

Gluskin Sheff + Associates Inc. Announces First Quarter Fiscal 2014 Results, Retirement of Gerald Sheff and Ira Gluskin from the Board of Directors, Adoption of Shareholder Rights Plan and Amendments to Constating Documents

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Gluskin Sheff + Associates Inc. (the “Company”) announced today its results for the three months ended September 30, 2013.

Financial Highlights:

(unaudited, \$ '000s except for AUM and per share amounts)

	3 Months Ended Sep 30, 2013	3 Months Ended Sep 30, 2012
Assets Under Management (\$ in millions)	\$ 6,342	\$ 5,640
Revenue:		
Base Management Fees	\$ 20,279	\$ 18,468
Performance Fees	2,124	1,096
Investment & Other Income	696	750
Total Revenue	\$ 23,099	\$ 20,314
Net Income	\$ 8,299	\$ 5,946
Basic Earnings per Share	\$ 0.29	\$ 0.21
Diluted Earnings per Share	\$ 0.28	\$ 0.20

The Company’s revenues are derived from Base Management Fees, calculated as a percentage of Assets Under Management (“AUM”), Performance Fees, which are earned when the Company exceeds pre-specified rates of return, and Investment and Other Income.

During the quarter, AUM increased by \$182 million to \$6.3 billion as at September 30, 2013 from \$6.2 billion as at June 30, 2013 due to positive investment performance of \$193 million offset by net withdrawals of \$11 million. The net withdrawals resulted from \$84 million in net additions from high net worth clients, offset by \$95 million in net withdrawals from institutional clients. AUM increased by \$702 million from \$5.6 billion as at September 30, 2012, to \$6.3 billion as at September 30, 2013. This increase in AUM is attributable to positive investment performance of \$621 million and net additions of \$81 million.

For the three months ended September 30, 2013, Base Management Fees increased by \$1.8 million or 10% to \$20.3 million from \$18.5 million for the three months ended September 30, 2012, due primarily to the increase in average AUM to \$6.2 billion from \$5.6 billion, partially offset by a decrease in the average Base Management Fee percentage to 1.29% from 1.32%.

Performance Fees for the three months ended September 30, 2013, were \$2.1 million, compared to \$1.1 million for the three months ended September 30, 2012.

Net Income was \$8.3 million or \$0.29 and \$0.28 per common share, basic and diluted, respectively, for the three months ended September 30, 2013, up from \$5.9 million or \$0.21 and \$0.20 per common share, basic and diluted, respectively, for the three months ended September 30, 2012.

Base EBITDA eliminates the effect of Performance Fees, Performance Fee related expenses, post-retirement obligations, stock options expense and amortization of RSU awards, and deducts the dollar value of the expected base RSU bonus to be awarded in respect of the current year, and special RSUs awarded in the current year. For the three months ended September 30, 2013, Base EBITDA decreased year-over-year by \$1.5 million or 17% to \$7.5 million from \$9.0 million as the current quarter's Base EBITDA was reduced by \$3.75 million in relation to the special RSU award granted in the quarter, which more than offset an increase in base management fees.

The Company's full financial statements and Management's Discussion and Analysis can be found on the Company's website at www.gluskinsheff.com and on www.sedar.com.

The Company also announced today that Gerald Sheff, Co-Founder and Chairman, and Ira Gluskin, Co-Founder and Vice-Chairman, informed the Company's Board of Directors (the "Board") of their intention to retire from the Board effective as of the annual and special meeting of the Company to be held December 18, 2013 (the "Meeting"). The Board has decided that concurrent with their retirement from the Board, Messrs. Sheff and Gluskin will be appointed honorary directors of the Company in recognition of their many years of service. The Company is pleased that Messrs. Gluskin and Sheff will continue to act as goodwill ambassadors on behalf of the firm and Mr. Gluskin will also continue to manage a portfolio of assets for clients of the firm.

"Ira and I are privileged to have been a part of the Company's remarkable growth and evolution from a single fund with \$26 million in AUM in 1984 to one of Canada's pre-eminent wealth management firms serving high net worth investors with over \$6.3 billion in AUM today," commented Gerald Sheff, Co-Founder & Chairman. "We are retiring from the Board with fond memories, sincere gratitude to our team for their tireless efforts over the years, and the utmost confidence in the next generation of the Company's leadership to build on the Company's long-term track record of excellence and we look forward to our continuing involvement."

"Ira and Gerry founded a unique and innovative firm that has distinguished itself time and time again in a highly competitive industry," commented Jeremy Freedman, President & Chief Executive Officer. "They have overseen a seamless transition of the Company's leadership over a number of years and their passion for excellence is shared by everyone at Gluskin Sheff today. The completion of their recent market sale of shares, in which our management and a significant number of employees purchased additional shares, and the announcement of their retirement from the Board, mark important transitional milestones for the Company. With the next generation of the Company's leadership in place, the addition of exceptional talent over the last few years and everyone in the organization focused on meeting and exceeding the needs of our clients, we are well positioned for the future."

The Company also announced today that the Board has adopted a shareholder rights plan (the “Rights Plan”) and amendments to its by-laws that, among other things, require advance notice of director nominations by shareholders. The Board intends to seek shareholder approval of the Rights Plan and by-law amendments at the Meeting.

Background

On October 16, 2013, entities affiliated with Ira Gluskin and Gerald Sheff, as well as charitable foundations established by Ira Gluskin and Gerald Sheff, completed their previously announced secondary offering (the “Offering”) of 6.4 million subordinate voting shares of the Company. Concurrent with the closing of the Offering, all of the Company’s outstanding multiple voting shares were converted into subordinate voting shares on a one-for-one basis, leaving the Company with only one class of issued and outstanding equity securities, entitling the holders thereof to vote on all matters requiring shareholder approval.

As a result of the Offering, for the first time in its history, control of the Company rests in the open market. In light of this change, the Board considered it an appropriate and opportune time to adopt the Rights Plan and amend its constating documents.

Rights Plan

The purpose of the Rights Plan is to provide the Board with additional time, in the event of an unsolicited takeover bid, to develop and propose alternatives to the bid and negotiate with the bidder, as well as to ensure equal treatment of shareholders in the context of an acquisition of control, and lessen the pressure on shareholders to tender to a bid.

The Board has implemented the Rights Plan by authorizing the issuance of one right (a “Right”) in respect of each subordinate voting share outstanding at the close of business on November 7, 2013 (the “Record Time”) and in respect of each subordinate voting share issued from treasury after the Record Time. The Rights trade with, and are represented by, the subordinate voting shares. Until such time as the Rights separate, when they become exercisable, Rights certificates will not be distributed to shareholders and no further action is required by shareholders.

If a person, or a group acting jointly or in concert (each, an “Offeror”), acquires beneficial ownership of 20% or more of the then outstanding voting shares (other than pursuant to an exemption available under the Rights Plan), Rights (other than those held by such Offeror, which will become void) will separate and permit the holders thereof to purchase additional shares at a substantial discount to the market price of the shares at that time. Pursuant to the Rights Plan, any bid that meets certain criteria intended to protect the interests of all shareholders will be deemed to be a “permitted bid” and will not trigger a separation under the Rights Plan. These criteria require, among other things, that the bid be made by way of a takeover bid circular to all holders of voting shares other than the Offeror, that all shareholders be treated equally and that the bid remain open for acceptance by shareholders for at least 60 days.

Prior to separation, the Rights Plan is not dilutive and will not affect reported earnings per share or change the way in which shareholders would otherwise trade shares. Upon separation, reported earnings

per share on a fully diluted or non-diluted basis, may be affected. Shareholders who do not exercise their Rights upon separation may suffer substantial dilution along with the Offeror.

The Rights Plan has been conditionally accepted by the Toronto Stock Exchange subject to ratification by the Company's shareholders within six months of the Rights Plan's effective date. The Rights Plan has not been adopted in response to, or in anticipation of, any known or anticipated take-over bid or proposal to acquire control of the Company.

The Rights Plan is currently effective and will be submitted to shareholders for confirmation at the Meeting. A copy of the Rights Plan will be available under the Company's profile on SEDAR at www.sedar.com.

Amendments to By-laws

Following the Offering, the Board conducted a review of the Company's by-laws and approved certain amendments considered appropriate in light of the collapse of the Company's dual class share structure, as well as to improve alignment with current applicable legislation and market standards. Among other things, the amendments to the by-laws (a) increase the quorum requirement at shareholder meetings to two persons (whether present in person or represented by proxy) holding or representing in the aggregate not less than 25% of the outstanding shares of the Corporation, and (b) require advance notice of director nominations by shareholders.

The "advance notice" by-law fixes a deadline by which shareholders must submit director nominations prior to any meeting of shareholders. In the case of annual meetings, advance notice must be delivered to the Company not less than 30 nor more than 65 days prior to the date of a meeting. The by-law also requires any shareholder making a director nomination to provide certain important information about its nominees with its advance notice. The Board believes that all shareholders should be provided with sufficient disclosure and time to make appropriate decisions on the election of their Board representatives. The advance notice by-law provides a transparent, structured, and fair director nomination process, consistent with the guidelines published by leading proxy advisory firms. The by-law will also ensure that shareholders are provided with important information pertaining to proposed director nominees within a specified time frame, allowing shareholders to fully participate in the director election process in an informed and effective manner.

The new by-law is currently effective and will apply in respect of the Meeting, at which time it will be submitted to shareholders for confirmation. A copy of the new by-law will be filed on SEDAR at www.sedar.com.

Amendments to Articles

At the Meeting, shareholders will also be asked to approve an administrative amendment to the Company's articles of incorporation to formally eliminate the Company's dual class voting structure by cancelling the Company's multiple voting shares as an authorized class of shares of the Company and reclassifying the Company's subordinate voting shares as common shares.

Founded in 1984, Gluskin Sheff + Associates Inc. is one of Canada's pre-eminent wealth management firms serving high net worth private clients and institutional investors. Gluskin Sheff offers equity and fixed income investment portfolios in addition to being one of the largest managers of alternative investments in Canada. The Company's Subordinate Voting Shares are listed on the Toronto Stock Exchange under the symbol "GS". For more information about the Company, please visit our website at www.gluskinsheff.com.

For more information, please contact:
David R. Morris
Chief Financial Officer and Secretary
1.416.681.6036

This press release may contain forward-looking statements relating to Gluskin Sheff + Associates Inc.'s business and the environment in which it operates, the Rights Plan, changes to the Company's constating documents, and the elimination of the Company's dual class share structure. These statements are based on the Company's expectations, estimates, forecasts and projections. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. These risks and uncertainties are discussed in the Company's regulatory filings available on the Company's website at www.gluskinsheff.com or at www.sedar.com. Actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The Company undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances, except as required by applicable law.

Non-IFRS Measures

Included in this press release are certain financial terms (including Base EBITDA and AUM) that the Company utilizes to assess the financial performance of its business that are not measures recognized under International Financial Reporting Standards (IFRS). These non-IFRS measures do not have any standardized meanings prescribed by IFRS and should not be considered alternatives to net income or any other measure of performance determined in accordance with IFRS. Therefore, these non-IFRS measures are unlikely to be comparable to similar measures presented by other issuers. For additional information regarding the Company's use of non-IFRS measures, including the calculation of these measures, please refer to the "Non-IFRS financial measures" section of the Company's Management's Discussion and Analysis and its financial statements available on the Company's website and on the SEDAR website located at www.sedar.com.