

2012 ANNUAL REPORT



FIERACAPITAL



The power of thinking



Fiera Capital Corporation is a leading-edge firm focused on delivering competitive and tailored multi-style investment solutions to a diversified clientele of investors.

We are recognized for superior portfolio management, innovative investment strategies and an ability to continually surpass clients' expectations.



Optimal performance. Intelligent innovation.

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OPERATING HIGHLIGHTS

- In line with our goal of becoming a leading North American investment management firm, Fiera Capital acquired Natcan, Canadian Wealth Management and certain assets of UBS Global Asset Management (Canada). These transactions underline Fiera Capital's leading role in the industry, with the Firm now ranked as the third-largest independent investment manager in Canada.
- Fiera Properties Limited merged with Roycom to create a new, national real estate investment firm.
- Subsequent to yearend, Fiera announced an agreement with GMP Capital relative to the acquisition GMP's alternative investment assets.

PORTFOLIO MANAGEMENT HIGHLIGHTS AS OF DECEMBER 31, 2012

Strong outperformance of fixed income strategies in 2012 relative to their benchmarks:

- The Fixed Income - Active Management strategy surpassed its index by 118 basis points in 2012, provided a higher return than its benchmark in nine of the last ten years, and has an a top-decile annualized return over ten years.
- Following another year of outperformance, the Fixed Income - Tactical Management strategy continues to perform in the first percentile annualized over a period of ten years.
- The acquisition of Natcan enabled us to expand our service offerings with the addition of innovative strategies such as currency management and liability driven investment. This latter strategy offers customized solutions that match liabilities and generate long-term performance. In addition, Fiera Capital produced, in collaboration with the Canadian Institute of Actuaries (CIA), the CIA accounting discount rate curve, which can be used by plan sponsors to select discount-rate appropriate accounting.

Foreign Equities: Outstanding Results by the Team

- Strategies for Global Equity, International Equity and U.S. Equity had another year of outperformance and annualized returns remain in the top decile since their inception.

Canadian Equities: Constant Long-Term Results

- The Canadian Equity Value strategy outperformed its benchmark by more than 250 basis points and continues to outperform its benchmark since its launch.
- The Canadian Equity "Core" strategy has surpassed the benchmark in eight of the last ten years.
- The Canadian Equity Growth strategy has delivered strong outperformance against its benchmark in four of the six years since its launch.
- The Canadian Equity Selexia strategy outperformed the S&P/TSX over 600 basis points in 2012
- The Canadian Equity Small Cap "Core" strategy has generated an annualized return almost 10% higher than its benchmark over ten years.
- The Canadian Equity Small Cap strategy outperformed its benchmark by more than 10% in 2012.

Highlights

Non-Traditional Strategies: Continuous Innovation and Leadership

- Launch of Fiera diversified futures Fund, which takes long and short positions in over 20 different markets (bonds, indices, commodities and currencies) using highly liquid futures contracts (futures) in order generate value for investors. This fund complements our existing alternative strategies, including the North American Market Neutral Fund, the Long / Short Equity Fund, the Global Macro Fund and Bond Yield Tactical Fund.
- Launch of the open-ended Fiera Axiom Infrastructure Fund. The first closing of the fund took place in late 2012. In addition to diversification by type of project, the new fund is geographically diverse, offering new investment opportunities in both Canada and the United States.

FINANCIAL HIGHLIGHTS

	PERIOD ENDED DECEMBER 31, 2012	YEAR ENDED SEPTEMBER 30, 2011	GROWTH
	MILLION \$	MILLION \$	
Assets Under Management	57,043	29,020	96.6%
Revenues	115.3	70.1	64.4%
EBITDA	39.1	20.3	92.9%
Net Earnings	3.0	8.8	-65.5%
Earnings Per Share	0.06	0.24	-75.0%

A message from the Chairman, Chief Executive Officer and Chief Investment Officer



With its recent acquisitions in four Canadian provinces, Fiera has become one of the leading independent asset managers in Canada

The year 2012 will forever be chiseled into the young history of Fiera. Almost doubling our size during the course of the year, we have consolidated our place as the third largest publicly traded portfolio manager in Canada, with assets under management of more than \$57 billion.

It goes without saying that this past year was a gratifying one, punctuated by several acquisitions and initiatives, one of which was the return to our original corporate name, Fiera Capital.

The acquisition of the assets of NATCAN, the investment management division of National Bank of Canada, is without a doubt the crown achievement during fiscal 2012. The acquisition serves as an extraordinary springboard for Fiera, giving us access to an exceptional distribution network. The transaction created a unique ownership structure through our strategic affiliation with two major Canadian financial institutions, while leaving control of the Firm with Fiera management.

Evolving in a Canadian market over \$2.2 trillion, we continue to see significant growth potential for our Canadian asset management business. The same goes for the U.S. market, which provides some unique growth opportunities. We are not sitting on our laurels. Our growth strategy targets not only asset class diversification, but geographic diversification as well.

In this context we merged our subsidiary Fiera Properties with Roycom, a national real estate investment management firm located in Halifax, in the Maritimes. Later in the year, we also accelerated the development of our private wealth management business with the acquisition of Canadian Wealth Management (CWM), a subsidiary of Société Générale based in Western Canada.

As year end approached, we also announced that we would acquire certain activities from UBS Global Asset Management, representing approximately \$8 billion under management.

AN ENTREPRENEURIAL BUSINESS MODEL

Entrepreneurial values form the very essence of our success at Fiera and they are more than ever at the heart of our business model. These values help us attract and keep the best portfolio managers, a process that is a key to success in our industry. In addition, our leading-edge technology is an important asset that enables us to face and surpass the competition in our industry.

Among other things, our growth relies on attracting talent, constantly improving our distribution network and on innovation in the development of unequalled new products and solutions. To this end, an important element of our business strategy is founded on the development of the market for alternative products.

Subsequent to the end of fiscal 2012, Fiera also announced that we had reached agreement with GMP Capital to acquire GMP's alternative assets management business for approximately \$570 million. The North American alternative asset management sector has benefitted from strong growth these past few years and will continue to grow in the future.

A message from the Chairman, Chief Executive Officer and Chief Investment Officer

2012 FINANCIAL AND OPERATING RESULTS

Our business strategy enabled us to deliver strong growth for our shareholders in fiscal 2012. To this end, we are proud of the efforts of our team during the year and of our proven ability to integrate our various acquisitions. We have now achieved the critical mass we need to create value for shareholders.

Given the change in our year end from September 30 in previous fiscal years to December 31 for fiscal 2012, our results for fiscal 2012 include one additional quarter, resulting in fiscal 2012 being a 15-month fiscal period.

Revenues for fiscal year 2012 were \$115.3 million, an increase of 64.4% compared to fiscal year 2011. This significant increase is due primarily to higher management fees from a significant increase in assets under management following the acquisition of Natcan and CWM, the addition of new mandates due to sales and marketing efforts by our team, increased market values and to an additional quarter in the fiscal year. In parallel, earnings before interest, taxes, depreciation and amortization (EBITDA) grew 92.9% to \$39.1 million. The increase reflects the realization of expected synergies from our acquisitions. Net earnings were \$3.0 million, down \$5.8 million compared to the year ended September 30, 2011, due largely to non-recurring charges related to our various acquisitions.

For the fiscal year ended December 31, 2012, total assets under management were \$57 billion, a \$28 billion increase compared to September 30, 2011. The increase was due primarily to the acquisitions of Natcan and CWM, combined with an increase in market values and the addition of new mandates.

STRONG RETURNS FOR OUR CLIENTS

Once again, our portfolios posted superb returns during the year. In fact, 92% of our mutual funds outperformed their respective market indexes in 2012. Our fixed income strategies continue to rank amongst the best in Canada with exceptional results that place our funds in the top decile. Global equities also delivered another year of out-performance, also placing in the top decile. As for our Canadian equity strategies, the vast majority of our portfolios outperformed the universe of indexes to which they are compared.

Innovation is the foundation of all of our investing strategies. To that end, we launched two new non-traditional strategies funds during the year. In addition, the acquisition of Natcan allowed us to improve our services with the addition of innovative strategies such as currency management and liability driven investments.

In sum, exceeding the expectations of our customers by providing exceptional returns while providing unparalleled customer service, remain our *raison d'être* at Fiera. We continue to invest in technology and human resources, so that we are constantly able to provide services of the highest quality to our clients. To that end, our recent acquisitions have brought not only new assets but also talented new people to our teams, adding to our capacity to provide innovative research and product solutions, and increasing our portfolio management and client service capabilities. Moreover, our industry leading technology enables us to deliver better and more effective client services, increases our research capacity and enables us to provide more effective compliance. All of these factors mean we are more strongly positioned than ever to meet our clients' investment objectives.



PERSPECTIVES

We are proud of these results and we are resolutely turned towards the future and prepared to take on the leading role that we have set for ourselves among North American asset managers. From our strong foundations and based on our scalable business model, we will continue to grow by focusing on organic growth as we continue to attract the best talent in the industry, develop and deliver highly performing new products and outstanding performance for our clients. On the acquisition front, we continue to pursue opportunities for strategic acquisitions particularly in the United States. We are increasingly recognized as a consolidator in the asset management industry and our pipeline of transactions is active and growing.

For 2013, everything is in place to enable us to achieve results in line with our expectations.

THANK YOU!

An exceptional year like 2012 is the result of strong team work. I conclude by thanking all our customers and our shareholders for the confidence you showed us throughout the year, and I want to assure you that we will continue to work hard to build value and exceed your expectations.

On behalf of the management team, I would also like to thank all our employees for their endless dedication and commitment to Fiera's business strategies. I am proud to be associated with people of such high caliber. In addition, it should be emphasized that the openness and enthusiasm demonstrated by new employees who have joined our team during the year.

Finally, our success in 2012 would not have been possible without the support of our Board of Directors. The Board's contribution was most appreciated in the context of the implementation and execution of Fiera's strategies.

Fiscal 2013 is already well underway. We are working actively and with abundant confidence as we face the challenges ahead.

Sincerely,

Jean-Guy Desjardins

Chairman, Chief Executive Officer and Chief Investment Officer

Fiera Capital at a Glance

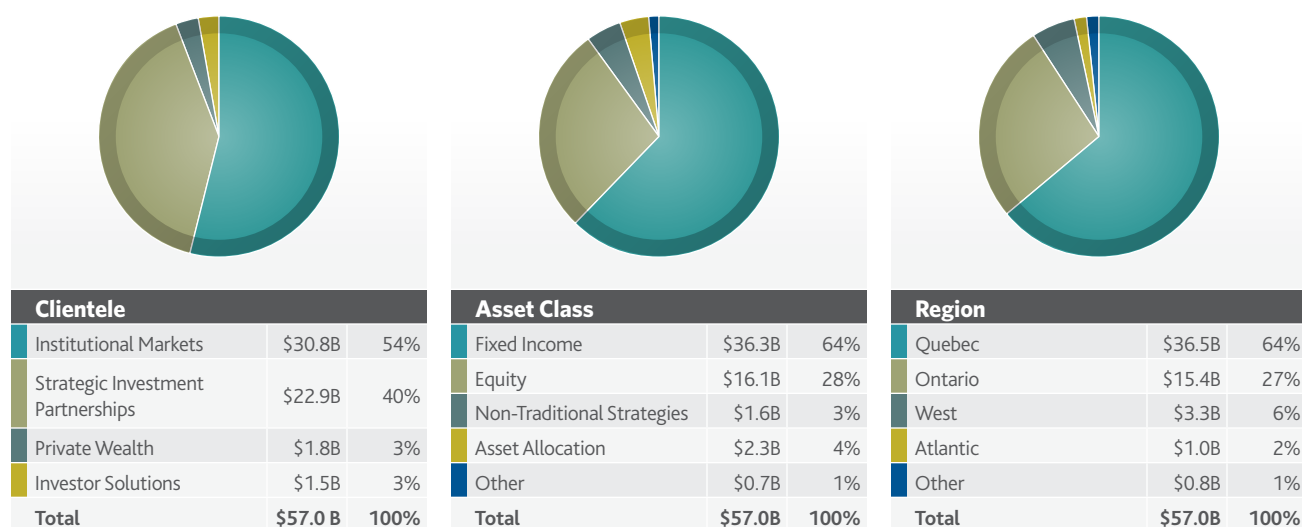
Fiera Capital is a recognized leader in the investment management industry in Canada, with more than \$57 billion in assets under management.

Recognized for its outstanding portfolio management and as an innovator in providing investment solutions to institutional, retail and private wealth clients, Fiera Capital offers a wealth of expertise in Canadian and foreign equities, fixed income, asset allocation and non-traditional investment solutions through a variety of strategies and services.

Intelligent innovation is our hallmark and sets us apart from our peers. We innovate to better manage risk. Integrated investment solutions diversified by asset classes, as well as strong risk management are the keys to our superior returns.

We believe that superior and consistent performance can only be achieved through disciplined and rigorous risk management. To accomplish this, we conduct independent market-leading research and employ broadly diversified investment strategies. Our ability to innovate leads to the development of new products that enable us to better manage current and future risk within our client's portfolios.

DISTRIBUTION OF ASSETS BY CLIENTELE, ASSET CLASS AND REGION: DECEMBER 31, 2012



THE POWER OF THINKING

Fiera Capital is a research-driven investment firm. We believe our clients' investment returns derive from knowledge, which we gain from independent market-leading research. At Fiera Capital, knowledge is capital. It is also a prerequisite to efficient risk management.

Research is the cornerstone of our investment approach and the basis of all our management processes. Investment returns in excess of market averages are driven by knowledge that is not already embedded in asset pricing. Consequently, we believe that independent research creates the undiscounted knowledge that drives the excess returns our clients seek.

As unknown risks are impossible to manage, knowledge is critical to managing risk. Like research, risk management is part of Fiera Capital's investment culture. Our approach is to balance quantitative and qualitative risk management analyses and apply them to our clients' portfolios on a continuous basis. To that end, we employ a variety of non-traditional investment strategies that diversify the sources of investment returns and minimize correlation to market movement.



OUR GROWING PRESENCE

Our goal at Fiera Capital is to become a leading North American investment manager by growing our presence in Canada and the United States. With offices in Montreal, Toronto, Calgary, Vancouver, Halifax and New York, the firm has over 255 employees and benefits from the expertise and diversified experience of more than 100 investment professionals, dedicated to servicing our highly diversified clientele comprised of pension funds, foundations, religious and charitable organizations, high net worth individuals, financial institutions, mutual funds and managed asset platforms.

Our Focus is on our clients

FIERA CAPITAL INSTITUTIONAL MARKETS is dedicated to providing the highest standards in client service and satisfaction. We offer a complete range of traditional and non-traditional investment strategies through specialized and balanced mandates. Our diversified clientele includes pension funds, endowments, foundations, religious and charitable organizations, and major municipality and university funds.

The philosophy embraced by the Fiera Capital Institutional Markets team relies on a personalized approach, innovative investment solutions, as well as on the highest possible standards of professionalism and integrity.

FIERA CAPITAL INVESTOR SOLUTIONS applies the “Power of Thinking” to offer both alternative and traditional funds to retail investors.

Our Alternative Funds are designed to generate returns that are not market dependent. With a focus on delivering consistent returns with low volatility and low market correlation, these funds can enhance portfolio returns and reduce portfolio risk.

Our Mutual Funds are focused on the core asset classes needed to construct a well-balanced portfolio. Some of these funds have been available to Canadian investors since 1985.

These funds are primarily sold by participating dealers in your province of residence, and by Fiera Sceptre Funds Inc. in certain provinces.

FIERA CAPITAL PRIVATE WEALTH is an independent investment advisor offering customized investment solutions to high net worth investors. We adopt a consultative process to determine a client’s risk tolerance and investment needs.

Once a client’s needs are determined, we create a personalized portfolio that can include stocks, bonds and a wide array of non-traditional strategies on the income related front as well as the growth side. Our goal is to optimize, based on our client’s specific needs, the overall portfolio risk-return ratio.

All portfolios are managed on a discretionary basis and, for additional comfort and security, accounts are held at well-known financial institutions specializing in asset custody. Our clients have virtually every aspect of the investment process managed for them, including account set-up, asset allocation, trading individual securities and/or pooled funds and ongoing portfolio monitoring.

FIERA CAPITAL STRATEGIC INVESTMENT PARTNERSHIPS offer complete portfolio management solutions to our retail customers. In addition to working with a distribution network serving 2 million customers, the team ensures the communication of portfolio data information, sharing of knowledge and enables a single access point to our portfolio management team—a rare privilege in our financial universe.

Our strategies meet a broad and diverse range of needs, whether in traditional or alternative products. Indeed, mandates include diverse strategies in Canadian equity, foreign equity, fixed-income and asset allocation products as well as non-traditional investments.

Our philosophy within the Strategic Investment Partnerships team emphasizes rigorous services combined with a keen sense of innovation.

Fiera Capital at a Glance

OUR PARTNERS

FIERA AXIUM INFRASTRUCTURE is an independent portfolio management firm dedicated to generating attractive, long-term investment returns through investing in core infrastructure assets. The firm combines the capabilities of a group of professionals with extensive infrastructure development and management backgrounds, with the fund management expertise of one of Canada's leading independent fund managers in Fiera Capital.

Fiera Axium Infrastructure seeks to assemble a diversified portfolio of high-quality assets, generating stable and predictable cash flows within the energy, transportation and social infrastructure sub-sectors. The firm manages a Canadian-focused infrastructure investment vehicle, Fiera Axium Infrastructure Canada L.P.

FIERA PROPERTIES is a Canadian real estate investment management company that provides direct real estate investment opportunities to institutional investors, foundation and endowment clients, and high net worth investors. We are committed to providing superior client-driven investment strategies that continuously generate value for our investors. Our vision is to be the most trusted real estate investment management firm in Canada as recognized by our stakeholders.

With offices in Montreal, Toronto, Calgary, Vancouver, Halifax and New York, the firm has over 255 employees and benefits from the expertise of more than 100 investment professionals, dedicated to servicing our highly diversified clientele.

Management Discussion & Analysis

FOR THE THREE AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2012

The following management discussion and analysis (“MD&A”) provided as of March 20, 2013 presents an analysis of the financial condition and results of operations of Fiera Capital Corporation, formerly known as Fiera Sceptre Inc., (“the Company” or “Fiera Capital” or “we” or “Firm”) for the Three months and Year ended December 31, 2012. The following MD&A should be read in conjunction with the audited consolidated financial statements including the notes thereto, as at and for the year ended December 31, 2012. The consolidated financial statements include the accounts of Fiera Capital and its wholly owned subsidiaries, Fiera Sceptre Funds Inc., (“FSFI”) and Sceptre Fund Management Inc. (“SFMI”). All intercompany transactions and balances have been eliminated on consolidation.

Fiera Axium Infrastructure Inc. (“Fiera Axium”) is an entity specialized in infrastructure investment and Fiera Properties Limited (“Fiera Properties”) is an entity specialized in real estate investments, over which the Company has joint control. The financial results of the Company’s investments in its joint ventures are included in the Company’s results using the equity method.

Figures are presented in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles, as set out in Part I of the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”), and are based on management’s best information and judgment. Certain totals, subtotals and percentage may not reconcile due to rounding.

BASIS FOR PRESENTATION AND ADOPTION OF IFRS

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”) as set out in Part I of the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (“IFRS”) which require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in the interim consolidated financial statements for the period ended December 31, 2011. In these financial statements, the term “Canadian GAAP” refers to Canadian GAAP before the adoption of IFRS.

The consolidated financial statements have been prepared in compliance with IFRS applicable to the preparation of interim financial statements, including International Accounting

Standard 34, *Interim Financial Reporting* (“IAS 34”) and IFRS 1, *First-time Adoption of International Financial Reporting Standards* (“IFRS 1”). Subject to certain transition elections and exceptions disclosed in Note 25 of the interim consolidated financial statements, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS balance sheet as at October 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 25 of the interim consolidated financial statements discloses the impact of the transition to IFRS on the Company’s reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company’s consolidated financial statements for the year ended September 30, 2011 prepared under Canadian GAAP.

FORWARD-LOOKING STATEMENTS

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as 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: ability of Fiera Capital to maintain its clients and to attract new clients, the investment performance of Fiera Capital, Fiera Capital’s reliance on a major customer, Fiera Capital’s ability to attract and retain key employees, Fiera Capital’s ability to integrate successfully the businesses that 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 the 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 events of force majeure; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws, the impact and consequences of Fiera Capital’s indebtedness, potential dilution of the share ownership that could occur and other factors described under “Risk Factors” in this MD&A or discussed in other materials filed by the Corporation with applicable securities regulatory authorities from time to time.

Management Discussion & Analysis

FOR THE THREE AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2012

COMPANY OVERVIEW

Fiera Capital is an independent, full-service, multi-product investment firm, providing investment advisory and related services, with approximately \$57 billion in assets under management (“AUM”). Fiera Capital’s business model is based foremost on delivering excellence in investment management to its clients. Fiera Capital offers multi-style investment solutions through diversified investment strategies to institutional investors, private wealth clients and retail investors. In addition to managing its clients’ accounts on a segregated basis (“Managed Accounts”), Fiera Capital uses pooled funds and sections thereof to manage specialized asset classes and to combine the assets of smaller clients for investment efficiencies (“Pooled Funds”). To provide retail investors with access to its investment management services, Fiera Capital also acts as investment manager of certain mutual funds, a commodity pool fund and The Fiera Capital QSSP II Investment Fund Inc. (the “Mutual Funds” and, collectively with the Pooled Funds, the “Funds”).

Units of the Mutual Funds are distributed through Fiera Sceptre Funds Inc. (“FSFI”), Fiera Capital’s wholly owned subsidiary. FSFI is a member of the Mutual Fund Dealers Association of Canada and is registered in the category of mutual fund dealer in the Provinces of British-Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Québec and New Brunswick.

Fiera Capital is registered in the categories of exempt market dealer and portfolio manager in all Provinces and Territories of Canada and as an investment adviser with the U.S. Securities and Exchange Commission. Fiera Capital is also registered in the category of investment fund manager in the Provinces of Ontario, Québec and Newfoundland and Labrador. In addition, as Fiera Capital manages derivatives portfolios, it is registered as commodity trading manager pursuant to the Commodity Futures Act (Ontario), as an adviser under the Commodity Futures Act (Manitoba) and, in Québec, as derivatives portfolio manager pursuant to the *Derivatives Act* (Québec).

CHANGE IN FISCAL YEAR END

The Company has announced earlier this year that it had decided to change its year-end from September 30 to December 31. The present reporting period is therefore related to a fifteen-month period of operating results.

Consequently, the addition of a fifth quarter in the present fiscal year contributes to the variances explanations. Also, the additional quarter from October to December 2012 will be analyzed in comparison with the period from October to December 2011 which represents the first quarter of the presented fiscal year. The contribution from the additional three-month period will be identified and highlighted in the present management analysis.

SIGNIFICANT EVENTS

During the fifteen months ended December 31, 2012, Fiera Capital entered into several strategic transactions that individually and collectively will enable the Firm to grow its AUM, revenues and net earnings.

NATCAN ACQUISITION

On April 2, 2012 Fiera Sceptre acquired substantially all of the assets of Natcan Investment Management Inc. (“Natcan”) from National Bank of Canada (the “Bank”) for \$309.5 million subject to reduction. On closing, the Bank, through Natcan, received 19,732,299 Class A subordinate voting shares of the share capital of Fiera (the “Class A shares”) as well as a cash payment of \$85,553,219. As a result of the transaction, the retail assets under management of the Firm grew significantly as a proportion of total assets. The Natcan investment management and servicing activities were fully integrated into the operations of Fiera in the same quarter.

Coincident with the closing of the transaction, as approved by shareholders, the legal name of the Firm was changed from Fiera Sceptre Inc. to Fiera Capital Corporation.



FIERA PROPERTIES MERGER WITH ROYCOM

On April 4, 2012, Fiera Capital announced that its joint venture Fiera Properties Limited had merged with Roycom Inc. to create a new national real estate investment platform that will be focused on providing clients with pooled fund and segregated account management services. Roycom is an industry leading property manager with an existing platform and solid track record that enables Fiera Properties to execute its growth strategy and enables Fiera Capital to offer high quality real estate investment management opportunities to its institutional clients.

CWM ACQUISITION

A strategic priority of the Firm has been to expand its presence in Western Canada. To that end, on December 1, 2012 the Firm acquired Calgary-based Canadian Wealth Management Group Inc. from Société Général Private Banking. The acquisition expands Fiera Capital's presence in the wealth management business in Western Canada and CWM, along with its highly skilled team of professionals, provides an excellent base from which to accelerate the Firm's growth in the region.

UBS ACQUISITION

In December 2012, Fiera Capital announced that it had reached agreement with UBS Global Asset Management (Canada) Inc. to purchase the latter's Canadian fixed income, Canadian equity and domestic balanced account business for maximum cash consideration of \$52 million. The transaction, which closed on January 31, 2013 subsequent to year end, further strengthens Fiera's client-driven service approach and reinforces Fiera's leading asset management business in Canada. The acquisition added approximately \$8 billion in AUM and was immediately accretive to earnings.

GMP ACQUISITION

On January 18, 2013, subsequent to year end, Fiera Capital announced that it had agreed to acquire selected alternative asset management funds of GMP Investment Management, including flagship funds pertaining to the GMP Diversified Alpha Fund and the Canadian ABCP Fund, representing approximately \$570 million in assets under management.

The transaction enables Fiera Capital to expand its alternative strategies, an investment area that has been experiencing significant momentum over the past few years in the North American marketplace and that will continue to grow in the future. The acquisition provides clients of the Firm with enhanced product innovation and offerings, with customized investment solutions that meet their objectives.

Under the terms of the Agreement, the purchase price includes a \$10.75 million cash consideration. In addition, key members of GMP Investment Management's team will join a newly created Fiera Capital subsidiary in which the management team will own a minority interest of 45%. Fiera will also pay 25 per cent of performance fees based on the acquired assets for a period of three years, subject to certain minimum asset under management thresholds. It is expected that the acquisition will be immediately accretive to earnings.

With the exception of the GMP Investment Management transaction, which should close in the second quarter of 2013, all transactions have been approved by regulatory authorities and have satisfied other customary conditions.

FINANCING ACTIVITIES

In order to complete (close) all of the above initiatives, Fiera renegotiated its long term debt, in December 2012, to increase to \$180 million, keeping relatively all the same terms and conditions. Fiera will draw on the facility at the closing of the various initiatives.

Management Discussion & Analysis

FOR THE THREE AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2012

SUMMARY OF PORTFOLIO PERFORMANCE

THE FOLLOWING CHART PRESENTS THE PERFORMANCE COMPOSITES¹.

	Inception Date	1 Year	3 Years	5 Years	10 Years	Since Inception Annualized
		(%)	(%)	(%)	(%)	(%)
FIXED INCOME INVESTMENT STRATEGIES						
Active Fixed Income	Jan. 01, 1997	4.78	7.65	7.20	6.57	6.94
Tactical Fixed income	Jan. 01, 2000	5.44	8.41	7.80	7.37	8.21
Long Bonds	Jul. 01, 1998	6.05	12.36	9.28	8.84	8.09
High-Yield Bonds	Sep. 01, 2003	15.36	9.56	9.60	-	7.86
Preferred Shares	Jan. 01, 2004	5.75	8.14	6.21	-	4.12
Real Return Bond	Jan. 01, 1998	3.02	10.73	9.26	8.95	8.96
Money Market	Jan. 01, 2004	1.29	1.11	1.67	-	2.45
Corporate Fixed Income	Feb. 01, 2008	7.32	6.87	-	-	7.20
BALANCED INVESTMENT STRATEGIES						
Balanced Core	Jan. 01, 1998	9.11	6.86	2.55	7.05	8.43
Diversified Fund	Jan. 01, 2004	7.54	5.54	3.90	-	6.47
EQUITY INVESTMENT STRATEGIES						
Canadian Equity Value	Jan. 01, 2002	10.06	5.45	1.83	10.21	8.84
High Income Equities	Oct. 01, 2009	10.33	11.48	-	-	12.91
Canadian Equity Growth	Jan. 01, 2007	4.96	1.82	0.94	-	3.98
Canadian Equity Core	Jan. 01, 1992	8.55	4.67	0.54	10.37	9.85
Canadian Equity Small Cap «core»	Jan. 01, 1989	2.16	8.66	1.05	15.37	11.70
Canadian Equity Small Cap	Dec. 01, 1986	2.24	8.78	(0.34)	15.63	13.25
US Equities	Apr. 01, 2009	13.38	11.27	-	-	14.82
International Equities	Jan. 01, 2010	24.09	10.96	-	-	10.96
Global Equities	Oct. 01, 2009	17.80	12.15	-	-	12.93
ALTERNATIVE INVESTMENT STRATEGIES						
North American Market Neutral	Oct. 01, 2007	(1.43)	(1.04)	8.67	-	11.13
Long / Short equities	Aug. 01, 2010	5.04	-	-	-	11.46
Global Macro	Nov. 01, 2006	3.14	1.71	5.56	-	7.81
Fiera Diversified Lending	Apr. 01, 2008	9.11	7.87	-	-	6.51
Income Fund	Jan. 01, 2010	7.79	8.02	-	-	8.02
Fiera Infrastructure Fund	Nov. 01, 2009	6.96	3.70	-	-	3.51
Absolute Bond Yield	Dec. 01, 2010	7.57	-	-	-	6.54

1. The above performances are annualized

HIGHLIGHTS FOR THE THREE AND FIFTEEN MONTHS ENDED DECEMBER 31, 2012

DECEMBER 31, 2012 COMPARED TO DECEMBER 31, 2011

- Total AUM increased by \$28.1 billion or 97.2% to \$57.0 billion as at December 31, 2012 compared to AUM of \$28.9 billion as at December 31, 2011. The increase is primarily due to the addition of Natcan and CWM combined with increased AUM due to new sales and positive cash flows.
- Revenues for the three-month period ended December 31, 2012 increased by \$14.9 million or 92.2% to \$31.0 million compared to \$16.1 million for the same period in prior year. The increase in revenues is mainly due to Natcan's acquisition as well as the inclusion of one month's revenue for the acquired CWM and new sales.
- Operating expenses increased by \$5.8 million or 45.9% to \$18.6 million for the three-month period ended December 31, 2012, compared to \$12.7 million for the same period in 2011. The increase resulted from an overall rise in SG&A expenses of \$5.7 million combined with higher external manager expenses of \$0.1 million for the three months ended December 31, 2012 following the Natcan acquisition.
- Earnings before interest, taxes, depreciation and amortization (EBITDA, as defined on page 33 and disclosed in table 1) (a non-IFRS measure of performance) increased by \$9.0 million or over 100% to \$12.5 million for the three-month period ended December 31, 2012, from \$3.4 million for the same period of 2011.
- EBITDA per share was \$0.22 for the three-month period ended December 31, 2012, an increase of \$0.13 or 136% compared to the EBITDA per share of \$0.09 for the three-month period ended December 31, 2011.
- For the quarter ended December 31, 2012, the Firm earned \$3.1 million or \$0.05 (basic and fully diluted) earnings per share. For the three-month period ended December 31, 2011, the Firm earned \$0.8 million or \$0.02 (basic and fully diluted) earnings per share.
- The adjusted net earnings, as defined on page 33 (a non-IFRS measure of performance), for the period were \$9.3 million or \$0.16 (basic and fully diluted) earnings per share. The adjusted net earnings for the three-month period ended December 31, 2011 were \$2.8 million or \$0.08 (basic and fully diluted) earnings per share.

DECEMBER 31, 2012 COMPARED TO SEPTEMBER 30, 2012

- Total AUM increased by \$1.8 billion or 3.3% to \$57.0 billion during the quarter ended December 31, 2012, compared to AUM of \$55.2 billion as at September 30, 2012. The increase is attributable to new AUM, market appreciation combined with the addition of CWM.
- Revenues for the three-month period ended December 31, 2012 increased by \$4.6 million or 17.5% to \$31.0 million compared to \$26.4 million for the previous quarter ended September 30, 2012. The increase is due to higher AUM translating into additional base revenues of \$1.2 million combined with additional performance fees from Traditional asset class of \$3.1 million and performance fees from Alternative asset class of \$0.3 million.
- Operating expenses increased by \$1.6 million or 9.2% to \$18.6 million for the three-month period ended December 31, 2012 compared to \$17.0 million for the quarter ended September 30, 2012. The increase resulted from an overall rise in SG&A expenses of \$2.0 million offset by lower external manager's expenses of \$0.4 million.
- Earnings before interest, taxes, depreciation and amortization (EBITDA as defined on page 33 and disclosed on table 1) (a non-IFRS measure of performance) increased by \$3.0 million or 32.4% to \$12.5 million for the three-month period ended December 31, 2012, from \$9.4 million for the previous quarter ended September 30, 2012.
- EBITDA per share was \$0.22 for the three-month period ended December 31, 2012, an increase of \$0.05 or 32.4% compared to the EBITDA per share of \$0.17 for the three-month period ended September 30, 2012.
- For the quarter ended December 31, 2012, the Firm earned \$3.1 million or \$0.05 (basic and fully diluted) representing an increase of \$0.1 million or 2.6% compared to the quarter ended September 30, 2012, where the Firm earned \$3.0 million or \$0.05 per share (basic and fully diluted).
- The adjusted net earnings, as defined on page 33 (a non-IFRS measure of performance), for the period were \$9.3 million or \$0.16 (basic and fully diluted) earnings per share. The adjusted net earnings for the three-month period ended September 30, 2012 were \$6.6 million or \$0.12 (basic and fully diluted) earnings per share.

Management Discussion & Analysis

FOR THE THREE AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2012

HIGHLIGHTS FOR THE FIFTEEN MONTHS ENDED DECEMBER 31, 2012 WERE:

The following section compares the fifteen-month period ended December 31, 2012 with the twelve-month period ended September 2012. For better comparison, the twelve-month period ended September 2012 will be compared to the twelve-month period ended September 2011.

- Total AUM increased by \$28.0 billion or 96.6% to \$57.0 billion during the fifteen-month period ended December 31, 2012, compared to AUM of \$29.0 billion as at September 30, 2011. The increase is mainly due to the Natcan and CWM acquisitions. Excluding the fifth quarter of 2012, total AUM increased by \$26.2 billion or 90.3% to \$55.2 billion during the twelve-month period ended September 30, 2012, compared to AUM of \$29.0 billion as at September 30, 2011.
- Revenues for the fifteen-month period ended December 31, 2012 increased by \$45.2 million or 64.4% to \$115.3 million compared to \$70.1 million for the twelve-month period ended September 2011. The increase in revenues is mainly due to the addition of Natcan and CWM combined with New base revenues, higher performance fees from Traditional asset class as well as an additional quarter. Excluding the \$31.0 million from the three additional months in 2012, revenue increased by \$14.2 million or 20.2% to \$84.3 million compared to \$70.1 million for the same period in prior year. The increase in revenues was mainly due to the addition of Natcan offset by lower performance fees related to alternative asset class.
- Operating expenses increased by \$26.4 million or 52.8% to \$76.2 million for the fifteen-month period ended December 31, 2012, compared to \$49.9 million for the twelve-month period ended September 2011. The increase resulted from an overall rise of \$27.1 million in SG&A expenses offset by lower external manager expenses of \$0.7 million for the fifteen-month period ended December 31, 2012. The increase is due to the addition of a fifth quarter in the current discussed fiscal year as well as the addition of Natcan and CWM acquisitions. On a twelve-month basis ended September 2012, Operating expenses increased by \$7.8 million or 15.6% to \$57.7 million for the twelve-month period ended September 30, 2012, compared to \$49.9 million for the same period in 2011. The increase resulted from an overall rise of \$8.8 million in SG&A expenses offset by lower external manager expenses of \$1.0 million for the twelve-month period ended September 30, 2012 due to the Natcan acquisition.
- Earnings before interest, taxes, depreciation and amortization (EBITDA as defined on page 33 and disclosed on table 2) (a non-IFRS measure of performance) were \$39.0 million for the fifteen-month period ended December 31, 2012, an increase of \$18.8 million from \$20.3 million for the twelve-month period ended September 2011. EBITDA for the twelve months ended September 2012 were \$26.6 million representing an increase of \$6.3 million from \$20.3 million for the same period of 2011.
- For the fifteen-month period ended December 31, 2012, the Firm's earned \$3.0 million or \$0.06 per share (basic and fully diluted). On a twelve-month basis, for the period ended September 30, 2012, the Firm's net loss was \$0.06 million or nil per share (basic and fully diluted). For the previous year comparable period, the twelve-month period ended September 30, 2011, the Firm earned \$8.8 million or \$0.24 per share (basic and fully diluted).
- The adjusted net earnings, as defined on page 33 (a non-IFRS measure of performance), for the period of fifteen-month ended December 2012 were \$28.4 million or \$0.59 (basic and fully diluted) earnings per share. On a twelve-month basis, for the period ended September 30, 2012 the adjusted net earnings were \$19.1 million or \$0.41 (basic and fully diluted) earnings per share. For the comparable previous year period, the adjusted net earnings for the twelve-month period ended September 30, 2011 were \$16.2 million or \$0.44 (basic and fully diluted) earnings per share.

SUMMARY OF QUARTERLY RESULTS

TABLE 1 – STATEMENTS OF INCOME & AUM

Assets Under Management (\$ In millions)

	As at			Variance	
	Dec. 31, 2012	Sept. 30, 2012	Dec. 31, 2011	Quarter over Quarter FAV/(UNF)	Year over Year FAV/(UNF)
Assets Under Management	57,043	55,221	28,920	1,823	28,123

Statements of Income Data (\$ In Thousands)

	For the three months ended			Variance	
	Dec. 31, 2012	Sept. 30, 2012	Dec. 31, 2011	Quarter over quarter FAV/(UNF)	Year over Year FAV/(UNF)
Revenue					
Base management fees and other revenues	27,034	25,874	15,247	1,160	11,787
Performance fees – Traditional Asset Class	3,651	519	799	3,132	2,852
Performance fees – Alternative Asset Class	324	5	85	318	239
	31,009	26,399	16,132	4,610	14,877
Expenses					
Selling, general and administration	18,267	16,278	12,554	(1,989)	(5,714)
External managers	287	713	166	425	(122)
Operating expenses	18,555	16,991	12,719	(1,565)	(5,835)
EBITDA¹	12,454	9,408	3,413	3,046	9,042
Depreciation of property and equipment	259	228	202	(31)	(57)
Amortization of intangible assets	3,664	3,600	884	(64)	(2,780)
Capital asset write-off	-	-	-	-	-
Interest on debt	1,006	1,076	-	70	(1,006)
Accretion on purchase price obligation payments	619	625	-	6	(619)
Other expenses	2,171	520	906	(1,651)	(1,265)
Change in fair value of derivative financial instrument	627	(1,395)	-	(2,022)	(627)
Income taxes	1,021	1,746	591	725	(430)
NET EARNINGS	3,086	3,008	829	77	2,257
PER SHARE					
EBITDA	0.22	0.17	0.09	0.05	0.13
Basic and diluted earnings	0.05	0.05	0.02	-	0.03
Adjusted net earnings ¹	0.16	0.12	0.08	0.04	0.08

1. EBITDA and Adjusted net earnings are non-IFRS measures. Please refer to "Non-IFRS Measures" on page 33.

Management Discussion & Analysis

FOR THE THREE AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2012

TABLE 2 – STATEMENT OF INCOME & AUM (CONTINUED)

Statements of Income Data (\$ In Thousands)

	For the 15-months ended	For the 12-months ended		Variance FAV/(UNF)	
	Dec. 31, 2012	Sept. 30, 2012	Sept. 30, 2011	Dec. 2012 vs Sept. 2011	Sept. 2012 vs Sept. 2011
Revenue					
Base management fees and other revenue	109,741	82,707	66,202	43,539	16,505
Performance fees – Traditional Asset Class	5,036	1,385	681	4,356	704
Performance fees – Alternative Asset Class	551	227	3,260	(2,709)	(3,033)
	115,328	84,319	70,143	45,185	14,176
Expenses					
Selling, general and administration	74,236	55,969	47,180	(27,056)	(8,789)
External managers	1,989	1,702	2,693	704	991
Operating expenses	76,225	57,670	49,873	(26,352)	(7,797)
EBITDA¹	39,103	26,649	20,270	18,833	6,379
Amortization of property and equipment	1,136	877	812	(324)	(65)
Amortization of intangible assets	12,609	8,945	3,440	(9,170)	(5,506)
Capital asset write-off	-	-	490	490	490
Interest on debt	2,940	1,934	-	(2,940)	(1,934)
Accretion on purchase price obligation payments	1,863	1,245	-	(1,863)	(1,245)
Change in fair value of derivative financial instrument	1,491	864	-	(1,491)	(864)
Other expenses	13,255	11,083	2,614	10,641	(8,470)
Income taxes	2,782	1,760	4,143	1,362	2,383
NET (LOSS) EARNINGS	3,026	(60)	8,771	(5,745)	(8,831)
PER SHARE					
EBITDA	0.76	0.54	0.55	(0.21)	(0.01)
Basic and diluted (loss) earnings	0.06	0.00	0.24	(0.18)	(0.24)
Adjusted net earnings ¹	0.58	0.41	0.44	0.13	(0.04)

1. EBITDA and Adjusted net earnings are non-IFRS measures. Please refer to "Non-IFRS Measures" on page 33.



TABLE 3 – SELECTED BALANCE SHEET INFORMATION (IN THOUSANDS OF DOLLARS)

	(Audited) December 31, 2012	(Audited) September 30, 2011
Cash, restricted cash & investments	12,845	1,201
Receivables	29,888	16,414
Other current assets	1,216	716
Goodwill & intangible assets	458,980	141,219
Investments in joint ventures	6,879	1,333
Other long-term assets	6,966	2,687
Total assets	516,774	163,570
Current liabilities	31,293	11,258
Deferred income taxes	20,264	10,079
Long-term debt	107,521	-
Fair value of purchase price obligation payments	56,503	-
Derivative financial instrument	1,491	-
Other long-term liabilities	1,963	1,396
Equity	297,739	140,837
Total liabilities and equity	516,774	163,570

Management Discussion & Analysis

FOR THE THREE AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2012

RESULTS FROM OPERATIONS AND OVERALL PERFORMANCE

ASSETS UNDER MANAGEMENT

TABLE 4 – ASSETS UNDER MANAGEMENT (\$ IN MILLIONS)

	3 months ended		15 months ended	12 months ended	
	December 31, 2012	December 31, 2011	December 31, 2012	September 30, 2012	September 30, 2011
AUM – Beginning of period	55,221	29,029	29,020	29,020	30,755
Net variance	1,252	(100)	2,025	773	1,735
Natcan & CWM acquisition	570	-	25,998	25,427	-
AUM – end of period	57,043	28,920	57,043	55,221	29,020

TABLE 5 – ASSETS UNDER MANAGEMENT BY SECTOR – QUARTERLY ACTIVITY CONTINUITY SCHEDULE (\$ IN MILLIONS)

	Sept. 30, 2012	New	Lost	Market	Acquisition	Dec. 31, 2012
Institutional	30,573	328	(469)	363	-	30,794
Private Wealth	1,098	96	(13)	26	570	1,777
Retail	23,551	834	(43)	130	-	24,473
AUM–end of period	55,221	1,257	(525)	520	570	57,043

QUARTERLY ACTIVITY

Total AUM increased by \$1.8 billion or 3.3% to \$57.0 billion during the quarter ended December 31, 2012, compared to AUM of \$55.2 billion as at September 30, 2012. The increase is attributable to market appreciation combined with new AUM as well as the addition of CWM with \$570 AUM as of December 1, 2012.

TABLE 6 – ASSETS UNDER MANAGEMENT BY SECTOR – FIFTEEN-MONTH ACTIVITY CONTINUITY SCHEDULE (\$ IN MILLIONS)

	September 30, 2012	15 Months net variance	Acquisition	December 31, 2012
Institutional	22,117	2,370	6,308	30,794
Private Wealth	1,356	(258)	678	1,777
Retail	5,547	(87)	19,012	24,472
AUM- end of period	29,020	2,025	25,998	57,043

FIFTEEN-MONTH ACTIVITY

Total AUM increased by \$28.0 billion or 96.6% to \$57.0 billion as at December 31, 2012 compared to AUM of \$29.0 billion as at September 30, 2011. The increase is mainly due to higher AUM following Natcan acquisition totaling \$25.4 billion and CWM acquisition totaling \$0.6 billion. On a twelve-month basis, for the period ended September 2012 total AUM increased by \$26.2 billion or 90.3% to \$55.2 billion as at September 30, 2012 compared to AUM of \$29.0 billion as at September 30, 2011. The increase was mainly due to higher AUM following Natcan acquisition totaling \$25.4 billion.

REVENUE

Management fees are based on AUM and for each sector, revenue is earned primarily on the average closing value of AUM at the end of each day, month or calendar quarter. The analysis of revenues that follows refers to average assets in the case of each sector.

TABLE 7 – REVENUE: QUARTERLY ACTIVITY (\$ IN THOUSANDS)

	3 months ended			Variance	
	December 31, 2012	September 30, 2012	December 31, 2011	Quarter Over Quarter	Year Over Year
Institutional	13,791	13,316	9,512	475	4,280
Private Wealth	2,271	1,878	2,247	393	23
Retail	10,961	10,680	4,488	292	7,484
Total Management fees and other revenues	27,034	25,874	15,247	1,160	11,787
Performance fees – Traditional asset class	3,651	519	799	3,132	2,852
Performance fees – Alternative asset class	324	5	85	318	239
Total Performance fees	3,975	525	885	3,450	3,090
Total revenue	31,009	26,399	16,132	4,610	14,877

DECEMBER 31, 2012 COMPARED TO DECEMBER 31, 2011

Revenue for the three-month period ended December 31, 2012 increased by \$14.9 million or 92.2% to \$31.0 million compared to \$16.1 million for the same period in prior year. The increase in revenues is due to a higher AUM base hence higher management fees of \$11.8 million combined with higher performance fees of \$3.1 million.

Management fees: Increase of \$11.8 million or 77.31%

The increase in AUM translated into an additional \$11.8 million in revenues throughout the overall company and the impact on revenue by sector is the following:

- Revenues for the Institutional sector increased by \$4.3 million or 45.11% for the three-month period ended December 31, 2012 compared to the same quarter of 2011 due to the Natcan acquisition as well as additional AUM following sales efforts.
- Revenues for the Private Wealth remained stable for the three-month period ended December 31, 2012.
- Revenues for the Retail sector increased by \$7.5 million or over 100% for the three-month period ended December 31, 2012 mainly due to the addition of Natcan.

Performance fees:

The three-month period ended December 31, 2012 recorded an increase in performance fees from Traditional asset class of \$2.9 million or over 100% combined with additional performance fees from alternative asset class of \$0.2 million or over 100%.

Management Discussion & Analysis

FOR THE THREE AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2012

DECEMBER 31, 2012 COMPARED TO SEPTEMBER 30, 2012

Revenue for the three-month period ended December 31, 2012 rose by \$4.5 million or 17.46% at \$31.0 million compared to \$26.4 million for the three-month period ended September 30, 2012.

Management fees: Increase of \$1.2 million or 4.5%

The increase in management fees of \$1.2 million or 4.48% is attributable to higher quarterly average AUM base and results in the following variations by sector:

- The Institutional revenues increased by \$0.5 million to \$13.8 million for the three-month period ended December 31, 2012 compared to the quarter ended September 30, 2012 mainly due additional AUM due to marketing and sales efforts.
- Revenues for the Private Wealth increased by \$0.4 million to \$2.4 million compared to the previous quarter ended September 30, 2012 mainly due to the inclusion of one month revenue following CWM acquisition.
- Revenues for the Retail sector increased by \$0.3 million at \$10.7 million for the three-month period ended December 31, 2012 compared to the quarter ended September 30, 2012 due positive cash flows during the quarter ended December 31, 2012.

Performance fees:

Higher performance fees related to Traditional asset class of \$3.1 million or over 100% combined with higher performance fees related to Alternative asset class of \$0.3 million or over 100% were realized in the period.

TABLE 8 – REVENUE: YEAR-TO-DATE ACTIVITY (\$ IN THOUSANDS)

	For the	For the		15-month vs.		12-month vs.	
	15-months	Sept. 30,	Sept. 30,	prior year		prior year	
	ended	2012	2011	12-month period		12-month period	
	Dec. 31,	2012	2011	Variance \$	%	\$	%
Institutional	59,802	46,010	39,428	20,374	51.7	6,583	16.7
Private Wealth	10,452	8,181	10,472	(21)	(0.2)	(2,291)	(21.9)
Retail	39,487	28,516	16,302	23,185	142.2	12,214	74.9
Management fees and other revenues	109,741	82,707	66,202	43,539	65.8	16,505	24.9
Performance fees –							
Traditional asset class	5,036	1,385	681	4,356	639.9	704	103.5
Performance fees –							
Alternative asset class	551	227	3,260	(2,709)	(83.1)	(3,033)	(93.0)
Total Performance fees	5,587	1,612	3,941	1,647	41.8	(2,329)	(59.1)
Total revenue	115,328	84,319	70,142	45,185	64.4	14,177	20.2

FIFTEEN MONTHS ENDED DECEMBER 31, 2012 COMPARED TO TWELVE MONTHS ENDED SEPTEMBER 30, 2011

Revenue for the fifteen-month period ended December 31, 2012 increased by \$45.2 million or 64.4% to \$115.3 million from \$70.1 million for the twelve-month period ended September 30, 2011 resulting from the addition of a fifth quarter in the current Fiscal Year, Natcan and CWM acquisitions combined with higher AUM base as well as higher performance fees.

Excluding the additional fifth quarter of 2012 analyzed previously and when comparing a twelve-month period basis, revenues for the twelve-month period ended September 30, 2012 increased by \$14.2 million to \$84.3 million from \$70.1 million for the twelve-month period ended September 30, 2011 resulting from the addition of Natcan offset by a decrease in performance fees.



Management fees: Increase of \$43,5 million or 65.8%

The increase in Management fees of \$43.5 million or 65.8% to \$109.7 million for the fifteen-month period ended December 31, 2012 versus the twelve-month period ended September 30, 2011 is mainly due to the Natcan and CWM acquisition combined with additional sales and positive cash flows as well as the addition of a quarter. The variation in revenues by sector was:

- The Institutional sector's revenues increased by \$20.4 million at \$59.8 million for the fifteen-month period ended December 31, 2012 compared to the twelve-month period ended September 30, 2011 mainly due to the addition of Natcan and new sales.
- Revenues for the Private Wealth were stable at \$10.5 million for the fifteen-month period ended December 31, 2012 compared to \$10.5 million for the twelve-month period ended September 30, 2011. Revenues were positively impacted by the addition of one month in revenue following CWM acquisition offset by a shortfall in revenues.
- Revenues for the Retail sector has seen an increase of \$23.2 million for the fifteen-month period ended December 31, 2012 compared to the twelve-month period ended September 30, 2011. A rise in revenues following the Natcan acquisition as well as positive cash flows mainly explains the revenue increase.

Performance fees:

Higher performance fees of \$1.6 million or over 41.79% were realized in the period. The increase of \$1.6 million is the results of higher performance fees related to Traditional asset classes of \$4.4 million offset by lower performance fees on the Alternative asset class of \$2.7 million.

SELLING, GENERAL AND ADMINISTRATION

CURRENT QUARTER VS. PRIOR YEAR QUARTER

SG&A expenses increased by \$5.7 million or 45.5% to \$18.3 million for the three-month period ended December 31, 2012 compared to \$12.6 million last year's same period. The increase is mainly due to the inclusion of Natcan related costs. Namely, higher compensation costs of \$3.6 million and also, higher marketing and servicing, reference fees as well as higher information technology related expenses of \$1.0 million, higher rent of \$0.2 million and higher professional fees of \$0.2 million.

The quarter also included a \$0.5 million contractual expense to National Bank related to recognized revenues in December 2012 for the first quarter ended March 2012 since the acquisition occurred April 1st 2012.

CURRENT QUARTER VS. PREVIOUS QUARTER

SG&A expenses increased by \$2.0 million or 12.2% to \$18.3 million for the three-month period ended December 31, 2012 compared to \$16.3 million for the quarter ended September 30, 2012. The increase is mainly due to higher compensation costs of \$1.5 million combined with a \$0.5 million contractual expense to National Bank related to recognize revenues for the first quarter ended March 2012 and the acquisition occurred April 1st 2012.

YTD 15-MONTH PERIOD VS. PRIOR YEAR 12-MONTH PERIOD

SG&A expenses increased by \$27.1 million or 57.3% to \$74.2 million for the fifteen-month period ended December 31, 2012 compared to \$47.2 million for last year twelve-month period ended September 2011. The increase is due to higher expenses for compensation representing an increase of \$20.0 million combined with an increase in marketing and servicing and information technology related expenses of \$3.9 million as well as higher rent of \$1.3 million, reference fees and other of \$2.3 million offset by lower professional fees of \$0.9 million and the inclusion of a \$0.5 million contractual expense to National Bank related to recognized in December 2012 revenues for the first quarter ended March 2012 since the acquisition occurred April 1st 2012.

The increase is mainly due to the inclusion of Natcan related costs as well as the addition of the fifth quarter ended December 2012 amounting to \$18.3 million here above analyzed.

Management Discussion & Analysis

FOR THE THREE AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2012

YTD 12-MONTH PERIOD VS. PRIOR YEAR

12-MONTH PERIOD

For better comparison, on a 12-month basis, SG&A expenses increased by \$8.8 million or 18.6% to \$56.0 million for the twelve-month period ended September 30, 2012 compared to \$47.2 million for last year twelve-month period ended September 30, 2011. The increase is due to higher expenses for compensation representing an increase of \$7.0 million combined with an increase in marketing and servicing and information technology related expenses of \$2.2 million as well as higher rent of \$0.5 million, reference fees and other of \$0.7 million offset by lower professional fees of \$1.6 million. The increase is mainly due to the inclusion of Natcan related costs.

EXTERNAL MANAGERS

CURRENT QUARTER VS. PRIOR YEAR QUARTER

External managers' expenses increased by \$0.1 million or 73.7% to \$0.3 million for the three-month period ended December 31, 2012 from \$0.3 million for the three-month period ended September 30, 2011. The increase is mainly due to additional expenses following the acquisition of Natcan.

CURRENT QUARTER VS. PREVIOUS QUARTER

External managers' expenses decreased by \$0.4 million or 59.6% to \$0.3 million for the three-month period ended December 31, 2012 compared to the three-month period ended September 30, 2012. The decrease is due to the termination of external managers expenses related to specific funds from Natcan.

YTD 15-MONTH PERIOD VS. PRIOR YEAR

12-MONTH PERIOD

External managers' expenses decreased by \$0.7 million or 26.1% to \$2.0 million for the fifteen-month period ended December 31, 2012 from \$2.7 million for the previous twelve-month period ended September 30, 2011. The decrease is due to the repatriation of the management of the externally managed assets within the Firm in line with our plan and therefore reducing the external managers' expenses.

YTD 12-MONTH PERIOD VS. PRIOR YEAR

12-MONTH PERIOD

On a twelve-month comparable period, external managers' expenses decreased by \$1.0 million or 36.8% to \$1.7 million for the twelve-month period ended September 30, 2012 from \$2.7 million for the previous twelve-month period ended September 30, 2011. The decrease is due to the repatriation of the management of the externally managed assets within the Firm in line with our plan and therefore reducing the external managers' expenses.

AMORTIZATION

Depreciation of property and equipment remained stable at \$0.3 million for the three-month period ended December 31, 2012 compared to \$0.2 million for the twelve-month period of 2011 and remained stable at \$0.3 million compared to the quarter ended September 30, 2012. Depreciation of property and equipment increased by \$0.3 million or 39.9% to \$1.1 million for the fifteen-month period ended December 31, 2012 compared to \$0.8 million for the twelve-month period ended September 30, 2011 mainly due to the addition of a fifth quarter.

Amortization of intangible assets increased by \$2.8 million or over 100% at 3.7 million for the three-month period ended December 31, 2012 following the Natcan acquisition, compared to the quarter ended December 31, 2011 and remained stable compared to the previous quarter ended September 30, 2012. Amortization of intangible assets increased by \$9.2 million or over 100% to \$12.6 million for the fifteen-month period ended December 31, 2012 compared to \$3.4 million for the same period in 2011.

On a twelve-month basis, amortization of intangible assets increased by \$5.5 million or over 100% to \$8.9 million for the twelve-month period ended September 30, 2012 compared to \$3.4 million for the same period in 2011.

INTEREST

Following the Natcan acquisition, the three-month period ended December 31, 2012 included an interest on long term debt and other financing charges of \$1.0 million and the accretion on purchase price obligation payments of \$0.6 million compared to none in the comparable period of 2011 and remained stable compared to the previous quarter ended September 30, 2012.



OTHER EXPENSES

CURRENT QUARTER VS. PRIOR YEAR QUARTER

Other expenses increased by \$1.3 million or over 100% for the three-month period ended December 31, 2012 to \$2.2 million compared to \$0.9 million for the same period of 2011. The increase is due higher restructuring costs and severance payments of \$1.5 million related to the Natcan and CWM acquisitions offset by higher revenues of \$0.2 million related to the Joint venture.

CURRENT QUARTER VS. PREVIOUS QUARTER

Other expenses increased by \$1.7 million or over 100% for the three-month period ended December 31, 2012 to \$2.2 million compared to \$0.5 million for the previous quarter ended September 30, 2012. The increase is due to non-recurring costs related to the Natcan and CWM transactions namely restructuring costs and severance payments of \$1.8 million in comparison of the inclusion in the September 30, 2012 quarter of a non-recurring acquisition charge as well as restructuring costs and severance payments related to Natcan of \$0.6 million.

YTD 15-MONTH PERIOD VS. PRIOR YEAR 12-MONTH PERIOD

Other expenses increased by \$10.6 million or over 100% for the fifteen-month period ended December 31, 2012 to \$13.3 million compared to \$2.6 million for the same period of 2011. The increase is mainly due to the inclusion of non-recurring costs of \$13.5 million related to the Natcan and CWM transactions compared to a non-recurring charge of \$3.4 million following restructuring and severance costs related to the business combination with Sceptre combined with lower revenues of \$0.8 million from the Fiera Axium Joint Venture. The additional quarter amounting to \$2.2 million contributes to the increase.

YTD 12-MONTH PERIOD VS. PRIOR YEAR 12-MONTH PERIOD

On a twelve-month comparison basis, other expenses increased by \$8.5 million or over 100% for the twelve-month period ended September 30, 2012 to \$11.1 million compared to \$2.6 million for the same period of 2011. The increase is mainly due to the inclusion of non-recurring costs of \$11.1 million related to the Natcan transaction compared to a non-recurring charge of \$3.4 million following restructuring and severance

costs related to the business combination with Sceptre combined with lower revenues of \$0.8 million from the Fiera Axium Joint Venture.

DERIVATIVE FINANCIAL INSTRUMENT

During the quarter ended June 30, 2012, the Company has entered into derivative financial instruments that have not been designated for hedge accounting which consist of exchanging its variable rate for a fixed rate of 1.835 % ending in March 2017. These derivatives are measured at fair value at the end of each period, and the gain or loss arising from revaluation is recorded and reported under "Change in fair value of derivative financial instruments" in the statement of income. The variation in the fair value of the derivative financial instruments was recorded in the income statement as a loss at \$0.6 million as at December 31, 2012, compared to none in the three-month period ended December 31, 2011 and compared to a gain at \$1.4 million as at September 30, 2012.

It is the Corporation's policy not to speculate on derivative financial instruments; accordingly, these instruments are normally purchased for risk management purposes and maintained until maturity.

EBITDA¹

CURRENT QUARTER VS. PRIOR YEAR QUARTER

For the three-month ended December 31, 2012 EBITDA increased year-over-year by \$9.0 million or over 100% to \$12.5 million mainly due to higher revenues of \$14.9 million offset by an increase of \$5.8 million in operating expenses.

EBITDA for the current quarter ended December 31, 2012 was driven by an increase in the base management fees compared to the same period of the previous year mainly due to the Natcan and CWM acquisitions. These elements were offset by an overall rise in operating expenses namely for SG&A and external managers following the inclusion of Natcan and CWM operations.

CURRENT QUARTER VS. PREVIOUS QUARTER

For the three-month ended December 31, 2012 EBITDA increased by \$3.0 million or 32.4% at \$12.5 million compared to the previous quarter ended September 30, 2012. The increase results from a combination of higher revenues of \$4.6 million and higher operating expenses of \$1.6 million.

1. EBITDA is a non-IFRS measure. Please refer to "Non-IFRS Measures" on page 33.

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YTD 15-MONTH PERIOD VS. PRIOR YEAR 12-MONTH PERIOD

EBITDA for the fifteen-month ended December 31, 2012 increased by \$18.8 million or 92.9% to \$39.1 million compared to \$20.3 million for the twelve-month period ended September 30, 2011. Revenues for the fifteen-month period ended December 31, 2012 increased by \$45.2 million and was offset by \$26.4 million in higher operating expenses. The addition of a fifth quarter at \$12.5 million contributes to the increase year over year.

YTD 12-MONTH PERIOD VS. PRIOR YEAR 12-MONTH PERIOD

EBITDA for the twelve-month ended September 30, 2012 increased by \$6.4 million or 31.5% to \$26.6 million compared to \$20.3 million for the same period ended September 30, 2011. Revenues for the twelve-month period ended September 30, 2012 increased by \$14.2 million and was offset by \$7.8 million in higher operating expenses.

NET EARNINGS (LOSS) AND ADJUSTED NET EARNINGS¹

TABLE 9 – NET EARNINGS AND ADJUSTED NET EARNINGS (\$ THOUSANDS)

	12 month ended September 30, 2011	12 month ended September 30, 2012	Additional 3-month	15-month ended December 31, 2012
Net (loss) earnings	8,771	(60)	3,086	3,026
Non-cash items	5,060	11,413	4,623	16,037
Non-recurring items after tax	2,345	7,739	1,596	9,334
Adjusted Net earnings	16,176	19,092	9,305	28,397
Adjusted Net earnings per share	0.44	0.41	0.16	0.58

1. Adjusted net earnings is a non-IFRS measure. Please refer to "Non-IFRS Measures" on page 33.
Certain totals, subtotals and percentage may not reconcile due to rounding

CURRENT QUARTER VS. PRIOR YEAR QUARTER

For the quarter ended December 31, 2012, the Firm earned \$3.1 million or \$0.05 (basic and fully diluted) earnings per share. For the three-month period ended December 31, 2011, the Firm earned \$0.8 million or \$0.02 (basic and fully diluted) earnings per share. The increase of \$2.3 million in net earnings is explained by higher base management fees of \$11.8 million combined with higher performance fees impact of \$3.1 million, offset by an overall increase in operating expenses of \$5.8 million. Also, the addition of intangible assets amortization of \$2.8 million, acquisition and restructuring costs of \$1.5 million related to the Natcan and CWM transactions, the addition of an interest on long term debt of \$1.0 million, higher income taxes of \$0.4 million, the accretion on purchase price obligation payments of \$0.6 million combined with the loss in fair value of the derivative financial instrument of \$0.6 million contributed to the variation in the net earnings in the quarter ended December 31, 2012 versus last year comparable period ended December 31, 2011.

CURRENT QUARTER VS. PREVIOUS QUARTER

Compared to the quarter ended December 31, 2012, the Firm remained stable at \$3.1 million or \$0.05 (basic and fully diluted). Higher base management fees of \$1.2 million combined with higher performance fees with an impact of \$3.5 million, an overall increase in operating expenses of \$1.6 million. Higher acquisition and restructuring costs of \$1.8 million related to the Natcan and CWM transactions, a loss of \$0.6 million recorded in the fair value of the derivative financial instrument as opposed to a gain of \$1.4 million in the previous quarter which resulted in a unfavorable variation of \$2.0 million and lower income taxes of \$0.7 million explains the stable net earnings at \$3.0 million.



The net earnings were negatively impacted by \$4.6 million or \$0.08 per share of non-cash items and \$1.6 million or \$0.03 per share of non-recurring costs (net of income taxes) during the quarter. When added back to the firm's net earnings of \$3.1 million or \$0.05 per share, the adjusted net earnings, as defined on page 33 (a non-IFRS measure of performance), for the three-month period ended December 31, 2012 were \$9.3 million or \$0.16 (basic and fully diluted) earnings per share.

The adjusted net earnings for the three-month periods ended December 31, 2011 and September 30, 2012 were respectively \$ 2.8 million or \$ 0.08 per share and \$6.6 million or \$0.12 per share.

YTD 15-MONTH PERIOD VS. PRIOR YEAR 12-MONTH PERIOD

For the fifteen-month period ended December 31, 2012, the Firm's net earnings was \$3.0 million or \$0.06 per share (basic and fully diluted). For the twelve-month period ended September 30, 2011, the Firm earned \$8.8 million or \$0.24 (basic and fully diluted). The decrease in net earnings is explained by higher revenues of \$45.2 million offset by an overall increase in operating expenses of \$26.4 million. Also, the addition of intangible assets amortization of \$9.2 million, higher acquisition costs of \$5.9 million and higher restructuring and severances costs of \$4.2 million related to the Natcan transaction versus \$3.4 million for restructuring costs following the Sceptre transaction in last year's comparable period, the addition of an interest on long term debt of \$2.9 million, the accretion on purchase price obligation payments of \$1.9 million and the change in fair value of the derivative financial instrument of \$1.4 as well as lower income taxes of \$1.4 million contributed to the decrease in net earnings.

The net earnings were negatively impacted by \$16.0 million or \$0.33 per share of non-cash items and \$9.3 million or \$0.19 per share of non-recurring costs (net of income taxes) during the fifteen-month period ended December 31, 2012. When added back to the firm's net earnings of \$3.0 million or \$0.06 per share, the adjusted net earnings, as defined on page 33 (a non-IFRS measure of performance), for the fifteen-month period ended December 31, 2012 were \$28.4 million or \$0.59 per share.

The adjusted net earnings for the twelve-month period ended September 30, 2011 was \$16.2 million or \$0.44 per share.

YTD 12-MONTH PERIOD VS. PRIOR YEAR 12-MONTH PERIOD

For a better comparability, the net earnings, on a twelve-month basis, fluctuated in the following manner:

For the twelve-month period ended September 30, 2012, the Firm's net loss was \$0.1 million or nil per share (basic and fully diluted). For the twelve-month period ended September 30, 2011, the Firm earned \$8.8 million or \$0.24 (basic and fully diluted). The decrease of \$8.8 million in net earnings is explained by an overall increase in operating expenses of \$7.8 million combined with lower performance fees impact of \$2.3 million. Also, the addition of intangible assets amortization of \$5.5 million, higher acquisition costs of \$4.3 million and the addition of restructuring costs of \$6.7 million related to the Natcan transaction versus \$3.4 million for restructuring costs following the Sceptre transaction in last year's comparable period, the addition of an interest on long term debt of \$1.9 million, the accretion on purchase price obligation payments of \$1.2 million and the change in fair value of the derivative financial instrument of \$0.9 million contributed to a decrease in net earnings.

Finally, higher base management fees of \$16.5 million and lower income taxes of \$2.4 million offset the above elements contributed to the net earnings variance in the twelve-month period ended September 30, 2012 versus last year comparable period.

The net earnings were negatively impacted by \$11.4 million or \$0.25 per share of non-cash items and \$7.7 million or \$0.17 per share of non-recurring costs (net of income taxes) during the twelve-month period ended September 30, 2012. When added back to the firm's net earnings of \$0.1 million or nil per share, the adjusted net earnings, as defined on page 33 (a non-IFRS measure of performance), for the twelve-month period ended September 30, 2012 were \$19.1 million or \$0.41 per share.

The adjusted net earnings for the twelve-month period ended September 30, 2011 was \$16.2 million or \$0.44 per share.

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SUMMARY OF QUARTERLY RESULTS

This quarterly information is unaudited but has been prepared on an IFRS basis. The AUM, total revenue, EBITDA, and net earnings of the Firm, on a consolidated basis, including amounts on a per share basis for each of the Firm most recently completed eight quarterly periods, are as follows:

TABLE 10 – QUARTERLY RESULTS (\$ IN THOUSANDS EXCEPT AUM \$ IN MILLIONS):

	Q5 Dec. 31 2012	Q4 Sept. 30 2012	Q3 June 30 2012	Q2 Mar. 31 2012	Q1 Dec. 31 2011	Q4 Sept. 30 2011	Q3 June 30 2011	Q2 Mar. 31 2011
AUM	57,043	55,221	53,915	28,691	28,920	29,020	30,060	29,452
Total Revenue	31,009	26,399	26,257	15,531	16,131	16,072	17,578	17,936
EBITDA	12,454	9,408	10,424	3,403	3,411	3,993	5,064	4,310
Net (loss) earnings	3,086	3,008	(3,463)	(435)	829	1,246	2,812	1,897
PER SHARE								
EBITDA ¹	0.22	0.17	0.18	0.09	0.07	0.11	0.12	0.11
Basic and diluted net (loss) earnings	0.05	0.05	(0.06)	(0.01)	0.02	0.03	0.08	0.05
Adjusted net earnings ¹	0.16	0.12	0.13	0.07	0.08	0.08	0.12	0.12

1. EBITDA and Adjusted net earnings are non-IFRS measures. Please refer to "Non-IFRS Measures" on page 33.
Certain totals, subtotals and percentage may not reconcile due to rounding

RESULTS AND TREND ANALYSIS

AUM

AUM increased in the three-month period ended December 31, 2012 due to the acquisition of CWM in December 2012, market appreciation as well as additional AUM resulting from Marketing and sales efforts. The acquisition of Natcan AUM in April 2012 contributed to the AUM increase in the June 30, 2012 ended quarter and previously, after the combination with Sceptre on September 1, 2010, the assets under management had remained fairly stable.

REVENUE

December 31, 2012 ending quarter revenues increased following higher performances fees, positive cash flows and market combined with the addition of one month in revenues related to CWM acquisition. The previous quarter ended September 2012 was stable vs. the quarter ended June 30, 2012 which was characterized by the acquisition of Natcan translating into additional revenues of \$10.8 million.

EBITDA

The EBITDA has fluctuated with a low of \$3.4 million and a high of \$12.4 million. The current quarter ended December 2012 was positively impacted by performance fees as well as additional AUM base revenues following Sales efforts. The acquisition of Natcan on April 2, 2012 has contributed to the rise in EBITDA and the business combination with Sceptre on September 1, 2010 has contributed in the growth of the EBITDA in the quarters following the merger. Quarters between September 30, 2011 and March 31, 2012, experienced a shortfall in the EBITDA and were characterized by a rise in operating expenses due to the strong investment performance of our investment teams namely the Fixed Income and Global teams translating into an increase in compensation expenses combined with the continuation of strategic initiatives investments such as the USA branch office and the Real Estate fund and related set-up costs.

NET EARNINGS

The net earnings have fluctuated with a low of \$3.5 million loss and a high of \$3.1 million earnings. The business combination with Sceptre on September 1, 2010 explained the growth in the net earnings and since that period, various initiatives and non-recurring costs related to the Natcan transaction have contributed to the decrease in net earnings in recent quarters namely for the June 30, 2012 quarter ended. In addition, the current quarter net earnings remained stable when compared to the September 30, 2012 quarter.

ADJUSTED NET EARNINGS

The adjusted net earnings per share are a good performance indicator of the business capacity to generate cash flow. Post-Sceptre acquisition, the Firm had been performing consistently at an adjusted net earnings of approximately \$0.12 per share per quarter. The first quarter after the Natcan acquisition was closed with an adjusted net earnings of \$0.13 per share, the following quarter ended September 30, 2012 closed with an adjusted net earnings of \$0.12 per share and the current quarter ended December 31, 2012 recorded an adjusted net earnings of 0.16 per share mainly due to additional performance fees recorded in the quarter.

LIQUIDITY

CASH FLOWS

The following table provides additional details regarding Fiera Capital's cash flows.

TABLE 11 – SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED:
(IN THOUSANDS OF DOLLARS – AUDITED)

	December 31, 2012	September 30, 2011
	15 months	12 months
Cash provided by operating activities	17,888	8,442
Cash (used) provided by investing activities	(107,631)	534
Cash provided (used) by financing activities	95,793	(10,187)
Increase (decrease) in cash and cash equivalents	6,050	(1,211)
Cash and cash equivalents, beginning of year	(34)	1,177
Cash and cash equivalents, end of period	6,016	(34)

Cash provided by operating activities was \$17.9 million for the fifteen months ended December 31, 2012 compared to \$8.4 million provided for the twelve-month ended September 30, 2011. The variation is mainly explained by the Natcan acquisition in April 2012 and an additional quarter computed in the December 31, 2012 results

Cash used in investing activities of \$107.6 million for the fifteen months ended December 31, 2012 results mainly from the addition of \$92.4 million payment for the recently acquired Natcan combined with a \$5.1 million subscription of capital in Fiera Properties, the Firm's Real Estate joint venture.

The cash provided by the financing activities of \$95.8 million for the fifteen months ended December 31, 2012 results from an additional long term debt of \$108.0 million following the Natcan acquisition on April 2, offset by Interests and financing charges of \$2.8 million and dividend payments of \$19.4 million.

Lastly, issuance of capital stock of \$1.5 million contributed to the positive cash from financing activities in the current period.

LONG TERM DEBT

Following the Natcan acquisition on April 2, 2012, the Firm has a long term debt of \$108 million. The unsecured loan bearing interest at banker's acceptances rate plus a variable premium maturing on March, 2017, repayable in quarterly instalments of \$ 2.0 million starting in June 2015 up to March 2017. On May 1st, 2012, the Company entered into an interest rate swap agreement of a notional amount of \$108 million which consist of exchanging its variable rate for a fixed rate of 1.835 % ending in March 2017, payable in monthly instalments.

Under the terms of the loan agreement, the Company must satisfy certain restrictive covenants as to minimum financial ratios. These restrictions are composed of ratio funded debt

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to EBITDA and interest coverage ratio. EBITDA, a non IFRS measure, means on a consolidated basis, the net earnings of the Borrower before interest, taxes, depreciation, amortization, non-recurring and one-time expenses related to Acquisitions and other non-cash items and shall include various items.

BANK LOAN

The Company has an unsecured authorized revolving facility of \$10.0 million bearing interest at prime rate plus a premium varying from 0% to 1% or at banker acceptance rate plus a premium rate varying from 1% to 2%, maturing in March 2017. The covenant is the same as the long term debt.

OFF-BALANCE SHEET ARRANGEMENTS

At December 31, 2012 and September 30, 2011, Fiera Capital did not engage in any off-balance sheet arrangements, including guarantees, derivatives, other than the interest swap as detailed under the long-term section above, and variable interest entities. We do not anticipate entering into such agreements.

LEGAL PROCEEDINGS

Fiera Capital may become involved in various claims and litigation as a part of its business. While the Firm cannot predict the final outcome of claims and litigation that were pending at December 31, 2012, based on information currently available and management's assessment of the merits of such claims and litigation, management believes that the resolution of these claims and litigation will not have a material and negative effect on our consolidated financial position or results of operations.

POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Company contributes to defined contribution plans for its employees. Contributions for the 15 month period ended December 31, 2012 amount to \$1.3 million (\$0.8 million for the 12 month period ended September 30, 2011).

As part of the business combination referred in Note 4, the Company assumed the role of sponsor of individual pension

plan ("IPP") which had been established by the Company for former employees. Under pension legislation, while the IPPs are ongoing, the Company has no legal requirement to make contributions towards any solvency deficiencies under the IPPs. However, the Company has a legal requirement regarding the funding of ongoing deficit. These IPPs are valued on a triennial reporting cycle. The most recent actuarial valuation was performed as at October 1, 2011 and the next actuarial valuation dates is January 1, 2015.

As at October 1, 2011 two former executive employees had an ongoing funding deficit of \$1.6 million. The funding requirement, if any, will be confirmed at the termination date of the plan.

SHARE CAPITAL

As at December 31, 2012 the Company had 35,368,114 Class A subordinate voting shares and 21,207,964 Class B special voting shares for a total of 56,576,078 shares outstanding compared to 15,367,666 Class A subordinate voting shares and 21,207,964 Class B special voting shares for a total of 36,575,630 shares outstanding, as at September 30, 2011.

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

SHARE-BASED COMPENSATION

A summary of the changes that occurred during the 15 months ended December 31, 2012 and the 12 months ended September 30, 2011 in the Company share based plans is presented below:

TABLE 12 – OPTIONS

	December 31, 2012		September 30, 2011	
	Number of class A shares	Weighted-average exercise price	Number of class A shares	Weighted-average exercise price
		\$		\$
Outstanding – beginning of year	1,630,072	5.93	1,135,878	4.25
Granted	986,939	8.22	709,028	8.39
Exercised	(181,401)	4.16	(139,573)	5.54
Expired	-	-	(7,200)	6.15
Forfeited	(145,217)	8.13	(68,061)	4.10
Outstanding – end of year	2,290,393	6.92	1,630,072	5.93
Options exercisable – end of year	707,172	5.88	320,875	4.75

INTERNAL CONTROL OVER FINANCIAL REPORTING

During the fifth quarter ended December 31, 2012, no change to internal control over financial reporting of Fiera Capital has occurred that has materially affected, or is reasonably likely to have materially affected, such internal control over financial reporting.

Management of the Company has evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting (as defined under National Instrument 52-109) as of December 31, 2012, under the supervision of the Chief Executive Officer and the Senior Vice President, Finance. Based on that evaluation, the Chief Executive Officer and the Senior Vice President, Finance has concluded that the design and operation of those disclosure controls and procedures and internal controls over financial reporting were adequate and effective as of December 31, 2012.

FINANCIAL INSTRUMENTS

The Company, through its financial assets and financial liabilities, has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk, currency risk and liquidity risk. The following analysis provides a measurement risk as at December 31, 2012.

The Company's business is the management of investment assets. The key performance driver of the Company's ongoing

results is the level of assets under management. The level of assets under management is directly tied to investment returns and the Company's ability to retain existing assets and attract new assets.

The Company's consolidated balance sheet includes a portfolio of investments. The value of these investments is subject to a number of risk factors. While a number of these risks also affect the value of client assets under management, the following discussion related only to the Company's own portfolio of investments.

The Company's exposure to potential loss from its financial instrument investments is due primarily to market risk, including interest rate and equity market fluctuation risks, credit risk and liquidity risk.

MARKET RISK

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

EQUITY MARKET FLUCTUATION RISK

Fluctuations in the value of equity securities affect the level and timing or recognition of gains and losses on equity and mutual fund and pooled fund securities in the Company's portfolio and

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causes changes in realized and unrealized gains and losses. General economic conditions, political conditions and many other factors can also adversely affect the stock and bond markets and, consequently, the value of the equity, mutual fund, pooled fund and fixed income available-for-sale financial assets held.

The Company manages its investment portfolio with a medium risk mandate. Its particular expertise is investment management and, as part of its daily operations, it has resources to assess and manage the risks of a portfolio. The Company's portfolio of equity and equity-related securities as at December 31, 2012, comprises mutual fund and pooled fund investments under its management with a fair value of \$6.5 million. Mutual fund and pooled investments comprise a well-diversified portfolio of Canadian investments. Mutual fund and pooled fund units have no specific maturities.

A 10% change in the Company's equity and equity-related holdings in other comprehensive income as at December 31, 2012 has an impact of increasing or decreasing other comprehensive income by \$0.7 million.

CREDIT RISK

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

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

INTEREST RATE RISK

The Company's interest rate risk arises from long-term debt and the bank loan. Long-term debt issued at variable rates exposes the Company to cash flow interest rate risk which is partially offset by cash held at variable rates.

The Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting debt from floating rates to fixed rates. The Company obtained the long-term debt at a floating rate and swaps it into fixed rates that are lower than those available if the Company borrowed at fixed rates directly. Under the interest rate swap, the Company agrees with the counter party 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

The Company realizes less than 1% of its revenue principally in US dollars and is thus not significantly exposed to foreign exchange fluctuations. The Company does not actively manage this risk. Refer to note 6. Financial Instruments of the Consolidated Financial Statements for additional information.

LIQUIDITY RISK

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balance and cash flows generated from operations to meet its requirements. Refer to note 6. Financial Instruments of the Consolidated Financial Statements for additional information.

DETERMINATION OF FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Derivative financial instruments consist primarily of swap contracts. The Company determines the fair value of its derivative financial instruments using the purchase or selling price, as appropriate, in the most advantageous active market to which the Company has immediate access. When there is no active market for derivative financial instruments, the Company determines the fair value by applying valuation techniques, using available information on market transaction involving other instruments that are substantially the same, discounted cash flows analysis or other techniques, where appropriate. The Company ensures, to the extent practicable, that its valuation technique incorporates all factors that market participants would consider in setting a price and that it is consistent with accepted economic methods for pricing financial instruments. The carrying amounts of derivative financial instruments classified as cash flow hedge as at December 31, 2012 was \$1.5 million.



CAPITAL MANAGEMENT

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

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

In order to be in compliance with Canadian securities administration regulations the Company is required to maintain a minimum working capital of \$275,000 as defined in Regulation 31-103, respecting Registration Requirements and Exemptions.

As at December 31, 2012, all debt covenant requirement and exemptions have been respected.

SIGNIFICANT ACCOUNTING POLICIES

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Our consolidated financial statements represent our results and financial position under IFRS and have been prepared in accordance with IAS 34, Interim Financial Reporting, and with IFRS 1, First-time Adoption of IFRS, as issued by the International Accounting Standards Board (IASB) and in accordance with our accounting policies. Previously, our consolidated annual and interim financial statements were prepared in accordance with Canadian GAAP. The adoption of IFRS has not had a material impact on our overall performance, strategic decisions or underlying trends of our operations.

IMPACT OF TRANSITION TO IFRS

IFRS 1, First-time adoption of international financial reporting standards sets forth guidance for the initial adoption of IFRS. Our analysis of IFRS and comparison to our accounting policies under Canadian GAAP determined that we were generally aligned with IFRS in many areas, but also identified a number of key differences. Refer to our audited consolidated financial statements and our MD&A for the year ended September 30, 2011, for explanations of these differences and adjustments.

IFRS 1 provides both mandatory exceptions and optional exemptions. In general, we have chosen to apply certain optional exemptions to reduce the complexity involved in converting to IFRS. Refer to note 13 of our interim consolidated

financial statements for the three months ended December 31, 2011 for more details on the significant IFRS 1 exemptions we have taken and reconciliations between our 2011 results previously prepared under Canadian GAAP and to those under IFRS. The reconciliations include the total equity as at October 1, 2010, December 31, 2010, and September 30, 2011, and net earnings (loss) and comprehensive income (loss), for the three months ended December 31, 2010, and year ended September 30, 2011. Our IFRS accounting policies are provided in note 2 to our consolidated financial statements.

NON-IFRS MEASURES

EBITDA is calculated as the sum of net earnings, plus interest on debt and other interest expense, income taxes, amortization and impairment loss of property and equipment and intangible assets, retention bonus and certain acquisition costs.

Adjusted net earnings is calculated as the sum of net earnings, non-cash items, namely depreciation, amortization and impairment loss of property and equipment and intangible assets and non-recurring expenses, namely, special bonuses and certain acquisition and restructuring costs.

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 relying 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. Our 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 presentations made in accordance with IFRS. For example, certain 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 in the calculation of Non-IFRS

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measures to be non-recurring and less relevant to evaluate our performance, some of these items may continue to take place and accordingly may reduce the cash available to us. 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 you should not consider them in isolation, or as substitutes for analysis of our results as reported under IFRS. Because of these limitations, we primarily rely on our results as reported in accordance with IFRS and use the Non-IFRS measures only as a supplement. In addition, because other companies may calculate Non-IFRS measures differently than we do, they 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 risks factors, including but not limited to the following:

CLIENTS ARE NOT COMMITTED TO 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 that 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 REVENUES

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 \$21,2 billion of AUM as of December 31, 2012, representing approximately 37% of Fiera Capital's \$57 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 DUE TO COMPETITIVE PRESSURES COULD LEAD TO A LOSS OF CLIENTS AND A DECLINE IN REVENUES

Fiera Capital's business is dependent on the highly-skilled and often highly-specialized individuals it employs. The contributions of these individuals to Fiera Capital's Investment Management, Risk Management and Client Service teams is important to 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 Fiera Capital. 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 at being an employer of choice, will be efficient at 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 THE 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 anticipated 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, employees or to achieve the anticipated 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 that were anticipated 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 REVENUES

The investment management 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. 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.

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 due to its impact on Fiera Capital's corporate image. Reputational risk is inherent in virtually all of 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 which all of Fiera Capital's employees are required to observe.

CHANGE(S) IN THE INVESTMENT MANAGEMENT INDUSTRY COULD RESULT IN A DECLINE IN REVENUES

Fiera Capital's ability to generate revenues 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

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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 towards the implementation of 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 secondary market civil liability regime, 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 secondary market civil liability regime in certain jurisdictions, dissatisfied shareholders may more easily make claims against Fiera Capital, its directors and its officers.

INDEBTEDNESS

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

THESE COVENANTS LIMIT THEIR 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 maintain in respect of, or permit to be outstanding certain guarantees;
- pay dividends on, redeem or repurchase Fiera Capital's capital stock;



- make investments and loans;
- 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 its business activities;
- amend or modify in any way Fiera Capital's constitutive documents, charters, by-laws or jurisdiction of incorporation;
- amend any material provision of the Material Contracts (as described therein); and
- consolidate, merge or sell all or substantially all of the assets.

These restrictions may prevent us from taking actions that we believe would profit our 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 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 will cause an event of default.

Although at present, given Fiera Capital's strong balance sheet, 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, would likely result in an event of default under the Credit Agreement as amended and restated.

Furthermore, a portion of Fiera Capital's indebtedness, including the borrowings under the 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

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.

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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 Fund's 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 results in management expense ratios or the Funds becoming uncompetitive, then 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 resides on or is transmitted through them. An externally caused information security incident, such as a hacker attack or a virus or 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-party suppliers. Failure of a key supplier, the loss of these suppliers' products, or problems or errors related to such products would 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.

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, 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 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 be ultimately 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 the 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.

Independent Auditor's Report



TO THE SHAREHOLDERS OF FIERA CAPITAL CORPORATION

We have audited the accompanying consolidated financial statements of Fiera Capital Corporation Inc., which comprise the consolidated balance sheets as at December 31, 2012, September 30, 2011 and October 1, 2010, 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 15-month period ended December 31, 2012 and the year ended September 30, 2011, 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 positions of Fiera Capital Corporation Inc. as at December 31, 2012, September 30, 2011 and October 1, 2010, and its financial performance and its cash flows for the 15-month period ended December 31, 2012 and the year ended September 30, 2011 in accordance with International Financial Reporting Standards.

Montreal (Canada), March 20, 2013

Deloitte S.E.N.C.R.L.¹

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

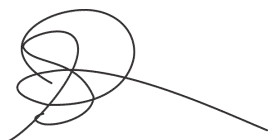
Management's Report to the Shareholders

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 Canadian generally accepted accounting principles 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 Committee is composed of independent directors who meet periodically with management and with auditors to discuss the Corporation's financial reporting and internal control. The Audit 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 Committee. In addition, the Corporation's independent auditors, Deloitte s.e.n.c.r.l., 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
Chief Operating Officer



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

Consolidated Statements of Earnings

(in thousand of Canadian dollars, except per share data)	Periods ended:	December 31,	September 30,
		2012	2011
		15 months	12 months
		\$	\$
REVENUE			
Base management fees		109,261	65,630
Performance fees		5,587	3,941
Other revenue		480	572
		115,328	70,143
EXPENSES			
Selling, general and administrative expenses NOTE 19		74,236	47,180
External managers		1,989	2,693
Depreciation of property and equipment		1,136	812
Amortization of intangible assets		12,609	3,440
Write-off of property and equipment		-	633
Reversal of unamortized lease inducement		-	(143)
Loss on disposal of assets		6	8
Interest on long-term debt and other financing charges		2,940	-
Accretion on purchase price obligation		1,864	-
Changes in fair value of derivative financial instrument		1,491	-
		96,271	54,623
Earnings before share of earnings of joint venture, acquisition costs and restructuring provisions and other costs and income taxes		19,057	15,520
Share of earnings of joint venture		(201)	(744)
Acquisition costs		5,937	-
Restructuring provisions and other costs NOTE 4		7,513	3,350
Earnings before income taxes		5,808	12,914
Income taxes NOTE 13		2,782	4,143
Net earnings for the period		3,026	8,771
Earnings per share NOTE 16			
Basic		0.06	0.24
Diluted		0.06	0.24

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

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)	Periods ended:	December 31,	September 30,
		2012	2011
		15 months	12 months
		\$	\$
NET EARNINGS FOR THE PERIOD		3,026	8,771
Other comprehensive income:			
Items that may be reclassified subsequently to earnings:			
Unrealized gain (loss) on available-for-sale financial assets (net of income taxes)		(60)	5
Reclassification adjustment included in net earnings		-	(8)
Share of other comprehensive income of joint ventures		108	12
Other comprehensive income for the period		48	9
Comprehensive income for the period		3,074	8,780

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

Consolidated Balance Sheets

(in thousands of Canadian dollars)	As at:	December 31, 2012	September 30, 2011	October 1, 2010
		\$	\$	\$
ASSETS				
Current assets				
Cash		6,016	-	1,177
Funds held for clients		297	218	1,798
Investments NOTE 7		6,532	983	4,514
Accounts receivable NOTE 8		29,888	16,414	15,942
Advance to a joint venture		342	-	-
Prepaid expenses		874	716	481
		43,949	18,331	23,912
Non-current assets				
Deferred charges		402	224	199
Deferred income taxes NOTE 13		1,364	50	53
Investment in joint ventures NOTE 5		6,879	1,333	56
Property and equipment NOTE 9		5,200	2,413	2,598
Intangible assets NOTE 10		180,230	50,749	53,408
Goodwill NOTE 10		278,750	90,470	89,905
		516,774	163,570	170,131
LIABILITIES				
Current liabilities				
Bank overdraft		-	34	-
Bank loan NOTE 11		9,800	-	-
Accounts payable and accrued liabilities NOTE 12		16,501	8,867	11,227
Restructuring provision NOTE 4		1,764	1,982	2,916
Amount due to related companies		2,003	149	108
Client deposits		297	218	1,798
Prepaid management fees		928	8	-
		31,293	11,258	16,049
Non-current liabilities				
Deferred lease obligation		599	320	302
Lease inducements		1,052	706	945
Deferred income taxes NOTE 13		20,264	10,079	10,073
Long term restructuring provisions NOTE 4		312	137	1,451
Long term debt NOTE 14		107,521	-	-
Purchase price obligations NOTE 4		56,503	-	-
Derivative financial instrument NOTE 14 and 6		1,491	-	-
Other long-term liabilities		-	233	-
		219,035	22,733	28,820
EQUITY				
Share capital NOTE 15		307,759	135,587	134,496
Contributed surplus		2,668	1,703	1,088
(Deficit) Retained earnings		(12,753)	3,530	5,719
Accumulated other comprehensive income NOTE 15		65	17	8
		297,739	140,837	141,311
		516,774	163,570	170,131

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

Approved by the Board


Jean-Guy Desjardins, Director


Sylvain Brosseau, Director

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars, except per share data)	Periods ended:	December 31,	September 30,
		2012	2011
		15 months	12 months
		\$	\$
SHARE CAPITAL			
Balance, beginning of period		135,587	134,496
Stock options exercised		967	1,091
Shares issued as part of business combination NOTE 4		170,487	-
Shares issued for cash as part of the employee share purchase plan		718	-
Balance, end of period		307,759	135,587
CONTRIBUTED SURPLUS			
Balance, beginning of period		1,703	1,088
Share-based compensation expense		1,176	933
Stock options exercised		(211)	(318)
Balance, end of period		2,668	1,703
(DEFICIT) RETAINED EARNINGS			
Balance, beginning of period		3,530	5,719
Net earnings		3,026	8,771
Gain on dilution NOTE 5		112	-
Dividends		(19,421)	(10,960)
Balance, end of period		(12,753)	3,530
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Balance, beginning of period		17	8
Other comprehensive income		48	9
Balance, end of period		65	17
Dividend per share		0.40	0.30

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Periods ended:	December 31,	September 30,
		2012	2011
		15 months	12 months
		\$	\$
Cash flows generated by (used in)			
OPERATING ACTIVITIES			
Net earnings		3,026	8,771
Adjustments for:			
Depreciation of property and equipment		1,136	812
Amortization of intangible assets		12,609	3,440
Amortization of deferred charges		260	99
Amortization of financing charges		83	-
Write-off of property and equipment		-	633
Reversal of unamortized lease inducements		-	(143)
Accretion of purchase price obligation payments		1,864	-
Lease inducements		(185)	(157)
Deferred lease obligations		274	18
Share-based compensation		1,176	933
Interest expenses		2,838	-
Change in fair value of derivative financial instrument		1,491	-
Income tax expense		2,782	4,143
Income taxes paid		(4,551)	(5,387)
Income taxes received		-	2,052
Share of (earnings) loss from joint ventures		(201)	(744)
Prepaid management fee		888	-
Other		(109)	8
Changes in non-cash operating working capital items NOTE 20		(5,493)	(6,036)
Net cash generated from operating activities		17,888	8,442
INVESTING ACTIVITIES			
Business combinations (less cash acquired of \$310 in 2012) NOTE 4		(92,393)	(361)
Investments		(5,500)	3,520
Advance to a joint venture		(342)	-
Investments in a joint venture NOTE 5		(5,125)	(875)
Dividend paid by a joint venture NOTE 5		-	354
Purchase of property and equipment		(2,393)	(1,260)
Purchase of intangible assets		(2,336)	(781)
Lease inducements		531	61
Deferred charges		(73)	(124)
Net cash (used) generated in investing activities		(107,631)	534
FINANCING ACTIVITIES			
Bank loan		9,800	-
Dividend paid		(19,421)	(10,960)
Issuance of share capital		1,474	773
Long-term debt NOTE 14		108,000	-
Interest paid on long-term debt		(2,838)	-
Financing charges		(562)	-
Repayment of amount due to shareholder		(660)	-
Net cash (used) generated in financing activities		95,793	(10,187)
Net (decrease) increase in cash and cash equivalents		6,050	(1,211)
Cash and cash equivalents – beginning of period		(34)	1,177
Cash and cash equivalents – end of period		6,016	(34)

Cash and cash equivalent include bank overdraft

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

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Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011



NOTE 1 DESCRIPTION OF BUSINESS

Fiera Capital Corporation (“Fiera Capital Corporation” or the “Company”) was incorporated as Fry Investment Management Limited in 1955 and is incorporated under the laws of the Province of Ontario. The Company is a full-service, multi-product investment firm, providing investment advisory and related services to institutional investors, private wealth clients and retail investors. Its head office is located at 1501 Avenue McGill College, office 800, Montreal, Quebec, Canada.

The Company changed its registered company name to Fiera Capital Corporation as approved by the shareholders at Fiera Capital Corporation annual and special meeting held on March 29, 2012.

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

The Corporation changed its financial year-end from September 30 to December 31. This change was made in order to allow for a better alignment of the Corporation’s operations processes. The amounts presented in the financial statements is not entirely comparable.

NOTE 2 BASIS OF PRESENTATION AND ADOPTION OF IFRS

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”) as set out in Part I of the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (“IFRS”) which require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in the consolidated financial statements for the period ended December 31, 2012. In these financial statements, the term “Canadian GAAP” refers to Canadian GAAP before the adoption of IFRS. These consolidated financial statements have been prepared in compliance with IFRS and IFRS1. *First-time Adoption of International Financial Reporting Standards* (“IFRS 1”). Subject to certain transition elections and exceptions disclosed in Note 25, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS balance sheet as at October 1, 2010, throughout all periods presented, as if these policies had always been in effect. Note 25 discloses the impact of the transition to IFRS on the Company’s reported balance sheet, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company’s consolidated financial statements for year ended September 30, 2011, prepared under Canadian GAAP.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2012. The date the Board of Directors approves the financial statements and authorize for issue on March 20, 2013.

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

Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATION UNCERTAINTY

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

BASIS OF MEASUREMENT

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

CONSOLIDATION

The financial statements of the Company include the accounts of the Company and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

The consolidated financial statements include the accounts of Fiera Capital Corporation and its wholly owned subsidiaries, Fiera Sceptre Funds Inc. ("FSFI") which is registered with various provincial securities commissions as a mutual fund dealer and maintains membership in the Mutual Fund Dealer Association, and Sceptre Fund Management Inc. ("SFMI").

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

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

INVESTMENTS IN JOINT VENTURES

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

The Company owns interests in the following joint ventures: Fiera Axium Infrastructure Inc. ("Fiera Axium") is an entity specialized in infrastructure investment and Fiera Properties

Limited ("Fiera Properties") is an entity specialized in real estate investments, over which the Company has joint control. The financial results of the Company's investments in its joint ventures are included in the Company's results using the equity method.

Subsequent to the acquisition date, the Company's share of earnings of the joint venture is recognized in the consolidated statement of earnings. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in the joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Company does not recognize further losses unless it has incurred a legal or constructive obligation or made payment on behalf of joint venture.

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

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

BUSINESS COMBINATION

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except deferred tax assets or liabilities which are recognised and measured in accordance with IAS 12. Subsequent changes in fair values are adjusted against cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statement of earnings. The determination of fair value involves making estimates relating to acquired



intangibles assets, property and equipment and contingent consideration. Contingent consideration that is classified as liability is measured at each subsequent reporting dates 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 recognised immediately in profit or loss as a bargain purchase gain.

FOREIGN CURRENCY TRANSLATION

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

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

CLASSIFICATION

Cash and cash equivalents, and funds held for clients	Loans and receivables
Investments	
Short-term notes	Fair value through profit or loss
Mutual fund and pool fund investment	Available for sale
Accounts receivable	Loans and receivables
Advance to a joint venture	Loans and receivables
Bank overdraft	Financial liabilities at amortized cost
Bank loan	Financial liabilities at amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost
Amount due to related companies	Financial liabilities at amortized cost
Client deposits	Financial liabilities at amortized cost
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

REVENUE RECOGNITION

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

FINANCIAL INSTRUMENTS

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

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

Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011

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 short-term notes, classified under investments in the consolidated balance sheet and derivative financial instruments.

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

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and cash equivalents, funds held for clients, accounts receivable and loans to related companies, and 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, when material, 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.

AVAILABLE FOR SALE

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

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

FINANCIAL LIABILITIES AT AMORTIZED COST

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents may comprise cash and the short-term treasury bills with maturities of three months or less from the date of acquisition and bank overdraft.

FUNDS HELD FOR CLIENTS AND CLIENT DEPOSITS

The funds held for clients consist of client deposits received during the year following the settlement of a class action in favour of certain clients for whom the Company acted as agent. The source and use of funds related to these deposits are not considered as operating activities.

INVESTMENTS

Investments in short-term notes are carried on the consolidated balance sheets at fair value using bid prices. Investments in mutual fund and pool fund units are carried at the net asset value reported by the fund manager.

PROPERTY AND EQUIPMENT

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



The major categories of property and equipment are depreciated on a straight-line basis as follows:

Office furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	Lease term

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

INTANGIBLE ASSETS

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

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

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

Assets management contract	10 years
Customer relationships	20 years
Other	2 years to 8 years

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 may not be recoverable. Indefinite-life intangible assets are tested at least annually for impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest level for which there are separately identifiable cash inflows (cash-generating units or CGU). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

GOODWILL

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

For goodwill impairment testing purposes, the CGU which represents the lowest level within the Company at which management monitors goodwill is the operating segment (note 24).

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 incentives received from the lessor) are charged to the consolidated statement of earnings on a straight-line basis over the term of the lease.

DEFERRED CHARGES

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

Notes to the Consolidated Financial Statements

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DEFERRED LEASE OBLIGATIONS

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

LEASE INDUCEMENTS

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

INCOME TAXES

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

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

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

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

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

EMPLOYEE BENEFITS

POST-EMPLOYMENT BENEFIT OBLIGATIONS

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 become payable.

BONUS PLANS

The Company recognizes a provision and an expense for bonuses, based on several plans and payable on various dates during the year when it is contractually obliged or where there is a past practice that has created a constructive obligation.

SHARE-BASED COMPENSATION

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

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

DEFERRED SHARE UNIT PLAN

The expense associated with granting deferred share units ("DSU") was recognized when the deferred shares were issued. Changes in the fair value of previously issued DSU that arise due to changes in the price of the Company's shares are recognized on an ongoing basis in the consolidated statement of earnings. The number of DSU granted to directors was determined by dividing the dollar value of the portion of directors' fees to be paid in DSU by the closing price of the Company's shares on the TSX for the business day immediately preceding the date of the grant. DSU were granted on the third business day following the publication by the Company of its earnings results for each quarter. At September, 2010, the Board cancelled the DSU plan; however, all existing rights and privilege were kept intact. All eligible directors are now compensated in cash.

RESTRICTED SHARE UNIT PLAN

The Restricted Share Unit Plan ("RSU") was established for the purposes to provide certain specified persons with the opportunity to acquire class A subordinate shares of the Company in order to induce such persons to become employees of the Company or one of its affiliates and to permit them to participate in the growth and development of the

Company. The maximum number of issuable shares under this plan is 10% of the issued and outstanding shares of the Company calculated on a non-diluted basis. The subscription date is the third anniversary of the award date. The Board may determine the number of shares each eligible employee can prescribe to. RSU expense is recorded at fair value over a 3 years on a straight-line basis.

TERMINATION BENEFITS

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

RESTRUCTURING PROVISIONS

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

EARNINGS PER SHARE

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

Diluted EPS is calculated by adjusting the weighted average number of shares outstanding for dilutive instruments. The number of shares included with respect to options and similar instruments is computed using the treasury stock method. The Company's potentially dilutive shares comprise stock options granted to employees.

SHARE CAPITAL

Class A shares and class B shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

DIVIDENDS

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

CONTRIBUTED SURPLUS

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

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements:

CASH GENERATING UNIT

The Company has one cash-generating unit ("CGU") for the purpose of assessing the carrying value of the allocated goodwill and indefinite-life intangible.

IMPAIRMENT OF GOODWILL AND INDEFINITE-LIFE INTANGIBLE

The Company tests annually whether goodwill has suffered any impairment. The recoverable amount of CGU is determined based on value-in-use calculation. This calculation requires the use of estimates. These estimates include the assumed growth rates for future cash flows, the numbers of years used in the cash flow model, the discount rate and others estimates. The recoverable amount if indefinite-life-intangibles is based on the present value of the expected future cash flow which involves making estimates about the future cash flows as well as discount rates and margin percentage.

IMPAIRMENT OF FINITE-LIFE INTANGIBLE ASSETS AND PROPERTY AND EQUIPMENT

Finite-life intangible assets and property and equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

The expected useful lives of the finite-life customer relationships are analyzed each year and determined based on the analysis of the historical and projected attrition rates of clients and other factors that may influence the expected future economic benefit that the Company will generate from the customer relationships.

Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011

BUSINESS COMBINATIONS

The purchase price allocation process resulting from a Business combination requires from management to estimate the fair value of assets relating to acquired intangible assets, property and equipment and the liabilities assumed such as the purchase price obligation due over time and related discount rates.

RESTRUCTURING PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a business acquisition. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted using a current pre-tax rate when the impact of the time value of money is material. The increase in the provision due to the passage of time is recognized as finance cost.

INCOME TAXES

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

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

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

Unless otherwise noted, the following revised standards and amendments, which are relevant but have not yet been adopted by the Company, are effective for annual periods beginning on or after January 1, 2013, except for IFRS 9, which is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted. The Company is currently evaluating the impact of these standards on its consolidated financial statement but no significant impact is expected.

IFRS 7 (REVISED) – FINANCIAL INSTRUMENTS: DISCLOSURES AND IAS32 FINANCIAL INSTRUMENTS: PRESENTATION

On December 16, 2011 the International Accounting Standard Board (“IASB”) issued common disclosure requirements that are intended to help investors and other users to better assess the effects or potential effect of offsetting arrangements on a company’s balance sheet. The new requirements are set out in *Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)*. The IFRS 7 amendments are effective for annual reporting periods beginning on after January 1, 2013.

IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 *Financial instruments* was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 *Financial Instruments Recognition and measurement* for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.



IFRS 10 – CONSOLIDATED FINANCIAL STATEMENTS

In May 2011, the IASB issued IFRS 10, *Consolidated Financial Statements*; IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 will replace SIC-12, *Consolidation-Special Purpose Entities*, and part of IAS 27, *Consolidated and Separate Financial Statements*.

IFRS 11 – JOINT ARRANGEMENTS

IFRS 11, *Joint Arrangements* requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting, whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities – Non-monetary Contributions by Venturer*.

IFRS 12 – DISCLOSURE OF INTERESTS IN OTHER ENTITIES

IFRS 12, *Disclosure of Interests in Other Entities* establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosures that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 – FAIR VALUE MEASUREMENT

IFRS 13, *Fair Value Measurement* is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

NOTE 4 BUSINESS COMBINATIONS

NATCAN INVESTMENTS MANAGEMENT INC.

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

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

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

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

Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011

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

	\$
Current assets	332
Property and equipment	193
Deferred charges	365
Intangible assets	132,302
Goodwill	186,518
Accounts payable and accrued liabilities	(332)
Deferred income taxes	(10,698)
	308,680
Purchase consideration	\$
Cash consideration	85,553
Purchase price obligation	52,640
Share capital issued	170,487
	308,680

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

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

CANADIAN WEALTH MANAGEMENT GROUP INC.

On November 30, 2012, Fiera Capital Corporation acquired 100 % of the shares of Canadian Wealth Management Group Inc. ("CWM") from Société Générale Private Banking, a Calgary-based subsidiary of Société Générale Private Banking. The amount of the transaction is \$ 7,150 in cash payment at closing and a contingent payment of \$ 2,000 in December 2013 if a certain level of assets under management is achieved.

On December 31, 2012, the Company proceeded to the winding-up of CWM and its subsidiary in the Company.

The purchase price allocation shown below is preliminary and based on management's best estimates. The final purchase price allocation is expected to be completed as soon as management has gathered all significant information available in order to finalize this allocation.

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

	\$
Cash	310
Other current assets	1,219
Property and equipment	1,337
Intangible assets	7,452
Goodwill	1,762
Accounts payable and accrued liabilities	(1,318)
Amount due to shareholder	(660)
Deferred income taxes	(952)
	9,150
<hr/>	
Purchase consideration	\$
Cash consideration	7,150
Purchase price obligation	2,000
	9,150

SCEPTRE INVESTMENT COUNSEL INC

On September 1, 2010, Fiera Capital Inc. ("Fiera Capital") completed the plan of arrangement (the "Arrangement") pursuant to which the business of Sceptre Investment Counsel Limited ("Sceptre") and Fiera Capital Inc. were combined to create a leading-edge and publicly traded independent investment manager under the name Fiera Sceptre Inc. ("Fiera Sceptre"). During the twelve-month period ended September 30, 2011, the Company finalized the purchase price allocation and had adjusted the goodwill for an amount of 565\$.

The impact of the acquisitions during the 15 month period on the management fee, performance fee and the net earnings is as follows:

	\$
Management fee	32,273
Performance fee	2,545
Net loss	(3,173)

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

	\$
Management fee	137,135
Performance fee	5,587
Net earnings	23,018

The Company considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a 15 month period and that they provide a baseline against which to compare the financial performance of future periods.

The above pro forma net earnings includes selling, general and administrative expense, external managers expense amortization of tangible and intangible assets, interest on long term debt, accretion on purchase price obligation and change in fair value of derivative financial instrument and the elimination of the acquisition costs, restructuring provision as well as related tax effects.

Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011

RESTRUCTURING PROVISION AND OTHER COSTS

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

During the 15 months ended December 31, 2012 restructuring provision accounting to \$4,336 and integration costs of the business combinations and special bonuses totalling \$3,177 were recorded for an aggregate amount of \$7,513 (\$3,350 for the 12 months ended September 30, 2011) of restructuring provisions and other costs.

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

	Severance	Lease for premises	Total
	\$	\$	\$
Balance, October 1, 2010	2,189	1,384	3,573
Addition (reversal) during the period	313	(89)	224
Paid during the period	(1,972)	(383)	(2,355)
Balance, September 30, 2011	530	912	1,442
Addition during the period	4,336	-	4,336
Paid during the period	(2,790)	(912)	(3,702)
Balance, December 31, 2012	2,076	-	2,076

NOTE 5 INVESTMENT IN JOINT VENTURES

The Company has investments in two joint ventures (Fiera Axiom and Fiera Properties) and the variation of its interests during the 15 months period is as follows:

	December 31, 2012	September 30, 2011
	15 months	12 months
	\$	\$
Opening balance	1,333	56
Dividend	-	(354)
Subscription to capital	5,125	875
Share of earnings	201	744
Gain on dilution	112	-
Share of other comprehensive income	108	12
Closing balance	6,879	1,333

During the month of February 2012, the Company increased its share of ownership in Fiera Axiom from 35% to 36% resulting from a share buyback by the joint venture. However, in October 2012 and November 2012, a shareholder of the joint venture exercised his options resulting in a decrease of the ownership to 35% resulting in a gain on dilution of \$112.

During the month of December 2011, the Company subscribed to 50% of the shares with voting rights in a new joint venture, Fiera Properties, for an amount of 1 dollar. In April 2012, Fiera Properties acquired Roycom Inc.; a company specialized in real estate investments. The commitment of Fiera Capital for this acquisition is \$5,125 in the form of a share subscription of Fiera Properties. After the transaction, the ownership of Fiera Capital Corporation represents 46% of the shares with voting rights.



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

	December 31, 2012	September 30, 2011	October 1, 2010
	\$	\$	\$
Balance sheet			
Current asset	1,662	1,837	1,018
Long term asset	8,664	812	477
Current liabilities	2,356	1,287	1,389
Long term liabilities	1,673	30	34

	December 31, 2012	September 30, 2011
	15 months	12 months
	\$	\$
Statement of earnings		
Revenue	4,758	2,755
Expense	4,557	2,011
Net earnings	201	744

NOTE 6 FINANCIAL INSTRUMENTS

The Company, through its financial assets and financial liabilities, has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk, currency risk and liquidity risk. The following analysis provides a measurement risk as at December 31, 2012, September 30, 2011 and October 1, 2010.

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

The Company's consolidated balance sheet includes a portfolio of investments. The value of these investments is subject to a number of risk factors. While a number of these risks also affect the value of client assets under management, the following discussion relates only to the Company's own portfolio of investments.

The Company's exposure to potential losses from its financial instrument investments is due primarily to market risk, including equity market fluctuation risks, credit risk, interest rate and liquidity risk.

MARKET RISK

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

EQUITY MARKET FLUCTUATION RISK

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

The Company manages its investment portfolio with a medium risk mandate. Its particular expertise is investment management and, as part of its daily operations, it has resources to assess and manage the risks of a portfolio. The Company's portfolio of equity and equity-related securities

Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011

as at December 31, 2012, September 30, 2011 and October 1, 2010, comprises mutual fund and pool fund investments under its management with a fair value of \$6,532 as at December 31, 2012, \$983 as at September 30, 2011 and \$1,014 as at October 1, 2010. Mutual fund investments comprise a well-diversified portfolio of Canadian investments. Mutual fund and pool fund units have no specific maturities.

A 10% change in the fair value of the Company's equity and equity-related holdings as at December 31, 2012, September 30, 2011 and October 1, 2010 has an impact of increasing or decreasing other comprehensive income by \$653, \$98 and \$101 respectively.

CREDIT RISK

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

The credit risk on cash and cash equivalents, funds held for clients and investments is limited because the counterparties are chartered banks with high-credit ratings assigned by national credit-rating agencies.

The Company's principal financial assets which are subject to credit risk are cash, funds held for clients investments and accounts receivable. The carrying amounts of financial assets on the consolidated balance sheets represent the Company's maximum credit exposure at the consolidated balance sheet dates.

The Company's credit risk is attributable primarily to its trade receivables. The amounts disclosed in the consolidated balance sheets are net of allowance for doubtful accounts, estimated by the Company's management based on previous experience and its assessment of the current economic environment. In order to reduce its risk, management has

adopted credit policies that include regular review of credit limits. With the exception of National Bank and related companies which represent 21% as at December 31, 2012, no customer represents 10% of the Company's revenues and accounts receivable as at December 31, 2012, September 30, 2011 and October 1, 2010.

INTEREST RATE RISK

The Company's interest rate risk arises from long-term debt and the bank loan. Long-term debt and the bank loan issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates.

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

CURRENCY RISK

The Company realizes less than 1% of its revenue principally in US dollars and is thus not significantly exposed to foreign exchange fluctuations. The Company does not actively manage this risk.

The consolidated balance sheets include the following amounts expressed in Canadian dollars with respect to financial assets and financial liabilities for which cash flows are denominated in the following currencies:

	2012 \$	2011 \$	2010 \$
US dollars			
Cash	160	36	93
Accounts receivable	75	2	2

LIQUIDITY RISK

The Company's objective is to have sufficient liquidity to meet its liabilities when 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 bank loan to finance its activities and to respect its obligations as they become due.

The Company has the following financial liabilities as at December 31, 2012:

	Carrying Amount	Contractual cash flow commitment				
		Total	2013	2014	2015	Other
		\$	\$	\$	\$	\$
Bank loan	9,800	9,800	9,800	-	-	-
Accounts payable and accrued liabilities	16,501	16,501	16,501	-	-	-
Restructuring provisions	2,076	2,076	1,764	312	-	-
Amount due to related companies	2,003	2,003	2,003	-	-	-
Long term debt	108,000	108,000	-	-	6,075	101,925
Purchase price obligation	56,503	76,500	10,500	8,500	8,500	49,000
	194,883	214,880	40,568	8,812	14,575	150,925

FAIR VALUE

Determination of fair value of financial instruments

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

The fair value of cash, funds held for clients, accounts receivable, bank loan, accounts payable and accrued liabilities, amount due to related companies and client deposits is approximately equal to their carrying values due to their short-term maturities.

The cost of mutual fund investments and pool funds is \$6,580 as at December 31, 2012, \$973 as at September 30, 2011 and \$1,022 as at October 1, 2010, while the fair value is \$6,532 as at December 31, 2012, \$985 as at September 30, 2011 and \$1,014 as at October 1, 2010. The unrealized gain (loss) of (\$48) as at December 31, 2012, \$12 as at September 30, 2011 and \$8 as at October 1, 2010 are reflected in other comprehensive income.

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

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

Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011

The carrying amount of derivative financial instruments is as follows:

	Liabilities		
	December 31, 2012	September 30, 2011	October 1, 2010
Derivative financial instruments classified as fair value through profit or loss			
Interest rate swap agreement	1,491	-	-

FAIR VALUE HIERARCHY

Financial instruments recorded at fair value on the consolidated balance sheets are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Financial instruments by category:

DECEMBER 31, 2012

	Loans and receivables	Available for sale	FVTPL ¹	Financial liabilities at amortized cost	Total
	\$	\$	\$	\$	\$
Assets					
Cash	6,016	-	-	-	6,016
Funds held for clients	297	-	-	-	297
Investments	-	6,532	-	-	6,532
Accounts receivable	29,888	-	-	-	29,888
Advance to a joint venture	342	-	-	-	342
Total	36,543	6,532	-	-	43,075
Liabilities					
Bank loan	-	-	-	9,800	9,800
Accounts payable and accrued liabilities	-	-	-	16,501	16,501
Amount due to related companies	-	-	-	2,003	2,003
Client deposits	-	-	-	297	297
Long-term debt	-	-	-	107,521	107,521
Purchase price obligations	-	-	-	56,503	56,503
Derivative financial instrument	-	-	1,491	-	1,491
Total	-	-	1,491	196,404	197,900

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



SEPTEMBER 30, 2011

	Loans and receivables	Available for sale	FVTPL	Financial liabilities at amortized cost	Total
	\$	\$	\$	\$	\$
Assets					
Funds held for clients	218	-	-	-	218
Investments	-	983	-	-	983
Accounts receivable	16,414	-	-	-	16,414
Total	16,632	983	-	-	17,615
Liabilities					
Bank overdraft	-	-	-	34	34
Accounts payable and accrued liabilities	-	-	-	8,867	8,867
Amount due to related companies	-	-	-	149	149
Client deposits	-	-	-	218	218
Total	-	-	-	9,268	9,268

OCTOBER 1, 2010

	Loans and receivables	Available for sale	FVTPL ¹	Financial liabilities at amortized cost	Total
	\$	\$	\$	\$	\$
Assets					
Cash	1,177	-	-	-	1,177
Funds held for clients	1,798	-	-	-	1,798
Investments	-	1,014	3,500	-	4,514
Accounts receivable	15,942	-	-	-	15,942
Total	18,917	1,014	3,500	-	23,431
Liabilities					
Accounts payable and accrued liabilities	-	-	-	11,227	11,227
Amount due to related companies	-	-	-	108	108
Client deposits	-	-	-	1,798	1,798
Total	-	-	-	13,133	13,133

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

Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011

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

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

The Company does not hold any financial instruments classified in Level 3. There was no transfer between levels during these periods.

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

	December 31, 2012		
	Level 1	Level 2	Total
	\$	\$	\$
Financial assets			
Mutual fund and Pool fund investments under Company's management	821	5,711	6,532
Total financial assets	821	5,711	6,532
Financial liabilities			
Derivative financial instrument designated as fair value through profit or loss	-	1,491	1,491
Total financial liabilities	-	1,491	1,491

	September 30, 2011		
	Level 1	Level 2	Total
	\$	\$	\$
Financial assets			
Mutual fund and Pool fund investments under Company's management	783	200	983
Total financial assets	783	200	983

	October 1, 2010		
	Level 1	Level 2	Total
	\$	\$	\$
Financial assets			
Mutual fund and Pool fund investments under Company's management	742	272	1,014
Total financial assets	742	272	1,014

**NOTE 7 INVESTMENTS**

	December 31, 2012	September 30, 2011	October 1, 2010
	\$	\$	\$
Short-term notes	-	-	3,500
Mutual fund and pool fund investments under Company's management	6,532	983	1,014
	6,532	983	4,514

NOTE 8 ACCOUNTS RECEIVABLE

	December 31, 2012	September 30, 2011	October 1, 2010
	\$	\$	\$
Trade accounts and others	19,776	14,875	14,146
Trade accounts – related companies of shareholders	9,635	1,536	1,497
Trade accounts – Joint ventures	477	3	299
	29,888	16,414	15,942

The aging of accounts receivable were as follows:

	December 31, 2012	September 30, 2011	October 1, 2010
	\$	\$	\$
Trade			
Current	18,720	13,325	12,097
Aged between 61 – 119 days	149	261	436
Aged greater than 120 days	120	129	118
Total trade	18,989	13,715	12,651
Related companies (current)	10,112	1,539	1,796
Others	787	1,160	1,495
	29,888	16,414	15,942

There is no doubtful account provision.

Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011

NOTE 9 PROPERTY AND EQUIPMENT

	Office furniture and equipment	Computer equipment	Leasehold improvements	Total
	\$	\$	\$	\$
At October 1, 2010				
Cost	2,076	2,995	2,101	7,172
Accumulated depreciation	(1,580)	(2,320)	(674)	(4,574)
Net book value	496	675	1,427	2,598
Year ended September 30, 2011				
Opening net book value	496	675	1,427	2,598
Additions	434	327	499	1,260
Disposals	(115)	-	(518)	(633)
Depreciation for the year	(263)	(301)	(248)	(812)
Closing net book value	552	701	1,160	2,413
At September 30, 2011¹				
Cost	2,245	3,054	1,645	6,944
Accumulated depreciation	(1,693)	(2,353)	(485)	(4,531)
Net book value	552	701	1,160	2,413
Period ended December 31, 2012				
Opening net book value	552	701	1,160	2,413
Additions	695	300	1,398	2,393
Business acquisition	502	314	714	1,530
Depreciation for the year	(320)	(428)	(388)	(1,136)
Closing net book value	1,429	887	2,884	5,200
At December 31, 2012¹				
Cost	3,368	1,870	3,736	8,974
Accumulated depreciation	(1,939)	(983)	(852)	(3,774)
Net book value	1,429	887	2,884	5,200

1. During the 15 month ended December 31, 2012 and the 12 months ended September 30, 2011, the Company disposed of office furniture and equipment which had an accounting cost of \$74 (\$266 for September 2011), and accumulated amortization of \$74 (\$151 for September 2011). Also, the Company disposed of computer equipment which had an accounting cost of \$1,798 (\$268 for September 2011) and an accumulated amortization of \$1,798 (\$268 for September 2011). Finally, the Company disposed of leasehold improvements which had an accounting cost of \$21 (\$955 for September 2011) and accumulated amortization of \$21 (\$437 for September 2011).



NOTE 10 GOODWILL AND INTANGIBLE ASSETS

	Goodwill \$	Indefinite life	Finite life			Total \$
		Asset management contracts	Asset management contracts	Customer relationship	Other	
		\$	\$	\$	\$	
At October 1, 2010						
Cost	89,905	6,170	-	45,280	4,330	55,780
Accumulated amortization	-	-	-	(1,392)	(980)	(2,372)
Net book value	89,905	6,170	-	43,888	3,350	53,408
Year ended September 30, 2011¹						
Opening net book value	89,905	6,170	-	43,888	3,350	53,408
Additions	-	-	-	-	781	781
Business acquisition	565	-	-	-	-	-
Amortization for the year	-	-	-	(2,266)	(1,174)	(3,440)
Closing net book value	90,470	6,170	-	41,622	2,957	50,749
At September 30, 2011						
Cost	90,470	6,170	-	45,280	5,021	56,471
Accumulated amortization	-	-	-	(3,658)	(2,064)	(5,722)
Net book value	90,470	6,170	-	41,622	2,957	50,749
Period ended December 31, 2012¹						
Opening net book value	90,470	6,170	-	41,622	2,957	50,749
Additions	-	-	-	-	2,336	2,336
Business acquisition	188,280	-	84,800	54,905	49	139,754
Amortization for the period	-	-	(6,360)	(4,670)	(1,579)	(12,609)
Closing net book value	278,750	6,170	78,440	91,857	3,763	180,230
At December 31, 2012						
Cost	278,750	6,170	84,800	100,185	6,711	197,866
Accumulated amortization	-	-	(6,360)	(8,328)	(2,948)	(17,636)
Net book value	278,750	6,170	78,440	91,857	3,763	180,230

1. During the 15 months ended December 31, 2012, and the 12 months ended September 30, 2011, the Company disposed of software which had an accounting cost of \$695 (\$90 for September 2011) and accumulated amortization of \$695 (\$90 for September 2011).

Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011

IMPAIRMENT TESTS OF GOODWILL

In assessing goodwill for impairment as at December 31, 2012, September 30, 2011 and October 1, 2010, the Company compared the aggregate recoverable amount of the assets included in the CGU to their carrying amounts. Recoverable amount has been determined based on the value in use of the CGU (entity as a whole) using five-year cash flow forecasts approved by management that made maximum use of observable market inputs. For the periods beyond the 5 years budget, the terminal value was determined using the expected long term growth rate. Key assumptions included the following:

	2012	2011	2010
	%	%	%
Budgeted gross margin	40.0	44.0	38.0
Weighted average growth rate	5.1	11.7	12.0
Discount rate	11.0	15.5	15.5

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, 2012, September 30, 2011 and October 1, 2010, the Company compared the aggregate recoverable amount of the assets to their respective carrying amounts. Recoverable amount has been determined based on the value using indefinite-life cash flow forecasts approved by management that made maximum use of observable markets inputs and outputs. For the periods beyond the budget period, the terminal value was determined using the expected long term growth rate. Key assumptions included the following:

	2012	2011	2010
	%	%	%
Budgeted gross margin	40.0	30.0	28.0
Weighted average growth rate	2.5	-	-
Discount rate	11.0	15.0	15.0

The budgeted margin is based on past experience and represents the margin achieved in the period preceding the budgeted period. The discount rate is applied to the five year pre tax cash flow protections 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.

NOTE 11 BANK LOAN

The Company has an unsecured authorized revolving facility of \$10,000 bearing interest at prime rate plus a premium varying from 0% to 1% or at banker acceptance rate plus a premium rate varying from 1% to 2%, maturing in March 2017. The covenant is the same as the long term debt.

NOTE 12 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2012	September 30, 2011	October 1, 2010
	\$	\$	\$
Trade accounts payable and accrued liabilities	6,124	2,744	3,754
Wages, vacation and severance payable	447	436	2,745
Bonuses and commissions payable	9,033	5,110	4,662
Taxes	897	577	66
	16,501	8,867	11,227

NOTE 13 INCOME TAXES

Income tax expense details as follows:

	December 31, 2012	September 30, 2011
	15 months	12 months
	\$	\$
Current income taxes	5,561	4,134
Deferred income taxes (recovery)	(2,779)	9
	2,782	4,143

The Company's income tax expense differs from the amounts that would have been obtained using the combined federal and provincial statutory tax rates as follows:

	December 31, 2012	September 30, 2011
	15 months	12 months
	\$	\$
Earnings before income taxes	5,808	12,914
Income tax expense based on combined statutory income tax rate	1,586	3,816
Share-based compensation	314	268
Non-deductible acquisition costs	586	-
Other non-deductible amounts	100	(99)
Adjustment of deferred income tax assets and liabilities due to changes to substantively enacted income tax rate	196	158
	2,782	4,143

The weighted average applicable tax rate was 27.3% (2011: 29.5%).

Notes to the Consolidated Financial Statements

DECEMBER 31, 2012 AND SEPTEMBER 30, 2011

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

	Property and equipment	Lease and Inducements	Restructuring provisions	Carry forward Loss	Other	Total
	\$	\$	\$	\$	\$	\$
Asset						
October 1, 2010	550	333	816	-	164	1,863
Charged to earnings	(550)	(62)	(512)	-	(71)	(1,195)
September 30, 2011	-	271	304	-	93	668
Charged to earnings	-	169	(194)	-	482	457
Business combinations	-	-	-	1,173	-	1,173
December 31, 2012	-	440	110	1,173	575	2,298

	Intangible assets	Property and equipment	Other	Total
	\$	\$	\$	\$
Liabilities				
October 1, 2010	(11,874)	-	(9)	(11,883)
Charged to earnings	(1,252)	(75)	9	1,186
September 30, 2011	(10,622)	(75)	-	(10,697)
Charged to earnings	2,460	(138)	-	2,322
Business combinations	(12,660)	(163)	-	(12,823)
December 31, 2012	(20,822)	(376)	-	(21,198)

The tax benefits derived from certain non capital loss resulting from a business combination have not been recorded from an amount approximately of \$220.

NOTE 14 LONG TERM DEBT

	2012	2011
	\$	\$
Unsecured loan bearing interest at prime rate plus a premium varying from 0% to 1% or at banker's acceptances rate plus a premium varying from 1.00 % to 2.00 % (1.75 % as at December 31, 2012) maturing on March 31, 2017, repayable in quarterly instalments of \$2,025 starting in June 2015 up to March 2017	108,000	-
Deferred financing charges	(479)	-
	107,521	-

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

Under the terms of the loan agreement, the Company must satisfy certain restrictive covenants as to minimum financial ratios. These restrictions are composed of ratio funded debt to EBITDA and interest coverage ratio as described below.

EBITDA, a non IFRS measure is defined in the loan agreement on a consolidated basis, as earnings of the Borrower before interest, taxes, depreciation, amortization, non-recurring and one-time expenses related to acquisitions and other non-cash items and shall include various items.

As at December 31, 2012, all debt covenant requirement and exemptions have been respected.

The principal repayments required over the next five years are as follows:

	\$
2015	6,075
2016	8,100
2017	93,825
	108,000

NOTE 15 SHARE CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE INCOME

Authorized, an unlimited number of:

Class A shares, subordinate voting and participating

Class B shares, special voting, participating

The shares have no par value

	Class A Subordinate voting shares		Class B Special voting shares		Total	
	Number	\$	Number	\$	Number	\$
At October 1, 2010	15,078,721	100,510	21,357,336	33,986	36,436,057	134,496
Transfer from Class B special voting shares to Class A Subordinate voting shares	149,372	238	(149,372)	(238)	-	-
Stock options exercised	139,573	1,091	-	-	139,573	1,091
As at September 30, 2011	15,367,666	101,839	21,207,964	33,748	36,575,630	135,587
Stock options exercised	181,401	967	-	-	181,401	967
Shares issued as part of business combination (Note 4)	19,732,299	170,487	-	-	19,732,299	170,487
Shares issued for cash ¹	86,748	718	-	-	86,748	718
As at December 31, 2012	35,368,114	274,011	21,207,964	33,748	56,576,078	307,759

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

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Components of accumulated other comprehensive income include:

	Available for sales financial assets
	\$
At October 1, 2010	8
Unrealized gain on available-for-sale financial assets	(3)
Share of other comprehensive income of joint venture	12
At September 30, 2011	17
Unrealized gain on available-for-sale financial assets	(60)
Share of other comprehensive income of joint venture	108
At December 31, 2012	65

NOTE 16 EARNINGS PER SHARE

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

	December 31, 2012	September 30, 2011
	15 months	12 months
	\$	\$
Net earnings for the periods	3,026	8,771
Weighted average shares outstanding – basic	48,562,458	36,531,305
Effect of dilutive stock options	387,944	441,516
Weighted average shares outstanding – diluted	48,950,402	36,972,821
Basic and diluted earnings per share	0,06	0,24

For the 15 months ended December 31, 2012 and the 12 months ended September 30, 2011, the calculation of hypothetical conversions does not include 1,566,750 options (709,028 in 2011) with an anti-dilutive effect.



NOTE 17 SHARE-BASED PAYMENT

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

A summary of the changes that occurred during the 15 months ended December 31, 2012 and the 12 months ended September 30, 2011 in the Company stock option plans is presented below:

	December 31, 2012		September 30, 2011	
	Number of class A shares	Weighted- average exercise price	Number of class A shares	Weighted- average exercise price
	\$	\$	\$	\$
Outstanding – beginning of period	1,630,072	5.93	1,135,878	4.25
Granted	986,939	8.22	709,028	8.39
Exercised	(181,401)	4.16	(139,573)	5.54
Expired	-	-	(7,200)	6.15
Forfeited	(145,217)	8.13	(68,061)	4.10
Outstanding – end of period	2,290,393	6.92	1,630,072	5.93
Options exercisable – end of period	707,172	5.88	320,875	4.75

The following table presents the weighted average assumptions used during the 15 months ended December 31, 2012 and 12 months ended September 30, 2011 to determine the share-based compensation expense using the Black-Scholes option pricing model:

	December 31, 2012	September 30, 2011
Dividend yield (%)	3.79 to 4.23	3.76 to 3.85
Risk-free interest rate (%)	1.58 to 1.91	2.25
Expected life (years)	7.5	5
Expected volatility for the share price (%)	46 to 47	50
Weighted-average fair values (\$)	2.69	2.75 to 2.83
Share-based compensation expense (\$)	1,176	933

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

The following table summarizes the stock options outstanding:

Range of exercise price	Options outstanding			Options exercisable	
	Number of options	Weighted-average remaining contractual life in (years)	Weighted-average exercise price	Number of options	Weighted-average exercise price
\$			\$		\$
3.67	613,810	7	3.67	313,728	3.67
5.41 to 6.37	109,833	2	5.72	109,833	5.72
7.56 to 8.50	1,566,750	9	8.28	283,611	8.39

See Note 19 for the total expense recognized in the consolidated statement of earnings for share options granted to directors and employees.

b) Deferred share unit plan

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

As at December 31, 2012, management had provided an amount of approximately \$238 for the 31,933 units (\$192 for 30,325 units as at September 30, 2011 and \$237 for 29,318 units as at October 1, 2010) outstanding under the DSU Plan.

c) Employee Share Purchase plan

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

d) Restricted Share Unit Plan

On December 11, 2012, the Board of directors adopted a Restricted Share Unit Plan ("RSU") for the purposes to provide certain specified persons with the opportunity to acquire class A subordinate voting shares of the Company in order to induce these 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 this plan is 10% of the issued and outstanding shares of the Company calculated on a non-diluted basis. The subscription date is the third anniversary of the award date. The Board may determine the number of shares each eligible employee can prescribe to. RSU expense is recorded at fair value using a 3 years straight-line basis.

NOTE 18 POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Company contributes to defined contribution plans for its employees. Contributions for the 15 month period ended December 31, 2012 amount to \$1,252 (\$819 for the 12 month period ended September 20, 2011).

As part of the business combination referred in Note 4, the Company assumed the role of sponsor of individual pension plan ("IPP") which had been established by the Company for former employees. Under pension legislation, while the IPPs are ongoing, the Company has no legal requirement to make contributions towards any solvency deficiencies. These IPPs are valued on a triennial reporting cycle. The most recent actuarial valuation was performed as at October 1, 2011 and the next actuarial valuation dates is January 1, 2015.

As at October 1, 2011 two IPPs former executive employees had an ongoing funding deficit of \$1,577. The funding requirement, if any, will be confirmed at the termination date of the plans.

NOTE 19 EXPENSES BY NATURE

Selling general and administration expense details as follows:

	December 31,	September 30,
	2012	2011
	15 months	12 months
	\$	\$
Wages and employee benefits	53,976	33,981
Traveling and marketing	4,046	2,324
Reference fees	3,343	2,011
Rent	3,151	1,899
Technical Services	3,103	1,338
Professional fees	2,472	3,400
Others	4,145	2,227
	74,236	47,180

Wages and employee benefit details as follows:

	December 31,	September 30,
	2012	2011
	15 months	12 months
	\$	\$
Salaries and wages	48,937	30,865
Pension costs	1,252	819
Share-based compensation	1,176	933
Other	2,611	1,364
	53,976	33,981

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

Salaries and other short-term benefits	4,638	4,658
Share-based payments	427	404

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NOTE 20 ADDITIONAL INFORMATION RELATING TO CONSOLIDATED STATEMENTS OF CASH FLOWS

	December 31,	September 30,
	2012	2011
	15 months	12 months
	\$	\$
Changes in non-cash operating working capital items		
Accounts receivable	(12,678)	(1,258)
Prepaid expenses	265	(239)
Accounts payable and accrued liabilities	4,972	(16,570)
Amount due to related companies	1,854	41
Restructuring provisions	94	1,982
Prepaid management fees	-	8
	(5,493)	(6,036)

NOTE 21 COMMITMENTS

The Company leases office space and equipment under non-cancellable operating leases expiring at different dates until 2021. Future lease payments total \$32,750 and include the following payments for each of the next five years and thereafter:

	\$
2013	6,449
2014	6,011
2015	5,544
2016	4,132
2017 and thereafter	10,614

NOTE 22 CAPITAL MANAGEMENT

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

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

In order to be in compliance with Canadian securities administration regulations the Company is required to maintain a minimum working capital of \$275,000 as defined in Regulation 31-103, respecting Registration Requirements and Exemptions.



NOTE 23 RELATED PARTY TRANSACTIONS

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

	2012	2011
	\$	\$
Management fee	30,653	7,741
Performance fee	2,238	-
Selling, general & administrative expense		
Salaries and employee benefits	1,015	581
Reference fee	971	-
Other	482	49
Interest on long-term debt	2,863	-
Accretion on purchase price obligation	1,864	-
Changes in fair value of Derivative financial instrument	1,491	-
Integration cost	1,031	-

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. Bank loan, long term debt and derivative financial instruments are amounts due to shareholders and their related companies as at December 31, 2012.

The Company has carried out the following transactions with joint venture: other revenue of \$151 as at December 31, 2012 (\$248 as at September 30, 2011), reimbursement of salaries of \$30 as at December 31, 2012 (\$34 as at September 30, 2012) and reimbursement of other expense of \$92 as at December 31, 2012 (\$62 as at September 30, 2011).

NOTE 24 SEGMENT REPORTING

The Company operates in one operating segment which is management services in Canada; therefore, no additional segmental information is presented.

The chief operating decision-maker of the Company has determined that the Company's reportable segment is investment management services in Canada and almost all non-current assets are located in Canada.

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NOTE 25 TRANSITION TO IFRS

The effect of the Company's transition to IFRS, described in Note 2, is summarized in this note as a reconciliation of balance sheet, equity and total comprehensive income as previously reported under Canadian GAAP to IFRS, adjustments to the consolidated statement of cash flows and additional IFRS information for the year ended September 30, 2011.

In preparing these consolidated financial statements in accordance with IFRS 1, the Company has applied mandatory transition exceptions and the following exemptions from full retrospective application of IFRS:

	As described in explanatory notes
Business combination	(aa)
Estimates	(bb)
Share-based Payments	(cc)

(aa) Business combination

In accordance with IFRS transitional provisions, the Company elected to apply IFRS relating to business combinations prospectively from October 1, 2010. As such, business combinations entered into before that date, have been carried forward without adjustments.

(bb) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. Our IFRS estimates as of October 1, 2010, are consistent with our Canadian GAAP estimates for the same date.

(cc) Share-based Payments

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, *Share-based Payment*, to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002, and vested before the later of the date of transition to IFRS and January 1, 2005. We have elected not to apply IFRS 2 to grants that vested prior to October 1, 2010.

RECONCILIATION OF IFRS AND CANADIAN GAAP

The following reconciliations provide a quantification of the effect of the transition to IFRS and provide details of the impact of the transition on equity and total comprehensive income:

a) Reconciliation of equity as previously reported under Canadian GAAP to IFRS.

	Note	September 30, 2011	October 1, 2010
		\$	\$
As reported under Canadian GAAP		137,610	137,897
Total reversal of impairment losses on intangibles net of taxes	(c)	3,227	3,414
As reported under IFRS		140,837	141,311

RECONCILIATION OF CONSOLIDATED BALANCE SHEETS AS PREVIOUSLY REPORTED UNDER GAAP TO IFRS.

	October 1, 2010				
	Note	Canadian GAAP	Joint venture adjustments	IFRS adjustments and reclassification	IFRS
		\$	\$	\$	\$
Assets					
Current assets					
Cash	(a)	2,118	(941)	-	1,177
Funds held for clients		1,798	-	-	1,798
Investments		4,514	-	-	4,514
Accounts receivable	(a)	15,897	45	-	15,942
Prepaid expenses	(a)	496	(15)	-	481
Deferred income taxes	(a) (e)	56	(3)	(53)	
		24,879	(914)	(53)	23,912
Non-current assets					
Long-term investment	(a)	369	(369)	-	-
Investments in joint ventures	(a)	-	56	-	56
Property and equipment	(a)	2,706	(108)	-	2,598
Intangible assets	(c)	48,795	-	4,613	53,408
Goodwill		89,905	-	-	89,905
Deferred charges		199	-	-	199
Deferred income taxes	(e)	-	-	53	53
		166,853	(1,335)	4,613	170,131
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	(a)	14,507	(364)	(2,916)	11,227
Restructuring provisions	(d)	-	-	2,916	2,916
Amount due to related companies		108	-	-	108
Client deposits		1,798	-	-	1,798
Deferred income	(a)	58	(58)	-	-
Prepaid management fees	(a)	307	(307)	-	-
Due to shareholders of the joint venture	(a)	573	(573)	-	-
		17,351	(1,302)	-	16,049
Non-current liabilities					
Deferred lease obligations		302	-	-	302
Lease inducements	(a)	978	(33)	-	945
Deferred income taxes	(c)	8,874	-	1,199	10,073
Long term restructuring provisions	(d)	-	-	1,451	1,451
Other long-term liabilities	(d)	1,451	-	(1,451)	-
		28,956	(1,335)	1,199	28,820
Equity					
Share capital		134,496	-	-	134,496
Contributed surplus		1,088	-	-	1,088
Retained earnings	(c)	2,305	-	3,414	5,719
Accumulated other comprehensive income		8	-	-	8
		137,897	-	3,414	141,311
		166,853	(1,335)	4,613	170,131

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RECONCILIATION OF CONSOLIDATED BALANCE SHEETS AS PREVIOUSLY REPORTED UNDER GAAP TO IFRS.

	September 30, 2011				
	Note	Canadian	Joint venture	IFRS	IFRS
		GAAP	adjustments	adjustments and reclassification	
		\$	\$	\$	\$
Assets					
Current assets					
Cash	(a)	1,715	(1,715)	-	-
Funds held for clients		218	-	-	218
Investments		983	-	-	983
Accounts receivable	(a)	16,468	(54)	-	16,414
Prepaid expenses	(a)	735	(19)	-	716
Deferred income taxes	(a) (e)	64	(14)	(50)	-
		20,183	(1,802)	(50)	18,331
Non-current assets					
Long-term investment	(a)	714	(714)	-	-
Investments in joint ventures	(a)	-	1,333	-	1,333
Property and equipment	(a)	2,507	(94)	-	2,413
Intangible assets	(a) (c)	46,383	(4)	4,370	50,749
Goodwill		90,470	-	-	90,470
Deferred charges		224	-	-	224
Deferred income taxes	(e)	-	-	50	50
		160,481	(1,281)	4,370	163,570
Liabilities					
Current liabilities					
Bank overdraft	(a)	-	34	-	34
Accounts payable and accrued liabilities	(a) (d)	11,527	(678)	(1,982)	8,867
Restructuring provisions	(d)	-	-	1,982	1,982
Amount due to related companies	(a)	195	(46)	-	149
Client deposits		218	-	-	218
Deferred income	(a)	18	(18)	-	-
Prepaid management fees	(a)	551	(543)	-	8
		12,509	(1,251)	-	11,258
Non-current liabilities					
Deferred lease obligations		320	-	-	320
Lease inducements	(a)	736	(30)	-	706
Deferred income taxes	(c)	8,936	-	1,143	10,079
Long term restructuring provisions	(d)	-	-	137	137
Other long-term liabilities	(d)	370	-	(137)	233
		22,871	(1,281)	1,143	22,733
Equity					
Share capital		135,587	-	-	135,587
Contributed surplus		1,703	-	-	1,703
Retained earnings	(c)	303	-	3,227	3,530
Accumulated other comprehensive income		17	-	-	17
		137,610	-	3,227	140,837
		160,481	(1,281)	4,370	163,570

b) Reconciliation of total comprehensive income as previously reported under Canadian GAAP to IFRS:

	Note	For the 12 months ended
		September 30, 2011
		\$
Comprehensive income as reported under Canadian GAAP		8,967
Change in net earnings	(c)	(187)
Comprehensive income as reported under IFRS		8,780

RECONCILIATION OF CONSOLIDATED STATEMENT OF EARNINGS AS PREVIOUSLY REPORTED UNDER CANADIAN GAAP TO IFRS

	Note	September 30, 2011			
		Canadian GAAP	Joint venture adjustments	Other effects of transition to IFRS	IFRS
		\$	\$	\$	\$
Revenue					
Base management fees	(a)	68,165	(2,535)	-	65,630
Performance fees		3,941	-	-	3,941
Interest and other revenues	(a)	656	(84)	-	572
		72,762	(2,619)	-	70,143
Expenses					
Selling, general and administrative expenses	(a)	48,771	(1,591)	-	47,180
External manager		2,693	-	-	2,693
Depreciation of property and equipment	(a)	830	(18)	-	812
Amortization of intangible assets	(a) (c)	3,199	(2)	243	3,440
Write-off of property and equipment		633	-	-	633
Reversal of unamortized lease inducement		(143)	-	-	(143)
Loss on disposal of investment		8	-	-	8
Other operating expenses		3,350	-	-	3,350
Share of earnings of joint ventures	(a)	-	(744)	-	(744)
Earnings before income taxes		13,421	(264)	(243)	12,914
Income taxes	(a) (c)	4,463	(264)	(56)	4,143
Net earnings for the year		8,958	-	(187)	8,771
Other comprehensive income		9	-	-	9
Comprehensive income		8,967	-	-	8,780
Earnings per share					
Basic					0.25
Diluted					0.24

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Explanatory notes of differences and adjustments

(a) Consolidation of joint venture

Under Canadian GAAP, investments in joint ventures were accounted for using the proportionate consolidation method. IFRS currently permits the proportionate consolidation method and the equity method. However, IFRS 11, *Joint arrangements* which will supersede IAS 31, *Interests in Joint Venture* from January 1, 2013, will allow only the equity method to account for interests in joint ventures. In this regard, the Company has elected to use the equity method to account for its interests in the joint ventures, Fiera Axium Infrastructure and Fiera Properties.

The deconsolidation of the Canadian GAAP balance sheets, results and cash flows is presented in the reconciliations included in this note as joint venture adjustments.

The Company's share of assets and liabilities, and share of earnings of the equity accounted in joint ventures are summarized in Note 5.

(b) In accordance with IFRS transitional provisions, the

Company elected to classify cash as loans and receivables under IAS 39, *Financial Instruments - Recognition and Measurement*. Under Canadian GAAP, cash and cash equivalents were classified as held for trading.

(c) Under Canadian GAAP, the Company had recognized impairment losses of \$3,300 (\$2,395 net of income tax of \$905) and \$1,556 (\$1,130 net of income tax of \$426) in 2006 and 2008 respectively in relation to intangible assets acquired from YMG (which were deemed to have an indefinite useful life at the time the impairment had been taken). Intangible assets with indefinite useful lives were tested for impairment on a standalone basis under Canadian GAAP by comparing carrying amount of the intangible asset to their fair value.

Under IFRS, assets that do not generate independent cash inflows must be assessed for recoverability at the cash generating unit level (CGU). The CGU is the lowest group of assets that generate independent cash inflows. On transition, the Company has determined its cash generating unit as the entity as a whole and has assessed the recoverable amount to exceed the carrying value of the cash generating unit retrospectively. As a consequence, the Company increased the customer relationship account by an amount of \$4,613 (net of amortization of \$243) as at October 1, 2010 and recorded a deferred income tax liabilities of \$1,199 for a net increase in retained earnings of \$3,344 as at October 1, 2010.

As a result, the Company recorded a charge of amortization of \$243 with a decrease of deferred income tax charge of \$56 for the twelve month period ended September 30, 2011 and a net decrease of the net earnings of \$187.

(d) Provisions

Under IAS 1 *Presentation of financial statements*, provisions shall be presented separately on the balance sheets.

(e) Deferred taxes

Under IAS 12, *Income taxes*, deferred tax balances shall not be classified as current, irrespective of the classification of assets or liabilities to which deferred income taxes are related or expected timing of the reversal of temporary differences. Under Canadian GAAP, deferred taxes related to current assets or current liabilities were classified as current. Therefore, current deferred taxes recognized under Canadian GAAP were reclassified as non-current under IFRS.

ADJUSTMENTS TO CONSOLIDATED STATEMENT OF CASH FLOWS

The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Company except that, under IFRS, cash flows relating to interest paid and dividends are classified as financing in a consistent manner each period. Under Canadian GAAP, cash flows relating to interest payments were classified as operating.



NOTE 26 SUBSEQUENT EVENTS

On January 18, 2013 the Company announced that it reached an agreement with GMP Capital Inc. (GMP), to acquire selected alternative asset management funds of GMP Investment Management including flagship funds pertaining to the GMP Diversified Alpha Fund and the Canadian ABCP Fund, both representing in aggregate \$570M in AUM. Under the terms of the agreement, key members of GMP Investment Management's team will join a newly created Fiera Capital subsidiary in which management will own a 45% interest. The purchase price includes a \$10,750 cash consideration payable at closing plus an amount payable at the end of each of the next three years equal to 25 per cent of the performance fees generated based on the acquired assets, subject to certain minimum AUM thresholds. The transaction is expected to close during the quarter ended June 30, 2013.

On the last business day of the 36 months following the closing of the purchase of the GMP assets by Fiera Capital subsidiary, the key members of the GMP investment management's team have the option to sell all and not less than all of their interest in Fiera Capital subsidiary. The consideration shall be paid in cash or by Fiera Capital Corporation Class A shares.

In December 2012, Fiera Capital announced that it had reached an agreement with UBS Global Asset Management (Canada) Inc. (UBS) to purchase the latter's Canadian Fixed Income, Canadian Equity and Domestic Balance account business for maximum cash consideration of \$52M. At closing, which occurred on January 30, 2013, an amount of \$40,200 was paid to UBS and an amount of \$11,800 was placed in escrow. The escrow amount will be paid in 6 months after closing and is subject to certain adjustments.

On March 20, 2013 the Board of directors declared a quarterly dividend \$0.09 per share to shareholders of record as of April 2, 2013 and payable on April 30, 2013.

Board of directors

JEAN-GUY DESJARDINS

Jean-Guy Desjardins is Chief Executive Officer and Chief Investment Officer of Fiera Capital, and serves as the Chairman of its board of directors. Prior to founding Fiera Capital, Mr. Desjardins co-founded TAL Global Asset Management in 1972 and was its principal shareholder until the business was purchased by a financial institution in 2001. Through his leadership, the firm had grown to over \$60 B in AUM.

SYLVAIN BROUSSEAU

Sylvain Brosseau, President and Chief Operating Officer of Fiera Capital, has over 21 years of experience in the investment management industry. Prior to joining Fiera Capital, Mr. Brosseau served as Executive Vice President, Institutional Markets at TAL Global Asset Management Inc., and Executive Vice President at TAL International, where he oversaw worldwide distribution and operations.

NEIL NISKER

Neil Nisker has over 40 years of experience in the financial services industry. He joined Fiera Holdings in 2006 as President, Private Wealth which title he held until the combination of its business with Sceptre in September 2010. From 2000 to 2006, Mr. Nisker was President of the Private Wealth Management division of YMG Capital Management Inc. and from 1997 to 1999, Mr. Nisker was Chairman of Nisker Associates, Inc., a registered investment counselling firm, which was later purchased by YMG Capital Management Inc.

JEAN C. MONTY

Jean C. Monty is a Corporate Director. In April 2002, Mr. Monty retired as Chairman of the Board and Chief Executive Officer of Bell Canada Enterprises (BCE Inc.), following a distinguished 28-year career. Prior to joining BCE Inc., Mr. Monty was Vice-Chairman and Chief Executive Officer of Nortel. He sits on a number of boards of international companies.

CHRISTIANE BERGEVIN

Christiane Bergevin works as Executive Vice President, Strategic Partnerships, Office of the President, at Desjardins Group. Prior to joining Desjardins Group, she was Senior Vice President and General Manager, Corporate Projects, at SNC-Lavalin Group Inc., and President at SNC-Lavalin Capital Inc. between 2001 and 2008. Ms. Bergevin is also a member of the board of directors of Talisman Energy Inc.

DENIS BERTHIAUME

Denis Berthiaume is Senior Vice President and General Manager, Wealth Management and Life and Health Insurance at Desjardins Group. Prior to that, he held roles as Senior Vice President, Retail Markets at Standard Life, Senior Vice President, Individual Insurance of Desjardins Financial Security, and President of SFL Management.



DAVID R. SHAW

David R. Shaw is the founder and CEO of Knightsbridge Human Capital Management Inc., a national human resource firm. Previously, he was President and CEO of Pepsi Cola Canada Beverages. He is the former Chairman of the North York General Hospital Foundation and sits on several boards.

W. ROSS WALKER

Ross Walker is the former Chairman and Chief Executive of KPMG Canada, a position he held from 1989 to 1993. From 1993 to 1996, Mr. Walker served as International Executive Partner of KPMG International. He was the Chairman of Sceptre from May 2003 to September 2010.

ARTHUR R.A. SCACE

Arthur Scace is the former national Chairman of McCarthy Tétrault LLP and former managing partner of the Toronto office. He serves on the board of directors of a number of Canadian corporations. He was also the former Chairman of Scotia Bank from March 2004 to March 2009.

DAVID PENNYCOOK

David Pennycook leads the Institutional Markets team and is also a member of the firm's management committee. Mr. Pennycook has 32 years of industry experience and has been with the firm and a predecessor since 1991. Prior experiences include marketing and servicing roles at major Canadian investment management firms and insurance companies. He is also the Co-Chairman on the Canadian Investment/Corporate Committee of the International Foundation.

LOUIS VACHON

Louis Vachon has been President and Chief Executive Officer of National Bank since June 2007 and is responsible for the strategies, orientations and development of National Bank Financial Group. Prior experience includes senior management positions at BT Bank of Canada, Natcan and National Bank Financial. He has served on the Board of Directors of the Canadian Council of Chief Executives since June 2009. In 2001, he was one of Canada's Top 40 under 40™ and business publication Finance et Investissement's 2012 Financial Personality of the Year.

LUC PAIEMENT

Luc Paiement is Co-President and Co-Chief Executive Officer of National Bank Financial and Executive Vice-President - Wealth Management. He is responsible for all wealth management activities at National Bank and its subsidiaries. During his 30-year career at National Bank Financial, Mr. Paiement has held key positions in brokerage, institutional equities and corporate finance. He was one of Canada's Top 40 under 40™ in 1999.

Corporate information

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ANNUAL AND SPECIAL MEETING

Centre Mont-Royal
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Thursday, May 23, 2013, 9:30 a.m.

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