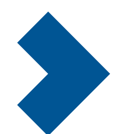
FIERA CAPITAL

Strength Through Diversification

2016 Annual Report

Strength Through **Diversification**



ADDING VALUE FOR INVESTORS AND SHAREHOLDERS ALIKE

For clients seeking diversification opportunities to help them achieve superior returns, Fiera Capital boasts a unique array of best-in-class traditional and alternative strategies, including an expanded suite of private alternative investment solutions.

The sheer depth of our offering – more strategies, more platforms, enhanced distribution channels, and a growing global footprint that now extends to markets in North America, Europe and beyond – provides clients with myriad opportunities to expand their investment horizons.

Looking to the future, our shareholders also stand to benefit from continued growth and diversification as we strive to add value and deliver outstanding results.

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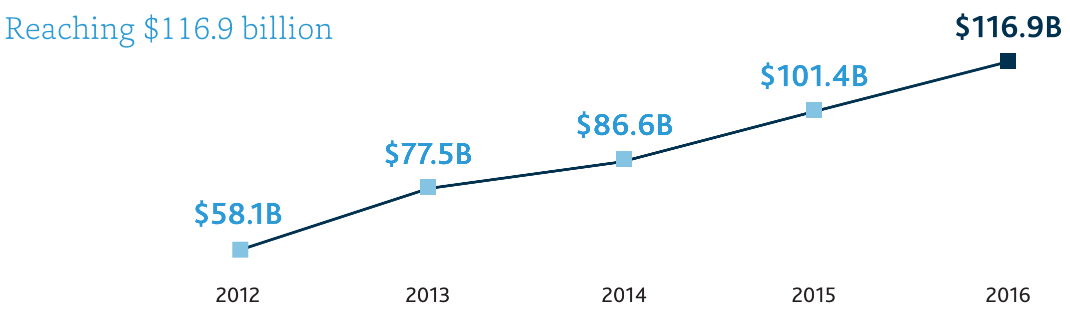
2016 Financial Highlights

15% YEAR-OVER-YEAR AUM GROWTH

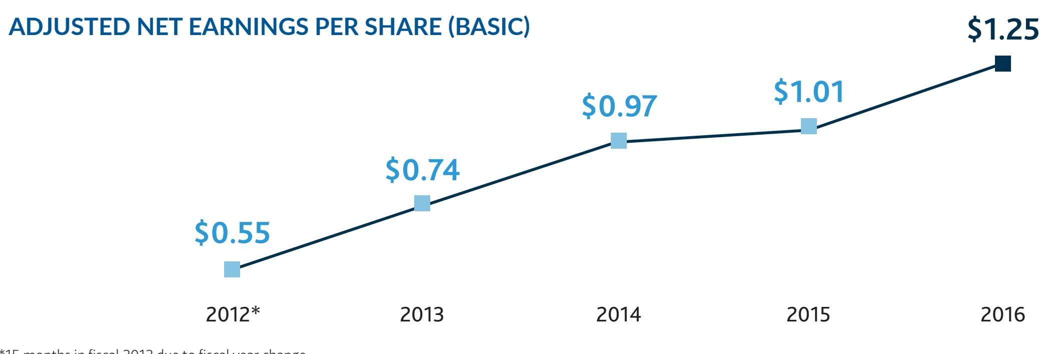
Reaching $116.9 billion



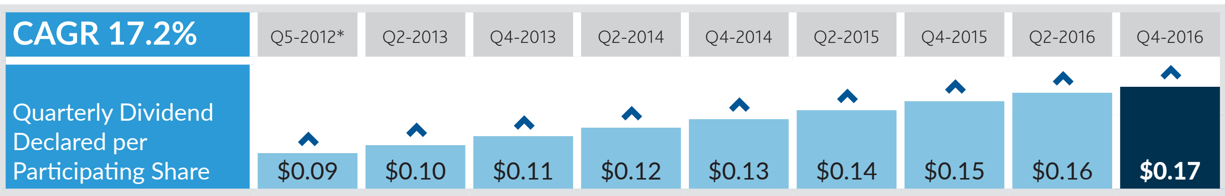
	As at December 31, 2016	As at December 31, 2015
ASSETS UNDER MANAGEMENT	**$116.9B**	$101.4B
	For the 12 months ended December 31, 2016	For the 12 months ended December 31, 2015
Revenues	**$344.1M**	$258.4M
Adjusted EBITDA[1]	**$107.2M**	$84.8M
Net Earnings[2]	**$20.8M**	$27.6M
Adjusted Net Earnings	**$95.2M**	$70.9M

1 Excludes non-cash compensation, acquisition and restructuring related costs.
2 Attributable to the Company's shareholders.

ADJUSTED NET EARNINGS PER SHARE (BASIC)



*15 months in fiscal 2012 due to fiscal year change.



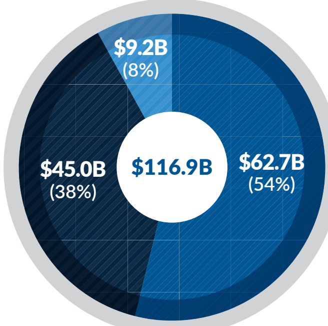
CAGR 17.2%	Q5-2012*	Q2-2013	Q4-2013	Q2-2014	Q4-2014	Q2-2015	Q4-2015	Q2-2016	Q4-2016
Quarterly Dividend Declared per Participating Share	$0.09	$0.10	$0.11	$0.12	$0.13	$0.14	$0.15	$0.16	**$0.17**

*Q5 2012 ended December 31, 2012, due to fiscal year change.

TSX:FSZ	24% INCREASE IN ADJUSTED NET EARNINGS PER SHARE	33% INCREASE IN TOTAL REVENUES

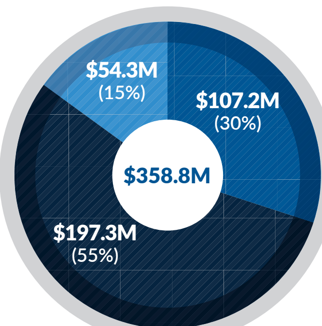
AUM per Asset Class

(as at December 31, 2016)



Revenues[1] per Asset Class

(FY 2016)



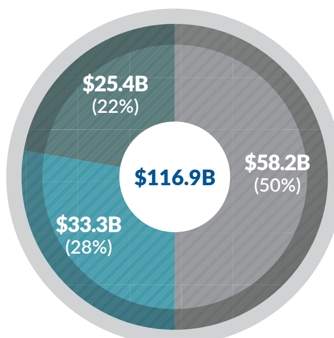
Asset Class

- FIXED INCOME
- CANADIAN AND GLOBAL EQUITY
- ALTERNATIVE STRATEGIES AND ASSET ALLOCATION

1 Estimated Annualized Revenues.

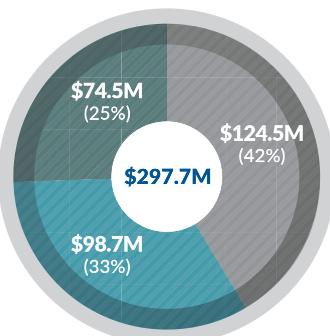
AUM per Client Type

(as at December 31, 2016)



Revenues[1] per Client Type

(FY 2016)



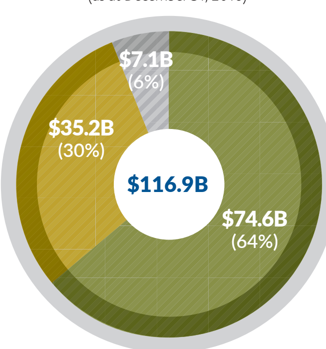
Client Type

- INSTITUTIONAL
- RETAIL
- PRIVATE WEALTH

1 Base management fees.

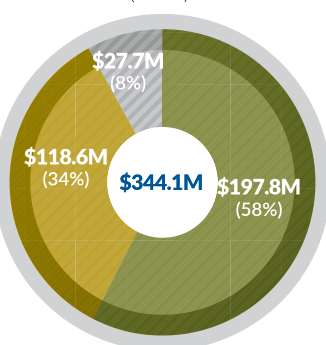
AUM per Geography

(as at December 31, 2016)



Revenues per Geography

(FY 2016)



Geography

- CANADA
- UNITED STATES
- EUROPE AND OTHER

$8.3B IN NEW MANDATES WON IN 2016	5 STRATEGIC ACQUISITIONS	26% YEAR-OVER-YEAR INCREASE IN ADJUSTED EBITDA

Unless otherwise indicated, all dollar figures are expressed in Canadian dollars.

The **Power** of Thinking

At Fiera Capital, we believe it is the power of our thinking that sets us apart. Our firm has assembled some of the top talent in the business and empowered its teams to devise innovative investment solutions that are in tune with market trends and tailored to meet the varying needs of our diverse clientele.

"From the very outset we challenged our people not to be bound by conventional wisdom, but rather to embrace the sort of deep thinking that gives Fiera Capital – and its clients – a competitive edge."

Jean-Guy Desjardins,
Chairman of the Board and Chief Executive Officer

Firm Overview

Fiera Capital Corporation, a leading independent asset management firm, is rapidly acquiring a global presence and reputation. With more than $116 billion in assets under management as at December 31, 2016, the firm offers institutional, private wealth and retail markets full-service, integrated portfolio-management solutions that span a broad array of traditional and alternative asset classes. Clients stand to benefit from Fiera Capital's depth of expertise, diversified offerings and performance-driven entrepreneurial culture. The firm provides its best-in-class investment and asset allocation teams the necessary scope to responsibly pursue their particular strategies as boutique investment managers, backed by the substantial organizational and distribution resources befitting an industry leader.

The firm caters to a diverse clientele that includes pension funds, endowments, foundations, religious and charitable organizations, family offices, high-net-worth individuals, financial institutions, retail investors, mutual funds and managed-asset platforms. Fiera Capital trades under the ticker FSZ on the Toronto Stock Exchange.

Mission, Values and Culture

Our mission is to be a leading independent global asset management firm, recognized for superior portfolio management, innovative investment solutions and an ability to surpass client expectations.

Our culture is client-focused. We continually strive to provide the highest level of service in order to exceed our clients' expectations, maintain trust and build long-term relationships.

We uphold and expect the highest standards of respect and integrity. We achieve excellence through strong management practices, sound business principles and the highest level of ethical conduct, with respect for each individual.

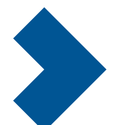
We believe that performance excellence can only be achieved through rigorous and disciplined investment processes that are consistently applied over time. Each employee is accountable for their decisions and results.

Our firm's success is rooted in our strong and diverse team unified by a clear common purpose. We communicate openly and collaborate actively.

Finally, we continuously encourage innovation to provide leading-edge investment solutions and foster an entrepreneurial environment where portfolio management and service teams are committed to our clients' long-term success.

"World-class talent is a prerequisite for any asset manager intent on succeeding on the world stage. As Fiera Capital has continued to grow and diversify, we have worked hard to preserve our highly entrepreneurial culture, which offers motivated team members a unique risk-reward proposition and enables the firm to attract and retain some of the best and brightest in the business."

Alain St-Hilaire, Executive Vice President, Human Resources and Corporate Communications



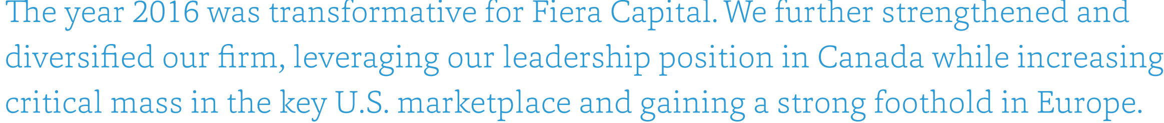
Increasing Our Global Footprint

Headquartered in Montreal, Fiera Capital has offices in Toronto, Calgary, Vancouver and Halifax, as well as New York, Boston, Los Angeles, San Francisco and Dayton in the United States, London in the United Kingdom and Isle of Man as well as Frankfurt in Germany. The firm has more than 600 employees, including some 160 investment professionals.

Vancouver
Calgary
Toronto
Montreal
Halifax
Boston
New York
Dayton
San Francisco
Los Angeles
Isle of Man
London
Frankfurt

Maintaining Our Focus on **Performance**

Jean-Guy Desjardins
Chairman of the Board and
Chief Executive Officer



The year 2016 was transformative for Fiera Capital. We further strengthened and diversified our firm, leveraging our leadership position in Canada while increasing critical mass in the key U.S. marketplace and gaining a strong foothold in Europe.

What is truly remarkable is that we were able to accomplish all that and more from a strategic perspective, while delivering another robust financial performance and launching a number of innovative strategies that affirmed Fiera Capital's leadership in the flourishing alternative investments space. As well, we clearly demonstrated our ability to raise assets by capturing significant inflows from new clients in North America.

Strong Financial Results

The solid performance of our Canadian and U.S. divisions translated into significant value creation for clients and shareholders alike. Total assets under management grew 15% to surpass $116 billion. Revenues increased by 33% to $344.1 million, and adjusted net earnings grew 34% to $95.2 million.

Again in 2016 the Board of Directors demonstrated its confidence in the firm's growth potential, as well as its commitment to continue rewarding Fiera Capital shareholders, by approving two dividend increases. As a result, the compounded annual growth rate of our quarterly dividends declared since 2010 has appreciated by 18%.

A Stellar Performance in 2016

As noted above, the firm's proven ability to raise assets was reaffirmed during 2016 by substantial new client inflows that saw several of our hedge fund strategies reach new heights with respect to assets under management. It was particularly gratifying to see inflows of such magnitude generated from new clients of our U.S. Division, thereby validating Fiera Capital's ability to successfully integrate our acquisitions and ensure that our teams are working together towards common goals.

Our ability to adapt our fixed income offering to changing market dynamics and to more effectively address the investment needs and objectives of clients also contributed to this landmark year. Indeed, 2016 saw Fiera Capital outperforming across most fixed income strategies. Our long-term track record in this asset class remains among the best in the industry.

A major rally in Canadian equities helped drive very strong absolute returns across all of our Canadian equity strategies. The Global Equity team's high-quality bias continues to generate extremely compelling results over the medium and long term, both in absolute terms as well as relative to each of their strategies' specific indices and to their peers.

Solid absolute returns were achieved across Fiera Capital's entire alternative strategy offering in 2016. These strategies represent highly attractive solutions that provide clients with the means of generating positive returns in all market environments. Faced with periods of volatility and potentially negative returns in traditional asset classes, our alternative strategies offer the possibility of preserving capital in down markets. This enables our clients to achieve their investment objectives while generating strong revenues for our firm.

Finally, Fiera Capital's asset allocation team proved resilient in the tumultuous economic and political environment in 2016. The team's active calls on asset classes added positive value during the year – notably through the overweight allocation to Canadian equities and the underweight allocation to bonds. The asset allocation team continues to focus on optimal portfolio positioning throughout all stages of the economic cycle, supported by its disciplined and rigorous process and the experienced team of portfolio managers.

Forging Ahead with Our Growth Agenda

Buoyed by our sustained strong results, we continued to invest in strategic growth initiatives during 2016, including new joint-venture partnerships focused on private alternative strategies involving real estate, infrastructure, agriculture and private lending, as well as strategic acquisitions aimed at driving the continued expansion of Fiera Capital's global footprint.

To that end, the first half of 2016 saw the successful integration of Apex Capital Management, which has more than doubled Fiera Capital's presence in the U.S. institutional market and delivered double-digit earnings-per-share accretion. At mid-year we brought on board Larch Lane Advisors, a talented group of professionals who will provide a strong foundation for Fiera Capital's alternative investment strategies in the U.S.

Further afield, we took an important step in expanding Fiera Capital's global presence with the fourth-quarter acquisition of U.K.-based Charlemagne Capital, an independent asset manager specializing in frontier and emerging markets asset classes. The addition of these high-performing strategies to our already-strong offering will benefit those clients who are constantly on the lookout for diversification opportunities. The Charlemagne Capital team brings a wealth of knowledge in an asset class that we have identified as having exceptional growth potential. Crucially, this transaction also creates a strong European platform from which we can continue to build up our global footprint.

With respect to acquisitions, while our firm prides itself on being as agile and opportunistic as is required in certain situations, we remain diligent. The senior leadership team, often in collaboration with the Board members, takes whatever time is necessary to carefully assess potential new partners. A key consideration, of course, is whether the transaction being contemplated would bring complementary strategies and/or significant new distribution channels. However, the most important considerations are the fit from a cultural perspective, as well as the likelihood that we will be able to welcome the principals aboard and retain their know-how and talents to help us realize the full potential of the acquired business. Meeting those criteria is and will remain the litmus test with regards to potential strategic acquisitions.

Throughout 2016, we continued to leverage the four pillars that support Fiera Capital's growth strategy: our increasingly diverse distribution networks, our scalable state-of-the-art operational capabilities, our passionate investment professionals and, last but not least, our experienced and engaged leadership team. Consequently, we were on track at year's end to achieve our ambitious

assets-under-management growth target – $200 billion by the end of 2020 – and realize our vision of positioning Fiera Capital among the world's leading asset managers.

Acknowledgements

I would like to take this opportunity to thank fellow members of the Board of Directors for their wise counsel and support, and to formally welcome two new directors: Mr. Réal Bellemare, Executive Vice-President, Finance, Treasury, Administration and Chief Financial Officer, Desjardins Group, who was elected as a director on May 27, 2016; and Mr. Martin Gagnon, Executive Vice President, Wealth Management, Co-President and Co-Chief Executive Officer, National Bank Financial, who was appointed on January 23, 2017. Special thanks are due to Mr. Denis Berthiaume and Mr. Louis Vachon, who stepped down from the Board over the past year, for their valued contributions to our firm's success.

I also would like to express my gratitude to managers and employees throughout our dynamic organization, including our new colleagues from Apex Capital Management, Aquila Infrastructure Management, Larch Lane Advisors and Charlemagne Capital as well as Fiera Comox and Centria Commerce, for all their hard work and commitment. I feel privileged to lead such a great group of men and women.

As 2017 unfolds, I remain confident in the ability of Fiera Capital's best-in-class teams to meet and overcome whatever challenges come our way, as we continue to strive to build long-term value and exceed the expectations of our clients and shareholders.

Jean-Guy Desjardins
Chairman of the Board and Chief Executive Officer

Innovative Investment Solutions

ASSET ALLOCATION

Fiera Capital's approach to asset allocation is centred on fundamental economic and market research. Decisions made by the firm's asset-allocation team, supported by experienced portfolio managers from major asset classes, essentially reflect the investment and capital-market environment most likely to unfold over the subsequent 12 months. These carefully constructed macro-economic scenarios are key to determining both the direction and size of positions vis-à-vis the various asset classes.

- BALANCED MANDATES
- OVERLAY STRATEGIES
- ADVISORY

FIXED INCOME STRATEGIES

Fiera Capital's active-management approach to fixed income strategies aims to enhance overall portfolio returns in virtually any interest-rate or economic environment. Whether investors' key objectives are revenue generation or protection against inflation or the risk of recession, Fiera Capital offers an array of fixed income solutions that provide opportunities to add value within a disciplined risk-controlled framework. Solutions on offer range from money-market strategies to short-, mid- and long-term bonds, corporate and infrastructure bonds and high-yield bonds, as well as tax-efficient fixed income strategies (municipal bonds available in the U.S., preferred shares mainly available in Canada). Other options include term loans, which are less subject to interest rate variations, and global fixed income products that provide currency diversification as well as interest-rate exposure.

Money Market	High Yield
Short-Term Bonds	Global Fixed Income
Corporate Bonds	Term Loans
Long-Term Bonds	
Infrastructure Debt	
Aggregate Universe Bonds	
Tax-Efficient Bonds	
Preferred Shares	

EQUITY STRATEGIES

Fundamental research, which entails the local and Foreign Equity teams conducting hundreds of company visits and management interviews each year, is the cornerstone of Fiera Capital's approach to equity strategies. Those looking to invest in Canadian equities benefit from the firm's exceptional expertise and proven track record in this asset class. Other strategies include U.S. small- and mid-cap, global, international or European equities, as well as sectoral offerings. In every instance, meticulous research methods are used to identify companies for inclusion in the respective portfolios. With the recent acquisition of Charlemagne Capital, the firm added emerging and frontier markets equity strategies that are attracting considerable investor interest.

Canadian Equity	U.S. Equity Small and Mid
High Income Equity	Emerging Markets
Low Volatility	Frontier Markets
Small Capitalization	
Micro Cap	
Global Equity	
International Equity	
U.S. Equity	

ALTERNATIVE STRATEGIES

Fiera Capital's expanded offering of alternative strategies provides investors seeking to diversify their portfolios with a choice of innovative solutions that leverage talent and execution and, in the case of private alternatives, with a liquidity-risk premium, while offering the potential for higher growth, higher yields, stronger absolute returns and less volatility. The firm's alternative strategies include hedge funds and private alternative investments focused on real estate, infrastructure, private lending and, coming soon, agriculture and private equity – sectors that traditionally have been difficult for many investors to access. Fiera Capital has assembled teams of investment professionals with specialized know-how and experience in each of these strategies, and aims to leverage their expertise to generate superior returns that are less correlated to market cycles than fixed income and equity strategies.

Real Estate	Long/Short Equity
Infrastructure	Income Opportunities
Agriculture	Fund of Hedge Funds
Private Lending	Emerging Market Neutral Equity
Commercial Real Estate Debt	Short-Term Arbitrage
Residential Loans	Global Macro
Multi Strategy Income	Private Equity
Market Neutral Equity	

MULTI-ASSET-CLASS SOLUTIONS

In keeping with the diverse nature of its investment offerings, Fiera Capital employs a rigorous multi-faceted approach to risk management designed to address client-specific investment and risk profiles. Investment professionals work hand in hand with clients to ensure long-term value is factored into their particular risk and return objectives.

- LIABILITY-DRIVEN INVESTMENTS
- SYSTEMATIC SOLUTIONS
- CURRENCY HEDGING

ENVIRONMENTAL, SOCIAL, GOVERNANCE AND ETHICAL STRATEGIES

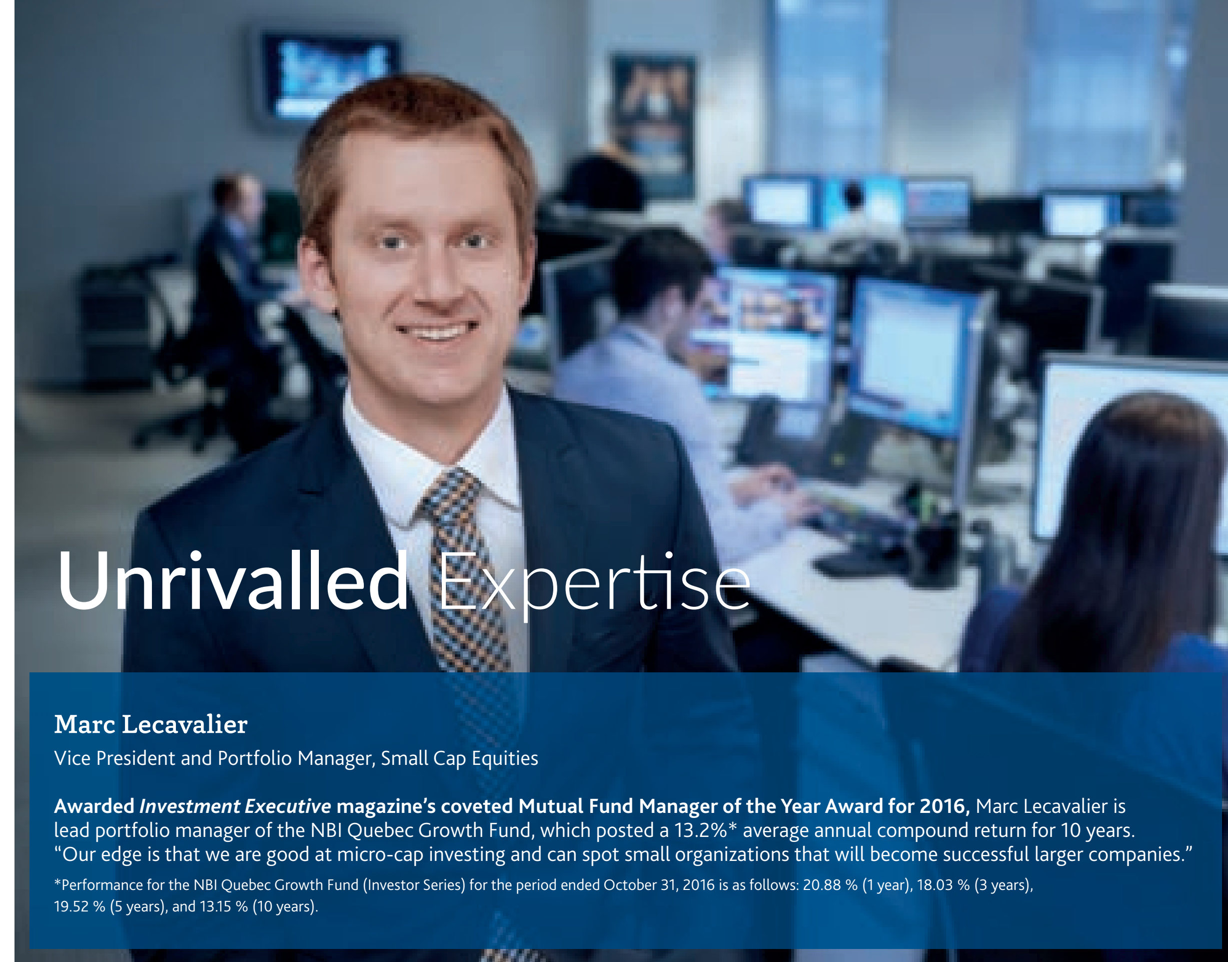
Fiera Capital has been a proud signatory of the United Nations Principles for Responsible Investment (UNPRI) since 2009. Environmental, social and governance (ESG) factors are integrated into the majority of our investment processes. Each investment team is granted flexibility in how they assess the materiality of ESG factors and how they integrate this assessment into their investment processes. Their shared goal is to improve the risk-return characteristics of an investment portfolio to enhance long-term investment returns.

Fiera Capital also offers a range of strategies designed to meet the needs of clients who wish to factor ESG considerations into the architecture of their portfolios.

The spectrum of ESG-ethical solutions includes Canadian, U.S. and international equities as well as fixed income strategies, managed by experienced and highly engaged investment teams that strive to generate superior long-term returns while respecting specific client social-consciousness objectives.

Innovative Investment Solutions

Fiera Capital has continually added to its line-up of innovative products and strategies designed to provide investors with complete investment solutions and superior risk-adjusted returns. In the low-interest-rate environment that has persisted since the 2008 recession, clients have benefited from the superior performance that stems from Fiera Capital's extensive experience managing both fixed income and equity strategies, as well as access to attractive diversification opportunities through its expanding suite of alternative strategies. Our objective is to provide investors with made-to-measure solutions encompassing the full spectrum of traditional and alternative asset classes that will help them achieve optimal performance at an appropriate level of risk.



Unrivalled Expertise

Marc Lecavalier

Vice President and Portfolio Manager, Small Cap Equities

Awarded *Investment Executive* magazine's coveted Mutual Fund Manager of the Year Award for 2016, Marc Lecavalier is lead portfolio manager of the NBI Quebec Growth Fund, which posted a 13.2%* average annual compound return for 10 years. "Our edge is that we are good at micro-cap investing and can spot small organizations that will become successful larger companies."

*Performance for the NBI Quebec Growth Fund (Investor Series) for the period ended October 31, 2016 is as follows: 20.88 % (1 year), 18.03 % (3 years), 19.52 % (5 years), and 13.15 % (10 years).

Fiera Capital offers a full spectrum of best-in-class traditional and alternative solutions tailored to meet the needs of a range of clients that includes Institutional, Private Wealth and Retail markets.

Institutional Markets

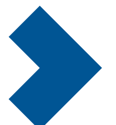
Fiera Capital offers institutional clients a complete range of traditional and alternative investment strategies through specialized and balanced mandates. The firm's diverse client base includes pension funds, endowments, foundations, religious and charitable organizations as well as large municipal and university funds.

Private Wealth

Fiera Capital offers sophisticated and highly customized management services and investment counselling, catering to the specific needs of high-net-worth individuals and their families, as well as endowments and foundations. The teams' ability to optimize client portfolios by offering both alternative investment strategies and a proactive, tactical asset-allocation process, in addition to a complete range of traditional investment strategies, sets us apart from our peers.

Retail Markets

Fiera Capital offers comprehensive portfolio-management solutions to help financial advisors achieve the goals of their clients. The firm's traditional funds, non-traditional funds and structured-product strategies meet a broad and diverse range of investment needs. Its mutual fund dealer, Fiera Capital Funds, provides individual investors with direct access to some of Canada's award-winning mutual funds and a dedicated client-services team. Fiera Capital also works closely with major Canadian financial institutions and their distribution networks.



A **Winning** Performance

Fiera Capital's increased global profile and demonstrated ability to generate exceptional results from widely diverse strategies garnered a number of internationally acclaimed industry awards in North America, Europe and Asia.

CANADIAN HEDGE FUND AWARDS

The Canadian Hedge Fund Awards honour the most exceptional hedge funds of the year, based solely on quantitative performance data.

- Best 5-year Sharpe Ratio – Equity Focused Category: Fiera Capital's Long/Short Equity Fund (1st place)
- Best 1-Year Return – Credit Focused Category: Fiera Capital Income Opportunities Fund (2nd place)
- Best 5-Year Return – Equity Focused Category: Fiera Long/Short Equity Fund (3rd place)

FUNDATA FUNDGRADE A+ AWARDS

FundGrade A+ Awards recognize investment funds and managers who have shown consistent, outstanding, risk-adjusted performance.

- Fiera Capital Global Equity Fund and the Fiera Capital U.S. Equity Fund were honoured in 2016.
- Fiera Capital was the portfolio manager of the NBI Asia Pacific Fund and the NBI Quebec Growth Fund, each honoured in 2016.

TOPGUN

Each year, the sell-side community of the investment industry takes its measure of the buy-side, nominating those portfolio managers and buy-side analysts who they see as the leading minds in the business.

- Fiera Capital was named among TopGun Investment Teams of 2016.
- TopGun Investment Minds Class of 2015/2016 included Fiera Capital's Michael Chan (Platinum Class) and Frank Zwarts.

INVESTMENT EXECUTIVE AWARDS

Investment Executive magazine is Canada's national newspaper for financial services industry professionals.

- Marc Lecavalier, Fiera Capital's Vice President and Portfolio Manager, Small Cap Equities, was named Mutual Fund Manager of the Year by the magazine for 2016.

THOMSON REUTERS LIPPER FUND AWARDS

The Thomson Reuters Lipper Fund Awards honour funds and fund management firms that have excelled in providing consistently strong risk-adjusted performance relative to their peers.

- The NBI Quebec Growth Fund, managed by Fiera Capital, was named in the Canadian Small/Mid Cap Equity (3-year category).

EUROHEDGE AWARDS (U.K.)

The EuroHedge Awards celebrate excellence in the European hedge fund industry.

- Charlemagne Capital's OCCO Eastern European Fund was awarded the Emerging Market Equity Award.

MENA FUND MANAGER (U.K.)

These awards recognize funds that have outperformed their peers. The honours are determined by a rigorous process with an evaluating panel carefully selected from the industry's leading independent market experts.

- Charlemagne Capital's Magna MENA Fund was named Best MENA Equity Fund under USD$50 million (3-year category).

FUND SELECTOR ASIA FUND MANAGEMENT AWARDS (SINGAPORE)

The FSA Awards honour excellence in fund management. Winners are selected by an independent panel of professionals from Asia's fund community, recognizing those funds most likely to outperform over the next 12 months from a shortlist screened for alpha, volatility and consistency.

- Charlemagne Capital's Magna New Frontiers was awarded platinum status for Global Emerging Market Equity in 2016.

I am pleased to report that we succeeded in realizing numerous key objectives that had been identified for 2016: implementing our decentralized global organizational structure, consolidating our core Canadian operations in line with our new structure, integrating our U.S. operations, extending our leadership in the U.S. wealth-management area, expanding internationally and further diversifying the alternative strategies that have become a hallmark of Fiera Capital.

Consolidating Our Gains

Over the course of the year we seized several attractive opportunities to complete key strategic acquisitions that added new talent, new clients and new investment solutions to our burgeoning U.S. presence while, in the case of Charlemagne Capital, also providing us with a strong platform from which to grow our European footprint.

Joining forces with Charlemagne Capital not only brings complementary expertise but also enhances Fiera Capital's growing global presence. With offices in London and the Isle of Man as well as Frankfurt, Germany, Charlemagne Capital has a team of some 60 people and had approximately $2.8 billion of assets under management when the transaction closed in December. Over the coming months, we will integrate the activities of Charlemagne Capital and, firstly, specifically focus on introducing emerging and frontier markets strategies to Canadian and U.S.-based clients while, in a subsequent phase, identifying cross-selling opportunities for Fiera Capital strategies that could have global attraction and could be distributed by the team in Europe. This acquisition is expected to provide low single-digit accretion to Fiera Capital's adjusted earnings per share in the 2017 fiscal year.

The acquisition of the assets of Larch Lane Advisors was another strategic move that enables our U.S. Division to offer clients unique alternative investment solutions. Among them are a liquid alternatives mutual fund, traditional funds of hedge funds and hedge-fund seeding strategies. Along with those additional strategies, the Larch Lane team brought complementary expertise and organizational depth that we believe will prove to be of significant benefit. The Larch Lane strategies added approximately $500 million of assets under management to Fiera Capital's U.S. Division which, as at December 31, 2016, managed $29 billion.

The acquisition of prominent U.S. growth equity manager Apex Capital Management added $8.6 billion in assets under management, more than doubling Fiera Capital's presence in the U.S. institutional and sub-advisory retail markets. Here again, though, the significance of the deal cannot be counted strictly in dollar terms: we were also fortunate to add to our ranks Apex's proven team of investment professionals, with their impressive track record.

Another key strategic thrust in 2016 involved initiatives aimed at driving organic growth, most notably through the creation of joint-venture subsidiaries designed to establish Fiera Capital as a clear leader in the fast-growing private alternative investments space. To that end, we significantly strengthened and broadened our offering of best-in-class private alternative solutions, which includes Fiera Properties, Fiera Infrastructure, Fiera Private Lending (formerly Centria Commerce) and Fiera Comox Partners, the latter focused on agriculture and, soon, private-equity strategies. These sought-after alternative strategies, primarily based on 'real return' assets, offer clients inflation protection and the potential for premium returns that represent an attractive alternative to traditional asset classes. But arguably the most important attribute shared by these joint-venture subsidiaries is that they are run by passionate professionals who are experts in their respective asset classes and will thrive in Fiera Capital's entrepreneurial culture.

Supporting Continued Growth

To facilitate Fiera Capital's continuing growth and diversification, our global leadership team devoted considerable time and effort to put in place a scalable organizational infrastructure designed to provide a uniformly high standard of support services in crucial areas like finance, legal, human resources and technology across the organization, while minimizing the administrative burden on individual divisions and teams.

The Canadian Division, which operates in a more mature marketplace, focused primarily on delivering optimal performance for clients by positioning our firm as a true alpha manager that provides made-to-measure investment solutions. During 2016, the Canadian team put together a new research and quantitative solutions unit, which develops systematic, proprietary portfolio-management solutions that are the product of a rigorous ongoing research process. This new research team also develops stand-alone risk management solutions and works in partnership with other asset allocators and managers to implement bespoke portfolio strategies that address specific client objectives. As well, in keeping with our emphasis on offering a wide array of alternative investment solutions, the Canadian Division recruited a highly acclaimed portfolio manager who has been tasked with implementing a new global macro strategy.

Through a comprehensive, multidisciplinary initiative dubbed Project Fusion, we have been diligently pursuing the smooth integration of our recent acquisitions in the U.S., while working to ensure that we are able to position our fast-expanding business with a competitive operating margin. Our success at winning new mandates during 2016, irrespective of prevailing market conditions, is a testament to our outstanding investment strategies – not to mention the high calibre of our performance-focused Fiera Capital investment and development teams.

Another ongoing focus involves growing our presence in the lucrative wealth-management space, particularly in the United States, an effort that is being piloted by our Los Angeles-based Bel Air Investment Advisors division.

A Richly Diverse and Highly Talented Team

In conclusion, I would like to personally welcome the many new members of our Fiera Capital team who joined us over the course of 2016. To our way of thinking, growth is not just about increasing assets under management or expanding our footprint, it's about deepening our pool of talent, embracing diversity and benefiting from the wealth of new ideas and insights that come with team members from different countries and cultures – all of which serve to enrich and re-energize the entrepreneurial spirit that defines our firm.

As well, I wish to salute employees across Fiera Capital, old and new, without whose know-how, drive and determination we could not succeed.

Sylvain Brosseau
Global President and Chief Operating Officer

Montreal
Sylvain Roy
President and Chief Operating Officer,
Canadian Division

Toronto

David Pennycook
Vice Chairman and Executive Vice President, Institutional Markets, Canadian Division

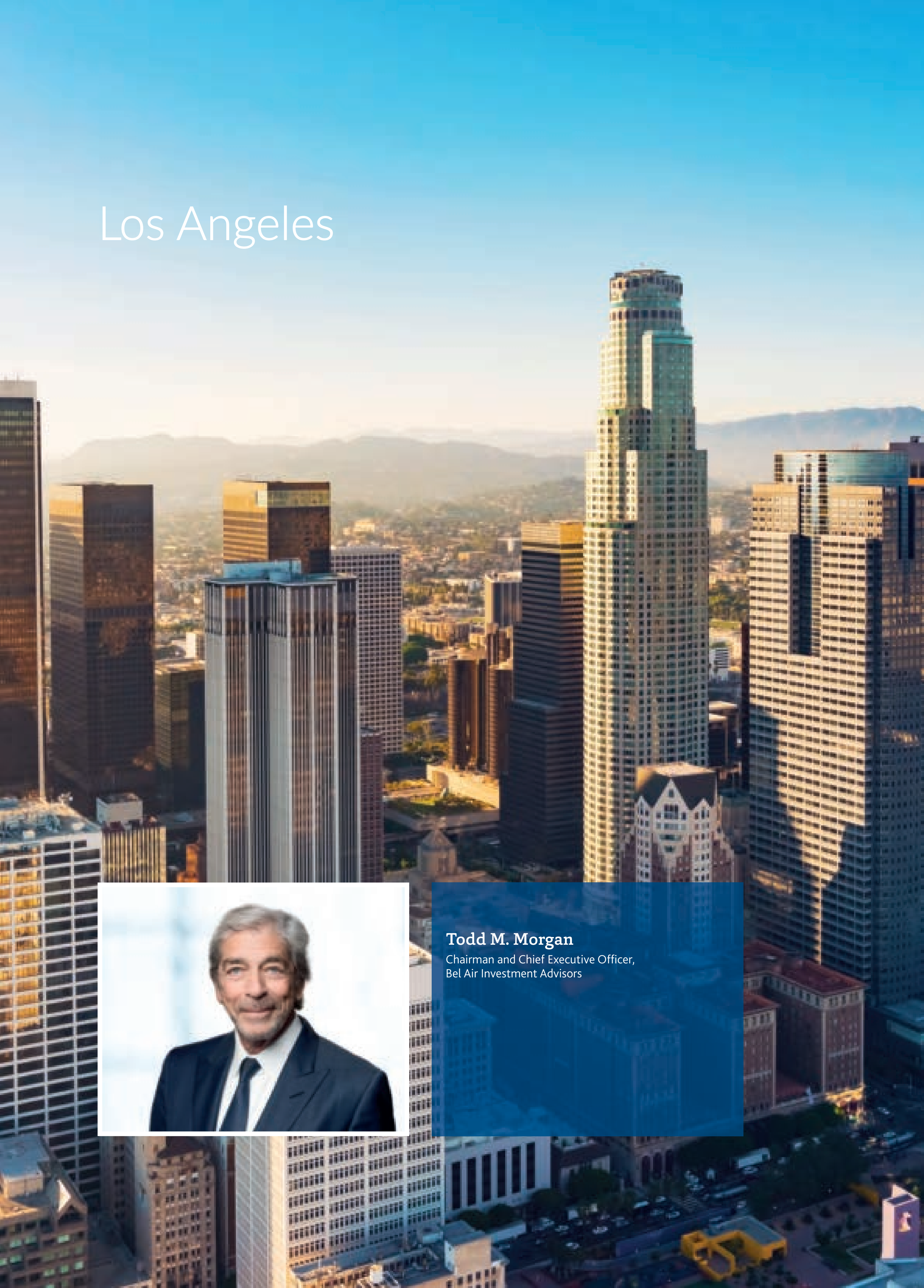
New York

Benjamin S. Thompson
President and Chief Executive Officer, U.S. Division

London

Jayne Sutcliffe
President and Chief Executive Officer, European Division

Richard Nino
Executive Vice President, Business Development, U.S. Division and Chairman, European Division



Los Angeles

Todd M. Morgan
Chairman and Chief Executive Officer,
Bel Air Investment Advisors

Leveraging Our **Leadership**

Fiera Capital's continued rapid growth and expanding global footprint prompted the firm to adopt a decentralized corporate structure that was introduced in late 2015 and fully implemented over the course of 2016. The aim was to create a scalable organizational model that remains intensely client-focused while ensuring that decision-making remains relevant and close to the respective markets served.

Today, Fiera Capital is led by a global leadership team that oversees three distinct divisions in North America as well as a newly established European platform, each focused on serving its geographical market and distinct client base.

FIERA CAPITAL – CANADIAN DIVISION

Fiera Capital, Canada's third-largest independently owned asset manager, was founded in 2003 in Montreal, Quebec, which remains home to the firm's Canadian and global headquarters. The Canadian Division, which manages $76.2 billion in assets, is Canada's leading manager of endowment and foundation assets and the country's sixth-largest pension investment manager. With investment professionals situated in Toronto, Vancouver, Calgary and Halifax, as well as Montreal, Fiera Capital provides institutional, private wealth and retail clients across the country with integrated solutions custom-tailored to their diverse investment needs.

In addition to a broad range of traditional fixed income and equity strategies, the Canadian Division manages hedge funds along with innovative absolute-return and currency strategies that represent key elements of the firm's expanding alternative investment offerings.

The Canadian Division turned in another outstanding across-the-board performance in 2016. Among the highlights, a strong focus on organic growth produced record increases in new sales for private wealth clients, record new sales of alternative solutions for retail clients and record new sales for institutional clients. The great investment performances and the success at distributing alternative solutions forced the division to cap two hedge funds, the Canadian Long/Short and Market-Neutral strategies, which together raised more than $300 million in new assets in 2016. The division also put in place a new Research and Quantitative Solutions team that is focused on the systematic development of proprietary portfolio-management solutions.

Implementation of the new organizational structure created opportunities for the Canadian Division to launch a number of initiatives designed to further enhance the value proposition for clients and drive continued organic growth. These included undertaking a thorough review of the institutional distribution model and defining a clearer vision for services provided to retail advisors. A major ongoing priority involves instilling a 'One Team' culture that will create opportunities to harness the strengths and know-how of employees across the division – including not only investment professionals and sales teams but also crucial support functions like finance, operations, legal, human resources and information technology – to harmonize priorities and work together in pursuit of common goals.

"The key going forward is to leverage the many things our firm does so well: to offer clients a uniquely diversified value proposition built around an unrivalled array of traditional and alternative strategies, including true 'alpha' solutions."

Sylvain Roy,
President and Chief Operating Officer,
Canadian Division

"Serving our clients is about maintaining a strong working rapport but more importantly about understanding their needs and desires. It is paramount for clients to have access to a broad range of best-in-class strategies."

David Pennycook,
Vice Chairman and Executive Vice President,
Institutional Markets, Canadian Division

FIERA CAPITAL – U.S. DIVISION

Fiera Capital leveraged its position as a leading North American asset manager in 2016 through the continued expansion of its U.S. Division, Fiera Capital Inc. The acquisition of Apex Capital Management, a specialist in growth-equity strategies, and Larch Lane Advisors, best known for its flagship fund of hedge fund portfolios and hedge fund-seeding platform, enabled the firm to more than double its presence in the U.S. institutional and sub-advisory retail markets while significantly broadening its offering of traditional and alternative strategies for the benefit of U.S. clients.

Headquartered in New York, with satellite offices in Boston and Dayton, Ohio, the U.S. Division offers proprietary strategies to a steadily expanding roster of institutional and high-net-worth clients as well as to the retail investment market. Assets under management totalled approximately $29 billion as at December 31, 2016, up from $17.5 billion a year earlier. The division's strong fourth-quarter performance proved that, working as a team, Fiera Capital's U.S. operations are clearly capable of generating significant organic growth in assets under management.

Successful integration of the U.S. investment and distribution platforms – while taking care not to detract from the various teams' unique abilities to do what they do best – was a top priority in 2016. Project Fusion involves developing a scalable organizational and support structure to sustain continued organic growth, which will be the primary focus in 2017. Other key initiatives entailed planning for the transition of the Apex operations to the Fiera Capital brand and raising the firm's profile within U.S. investment and financial-media circles. Noteworthy in that respect was the division's hosting of the conference Spotlight on Women in Boston, which brought together senior female professionals from the investment industry and featured a keynote address by Iris Bohnet, Director of the Women and Public Policy Program at Harvard University's Kennedy School.

"It's all about performance and working collaboratively… every addition to our Fiera Capital team brings added expertise and intellectual horsepower that enhances our ability to continue exceeding clients' expectations and grow the business."

Benjamin S. Thompson,
President and Chief Executive Officer,
U.S. Division

BEL AIR INVESTMENT ADVISORS

Founded in 1997, Bel Air Investment Advisors is a highly regarded U.S. wealth-management firm, distinguished by the array of proprietary and sub-advisory investment strategies provided within its open-architecture platform. Bel Air provides customized investment management services to high-net-worth individuals, families and foundations, typically with $20 million or more in investable assets. It currently manages approximately $8.8 billion in assets through offices in Los Angeles and San Francisco. Fiera Capital acquired Bel Air in 2013.

For more than two decades, Bel Air's trusted teams of professional advisors have demonstrated their ability to cater to specific client needs and preferences in all economic environments. Irrespective of prevailing economic and market conditions, clients stand to benefit from Bel Air's keen understanding and comprehensive knowledge of financial markets to help them identify the most appropriate investment options for protecting and preserving their wealth. In that respect, it should be noted that Fiera Capital's attractive global equities strategy has drawn increasing attention from Bel Air clients.

During 2016, Bel Air refreshed its corporate identity with the adoption of a new modernized logo and marketing materials. It also changed custodial operators, a move that gives clients access to enhanced banking and trust services as well as the ability to set up 'donor advised funds' for charitable giving.

"At Bel Air, our role as true relationship managers has been a differentiator for our teams, which frequently are entrusted with taking care of a family's entire vital interests, be it investments, estate planning or charitable giving."

Todd M. Morgan,
Chairman and Chief Executive Officer,
Bel Air Investment Advisors

FIERA CAPITAL – EUROPEAN DIVISION

The December acquisition of U.K.-based Charlemagne Capital Limited, an independent asset manager specializing in frontier and emerging markets strategies, brought complementary expertise and will further broaden Fiera Capital's strong offering for North American clients seeking diversification opportunities. The transaction also represents an important step in advancing Fiera Capital's global presence, providing the firm with a strong platform from which to grow its European footprint and, going forward, making Fiera Capital's sought-after existing strategies more readily available to clients in the United Kingdom, Continental Europe as well as to select Middle East sovereign wealth funds.

Charlemagne Capital was established in 2000 and has assets under management in excess of $2.8 billion. Fiera Capital and Charlemagne Capital will integrate their activities over the coming months, with a view to taking full advantage of cross-selling opportunities and further diversifying the firm's product offerings in Canada and the United States.

Earlier in 2016, Fiera Capital announced another strategic initiative designed to expand its distribution reach in select European markets, with a partnership with Bedrock Asset Management, a recognized European wealth manager and advisory firm. Fiera Capital partnered with Bedrock in the launch of a long-only global equity fund, for which Fiera Capital acts as investment manager.

The success of Fiera Capital's Global Equity team has also opened up new market opportunities with mandates and clients in South Africa, Japan and Australia. We will leverage these new business relationships to further expand future global distribution initiatives.

"This is a winning combination that adds complementary expertise to Fiera Capital's existing platforms and strengthens its ability to serve North American clients, while providing Charlemagne Capital with access to Fiera Capital's broad existing distribution network."

Richard Nino,
Executive Vice President, Business Development,
U.S. Division and Chairman, European Division

Building a Global Presence and Reputation

Already ranked among North America's top independent asset managers, Fiera Capital continued to build a global presence and reputation in 2016, establishing a strong European platform, enhancing its distribution reach and adding new high-performing investment strategies.

Alina Osorio
President,
Fiera Infrastructure

Stuart Lazier
Partner and Chief Executive Officer,
Fiera Properties

Antoine Bisson-McLernon
Partner and Chief Executive Officer,
Fiera Comox

Jean Gamache
President and Chief Operating Officer,
Fiera Private Lending

Leading in **Private Alternative Investment Strategies**

Since its inception, Fiera Capital has positioned itself as a leader in the non-traditional investments space. Today, the firm offers a broad spectrum of best-in-class private alternative strategies that provide exceptional opportunities for increased diversity and state-of-the art asset allocation. Private alternative solutions focused on real estate, infrastructure, private lending and, beginning in 2017, agriculture and private equity – sectors which customarily have been difficult for many investors to access – enable clients to address their capital-appreciation and income objectives while enjoying a measure of protection against inflation.

Fiera Properties

Real estate is widely acknowledged as an attractive element of multi-asset portfolios, thanks to inherent investment characteristics that include stable returns and protection against inflation. Through direct investment in high-quality real estate across Canada, Fiera Properties offers best-in-class strategies designed to produce growing income and stable total returns. Its focus is primarily on institutional-grade office, industrial and multi-residential properties, along with select retail opportunities.

The $1.5 billion of gross assets under management as at December 31, 2016, include the flagship Fiera Properties CORE Fund, which in June surpassed the milestone $1 billion of assets under management, and the recently launched Fiera Properties GTA Opportunity Fund – which, as its name suggests, focuses on opportunities in the Greater Toronto area – as well as segregated accounts, including those of three provincial pension plans. Fiera Properties will complement its strategies on the equity side of the real-estate sector by launching the Fiera Properties Mortgage Fund in 2017. Over the course of 2016, a number of key appointments and additions were made to the Fiera Properties investment-management team to support further growth and ensure that it can continue delivering high-value returns.

Fiera Infrastructure

Fiera Infrastructure offers investors the opportunity to diversify their portfolios through access to a sought-after global asset class that delivers attractive risk-adjusted returns over a long-term holding period.

Fiera Infrastructure's portfolio is diversified from both a geographical and sub-sector perspective, and includes hydro-electric generation facilities, regulated utilities, wind and solar projects and public-private partnership assets in North America and Europe.

In 2016, Fiera Infrastructure closed the landmark acquisition of five diverse public-private partnership (PPP) assets, including a 100% equity stake in the Billy Bishop Toronto City Airport Pedestrian Tunnel. Assets under management as at December 31, 2016, totalling $500 million are invested in high quality assets. Subsequent to the year end, Fiera Infrastructure acquired a 50% interest in the Cedar Point II Limited Partnership, which owns a 46-turbine, 100-megawatt wind facility in southwestern Ontario, as well as an increased stake in Thames Water, a regulated utility, in London, United Kingdom, increasing assets under management to more than $650 million.

Investors will benefit from the Fiera Infrastructure team's sound track record of acquiring high-quality infrastructure assets, developing a global network of relationships, showing strong expertise in transaction execution and ensuring a rigorous approach to asset management. This track record guarantees adherence to robust governance and risk-management practices while proactively identifying opportunities to improve the performance of acquired assets.

Going forward, Fiera Infrastructure's focus will be on expanding its high-quality portfolio to opportunities in Canada, the U.S., the U.K., Australia and New Zealand, among other regions.

"Fiera Capital is uniquely positioned to provide investors looking to further diversify their portfolios – particularly our institutional and private-wealth clients – with access to an expanding suite of private alternative strategies.

Less-liquid 'real return' assets such as real estate, infrastructure and agriculture offer inflation protection, which is an important characteristic of these strategies. Capturing the illiquid premium offered by these asset classes, including private equity and private debt, also provides for enhanced returns and diversification that represent an attractive alternative to traditional asset classes."

John Valentini, Global Chief Financial Officer and Head of Private Alternative Investments

Fiera Private Lending creates and manages a portfolio of funds that provide bridge financing for construction projects, financing for real estate investments and short-term business loans, primarily in Quebec but increasingly in Ontario, Alberta and, going forward, other regions of Canada. Its strategies are of particular interest to private-wealth clients seeking to further diversify their holdings. Fiera Private Lending was formed in November 2016 with the acquisition of Centria Commerce Inc., an established non-bank lender and investment manager that has provided more than $1.5 billion in financing since its inception and now serves as the firm's in-house private-lending platform. Fiera Capital had worked closely with Centria Commerce since 2008, and almost all of Centria's net assets under management at the time of the acquisition formed part of Fiera Capital's existing client assets and are accounted for in the Diversified Lending Fund.

The seasoned team leading Fiera Private Lending brings a strong set of competencies, including crucial expertise in research, underwriting and loan origination along with proven execution capabilities, which will benefit investors and Fiera Capital shareholders by delivering attractive returns. Its strategies include an open-ended Real Estate Financing Fund, a closed-end Real Estate Investment Fund and an open-ended Business Financing Fund that addresses an underserved market niche for short-term corporate money. Fiera Private Lending is currently a partner in more than $1 billion of active projects. Its assets under management as at December 31, 2016, totalled $334.5 million.

Agriculture and private equity are among the latest strategies being made available through Fiera Capital's growing alternative investments platform. Both are to be offered through Fiera Comox Partners.

The Fiera Comox Agriculture Fund will be launched in 2017 and will provide Fiera Capital's investors access to an emerging core asset class – not readily accessible in public markets – with attractive investment features, particularly low correlation to other asset classes as well as an effective inflation hedge. Returns are generated through a combination of cash yield and capital appreciation.

The portfolio will be built of high-quality farmland assets, typically purchased alongside local operating partners in core, stable jurisdictions (Australia, United States, New Zealand and Canada). The Fund will be uniquely positioned as diversified across commodities with the objective of acquiring assets that produce row crops, permanent crops, animal protein and timberland. Across the portfolio, the vast majority of value will be in the land itself, providing investors with significant downside protection and stability in returns. The Fund will create partnerships with best-in-class local operators, while operating in accordance with the highest standards of environmental, social and health and safety, elements that are viewed as centric to the Fund's success.

The private equity strategy is slated to be rolled out later in 2017.

Adding Value Through Rigour, Experience and Engagement

A rigorous approach to risk management, backed by a highly experienced management team that scrutinizes all aspects of portfolio administration, investment practices and legal and compliance considerations, represents added value and assurance for Fiera Capital clients and shareholders.

Risk Management

Risk management is a cornerstone of Fiera Capital's investment culture. Embedded in all of its investment processes is a rigorous approach to risk management whereby the firm strives to achieve optimal performance with an appropriate level of risk. Supporting its growth and diversification is the Enterprise Risk Management team led by Fiera Capital's Chief Risk Officer. This team is responsible for assessing, monitoring and managing all risks related to the firm's activities, company-wide.

Global Chief Investment Office Committee

Fiera Capital's Global Chief Investment Office (CIO) Committee oversees the firm's investment policy and strategy as well as aspects of risk management, operations and governance across all of Fiera Capital's investment activities. The Global CIO Committee is responsible for ensuring that all investment processes reflect the firm's corporate values of accountability through performance, innovation and entrepreneurship. As well, the Committee ensures that vital know-how and best practices are shared across divisions and that the global investment vision is adequately reflected in each of Fiera Capital's businesses. The Global CIO Committee is composed of Fiera Capital's Chairman and Chief Executive Officer, the firm's two Co-Global Chief Investment Officers, the Vice President of Global Asset Allocation, and the Chief Investment Officers of its Canadian and U.S. Divisions.
Fiera Capital is also committed to ensuring, through the CIO Office concept, that portfolio managers have autonomy and retain full discretion over both investment and portfolio-construction decisions. Maintaining a flat structure helps preserve the firm's entrepreneurial spirit and drive for exceptional performance in portfolio management.

Portfolio Administration

Monitoring of a broad range of portfolio metrics is the responsibility of the Middle-Office group. This team operates separately from the investment function – ensuring complete independence – in areas ranging from data sourcing to metrics calculations and publishing.

Legal and Compliance

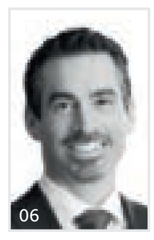
Fiera Capital's Legal and Compliance group ensures that the highest ethical standards are consistently upheld at all levels of the organization. This function operates independently from the firm's investment, client-service, portfolio-administration and performance-measurement groups. It monitors compliance with legal and regulatory requirements as well as internal policies and procedures.

Fiera Capital is a member of the Canadian Coalition for Good Governance. As well, it's Canadian, U.S. and European divisions operate in compliance with the Global Performance Investment Standards[1].

1 All performance schedules are available upon request

Global **Leadership** Team

Fiera Capital is led by a global leadership team that oversees three distinct divisions in North America as well as a newly established European platform. The team is comprised of proven professionals who embody the firm's core values: client focus, respect and integrity, performance and accountability, teamwork, innovation and entrepreneurship.



01- Jean-Guy Desjardins
Chairman of the Board and
Chief Executive Officer

02- Sylvain Brosseau
Global President and Chief Operating Officer[1]

03- John Valentini
Global Chief Financial Officer and Head of
Private Alternative Investments

04- Alain St-Hilaire
Executive Vice President, Human Resources
and Corporate Communications[2]

05- Peter Stock
Senior Vice President, Strategic Development

06- Sylvain Roy
President and Chief Operating Officer,
Canadian Division

07- Benjamin S. Thompson
President and Chief Executive Officer,
U.S. Division

08- Todd M. Morgan
Chairman and Chief Executive Officer,
Bel Air Investment Advisors LLC

09- Jayne Sutcliffe
President and Chief Executive Officer,
European Division

10- Richard Nino
Executive Vice President,
Business Development, U.S. Division and
Chairman, European Division

11- Guy Archambault
Senior Vice President and
Chief Human Resources Officer

12- Violaine Des Roches
Senior Vice President, Chief Legal and
Compliance Officer and Corporate Secretary

13- Dino Rambidis
Senior Vice President, Corporate Finance

14- Daniel Richard
Senior Vice President, Corporate
Communications and Investor Relations

15- David Stréliski
Senior Vice President and Chief Risk Officer

1 Until June 30, 2017
2 Retirement commenced April 28, 2017

Board of **Directors**

Fiera Capital Corporation's Board of Directors is comprised of seasoned executives and corporate directors committed to ensuring that the firm strives for the highest standards of corporate governance and ethical behaviour, as well as performance excellence.

01- Jean-Guy Desjardins
Chairman of the Board and Chief Executive Officer, Fiera Capital Corporation

02- Réal Bellemare
Executive Vice-President, Finance, Treasury, Administration and Chief Financial Officer, Desjardins Group

03- Sylvain Brosseau
Global President and Chief Operating Officer, Fiera Capital Corporation

04- Brian A. Davis
Co-President and Co-Chief Executive Officer, National Bank Financial Inc.

05- Martin Gagnon
Executive Vice President, Wealth Management, Co-President and Co-Chief Executive Officer, National Bank Financial

06- Raymond Laurin
Corporate Director

07- Jean C. Monty
Director, DJM Capital Inc.

08- Todd M. Morgan
Chairman and Chief Executive Officer, Bel Air Investment Advisors LLC

09- David Pennycook
Vice Chairman and Executive Vice President, Institutional Markets, Fiera Capital Corporation

10- Lise Pistono
Vice President and Chief Financial Officer, DJM Capital Inc.

11-Arthur R.A. Scace
Corporate Director

12- David R. Shaw
Non-executive Chairman, LHH Knightsbridge

Management's Discussion and Analysis

For the Three and Twelve-Month Periods Ended December 31, 2016

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The following management's discussion and analysis ("MD&A") dated March 22, 2017, presents an analysis of the financial condition and results of the consolidated operations of Fiera Capital Corporation (the "Company" or "Fiera Capital" or "Firm") for the three and twelve-month periods ended December 31, 2016. The following MD&A should be read in conjunction with the audited consolidated financial statements including the notes thereto, as at and for the twelve-month period ended December 31, 2016.

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

The consolidated financial statements include the accounts of Fiera Capital Corporation and its wholly owned subsidiaries. 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.

Non-controlling interests in the earnings and equity of subsidiaries are disclosed separately in the consolidated statements of financial position, earnings, comprehensive income, and changes in equity.

Where applicable, the subsidiaries' accounting policies are changed prior to the business acquisition by the Company to ensure consistency with the policies adopted by the Company.

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

Where applicable, the joint venture's accounting policies are changed prior to the acquisition by the Company, to ensure consistency with the policies adopted by the Company.

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

BASIS OF PRESENTATION

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

The policies applied in the Company's consolidated financial statements are based on IFRS issued and outstanding as at December 31, 2016.

The following MD&A should also be read in conjunction with the Company's 2016 annual audited consolidated financial statements, which contain a description of the accounting policies used in the preparation of these financial statements.

The Company presents adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), adjusted net earnings and cash earnings as key non-IFRS performance measures. These non-IFRS measures are defined on page 71.

FORWARD-LOOKING STATEMENTS

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

COMPANY OVERVIEW

Fiera Capital Corporation 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 offers a wide range of traditional and alternative investment solutions, including depth and expertise in asset allocation. The Company provides investment advisory and related services to institutional investors, private wealth clients and retail investors. In the U.S., investment advisory services are provided by two of the Company's U.S. affiliates, Fiera Capital Inc. and Bel Air Management, LLC, that are registered as investment advisors with the U.S. Securities and Exchange Commission ("SEC"). The Company's affiliate Charlemagne Capital (UK) Limited is registered with the Financial Conduct Authority in the United Kingdom and as an investment advisor with the SEC and Charlemagne Capital (IOM) is registered with the Isle of Man Financial Services Authority and is also registered as an investment advisor with the SEC. The Company's head office is located at 1501 McGill College Avenue, Suite 800, Montréal, Quebec, Canada. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol "FSZ".

SIGNIFICANT EVENTS

The Firm's results reflect solid contributions from its business activities in Canada, the US and the UK, as well as its proven ability to win new mandates and, more recently in December 2016, with the inclusion of Charlemagne Capital Limited ("Charlemagne").

NEW CANADIAN EQUITY TEAM

On October 28, 2016, Fiera Capital welcomed a new Canadian equity team, within its Canadian Division, led by Nessim Mansoor who brings a high quality focused investment approach to the management of Canadian equity portfolios. The Firm is awaiting third-party Global Investment Performance Standards (GIPS®) verification in order to disclose the team's solid four-year performance track record while responsible for the management $3B in AUM in Canadian equity mandates at a large insurance company.

FIERA CAPITAL SUCCESSFULLY LAUNCHED A NEW UNIT TRADED FUND

On October 31, 2016, the Firm announced the June 2020 Corporate Bond Trust ("Fund") initial public offering. The Fund acquires and holds a portfolio comprised primarily of debt securities of Canadian and U.S. corporate issuers.

NEW RISK MANAGEMENT OVERLAY STRATEGY

On November 1, 2016, Fiera Capital was appointed as a portfolio sub-advisor for CI Investments' G5|20 Series, a family of guaranteed cash flow funds, and assumed responsibility for the funds' risk management overlay strategy. The team is led by Alexandre Hocquard and Nicolas Papageorgiou, Co-Leaders, Research and Quantitative Solutions.

FIERA CAPITAL'S NEW PRIVATE LENDING STRATEGY

On November 10, 2016, the Firm acquired Centria Commerce Inc. ("Centria"), a leading Quebec-based private investment manager that manages funds providing construction financing, real estate investment and short-term business financing.

CLOSING OF CHARLEMAGNE CAPITAL TRANSACTION

On December 14, 2016, Fiera Capital completed the acquisition of Charlemagne Capital Limited. In addition to broadening the Firm's offering with emerging and frontier markets strategies, the benefits of the transaction include the creation of a strong European platform onto which Fiera Capital will expand.

DIVIDEND INCREASE

The Board of Directors declared a dividend of $0.17 per Class A subordinate voting share and Class B special voting share of Fiera Capital, payable on May 2, 2017, to shareholders of record at the close of business on April 4, 2017.

This represents a 6% increase and the second dividend increase in the last twelve months.

SUBSEQUENT EVENTS

APPOINTMENT OF MARTIN GAGNON TO THE FIRM'S BOARD OF DIRECTORS

On January 23, 2017, Martin Gagnon was appointed to the position of Director and Member of the Firm's Board of Directors. Mr. Gagnon is the Executive Vice-President, Wealth Management, of National Bank, as well as Co-President and Co-CEO of National Bank Financial.

FIERA CAPITAL LOWERS MANAGEMENT FEES FOR THREE MUTUAL FUNDS IN CANADA

On February 2, 2017, the Firm announced that the management fees for the Fiera Capital Global Equity Fund, the Fiera Capital Defensive Global Equity Fund and the Fiera Capital U.S. Equity Fund have been reduced, effective February 3, 2017.

FIERA CAPITAL INTERNATIONAL EQUITY MUTUAL FUND LAUNCHED IN CANADA

On February 15, 2017, Fiera Capital completed its foreign equity mutual fund offer by launching its new Fiera Capital International Equity Mutual Fund (the "Fund"). The Fund invests in equity securities of established companies across the world markets, generally excluding North America. Its strategy aims to provide strong risk-adjusted returns in a high-conviction portfolio. The Fund is accessible to investment advisors as well as individual investors.

MARKET AND ECONOMIC OVERVIEW

MARKET OVERVIEW

Fixed income markets posted negative results during the fourth quarter of 2016. Government bond yields were on a steady ascent throughout the quarter, owing to the improving global growth backdrop, rebounding energy prices, and rising inflation expectations. That being said, the most profound increase took place following the surprise US election results in early November, where then President-elect Donald Trump's pledged to revitalize the US economy through expansive fiscal policies sent inflation expectations soaring higher. In this reflationary environment, yield curves steepened, as the elimination of deflation fears put upward pressure on the long-end of the curve, while the short-end remained fairly anchored in the environment of still-accommodative monetary policies. As a result, shorter-dated bonds outperformed their longer-term peers, while corporate bonds outperformed government bonds alongside the brighter outlook for economic growth and the resurgence in energy prices.

Meanwhile, global equity markets posted some decent results during the final quarter of 2016, as investor's gauged the impact of the surprise US election results, the Federal Reserve's first rate hike of the year, and lingering political uncertainties in the Eurozone. In the end, the quarter was largely characterised by investor optimism, thanks to signs of a sustainable global economic recovery, the revival in oil prices, and on hopes for meaningful fiscal stimulus in the US. Regionally speaking, the US equity market soared to record highs as investors cheered Trump's immediate focus on revitalizing the US economy, while largely shrugging-off the Federal Reserve's decision to raise interest rates in December. Instead, investors opted to interpret the rate hike as a sign of the Fed's confidence in the sustainability and durability of the US recovery. Meanwhile, the profound increase in risk appetite also spilled-over into the Canadian equity market, which soared higher alongside the resurgence in oil prices – maintaining the position of top-performing developed equity market in 2016. Looking abroad, while Japanese stocks rallied on the heels of a weaker yen and synchronized fiscal and monetary policy support, European equities proved resilient in the face of ongoing political upheaval in the Eurozone. Finally, emerging market equities failed to participate in the post-election rally on fears of a highly protectionist agenda under the Trump presidency and as the Fed hinted towards a faster pace of interest rate hikes next year.

ECONOMIC OVERVIEW

The global economy remains in a firm uptrend, with all major regions contributing to the advance, while the prospect for US fiscal expansion should support the global economy in general. In Canada, the recovery in commodity prices, a competitive loonie, and stronger demand stateside should bode well for exports and business investment, while the Canadian economy also stands to benefit from the lagged impact of fiscal support. In contrast, the combination of rising interest rates and tighter mortgage standards should take some steam out of the housing market and consumer spending.

Meanwhile, the US economy has been gaining traction, thanks to the resilient consumer backdrop and signs of stabilization in the manufacturing sector – exemplified further by President Trump's proposals for tax reform, infrastructure spending, and softer regulatory burdens. The economy should also benefit in the environment of renewed animal spirits and a corresponding rebound in business investment, which has been negligible this economic cycle. Looking abroad, despite lingering political uncertainties and a fragile banking sector, economic activity in the Eurozone is moderately accelerating. The UK continues to weather the storm, though caution is warranted as the implications of Brexit become front-and-center in 2017. And while synchronized monetary and fiscal expansion should support the Japanese economy, the consumer backdrop remains mediocre at best.

Finally, the Chinese economy continues to gather momentum, while Brazil and Russia appear to be turning the corner on the back of the recovery in commodity prices. Taken together, emerging market economies should power through the recent headwinds from a tighter Fed and the soaring greenback, thanks to the resurgence in global growth and the profound rebound in commodity prices.

SUMMARY OF PORTFOLIO PERFORMANCE

ANNUALIZED RATES OF RETURN

Strategies	AUM ($Billion)	1 yr			5 yrs or Since Inception (SI)* (SI if Inception < 5 yrs)		
		Strategy Return	Added Value	Quartile	Strategy Return	Added Value	Quartile
Fixed Income Investment Strategies	**62.7**						
Active Fixed Income Universe		1.75	0.09	4	3.3	0.08	4
Tactical Fixed Income Universe		0.77	-0.89	4	3.2	-0.03	4
Integrated Fixed Income Universe		2.35	0.68	3	3.77	0.54	2
Active Fixed Income Long-Term		2.63	0.16	3	4.32	0.04	4
High Yield Bonds		16.53	-0.71	1	7.46	-0.21	2
Preferred Shares Relative Value		9.53	2.55	N/A	1.74	1.77	N/A
Infrastructure Bonds		3.55	1.27	N/A	5.49	1.35	N/A
Tax Efficient Core Intermediate 1-10 Year*		0.11	0.21	N/A	1.70	-0.33	N/A
Tax Efficient Core Plus*		0.32	0.42	N/A	2.05	0.40	N/A
High Grade Core Intermediate*		1.76	-0.21	N/A	1.86	-1.86	N/A
Balanced Investment Strategies	**4.4**						
Balanced Core		6.86	-1.47	4	9.99	1.33	2
Balanced Integrated		7.13	-1.93	3	9.68*	1.54*	2
Balanced Fund		7.04	-1.42	3	9.33	0.78	3
Equity Investment Strategies	**45.0**						
Canadian Equity Growth		17.90	-3.18	3	9.96	1.71	3
Canadian Equity Core		15.72	-5.37	4	9.84	1.59	4
Canadian Equity Opportunities		27.36	6.28	1	12.14	3.89	1
High Income Equity		27.07	-1.42	1	9.88	2.28	3
Canadian Equity Small Cap Core		14.32	-24.17	4	12.21	7.93	2
Canadian Equity Small Cap		21.30	-17.18	3	14.12	9.84	1
US Equity		5.85	-2.24	3	22.53	1.38	1
International Equity		-2.56	-0.07	3	14.82	2.26	1
Global Equity		2.26	-1.53	3	18.85	2.18	1
Apex Smid Growth*		3.66	-6.06	4	13.87	0.01	2
Apex Small Cap Growth*		0.61	-10.70	4	13.55	-0.19	3
Charlemagne Emerging Markets Core Growth*		9.61	-1.58	1	4.16	2.89	2
Charlemagne Emerging Markets Growth & Income*		10.63	-0.55	1	3.71	2.44	3
Charlemagne Frontier Markets*		28.51	25.84	1	12.86	7.70	1
Alternative Investment Strategies	**4.8**						
North American Market Neutral Fund		3.32	3.32	N/A	5.93	5.93	N/A
Long / Short Equity Fund		11.68	11.68	N/A	17.31	17.31	N/A
Diversified Lending Fund		6.03	6.03	N/A	6.88	6.88	N/A
Multi-Strategy Income Fund		8.79	7.78	N/A	5.12	3.03	N/A
Infrastructure Fund		3.61	3.61	N/A	6.24	6.24	N/A
Real Estate Fund		7.42	7.42	N/A	5.36*	5.36	N/A
Fiera Private Lending Construction Financial Fund		6.40	6.40	N/A	7.84	7.84	N/A
Fiera Private Lending Mezzanine Financing Fund		11.05	11.05	N/A	10.80	10.80	N/A
Charlemagne OCCO Eastern European Fund*		9.15	9.15	N/A	6.08	6.08	N/A
Total	**116.9**						

Inception Date	Benchmark Name	Notes
01/01/1997	FTSE TMX Universe	
01/01/2000	FTSE TMX Universe	
01/01/1993	FTSE TMX Universe	
01/07/1998	FTSE TMX Long Term	
01/02/2002	High Yield Blended	1
01/02/2004	S&P/TSX Preferred Share	
01/08/2011	FTSE TMX Provincial Long Term	
31/03/2007	Bloomberg Barclays 1-10 Year Municipal Index	5
31/12/2012	Bloomberg Barclays 1-10 Year Municipal Index	5
31/12/2004	Bloomberg Barclays Intermediate Aggregatel Index	5
01/09/1984	Balanced Core Blended	2
01/04/2013	Balanced Integrated Blended	3
01/03/1973	Balanced Blended Benchmark	4
01/01/2007	S&P/TSX Composite	
01/01/1992	S&P/TSX Composite	
01/11/2002	S&P/TSX Composite	
01/10/2009	S&P/TSX Composite High Dividend	
01/01/1989	S&P/TSX Small Cap	
01/01/1989	S&P/TSX Small Cap	
01/04/2009	S&P 500 CAD	
01/01/2010	MSCI EAFE Net CAD	
01/10/2009	MSCI World Net CAD	
31/01/1990	Russell 2500 Growth Index	5
31/01/2006	Russell 2000 Growth Index	5
31/07/2003	MSCI Emerging Markets Index	5
30/06/2010	MSCI Emerging Markets Index	5
30/06/2010	MSCI Frontier Markets Index	5
01/10/2007	No Benchmark	
01/08/2010	No Benchmark	
01/04/2008	No Benchmark	
01/11/2009	FTSE TMX Short Term	
01/03/2010	No Benchmark	
01/07/2013	No Benchmark	
22/11/2006	No Benchmark	
21/07/2015	No Benchmark	
31/12/2001	No Benchmark	5

Notes:

1. The High Yield Blended Index is composed of 85% Merrill Lynch US High Yield Cash Pay BB-B Hedged in CAD, 15% Merrill Lynch US High Yield Cash Pay C Hedged in CAD.
2. Balanced Core Blended Benchmark is composed of 5% FTSE TMX T-Bill 91 Day / 35% FTSE TMX Universe / 32.5% S&P TSX Composite / 27.5% MSCI World Ex-Canada Net.
3. Balanced Integrated Blended Benchmark is composed of 2% FTSE TMX T-Bill 91 Day / 36% FTSE TMX Universe / 35% S&P/TSX Composite / 27% MSCI ACWI Net.
4. Balanced Blended Benchmark is composed of 5% FTSE TMX T-Bill 91 Day / 35% FTSE TMX Universe / 32.5% S&P TSX Composite / 27.5% MSCI World NET CAD.
5. US Dollar returns

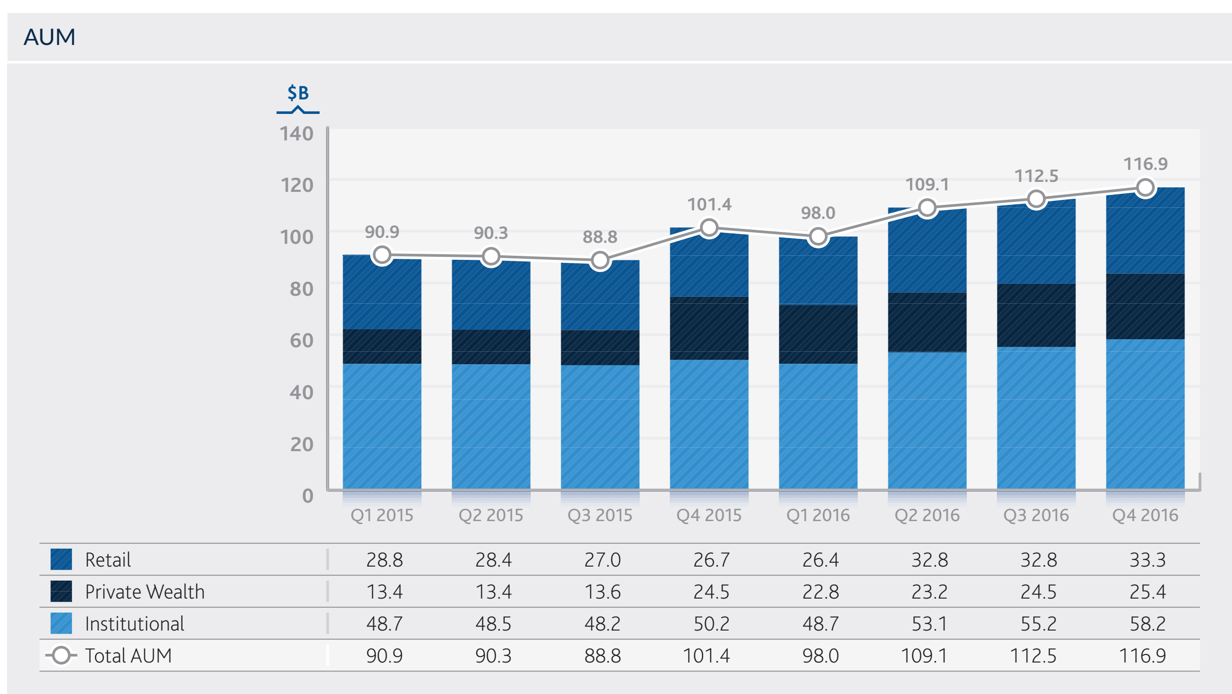
Important Discolsures:

- All returns are expressed in Canadian dollars, unless indicated otherwise.
- All performance returns presented above are annualized.
- All returns, except alternative strategies and Balanced Fund are presented gross of management and custodial fees and without taxes but net of all trading expenses.
- Alternative Investment Strategies and Balanced Fund are presented net of management fees, custodial fees, performance fees and withholding taxes.
- The performance returns above assume reinvestment of all dividends.
- Besides for the alternative strategies, the returns presented for any one line above represent the returns of a composite of discretionary portfolios.
- Each strategy listed above represents a single discretionary portfolio or group of discretionary portfolios that collectively represent a unique investment strategy or composite.
- The since inception date represents the earliest date at which a discretionary portfolio was in operation within the strategy.
- The above composites and pooled funds were selected from the Firm's major investment strategies while the AUM represent the total amounts managed by asset class.
- Quartile rankings are provided by eVestment.

TREND HIGHLIGHTS

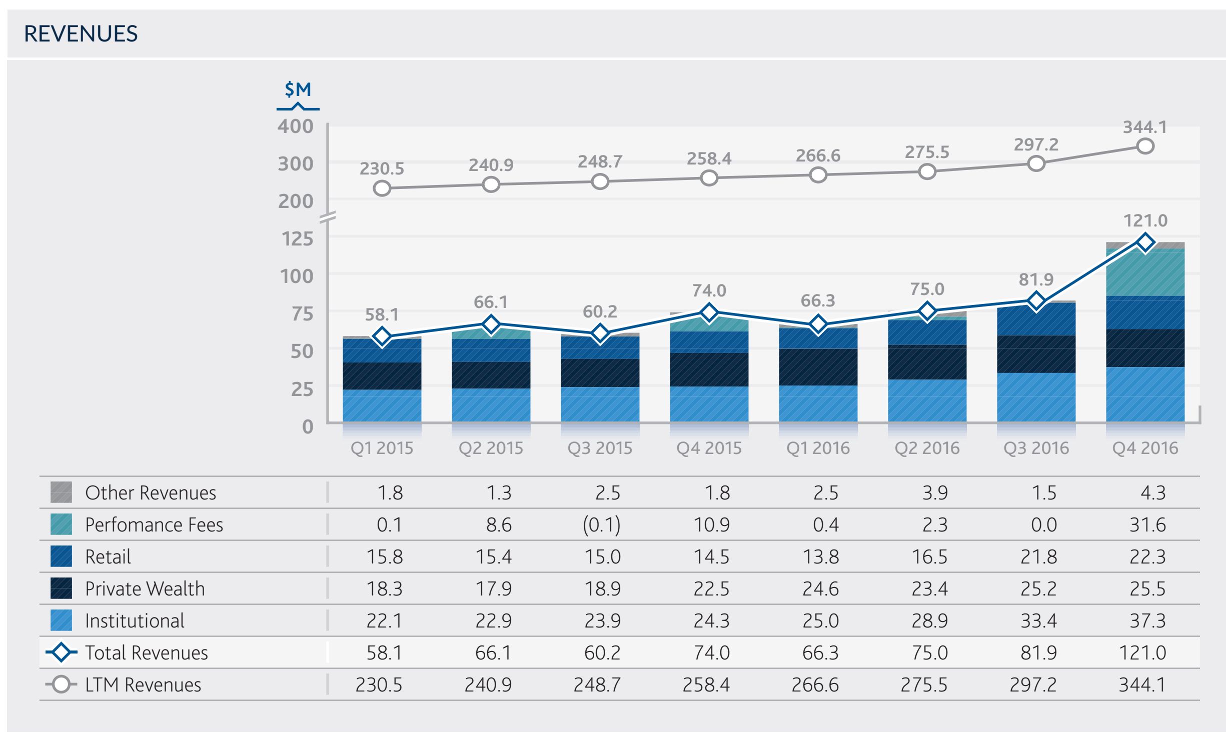
The following illustrates the Company's trends regarding AUM, quarterly and last twelve months ("LTM") revenues, LTM Adjusted EBITDA, LTM Adjusted EBITDA Margin, LTM Adjusted Earnings per share, as well as the LTM dividend payout. The trend analysis is presented in the *"Results and Trend Analysis"* section on page 56.

AUM



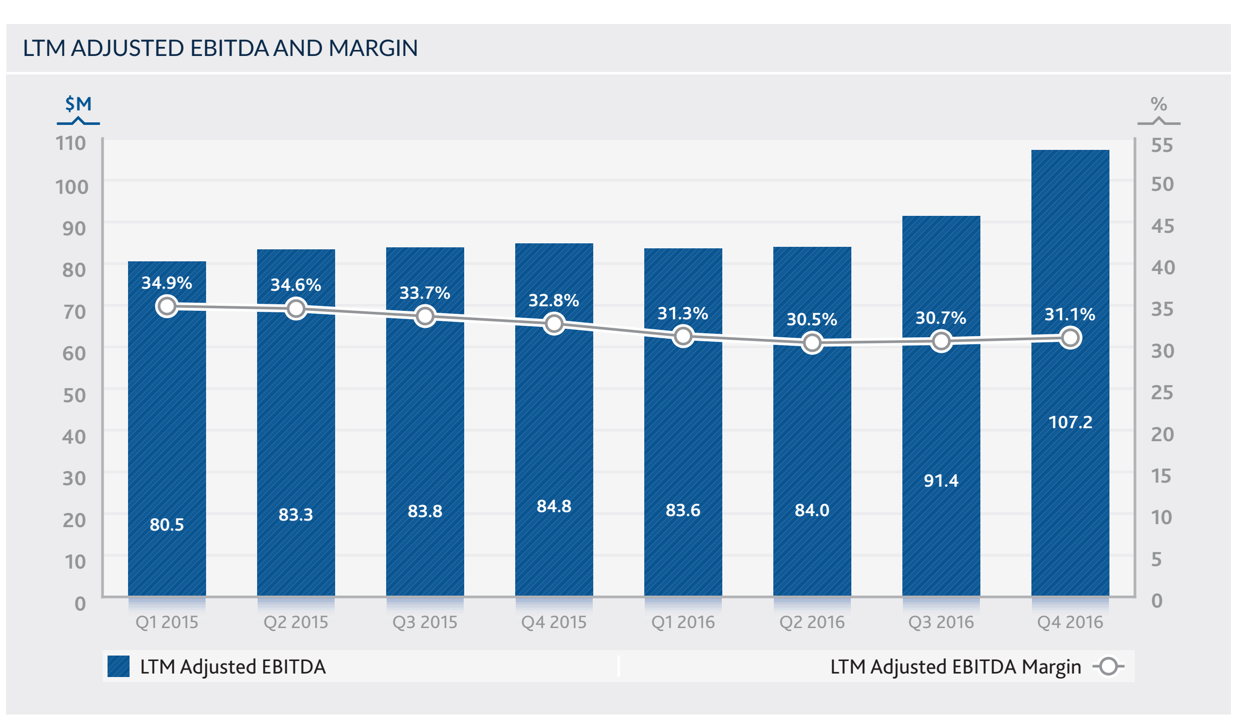
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Retail	28.8	28.4	27.0	26.7	26.4	32.8	32.8	33.3
Private Wealth	13.4	13.4	13.6	24.5	22.8	23.2	24.5	25.4
Institutional	48.7	48.5	48.2	50.2	48.7	53.1	55.2	58.2
Total AUM	90.9	90.3	88.8	101.4	98.0	109.1	112.5	116.9

REVENUES

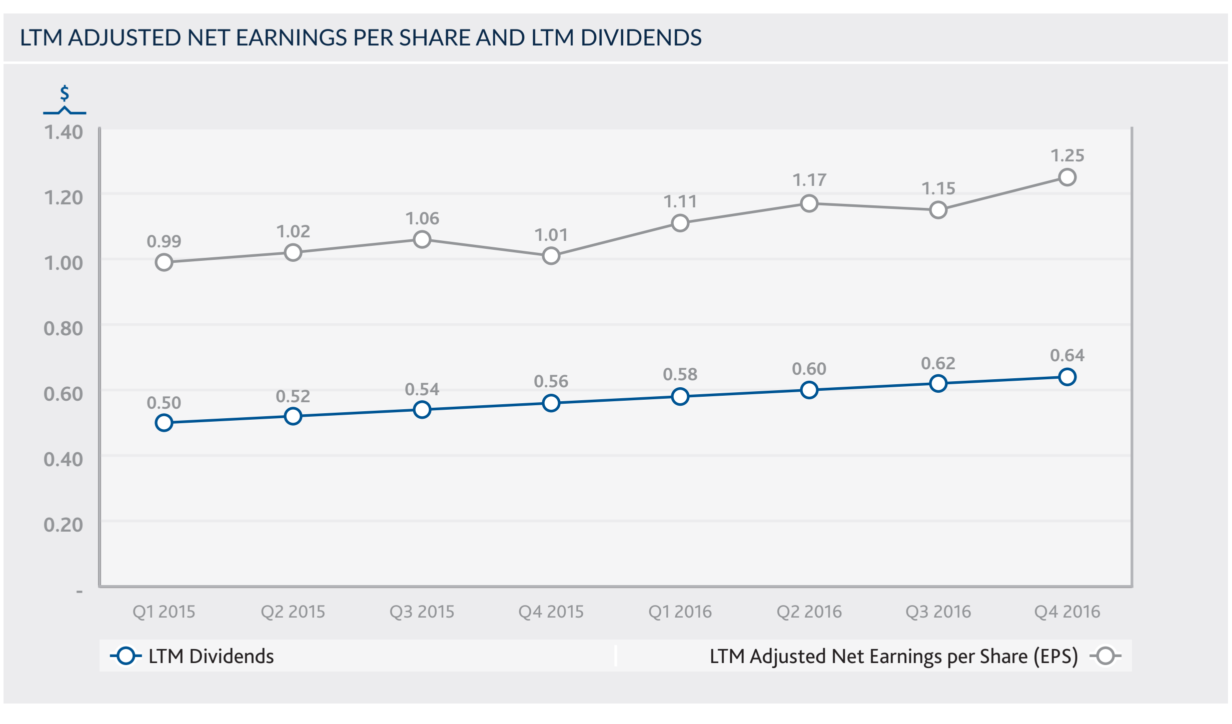


	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Other Revenues	1.8	1.3	2.5	1.8	2.5	3.9	1.5	4.3
Perfomance Fees	0.1	8.6	(0.1)	10.9	0.4	2.3	0.0	31.6
Retail	15.8	15.4	15.0	14.5	13.8	16.5	21.8	22.3
Private Wealth	18.3	17.9	18.9	22.5	24.6	23.4	25.2	25.5
Institutional	22.1	22.9	23.9	24.3	25.0	28.9	33.4	37.3
Total Revenues	58.1	66.1	60.2	74.0	66.3	75.0	81.9	121.0
LTM Revenues	230.5	240.9	248.7	258.4	266.6	275.5	297.2	344.1

LTM ADJUSTED EBITDA AND MARGIN



LTM ADJUSTED NET EARNINGS PER SHARE AND LTM DIVIDENDS



HIGHLIGHTS FOR THE THREE AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2016

CURRENT QUARTER COMPARED TO PRIOR-YEAR QUARTER

- Total AUM were $116.9 billion as at December 31, 2016, representing an increase of $15.5 billion, or 15%, compared to AUM of $101.4 billion as at December 31, 2015.
- Base management fees and other revenues for the fourth quarter ended December 31, 2016, were $89.4 million, representing an increase of $26.3 million, or 42%, compared to $63.1 million for the same period last year.
- Performance fees were $31.6 million for the fourth quarter ended December 31, 2016, compared to $10.9 million for the same period last year.
- Selling, general and administrative ("SG&A") expenses and external managers' expenses were $85.6 million for the fourth quarter ended December 31, 2016, representing an increase of $35.7 million, or 72%, compared to $49.9 million for the same period last year.
- Adjusted EBITDA was $41.6 million for the fourth quarter ended December 31, 2016, representing an increase of $15.8 million, or 61%, compared to $25.8 million for the same period last year. Adjusted EBITDA per share was $0.52 (basic) and $0.51 (diluted) for the fourth quarter of 2016, compared to $0.36 per share (basic and diluted) for the same period last year.
- For the fourth quarter ended December 31, 2016, the Firm recorded net earnings attributable to the Company's shareholders of $5.2 million, or $0.07 per share (basic) and $0.06 (diluted), a decrease of $4.5 million, or 46%, compared to the fourth quarter ended December 31, 2015, during which the Firm recorded net earnings attributable to the Company's shareholders of $9.7 million, or $0.14 per share (basic) and $0.13 (diluted).
- Adjusted net earnings attributable to the Company's shareholders for the fourth quarter ended December 31, 2016, amounted to $31.5 million, or $0.40 per share (basic) and $0.38 (diluted), compared to $21.1 million, or $0.30 per share (basic) and $0.29 (diluted), for the fourth quarter ended December 31, 2015.

CURRENT QUARTER COMPARED TO PREVIOUS QUARTER

- Total AUM were $116.9 billion as at December 31, 2016, representing an increase of $4.4 billion, or 4%, compared to $112.5 billion as at September 30, 2016.
- Base management fees and other revenues for the fourth quarter ended December 31, 2016, were $89.4 million, representing an increase of $7.5 million, or 9%, compared to $81.9 million for the previous quarter ended September 30, 2016.
- Performance fees were $31.6 million for the fourth quarter ended December 31, 2016, compared to almost nil for the previous quarter ended September 30, 2016, and are generally recognized in June and December of each year.
- SG&A expenses and external managers' expenses were $85.6 million for the fourth quarter ended December 31, 2016, representing an increase of $26.8 million, or 46%, compared to $58.8 million for the previous quarter ended September 30, 2016.
- Adjusted EBITDA was $41.6 million for the fourth quarter ended December 31, 2016, representing an increase of $15.7 million, or 60%, compared to $25.9 million for the previous quarter ended September 30, 2016. Adjusted EBITDA per share was $0.52 (basic) and $0.51 (diluted) for the fourth quarter ended December 31, 2016, compared to $0.33 per share (basic and diluted) for the previous quarter ended September 30, 2016.
- For the fourth quarter ended December 31, 2016, the Firm recorded net earnings attributable to the Company's shareholders of $5.2 million, or $0.07 per share (basic) and $0.06 (diluted), an increase of $4.8 million, or over 100%, compared to the previous quarter ended September 30, 2016, during which the Firm recorded net earnings attributable to the Company's shareholders of $0.4 million, or $0.01 per share (basic and diluted).
- Adjusted net earnings attributable to the Company's shareholders for the fourth quarter ended December 31, 2016, amounted to $31.5 million, or $0.40 per share (basic) and $0.38 (diluted), compared to $18.1 million, or $0.23 per share (basic and diluted), for the previous quarter ended September 30, 2016.

YEAR-TO-DATE DECEMBER 31, 2016, COMPARED TO YEAR-TO-DATE DECEMBER 31 2015

- Base management fees and other revenues for the twelve-month period ended December 31, 2016, were $309.9 million, representing an increase of $71.0 million, or 30%, compared to $238.9 million for the same period last year.
- Performance fees were $34.3 million for the twelve-month period ended December 31, 2016, compared to $19.5 million for the same period last year.
- SG&A expenses and external managers' expenses were $252.0 million for the twelve-month period ended December 31, 2016, representing an increase of $69.5 million, or 38%, compared to $182.5 million for the twelve-month period ended December 31, 2015.
- Adjusted EBITDA were $107.2 million for the twelve-month period ended December 31, 2016, representing an increase of $22.4 million, or 26%, compared to $84.8 million for the same period last year. Adjusted EBITDA per share was $1.41 (basic) and $1.37 (diluted) for the twelve-month period ended December 31, 2016, compared to $1.21 per share (basic) and $1.20 (diluted) for the same period last year.
- For the twelve-month period ended December 31, 2016, the Firm recorded net earnings attributable to the Company's shareholders of $20.8 million, or $0.27 per share (basic and diluted), a decrease of $6.8 million, or 25%, compared to the same period last year, during which the Firm recorded net earnings attributable to the Company's shareholders of $27.6 million, or $0.40 per share (basic) and $0.39 (diluted).
- Adjusted net earnings attributable to the Company's shareholders for the twelve-month period ended December 31, 2016, were $95.2 million, or $1.25 per share (basic) and $1.22 (diluted), compared to $70.9 million, or $1.01 per share (basic) and $1.00 (diluted), for the same period last year.

IMPACT OF CHARLEMAGNE'S ACQUISITION ON THE CURRENT QUARTER'S AND YEAR-TO-DATE RESULTS

- In the current quarter, Fiera Capital recognized performance fees in Charlemagne totaling $17.4 million ($8.3 million net of related sales commissions and related taxes) on December 31, 2016, the date on which the performance condition was considered to be met.
- On the acquisition date of Charlemagne, the fair value of performance fees estimated to be collectible (net of related sales commissions and taxes) was determined to be $7.5 million. This was recorded by Fiera Capital as an "other asset". This other asset was fully amortized over the period from the acquisition date to December 31, 2016.
- The overall impact of Charlemagne's performance fees (net of related sales commissions and related taxes) on the Company's revenues, adjusted EBITDA and net earnings amounted to $17.4 million, $9.1 million and $0.9 million, respectively.

SUMMARY OF QUARTERLY RESULTS

TABLE 1 – STATEMENTS OF EARNINGS AND ASSETS UNDER MANAGEMENT

	As at			Variance	
Assets Under Management (In $ millions)	December 31, 2016	September 30, 2016	December 31, 2015	Quarter over Quarter FAV/(UNF)[2]	Year over Year FAV/(UNF)[2]
Assets under Management	116,925	112,465	101,431	4,460	15,494

	For the Three-Month Periods Ended			Variance	
Statements of Earnings (in $ thousands except per share data)	December 31, 2016	September 30, 2016	December 31, 2015	Quarter over Quarter FAV/(UNF)[2]	Year over Year FAV/(UNF)[2]
Revenues					
Base management fees	85,085	80,413	61,319	4,672	23,766
Performance fees – Traditional Assets	5,246	(341)	5,930	5,587	(684)
Performance fees – Alternative Assets	26,341	345	4,981	25,996	21,360
Other revenues	4,296	1,492	1,769	2,804	2,527
Total revenues	120,968	81,909	73,999	39,059	46,969
Expenses					
Selling, general and administrative expenses	84,407	57,979	49,013	(26,428)	(35,394)
External managers	1,172	788	897	(384)	(275)
Depreciation of property and equipment	894	852	646	(42)	(248)
Amortization of intangible assets	16,366	10,348	7,169	(6,018)	(9,197)
Interest on long-term debt and other financial charges	4,175	3,585	2,208	(590)	(1,967)
Accretion and change in fair value of purchase price obligations	1,072	(5,807)	644	(6,879)	(428)
Restructuring and other integration costs	805	2,739	774	1,934	(31)
Acquisition costs	3,160	2,769	2,311	(391)	(849)
Changes in fair value of derivative financial instruments	1,078	(248)	(342)	(1,326)	(1,420)
Loss on disposal of subsidiaries	8	8,307	-	8,299	(8)
Other (income) expenses[3]	(556)	(224)	(974)	332	(418)
Total net expenses	112,581	81,088	62,346	(31,493)	(50,235)
Earnings before income taxes	8,387	821	11,653	7,566	(3,266)
Income taxes	3,142	200	2,180	(2,942)	(962)
Net earnings	5,245	621	9,473	4,624	(4,228)
Attributable to:					
Company's shareholders	5,203	393	9,678	4,810	(4,475)
Non-controlling interest	42	228	(205)	(186)	247
Net earnings	5,245	621	9,473	4,624	(4,228)
BASIC PER SHARE					
Adjusted EBITDA[1]	0.52	0.33	0.36	0.19	0.16
Net earnings	0.07	0.01	0.14	0.06	(0.07)
Adjusted net earnings[1]	0.40	0.23	0.30	0.17	0.10
DILUTED PER SHARE					
Adjusted EBITDA[1]	0.51	0.33	0.36	0.18	0.15
Net earnings	0.06	0.01	0.13	0.05	(0.07)
Adjusted net earnings[1]	0.38	0.23	0.29	0.15	0.09

1. Adjusted EBITDA and Adjusted net earnings are non-IFRS measures. Please refer to "Non-IFRS Measures" on page 71.
2. FAV: Favourable - UNF: Unfavourable.
3. Other expenses (income) include "Realized loss (gain) on investments", "Share of earnings of joint ventures" and "Gain on dilution of investment in joint ventures".

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

TABLE 1 – STATEMENTS OF EARNINGS AND ASSETS UNDER MANAGEMENT (CONTINUED)

Statements of Earnings (in $ thousands except per share data)	For the Twelve-Month Periods Ended		Variance
	December 31, 2016	December 31, 2015	Year over Year FAV/(UNF)[2]
Revenues			
Base management fees	297,717	231,421	66,296
Performance fees – Traditional Assets	5,840	6,228	(388)
Performance fees – Alternative Assets	28,441	13,306	15,135
Other revenues	12,146	7,462	4,684
Total revenues	344,144	258,417	85,727
Expenses			
Selling, general and administrative expenses	248,469	177,691	(70,778)
External managers	3,586	4,825	1,239
Depreciation of property and equipment	3,401	2,030	(1,371)
Amortization of intangible assets	42,723	27,119	(15,604)
Interest on long-term debt and other financial charges	12,686	8,852	(3,834)
Accretion and change in fair value of purchase price obligations	(3,337)	484	3,821
Restructuring and other integration costs	7,956	2,361	(5,595)
Acquisition costs	11,691	4,748	(6,943)
Changes in fair value of derivative financial instruments	211	445	234
Gain on disposal of investment in joint venture	(15,013)	-	15,013
Gain on acquisition of control of investment in joint venture	(5,827)	-	5,827
Loss on disposal of subsidiaries	8,315	-	(8,315)
Revaluation of assets held-for-sale	7,921	-	(7,921)
Other (income) expenses[3]	(843)	(2,573)	(1,730)
Total net expenses	321,939	225,982	(95,957)
Earnings before income taxes	22,205	32,435	(10,230)
Income taxes	4,124	6,771	2,647
Net earnings	18,081	25,664	(7,583)
Attributable to:			
Company's shareholders	20,777	27,631	(6,854)
Non-controlling interest	(2,696)	(1,967)	(729)
Net earnings	18,081	25,664	(7,583)
BASIC PER SHARE			
Adjusted EBITDA[1]	1.41	1.21	0.20
Net earnings	0.27	0.40	(0.13)
Adjusted net earnings[1]	1.25	1.01	0.24
DILUTED PER SHARE			
Adjusted EBITDA[1]	1.37	1.20	0.17
Net earnings	0.27	0.39	(0.12)
Adjusted net earnings[1]	1.22	1.00	0.22

1. Adjusted EBITDA and Adjusted net earnings are non-IFRS measures. Please refer to "Non-IFRS Measures" on page 71.
2. FAV: Favourable - UNF: Unfavourable.
3. Other expenses (income) include "Realized loss (gain) on investments", "Share of earnings of joint ventures" and "Gain on dilution of investment in joint ventures".

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

TABLE 2 – SELECTED STATEMENTS OF FINANCIAL POSITION INFORMATION (IN $ THOUSANDS)

	December 31, 2016	December 31, 2015
Cash and cash equivalents, restricted cash, investments	**49,742**	33,322
Accounts receivable	**116,401**	65,435
Other current assets	**6,547**	13,366
Total current assets	**172,690**	112,123
Intangible assets	**458,760**	322,975
Goodwill	**541,030**	391,347
Investment in joint ventures	**-**	6,460
Other non-current assets	**20,675**	23,752
Total assets	**1,193,155**	856,657
Accounts payable and accrued liabilities	**89,160**	50,784
Other current liabilities	**25,575**	15,139
Total current liabilities	**114,735**	65,923
Deferred income taxes	**15,394**	12,566
Long-term debt	**429,140**	264,226
Purchase price obligations	**21,498**	30,674
Derivative financial instruments	**-**	1,390
Other non-current liabilities	**15,743**	11,850
Total liabilities	**596,510**	386,629
Equity		
Attributable to Company's shareholders	**566,236**	474,938
Attributable to Non-controlling interest	**30,409**	(4,910)
	596,645	470,028
Total liabilities and equity	**1,193,155**	856,657

RESULTS FROM OPERATIONS AND OVERALL PERFORMANCE

ASSETS UNDER MANAGEMENT

Assets under management ("AUM") are the main driver of Fiera Capital's revenues. Fiera Capital's revenues, for the most part, are calculated as a percentage of the Firm's AUM. The change in the Firm's AUM is determined by i) the level of new mandates ("New"); ii) the level of redemptions ("Lost"); iii) the level of inflows and outflows from existing customers ("Net Contributions"); iv) the increase or decrease in the market value of the assets held in the portfolio of investments ("Market"); and v) business acquisitions ("Acquisitions") and/or business disposal ("Disposal"). For simplicity, the "Net variance" is the sum of the New mandates, Lost mandates and Net Contributions, the change in Market value and the impact of foreign exchange rate changes. Also, the average assets under management ("Average AUM") for a given period is the average of the ending value of AUM of the months for this period. As a complement of information, the Note 4 of the Audited Consolidated Financial Statements for the year ended December 2016 presents the details and history of the Firm's business combinations of the current and prior year, and is to be read in conjunction with the following discussions.

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

TABLE 3 – ASSETS UNDER MANAGEMENT[1] (IN $ MILLIONS)

	For the Three-Month Periods Ended		
	December 31, 2016	September 30, 2016	December 31, 2015
AUM – beginning of period	112,465	109,136	88,759
Net variance	1,248	2,598	3,424
Acquisitions (Disposal)/Adjustment	3,212	731	9,248
AUM – end of period	116,925	112,465	101,431
Average AUM	114,064	111,707	100,906

1. AUM include foreign exchange impact.

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

TABLE 4 – ASSETS UNDER MANAGEMENT BY CLIENTELE TYPE – QUARTERLY ACTIVITY CONTINUITY SCHEDULE ($ IN MILLIONS)

	September 30, 2016	New	Lost	Net Contributions	Market	Foreign Exchange Impact	Acquisition (Disposal) /Adjustment	December 31, 2016
Institutional	55,175	3,621	(399)	(626)	(1,236)	100	1,629[1]	58,264
Private Wealth	24,513	1,161	(422)	16	(316)	431	-	25,383
Retail	32,777	102	(1,286)	(412)	394	120	1,583[2]	33,278
AUM – end of period	112,465	4,884	(2,107)	(1,022)	(1,158)	651	3,212	116,925

1. $1.2 billion of Charlemagne; $0.4 billion of CI sub-advisory mandate.
2. $1.6 billion of Charlemagne.

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

QUARTERLY ACTIVITIES

Total AUM were $116.9 billion as at December 31, 2016, representing an increase of $4.4 billion, or 4%, compared to $112.5 billion as at September 30, 2016. The increase is due primarily to new mandates of $4.9 billion, combined with the acquisition of Charlemagne and the fact that Fiera Capital was appointed as a portfolio sub-advisor for CI Investments' G5|20 Series, a family of guaranteed cash flow funds, (" CI sub-advisory mandate") adding $2.8 billion and $0.4 billion, respectively, to the Firm's AUM. These increases in AUM were partially offset by lost mandates of $2.1 billion, market depreciation of $1.2 billion and negative net contributions of $1.0 billion during the quarter. Lastly, AUM were positively impacted by foreign exchange gains on the US dollar by approximately $0.7 billion during the quarter.

The Institutional AUM were $58.3 billion as at December 31, 2016, representing an increase of $3.1 billion or 5.6%, compared to $55.2 billion from the previous quarter ended September 30, 2016. The increase was primarily driven by new mandates won during the quarter mostly in Global and International Equity as well as Liability-Driven Investments and Balanced mandates in both Canada and the United States, totaling $3.6 billion, combined with the addition of $1.2 billion in assets resulting from the acquisition of Charlemagne, and $0.4 billion from CI sub-advisory mandate. These increases were partially offset by a market depreciation of $1.2 billion, negative net contribution of $0.6 billion and $0.4 billion in client losses which were driven primarily by clients that either merged their activities with another pension plan or that decided to adopt de-risking strategies. Lastly, the US dollar exchange rate fluctuations positively impacted AUM during the fourth quarter by approximately $0.1 billion.

The AUM related to the Private Wealth clientele were $25.4 billion as at December 31, 2016, representing an increase of $0.9 billion, or 3.7%, compared to $24.5 billion from the previous quarter ended September 30, 2016. The increase is primarily driven by net new mandates in the US.

The AUM related to the Retail clientele were $33.3 billion as at December 31, 2016, representing an increase of $0.5 billion, or 1.5%, compared to $32.8 billion from the previous quarter ended September 30, 2016. The increase is mainly due to the acquisition of Charlemagne of $1.6 billion, partially offset by lost mandates and negative net contributions totaling $1.3 billion and $0.4 billion, respectively. The lost mandates for the period were driven by the loss of a large fund with low billing basis point revenues. A portion of the loss fund was re-invested in a higher yielding basis point.

TABLE 5 – ASSETS UNDER MANAGEMENT BY CLIENTELE TYPE – YEAR-TO-DATE ACTIVITY CONTINUITY SCHEDULE (IN $ MILLIONS)

	December 31, 2015	New	Lost	Net Contributions	Market	Foreign Exchange Impact	Acquisition (Disposal) /Adjustment	December 31, 2016
Institutional	50,177	5,447	(2,564)	(779)	2,499	(13)	3,497[1]	58,264
Private Wealth	24,538	2,321	(1,011)	(44)	299	(694)	(26)[2]	25,383
Retail	26,716	489	(2,607)	(1,305)	2,456	191	7,338[3]	33,278
AUM – end of period	101,431	8,257	(6,182)	(2,128)	5,254	(516)	10,809	116,925

1. $2.8 billion of Apex; ($1.2) billion of disposal of Axium; ($0.4) billion of adjustment presentation of Fiera Properties and $0.1 billion reclassification from Private Wealth; $0.3 billion of Larch Lane Advisors LLC ("Larch Lane") and $0.3 billion of Aquila; $1.2 billion of Charlemagne and $0.4 billion of CI sub-advisory mandate.
2. ($0.1) billion reclassification to Institutional; $0.1 billion of Larch Lane.
3. $5.8 billion of Apex; $1.6 billion of Charlemagne; $0.1 billion of Larch Lane and ($0.1) billion to adjust the valuation of a specific mandate.

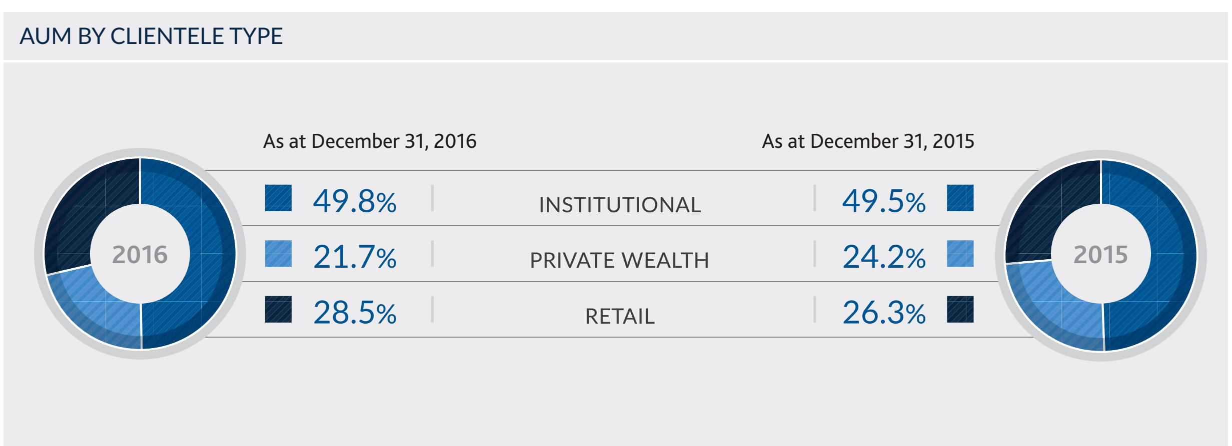
Certain totals, subtotals and percentages may not reconcile due to rounding.

Year-to-Date Activity

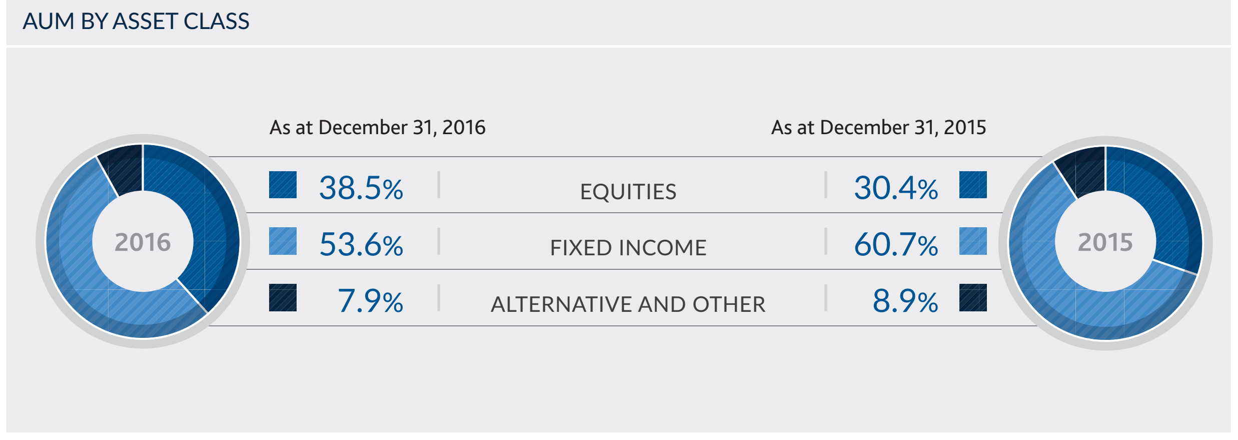
Total AUM were $116.9 billion as at December 31, 2016, representing an increase of $15.5 billion, or 15%, compared to $101.4 billion as at December 31, 2015. The increase is due primarily to the inclusion of AUM from the acquisitions of Apex ($8.6 billion), Charlemagne ($2.8 billion), Larch Lane ($0.5 billion), CI sub-advisory mandate ($0.4 billion) and Aquila ($0.3 billion), combined with market appreciation of $5.3 billion and new mandates of $8.3 billion, mostly from the Institutional and Private Wealth clientele during the period. These increases in AUM were partially offset by lost mandates of $6.2 billion, the disposal of the Axium subsidiary ($1.2 billion) and negative net contribution of $2.1 billion. Finally, AUM were negatively impacted by foreign exchange losses on the US dollar by approximately $0.6 billion.

The following graphs illustrate the breakdown of the Firm's AUM by clientele type and by asset class as at December 31, 2015, and December 31, 2016, respectively.

AUM BY CLIENTELE TYPE



AUM BY ASSET CLASS



REVENUES

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

TABLE 6 – REVENUES: QUARTERLY ACTIVITY (IN $ THOUSANDS)

	For the Three-Month Periods Ended			Variance	
	December 31, 2016	September 30, 2016	December 31, 2015	Quarter over Quarter	Year over Year
Institutional	**37,347**	**33,412**	**24,307**	3,935	13,040
Private Wealth	**25,463**	**25,185**	**22,478**	278	2,985
Retail	**22,275**	**21,816**	**14,534**	459	7,741
Total management fees	**85,085**	**80,413**	**61,319**	4,672	23,766
Performance fees – Traditional asset class	**5,244**	**(341)**	**5,930**	5,585	(686)
Performance fees – Alternative asset class	**26,342**	**345**	**4,981**	25,997	21,361
Total performance fees	**31,586**	**4**	**10,911**	31,582	20,675
Other revenues	**4,296**	**1,492**	**1,769**	2,804	2,527
Total revenues	**120,967**	**81,909**	**73,999**	39,058	46,968

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

Current Quarter versus Prior-Year Quarter

Revenues for the fourth quarter ended December 31, 2016, were $121.0 million, representing an increase of $47.0 million, or 63%, compared to $74.0 million for the same period last year. The increase in revenues is due mainly to higher performance fees from the alternative asset class, combined with the inclusion of a full quarter of operation of Samson Capital Advisor LLC ("Samson") in the fourth quarter of 2016 compared to two months in the fourth quarter of 2015, Apex, the recently acquired Charlemagne and Centria, and the revenues from Fiera Properties Limited ("Fiera Properties") following the acquisition of control of investment in a joint venture.

Management Fees

Management fees were $85.1 million for the fourth quarter ended December 31, 2016, representing an increase of $23.8 million, or 39%, compared to $61.3 million for the same period last year. The overall increase in management fees and the increase by clientele type are as follows:

- Management fees from the Institutional clientele were $37.3 million for the fourth quarter ended December 31, 2016, representing an increase of $13.0 million, or 54%, compared to $24.3 million for the same quarter last year. The increase in base management fees is primarily due to the inclusion of Apex, Fiera Properties and Centria, combined with additional revenues resulting from the increase in net AUM coming from new mandates namely from the US and Canada as well as market appreciation during the fourth quarter of 2016, compared to the same period last year.

- Management fees from the Private Wealth clientele were $25.5 million for the fourth quarter ended December 31, 2016, representing an increase of $3.0 million, or 13%, compared to $22.5 million for the same period last year. The increase is primarily due to the inclusion of a full quarter of revenues from Samson in the fourth quarter of 2016, compared to two months of revenues in the comparable period of 2015 and additional revenue resulting from a higher AUM base mostly from new mandates.

- Management fees from the Retail clientele were $22.3 million for the fourth quarter ended December 31, 2016, representing an increase of $7.8 million, or 53%, compared to $14.5 million for the same quarter last year. The increase is mainly attributable to the inclusion of revenues from Apex and Charlemagne during the quarter ended December 31, 2016.

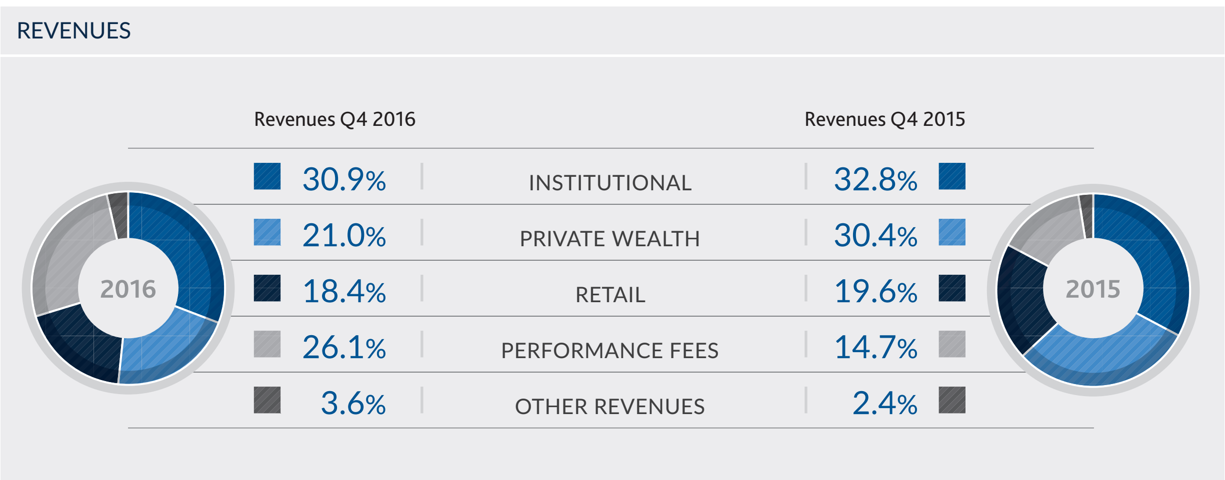
Performance Fees

Performance fees were $31.6 million for the fourth quarter ended December 31, 2016, compared to $10.9 million for the same period last year. The increase in performance fees is attributable to a higher asset base combined with strong fund performances as well as the inclusion of Charlemagne.

Other Revenues

Other revenues were $4.3 million for the fourth quarter ended December 31, 2016, representing an increase of $2.5 million, or over 100%, compared to $1.8 million for the same period last year. The increase is mainly due to additional revenue from Centria and Fiera Properties, combined with higher consulting and brokerage fees in the fourth quarter of 2016 compared to the same period last year.

The following graphs illustrate the breakdown of the Firm's revenues for the three-month periods ended December 31, 2015, and December 31, 2016, respectively.



Current Quarter versus Previous Quarter

Revenues for the fourth quarter ended December 31, 2016, were $121.0 million, representing an increase of $39.1 million, or 48%, compared to $81.9 million for the previous quarter ended September 30, 2016. The increase in revenues is mainly attributable to higher performance fees from both traditional and alternative asset classes, combined with higher base management fees from the US and additional other revenues from Centria and Charlemagne during the fourth quarter of 2016.

Management Fees

Management fees were $85.1 million for the fourth quarter ended December 31, 2016, representing an increase of $4.7 million, or 6%, compared to $80.4 million for the previous quarter ended September 30, 2016. The following is the breakdown of the management fees by clientele type:

- Management fees from the Institutional clientele were $37.3 million for the fourth quarter ended December 31, 2016, representing an increase of $3.9 million, or 12%, compared to $33.4 million for the previous quarter ended September 30, 2016, mainly due to higher base management fees from the US as a result of higher base AUM, combined with additional revenues from Centria and Charlemagne during the period.

- Management fees from the Private Wealth clientele were $25.5 million for the fourth quarter ended December 31, 2016, representing an increase of $0.3 million, or 1%, primarily from the Canadian division, compared to $25.2 million for the previous quarter ended September 30, 2016.

- Management fees from the Retail clientele were $22.3 million for the fourth quarter ended December 31, 2016, representing an increase of $0.5 million, or 2%, compared to $21.8 million for the previous quarter ended September 30, 2016, mainly due to the inclusion of revenues from the Charlemagne and Larch Lane acquisitions during the quarter ended December 31, 2016.

Performance Fees

Total performance fees, which are generally recorded in June and December of each year, were $31.6 million for the fourth quarter ended December 31, 2016, compared to almost nil for the previous quarter ended September 30, 2016.

Other Revenues

Other revenues were $4.3 million for the fourth quarter ended December 31, 2016, representing an increase of $2.8 million, or over 100%, compared to $1.5 million for the previous quarter ended September 30, 2016. The increase is mainly due to additional other revenues from Centria and Fiera Properties, combined with higher consulting and brokerage fees in the fourth quarter of 2016, compared to the previous quarter.

TABLE 7 – REVENUES: YEAR-TO-DATE ACTIVITY (IN $ THOUSANDS)

	For The Twelve-Month Periods Ended		Variance
	December 31, 2016	December 31, 2015	Year over Year
Institutional	**124,525**	**93,153**	31,372
Private Wealth	**98,694**	**77,541**	21,153
Retail	**74,498**	**60,727**	13,771
Total management fees	**297,717**	**231,421**	66,296
Performance fees – Traditional asset class	**5,840**	**6,228**	(388)
Performance fees – Alternative asset class	**28,441**	**13,306**	15,135
Total performance fees	**34,281**	**19,534**	14,747
Other revenues	**12,146**	**7,462**	4,684
Total revenues	**344,144**	**258,417**	85,727

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

Year-to-Date December 31, 2016, versus Year-to-Date December 31, 2015

Revenues for the twelve-month period ended December 31, 2016, were $344.1 million, representing an increase of $85.7 million, or 33%, compared to $258.4 million for the same period last year. The increase in revenues is mainly due to the acquisitions of Samson, Apex, Centria, Larch Lane Advisors LLC ("Larch Lane"), Fiera Infrastructure and Charlemagne, combined with the recognition of revenue from Fiera Properties (formerly a joint venture), higher performance fees and higher other revenues during the twelve-month period of 2016, compared to the same period last year.

Management Fees

Management fees for the twelve-month period ended December 31, 2016, were $297.7 million, representing an increase of $66.3 million, or 29%, compared to $231.4 million for the same period last year. The overall increase in management fees and the increase by clientele type are as follows:

- Revenues from the Institutional clientele for the twelve-month period ended December 31, 2016, were $124.5 million, representing an increase of $31.4 million, or 34%, compared to $93.1 million for the same period last year. The increase is mainly due to the inclusion of Apex, Centria, Charlemagne and Fiera Properties, combined with an increase in net AUM.

- Revenues from the Private Wealth clientele for the twelve-month period ended December 31, 2016, were $98.7 million, representing an increase of $21.2 million, or 27%, compared to $77.5 million for the same period last year. The increase is primarily due to the inclusion of revenues from the Samson acquisition and higher revenues due to new mandates won during the period.

- Revenues from the Retail clientele for the twelve-month period ended December 31, 2016, were $74.5 million, representing an increase of $13.8 million, or 23%, compared to $60.7 million for the same period last year. The increase is mainly due to the inclusion of revenues from the Apex and Charlemagne acquisitions, partially offset by the loss of revenues resulting from the disposal of Fiera Quantum L.P.

Annualized Base Management Fees

Annualized base management fees are calculated based on December 31, 2016, AUM and the average billing basis points. It provides an estimate of the Firm's annual base management fees, which are AUM-driven, translating acquisitions as well as net new mandates won throughout the year on a twelve months basis.

Annualized base management fees for 2016 are estimated at $358.8 million, representing an increase of $61.1 million or 21%, compared to $297.7 million reported base management fees for the fiscal year ended December 31, 2016. The overall increase in base management fees on an annualized basis is mainly due to twelve months of revenues for the aforementioned acquisitions combined with new mandates won towards the end of the year at higher billing rates from the institutional sector.

Annualized base management fees represent an increase of $96.0 million, or 37% year-over-year from $262.8 million of the estimated annualized base management fees for the twelve months ended 2015. The year-over-year overall increase on an annualized basis is mainly due to a higher AUM base following higher acquisitions levels, organic growth combined with new mandates and higher billing rates.

Performance Fees

Total performance fees were $34.3 million for the twelve-month period ended December 31, 2016, compared to $19.5 million for the same period last year. The increase in performance fees is attributable to the inclusion of performance fees from Charlemagne, a higher asset base combined with strong fund performances.

Other Revenues

Other revenues were $12.1 million for the twelve-month period ended December 31, 2016, representing an increase of $4.6 million, or 63%, compared to $7.5 million for the same period last year. The increase in other revenues is mainly due to revenues related to changes in the fair value of the foreign exchange forward contracts.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Current Quarter versus Prior-Year Quarter

SG&A expenses were $84.4 million for the three-month period ended December 31, 2016, representing an increase of $35.4 million, or 72%, compared to $49.0 million for the same period last year. The increase is mainly due to the inclusion of costs related to Samson, Apex, Fiera Infrastructure, Centria, Fiera Properties and Charlemagne acquisitions, and an increase in expenses to support the Firm's growth.

Current Quarter versus Previous Quarter

SG&A expenses were $84.4 million for the three-month period ended December 31, 2016, representing an increase of $26.4 million, or 46%, compared to $58.0 million for the previous quarter ended September 30, 2016. The increase is attributable to higher expenses to support the increase in revenues, and the inclusion of costs related to Centria and Charlemagne.

Year-to-Date December 31, 2016, versus Year-to-Date December 31, 2015

SG&A expenses were $248.5 million for the twelve-month period ended December 31, 2016, representing an increase of $70.8 million, or 40%, compared to $177.7 million for the same period last year. The increase is attributable to the inclusion of costs related to the Samson, Apex, Fiera Infrastructure, Centria and Charlemagne acquisitions, and increased expenses to support the Firm's growth, combined with the negative impact of foreign exchange rate changes on US operations.

EXTERNAL MANAGERS

Current Quarter versus Prior-Year Quarter

External managers' expenses were $1.2 million for the fourth quarter ended December 31, 2016, representing an increase of $0.3 million, or 30%, compared to $0.9 million for the same quarter last year. The increase in external managers' expenses is mainly due to higher external managers' expenses from the US to support higher revenues.

Current Quarter versus Previous Quarter

External managers' expenses for the fourth quarter ended December 31, 2016, were $1.2 million, representing an increase of $0.4 million, or 48%, compared to $0.8 million from the previous quarter ended September 30, 2016. The increase in external managers' expenses is mainly due to higher external managers' expenses from the US to support higher revenues.

Year-to-Date December 31, 2016, versus Year-to-Date December 31, 2015

External managers' expenses were $3.6 million for the twelve-month period ended December 31, 2016, representing a decrease of $1.2 million, or 26%, compared to $4.8 million for the same period last year. The decrease in external managers' expenses is mainly due to lower external managers' expenses from Bel Air, resulting from the change in revenue presentation (net revenue presentation versus gross revenue presentation), partially offset by higher external managers' expenses from the US and the inclusion of the Charlemagne acquisition.

DEPRECIATION AND AMORTIZATION

Current Quarter versus Prior-Year Quarter

Depreciation of property and equipment was $0.9 million for the fourth quarter ended December 31, 2016, representing an increase of $0.3 million, or 39%, compared to $0.6 million for the corresponding quarter last year.

Amortization of intangible assets was $16.4 million for the fourth quarter ended December 31, 2016, representing an increase of $9.2 million, or over 100%, compared to $7.2 million for the same period last year, resulting from the acquisition of intangible assets from Samson, Apex and Fiera Properties, Centria and Charlemagne.

Current Quarter versus Previous Quarter

Depreciation of property and equipment remained stable at $0.9 million for the fourth quarter ended December 31, 2016, compared to the previous quarter ended September 30, 2016.

Amortization of intangible assets was $16.4 million for the fourth quarter ended December 31, 2016, representing an increase of $6.0 million, or 58%, compared to $10.4 million from the previous quarter ended September 30, 2016, mostly due to the accelerated amortization of intangible assets related to Charlemagne acquisition.

Year-to-Date December 31, 2016, versus Year-to-Date December 31, 2015

Depreciation of property and equipment were $3.4 million for the twelve-month period ended December 31, 2016, representing an increase of $1.4 million, or 68%, compared to $2.0 million for the same period last year. The increase is due to various acquisitions of new businesses during the year 2016.

Amortization of intangible assets were $42.7 million for the twelve-month period ended December 31, 2016, representing an increase of $15.6 million, or 58%, compared to $27.1 million for the same period last year, resulting from various acquisition of new businesses during the year 2016.

INTEREST ON LONG-TERM DEBT AND OTHER FINANCIAL CHARGES

Current Quarter versus Prior-Year Quarter

The interest on long-term debt and other financial charges was $4.2 million for the fourth quarter ended December 31, 2016, representing an increase of $2.0 million, or 89%, compared to $2.2 million for the same quarter last year. Long-term debt increased to finance the acquisitions of Samson, Apex, and Charlemagne.

Current Quarter versus Previous Quarter

The interest on long-term debt and other financial charges was $4.2 million for the fourth quarter ended December 31, 2016, representing an increase of $0.6 million, or 16%, compared to $3.6 million for the previous quarter ended September 30, 2016. The increase in long-term debt is to finance the acquisition of Charlemagne.

Year-to-Date December 31, 2016, versus Year-to-Date December 31, 2015

The interest on long-term debt and other financial charges was $12.7 million for the twelve-month period ended December 31, 2016, representing an increase of $3.8 million, or 43%, compared to $8.9 million for the same period last year. The increase in long-term debt is to finance the acquisitions of Samson, Apex and Charlemagne.

ACCRETION AND CHANGE IN FAIR VALUE OF PURCHASE PRICE OBLIGATIONS

Current Quarter versus Prior-Year Quarter

The accretion and change in fair value of purchase price obligations represented a charge of $1.1 million for the fourth quarter ended December 31, 2016, compared to a charge of $0.6 million for the same quarter last year.

Current Quarter versus Previous Quarter

The accretion and change in fair value of purchase price obligations were a charge of $1.1 million for the fourth quarter ended December 31, 2016, compared to a recovery of $5.8 million for the previous quarter ended September 30, 2016.

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

Year-to-Date December 31, 2016, versus Year-to-Date December 31, 2015

The accretion and change in fair value of purchase price obligations were a net recovery of $3.3 million for the twelve-month period ended December 31, 2016, compared to a charge of $0.5 million for the same period last year. The fiscal 2016 recovery was mostly due to the Natcan Investment Management Inc. transaction mentioned above.

ACQUISITION AND RESTRUCTURING AND OTHER INTEGRATION COSTS

Current Quarter versus Prior-Year Quarter

Acquisition and restructuring and other integration costs were $4.0 million for the fourth quarter ended December 31, 2016, representing an increase of $0.9 million, or 29%, compared to $3.1 million for the same period last year. The increase in acquisition and restructuring and other integration costs is mainly due to the acquisitions of Samson, Apex and Charlemagne, combined with numerous activities to set up the US platform during the fourth quarter ended December 31, 2016, compared to the same period last year.

Current Quarter versus Previous Quarter

Acquisition and restructuring and other integration costs were $4.0 million for the fourth quarter ended December 31, 2016, representing a decrease of $1.5 million, or 28%, compared to $5.5 million for the previous quarter ended September 30, 2016. The decrease is mainly due to the fact that most of the restructuring costs related to the corporate reorganization had incurred in the third quarter of 2016.

Year-to-Date December 31, 2016, versus Year-to-Date December 31, 2015

Acquisition and restructuring and other integration costs were $19.6 million for the twelve-month period ended December 31, 2016, representing an increase of $12.5 million, or over 100%, compared to $7.1 million for the same period last year. The increase in acquisition and restructuring and other integration costs is mainly due to the acquisitions of Samson, Apex, Centria and Charlemagne, as well as abandoned software development costs, combined with activities to set up the US platform.

CHANGES IN FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The Company recorded a gain of $1.1 million of charges related to changes in the fair value of derivative financial instruments for the fourth quarter ended December 31, 2016, compared to a gain of $0.2 million for the previous quarter ended September 30, 2016, and compared to a gain of $0.3 million for the fourth quarter ended December 31, 2015.

GAIN ON ACQUISITION OF CONTROL OF INVESTMENT IN JOINT VENTURE

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

GAIN ON DISPOSAL OF INVESTMENT IN JOINT VENTURE

On December 21, 2015, the Company entered into a definitive agreement with Axium pursuant to which Axium purchased for cancellation the Company's 35% equity ownership in Axium. As a result, the Company discontinued equity accounting for Axium and reclassified the investment as assets held-for-sale. On January 15, 2016, the Company completed the sale of its 35% equity ownership in Axium for cash proceeds of $20.0 million, resulting in a gain of $15.0 million under the caption: Gain on disposal of investment in joint venture.

REVALUATION OF ASSETS HELD-FOR-SALE AND LOSS ON DISPOSAL OF SUBSIDIARIES

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

ADJUSTED EBITDA

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

TABLE 8 – ADJUSTED EBITDA[1] (IN $ THOUSANDS EXCEPT PER SHARE DATA)

	For the Three-Month Periods Ended			For the Twelve-Month Periods Ended	
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Revenues					
Base management fees	85,085	80,413	61,319	297,717	231,421
Performance fees	31,587	4	10,911	34,281	19,534
Other revenues	4,296	1,492	1,769	12,146	7,462
Total revenues	120,968	81,909	73,999	344,144	258,417
Expenses					
Selling, general and administrative	84,407	57,979	49,013	248,469	177,691
External managers	1,172	788	897	3,586	4,825
Total expenses	85,579	58,767	49,910	252,055	182,516
EBITDA	35,389	23,142	24,089	92,089	75,901
Add back: Non-cash compensation	6,210	2,789	1,668	15,107	8,880
Adjusted EBITDA	41,599	25,931	25,757	107,196	84,781
Per share basic[2]	0.52	0.33	0.36	1.41	1.21
Per share diluted[2]	0.51	0.33	0.36	1.37	1.20

1. Adjusted EBITDA is a non-IFRS measure. Please refer to "Non-IFRS Measures" on page 71.
2. Adjusted EBITDA include EBITDA attributable to the Company's shareholders and non-controlling interest.

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

Current Quarter versus Prior-Year Quarter

For the fourth quarter ended December 31, 2016, adjusted EBITDA was $41.6 million or $0.52 per share (basic) and $0.51 (diluted), representing an increase of $15.8 million, or 61%, compared to $25.8 million, or $0.36 per share (basic) and $0.35 (diluted), for the same period last year.

Adjusted EBITDA for the fourth quarter ended December 31, 2016, was characterized by an increase in revenues compared to the same period last year, mainly due to additional base management fees and higher performance fees following the acquisitions of Apex, Centria and Charlemagne. However, this was partially offset by an increase in overall operating expenses to support the Firm's growth and expansion.

Current Quarter versus Previous Quarter

For the fourth quarter ended December 31, 2016, adjusted EBITDA was $41.6 million or $0.52 per share (basic) and $0.51 (diluted), representing an increase of $15.7 million, or 60%, compared to $25.9 million, or $0.33 per share (basic and diluted), from the previous quarter ended September 30, 2016. The increase is mainly due to higher performance fees from both alternative and traditional asset classes and higher base management fees following the acquisitions of Centria and Charlemagne, partially offset by an increase in overall operating expenses to support the Firm's growth and expansion.

Year-to-Date December 31, 2016, versus Year-to-Date December 31, 2015

For the twelve-month period ended December 31, 2016, adjusted EBITDA were $107.2 million, representing an increase of $22.4 million, or 26%, or $1.41 per share (basic) and $1.37 (diluted), compared to $84.8 million, or $1.21 per share (basic) and $1.20 (diluted), for the same period last year.

The increase in adjusted EBITDA for the twelve-month period ended December 31, 2016, is mainly attributable to an increase in revenues compared to the same period last year, resulting from additional base management fees and higher performance fees following the acquisitions of Samson, Apex, Fiera Properties, Centria and Charlemagne. However, this was partially offset by an increase in overall operating expenses to support the Firm's growth and expansion.

NET EARNINGS

TABLE 9 – NET EARNINGS AND ADJUSTED NET EARNINGS[1] (IN $ THOUSANDS EXCEPT PER SHARE DATA)

	For the Three-Month Periods Ended			For the Twelve-Month Periods Ended	
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Net earnings attributable to the Company's shareholders	**5,203**	**393**	**9,678**	**20,777**	**27,631**
Depreciation of property and equipment	894	852	646	3,401	2,030
Amortization of intangible assets	16,366	10,348	7,169	42,723	27,119
Non-cash compensation items	6,210	2,789	1,668	15,107	8,880
Changes in fair value of derivative financial instruments*	1,078	(248)	(342)	211	445
Non-cash items	**24,548**	**13,741**	**9,141**	**61,442**	**38,474**
Restructuring and other integration costs*	805	2,739	774	7,956	2,361
Acquisition costs*	3,160	2,769	2,311	11,691	4,748
Acquisition and restructuring and other integration costs	**3,966**	**5,508**	**3,085**	**19,647**	**7,109**
Adjusted net earnings before income taxes on above-mentioned items*	**33,716**	**19,642**	**21,904**	**101,866**	**73,214**
Income taxes on above-mentioned items*	2,233	1,578	823	6,678	2,266
Adjusted net earnings attributable to the Company's shareholders	**31,483**	**18,064**	**21,081**	**95,188**	**70,948**
Per share – basic					
Net earnings	**0.07**	**0.01**	**0.14**	**0.27**	**0.40**
Adjusted net earnings	**0.40**	**0.23**	**0.30**	**1.25**	**1.01**
Per share – diluted					
Net earnings	**0.06**	**0.01**	**0.13**	**0.27**	**0.39**
Adjusted net earnings	**0.38**	**0.23**	**0.29**	**1.22**	**1.00**

1. Adjusted net earnings are a non-IFRS measure. Please refer to "Non-IFRS Measures" on page 71.

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

Current Quarter versus Prior-Year Quarter

For the fourth quarter ended December 31, 2016, the Firm reported net earnings attributable to the Company's shareholders of $5.2 million, or $0.07 per share (basic) and $0.06 (diluted), compared to $9.7 million, or $0.14 per share (basic) and $0.13 (diluted) for the same quarter last year. The decrease in net earnings is mainly attributable to the rise in overall operating expenses to support business growth, and higher acquisition and restructuring costs following the acquisitions of Samson, Apex and Charlemagne. The increase in expenses was partially offset by higher base management fees resulting from a higher AUM base following the acquisition of Samson, Apex and Charlemagne, organic growth and higher performance fees, mostly from Charlemagne during the three-month period ended December 31, 2016.

Current Quarter versus Previous Quarter

For the fourth quarter ended December 31, 2016, the Firm reported net earnings attributable to the Company's shareholders of $5.2 million, or $0.07 per share (basic) and $0.06 (diluted), compared to $0.4 million, or $0.01 per share (basic and diluted), for the previous quarter ended September 30, 2016. The increase in net earnings is mainly attributable to higher performance fees which are generally recorded in June and December of each year, combined with higher base management fees due to a higher AUM base resulting from organic growth and the acquisition of Charlemagne and Centria. The increase in revenue was partially offset by higher operating expenses to support business growth and acquisitions during the fourth quarter of 2016.

Year-to-Date December 31, 2016, versus Year-to-Date December 31, 2015

For the twelve-month period ended December 31, 2016, the Firm recorded net earnings attributable to the Company's shareholders of $20.8 million, or $0.27 per share (basic and diluted), compared to $27.6 million, or $0.40 per share (basic) and $0.39 (diluted) for the same period last year. The decrease in net earnings is mainly attributable to higher depreciation, acquisition and restructuring and other integration costs following the acquisitions of Samson, Apex, Centria, Fiera Properties and Charlemagne.

ADJUSTED NET EARNINGS

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

Current Quarter versus Prior-Year Quarter

During the fourth quarter ended December 31, 2016, $23.5 million of non-cash items, net of income taxes on the changes in fair value of derivative financial instruments ($24.5 million before taxes), or $0.30 per share (basic) and $0.29 (diluted), as well as $2.8 million, or $0.03 per share (basic and diluted), of acquisition and restructuring and other integration costs, net of income taxes ($4.0 million before taxes) had an unfavourable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders amounted to $31.5 million, or $0.40 per share (basic) and $0.38 (diluted) for the fourth quarter ended December 31, 2016.

During the fourth quarter ended December 31, 2015, $9.2 million of non-cash items, net of income taxes on the changes in fair value of derivative financial instruments ($9.1 million before taxes), or $0.13 per share (basic and diluted), as well as $2.2 million, or $0.03 per share (basic and diluted), of acquisition and restructuring and other integration costs, net of income taxes ($3.1 million before taxes) had an unfavourable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders amounted to $21.1 million, or $0.30 per share (basic) and $0.29 (diluted) for the fourth quarter ended December 31, 2015.

Current Quarter versus Previous Quarter

During the third quarter ended September 30, 2016, $13.8 million of non-cash items, net of income taxes on the changes in fair value of derivative financial instruments ($13.7 million before taxes), or $0.17 per share (basic and diluted), as well as $3.9 million, or $0.05 per share (basic and diluted), of acquisition and restructuring and other integration costs, net of income taxes ($5.5 million before taxes) had an unfavourable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders amounted to $18.1 million, or $0.23 per share (basic and diluted) for the third quarter ended September 30, 2016, compared to adjusted net earnings attributable to the Company's shareholders of $31.5 million or $0.40 per share (basic) and $0.38 (diluted) for the fourth quarter ended December 31, 2016.

Year-to-Date December 31, 2016, versus Year-to-Date December 31, 2015

For the twelve-month period ended December 31, 2016, $60.7 million of non-cash items, net of income taxes on the changes in fair value of derivative financial instruments ($61.4 million before taxes), or $0.80 per share (basic) and $0.0.77 (diluted), as well as $13.8 million, or $0.18 per share (basic and diluted), of acquisition and restructuring and other integration costs, net of income taxes ($19.6 million before taxes) had an unfavourable impact on the net earnings attributable to the Company's shareholders. Excluding these items, adjusted net earnings attributable to the Company's shareholders amounted to $95.2 million, or $1.25 per share (basic) and $1.22 (diluted) for the twelve-month period ended December 31, 2016, compared to $70.9 million or $1.01 per share (basic) and $1.00 (diluted) for the same period last year.

SUMMARY OF QUARTERLY RESULTS

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

TABLE 10 – QUARTERLY RESULTS (IN $ THOUSANDS EXCEPT AUM IN $ MILLIONS AND PER SHARE DATA)

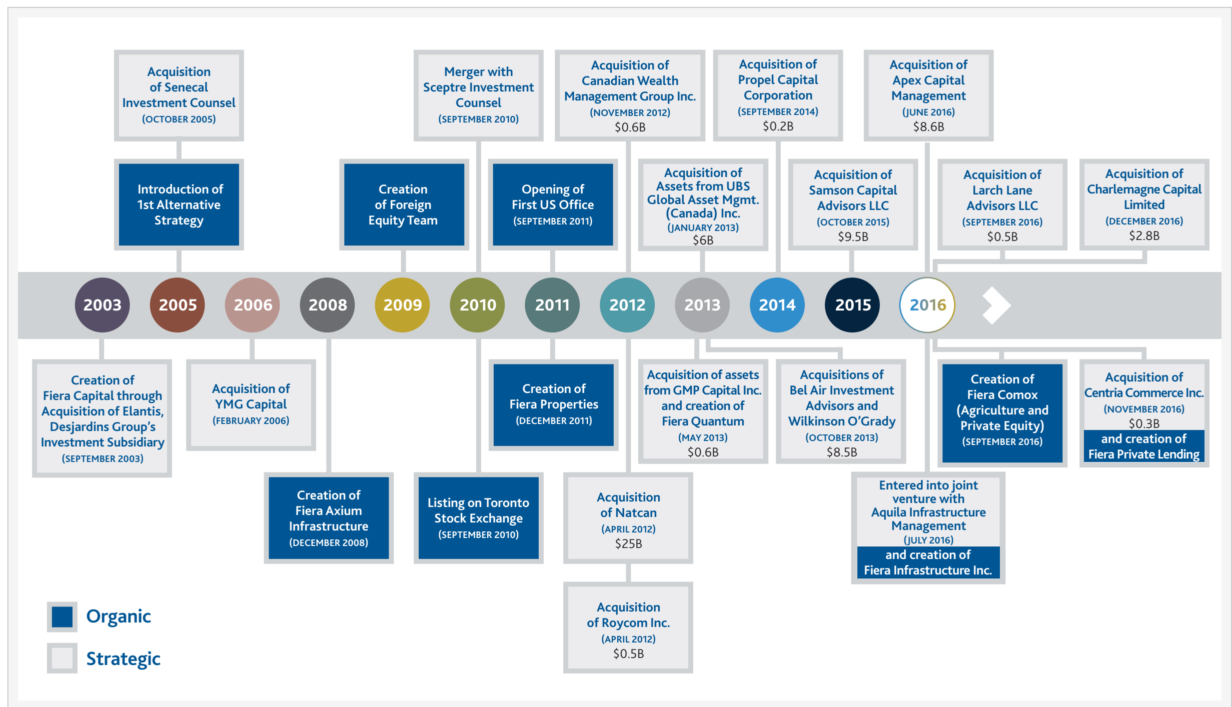
	Last Twelve Months[3]	Q4 Dec. 31 2016	Q3 Sep. 30 2016	Q2 Jun. 30 2016	Q1 Mar. 31 2016	Q4 Dec. 31 2015	Q3 Sep. 30 2015	Q2 Jun. 30 2015	Q1 Mar. 31 2015
AUM	109,129	116,925	112,465	109,136	97,988	101,431	88,759	90,291	90,927
Total revenues	344,144	120,968	81,909	74,983	66,284	73,999	60,214	66,143	58,061
Adjusted EBITDA[1]	107,196	41,599	25,931	23,510	16,157	25,757	18,608	23,050	17,366
Adjusted EBITDA margin	31.1%	34.4%	31.7%	31.4%	24.4%	34.8%	30.9%	34.8%	29.9%
Net earnings attributable to the Company's shareholders	20,777	5,203	393	7,901	7,280	9,678	6,700	7,541	3,712
PER SHARE – BASIC									
Adjusted EBITDA[1]	1.41	0.52	0.33	0.32	0.22	0.36	0.27	0.33	0.25
Net earnings attributable to the Company's shareholders	0.27	0.07	0.01	0.11	0.10	0.14	0.10	0.11	0.05
Adjusted net earnings attributable to the Company's shareholders[1]	1.25	0.40	0.23	0.32	0.30	0.30	0.25	0.26	0.21
PER SHARE – DILUTED									
Adjusted EBITDA[1]	1.37	0.51	0.33	0.32	0.22	0.36	0.27	0.33	0.25
Net earnings attributable to the Company's shareholders	0.27	0.06	0.01	0.11	0.10	0.13	0.10	0.11	0.05
Adjusted net earnings attributable to the Company's shareholders[1]	1.22	0.38	0.23	0.32	0.30	0.29	0.25	0.26	0.21
PER SHARE – DILUTED (Including non-cash compensation and options granted)[2]									
Adjusted EBITDA[1]	1.28	0.47	0.31	0.29	0.21	0.33	0.25	0.30	0.23
Net earnings attributable to the Company's shareholders	0.25	0.06	0.00	0.10	0.09	0.12	0.09	0.10	0.05
Adjusted net earnings attributable to the Company's shareholders[1]	1.13	0.36	0.21	0.30	0.28	0.27	0.23	0.24	0.19

1. Adjusted EBITDA and Adjusted net earnings are non-IFRS measures. Please refer to "Non-IFRS Measures" on page 71.
2. This analysis assumes that all outstanding stock-based awards will vest and will be settled with shares of the Company (including 2,799,345 share options; 2,215,782 PSUs and 772,436 RSUs as at December 31, 2016.
3. AUM Last Twelve Months ("LTM") represents the average of the last four quarters.

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

RESULTS AND TREND ANALYSIS

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



AUM

The current quarter was characterized by an increase in AUM compared to the previous quarter mainly due to new mandates won during the quarter, combined with the inclusion of Charlemagne AUM, partially offset by lost mandates and market depreciation during the period. The previous quarter ended September 30, 2016, showed an increase in AUM compared to the quarter ended June 30, 2016, mainly due to market appreciation, combined with the inclusion of Larch Lane and Aquila AUM during the period.

The quarter ended June 30, 2016, showed an increase in AUM compared to the quarter ended March 31, 2016, mainly due to the inclusion of Apex, combined with market appreciation during the period.

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

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

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

REVENUES

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

The current quarter was characterized by an increase in revenues mainly due to higher performance fees from both traditional and alternative asset classes, which are generally recorded in June and December of each year, combined with higher base management fees resulting from a higher AUM base due to organic growth and the acquisition of Charlemagne.

The previous quarter ended September 30, 2016, showed an increase in revenues mainly due to higher base management fees from the inclusion of a full quarter of revenues from Apex, partially offset by lower performance fees.

The quarter ended June 30, 2016, showed an increase in revenues mainly due to higher base management fees following the acquisition of Apex and the acquisition of control of Fiera Properties, combined with higher performance fees compared to the quarter ended March 31, 2016.

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

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

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

ADJUSTED EBITDA

Adjusted EBITDA increased in the current quarter mainly due to higher performance fees from both alternative and traditional asset classes and higher base management fees due to organic growth and following the acquisitions of Centria and Charlemagne, partially offset by an increase in overall operating expenses to support growth in US operations, including costs related to the acquisition of Charlemagne as well as the Firm's expansion across borders, namely in Europe.

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

Adjusted EBITDA increased in the quarter ended June 30, 2016, compared to the quarter ended March 31, 2016, mainly due to higher base management fees following the acquisition of Apex, combined with higher performance fees, partially offset by higher overall operating expenses.

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

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

Adjusted EBITDA increased in the second quarter of 2015, compared to the first quarter of 2015, mainly due to higher performance fees from the alternative asset class, partially offset by higher SG&A expenses namely related to variable compensation.

Finally, adjusted EBITDA decreased in the first quarter of 2015, compared to the fourth quarter of 2014, mainly due to lower performance fees, despite the fact that base management fees were higher and SG&A expenses stayed at the same level compared to those from the fourth quarter of 2014.

ADJUSTED EBITDA MARGIN

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

Adjusted EBITDA margin has fluctuated from a low of 24.4% to a high of 34.8% during the most recent eight quarters. The first quarter of each year generally absorbs a higher percentage of variable compensation expenses. Also, adjusted EBITDA margin tends to be higher in the second and the fourth quarter of each year due to the fact that performance fees are generally recorded in June and December of each year.

The current quarter ended December 31, 2016, closed with an adjusted EBITDA margin of 34.4% which is higher than the previous quarter mainly due to higher performance fees from both alternative and traditional asset classes and higher base management fees due to organic growth and following the acquisition of Charlemagne, partially offset by an increase in overall operating expenses to support the Firm's growth and expansion. Also, the upfront set-up costs of the US platform initiative and other costs associated with building scale will generate benefits in the upcoming quarters.

The previous quarter ended September 30, 2016, showed an adjusted EBITDA margin of 31.7%, which is higher than the previous quarter, mainly due to higher base management fees resulting from a full quarter of operations of Apex, partially offset by higher operating expenses.

The previous quarter ended June 30, 2016, presented an adjusted EBITDA margin of 31.4%, which is higher than the previous quarter, mainly due to higher base management fees following the acquisition of Apex and higher performance fees recorded during the quarter, partially offset by higher operating expenses. Also, the upfront set-up costs of the US platform initiative and other costs associated with building scale will generate benefits in the upcoming quarters.

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

The quarter ended December 31, 2015, showed an adjusted EBITDA margin of 34.8%, which is higher than the quarter ended September 30, 2015, mainly due to higher performance fees and higher base management fees. The quarter ended September 30, 2015, showed an adjusted EBITDA margin of 30.9%

mainly due to lower performance fees compared to the quarter ended June 30, 2015, despite higher base management fees recorded in the quarter ended September 30, 2015, compared to the quarter ended June 30, 2015.

Finally, the previous quarter ended June 30, 2015, showed an adjusted EBITDA margin of 34.8% mainly due to higher performance fees from the alternative asset class compared to the first quarter of 2015. The quarter ended March 31, 2015, showed an adjusted EBITDA margin of 29.9% mainly due to lower performance fees compared to the fourth quarter of 2014.

On a twelve-month basis, the current LTM adjusted EBITDA margin was at 31.1%, which compares to the LTM adjusted EBITDA margin of 30.7% and 32.8% reported as at September 30, 2016, and December 31, 2015, respectively. The LTM adjusted EBITDA margin neutralizes the impact of the timing of performance fees which are generally recorded in the second and the fourth quarter of each year, as well as the rise in SG&A expenses in recent quarters resulting from various acquisitions and provides a better measure of the Firm's overall performance.

NET EARNINGS ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS

Net earnings attributable to the Company's shareholders have fluctuated from a low of $0.4 million to a high of $9.7 million over the last eight quarters. Net earnings attributable to the Company's shareholders were impacted by various initiatives resulting in higher SG&A expenses, acquisitions and restructuring and other integration costs. Also, performance fees generally recorded in the second quarter and the fourth quarter of each year contributed to the fluctuation of the net earnings attributable to the Company's shareholders.

The current quarter's net earnings attributable to the Company's shareholders were higher than those of the previous quarter ended September 30, 2016. The increase in net earnings is mainly attributable to higher performance fees which are generally recorded in June and December of each year, combined with higher base management fees due to a higher AUM base resulting from organic growth and the acquisition of Charlemagne and Centria. The increase in revenue was offset by higher operating expenses to support business growth and various acquisitions during the fourth quarter of 2016.

ADJUSTED NET EARNINGS PER SHARE ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS

Adjusted net earnings per share attributable to the Company's shareholders are a good performance indicator of the Company's ability to generate cash flows. Adjusted net earnings attributable to the Company's shareholders have fluctuated from a low of $0.21 per share (basic and diluted) to a high of $0.40 per share (basic) and $0.39 (diluted) over the last eight quarters.

The current quarter ended December 31, 2016, presented adjusted net earnings attributable to the Company's shareholders of $0.40 per share (basic) and $0.38 (diluted), mainly due to higher performance fees and higher base management fees resulting from a higher AUM base due to organic growth and the acquisition of Charlemagne during the period.

The previous quarter ended September 30, 2016, showed adjusted net earnings attributable to the Company's shareholders of $0.23 per share (basic and diluted), which are lower than those of the previous quarter, mainly due to higher operating expenses following the acquisition of Apex, lower performance fees from the traditional and alternative asset classes and various one-time non-recurring costs during the period.

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

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

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

The quarter ended June 30, 2015, closed with adjusted net earnings attributable to the Company's shareholders of $0.26 per share (basic and diluted), a higher level compared to the first quarter of 2015, mainly due to higher performance fees from the alternative asset class than the previous quarter.

Finally, for the first quarter of 2015, the Firm recorded adjusted net earnings attributable to the Company's shareholders of $0.21 per share (basic and diluted), a level lower than that of the fourth quarter of 2014, mainly due to lower performance fees, partially offset by higher base management fees recorded during the quarter.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

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

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

TABLE 11 – SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOWS (IN $ THOUSANDS)

	For The Twelve-Month Periods Ended	
	December 31, 2016	December 31, 2015
Cash generated by operating activities	**57,514**	66,856
Cash used in investing activities	**(144,378)**	(34,600)
Cash generated by (used in) financing activities	**101,494**	(25,852)
Net increase in cash	**14,630**	6,404
Effect of exchange rate changes on cash denominated in foreign currencies	**(245)**	2,441
Cash and cash equivalents, beginning of period	**25,725**	16,880
Cash and cash equivalents, end of period	**40,110**	25,725

YEAR-TO-DATE ACTIVITIES

Cash generated by operating activities amounted to $57.5 million for the twelve-month period ended December 31, 2016. This amount resulted from $79.2 million cash generated from net earnings adjusted for depreciation and amortization, non-cash compensation, accretion of purchase price obligations, interest on long-term debt and other financial charges, income tax expenses, as well as changes in fair value of derivative financial instruments. These elements were offset by a gain of $15.0 million on the disposal of Axium (offset by the revaluation of assets-held-for-sale related to Fiera Quantum GP Inc. of $7.9 million and $8.3 million of loss on disposal of subsidiaries), the gain on acquisition of control of investment in joint venture of $5.8 million, and $16.5 million in negative change in non-cash operating working capital.

Cash used in investing activities was $144.4 million for the twelve-month period ended December 31, 2016, resulting mainly from $163.0 million cash used in the Apex, Charlemagne, Centria and Larch Lane acquisitions, partially offset by the proceeds of $20.0 million from the disposal of Axium.

Cash generated by financing activities was $101.5 million for the twelve-month period ended December 31, 2016, resulting mainly from a $166.5 million of increase in long-term debt and $3.8 million of issuance of share capital, partially offset by $49.2 million cash used for dividend payments, $11.0 million cash used in long-term debt interest payments and financing charges, and $1.7 million cash used to purchase shares for cancellation during the period.

Finally, the negative impact of exchange rate changes on cash denominated in foreign currencies was $0.2 million during the twelve-month period ended December 31, 2016.

YEAR-TO-DATE DECEMBER 31, 2016, VERSUS YEAR-TO-DATE DECEMBER 31, 2015

Cash generated by operating activities amounted to $57.5 million for the twelve-month period ended December 31, 2016, compared to $66.9 million cash generated by operating activities for the same period last year. The negative variation in cash generated by operating activities is mainly attributable to higher negative change in non-cash operating working capital and other non-current liabilities of $15.6 million and higher income tax paid and income tax expenses totaling $9.4 million, during the twelve-month period ended December 31, 2016, compared to the same period last year, combined with net negative variation of non-recurring items of $4.6 million related to a gain on disposal of investment in joint ventures, revaluation of assets held-for-sale, a loss on disposal of subsidiaries and a gain on acquisition of control of investment in a joint venture. The decrease in cash generated from operating activities was partially offset by an increase of $16.2 million in EBITDA as described in the "Adjusted EBITDA" section for the twelve-month period ended December 31, 2016, compared to the same period last year.

Cash used in investing activities amounted to $144.4 million for the twelve-month period ended December 31, 2016, compared to $34.6 million cash used in investing activities for the same period last year. The variation in cash used in investing activities is mainly attributable to $138.9 million cash used related to the Apex, Charlemagne, Centria and Larch Lane acquisitions, partially offset by the proceeds related to the disposal of investment in joint ventures of $20.0 million.

Cash generated by financing activities was $101.5 million for the twelve-month period ended December 31, 2016, compared to $25.9 million cash used in financing activities for the same period last year. The year-over-year variation is mainly attributable to higher long-term debt of $143.5 million, partially offset by a higher dividend payment of $11.4 million and higher interest paid on long-term debt of $3.5 million during the twelve-month period ended December 31, 2016, compared to the same period of 2015.

Finally, the exchange rate changes on cash denominated in foreign currencies negatively impacted the cash flow of the Firm by $0.2 million during the twelve-month period ended December 31, 2016, compared to $2.4 million positive impact for the same period last year.

CASH EARNINGS

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

The following table provides details of the Firm's cash earnings and cash earnings per share for the twelve-month periods ended December 31, 2016, and 2015, respectively.

TABLE 12 – CASH EARNINGS[1] (IN $ THOUSANDS EXCEPT PER SHARE DATA)

	For The Twelve-Month Periods Ended	
	December 31, 2016	December 31, 2015
Net earnings attributable to the Company's shareholders	20,777	27,631
Adjusted for the following items:		
Depreciation of property and equipment	3,401	2,030
Amortization of intangible assets	42,723	27,119
Non-cash compensation	15,107	8,880
Changes in fair value of derivative financial instruments	211	445
Cash earnings attributable to the Company's shareholders	82,219	66,105
Cash earnings per share (basic)	1.08	0.94
Cash earnings per share (diluted)	1.05	0.93

1. Cash earnings and cash earnings per share are non-IFRS measures. Please refer to "Non-IFRS Measures" on page 71.

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

For the twelve-month period ended December 31, 2016, $42.7 million in depreciation of property and equipment, and amortization of intangible assets, as well as $15.1 million non-cash compensation, and 0.2 million change in fair value of derivative financial instruments had an unfavourable impact on the net earnings attributable to the Company, compared to $29.1 million, $8.9 million, nil and $0.4 million for the same period last year, respectively. Excluding these items, cash earnings attributable to the Company's shareholders amounted to $82.2 million, or $1.08 per share (basic) and $1.05 (diluted) for the twelve-month period ended December 31, 2016, compared to $66.1 million or $0.94 per share (basic) and $0.93 (diluted) for the same period last year.

LONG-TERM DEBT

TABLE 13 – CREDIT FACILITY (IN $ THOUSANDS)

	December 31, 2016	December 31, 2015
Term facility	167,838	-
Revolving facility	262,323	265,270
Other facility	2,039	-
Deferred financing charges	(1,777)	(1,044)
	430,423	264,226
Less current portion	(1,283)	-
Non- current portion	429,140	264,226

CREDIT FACILITY

On May 31, 2016, the Company entered into the Fourth Amended and Restated Credit Agreement ("Credit Agreement") which includes a term facility and a revolving facility (together, the "Credit Facility").

Term Facility

The Credit Agreement includes a new US$125.0 million term (non-revolving) facility for which there are no minimum repayments until May 31, 2019, the date at which the full amount drawn on the term facility is repayable.

On May 31, 2016, the Company used the additional amount available under the new term facility to finance the cash portion of the Apex acquisition and the remaining amount available under the term facility at that date, was used to reimburse borrowings under the revolving facility. The total amount drawn on the term facility at December 31, 2016 is US$125.0 million (CA$167.838 million).

Revolving Facility

The Credit Facility includes a CA$300.0 million senior unsecured revolving facility that can be drawn on in Canadian or US dollars at the discretion of the Company. Under the terms of the Credit Agreement, there are no minimum repayments on the revolving facility, until March 25, 2020, the date at which the full amount drawn on the revolving facility is repayable in full.

As at December 31, 2016, the total amount drawn on the revolving facility was comprised of CA$174.0 million and US$65.781 million (CA$88.323 million) (CA$128.258 million and US$98.997 million (CA$137.012 million) was outstanding as at December 31, 2015). The total consideration of $54.055 million for the Charlemagne acquisition was financed in part by the revolving facility.

Terms of the Credit Facility

The Credit Facility bears interest based on the currency in which an amount is drawn and includes a credit spread based on the quarterly Funded Debt to EBITDA ratio as defined in the Credit Agreement. On the revolving facility, the interest rate is based on the Canadian prime rate plus a spread which varies from 0.0% to 1.5% or, at the discretion of the Company, based either on the 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%. The interest rate on the term facility is based on the US base rate plus a spread varying from 0.0% to 1.5% or LIBOR rate plus a spread varying from 1.0% to 2.5%. The Company decides whether amounts drawn in US dollars on the term and revolving facilities will be based on US base rate or the LIBOR rate.

Under the terms of the Credit Agreement, the Company must satisfy certain restrictive covenants on the Credit Facility including minimum financial ratios. These restrictions include maintaining a maximum ratio of Funded Debt to EBITDA and a minimal interest coverage ratio. EBITDA, a non IFRS measure, is defined in the Credit Agreement, as consolidated earnings before interest, income taxes, depreciation, amortization, non-recurring and one-time expenses related to acquisitions and other non-cash items. As at December 31, 2016 and 2015, all restrictive covenants under the Credit Agreement were met.

The Credit Agreement includes covenants that limit the ability of the Company and certain of its subsidiaries that are specifically included in the Credit Agreement as borrowing parties and, therefore are guarantors to the Credit Facility, to engage in specified types of transactions and thus imposes operating certain restrictions on these entities.

In 2015, the Company evaluated the changes to the Third Amendment and Restated Credit Agreement and concluded that the revised terms were substantial and constituted an extinguishment of the previous facility. As a result, unamortized deferred financing charges of $718 relating to the previous facility were written off in the consolidated financial statements on the date of the amendment (nil for 2016).

OTHER FACILITY

One of the Company's subsidiaries has an outstanding bank loan in the amount of $1.281 million of which quarterly payments of CA$0.131 million are required. The loan bears interest at prime plus 0.25% to 0.50% which is based on the ratio of senior debt to EBITDA (as defined in the loan agreement), and matures on June 30, 2019. As at December 31, 2016, all debt covenant requirements were met.

Another subsidiary of the Company has a line of credit with a dollar limit of CA$0.8 million. It bears interest at prime plus 2.75% and has no fixed maturity date. As at December 31, 2016, the amount drawn by the subsidiary on the line of credit is $0.758 million.

CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

Contractual Obligations

The Company has the following contractual obligations as at December 31, 2016:

TABLE 14 – CONTRACTUAL OBLIGATIONS ($ IN THOUSANDS)

	Carrying Amount	Total	2017	2018	2019	Thereafter
Long-Term Debt	432,200	432,200	1,283	525	168,069	262,323
Purchase Price Obligations	34,968	43,906	14,940	14,488	14,473	5
Purchase Price Obligations	n/a	77,164	12,655	10,439	9,435	44,635
Puttable Financial Instruments	5,500	5,500	5,500	-	-	-
Total Obligations	n/a	558,770	34,378	25,452	191,977	306,963

Contingent Liabilities

In the normal course of business, the Company is party to business and employee-related claims. The potential outcomes related to existing matters faced by the Company are not determinable at this time. The Company intends to defend these actions, and management believes that the resolution of these matters will not have a material adverse effect on the Company's financial condition.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2016, Fiera Capital was not party to any off-balance sheet arrangements, including guarantees, derivatives, except for the above-mentioned floating-to-fixed interest rate swap agreement, and variable-interest entities. We do not expect to enter into such agreements.

SHARE CAPITAL

As at December 31, 2016, the Company had 60,800,655 Class A shares and 19,810,903 Class B special voting shares for a total of 80,611,558 outstanding shares compared to 51,536,848 Class A subordinate voting shares and 19,847,577 Class B special voting shares for a total of 71,384,425 outstanding shares as at December 31, 2015.

SHARE-BASED PAYMENTS

Stock Option Plan

The following table presents transactions that occurred during the twelve-month periods ended December 31, 2016, and 2015, under the terms of the Company's stock option plan:

TABLE 15 – OPTIONS TRANSACTIONS

	December 31, 2016		December 31, 2015	
	Number of Class A Share Options	Weighted-Average Exercise Price ($)	Number of Class A Share Options	Weighted-Average Exercise Price ($)
Outstanding – beginning of period	3,040,225	9.58	3,346,037	9.32
Granted	254,379	12.33	255,000	11.64
Exercised	(401,642)	5.86	(356,173)	6.82
Forfeited	(93,617)	13.11	(204,639)	12.74
Outstanding – end of period	2,799,345	10.25	3,040,225	9.58
Options exercisable – end of year	1,049,685	7.82	1,225,485	7.04

Deferred Share Unit Plan ("DSU")

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

As at December 31, 2016, management recorded a liability for an amount of $0.192 million for the 14,998 units outstanding under the DSU Plan ($0.162 million for 14,295 units as at December 31, 2015).

Restricted Share Unit ("RSU") Plan

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

The following table presents transactions that occurred during the years ended December 31, 2016 and 2015 in the Company's RSU Plans.

TABLE 16 – RSU PLAN TRANSACTIONS [1]

	2016	2015
Outstanding – beginning of year	686,244	540,508
Granted	-	273,964
Reinvestments in lieu of dividends	31,985	30,872
Vested	(259,934)	(140,630)
Forfeited	(1,992)	(18,470)
Outstanding – end of year	456,303	686,244

1. 114,812 Restricted share units were paid in cash (2015 - 1,760).

As at December 31, 2016, the Company recorded a liability for an amount of $3.081 million for the 456,303 units outstanding under the RSU Plan ($2.905 million for 686,244 units as at December 31, 2015). An expense of $3.466 million and $2.204 million was recorded for these grants during the years ended December 31, 2016 and 2015, respectively.

Restricted Share Unit Plan – Cash ("RSU Cash")

During the year ended December 31, 2016, the Board approved an amendment to the settlement terms under the RSU Plan. RSUs granted under the revised plan, unless specified otherwise in the participant's award notice, will be paid in cash on the vesting date. All other terms of the RSU Plan remained unchanged. Prior to the amendment, participants had the choice to settle vested units with a combination of cash and Class A Shares.

TABLE 17 – RSU CASH TRANSACTIONS

	2016
Outstanding – beginning of year	-
Granted	**308,768**
Reinvestments in lieu of dividends	**7,365**
Outstanding – end of year	**316,133**

As at December 31, 2016, the liability under this RSU Plan was $0.549 million for the 316,133 units outstanding which is included in other non-current liabilities on the consolidated statements of financial position. An expense of $0.549 million was recorded during the year ended December 31, 2016 for these grants.

Restricted Share Plan ("RSP")

On October 30, 2015, in relation with the acquisition of Samson, the Board adopted a Restricted Share Plan for the purposes of retaining certain employees and providing them with the opportunity to participate in the growth and development of the Company. The maximum number of issuable Class A Shares under the plan is 224,699 of the issued and outstanding shares of the Company. The Board may determine the number of restricted shares each eligible employee can receive. The Restricted Shares vest over a three-year period with one third vesting each year. Accelerated vesting occurs in certain circumstances, including death or disability. The Restricted Shares are entitled to dividends and have voting rights. The plan administrator will reinvest the proceeds of the dividends received into additional shares of the Company.

On October 30, 2015, the Company issued 224,699 Restricted Shares. In conjunction with the Restricted Share issuance, the Company issued 224,699 Class A Shares which are held in escrow. During the year ended December 31, 2016, 76,326 Class A Shares that vested were released from escrow. In addition, 7,540 (2015 - 2,346) Class A Shares were purchased with the proceeds of the dividends received and credited to the escrow account.

The share-based payment expense is measured based on the fair value of the Restricted Shares on the grant date and is recognized over the vesting period on a straight-line basis. An expense of $1.379 million and $0.227 million was recorded for the years ended December 31, 2016 and 2015, respectively for this grant.

Performance Share Unit Plan ("PSU")

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

Performance share units are provided to eligible employees at an award value which is determined by the Board as the original value of the award. The number of performance share units awarded to a participant as of the award date is calculated by dividing the award value, by the value of the performance share unit applicable to the business unit which is determined by the Board at each award date.

Performance share units are considered granted when the award notice is approved by the Board and is accepted by the employee. The vesting date is the date at which all vesting terms and conditions set forth in the PSU plan applicable to business units and the employee's award note have been satisfied.

Vested performance share units are settled in accordance with the terms of the plan. The settlement date value is determined by the product of the number of performance share units vested and the value of the performance share unit as calculated by the Board on the applicable vesting date.

Each award notice specifies whether the settlement of the Company's payment obligation will be by issuance and delivery of the Company's Class A shares either at the option of the Company, the eligible employee or both. When the payment obligation is settled through the delivery of shares, the Company determines the total number of the Class A Shares to be issued based on the total settlement date value divided by a volume-weighted average price as defined in the plan.

During the years ended December 31, 2016 and 2015, the total award value granted to eligible employees under the Company's PSU plans applicable to business units was $nil and $16.2 million, respectively. During the year ended December 31, 2016, certain PSU applicable to business units representing a total value of $13.5 million vested. A total of 1,044 Class A Shares will be issued subsequent to December 31, 2016.

In early 2016, the Company settled the vested PSUs at December 31, 2015 by paying $4.237 million in cash in lieu of issuing Class A Shares. The Company treated the transaction as a repurchase of an equity interest and recorded a deduction in the amount of $4.237 million in contributed surplus. The settling of these PSUs in cash was due to unique circumstances. The Company still has the intention to settle the remaining tranches by issuing shares.

An expense of $6.508 million and $4.393 million was recorded during the years ended December 31, 2016 and 2015, respectively for the PSU plan applicable to BU. For the year ended December 31, 2016, the expense is attributable to equity-settled grants and cash-settled grants for an amount of $6.523 million and ($0.015 million), respectively ($4.422 million and ($0.029 million), respectively for the year ended December 31, 2015).

PSU plan

An expense of $2.154 million and $0.924 million was recorded during the years ended December 31, 2016 and 2015, respectively for this PSU plan. For the year ended December 31, 2016, the expense is attributable to equity-settled grants and to cash-settled grants for an amount of $0.365 million and $1.789 million, respectively ($0.213 million and $0.711 million, respectively for the year ended December 31, 2015).

Stock Option Plans in the Company's Subsidiaries

Two of the Company's subsidiaries have a stock option plan which is based on the shares of the respective subsidiary entity. These plans are accounted for as cash-settled plans. The total stock option expense in the statements of consolidated net earnings for the year ended December 31, 2016 was $0.091 million. The cash settled share-based liability is $1.297 million in the statements of financial position as at December 31, 2016.

Post-Employment Benefit Obligations

The Company contributes to defined contribution plans for its employees. Contributions for the year ended December 31, 2016 amount to $2.851 million ($2.409 million for the year ended December 31, 2015).

Subsequent to a business combination in September 2010, the Company assumed the role of sponsor of several individual pension plans ("IPPs") 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, 2016 for four plans. The next actuarial valuation date is January 1, 2018 for one plan, June 30, 2018 for one plan and January 1, 2019 for four plans. Each IPP plan will be wound up upon the death of the respective participant or if applicable, the surviving spouse.

RELATED PARTY TRANSACTIONS

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

TABLE 18 – RELATED PARTY TRANSACTIONS (IN $ THOUSANDS)

	For the Twelve-Month Periods Ended	
	December 31, 2016	December 31, 2015
Base management, performance and other revenues	50,180	52,326
Selling, general & administrative expenses		
Reference fees	1,574	1,592
Other	2,147	2,320
Interest on long-term debt	11,095	7,782
Changes in fair value of derivative financial instruments	211	445
Acquisition costs	-	120
Shares issued as settlement of the purchase price obligations	8,500	8,500

These transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Fees are at prevailing market prices and are settled on normal trade terms.

The amounts due under the Company's Credit Facility presented as long-term debt are amounts due to a syndicate of lenders which includes two related parties of the Company. During 2016, the Company paid $1.02 million (2015 - $1.034 million) to the syndicate of lenders for different transaction-related fees. The amounts are recorded as deferred financing costs.

The counterparty to three of the derivative financial instruments is a related company.

The Company has carried out the following transaction with joint ventures: other revenue of nil for the year ended December 31, 2016 ($0.4 million for the year ended December 31, 2015).

CONTROL AND PROCEDURES

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

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

The CEO and CFO, supported by Management, evaluated the design of the Corporation's DC&P and ICFR as at December 31, 2016, and have concluded that they were effective.

LIMITATION ON SCOPE OF DESIGN

On June 1, 2016, the Firm acquired 100% of the issued and outstanding shares of Apex Capital Management ("Apex"). On December 14, 2016, the Corporation acquired 100% of the issued and outstanding shares of Charlemagne Capital Limited ("Charlemagne"). Management is still in the process of completing its review of the design effectiveness of ICFR for Apex. As for Charlemagne, there was an initial visit in February 2017, with the objective of gaining a better understanding of the IT and business processes and risks and controls. It will be subject to a detail scoping analysis in April/May 2017. At December 31, 2016, risks were, however, mitigated as management was fully apprised of any material events affecting these acquisitions. In addition, all the assets and liabilities acquired were valued and recorded in the consolidated financial statements as part of the purchase price allocation process and the results of operations of Apex and Charlemagne were also included in the Corporation's consolidated results. Apex constitutes 6.41% of revenue, 41.16% of the net earnings of the year, 16.47% of the total assets, 4.89% of the current assets, 18.42% of the non-current assets, 3.60% of the current liabilities and none of the non-current liabilities of the audited consolidated financial statements for the twelve-month period ended December 31, 2016. Charlemagne constitutes 5.45% of revenue, 2.98% of the net earnings of the year, 9.37% of the total assets, 26.45% of the current assets, 6.48% of the non-current assets, 22.95% of the current liabilities and 1.62% of the non-current liabilities of the audited consolidated financial statements for the twelve-month period ended December 31, 2016. In the coming months, management will complete its review of the design of ICFR for Apex and assess its effectiveness. As for Charlemagne inclusion in the testing of design and operating effectiveness for 2017, it will depend on the results of the scoping analysis.

Following the above mentioned acquisition, Management had to adjust the consolidation process to incorporate the new US subsidiary. New controls were implemented in order to present fairly the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the quarter ended December 31, 2016.

FINANCIAL INSTRUMENTS

The Company, through its financial assets and liabilities, has exposure to the following risks from its 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, 2016 and 2015.

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 linked to investment returns and the Company's ability to attract and retain clients.

The Company's consolidated statements of financial position include a portfolio of investments. The value of these investments is subject to a number of risk factors.

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

Appreciation or depreciation in the fair value of equity securities affect the amount and timing of recognition of gains and losses on equity securities and mutual fund and pooled fund investments in the Company's portfolio resulting in 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 fair value of the equity, mutual fund and fixed income financial assets held.

The Company manages its investment portfolio with a medium risk mandate. Its particular expertise is asset 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, 2016 and 2015 is comprised of mutual fund and pooled fund investments and other securities with a fair value of $8.972 million as at December 31, 2016 and $4.707 million as at December 31, 2015. Mutual fund and pooled fund investments are comprised of a well-diversified portfolio of investments in equities and bonds.

A 10% change in the fair value of the Company's equity and equity-related holdings as at December 31, 2016, and 2015 would have an impact of increasing or decreasing other comprehensive income by $0.897 million and $0.471 million respectively.

CREDIT RISK

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

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

The credit risk on cash and cash equivalents and restricted cash is limited because the counterparties are commercial banks or financial institutions with high credit ratings assigned by independent credit-rating agencies.

The Company's credit risk is attributable primarily to its trade receivables. The amounts disclosed in the consolidated statements of financial position are net of allowance for doubtful accounts, estimated by the Company's management based on previous experience and its assessment of the current economic environment and financial condition of the counterparties. In order to reduce its risk, management has adopted credit policies that include regular review of client balances. With the exception of National Bank of Canada and related companies which represent 11% as at December 31, 2016 (21% as at December 31, 2015), no customer represents more than 10% of the Company's accounts receivable as at December 31, 2016 and 2015.

INTEREST RATE RISK

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

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

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 cash equivalents, accounts receivable, accounts payable and accrued liabilities and long-term debt denominated in US dollars and the operations of its US businesses and Charlemagne Capital 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.

Based on the balances outstanding (excluding long-term debt) as at December 31, 2016, a 5% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income of $1.928 million (2015 - $0.864 million). The above calculation does not include the US dollar long-term debt, which is partially hedged by a long-term asset in the same currency. This long-term asset is not included in the consolidated statements of financial position given that it is an intercompany balance and is eliminated on consolidation.

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.

FAIR VALUE

Puttable Financial Instrument Liabilities

The puttable financial liabilities are recorded at their estimated fair value of $5.5 million as at December 31, 2016. These are classified as current on the December 31, 2016 consolidated statements of financial position since they give the holder the right to put the shares that they hold in one of the Company's subsidiaries, to that subsidiary, upon ceasing employment. An amount of $2.75 million is payable to a management shareholder of the Company's subsidiary within 30 days of December 31, 2016. The remaining balance is a contingent obligation to a management shareholder of the same subsidiary.

Derivative Financial Instruments

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

The fair value of certain derivative that are not traded on an active market is 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 appropriate. To the extent practicable, valuation techniques incorporate all factors that market participants would consider in setting a price and they are consistent with accepted economic methods for pricing 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. The Company determines the fair value of its interest rate swap contracts by applying valuation techniques

a) Forward Foreign Exchange Contracts – Held for Trading

On January 6, 2016, the Company entered into a series of (twelve) average rate forward foreign exchange contracts to manage the currency fluctuation risk associated with revenues denominated in US dollars for the year ended December 31, 2016. These forward foreign exchange contracts had a total initial notional amount of US$15.203 million (the notional amounts ranged from US$0.859 million to US$1.619 million per month) and matured one by one on a monthly basis until December 31, 2016. At each monthly settlement from January 2016 to December 2016, the Company sold US dollars at 1.4000.

On December 23, 2016, the Company entered into a series of (twelve) average rate forward foreign exchange contracts to manage the currency fluctuation risk associated with estimated revenues denominated in US dollars for the year ending December 31, 2017. These foreign exchange contracts have a total initial notional amount of US$35.107 million (the notional amounts range from US$2.034 million to US$5.935 million per month) and mature one by one on a monthly basis until December 29, 2017. At each monthly settlement from January 2017 to December 2017, the Company will sell US dollars at 1.3482.

Forward foreign exchange contracts are recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value through profit or loss at the end of each reporting period. The gain or loss from these derivative financial instruments is $1.427 million for the year ended December 31, 2016 and is recognized in accordance to the nature of the transaction and therefore within other revenues on the statements of earnings under the caption: Other revenues.

On June 29, 2016 and October 19, 2016, one of the Company's subsidiaries entered into two forward foreign exchange contracts to manage its exposure to foreign exchange rates. Each contract has a notional U.S. dollar value of $2.0 million to sell US and buy GBP. The contracts ended on January 25, 2017 and January 23, 2017 respectively.

The fair value of the derivative financial liability for these two contracts is US$0.193 million (CA$0.26 million) as at December 31, 2016. The change in fair value of derivative financial instruments presented in the consolidated statements of earnings is revenue of US$0.009 million (CA$0.012 million) for the period from acquisition date to December 31, 2016.

b) Forward Foreign Exchange Contracts – Hedge

On September 30, 2016, the Company entered into a foreign exchange forward contract to manage the currency fluctuation risk associated with the consideration for the acquisition of Charlemagne which was denominated in GBP. The foreign exchange forward contract with a total initial notional amount of GBP 15.0 million matured on October 27, 2016. In early October 2016, the Company entered into three additional foreign exchange forward contracts with a total initial notional amount of GBP 15.0 million. At their maturity dates, each of these contracts was rolled into a new contract, for a total notional amount of GBP 30.0 million, until they were all closed out on the closing date of the Charlemagne acquisition.

These contracts were designated as cash flows hedges and satisfied the requirements for hedge accounting. The effective portion of changes in the fair value of these contracts was recognized in other comprehensive income and accumulated in a hedging reserve until the contracts were closed at which time the net realized loss of $1.072 million was included in the purchase consideration and was recorded as goodwill.

c) Interest Rate Swap Contract – Held for Trading

On May 1, 2012, the Company entered into a Canadian interest rate swap contract to manage the interest rate fluctuations on its term facility denominated in Canadian dollars. The interest rate swap contract had an original amortizing notional amount of CA$108.0 million at inception and matured on April 3, 2017. As at December 31, 2016, the notional amount was CA$95.85 million (CA$103.95 million as at December 31, 2015). The contract consists of exchanging the variable interest rate based on one-month Canadian prime rate for a fixed rate of 1.835%. Amounts are settled on a monthly basis. The gain or loss on the interest rate swap is recorded in changes in fair value of derivative financial instruments in the consolidated statements of earnings.

The Company remains exposed to changes in the Canadian prime rate on the difference between the amount drawn on the revolving facility in Canadian dollars and the notional amount of the interest rate swap contract. The swap is effective until April 2017 while the revolving facility matures on March 25, 2020. The Company is exposed to fluctuations in the US base or LIBOR rates on the US dollar term and revolving facilities since the Company does not have any US dollar swaps in place. The drawings in US dollars on the revolving facilities total US$65.781 million as at December 31, 2016 (US$98.997 million as at December 31, 2015).

d) Cross currency Swaps – Held for Trading

Under the terms of the revolving facility, the Company can borrow either in U.S. dollars based on US base or LIBOR rates plus 2.5% or in Canadian dollars based on CDOR plus 2.5% (the same credit spread). To benefit from interest cost savings, the Company has effectively created a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 2.1% on CA$100.0 million by borrowing against the US dollar revolving facility, the equivalent of CA$100.0 million (US$73.5 million) at LIBOR plus 2.5%, and swapping it into CDOR plus 2.1% with a one-month cross currency swap. On December 28, 2016, the Company withdrew US$73.5 million on its credit facility at a one-month LIBOR rate plus 2.5% and simultaneously entered into a one-month cross currency swap contract that has a total notional amount of US$73.5 million (CA $100.0 million) and that matures on January 30, 2017. As a result of the swap, the Company receives floating interest payments based on a spread of one-month LIBOR rate (US$) plus 2.5% and pays a floating rate based one-month CDOR rate (CA$) plus a spread of 2.1%.

This combination of transactions will be repeated on a monthly basis. This strategy provides 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).

As at December 31, 2016, the fair value of the cross currency swap contract is a liability of US$0.984 million (CA$1.322 million). This fair value is offset by the equivalent changes in fair value in Canadian dollars on the amount drawn on the US revolving facility specifically for this transaction (US$73.5 million). The change in fair value of the cross currency swaps presented in the consolidated statements of earnings is $1.322 million for the years ended December 31, 2016.

CAPITAL MANAGEMENT

The Company's capital comprises share capital including hold back shares, (deficit) retained earnings and long-term debt, less cash. The Company manages its capital to ensure adequate capital resources while maximizing return to shareholders through the optimization of the debt and equity balance and to maintain compliance with regulatory requirements and certain restrictive debt covenants required by the lender of the debt. During the twelve-month period ended December 31, 2016, the Company and one of its subsidiaries have complied with their respective calculations of excess working capital as required by National Instrument 31-103 *Registration Requirements and Exemptions*, which is calculated on a non-consolidated basis. The Company and its subsidiaries 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 or proceed to the issuance or repayment of debt.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES

This MD&A is prepared with reference to the audited consolidated financial statements for the three and twelve-month periods ended December 31, 2016. A summary of the Company's significant accounting judgments and estimation uncertainties are presented in Note 3 to the Company's audited consolidated financial statements for the year ended December 31, 2016. Some of the Company's accounting policies, as required under IFRS, require the Management to make subjective, complex judgments and estimates to matters that are inherent to uncertainties.

NEW ACCOUNTING POLICIES

ADOPTION OF NEW IFRS

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

Amendments to IFRS 11 – *Joint Arrangements*

In May 2014, the IASB issued an amendment to this standard requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business.

Amendments to IAS 38 – *Intangible Assets* and IAS 16 – *Property, Plant and Equipment*

In May 2014, the IASB issued amendments to these standards to introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate.

Amendments to IFRS 10 – *Consolidated Financial Statements* and IAS 28 – *Investments in Associates and Joint Ventures*

In September 2014, the IASB issued amendments to these standards to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture. The extent of gains and losses arising on the sale or contribution of assets depends on whether the assets sold or contributed constitute a business. In August 2015, the IASB published an exposure draft proposing an indefinite deferral of the effective date for these amendments.

Annual Improvements to IFRS (2012-2014) Cycle

In September 2014, the IASB published annual improvements on the 2012-2014 cycle which included narrow-scope amendments. Modifications of standards that are relevant to the Company include: (1) specific guidance for cases when an entity reclassifies an asset from held-for-sale to held-for-distribution and vice versa in IFRS 5 – *Non-current assets held-for-sale*, (2) additional guidance on whether a servicing contract constitutes continuing involvement in a transferred financial asset and therefore whether the asset qualifies for derecognition in IFRS 7 – *Financial Instruments: Disclosures*, and (3) clarification that the high quality bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits paid under IAS 9 – *Employee Benefits*.

Amendments to IAS 1 – *Presentation of Financial Statements*

In December 2014, the IASB published amendments to this standard to clarify materiality, aggregation and disaggregation of items presented on the statement of financial position, statement of earnings, and statement of comprehensive income as well as the order of notes to the financial statements.

IFRS ISSUED BUT NOT YET ADOPTED

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

IFRS 9 – *Financial Instruments*

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

IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments.

In April 2016, the IASB issued clarifications to IFRS 15 which provide clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property and provide some transition relief for modified contracts and completed contracts.

Adoption of IFRS 15 is mandatory for annual periods beginning on or after January 1, 2018. Entities have the choice of full retrospective application, or prospective application with additional disclosures. Early adoption is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

IFRS 16 – *Leases*

In January 2016, the IASB issued IFRS 16 – *Leases*. It supersedes the IASB's current lease standard, IAS 17, which required lessees and lessors to classify their leases as either finance leases or operating leases and to account for those two types of leases differently. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months and for which the underlying asset is not of low value. This new standard will come into effect for annual periods beginning on or after January 1, 2019. Earlier application is permitted only for entities also applying IFRS 15 – *Revenue from Contracts with Customers*. The Company is still evaluating the impact of this standard on its consolidated financial statements.

Amendments to IAS 7 – *Statement of Cash Flows*

In January 2016, the IASB published amendments to IAS 7 – *Statement of cash flows*. The amendments are intended to improve information provided to users of financial statements about an entity's financing activities. The amendments will come into effect for annual periods beginning on or after January 1, 2017. Earlier application is permitted. Management does not expect this amendment to have a significant impact on the Company's consolidated statements of cash flows.

Amendments to IAS 12 – *Income Taxes*

In January 2016, the IASB published amendments to IAS 12 – *Income taxes*. The amendments are intended to clarify the recognition of deferred tax assets where an asset is measured at fair value and that fair value is below the asset's tax base. The amendments will come into effect for annual periods beginning on or after January 1, 2017. Earlier application is permitted. Management does not expect this amendment to have a significant impact on the Company's consolidated financial statements.

Amendments to IFRS 2 – *Share-Based Payments*

In June 2016, the IASB published amendments to IFRS 2 – *Share-based payments*. The amendments clarify the classification and measurement of share-based payment transactions. The amendments will come into effect for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

Amendments to IAS 40 – *Investment Property*

In December 2016, the IASB published amendments to IAS 40 – *Investment Property* to clarify the accounting for transfers of property to, or from, investment property. The amendments will come into effect for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*

In December 2016, the IASB published IFRIC 22 – *Foreign Currency Transactions and Advance Consideration* to clarify the exchange rate that should be used for transactions that include the receipt or payment of advance consideration in a foreign currency. This new standard will come into effect for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

Annual Improvements to IFRS (2014-2016) Cycle

In December 2016, the IASB published annual improvements on the 2014-2016 cycle. The pronouncement contained amendments to clarify the scope of IFRS 12 – *Disclosure on interests in other entities*. The amendments will come into effect for annual periods beginning on or after January 1, 2017, for IFRS 12, and January 1, 2018 for IFRS 12.

NON-IFRS MEASURES

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

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

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

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

RISKS OF THE BUSINESS

Fiera Capital's business is subject to a number of risk factors, including but not limited to the following:

Clients are not committed to a long-term relationship

The agreements pursuant to which Fiera Capital manages its clients' assets, in accordance with industry practice, may be terminated upon short notice. Clients who are invested in units of the Funds may have their units redeemed upon short notice as well. Consequently, there is no assurance that Fiera Capital will be able to achieve or maintain any particular level of AUM, which may have a material negative impact on Fiera Capital's ability to attract and retain clients and on its management fees, its potential performance fees and its overall profitability.

The loss of any major clients or of a significant number of existing clients could have a material adverse effect upon Fiera Capital's results of operations and financial condition.

Poor investment performance could lead to the loss of existing clients, an inability to attract new clients, lower AUM and a decline in revenue

Poor investment performance, whether relative to Fiera Capital's competitors or otherwise, could result in the withdrawal of funds by existing clients in favour of better-performing products and would have an adverse impact upon Fiera Capital's ability to attract funds from new and existing clients, any of which could have an adverse impact on Fiera Capital's AUM, management fees, profitability and growth prospects. In addition, Fiera Capital's ability to earn performance fees is directly related to its investment performance, and therefore poor investment performance may cause Fiera Capital to earn less or no performance fees. Fiera Capital cannot guarantee that it will be able to achieve positive relative returns, retain existing clients or attract new clients.

Reliance on a major customer

As part of the Natcan Transaction, Fiera Capital entered into an Assets Under Management Agreement with Natcan and National Bank. Following the Natcan Transaction, National Bank became the largest client of Fiera Capital with $23.2 billion of AUM as of December 31, 2016, representing approximately 20% of Fiera Capital's $116.9 billion in AUM. Termination of the agreement or failure to renew the term of this agreement could result in a significant reduction of Fiera Capital's AUM which could have a material adverse effect on its business, prospect financial condition and results of operations.

Loss of key employees as a result of competitive pressures could lead to a loss of clients and a decline in revenue

Fiera Capital's business is dependent on the highly skilled and often highly specialized individuals it employs. The contribution of these individuals to Fiera Capital's Investment Management, Risk Management and Client Service teams plays an important role in attracting and retaining clients. Fiera Capital devotes considerable resources to recruiting, training and compensating these individuals. However, given the growth in total AUM in the investment management industry, the number of new firms entering the industry and the reliance on performance results to sell financial products, demand has increased for high-quality investment and client service professionals. Compensation packages for these professionals have a tendency to increase at a rate well in excess of inflation and above the rates observed in other industries. Fiera Capital expects that these costs will continue to represent a significant portion of its expenses.

Fiera Capital has taken, and will continue to take, steps to encourage its key employees to remain with the Company. These steps include providing a stock option plan, a short-term incentive plan and the Employee Share Purchase Plan, as well as a working environment that fosters employee satisfaction. We are confident that these measures, aimed to ensure we are an employer of choice, will be effective in retaining these individuals, even if we face increasing competition for experienced professionals in the industry, and that Fiera Capital will be able to recruit high-quality new employees with the desired qualifications in a timely manner when required.

Integration of acquired businesses

The success of the expected benefits from any acquisition completed or that may be completed by Fiera Capital will depend, in part, on the ability of management of Fiera Capital to realize the expected benefits and cost savings from integration of the businesses of Fiera Capital and those acquired. The integration of the businesses may result in significant challenges, and management of Fiera Capital may be unable to accomplish the integration smoothly or successfully or without spending significant amounts of money. It is possible that the integration process could result in the loss of key employees, the disruption of their respective ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management of Fiera Capital to maintain relationships with customers, suppliers or employees or to achieve the expected benefits of any acquisition.

The integration of Fiera Capital and any acquired business requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. There can be no assurance that management of Fiera Capital will be able to integrate the operations of each acquired business successfully or achieve any of the synergies or other benefits expected as a result of an acquisition. Any inability of management to successfully integrate the operations of Fiera Capital and those contemplated by an acquisition, including information technology and financial reporting systems, could have a material adverse effect on the business, financial condition and results of operations of Fiera Capital.

Competitive pressures could reduce revenue

The investment management industry (including the non-traditional investment industry) is competitive. Certain of Fiera Capital's competitors have, and potential future competitors could have, substantially greater technical, financial, marketing, distribution and other resources than Fiera Capital. They may also propose or develop ranges of products and service offerings that are more attractive to existing or potential clients of Fiera Capital. There can be no assurance that Fiera Capital will be able to achieve or maintain any particular level of AUM or revenues in this competitive environment. Competition could have a material adverse effect on Fiera Capital's profitability and there can be no assurance that Fiera Capital will be able to compete effectively. In addition, Fiera Capital's ability to maintain its Management Fee and Performance Fee structure is dependent on its ability to provide clients with products and services that are competitive. There can be no assurance that Fiera Capital will not come under competitive pressures to lower the fees it charges or that it will be able to retain its fee structure or, with such fee structure, retain clients in the future. A significant reduction in Fiera Capital's management fees or performance fees could have an adverse effect on revenues and profitability.

Conflicts of interest and reputational risk

The failure by Fiera Capital to appropriately manage and address conflicts of interest could damage Fiera Capital's reputation and materially adversely affect its business, financial condition or profitability. Certain of the Funds and Managed Accounts have overlapping investment objectives and potential conflicts may arise with respect to a decision regarding how to allocate investment opportunities among them. It is possible that actual, potential or perceived conflicts could give rise to investor dissatisfaction or litigation or regulatory enforcement actions. Claims in connection with conflicts of interest could have a material adverse effect on Fiera Capital's reputation, which could materially adversely affect Fiera Capital's business in a number of ways, including as a result of any related client losses.

Reputational risk is the potential that adverse publicity, whether true or not, may cause a decline in Fiera Capital's earnings or client base because of its impact on Fiera Capital's corporate image. Reputational risk is inherent in virtually all Fiera Capital's business transactions, even when the transaction is fully compliant with legal and regulatory requirements. Reputational risk cannot be managed in isolation, as it often arises as a result of operational, regulatory and other risks inherent in Fiera Capital's business. For this reason, Fiera Capital's framework for reputation risk management is integrated into all other areas of risk management and is a key part of the code of ethics and conduct that all Fiera Capital's employees are required to observe.

Change(s) in the investment management industry could result in a decline in revenue

Fiera Capital's ability to generate revenue has been significantly influenced by the growth experienced in the investment management industry and by Fiera Capital's relative performance within the investment management industry. The historical growth of the investment management industry may not continue, and adverse economic conditions and other factors, including any significant decline in the financial markets, could affect the popularity of Fiera Capital's services or result in clients' withdrawing from the markets or decreasing their level and/or rate of investment. A decline in the growth of the investment management industry or other changes to the industry that discourage investors from using Fiera Capital's services could affect Fiera Capital's ability to attract clients and result in a decline in revenues.

Employee errors or misconduct could result in regulatory sanctions or reputational harm, which could materially adversely affect Fiera Capital's business, financial condition or profitability

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years and, notwithstanding the extensive measures Fiera Capital takes to deter and prevent such activity (including by instituting its code of ethics and conduct), Fiera Capital runs the risk that employee misconduct could occur. Misconduct by employees could include binding Fiera Capital to transactions that exceed authorized limits or present unacceptable risks, or concealing from Fiera Capital unauthorized or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. Fiera Capital is also susceptible to loss as a result of employee error. It is not always possible to deter employee misconduct or prevent employee error, and the precautions Fiera Capital takes to prevent and detect these activities may not be effective in all cases, which could materially adversely affect Fiera Capital's business, financial condition or profitability.

Regulatory and litigation risk

Fiera Capital's ability to carry on business is dependent upon Fiera Capital's compliance with, and continued registration under, securities legislation in the jurisdictions where it carries on business. Any change in the securities regulatory framework or failure to comply with any of these laws, rules or regulations could have an adverse effect on Fiera Capital's business. There is also the potential that the laws or regulations governing Fiera Capital's operations or particular investment products or services could be amended or interpreted in a manner that is adverse to Fiera Capital. The rapidly changing securities regulatory environment and the rise of investment management industry standards for operational efficiencies, as well as competitive pressures to implement innovative products and services, may require additional human resources. The implementation of additional reporting obligations and other procedures for investment funds may require additional expenditures. Failure to comply with these regulations could result in fines, temporary or permanent prohibitions on Fiera Capital's activities or the activities of some of Fiera Capital's personnel or reputational harm, which could materially adversely affect Fiera Capital's business, financial condition or profitability.

Regardless of Fiera Capital's effectiveness in monitoring and administering established compliance policies and procedures, Fiera Capital, and any of its directors, officers, employees and agents, may be subject to liability or fines that may limit its ability to conduct business. Fiera Capital maintains various types of insurance to cover certain potential risks and regularly evaluates the adequacy of this coverage. In recent years, the cost of obtaining insurance has increased while the number of insurance providers has decreased. As a result of the introduction of the civil liability regime for secondary market disclosure, the ability to obtain insurance on reasonable economic terms may be even more difficult in the future.

Litigation risk is inherent in the investment management industry in which Fiera Capital operates. Litigation risk cannot be eliminated, even if there is no legal cause of action. The legal risks facing Fiera Capital, its directors, officers, employees and agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. In addition, with the existence of the civil liability regime for secondary market disclosure in certain jurisdictions, dissatisfied shareholders may more easily make claims against Fiera Capital, its directors and its officers.

Certain of Fiera Capital's US subsidiaries, namely Bel Air Advisors (and its subsidiary, Bel Air Management), Fiera Capital Inc. (formerly, Wilkinson O'Grady), CCUK and CCIOM are registered investment advisers with the SEC. Fiera Capital's other US subsidiary, Bel Air Securities, is a registered US broker-dealer. Many aspects of these entities' asset management and/or broker-dealer activities are subject to US federal and state laws and regulations primarily intended to benefit the investor or client. These laws and regulations generally grant supervisory agencies and bodies broad administrative powers, including the power to limit or restrict Bel Air, Bel Air Management or Fiera Capital Inc. from carrying on their asset management or broker-dealer activities (including, but not limited to, by suspending individual employees, revoking registrations or imposing other censures and significant fines) in the event that they, their employees or their affiliates fail to comply with such laws and regulations. The regulatory environment in which Bel Air, Bel Air Management and Fiera Capital Inc. operate in the United States is in a period of transition. In the United States, there has been active debate over the appropriate extent of regulation and oversight of investment advisers and broker-dealers. New or revised legislation or regulations imposed by the SEC or other US governmental regulatory authorities or self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations, may impose additional costs or other adverse effects on Bel Air, Bel Air Management, Fiera Capital Inc., Fiera Capital or any of its affiliates.

Indebtedness

The Fourth Amended and Restated Credit Agreement contains various covenants that limit the ability of Fiera Capital and certain of its subsidiaries (collectively, the "Borrower Parties") to engage in specified types of transactions and imposes significant operating restrictions, which may prevent the Borrower Parties from pursuing certain business opportunities and taking certain actions that may be in their interest.

These covenants limit Fiera Capital's ability to, among other things:

- incur, create, assume, or suffer to exist additional Debt for Borrowed Money (as defined therein);
- create, assume, or otherwise become or remain obligated in respect of, or permit to be outstanding guarantees;
- pay dividends on, redeem or repurchase Fiera Capital's capital stock;
- make investments and loans;
- make acquisitions;
- incur capital expenditures;
- create, incur, assume or suffer to exist certain liens; engage in certain mergers, acquisitions, asset sales or sale-leaseback transactions,
- dispose of assets;
- effect any change in the nature of their business activities;
- amend or modify in any way the Borrower Parties' constitutive documents, charters, by-laws or jurisdiction of incorporation;
- amend any material provision of the Material Contracts (as described therein); and
- consolidate, merge, wind-up, liquidate or sell all or substantially all of their respective assets.

These restrictions may prevent the Corporation from taking actions that it believes would profit its business, and may make it difficult for Fiera Capital to successfully execute its business strategy or effectively compete with companies that are not similarly restricted.

In addition, the Fourth Amended and Restated Credit Agreement requires Fiera Capital to meet certain financial ratios and tests, and provides that the occurrence of a change of control of Fiera Capital will cause an event of default.

Although at present these covenants do not restrict Fiera Capital's ability to conduct its business as presently conducted, there are no assurances that in the future, Fiera Capital will not be limited in its ability to respond to changes in its business or competitive activities or be restricted in its ability to engage in mergers, acquisitions or dispositions of assets. Furthermore, a failure to comply with these covenants, including a failure to meet the financial tests or ratios, could result in an event of default under the Fourth Amended and Restated Credit Agreement.

Furthermore, a portion of Fiera Capital's indebtedness, including the borrowings under the Fourth Amended and Restated Credit Agreement, is at variable rates of interest and exposes Fiera Capital to interest rate risk. If interest rates increase, Fiera Capital's debt service obligations on the variable rate indebtedness would increase even though the amount borrowed would remain the same, and the net income and cash flows would decrease. Failure to manage risks in portfolio models could materially adversely affect Fiera Capital's business, financial condition or profitability

Risk Management

Fiera Capital monitors, evaluates and manages the principal risks associated with the conduct of its business. These risks include external market risks to which all investors are subject, as well as internal risks resulting from the nature of Fiera Capital's business. Certain of Fiera Capital's methods of managing risk are based upon the use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which may be significantly greater than the historical measures indicated.

Other risk management methods depend upon evaluation of information regarding markets, clients or other matters that is publicly available or otherwise accessible by Fiera Capital. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions, and events and these policies and procedures may not be fully effective. A failure by Fiera Capital to manage risks in its portfolio models could materially adversely affect Fiera Capital's business, financial condition or profitability.

Rapid growth in Fiera Capital's AUM could adversely affect Fiera Capital's investment performance or its ability to continue to grow

An important component of investment performance is the availability of appropriate investment opportunities for new client assets. If Fiera Capital is not able to identify sufficient investment opportunities for new client assets in a timely manner, its investment performance could be adversely affected, or Fiera Capital may elect to limit its growth and reduce the rate at which it receives new client assets. If Fiera Capital's AUM increases rapidly, it may not be able to exploit the investment opportunities that have historically been available to it or find sufficient investment opportunities for producing the absolute returns it targets.

Valuation

Valuation of the Funds is subject to uncertainty. While the Funds are audited by independent auditors, within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*, in order to assess whether the Funds' financial statements are fairly stated in accordance with Canadian GAAP or IFRS, valuation of certain of the Funds' securities and other investments may involve uncertainties and judgment determinations and, if such valuations should prove to be incorrect, the net asset value of a Fund could be misstated. Independent pricing information may not always be available regarding certain of the Funds' securities and other investments. Additionally, the Funds may hold investments which by their very nature may be extremely difficult to value accurately, particularly the venture investments held by Fiera Capital in private portfolio companies. Fiera Capital may incur substantial costs in rectifying pricing errors caused by the misstatement of investment values.

Possible requirement to absorb operating expenses on behalf of mutual funds

If the assets under management in the Funds decline to the point that charging the full fund operating expenses to the Funds causes management expense ratios or the Funds to become uncompetitive, Fiera Capital may choose to absorb some of these expenses. This will result in an increase in expenses for Fiera Capital and a decrease in profitability.

Failure to implement effective information security policies, procedures and capabilities could disrupt operations and cause financial losses that could materially adversely affect Fiera Capital's business, financial condition or profitability

Fiera Capital is dependent on the effectiveness of its information security policies, procedures and capabilities to protect its computer and telecommunications systems and the data that reside on or is transmitted through them. An externally caused information security incident, such as a hacker attack, a virus or a worm, or an internally caused issue, such as failure to control access to sensitive systems, could materially interrupt Fiera Capital's business operations or cause disclosure or modification of sensitive or confidential information and could result in material financial loss, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could materially adversely affect Fiera Capital's business, financial condition or profitability.

The administrative services provided by Fiera Capital depend on software supplied by third parties. Failure of a key supplier, the loss of suppliers' products or problems or errors related to such products would most likely have a material adverse effect on the ability of Fiera Capital to provide these administrative services. Changes to the pricing arrangement with such third-party suppliers because of upgrades or other circumstances could also have an adverse effect upon the profitability of Fiera Capital.

Fiera Capital has established information security controls, defined by a governance framework and processes that are intended to protect information and computer systems including information security risk assessments and privacy impact assessments. Notwithstanding these measures, the cyber security threats are rapidly and constantly changing, and there remains a possibility that processes and controls in place could be unsuccessful in preventing a security breach. Fiera Capital may be vulnerable, and work with third parties who may also be vulnerable to computer viruses and other types of malicious software, cyber-attacks and hacking attempts from unauthorized persons, the physical theft of computer systems, internal programming or human errors, fraud, or other disruptive problems or events. There is also a risk that certain internal controls fail, which could also exacerbate any consequences from such events.

Dependency on information systems and telecommunications

Fiera Capital is dependent on the availability of its personnel, its office facilities and the proper functioning of its computer and telecommunications systems. A disaster such as water damage, an explosion or a prolonged loss of electrical power could materially interrupt Fiera Capital's business operations and cause material financial loss, loss of human capital, regulatory actions, and breach of client contracts, reputational harm or legal liability, which in turn could materially adversely affect Fiera Capital's business, financial condition or profitability.

Obtaining sufficient insurance coverage on favourable economic terms may not be possible

Fiera Capital holds various types of insurance, including errors and omissions insurance, general commercial liability insurance and a financial institution bond. The adequacy of its insurance coverage is evaluated on an ongoing basis, including the cost relative to the benefits. However, there can be no assurance that claims will not exceed the limits of available insurance coverage or that any claim or claims will ultimately be satisfied by an insurer. A judgment against Fiera Capital in excess of available insurance or in respect of which insurance is not available could have a material adverse effect on its business, financial condition or profitability. There can be no assurance that Fiera Capital will be able to obtain insurance coverage on favourable economic terms in the future.

Major shareholders

Jean-Guy Desjardins indirectly owns approximately 35.80% of the outstanding voting interest of Fiera L.P., a controlling shareholder of Fiera Capital holding 24.78% of the outstanding voting shares of Fiera Capital. Desjardins Financial Holding Inc. ("DFH"), an indirect wholly-owned subsidiary of FCD, owns 36.11% of the outstanding voting interest of Fiera L.P. As a result, Mr. Desjardins is in a position to exercise significant control over matters of Fiera Capital requiring shareholder approval, including the election of directors and the determination of significant corporate actions. Although DFH's minority interest in Fiera L.P. does not constitute a controlling interest in Fiera Capital, DFH is entitled to appoint two of the eight directors of Fiera Capital that the holders of Class B Special Voting Shares are entitled to appoint.

As of the date hereof, National Bank holds approximately 20.97% of the outstanding voting shares of Fiera Capital, by way of its wholly-owned subsidiary Natcan. Pursuant to the *Investor Rights Agreement*, National Bank is entitled to appoint two of the four directors of Fiera Capital that the holders of Class A Subordinate Voting Shares are entitled to appoint.

Potential dilution

Fiera Capital is authorized to issue an unlimited number of Class A Subordinate Voting Shares, Class B Special Voting Shares and Preferred Shares and may decide to issue additional Shares or Preferred Shares in order to finance investment projects or raise liquidity, which could dilute the share ownership.

Further, under the *Investor Rights Agreement*, National Bank benefits from the *National Bank Anti-Dilution Rights* and Fiera L.P. benefits from the *Fiera L.P. Anti-Dilution Rights*, which are described in the Company's Annual Information Form ("AIF") under the sections "*Description of Material Contracts - Investor Rights Agreement*" and "*Sceptre Investor Agreement*", respectively.

As a result of an issuance pursuant to the *Fiera L.P. Anti-Dilution Rights* described under the section "*Description of Material Contracts – Sceptre Investor Agreement*" of the Company's AIF, the share ownership of the Corporation would be diluted.

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 Corporation'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 Corporation manages a portion of its exposure to foreign currency by matching asset and liability positions. More specifically, the Corporation matches the long-term debt in foreign currency with long-term assets in the same currency. The Corporation also manages the currency risk related to its EBITDA denominated in US dollars by entering into currency hedging contracts for the value of the budgeted EBITDA.

Based on the US dollar balances outstanding (excluding long-term debt) as at December 31, 2016, a 5% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income (loss) of $1.928 million. The above calculation does not include the US dollar long-term debt, which is hedged by a long-term asset in the same currency.

MANAGEMENT'S REPORT TO THE SHAREHOLDER

Management of Fiera Capital Corporation is responsible for the integrity and objectivity of the consolidated financial statements and all other information contained in the Annual Report. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards and based on management's information and judgment.

In fulfilling its responsibilities, management has developed internal control systems as well as policies and procedures designed to provide reasonable assurance that the Corporation's assets are safeguarded, that transactions are executed in accordance with appropriate authorization, and that accounting records may be relied upon to accurately reflect the Corporation's business transactions.

Operating under the Board of Directors, the Audit and Risk Management Committee meets periodically with management and with auditors to discuss the Corporation's financial reporting and internal control. The Audit and Risk Management Committee reviews the financial information prepared by management and the results of the audit by the auditors prior to recommending the consolidated financial statements to the Board of Directors for approval. The independent auditors have unrestricted access to the Audit and Risk Management Committee. In addition, the Corporation's independent auditors, Deloitte LLP, are responsible for auditing the consolidated financial statements and for providing an opinion thereon. Their report is provided herein.

Management recognizes its responsibility to conduct the Corporation's affairs in the best interests of its shareholders.

Sylvain Brosseau
President and
Global Chief Operating Officer

Jean-Guy Desjardins
Chairman of the Board and
Chief Executive Officer

ANNUAL REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

TO OUR SHAREHOLDERS

Fiera Capital Corporation ("Fiera Capital" or "Fiera" or the "Company") is committed to providing high-quality, reliable and relevant financial reporting. Accordingly, Fiera Capital ensures it maintains appropriate accounting practices, effective internal controls and strong risk management practices.

Fiera Capital's Audit and Risk Management Committee ("Committee") actively assists the Board of Directors ("Board") in fulfilling its oversight responsibilities in the following areas:

i) the integrity of Fiera's interim and annual consolidated financial statements as well as related information including their respective Management's Discussion and Analysis and the Annual Information Form ("AIF");

ii) the adequacy of the design and the effectiveness of the application of Fiera's system of disclosure controls and procedures, as well as of its system of internal controls with respect to Fiera's financial reporting, asset protection and fraud detection;

iii) the evaluation of Fiera's external auditor including its qualifications, independence and appointment;

iv) the appropriateness of Fiera's risk management program and practices;

v) Fiera's compliance with legal and regulatory requirements, as well as with its ethical standards; and

vi) any assignments or functions as delegated to it by the Board.

The Committee examines the information resulting from this governance process every quarter.

In connection with fulfilling its duties, the Committee met four times in 2016. Senior members of Fiera Capital's management team attended these meetings. The agenda of the meetings included systematic private sessions, respectively with Fiera Capital's Chief Financial Officer, Chief Compliance Officer and Chief Risk Officer. In these private sessions, the Committee and the aforementioned senior management Officers had discussions regarding Fiera Capital's financial disclosures, financial and non-financial risk management, as well as legal, accounting, auditing and internal control matters. Such meetings support direct communication between the Committee and the senior management maintaining their independence.

AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

The Committee is governed by the Audit and Risk Management Committee Charter (the "Charter"). The Charter is contained in the Company's AIF, which is available on Fiera Capital's website (www.fieracapital.com). The Charter is examined at least annually to review the Committee's responsibilities and ensure its compliance with the most current regulatory requirements.

The Charter was reviewed and approved by the Board on March 16, 2016.

In accordance with sound corporate governance practices, the Committee annually reviews its efficiency and effectiveness in executing its mandate as set out in its Charter. In 2016, the self-assessment of the Committee was effected through a formal questionnaire distributed and reviewed by the Governance Committee of the Board.

The Committee report to Fiera's Board on a quarterly basis and, when necessary, makes recommendations.

INDEPENDENT AUDITOR

Fiera Capital's independent auditor, Deloitte LLP ("Deloitte"), reports directly to the Committee, which has sole authority over its appointment or discharge if required, its oversight, its compensation, and its annual evaluation.

The Committee supervises the work of Deloitte and examines its audit proposal, its mandate, its annual audit strategy, its interim and annual reports, its communications to management, and associated management's comments and action plans. At each meeting, the Committee holds discussions with Deloitte within an in-camera private session. The audit results, the internal control over financial reporting review as well as the overall quality of financial reporting are reviewed and discussed with Deloitte.

The Committee contributes to ensuring the independence of the auditor by approving all audit and non-audit services to be conducted by Deloitte in accordance with Fiera's Pre-Approval of the External Audit and Non-Audit Services Policy.

The Chair of the Committee meets with Deloitte at least on a quarterly basis to foster open dialogue.

In 2016, the Committee reviewed and discussed with management its assessment of the independent auditor. The Committee concluded to recommend the reappointment of Deloitte as independent auditor of Fiera Capital.

AUDIT AND RISK MANAGEMENT COMMITTEE ACTIVITIES FOR FISCAL YEAR 2016

In 2016, in addition to its statutory responsibilities, the following activities were conducted by the Committee:

- Monitored the internal control over the financial reporting program based on the criteria of the 2013 COSO framework for ensuring the requirements of NI 52-109 are met;
- Oversaw the implementation of an information technology control framework based on the requirements of COBIT 5;
- Oversaw the implementation of the following corporate programs:
  - an integrated Enterprise Risk Management program to support the mitigation of key risks having a material impact on Fiera's performance;
  - a cyberattack prevention and detection program; and
  - an internal control program over financial reporting of public mutual and closed-end funds for certification purposes.
- Oversaw the application of the whistleblower program ensuring mechanisms for anonymous submission of potential ethics and compliance issues regarding accounting, internal accounting controls or auditing matters;
- Reviewed the corporate insurance coverage program;
- Reviewed and monitored the inspection reports issued by the *Autorité des marchés financiers*;
- Held in-camera discussions with the Chief Operating Officer and the Chairman of the Human Resources Committee of the Board;
- Reviewed and approved the Committee's 2016 annual work plan and priorities; and
- Attended a training session concerning cyber security risks and OECD's recommendations.

AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERSHIP

The Committee's membership comprises three directors of which two are independent (Mr. Raymond Laurin and Mr. Jean C. Monty) and the third (Mrs. Lise Pistono) appointed under the section 3.3(2) exemption in NI 52-110 as disclosed in the Company's AIF.

EDUCATION AND EXPERIENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS

The following is a brief description of the qualifications, education and experience of each current member of the Committee that are relevant to the execution of their responsibilities as members of the Committee.

Mr. Laurin, FCPA, FCA, Adm.A, ASC, is a Corporate Director. During his 32-year career with Desjardins Group, he served namely as Senior Vice President, Finance and Treasury, and Chief Financial Officer. In addition, he was functional manager of the Desjardins Group Audit and Inspection Commission, the *Fonds de sécurité Desjardins* and the *Desjardins Group Pension Plan*. Mr. Laurin is a Fellow of the *Ordre des comptables professionnels agréés du Québec*.

Mr. Monty is a Corporate Director. Mr. Monty had a 28-year career with BCE Inc., where he was Chairman of the Board and Chief Executive Officer from 1997 to 2002. He was previously President and Chief Executive Officer of Nortel Networks Corporation from 1993 to 1997. Mr. Monty is a member of the *Order of Canada*. He currently sits on the board of several international companies.

Mrs. Pistono, CPA, CA, is Vice President and Chief Financial Officer of DJM Capital Inc. Previously, she was with KPMG supporting public companies in their financial disclosure requirements, and served as a senior finance officer for a Bell Canada subsidiary as well as a private office furniture and supplies company. Mrs. Pistono also has over 20 years of teaching experience at *HEC Montréal* in Applied Economics, Quantitative Methods and Accounting.

The members of the Audit and Risk Management Committee

Raymond Laurin, Chair
Jean C. Monty
Lise Pistono

March 22, 2017
Montréal

Consolidated Financial Statements

December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Fiera Capital Corporation

We have audited the accompanying consolidated financial statements of Fiera Capital Corporation, which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, and the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fiera Capital Corporation as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP[1]

March 22, 2017
Montreal, Quebec

1. CPA auditor, CA, public accountancy permit No. A121444

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF EARNINGS

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

For the years ended December 31,	2016	2015
	$	$
Revenues		
Base management fees	**297,717**	231,421
Performance fees	**34,281**	19,534
Other revenues (Note 7)	**12,146**	7,462
	344,144	258,417
Expenses		
Selling, general and administrative expenses (Note 19)	**248,469**	177,691
External managers	**3,586**	4,825
Depreciation of property and equipment (Note 10)	**3,401**	2,030
Amortization of intangible assets (Note 11)	**42,723**	27,119
Acquisition costs	**11,691**	4,748
Restructuring and other integration costs (Note 4)	**7,956**	2,361
	317,826	218,774
Earnings before under-noted items	**26,318**	39,643
Realized gain on investments	**(766)**	(522)
Interest on long-term debt and other financial charges	**12,686**	8,852
Accretion and change in fair value of purchase price obligations	**(3,337)**	484
Changes in fair value of derivative financial instruments (Note 7)	**211**	445
Gain on acquisition of control of investment in joint venture (Note 4)	**(5,827)**	-
Gain on dilution of investments in joint ventures	**-**	(83)
Gain on disposal of investment in joint venture (Note 5)	**(15,013)**	-
Revaluation of assets held-for-sale (Note 6)	**7,921**	-
Loss on disposal of subsidiaries (Note 6)	**8,315**	-
Share of earnings of joint ventures (Note 5)	**(77)**	(1,968)
Earnings before income taxes	**22,205**	32,435
Income taxes (Note 13)	**4,124**	6,771
Net earnings	**18,081**	25,664
Net earnings attributable to :		
Company's shareholders	**20,777**	27,631
Non-controlling interest	**(2,696)**	(1,967)
	18,081	25,664
Earnings per share (Note 16)		
Basic	**0.27**	0.40
Diluted	**0.27**	0.39

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of Canadian dollars)

For the years ended December 31,	2016	2015
	$	$
Net earnings	**18,081**	25,664
Other comprehensive income:		
Items that may be reclassified subsequently to earnings:		
Unrealized gain on available-for-sale financial assets (net of income taxes of $5 in 2016 and $105 in 2015)	**30**	640
Reclassification of gain on disposal of investments (net of income tax recovery of $121 in 2016 and $68 in 2015)	**(780)**	(414)
Share of other comprehensive income of joint ventures	**-**	155
Reclassification of share of other comprehensive income of joint ventures (Note 5)	**(509)**	-
Unrealized exchange differences on translating financial statements of foreign operations	**743**	18,382
Other comprehensive income	**(516)**	18,763
Comprehensive income	**17,565**	44,427
Comprehensive income attributable to:		
Company's shareholders	**20,261**	46,394
Non-controlling-interest	**(2,696)**	(1,967)
	17,565	44,427

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of Canadian dollars)

As at December 31,	2016	2015
	$	$
Assets		
Current assets		
Cash and cash equivalents	**40,110**	25,725
Restricted cash	**660**	2,890
Investments (Note 7)	**8,972**	4,707
Assets held-for-sale (Note 5)	**-**	5,496
Accounts receivable (Note 9)	**116,401**	65,435
Prepaid expenses and other assets	**6,547**	6,115
Subscription receipts receivable	**-**	1,755
	172,690	112,123
Non-current assets		
Deferred charges	**1,688**	3,284
Long-term receivable	**27**	433
Deferred income taxes (Note 13)	**562**	1,079
Investment in joint ventures (Note 5)	**-**	6,460
Property and equipment (Note 10)	**18,398**	18,956
Intangible assets (Note 11)	**458,760**	322,975
Goodwill (Note 11)	**541,030**	391,347
	1,193,155	856,657
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	**89,160**	50,784
Dividend payable	**249**	334
Restructuring provisions (Note 4)	**1,879**	75
Amount due to related companies	**1,058**	1,259
Purchase price obligations	**13,470**	11,561
Puttable financial instrument liabilities (Notes 4 and 7)	**5,500**	-
Client deposits	**155**	155
Deferred revenues	**120**	-
Subscription receipts obligation	**-**	1,755
Current portion of long-term debt (Note 14)	**1,283**	-
Derivative financial instruments (Note 7)	**1,861**	-
	114,735	65,923
Non-current liabilities		
Deferred lease obligations	**3,479**	1,311
Lease inducements	**4,612**	5,284
Deferred income taxes (Note 13)	**15,394**	12,566
Long-term restructuring provisions (Note 4)	**715**	936
Other non-current liabilities	**2,694**	2,512
Cash settled share-based liabilities	**4,243**	1,807
Long-term debt (Note 14)	**429,140**	264,226
Purchase price obligations	**21,498**	30,674
Derivative financial instruments (Note 7)	**-**	1,390
	596,510	386,629
Equity		
Equity attributable to Company's shareholders	**566,236**	474,938
Non-controlling interest	**30,409**	2,388
Initial value of option granted to non-controlling interest	**-**	(7,298)
Total non-controlling interest	**30,409**	(4,910)
	596,645	470,028
	1,193,155	856,657

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

Approved by the Board of Directors

Jean-Guy Desjardins
Director

Sylvain Brosseau
Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31,

(In thousands of Canadian dollars)

	Share Capital	Restricted and Hold back shares	Contributed surplus	
	$	$	$	
Balance, December 31, 2014	436,888	5,677	9,231	
Net earnings	-	-	-	
Other comprehensive income	-	-	-	
Comprehensive income	-	-	-	
Share-based compensation expense (Note 17)	-	-	5,994	
Performance share units settled	-	-	(3,450)	
Stock options exercised (Note 15)	3,146	-	(719)	
Shares issued as part of a business combination (Note 4)	11,998	3,566	-	
Shares purchased for cancellation (Note 15)	(2,320)	-	-	
Issuance of restricted shares (Note 15)	2,622	(2,622)	-	
Shares issued as settlement of purchase price obligations (Note 15)	8,500	-	-	
Issuance of shares (Note 15)	3,341	-	-	
Conversion of hold back shares (Note 15)	2,959	(2,959)	-	
Dividends (Note 15)	-	-	-	
Balance, December 31, 2015	467,134	3,662	11,056	
Net earnings	-	-	-	
Other comprehensive income	-	-	-	
Comprehensive income	-	-	-	
Share-based compensation expense (Note 17)	-	-	9,636	
Performance share units settled	-	-	(4,237)	
Restricted shares vested	-	859	(859)	
Stock options exercised (Note 15)	2,983	-	(630)	
Shares issued as part of a business combination (Note 4)	98,504	-	-	
Shares purchased for cancellation (Note 15)	(1,342)	45	-	
Non-controlling interest acquired (Note 4)	-	-	-	
De-recognition of non-controlling interest	-	-	-	
Call option (Note 4)	-	-	1,419	
Shares issued as settlement of purchase price obligations (Note 15)	8,500	-	-	
Issuance of shares (Note 15)	3,637	-	-	
Contribution to non-controlling interest	-	-	(100)	
Conversion of hold back shares (Note 15)	2,718	(2,718)	-	
Dividends (Note 15)	-	-	-	
Balance, December 31, 2016	582,134	1,848	16,285	

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

(Deficit) Retained earnings	Accumulated other comprehensive income	Equity attributable to Company's shareholders	Non-Controlling Interest	Total Equity
$	$	$	$	$
(24,493)	9,851	437,154	(2,943)	434,211
27,631	-	27,631	(1,967)	25,664
-	18,763	18,763	-	18,763
27,631	18,763	46,394	(1,967)	44,427
-	-	5,994	-	5,994
-	-	(3,450)	-	(3,450)
-	-	2,427	-	2,427
-	-	15,564	-	15,564
(789)	-	(3,109)	-	(3,109)
-	-	-	-	-
-	-	8,500	-	8,500
-	-	3,341	-	3,341
-	-	-	-	-
(37,877)	-	(37,877)	-	(37,877)
(35,528)	28,614	474,938	(4,910)	470,028
20,777	**-**	**20,777**	**(2,696)**	**18,081**
-	**(516)**	**(516)**	**-**	**(516)**
20,777	**(516)**	**20,261**	**(2,696)**	**17,565**
-	**-**	**9,636**	**26**	**9,662**
-	**-**	**(4,237)**	**-**	**(4,237)**
-	**-**	**-**	**-**	**-**
-	**-**	**2,353**	**(223)**	**2,130**
-	**-**	**98,504**	**-**	**98,504**
(362)	**-**	**(1,659)**	**-**	**(1,659)**
-	**-**	**-**	**31,711**	**31,711**
-	**-**	**-**	**8,278**	**8,278**
-	**-**	**1,419**	**-**	**1,419**
-	**-**	**8,500**	**-**	**8,500**
-	**-**	**3,637**	**-**	**3,637**
-	**-**	**(100)**	**350**	**250**
-	**-**	**-**	**-**	**-**
(47,016)	**-**	**(47,016)**	**(2,127)**	**(49,143)**
(62,129)	**28,098**	**566,236**	**30,409**	**596,645**

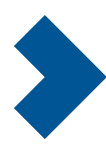
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of Canadian dollars)

For the years ended December 31,	2016	2015
	$	$
Operating activities		
Net earnings	**18,081**	25,664
Adjustments for:		
Depreciation of property and equipment	**3,401**	2,030
Amortization of intangible assets	**42,723**	27,119
Amortization of deferred charges	**768**	507
Accretion and change in fair value of purchase price obligations	**(3,337)**	484
Lease inducements	**(601)**	(216)
Deferred lease obligations	**1,957**	764
Share-based compensation	**9,662**	5,994
Cash settled share-based compensation	**5,361**	2,886
Restructuring provisions	**3,492**	(872)
Interest on long-term debt and other financial charges	**12,686**	8,852
Changes in fair value of derivative financial instruments	**211**	445
Income tax expense	**4,124**	6,771
Income tax paid	**(19,306)**	(12,563)
Share of earnings of joint ventures	**(77)**	(1,968)
Gain on disposal of investment in joint venture (Note 5)	**(15,013)**	-
Revaluation of assets held-for-sale	**7,921**	-
Gain on acquisition of control of investment in joint venture	**(5,827)**	-
Loss on disposal of subsidiaries	**8,315**	-
Gain on dilution of investments in joint ventures	**-**	(83)
Realized gain on investments	**(766)**	(522)
Other non-current liabilities	**252**	2,490
Changes in non-cash operating working capital items (Note 20)	**(16,513)**	(926)
Net cash generated from operating activities	**57,514**	66,856
Investing activities		
Business combinations (less cash acquired of $16,739 ($1,144 in 2015) (Note 4)	**(162,867)**	(23,975)
Proceeds from disposal of investment in joint venture (Note 5)	**20,000**	-
Payment of purchase price obligations	**(1,321)**	-
Investments, net	**3,973**	3,385
Contribution to non-controlling interest	**250**	-
Investment in joint ventures	**-**	(96)
Purchase of property and equipment	**(3,993)**	(9,409)
Purchase of intangible assets	**(2,942)**	(1,655)
Deferred lease obligations	**331**	-
Long-term receivable	**406**	(218)
Deferred charges	**(441)**	(1,874)
Restricted cash and client deposits	**2,226**	(758)
Net cash used in investing activities	**(144,378)**	(34,600)
Financing activities		
Settlement of share-based compensation	**(5,813)**	(3,450)
Dividends	**(49,228)**	(37,854)
Issuance of share capital less issuance cost of $138 ($19 in 2015)	**3,822**	4,238
Shares purchased for cancellation	**(1,659)**	(3,109)
Long-term debt, net	**166,520**	23,030
Interest paid on long-term debt	**(11,015)**	(7,539)
Financing charges	**(1,133)**	(1,168)
Net cash generated from (used in) financing activities	**101,494**	(25,852)
Net increase in cash and cash equivalents	**14,630**	6,404
Effect of exchange rate changes on cash denominated in foreign currencies	**(245)**	2,441
Cash and cash equivalents – beginning of year	**25,725**	16,880
Cash and cash equivalents – end of year	**40,110**	25,725

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

Notes to the Consolidated Financial Statements



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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 offers a wide range of traditional and alternative investment solutions, including depth and expertise in asset allocation. The Company provides investment advisory and related services to institutional investors, private wealth clients and retail investors. In the U.S., investment advisory services are provided by two of the Company's U.S. affiliates, Fiera Capital Inc. and Bel Air Management, LLC, that are registered as investment advisors with the U.S. Securities and Exchange Commission ("SEC"). The Company's affiliate Charlemagne Capital (UK) Limited is registered with the Financial Conduct Authority in the United Kingdom and as an investment advisor with the SEC and Charlemagne Capital (IOM) is registered with the Isle of Man Financial Services Authority and is also registered as an investment advisor with the SEC. The Company's head office is located at 1501 McGill College Avenue, Suite 800, Montréal, Quebec, Canada. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol "FSZ".

The Board of Directors (the "Board") approved the consolidated financial statements for the years ended December 31, 2016 and 2015, on March 22, 2017.

2. BASIS OF PRESENTATION AND ADOPTION OF NEW IFRS

COMPLIANCE WITH IFRS

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as at December 31, 2016.

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.

REVISED IFRS, INTERPRETATIONS AND AMENDMENTS

The following standards are effective for annual periods beginning on January 1, 2016. The adoption of these standards did not have any impact on the amounts reported or disclosures made in these financial statements and are not likely to affect future periods.

AMENDMENTS TO IFRS 11 – *JOINT ARRANGEMENTS*

In May 2014, the IASB issued an amendment to this standard requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business.

AMENDMENTS TO IAS 38 – *INTANGIBLE ASSETS* AND IAS 16 – *PROPERTY, PLANT AND EQUIPMENT*

In May 2014, the IASB issued amendments to these standards to introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate.

AMENDMENTS TO IFRS 10 – *CONSOLIDATED FINANCIAL STATEMENTS* AND IAS 28 – *INVESTMENTS IN ASSOCIATES AND JOINT VENTURES*

In September 2014, the IASB issued amendments to these standards to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture. The extent of gains and losses arising on the sale or contribution of assets depends on whether the assets sold or contributed constitute a business. In August 2015, the IASB published an exposure draft proposing an indefinite deferral of the effective date for these amendments.

ANNUAL IMPROVEMENTS TO IFRS (2012-2014) CYCLE

In September 2014, the IASB published annual improvements on the 2012-2014 cycle which included narrow-scope amendments. Modifications of standards that are relevant to the Company include: (1) specific guidance for cases when an entity reclassifies an asset from held-for-sale to held-for-distribution and vice versa in IFRS 5 – *Non-current assets held-for-sale*, (2) additional guidance on whether a servicing contract constitutes continuing involvement in a transferred financial asset and therefore whether the asset qualifies for derecognition in IFRS 7 – *Financial Instruments: Disclosures*, and (3) clarification that the high quality bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits paid under IAS 9 – *Employee Benefits*.

AMENDMENTS TO IAS 1 – *PRESENTATION OF FINANCIAL STATEMENTS*

In December 2014, the IASB published amendments to this standard to clarify materiality, aggregation and disaggregation of items presented on the statements of financial position, earnings, and comprehensive income and guidance on the order of notes to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY

SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the presentation of these consolidated financial statements.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities held at fair value through profit or loss (including derivatives) and assets available-for-sale, which have been measured at fair value as discussed under "Financial Instruments".

CONSOLIDATION

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

The consolidated financial statements include the accounts of Fiera Capital Corporation and its wholly owned subsidiaries. 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.

Non-controlling interests in the earnings and equity of subsidiaries are disclosed separately in the consolidated statements of financial position, earnings, comprehensive income, and changes in equity.

Where applicable, the subsidiaries' accounting policies are changed prior to the business acquisition by the Company to ensure consistency with the policies adopted by the Company.

INVESTMENTS IN JOINT VENTURES

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Company's interests in joint ventures are accounted for using the equity method of accounting.

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

Where applicable, the joint venture's accounting policies are changed prior to the acquisition by the Company, 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 statements of earnings. In accordance with IAS 36 – *Impairment of assets*, impairment losses are reversed in subsequent years if the recoverable amount of the investment subsequently increases and the increase can be related objectively to an event occurring after the impairment was recognized.

BUSINESS COMBINATIONS

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

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

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

FOREIGN CURRENCY TRANSLATION

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses from the settlement of foreign currency transactions and from the translation at reporting date exchange rates for monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of earnings. Foreign exchange gains or losses are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to a part of the net investment in a foreign operation. Non-monetary assets and liabilities denominated in foreign currencies are reported in Canadian dollars using 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 into 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 related to foreign operations are recognized in other comprehensive income and are reclassified in earnings on disposal or partial disposal of the investment in the related foreign operations.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments including interest rate and cross currency swaps and forward foreign exchange contracts, to manage its exposure to foreign exchange, interest rate and market risks arising from operational, financing and investment activities. Derivatives financial instruments are used only for economic hedging purposes and not as speculative instruments.

The Company designates certain derivatives as either: fair value, cash flow or net investment hedges. When hedge accounting is applied, the Company documents at the inception of the hedging transaction the relationship between the hedging instrument and hedged items as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment both at hedge inception and on an ongoing basis, of whether the derivatives that are used for hedging transactions have been and will continue to be highly effective in offsetting changes in fair values and cash flows of hedged items.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the hedged item. For trading derivatives, gains or losses on remeasurement to fair value are recognized immediately in profit or loss. For hedging derivatives, the effective portion of changes in fair value of derivatives that qualify for hedge accounting are recognized in other comprehensive income and accumulated reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit and loss.

When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the definition for hedge accounting any cumulative gains or losses in equity at that time remains in equity and is recognized when the transaction is ultimately recognized in profit or loss.

Trading derivatives are classified as a current asset or current liability. The full value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged item is greater than 12 months.

Transaction costs for trading and hedging derivative financial instruments are recognized in profit or loss as incurred.

REVENUE RECOGNITION

Revenue from management fees is recognized as the related services are rendered and when the fees are reliably measurable and it is probable that future economic benefits will flow to the entity. Management fees are invoiced quarterly based on daily average assets under management ("AUM") while others are calculated and invoiced monthly or quarterly in arrears based on calendar quarter-end or month-end asset values under management or on an average of opening and closing AUM for the quarter.

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

DEFERRED REVENUES

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

FINANCIAL INSTRUMENTS

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

CLASSIFICATION

Cash and cash equivalents and restricted cash	Loans and receivables
Investments	
Other securities and obligations	Fair value through profit or loss
Mutual fund and pooled fund investments	Available-for-sale / Fair value through profit or loss
Accounts receivable	Loans and receivables
Long-term receivable	Loans and receivables
Subscription receipts receivable	Loans and receivables
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
Subscription receipts obligation	Financial liabilities at amortized cost
Puttable financial instrument liabilities	Fair value through profit or loss
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 certain securities and obligations, classified under investments and derivative financial instruments in the consolidated statements of financial position.

Financial instruments in this category are measured initially and subsequently at fair value. Transaction costs are expensed as incurred in the consolidated statements of earnings. Gains and losses arising from changes in fair value are presented in the consolidated statements of earnings in the period in which they arise. Dividends on financial assets through profit or loss are recognized in the consolidated statements of earnings when the Company's right to receive dividends is established. 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 statements of financial position date, which is classified as non-current.

Loans and receivables

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

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 statements 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 statements of earnings.

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

Financial liabilities at amortized cost

Financial liabilities at amortized cost are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss

Amounts that may be payable under written put rights are initially recorded at their fair value as puttable financial instrument liabilities and subsequently remeasured to fair value at each reporting date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and bank overdrafts.

RESTRICTED CASH

Restricted cash consists of client deposits received following the settlement of a class action in favour of certain clients for whom the Company acted as agent and cash held in a segregated account, in connection with lease arrangements.

INVESTMENTS

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

PROPERTY AND EQUIPMENT

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

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

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

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

INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets with an indefinite life such as the asset management contracts with mutual funds are accounted for at historical 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.

Separately acquired finite-life intangible assets are accounted for at historical cost, less accumulated amortization and impairment losses. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Other intangible assets are comprised of trade names, software and non-compete agreements. The expected useful lives of finite life customer relationships and management contracts 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.

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

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

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

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

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

GOODWILL

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

Property and equipment and finite-life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount is greater than its estimated recoverable amount. For the purpose of measuring recoverable amounts, assets are grouped at the lowest level for which there are separately identifiable cash inflows (cash-generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. Value-in-use is determined by discounting estimated future cash flows, using a pre-tax discount rate that reflects current assessments of the market, of the time value of money and of the risks specific to the CGU. Fair value less costs to sell is determined using an EBITDA (earnings before interest, taxes, depreciation and amortization) multiple of comparable companies operating in similar industries for each CGU. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statements of earnings.

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

For goodwill impairment testing purposes, the operating segment represents the lowest level within the Company at which management monitors goodwill.

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 statements of earnings on a straight-line basis over the term of the lease.

DEFERRED CHARGES

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

DEFERRED LEASE OBLIGATIONS

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

LEASE INDUCEMENTS

Lease inducements consist of allocations received from lessors for leasehold improvements and are amortized on a straight-line basis over the lease term.

INCOME TAXES

Income taxes are comprised of current and deferred tax. Income taxes are recognized in the consolidated statements 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.

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 statements of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

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

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

EMPLOYEE BENEFITS

Post-employment benefit obligations

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

Bonus plans

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

Share-based compensation

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

Share-based compensation expense is recorded using the fair value method. Under this method, the compensation expense for each tranche is measured at fair value at the grant date using the Black-Scholes option-pricing model and recognized as share-based compensation over the vesting period with an equal and offsetting amount recorded to contributed surplus. The vesting period is the period over which all of the specified vesting conditions are to be satisfied. 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 statements of earnings. The number of DSU granted to directors was determined by dividing the dollar value of the portion of directors' fees to be paid in DSU by the closing price of the Company's shares on the TSX for the business day immediately preceding the date of the grant.

In 2010, the Board discontinued the DSU plan; however, all existing rights and privileges were maintained. Eligible directors will be compensated in cash. The liability related to this plan is classified as current and is recognized in accounts payable and accrued liabilities. The liability is derecognized when the DSUs are settled.

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 subordinated voting shares ("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. If a RSU participant's employment with the Company terminates for any reason other than upon death or disability, then all unvested RSUs will automatically be forfeited and cancelled. 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 vesting date is the third anniversary of the award date. The Board may determine the number of shares each eligible employee will receive. The plan is recorded as a cash settled share-based liability. The liability is measured at each reporting period based on the trading price of the Company's Class A Shares on the TSX, and is remeasured until the settlement date. The restricted share unit ("RSU") expense is recorded at fair value and is amortized over the vesting period on a straight-line basis.

A RSU participant's account is credited with dividend equivalents in the form of additional RSUs at each dividend payment date, if any, in respect of which dividends are paid on Class A Shares.

Restricted share unit plan - cash

RSUs granted under this plan, unless specified otherwise in the participant's award notice, will be paid in cash on the vesting date. The plan is recorded as a cash settled share-based liability. The liability is measured at each reporting period based on the trading price of the Company's Class A Shares on the TSX, and is remeasured until the settlement date. The expense is amortized over the vesting period on a straight-line basis.

A RSU – cash participant's account is credited with dividend equivalents in the form of additional RSUs at each dividend payment date, if any, in respect of which dividends are paid on Class A Shares.

Performance share unit plan

Performance share unit plan applicable to business units ("PSU plan applicable to BU")

The Company established various PSU plans applicable to BU for the purposes of attracting persons to become employees of the Company or to retain key employees and officers by allowing them to participate in the growth and development of the Company and the business unit in which they directly contribute. Under the terms of the PSU plan applicable to BU, the Company grants PSUs at a value determined by reference to the value of a specific business unit rather than by reference to the price of the Class A Shares of the Company.

At the time of grant of any PSU plan applicable to BU, the Company determines (i) the award value, (ii) the number of PSUs granted, (iii) the value of each PSU granted, (iv) the formula used to determine the value of the applicable business unit, (v) the vesting terms and conditions of the PSUs, and (vi) the applicable vesting date(s). The method of settlement with respect to the vested PSUs is determined for each grant. Such methods may include all or a portion of the value of the vested PSUs payable in Class A Shares or in cash. The choice of the method of settlement may be at the option of either the Company or the participant.

The PSU applicable to BU compensation expense is recognized on a straight-line basis over the vesting period when it is probable that the performance targets will be met. The attainment of the performance conditions and the estimated vesting of the PSUs are reassessed at the end of each reporting period.

A PSU participant's account is credited with dividend equivalents in the form of additional PSUs at each dividend payment date, if any, in respect of which dividends are paid on Class A Shares.

The fair value of equity instruments is measured at the grant date which is the date at which the Company and the participant agree to a share-based compensation arrangement and requires that the Company and the participant have a shared understanding of the terms and conditions of the arrangement. The Company recognizes compensation expense as of the grant date.

PSU Plan

The Company has a PSU plan ("PSU plan") for the purposes of retaining key employees and officers by allowing them to participate in the growth and development of the Company. Under the terms of the PSU plan, the Company may grant PSUs based on the price of the Class A Shares of the Company on the date of the award.

PSUs awarded to participants vest on an anniversary of the date of the grant or as determined by the Board of Directors at the time of the grant, provided that the PSU participants have satisfied the performance conditions determined at the time of the grant. These performance conditions are expressed as performance criteria objectives and may be set at different aggregate levels: from individual to corporate level. PSU participants have the right to receive up to 50% of the vested PSUs in cash. A PSU participant's account will be credited with dividend equivalents in the form of additional PSUs as of each dividend payment date, if any, in respect of which dividends are paid on Class A Shares.

RESTRUCTURING PROVISIONS

The Company recognizes termination benefits when employment is terminated by the Company, or when an employee accepts an offer of voluntary redundancy in exchange for benefits and the Company can no longer withdraw the offer of those benefits or when the Company recognizes costs for a restructuring involving termination benefits. Benefits payable more than twelve months after the end of the reporting period are discounted to their present value.

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

ACQUISITION COSTS

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

EARNINGS PER SHARE

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

Diluted EPS is calculated by adjusting the weighted average number of shares that would have been outstanding assuming the conversion of all dilutive shares. 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, RSUs, PSU applicable to BUs, PSUs granted to employees and contingent purchase price consideration payable in shares for which management expects the shares to be issued based on meeting target conditions specified in the acquisition agreement.

SHARE CAPITAL

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 or options are recognized as a deduction from equity, net of tax, from the proceeds.

DIVIDENDS

Dividends on shares are recognized in the period in which the dividends are declared and approved by the Company's Board of Directors.

CONTRIBUTED SURPLUS

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

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES

The application of the Company's accounting policies requires management to make estimates and use judgment 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 four-year period are key information for many significant estimates necessary to prepare these consolidated financial statements. Management prepares a budget on an annual basis and periodically updates its long-term plan. Cash flows and profitability included in the budget and long-term plan are based on existing and expected future assets under management, general market conditions and current and future cost structures. The Board approves the annual budget.

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

CASH GENERATING UNIT

The Company determined that it had one CGU for the purpose of assessing the carrying value of the allocated goodwill and indefinite-life intangible assets.

SHARE-BASED PAYMENTS

The Company recognizes compensation expense for cash and equity-settled transactions with employees by reference to the fair value of the related instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant, which is dependent on the terms and conditions of the grant. This also requires making assumptions and determining the most appropriate inputs to the valuation model including assessing whether the performance conditions will be met and estimating the expected number of units expected to vest.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill is tested annually for impairment. The recoverable amount of the operating segment is determined based on a value-in-use calculation. This calculation requires assumptions and the use of estimates including growth rates for future cash flows, the number 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, discount rates and gross profit margin percentage.

BUSINESS COMBINATIONS

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied.

INCOME TAXES

The calculation of income tax expense requires significant judgment in interpreting tax rules and regulations, which are subject to change. There are transactions and calculations for which the ultimate tax determination is uncertain. 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 recognition 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 and interpretations that have been issued but are not mandatory for annual reporting periods ending December 31, 2016:

IFRS 9 – *FINANCIAL INSTRUMENTS*

In July 2014, the IASB finalized IFRS 9 – *Financial Instruments*, bringing together the financial asset and financial liability classification and measurement, impairment of financial assets and hedge accounting phases of the IASB project. IFRS 9 provides a single model for financial asset classification and measurement that is based on contractual cash flow characteristics and on the business model for holding financial assets. IFRS 9 also introduces a new impairment model for financial assets not measured at fair value through profit or loss. This version adds a new expected loss impairment model and limited amendments to classification and measurement of financial

assets and liabilities. IFRS 9 replaces IAS 39 – *Financial Instruments: Recognition and Measurement* and is mandatorily effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. Early adoption permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

IFRS 15 – *REVENUE FROM CONTRACTS WITH CUSTOMERS*

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments.

In April 2016, the IASB issued clarifications to IFRS 15 which provide clarity on revenue recognition related to identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property and provide some transition relief for modified contracts and completed contracts.

Adoption of IFRS 15 is mandatory for annual periods beginning on or after January 1, 2018. Entities have the choice of full retrospective application, or prospective application with additional disclosures. Early adoption is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

IFRS 16 – *LEASES*

In January 2016, the IASB issued IFRS 16 – *Leases*. It supersedes the IASB's current lease standard, IAS 17, which required lessees and lessors to classify their leases as either finance leases or operating leases and to account for those two types of leases differently. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months and for which the underlying asset is not of low value. This new standard will come into effect for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted only for entities also applying IFRS 15 – *Revenue from Contracts with Customers*. The Company is evaluating the impact of this standard on its consolidated financial statements.

AMENDMENTS TO IAS 7 – *STATEMENT OF CASH FLOWS*

In January 2016, the IASB published amendments to IAS 7 – *Statement of cash flows*. The amendments are intended to improve information provided to users of financial statements about an entity's financing activities. The amendments will come into effect for annual periods beginning on or after January 1, 2017. Earlier application is permitted. Management does not expect this amendment to have a significant impact on the Company's consolidated statements of cash flows.

AMENDMENTS TO IAS 12 – *INCOME TAXES*

In January 2016, the IASB published amendments to IAS 12 – *Income taxes*. The amendments are intended to clarify the recognition of deferred tax assets where an asset is measured at fair value and that fair value is below the asset's tax base. The amendments will come into effect for annual periods beginning on or after January 1, 2017. Earlier application is permitted. Management does not expect this amendment to have a significant impact on the Company's consolidated financial statements.

AMENDMENTS TO IFRS 2 – *SHARE-BASED PAYMENTS*

In June 2016, the IASB published amendments to IFRS 2 – *Share-based payments*. The amendments clarify the classification and measurement of share-based payment transactions. The amendments will come into effect for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

AMENDMENTS TO IAS 40 – *INVESTMENT PROPERTY*

In December 2016, the IASB published amendments to IAS 40 – *Investment Property* to clarify the accounting for transfers of property to, or from, investment property. The amendments will come into effect for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

IFRIC 22 – *FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION*

In December 2016, the IASB published IFRIC 22 – *Foreign Currency Transactions and Advance Consideration* to clarify the exchange rate that should be used for transactions that include the receipt or payment of advance consideration in a foreign currency. This new standard will come into effect for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is evaluating the impact of this standard on its consolidated financial statements.

ANNUAL IMPROVEMENTS TO IFRS (2014-2016) CYCLE

In December 2016, the IASB published annual improvements on the 2014-2016 cycle. The pronouncement contained amendments to clarify the scope of IFRS 12 – *Disclosure on interests in other entities*. The amendments will come into effect for annual periods beginning on or after January 1, 2017. Management does not expect this amendment to have a significant impact on the Company's consolidated financial statements.

4. BUSINESS COMBINATIONS

2016

APEX CAPITAL MANAGEMENT INC. ("APEX")

On June 1, 2016, the Company completed the acquisition of all of the outstanding shares of Apex, a growth equity investment manager based in Dayton, Ohio. The acquisition is in line with the Company's global asset management growth strategy, and provides a complementary presence in the institutional and sub-advisory retail markets, small and cap, and other growth strategies.

Under the terms of the agreement, the purchase consideration for Apex includes US$88,000 (CA$115,201) paid in cash to the sellers, financed through a new US$125,000 term loan as provided under the Company's credit facility (Note 14) and US$57,000 (CA$74,619) worth of Fiera Capital Class A Shares, representing 5,775,075 Class A Shares, that were issued upon closing of the transaction, which was accounted for at a fair value of US$57,349 (CA$75,076) at the acquisition date. The Class A Shares are held in escrow and one seventh will be released each year over a seven year period commencing on the first anniversary of the closing date. The Class A Shares will not have voting rights until their release from escrow but are entitled to dividends. In addition, the purchase price includes an amount of US$1,170 (CA$1,532) which represents the working capital and post-closing price adjustments.

The transaction was accounted for as a business combination using the acquisition method and the purchase price was preliminarily allocated to the assets acquired and liabilities assumed based on their estimated fair value at the acquisition date as follows:

	$
Cash	678
Other current assets	5,025
Property and equipment	65
Intangible assets	115,548
Goodwill ($72,002 deductible for tax purposes)	72,460
Accounts payable and accrued liabilities	(820)
Deferred revenues	(1,147)
	191,809

Purchase consideration	$
Cash consideration	115,201
Share capital	75,076
Purchase price adjustment	1,532
	191,809

Goodwill is attributable to synergies expected as a result of the consolidation of the Company's U.S. operations. Management of Fiera Capital has identified intangible assets acquired from Apex which have been accounted for separately from goodwill. These intangible assets include non-compete agreement valued at $3,927, customer relationships valued at $104,728 and tradename valued at $6,893. Subsequent to the closing date, the Company revised certain valuation assumptions, including the discount rate used in the determination of the acquisition date fair value of customer relationships. This resulted in a decrease in the fair value of customer relationships of $40,778 with a corresponding increase in goodwill.

The Company incurred acquisition-related costs of $1,796 mainly composed of legal, financial advisor fees and due diligence costs. These costs were included under the caption acquisition costs in the consolidated statements of earnings. The Company financed the cash portion of the acquisition price with a term facility as described in Note 14.

The Company expects to finalize the accounting for this acquisition within twelve months of the acquisition date.

Pro forma Impact

The impact of the acquisition for the year ended December 31, 2016 on the Company's consolidated base management fees and net earnings was as follows:

	$
Base management fees	22,044
Net earnings	10,247

If the business combination would have occurred on January 1, 2016, the Company's consolidated base management fees, performance fees and net earnings for the year ended December 31, 2016 would have been as follows:

	$
Base management fees	314,002
Performance fees	34,281
Net earnings	27,721

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

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

FIERA PROPERTIES LIMITED ("FIERA PROPERTIES")

On April 4, 2016, the Company reorganized the capital of Fiera Properties, a joint venture created in 2011 by the Company and Axia Investments Inc. ("Axia"), to offer national real estate fund vehicles and segregated account management services to investors. The Company and Axia are the controlling shareholders. As a result of the reorganization and related amendment to the shareholders' agreement, the Company obtained effective control of Fiera Properties.

The Company's economic ownership in Fiera Properties is 38.46% of class B shares and 50% of class A shares. The amended shareholders' agreement includes as consideration transferred, an option to acquire an additional 10 class A shares of Fiera Properties. Exercising the call option to acquire additional class A shares would result in the Company holding a majority of class A shares. This change in control

of the previously held equity interest was an economic event that triggered the remeasurement of the investment to fair value. The transaction was accounted for as a business combination achieved in stages using the acquisition method of accounting.

The purchase price was preliminarily allocated to assets and liabilities based on their estimated fair value at the acquisition date as follows:

	$
Cash	2,170
Other current assets	3,302
Property and equipment	123
Intangible assets	18,950
Goodwill (nil deductible for tax purposes)	12,805
Deferred income taxes	(5,385)
Accounts payable and accrued liabilities	(935)
Puttable financial instrument liabilities	(5,500)
Long-term debt	(1,675)
	23,855

Purchase consideration	$
Call option	1,419
Non-controlling interest	10,186
Fair value of Fiera Capital's previously held equity interest	12,250
	23,855

Prior to the amended shareholders' agreement, the Company accounted for the investment in the joint venture using the equity method of accounting. At the acquisition date, the carrying amount of the investment in the joint venture was $6,423. The fair value of the previously held equity interest amounted to $12,250. The remeasurement of Fiera Capital's investment to fair value resulted in a gain of $5,827. The gain is recorded in the consolidated statements of earnings under the caption: gain on acquisition of control of investment in joint venture.

Goodwill is attributable to the benefits from combining the assets and activities of Fiera Properties with those of Fiera Capital. Management of Fiera Capital has identified intangible assets acquired from Fiera Properties which have been accounted for separately from goodwill. These intangible assets were customer relationships valued at $18,950.

Under the terms of the amended shareholders' agreement, if certain management shareholders of Fiera Properties cease to be employed by Fiera Properties, it will be required to purchase all of the shares owned by the departing management shareholder within 30 days of the termination date. As a result of this put option, Fiera Properties' contingent obligation to purchase these shares was recorded by the Company as puttable financial instrument liabilities at the opening balance sheet date at their fair value of $5,500 with a corresponding increase in goodwill.

The Company expects to finalize the accounting for this acquisition within twelve months of the acquisition date.

Pro forma Impact

The impact of the acquisition for the year ended December 31, 2016 on the Company's consolidated base management fees and net earnings was as follows:

	$
Base management fees	6,442
Net earnings	1,054

If the business combination would have occurred on January 1, 2016, the Company's consolidated base management fees, performance fees and net earnings for the year ended December 31, 2016 would have been as follows:

	$
Base management fees	299,632
Performance fees	34,281
Net earnings	18,118

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

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

NATCAN INVESTMENT MANAGEMENT INC.

In connection with the 2012 acquisition of Natcan Investment Management Inc., the Company had recorded a purchase price obligation. During the year ended December 31, 2016, the Company reviewed its estimate of the minimum assets under management threshold required to be obligated to make the contingent payment of $7,500. The Company concluded that the minimum threshold would not be met and the purchase price obligation was revalued with the recovery recorded in the consolidated statements of earnings under the caption: accretion and change in fair value purchase price obligations. The contingent payment had a carrying value of $6,408 before the revaluation to nil.

CENTRIA COMMERCE INC.

On November 10, 2016, the Company completed the acquisition of all the issued and outstanding shares of Centria Commerce Inc. ("Centria") and six general partnerships (Note 8) from DJM Capital Inc. ("DJM"). Centria is a Quebec-based private investment manager that establishes and manages funds providing construction financing, real estate investment and short-term business financing. The acquisition will allow the Company to integrate Centria as its own private lending platform, bringing a major alternative investment portfolio in-house and allowing the Company to offer its own diversified investment solutions directly to clients.

Under the terms of the share purchase agreement, the total purchase consideration paid at closing for Centria and the six general partnerships was $10,000 in cash and the balance was by the issuance of 1,944,211 Class A Shares. The Class A Shares issued at the closing date were accounted for at a fair value of $23,428

representing the closing share price on the closing date. Of the 1,944,211 Class A Shares issued, 338,124 will be held in escrow for general representations and warranties until fifteen months following the closing date. The escrow shares are voting and entitled to dividends. Additional purchase consideration up to $12,000, which was accounted for at fair value of $5,306, may be paid in Class A Shares at over a period of three calendar years following the closing date, if certain assets under management, revenue and earnings before interest, taxes, depreciation and amortization (as defined in the share purchase agreement) are met. The purchase consideration includes a net amount of $222 which represents net working capital and other adjustments.

The transaction constitutes a related party transaction as DJM is indirectly owned by Fiera Capital's Chairman and CEO and another member of Fiera Capital's Board. DJM also indirectly owns or has influence through related companies, over the issued and outstanding units of Class B Shares of Fiera Capital where holders of Class B Shares are entitled, voting separately as a class, to elect two-thirds of the members of the Board.

The transaction was accounted for as a business combination using the acquisition method and the purchase price was preliminarily allocated to the assets and liabilities based on their estimated fair value at the acquisition date as follows:

	$
Cash	2,282
Other current assets	706
Deferred charges	31
Property and equipment	262
Intangible assets	1,652
Goodwill (nil deductible for tax purposes)	38,772
Deferred income taxes	(104)
Accounts payable and accrued liabilities	(4,556)
Deferred lease obligations	(79)
Deferred revenues	(10)
	38,956

Purchase consideration	$
Cash consideration	10,222
Share capital	23,428
Fair value of purchase price obligation	5,306
	38,956

Goodwill is attributable to an experienced team knowledgeable in construction, financing, real estate investment and short-term business financing. Management of Fiera Capital has identified intangible assets acquired from Centria which have been accounted for separately from goodwill. These intangible assets include customer relationships valued at $1,600 and software valued at $52. The Company incurred acquisition-related costs of $991 mainly composed of legal, financial advisor fees and due diligence costs. These costs were included under the caption acquisition costs in the consolidated statements of earnings. The Company expects to finalize the accounting for this acquisition within twelve months of the acquisition date.

Pro forma Impact

The impact of the acquisition for the twelve-month period ended December 31, 2016 on the Company's consolidated base management fees, performance fees and net earnings was as follows:

	$
Base management fees	1,139
Performance fees	170
Net earnings	531

If the business combination would have occurred on January 1, 2016, the Company's consolidated base management fees, performance fees and net earnings for the twelve-month period ended December 31, 2016 would have been as follows:

	$
Base management fees	304,493
Performance fees	35,274
Net earnings	20,394

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

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

CHARLEMAGNE CAPITAL LIMITED ("CHARLEMAGNE CAPITAL")

On December 14, 2016, the Company acquired all of the issued and outstanding shares of Charlemagne Capital. Charlemagne Capital is a London-based emerging markets equity investment manager whose principal activity is providing emerging markets asset management products and services. The acquisition provides the Company with an entry into the emerging and frontier markets asset class and creates a European platform to enhance the growth and distribution of its existing investment strategies. The acquisition is also an important step in advancing the Company's growing global presence.

Under the terms of the acquisition agreement, Charlemagne Capital shareholders received 14 pence in cash in aggregate for each Charlemagne Capital share. The 14 pence was composed of 11 pence of cash for Charlemagne Capital share and a special dividend of 3 pence paid by Charlemagne Capital. The total consideration was 11 pence per share paid by Fiera Capital together with the special dividend of 3 pence per share paid by Charlemagne Capital.

The total purchase consideration for Charlemagne Capital includes an amount paid in cash of Great Britain pounds ("GBP") 32,000 (CA$52,983) and a realized loss of $1,072 on GBP forward contracts entered into to hedge the CAD to GBP exchange rate fluctuations during the period from the announcement of the transaction to the closing date (Note 7).

The transaction was accounted for as a business combination using the acquisition method and the purchase price was preliminarily allocated to the assets and liabilities based on their estimated fair value at the acquisition date as follows:

	$
Cash	11,605
Short-term investments	6,880
Other current assets	7,423
Property and equipment	94
Intangible assets	45,537
Goodwill (nil deductible for tax purposes)	26,336
Accounts payable and accrued liabilities	(14,657)
Deferred income taxes	(7,638)
Non-controlling interest	(21,525)
	54,055

Purchase consideration	$
Cash consideration	52,983
Forward foreign exchange contracts	1,072
	54,055

Goodwill is attributable to a well-established network and the complementary expertise and knowledge of emerging markets. Management of Fiera Capital has identified intangible assets acquired from Charlemagne Capital which have been accounted for separately from goodwill. These intangible assets include asset management contracts valued at $38,188. The Company incurred acquisition-related costs of $3,172 mainly composed of legal, financial advisor fees and due diligence costs. These costs were included under the caption acquisition costs in the consolidated statements of earnings. The Company expects to finalize the accounting for this acquisition within twelve months of the acquisition date.

The net assets acquired includes an intangible asset of $7,349 representing the fair value of the performance fee revenue (net of related commissions and income taxes) estimated to be collectible on December 31, 2016. This other asset was fully amortized over the period from the acquisition date to December 31, 2016 (Note 11).

The total consideration of $54,055 was paid in cash, financed in part by the credit facility (Note 14).

The entities consolidated by Charlemagne are disclosed in Note 8.

Pro forma Impact

The impact of the acquisition for the twelve-month period ended December 31, 2016 on the Company's consolidated base management fees, performance fees and net earnings was as follows:

	$
Base management fees	1,290
Performance fees	17,406[1]
Net earnings	539

1. Performance fees were recognized at the performance measurement date of December 31, 2016.

If the business combination would have occurred on January 1, 2016, the Company's consolidated base management fees, performance fees and net earnings for the twelve-month period ended December 31, 2016 would have been as follows:

	$
Base management fees	323,738
Performance fees	35,432
Net earnings	19,841

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.

OTHER ACQUISITIONS

AQUILA INFRASTRUCTURE MANAGEMENT

On July 22, 2016, the Company entered into a transaction with Toronto-based Aquila Infrastructure Management ("Aquila"), a manager of infrastructure investments therefore creating Fiera Infrastructure Inc. The Company owns 75% of the issued and outstanding shares of this entity.

On July 22, 2016, Fiera Infrastructure Inc. acquired all of the issued and outstanding shares of 9562834 Canada Inc., a company that indirectly held investments in infrastructure assets for cash consideration of $128.

This transaction was accounted for as business combination using the acquisition method. The purchase price was preliminarily allocated to intangible assets of customer relationships and indefinite life asset management contracts. The Company expects to finalize the accounting for these acquisitions within twelve months of the acquisition date.

2015

SAMSON CAPITAL ADVISORS LLC ("SAMSON")

On October 30, 2015, the Company completed the acquisition of all the outstanding shares of Samson, a New York-based investment management firm which specializes in global fixed income and currency investment. The acquisition enabled the Company to expand its global asset management services in the United States, adding strong leadership and investment talent in order to further increase the Company's presence in the US market.

Under the terms of the agreement, the total purchase price for Samson included US$19,200 (CA$25,119) paid in cash to the sellers, US$9,150 worth of Class A Shares, representing 1,028,086 Class A Shares, that were issued on the closing date, which was accounted for at a fair value of US$9,170 (CA$11,998) and US$3,150 worth of hold back shares, representing approximately 353,928 Class A Shares, that will be issued eighteen months after the closing, which was accounted for at a fair value of US$2,725 (CA$3,566). In addition, the purchase price includes an amount of up to US$4,175 which was accounted for at a fair value of US$3,008 (CA$3,935) payable over three years if certain targets are achieved, as well as US$1,025 (CA$1,342) which represented the Company's best estimate of the working capital adjustment. Other compensation mechanisms were agreed upon at the time the agreements were signed including retention bonuses, PSUs, and restricted shares.

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

	$
Cash	1,144
Restricted cash	509
Other current assets	4,486
Non-current assets	15
Property and equipment	100
Intangible assets	38,122
Goodwill ($5,699 deductible for tax purposes)	4,791
Deferred income taxes	379
Accounts payable and accrued liabilities	(460)
Deferred revenues	(3,126)
	45,960

Purchase consideration	$
Cash consideration	25,119
Share capital	11,998
Hold back shares	3,566
Fair value of purchase price obligation	5,277
	45,960

Goodwill was attributable to synergies expected as a result of the consolidation of the Company's U.S. operations. Management of Fiera Capital had identified intangible assets acquired from Samson which had been accounted for separately from goodwill. These intangible assets were non-compete agreement valued at $471, customer relationships valued at $36,168 and tradename valued at $1,433. The fair value of the purchase price obligation was calculated using the estimated discounted cash flows. The Company incurred acquisition-related costs of $3,363 mainly composed of legal and compliance fees and due diligence costs. These costs were included under the caption acquisition costs in the consolidated statements of earnings. The Company financed the cash portion of the acquisition price with the revolving facility described in Note 14.

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

Pro forma Impact

The impact of the acquisition for the year ended December 31, 2015 on the Company's base consolidated management fees, performance fees and net earnings was as follows:

	$
Base management fees	3,239
Performance fees	-
Net loss	(210)

If the business combination would have occurred on January 1, 2015, the Company's consolidated base management fees, performance fees and net earnings for the year ended December 31, 2015 would have been as follows:

	$
Base management fees	246,674
Performance fees	19,534
Net earnings	29,197

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

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

RESTRUCTURING AND OTHER INTEGRATION COSTS

During the year ended December 31, 2016, the Company recorded restructuring provisions related to severance of $3,099 ($1,267 for the year ended December 31, 2015) and other restructuring costs of $3,257 (nil for the year ended December 31, 2015). In addition, the Company recorded other integration costs of $1,600 ($1,094 for the year ended December 31, 2015) for an aggregate amount of $7,956 ($2,361 for the year ended December 31, 2015). The restructuring charges are mostly composed of severance costs due to corporate reorganizations following business combinations or as a result of the normal evolution of the business as well as abandoned software development costs. The integration costs are mostly composed of professional fees, relocation and lease related costs and other expenses incurred as a result of the integration of businesses recently acquired.

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

	Severance
	$
Balance, December 31, 2014	1,883
Additions during the year	1,267
Paid during the year	(2,139)
Balance, December 31, 2015	**1,011**
Additions during the year	**3,099**
Paid during the year	**(1,516)**
Balance, December 31, 2016	**2,594**

	December 31, 2016	December 31, 2015
	$	$
Current portion	**1,879**	75
Non-current portion	**715**	936
Total	**2,594**	1,011

The restructuring provision of $715 ($936 in 2015) is classified as a non-current liability as the Company does not expect to settle the provision within the next twelve months.

5. INVESTMENT IN JOINT VENTURES

The Company had investments in two joint ventures over which the Company had joint control. Axium Infrastructure Inc. ("Axium"), a Montréal, Quebec based entity that specializes in infrastructure investment and Fiera Properties, a Halifax, Nova Scotia based entity that specializes in real estate investments.

AXIUM

On December 21, 2015, the Company entered into a definitive agreement with Axium pursuant to which Axium purchased for cancellation the Company's 35% equity ownership in Axium. As a result, the Company discontinued equity accounting for Axium and reclassified the investment as assets held-for-sale. On January 15, 2016 the Company completed the sale of its 35% equity ownership for cash proceeds of $20,000. The Company derecognized the investment of $5,496, reclassified $509 of accumulated other comprehensive income to net earnings and recorded a gain on disposal of $15,013 under the caption: Gain on disposal of investment in joint venture.

FIERA PROPERTIES

In 2015, the Company's ownership in Fiera Properties was approximately 44% and was accounted for using the equity method of accounting. On April 4, 2016, the Company amended the shareholders' agreement of Fiera Properties which resulted in the Company obtaining effective control (refer to Note 4). Consequently, the results of Fiera Properties are now consolidated. A gain on dilution of $83 was recorded during the year ended December 31, 2015 to reflect minor changes in ownership.

The following table includes the variation of the Company's interests in joint ventures during the year ended December 31, 2015.

	2015
	$
Balance, December 31, 2014	9,635
Share of earnings	1,968
Gain on dilution	83
Share of other comprehensive income	155
Business combination	15
Subscription to capital	96
Foreign exchange difference	4
Assets held-for-sale	(5,496)
Balance, December 31, 2015	6,460

The Company's share of earnings for the year ended December 31, 2016 was $72.

The following summarized financial information of Fiera Properties for the year ended December 31, 2015 represents amounts shown in the Fiera Properties financial statements, prepared in accordance with IFRS. As at December 31, 2015, the statement of financial position included: current assets (including cash of $423) of $5,167, non-current assets of $13,644, current liabilities of $5,382 representing net assets of $13,429. For the year ended December 31, 2015, the statement of earnings included: revenues of $8,232, expenses of $6,332 representing net earnings of $1,900.

The reconciliation of the summarized financial information to the carrying amount of the interest in the joint venture recognized in the consolidated financial statements as at December 31, 2015 is as follows:

	$
Net assets of the joint venture	13,429
Contributed surplus not attributable to the Company	(93)
	13,336
Ownership of the Company	5,860
Goodwill	600
Carrying amount of investment in joint ventures	6,460

6. DISPOSAL OF SUBSIDIARIES

On July 18, 2016, the Company completed the sale of its ownership interest in the following companies: Fiera Quantum GP Inc., 9276-5072 Quebec Inc. and Fiera Quantum Limited Partnership ("Fiera Quantum L.P."). During the first quarter of 2016, the Company revalued the non-current assets to the lower of their carrying amount and their fair value less costs to sell, and a revaluation of $7,921 was recognized and recorded under the caption: Revaluation of assets held-for sale. The intangible assets and property and equipment were no longer amortized or depreciated from the date that the assets were classified as held-for-sale. On July 18, 2016, the date of disposal, the Company de-recognized the non-controlling interest in Fiera Quantum L.P. and an additional charge of $8,315 was recorded in the statements of earnings under the caption: Loss on disposal of subsidiaries.

7. FINANCIAL INSTRUMENTS

The Company, through its financial assets and liabilities, has exposure to the following risks from its 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, 2016 and 2015.

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 linked to investment returns and the Company's ability to attract and retain clients.

The Company's consolidated statements of financial position

include a portfolio of investments. The value of these investments is subject to a number of risk factors.

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

Appreciation or depreciation in the fair value of equity securities affect the amount and timing of recognition of gains and losses on equity securities and mutual fund and pooled fund investments in the Company's portfolio resulting in 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 fair value of the equity, mutual fund and fixed income financial assets held.

The Company's portfolio managers monitor the risks of the portfolio as part of its daily operations. The Company's portfolio of equity and equity-related securities as at December 31, 2016 and 2015 is comprised of mutual fund and pooled fund investments and other securities with a fair value of $8,972 as at December 31, 2016 and $4,707 as at December 31, 2015. Mutual fund and pooled fund investments are comprised of a well-diversified portfolio of investments in equities and bonds.

A 10% change in the fair value of the Company's equity and equity-related holdings as at December 31, 2016, and 2015 would have an impact of increasing or decreasing other comprehensive income by $897 and $471 respectively.

CREDIT RISK

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

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

The credit risk on cash and cash equivalents and restricted cash is limited because the counterparties are commercial banks or financial institutions with high credit ratings assigned by independent credit-rating agencies.

The Company's credit risk is attributable primarily to its trade receivables. The amounts disclosed in the consolidated statements of financial position are net of allowance for doubtful accounts, estimated by the Company's management based on previous experience and its assessment of the current economic environment and financial condition of the counterparties. In order to reduce its risk, management has adopted credit policies that include regular review of client balances. With the exception of National Bank of Canada and related companies which represent 11% as at December 31, 2016 (21% as at December 31, 2015), no customer represents more than 10% of the Company's accounts receivable as at December 31, 2016 and 2015.

INTEREST RATE RISK

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

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

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 cash equivalents, accounts receivable, accounts payable and accrued liabilities and long-term debt denominated in US dollars and the operations of its US businesses and Charlemagne Capital which are predominantly in US dollars. The Company manages a portion of its exposure to foreign currency by matching asset and liability positions. More specifically, the Company matches the long-term debt in foreign currency with long-term assets in the same currency.

The consolidated statements of financial position as at December 31, 2016 and 2015 include the following amounts expressed in Canadian dollars with respect to financial assets and liabilities for which cash flows are denominated in US dollars:

	2016	2015
	$	$
Cash and cash equivalents	**28,255**	16,918
Restricted cash	**523**	1,530
Investments	**7,306**	946
Accounts receivable	**52,223**	16,602
Accounts payable and accrued liabilities	**(44,882)**	(13,009)
Purchase price obligations	**(4,869)**	(5,704)
Long-term debt	**(256,161)**	(137,012)

Based on the balances outstanding (excluding long-term debt) as at December 31, 2016, a 5% increase/decrease of the US dollar against the Canadian dollar would result in an increase/decrease in total comprehensive income of $1,928 (2015 - $864). The above calculation does not include the US dollar long-term debt, which is partially hedged by a long-term asset in the same currency. This long-term asset is not included in the consolidated statements of financial position given that it is an intercompany balance and is eliminated on consolidation.

LIQUIDITY RISK

The Company's objective is to have sufficient liquidity to meet its liabilities when they become due. The Company monitors its cash and cash equivalents 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, 2016:

	Carrying Amount	Contractual cash flow commitments				
		Total	2017	2018	2019	Other
	$	$	$	$	$	$
Accounts payable and accrued liabilities	89,160	89,160	89,160	-	-	-
Amount due to related companies	1,058	1,058	1,058	-	-	-
Puttable financial instrument liabilities	5,500	5,500	5,500	-	-	-
Long-term debt	432,200	432,200	1,283	525	168,069	262,323
Purchase price obligations	34,968	43,906	14,940	14,488	14,473	5
	562,886	571,824	111,941	15,013	182,542	262,328

FAIR VALUE

PUTTABLE FINANCIAL INSTRUMENT LIABILITIES

The puttable financial liabilities are recorded at their estimated fair value of $5,500 as at December 31, 2016. These are classified as current on the December 31, 2016 consolidated statements of financial position since they give the holder the right to put the shares that they hold in one of the Company's subsidiaries, to that subsidiary, upon ceasing employment. An amount of $2,750 is payable to a management shareholder of the Company's subsidiary within 30 days of December 31, 2016. The remaining balance is a contingent obligation to a management shareholder of the same subsidiary.

DERIVATIVE FINANCIAL INSTRUMENTS

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

The fair value of certain derivatives that are not traded on an active market is 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 appropriate. To the extent practicable, valuation techniques incorporate all factors that market participants would consider in setting a price and they are consistent with accepted economic methods for pricing 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. The Company determines the fair value of its interest rate swap contracts by applying valuation techniques.

The Company had the following derivative financial instruments at fair value as at December 31:

	2016	2015
	$	$
Forward foreign exchange contracts – held for trading	323	-
Forward foreign exchange contracts – hedge	-	-
Forward foreign exchange contracts – held for trading	(260)	-
Interest rate swap contract – held for trading	(279)	(1,390)
Cross currency swap contracts – held for trading	(1,322)	-

Financial statement presentation as at December 31:

	2016	2015
	$	$
Current derivative financial instrument assets[1]	323	-
Current derivative financial instrument liabilities	(1,861)	-
Non-current derivative financial instrument liabilities	-	(1,390)

1. Included in prepaid expenses and other assets on the consolidated statements of financial position.

a) Forward foreign exchange contracts – held for trading

On January 6, 2016, the Company entered into a series of (twelve) average rate forward foreign exchange contracts to manage the currency fluctuation risk associated with revenues denominated in US dollars for the year ended December 31, 2016. These forward foreign exchange contracts had a total initial notional amount of US$15,203 (the notional amounts ranged from US$859 to US$1,619 per month) and matured one by one on a monthly basis until December 31, 2016. At each monthly settlement from January 2016 to December 2016, the Company sold US dollars at 1.4000.

On December 23, 2016, the Company entered into a series of (twelve) average rate forward foreign exchange contracts to manage the currency fluctuation risk associated with estimated revenues

denominated in US dollars for the year ending December 31, 2017. These foreign exchange contracts have a total initial notional amount of US$35,107 (the notional amounts range from US$2,034 to US$5,935 per month) and mature one by one on a monthly basis until December 29, 2017. At each monthly settlement from January 2017 to December 2017, the Company will sell US dollars at 1.3482.

Forward foreign exchange contracts are recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value through profit or loss at the end of each reporting period. The gain or loss from these derivative financial instruments is $1,427 for the year ended December 31, 2016 and is recognized in accordance to the nature of the transaction and therefore within other revenues on the statements of earnings under the caption: Other revenues.

On June 29, 2016 and October 19, 2016, one of the Company's subsidiaries entered into two forward foreign exchange contracts to manage its exposure to foreign exchange rates. Each contract has a notional US dollar value of $2,000 to sell US and buy GBP. The contracts ended on January 25, 2017 and January 23, 2017 respectively.

The fair value of the derivative financial liability for these two contracts is US$193 (CA$260) as at December 31, 2016. The change in fair value of derivative financial instruments presented in the consolidated statements of earnings is revenue of US$9 (CA$12) for the period from acquisition date to December 31, 2016.

b) Forward foreign exchange contracts – hedge

On September 30, 2016, the Company entered into a foreign exchange forward contract to manage the currency fluctuation risk associated with the consideration for the acquisition of Charlemagne which was denominated in GBP. The foreign exchange forward contract with a total initial notional amount of GBP 15,000 matured on October 27, 2016. In early October 2016, the Company entered into three additional foreign exchange forward contracts with a total initial notional amount of GBP 15,000. At their maturity dates, each of these four contracts was rolled into a new contract, for a total notional amount of GBP 30,000, until they were all closed out on the closing date of the Charlemagne acquisition.

These contracts were designated as cash flows hedges and satisfied the requirements for hedge accounting. The effective portion of changes in the fair value of these contracts was recognized in other comprehensive income and accumulated in a hedging reserve until the contracts were closed at which time the net realized loss of $1,072 including the ineffective portion of changes in fair value was included in the purchase consideration and was recorded as goodwill.

c) Interest rate swap contract – held for trading

On May 1, 2012, the Company entered into a Canadian interest rate swap contract to manage the interest rate fluctuations on its term facility denominated in Canadian dollars. The interest rate swap contract had an original amortizing notional amount of CA$108,000 at inception and matures on April 3, 2017. As at December 31, 2016, the notional amount was CA$95,850 (CA$103,950 as at December 31, 2015). The contract consists of exchanging the variable interest rate based on one-month Canadian prime rate for a fixed rate of 1.835%. Amounts are settled on a monthly basis. The gain or loss on the interest rate swap is recorded in changes in fair value of derivative financial instruments in the consolidated statements of earnings.

The Company remains exposed to changes in the Canadian prime rate on the difference between the amount drawn on the revolving facility in Canadian dollars and the notional amount of the interest rate swap contract. The swap is effective until April 2017 while the revolving facility matures on March 25, 2020. The Company is exposed to fluctuations in the US base or Libor rates on the US dollar term and revolving facilities since the Company does not have any US dollar swaps in place. The drawings in US dollars on the revolving facilities total US$65,781 as at December 31, 2016 (US$98,997 as at December 31, 2015).

d) Cross currency swaps – held for trading

Under the terms of the revolving facility, the Company can borrow either in US dollars based on US base or LIBOR rates plus 2.5% or in Canadian dollars based on CDOR plus 2.5% (the same credit spread). To benefit from interest cost savings, the Company has effectively created a synthetic equivalent to a Canadian dollar revolving facility at CDOR plus 2.1% on CA$100,000 by borrowing against the US dollar revolving facility, the equivalent of CA$100,000 (US$73,500) at Libor plus 2.5%, and swapping it into CDOR plus 2.1% with a one-month cross currency swap. On December 28, 2016, the Company withdrew US$73,500 on its credit facility at a one-month LIBOR rate plus 2.5% and simultaneously entered into a one-month cross currency swap contract that has a total notional amount of US$73,500 (CA $100,000) and that matures on January 30, 2017. As a result of the swap, the Company receives floating interest payments based on a spread of one-month LIBOR rate (US$) plus 2.5% and pays a floating rate based one-month CDOR rate (CA$) plus a spread of 2.1%.

This combination of transactions will be repeated on a monthly basis. This strategy provides 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).

As at December 31, 2016, the fair value of the cross currency swap contract is a liability of US$984 (CA$1,322). This fair value is offset by the equivalent changes in fair value in Canadian dollars on the amount drawn on the US revolving facility specifically for this transaction (US$73,500). The change in fair value of the cross currency swaps presented in the consolidated statements of earnings is $1,322 for the year ended December 31, 2016.

FINANCIAL INSTRUMENTS BY CATEGORY:

DECEMBER 31, 2016

	Loans and receivables	Available-for-sale	FVTPL[1]	Financial liabilities at amortized cost	Total
	$	$	$	$	$
Assets					
Cash and cash equivalents	40,110	-	-	-	40,110
Restricted cash	660	-	-	-	660
Investments					
Mutual fund and pooled fund investments under the Company's management	-	1,060	7,514	-	8,574
Other securities and investments	-	-	398	-	398
Accounts receivable	116,401	-	-	-	116,401
Long-term receivable	27	-	-	-	27
Derivative financial instruments[2]	-	-	323	-	323
Total	157,198	1,060	8,235	-	166,493
Liabilities					
Accounts payable and accrued liabilities	-	-	-	89,160	89,160
Amount due to related companies	-	-	-	1,058	1,058
Client deposits	-	-	-	155	155
Puttable financial instrument liabilities	-	-	5,500	-	5,500
Long-term debt	-	-	-	430,423	430,423
Purchase price obligations	-	-	-	34,968	34,968
Derivative financial instruments	-	-	1,861	-	1,861
Total	-	-	7,361	555,764	563,125

1. Financial assets (liabilities) at fair value through profit or loss ("FVTPL").
2. Included in prepaid expenses and other assets on the consolidated statements of financial position.

DECEMBER 31, 2015

	Loans and receivables	Available-for-sale	FVTPL	Financial liabilities at amortized cost	Total
	$	$	$	$	$
Assets					
Cash and cash equivalents	25,725	-	-	-	25,725
Restricted cash	2,890	-	-	-	2,890
Investments					
Mutual fund and pooled fund investments under the Company's management	-	4,707	-	-	4,707
Accounts receivable	65,435	-	-	-	65,435
Long-term receivable	433	-	-	-	433
Subscription receipts receivable	1,755	-	-	-	1,755
Total	96,238	4,707	-	-	100,945
Liabilities					
Accounts payable and accrued liabilities	-	-	-	50,784	50,784
Amount due to related companies	-	-	-	1,259	1,259
Client deposits	-	-	-	155	155
Subscription receipts obligation	-	-	-	1,755	1,755
Long-term debt	-	-	-	264,226	264,226
Purchase price obligations	-	-	-	42,235	42,235
Derivative financial instruments	-	-	1,390	-	1,390
Total	-	-	1,390	360,414	361,804

The cost of investments recorded as available-for-sale is $1,027 as at December 31, 2016 and $3,808 as at December 31, 2015, while the fair value is $1,060 as at December 31, 2016 and $4,707 as at December 31, 2015. The unrealized gain of $29 (net of income taxes of $4) as at December 31, 2016 and $779 (net of income taxes of $120) as at December 31, 2015, are reflected in accumulated other comprehensive income.

The cost of investments recorded at fair value through profit or loss is $7,946 as at December 31, 2016 (nil as at December 31, 2015), while the fair value is $7,912 as at December 31, 2016 (nil as at December 31, 2015). The loss of $34 was recognized in net earnings during the year ended December 31, 2016.

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.

FAIR VALUE HIERARCHY

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

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

There were no transfers between levels during the years ended December 31, 2016 and 2015.

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

DECEMBER 31, 2016

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Investments				
Mutual fund and pooled fund investments under the Company's management	-	8,574	-	8,574
Other securities and investments	-	389	9	398
Derivative financial instruments	-	323	-	323
Total financial assets	-	9,286	9	9,295
Financial liabilities				
Derivative financial instruments	-	1,861	-	1,861
Puttable financial instrument liabilities	-	5,500	-	5,500
Total financial liabilities	-	7,361	-	7,361

DECEMBER 31, 2015

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Investments				
Mutual fund and pooled fund investments under the Company's management	-	4,707	-	4,707
Total financial assets	-	4,707	-	4,707
Financial liabilities				
Derivative financial instruments	-	1,390	-	1,390
Total financial liabilities	-	1,390	-	1,390

8. INVESTMENTS

The consolidated financial statements include the accounts of the Company and all of its subsidiaries as at December 31, 2016 and 2015. The operating subsidiaries and their principal activities are set out in the table below. Unless otherwise stated, they have share capital solely in ordinary shares that are held directly or indirectly by the Company.

	Percentage of equity interest attributable to the Company				
	Direct		Indirect		
Name	2016	2015	2016	2015	Principal activities
Fiera Capital Funds Inc.	**100%**	100%	**-**	-	Asset management
The Fiera Capital QSSP II Investment Fund Inc.	**100%**	100%	**-**	-	Investment fund
8645230 Canada Inc.	**100%**	100%	**-**	-	Holding company
Gestion Fiera Capital S.a.r.l.	**-**	-	**100%**	100%	Other
Fiera US Holding Inc.	**100%**	100%	**-**	-	Holding company
Bel Air Investment Advisors LLC	**-**	-	**100%**	100%	Asset management
Bel Air Management LLC	**-**	-	**100%**	100%	Asset management
Bel Air Securities LLC	**-**	-	**100%**	100%	Asset management
Fiera Capital Inc. [1]	**-**	-	**100%**	100%	Asset management
Apex Capital Management Inc.	**-**	-	**100%**	-	Asset management
Fiera Capital Management Company LLC	**-**	-	**100%**	-	Asset management
Fiera Comox Partners Inc. [2]	**65%**	-	**-**	-	Asset management
Centria Commerce Inc. (renamed Fiera Private Lending Inc.)	**100%**	-	**-**	-	Asset management
General Partner Centria Capital Start-Up Fund Inc.	**100%**	-	**-**	-	Asset management
General Partner Centria Capital Real Estate Investment Fund I Inc.	**100%**	-	**-**	-	Asset management
General Partner Fiera FP Real Estate Investment Fund II Inc.	**100%**	-	**-**	-	Asset management
General Partner Centria Capital Mezzanine Financing Fund Inc.	**100%**	-	**-**	-	Asset management
General Partner Centria Capital Business Evolution Fund Inc.	**100%**	-	**-**	-	Asset management
General Partner Centria Capital Construction Financing Fund Inc.	**100%**	-	**-**	-	Asset management
General Partner Centria Capital Fund Inc.	**100%**	-	**-**	-	Asset management
Charlemagne Capital Limited	**100%**	-	**-**	-	Asset management
Charlemagne Capital (OCCO EE) Limited	**-**	-	**50.1%**	-	Asset management
Charlemagne Capital (UK) Limited	**-**	-	**100%**	-	Asset management
Charlemagne Capital (IOM) Limited	**-**	-	**100%**	-	Asset management
Charlemagne Capital (Services) Limited	**-**	-	**100%**	-	Other
Charlemagne Capital (Investments) Limited	**-**	-	**100%**	-	Asset management
OCCO Global Financials GP, LLC	**-**	-	**100%**	-	Other
Fiera Infrastructure Inc.	**75%**	-	**-**	-	Asset management
Fiera Infra GP Inc.	**-**	100%	**100%**	-	Asset management
9562834 Canada Inc.	**-**	-	**100%**	-	Holding company
Aquila GP Inc.	**-**	-	**100%**	-	Asset management
Fiera Properties Limited [3]	**38.46%**	43.94%	**-**	-	Asset management
Roycom Inc.	**-**	-	**100%**	100%	Asset management
Propel Capital Corporation [4]	**-**	100%	**-**	-	Other
Fiera Quantum GP Inc.	**-**	100%	**-**	-	Holding company
9276-5072 Quebec Inc.	**-**	100%	**-**	-	Holding company
Fiera Quantum Limited Partnership	**-**	-	**-**	55%	Holding company
FQ ABCP GP Inc.	**-**	-	**-**	100%	Other
FQ GenPar LLC	**-**	-	**-**	100%	Other

1. On November 9, 2015, the Company's wholly-owned subsidiary, Samson, was transferred to Fiera Capital Inc., a wholly-owned subsidiary of the Company and then Samson was dissolved.
2. On November 10, 2016, the Company completed the creation of a private equity investment and asset management joint venture with Comox Equity Partners Inc. named Fiera Comox Partners Inc. ("Fiera Comox") which is engaged in the business of raising third-party capital and investing in and managing agriculture and private equity investment for third party investors.
3. The Company's economic ownership in Fiera Properties is 38.46% of class B shares and 50% of class A shares. In April 2016, the Company amended the shareholders' agreement to include, as consideration transferred, an option to acquire an additional 10 class A shares of Fiera Properties. Exercising the option to acquire additional class A shares would result in the Company holding a majority of class A shares.
4. Propel Capital Corporation was dissolved in 2016.

9. ACCOUNTS RECEIVABLE

	December 31, 2016	December 31, 2015
	$	$
Trade accounts	**94,463**	50,288
Trade accounts – related companies of shareholders	**14,300**	14,314
Trade accounts – related parties	**2,342**	-
Trade accounts – Joint ventures	**-**	409
Other	**5,296**	424
	116,401	65,435

The aging of accounts receivable were as follows:

	December 31, 2016	December 31, 2015
	$	$
Trade		
Current	**87,052**	49,241
Aged between 61 – 119 days	**6,228**	520
Aged greater than 120 days	**1,183**	527
Total trade	**94,463**	50,288
Related companies, related parties and joint ventures		
Current	**15,672**	14,584
Aged between 61 – 119 days	**-**	109
Aged greater than 120 days	**970**	30
Total related companies, related parties and joint ventures	**16,642**	14,723
Other	**5,296**	424
	116,401	65,435

As at December 31, 2016, there was a provision for doubtful accounts of $32 (2015 - $37).

10. PROPERTY AND EQUIPMENT

	Office furniture & equipment	Computer equipment	Leasehold improvements	Total
	$	$	$	$
For the year ended December 31, 2015				
Opening net book value	1,236	764	3,120	5,120
Additions	3,091	1,026	11,168	15,285
Business combination	52	9	39	100
Transfer to intangible assets	-	(135)	-	(135)
Reclassification	(113)	113	-	-
Write-off	(31)	(53)	-	(84)
Foreign exchange difference	161	80	375	616
Depreciation	(506)	(488)	(952)	(1,946)
Closing net book value	3,890	1,316	13,750	18,956
Balance, December 31, 2015				
Cost	6,209	2,763	16,289	25,261
Accumulated depreciation	(2,497)	(1,560)	(2,953)	(7,010)
Foreign exchange difference	178	113	414	705
Net book value	3,890	1,316	13,750	18,956
For the year ended December 31, 2016				
Opening net book value	**3,890**	**1,316**	**13,750**	**18,956**
Additions	**715**	**1,213**	**871**	**2,799**
Business combinations	**259**	**148**	**148**	**555**
Reclassification	**5**	**(5)**	**-**	**-**
Disposal of assets held for sale	**(2)**	**(6)**	**-**	**(8)**
Foreign exchange difference	**(106)**	**(22)**	**(375)**	**(503)**
Depreciation	**(902)**	**(634)**	**(1,865)**	**(3,401)**
Closing net book value	**3,859**	**2,010**	**12,529**	**18,398**
Balance, December 31, 2016				
Cost	**7,183**	**4,077**	**17,308**	**28,568**
Accumulated depreciation	**(3,396)**	**(2,158)**	**(4,818)**	**(10,372)**
Foreign exchange difference	**72**	**91**	**39**	**202**
Net book value	**3,859**	**2,010**	**12,529**	**18,398**

During the year ended December 31, 2016, the Company derecognized office furniture and equipment with a cost of $5 (2015 - $695) and accumulated amortization of $3 (2015 - $664) and computer equipment with a cost of $42 (2015 - $950) and accumulated amortization of $36 (2015 - $897). During the year ended December 31, 2015, the Company also derecognized leasehold improvements which had an accounting cost of $120 and accumulated amortization of $120 (nil for 2016). During the year ended December 31, 2016, the excess of the cost over the accumulated amortization of $8 was recognized in the statements of consolidated earnings under the caption: revaluation of assets held for sale. During the year ended December 31, 2015, the excess of the cost over the accumulated amortization of $84 was recognized in the statements of consolidated earnings under the caption: depreciation of property and equipment.

During the year ended December 31, 2015, computer equipment with a cost of $238 and accumulated amortization of $103 was transferred to other intangible assets and office furniture and equipment with a cost of $159 and accumulated amortization of $46 were transferred to computer equipment (nil for 2016).

11. GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Indefinite life	Finite-life			Total
		Asset management contracts	Asset management contracts	Customer relationships	Other	
	$	$	$	$	$	$
For the year ended December 31, 2015						
Opening net book value	370,161	8,375	61,480	215,138	7,842	292,835
Additions	-	-	-	-	408	408
Additions – internally developed	-	-	-	-	1,250	1,250
Business combinations	4,791	-	-	36,168	1,954	38,122
Transfer from property and equipment	-	-	-	-	135	135
Foreign exchange difference	16,395	425	-	16,201	718	17,344
Amortization for the year	-	-	(8,480)	(16,752)	(1,887)	(27,119)
Closing net book value	391,347	8,800	53,000	250,755	10,420	322,975
Balance, December 31, 2015						
Cost	368,504	8,154	84,800	281,966	14,396	389,316
Accumulated amortization and impairment	(1,918)	-	(31,800)	(55,250)	(5,133)	(92,183)
Foreign exchange difference	24,761	646	-	24,039	1,157	25,842
Net book value	391,347	8,800	53,000	250,755	10,420	322,975
For the year ended December 31, 2016						
Opening net book value	**391,347**	**8,800**	**53,000**	**250,755**	**10,420**	**322,975**
Additions	**-**	**-**	**-**	**-**	**670**	**670**
Additions – internally developed	**-**	**-**	**-**	**-**	**210**	**210**
Business combinations	**150,338**	**-**	**45,537**	**125,747**	**10,872**	**182,156**
Acquisitions	**-**	**394**	**-**	**3,003**	**-**	**3,397**
Revaluation	**-**	**-**	**-**	**(7,031)**	**-**	**(7,031)**
Write-off	**-**	**-**	**-**	**-**	**(779)**	**(779)**
Foreign exchange difference	**(655)**	**(69)**	**1,001**	**(1,117)**	**70**	**(115)**
Amortization for the year	**-**	**-**	**(15,945)**	**(22,680)**	**(4,098)**	**(42,723)**
Closing net book value	**541,030**	**9,125**	**83,593**	**348,677**	**17,365**	**458,760**
Balance, December 31, 2016						
Cost	**518,842**	**8,548**	**122,988**	**392,146**	**25,304**	**548,986**
Accumulated amortization and impairment	**(1,918)**	**-**	**(40,280)**	**(66,391)**	**(9,166)**	**(115,837)**
Foreign exchange difference	**24,106**	**577**	**885**	**22,922**	**1,227**	**25,611**
Net book value	**541,030**	**9,125**	**83,593**	**348,677**	**17,365**	**458,760**

ACQUISITIONS

LARCH LANE ADVISORS LLC

On September 1, 2016, the Company completed the purchase agreement with Larch Lane Advisors LLC ("Larch Lane") and announced that the Larch Lane team joined its US division, Fiera Capital Inc. The total purchase price for the net assets acquired was US$1,750 (CA$2,297) of which US$1,146 (CA$1,504) was paid at closing and the remaining amount was payable on or before January 15, 2017. The intangible assets resulting from this acquisition were recorded as asset management contracts of US$300 (CA$394) and customer relationships of US$1,450 (CA$1,903).

The addition of the team will enable Fiera Capital's US division to offer clients a range of alternative investment solutions, including a liquid alternatives mutual fund, traditional funds of hedge funds and hedge fund seeding.

HRS CAPITAL ("HRS")

On November 1, 2016, the Company completed the purchase agreement with HRS, for a maximum purchase price of $1,100 of which $300 was paid at closing. The remaining amount of up to $800 is payable over a three year period ending December 31, 2019, if certain minimum thresholds based on revenues are satisfied. Intangible assets resulting from this acquisition were recorded as customer relationships of $1,100.

REVALUATION AND TRANSFER

During the year ended December 31, 2016, customer relationships with a cost of $18,570 (nil for the year ended December 31, 2015) and accumulated amortization of $11,539 (nil for the year ended December 31, 2015) and other intangibles assets with a cost of

$65 (nil for the year ended December 31, 2015) and accumulated amortization of $65 (nil for the year ended December 31, 2015) were revalued at their fair value of nil and reclassified as held-for-sale. The Company derecognized asset management contracts with a cost of $7,349 (nil for the year ended December 31, 2015) and accumulated amortization of $7,465 (nil for the year ended December 31, 2015), as well as foreign exchange difference of $116. In addition, the Company wrote-off software development costs in the amount of $779.

There were no transfers of intangible assets in 2016. During the year ended December 31, 2015, other intangible assets with a cost of $238 and accumulated amortization of $103 were transferred from property and equipment. In addition, during the year ended December 31, 2015, the Company derecognized other intangible assets which had an accounting cost of $2,751 and accumulated amortization of $2,751.

GOODWILL IMPAIRMENT TEST

During the fourth quarters of 2016 and 2015, in the context of its annual impairment testing, the Company completed its impairment analysis and assessed the recoverability of its assets. In 2016 and 2015, for goodwill impairment testing purposes, the operating segment represents the lowest level within the Company at which management monitors goodwill.

Goodwill is monitored by management based on the Company's operating segment: asset management. In assessing goodwill for impairment as at December 31, 2016 and 2015, the Company compared the aggregate recoverable amount of the operating segment to the carrying amount. The recoverable amount has been determined based on the value-in-use using four-year cash flow budgets and forecasts approved by management and the Board. These make use of observable market inputs when available. Cash flows beyond the four-year budget are determined using the expected long-term growth rate. Key assumptions included the following:

	2016	2015[1]
	%	%
Weighted average growth rate	**5.0**	5.5
Discount rate	**11**	11

1. Assumptions carried forward from 2013.

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

IMPAIRMENT TESTS OF INDEFINITE-LIFE INTANGIBLE ASSETS

In assessing indefinite-life intangible assets for impairment as at December 31, 2016 and 2015, the Company compared the aggregate recoverable amount of the assets to their respective carrying amounts. Key assumptions included the following:

	2016	2015[1]
	%	%
Weighted average growth rate	**2.5**	2.5
Discount rate	**11**	11

1. Assumptions carried forward from 2013.

The recoverable amount has been determined based on value-in-use using indefinite-life four-year cash flow budgets and forecasts approved by management and the Board. These make use of observable market inputs when available. Cash flows beyond the four-year budget are determined using the expected long-term growth rate of 2.5%. The discount rate is applied to the pre-tax cash flow projections and is derived from the weighted average cost of capital.

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

As a result of the impairment analysis, the Company determined that the recoverable amounts exceeded the carrying amounts and therefore, there was no impairment.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2016	December 31, 2015
	$	$
Trade accounts payable and accrued liabilities	**22,302**	12,947
Wages and vacation payable	**651**	429
Bonuses and commissions payable	**63,081**	30,641
Cash settled share-based liabilities	**2,594**	1,984
Income taxes payable	**(678)**	3,904
Sales taxes payable	**1,210**	879
	89,160	50,784

13. INCOME TAXES

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

	2016	2015
	$	$
Current income taxes	**14,625**	15,077
Deferred income taxes (recovery)	**(10,501)**	(8,306)
	4,124	6,771

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

	2016	2015
	$	$
Earnings before income taxes	**22,205**	32,435
Combined federal and provincial statutory tax rates	**26.7%**	26.7%
Income tax expense based on combined statutory income tax rate	**5,929**	8,660
Share-based compensation	**1,064**	956
Non-deductible acquisition costs	**1,973**	755
Income tax allocated to non-controlling interest	**865**	539
Difference between Canadian and foreign statutory rates	**(6,024)**	(3,407)
Prior years' tax adjustments	**1,282**	(835)
Other (non-taxable) non-deductible amounts	**(965)**	103
	4,124	6,771

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

	Lease inducements & Deferred lease obligations	Restructuring provisions	Carry forward losses	Other	Total
	$	$	$	$	$
Balance, December 31, 2014	353	260	833	3,228	4,674
Charged to earnings	(48)	(10)	3,106	3,194	6,242
Other	-	-	276	-	276
Charged to other comprehensive income	-	-	-	(37)	(37)
Foreign exchange difference	-	-	158	493	651
Balance, December 31, 2015	305	250	4,373	6,878	11,806
Charged to earnings	**2,642**	**438**	**5,831**	**2,015**	**10,926**
Write-off	**-**	**-**	**(727)**	**-**	**(727)**
Business combinations	**22**	**-**	**14**	**342**	**378**
Charged to other comprehensive income	**-**	**-**	**-**	**116**	**116**
Foreign exchange difference	**11**	**-**	**216**	**252**	**479**
Balance, December 31, 2016	**2,980**	**688**	**9,707**	**9,603**	**22,978**

	Total (from above)	Intangible assets	Property & equipment	Total
	$	$	$	$
Balance, December 31, 2014	4,674	(24,441)	159	(19,608)
Charged to earnings	6,242	1,723	341	8,306
Other	276	-	-	276
Business combinations	-	379	-	379
Charged to other comprehensive income	(37)	-	-	(37)
Foreign exchange difference	651	(1,502)	48	(803)
Balance, December 31, 2015	11,806	(23,841)	548	(11,487)
Charged to earnings	**10,926**	**1,924**	**(2,349)**	**10,501**
Write-off	**(727)**	**(138)**	**(15)**	**(880)**
Business combinations	**378**	**(13,559)**	**54**	**(13,127)**
Charged to other comprehensive income	**116**	**-**	**-**	**116**
Foreign exchange difference	**479**	**(472)**	**38**	**45**
Balance, December 31, 2016	**22,978**	**(36,086)**	**(1,724)**	**(14,832)**

Financial statement presentation as at December 31:

	2016	2015
	$	$
Non-current deferred income tax assets	**562**	1,079
Non-current deferred income tax liabilities	**(15,394)**	(12,566)
Total	**(14,832)**	(11,487)

14. LONG-TERM DEBT

	December 31, 2016	December 31, 2015
	$	$
Credit facility		
Term facility	**167,838**	-
Revolving facility	**262,323**	265,270
Other facility	**2,039**	-
Deferred financing charges	**(1,777)**	(1,044)
	430,423	264,226
Less current portion	**(1,283)**	-
Non-current portion	**429,140**	264,226

CREDIT FACILITY

On May 31, 2016, the Company entered into the Fourth Amended and Restated Credit Agreement ("Credit Agreement") which includes a term facility and a revolving facility (together, the "Credit Facility").

TERM FACILITY

The Credit Agreement includes a new US$125,000 term (non-revolving) facility for which there are no minimum repayments until May 31, 2019, the date at which the full amount drawn on the term facility is repayable.

On May 31, 2016, the Company used the additional amount available under the new term facility to finance the cash portion of the Apex acquisition and the remaining amount available under the term facility at that date, was used to reimburse borrowings under the revolving facility. The total amount drawn on the term facility at December 31, 2016 is US$125,000 (CA$167,838).

REVOLVING FACILITY

The Credit Facility includes a CA$300,000 senior unsecured revolving facility that can be drawn on in Canadian or US dollars at the discretion of the Company. Under the terms of the Credit Agreement, there are no minimum repayments on the revolving facility, until March 25, 2020, the date at which the full amount drawn on the revolving facility is repayable in full.

As at December 31, 2016, the total amount drawn on the revolving facility was comprised of CA$174,000 and US$65,781 (CA$88,323) (CA$128,258 and US$98,997 (CA$137,012) was outstanding as at December 31, 2015). The total consideration of $54,055 for the Charlemagne acquisition was financed in part by the revolving facility.

TERMS OF THE CREDIT FACILITY

The Credit Facility bears interest based on the currency in which an amount is drawn and includes a credit spread based on the quarterly Funded Debt to EBITDA ratio as defined in the Credit Agreement. On the revolving facility, the interest rate is based on the Canadian prime rate plus a spread which varies from 0.0% to 1.5% or, at the discretion of the Company, based either on the 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%. The interest rate on the term facility is based on the US base rate plus a spread varying from 0.0% to 1.5% or Libor rate plus a spread varying from 1.0% to 2.5%. The Company decides whether amounts drawn in US dollars on the term and revolving facilities will be based on US base rate or the Libor rate.

Under the terms of the Credit Agreement, the Company must satisfy certain restrictive covenants on the Credit Facility including minimum financial ratios. These restrictions include maintaining a maximum ratio of Funded Debt to EBITDA and a minimal interest coverage ratio. EBITDA, a non IFRS measure, is defined in the Credit Agreement as consolidated earnings before interest, income taxes, depreciation, amortization, non-recurring and one-time expenses related to acquisitions and other non-cash items. As at December 31, 2016 and 2015, all restrictive covenants under the Credit Agreement were met.

The Credit Agreement includes covenants that limit the ability of the Company and certain of its subsidiaries that are specifically included in the Credit Agreement as borrowing parties and therefore are guarantors to the Credit Facility, to engage in specified types of transactions and thus imposes operating certain restrictions on these entities.

In 2015 the Company evaluated the changes to the Third Amendment and Restated Credit Agreement and concluded that the revised terms were substantial and constituted an extinguishment of the previous facility. As a result, unamortized deferred financing charges of $718 relating to the previous facility were written off in the consolidated financial statements on the date of the amendment (nil for 2016).

OTHER FACILITY

One of the Company's subsidiaries has an outstanding bank loan in the amount of $1,281 of which quarterly payments of CA$131 are required. The loan bears interest at prime plus 0.25% to 0.50% which is based on the ratio of senior debt to EBITDA (as defined in the loan agreement), and matures on June 30, 2019. As at December 31, 2016, all debt covenant requirements were met.

Another subsidiary of the Company has a line of credit with a dollar limit of CA$800. It bears interest at prime plus 2.75% and has no fixed maturity date. As at December 31, 2016, the amount drawn by the subsidiary on the line of credit is $758.

15. SHARE CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE INCOME

AUTHORIZED

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

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

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

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

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

The shares have no par value.

PREFERRED SHARES

The Company is authorized to issue an unlimited number of Preferred Shares. Preferred Shares are issuable in series and would rank, both in regards to dividends and return on capital, in priority to the holders of the Class A Shares, the holders of the Class B Shares and over any other shares ranking junior to the holders of the Preferred Shares. Other conditions could also be applicable to the holders of the Preferred Shares. The Company has not issued any Preferred Shares.

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

	Class A shares		Class B shares		Total	
	Number	$	Number	$	Number	$
As at December 31, 2014	48,715,873	404,999	20,039,750	31,889	68,755,623	436,888
Conversion of hold back shares	277,578	2,959	-	-	277,578	2,959
Issuance of shares	288,339	3,341	-	-	288,339	3,341
Shares issued as part of a business combination (Note 4)	1,028,086	11,998	-	-	1,028,086	11,998
Shares issued as settlement of purchase price obligations	729,157	8,500	-	-	729,157	8,500
Issuance of restricted shares	224,699	2,622	-	-	224,699	2,622
Stock options exercised	356,173	3,146	-	-	356,173	3,146
Shares purchased for cancellation	(275,230)	(2,320)	-	-	(275,230)	(2,320)
Transfers from Class B Shares to Class A Shares	192,173	306	(192,173)	(306)	-	-
As at December 31, 2015	51,536,848	435,551	19,847,577	31,583	71,384,425	467,134
Conversion of hold back shares	**277,578**	**2,718**	**-**	**-**	**277,578**	**2,718**
Issuance of shares	**304,133**	**3,637**	**-**	**-**	**304,133**	**3,637**
Shares issued as part of a business combination (Note 4)	**7,719,286**	**98,504**	**-**	**-**	**7,719,286**	**98,504**
Shares issued as settlement of purchase price obligations	**683,142**	**8,500**	**-**	**-**	**683,142**	**8,500**
Stock options exercised	**401,642**	**2,983**	**-**	**-**	**401,642**	**2,983**
Shares purchased for cancellation	**(158,648)**	**(1,342)**	**-**	**-**	**(158,648)**	**(1,342)**
Transfers from Class B shares to Class A shares	**36,674**	**58**	**(36,674)**	**(58)**	**-**	**-**
Balance, December 31, 2016[1]	**60,800,655**	**550,609**	**19,810,903**	**31,525**	**80,611,558**	**582,134**

1. Includes 5,775,075 Class A Shares held in escrow in relation with the Apex acquisition, 338,124 Class A Shares held in escrow in relation with the Centria acquisition, and 154,111 restricted shares held in escrow in relation to the restricted share plan.

2016

Conversion of hold back shares

As part of the acquisition of Bel Air Investment Advisors LLC as well as its affiliate Bel Air Securities LLC (collectively "Bel Air"), the Company committed to issue 832,755 Class A Shares worth US$9,760 at the closing date. These were issued in three tranches over the 32-month period following the closing date. This commitment is considered a component of equity and was recorded at a discounted value of US$8,419 (CA$8,781) under the caption: Restricted and Hold back shares.

In 2016, the third tranche amounting to 277,578 of the hold back shares were issued and effectively converted into Class A Shares and an amount of CA$2,718 was transferred from the caption Restricted and Hold back shares to Share Capital.

Issuance of shares

On the same day as the conversion of the third tranche of the hold back shares into share capital, in connection with a related agreement, the Company issued 149,469 Class A Shares to National Bank of Canada ("National Bank") for cash proceeds of $1,830 less issuance costs of $138. These shares were issued upon the exercise by National Bank of its anti-dilution rights, as defined in the Investor Rights Agreement.

In connection with the agreement described above, the Company had issued subscription receipts to National Bank providing for the issuance of 149,469 Class A Shares, at a pre-determined price of $12.24, to be exchanged into shares concurrently with the third conversion of hold back shares into share capital. The proceeds of these subscription receipts have been released from escrow on the issuance of the hold back shares.

The Company issued 154,664 Class A Shares from treasury at a cost of $1,945 for restricted and performance share units that vested during the year ended December 31, 2016.

Shares issued as part of a business combination

As part of the acquisition of Apex, the Company issued 5,775,075 Class A Shares worth US$57,000. The shares issued were recorded at the closing price at the acquisition date of CA$75,076. These shares are held in escrow and one seventh will be released each year over a seven year period commencing on the first anniversary of the closing date.

As part of the acquisition of Centria, the Company issued 1,944,211 Class A Shares worth CA$23,000. The shares were recorded at a closing price at the acquisition date of CA$23,428. Of the 1,944,211 shares issued, 338,124 shares will be held in escrow for general representations and warranties until fifteen months following the closing date of November 10, 2016.

Shares issued as settlement of purchase price obligations

On October 21, 2016, in connection with the asset purchase agreement of Natcan Investment Management Inc., the Company issued 683,142 Class A Shares for $8,500 as settlement of purchase price obligations.

Shares purchased for cancellation

On October 17, 2016, the Company announced the renewal of its normal course issuer bid for a period of twelve months. Purchases could commence as of October 19, 2016 and will end no later than October 18, 2017. Pursuant to the renewed normal course issuer bid, the Company may purchase for cancellation up to a maximum of 3,421,685 Class A Shares, representing approximately 10% of the public float of Class A Shares as at October 11, 2016.

During the year ended December 31, 2016, the Company paid $1,659 to purchase and cancel 158,648 Class A Shares which reduced share capital by $1,297 and the excess paid of $362 was charged to retained earnings.

Transfers

During the year ended December 31, 2016, 36,674 Class B Shares were converted into 36,674 Class A Shares on a one-for-one basis.

Dividends

During the year ended December 31, 2016, the Company declared dividends of $46,659 ($0.62 per share) on Class A Shares and Class B Shares and $357 on hold back shares.

2015

Conversion of hold back shares

As part of the acquisition of Bel Air, the Company committed to issue in three tranches over a 32-month period following closing, 832,755 Class A Shares worth US$9,760. This commitment was considered an equity component and was recorded at a discounted value of US$8,419 (CA$8,781) under the caption: Restricted and Hold back shares. During the second quarter of 2015, the second tranche amounting to 277,578 of the hold back shares were issued and effectively converted into Class A Shares and a value of CA$2,959 was transferred from the caption Restricted and Hold back shares to Share Capital.

Issuance of shares

On the same day as the conversion of the second tranche of the hold back shares into share capital in connection with a related agreement, the Company issued 149,469 Class A Shares to National Bank for cash proceeds of $1,830 less issuance-related costs of $19. These shares were issued upon the exercise by National Bank of its anti-dilution rights, as defined in the Investor Rights Agreement.

In connection with the agreement described above, the Company also issued subscription receipts to National Bank providing for the issuance of 149,469 Class A Shares, at a pre-determined price of $12.24, to be exchanged into shares concurrently with the third conversion of hold back shares into share capital. The proceeds of these subscription receipts have been transferred to an escrow account but the release from the escrow is conditional on the issuance of the hold back shares. As such, the amounts have been recorded as an asset and a liability for an amount of $1,755 which is presented as a current asset/liability.

The Company issued 138,870 Class A Shares from treasury at a cost of $1,530 for Restricted Share Units that vested during the year ended December 31, 2015.

Shares issued as part of a business combination

As part of the acquisition of Samson, the Company issued 1,028,086 Class A Shares worth US$9,150. The shares issued were recorded at the closing price at the acquisition date of CA$11,998. The Company also committed to issue approximately 353,928 Class A Shares eighteen months following the closing of the acquisition. The commitment was considered an equity component and was recorded at a discounted value of CA$3,566 under the caption: Restricted and Hold back shares.

Shares issued as settlement of purchase price obligations

On October 15, 2015, in connection with the asset purchase agreement of Natcan Investment Management Inc., the Company issued 729,157 Class A Shares for $8,500 as settlement of purchase price obligations.

Issuance of restricted shares

In addition, the Company issued 224,699 restricted shares (the “Restricted Shares”) to former employees of Samson. These shares will vest over a period of up to three years and the grant is accounted for as a share-based payment (see Note 17). The Restricted Shares of CA$2,622 were included as an increase in Share Capital with a corresponding decrease under the caption: Restricted and Hold back shares.

Shares purchased for cancellation

On October 15, 2015, the Company announced its intention to make a normal course issuer bid for its shares through the facilities of the TSX from October 19, 2015 to no later than October 18, 2016 in accordance with applicable regulations of the TSX. Under its normal course issuer bid, the Company may purchase for cancellation up to but no more than 3,509,288 Class A Shares, representing approximately 10% of the public float of Class A Shares as at September 30, 2015.

During the year ended December 31, 2015, the Company paid $3,109 to purchase and cancel 275,230 Class A Shares which reduced share capital by $2,320 and the excess paid of $789 was charged to retained earnings.

Transfers

During the year ended December 31, 2015, 192,173 Class B Shares were converted into 192,173 Class A Shares on a one-for-one basis.

Dividends

During the year ended December 31, 2015, the Company declared $37,605 of dividends ($0.54 per share) on Class A and Class B Shares and $272 on hold back shares.

Accumulated other comprehensive income

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

	December 31, 2016	December 31, 2015
	$	$
Unrealized gain on available-for-sale financial assets	**29**	779
Share of other comprehensive income of joint ventures	**-**	509
Unrealized exchange differences on translating financial statements of foreign operations	**28,069**	27,326
	28,098	28,614

16. EARNINGS PER SHARE

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

	For the years ended December 31,	
	2016	2015
	$	$
Net earnings attributable to shareholders	**20,777**	27,631
Weighted average shares outstanding – basic	**75,969,314**	69,956,100
Effect of dilutive share-based awards	**2,326,073**	808,523
Weighted average shares outstanding – diluted	**78,295,387**	70,764,623
Basic earnings per share	**0.27**	0.40
Diluted earnings per share	**0.27**	0.39

For the year ended December 31, 2016, the calculation of hypothetical conversions does not include 1,368,024 options (1,220,427 in 2015) with an anti-dilutive effect.

17. SHARE-BASED PAYMENTS

A) STOCK OPTION PLAN

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

A summary of the changes that occurred in the Company's stock option plan during the years ended December 31, 2016, and 2015, is presented below:

	2016		2015	
	Number of Class A Share options	Weighted-average exercise price	Number of Class A Share options	Weighted-average exercise price
		$		$
Outstanding – beginning of year	**3,040,225**	**9.58**	3,346,037	9.32
Granted	**254,379**	**12.33**	255,000	11.64
Exercised	**(401,642)**	**5.86**	(356,173)	6.82
Forfeited	**(93,617)**	**13.11**	(204,639)	12.74
Outstanding – end of year	**2,799,345**	**10.25**	3,040,225	9.58
Options exercisable – end of year	**1,049,685**	**7.82**	1,225,485	7.04

The following table presents the weighted average assumptions used to determine the share-based compensation expense using the Black-Scholes option-pricing model during the years ended December 31, 2016 and 2015:

	2016	2015
Dividend yield (%)	**4.63 to 5.34**	3.80 to 5.17
Risk-free interest rate (%)	**1.08 to 1.27**	1.09 to 1.37
Expected life (years)	**7.5**	7.5
Expected volatility of the share price (%)	**32.65 to 40.87**	41.1 to 42.5
Weighted-average fair values ($)	**2.21**	2.80
Share-based compensation expense ($)	**1,369**	1,132

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

The following table summarizes the stock options outstanding and exercisable as at December 31, 2016:

	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	136,402	3	3.67	136,402	3.67
5.41 to 8.50	1,294,919	5	8.07	872,638	8.25
8.51 to 13.83	1,368,024	8	12.97	40,645	12.44

B) DEFERRED SHARE UNIT PLAN

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

As at December 31, 2016, management recorded a liability for an amount of $192 for the 14,998 units outstanding under the DSU Plan ($162 for 14,295 units as at December 31, 2015).

C) RESTRICTED SHARE UNIT PLAN

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

The following table presents transactions that occurred in the Company's RSU Plan during the years ended December 31, 2016 and 2015.

	2016	2015
Outstanding – beginning of year	**686,244**	540,508
Granted	**-**	273,964
Reinvestments in lieu of dividends	**31,985**	30,872
Vested [1]	**(259,934)**	(140,630)
Forfeited	**(1,992)**	(18,470)
Outstanding – end of year	**456,303**	686,244

1. 114,812 Restricted share units were paid in cash (2015 - 1,760).

As at December 31, 2016, the Company recorded a liability in the amount of $3,081 for the 456,303 units outstanding under the RSU Plan ($2,905 for 686,244 units as at December 31, 2015). An expense of $3,466 and $2,204 was recorded for these grants during the years ended December 31, 2016 and 2015, respectively.

D) RESTRICTED SHARE UNIT PLAN – CASH

During the year ended December 31, 2016, the Board approved an amendment to the settlement terms under the RSU Plan. RSUs granted under the revised plan, unless specified otherwise in the participant's award notice, will be paid in cash on the vesting date. All other terms of the RSU Plan remained unchanged. Prior to the amendment, participants had the choice to settle vested units with a combination of cash and Class A Shares.

	2016
Outstanding – beginning of year	-
Granted	**308,768**
Reinvestments in lieu of dividends	**7,365**
Outstanding – end of year	**316,133**

As at December 31, 2016, the liability under this RSU Plan was $549 for the 316,133 units outstanding which is included in Other non-current liabilities on the consolidated statements of financial position. An expense of $549 was recorded during the year ended December 31, 2016 for these grants.

E) RESTRICTED SHARE PLAN

On October 30, 2015, in relation with the acquisition of Samson, the Board adopted a Restricted Share Plan for the purposes of retaining certain employees and providing them with the opportunity to participate in the growth and development of the Company. The maximum number of issuable Class A Shares under the plan is 224,699. The Board may determine the number of restricted shares each eligible employee can receive. The Restricted Shares vest over a three-year period with one third vesting each year. Accelerated vesting occurs in certain circumstances, including death or disability. The Restricted Shares are entitled to dividends and have voting rights. The plan administrator will reinvest the proceeds of the dividends received into additional shares of the Company.

On October 30, 2015, the Company issued 224,699 Restricted Shares. In conjunction with the Restricted Share issuance, the Company issued 224,699 Class A Shares which are held in escrow. During the year ended December 31, 2016, 76,326 Class A Shares that vested were released from escrow. In addition, 7,540 (2015 - 2,346) Class A Shares were purchased with the proceeds of the dividends received and credited to the escrow account.

The share-based payment expense is measured based on the fair value of the Restricted Shares on the grant date and is recognized over the vesting period on a straight-line basis. An expense of $1,379 and $227 was recorded for the years ended December 31, 2016 and 2015, respectively for this grant.

F) PERFORMANCE SHARE UNIT PLAN

PSU PLAN APPLICABLE TO BUSINESS UNITS

Performance share units are provided to eligible employees at an award value which is determined by the Board as the original value of the award. The number of performance share units awarded to a participant as of the award date is calculated by dividing the award value, by the value of the performance share unit applicable to the business unit which is determined by the Board at each award date.

Performance share units are considered granted when the award notice is approved by the Board and is accepted by the employee. The vesting date is the date at which all vesting terms and conditions set forth in the PSU plan applicable to business units and the employee's award note have been satisfied.

Vested performance share units are settled in accordance with the terms of the plan. The settlement date value is determined by the product of the number of performance share units vested and the value of the performance share unit as calculated by the Board on the applicable vesting date.

Each award notice specifies whether the settlement of the Company's payment obligation will be by issuance and delivery of the Company's Class A shares either at the option of the Company, the eligible employee or both. When the payment obligation is settled through the delivery of shares, the Company determines the total number of the Class A Shares to be issued based on the total settlement date value divided by a volume-weighted average price as defined in the plan.

During the years ended December 31, 2016 and 2015, the total award value granted to eligible employees under the Company's PSU plans applicable to business units was nil and $16,228 respectively. During the year ended December 31, 2016, certain PSU applicable to business units representing a total value of $13,475 vested. A total of 1,044 Class A Shares will be issued subsequent to December 31, 2016.

In early 2016, the Company settled the vested PSUs at December 31, 2015 by paying $4,237 in cash in lieu of issuing Class A Shares. The Company treated the transaction as a repurchase of an equity interest and recorded a deduction in the amount of $4,237 in contributed

surplus. The settling of these PSUs in cash was due to unique circumstances. The Company still has the intention to settle the remaining tranches by issuing shares.

An expense of $6,508 and $4,393 was recorded during the years ended December 31, 2016 and 2015, respectively for the PSU plan applicable to BU. For the year ended December 31, 2016, the expense is attributable to equity-settled grants and cash-settled grants for an amount of $6,523 and ($15), respectively ($4,422 and ($29), respectively for the year ended December 31, 2015).

PSU PLAN

An expense of $2,154 and $924 was recorded during the years ended December 31, 2016 and 2015, respectively for awards granted under this PSU plan. For the year ended December 31, 2016, the expense is attributable to equity-settled grants and to cash-settled grants for an amount of $365 and $1,789, respectively ($213 and $711, respectively for the year ended December 31, 2015).

G) STOCK OPTION PLANS IN THE COMPANY'S SUBSIDIARIES

Two of the Company's subsidiaries have a stock option plan which is based on the shares of the respective subsidiary entity. These plans are accounted for as cash-settled plans. The total stock option expense in the statements of consolidated net earnings for the year ended December 31, 2016 was $91. The cash settled share-based liability is $1,297 in the statements of financial position as at December 31, 2016.

18. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Company contributes to defined contribution plans for its employees. Contributions for the year ended December 31, 2016 amount to $2,851 ($2,409 for the year ended December 31, 2015).

Subsequent to a business combination in September 2010, the Company assumed the role of sponsor of several individual pension plans ("IPPs") 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, 2016 for four plans. The next actuarial valuation date, is January 1, 2018 for one plan, June 30, 2018 for one plan and January 1, 2019 for four plans. Each IPP plan will be wound up upon the death of the respective participant or if applicable, their surviving spouse.

19. EXPENSES BY NATURE

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

	For the years ended December 31,	
	2016	2015
	$	$
Wages and employee benefits	190,995	132,034
Travelling and marketing	9,636	8,369
Reference fees	5,637	5,978
Rent	9,852	6,537
Technical services	13,359	9,907
Professional fees	8,767	6,321
Insurance, permits and taxes	3,498	2,645
Other	6,725	5,900
	248,469	177,691

The details of wages and employee benefits are as follows:

	For the years ended December 31,	
	2016	2015
	$	$
Salaries and wages	158,966	110,630
Pension costs	2,851	2,409
Payroll deductions	3,219	2,814
Share-based compensation	9,662	5,994
Cash settled share-based compensation	5,361	2,886
Other	10,936	7,301
	190,995	132,034

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

	For the years ended December 31,	
	2016	2015
	$	$
Salaries and other short-term benefits	**7,588**	6,884
Share-based payments	**2,534**	2,229

20. ADDITIONAL INFORMATION RELATING TO CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31,	
	2016	2015
	$	$
Changes in non-cash operating working capital items		
Accounts receivable	**(36,118)**	1,990
Prepaid expenses and other assets	**552**	(2,484)
Accounts payable and accrued liabilities	**20,383**	2,565
Amount due to related companies	**(201)**	328
Deferred revenues	**(1,129)**	(3,325)
	(16,513)	(926)

The following are non-cash items: shares issued as settlement for purchase price obligations of $8,500 (2015 – $8,500), conversion of hold back shares of $2,718 (2015 – $2,959), issuance of Restricted Shares of nil (2015 – $2,622), issuance of shares and hold back shares as part of a business combination of $98,504 and nil, respectively (2015 – $11,998 and $3,566, respectively), issuance of shares relating to the vesting of RSU and PSUs of $1,945 (2015 – $1,530), conversion of amounts outstanding under the previous facility into the amended revolving facility of nil (2015 - CA$129,500 and US$73,159), additions to property and equipment included in lease inducements of nil (2015 – $4,844), additions to property and equipment included in accounts payable and accrued liabilities of nil (2015 – $1,194) and additions to intangible assets included in accounts payable and accrued liabilities and purchase price obligation of $609 and $800, respectively (2015 – $70 and nil, respectively).

The changes in non-cash working capital for accounts payable and accrued liabilities exclude the difference between income taxes paid of $19,306 (2015 – $12,563) and income tax expense of $14,625 (2015 – $15,077) for a net impact of ($4,681) for the year ended December 31, 2016 (2015 – $2,514).

21. COMMITMENTS AND CONTINGENT LIABILITIES

COMMITMENTS

The Company leases office space and equipment under non-cancellable operating leases expiring at different dates until 2026. Future lease payments total $77,164 and include the following payments for each of the next five years as at December 31, 2016, and thereafter:

	$
2017	**12,655**
2018	**10,439**
2019	**9,435**
2020	**8,739**
2021	**8,099**
Thereafter	**27,797**

CONTINGENT LIABILITIES

In the normal course of business, the Company is party to business and employee-related claims. The potential outcomes related to existing matters faced by the Company are not determinable at this time. The Company intends to defend these actions, and management believes that the resolution of these matters will not have a material adverse effect on the Company's financial condition.

22. CAPITAL MANAGEMENT

The Company's capital comprises share capital, (deficit) retained earnings and long-term debt, 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. During the years ended December 31, 2016 and 2015, the Company and one of its subsidiaries have complied with their respective calculations of excess working capital as required by National Instrument 31-103 *Registration Requirements and Exemptions* which is calculated on a non-consolidated basis. The Company and its subsidiaries 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 or proceed to the issuance or repayment of debt.

23. RELATED PARTY TRANSACTIONS

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

	2016	2015
	$	$
Base management, performance and other revenues	**50,180**	52,326
Selling, general & administrative expenses		
Reference fees	**1,574**	1,592
Other	**2,147**	2,320
Interest on long-term debt	**11,095**	7,782
Changes in fair value of derivative financial instruments	**211**	445
Acquisition costs	**-**	120
Shares issued as settlement of the purchase price obligations	**8,500**	8,500

These transactions were made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Fees are at prevailing market prices and are settled on normal trade terms.

The amounts due under the Company's Credit Facility, presented as long-term debt are amounts due to a syndicate of lenders which includes two related parties of the Company. During 2016, the Company paid $1,020 (2015 - $1,034) to the syndicate of lenders for different transaction-related fees. The amounts are recorded as deferred financing costs.

The counterparty to three of the derivative financial instruments is a related company.

The Company has carried out the following transaction with joint ventures: other revenue of nil for the year ended December 31, 2016 ($400 for the year ended December 31, 2015).

24. SEGMENT REPORTING

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

GEOGRAPHICAL INFORMATION

	Revenues	Non-current assets
	For the year ended December 31, 2016	As at December 31, 2016
	$	**$**
Canada	**197,840**	**531,486**
United States of America	**118,610**	**422,304**
Europe and other	**27,694**	**66,113**

	Revenues	Non-current assets
	For the year ended December 31, 2015	As at December 31, 2015
	$	$
Canada	180,178	492,841
United States of America	72,937	250,614
Europe and other	5,302	-

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

25. SUBSEQUENT EVENTS

DIVIDENDS DECLARED

On March 22, 2017, the Board declared a quarterly dividend of $0.17 per share to shareholders of record as at April 4, 2017 which is payable on May 2, 2017.

FIERA PROPERTIES

On March 7, 2017, the Company purchased 1,500,000 Fiera Properties' class B shares held by a departing minority management shareholder which increased the Company's ownership interest in Fiera Properties to 50.93% of class B shares. Concurrently with the transaction, the Company granted Axia Investment Inc., another shareholder of Fiera Properties, a call right which gives Axia the right to acquire up to 50% of the purchased class B shares from the Company within six months from the date of the transaction based on the same valuation.

Corporate Information

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Stock Exchange Listing

Stock markets: Class-A subordinate voting shares are listed on the TSX under the symbol FSZ

Annual and Special Meeting

TMX Broadcast Centre
The Exchange Tower
130 King Street West
Toronto, Ontario, Canada M5X 1J2

Thursday, June 15, 2017, 10 a.m.

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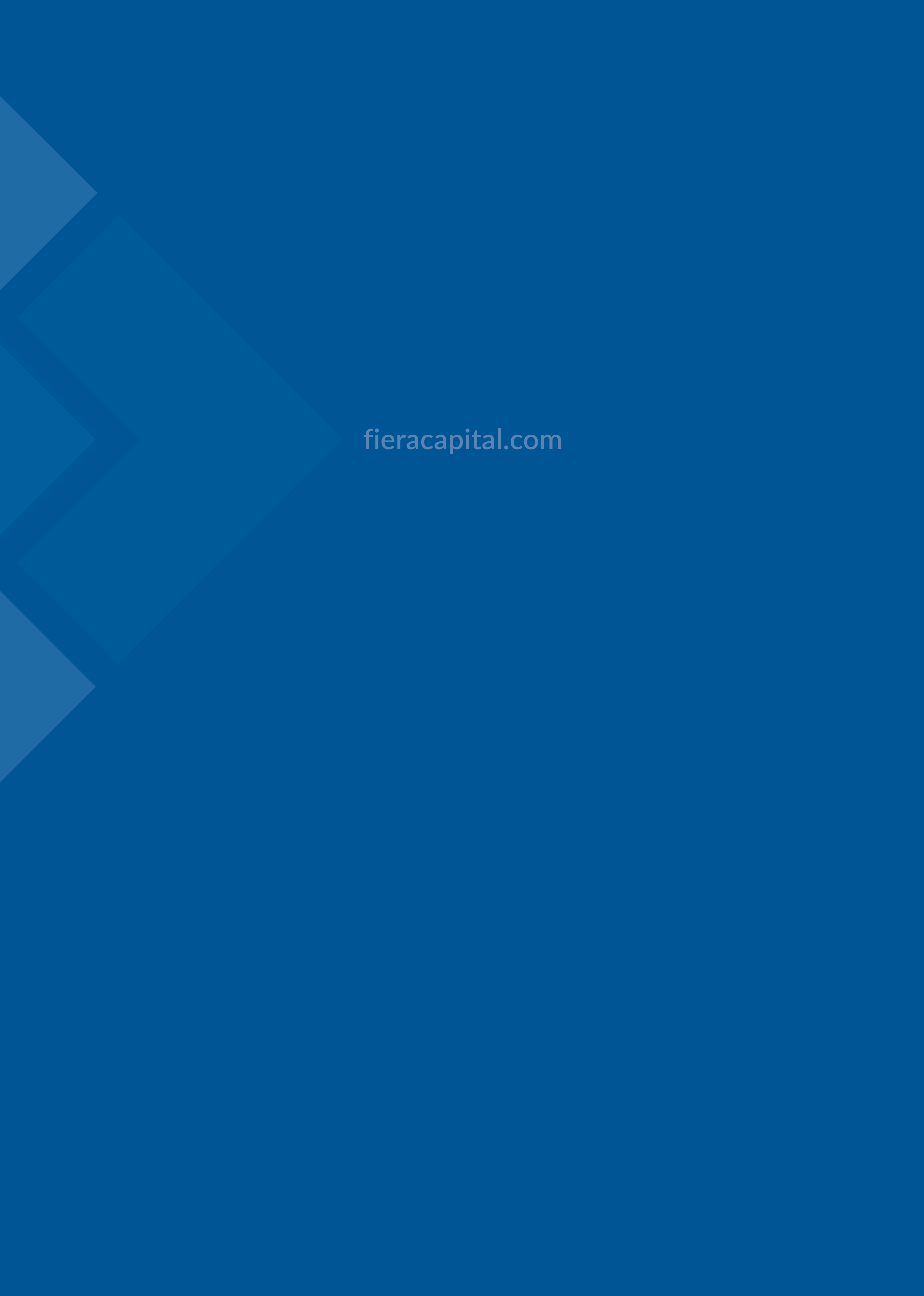
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