grants.

e) Performance share unit plan

On October 30, 2013, the Board adopted a PSU Plan for the purposes of retaining key employees and to permit them to participate in the growth and development of the Company. Under this PSU Plan, the Company has the option to settle the PSUs in cash or Class A Shares of the Company with the exception of the September 2, 2014 plan for which the option is at the discretion of the participant. The maximum number of issuable Class A Shares under all plans is 10% of the issued and outstanding shares of the Company calculated on a non-diluted basis.

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

16. Share-based payments (continued)

The following table summarizes the outstanding PSU awards as at December 31, 2014:

Date of grant	Vesting schedule	Vesting Date	Key vesting performance conditions	Payout formula
October 30, 2013	20% per year for 5 years	December 31 of each year	Annualized revenue growth objective for private wealth revenues	Multiple of the private wealth revenues
January 1, 2014	6.5% on year 1 and 7, 13.5% on year 2 and 6 and 20% on year 3, 4 and 5	December 31 of each year	Annualized revenue growth objective for alternative revenues	Multiple of the non-traditional investment solution revenues
September 2, 2014	100% in 2017	December 31, 2017	Annualized revenues of the last quarter of 2017 for closed-end funds	Variable percentage of annualized revenue for closed-end funds

All of the above awards are conditional on the continued employment of the participant with the Company.

The following table presents transactions that occurred during the years ended December 31, 2014 and 2013 in the Company's PSU plans.

Date of grant	October 30, 2013 Wilkinson O'Grady	October 30, 2013 Bel Air	January 1, 2014	September 2, 2014
Outstanding – December 31, 2012	-	-	-	-
Granted	147,404	1,241,667	-	-
Forfeited	-	(43,750)	-	-
Outstanding – December 31, 2013	147,404	1,197,917	-	-
Granted	-	-	307,692	107,692
Forfeited	-	(25,000)	-	-
Outstanding – December 31, 2014	147,404	1,172,917	307,692	107,692

October 30, 2013

During the fourth quarter of 2013, the Company issued PSUs to employees of Bel Air and Wilkinson O'Grady that became employees of the Company as at October 31, 2013. The PSUs will vest in tranches equivalent to 20% of the total grant in each of the next five years. The annual vesting of the PSUs is subject to different conditions, including the attainment of an agreed upon annualized revenue growth objective and the continuance of employment of the participant.

During the fourth quarter of 2014, the October 30, 2013 grant was modified to include revised performance conditions to all former Bel Air employees that participated in this grant. These conditions aim at better aligning the performance condition applicable to these employees with each participant's ability to impact the Company's results. After giving effect of this modification, the PSUs attributed to the former Bel Air employees are now subject to the attainment of an agreed upon annualized revenue growth objective solely on the Bel Air business unit as opposed to the Fiera Private Wealth North America business unit.

The value of each PSU granted to the former Wilkinson O'Grady employees is derived from the value of the Fiera Private Wealth North America business unit while the value of each PSU granted to the former Bel Air employees is derived from the value of the Bel Air business unit. The value of the PSUs granted on October 30, 2014 was evaluated at US$13,744

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

16. Share-based payments (continued)

The attainment of the performance conditions for these two grants and the estimated vesting of the PSUs are reassessed at the end of each reporting period. The following table summarizes the Company's estimated vesting of the PSUs for the years ended December 31.

Vesting schedule	Fiscal year	October 30, 2013 Wilkinson O'Grady	October 30, 2013 Bel Air
Year 1	2014	0%	100%
Year 2	2015	0%	100% (note 1)
Year 3	2016	0%	100%
Year 4	2017	0%	0%
Year 5	2018	0%	0%

Note 1: Year 2 expected to vest in Year 3 along with Year 3 according to estimates.

An expense of $3,963 and $756 was recorded during the years ended December 31, 2014 and 2013, respectively for these grants.

January 1, 2014

During the first quarter of 2014, the Company issued PSUs to the responsible of the Alternative revenues business unit. The PSUs will vest in accordance with the following tranches: 6.5% on year 1 and 7, 13.5% on year 2 and 6 and 20% on year 3, 4 and 5. The annual vesting of the PSUs is subject to different conditions, including the attainment of an agreed upon annualized revenue growth objective and the continuance of employment of the participant.

The value of the PSUs granted was determined at inception using forecasted revenues of the different payout targets. The value of the PSUs granted on January 1, 2014 was evaluated at $2,811. The compensation expense is based on the number of PSUs expected to vest based on the attainment of the performance conditions and is recorded over the vesting period.

The attainment of the performance conditions and the estimated vesting of the PSUs are reassessed at the end of each reporting period. As at December 31, 2014, the Company does not believe these PSU's will vest. As such, the Company did not record an expense for this PSU plan.

September 2, 2014

During the third quarter of 2014, the Company issued PSUs to employees of Propel that became employees of the Company as at September 2, 2014. The PSUs will vest on December 31, 2017. The vesting of the PSUs is subject to different conditions, including the attainment of an agreed upon level of revenues during the last quarter of 2017 for closed-end funds and the continuance of employment of the participant.

The value of the PSUs granted was determined at inception using forecasted revenues of the payout target. The value of the PSUs granted on September 2, 2014 was evaluated at $435.

The Company intends to settle this grant in cash. As such, the PSUs are recorded at fair value at the end of each reporting period. The liability for this grant is $43 as at December 31, 2014.

The attainment of the performance conditions and the estimated vesting of the PSUs are reassessed at the end of each reporting period. As at December 31, 2014, the Company believes that all these PSUs will vest at December 31, 2017.

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

17. Post-employment benefit obligations

The Company contributes to defined contribution plans for its employees. Contributions for the year ended December 31, 2014 amount to $2,260 ($1,559 for the year ended December 31, 2013).

Subsequent to a business combination realized in September 2010, the Company assumed the role of sponsor of an individual pension plan ("IPP") which had been established by the Company for former employees. Under pension legislation, while the IPPs are ongoing, the Company has no legal requirement to make contributions towards any solvency deficiencies. These IPPs are valued on a triennial reporting cycle. The most recent actuarial valuation was performed as at January 1, 2013, and the next actuarial valuation date is January 1, 2016.

18. Expenses by nature

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

	For the years ended December 31,	
	2014	2013
	$	$
Wages and employee benefits	108,289	68,408
Travelling and marketing	6,316	4,460
Reference fees	5,839	4,772
Rent	5,071	3,706
Technical Services	6,867	3,747
Professional fees	4,804	4,971
Insurance, permits and taxes	2,588	1,422
Other	6,193	2,871
	145,967	94,357

The details of wages and employee benefits are as follows:

	For the years ended December 31,	
	2014	2013
	$	$
Salaries and wages	91,446	58,470
Pension costs	2,260	1,559
State plans	2,490	2,230
Share-based compensation	5,255	2,128
Cash settled share-based compensation	1,683	567
Other	5,155	3,454
	108,289	68,408

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

Salaries and other short-term benefits	11,800	6,915
Share-based payments	1,257	510

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

19. Additional information relating to consolidated statements of cash flows

	For the years ended December 31,	
	2014	2013
	$	$
Changes in non-cash operating working capital items		
Accounts receivable	(2,409)	(16,739)
Prepaid expenses	1,045	(486)
Accounts payable and accrued liabilities	6,039	9,035
Amount due to related companies	(25)	(1,047)
Deferred revenues	(396)	(448)
	4,254	(9,685)

The following are non-cash items: subscription receipts receivable of $3,353 (current and non-current), subscription receipts obligation of $3,353 (current and non-current), shares issued as settlement for purchase price obligations of $8,500 (2013 – $8,500), additions to property and equipment included in accounts payable and accrued liabilities of $164 and additions to intangible assets included in accounts payable and accrued liabilities of $67.

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between income taxes paid of $14,346 (2013 – $5,800) and income tax expense of $10,818 (2013 – $10,017) for a net impact of ($3,528) for the year ended December 31, 2014 (2013 – $4,217).

20. Commitments and contingent liabilities

Commitments

The Company leases office space and equipment under non-cancellable operating leases expiring at different dates until 2021. Future lease payments total $21,422 and include the following payments for each of the next five years as at December 31, 2014, and thereafter:

	$
2015	8,231
2016	4,505
2017	4,281
2018	2,000
2019	1,233
Thereafter	1,172

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.

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

21. Capital management

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

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.

To comply with Canadian securities administration regulations, the Company is required to maintain a minimum working capital of $100 as defined in Regulation 31-103, *Respecting Registration Requirements, Exemptions, and Ongoing Registrants Obligations*.

As at December 31, 2014, all regulatory requirements and exemptions were met.

22. Related party transactions

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

	2014	2013
	$	$
Base management fees	45,057	39,132
Performance fees	4,233	6,114
Selling, general & administrative expenses		
Reference fees	1,583	1,503
Other	1,775	1,638
Interest on long-term debt	7,864	6,934
Changes in fair value of derivative financial instruments	301	(847)
Integration cost	-	183
Shares issued as settlement of the purchase price obligations	8,500	8,500

These transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Fees are at prevailing market prices and are settled on normal trade terms. The amounts due under the Company's Credit Facility presented as long-term debt are amounts due to a syndicate of lenders which includes two related parties of the Company. The derivative financial instruments liability is due to a related company.

The Company has carried out the following transaction with joint ventures: other revenue of $1,202 for the year ended December 31, 2014 ($871 for the year ended December 31, 2013).

23. 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.

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

23. Segment reporting (continued)

Geographical information

	Revenues For the year ended December 31, 2014	Non-current assets As at December 31, 2014
	$	$
Canada	166,544	515,443
United States of America	55,814	166,195

	Revenues For the year ended December 31, 2013	Non-current assets As at December 31, 2013
	$	$
Canada	145,698	524,067
United States of America	8,029	159,134

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

24. Subsequent event

On February 11, 2015, the Company announced that it had reached an agreement to acquire all of the outstanding shares of Samson Capital Advisors LLC ("Samson"), a prominent New York–based investment management firm which specializes in global fixed income and currency investment. The acquisition will enable the Company to create a full-fledged global asset manager in the United States, adding strong leadership and investment talent in order to further expand the Company's presence in the market.

Under the terms of the agreement, the purchase price for Samson includes US$19,200 payable in cash to the sellers and US$14,300 worth of Fiera Capital Class A Shares. In addition, the purchase price includes an amount of up to US$15,000 payable over five years if certain targets are achieved.

The transaction is expected to close during the second quarter of 2015 and is subject to customary conditions, including regulatory approvals and approval of the TSX.

On March 18, 2015, the Board declared a quarterly dividend of $0.13 per share to shareholders of record as at March 31, 2015 and payable on April 28, 2015.

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