FIERA SCEPTRE

Management Discussion & Analysis
For the six months ended March 31, 2011

The following management discussion and analysis (''MD&A'') provided as of May 10, 2011 presents an analysis of the financial condition and results of operations of Fiera Sceptre Inc. ("the Company" or "Fiera Sceptre" or ''we'' or "Firm") for the three months and six months ended March 31, 2011. The following MD&A should be read in conjunction with the unaudited interim consolidated financial statements including the notes thereto, as at and for the period ended March 31, 2010.

The consolidated financial statements include the accounts of Fiera Sceptre and its wholly owned subsidiaries, Fonds Fiera Sceptre Inc., ("FSFI") and Sceptre Fund Management Inc. ("SFMI"). All intercompany transactions and balances have been eliminated on consolidation. The consolidated financial statements also include the interest of 35.35% (41.18% until March 2010) that the Company holds in the joint venture Fiera Axium Infrastructure Inc. ("Fiera Axium"), which is accounted for under the proportionate consolidation method.

Figures are presented in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles, and are based on management's best information and judgment. Certain totals, subtotals and percentage may not reconcile due to rounding.

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 our control, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity; significant market volatility and interruptions; the failure of third parties to comply with their obligations to us and our affiliates; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws; operational and reputational risks; the risk that Fiera Sceptre's risk management models may not take into account all relevant factors; the accuracy and completeness of information received by Fiera Sceptre; Fiera Sceptre's ability to complete and integrate acquisitions and its other growth strategies; changes in accounting policies and methods the Company uses to report its financial condition and the results of its operations, including uncertainties associated with critical accounting assumptions and estimates. These and other factors may cause Fiera Sceptre's actual performance to differ materially from that contemplated by forward-looking statements.

BASIS FOR COMPARISON

On September 1, 2010 Fiera Sceptre announced that it had completed the previously announced statutory plan of arrangement pursuant to which the businesses of Sceptre Investment Counsel Limited ("Sceptre") and Fiera Capital Inc. ("Fiera Capital") were combined to create a leading-edge, publicly traded independent investment manager. For accounting purposes, Fiera Capital was deemed to be the acquirer in the business combination of Fiera Capital and Sceptre. Therefore, current and future financial reporting will be based on Fiera Capital's historical data up to and including September 1, 2010 and the results for the period after the September 1, 2010, the results will be from the combined entity. The comparative figures for 2010 are taken from Fiera Capital's prior year results and not from the financial results of Sceptre.

Fiera Sceptre will maintain Fiera Capital's quarterly month-ends and year-end for the combined firm. The quarterly reporting cycle will be based on December, March and June month-ends, while the fiscal year-end will be September 30.

Company Overview

Fiera Sceptre is an independent, full-service, multi-product investment firm, providing investment advisory and related services. Fiera Sceptre 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 Sceptre uses over 40 pooled Funds and sections thereof to manage specialized asset classes and to combine the assets of different clients for investing efficiencies ("Pooled Funds"). To provide retail investors with access to its investment management services, Fiera Sceptre also sponsors a family of nine mutual Funds collectively referred to as the "Sceptre Mutual Funds" (the "Fiera Sceptre Funds" and, collectively with the Pooled Funds, the "Funds"). As of March 31, 2011 Fiera Sceptre was the manager of each Fund.

Units of the Fiera Sceptre Funds are distributed through Fiera Sceptre Funds Inc. ("FSFI"), Fiera Sceptre'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. There are approximately 19,000 holders of units of the Sceptre Funds.

Fiera Sceptre 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. The Corporation is also registered in the category of investment fund manager in the Provinces of Ontario and Quebec. In addition, as Fiera Sceptre manages derivatives portfolios, it is registered as commodity trading manager pursuant to the Commodity Futures Act (Ontario) and, in Quebec, as derivatives portfolio manager pursuant to the Derivatives Act (Quebec).

Fiera Sceptre's business model is based foremost on delivering excellence in investment management to its clients. Other than its mutual fund unit holders, the Company has approximately 1000 clients accounts comprised primarily of private wealth clients, institutional investors and retail distribution partners. Fiera Sceptre has approximately 160 employees.

Fiera Sceptre derives its revenue principally from base management fees earned from the management of its Funds and Managed Accounts, as well as from performance fees. Base management fee revenues are calculated based on Assets Under Management ("AUM"). Performance Fees are calculated for each applicable Fund and Managed Account as a percentage of the Fund or Managed Account's excess performance over the relevant benchmark. As at March 31, 2011, less than 3.5% of Fiera's AUM were subject to performance fees, ensuring a stable revenue stream.

Highlights for the three and six months ended March 31, 2011

The quarter ended March 31, 2011 was again characterized by the integration activities following the business combination with Sceptre Investment Counsel effective September 1, 2010. These activities were completed for the Institutional business unit as all accounts are on the same operational platform. The process of repatriating the management of certain International assets has begun successfully as expected in the business plan. The only remaining activity is the Private Wealth system consolidation which is expected to be completed by the end of June 2011.

The financial highlights for the three months ended March 31, 2011 were:

- Total AUM increased by $183 million or 0.6% to $29.5 billion during the quarter ended March 31, 2011, compared to AUM of $29.3 billion as at December 31, 2010. The increase is primarily due to a market appreciation of $193 million offset by negative cash flows of $9 million. For the same period ended March

31, 2010 assets grew $461 million or 2.1% from $21.7 billion as at December 31, 2009 to $22.2 billion as at March 31, 2010.

- Revenue for the three-month period ended March 31, 2011 increased by $9.7 million or 102.6% to $19.2 million compared to $9.5 million for the comparable period in prior year. The increase was driven mainly by the addition of Sceptre's assets, which generated $7.2 million in revenue for the three-month period ending March 31, 2011 combined with market appreciation as well as new business which accounted for $686,000 in additional revenue, $331,000 of performance fees revenue and a $1.3 million contribution to revenue from Fiera Axium. Finally, for the quarter ended March 31, 2010 revenues included a discount amounting to $130,000 (nil for quarter ended March 31, 2011).

- Operating expenses rose by $6.0 million or 74.5% to $14.0 million for the three-month period ended March 31, 2011, compared to $8.0 million for the same period in 2010. The increase resulted from an overall increase in SG&A expenses of $5.3 million driven mainly by higher expenses for compensation representing an increase of $3.1 million, additional professional fees of $657,000, reference fees of $456,000, marketing and servicing, technical services and insurance of $644,000, other expenses increases amounting to $256,000 and higher stock based compensation expense of $211,000. Finally, due to higher AUM, external manager expenses increased by $700,000 for the three-month period ended March 31, 2011.

- Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) (a non-GAAP measure of performance) increased by $3.9 million or over 100% to $4.8 million for the three-month period ended March 31, 2011, from $888,000 for the same period of 2010. (Adjusted EBITDA eliminates the effect of performance fees on EBITDA.)

- For the quarter ended March 31, 2011, the Firm earned $1.9 million or $0.05 per share (both basic and fully diluted). The net earnings were impacted by restructuring and other non-recurring costs of $1.6 million ($1.1 million net of income taxes) or a $0.03 per share (basic and diluted) per share impact. Excluding these non-recurring expenses, net earnings for the period would have been $3.0 million or $0.08 per share (basic and fully diluted) earnings per share. For the three-month period ended March 31, 2010, the Firm earned $489,000 or $0.03 per share (both basic and diluted).

The first half of the 2011 fiscal year was characterized by the integration activities following the business combination with Sceptre Investment Counsel effective September 1, 2010.

The financial highlights for the six months ended March 31, 2011 were:

- Total AUM decreased by $1.3 billion or 4.2% to $29.5 billion during the six months period ended March 31, 2011, compared to AUM of $30.8 billion as at September 30, 2010. The decrease is mainly due to a client decision to repatriate a Tactical Asset Allocation overlay mandate representing $2.3 billion of assets with corresponding annual revenues of approximately $325,000 which represents approximately 0.5% of base revenues. The management of other assets of this large client remains with the Firm. The decrease was offset by a market appreciation of $989 million. Compared to last year, AUM increased by $7.3 billion or 32.8% to $29.5 billion as at March 31, 2011 from $22.2 billion at March 31, 2010. The increase is attributed to the combination of $7.3 billion of Sceptre's AUM addition, marketing efforts and market appreciation translating into $2.4 billion additional AUM offset by a client's decision to repatriate a mandate representing $2.3 billion in AUM.

- Revenue for the six-month period ended March 31, 2011 grew by $19.4 million or 104.6% to $38.0 million compared to $18.6 million for the comparable period in prior year. The increase was driven mainly by the addition of Sceptre assets, which generated $14.8 million in revenue for the six months ending March 31, 2011, combined with higher AUM and market appreciation as well as new business translating into $1.8

million in additional revenue, $1.1 million of performance fees revenue and a $1.5 million contribution to revenue from Fiera Axium. Finally, for the quarter ended March 31, 2010 revenues included a discount amounting to $262,000 (nil for quarter ended March 31, 2011).

- Operating expenses rose by $10.6 million or 68.9% to $26.1 million for the six-month period ended March 31, 2011, compared to $15.4 million for the same period in 2010. The increase resulted from an overall rise of $9.3 million in SG&A expenses driven by additional expenses namely in compensation of $5.8 million, additional Professional fees of $591,000, reference fees of $879,000, marketing and servicing, technical services, rent and insurance of $1.1 million, other expenses increases amounting to $558,000 and higher stock based compensation expense of $386,000. Finally, due to higher AUM, external manager expenses increased by $1.4 million the six-month period ended March 31, 2011.

- Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) (a non-GAAP measure of performance) were $10.1 million for the six-month period ended March 31, 2011, an increase of $8.3 million from $1.8 million for the same period of 2010. (Adjusted EBITDA eliminates the effect of performance fees on EBITDA.)

- For the six-month period ended March 31, 2011, the Firm's net earnings were $4.8 million or $0.13 per share (both basic and fully diluted). The net earnings were impacted by restructuring and other non-recurring costs of $3.0 million ($2.1 million net of income taxes) during the six-month period or a total $0.06 (basic and diluted) per share impact. Excluding these non-recurring expenses, net earnings for the period would have been $6.9 million or $0.19 (basic and fully diluted) earnings per share. For the six-month period ended March 31, 2010, the Firm earned $1.3 million or $0.10 per share (both basic and diluted).

SUMMARY OF QUARTERLY AND YEAR TO DATE RESULTS

Table 1 – Statement of earnings

			AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
ASSETS UNDER MANAGEMENT ($ in millions)			29,452	22,185
EARNINGS STATEMENT DATA ($ in thousands)				
	3 MONTHS ENDED MARCH 31, 2011	3 MONTHS ENDED MARCH 31, 2010	6 MONTHS ENDED MARCH 31, 2011	6 MONTHS ENDED MARCH 31, 2010
Revenue				
Base management fees and other revenues	18,164	8,782	35,079	16,717
Performance fees	1,015	684	2,894	1,839
	19,179	9,465	37,973	18,556
Selling, general and administration fees	13,147	7,855	24,275	14,993
External managers	885	185	1,785	433
Operating expenses	14,032	8,040	26,060	15,426
EBITDA *	5,147	1,425	11,913	3,129
Amortization of capital assets	128	142	332	278
Amortization of intangible assets	811	309	1,533	624
Other expenses	1,622	215	3,013	249
Income taxes	644	270	2,233	636
NET EARNINGS	1,942	489	4,803	1,342
Basic and diluted earnings per share	0.05	0.03	0.13	0.10
Earnings per share (excluding non-recurring items)	0.08	0.03	0.19	0.10
SELECTED ADJUSTED FINANCIAL INFORMATION				
EBITDA	5,147	1,425	11,913	3,129
LESS Net Performance fees	(329)	(537)	(1,809)	(1,293)
Adjusted EBITDA *	4,818	888	10,104	1,837

*** EBITDA and adjusted EBITDA are non-GAAP measures. Please refer to “Non-GAAP Measures” on page 19.**

Table 2 - Selected Balance Sheet Information

(in thousands of dollars)	(unaudited) March 31, 2011	(unaudited) September 30, 2010
Cash, restricted cash & investments	$2,947	$8,430
Receivables	17,788	15,897
Other current assets	828	551
Goodwill & intangible assets	138,285	138,700
Other long term assets	4,258	3,275
Total assets	164,106	166,853
Other current liabilities	14,318	17,351
Other long-term liabilities	11,181	11,606
Shareholders' equity	138,607	137,896
Total liabilities and shareholders' equity	$164,106	$166,853

RESULTS FROM OPERATIONS AND OVERALL PERFORMANCE

Assets Under Management

Table 3 – Assets Under Management ($ in millions)

($ in millions)	3 MONTHS ENDED MARCH 31 2011	3 MONTHS ENDED MARCH 31 2010	6 MONTHS ENDED MARCH 31 2011	6 MONTHS ENDED MARCH 31 2010
AUM - Beginning of period	29,268	21,724	30,755	21,377
Net Cash flows	(9)	(24)	(2,292)	135
Market Appreciation (Depreciation)	193	485	989	673
AUM - end of period	29,452	22,185	29,452	22,185

Table 4 – Assets Under Management - Quarterly activity Continuity Schedule ($ in millions)

	Dec 2010	Net CF	Market	March 2011	Q2 Activity
Institutional	21,644	28	(66)	21,606	(38)
Private Wealth	1,443	(31)	86	1,498	55
Retail	6,181	(6)	173	6,348	167
	29,268	(9)	193	29,452	183

Total AUM increased by $183 million or 0.6% to $29.5 billion over the quarter ended March 31, 2011. The growth is attributable to a $193 million appreciation in value contributing positively to the level of AUM offset by negative net cash flows of $9 million. The Institutional line of business recorded a positive net cash flow activity of $28 million combined with a $66 million depreciation in value. For the Private Wealth and Retail business units, the market appreciation translated into $86 million and $173 million, respectively. These market appreciations were offset by a negative cash flow of $31 million for Private Wealth and $6 million for Retail.

Table 5 – Assets Under Management - Yearly activity Continuity Schedule ($ in millions)

	Sept 2010	Net CF	Market	March 2011	YTD Activity
Institutional	21,195	132	279	21,606	411
Private Wealth	1,428	(57)	127	1,498	70
Retail	8,132	(2,367)	583	6,348	(1,784)
	30,755	(2,292)	989	29,452	(1,303)

Total AUM declined by $1.3 billion or 4.2% to $29.5 billion over the past six-month period ended March 31, 2011. The decline in AUM is attributable to a client decision to repatriate a Tactical Asset Allocation overlay mandate representing $2.3 billion of assets with corresponding annual revenues of approximately $325,000 or approximately 0.5% of base revenues. The management of other assets of this large client remains with the Firm.

Excluding the reduction in AUM due to the repatriation of a specific mandate in the last six months, the decrease was offset by a market appreciation of $989,000 million combined with positive cash flows of $37 million. The Institutional line of business recorded a positive net cash flow activity of $132 million combined with a $279 million appreciation in value. For the Private Wealth and Retail business units, the net cash flow position contributed negatively by $57 million and $38 million, respectively. These net redemptions were offset by a market appreciation of $127 million for Private Wealth and $583 million for Retail.

Revenue

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

Table 6 – Revenues by Business Segment – Quarterly activity ($ in thousands)

	3 MONTHS ENDED MARCH 31, 2011	3 MONTHS ENDED MARCH 31, 2010	VARIANCE	
			$	%
Institutional	9,677	4,788	4,889	102.1%
Private Wealth	2,673	1,573	1,100	69.9%
Retail	4,062	2,048	2,014	98.4%
Total management fees	**16,412**	**8,409**	**8,003**	**95.2%**
Performance Fees	1,015	684	331	48.5%
Other revenues from Fiera Axium	1,749	495	1,254	253.2%
Investment & other income	3	(123)	126	103.1%
Total other revenue	**2,767**	**1,056**	**1,711**	**161.8%**
Total revenue	**19,179**	**9,465**	**9,714**	**102.6%**

Revenue for the three-month period ended March 31, 2011 increased by $9.7 million or 102.6% to $19.2 million, over revenue of $9.5 million for the same period in 2010.

The increase was driven by higher AUM following the combination with Sceptre and market appreciation translating into additional management fees of $8.0 million in revenues for the quarter ended March 31, 2011, from which Sceptre's AUM brought $7.2 million in revenues. The positive impacts translated into the following increases in revenues by business unit:

The Institutional sector has seen an increase of $4.9 million or 102.1% for the three-month period ended March 31, 2011 to $9.7 million compared to $4.8 million for the same period in prior year. Revenue for the Private Wealth business grew by $1.1 million or 69.9% to $2.7 million for the three-month period ended March 31, 2011 compared to $1.6 million for the same period prior year. Revenue for the Retail sector rose by $2.0 million or 98.4% to $4.1 million for the three-month period ended March 31, 2011 compared to $2.1 million for the same period ended March 31, 2010. The overall increase by business unit was due to a higher level of AUM and market appreciation, thus translating into higher revenues.

Finally, the increase in other revenue of $1.7 million for the three-month period ended March 31, 2011 is attributable to the growth of revenues from Fiera Axium of $1.3 million, the recognition of higher performance fees of $331,000 combined with the increase of investment and other income amounting to $126,000 mainly due to the elimination of a discount in 2011.

Table 7 – Revenues by Business Segment – Yearly activity ($ in thousands)

	6 MONTHS ENDED MARCH 31, 2011	6 MONTHS ENDED MARCH 31, 2010	$	%
Institutional	19,603	9,458	10,144	107.3%
Private Wealth	5,222	2,989	2,233	74.7%
Retail	8,265	4,029	4,236	105.2%
Total management fees	**33,090**	**16,476**	**16,614**	**100.8%**
Performance Fees	2,894	1,839	1,055	57.4%
Other revenues from Fiera Axium	1,983	495	1,488	300.5%
Investment & other income	6	(254)	260	102.6%
Total other revenue	**4,883**	**2,080**	**2,803**	**134.8%**
Total revenue	**37,973**	**18,556**	**19,417**	**104.6%**

Revenue for the six-month period ended March 31, 2011 grew by $19.4 million or 104.6% to $38.0 million, over revenue of $18.6 million for the same period in 2010.

The increase was driven by higher AUM following the combination with Sceptre and market appreciation translating into additional management fees of $16.6 million in revenues for the six-month period ended March 31, 2011, from which Sceptre's AUM brought $14.8 million in revenues. The positive impacts translated into the following increases in revenues by business unit.

The Institutional sector has seen an increase of $10.1 million or 107.3% for the six-month period ended March 31, 2011 to $19.6 million compared to $9.5 million for the same period in prior year. Revenue for the Private Wealth business grew by $2.2 million or 74.7% to $5.2 million for the six-month period ended March 31, 2011 compared to $3.0 million for the same period ended March 31, 2010. Revenue for the Retail sector rose by $4.3 million or 105.2% to $8.3 million for the six-month period ended March 31, 2011 compared to $4.0 million for the same period ended March 31, 2010. The overall increase by business unit was due to a higher level of AUM and market appreciation, thus translating into higher revenues.

Finally, the increase in other revenues of $2.8 million is attributable to the increase of performance fees of $1.1 million while revenues from Fiera Axium contributed an additional $1.5 million. Finally, for last year six-month period ended March 31, 2010 revenues included a discount amounting to $262,000 which was nil for the six-month period ended March 31, 2011.

Operating expenses

Operating expenses are comprised of Selling, General and Administration fees (SG&A) and External Manager Fees. Operating expenses rose by $6.0 million or 74.5% to $14.0 million for the three-month period ended March 31, 2011, compared to $8.0 million for the same period in 2010. The increase resulted from an overall growth in SG&A expenses of $5.3 million combined with additional external manager expenses of $700,000 for the three months ended March 31, 2011.

Operating expenses rose by $10.6 million or 68.9% to $26.1 million for the six-month period ended March 31, 2011, compared to $15.4 million for the same period in 2010. The increase resulted from an overall rise of $9.3 million in SG&A expenses combined with additional external manager expenses of $1.4 million the six-month period ended March 31, 2011.

Selling, general and administration

SG&A expenses grew by $5.3 million or 67.4% to $13.1 million for the three-month period ended March 31, 2011 compared to $7.8 million for last year same period. The increase is due to higher expenses for compensation representing an increase of $3.1 million, Professional fees of $657,000, reference fees of $456,000, marketing and servicing, rent, technical services and insurance of $644,000 and other expenses increases amounting to $256,000 and higher stock based compensation expense of $211,000.

SG&A expenses grew by $9.3 million or 61.9% to $24.3 million for the six-month period ended March 31, 2011 compared to $15.0 million for the same period of last year. The increase is driven by additional expenses namely in compensation of $5.8 million, Professional fees of $591,000, reference fees of $879,000, marketing and servicing, rent, technical services and insurance of $1.1 million, other expenses increases amounting to $557,000 and higher stock based compensation expense of $386,000.

External managers

External manager expenses increased by 700,000 or over 100% to $885,000 for the three-month period ended March 31, 2011 from $185,000 for the three-month period ended March 31, 2010. The increase is mainly due to additional AUM following the business combination with Sceptre as well as market appreciation and therefore in line with the growth in assets subject to those charges.

External manager expenses increased by $1.4 million or over 100% to $1.8 million for the six-month period ended March 31, 2011 from $433,000 for the three-month period ended March 31, 2010. The increase is mainly due to additional AUM following the business combination with Sceptre as well as market appreciation and therefore in line with the growth in assets subject to those charges.

Amortization

Amortization of capital assets decreased by $14,000 or 9.8% to $128,000 for the three-month period ended March 31, 2011 compared to $142,000 for the same period of 2010. Amortization of capital assets grew by $54,000 or 19.6% to $332,000 for the six-month period ended March 31, 2011 compared to $278,000 for the same period of last year.

Amortization of intangible assets increased by $502,000 or over 100% to $811,000 for the three-month period ended March 31, 2011 compared to $309,000 for the same period in 2010. Amortization of intangible assets increased by $909,000 or over 100% to $1.5 million for the six-month period ended March 31, 2011 compared to $624,000 for the same period in 2010. The increases results from the amortization of the new definite life assets following the combination with Sceptre.

Other expenses

Other expenses increased by $1.4 million or over 100% for the three-month period ended March 31, 2011 to $1.6 million compared to $215,000 for the same period of 2010. The increase is mainly due to the inclusion of a non-recurring charge of $1.1 million following the restructuring of the institutional business unit, as well as $309,000 in higher non-recurring integration costs related to the business combination with Sceptre.

Other expenses increased by $2.7 million or over 100% for the six-month period ended March 31, 2011 to $3.0 million compared to $249,000 for the same period of 2010. The increase is mainly due to the inclusion of a non-recurring charge of $1.1 million following the restructuring of the institutional business unit, as well as $1.9 million in higher non-recurring and restructuring expenses including integration costs related to the business combination with Sceptre.

Interest expense

Interest expense was nil for the three-month and six-month period ended March 31, 2011 compared to $40,000 for the three-month period ended March 31, 2010 and compared to $75,000 for the six-month period ended March 31, 2010.

There was no debt as at March 31, 2011 (other than the use of the line of credit) as compared to a debt of $1.8 million for the same period in 2010.

EBITDA and Adjusted EBITDA[1]

For the three-month ended March 31, 2011 EBITDA increased year-over-year by $3.7 million or over 100% to $5.1 million mainly due to higher base revenues of $8.0 million, additional performance fees impact of $331,000, higher revenues from the Fiera Axium of $1.3 million combined with the inclusion, last year, of non-recurring discount of $130,000. The positive impacts were offset by higher operating expenses of $6.0 million.

Adjusted EBITDA, which eliminates the effect of performance fees, grew by $3.9 million or over 100% to $4.8 million for the three-month period ended March 31, 2011, compared to $888,000 for the same period in 2010. Without the impact of performance fees, the adjusted EBITDA increase is mainly due to higher base management fees of $8.0 million, higher revenues from Fiera Axium of $1.3 million combined with a $130,000 non-recurring discount for the same period of 2010, offset by an overall rise in SG&A and external manager expenses of $5.5 million.

For the six months ended March 31, 2011 EBITDA increased year-over-year by $8.8 million or over 100% to $11.9 million mainly due to higher base revenues of $16.6 million, additional performance fees impact of $1.1 million, higher revenues from Fiera Axium of $1.5 million combined with the inclusion, last year, of non-recurring discount of $262,000. The positive impacts were offset by higher operating expenses of $10.6 million.

Adjusted EBITDA, which eliminates the effect of performance fees, grew by $8.3 million or over 100% to $10.1 million for the three-month period ended March 31, 2011, compared to $1.8 million for the same period in 2010. Without the impact of performance fees, the adjusted EBITDA increase is mainly due to higher base management fees of $16.6 million, higher revenues from Fiera Axium of $1.5 million combined with a $262,000 non-recurring discount for the same period of 2010, offset by an overall rise in SG&A and external manager expenses of $10.2 million.

[1] EBITDA and Adjusted EBITDA are non-GAAP measures. Please refer to "Non-GAAP Measures" on page 19.

Net earnings

For the three-month period ended March 31, 2011, the Company earned $1.9 million or 0,05 cent per share (both basic and fully diluted). For the three-month period ended March 31, 2010, the Firm earned $489,000 or $0.03 per share (both basic and fully diluted). The increase of $1.5 million in net earnings is driven by higher base management fees of $8.0 million, additional performance fees impact of $331,000, higher revenues from Fiera Axium of $1.3 combined with a 2010 non-recurring discount of $130,000, offset by an overall increase in operating expenses of $6.0 million, in amortization and other expenses of $1.9 million and in income taxes of $374,000. The increase in amortization and other expenses is mainly due to the inclusion of a non-recurring charge of $1.1 million following the restructuring of the institutional business unit, $488,000 in higher amortization of intangible and tangible assets as well as $309,000 in higher non-recurring and restructuring expenses.

Net earnings were impacted by restructuring and other non-recurring integration costs of $1.6 million ($1.1 million net of income taxes) or a $0.03 (basic and diluted) per share impact during the quarter. Excluding these non-recurring expenses, net earnings for the period would have been $3.0 million or $0.08 (basic and fully diluted) earnings per share. For the three-month period ended March 31, 2010, the Firm earned $489,000 or $0.03 per share (both basic and diluted).

For the six-month period ended March 31, 2011, the Company earned $4.8 million or 0,13 cent per share (both basic and fully diluted). For the six-month period ended March 31, 2010, the Firm earned $1.3 million or $0.10 per share (both basic and diluted). The increase of $3.5 million in net earnings is driven by higher base management fees of $16.6 million, additional performance fees impact of $1.1 million, higher revenues from Fiera Axium of $1.5 million combined with a 2010 non-recurring discount of $262,000, offset by an overall increase in operating expenses of $11.7 million, in amortization and other expenses of $2.6 million and in income taxes of $1.6 million. The increase in amortization and other expenses is mainly due to the inclusion of a non-recurring charge of $1.1 million following the restructuring of the institutional business unit, $963,000 in higher amortization of intangible and tangible assets as well as $1.9 million in higher non-recurring and restructuring expenses.

The net earnings were impacted by restructuring and other non-recurring costs of $3.0 million ($2.1 million net of income taxes) during the six-month period or a total $0.06 (basic and diluted) per share impact. Excluding these non-recurring expenses, net earnings for the period would have been $6.9 million or $0.19 (basic and fully diluted) earnings per share.

SUMMARY OF QUARTERLY RESULTS

The total revenue and net earnings of the Firm, on a consolidated basis, including amounts on a per share basis for all figures except total revenue, for each of its most recently completed eight quarterly periods, are as follows:

Table 8 – Quarterly results for the quarters ended ($ in thousands except AUM $ in millions):

	Q2 Mar. 31 2011	Q1 Dec. 31 2010	Q4 Sept. 30 2010	Q3 June 30 2010	Q2 Mar. 31 2010	Q1 Dec. 31 2009	Q4 Sept. 30 2009	Q3 June 30 2009
AUM	29,452	29,268	30,755	22,660	22,185	21,724	21,376	18,866
Total Revenue	$19,179	$18,794	$11,425	$11,427	$9,465	$9,090	$8,417	$12,811
EBITDA	$5,147	$6,766	$1,290	$3,335	$1,425	$1,704	$1,231	$4,319
Adjusted EBITDA	$4,818	$5,286	$1,197	$2,510	$888	$949	$471	$133
Net earnings	$1,942	$2,860	$91	$2,060	$489	$853	$527	$2,655
Per share - basic and diluted	0.053	0.078	0.006	0.130	0.035	0.061	0.038	0.189

Results and trends analysis

The Firm's quarterly results are impacted by various trends and factors including market conditions and the overall performance of the investment team. Due to the business combination that occurred on September 1, 2010, the quarterly results of September 30, 2010 and prior are not comparable to the current quarters of the combined entity. Therefore, the information presented in the following paragraphs is limited to a comparison of the last two quarters.

Quarterly revenue increased by $0.4 million from December 31, 2010 to March 31, 2011 as a result of a higher contribution of $1.3 million from Fiera Axium offset by lower performance revenues of $0.9 million. Base management fees have remained stable for the two quarters. Fiera Axium's contribution comprises of $1.1 million retroactive management fees realized from a second and final closing of the closed-end infrastructure fund managed by Fiera Axium.

Quarterly EBITDA decreased by $1.6 million from December 31, 2010 to March 31, 2011. The decrease includes $0.9 million in higher year-end variable incentive compensation on investment and marketing performance and associated government wage levies. In addition, the shortfall in EBITDA is due to $0.7 million related to launches of new products, strategic and corporate activities as well as other operating expenses.

Quarterly net earnings decreased by $0.9 million from December 31, 2010 to March 31, 2011 as a result of a lower EBITDA of $1.6 million, higher non-recurring charge of $0.2 million offset by lower income taxes of $0.9 million. Excluding non-recurring expenses, net earnings for the period would have been $3.0 million.

LIQUIDITY

Cash flows

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

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Table 9 – Summary of consolidated statements of cash flows for the six-month period ended:

(in thousands of dollars - unaudited)	**March 31 2011**	March 31 2010
Cash provided (used) by operating activities	$1,223	($1,369)
Cash provided (used) by investing activities	1,237	(1,911)
Cash used by financing activities	(4,576)	(455)
Increase (decrease) in cash and cash equivalents	**(2,116)**	(3,735)
Cash and cash equivalents, beginning of year	2,118	5,782
Cash and cash equivalents, March 31, 2011	**$2**	$2,047

Cash provided by operating activities was $1.2 million for the six-month period ended March 31, 2011 compared to cash used of ($1.3) million for the same period in 2010. This positive cash flow generated from operations is mainly due to higher net earnings for the six-month period ended March 2011 compared to the same period in 2010. The six-month period ended march 31 of last year included an utilization of a prepaid management fees of $1.8M.

Cash provided by investing activities of $1.2 million for the six-month period ended March 31, 2011 results from the positive position of Fiera Axium compared to cash used of ($1.9) million for the same period in 2010 which is due to investments made by Fiera Axium.

The increase of $4.1 million in the cash used in financing activities results from a $5.1 million dividend payment offset by a $534,000 issuance of capital stock in the six-month period ending March 31, 2011. In the prior period, the financing activities comprised a loan repayment of $2.3 million offset by a $1.8 million business partner deposit of Fiera Axium..

Debt instruments

Fiera Sceptre uses short-term debt instruments to finance its operations.

Fiera Sceptre has an authorized line of credit in the amount of $5 million bearing interest at the prime rate or at the banker's acceptance rate plus 0.25%, maturing June 2011. The line of credit is renewable on a yearly basis and was drawn as at March 31, 2011 for $777,000 and was nil as at September 30, 2010.

Off-balance sheet arrangements

At March 31, 2011 and September 30, 2010, Fiera did not engage in any off-balance sheet arrangements, including guarantees, derivatives and variable interest entities. We do not anticipate entering into such agreements.

Legal proceedings

Fiera Sceptre 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 March 31, 2011, 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.

Employee future benefits

As part of the business combination referred in Note 1, the Company assumed the role of sponsor of individual pension plans ("IPP") which had been established by Sceptre for certain key 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 on a triennial reporting cycle.

Currently, a plan of a former employee of Sceptre has an ongoing funding deficit of $293,057 and could require a yearly contribution of $59,696. The funding requirements, if any, will be officialised with the filing of the January 2012 report as January 1, 2009 was the official triennial filed report for this particular plan. Consequently, and in the mean time, the Company has recorded a provision for the future contributions required under this specific IPP and, as such, has adjusted the purchase price allocation.

Share capital

As at March 31, 2011 the Company had 15,325,666 Class A subordinate voting shares and 21,207,964 Class B special voting shares for a total of 36,533,630 shares outstanding compared 14,013,021 common shares, as at March 31, 2010.

Stock-based compensation

The number of stock options issued and outstanding under the stock option plan varied as follows during the six-month period ended March 31, 2011:

	Number of options	Exercise price in dollars (weighted average)
Balance, beginning of period	1,135,878	4.25
Granted	709,028	8.39
Exercised	(97,573)	5.47
Expired	(2,000)	5.86
Forfeited	(13,500)	5.81
Balance, end of period	**1,731,833**	5.86
Exercisable options, end of period	**368,075**	**4.80**

The weighted average fair value at the date of attribution of the stock options attributed during the period was $2.75 per option. The fair value of each option attributed was established using the Black-Scholes option pricing model, modified to include the share price at the date of attribution and the following assumptions:

	Assumptions
Risk-free interest rate	2.25%
Expected life	5 years
Expected volatility of the share price	50.0%
Expected return on dividends	3.85%

A $442,000 compensation expense relating to the stock option plan was recognized for the six-month period ended March 31, 2011 compared to $56,500 for the same period ended 2010.

INTERNAL CONTROL OVER FINANCIAL REPORTING

During the second quarter ended March 31, 2011, no change to internal control over financial reporting of Fiera Sceptre has occurred that has materially affected, or is reasonably likely to have materially affected, such internal control over financial reporting.

FINANCIAL INSTRUMENTS

Interest rate risk

As at March 31, 2011 the Company held $549,000 in short-term notes. The short-term notes have maturities up to six months and are issued by the government of Canada. The Company does not hold any non-bank, asset-backed commercial paper.

Credit risk

The credit risk is the risk that one party to a financial instrument fail to discharge an obligation and causes financial loss to another party.

Credit risk associated with cash, restricted cash and investments is minimized substantially by ensuring that these financial assets are placed with major financial institutions that have been accorded strong investment grade ratings by a primary rating agency. An ongoing review is performed to evaluate changes in the status of counterparties.

Credit risk is mainly associated with accounts receivable and is minimized by the Company's ongoing credit policy. The policy includes regular reviews of customer credit limits.

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 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's investment portfolio is managed by the Company with a medium risk mandate. The Company's 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 March 31, 2011, comprises mutual fund investments under the management of the Company with a fair value of $562,000 Mutual fund investments comprise a well-diversified portfolio of Canadian investments. Preferred shares and mutual funds units have no specific maturities.

A 10% change in the Company's equity and equity-related holding an as at March 31, 2011 has an impact of increasing or decreasing the OCI by $56,200.

Currency risk

The Company recognizes approximately 1% of its revenues in US dollars and therefore its exposure to currency risk is very limited.

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.

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 $200,000 as defined under Regulation 31-103 respecting Registration Requirements and Exemptions.

FUTURE CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards

In September 2008, the Canadian Accounting Standards Board (CASB) confirmed that all Canadian publicly-accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) for years beginning on or after January 1, 2011. IFRS will replace current Canadian GAAP followed by the Company. The Company will adopt IFRS for the year beginning October 1, 2011 and will present the interim and annual consolidated financial statements, including comparative prior year financial statements in accordance with IFRS. The Company has commenced its transition from current Canadian GAAP to IFRS and has developed a project made up of three main phases:

Scoping and diagnostic phase

This phase involves performing a high-level impact assessment to identify key areas that may be impacted by the transition to IFRS. This phase has been completed.

Impact analysis, evaluation and design phase

This phase involves the specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statement content. This phase is currently in progress.

Implementation and review phase

This phase includes the execution of changes, as necessary, to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training of the Company's finance and other staff, as necessary.

The Impact analysis, evaluation and design phase is expected to commence by the beginning of the third quarter of fiscal year 2011. Therefore, the Company is currently not in a position to determine the full effects of adopting IFRS. However, it is expected that the transition to IFRS will impact accounting, financial reporting, and taxes, with a minimal impact to IT systems and contractual arrangements.

Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued three new accounting standards: Section 1582, "Business combinations", Section 1601, "Consolidated financial statements", and Section 1602, "Non-controlling interests". These new standards will be effective for interim and annual reporting periods beginning on or after January 1, 2011

Section 1582 replaces Section 1581 of the same name and establishes standards for the accounting of business combinations. It applies prospectively to business combinations with acquisition dates on or after January 1, 2011. Early adoption of these Sections is permitted as long as they are adopted simultaneously. These new accounting standards are intended to harmonize Canadian accounting standards with IFRS. The Company will adopt these Sections in the fiscal year beginning October 1st, 2011. Therefore, this Section would have an impact on the Company's consolidated financial statements if a business combination occurs after its adoption.

Sections 1601 and 1602 together replace section 1600 "Consolidated financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company is currently evaluating the impact of the adoption of these new Sections on its consolidated financial statements.

NON-GAAP 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 capital assets and intangible assets, retention bonus and certain acquisition costs. Adjusted EBITDA is EBITDA that has been adjusted to eliminate the effect of performance fees. A reconciliation of EBITDA and Adjusted EBITDA may be found in Table-1 Statement of Earnings.

We have included Non-GAAP measures to provide investors with supplemental measures of our operating and financial performance. We believe Non-GAAP 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 Canadian GAAP measures. We also believe that securities analysts, investors and other interested parties frequently use Non-GAAP measures in the evaluation of issuers, many of which present Non-GAAP measures when reporting their results. Our management also uses Non-GAAP 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-GAAP measures are not presentations made in accordance with Canadian GAAP. For example, certain or all of the Non-GAAP 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-

GAAP 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-GAAP measures described above is appropriate. However, these Non-GAAP 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 Canadian GAAP. Because of these limitations, we primarily rely on our results as reported in accordance with Canadian GAAP and use the Non-GAAP measures only as a supplement. In addition, because other companies may calculate Non-GAAP measures differently than we do, they may not be comparable to similarly-titled measures reported by other companies.

RISKS OF THE BUSINESS

Fiera Sceptre'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 Sceptre manages its clients' assets, in accordance with industry practice, may be terminated upon short notice. Clients that are invested in units of the Fiera Sceptre's Funds may have their units redeemed upon short notice as well. Consequently, there is no assurance that Fiera Sceptre will be able to achieve or maintain any particular level of AUM, which may have a material negative impact on Fiera Sceptre'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 Sceptre'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 Sceptre'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 Sceptre's ability to attract Funds from new and existing clients, any of which could have an adverse impact on Fiera Sceptre's AUM, Management Fees, profitability and growth prospects. In addition, Fiera Sceptre's ability to earn Performance Fees is directly related to its investment performance and therefore poor investment performance may cause Fiera Sceptre to earn less or no Performance Fees. Fiera Sceptre cannot guarantee that it will be able to achieve positive returns, retain existing clients or attract new clients.

Loss of key employees due to competitive pressures could lead to a loss of clients and a decline in revenues

Fiera Sceptre's business is dependent on the highly-skilled and often highly-specialized individuals it employs. The contributions of these individuals to Fiera Sceptre's Investment Management, Risk Management and Client Service teams is important to attracting and retaining clients. Fiera Sceptre 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 Sceptre expects that these costs will continue to represent a significant portion of its expenses.

Fiera Sceptre has taken, and will continue to take, steps to encourage its key employees to remain with Fiera Sceptre. These steps include offering Share Ownership, the Stock Option Plan (the “Option Plan”), the Short-Term Incentive Plan (the “STIP”) as well as providing 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 an increasing competition for experienced professionals in the industry, and that Fiera Sceptre will be able to recruit high quality new employees with the desired qualifications in a timely manner, when required.

Integration of the Combined Businesses

The success of the expected benefits from the Arrangement will depend, in part, on the ability of management of Fiera Sceptre to realize the anticipated benefits and cost savings from integration of the businesses of Fiera Capital Inc. and Sceptre. The integration of the businesses may result in significant challenges, and management of Fiera Sceptre 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 Sceptre to maintain relationships with customers, suppliers, employees or to achieve the anticipated benefits of the Arrangement.

The integration of Fiera Capital Inc. and Sceptre 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 Sceptre will be able to integrate the operations of each of the businesses successfully or achieve any of the synergies or other benefits that were anticipated as a result of the Arrangement. Any inability of management to successfully integrate the operations of Fiera Capital Inc. and Sceptre, including, information technology and financial reporting systems, could have a material adverse effect on the business, financial condition and results of operations of Fiera Sceptre.

Competitive pressures could reduce revenues

The investment management industry is competitive. Certain of Fiera Sceptre’s competitors have, and potential future competitors could have, substantially greater technical, financial, marketing, distribution and other resources than Fiera Sceptre. There can be no assurance that Fiera Sceptre 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 Sceptre’s profitability and there can be no assurance that Fiera Sceptre will be able to compete effectively. In addition, Fiera Sceptre’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 Sceptre 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 Sceptre’s Management Fees or Performance Fees could have an adverse effect on revenues.

Conflicts of interest and reputational risk

The failure by Fiera Sceptre to appropriately manage and address conflicts of interest could damage Fiera Sceptre’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 allocated 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 Sceptre’s reputation which could materially adversely affect Fiera Sceptre’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 Sceptre’s earnings or client base due to its impact on Fiera Sceptre’s corporate image. Reputational risk is inherent in virtually all of Fiera Sceptre'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 Sceptre's business. For this reason, Fiera Sceptre'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 Sceptre's employees are required to observe.

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

Fiera Sceptre's ability to generate revenues has been significantly influenced by the growth experienced in the investment management industry and by Fiera Sceptre'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 Sceptre's services or result in clients withdrawing from the markets or decreasing their level and/or rate of investment. A decline in the growth of the investment management industry or other changes to the industry that discourage investors from using Fiera Sceptre's services could affect Fiera Sceptre'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 Sceptre'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 Sceptre takes to deter and prevent such activity (including by instituting its code of ethics and conduct), Fiera Sceptre runs the risk that employee misconduct could occur. Misconduct by employees could include binding Fiera Sceptre to transactions that exceed authorized limits or present unacceptable risks, or concealing from Fiera Sceptre 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 Sceptre 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 Sceptre takes to prevent and detect this activity may not be effective in all cases, which could materially adversely affect Fiera Sceptre's business, financial condition or profitability.

Regulatory and litigation risk

Fiera Sceptre's ability to carry on business is dependent upon Fiera Sceptre'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 Sceptre's business. There is also the potential that the laws or regulations governing Fiera Sceptre's operations or particular investment products or services could be amended or interpreted in a manner that is adverse to Fiera Sceptre. 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 Sceptre's activities or the activities of some of Fiera Sceptre's personnel or reputational harm, which could materially adversely affect Fiera Sceptre's business, financial condition or profitability.

Regardless of Fiera Sceptre's effectiveness in monitoring and administering established compliance policies and procedures, Fiera Sceptre, 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 Sceptre 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 Sceptre operates. Litigation risk cannot be eliminated, even if there is no legal cause of action. The legal risks facing Fiera Sceptre, 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 Sceptre, its directors and its officers.

Failure to manage risks in portfolio models could materially adversely affect Fiera Sceptre's business, financial condition or profitability

Fiera Sceptre 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 Sceptre's business. Certain of Fiera Sceptre'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 Sceptre. 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 Sceptre to manage risks in its portfolio models could materially adversely affect Fiera Sceptre's business, financial condition or profitability.

Rapid growth in Fiera Sceptre's AUM could adversely affect Fiera Sceptre'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 Sceptre 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 Sceptre may elect to limit its growth and reduce the rate at which it receives new client assets. If Fiera Sceptre's AUM increases rapidly, it may not be able to exploit the investment opportunities that have historically been available to it or find sufficient investment opportunities for producing the absolute returns it targets.

Valuation

Valuation of the Funds is subject to uncertainty. While the Funds are audited by independent auditors, within the meaning of the Code of Ethics of the Ordre des comptables agréés du Québec, in order to assess whether the Fund's financial statements are fairly stated in accordance with Canadian GAAP 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 Sceptre in private portfolio companies. Fiera Sceptre 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 Sceptre 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

Sceptre may choose to absorb some of these expenses. This will result in an increase in expenses for Fiera Sceptre 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 Sceptre's business, financial condition or profitability

Fiera Sceptre 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 Sceptre'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 Sceptre's business, financial condition or profitability.

The administrative services provided by Fiera Sceptre 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 Sceptre 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 Sceptre.

Dependency on information systems and telecommunications

Fiera Sceptre 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 Sceptre'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 Sceptre's business, financial condition or profitability.

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

Fiera Sceptre 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 Sceptre 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 Sceptre will be able to obtain insurance coverage on favourable economic terms in the future.