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Management Discussion and Analysis

For the year ended September 30, 2011

FIERA SCEPTRE

The following management discussion and analysis (''MD&A'') provided as of December 14, 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 the year ended September 30, 2011. 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 September 30, 2011. The consolidated financial statements include the accounts of Fiera Sceptre 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. 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. As a result, current financial reporting is based on Fiera Capital's historical data up to and including September 1, 2010 and the combined results after the closing date. The September 30, 2011 earnings are the results of the combined entity.

Fiera Sceptre will maintain Fiera Capital's quarters 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, with approximately $29 billion in assets under management ("AUM"). 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 approximately 34 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 Sceptre also sponsors two families of mutual funds: the Fiera Sceptre Mutual Funds and the Fiera Sceptre Private Mutual Funds (the "Mutual Funds" and, collectively with the Pooled Funds, the "Funds"). Fiera Sceptre is the manager of all of the Funds.

Units of the Mutual 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.

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

Fiera Sceptre's business model is based foremost on delivering excellence in investment management to its clients. There are approximately 19,000 investors that hold units of the Mutual Funds. The Corporation has approximately 1,080 client accounts comprised of institutional investors, retail clients and private wealth clients. Fiera Sceptre has approximately 155 employees.

Fiera Sceptre derives its revenues principally from management fees earned from the management of its Funds and Managed Accounts (the "Management Fees"), as well as from performance fees (the "Performance Fees"). Management Fee revenues are calculated based on AUM. Performance Fees are calculated for each applicable Fund and Managed Account as a percentage of the Fund or Managed Account's return on investment or excess performance over a relevant benchmark. Less than 3.8% of Fiera Sceptre's AUM were subject to Performance Fees, ensuring a stable revenue stream.

HIGHLIGHTS FOR THE THREE MONTHS AND THE YEAR ENDED SEPTEMBER 30, 2011

As we completed one full year of the combined operations of Sceptre and Fiera, the anticipated synergies were realized for the year ended September 30, 2011. Part of the synergies is the success in the repatriation of the management of certain international equity mandates. Also, total revenues for the year ended September 30, 2011 rose to $72.8 million representing an increase of 75.2% over the previous year.

Despite challenging markets conditions, the benefits of a more diversified business model, the greater scalability of our platform and the delivery on the anticipated synergies have enabled the Firm to deliver solid results. In addition, we continued to invest in a number of growth initiatives such as the opening of our first office in the United States and the creation of a new Real Estate Fund Management venture."

The financial highlights for the three months ended September 30, 2011 were:

September 2011 quarter compared to September 2010 quarter

› September 30, 2011 compared to September 30, 2010 total AUM decreased by $1.7 billion or 5.6% to $29.0 billion as at September 30, 2011 compared to AUM of $30.8 billion as at September 30, 2010.

› Revenue for the three-month period ended September 30, 2011 increased by $5.2 million or 44.9% to $16.7 million compared to $11.5 million for the comparable period in prior year. The increase was driven mainly by the addition of Sceptre's assets, which generated $3.5 million in revenue for the three-month period ending September 30, 2011 combined with marketing efforts translating into additional revenues of $1.2 million.

› Operating expenses rose by $2.2 million or 21.6% to $12.5 million for the three-month period ended September 30, 2011, compared to $10.3 million for the same period in 2010. The increase resulted from an overall rise in SG&A expenses of $2.4 million driven mainly by the addition of Sceptre's operations offset by lower external manager expenses of $0.2 million for the three-month period ended September 30, 2011.

› Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA, as defined on page 29 and disclosed on table 1) (a non-GAAP measure of performance) increased by $2.8 million or over 100% to $4.0 million for the three-month period ended September 30, 2011, from $1.2 million for the same period of 2010. (Adjusted EBITDA eliminates the effect of performance fees on EBITDA).

› Adjusted EBITDA per share was $0.11 for the three-month period ended September 30, 2011, an increase of $0.03 or 38% compared to the adjusted EBITDA per share of $0.08 for the same period in 2010.

› For the quarter ended September 30, 2011, the Firm earned $1.3 million or $0.04 per share (both basic and fully diluted). The net earnings were impacted by a non-recurring cost of $1.0 million ($0.7 million net of income taxes) or a $0.02 (basic and fully diluted) per share impact. Excluding these non-recurring expenses, net earnings for the period would have been $2.0 million or $0.06 (basic and fully diluted) earnings per share. For the three-month period ended September 30, 2010, the Firm earned $0.1 million or $0.01 (both basic and fully diluted).

September 2011 quarter compared to June 2011 quarter

› Total AUM decreased by $ 1.1 billion or 3.5% to $29.0 billion during the quarter ended September 30, 2011, compared to AUM of $30.1 billion as at June 30, 2011.

› Revenue for the three-month period ended September, 2011 decreased by $1.4 million or 7.4% to $16.7 million compared to $18.1 million for the previous quarter ended June 30, 2011. The decrease is mainly due to declining markets translating into lower AUM thus lower revenues.

› Operating expenses declined by $0.5 million or 3.6% to $12.5 million for the three-month period ended September 30, 2011, compared to $13.0 million for the quarter ended June 30, 2011. The decrease resulted from an overall reduction in SG&A expenses of $0.2 million combined with lower external manager expenses of $0.3 million for the three-month period ended September 30, 2011.

› Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA, as defined on page 29 and disclosed on table 1) (a non-GAAP measure of performance) decreased by $0.5 million or 11% to $4.0 million for the three-month period ended September 30, 2011, from $4.5 million for the previous quarter ended June 30, 2011. (Adjusted EBITDA eliminates the effect of performance fees on EBITDA.)

› Adjusted EBITDA per share was $0.11 for the three-month period ended September 30, 2011, a decrease of $0.01 or 8% compared to the adjusted EBITDA per share of $0.12 for the three-month period ended June 30, 2011.

› For the quarter ended September 30, 2011, the Firm earned $1.3 million or $0.04 per share (both basic and fully diluted) representing a shortfall of $1.6 million or 54.6% quarter-over-quarter. For the quarter ended June 30, 2011, the Firm earned $2.9 million or $0.08 per share (both basic and fully diluted). Without the non-recurring items of $1.0 million ($0.7 million net of income taxes) the net earnings for the current quarter would have been $2.0 million or $0.06 (basic and fully diluted) earnings per share.

The financial highlights for the year ended September 30, 2011 were:

September 2011 year compared to September 2010 year

- Total AUM decreased by $1.7 billion or 5.6% to $29.0 billion during the year ended September 30, 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 $0.3 million 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 $0.7 billion.

- Revenue for the year ended September 30, 2011 grew by $31.2 million or 75.2% to $72.8 million compared to $41.5 million for the comparable period in prior year. The increase was driven mainly by the addition of Sceptre assets, which generated $25.3 million in revenue for the year ended September 30, 2011. Also, higher AUM, market appreciation as well as new business translated into an additional $4.0 million in revenue and $0.9 million of performance fees revenue. Finally, for the year ended September 30, 2010 revenues included a discount amounting to $0.4 million (nil for quarter ended September 30, 2011).

- Operating expenses rose by $17.7 million or 52.4% to $51.5 million for the year ended September 30, 2011, compared to $33.8 million for the same period in 2010. The increase resulted from an overall rise of $16.1 million in SG&A expenses and higher external manager expenses of $1.6 million for the year ended September 30, 2011.

- Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA, as defined on page 29 and disclosed on table 1) (a non-GAAP measure of performance) were $18.7 million for the year ended September 30, 2011, an increase of $13.1 million from $5.5 million for the same period of 2010. (Adjusted EBITDA eliminates the effect of performance fees on EBITDA.)

- Adjusted EBITDA per share was $0.51 for the year ended September 30, 2011, an increase of $0.16 or 46% compared to the adjusted EBITDA per share of $0.35 for the same period in 2010.

- For the year ended September 30, 2011, the Firm's net earnings were $9.0 million or $0.25 per share basic and $0.24 per share fully diluted. The net earnings were impacted by restructuring and other non-recurring costs of $4.6 million ($3.3 million net of income taxes) during the year or a total $0.09 (basic and fully diluted) per share impact. Excluding these non-recurring expenses, net earnings for the period would have been $12.3 million or $0.34 per share basic and $0.33 per share fully diluted. For the year ended September 30, 2010, the Firm earned $3.5 million or $0.22 per share (both basic and fully diluted).

SUMMARY OF QUARTERLY AND YEARLY RESULTS

Table 1 – Statement of earnings & AUM

ASSETS UNDER MANAGEMENT
($ in millions)

	AS AT			VARIANCE	
	SEPT 30, 2011	JUNE 30, 2011	SEPT 30, 2010	QUARTER OVER QUARTER FAV/(UNF)	YEAR OVER YEAR FAV/(UNF)
Assets under management	29,020	30,060	30,755	1,040	1,735

EARNINGS STATEMENT DATA
($ in thousands)

	FOR THE THREE MONTHS ENDED			VARIANCE	
	SEPT 30, 2011	JUNE 30, 2011	SEPT 30, 2010	QUARTER OVER QUARTER FAV/(UNF)	YEAR OVER YEAR FAV/(UNF)
Revenue					
Base management fees and other revenues	16,527	17,215	11,445	(688)	5,082
Performance fees	202	845	97	(642)	105
	16,729	18,059	11,541	(1,331)	5,188
Expenses					
Selling, general and administration fees	12,150	12,346	9,776	195	(2,374)
External managers	316	592	475	276	159
Operating expenses	12,466	12,937	10,251	472	(2,215)
EBITDA *	4,263	5,122	1,290	(859)	2,973
Amortization of property & equipment	391	107	159	(283)	(232)
Amortization of intangible assets	858	808	443	(51)	(415)
Other expenses	498	337	800	(161)	302
Income taxes	1,218	1,012	(203)	(207)	(1,422)
NET EARNINGS	1,297	2,858	91	(1,560)	1,206
Basic and fully diluted earnings per share	0.04	0.08	0.01	(0.04)	0.03
Earnings per share (excluding non-recurring items)	0.06	0.08	0.03	(0.02)	0.03
Adjusted EBITDA per share	0.11	0.12	0.08	(0.01)	0.03
SELECTED ADJUSTED FINANCIAL INFORMATION					
EBITDA	4,263	5,122	1,290	(859)	2,973
Less Net Performance fees	(229)	(590)	(93)	361	(136)
Adjusted EBITDA *	4,034	4,532	1,197	(498)	2,837

* EBITDA and adjusted EBITDA are non-GAAP measures. Please refer to "Non-GAAP Measures" on page 28.

Table 1 – Statement of earnings & AUM (continued)

EARNINGS STATEMENT DATA ($ in thousands)

	FOR THE YEAR ENDED SEPTEMBER 30, 2011	FOR THE YEAR ENDED SEPTEMBER 30, 2010	VARIANCE FAV/(UNF)
Revenue			
Base management fees and other revenues	68,821	38,457	30,364
Performance fees	3,941	3,067	873
	72,761	41,524	31,238
Expenses			
Selling, general and administration fees	48,771	32,673	(16,097)
External managers	2,693	1,096	(1,597)
Operating expenses	51,464	33,770	(17,694)
EBITDA *	21,298	7,754	13,543
Amortization of property & equipment	830	577	(253)
Amortization of intangible assets	3,199	1,373	(1,826)
Other expenses	3,848	783	(3,065)
Income taxes	4,463	1,529	(2,934)
NET EARNINGS	8,958	3,493	5,465
Basic earnings per share	0.25	0.22	0.03
Fully diluted earnings per share	0.24	0.22	0.02
Earnings per share (excluding non-recurring items)	0.34	0.25	0.09
Adjusted EBITDA per share	0.51	0.35	0.16
SELECTED ADJUSTED FINANCIAL INFORMATION			
EBITDA	21,298	7,754	13,543
Less Net Performance fees	(2,628)	(2,211)	(417)
Adjusted EBITDA *	18,670	5,543	13,126

* EBITDA and adjusted EBITDA are non-GAAP measures. Please refer to "Non-GAAP Measures" on page 28.

Table 2 - Selected Balance Sheet Information

(in thousands of dollars)	(Audited) SEPTEMBER 30, 2011	(Audited) SEPTEMBER 30, 2010
Cash, restricted cash & investments	2,916	8,430
Receivables	16,468	15,897
Other current assets	797	551
Goodwill & intangible assets	136,854	138,700
Other long term assets	3,445	3,275
Total assets	160,481	166,853
Current liabilities	12,510	17,351
Future income taxes	8,936	8,874
Other long-term liabilities	1,425	2,732
Shareholders' equity	137,610	137,896
Total liabilities and shareholders' equity	160,481	166,853

RESULTS FROM OPERATIONS AND OVERALL PERFORMANCE

Assets Under Management

Table 3 – Assets Under Management - Quarterly activity

($ in millions)	3 months ended SEPTEMBER 30 2011	SEPTEMBER 30 2010	JUNE 30 2011
AUM - Beginning of period	30,060	22,660	29,452
Net cash flows	(732)	(23)	609
Market appreciation (depreciation)	(308)	1,104	(1)
Sceptre acquisition	-	7,013	-
AUM - end of period	29,020	30,755	30,060

Table 4 – Assets Under Management – Year-to-date activity

($ in millions)	Year ended SEPTEMBER 30 2011	SEPTEMBER 30 2010
AUM - Beginning of period	30,755	21,377
Net cash flows	(2,414)	378
Market appreciation (depreciation)	679	1,988
Sceptre acquisition	-	7,013
AUM - end of period	29,020	30,755

Total AUM decreased by $ 1.0 billion or 3.5% to $29.0 billion during the quarter ended September 30, 2011. The decrease is attributable to net negative cash flows of $731.6 million combined with a market depreciation translating into $308.3 million. The net negative cash flows are attributed to the Institutional line of business shortfall of $551.4 million mainly due to higher net redemptions offset by a positive market impact of $206.2 million. The net redemptions are due to the asset-mix portfolio rebalancing of a number of our fixed income pension plan clients.

The Retail business unit was impacted by a market depreciation translating into $405.5 million decrease in value combined with negative cash flows of $194.6. The Private Wealth was impacted by a market depreciation translating into $109.1 million decrease in value offset by positive cash flows of $14.4 million.

Total AUM declined by $1.7 billion or 5.6% to $29.0 billion over the year ended September 30, 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 $0.3 million 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 year, the decrease was offset by a market appreciation of $679 million combined with net negative cash flows of $85 million.

The Institutional line of business recorded a positive net cash flow activity of $250.0 million combined with a $671.6 million market appreciation. The positive net cash flows were comprised of new AUM of 1.4 billion offset by net redemptions of $1,1 billion. The net redemptions are mainly due to the asset-mix portfolio rebalancing of a number of our large fixed income pension plan clients.

Also, part of the net redemptions under the Institutional business unit are the losses related to the clients not transferring to the firm the management of their international equity mandates. From the initial total of international assets of $1.0 billion managed externally, $420.3 were transferred to the firm as of September 30, 2011 and $218.0 remains externally managed being in the process of repatriation. The total impact of the repatriation of the international equity mandates to the firm is a positive $0.8 million in revenues following elimination of external managers expenses and consequently the increase in net revenues for the clients which were subject to external managers expenses.

For the Private Wealth and Retail business units, the net market appreciation of $7.9 million was offset by redemptions totaling $335.7 million.

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 day, month or calendar quarter. The analysis of revenue that follows refers to average assets in the case of each business unit.

Table 5 – Revenues: Quarterly Activity ($ in thousands)

	3 months ended			Variance	
	SEPTEMBER 30, 2011	JUNE 30, 2011	SEPTEMBER 30, 2010	Quarter Over Quarter	Year Over Year
Management fees	15,884	16,732	11,150	(848)	4,734
Performance fees	202	845	97	(643)	105
Other revenue	643	483	294	160	349
Total revenue	16,729	18,059	11,541	(1,330)	5,188

September 2011 compared to September 2010

Revenue for the three-month period ended September 30, 2011 increased by $5.2 million or 44.9% to $16.7 million, over revenue of $11.5 million for the same period in 2010.

Management fees:

The increase was driven by higher AUM following the combination with Sceptre and market appreciation translating into additional management fees of $4.7 million in revenues for the quarter ended September 30, 2011, from which Sceptre's AUM brought $3.5 million in revenues. The positive impacts translated into the following increases in revenues by business unit:

- The Institutional sector has seen an increase of $2.9 million or 44.4% for the three-month period ended September 30, 2011.
- Revenue for the Private Wealth business grew by $0.7 million or 33.3% for the three-month period ended September 30, 2011.
- Revenue for the Retail sector rose by $1.2 million or 44.4% for the three-month period ended September 30, 2011.

Performance fees and other revenues:

The increase in other revenue of $0.3 million for the three-month period ended September 30, 2011 is attributable to the higher contribution of Fiera Axium of $0.3 million.

Finally, the recognition of higher performance fees of $0.1 million impacted positively the performance revenues.

September 2011 compared to June 2011

Revenue for the three-month period ended September 30, 2011 decreased by $1.3 million or 7.4% to $16.7 million, compared to revenue of $18.1 million for the previous quarter ended June 30, 2011.

Management fees:

The shortfall in management fees of $0.8 million or 5.1% translated into the following decreases in revenues by business unit:

- The Institutional sector has seen a decrease of $0.5 million or 5.2% for the three-month period ended September 30, 2011.
- Revenue for the Private Wealth remained stable compared to the previous quarter ended June 30, 2011.
- Revenue for the Retail business has seen a decrease of $0.3 million or 7.1% for the three-month period ended September 30, 2011.

Performance fees and other revenues:

A higher contribution from the joint venture of $0.2 million and the lower performance fees of $0.6 million affected the revenues' quarter over quarter.

Table 6 – Revenues: Yearly Activity ($ in thousands)

	YEAR ended		Variance	
	SEPTEMBER 30, 2011	SEPTEMBER 30, 2010	$	%
Management fees	65,822	36,463	29,358	80.5%
Performance fees	3,941	3,067	873	28.5%
Other revenue	2,998	1,993	1,006	50.5%
Total revenue	72,761	41,524	31,238	75.2%

Revenue for the year ended September 30, 2011 grew by $31.2 million or 75.7% to $72.8 million, over revenue of $41.4 million for the same period in 2010.

Management fees:

The increase was driven by higher AUM following the combination with Sceptre and market appreciation translating into additional management fees of $29.4 million in revenues for the year ended September 30, 2011, from which Sceptre's AUM represented $25.3 million in revenues. The positive impacts translated into the following increases in revenues by business unit.

- The Institutional sector has seen an increase of $17.9 million or 84.3% for the year ended September 30, 2011.
- Revenue for the Private Wealth business grew by $4.0 million or 60.7% for the year ended September 30, 2011.
- Revenue for the Retail sector rose by $7.5 million or 86% for the year ended September 30, 2011.

The overall increase by business unit was due to a higher level of AUM and market appreciation following marketing efforts and a favourable asset mix, thus translating into higher revenues.

Performance fees and other revenues:

Higher generation of performance fees amounting to $0.9 million combined with the increase in other revenues of $0.3 million explains the variance on revenues year over year for the year ended September 30, 2011.

Operating expenses

Operating expenses are comprised of Selling, General and Administration fees (SG&A) and External Manager Fees. Operating expenses rose by $2.2 million or 21.6% to $12.5 million for the three-month period ended September 30, 2011, compared to $10.3 million for the same period in 2010. The increase resulted from an overall growth in SG&A expenses of $2.4 million mainly due to the addition of Sceptre's operations offset by lower external manager expenses of $0.2 million for the three months ended September 30, 2011. The current quarter also included non-recurring costs in professional fees related to strategic initiatives of $0.5 million.

Operating expenses declined by $0.5 million or 3.6% to $12.5 million for the three-month period ended September 30, 2011, compared to $13.0 million for the previous quarter ended June 30, 2011. The variance resulted from an overall decrease in SG&A expenses of $0.2 million combined with lower external manager expenses of $0.3 million mainly due to the repatriation of the management of International equity mandates from external sub-advisors for the three months ended September 30, 2011.

Operating expenses rose by $17.7 million or 52.4% to $51.5 million for the year ended September 30, 2011, compared to $33.8 million for the same period in 2010. The increase resulted from an overall rise of $16.1 million in SG&A expenses mainly due to the addition of Sceptre's operations combined with additional external manager expenses of $1.6 million the year ended September 30, 2011. Finally, the year ended September 30, 2011 included non-recurring costs in professional fees related to strategic initiatives of $0.8 million.

Selling, general and administration

SG&A expenses grew by $2.4 million or 24.3% to $12.2 million for the three-month period ended September 30, 2011 compared to $9.8 million for last year same period. The increase is due to higher expenses for compensation representing an increase of $1.5 million, professional fees of $0.3 million, reference fees of $0.2 million, higher stock based compensation expense of $0.2 million and higher other expenses of $0.06 million. These increases were offset by a decline in marketing and servicing, rent, technical services and insurance of $0.05 million. Part of the professional fees expenses an amount of $0.5 million is included related to strategic initiatives.

SG&A expenses decreased by $0.2 million or 1.6% to $12.2 million for the three-month period ended September 30, 2011 compared to $12.3 million for last quarter ended June 30, 2011. The decrease is due to a decline in professional fees as well as in reference fees of $0.2 million, marketing and servicing, rent, technical services and insurance of $0.2 million offset by an increase in other expenses of $0.1 million as well as in compensation expenses of $0.1 million.

SG&A expenses rose by $16.1 million or 49.3% to $48.8 million for the year ended September 30, 2011 compared to $32.7 million for the same period of last year. The increase is driven by additional expenses namely in compensation of $9.8 million, professional fees of $1.8 million, reference fees of $1.5 million, marketing and servicing, rent, technical services and insurance of $1.6 million, other expenses increases amounting to $0.4 million and higher stock based compensation expense of $0.8 million. The increases are mostly driven by the combination with Sceptre. Also, professional fees expenses included non-recurring costs related to strategic initiatives of $0.8 million.

External managers

External managers' expenses declined by $0.2 million or 33.5% to $0.3 million for the three-month period ended September 30, 2011 from $0.5 million for the three-month period ended September 30, 2010. The decrease is mainly due to the repatriation of the management of these assets within the Firm in line with our plans and therefore reducing the external managers' expenses. External manager expenses decreased by $0.3 million or 46.6% to $0.3 million for the three-month period ended September 30, 2011 from $0.6 million for the previous three-month period ended June 30, 2011. The decrease is due to the repatriation of the management of these assets within the Firm in line with our plans and therefore reducing the external managers' expenses. External manager expenses increased by $1.6 million or over 100% to $2.7 million for the year ended September 30, 2011 from $1.1 million for the year ended September 30, 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. The increase was offset by the repatriation of the management of these assets towards the end of the year.

Amortization

Amortization of property and equipment increased by $0.2 million for the three-month period ended September 30, 2011 compared to the same period of 2010 and by $0.3 million compared to the previous quarter of 2011. Amortization of property and equipment increased by $0.3 million for the year ended September 30, 2011 compared to the same period of 2010. Amortization of intangible assets increased by $0.4 million or 93.7% to $0.9 million for the three-month period ended September 30, 2011 compared to $0.4 million for the same period in 2010. Amortization of intangible assets remains stable at $0.9 million compared to the previous quarter ended June 30, 2011. Amortization of intangible assets increased by $1.8 million or over 100% for the year ended September 30, 2011 compared for the same period in 2010. The increases results from the amortization of the new definite life intangible assets following the combination with Sceptre.

Other expenses

Other expenses decreased by $0.3 million or 37.7% for the three-month period ended September 30, 2011 to $0.5 million compared to $0.8 million for the same period of 2010. The decrease is mainly due to the inclusion in the September 2010 quarter of a non-recurring charge of $0.8 million following restructuring and severance costs related to the business combination with Sceptre offset by the inclusion of a non-recurring $0.5 million in the current quarter following a property and equipment write-off due to an abandonment of premises. Other expenses increased by $0.2 million or 47.7% for the three-month period ended September 30, 2011 to $0.5 million compared to $0.3 million for the previous quarter of 2011. The increase is mainly due to the inclusion of a non-recurring charge of $0.5 million following a property and equipment write-off due to an abandonment of premises compared to a $0.3 million lower non-recurring integration costs related to the business combination with Sceptre included in the previous quarter of 2011.

Other expenses increased by $3.1 million or over 100% for the year ended September 30, 2011 to $3.8 million compared to $0.8 for the same period of 2010. The increase is mainly due to the inclusion of a non-recurring charge of $1.3 million following the restructuring of the institutional business unit, combined with higher non-recurring and restructuring expenses including integration costs related to the business combination with Sceptre of $2.6 million as well as the inclusion of a $0.5 million for the property and equipment write-off due to an abandonment of premises. These increases were offset by the inclusion in last year of a ($0.1) million for gain on dilution as well as a $0.8 million related to restructuring costs and severance expenses.

EBITDA and Adjusted EBITDA[1]

For the three-month ended September 30, 2011 EBITDA increased year-over-year by $3.0 million or over 100% to $4.3 million mainly due to higher revenues of $5.2 million offset by a rise of $2.2 million in operating expenses. EBITDA per share was $0.12 for the three-month ended September 30, 2011 compared to $0.08 for the same three-month period of the previous year.

EBITDA and adjusted EBITDA for the current quarter ended September 2011 was driven by an increase in the base management fees compared to the same period of the previous year following the addition of Sceptre's assets and marketing efforts and an overall increase in operating expenses namely for SG&A and strategic initiatives.

Adjusted EBITDA, which eliminates the effect of performance fees, grew by $2.8 million or over 100% to $4.0 million for the three-month period ended September 30, 2011, compared to $1.2 million for the same period in 2010. Without the impact of performance fees, the adjusted EBITDA increase is mainly due to higher revenues of $5.2 million, offset by an overall rise in SG&A and external manager expenses of $2.2 million.

EBITDA for the three-month ended September 30, 2011 compared to the previous quarter ended June 30, 2011 declined by $0.9 million to $4.3 million. Lower base management fees combined with lower performance fees generation resulted in overall lower revenues of $1.3 million. These decreases were offset by lower operating expenses of $0.5 million mainly due to lower variable compensation expenses. EBITDA per share was $0.12 for the three-month ended September 30, 2011 compared to $0.14 for the previous three-month period of 2011.

Adjusted EBITDA, which eliminates the effect of performance fees, decreased by $0.5 million or 11% to $4.0 million for the three-month period ended September 30, 2011, compared to $4.5 million for the previous quarter ended June 30, 2011. Without the impact of performance fees, the adjusted EBITDA increase is mainly due to lower revenues of $0.7 million, offset by an overall decrease in SG&A and external manager expenses of $0.2 million.

For the year ended September 30, 2011 EBITDA increased year-over-year by $13.4 million or over 100% to $21.3 million mainly due to higher base revenues of $30.5 million, additional performance fees impact of $0.9 million offset by higher operating expenses of $17.8 million. EBITDA per share was $0.58 for the year ended September 30, 2011 compared to $0.49 for the previous year ended 2010.

Adjusted EBITDA, which eliminates the effect of performance fees, grew by $13.1 million or over 100% to $18.7 million for the three-month period ended September 30, 2011, compared to $5.5 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 $30.5 million, offset by an overall rise in SG&A and external manager expenses of $17.4 million.

[1]EBITDA and Adjusted EBITDA are non-GAAP measures. Please refer to "Non-GAAP Measures" on page 28.

Net earnings

For the three-month period ended September 30, 2011, the Company earned $1.3 million or 0,04 cent per share (both basic and fully diluted). For the three-month period ended September 30, 2010, the Firm earned $0.09 million or $0.01 per share (both basic and fully diluted). The increase of $1.2 million in net earnings is driven by higher base management fees of $4.7 million, higher performance fees impact of $0.1 million and higher revenues from Fiera Axium of $0.4 million. These net revenues impacts were offset by an overall increase in operating expenses of $2.3 million combined with an increase in amortization of $0.6 million and income taxes of $1.4 million. Finally, lower other expenses of $0.3 million impacted positively the quarter ended September 30, 2011. The decrease in other expenses is due to the inclusion a non-recurring charge of $0.8 million in the previous year quarter ended September 30, 2010 and the inclusion of $0.5 million non-recurring charge for abandonment of premises in the current quarter of 2011.

Compared to the previous quarter ended June 30, 2011 the Company experienced a shortfall of $1.6 million or $0.06 per share (both basic and fully diluted). For the three-month period ended June 30, 2011, the Firm earned $2.9 million or $0.08 per share (both basic and fully diluted). The decrease of $1.6 million in net earnings of the current quarter versus the previous quarter of 2011 is driven by a shortfall in revenues of $1.3 million offset by a decline in operating expenses of $0.5 million, as well as by the inclusion of a $0.4 million non-recurring charges related to the abandonment of premises and increase in income taxes of $0.02 million.

The net earnings were impacted by other non-recurring costs following abandonment of premises as well as non-recurring costs related to strategic initiatives of $1.0 million ($0.7 million net of income taxes) or a $0.02 (basic and fully diluted) per share impact. Excluding these non-recurring expenses, net earnings for the current quarter would have been $2.0 million or $0.06 (basic and fully diluted) earnings per share. For the three-month period ended September 30, 2010, the Firm earned $0.9 million or $0.01 per share (both basic and fully diluted).

For the year ended September 30, 2011, the Firm's net earnings were $9.0 million or $0.25 per share basic and $0.24 per fully diluted share. For the year ended September 30, 2010, the Firm earned $3.5 million or $0.22 per share (both basic and fully diluted). The increase of $5.5 million in net earnings is driven by higher base management fees of $29.4 million, additional performance fees impact of $0.9 million, higher revenues from Fiera Axium of $0.9 million, offset by an overall increase in operating expenses of $17.8 million, in amortization and other expenses of $5.1 million and in income taxes of $2.9 million.

The net earnings were impacted by restructuring and other non-recurring costs of $4.6 million ($3.3 million net of income taxes) during the year or a total $0.07 (basic and fully diluted) per share impact. Excluding these non-recurring expenses, net earnings for the period would have been $12.5 million or $0.34 per share basic and $0.33 per share fully diluted.

SUMMARY OF QUARTERLY RESULTS

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

Table 7 – Quarterly Results for the Quarters End ($ in thousands except AUM $ in millions):

	Q4 Sept. 30 2011	Q3 June 30 2011	Q2 Mar. 31 2011	Q1 Dec. 31 2010	Q4 Sept. 30 2010	Q3 June 30 2010	Q2 Mar. 31 2010	Q1 Dec. 31 2009
AUM	29,020	30,060	29,452	29,268	30,755	22,660	22,185	21,724
Total Revenue	16,729	18,059	19,179	18,794	11,541	11,427	9,465	9,090
EBITDA	4,263	5,122	5,147	6,766	1,290	3,335	1,425	1,704
Adjusted EBITDA	4,034	4,532	4,818	5,286	1,197	2,510	888	949
Adjusted EBITDA per share	0.11	0.12	0.13	0.15	0.08	0.16	0.05	0.06
Net earnings	1,297	2,858	1,942	2,860	91	2,060	489	853
Per share – basic and fully diluted	0.04	0.08	0.05	0.08	0.01	0.13	0.03	0.05

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 three quarters.

Quarterly revenue decreased by $1.3 million from June 30, 2011 to September 30, 2011 as a result of lower base management fees of $0.7 million combined with lower performance revenues of $0.6 million.

Quarterly EBITDA decreased by $0.8 million from June 30, 2011 to September 30, 2011. Lower revenues of $1.3 million offset by lower SG&A of $0.2 million combined to lower external managers fees following repatriation of international equity mandates of a total of $0.3 million explains the EBITDA variation quarter over quarter.

Quarterly net earnings decreased by $1.6 million from June 30, 2011 to September 30, 2011 as a result of lower EBITDA of $0.8 million combined to a property and equipment write-off of $0.5 million and by higher other expenses of $0.2 million.

Quarterly revenue decreased by $1.1 million from March 31, 2011 to June 30, 2011 as a result of a lower contribution of $1.3 million from Fiera Axium, combined with lower performance revenues of $0.2 million. Base management fees which have increased by $0.3 million for the quarter ended June 30, 2011 and partially offset the above-mentioned decrease. The Fiera Axium's contribution included in the previous quarter ended March 2011 was comprised of a $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 remained stable at $5.1 million from March 31, 2011 to June 30, 2011. Lower Fiera Axium contribution as well as lower performance fees generation of $1.4 million combined to lower variable incentive compensation related to the mentioned items, lower external managers fees following repatriation of international equity mandates of a total of $1.2 million resulted in an offsetting impact, thus translating into a stable EBITDA result quarter over quarter.

Quarterly net earnings increased by $0.9 million from March 31, 2011 to June 30, 2011 as a result of lower non-recurring charge of $1.3 million ($0.9 million net of income taxes).

LIQUIDITY

Cash flows

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

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Table 8 – Summary of Consolidated Statements of Cash Flows for the year ended:

(in thousands of dollars - audited)	SEPT. 30 2011	SEPT. 30 2010
Cash provided (used) by operating activities	9,172	4,585
Cash provided (used) by investing activities	611	(4,647)
Cash used by financing activities	(10,186)	(3,602)
Increase (decrease) in cash and cash equivalents	(403)	(3,664)
Cash and cash equivalents, beginning of year	2,118	5,782
Cash and cash equivalents, end of period	1,715	2,118

Cash provided by operating activities was $14.1 million offset by a $4.9 million in non-cash items which included restructuring costs as well as termination costs of certain employees of the acquired business, resulting in a positive $9.2 million for the year ended September 30, 2011 compared to $4.6 million for the same period in 2010. This net positive cash flow generated from operations is mainly due to higher net earnings for the year ended September 2011 compared to the same period in 2010.

Cash provided by investing activities of $0.6 million for the year ended September 30, 2011 results from a positive position of Fiera Axium compared to cash used of $4,6 million for the same period in 2010 which is due to investments made by Fiera Axium.

The increase of $6,6 million in the cash used in financing activities results from a $10,9 million dividend payment offset by a $0.7 million issuance of capital stock in the year ended September 30, 2011. In the prior period, the financing activities comprised a loan repayment of $4.1 million, a dividend payment of $5,0M offset by a $5,3 million of net capital stock transactions and a $0,2 million business partners' deposit

Bank Loan

The Company has an authorized line of credit of $6,500,000, bearing interest at the prime rate or at the Banker's acceptance rate plus 0.25%, maturing June 2012. This line of credit is unused at year end. It is secured by a movable first mortgage of $6,500,000 on accounts receivable and property and equipment and intangible assets, both present and future.

Off-balance sheet arrangements

At September 30, 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 September 30, 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 of the financial statements, 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.

As at January 1st, 2011, an IPP of a former employee of Sceptre had an ongoing funding deficit of $293,057 which requires a yearly contribution of $59,696. The funding requirements, if any, will be officialised with the filing of the January 2012 actuarial report.   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 September 30, 2011 the Company had 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 compared 15,078,721 Class A subordinate voting shares and 21,357,336 Class B special voting shares for a total of 36,436,057 shares outstanding, as at September 30, 2010.

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.

Stock-based compensation

The number of stock options issued and outstanding under the stock option plan varied as follows during the year ended September 30, 2011:

Table 9 – Options

	Number of options	Exercise price in dollars (weighted average)
Balance, beginning of period	1,135,878	4.25
Granted	709,028	8.39
Exercised	(139,573)	5.54
Expired	(7,200)	6.15
Forfeited	(68,061)	4.10
Balance, end of period	1,630,072	5.93
Exercisable options, end of period	320,875	4.75

The following table presents the weighted average assumptions used during the year ended September 30, 2011 to determine the stock-based compensation expense using the Black-Scholes option pricing model:

	For the year ended September 30th	
	2011	2010
Stock-based compensation expense ($)	**932,873**	236,129
Dividend yield (%)	**3.76% to 3.85%**	5.00%
Risk-free interest rate (%)	**2.25%**	2.25%
Expected life (years)	**5**	7
Expected volatility for the share price (%)	**50%**	30%
Weighted average fair values ($)	**2.75 to 2.83**	0.29

INTERNAL CONTROL OVER FINANCIAL REPORTING

During the third quarter ended September 30, 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.

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 September 30, 2011, 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 have concluded that the design and operation of those disclosure controls and procedures and internal controls over financial reporting were adequate and effective as of September 30, 2011.

FINANCIAL INSTRUMENTS

Interest rate risk

The Company is subject to interest rate risk due to interest rate fluctuations on the balance of the mortgage loan which was repaid during 2010.

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 September 30, 2011, comprises mutual fund investments under the management of the Company with a fair value of $983,339 Mutual fund and pooled fund investments comprise a well-diversified portfolio of Canadian investments. Mutual funds and pooled funds units have no specific maturities.

A 10% change in the Company's equity and equity-related holding an OCI as at September 30, 2011 has an impact of increasing or decreasing the OCI by $98,334.
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.

The Company's principal financial assets are cash, restricted cash, temporary investments and accounts receivable which are subject to credit risk. The carrying amounts of financial assets on the consolidated balance sheets represent the Company's maximum credit exposure at the balance sheets' date.

The Company's credit risk is primarily attributable to its trade receivables. The amounts disclosed in the consolidated balance sheets are net of allowance for doubtful accounts, estimated by the management of the Company 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. No customer represents 10% of the Company's accounts receivables as at September 30, 2011 and 2010.

Currency risk

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

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

Subsequent to the September 2008 confirmation by the Canadian Accounting Standards Board (AcSB), the Handbook of Canadian Institute of Chartered Accountants – Accounting has been amended in January 2010 to require that all Canadian publicly accountable enterprises adopt International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) for years beginning on or after January 1, 2011. IFRS will therefore replace current Canadian GAAP followed by the Company. The Company will adopt IFRS for the fiscal 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:

Phase 1 - 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 during the fiscal year 2011.

Phase 2 - Impact analysis, evaluation and design phase

In our second phase, which began during the third quarter of fiscal year 2011, we have been performing a detailed assessment, from an accounting, reporting and business perspective of the changes that will result from the conversion to IFRS. The following summarizes the key elements of the Company's changeover plan for transitioning to IFRS for which progress has been made against each activity:

1. Accounting policies and procedures

Preliminary review was performed for the majority of accounting policy choices and differences identified between IFRS and our current accounting policies, as applied by the Company. Expected impacts on transition date are described in the section "First-time adoption of IFRS" below. Key areas where changes in accounting policies are expected are identified in the section "Expected areas of Significance" below.

2. Financial statements preparation

A model for the Company's interim IAS 34 Interim Financial Reporting and annual IFRS consolidated financial statements is in development.

3. Training and communication

We have engaged subject matter experts to assist in the transition, recruited supporting external resources and are in the process of providing the appropriate training to affected employees.

4. Business impacts

We have analyzed how the changes affect other stakeholders and they were determined to be not material.

5. IT systems

We have determined that no material changes are necessary to information technology and data systems, including how to accumulate the data necessary for the fiscal 2011 comparatives.

6. Control environment

We are in the process of revising existing internal control processes and procedures to address significant changes to the existing accounting policies and practices.

Most of the difference between IFRS and Canadian GAAP analyzed do not have a material impact on the Company's reported results and financial position. In addition, the effects on the Company's commercial activities in terms of financial covenants, contractual agreements, incentive plans, budgeting and financial risk management strategies and IT systems for example, have been assessed as minor.

The quantitative impacts resulting from conclusions reached to date, other than the impairment of assets described in section "Expected areas of significance" below, are not significant. Most adjustments required on changeover to IFRS will be made retrospectively against opening retained earnings as of October 1, 2010 based on standards that are applicable as at September 30, 2012. Transitional adjustments relating to eventual standards where comparative figures are not required to be restated will only be made as of October 1, 2011.

The completion of this phase is planned for the end of the first quarter of fiscal year 2012.

Phase 3 - Implementation and review phase

In the third phase, key IFRS 1 exemption decisions and accounting changes will be approved by senior management and reviewed by the audit committee of the Board of Directors during the first quarter of fiscal year 2012. Implementation of these accounting changes and required modifications to internal procedures, controls and systems will be made. These last elements will be completed before December 2011.
The Company's IFRS project continues to be on target to meet the changeover requirements.

First-time adoption of IFRS

IFRS 1, First-Time Adoption of International Financial Reporting Standards provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to the general requirement for full retrospective application of IFRS. The Company has analyzed the multiple accounting policy choices available and will implement those determined to be most appropriate.

The exemptions that have been identified as having the most relevance for the Company are as follows:

- Business combinations: IFRS 3 Business combinations will not be applied retrospectively to business combinations completed before October 1, 2010;
- Designation of previously recognized financial instruments: the Company's designations of financial instruments are consistent with its designations under Canadian GAAP, except for cash and cash equivalents which will be classified as loans and receivables under IAS 39 Financial Instruments: Recognition and Measurement.

Expected areas of significance

Set out below are the key areas where changes in accounting policies are expected. To date, these changes did not have an impact on measurements in the Company's consolidated financial statements.

IAS 24 Related Party Disclosures

Under IFRS, the Company is required to disclose the total compensation, including short-term employee benefits, post-employment benefits, other long-term benefits, termination benefits and share based payment, paid to key management personal.

IAS 31 Interests in Joint Venture

The Company has chosen to account for its 35.35% interest in Fiera Axium Infrastructure joint venture using the equity method. Since the Company has been using the proportionate consolidation method under Canadian GAAP to account for its interest in the joint venture, the change in accounting policy will have a material presentation impact on the consolidated financial statements.

IAS 36 Impairment of assets

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with fair values. IAS 36 Impairment of Assets, uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). This may potentially result in more write-downs where carrying values of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. However, the extent of any new write-downs may be partially offset by the requirement under IAS 36 to reverse any previous impairment losses where circumstances have changed such that the impairments have been reduced. Canadian GAAP prohibits reversal of impairment losses. IAS 36 also requires impairment testing to be applied at a cash-generating unit level. In addition, goodwill must be allocated to cash-generating units for impairment testing purposes. Under Canadian GAAP, goodwill is allocated to a reporting unit for purposes of impairment testing. Since the methodology for testing goodwill and intangible assets will change upon adoption of IFRS, the Company is in the process of completing its analysis of the impact of differences in impairment between Canadian GAAP and IFRS and is expecting that the adoption of the new impairment models may cause a partial reversal of impairment loss on intangible assets recognized in prior years.

IAS 19 Employee benefits

The Company does not maintain defined benefits pension plan but contributes to a defined contribution pension plans for its employees. As part of the business combination with Sceptre, 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. As for current service costs of the IPPs, no contribution are required except for an amount not exceeding $60 000 yearly. Accordingly, there are no significant changes arising from the transition to IFRS with respect to IAS 19.

Finally, the following standards for the Company have been identified as having insignificant or no impact:

- IFRS 2 *Share-based Payment*: the Company has reviewed the calculation of its stock based compensation expense which is graded vested and has determined that its calculation is acceptable under IFRS and Canadian GAAP and therefore already comply with IFRS treatment;
- IAS 12 *Income Taxes*: the Company has reviewed the temporary differences resulting in future income tax assets or liabilities as at October , 2010 and throughout 2010-2011 fiscal year to determine if any temporary differences resulted when assets were initially recognized and has concluded that no changes are required to be made for the transition except that under IFRS the term "deferred tax" will be used whereas under Canadian GAAP we use "Future tax";
- IAS 16 *Property, Plant and Equipment*: the disclosure requirements under IAS 16 are more detailed that those under Canadian GAAP and IAS 16 will not result in any financial changes to the company;
- IAS 27 *Consolidated and Separate Financial Statements and SIC 12, Consolidation* – Special Purposes Entities: after detailed analysis, it was determined that the Company is not required to consolidate Funds managed by the Company;
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*: no changes or impacts are expected.

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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 property and equipment 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 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 relative 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 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 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 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 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 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 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 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 these activities 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 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 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 Spectre 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.

FIERA SCEPTRE