# Fiera Capital Corporation
## Interim Condensed Consolidated Financial Statements

For the Three and Six-Month Periods ended June 30, 2021 and 2020 (Unaudited)

FIERA CAPITAL

# Fiera Capital Corporation

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# Fiera Capital Corporation

## Interim Condensed Consolidated Statements of Earnings (Loss)

**For the three and six-month periods ended June 30,**
***(In thousands of Canadian, dollars, except per share data)***
**(Unaudited)**

| | Three-month periods | | Six-month periods | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **$** | $ | **$** | $ |
| **Revenues** | | | | |
| Base management fees | **151,759** | 155,902 | **308,227** | 310,726 |
| Performance fees | **5,373** | 1,991 | **6,805** | 5,242 |
| Share of earnings in joint ventures and associates | **425** | 2,216 | **987** | 1,967 |
| Other revenues | **9,848** | 6,756 | **16,997** | 10,587 |
| | **167,405** | 166,865 | **333,016** | 328,522 |
| **Expenses** | | | | |
| Selling, general and administrative expenses | **119,888** | 122,471 | **241,288** | 240,799 |
| Amortization and depreciation | **16,489** | 20,848 | **37,891** | 41,169 |
| Restructuring, acquisition related and other costs (Note 5) | **6,008** | 25,239 | **12,204** | 28,654 |
| | **142,385** | 168,558 | **291,383** | 310,622 |
| Earnings (loss) before under-noted items | **25,020** | (1,693) | **41,633** | 17,900 |
| Gain on investments, net | **(1,447)** | (966) | **(1,790)** | (832) |
| Interest on long-term debt, lease liabilities and other financial charges | **6,237** | 9,281 | **14,563** | 26,555 |
| Accretion and change in fair value of purchase price obligations and other (Note 7) | **595** | 6,404 | **1,619** | (6,057) |
| Loss (gain) on sale of a business and impairment of assets held for sale (Note 4) | **733** | 675 | **(15,927)** | 675 |
| Other losses (gains) | **117** | (37) | **208** | (1,037) |
| Earnings (loss) before income taxes | **18,785** | (17,050) | **42,960** | (1,404) |
| Income tax expense (recovery) | **4,988** | (2,736) | **6,140** | 888 |
| **Net earnings (loss)** | **13,797** | (14,314) | **36,820** | (2,292) |
| **Net earnings (loss) attributable to:** | | | | |
| Company's shareholders | **13,310** | (14,703) | **35,544** | (7,122) |
| Non-controlling interest | **487** | 389 | **1,276** | 4,830 |
| | **13,797** | (14,314) | **36,820** | (2,292) |
| Net earnings (loss) per share (Note 11) | | | | |
| Basic | **0.13** | (0.14) | **0.34** | (0.07) |
| Diluted | **0.12** | (0.14) | **0.32** | (0.07) |

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

# Fiera Capital Corporation

## Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

**For the three and six-month periods ended June 30,**
***(In thousands of Canadian, dollars)***
**(Unaudited)**

| | Three-month periods | | Six-month periods | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **$** | $ | **$** | $ |
| Net earnings (loss) | **13,797** | (14,314) | **36,820** | (2,292) |
| Other comprehensive income (loss): | | | | |
| Items that may be reclassified subsequently to earnings (loss): | | | | |
| Cash flow hedges (Note 7) | **681** | 1,402 | **1,418** | (4,234) |
| Unrealized exchange differences on translating financial statements of foreign operations | **(4,300)** | (17,036) | **(38,162)** | 13,342 |
| Other | **—** | — | **—** | 61 |
| Other comprehensive income (loss) | **(3,619)** | (15,634) | **(36,744)** | 9,169 |
| **Comprehensive income (loss)** | **10,178** | (29,948) | **76** | 6,877 |
| **Comprehensive income (loss) attributable to:** | | | | |
| Company's shareholders | **9,691** | (30,337) | **(1,200)** | 2,047 |
| Non-controlling interest | **487** | 389 | **1,276** | 4,830 |
| | **10,178** | (29,948) | **76** | 6,877 |

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

# Fiera Capital Corporation

## Interim Condensed Consolidated Statements of Financial Position

***(in thousands of Canadian dollars)***

**(Unaudited)**

| | **As at June 30, 2021** | As at December 31, 2020 |
|---|---|---|
| | $ | $ |
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | **42,739** | 68,858 |
| Restricted cash and cash equivalents | **9,484** | 10,547 |
| Trade and other receivables | **150,393** | 146,012 |
| Investments | **16,901** | 3,512 |
| Prepaid expenses and other assets (Note 7) | **19,610** | 17,307 |
| Assets held for sale | **4,334** | 67,930 |
| | **243,461** | 314,166 |
| Non-current assets | | |
| Goodwill (Note 6) | **638,371** | 645,411 |
| Intangible assets (Note 6) | **309,154** | 338,654 |
| Property and equipment | **27,902** | 26,760 |
| Right-of-use assets | **81,370** | 90,612 |
| Deferred income taxes | **33,651** | 34,121 |
| Long-term investments | **7,156** | 7,521 |
| Investments in joint ventures and associates | **8,236** | 8,817 |
| Other non-current assets (Note 7) | **40,061** | 42,271 |
| | **1,389,362** | 1,508,333 |
| **Liabilities** | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | **142,315** | 159,570 |
| Current portion of purchase price obligations and puttable financial instrument liability (Note 7) | **17,849** | 11,870 |
| Current portion of lease liabilities | **13,601** | 15,642 |
| Restructuring provisions (Note 5) | **2,649** | 10,589 |
| Derivative financial instruments (Note 7) | **7,662** | 1,064 |
| Amounts due to related parties | **3,141** | 2,558 |
| Client deposits and deferred revenues | **5,237** | 3,272 |
| Liabilities held for sale | **—** | 17,776 |
| | **192,454** | 222,341 |
| Non-current liabilities | | |
| Long-term debt (Note 8) | **433,728** | 444,992 |
| Convertible debt (Note 9) | **189,491** | 188,279 |
| Lease liabilities | **96,070** | 102,518 |
| Derivative financial instruments (Note 7) | **—** | 11,508 |
| Purchase price obligations and puttable financial instrument liability (Note 7) | **32,326** | 48,949 |
| Cash-settled share-based liabilities | **10,274** | 5,074 |
| Deferred income taxes | **10,014** | 10,144 |
| Other non-current liabilities (Note 7) | **5,252** | 4,052 |
| | **969,609** | 1,037,857 |
| **Equity attributable to:** | | |
| Company's shareholders | **418,669** | 467,975 |
| Non-controlling interest | **1,084** | 2,501 |
| | **419,753** | 470,476 |
| | **1,389,362** | 1,508,333 |

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

# Fiera Capital Corporation

## Interim Condensed Consolidated Statements of Changes in Equity

**For the six-month periods ended June 30,**

***(In thousands of Canadian dollars)***

**(Unaudited)**

| | Notes | Share Capital | Contributed surplus | Convertible debentures equity component | Retained earnings (deficit) | Accumulated other comprehensive income (loss) | Equity attributable to Company's shareholders | Non-Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ | $ | $ | $ |
| **Balance, December 31, 2020** | | **829,588** | **31,334** | **3,339** | **(398,722)** | **2,436** | **467,975** | **2,501** | **470,476** |
| **Net earnings (loss)** | | **—** | **—** | **—** | **35,544** | **—** | **35,544** | **1,276** | **36,820** |
| **Other comprehensive income (loss)** | | **—** | **—** | **—** | **—** | **(36,744)** | **(36,744)** | **—** | **(36,744)** |
| **Comprehensive income (loss)** | | **—** | **—** | **—** | **35,544** | **(36,744)** | **(1,200)** | **1,276** | **76** |
| **Share-based compensation expense** | **12** | **—** | **2,310** | **—** | **—** | **—** | **2,310** | **—** | **2,310** |
| **Deferred tax on share-based compensation expense** | | **—** | **231** | **—** | **—** | **—** | **231** | **—** | **231** |
| **Performance and restricted share units settled** | **10** | **4,235** | **(4,235)** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Stock options exercised** | **10** | **49** | **(12)** | **—** | **—** | **—** | **37** | **—** | **37** |
| **Dividends** | **10** | **—** | **—** | **—** | **(43,551)** | **—** | **(43,551)** | **(1,400)** | **(44,951)** |
| **Non-controlling interest capital reduction** | | **—** | **—** | **—** | **—** | **—** | **—** | **(1,293)** | **(1,293)** |
| **Share repurchase and cancellation** | **10** | **(5,878)** | **(1,255)** | **—** | **—** | **—** | **(7,133)** | **—** | **(7,133)** |
| **Balance, June 30, 2021** | | **827,994** | **28,373** | **3,339** | **(406,729)** | **(34,308)** | **418,669** | **1,084** | **419,753** |
| Balance, December 31, 2019 | | 810,509 | 21,943 | 3,339 | (308,779) | 15,799 | 542,811 | 1,025 | 543,836 |
| Net earnings (loss) | | — | — | — | (7,122) | — | (7,122) | 4,830 | (2,292) |
| Other comprehensive income (loss) | | — | — | — | — | 9,169 | 9,169 | — | 9,169 |
| Comprehensive income (loss) | | — | — | — | (7,122) | 9,169 | 2,047 | 4,830 | 6,877 |
| Share-based compensation expense | 12 | — | 6,196 | — | — | — | 6,196 | — | 6,196 |
| Deferred tax on share-based compensation expense | | — | 4,721 | — | — | — | 4,721 | — | 4,721 |
| Shares issued as settlement of purchase price obligations | 10 | 11,741 | — | — | — | — | 11,741 | — | 11,741 |
| Performance and restricted share units settled | 10 | 3,659 | (3,376) | — | — | — | 283 | — | 283 |
| Stock options exercised | 10 | 384 | (88) | — | — | — | 296 | — | 296 |
| Dividends | 10 | — | — | — | (42,969) | — | (42,969) | (3,974) | (46,943) |
| Common shares issued under DRIP | 10 | 1,234 | — | — | — | — | 1,234 | — | 1,234 |
| Balance, June 30, 2020 | | 827,527 | 29,396 | 3,339 | (358,870) | 24,968 | 526,360 | 1,881 | 528,241 |

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

# Fiera Capital Corporation

## Interim Condensed Consolidated Statements of Cash Flows

**For the three and six-month periods ended June 30,**
***(In thousands of Canadian dollars)***
**(Unaudited)**

| | Three-month periods | | Six-month periods | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **$** | $ | **$** | $ |
| **Operating activities** | | | | |
| Net earnings (loss) | **13,797** | (14,314) | **36,820** | (2,292) |
| Adjustments for: | | | | |
| Amortization and depreciation | **16,489** | 20,848 | **37,891** | 41,169 |
| Loss (gain) on sale of a business and impairment of assets held for sale (Note 4) | **733** | — | **(15,927)** | — |
| Other losses (gains) | **121** | 599 | **208** | 808 |
| Accretion and change in fair value of purchase price obligations and other | **595** | 6,404 | **1,619** | (6,057) |
| Share-based compensation | **5,179** | 7,500 | **8,468** | 7,621 |
| Interest on long-term debt, lease liabilities, and other financial charges | **6,237** | 9,281 | **14,563** | 26,555 |
| Income tax expense (recovery) | **4,988** | (2,736) | **6,140** | 888 |
| Change in derivative financial instruments | **42** | (3,095) | **358** | 906 |
| Gain on investments, net | **(1,453)** | (892) | **(1,796)** | (771) |
| Share of earnings in joint ventures and associates | **(425)** | (2,216) | **(987)** | (1,967) |
| Other non-current liabilities | **341** | 1,654 | **(16)** | 1,177 |
| | **46,644** | 23,033 | **87,341** | 68,037 |
| Changes in non-cash operating working capital items (Note 13) | **14,808** | 29,394 | **(50,241)** | (42,535) |
| **Net cash generated by operating activities** | **61,452** | 52,427 | **37,100** | 25,502 |
| **Investing activities** | | | | |
| Proceeds on disposition (Note 4) | **—** | 19,000 | **51,807** | 19,000 |
| Settlement of purchase price adjustments and obligations | **(3,551)** | (8,199) | **(11,632)** | (19,908) |
| Proceeds on promissory note | **1,152** | — | **2,275** | — |
| Investments in joint ventures and associates | **(626)** | (1,068) | **(1,074)** | (2,752) |
| Distributions received from joint ventures and associates | **404** | 5,477 | **2,504** | 6,028 |
| Purchase of intangible assets, property and equipment, net | **(4,677)** | (2,530) | **(12,341)** | (4,404) |
| Investments, net | **(11,672)** | 38 | **(11,341)** | 38 |
| Restricted cash and cash equivalents | **14,103** | (1,558) | **862** | (300) |
| **Net cash generated by (used in) investing activities** | **(4,867)** | 11,160 | **21,060** | (2,298) |
| **Financing activities** | | | | |
| Settlement of share-based compensation | **—** | — | **—** | (16,396) |
| Dividends to the Company's shareholders (Note 10) | **(43,551)** | (41,732) | **(43,551)** | (41,732) |
| Dividends and other distributions to Non-controlling interest | **(626)** | — | **(2,693)** | (3,962) |
| Lease payments | **(4,698)** | (4,681) | **(9,177)** | (9,637) |
| Lease inducements | **—** | — | **1,279** | 500 |
| Issuance of share capital net of issuance costs of nil (2020 - $16) | **—** | 280 | **37** | 280 |
| Share repurchase and cancellation | **—** | — | **(7,133)** | — |
| Long-term debt, net (Note 7 and 8) | **(4,265)** | (17,519) | **(7,570)** | 21,902 |
| Interest paid on long-term debt and convertible debt | **(6,705)** | (7,411) | **(14,474)** | (15,811) |
| **Net cash used in financing activities** | **(59,845)** | (71,063) | **(83,282)** | (64,856) |
| Net decrease in cash and cash equivalents | **(3,260)** | (7,476) | **(25,122)** | (41,652) |
| Effect of exchange rate changes on cash denominated in foreign currencies | **(241)** | (1,448) | **(997)** | 1,741 |
| Cash and cash equivalents – beginning of periods | **46,240** | 65,232 | **68,858** | 96,219 |
| Cash and cash equivalents – end of periods | **42,739** | 56,308 | **42,739** | 56,308 |

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

## 1. Description of Business

Fiera Capital Corporation ("Fiera Capital" or the "Company") was incorporated as Fry & Company (Investment Management) Limited in 1955 and is incorporated under the laws of the Province of Ontario. The Company is a global asset management firm which delivers customized and multi-asset solutions across public and private market asset classes to institutional, financial intermediary and private wealth clients across North America, Europe and key markets in Asia.

The Company's head office is located at 1981 McGill College Avenue, Suite 1500, Montreal, Quebec, Canada. The Company's Class A subordinate voting shares ("Class A Shares") are listed on the Toronto Stock Exchange ("TSX") under the symbol "FSZ".

The Company's Board of Directors (the "Board") approved the interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2021 and 2020 on August 11, 2021.

## 2. Basis of presentation

**Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*, as issued by the International Accounting Standard Board ("IASB") and accordingly, do not include all disclosures required under International Financial Reporting Standards ("IFRS") for annual consolidated financial statements. The accounting policies and methods of computation applied in these interim condensed consolidated financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2020, except for the impact of the adoption of the standards, interpretations and amendments described in Note 3.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2020 and December 31, 2019.

The Company has prepared and presented these interim condensed consolidated financial statements in Canadian dollars.

## 3. Adoption of new IFRS and changes in accounting policies

**Revised IFRS, interpretations and amendments**

Revised standards are effective for annual periods beginning on January 1, 2021. Their adoption did not have a significant impact on the amounts reported or disclosures made in these financial statements.

**New standards and interpretations not yet adopted**

At the date of approval of these interim condensed consolidated financial statements, new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and interpretations not adopted in the current period have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

## 4. Business disposition, assets held for sale and other transactions

*Sale of Bel Air Investment Advisors ("Bel Air")*

On February 28, 2021, the Company completed the sale of all its equity interest in Bel Air. As a result, the Company recorded a gain of $19,552 net of change of control expenses of $5,467 and transaction costs. The gain on sale included the foreign currency translation gain of $30,219 that was previously recorded in accumulated other comprehensive income which was reclassified to earnings on disposition of the foreign operation.

*Fiera Capital Emerging Markets Fund*

On March 2, 2021, the Company announced that Fiera Capital Inc. ("FCI"), its wholly-owned subsidiary, entered into an agreement in principle to sell its Fiera Capital Emerging Markets Fund (the "Fund") to Sunbridge Capital Partners LLC ("Sunbridge"). On March 30, 2021, FCI and Sunbridge signed the purchase agreement whereby the completion of the reorganization remains a condition for the closing of the transaction. As a result of this agreement, the Company recorded an accelerated amortization of $3,395 (US$2,700), and subsequently presented the intangible asset management contract as an asset “held for sale” as at March 31, 2021. Assets held for sale must be revalued at the lower of its carrying amount and its fair value less cost to sell and accordingly, an impairment charge of $3,625 (US$2,900) was recorded. Subsequent to June 30, 2021, the transaction closed on July 9, 2021.

*Acquisition of Additional Global Equity Team*

On March 8, 2021, the Company announced the acquisition of an additional Global Equity team from AMP Capital. As part of the transaction, the Company acquired the team along with the related assets under management ("AUM") and as a result recorded an intangible asset of $6,779 (US$5,394). The Company has also invested seed capital related to the team's funds of $8,251 (US$6,663).

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 5. Restructuring, acquisition related and other costs

During the three and six-month periods ended June 30, 2021, the Company recorded the following:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **$** | $ | **$** | $ |
| Restructuring costs related to severance | **2,149** | 22,153 | **5,511** | 23,235 |
| Other restructuring costs | **2,599** | — | **5,261** | 656 |
| Acquisition related and other costs | **1,260** | 3,086 | **1,432** | 4,763 |
| | **6,008** | 25,239 | **12,204** | 28,654 |

Restructuring charges are mainly composed of severance costs due to corporate reorganizations following business combinations, dispositions and other transactions.

Acquisition related and other costs are mainly composed of professional fees, relocation and lease related costs and other expenses incurred as a result of the integration of businesses acquired in prior periods.

The change in the restructuring provision for severance-related expenses during the six-month period ended June 30, 2021 is as follows:

| | Severance |
|---|---|
| | **$** |
| Balance, December 31, 2020 | **10,589** |
| Additions during the period | **5,511** |
| Paid during the period | **(13,199)** |
| Foreign exchange difference | **(252)** |
| **Balance, June 30, 2021** | **2,649** |

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 6. Goodwill and intangible assets

| | | Indefinite life | Finite-life | | | |
|---|---|---|---|---|---|---|
| | Goodwill | Asset management contracts | Asset management contracts | Customer relationships | Other | Total |
| | $ | $ | $ | $ | $ | $ |
| **For the six-month period ended June 30, 2021** | | | | | | |
| Opening carrying amount | **645,411** | **12,508** | **55,683** | **260,452** | **10,011** | **338,654** |
| Additions | — | — | — | **6,739** | **40** | **6,779** |
| Additions – internally developed | — | — | — | — | **1,801** | **1,801** |
| Reclassification to assets held for sale (Note 4) | **(1,995)** | **(7,293)** | — | — | — | **(7,293)** |
| Disposition | — | — | — | — | **(52)** | **(52)** |
| Amortization for the year | — | **(3,395)** | **(9,382)** | **(11,669)** | **(2,652)** | **(27,098)** |
| Foreign exchange difference | **(5,045)** | **(151)** | **(626)** | **(2,729)** | **(131)** | **(3,637)** |
| Closing carrying amount | **638,371** | **1,669** | **45,675** | **252,793** | **9,017** | **309,154** |
| | | | | | | |
| **Balance, June 30, 2021** | | | | | | |
| Cost | **633,323** | **1,695** | **153,593** | **406,815** | **40,818** | **602,921** |
| Accumulated amortization and impairment | **(1,918)** | — | **(106,863)** | **(148,917)** | **(31,243)** | **(287,023)** |
| Foreign exchange difference | **6,966** | **(26)** | **(1,055)** | **(5,105)** | **(558)** | **(6,744)** |
| Closing carrying amount | **638,371** | **1,669** | **45,675** | **252,793** | **9,017** | **309,154** |

In relation to the Fiera Capital Emerging Markets Fund transaction (Note 4), the related indefinite life asset management contract could no longer be considered to have an indefinite useful life with no foreseeable limit to the period over which the asset was expected to generate cash inflows. As a result, $10,688 of indefinite life asset management contracts was amortized due to a revised estimate of its remaining useful life. $3,395 was amortized during the three-month period ended March 31, 2021 and the remaining balance of $7,293 as at March 31, 2021 was reclassified to assets held for sale.

## 7. Financial instruments

*Convertible and hybrid debentures*

The convertible and hybrid debentures are recorded at an amortized cost of $82,741 and $106,750, respectively, as at June 30, 2021 ($81,963 and $106,316 respectively, as at December 31, 2020). The fair value based on market quotes is $90,131 and $114,873, respectively, as at June 30, 2021 ($88,958 and $111,650 as at December 31, 2020).

*Long-term debt*

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

*Derivative financial instruments*

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

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

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

***(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)***

## 7. Financial instruments (continued)

Net gains (losses), fair value and the notional amount of derivatives by term to maturity are as follows:

| | For the three-month period ended June 30, 2021 | For the six-month period ended June 30, 2021 | As at June 30, 2021 | | | | |
|---|---|---|---|---|---|---|---|
| | | | Fair value | | Notional amount: term to maturity | | |
| | Net gain (loss) on derivatives | Net gain (loss) on derivatives | Asset | (Liability) | Less than 1 year | From 1 to 5 years | Over 5 years |
| | $ | $ | $ | $ | $ | $ | $ |
| **Foreign exchange contracts** | | | | | | | |
| a) Forward foreign exchange contracts – held for trading | **795** | **287** | **269** | **(339)** | **53,866** | **—** | **—** |
| b) Cross currency swaps – held for trading | **56** | **(3,592)** | **57** | **—** | **236,000** | **—** | **—** |
| **Interest rate contracts** | | | | | | | |
| c) Swap contracts – held for trading | **1,145** | **2,255** | **—** | **(3,986)** | **250,000** | **—** | **—** |
| d) Swap contracts – cash flow hedges | **—** | **—** | **—** | **(3,337)** | **209,273** | **—** | **—** |

| | For the three-month period ended June 30, 2020 | For the six-month period ended June 30, 2020 | As at December 31, 2020 | | | | |
|---|---|---|---|---|---|---|---|
| | | | Fair value | | Notional amount: term to maturity | | |
| | Net gain (loss) on derivatives | Net gain (loss) on derivatives | Asset | (Liability) | Less than 1 year | From 1 to 5 years | Over 5 years |
| | $ | $ | $ | $ | $ | $ | $ |
| **Foreign exchange contracts** | | | | | | | |
| a) Forward foreign exchange contracts – held for trading | (33) | (5,087) | — | — | — | — | — |
| b) Cross currency swaps – held for trading | — | 30,156 | — | (1,064) | 210,000 | — | — |
| **Interest rate contracts** | | | | | | | |
| c) Swap contracts – held for trading | 13 | (6,637) | — | (6,241) | — | 250,000 | — |
| d) Swap contracts – cash flow hedges | — | — | — | (5,267) | — | 215,306 | — |

Financial statement presentation:

| | **As at June 30, 2021** | As at December 31, 2020 |
|---|---|---|
| | **$** | $ |
| Current derivative financial instrument assets [(1)] | **326** | — |
| Current derivative financial instrument liabilities | **(7,662)** | (1,064) |
| Non-current derivative financial instrument liabilities | **—** | (11,508) |

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

## 7. Financial instruments (continued)

a) Forward foreign exchange contracts — held for trading

The Company enters into month-end spot rate forward exchange contracts with various terms to maturity that aim to manage the currency fluctuation risk associated with up to twelve months of estimated future revenues in US dollars.

Forward foreign exchange contracts are recognized at fair value at the date the contracts are entered into and are subsequently remeasured to fair value through profit or loss at the end of each reporting period. The gain or loss on these derivative financial instruments is recognized in other revenues in the interim condensed consolidated statement of earnings (loss) in accordance with the nature of the hedged item.

The Company recorded a gain of $795 and $287 during the three and six-month periods ended June 30, 2021, respectively (loss of $33 and $5,087 during the three and six-month periods ended June 30, 2020, respectively) and received $357 during the six-month period ended June 30, 2021 as settlement of contracts that matured during the period (paid $4,186 during the six-month period ended June 30, 2020). The fair value of the forward exchange contracts was a liability of $70 as at June 30, 2021 (an asset of nil as at December 31, 2020).

b) Cross currency swaps – held for trading

Under the terms of the Company's revolving facility (Note 8), the Company can borrow either in a US dollars based on US base rate plus a spread varying from 0.0% to 1.5% or the LIBOR rate plus a spread varying from 1.0% to 2.5%, or in Canadian dollars based on the Canadian prime rate plus a spread varying from 0.0% to 1.5%. To benefit from interest cost savings, the Company has effectively created, until July 28, 2021, a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 1.51% on $236,000 (CDOR plus 1.43% on $210,000 as at December 31, 2020) by borrowing against the US dollar revolving facility, the equivalent of $236,000 (US$190,630) ($210,000 (US$164,000) as at December 31, 2020) at LIBOR plus 1.75%, and swapping it into CDOR plus 1.51% with a one-month cross currency swap.

The objective of this strategy was to provide cost savings without currency risk since the terms of the US LIBOR financing and the cross currency swap are exactly matched (US dollar notional amount, LIBOR rate, trade and maturity dates). Losses (gains) on cross currency swaps are offset by equivalent gains (losses) on the translation of the US denominated economically hedged portion of the revolving facility since the financing terms are exactly matched.

The net gain or loss on these derivative financial instruments is recognized in the interim condensed consolidated statement of earnings (loss) in accordance with the nature of the economically hedged item, the revolving facility (Note 8), and therefore is presented in interest on long-term debt, lease liabilities and other financial charges.

The Company recorded a gain of $56 and a loss of $3,592 during the three and six-month periods ended June 30, 2021, respectively, with no net impact on earnings (loss) as described above (a gain of nil and $30,156 during the three and six-month periods ended June 30, 2020, respectively). A total of $4,713 was paid during the six-month period ended June 30, 2021 as settlement of these contracts ($26,616 was received during the six-month period ended June 30, 2020) presented in long-term debt, net in the interim condensed consolidated statements of cash flow.

## 7. Financial instruments (continued)

The fair value of the cross currency swap contracts was an asset of $57 as at June 30, 2021 (a liability of $1,064 as at December 31, 2020).

c) Interest rate swap contract – held for trading

The Company enters into interest rate swap contracts to manage the impact of the interest rate fluctuations on its credit facility denominated in Canadian dollars. Interest is settled on a monthly basis.

The contracts consist of exchanging the variable interest rate based on a one-month CDOR rate for a fixed rate applied to the notional of each contract. There were no changes to the terms of the other interest rate swap contracts (held for trading) held by the Company during the three and six-month periods ended June 30, 2021.

The net gain or loss on these derivative financial instruments is recognized in the interim condensed consolidated statement of earnings (loss) with interest on long-term debt and other financial charges. The Company recorded a gain of $1,145 and $2,255 during the three and six-month periods ended June 30, 2021 (a gain of $13 and a loss of $6,637 during the three and six-month periods ended June 30, 2020, respectively).

The fair value of the interest rate swap contracts is a liability of $3,986 as at June 30, 2021 (a liability of $6,241 as at December 31, 2020).

d) Interest rate swap contracts – Cash flow hedges

The Company holds interest rate swap contracts designated as cash flows hedges and which satisfy the requirements for hedge accounting. There were no changes to the terms of the contracts held by the Company during the three and six-month periods ended June 30, 2021.

The effective portion of changes in the fair value of these contracts is recognized in other comprehensive income and accumulated in a hedging reserve. The Company recorded a gain in comprehensive income of $681 and $1,418 during the three and six-month periods ended June 30, 2021 (net of income taxes of $248 and $513) (a gain in other comprehensive income of $1,402 and a loss of $4,234 during the three and six-month periods ended June 30, 2020 (net of income taxes of $954 and $1,813, respectively)).

The ineffective portion of changes in fair value is recognized immediately in profit or loss in the interim condensed consolidated statement of earnings (loss). There is no ineffective portion on these contracts for the three and six-month periods ended June 30, 2021 and 2020. The fair value of the interest rate swap contracts designated as cash flow hedges is a liability of $3,337 as at June 30, 2021 (a liability of $5,267 as at December 31, 2020).

The Company remains exposed to fluctuations in the US base or LIBOR rates on the difference between the US dollar credit facility and the notional amounts of the US dollar interest rate swap contracts. The drawings in US dollars on the Credit Facility (Note 8) are US$341,630 as at June 30, 2021 (US$315,000 as at December 31, 2020).

## 7. **Financial instruments** (continued)

e) Contingent value rights related to Integrated Asset Management ("IAM")

Through the acquisition of IAM during the year ended December 31, 2019, IAM shareholders received Contingent Value Rights (“CVRs”). The Company accounted for the CVR asset at fair value on the acquisition date, and subsequently revalued the instrument at amortized cost. The short-term portion of the CVR asset is recorded within Trade and other receivables, while the long-term portion is recorded in Other non-current assets. The CVR liability, on the acquisition date, was recorded at fair value and subsequently revalued at fair value through profit and loss. The short-term portion of the CVR liability was recorded in Trade accounts payable and accrued liabilities, while the long-term portion was recorded in Other non-current liabilities.

***(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)***

## 7. Financial instruments (continued)

Financial instruments by category:

| | | | As at June 30, 2021 |
|---|---|---|---|
| | Amortized cost | Fair value through profit or loss | Total |
| | $ | $ | $ |
| **Assets** | | | |
| Cash and cash equivalents | **42,739** | **—** | **42,739** |
| Restricted cash and cash equivalents | **9,484** | **—** | **9,484** |
| Investments | **—** | **16,901** | **16,901** |
| Trade and other receivables | **150,393** | **—** | **150,393** |
| Long-term receivable[(1)] | **—** | **31,067** | **31,067** |
| Long-term investments | **—** | **7,156** | **7,156** |
| Derivative financial instruments[(2)] | **—** | **326** | **326** |
| Other non-current assets[(3)] | **4,895** | **—** | **4,895** |
| Total | **207,511** | **55,450** | **262,961** |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | **142,315** | **—** | **142,315** |
| Purchase price obligations | **—** | **34,184** | **34,184** |
| Puttable financial instrument liability | **—** | **15,991** | **15,991** |
| Other non-current liabilities[(4)] | **—** | **2,681** | **2,681** |
| Derivative financial instruments | **—** | **7,662** | **7,662** |
| Amounts due to related parties | **3,141** | **—** | **3,141** |
| Client deposits and deferred revenues | **1,408** | **—** | **1,408** |
| Long-term debt | **433,728** | **—** | **433,728** |
| Convertible debt | **189,491** | **—** | **189,491** |
| Total | **770,083** | **60,518** | **830,601** |

(1) Presented in other non-current assets on the interim condensed consolidated statements of financial position. Represents the promissory note balance.
(2) Presented in prepaid expenses and other assets on the interim condensed consolidated statements of financial position.
(3) Represents the long-term portion of the CVR asset.
(4) Represents the long-term portion of the CVR liability.

***(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)***

## 7. Financial instruments (continued)

| | | | As at December 31, 2020 |
|---|---|---|---|
| | Amortized cost | Fair value through profit or loss | Total |
| | $ | $ | $ |
| **Assets** | | | |
| Cash and cash equivalents | 68,858 | — | 68,858 |
| Restricted cash and cash equivalents | 10,547 | — | 10,547 |
| Investments | — | 3,512 | 3,512 |
| Trade and other receivables | 146,012 | — | 146,012 |
| Long-term receivable(1) | 3,758 | 33,659 | 37,417 |
| Long-term investments | — | 7,521 | 7,521 |
| Other non-current assets(2) | 3,380 | — | 3,380 |
| Total | 232,555 | 44,692 | 277,247 |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | 159,570 | — | 159,570 |
| Purchase price obligations | — | 45,874 | 45,874 |
| Puttable financial instrument liability | — | 14,945 | 14,945 |
| Other non-current liabilities(3) | — | 1,851 | 1,851 |
| Derivative financial instruments | — | 12,572 | 12,572 |
| Amounts due to related parties | 2,558 | — | 2,558 |
| Client deposits and deferred revenues | 162 | — | 162 |
| Long-term debt | 444,992 | — | 444,992 |
| Convertible debt | 188,279 | — | 188,279 |
| Total | 795,561 | 75,242 | 870,803 |

(1) Presented in other non-current assets on the interim condensed consolidated statements of financial position. Represents the promissory note balance.
(2) Represents the long-term portion of the CVR asset.
(3) Represents the long-term portion of the CVR liability.

Fair value hierarchy

The financial assets and liabilities that are recognized on the interim condensed consolidated statements of financial position at fair value are classified using 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).

***(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)***

## 7. Financial instruments (continued)

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

| | | | | As at June 30, 2021 |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | $ | $ | $ | $ |
| **Financial assets** | | | | |
| Investments | — | **16,901** | — | **16,901** |
| Long-term receivable | — | — | **31,067** | **31,067** |
| Long-term investments | — | — | **7,156** | **7,156** |
| Derivative financial instruments | — | **326** | — | **326** |
| Total financial assets | — | **17,227** | **38,223** | **55,450** |
| **Financial liabilities** | | | | |
| Purchase price obligations | — | — | **34,184** | **34,184** |
| Puttable financial instrument liability | — | — | **15,991** | **15,991** |
| Other non-current liabilities | — | — | **2,681** | **2,681** |
| Derivative financial instruments | — | **7,662** | — | **7,662** |
| Total financial liabilities | — | **7,662** | **52,856** | **60,518** |

| | | | | As at December 31, 2020 |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | $ | $ | $ | $ |
| **Financial assets** | | | | |
| Investments | — | 3,512 | — | 3,512 |
| Long-term receivable | — | — | 33,659 | 33,659 |
| Long-term investments | — | — | 7,521 | 7,521 |
| Total financial assets | — | 3,512 | 41,180 | 44,692 |
| **Financial liabilities** | | | | |
| Purchase price obligations | — | — | 45,874 | 45,874 |
| Puttable financial instrument liability | — | — | 14,945 | 14,945 |
| Other non-current liabilities | — | — | 1,851 | 1,851 |
| Derivative financial instruments | — | 12,572 | — | 12,572 |
| Total financial liabilities | — | 12,572 | 62,670 | 75,242 |

## 7. Financial instruments (continued)

Level 3

The fair value of the promissory note, purchase price obligations, the puttable financial instrument liability and the CVRs are Level 3 financial instruments and are determined using a discounted cash flow analysis which makes use of unobservable inputs such as expected cash flows and risk adjusted discount rates. Expected cash flows are estimated based on the terms of the contractual arrangements and the Company's knowledge of the business and how the current economic environment is likely to impact it.

Purchase price obligation – City National Rochdale ("CNR"):

The Company reduced the fair value of the purchase price obligation by $194 and $731 (US$159 and US$586) during the three and six-month periods ended June 30, 2021 ($14,885 during the three and six-month periods ended June 30, 2020). In addition, during the three and six-month periods ended June 30, 2021, the Company settled an amount of $2,051 and $10,132 in cash ($4,636 and $13,945 three and six-month periods ended June 30, 2020). The fair value of the CNR purchase price obligation as at June 30, 2021 was nil (US$nil) and $10,263 (US$8,058) as at December 31, 2020.

Purchase price obligation – Clearwater Capital Partners, LLC ("Clearwater"):

The discounted cash flow method was used to measure the fair value of the expected future cash flows to be paid to the sellers as contingent consideration. The Company reduced the fair value of the purchase price obligation and recorded an adjustment of nil and $836 (US$nil and US$665) during the three and six-month periods ended June 30, 2021 (nil and $3,969 (expense of US$nil and US$2,788) during the three and six-month periods ended June 30, 2020). The fair value of the Clearwater purchase price obligation as at June 30, 2021 was $29,644 (US$23,939) and $29,695 (US$23,306) as at December 31, 2020.

The main Level 3 inputs used by the Company to value the Clearwater purchase price obligations are derived from unobservable inputs of revenue and EBITDA (earnings before interest, taxes, depreciation and amortization) forecasts, management's estimates of revenue generated from inflows of AUM from the Asia region, and the risk-adjusted discount rate. The Company used discount rates ranging between 10.0% and 15.0% (2020 – Between 10.0% and 15.0%).

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have a direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate, revenue, EBITDA, and revenue forecasts from inflows of AUM from the Asia region, and established a reasonable fair value range between $19,464 (US$15,718) and $30,871 (US$24,930) for its purchase price obligation as at June 30, 2021.

## 7. **Financial instruments** (continued)

Puttable financial instrument liability and call option – Palmer Capital Partners limited ("Palmer Capital"):

The Company has the right but not the obligation to acquire the 20% non-controlling interest in Palmer Capital. This call right can be exercised by the Company on April 30, 2022 or on April 30 of any year thereafter. The non-controlling interest shareholders of Palmer Capital have the right but not the obligation to exercise their put right on the 20% non-controlling interest of Palmer Capital on March 31, 2022 or on March 31 of any year thereafter. If exercised, both the put and the call right would require the Company to acquire the 20% non-controlling interest in Palmer Capital.

The exercise price is the same for both the put and the call rights. The exercise price is a prescribed price calculated based on a multiplier of EBITDA as defined in the Sale and Purchase Agreement.

The Company increased the fair value of the puttable financial instrument liability and recorded an adjustment of nil and $963 (GBP nil and GBP552) during the three and six-month periods ended June 30, 2021 (nil and ($2,145) (GBPnil and (1,244)GBP)) during the three and six-month periods ended June 30, 2020). The fair value of the puttable financial instrument liability as at June 30, 2021 was $15,991 (GBP9,348) and $14,945 (GBP8,582) as at December 31, 2020.

The discounted cash flow method was used to measure the present value of the expected future cash flows to be paid to the non-controlling interest shareholders. The main Level 3 inputs used by the Company to value the puttable financial instrument liability are derived from unobservable inputs of EBITDA forecasts, and the risk-adjusted discount rate. The Company used discount rates ranging between 3.0% and 10.0% (2020 - 3.0% and 10.0%).

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of these Level 3 financial instruments and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate and EBITDA and established a reasonable fair value range between $16,135 (GBP9,432) and $16,280 (GBP9,517) for its purchase price obligation as at June 30, 2021.

## 7. Financial instruments (continued)

Promissory Note – Wilkinson Global Asset Management LLC ("WGAM"):

On December 31, 2020, the Company completed the sale of all its equity interest in WGAM, in exchange for a promissory note issued by Wilkinson Global Asset Management LLC for a notional amount of $35,655 (US$27,987). Under the terms of the agreement, the promissory note will earn interest at EURIBOR plus a premium of 3%. The principal and interest related to the promissory note will be reimbursable to the Company through quarterly payments based on a specified revenue amount for each fiscal quarter with a minimum annual repayment of US$1,750. The promissory note is secured by units of membership interests and the assets of WGAM.

The promissory note is a financial asset recorded at fair value through profit and loss and has been categorized as a Level 3 fair value instrument. The discounted cash flow method was used to measure the present value of the promissory note. The main Level 3 inputs used by the Company to value the promissory note are derived from unobservable inputs of revenue forecasts and the risk-adjusted discount rate reflecting the estimated maturity of the promissory note. The Company used a discount rate of 5.0% (2020 – 5.0%). The fair value of the instrument was $31,067 (US$25,088) as at June 30, 2021 ($33,659 (US$26,420) as at December 31, 2020).

Due to the unobservable nature of the inputs, there may be uncertainty about the valuation of this Level 3 financial instrument and using reasonably possible alternative assumptions would change the fair value. Moreover, the relationship between the risk-adjusted discount rate and the other unobservable inputs does not necessarily have a direct relationship and different inter-relationships could be reasonably applied. The Company varied the significant unobservable inputs such as the risk-adjusted discount rate and revenue forecasts and established a reasonable fair value range between $28,453 (US$22,978) and $31,767 (US$25,653) as at June 30, 2021 ($32,207 (US$25,280) and $34,843 (US$27,349) as at December 31, 2020).

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 7. Financial instruments (continued)

The reconciliation of Level 3 fair value measurements is presented as follows:

| | Other non-current assets | Long-term investments | Purchase price obligations | Puttable financial Instrument liability | Other non-current liabilities | Total |
|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ |
| Fair value as at December 31, 2020 | **33,659** | **7,521** | **(45,874)** | **(14,945)** | **(1,851)** | **(21,490)** |
| Additional investments | **—** | **530** | **—** | **—** | **—** | **530** |
| Disposition of investments | **—** | **(1,420)** | **—** | **—** | **—** | **(1,420)** |
| Proceeds received | **(2,275)** | **—** | **—** | **—** | **—** | **(2,275)** |
| Gain on investments, net | **—** | **642** | **—** | **—** | **—** | **642** |
| Settlement of purchase price obligations | **—** | **—** | **11,632** | **—** | **—** | **11,632** |
| Revaluation[1] | **—** | **—** | **1,567** | **(963)** | **—** | **604** |
| Accretion[1] | **625** | **—** | **(2,478)** | **(370)** | **—** | **(2,223)** |
| Revaluation of CVRs | **—** | **—** | **—** | **—** | **(830)** | **(830)** |
| Foreign exchange difference | **(942)** | **(117)** | **969** | **287** | **—** | **197** |
| **Fair value as at June 30, 2021** | **31,067** | **7,156** | **(34,184)** | **(15,991)** | **(2,681)** | **(14,633)** |

(1) Accounted in Accretion and change in fair value of purchase price obligations and other in the consolidated statements of Earnings (loss)

| | Investments | Long-term investments | Accounts payable and accrued liabilities | Purchase price obligations | Puttable financial Instrument liability | Other non-current liabilities | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Fair value as at December 31, 2019 | 4 | 5,743 | (7,131) | (127,374) | (13,997) | (3,703) | (146,458) |
| Additional investments | — | 336 | — | — | — | — | 336 |
| Disposition of investments | — | (954) | — | — | — | — | (954) |
| Gain on investments, net | — | 590 | — | — | — | — | 590 |
| Settlement of purchase price obligations | — | — | — | 31,665 | — | — | 31,665 |
| Revaluation[1] | — | — | — | 17,260 | 2,141 | — | 19,401 |
| Accretion[1] | — | — | — | (12,623) | (721) | — | (13,344) |
| Revaluation of CVRs | — | — | (293) | — | — | 1,852 | 1,559 |
| Foreign exchange difference | — | 40 | — | (6,598) | 253 | — | (6,305) |
| Fair value as at June 30, 2020 | 4 | 5,755 | (7,424) | (97,670) | (12,324) | (1,851) | (113,510) |

(1) Accounted in Accretion and change in fair value of purchase price obligations and other in the consolidated statements of Earnings (loss)

There were no transfers between levels during the three and six-month periods ended June 30, 2021 and 2020.

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 8. Long-term debt

| | **As at June 30, 2021** | As at December 31, 2020 |
|---|---|---|
| | **$** | $ |
| Credit facility | | |
| Revolving facility | **435,075** | 446,880 |
| Deferred financing charges | **(1,347)** | (1,888) |
| Non-current portion | **433,728** | 444,992 |

**Credit Facility**

On November 14, 2019, the Company entered into the Sixth Amended and Restated Credit Agreement ("Credit Agreement") comprised of a $600,000 senior unsecured revolving facility ("Facility") which can be drawn in Canadian or US dollars at the discretion of the Company.

Under the terms of the Credit Agreement, the maturity date is the earlier of (i) June 30, 2023 and (ii) April 23, 2023 if the unsecured convertible debentures (Note 9) have not been repaid or refinanced (i.e. two months prior to their maturity date). The Company may request an increase in the available Facility by an amount of up to $200,000 subject to the acceptance by the lenders. The Credit Agreement provides for an annual extension which can be requested each year between April 1 and April 30 which is subject to the acceptance of a group of lenders within the banking syndicate whose commitments amount to more than 66 2/3% of the facility.

The Facility bears interest, payable monthly, at variable rates based on the currency in which an amount is drawn. The interest rates are based on either the Canadian prime rate, bankers' acceptances, the US base rate or the LIBOR, plus a margin as a function of the quarterly Funded Debt to EBITDA ratio as defined in the Credit Agreement.

As at June 30, 2021, the total amount drawn on the Facility was $12,035 (December 31, 2020 – $45,570) and US$341,630 ($423,040) (December 31, 2020 – US$315,000 ($401,310)).

Under the terms of the Credit Agreement, the Company must satisfy certain restrictive covenants including minimum financial ratios. All restrictive covenants under the Credit Agreement were met as at June 30, 2021 and December 31, 2020.

During the three and six-month periods ended June 30, 2021 the Company reimbursed $3,334 and $2,857 ($17,519 and $4,714 during the three and six-month periods ended June 30, 2020) of its long-term debt.

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 9. Convertible debt

The balance of the convertible debt consists of the following:

| | **As at June 30, 2021** | As at December 31, 2020 |
|---|---|---|
| | **$** | $ |
| Convertible debentures – 5.00% due June 23, 2023 | **82,741** | 81,963 |
| Hybrid debentures – 5.60% due July 31, 2024 | **106,750** | 106,316 |
| Non-current portion | **189,491** | 188,279 |

*a) Convertible debentures – 5.00% due June 23, 2023*

| | **As at June 30, 2021** | As at December 31, 2020 |
|---|---|---|
| | **$** | $ |
| Face value | **86,250** | 86,250 |
| Less: | | |
| Issuance costs | **(4,031)** | (4,031) |
| Equity component (net of issuance costs of $224) | **(4,568)** | (4,568) |
| Cumulative accretion expense on liability component | **5,090** | 4,312 |
| Non-current portion | **82,741** | 81,963 |

On December 21, 2017, the Company issued 86,250 unsecured convertible debentures at 5% maturing on June 23, 2023, with interest payable semi-annually in arrears on June 30 and December 31 of each year starting June 30, 2018, for gross proceeds of $86,250. The convertible debentures are convertible at the option of the holder at a conversion price of $18.85 per Class A Shares. The convertible debentures are not redeemable by the Company before June 30, 2021. The convertible debentures are redeemable by the Company at a price of $1 per convertible debenture, plus accrued and unpaid interest, on or after June 30, 2021 and prior to June 30, 2022 (provided that the weighted average trading price of the Class A Shares on the TSX for the 20 consecutive trading days ending five days preceding the date on which the notice of redemption is given, is not less than 125% of the conversion price of $18.85 per share). On or after June 30, 2022 but prior to the maturity date, the Company may redeem on not more than 60 days and not less than 30 days prior notice, at a price of $1 per convertible debenture, plus accrued and unpaid interest.

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 9. Convertible debt (continued)

*b) Hybrid debentures – 5.60% due July 31, 2024*

| | **As at June 30, 2021** | As at December 31, 2020 |
|---|---|---|
| | **$** | $ |
| Face value | **110,000** | 110,000 |
| Less: | | |
| Issuance costs | **(5,007)** | (5,007) |
| Cumulative accretion expense on liability component | **1,757** | 1,323 |
| Non-current portion | **106,750** | 106,316 |

On July 4, 2019, the Company issued $100,000 senior subordinated unsecured hybrid debentures due July 31, 2024 and on July 9, 2019 the Company issued $10,000 senior subordinated unsecured hybrid debentures related to the over allotment option, due July 31, 2024 (together, the "Hybrid debentures"). The Hybrid debentures bear interest at a rate of 5.60% per annum, payable semi-annually in arrears on January 31 and July 31 of each year, with the first interest payment on January 31, 2020. The Hybrid debentures will not be redeemable before July 31, 2022, except upon the satisfaction of certain conditions after a change of control of the Company. On and after July 31, 2022 and prior to July 31, 2023, the Hybrid debentures will be redeemable in whole or in part from time to time at the Company's option, on not more than 60 days and not less than 30 days prior notice, at a redemption price equal to 102.80% of the principal amount redeemed plus accrued and unpaid interest. On and after July 31, 2023 and prior to the maturity date on July 31, 2024, the Hybrid debentures will be redeemable, in whole or in part, and from time to time, at the Company's option, on not more than 60 days and not less than 30 days prior notice, at a price of $1 per Hybrid debenture plus accrued and unpaid interest. The Company will have the option to repay the principal amount of the Hybrid debentures due at redemption or at maturity on July 31, 2024 either by paying in cash or by issuing Class A Shares in accordance with the terms of the trust indenture. The Hybrid debentures will not be, at any time, convertible into Class A Shares at the option of the holders. The Hybrid debentures are recorded at amortized cost, net of issuance costs, using the effective interest rate method.

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 10. Share capital and accumulated other comprehensive income (loss)

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

| | Class A | | Class B | | Total | |
|---|---|---|---|---|---|---|
| | Number | $ | Number | $ | Number | $ |
| As at December 31, 2020 | **84,299,775** | **798,697** | **19,412,401** | **30,891** | **103,712,176** | **829,588** |
| Issuance of shares | | | | | | |
| Performance and restricted share units settled | **595,263** | **4,235** | **—** | **—** | **595,263** | **4,235** |
| Stock options exercised | **5,000** | **49** | **—** | **—** | **5,000** | **49** |
| Share repurchase and cancellations | **(620,263)** | **(5,878)** | **—** | **—** | **(620,263)** | **(5,878)** |
| **As at June 30, 2021 [1]** | **84,279,775** | **797,103** | **19,412,401** | **30,891** | **103,692,176** | **827,994** |
| | | | | | | |
| As at December 31, 2019 | 81,362,603 | 779,618 | 19,412,401 | 30,891 | 100,775,004 | 810,509 |
| Issuance of shares | | | | | | |
| Shares issued as settlement of purchase price obligations | 1,620,924 | 11,741 | — | — | 1,620,924 | 11,741 |
| Performance and restricted share units settled | 934,237 | 3,659 | — | — | 934,237 | 3,659 |
| Stock options exercised | 40,000 | 384 | — | — | 40,000 | 384 |
| Reinvested dividends | 134,379 | 1,234 | — | — | 134,379 | 1,234 |
| As at June 30, 2020 | 84,092,143 | 796,636 | 19,412,401 | 30,891 | 103,504,544 | 827,527 |

[1] Includes nil Class A Shares held in escrow in relation with the Apex acquisition (2,475,034 as at December 31, 2020) and nil Class A Shares held in escrow in relation with the Clearwater acquisition (356,884 as at December 31, 2020).

**2021**

**Share repurchase and cancellation**

During the year ended December 31, 2020, the Company entered into a normal course issuer bid for its Class A Shares from July 15, 2020 to no later than July 14, 2021. On March 17, 2021, the TSX approved an amendment to the Company's previously announced NCIB in order to increase the number of Class A Shares which the Company may purchase for cancellation from 2,000,000 Class A Shares, or 2.4% of the Company's issued and outstanding Class A Shares as of July 8, 2020, to 4,000,000 Class A Shares, representing 4.8% of the Company's issued and outstanding Class A Shares as of July 8, 2020 (date of filing with the TSX).

During the three and six-month periods ended June 30, 2021, the Company paid nil and $7,133 to purchase and cancel nil and 620,263 Class A Shares which reduced the related share capital book value by nil and $5,878. The excess paid over the book value of nil and $1,255 was charged to contributed surplus.

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 10. Share capital and accumulated other comprehensive income (loss) (continued)

**Dividends**

During the six-month period ended June 30, 2021, the Company declared dividends on Class A Shares and Class B Shares totaling $43,551 ($0.42 per share). During the six-month period ended June 30, 2021, 117,496 Class A shares were purchased on the open market for $1,255 to settle dividends under the dividend reinvestment plan.

**2020**

**Issuance of shares**

*Shares issued as settlement of purchase price obligations*

During the six-month period ended June 30, 2020, in connection with the asset purchase agreement of Clearwater, the Company issued 1,620,924 Class A Shares for $11,741, net of issuance costs, as settlement of the purchase price obligation.

**Dividends**

During the six-month period ended June 30, 2020, the Company declared dividends on Class A Shares and Class B shares totalling $42,969 ($0.42 per share). During the six-month period ended June 30, 2020, 134,379 Class A shares were issued for $1,234 under the dividend reinvestment plan. These shares were issued from treasury at a discount of nil.

**Accumulated other comprehensive income (loss)**

The components of accumulated other comprehensive income (loss) include:

| | **As at June 30, 2021** | As at December 31, 2020 |
|---|---|---|
| | **$** | $ |
| Cash flow hedges | **(2,438)** | (3,856) |
| Unrealized exchange differences on translating financial statements of foreign operations | **(31,870)** | 6,292 |
| | **(34,308)** | 2,436 |

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 11. Earnings (loss) per share

Basic and diluted earnings (loss) per share and the reconciliation of the number of shares used to calculate basic and diluted earnings (loss) per share are as follows:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **$** | $ | **$** | $ |
| Net earnings (loss) attributable to shareholders | **13,310** | (14,703) | **35,544** | (7,122) |
| Weighted average shares outstanding – basic | **104,454,515** | 103,004,415 | **104,481,895** | 103,447,232 |
| Effect of dilutive share-based awards, contingent consideration payable in shares and convertible debt | **14,176,113** | — | **14,176,113** | — |
| **Weighted average shares outstanding – diluted** | **118,630,628** | 103,004,415 | **118,658,008** | 103,447,232 |
| Basic earnings (loss) per share | **0.13** | (0.14) | **0.34** | (0.07) |
| Diluted earnings (loss) per share | **0.12** | (0.14) | **0.32** | (0.07) |

For the three and six-month periods ended June 30, 2021, the hybrid debentures were dilutive and accordingly, the net earnings attributable to shareholders was increased by its interest (net of tax) of $1,303 and $2,584 for the purpose of calculating the diluted earnings per share.

For the three and six-month periods ended June 30, 2021, the share-based awards payable in 2,882,494 and 2,935,593 shares and the convertible debentures with a face value of $86,250 were all anti-dilutive. For the three and six-month periods ended June 30, 2020, the share-based awards and contingent consideration payable in shares of 7,895,018 and 7,996,656 as well as the convertible debentures and hybrid debentures with a face value of respectively $86,250 and $110,000 were all anti-dilutive.

***(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)***

## 12. Share-based payments

a) Stock option plan

A summary of the changes that occurred in the Company's stock option plans during the six-month periods ended June 30, 2021, and 2020, is presented below:

| | **2021** | | 2020 | |
|---|---|---|---|---|
| | **Number of Class A Share options** | **Weighted-average exercise price** | Number of Class A Share options | Weighted-average exercise price |
| | | **$** | | $ |
| Outstanding – beginning of period | **3,901,645** | **11.25** | 4,526,769 | 12.32 |
| Granted | **—** | **—** | 750,000 | 5.88 |
| Exercised | **(5,000)** | **7.56** | (40,000) | 7.41 |
| Forfeited | **—** | **—** | (375,000) | 12.75 |
| Expired | **(120,000)** | **12.11** | (121,185) | 12.43 |
| Outstanding – end of period | **3,776,645** | **11.23** | 4,740,584 | 11.30 |
| Options exercisable – end of period | **1,369,645** | **11.80** | 1,710,079 | 12.12 |

The Company recorded an expense of $118 and $236 for stock options during the three and six-month periods ended June 30, 2021 (an expense of $722 and $1,004 during the three and six-month periods ended June 30, 2020). There were no stock options issued during the three and six-month periods ended June 30, 2021. The following table presents the weighted average assumptions used to determine the fair value of options granted using the Black-Scholes option pricing model during the three and six-month periods ended June 30, 2021 :

| | **For the three-month periods ended June 30,** | | **For the six-month periods ended June 30,** | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| Dividend yield (%) | **—** | 11.98 | **—** | 12.87 |
| Risk-free interest rate (%) | **—** | 0.68 | **—** | 0.68 |
| Expected life (years) | **—** | 7.50 | **—** | 7.50 |
| Expected volatility of the share price (%) | **—** | 29.91 | **—** | 29.40 |
| Weighted-average fair value ($) | **—** | 0.23 | **—** | 0.18 |

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

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 12. Share-based payments (continued)

b) Deferred share unit ("DSU") plan

One DSU unit is equivalent to one Class A Share of the Company. The Company recorded an expense (recovery) of $13 and $6 for this plan during the three and six-month periods ended June 30, 2021, respectively (an expense of $31 and $(16) during the three and six-month periods ended June 30, 2020, respectively.)

As at June 30, 2021, the Company had a liability for an amount of $111 for the 10,241 units outstanding under the DSU plan ($105 for 9,848 units as at December 31, 2020).

c) Restricted share unit ("RSU") plan

The following table presents transactions that occurred in the Company's RSU Plan during the six-month periods ended June 30, 2021, and 2020:

| | **2021** | 2020 |
|---|---|---|
| Outstanding units – beginning of period | **404,985** | 242,738 |
| Vested | **(150,364)** | (175,969) |
| Reinvested in lieu of dividends | **10,507** | 23,600 |
| Granted | **—** | 215,785 |
| Outstanding units– end of period | **265,128** | 306,154 |

One RSU unit is equivalent to one Class A Share of the Company. The Company recorded an expense of $620 and $1,177 for these grants during the three and six-month periods ended June 30, 2021, respectively ($1,177 and $336 during the three and six-month periods ended June 30, 2020, respectively).

During the six-month period ended June 30, 2021, nil Class A Shares were issued and $1,727 was paid in cash as settlement of vested RSUs (56,111 Class A Shares were issued and $1,106 cash paid as settlement of vested RSUs during the six-month period ended June 30, 2020). As at June 30, 2021, the Company had a liability in the amount of $1,538 for the 265,128 units outstanding under the RSU Plan ($2,044 for 404,985 units as at December 31, 2020).

d) Restricted share unit plan — cash ("RSU cash")

The following table presents transactions that occurred in the Company's RSU cash Plan during the six-month periods ended June 30, 2021, and 2020.

| | **2021** | 2020 |
|---|---|---|
| Outstanding units – beginning of period | **2,104,224** | 368,614 |
| Vested | **(87,359)** | (66,140) |
| Forfeited | **—** | (1,735) |
| Reinvested in lieu of dividends | **87,637** | 61,953 |
| Granted | **59,713** | 1,760,368 |
| Outstanding units – end of period | **2,164,215** | 2,123,060 |

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 12. Share-based payments (continued)

RSU cash units are equivalent to one Class A Share of the Company. The Company recorded an expense of $2,462 and $3,889 for these grants during the three and six-month periods ended June 30, 2021, respectively ($1,388 and $1,861 during the three and six-month periods ended June 30, 2020, respectively).

During the six-month period ended June 30, 2021, 87,359 units vested (2020 – 66,140) and an amount of nil was paid as settlement of these units (2020 – $605). In addition, a total of $782 was paid during the six-month period ended June 30, 2021 as settlement of 73,200 units vested in 2020.

As at June 30, 2021, the Company had a liability in the amount of $8,724 for the 2,164,215 units outstanding under the RSU cash Plan ($5,711 for the 2,104,224 units as at December 31, 2020).

e) PSU and UAR plan applicable to Business Units

PSU applicable to BU

The Company recorded the following expense relating to the PSU plan applicable to BU during the three and six-month periods ended June 30, 2021 and 2020:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **$** | $ | **$** | $ |
| Equity-settled grants | **737** | 1,260 | **1,145** | 2,516 |
| Cash-settled grants | **1,257** | — | **1,864** | — |
| Total expense | **1,994** | 1,260 | **3,009** | 2,516 |

The total award value granted under the Company's PSU plan applicable to BU was $9,539 and $7,975 during the six-month periods ended June 30, 2021 and 2020, respectively. During the six-month period ended June 30, 2021, 595,263 Class A Shares were issued as settlement of vested PSU applicable to BU (nil Class A Shares were issued during the six-month period ended June 30, 2020).

On January 16, 2020, the Company paid $16,396 for the settlement of performance share units applicable to a Business Unit ("PSU BU"). Following the Company's acquisition of all issued and outstanding shares of Charlemagne Capital Limited ("CCL") on December 14, 2016, the Company granted these PSU BUs on November 17, 2017 to an executive of CCL in connection with their previous equity arrangement which existed prior to the acquisition by the Company.

UAR applicable to BU

Under the UAR plan applicable to BUs, eligible employees are entitled to receive Class A Shares of the Company for an amount equivalent to the difference between the business value per unit on the vesting date and the exercise price determined on the grant date. The total award value granted under the Company's UAR plan applicable to BU was nil and nil during the three and six-month periods ended June 30, 2021. The Company

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 12. Share-based payments (continued)

recorded an expense of $334 and $671 during during the three and six-month periods ended June 30, 2021 ($402 and $807 during the three and six-month periods ended June 30, 2020).

f) PSU plan

One PSU is equivalent to one Class A Share of the Company. The Company recorded the following expense relating to the PSU plan during the three and six-month periods ended June 30, 2021 and 2020:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **$** | $ | **$** | $ |
| Equity-settled grants | **129** | 2,633 | **259** | 1,869 |
| Cash-settled grants | **68** | 729 | **38** | 560 |
| Total expense | **197** | 3,362 | **297** | 2,429 |

The total award value granted to eligible employees under the Company's PSU plan for the six-month periods ended June 30, 2021 and 2020 was nil and $1,170, respectively. No Class A Shares were issued and nil was paid in cash during the six-month period ended June 30, 2021 as settlement of PSU vested (2020 — 18,673). During the three and six-month periods ended June 30, 2020, the Company recorded an expense of $2,300 related to accelerated vesting provision related to key management personnel.

## 13. Additional information relating to interim condensed consolidated statements of cash flows

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **$** | $ | **$** | $ |
| **Changes in non-cash operating working capital items** | | | | |
| Accounts receivable | **(19,718)** | (726) | **(6,429)** | 18,112 |
| Prepaid expenses and other assets | **(153)** | (3,157) | **(2,211)** | (6,772) |
| Accounts payable and accrued liabilities | **37,339** | 17,489 | **(36,461)** | (69,022) |
| Restructuring provisions | **(1,675)** | 14,845 | **(7,688)** | 13,316 |
| Amounts due to related parties | **515** | 1,750 | **583** | 1,282 |
| Client deposits and deferred revenues | **(1,500)** | (807) | **1,965** | 549 |
| | **14,808** | 29,394 | **(50,241)** | (42,535) |

Income taxes paid during the three and six-month periods ended June 30, 2021 were $2,764 and $5,727 ($64 and $5,346 for the three and six-month periods ended June 30, 2020).

## 14. Contingent liabilities

In the ordinary course of business, the Company may be involved in and potentially subject to claims, proceedings, and investigations, including, legal, regulatory and tax. There are a number of uncertainties involved in such matters, individually or in aggregate, and as such, it is not currently possible to predict the final outcome with certainty. The Company intends to defend these actions and Management believes that the resolution of these matters will not have a material adverse effect on the Company's financial condition. Management regularly assesses its position on the adequacy of accruals or provisions related to such matters.

## 15. Capital management

The Company's capital comprises share capital, retained earnings (deficit), long-term debt, convertible debentures and hybrid debentures, less cash and cash equivalents. 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. The Company is required to maintain minimum working capital, calculated in accordance with National Instrument 31-103 *Registration Requirements and Exemptions*, on a non-consolidated basis. As at June 30, 2021 and December 31, 2020 it has complied with such requirements. The Company and its subsidiaries have also complied with their restrictive debt covenants under the various credit facilities.

In order to maintain or adjust its capital structure, the Company may issue shares, proceed to the issuance or repayment of debt or redeem convertible debentures (as applicable under the terms of the respective final short-term prospectuses for these convertible debt).

*(In thousands of Canadian dollars, unless noted otherwise - except per share and per share information)*

## 16. Related party transactions

In the normal course of business, the Company carries out transactions with related parties which include related shareholders or entities under the same common control as these related shareholders.

At June 30, 2021, a related shareholder indirectly owns Class B Shares representing approximately 7.0% of the Company's issued and outstanding shares (7.0% as at December 31, 2020). The related shareholder currently has two representatives of the eight directors of the Company that the holders of Class B Shares are entitled to elect. This related shareholder is one of the two co-lead arrangers and one of the lenders in the syndicate of lenders to the Company's Credit Facility and effective June 2019 took on the role as administrative agent of the Credit Agreement.

Another related shareholder owns 10.3% Class A Shares (10.3% as at December 31, 2020) and is entitled to propose one nominee for election to the Company's Board.

The following table presents transactions either directly with the two related shareholders or with entities under the same common control as these related shareholders:

| | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **$** | $ | **$** | $ |
| Base management fees | **2,233** | 2,025 | **4,726** | 4,352 |
| Other revenues | **12** | 46 | **20** | (2,972) |
| Selling, general & administrative expenses | | | | |
| Other | **5** | — | **5** | — |
| Interest on long-term debt | **2,516** | 3,590 | **5,201** | 8,182 |
| Net loss (gain) in fair value of derivative financial instruments included in interest on long-term debt, lease liabilities and other financial charges | **112** | — | **3,760** | (30,156) |

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

## 17. Segment reporting

The Company has determined that there is one reportable segment, asset management services. Geographical information for the Company is provided in the following table:

Revenues:

| | For the three-month periods ended June 30, 2021 | 2020 | For the six-month periods ended June 30, 2021 | 2020 |
|---|---|---|---|---|
| | **$** | $ | **$** | $ |
| Canada | **94,690** | 81,967 | **183,279** | 161,099 |
| United States of America | **43,829** | 58,832 | **97,723** | 117,277 |
| Europe and other | **28,886** | 26,066 | **52,014** | 50,146 |
| | **167,405** | 166,865 | **333,016** | 328,522 |

Non-current assets:

| | As at June 30, 2021 | As at December 31, 2020 |
|---|---|---|
| | **$** | $ |
| Canada | **726,685** | 685,232 |
| United States of America | **196,695** | 278,117 |
| Europe and other | **145,752** | 148,379 |
| | **1,069,132** | 1,111,728 |

Revenues are attributed to countries on the basis of the client's location. As at June 30, 2021, non-current assets presented above exclude long-term investments of $7,156, deferred income taxes of $33,651 and other non-current assets of $35,962 ($7,521, $34,121 and $40,797 respectively as at December 31, 2020).

## 18. COVID-19

The COVID-19 pandemic has created a period of unprecedented volatility and uncertainty with regards to global economic and market conditions. The Company continues to monitor the financial impact of the COVID-19 pandemic and related market risk on its capital position and profitability should the duration, spread or intensity of the pandemic further develop. It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 both in the short and long term as well as the unknown additional government and central bank interventions and the timeline of the transition to a fully reopened economy. The Company maintains sufficient liquidity to satisfy all of its financial obligations for the foreseeable future. Despite this liquidity, the Company may see an impact to the cost of capital in the future as a result of disrupted credit markets or potential credit rating actions in relation to the Company's debt if the timing and pace of economic recovery is slow. Furthermore, a sustained period of significant market volatility could negatively impact the Company's investment performance, could have a negative effect on the value of the Company's assets and investment strategies (and consequently the AUM), could negatively impact the market price or value of the Company's securities and could result in a write-down of the Company's goodwill and intangible assets in subsequent periods. The valuation of the Company's purchase price obligations could also be impacted if expected results from operations change significantly from current assumptions.

## 19. Subsequent events

**Dividends declared**

On August 11, 2021, the Board declared a quarterly dividend of $0.21 per Class A Share and Class B Share, payable on September 21, 2021 to shareholders of record at the close of business on August 24, 2021. The dividend is an eligible dividend for income tax purposes.

**Normal course issuer bid**

On August 12, 2021, the Toronto Stock Exchange approved the renewal of the Company’s normal course issuer bid (“NCIB”) to purchase for cancellation up to a maximum of 4,000,000 Class A Shares, representing approximately 4.7% of its 84,312,840 issued and outstanding Class A Shares as at August 2, 2021. The NCIB will begin on August 16, 2021 and will end at the latest on August 15, 2022.

**Sub-advisory partnership**

On August 11, 2021, the Company announced that it has agreed to establish a sub-advisory partnership with StonePine Asset Management Inc. (“StonePine”), a new firm to be controlled and led by Nadim Rizk, Head of the Company’s Montreal-based Global Equity Team. The new firm will continue to provide investment management services to Fiera Capital for the benefit of Fiera Capital clients. The objective of the agreement is to create a structure that enables Fiera Capital clients to continue to benefit from Nadim Rizk and his team’s investment management services and Fiera Capital’s top-tier institutional infrastructure. Supported by Fiera Capital’s institutional infrastructure, Nadim Rizk’s global equity team has grown from $300 million in AUM in 2009 to approximately $60 billion, as of June 30, 2021.

As a result of the sub-advisory arrangement, StonePine will not be entitled to receive share-based compensation for services rendered. Going forward, the value of this compensation will therefore be included in the sub-advisory fees paid by Fiera Capital to StonePine. This change in compensation structure will not impact the total value of compensation paid to the StonePine team or fees currently paid by Fiera Capital clients. Upon the closing of the agreement, the vesting of Fiera Capital share-based awards earned by Nadim Rizk and his team will be accelerated. The Company expects to record the impact of this accelerated vesting on share-based compensation expense in subsequent periods.

Nadim Rizk, currently Senior Vice President and Lead Portfolio Manager, Global Equities of Fiera Capital, and the members of his team will remain employees of Fiera Capital until closing of the agreement, which is targeted for the end of fiscal year 2021. The agreement is subject to the completion of StonePine's registration process with relevant securities regulatory authorities and to obtaining the necessary client consents.

## 20. Comparative information

Certain comparative amounts in the interim condensed consolidated financial statements have been reclassified in order to conform to the 2021 financial statement presentation.

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