Consolidated Financial Statements of

FIERA CAPITAL CORPORATION

December 31, 2013 and 2012

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 Inc., which comprise the consolidated balance sheets as at December 31, 2013 and December 31, 2012, 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 year ended December 31, 2013, and for the 15-month period ended December 31, 2012, 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 audits 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 Inc. as at December 31, 2013 and December 31, 2012, and its financial performance and cash flows for the year ended December 31, 2013 and for the 15-month period ended December 31, 2012, in accordance with International Financial Reporting Standards.

Deloitte LLP [1]

Montreal (Canada)
March 19, 2014

[1] CPA auditor, CA, public accountancy permit No. A103322

Fiera Capital Corporation

Consolidated Statements of Earnings

Periods ended

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

	December 31, 2013	December 31, 2012
	12 months	15 months
	$	$
Revenues		
Base management fees	**139,397**	109,261
Performance fees	**12,117**	5,587
Other revenue	**2,213**	480
	153,727	115,328
Expenses		
Selling, general and administrative expenses (Note 18)	**94,357**	74,236
External managers	**2,858**	1,989
Depreciation of property and equipment	**1,341**	1,136
Amortization of intangible assets	**19,083**	12,609
Acquisition costs	**6,572**	5,937
Restructuring provisions and other costs (Note 4)	**1,509**	7,513
	125,720	103,420
Earnings before loss on disposal of investments, interest on long-term debt and other financial charges, accretion and change in fair value of purchase price obligations, changes in fair value of financial instruments and share of earnings of joint ventures	**28,007**	11,908
Loss on disposal of investments	**98**	6
Interest on long-term debt and other financial charges	**6,931**	2,940
Accretion and change in fair value of purchase price obligations	**637**	1,864
Changes in fair value of financial instruments	**(426)**	1,491
Share of earnings of joint ventures (Note 5)	**(1,227)**	(201)
Earnings before income taxes	**21,994**	5,808
Income taxes (Note 12)	**7,389**	2,782
Net earnings for the period	**14,605**	3,026
Net earnings attributable to :		
Company's shareholders	**14,939**	3,026
Non-controlling interest	**(334)**	-
	14,605	3,026
Earnings per share (Note 15)		
Basic	**0.26**	0.06
Diluted	**0.25**	0.06

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

Fiera Capital Corporation

Consolidated Statements of Comprehensive Income

Periods ended

(In thousands of Canadian dollars)

	December 31, 2013	December 31, 2012
	12 months	15 months
	$	$
Net earnings for the period	**14,605**	3,026
Other comprehensive income:		
Items that may be reclassified subsequently to earnings:		
Unrealized gain (loss) on available-for-sale financial assets (net of income taxes)	**152**	(60)
Reclassification of loss on disposal of investments	**97**	-
Share of other comprehensive income of joint ventures	**130**	108
Unrealized exchange differences on translating financial statements of foreign operations	**1,472**	-
Other comprehensive income for the period	**1,851**	48
Comprehensive income for the period	**16,456**	3,074
Comprehensive income attributable to:		
Company's shareholders	**16,790**	3,074
Non-controlling-interest	**(334)**	-
	16,456	3,074

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

Fiera Capital Corporation

Consolidated Balance Sheets

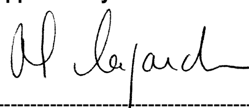
As at

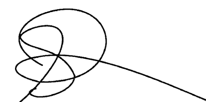
(In thousands of Canadian dollars)

	December 31, 2013	December 31, 2012
	$	$
Assets		
Current assets		
Cash	**21,774**	6,016
Restricted cash	**689**	297
Investments (Note 7)	**9,711**	6,532
Accounts receivable (Note 8)	**56,072**	29,888
Advance to a joint venture	**-**	342
Prepaid expenses	**3,771**	874
	92,017	43,949
Non-current assets		
Deferred charges	**460**	402
Deferred income taxes (Note 12)	**1,349**	1,364
Advance to a related shareholder	**1,211**	-
Investment in joint ventures (Note 5)	**8,284**	6,879
Property and equipment (Note 9)	**5,322**	5,200
Intangible assets (Note 10)	**310,151**	180,230
Goodwill (Note 10)	**357,773**	278,750
	776,567	516,774
Liabilities		
Current liabilities		
Bank loan	**-**	9,800
Accounts payable and accrued liabilities (Note 11)	**35,000**	16,501
Restructuring provisions (Note 4)	**1,116**	1,764
Amount due to related companies	**956**	2,003
Purchase price obligations (Note 4)	**18,073**	-
Client deposits	**689**	297
Deferred revenues	**495**	928
	56,329	31,293
Non-current liabilities		
Deferred lease obligations	**588**	599
Lease inducements	**904**	1,052
Deferred income taxes (Note 12)	**24,636**	20,264
Long-term restructuring provisions (Note 4)	**193**	312
Value of option granted to non-controlling interest	**7,720**	-
Long-term debt (Note 13)	**228,262**	107,521
Purchase price obligations (Note 4)	**40,250**	56,503
Derivative financial instruments (Note 6 & 13)	**644**	1,491
	359,526	219,035
Equity		
Share capital, contributed surplus, (deficit) retained earnings, and accumulated other comprehensive income (Note 14)	**416,083**	297,739
Non-controlling interest	**8,256**	-
Initial value of option granted to non-controlling interest	**(7,298)**	-
Total non-controlling interest	**958**	-
	417,041	297,739
	776,567	516,774

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

Approved by the Board





Jean-Guy Desjardins, Director

Sylvain Brosseau, Director

Fiera Capital Corporation

Consolidated Statements of Changes in Equity

Periods ended December 31,
(In thousands of Canadian dollars)

	Share Capital	Hold back shares	Contributed surplus	(Deficit) Retained earnings	Accumulated other comprehen-sive income	Total	Related to Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$
As at September 30, 2011	135,587	-	1,703	3,530	17	140,837	-	140,837
Net earnings for the period	-	-	-	3,026	-	3,026	-	3,026
Other comprehensive income	-		-	-	48	48		48
Comprehensive income for the period	-	-	-	3,026	48	3,074	-	3,074
Share-based compensation expense	-	-	1,176	-	-	1,176	-	1,176
Stock options exercised	967	-	(211)	-	-	756	-	756
Shares issued as part of a business combination (Note 4)	170,487	-	-	-	-	170,487	-	170,487
Shares issued as part of the employee share purchase plan	718	-	-	-	-	718	-	718
Gain on dilution	-	-	-	112	-	112	-	112
Dividends	-	-	-	(19,421)	-	(19,421)	-	(19,421)
As at December 31, 2012	307,759	-	2,668	(12,753)	65	297,739	-	297,739
Net earnings for the period	**-**	**-**	**-**	**14,939**	**-**	**14,939**	**(334)**	**14,605**
Other comprehensive income	**-**	**-**	**-**	**-**	**1,851**	**1,851**	**-**	**1,851**
Comprehensive income for the period	**-**	**-**	**-**	**14,939**	**1,851**	**16,790**	**(334)**	**16,456**
Share-based compensation expense (Note 18)	**-**	**-**	**2,128**	**-**	**-**	**2,128**	**-**	**2,128**
Stock options exercised (Note 14)	**1,090**	**-**	**(263)**	**-**	**-**	**827**	**-**	**827**
Shares issued as settlement of the purchase price obligations	**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 (Note 5)	**-**	**-**	**-**	**48**	**-**	**48**	**-**	**48**
Dividends	**-**	**-**	**-**	**(22,590)**	**-**	**(22,590)**	**-**	**(22,590)**
Non-controlling interest (Note 4)	**-**	**-**	**-**	**-**	**-**	**-**	**8,590**	**8,590**
Initial value of option granted to non-controlling interest (Note 4)	**-**	**-**	**-**	**-**	**-**	**-**	**(7,298)**	**(7,298)**
As at December 31, 2013	**421,209**	**8,781**	**4,533**	**(20,356)**	**1,916**	**416,083**	**958**	**417,041**

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

Fiera Capital Corporation

Consolidated Statements of Cash Flows

Periods ended

(In thousands of Canadian dollars)

	December 31, 2013	**December 31, 2012**
	12 months	15 months
	$	$
Operating activities		
Net earnings	**14,605**	3,026
Adjustments for:		
Depreciation of property and equipment	**1,341**	1,136
Amortization of intangible assets	**19,083**	12,609
Amortization of deferred charges	**321**	260
Accretion and change in fair value of purchase price obligations	**637**	1,864
Lease inducements	**(148)**	(185)
Deferred lease obligations	**(11)**	274
Share-based compensation	**2,128**	1,176
Interest on long-term debt and other financial charges	**6,931**	2,921
Change in fair value of financial instruments	**(426)**	1,491
Income taxes expense	**7,389**	2,782
Income taxes paid	**(5,800)**	(4,551)
Share of earnings of joint ventures	**(1,227)**	(201)
Loss on disposal of investments	**98**	6
Deferred revenues	**(448)**	888
Other	**(34)**	(115)
Changes in non-cash operating working capital items (Note 19)	(9,437)	(5,493)
Net cash generated from operating activities	35,002	17,888
Investing activities		
Business combinations (less cash acquired of $11,468 in 2013) (Note 4)	**(150,445)**	(92,393)
Investments	**(1,410)**	(5,500)
Purchase of property and equipment	**(572)**	(2,393)
Purchase of intangible assets (Note 10)	**(48,224)**	(2,336)
Investment in joint ventures (Note 5)	**-**	(5,125)
Proceeds from lease inducements	**-**	531
Advance to a related shareholder, net	**(1,211)**	-
Advance to a joint venture	**342**	(342)
Deferred charges	**(379)**	(73)
Restricted cash and client deposits	**531**	-
Net cash used in from investing activities	**(201,368)**	(107,631)
Financing activities		
Bank loan	**(9,800)**	9,800
Dividends	**(22,590)**	(19,421)
Issuance of share capital, net of issuance costs of $4,201 (nil for 2012)	**101,772**	1,474
Long-term debt, net (Note 13)	**120,579**	108,000
Interest paid on long-term debt	**(6,934)**	(2,838)
Financing charges	**(1,109)**	(562)
Repayment of amount due to shareholder	**-**	(660)
Net cash generated from financing activities	**181,918**	95,793
Net increase in cash	**15,552**	6,050
Effect of exchange rate changes on cash denominated in foreign currencies	**206**	-
Cash – beginning of period	**6,016**	(34)
Cash – end of period	**21,774**	6,016

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

1. Description of business

Fiera Capital Corporation ("Fiera Capital Corporation" 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 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 2012, the Corporation changed its financial year-end from September 30 to December 31. This change was made in order to allow for a better alignment of the Corporation's operations processes and as a result, the amounts presented in the financial statements are not entirely comparable.

The Board of Directors approved the consolidated financial statements for the periods ended December 31, 2013 and 2012 on March 19, 2014.

2. Basis of presentation and adoption of new IFRS

Statement of compliance

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

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2013.

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

IAS 1 (Revised) – Presentation of Financial Statements

In June 2011, the IASB amended IAS 1, *Presentation of Financial Statements*, providing guidance on items contained in other comprehensive income and their classification within other comprehensive income. As a result of adopting the amendments to IAS 1, the Company has grouped items within the consolidated statements of comprehensive income by those that will be reclassified subsequently to net earnings and those that will not be reclassified to net earnings. In addition, the Company has changed the presentation of the consolidated statements of changes in equity. The changes did not result in any impact on profit or loss, comprehensive income or equity.

IFRS 7 (Revised) – Financial Instruments: Disclosures

On December 16, 2011, the IASB issued common disclosure requirements that are intended to help investors and other users to better assess the effects or potential effect of offsetting arrangements on a company's balance sheet. The new requirements are set out in *Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7*). The adoption of this standard had no impact on the consolidated financial statements.

IFRS 10 – Consolidated Financial Statements

In May 2011, the IASB issued IFRS 10, *Consolidated Financial Statements*. IFRS 10 requires an entity to consolidate 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. Under previous IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, *Consolidation-Special Purpose Entities*, and the parts of IAS 27, *Consolidated and Separate Financial Statements* related to the preparation and presentation of consolidated financial statements. The adoption of this standard had no impact on the consolidated financial statements.

IFRS 11 – Joint Arrangements

In May 2011, the IASB released IFRS 11, Joint arrangements, which supersedes IAS 31, *Interests in joint ventures*, and SIC-13, *Jointly controlled entities - non-monetary contributions by venturers*. IFRS 11 focuses on the rights and obligations of a joint arrangement, rather than its legal form as was the case under IAS 31. IFRS 11 classifies joint arrangements into two types: joint ventures and joint operations. Joint ventures are arrangements whereby the parties have rights to the net assets, while joint operations are arrangements whereby the parties have rights to the assets and obligations for the liabilities. The standard eliminates choices in the reporting of joint arrangements by requiring the use of the equity method to account for interests in joint ventures, and by requiring joint operators to recognize assets and liabilities in relation to their interests in the arrangements. IFRS 11 was adopted effective January 1, 2013.

The Company's investments in joint arrangements qualify as joint ventures. However, since these investments were already accounted for using the equity method of accounting, the adoption of this standard had no impact on the Company's consolidated financial statements.

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

IFRS 12 – *Disclosure of Interests in Other Entities*

In May 2011, the IASB released IFRS 12, *Disclosure of interests in other entities*. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The standard requires an entity to disclose information regarding the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 was adopted effective January 1, 2013. See Note 5. The adoption of this standard had no significant impact on the Company's consolidated financial statements.

IFRS 13 – Fair Value Measurement

In May 2011, the IASB released IFRS 13, *Fair value measurement*. IFRS 13 improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS when another IFRS requires or permits the item to be measured at fair value. IFRS 13 was adopted effective January 1, 2013. The adoption of this standard had no significant impact on the Company's consolidated financial statements other than to give rise to additional disclosures, see Note 6 – Fair value of financial instruments.

IAS 19 – Employee Benefits

The amendments to IAS 19 changed the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The adoption of this standard had no impact on the Company's 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. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

The consolidated financial statements include the accounts of Fiera Capital Corporation and its wholly owned subsidiaries, Fiera Sceptre Funds Inc. ("FSFI") 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 Securities, LLC, Bel Air Management 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 Fiera Quantum Holdings Limited Partnership, 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.).

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

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 contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control. The Company owns interests in the following joint ventures: Fiera Axium Infrastructure Inc. (“Fiera Axium”), an entity specialized in infrastructure investment and Fiera Properties Limited (“Fiera Properties”), an entity specialized 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. When the Company’s share of losses in the joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Company does not recognize further losses unless it has incurred a legal or constructive obligation or made payment on behalf of the joint venture.

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

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 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 combination

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

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

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 the 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.

Translation gains or losses 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") and 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

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenues. These revenues are recognized in the period in which the related services or expenses are incurred.

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
Advance to a joint venture	Loans and receivables
Advance to a related shareholder	Loans and receivables
Bank loan	Financial liabilities at amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost
Amount due to related companies	Financial liabilities at amortized cost
Client deposits	Financial liabilities at amortized cost
Value of option granted to non-controlling interest	Fair value through profit or loss
Long-term debt	Financial liabilities at amortized cost
Purchase price obligations	Financial liabilities at amortized cost
Derivative financial instruments	Fair value through profit or loss

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. The instruments held by the Company that are classified in this category are other securities and obligations, classified under investments in the consolidated balance sheet 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 balance sheet 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, advance to a joint venture and advance to a related shareholder. With the exception of the 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.

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.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include bank loan, accounts payable and accrued liabilities, amount due to related companies, client deposits, long-term debt and purchase price obligations. Accounts payable and accrued liabilities, 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 and purchase price obligations 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 during the year 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 balance sheets at fair value using bid prices. 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. 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	Lease term

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 notably 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.

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

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

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

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 (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

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.

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 GGU.

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.

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

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 balance sheet 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.

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.

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

Share-based compensation

The Company grants stock options to certain employees. The Board of Directors 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 over the vesting period. 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 Toronto Stock Exchange ("TSX") for the business day immediately preceding the date of the grant. In 2010, the Board of Directors cancelled the DSU plan; however, all existing rights and privileges were kept intact. All eligible directors are now compensated in cash.

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 of Directors 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. No grants of performance share units ("PSUs") have yet been made under the PSU Plan established in 2012 while grants of PSUs have been made under the PSU Plan established in 2013.

Under the PSU Plan established in 2013, the Company has the option to settle the PSUs in cash or Class A shares of the Company. The vesting of the PSU awarded is subject to satisfying time and performance conditions determined by the Board of Directors when the PSU are awarded. The PSU expense for the PSU Plan established in 2013 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. In light of the intention of the Company to settle these PSUs in shares, these awards are considered equity-settled share-based payment awards.

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

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.

Earnings per share

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

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.

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

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.

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 regularly 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 of Directors 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 now referred to as Fiera Diversified Alpha Fund and Canadian ABCP Fund which also constitutes a CGU since their acquisition on May 1, 2013.

Impairment of goodwill, indefinite-life intangible assets and finite-life intangible 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.

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

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, such as 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.

Income taxes

The calculation of income tax expense requires significant judgment in interpreting tax rules and regulations, which are changing constantly. There are many 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

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted. In November 2013, the IASB further amended IFRS 9 to remove the mandatory effective date. The amendment also provides relief from restating comparative information and required disclosures in IFRS 7, *Financial Instruments: Disclosures*.

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

Key requirements of IFRS 9:

- all recognized financial assets that are within the scope of IAS 39, *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The Company is still evaluating the impact of this standard on its consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27- Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries, but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

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.

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

The amendments to IFRS 10, IFRS 12 and IAS 27 are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The Company does not anticipate that the investment entities amendments will have any effect on the Company's consolidated financial statements as the Company is not an investment entity as defined under IFRS.

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”.

IAS 32 is effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The Company does not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Company's consolidated financial statements as the Company does not have any financial assets and liabilities that qualify for offset.

4. Business combinations

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 includes 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.

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.

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:

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 is attributable to synergies expected as a result of the consolidation of the alternative asset management teams. Goodwill is not deductible for tax purposes. Management of the Company has identified certain intangible assets acquired from GMP, which have been accounted for separately from goodwill. These intangible assets include 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 is part of the Company’s strategy to expand into the U.S. market. The transaction provides the Company with a foothold in California and Texas and increases the growth potential in the U.S. private wealth market.

Under the terms of the agreement, the purchase price for Bel Air includes 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 represents the Company’s best estimate of the working capital adjustment that will be finalized in 2014. An amount of US$14,640 (CA$15,292) of the cash consideration will be held in escrow for a period of three years.

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 acquisition as follows:

	$
Cash	9,629
Other current assets	5,503
Property and equipment	376
Intangible assets	66,112
Goodwill ($60,049 deductible for tax purposes)	60,049
Accounts payable and accrued liabilities	(3,117)
	138,552

Purchase consideration	$
Cash consideration	120,371
Purchase price obligation	9,400
Hold back shares	8,781
	138,552

The goodwill is 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 has identified certain intangible assets acquired from Bel Air, which have been accounted for separately from goodwill. These intangible assets include 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 includes 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).

4. Business combinations (continued)

The transaction was accounted for as business combinations using the acquisition method and the assets and liabilities were recorded at their estimated fair value at the acquisition 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	1,794
	32,638

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

Management of Fiera Capital Corporation has identified certain intangible assets acquired from Wilkinson O'Grady, which have been accounted for separately from goodwill. These intangible assets include 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 would have been as follows:

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

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.

2012

Natcan Investment Management Inc.

On April 2, 2012, Fiera Capital Corporation and National Bank of Canada ("National Bank" or the "Bank") announced the closing of the transaction under which Fiera Capital Corporation acquired substantially all of the assets of Natcan Investment Management Inc. ("Natcan") from the Bank with the following conditions:

The Bank, through Natcan, received 19,732,299 Class A subordinate voting shares of Fiera Capital Corporation with an assigned value of $170,487, a cash payment of $85,553 and future instalments amounting to $74,500 payable over the time after the closing unless certain minimum AUM thresholds are not satisfied by National Bank or its affiliates.

At the transaction date, the share purchase consideration was accounted for using a value of $8.64 per share.

The 19,732,299 Class A Shares over which the Bank exercises control and direction represented approximately 56.11% of the issued and outstanding Class A Shares and 35% of the total number of Class A Shares and Class B Shares in the capital of Fiera Capital Corporation issued and outstanding at the time of the transaction. The Bank also received an option to acquire additional Class A Shares at a market price determined on the day of exercise, equal to 2.5% of total shares outstanding at the end of September in each of 2013 and 2014. If the options are fully exercised, the Bank will own 40% of the outstanding shares of Fiera. The Bank will also be entitled to protect its ownership in Fiera pursuant to anti-dilution rights.

The transaction was accounted for as a business combination using the acquisition method; accordingly the assets and liabilities are recorded at their estimated fair values at the acquisition date as follows.

	$
Current assets	332
Property and equipment	193
Deferred charges	365
Intangible assets	132,302
Goodwill	186,518
Accounts payable and accrued liabilities	(332)
Deferred income taxes	(10,698)
	308,680

Purchase consideration	$
Cash consideration	85,553
Purchase price obligations	52,640
Share capital issued	170,487
	308,680

4. Business combinations (continued)

Goodwill was attributable to the significant synergies expected as result of the acquisition of Natcan. A small portion of the goodwill was tax deductible.

Management of Fiera Capital Corporation had identified certain intangible assets acquired from Natcan, which had been accounted for separately from goodwill. These intangible assets included asset management contracts with the National Bank and its affiliates (which have a seven-year life and a three-year renewal period) valued at $84,800 and customer relationships valued at $47,500.

Canadian Wealth Management Group Inc.

On November 30, 2012, Fiera Capital Corporation acquired 100 % of the shares of Canadian Wealth Management Group Inc. ("CWM") from Société Générale Private Banking, a Calgary-based subsidiary of Société Générale Private Banking. The purchase price included cash of $7,150 paid at closing and a contingent payment of $2,000 payable in December 2013 if a certain level of AUM was reached.

During the second quarter of 2013, the Company completed the purchase price allocation shown below based on management's best estimates. The Company received a reimbursement of $52 from Société Générale Private Banking as part of the purchase price adjustment and accordingly the amount was applied as a reduction of goodwill.

As at the acquisition date, the estimated fair value of the identifiable assets acquired and liabilities was as follows:

	$
Cash	310
Other current assets	1,219
Property and equipment	1,337
Intangible assets	7,452
Goodwill	1,710
Accounts payable and accrued liabilities	(1,318)
Amount due to shareholder	(660)
Deferred income taxes	(952)
	9,098

Purchase consideration	$
Cash consideration	7,098
Purchase price obligation	2,000
	9,098

During the fourth quarter of 2013, the Company reviewed the AUM and concluded that the conditions required to trigger the contingent payment of $2,000 were not met. As such, the purchase price obligation was revalued and the recovery was recorded in the consolidated statement of earnings, under the caption: accretion and change in fair value of purchase price obligations.

The impact of the 2012 acquisitions during the 15-month period ended December 31, 2012, on the management fees, performance fees and the net earnings is as follows:

	$
Base management fees	32,273
Performance fees	2,545
Net loss	(3,173)

4. Business combinations (continued)

If the business combinations would have occurred on October 1, 2011, the Company's consolidated management fees, performance fees and net earnings would have been as follows:

	$
Base management fees	137,135
Performance fees	5,587
Net earnings	23,018

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a 15-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, external managers expense amortization of tangible and intangible assets, interest on long term debt, accretion on purchase price obligation and change in fair value of derivative financial instrument and the elimination of the acquisition costs, restructuring provisions, as well as related tax effects.

Restructuring provisions and other costs

With respect to the current and past business combinations, the Company recorded restructuring provisions related to leases for premises which the Company vacated and costs related to the termination of certain employees in view to integrate the different businesses.

During the year ended December 31, 2013, the Company recorded a restructuring provision of nil ($4,336 for the 15-month period ended December 31, 2012) and integration costs of the business combinations and special bonuses totalling $1,509 for the year ended December 31, 2013 ($3,177 for the 15-month period ended December 31, 2012), for an aggregate amount of $1,509 ($7,513 for the 15-month period ended December 31, 2012).

The change in the restructuring provisions during the periods is as follows:

	Severance	Lease for premises	Total
	$	$	$
Balance, September 30, 2011	530	912	1,442
Addition during the period	4,336	-	4,336
Paid during the period	(2,790)	(912)	(3,702)
Balance, December 31, 2012	**2,076**	**-**	**2,076**
Paid during the year	**(767)**	**-**	**(767)**
Balance, December 31, 2013	**1,309**	**-**	**1,309**

	December 31,2013	December 31, 2012
	$	$
Current portion	**1,116**	1,764
Non-current portion	**193**	312
Total	**1,309**	2,076

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 12- and 15-month periods are as follows:

	December 31, 2013	December 31, 2012
	12 months	15 months
	$	$
Opening balance	**6,879**	1,333
Subscription to capital	**-**	5,125
Share of earnings	**1,227**	201
Gain on dilution	**48**	112
Share of other comprehensive income	**130**	108
Closing balance	**8,284**	6,879

During 2013, the Company's ownership in Fiera Axium changed slightly but remained stable at 35%. A gain on dilution of $48 was recorded to reflect this minor change.

During 2012, the Company increased its share of ownership in Fiera Axium from 35% to 36% resulting from a share buy-back by the joint venture; however, in October 2012 and November 2012, different shareholders of the joint venture exercised options resulting in a decrease of the ownership to 35% and a gain on dilution of $112.

The Company's share of earnings in the joint ventures and their aggregated assets and liabilities are as follows:

	December 31, 2013	December 31, 2012
	$	$
Balance sheet		
Current assets	**2,671**	1,662
Non-current assets	**9,419**	8,664
Current liabilities	**4,192**	2,356
Non-current liabilities	**51**	1,673

	December 31, 2013	December 31, 2012
	12 months	15 months
	$	$
Statement of earnings		
Revenues	**7,478**	4,758
Expenses	**5,990**	4,557
Net earnings	**1,488**	201

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, 2013 and 2012.

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 balance sheets 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.

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, 2013 and 2012, is comprised of mutual fund and pool fund investments under its management with a fair value of $6,096 as at December 31, 2013 and $6,532 as at December 31, 2012. Mutual fund investments comprise a well-diversified portfolio of Canadian investments. 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, 2013, and 2012 has an impact of increasing or decreasing other comprehensive income by $610 and $653 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 credit risk on cash, restricted cash and investments is limited because the counterparties are chartered banks with high-credit ratings assigned by national credit-rating agencies.

6. Financial instruments (continued)

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 balance sheets represent the Company's maximum credit exposure at the consolidated balance sheet dates.

The Company's credit risk is attributable primarily to its trade receivables. The amounts disclosed in the consolidated balance sheets 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. In order to reduce its risk, management has adopted credit policies that include regular review of credit limits. With the exception of National Bank and related companies which represent 22% as at December 31, 2013 (21% as at December 31, 2012), no customer represents 10% of the Company's revenues and accounts receivable as at December 31, 2013 and 2012.

Interest rate risk

The Company is exposed to interest rate risk through its long-term debt and bank loan. The interest rates on the bank loan and long-term debt are variable and expose the Company to cash flow interest rate risk, which is partially offset by cash held at variable rates.

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 are lower than those available if the Company borrowed at fixed rates directly. Under the interest rate swap, the Company agrees with the counterparty to exchange, at specified intervals, the difference between the fixed contract rate and floating-rate interest amounts calculated by reference to the agreed notional amounts.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure relates to cash and long-term debt denominated in US dollars and the operations of its US operations 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 balance sheets as at December 31, 2013 and 2012, include the following amounts expressed in Canadian dollars with respect to financial assets and liabilities for which cash flows are denominated in US dollars:

	2013	2012
	$	$
US dollars		
Cash	**8,481**	160
Restricted cash	**531**	-
Investments	**5,268**	-
Accounts receivable	**10,368**	75
Accounts payable and accrued liabilities	**(4,357)**	-
Purchase obligations	**(9,572)**	-
Long-term debt	**(54,563)**	-

6. Financial instruments (continued)

Based on the US dollar balances outstanding (excluding long-term debt) as at December 31, 2013, a 5% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income (loss) of $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 balance sheets 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.

The Company has the following financial liabilities as at December 31, 2013:

		Contractual cash flow commitments				
	Carrying Amount	Total	2014	2015	2016	Other
	$	$	$	$	$	$
Accounts payable and accrued liabilities	35,000	35,000	35,000	-	-	-
Amount due to related companies	956	956	956	-	-	-
Long-term debt	229,563	229,563	-	10,125	13,500	205,938
Purchase price obligations	58,323	68,184	18,184	8,500	8,500	33,000
	323,842	333,703	54,140	18,625	22,000	238,938

Fair value

Determination of fair value of financial instruments

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

The fair value of cash, restricted cash, accounts receivable, bank loan, accounts payable and accrued liabilities, 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 $5,890 as at December 31, 2013 and $6,580 as at December 31, 2012, while the fair value is $6,096 as at December 31, 2013 and $6,532 as at December 31, 2012. The unrealized gain (loss) of $206 as at December 31, 2013 and ($48) as at December 31, 2012, are reflected in other comprehensive income.

The fair value of long-term debt approximates their carrying amount, value 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 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. This formula uses the present value of the sum of a multiple of the forecasted earnings before income taxes, depreciation, amortization and forecasted performance fees. The actual performance of the subsidiary will affect the value of the option.

6. Financial instruments (continued)

Derivative financial instruments consist primarily of interest rate swap contracts. The Company determines the fair value of its derivative financial instruments using the bid or ask price, as appropriate, in the most advantageous active market to which the Company has immediate access. When there is no active market for a derivative financial instrument, the Company determines the fair value by applying valuation techniques, using available information on market transactions involving other instruments that are substantially the same, discounted cash flows analysis or other techniques, where appropriate. The Company ensures, to the extent practicable, that its valuation technique incorporates all factors that market participants would consider in setting a price and that is consistent with accepted economic methods for pricing financial instruments.

Financial instruments by category:

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.

6. Financial instruments (continued)

As at December 31, 2012

	Loans and receivables	Available for sale	FVTPL[1]	Financial liabilities at amortized cost	Total
	$	$	$	$	$
Assets					
Cash	6,016	-	-	-	6,016
Restricted cash	297	-	-	-	297
Investments	-	6,532	-	-	6,532
Accounts receivable	29,888	-	-	-	29,888
Advance to a joint venture	342	-	-	-	342
Total	36,543	6,532	-	-	43,075
Liabilities					
Bank loan	-	-	-	9,800	9,800
Accounts payable and accrued liabilities	-	-	-	16,501	16,501
Amount due to related companies	-	-	-	2,003	2,003
Client deposits	-	-	-	297	297
Loan-term debt	-	-	-	107,521	107,521
Purchase price obligations	-	-	-	56,503	56,503
Derivative financial instruments	-	-	1,491	-	1,491
Total	-	-	1,491	192,625	194,116

[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 balance sheets 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 periods.

6. Financial instruments (continued)

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

				December 31, 2013
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Mutual fund and pool fund investments under 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

			December 31, 2012
	Level 1	Level 2	Total
	$	$	$
Financial assets			
Mutual fund and Pool fund investments under Company's management	821	5,711	6,532
Total financial assets	821	5,711	6,532
Financial liabilities			
Derivative financial instruments – interest rate swap agreement	-	1,491	1,491
Total financial liabilities	-	1,491	1,491

7. Investments

	December 31, 2013	December 31, 2012
	$	$
Mutual fund and pool fund investments under Company's management	6,096	6,532
Other securities and investments	3,615	-
	9,711	6,532

8. Accounts receivable

	December 31, 2013	December 31, 2012
	$	$
Trade accounts and other	**41,127**	19,776
Trade accounts – related companies of shareholders	**13,894**	9,635
Trade accounts – Joint ventures	**1,051**	477
	56,072	29,888

The aging of accounts receivable were as follows:

	December 31, 2013	December 31, 2012
	$	$
Trade		
Current	**38,180**	18,720
Aged between 61 – 119 days	**1,441**	149
Aged greater than 120 days	**1,087**	120
Total trade	**40,708**	18,989
Related companies (current)	**14,945**	10,112
Other	**419**	787
	56,072	29,888

There is no provision for doubtful accounts.

9. Property and equipment

	Office furniture & equipment	Computer equipment	Leasehold improvements	Total
	$	$	$	$
Period ended December 31, 2012				
Opening net book value	552	701	1,160	2,413
Additions	695	300	1,398	2,393
Business combinations	502	314	714	1,530
Depreciation for the period	(320)	(428)	(388)	(1,136)
Closing net book value	1,429	887	2,884	5,200
As at December 31, 2012[1]				
Cost	3,368	1,870	3,736	8,974
Accumulated depreciation	(1,939)	(983)	(852)	(3,774)
Net book value	1,429	887	2,884	5,200
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 for the year	**(360)**	**(483)**	**(498)**	**(1,341)**
Closing net book value	**1,264**	**1,003**	**3,055**	**5,322**
As at December 31, 2013[1]				
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**

[1] During the year ended December 31, 2013 and 15-month period ended December 31, 2012, the Company disposed of office furniture and equipment which had an accounting cost of nil ($74 for December 31, 2012), and accumulated amortization of nil ($74 for December 31, 2012). Also, the Company disposed of computer equipment which had an accounting cost of nil ($1,798 for December 31, 2012) and an accumulated amortization of nil ($1,798 for December 31 2012). Finally, the Company disposed of leasehold improvements which had an accounting cost of nil ($21 for December 31, 2012) and accumulated amortization of nil ($21 for December 31, 2012).

10. Goodwill and intangible assets

	Goodwill	Indefinite life	Finite life			Total
		Asset management contracts	Asset management contracts	Customer relationships	Other	
	$	$	$	$	$	$
Period ended December 31, 2012						
Opening net book value	90,470	6,170	-	41,622	2,957	50,749
Additions	-	-	-	-	2,336	2,336
Business combinations	188,280	-	84,800	54,905	49	139,754
Amortization for the period	-	-	(6,360)	(4,670)	(1,579)	(12,609)
Closing net book value	278,750	6,170	78,440	91,857	3,763	180,230
As at December 31, 2012[1]						
Cost	278,750	6,170	84,800	100,185	6,711	197,866
Accumulated amortization	-	-	(6,360)	(8,328)	(2,948)	(17,636)
Net book value	278,750	6,170	78,440	91,857	3,763	180,230
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**
As at 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**

[1] During the year ended December 31, 2013, and the 15-month period ended December 31, 2012, the Company disposed of software which had an accounting cost of nil ($695 for December 31, 2012) and accumulated amortization of nil ($ 695 for December 31, 2012).

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 assets acquisition by extending its long-term debt.

Impairment tests of goodwill

In assessing goodwill for impairment as at December 31, 2013 and 2012, the Company compared the aggregate recoverable amount of the CGU's to their carrying amounts. The CGUs were determined to be the entity as a whole as at December 31, 2012 and two CGUs as at December 31, 2013 (Fiera Quantum L.P and the remainder of the business). 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:

	2013	2012
	%	%
Budgeted gross margin	**38%**	40%
Weighted average growth rate	**5.5%**	5.1%
Discount rate	**11%**	11%

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

As at December 31, 2013, the Company also tested the recoverability of the assets of Fiera Quantum L.P. as a separate CGU using five-year cash flow forecasts 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:

	2013
	%
Budgeted gross margin	**30%**
Weighted average growth rate	**6%**
Discount rate	**16%**

10. Goodwill and intangible assets (continued)

Impairment tests of indefinite-life intangible assets

In assessing indefinite-life intangible assets for impairment as at December 31, 2013 and 2012, the Company compared the aggregate recoverable amount of the assets to their respective carrying amounts. The recoverable amount has been determined based on the value 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. Key assumptions included the following:

	2013	2012
	%	%
Budgeted gross margin	**38%**	40%
Weighted average growth rate	**2.5%**	2.5%
Discount rate	**11%**	11%

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 five-year 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.

11. Accounts payable and accrued liabilities

	December 31, 2013	December 31, 2012
	$	$
Trade accounts payable and accrued liabilities	**14,932**	6,124
Wages, vacation and severance payable	**1,564**	447
Bonuses and commissions payable	**17,544**	9,033
Taxes	**960**	897
	35,000	16,501

12. Income taxes

Income tax expense details as follows:

	December 31, 2013	December 31, 2012
	12 months	15 months
	$	$
Current income taxes	**10,017**	5,561
Deferred income taxes (recovery)	**(2,628)**	(2,779)
	7,389	2,782

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:

	December 31, 2013	December 31, 2012
	12 months	15 months
	$	$
Earnings before income taxes	**21,994**	5,808
Combined federal and provincial statutory tax rates	**26.7%**	27.3%
Income tax expense based on combined statutory income tax rate	**5,872**	1,586
Share-based compensation	**568**	314
Non-deductible acquisition costs	**1,266**	586
Effect of investment in foreign subsidiaries	**(345)**	-
Effect of foreign tax rate	**32**	-
Prior years' tax adjustments	**414**	-
Other non-deductible (non-taxable) amounts	**(418)**	100
Adjustment of deferred income tax assets and liabilities due to changes to substantively enacted income tax rate	**-**	196
	7,389	2,782

12. Income taxes (continued)

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

	Lease & Inducements	Restructuring provisions	Carry forward losses	Other	Total
	$	$	$	$	$
September 30, 2011	271	304	-	93	668
Charged to earnings	169	(194)	-	482	457
Business combinations	-	-	1,173	-	1,173
December 31, 2012	440	110	1,173	575	2,298
Charged to earnings	**(42)**	**239**	**(792)**	**(66)**	**(661)**
Charged to equity	**-**	**-**	**-**	**1,121**	**1,121**
December 31, 2013	**398**	**349**	**381**	**1,630**	**2,758**

	Total (from above)	Intangible assets	Property & equipment	Total
	$	$	$	**$**
September 30, 2011	668	(10,622)	(75)	(10,029)
Charged to earnings	457	2,460	(138)	2,779
Business combinations	1,173	(12,660)	(163)	(11,650)
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)**
December 31, 2013	**2,758**	**(25,822)**	**(223)**	**(23,287)**

Financial statement presentation as at:

	December 31,2013	December 31, 2012
	$	$
Non-current deferred income tax assets	**1,349**	1,364
Non-current deferred income tax liabilities	**(24,636)**	(20,264)
Total	**(23,287)**	(18,900)

13. Long-term debt

	December 31, 2013	December 31, 2012
	$	$
Term facility	**175,000**	108,000
Revolving facility ($51,300 US dollars)	**54,563**	-
Deferred financing charges	**(1,301)**	(479)
	228,262	107,521

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, 2013), matures on April 3, 2017, and is repayable in quarterly instalments of $3,375 starting in June 2015 up to April 2017. The revolving facility can 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.

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, 2013, all debt covenant requirements and exemptions have been respected.

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).

The principal repayments required over the next three years as at December 31, 2013, are as follows:

Years	
	$
2015	10,125
2016	13,500
2017	205,938
	229,563

14. Share capital and accumulated other comprehensive income

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

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

The holders of outstanding Class A Shares and Class B Shares are entitled to receive dividends out of assets legally available at such times and in such amounts and form as the Board of Directors 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 of Directors while holders of Class B Shares are entitled to elect two-thirds of the members of the Board of Directors 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

	Class A subordinate voting shares		Class B special voting shares		Total	
	Number	$	Number	$	Number	$
As at September 30, 2011	15,367,666	101,839	21,207,964	33,748	36,575,630	135,587
Stock options exercised	181,401	967	-	-	181,401	967
Shares issued as part of a business combination (Note 4)	19,732,299	170,487	-	-	19,732,299	170,487
Shares issued for cash [1]	86,748	718	-	-	86,748	718
As at 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 for the 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**
As at December 31, 2013	**46,639,057**	**388,113**	**20,798,008**	**33,096**	**67,437,065**	**421,209**

[1] During the month of June 2012, as part of the Employee Share Purchase Plan, the Company issued 86,748 Class A subordinate voting shares for an amount of $718 in cash.

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

Shares issued in 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.

As part of the Bel Air transaction, the Company committed to issue over a 32-month period following closing, Class A Shares worth US$9,760. This commitment was considered an equity component and was recorded at a discounted value of US$8,419 (CA$8,781) under the caption: Hold back shares.

Dividends

During the year ended December 31, 2013, the Company paid $22,590 of dividends on Class A and Class B Shares ($0.38 per share) and $19,421 for the 15-month period ended December 31, 2012 ($0.40 per share).

Components of accumulated other comprehensive income includes:

	$
As at September 30, 2011	17
Unrealized loss on available-for-sale financial assets	(60)
Share of other comprehensive income of joint venture	108
As at December 31, 2012	65
Unrealized gain on available-for-sale financial assets and reclassification of loss on disposal of investments	**249**
Share of other comprehensive income of joint venture	**130**
Unrealized exchange differences on translating financial statements of foreign operations	**1,472**
As at December 31, 2013	**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:

	December 31, 2013	December 31, 2012
	12 months	15 months
	$	$
Net earnings available to shareholders for the periods	**14,939**	3,026
Weighted average shares outstanding – basic	**58,576,797**	48,562,458
Effect of dilutive share-based awards	**872,215**	387,944
Weighted average shares outstanding – diluted	**59,449,012**	48,950,402
Basic earnings per share	**0.26**	0.06
Diluted earnings per share	**0.25**	0.06

15. Earnings per share (continued)

For the year ended December 31, 2013, and the 15-month period ended December 31, 2012, the calculation of hypothetical conversions does not include 448,000 options (1,566,750 in 2012) with an anti-dilutive effect.

16. Share-based payment

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 of Directors 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 year ended December 31, 2013, and the 15-month period ended December 31, 2012, in the Company stock option plans is presented below:

	December 31, 2013		December 31, 2012	
	Number of Class A Share options	**Weighted-average exercise price**	Number of Class A Share options	Weighted-average exercise price
		$		$
Outstanding – beginning of period	**2,290,393**	**6.92**	1,630,072	5.93
Granted	**823,000**	**10.77**	986,939	8.22
Exercised	**(170,871)**	**4.84**	(181,401)	4.16
Forfeited	**-**	**-**	(145,217)	8.13
Outstanding – end of period	**2,942,522**	**8.12**	2,290,393	6.92
Options exercisable – end of period	**999,690**	**6.48**	707,172	5.88

The following table presents the weighted average assumptions used during the year ended December 31, 2013 and the 15-month period ended December 31, 2012, to determine the share-based compensation expense using the Black-Scholes option-pricing-model:

	December 31, 2013	December 31, 2012
Dividend yield (%)	**2.93 to 4.22**	3.79 to 4.23
Risk-free interest rate (%)	**1.70 to 2.20**	1.58 to 1.91
Expected life (years)	**7.5**	7.5
Expected volatility of the share price (%)	**43.8 to 44.5**	46 to 47
Weighted-average fair values ($)	**3.59**	2.69
Share-based compensation expense ($)	**1,372**	1,176

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.

16. Share-based payment (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	518,329	6	3.67	368,287	3.67
5.41 to 6.37	52,500	1	5.74	52,500	5.74
6.38 to 8.50	1,923,693	8	8.11	578,903	8.33
13.58	448,000	10	13.58	-	-

b) Deferred share unit plan

In 2007, the Board of Directors of the Company 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 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 of Directors cancelled the DSU plan; however, all existing rights and privileges were kept intact. All directors are now compensated in cash.

As at December 31, 2013, management had provided an amount of approximately $186 for the 13,214 units ($238 for 31,933 units as at December 31, 2012), outstanding under the DSU Plan.

c) Employee share purchase plan

On October 6, 2011, the Board of Directors 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 of Directors 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.

16. Share-based payment (continued)

d) Restricted share unit plan

On December 11, 2012, the Board of Directors 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 of Directors 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.

As at December 31, 2013, management had provided an amount of approximately $591 for the 367,548 units ($24 for 125,646 units as at December 31, 2012), outstanding under the RSU Plan.

e) Performance share unit plan

On October 30, 2013, the Board of Directors 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 PSU in cash or Class A Shares 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.

During the fourth quarter of 2013, the Company issued PSU to employees of Bel Air and Wilkinson O'Grady that became employees of the Company as at October 31, 2013. The PSU will vest in tranches equivalent to 20% of the total grant in each of the next five years. The annual vesting of the PSU is subject to different conditions, including the attainment of an agreed upon annualized revenue growth objective and the continuance of employment of the participant with the Company. The value of each PSU granted is derived from the value of the Fiera Private Wealth North America business unit, which was created in the first quarter of 2014. In total, the Company granted 1,389,071 PSU which corresponds to a total incentive of $16,700. An expense of $756 was recorded in 2013 for this grant. 43,750 PSU were forfeited between the grant date and December 31, 2013.

17. Post-employment benefit obligations

The Company contributes to defined contribution plans for its employees. Contributions for the year ended December 31, 2013, amount to $1,559 ($1,252 for the 15-month period ended December 31, 2012).

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.

As at January 1, 2013 no IPP's for former executive employees had an ongoing funding deficit. The funding requirement, if any, will be confirmed at the termination date of the plans.

18. Expenses by nature

Selling, general and administration expense details as follows:

	December 31, 2013	December 31, 2012
	12 months	15 months
	$	$
Wages and employee benefits	**68,408**	53,976
Travelling and marketing	**4,460**	4,046
Reference fees	**4,772**	3,343
Rent	**3,706**	3,151
Technical Services	**3,747**	3,103
Professional fees	**4,971**	2,472
Other	**4,293**	4,145
	94,357	74,236

Wages and employee benefit details as follows:

	December 31, 2013	December 31, 2012
	12 months	15 months
	$	$
Salaries and wages	**60,700**	48,937
Pension costs	**1,559**	1,252
Share-based compensation	**2,128**	1,176
Other	**4,021**	2,611
	68,408	53,976

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

Salaries and other short-term benefits	**6,915**	4,368
Share-based payments	**510**	427

19. Additional information relating to consolidated statements of cash flows

	December 31, 2013	December 31, 2012
	12 months	15 months
	$	$
Changes in non-cash operating working capital items		
Accounts receivable	**(16,739)**	(12,678)
Prepaid expenses	**(486)**	265
Accounts payable and accrued liabilities	**9,602**	4,972
Amount due to related companies	**(1,047)**	1,854
Restructuring provisions	**(767)**	94
	(9,437)	(5,493)

20. Commitments

The Company leases office space and equipment under non-cancellable operating leases expiring at different dates until 2021. Future lease payments total $19,455 and include the following payments for each of the next five years as at December 31, 2013, and thereafter:

	$
2014	6,185
2015	5,559
2016	2,468
2017	2,224
2018	1,156
Thereafter	1,863

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, 2013, all regulatory requirements and exemptions were respected.

22. Related party transactions

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

	December 31, 2013	**December 31, 2012**
	12 months	15 months
	$	$
Base management fees	**39,132**	30,653
Performance fees	**6,114**	2,238
Selling, general & administrative expense		
Salaries and employee benefits	**-**	1,015
Reference fees	**1,503**	971
Other	**-**	482
Interest on long-term debt	**6,934**	2,863
Changes in fair value of financial instruments	**(847)**	1,491
Integration cost	**183**	1,031
Shares issued as settlement of the purchase price obligations	**8,500**	-

22. Related party transactions (continued)

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. Bank loan, long-term debt and derivative financial instruments are amounts due to shareholders and their related companies as at December 31, 2013.

The Company has carried out the following transactions with joint ventures: other revenue of $871 as at December 31, 2013 ($151 as at December 31, 2012), reimbursement of salaries of nil as at December 31, 2013 ($30 as at December 31, 2012) and reimbursement of other expense of nil as at December 31, 2013 ($92 as at December 31, 2012).

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.

Geographical information

	Revenues	Non-current assets
	For the year ended December 31, 2013	As at December 31, 2013
	$	$
Canada	145,985	524,067
United States of America	7,742	159,134

Revenues are attributed to countries on the basis of the customer's location. Non-current assets exclude deferred income taxes. The Company had no operations in the United States of America before 2013.

24. Subsequent event

On March 19, 2014, the Board of Directors declared a quarterly dividend of $0.11 per share to shareholders of record as at April 1, 2014 and payable on April 29, 2014.

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