

CONFERENCE CALL PARTICIPANTS

Ross Walker

Chairman of the Board, Sceptre Investment Counsel

David Pennycook

Interim Chief Executive Officer, Sceptre Investment Counsel

Jean-Guy Desjardins

Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

Sylvain Brosseau

President, Fiera Capital

PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the Sceptre Investment Counsel Fiera Capital conference call.

I would now like to turn the meeting over to Mr. Ross Walker, Chairman of Sceptre, and Mr. Jean-Guy Desjardins, Chairman and CEO of Fiera. For a few opening remarks we will begin with Ross Walker. Mr. Walker, please go ahead.

Ross Walker, Chairman of the Board, Sceptre Investment Counsel

Good morning, and welcome to today's conference call. As indicated, I'm Ross Walker, Chairman of the Board with Sceptre Investment Counsel. I am joined by Jean-Guy Desjardins, Chairman and Chief Executive Officer, and Chief Investment Officer of Fiera Capital. Also with us today are David Pennycook, Interim CEO of Sceptre, and Sylvain Brosseau, President of Fiera.

You've all had an opportunity to view our press release issued earlier today. We are delighted to be in a position to announce a transaction that we believe will benefit our shareholders and clients alike. As we noted in the release, the merger creates an ideal fit, and significant growth opportunities for the two companies, and both groups of—for both groups and the shareholders it creates a significantly larger player in the investment

management arena, with \$30 billion of assets under management.

Speaking for Sceptre, we conducted a very thorough process before coming to the decision to merge with Fiera. The Board believes in addition to being accretive to earnings, this transaction would provide multiple opportunities for our clients. The combined firm will bring enhanced distribution capacities, and benefit from the economies of scale in distribution, administration and cross-selling potential that comes from merging two firms like ours.

Before we open up the telephone lines to questions, I will turn the mike over to Jean-Guy Desjardins to make a few comments from Fiera's perspective. Jean-Guy?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

Thank you, Ross. Good morning. On this day we're very pleased to join forces with Sceptre, which we think will be greatly to the benefit of our mutual clients. As far as it concerns our clients, this transaction will enhance our capabilities, our offerings, and our services. It will leverage two established, recognized brands in our respective markets, and provide best-in-class performance in annualized returns across multiple provinces; notably Canadian equities and fixed income, as well as alternative strategies.

The shareholders and in the merged companies stand to benefit from a larger, more diversified dynamic organization. On a combined basis, we will expand the breadth and the depth of the product offerings across a larger client base, which should reduce volatility on earnings, produce solid results. With momentum behind us, we envisage excellent growth opportunities.

And now I'll turn it back to Ross.

Ross Walker, Chairman of the Board, Sceptre Investment Counsel

Thank you, Jean-Guy. I will now ask the Operator to open the phones to questions. Kindly indicate to whom your question is directed.

QUESTION AND ANSWER SESSION

Operator

Certainly. We'll now take questions from the telephone lines. I would like to remind participants that the lines are open to questions for members of the investment community only. If you have a question and you are using a speakerphone, please lift the handset before making your selection. If you have a question, please press star, one on your telephone keypad. If at any time you wish to cancel the question, you may press the pound sign. Please press star, one at this time if you have a question. There will be a brief pause while the participants register for questions. Thank you for your patience.

The first question will be from Rupel Ruperellia (phon) from Heathbridge Capital. Please go ahead.

Rob Richards, Heathbridge Capital

Yes, it's Rob Richards (phon) speaking. Just a question about the Fiera business. The model is, compared to Sceptre, a very low fee ratio; almost less than two tenths of a percent, and I'm just wondering about how that business model will change or be improved by the acquisition of Sceptre, and really what does it mean for the business going forward to have a ratio that low?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

I think when—we will be producing an offering memorandum in the course of the next—well, hopefully four weeks at most, leading to the annual meeting, and what you—I don't think I should get too much into the details of that because it will all be made available, but what I can, I think, tell you briefly here is that Fiera has a partner in the Desjardins Mouvement (phon), the Mouvement Desjardins, the co-op (phon). And we manage roughly about \$5 billion of assets for them, and that obviously is managed at a fee which is a relatively low fee to the standard, because it's a large individual client; individual in the sense that it's one client. So it's a \$5 million pool. If you split that pool from the balance of all our business, our fees on the balance of our book of business is in fact very much in line and competitive with the markets, including the Sceptre fees.

On top of that, we have a family of alternative products that are generally at much higher fees than the traditional fixed income Canadian equity strategies, which is a very fast-growing sector for Fiera, which will make a significant contribution in the future to the combined margin of Fiera Sceptre.

Rob Richards, Heathbridge Capital

Thank you very much.

Operator

Thank you. The next question is from Stephen Bowand (phon) GMP Securities. Please go ahead.

Stephen Bowand, GMP Securities

Good morning.

Ross Walker, Chairman of the Board, Sceptre Investment Counsel

Good morning.

Stephen Bowand, GMP Securities

A couple of quick questions. First, can you—you mentioned in your opening, can you talk about synergies? Can you provide an estimate of what you believe you can—in terms of expense synergies?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

Well, you're not surprised if I tell you we won't give you an estimate. I think you certainly expected that. Again, the offering memorandum coming up will give you a lot of information on pro forma forecast, and the assumptions on a number of different items, but I'm sure that it's not too difficult for you to conclude that the synergies are likely to be significant because the match between the Sceptre organization and the Fiera organization is a very, very—it's a very nice one. It's a good fit, and it's—we think it's one of these situations where—you know—two plus two equals five and maybe six. So, yes, there will be synergies. It's too early for us to give you even a general indication about what the synergies will be, but you're going to get a lot more information when the offering memorandum is made public.

Stephen Bowand, GMP Securities

Okay.

Ross Walker, Chairman of the Board, Sceptre Investment Counsel

Jean-Guy, I'll just add to that. The asset management business is very much based on the economies of scale, and moving from, in Sceptre's case, from 7 billion in assets to 30 billion in assets, it will require increased staff, but not a proportionate increase in staff, so one of the big levers is going to be managing larger assets. We'll produce, we believe, a better bottom line and be accretive.

Stephen Bowand, GMP Securities

Are you—I guess—you know—I'm not sure if you're going to give what your sense of accretion is in terms of size, or will that be in the offering memorandum as well?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

That will be referred to in the offering memorandum.

Stephen Bowand, GMP Securities

Okay. Just maybe on the—I guess on the traction with new products. I mean where do you think you're going to gain traction the quickest? Is it on the institutional side, is it going to be on new retail products? Maybe you could just give us an idea where your growth strategy is going to be in terms of new product development?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

We think that on the high net worth and the retail sides that there will be immediate distribution benefit as a result of this transaction, because we think it will generate quite a bit of momentum in those two market segments. On the institutional side, we think that there is a significant cross-selling potential. There is very, very little overlap between the Sceptre client base—institutional client base, and the Fiera institutional client base, which means that we have an opportunity to distribute the Sceptre competitive strategies to our client base, and Sceptre has a great opportunity to distribute the Fiera performing strategies to the Sceptre client base, and we think that

initially a significant amount of revenue growth momentum will come from that cross-selling.

On the institutional market, if you're familiar with it, you would expect normally the market to sort of wait and look for a period of three, four, five, six months how the marriage is evolving, and if it evolves as a successfully as we are convinced it will at this stage because of the great chemistry that exists between the Sceptre senior officers and the Fiera senior officers—you know—we've been living together for quite awhile already, and we have discussions and differences of opinion and arguments, so there's great chemistry between the two management teams, and I think that relatively soon the institutional markets will look upon this as a very—a transaction that offers tremendous potential.

Stephen Bowand, GMP Securities

All right, that's great. Thank you.

Operator

Thank you. As a reminder, you may press star, one if you have a question.

The next question is from Peter Brieger from GlobalInvest (phon) Management. Please go ahead.

Peter Brieger, GlobalInvest Management

Thank you. I didn't—I've—the question has already been answered. It had to do with the accretion to earnings per share from cost savings, so I gather we're waiting for the OM, but thank you.

Ross Walker, Chairman of the Board, Sceptre Investment Counsel

Yes, Peter, that's correct.

Operator

Thank you. Thank you. The next question is from Phil Hardie (phon) from Scotia Capital. Please go ahead.

Phil Hardie, Scotia Capital

(Inaudible). I wonder if I can ask just a follow-up question related to Fiera's assets, and maybe you can give just a bit more detail in terms of the breakdown; how those 22.5 billion of assets are broken down between institutional, high net worth, and more retail oriented?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

Yes, rough percentages would be—I'd say 60 percent would be fixed income, would be another, I'd say 35 percent would be equities, Canadian, US, International, and 5 percent would be a family of alternative products. Whether be it our infrastructure fund, or hedge fund assets, it's about 5 percent of alternative.

Phil Hardie, Scotia Capital

5 percent? Okay. That's great. Then I guess another question just related to maybe on the Sceptre side with the existing investment team, whether there's lockup agreements with the current professionals and portfolio managers at this point?

Ross Walker, Chairman of the Board, Sceptre Investment Counsel

All of the P (phon) Sceptre Investment portfolios have signed employment contracts with the new Sceptre Fiera—Fiera Sceptre organization, subject to, of course, shareholders approval and the closing of the transaction.

Phil Hardie, Scotia Capital

Okay. Could you give us some detail on the terms of that as far as kind of time period or what that would cover?

Ross Walker, Chairman of the Board, Sceptre Investment Counsel

The contracts vary depending upon the individual, but they're really pretty traditional employment contracts that provide some undertakings on both sides, including a departure notice, a non-compete clause if somebody should leave, etc., and we believe they're quite standard employment contracts.

Phil Hardie, Scotia Capital

Okay. And just maybe another question I guess on the Sceptre side again. I mean you talked about the Board doing quite a bit of work on this. Did you go through a full process and look at all other alternatives before going into the agreement at this point?

Unidentified Male Speaker

Yes, we did. We started really when we—when the new management team took over in Sceptre in late 2008...

Phil Hardie, Scotia Capital

Right.

Ross Walker, Chairman of the Board, Sceptre Investment Counsel

The first thing the Board asked them to do was to really review the strategy, consider our strengths and weaknesses, and determine where we want to be in five years time and how we're going to get there. And during that process we engaged TD Securities to assist us with that, and during that process we received interest from a number of potential partners, and after careful review and consideration, the Board determined that Fiera was absolutely the best fit for us, and so we entered into serious discussions with Fiera from that time forward, which resulted in the agreements that we're now seeing today.

Phil Hardie, Scotia Capital

Right, excellent. Okay. And maybe just one last question on the—I know on the synergies you certainly weren't giving guidance to that, but maybe your view on whether—you know—the ones you were looking at to get an accretive transaction, whether that's on the cost side, or if you're looking for revenue synergies? And I guess on the cost side—you know—you did mention headcount increasing. I guess one would normally think it would go down to generate the cost synergies, but maybe just some colour on that would be great.

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

Well, generally, that transaction is accretive. From a financial (phon) point of view, post-synergies, we've come to the conclusion that it would be—it would create substantial value for the shareholders. The second thing is we think that it creates a substantial value for our clients and the Sceptre clients because of the investment opportunities that it brings on the table for the clients of our two organizations, which includes obviously the depth and the dynamics of the investment management group that we now will have post merger. And the third one is it creates substantial additional distribution potential, and that's value creation from our point of view because we significantly improved the distribution capabilities across Canada of Fiera, and I think we bring to Sceptre a substantial distribution capability in Canada, but obviously mainly in the province of Quebec, because that's where Fiera has its strongest position.

Phil Hardie, Scotia Capital

Okay, great. Thank you.

Operator

Thank you. For all remaining participants asking your question, please indicate to whom your question is directed to.

The next question is from George Turnbull from Sceptre. Please go ahead.

George Turnbull, Sceptre Investment Capital

First of all, congratulations, Ross, for the work that you have done, and the opportunity that seems to present itself to the joint company. One minor question is as a substantial shareholder, will you be considering the Sceptre dividend July 31st quite apart from the merger? And question number two, when would the offering memo be available?

Ross Walker, Chairman of the Board, Sceptre Investment Counsel

George, thank you, and actually the second question first is we believe it's going to take about three weeks, maybe four at the most to get the information circular completed and out in the hands of the shareholders, and then we have a 30 day period until we call our special meeting. So the expectation is that the meeting would take place in perhaps mid-August, or late August at the latest.

With respect to the dividend, the expectation is that the July dividend will be paid as usual. We have a Board Meeting tomorrow, a Sceptre Board Meeting tomorrow at which time we will be reviewing the financial results for the latest quarter, and making a determination of the dividend. You will be aware that our last dividend was \$0.06 a share, and the plan is that Fiera Sceptre on an ongoing basis will continue to pay out a substantial portion of its revenue in forms of dividends to its shareholders. Exactly what that will be will be up to the new Board, but it will be, we believe, on a basis similar to what—the way Sceptre has operated in the past.

George Turnbull, Sceptre Investment Capital

Thank you very much.

Operator

Thank you. The next question is from Peter Imhof from Sprott Asset Management. Please go ahead.

Peter Imhof, Sprott Asset Management

Congratulations, guys. This question's for Jean-Guy. Most of my questions have already been answered, but can you give us an indication in terms of your fund flows over the past six months or so? And you were saying the alternative investments have been picking up quite a bit, so can you give us an indication of where you're seeing the greatest amount of fund flows, and what they've been overall at the firm for the last six months?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

Well, the greatest—we have three alternative products that are generating substantial interest. One is our infrastructure fund, which—where we did a closing early this year; we already made a pretty significant transaction. And as you know, a lot of people have been interested in the exceptional management team that we've put together to assume the responsibility of managing the fund, and following the closing, the initial closing, and following the first transaction that we've completed and closed and signed in the fund, a lot of interested parties are coming back with the desire to commit, which will lead us to reopen the fund at year end, and we expect to double, maybe triple the size of the

fund by the end of this year as a result of this expression of interest by a lot of institutional clients.

We have two other funds. We have a market mutual (phon), and a global macro that are also doing very well, and are being very, very well accepted by potential investors. So those three products are important source of growth to us in the alternative field right now.

Peter, Imhof, Sprott Asset Management

Okay, and do all three of those products have a 2 and 20, or how do the performance fees work on those?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

No, no, no, no. Well, the infrastructure fund has a fee schedule, which is tight and competitive within the infrastructure industry, and our hedge funds are in the same position. You know, they are—they do have performance fee features associated to them.

Peter Imhof, Sprott Asset Management

Okay, and just on the fixed income side then, have you been seeing fund flows over the last six months, or what does that look like?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

Our fastest source of growth has been on our fixed income side, and we're seeing a lot of activity on that front, in fact.

Peter Imhof, Sprott Asset Management

Okay. Can you give us an indication over the last six months, have you brought in a billion dollars, or a few hundred million, or what do the fund flows look like?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

I think this last year we brought in \$3 billion of new assets in the fixed income field (phon).

Peter Imhof, Sprott Asset Management

Okay. And just in terms of your asset base then, what percentage of your assets would be in Quebec?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

(Inaudible)? 55 percent.

Peter Imhof, Sprott Asset Management

55 percent. Okay, great. Thanks very much.

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

Thank you.

Operator

Thank you. Once again, you may press star, one if you have a question.

The next question is from Robert Richards from Heathbridge Capital. Please go ahead.

Robert Richards, Heathbridge Capital

A question for Jean-Guy; two questions actually. One is do you intend to keep the separate identities? In other words, do you see value in the Sceptre brand per se? The second question is will both the A and the B shares be listed?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

Okay, well—you know—I've been competing with Sceptre for almost 40 years now, and I had my hands full for long periods of time with Sceptre as a competitor, so I recognized, and I think hopefully—(inaudible) enough to recognize that the Sceptre brand has—is a first class brand. It's well known, and it has an image of quality, of responsibility, and of having delivered for its clients over the years. So that's why we're keeping the name Fiera

Sceptre, and our plan is to keep it as long as it's appropriate to do that.

What was your second question?

Robert Richards, Heathbridge Capital

The second question is do you plan to list both the A and the B shares, and how does this, and will this result in an increase in liquidity for the stock?

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

The—no, the A shares will be listed, and it is—I think from a market value point of view, yes, we expect that it will increase the liquidity of the stock, yes.

Robert Richards, Heathbridge Capital

Thank you.

Operator

Thank you. As a reminder, you may still press star, one if you have a question.

The next question is from Phil Hardie from Scotia Capital. Please go ahead.

Phil Hardie, Scotia Capital

Maybe just a quick follow-up question on the share structure; potentially the voting rights as far as electing board directors. Can you just give just a quick review and reminder on that structure as it's laid out currently?

Unidentified Male Speaker

Yes, the two classes of shares have different rights in selecting directors. That's the only difference between the shares. The Class A and Class B shares are identical in all other respects, but the Class B shares will be electing six directors, and Class A shares, the old Sceptre shareholders, will be electing three directors.

Phil Hardie, Scotia Capital

Okay, thank you.

Operator

Thank you.

Unidentified Male Speaker

An one other small point, the Sceptre shareholders will also be electing the lead director.

Operator

Thank you. This concludes this question and answer session. I would like to turn the meeting back over to Mr. Desjardins.

Jean-Guy Desjardins, Chairman, Chief Executive Officer, and Chief Investment Officer, Fiera Capital

Well, I think just the closing statement just to reinforce the fact that we are extremely excited about this transaction, and we're very, very enthusiastic about the prospects of creating value for our shareholders, for our clients, and for our employees over the course of the next, well, I like to think in terms of 10 years, but that's not necessarily credible, but certainly over the course of the next two, three years. Thank you very much.

Operator

Thank you. The conference has now ended. Please disconnect your lines at this time, and we thank you for your participation.