



First Quarter Results | 2016
THREE MONTHS ENDED SEPTEMBER 30, 2015

“Our mission is to provide our clients with a world-class experience in the management of their wealth.”

Gluskin Sheff + Associates Inc. is one of Canada's pre-eminent wealth management firms. Founded in 1984 and serving high net worth private clients and institutional investors, we are dedicated to providing our clients with a world-class experience in the management of their wealth by delivering strong, risk-adjusted returns together with the highest level of personalized client service.

Report to Shareholders

First Quarter Ended September 30, 2015

Assets Under Management decreased by \$283 million to \$8.2 billion as at September 30, 2015, down approximately 3% from June 30, 2015. The decrease in AUM is attributable to negative net investment performance of \$180 million and net withdrawals of \$103 million. \$18 million in net withdrawals were from institutional clients and \$85 million in net withdrawals were from high net worth clients.

Base Management Fees for the three months ended September 30, 2015, increased to \$27.0 million this quarter versus \$25.9 million in the year ago quarter. Performance Fees were \$1.8 million for the three months ended September 30, 2015, compared with \$1.2 million in the year ago quarter.

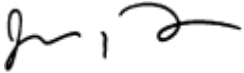
Net income was \$7.2 million and represented earnings per share, basic and diluted, of \$0.24 and \$0.23, respectively for the three months ended September 30, 2015. Net income was \$7.4 million and represented earnings per share, basic and diluted, of \$0.25 and \$0.24, respectively, for the three months ended September 30, 2014. The decrease in net income was due to an increase in income taxes of \$0.2 million while higher Base Management and Performance Fees earned were offset by an increase of \$1.6 million in total expenses before taxes for the three months ended September 30, 2015. Increases in costs related to research data, systems development and licenses and professional fees were partially offset by the absence of the transaction and integration costs in last year's quarter related to the Blair Franklin acquisition. Salaries and benefits expense increased due to increases in base salaries, higher Restricted Share Unit (RSUs) amortization, and higher employer health tax on RSUs that vested during the quarter. The cash bonus expense was higher due to the higher performance fees earned during the quarter. The increases in expenses outlined above include the effect of a full quarter of expenses related to the Blair Franklin business acquired, compared with only two months of these expenses last year. Occupancy expense declined due primarily to the absence of the lease termination costs incurred last year due to the Blair Franklin integration.

Base EBITDA was \$13.2 million for the three months ended September 30, 2015, compared with \$13.3 million in the year ago quarter as the increase in Base Management Fees was offset by the increase in non-amortization expenses noted above. The current quarter's Base EBITDA was reduced by \$0.9 million, to reflect special RSUs granted in the quarter compared with \$0.8 million in the prior year quarter. The past quarter was a particularly challenging one for all equity and credit markets. The sharp correction in the Chinese equity market and the Chinese government's decision to devalue its currency in mid-August sent North American equity markets into a correction of their own. This, coupled with the U.S. Federal Reserve's decision not to raise interest rates in September, caused market sentiment to be broadly negative and uncertain as the quarter drew to a close.

While our equity portfolios were more tactically defensive with higher cash weights during the quarter, the elevated levels of market volatility we had seen recently have created opportunities for attractive equity and credit investments. We do not think the recent correction signals the start of a bear market. The U.S. economy and the U.S. consumer remain healthy. Economic data out of developed Europe continues to be good and consistent with a recovery. Equity valuations remain attractive relative to other asset classes, with our view that the largely one-sided negative sentiment in the equity markets was a strong contrarian signal that the worst may be over. In fact, the equity markets have enjoyed a rally since the end of the quarter and we remain positive on the outlook for the rest of the calendar year.

We are fortunate to have added exceptional talent to our team during the quarter. Jeff Burchell, one of Canada's leading hedge fund managers, joined us to manage our GS+A Focused Long/Short Portfolio in August. Dorothea Mell, who has over 20 years of experience managing high yield bond portfolios, recently joined us as lead manager of our GS+A Enhanced Yield Portfolio. Matthew Flynn, a 10-year veteran in the financial services industry, joined us from Morgan Stanley as a Vice-President, Client Wealth Management. We remain thankful that our Firm is able to attract the level of talent we have recently been able to add. Each of these hires makes us a better and stronger franchise.

The Company remains in a strong financial position, providing us with the flexibility to further invest in our efforts to serve existing clients and attract new ones, as well as explore attractive growth opportunities.



JEREMY FREEDMAN
President & Chief Executive Officer
November 12, 2015

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") for the three months ended September 30, 2015, is provided as of November 12, 2015. It should be read in conjunction with the unaudited interim consolidated financial statements, including the notes thereto, of Gluskin Sheff + Associates Inc. for the three months ended September 30, 2015, the audited annual consolidated financial statements, including the notes thereto, of Gluskin Sheff + Associates Inc. for the year ended June 30, 2015 and 2014, and the related MD&As, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless the context indicates or requires otherwise, the terms "Gluskin Sheff," "Company," "Firm," "we," "us" and "our" mean Gluskin Sheff + Associates Inc. and its subsidiaries. Unless otherwise indicated, all dollar amounts in this MD&A are expressed in Canadian dollars.

Financial results, including related historical comparatives, contained in this MD&A, unless otherwise specified herein, are based on the unaudited interim consolidated financial statements for the three months ended September 30, 2015. The Canadian dollar is our functional and reporting currency for purposes of preparing the Company's unaudited interim consolidated financial statements. Certain totals, subtotals and percentages may not reconcile due to rounding. Certain comparative figures have been reclassified to conform with the current period's presentation.

FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe," "anticipate," "could," "estimate," "expect," "intend," "may," "plan," "project," "will," "would," "aim" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors which may cause such differences include, but are not limited to, general economic and market conditions, investment performance, global and domestic financial markets, the competitive industry environment, legislative and regulatory changes, technological developments, catastrophic events and other business risks. The reader is cautioned against undue reliance on these forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, we cannot assure that actual results, performance or achievements will be consistent with such statements. The forward-looking statements are made as of the date of this MD&A and will only be updated or revised where required by applicable laws.

NON-IFRS FINANCIAL MEASURES

We measure our business using a number of key performance indicators that are not measurements in accordance with IFRS and should not be considered as an alternative to Net Income or any other measure of performance under IFRS. Non-IFRS financial measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. We believe that these key performance indicators are important for a more meaningful presentation of our results of operations.

Assets Under Management

Any reference to Assets Under Management ("AUM") is only to our fee paying AUM, on which we charge Base Management Fees or Performance Fees and is calculated by totaling all the fee paying assets we manage for our clients. Our non-fee paying AUM are charged either no or nominal fees. This measure may not be comparable to similar measures presented by other issuers. AUM will change from period to period as clients deposit or withdraw monies, and as their portfolios increase or decrease with net investment performance. We monitor the level of our AUM as it drives our Base Management Fees.

Net Investment Performance

Net investment performance is a key driver of AUM and is at the very core of what we do. Net investment performance is the return that we have achieved for our clients and is calculated as gross investment performance less all fees and expenses. The amount of Performance Fees and Base Management Fees we earn is related to both the level of our AUM and our net investment performance.

Net Additions or Net Withdrawals

AUM fluctuates due to the combination of net investment performance and net additions or net withdrawals (gross additions net of gross withdrawals). The resulting AUM is the basis on which Base Management Fees are charged and to which Performance Fees may be applied.

EBITDA

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is a common measure used in the financial industry by management, investors and investment analysts in understanding and comparing results of companies in the same industry by eliminating the impact of different financing methods, capital structures and income tax rates. Our method of calculating EBITDA may differ from the methods used by other issuers and, accordingly, our EBITDA may not be comparable to similarly-titled measures used by other issuers.

Base EBITDA

Base EBITDA is EBITDA excluding Performance Fees and Performance Fee related expenses, post-retirement obligations, stock options expense and amortization of restricted share unit (“RSU”) awards, minus the dollar value of base bonus RSUs to be awarded in respect of the current period and special RSUs awarded in the period. Base EBITDA allows us to measure the earnings generated by the Company excluding any revenue or expenses related to Performance Fees, and any non-cash compensation expenses such as stock options. It also allows us to assess our ongoing business operations, with adjustments to reflect the full base business bonus expense in the period to which it relates, irrespective of the allocation of the bonus between cash and RSUs, as well as by removing expenses that are not related to our core investment management operations, such as expenses related to post-retirement obligations.

Adjusted EBITDA

Adjusted EBITDA is Base EBITDA adjusted for Performance Fees, and Performance Fee bonus and other expenses. The Performance Fee bonus includes the dollar value of RSUs to be awarded in respect of Performance Fees of the current period and excludes amortization of Performance Fee RSUs. Adjusted EBITDA allows us to measure earnings including Performance Fees net of Performance Fee bonuses. It allows us to do so on a basis which reflects the full Performance Fee bonus expense in the period to which it relates, irrespective of the allocation of the bonus between cash and RSUs.

Average AUM

Average AUM for a period is the simple average of the ending AUM for each month in that period. Base Management Fees are driven by the level of AUM and the Base Management Fee Percentage. Therefore, Average AUM is a useful measure in understanding the amount of Base Management Fees earned during a period, and when comparing one period against another.

Base Management Fee Percentage

Base Management Fee Percentage is calculated as the Base Management Fees for the period as a percentage of Average AUM for the period. Base Management Fees are driven by the level of AUM and the Base Management Fee Percentage. Therefore, Base Management Fee Percentage is a useful measure in understanding the amount of Base Management Fees earned during a period, and when comparing one period against another.

OVERVIEW

Gluskin Sheff + Associates Inc. is a wealth management firm whose primary business focus is managing assets on a discretionary basis for high net worth private clients. We also manage assets for a number of charitable foundations and institutions. We do not consider these different types of clients to be distinct reportable business segments for accounting purposes as we operate a single business with one fundamental philosophy.

Our revenues are derived mainly from Base Management Fees, calculated as a percentage of AUM, and Performance Fees, calculated annually as a percentage of the change in net asset values (net of Base Management Fees and other expenses) in each of our segregated accounts and private pooled fund vehicles above pre-specified rates of return, or rates of return adjusted for any deficiencies carried forward, as applicable. Our Performance Fees are calculated annually at June 30 and December 31, depending upon the performance year-end of our segregated accounts and pooled fund vehicles. The Company may also earn Performance Fees upon the redemption of assets or the transfer of assets among portfolios. The Company may earn other income or incur losses from its cash balances and its investments, if any, which include any seeded portfolios, and from the economic research subscriptions.

AUM are impacted by net additions or net withdrawals of client capital, as well as by net investment performance. We seek to enhance our ability to attract and retain such assets by delivering solid investment returns together with a consistently high level of client service.

Gluskin Sheff’s expenses include salaries and benefits (which contain a bonus component that may fluctuate significantly based upon the overall performance of the Company and the amount of Performance Fees earned), business development, general and administrative and occupancy expenses, as well as the amortization of property and equipment and amortization of intangible assets.

On August 1, 2014, the Company acquired Blair Franklin Asset Management Holdings Inc., the parent company of Blair Franklin Asset Management Inc. (collectively “Blair Franklin”). Immediately upon acquisition, Blair Franklin Asset Management Holdings Inc. amalgamated into BFAM Holdings Inc., a wholly-owned subsidiary of the Company. The financial results include the effects of the operations, since acquisition, of Blair Franklin, including acquisition and integration costs, and amortization of acquired intangible assets. The accounting for the acquisition of Blair Franklin is described in note 2 of the Company’s unaudited interim consolidated financial statements for the three months ended September 30, 2015. On July 1, 2015, the Company amalgamated BFAM Holdings Inc. and Blair Franklin Asset Management Inc. into Gluskin Sheff + Associates Inc.

FINANCIAL HIGHLIGHTS

For the three months ended September 30, 2015:

- Net income was \$7.2 million, and represented earnings per share, basic and diluted, of \$0.24 and \$0.23, respectively for the three months ended September 30, 2015. Net income for the three months ended September 30, 2014 was \$7.4 million, and represented basic and diluted earnings per share of \$0.25 and \$0.24 respectively. The decrease in net income was due to an increase in income taxes of \$0.2 million while higher Base Management and Performance Fees earned were offset by an increase in expenses as described below.
- AUM decreased by \$283 million to \$8.2 billion as at September 30, 2015, down approximately 3% from June 30, 2015. The decrease in AUM is attributable to negative net investment performance of \$180 million and net withdrawals of \$103 million. \$18 million in net withdrawals were from institutional clients and \$85 million in net withdrawals were from high net worth clients.
- AUM increased by \$165 million to \$8.2 billion as at September 30, 2015, up approximately 2% from September 30, 2014. The increase in AUM is attributable to net investment performance of \$217 million, partially offset by \$52 million in net withdrawals. \$56 million in net withdrawals were from institutional clients were partially offset by \$4 million in net additions from high net worth clients.
- Base Management Fees increased to \$27.0 million this quarter versus \$25.9 million in the year ago quarter as Average AUM for the quarter increased to \$8.4 billion from \$7.9 billion for the same quarter last year. The average Base Management Fee Percentage decreased to 1.28% versus 1.30 % for the same period last year.
- Performance Fees were \$1.8 million for the three months ended September 30, 2015, compared with \$1.2 million in the year ago quarter.
- Total expenses before tax for the three months ended September 30, 2015, increased by \$1.6 million from the year-ago quarter. General and Administrative expenses rose by \$0.7 as increases in costs related to research data, systems development and licenses and professional fees were partially offset by the absence of the transaction and integration costs in last year's quarter related to the Blair Franklin acquisition. Salaries and benefits expense increased by \$1.2 million due to increases in base salaries of \$0.5 million, higher Restricted Share Unit (RSU) amortization of \$0.3 million, and higher employer health tax by \$0.3 million on RSUs that vested during the quarter. The cash bonus expense was higher by \$0.2 million due to the higher performance fees earned during the quarter. The increases in expenses outlined above include the effect of a full quarter of expenses related to the Blair Franklin business acquired, compared with only two months of these expenses last year. Occupancy expense declined by \$0.5 million due primarily to the absence of the lease termination costs incurred last year due to the Blair Franklin integration.
- Base EBITDA was \$13.2 million for the three months ended September 30, 2015, compared with \$13.3 million in the year ago quarter as the increase in Base Management Fees was offset by the increase in non-amortization expenses noted above. The current quarter's Base EBITDA was reduced by \$0.9 million to reflect special RSUs granted in the quarter. The prior year Base EBITDA has been revised by \$0.8 million to reflect special RSUs granted in that quarter.

MARKET OUTLOOK AND BUSINESS ENVIRONMENT

The elevated levels of market volatility that characterized the closing days of the second quarter continued through the third quarter of 2015, roiling equity, interest rate, currency and commodity markets, and culminating in a series of sharp equity market corrections around the world. While the slowing Chinese economy was the primary centre of blame for the corrections, we feel the market's reaction was excessively negative. Meanwhile, the U.S. economy continues to perform in a strong and healthy manner on the back of a strong U.S. consumer.

Our team had begun to position our portfolios more defensively in recent months by raising cash and via defensive security and sector selection. We remain fundamentally constructive on the outlook for equity and credit markets over the coming quarters and we view this broad correction during the quarter as an opportunity to gradually and selectively add to our equity and credit investments on a security-by-security basis.

Macroeconomic cross-currents will persist and market participants are likely to remain nervous about the timing of the first Federal Reserve rate hike and the condition of China and the emerging markets. We also expect that correlations between individual stocks and sectors will continue to gradually decline, which will provide further opportunities for our Investment team to add value via security selection.

We continue to employ a diversified asset mix including Canadian, U.S., and international equities along with income-oriented strategies and credit alternative strategies that can minimize interest rate risk, and disciplined long/short hedge funds that can tactically hedge out market volatility and generate returns that are not highly correlated to the broader equity markets.

SUMMARY FINANCIAL INFORMATION

(\$ in thousands of Canadian dollars, except per share amounts and Assets Under Management)

	AS AT SEP 30, 2015	AS AT JUN 30, 2015	AS AT SEP 30, 2014
BALANCE SHEET INFORMATION			
<i>Total assets</i>	\$ 150,822	\$ 180,797	\$ 173,374
		3 MONTHS ENDED SEP 30, 2015	3 MONTHS ENDED SEP 30, 2014
ASSETS UNDER MANAGEMENT			
<i>(\$ in millions)</i>			
<i>Assets Under Management – Beginning of period</i>		\$ 8,516	\$ 7,485
Acquisition of Blair Franklin – August 1, 2014		—	636
Net withdrawals		(103)	(78)
Net investment performance		(180)	25
<i>Assets Under Management – End of period</i>		\$ 8,233	\$ 8,068
		3 MONTHS ENDED SEP 30, 2015	3 MONTHS ENDED SEP 30, 2014
INCOME STATEMENT INFORMATION			
Income			
Base management fees		\$ 27,017	\$ 25,890
Performance fees		1,806	1,195
Other income		1,028	1,175
		29,851	28,260
Expenses			
Operating expenses		(10,013)	(9,131)
Provision for cash bonus pool		(3,811)	(3,620)
Amortization of RSUs		(4,031)	(3,738)
Other amortization		(1,613)	(1,417)
		(19,468)	(17,906)
Income before provision for income taxes		10,383	10,354
Provision for income taxes		(3,157)	(2,964)
Net income attributable to shareholders		7,226	7,390
Other amortization		1,613	1,417
Provision for income taxes		3,157	2,964
EBITDA		\$ 11,996	\$ 11,771
Basic earnings per share	\$ 0.24	\$ 0.25	
Diluted earnings per share	\$ 0.23	\$ 0.24	
SELECTED ADJUSTED FINANCIAL INFORMATION			
EBITDA		\$ 11,996	\$ 11,771
Provision for cash bonus pool		3,811	3,620
Post-retirement obligations		98	130
Stock option expense		5	55
EBITDA before compensation adjustment		15,910	15,576
Base cash bonus		(3,236)	(3,241)
Base RSU bonus		(795)	(795)
Amortization of RSUs		4,031	3,738
Special RSU award ¹		(863)	(750)
Performance fees		(1,806)	(1,195)
<i>Base EBITDA</i>		13,241	13,333
Performance fees		1,806	1,195
Performance fee cash bonus		(578)	(384)
Performance fee RSU bonus		(142)	(94)
<i>Adjusted EBITDA</i>		\$ 14,327	\$ 14,050

Notes:

1. Represents special RSU awards granted in the quarter, net of the related bonus effect.

RESULTS OF OPERATIONS

Overall Performance

For the three months ended September 30, 2015 the Company earned \$0.24 and \$0.23 per share, on a basic and diluted basis, respectively, compared with a \$0.25 and \$0.24 per share, on a basic and diluted basis, respectively, for the same period last year as net income decreased to \$7.2 million from \$7.4 million. Net income decreased due to an increase in income taxes of \$0.2 million while a \$1.1 million increase in Base Management Fees and \$0.6 million increase in Performance Fees, was offset by a decrease in other income of \$0.1 million and an increase in total expenses of \$1.6 million. General and Administrative expenses rose by \$0.7 million as increases in costs related to research data, systems development and licenses and professional fees were partially offset by the absence of the transaction and integration costs in last year's quarter related to the Blair Franklin acquisition. Salaries and benefits expense increased by \$1.2 million due to increases in base salaries of \$0.5 million, higher Restricted Share Unit (RSU) amortization of \$0.3 million, and higher employer health tax by \$0.3 million on RSUs that vested during the quarter. The cash bonus expense was higher by \$0.2 million due to the higher performance fees earned during the quarter. The increases in expenses outlined above include the effect of a full quarter of expenses related to the Blair Franklin business acquired, compared with only two months of these expenses last year. Occupancy expense declined by \$0.5 million due primarily to the absence of the lease termination costs incurred last year due to the Blair Franklin integration.

Base EBITDA was \$13.2 million for the three months ended September 30, 2015, compared with \$13.3 million in the year ago quarter as the increase in Base Management Fees was offset by the increase in non-amortization expenses noted above. The current quarter's Base EBITDA was reduced by \$0.9 million for special RSUs granted in the quarter. The prior year Base EBITDA has been revised by \$0.8 million to reflect special RSUs granted in that quarter.

Adjusted EBITDA for the three months ended September 30, 2015, increased by \$0.2 million or 2.0% to \$14.3 million versus \$14.1 million for the same period last year, due to an increase in net Performance Fees (Performance Fees, net of related bonus expense) of \$0.4 million, partially offset by the decrease in Base EBITDA.

Income

Total income for the three months ended September 30, 2015, was \$29.9 million versus \$28.3 million in the year ago quarter.

Base Management Fees for the three months ended September 30, 2015, increased year-over-year by \$1.1 million or 4.4% to \$27.0 million from \$25.9 million as Average AUM increased \$0.5 billion or 6.7% to \$8.4 billion. The Base Management Fee Percentage decreased to 1.28% from 1.30%.

Performance Fees for the three months ended September 30, 2015, increased year-over-year by \$0.6 million to \$1.8 million from \$1.2 million.

Other income for the three months ended September 30, 2015, was \$1.0 million versus \$1.2 million in the year ago quarter. The decrease in other income for the three months ended September 30, 2015, is due primarily to lower foreign exchange gains year-over-year.

Expenses

Total expenses for the three months ended September 30, 2015, increased year-over-year by \$1.6 million or 8.7% to \$19.5 million from \$17.9 million.

Salaries and benefits expense for the three months ended September 30, 2015, increased year-over-year by \$1.2 million or 9.9% to \$13.4 million from \$12.2 million. Base salaries and benefits increased due to new hires, higher bonus RSU amortization of \$0.3 million, and higher accrued cash bonus expense of \$0.2 million. Salaries expense also included a full quarter of salaries and benefits expense for Blair Franklin in the current quarter while the prior year quarter included two months of expense as Blair Franklin was acquired on August 1, 2014. Benefits expense increased by \$0.3 million due primarily to employer health tax on a higher level of RSUs vesting during the quarter.

A portion of bonuses is paid in the form of RSUs and a portion is paid in cash. The bonus expense reflects the cash component of the current period's bonus and the amortization of RSUs granted in respect of bonus awards from the current and prior years. Bonus RSUs are amortized over approximately four years using a graded vesting methodology, commencing in the year in respect of which the RSUs are granted.

The ratio of the bonuses paid in RSUs versus cash is dependent on the amount of the bonus awarded to each employee, and increases with the size of the award. The total annual bonus amounts are not known until the end of the fiscal year. Therefore, the calculation of bonus expensed in each interim quarter of the Company's fiscal year requires an estimate of the percentage that will be paid in cash versus RSUs. The average percentage estimate for the cash component used in calculating the first fiscal quarter's bonus was 80% (September 30, 2014 – 80%).

Client wealth management expenses for the three months ended September 30, 2015, were unchanged year-over-year at \$0.5 million.

General and administrative expenses for the three months ended September 30, 2015, increased year-over-year by \$0.7 million or 21.1% to \$4.1 million from \$3.4 million as increases in costs related to research data, systems development and licenses and professional fees were partially offset by the absence of the transaction and integration costs in last year's quarter related to the Blair Franklin acquisition. The increases in expenses outlined above include the effect of a full quarter of expenses related to the Blair Franklin business acquired, compared with only two months of these expenses last year.

Occupancy costs for the three months ended September 30, 2015, decreased to \$0.8 million year-over-year from \$1.3 million, due primarily to the absence of lease termination costs of \$0.4 million incurred in the prior year period upon the acquisition of Blair Franklin.

Year-over-year, amortization of property and equipment for the three months ended September 30, 2015, decreased to \$0.4 million from \$0.5 million. Year-over-year, amortization of intangible assets for the three months ended September 30, 2015, increased \$0.2 million due in part to \$0.1 million in derecognition expense recognized in the quarter for terminated client relationships and a full quarter of amortization of intangible assets acquired as a result of the acquisition of Blair Franklin whereas the prior year quarter only included two months of this amortization as Blair Franklin was acquired August 1, 2015.

Tax Rates

The Company's effective tax rate for the current quarter increased to 30.4% from 28.6% in the same quarter last year due primarily to an increase in accounting expense and tax deduction differences arising from RSUs, partially offset by the decline in non-tax deductible stock option expenses and the absence of transaction costs associated with the acquisition of Blair Franklin, which are not deductible for tax purposes.

Accounts Receivable

The Company's accounts receivable at September 30, 2015, and June 30, 2015, consisted primarily of amounts attributable to Base Management Fees and Performance Fees.

Dividends

On September 17, 2015, the Company declared a regular dividend of \$0.225 per equity share relating to the quarter ended June 30, 2015, and a special dividend of \$0.05 per equity share, relating to a portion of the Performance Fees earned during the six months ended June 30, 2015. These dividends were paid on October 8, 2015, to shareholders of record at the close of business on September 28, 2015.

On November 12, 2015, the Company declared a regular dividend of \$0.25 per equity share relating to the quarter ended September 30, 2015. This dividend will be paid on December 3, 2015, to shareholders of record at the close of business on November 23, 2015.

Since going public in May 2006, the total regular quarterly and special dividends are as follows:

	REGULAR QUARTERLY DIVIDENDS	SPECIAL DIVIDENDS	TOTAL
Paid – since inception to September 30, 2015	\$ 5.165	\$ 7.970	\$13.135
Declared – in the first quarter of fiscal 2016, paid October 8, 2015	0.225	0.050	0.275
Declared – in the second quarter of fiscal 2016, payable December 3, 2015	0.250	—	0.250
TOTAL PER EQUITY SHARE	\$ 5.640	\$ 8.020	\$13.660

SUMMARY OF QUARTERLY RESULTS

The following quarterly financial information was taken from the Company's unaudited quarterly reports to shareholders. This information is consistent with the unaudited interim consolidated financial statements of the Company.

SUMMARY FINANCIAL INFORMATION FOR THE LAST EIGHT QUARTERS

(\$ in thousands of Canadian dollars, except per share amounts and Assets Under Management)

	AS AT DEC 31, 2013	AS AT MAR 31, 2014	AS AT JUN 30, 2014	AS AT SEP 30, 2014	AS AT DEC 31, 2014	AS AT MAR 31, 2015	AS AT JUN 30, 2015	AS AT SEP 30, 2015
Assets Under Management (<i>\$ in millions</i>)	<u>\$ 6,830</u>	<u>\$ 7,235</u>	<u>\$ 7,485</u>	<u>\$ 8,068</u>	<u>\$ 8,220</u>	<u>\$ 8,599</u>	<u>\$ 8,516</u>	<u>\$ 8,233</u>
	3 MONTHS ENDED DEC 31, 2013	3 MONTHS ENDED MAR 30, 2014	3 MONTHS ENDED JUN 30, 2014	3 MONTHS ENDED SEP 30, 2014	3 MONTHS ENDED DEC 31, 2014	3 MONTHS ENDED MAR 31, 2015	3 MONTHS ENDED JUN 30, 2015	3 MONTHS ENDED SEP 30, 2015
INCOME STATEMENT INFORMATION								
Income								
Base management fees	\$ 21,658	\$ 22,081	\$ 23,774	\$ 25,890	\$ 26,393	\$ 26,465	\$ 27,202	\$ 27,017
Performance fees	98,457	1,845	54,084	1,195	41,953	1,400	10,412	1,806
Other income	779	959	727	1,175	904	874	603	1,028
	<u>\$ 120,894</u>	<u>\$ 24,885</u>	<u>\$ 78,585</u>	<u>\$ 28,260</u>	<u>\$ 69,250</u>	<u>\$ 28,739</u>	<u>\$ 38,217</u>	<u>\$ 29,851</u>
Net income	60,438	7,649	30,386	7,390	27,237	5,518	12,166	7,226
Base EBITDA	10,862	11,172	11,993	13,333 ¹	14,267	12,411	13,380	13,241
Adjusted EBITDA	69,677	11,911	44,305	14,050	39,249	13,246	19,615	14,327
Basic earnings per share	\$ 2.10	\$ 0.27	\$ 1.05	\$ 0.25	\$ 0.89	\$ 0.18	\$ 0.40	\$ 0.24
Diluted earnings per share	\$ 2.05	\$ 0.26	\$ 1.02	\$ 0.24	\$ 0.86	\$ 0.18	\$ 0.39	\$ 0.23

Notes:

1. The calculation for Base EBITDA has been revised to reflect the effect of special RSUs granted in the quarter.

Performance Fees contribute significantly to the variability of income quarter-over-quarter since, from a timing perspective, they are recognized primarily in December (for certain pooled fund vehicles) and June (for other pooled fund vehicles and segregated accounts) and because the level of Performance Fees is dependent on the investment performance of the underlying portfolios.

SUMMARY OF PORTFOLIO AUM AND PERFORMANCE

For the period ended September 30, 2015
(\$ in millions of Canadian dollars)

Annualized Net Rates of Return¹

INVESTMENT STRATEGIES	INCEPTION DATE	AUM \$	CALENDAR YEAR-TO-DATE ⁸	1 YEAR %	3 YEAR %	5 YEAR %	10 YEAR %	SINCE INCEPTION %
Equity²								
Premium Income ⁴	JUL 2001	1,494	-1.1	-2.5	8.0	8.2	6.8	12.4
Canadian Equity ⁴	JAN 1991	115	-0.9	-2.6	6.0	3.5	2.8	11.2
U.S. Equity Fund ^{6, 10}	AUG 2011	1,324	10.3	19.5	21.6	—	—	20.7
U.S. Equity Fund II ^{10, 11}	FEB 1986	68	10.1	19.4	20.2	15.7	8.2	10.2
International ^{3, 5}	AUG 2008	1,237	10.2	12.2	13.0	5.8	—	5.7
Growth ⁴	JUL 1984	3	1.8	7.6	13.2	9.6	6.2	11.0
		4,241						
Equity Alternative⁶								
Multi-Strategy ⁵	JAN 2009	193	1.7	2.9	5.0	3.1	—	3.8
Income Long/Short ^{3, 5}	JUL 2004	391	3.6	5.3	5.6	4.7	7.9	11.9
Focused Long/Short ^{3, 5}	JAN 2007	169	-4.8	-4.6	4.1	5.7	—	10.8
		753						
Fixed Income & Credit Alternative								
Credit Arbitrage ⁵	JAN 2009	160	-0.8	-0.9	3.8	3.8	—	6.0
Tactical Fixed Income ⁷	JAN 2013	1,094	0.5	-0.7	—	—	—	3.1
Enhanced Yield ^{3, 5}	FEB 2009	129	0.1	-1.0	4.3	4.1	—	5.7
Enhanced Bond ⁵	DEC 2008	192	0.8	0.7	3.9	4.0	—	5.6
		1,575						
Blair Franklin Funds								
Blair Franklin Global Credit Fund	MAR 2004	815	2.8	4.0	7.0	7.9	13.7 ⁹	12.7 ⁹
Blair Franklin Global Rates Fund	APR 2010	33	1.0	0.1	3.6	4.7	—	4.7
		848						
Segregated Institutional & Special Mandates¹²								
		816						
Assets Under Management								
		8,233						

- Notes:**
- Past performance is not necessarily indicative of future returns. Performance is presented net of fees and expenses and assumes reinvestment of all dividends and income.
 - Where, for a particular portfolio model, we manage both a pooled fund and segregated accounts, we have measured the performance of whichever has been in operation the longest to represent the overall performance of the portfolio model. AUM reflects all Assets Under Management, both in pooled fund vehicles and segregated accounts.
 - The performance presented includes the historical returns of the incubated versions of each respective portfolio, prior to it being offered to Gluskin Sheff clients.
 - The returns presented for this strategy represent the returns of a composite of segregated portfolios. The returns of the associated fund are not included in the composite returns.
 - The returns presented are those of the GS+A fund, Series A.
 - The Multi-Strategy Fund and Multi-Strategy Trust are portfolios that invest in a combination of Gluskin Sheff's individual alternative long/short portfolios. As such, to avoid double-counting, AUM held within one of the aforementioned portfolios is excluded from the AUM figures provided for the underlying/individual long/short portfolios.
 - The returns presented are those of the GS+A Tactical Fixed Income Fund, Series A.
 - Calendar year-to-date returns are non-annualized.
 - The 10 year and since inception annualized returns are for the Blair Franklin Global Credit Fund's inception date of March 1, 2004. As of March 1, 2006, the Blair Franklin Global Credit Fund's focus moved to fixed income and the annualized return since that time is 12.7%.
 - Effective July 1, 2015, the GS+A U.S. Premium Income Fund was renamed GS+A U.S. Equity Fund and the GS+A U.S. Equity Fund was renamed GS+A U.S. Equity Fund II. Certain changes were made to harmonize the investment strategies and objectives of these funds.
 - Up to January 1, 2015, the returns presented are those of the composite of segregated portfolios following the U.S. Equity strategy. On January 1, 2015, the segregated accounts moved to the U.S. Premium Income strategy. Performance presented after that date, represents the returns of the GS+A U.S. Equity Fund II, Series A. The return of the fund since July 1, 2015, is 1.87%.
 - Includes institutional mandates managed primarily in accordance with our Canadian Equity portfolio model (\$313 million), our Premium Income portfolio model (\$284 million), our Growth portfolio model (\$107 million) and our Credit Arbitrage portfolio model (\$60 million), and private client mandates managed primarily in accordance with a combination of our Canadian Equity and Premium Income portfolio models (\$3 million), our Founders portfolio model (\$21 million), our Enhanced Bond portfolio model (\$7 million), and other special mandates (\$21 million). All numbers are approximate.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures (“DC&P”) are designed to provide reasonable assurance that all information required to be disclosed by the Company is recorded, processed, summarized and reported within required time periods and that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management of the Company has ensured that internal controls over DC&P have been designed to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer by others, and information required to be disclosed by the Company in its interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Control over Financial Reporting

Management of the Company has ensured that internal controls over financial reporting (“ICFR”) have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no changes in ICFR in the most recent quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

LIQUIDITY AND CAPITAL RESOURCES

The Company generates positive cash flow from operations and has limited requirements for long-term capital due to the nature of its business. We believe that our Base Management Fees and current cash resources will continue to be sufficient to satisfy our ongoing operational needs.

There are no significant regulatory capital requirements for the Company.

During the three months ended September 30, 2015, there were \$0.1 million of acquisitions of property and equipment (September 30, 2014 – \$0.4 million, including \$0.3 million of property and equipment acquired as part of the acquisition of Blair Franklin).

During the three months ended September 30, 2015, there were \$0.1 million of acquisitions of intangible assets (September 30, 2014 – \$36.7 million, including \$36.6 million in intangible assets acquired as a result of the acquisition of Blair Franklin).

During the three months ended September 30, 2015 and 2014, the Company did not make any dividend payments.

Gluskin Sheff’s current liabilities are in the normal course of the Company’s operations and are payable within one year. Payment will be funded through cash provided by operating activities. Gluskin Sheff has no debt.

Aside from funding normal working capital requirements, Gluskin Sheff expects to fund new business initiatives and corporate development from its cash reserves and cash flow from operations.

The Company has no off-balance sheet financial arrangements and no material contractual obligations other than those described in the Company’s audited annual consolidated financial statements as at June 30, 2015.

Gluskin Sheff’s policies and procedures related to the management of capital are described in note 13 of the Company’s September 30, 2015, unaudited interim consolidated financial statements.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

A summary of significant accounting policies underlying the financial statements is presented in note 1 of the Company’s unaudited interim consolidated financial statements for the three months ended September 30, 2015. Accounting policies are an integral part of our financial statements, which are prepared in accordance with IFRS. Understanding these policies is a key factor in understanding our reported results of operations and financial position. Certain critical accounting policies require us to make estimates and assumptions that affect the amount of assets, liabilities, revenues and expenses reported in the financial statements. Due to their nature, estimates involve judgments based on available information. Therefore, actual results or amounts could differ from estimates and the difference could have a material impact on the financial statements. Management has made the following critical accounting assumptions and estimates:

Post-Retirement Obligations

In fiscal 2010, the Company reached an agreement with its Co-Founders, Messrs. Ira Gluskin and Gerald Sheff, following their departures from their respective roles as President & Chief Investment Officer and as Chief Executive Officer. The agreement provides for a lump sum retirement payment to each of \$1.5 million at the end of their respective five year transition periods, or on their death, and fixed annual payments to each of \$250,000 plus certain benefits commencing at the end of their respective transition periods for the balance of their natural lives. Estimating the actuarial present value of the post-retirement obligations requires estimates including discount rates, life expectancy, benefits, prerequisites and annual inflation assumptions. The Company engages a third-party actuary annually to compute the actuarial present value of the post-retirement obligations. Additional information, including amounts accrued and expensed in the current quarter, is provided in note 8 of the Company’s unaudited interim consolidated financial statements for the three months ended September 30, 2015.

Executive Loan Program

The Company provides financial guarantees for full recourse loans made to eligible employees by a third party institution at market interest rates to acquire shares of the Company on the open market. The acquired shares serve as collateral against the employee loans. Where the employee loan principal outstanding exceeds the fair value of the collateral, management judgment is required to determine the present value of the expected payments relating to the contingent liability.

Bonus Expense

A portion of the bonus pool is paid in the form of RSUs and a portion is paid in cash. The ratio of bonuses to be paid in RSUs versus cash is dependent on the amount of the bonus awarded to each employee and increases with the size of the award. The total annual bonus amounts are not known until the end of the fiscal year. Therefore, the calculation of bonus expensed in each interim quarter of the Company's fiscal year requires an estimate of the percentage that will be paid in cash versus RSUs. At the end of the fiscal year, the cash bonus expense is adjusted to reflect the actual ratio of bonuses to be paid in cash versus RSUs. RSUs granted in relation to bonus awards for a specified year are granted early in the fiscal year following the year to which the bonus relates. The cost of the RSUs are reflected in salaries and benefits using a graded vesting methodology over an approximate four year vesting period commencing at the beginning of the fiscal year to which the award relates.

Impairment of Goodwill and Intangible Assets

Goodwill is assessed for impairment. Finite life intangible assets are only tested for impairment to the extent indications of impairment exist at the time of a quarterly assessment. In the case of goodwill, an annual test for impairment augments the quarterly impairment indicator assessments. Values associated with goodwill and intangible assets involve estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates require significant judgment regarding market growth rates, AUM flow assumptions, expected margins and costs which could affect the Company's future results if estimates of future performance and fair value change.

Deferred Income Tax Assets and Liabilities

Deferred income tax assets are recognized for unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. In addition, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

A deferred income tax liability has been recorded in respect of intangible assets acquired as a result of the acquisition of Blair Franklin.

CHANGES IN ACCOUNTING POLICIES

There were no changes to the Company's accounting policies from those reported in the audited annual consolidated financial statements for the year ended June 30, 2015.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, short-term investments, prepaid equity forward, restricted cash, accounts receivable, accounts payable and accrued liabilities and accrued bonuses. The carrying value of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities and accrued bonuses approximate their fair value due to their short-term nature. DSUs, which are included in long-term liabilities, are marked-to-market, with unrealized gains or losses being recognized in general and administrative expenses in the statement of income and comprehensive income. A prepaid equity forward agreement, which is included in non-current assets, was entered into in the last quarter of fiscal 2014 to economically hedge the Company's exposure to changes in the value of the DSUs, with unrealized gains or losses being recognized in general and administrative expenses in the statement of income and comprehensive income. Short-term investments, the prepaid equity forward, and DSUs are recorded at fair value using quotations from independent third-party pricing sources.

At September 30, 2015, the Company held \$9.3 million in cash (June 30, 2015 – \$28.9 million), \$21.1 million in short-term investments (June 30, 2015 – \$22.0 million), \$4.4 million in restricted cash (June 30, 2015 – \$4.4 million), and \$1.8 million in prepaid equity (June 30, 2015 – \$2.3 million). Securities owned, if any, and certain short-term investments were held pursuant to the Company's strategy of seeding new portfolio models, some of which the Company may eventually introduce as part of its investment strategies. The Company's marketable securities are recorded at fair value using quotations from independent third party pricing sources, with realized and unrealized gains or losses being recognized in other comprehensive income. The post-retirement obligations are recorded at their actuarial present value based on actuarial valuations. The use of financial instruments exposes the Company to risks such as market risk, credit risk, liquidity risk and concentration risk. Refer to note 21 of the Company's September 30, 2015, unaudited interim consolidated financial statements for a more detailed analysis of risk exposures and sensitivity analyses for certain risks.

MANAGING RISKS

Gluskin Sheff is exposed to a number of risks that are inherent in the investment management industry.

The following risks are noted, and they are described in greater detail in the Company's Annual Information Form.

Risk factors related to the Company:

- Changes in the securities markets
- Poor investment performance
- Loss of key employees
- Changes in the investment management industry
- Competitive pressures
- Failure in our ability to manage risks in our portfolio models
- Rapid growth or decline in our AUM
- Litigation risks
- Employee errors or misconduct
- Failure to implement effective information security policies, procedures and capabilities
- Failure to implement effective and efficient technologies
- Failure to develop effective business resiliency plans and information technology recovery plans
- Failure to comply with government regulations
- Failure to maintain adequate insurance coverage on favourable economic terms

The foregoing risk factors are mitigated to the extent possible and practical from a cost and perceived benefit perspective by senior management's direct involvement in the day-to-day operation of the business. Members of senior management meet regularly to address business issues, consider new risks to the business and chart the direction of the Company in terms of new product development, marketing initiatives and strategic direction. Management has regular access to information deemed critical to the ongoing monitoring of the Company's performance and key business metrics in order to consider a change in operational plans or strategic direction as considered appropriate in the circumstances.

The Company also maintains an appropriate system of internal controls and procedures to safeguard assets, control expenses and ensure that financial reporting is accurate and reliable.

The Company believes confidentiality is essential to the success of the business and strives to consistently maintain the highest standards of trust, integrity and professionalism. Account information is kept under strict control in compliance with all applicable laws, and physical, procedural and electronic safeguards are maintained in order to protect this information from access by unauthorized parties.

The Company's investment performance is monitored on an ongoing basis, including a review of trends and activity in the capital markets. The Company has a disciplined investment approach, which is the foundation of its investment philosophy and methodology for investing in capital markets.

Finally, the Company maintains appropriate insurance coverage for general business liability risks. Insurance coverage is reviewed at least annually, or whenever there is a significant change in the Company's operations or risk profile.

CORPORATE GOVERNANCE

The objective of good corporate governance is to enhance value for all stakeholders over the long term by aligning the interests of our Company with the interest of our stakeholders.

The Board of Directors (the "Board") and the Company's management have designed our corporate governance policies and practices to ensure we are focused on our responsibilities to our stakeholders and on creating long-term shareholder value. Our practices and policies comply with regulations and guidelines established by Canadian securities regulators. We continuously monitor all proposed new rules and modify our policies and practices to meet any additional requirements. The Company has adopted the following significant governance practices:

- As at September 30, 2015, the Board consisted of nine directors, seven of whom were independent. The independent directors are not employees of the Company or parties to material contracts with the Company and are only entitled to directors' fees. The Company believes that the size and composition of the Board are well suited to the circumstances of the Company.
- Herbert Solway, QC, serves as the Lead Director on the Board.
- The independent directors meet without management present at the end of each regularly scheduled board meeting. All Board members can and do interact with management as situations arise.
- There is a minimum share ownership requirement for all non-employee directors. Each of these directors is required to accumulate shareholdings representing two times their annual Director retainer, measured at cost, by the third anniversary of becoming a director. They may elect to receive up to a maximum of 100% (subject to a minimum of 50%) of their fees in the form of DSUs in lieu of a cash payment.
- The memberships of the Audit and Risk Committee and the Compensation, Nominating and Governance Committee, sub-committees reporting to the Board, are exclusively composed of independent directors.

- The Audit and Risk Committee is chaired by V. Ann Davis, FCPA, who has extensive financial experience, as do the other Audit and Risk Committee members. This Committee assists the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process and the system of internal controls over financial reporting.
- The Compensation, Nominating and Governance Committee is chaired by Paul Beeston, CM. This Committee is responsible for administering the Company's compensation policy, for evaluating and nominating qualified Company directors and for developing the Company's approach to corporate governance issues.

RELATED PARTY TRANSACTIONS

There were no changes to the nature and extent of related party transactions entered into by the Company in the three months ended September 30, 2015. For further information, refer to note 7 of the Company's September 30, 2015, unaudited interim consolidated financial statements.

SHARE CAPITAL

In February 2015, the Company received approval from the Toronto Stock Exchange (the "TSX") to renew its normal course issuer bid ("NCIB"). Under the renewed NCIB, up to 1,584,531 of the Company's Common Shares, or 5% of the Company's issued and outstanding Common Shares as of January 31, 2015, may be repurchased over the twelve month period beginning February 11, 2015 and ending February 10, 2016. The number of Common Shares that can be repurchased pursuant to the NCIB is subject to a daily maximum of 20,560 Common Shares, subject to the Company's ability to make purchases in accordance with the "block purchase exemption" of the TSX rules. Purchases are made at market prices through the facilities of the TSX. Common Shares purchased by the Company will be cancelled. A copy of the Notice of Intention filed with the TSX may be obtained, without charge, upon written request to the Company.

During the three months ended September 30, 2015, the Company repurchased 155,612 (September 30, 2014 – nil) Common Shares under the NCIB for approximately \$3.4 million.

During the three months ended September 30, 2015, 18,000 stock options were exercised.

The number of issued and outstanding shares includes Common Shares acquired in the open market by various trusts established by the Company for the benefit of the RSU plan participants, which are described in note 10 to the unaudited interim consolidated financial statements for the three months ended September 30, 2015.

The number of outstanding stock options as at September 30, 2015, was 257,000, of which 217,000 were exercisable.

OTHER INFORMATION

Additional information relating to Gluskin Sheff + Associates Inc. is also available on SEDAR at www.sedar.com.

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(\$ in thousands of Canadian dollars)

	AS AT SEP 30, 2015	AS AT JUN 30, 2015
ASSETS		
Current assets		
Cash	\$ 9,250	\$ 28,877
Short-term investments (note 5)	21,098	21,987
Accounts receivable (note 7)	13,772	19,247
Income taxes receivable (note 14)	5,763	4,996
Prepaid equity forward (note 5 and 11)	1,839	2,318
Prepaid expenses and other assets	1,321	1,223
	<u>53,043</u>	<u>78,648</u>
Non-current assets		
Restricted cash (note 8 and 11)	4,424	4,424
Other receivables	—	83
Property and equipment	18,964	19,334
Intangible assets (note 2 and 3)	33,222	34,353
Goodwill (note 2 and 4)	39,188	39,188
Deferred income taxes, net (note 14)	1,981	4,767
	<u>97,779</u>	<u>102,149</u>
Total assets	<u>\$150,822</u>	<u>\$180,797</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6, 7 and 11)	\$ 6,557	\$ 9,250
Post-retirement obligations (note 7 and 8)	1,017	2,490
Dividends payable	8,266	—
Accrued bonuses (note 15)	3,742	27,604
Service fee and earn-out payable (note 2)	1,619	1,602
	<u>21,201</u>	<u>40,946</u>
Non-current liabilities		
Long-term liabilities (note 11)	2,184	2,458
Post-retirement obligations (note 7 and 8)	11,264	11,420
Service fee and earn-out payable (note 2)	957	1,150
	<u>14,405</u>	<u>15,028</u>
	<u>\$ 35,606</u>	<u>\$ 55,974</u>
SHAREHOLDERS' EQUITY		
Share capital (note 9)	\$ 66,701	\$ 66,949
Treasury stock (note 10)	(35,577)	(39,424)
Contributed surplus	31,544	40,241
Retained earnings	56,012	60,521
Accumulated other comprehensive loss	(3,464)	(3,464)
	<u>115,216</u>	<u>124,823</u>
Total liabilities and shareholders' equity	<u>\$150,822</u>	<u>\$180,797</u>

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

INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)*(\$ in thousands of Canadian dollars, except per share amounts)*

	3 MONTHS ENDED SEP 30, 2015	3 MONTHS ENDED SEP 30, 2014
INCOME		
Base management fees (note 7)	\$ 27,017	\$ 25,890
Performance fees (note 7)	1,806	1,195
Other income (note 6)	1,028	1,175
	<u>29,851</u>	<u>28,260</u>
EXPENSES		
Salaries and benefits (note 8, 11 and 15)	13,350	12,150
Reimbursements from pooled funds (note 7)	(901)	(903)
Client wealth management (note 16)	502	522
General and administrative (note 7 and 17)	4,095	3,380
Occupancy (note 18)	809	1,340
Amortization of property and equipment	428	454
Amortization of intangible assets (note 2 and 3)	1,185	963
	<u>19,468</u>	<u>17,906</u>
Income before provision for income taxes	\$ 10,383	\$ 10,354
Provision for income taxes (note 14)		
Current income taxes	704	2,788
Deferred income taxes	2,453	176
	<u>3,157</u>	<u>2,964</u>
Net income and comprehensive income attributable to shareholders	\$ 7,226	\$ 7,390
Net income attributable to shareholders per Common Share:		
Basic earnings per share (note 12)	\$ 0.24	\$ 0.25
Diluted earnings per share (note 12)	\$ 0.23	\$ 0.24

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

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
(\$ in thousands of Canadian dollars)

	3 MONTHS ENDED SEP 30, 2015					
	SHARE CAPITAL	TREASURY STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL EQUITY
Beginning of period	\$ 66,949	\$ (39,424)	\$ 40,241	\$ 60,521	\$ (3,464)	\$ 124,823
Net income attributable to shareholders	—	—	—	7,226	—	7,226
Amortization of restricted share units (note 11)	—	—	4,031	—	—	4,031
Amortization of stock options (note 11)	—	—	5	—	—	5
Purchase of treasury stock (note 10 and 11)	—	(8,890)	—	—	—	(8,890)
Release of treasury stock (note 10 and 11)	—	12,737	—	—	—	12,737
Exercise of stock options (note 9 and 11)	82	—	(82)	—	—	—
Repurchase of Common Shares (note 9)	(330)	—	—	(3,050)	—	(3,380)
Vesting of restricted share units (note 11)	—	—	(12,737)	—	—	(12,737)
Deferred income tax for dividends-in-kind (note 14)	—	—	(333)	—	—	(333)
Special dividend (note 19)	—	—	76	(1,579)	—	(1,503)
Quarterly dividend (note 19)	—	—	343	(7,106)	—	(6,763)
End of period	\$ 66,701	\$ (35,577)	\$ 31,544	\$ 56,012	\$ (3,464)	\$ 115,216

	3 MONTHS ENDED SEP 30, 2014					
	SHARE CAPITAL	TREASURY STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL EQUITY
Beginning of period, adjusted	\$ 17,635	\$ (15,277)	\$ 26,194	\$ 66,283	\$ (2,947)	\$ 91,888
Net income attributable to shareholders	—	—	—	7,390	—	7,390
Amortization of restricted share units (note 11)	—	—	3,738	—	—	3,738
Amortization of stock options (note 11)	—	—	55	—	—	55
Purchase of treasury stock (note 10 and 11)	—	(7,891)	—	—	—	(7,891)
Release of treasury stock (note 10 and 11)	—	4,894	—	—	—	4,894
Issue of Common Shares (note 9 and 11)	48,301	—	—	—	—	48,301
Vesting of restricted share units (note 11)	—	—	(4,894)	—	—	(4,894)
Special dividend (note 19)	—	—	518	(11,307)	—	(10,789)
Quarterly dividend (note 19)	—	—	296	(6,461)	—	(6,165)
End of period	\$ 65,936	\$ (18,274)	\$ 25,907	\$ 55,905	\$ (2,947)	\$ 126,527

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(\$ in thousands of Canadian dollars)

	3 MONTHS ENDED SEP 30, 2015	3 MONTHS ENDED SEP 30, 2014
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income attributable to shareholders for the period	\$ 7,226	\$ 7,390
Adjustments for non-cash items		
Amortization of property and equipment	428	454
Amortization of intangible assets (note 3)	1,185	963
Change in unrealized foreign exchange gains on cash balances (note 6)	(473)	(275)
Post-retirement obligations (note 8)	98	130
Deferred income taxes (note 14)	2,453	176
Deferred share units expense (note 11)	(405)	(36)
Restricted share units (note 11)	4,031	3,738
Stock option expense (note 11)	5	55
Interest income (note 6)	(46)	(201)
Change in unrealized loss on prepaid equity forward (note 11)	479	179
Cash provided by operating activities before changes in working capital items	14,981	12,573
Net change in working capital items (note 20)	(23,634)	(23,650)
Cash provided by operating activities	(8,653)	(11,077)
INVESTING ACTIVITIES		
Purchases of intangible assets	(54)	(81)
Purchases of property and equipment	(58)	(121)
Purchases of short-term investments	(81,066)	(143,801)
Sales of short-term investments	81,955	183,397
Acquisition of Blair Franklin, net of cash acquired (note 2)	—	(15,502)
Net interest received (note 6)	46	201
Cash used in investing activities	823	24,093
FINANCING ACTIVITIES		
Acquisition of treasury stock (note 10)	(8,890)	(7,891)
Repurchase of Common Shares (note 9)	(3,380)	—
Cash used in financing activities	(12,270)	(7,891)
Change in unrealized foreign exchange gains on cash balances	473	275
Increase (decrease) in cash during the period	(19,627)	5,400
Cash – beginning of period	28,877	8,176
Cash – end of period	\$ 9,250	\$ 13,576
Supplemental Information		
Interest paid	\$ —	\$ —
Income taxes paid	\$ 1,471	\$ 32,220

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

Notes to Unaudited Interim Consolidated Financial Statements

For the three months ended September 30, 2015 and 2014
(\$ in thousands in Canadian dollars, except per share amounts)

NATURE OF BUSINESS AND ORGANIZATION

Gluskin Sheff + Associates Inc. and its subsidiaries (collectively, the “Company”) provides discretionary investment management services to high net worth private clients and institutional investors in Canada and abroad. The Company is an Ontario incorporated corporation and is listed on the Toronto Stock Exchange (“TSX”) and trades under the symbol “GS”. Its registered office is at Bay Adelaide Centre, 333 Bay Street, Suite 5100, Toronto, Ontario, M5H 2R2.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited interim consolidated financial statements were prepared by management in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using the same accounting policies as those used in the Company’s audited annual consolidated financial statements for the year ended June 30, 2015. Accordingly, certain financial information and disclosure normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), have been omitted or condensed in these unaudited interim consolidated financial statements. Certain comparative figures have been reclassified to conform with the current period’s presentation.

The unaudited interim consolidated financial statements of the Company for the three months ended September 30, 2015, were authorized for issue by a resolution of the Board of Directors on November 12, 2015.

Basis of Presentation

These unaudited interim consolidated financial statements have been prepared on a going concern basis and historical cost basis, except for certain financial instruments, and Deferred Share Units (“DSU”), which have been measured at fair value, and post-retirement obligations, which are measured at their actuarial present value.

These unaudited interim consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency. In these notes to the unaudited interim consolidated financial statements, all dollar amounts are stated in thousands, unless otherwise noted. Per share amounts and option exercise prices are stated in dollars and cents.

Principles of Consolidation

The unaudited interim consolidated financial statements include the accounts of Gluskin Sheff + Associates Inc., any subsidiaries, other controlled entities, and trusts established for the participants of the Company’s Restricted Share Unit (“RSU”) Plan (the “Trusts”). Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

During the three months ended September 30, 2015, the Company controlled the following entities:

- Blair Franklin Management Inc.
- Blair Franklin II Management Inc.
- RSU Trust
- FY2015 RSU Trust
- FY2014 RSU Trust

During the three months ended September 30, 2014, the Company controlled the following entities:

- BFAM Holdings Inc.
- Blair Franklin Asset Management Inc.
- Blair Franklin Management Inc.
- Blair Franklin II Management Inc.
- RSU Trust
- FY2014 RSU Trust

Blair Franklin Management Inc. and Blair Franklin II Management Inc. are the general partners of the Blair Franklin Global Credit Fund LP and Blair Franklin Global Rates Fund LP respectively. These general partnerships are wholly-owned by the Company.

BFAM Holdings Inc., a wholly-owned subsidiary of the Company, was incorporated on August 1, 2014, under the Ontario Business Corporations Act, and owned 100% of Blair Franklin Asset Management Inc. On July 1, 2015, the Company amalgamated BFAM Holdings Inc. and Blair Franklin Asset Management Inc. into Gluskin Sheff + Associates Inc.

The RSU plan is described in note 11. The RSU Trust, FY2014 RSU Trust and FY2015 RSU Trust (collectively “the Trusts”) may hold shares of the Company purchased in the open market to hedge, in whole or in part, the Company’s potential economic exposure that could arise on outstanding RSUs due to fluctuations in the Company’s share price. The Company consolidates the Trusts in these unaudited interim consolidated financial statements, and accounts for the shares owned by the Trusts as treasury stock. The Trusts were established on December 1, 2010, August 28, 2014, and August 20, 2015, respectively, and the financial statements of the Trusts are prepared for the same reporting periods as the Company, using consistent accounting policies. The Company does not provide any financial support to the Trusts subsequent to funding the purchase of shares of the Company nor does the Company have any restrictions in accessing or using cash in the Trusts.

All intercompany balances, income and expenses resulting from intercompany transactions are eliminated.

Significant Accounting Judgments and Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the amounts of income and expenses during the reporting periods. Actual results could differ from those estimates and the difference could be material. Management believes that the potential significant areas where judgment is necessarily applied are those which relate to:

(i) Post-Retirement Obligations

The Company reached an agreement with its Co-Founders, Messrs. Ira Gluskin and Gerald Sheff, following their departures from their respective roles as President & Chief Investment Officer and as Chief Executive Officer as described in note 8. Estimating the actuarial present value of the post-retirement obligation requires estimates including discount rates, life expectancy, benefits, perquisites and annual inflation assumptions. The Company engages a third-party actuary annually to compute the actuarial present value of the post-retirement obligation.

(ii) Executive Loan Program

The Company provides financial guarantees for full recourse loans made to eligible employees by a third party institution at market interest rates to acquire shares of the Company on the open market. The acquired shares serve as collateral against the employee loans. Where the employee loan principal outstanding exceeds the fair value of the collateral, management judgment is required to determine the present value of the expected payments relating to the contingent liability.

(iii) Bonus Expense

A portion of the bonus pool is paid in the form of RSUs and a portion is paid in cash. The ratio of bonuses to be paid in RSUs versus cash is dependent on the amount of the bonus awarded to each employee and increases with the size of the award. The total annual bonus amounts are not known until the end of the fiscal year. Therefore, the calculation of bonus expensed in each interim quarter of the Company’s fiscal year requires an estimate of the percentage that will be paid in cash versus RSUs. At the end of the fiscal year, the cash bonus expense is adjusted to reflect the actual ratio of bonuses to be paid in cash versus RSUs. RSUs granted in relation to bonus awards for a specified year are granted early in the fiscal year following the year to which the bonus relates. The cost of the RSUs are reflected in salaries and benefits using a graded vesting methodology over approximately four years, commencing at the beginning of the fiscal year to which the award relates.

(iv) Impairment of Goodwill and Intangible Assets

Goodwill is assessed for impairment. Finite life intangible assets are only tested for impairment to the extent indications of impairment exist. In the case of goodwill, an annual test for impairment augments the quarterly impairment indicator assessments. Values associated with goodwill and intangible assets involve estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates require significant judgment regarding market growth rates, Assets Under Management (AUM) flow assumptions, expected margins and costs which could affect the Company’s future results if estimates of future performance and fair value change.

(v) Deferred Income Tax Assets and Deferred Income Tax Liabilities

Deferred income tax assets are recognized for unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. In addition, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

A deferred income tax liability has been recorded in respect of intangible assets acquired as a result of the acquisition of Blair Franklin.

Other Accounting Policies

All other accounting policies described in the audited annual consolidated financial statements for the year ended June 30, 2015, have been applied consistently to these unaudited interim consolidated financial statements unless otherwise noted.

Future Accounting Changes

The final version of IFRS 9, *Financial Instruments*, was issued by the IASB in July 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the elements of IFRS 9 related to presentation of gains from changes in an entity's own credit risk can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

The IASB issued IFRS 15, *Revenue Recognition*, in June 2014. The objective of IFRS 15 is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is in the process of assessing the impact of IFRS 15 and has not yet determined when it will adopt the new standard.

2. ACQUISITION

During the three months ended September 30, 2015, the Company made no acquisitions.

On August 1, 2014, the Company acquired all the shares of Blair Franklin Asset Management Holdings Inc., the parent company of Blair Franklin Asset Management Inc. (collectively "Blair Franklin"). Immediately after acquisition, Blair Franklin Asset Management Holdings Inc. amalgamated with the Company's wholly-owned subsidiary BFAM Holdings Inc.

The Company paid \$15,673 in cash (including \$673 in respect of excess working capital) plus 1,900,000 Common Shares of the Company to the sellers. Cash acquired of \$171 was included in the \$673 excess working capital amount. Consequently, the Company paid \$15,502 in cash consideration. 712,500 of the Common Shares were issued to the sellers from treasury and are subject to a minimum one-year holding period by the sellers. The remaining 1,187,500 Common Shares were issued from treasury and are being held in a third-party escrow account for two years and are subject to a claw-back pursuant to a purchase price adjustment based on the Assets Under Management of the Blair Franklin Funds at the end of this two-year period. The fair value of this claw-back right is currently estimated to be nil as it was on day one of the acquisition.

The accounting for the acquisition is as follows:

CONSIDERATION PAID	AMOUNT	NET ASSETS ACQUIRED	AMOUNT
Common Shares issued ¹	\$48,301	Fair value of intangible assets (other than goodwill)	\$ 36,550
Cash	15,000	Net tangible assets less liabilities	(2,645)
Cash payment in respect of working capital adjustment	673	Deferred income tax liability	(9,119)
		Goodwill	39,188
Total consideration	\$63,974	Total acquired net assets	\$ 63,974

Note:

1. Net of restricted share discount of \$10,846.

Net assets acquired

The fair values of intangible assets acquired, other than goodwill, are comprised of:

INTANGIBLE ASSETS OTHER THAN GOODWILL	FAIR VALUE AT ACQUISITION	AMORTIZATION PERIOD
Client relationships	\$ 35,000	10 years
Non-compete agreements	1,050	5 years
Technology	500	10 years
Total intangible assets	\$36,550	

The deferred income tax liability relates primarily to the acquired intangible assets.
The net tangible assets less liabilities are comprised of:

Assets:	
Cash	\$ 171
Accounts receivable ¹	1,048
Prepaid expenses	142
Income taxes recoverable	724
Property and equipment	252
Total assets	<u>2,337</u>
Liabilities:	
Service fee payable	\$ 1,944
Earn-out payable	1,729
Bonus payable	970
Accounts payable and accrued liabilities	339
Total liabilities	<u>4,982</u>
Net tangible assets less liabilities	<u><u>\$(2,645)</u></u>

Notes:

1. For Base Management Fees receivable from Blair Franklin Global Credit Fund LP and Blair Franklin Global Rates Fund LP

The service fee payable represents fees payable to Blair Franklin Capital Partners Inc. for various services including, but not limited to, license of the name “Blair Franklin”, relationship management, marketing, and consulting. The service fee payment is calculated based on the Base Management Fees earned from the Blair Franklin Global Credit Fund LP and Blair Franklin Global Rates Fund LP’s January 1, 2012, asset levels. Base Management Fees are fees earned on various portfolio models by applying an agreed-upon rate to the net asset value of clients’ Assets Under Management. The service fee period ends December 31, 2016. The \$1,944 fair value of the service fee payable recognized on the acquisition of Blair Franklin by the Company on August 1, 2014, represents the present value of the liability using a discount rate of 6% per annum. Future changes in the estimated liability are accounted for in the statement of income and comprehensive income. As at September 30, 2015, the service fee payable balance was \$1,053; \$849 is included in current liabilities and \$204 is included in long-term liabilities in the Company’s balance sheet (June 30, 2015 – \$1,252; \$844 in current liabilities and \$408 in long-term liabilities).

The earn-out payable represents the future share payment earn-out payable to former shareholders of Blair Franklin Asset Management Inc. resulting from a re-organization of the company undertaken in 2012. The earn-out payment is calculated based on the Performance Fees earned from the Blair Franklin Global Credit Fund LP and Blair Franklin Global Rates Fund LP’s January 1, 2012 asset levels. The earn-out period ends January 1, 2017. The \$1,729 fair value of the earn-out payable recognized on the acquisition of Blair Franklin by the Company on August 1, 2014, represents the present value of the liability using a discount rate of 6% per annum. Future changes in the estimated liability will be accounted for in the statement of income and comprehensive income. The earn-out payable balance at September 30, 2015, was \$1,523; \$770 is included in current liabilities and \$753 is included in long-term liabilities in the Company’s balance sheet (June 30, 2015 – \$1,500; \$758 in current liabilities and \$742 in long-term liabilities).

Goodwill is attributable to the addition of an experienced team of fixed income professionals with the ability to cover global credit market opportunities, opportunities presented by the addition of over 200 new client relationships, and cost synergies. Goodwill is not deductible for tax purposes.

3. INTANGIBLE ASSETS

Impairment assessment of Client Relationships

As at September 30, 2015, the Company had finite life client relationships of \$30,340 (June 30, 2015 – \$31,293). During the three months ended September 30, 2015, amortization of client relationships was \$862 (September 30, 2014 – \$730) and \$91 (September 30, 2014 – \$nil) of the client relationship intangible was derecognized. The Company determined that there were no indicators of impairment during the three months ended September 30, 2015.

Impairment assessment of Non-Compete Agreements, Technology and Customized Systems & Software

As at September 30, 2015, the Company had finite life intangible assets comprised of non-compete agreements of \$805 (June 30, 2015 – \$857), technology of \$442 (June 30, 201 – \$454) and customized systems and software of \$1,205 (June 30, 2015 – \$1,373). During the three months ended September 30, 2015, amortization of these intangible assets was \$232 (September 30, 2014 – \$233) The Company determined that there were no indicators of impairment during the three months ended September 30, 2015.

Impairment assessment of Customized Systems & Software Under Construction

As at September 30, 2015, intangible assets included \$430 in expenditures that have been capitalized in respect of development of systems or software not yet available for use by the Company (June 30, 2015 – \$376). An annual impairment test was performed and no impairment was noted in both years. The Company determined that there were no indicators of impairment during the three months ended September 30, 2015.

4. GOODWILL

As at September 30, 2015, the Company had goodwill of \$39,188 (June 30, 2015 – \$39,188) arising from the acquisition of Blair Franklin.

Impairment assessment of Goodwill

The Company identified CGUs as individual client accounts, which were grouped together for goodwill impairment assessment and testing purposes. The group of CGUs is represented by the investment management services provided to all AUM, the sole operating segment of the Company. Operating segments of the Company are a separate but related concept under IFRS.

Goodwill is tested for impairment at least annually, which for the Company is during the fourth fiscal quarter of each year. During the first, second and third quarters, goodwill is assessed for indicators of impairment. As at September 30, 2015, there were no indicators of impairment of goodwill for any of the Company's group of CGUs.

5. FINANCIAL INSTRUMENTS

Fair Value Measurement

The following tables present the level within the fair value hierarchy for the Company's fair value measurements:

	AS AT SEP 30, 2015	AS AT JUN 30, 2015
	LEVEL 2	LEVEL 2
Financial assets		
Short-term investments	\$21,098	\$ 21,987
Prepaid equity forward	1,839	2,318
Total financial assets	<u>\$22,937</u>	<u>\$ 24,305</u>

Short-term investments are measured at amortized cost which approximates fair value due to their short-term nature. The fair value of the prepaid equity forward is measured based on the share price of the Common Shares, adjusted to reflect the credit risk of the counterparty. The fair values of cash, accounts receivable, restricted cash, accounts payable and accrued liabilities and accrued bonuses approximate their carrying values due to their short-term nature.

During the three months ended September 30, 2015 and June 30, 2015, there were no transfers between any of the fair value hierarchy levels and the Company did not hold any level 1 or level 3 financial instruments.

6. OTHER INCOME

Details of other income are as follows:

	3 MONTHS ENDED	
	SEP 30, 2015	SEP 30, 2014
Gluskin Sheff research subscriptions	\$ 522	\$ 540
Interest income	46	201
Foreign exchange income	473	275
Other income (expense)	(13)	159
	<u>\$ 1,028</u>	<u>\$ 1,175</u>

The Company's other income includes income from the economic research subscriptions of \$522 for the three months ended September 30, 2015 (September 30, 2014 – \$540). Related unearned income of \$966 (September 30, 2014 – \$1,144) is included in accounts payable and accrued liabilities.

7. RELATED PARTY TRANSACTIONS

The Company has agreements to manage the Company's pooled fund vehicles. Included in the Company's statement of income and comprehensive income for the three months ended September 30, 2015, are Performance Fees of \$1,797 (September 30, 2014 – \$1,046) and Base Management Fees of \$23,253 (September 30, 2014 – \$19,949) earned from the management of the Company's pooled fund vehicles, where the Company generally acts as the trustee, manager, transfer agent and principal distributor. In the case of those pooled fund vehicles that are limited partnerships, the Company or an affiliate of the Company is the General Partner.

The Company also recovers expenses incurred on behalf of the pooled fund vehicles relating to the operation of these pooled fund vehicles. For the three months ended September 30, 2015, reimbursement of certain operating expenses by the Company's pooled fund vehicles to the Company totaled \$901 (September 30, 2014 – \$903). Expenses related to the operation of the pooled fund vehicles are included in: salaries and benefits, general and administrative, occupancy, amortization of property and equipment and amortization of intangible assets.

Included in general and administrative expenses for the three months ended September 30, 2015, is \$391 (September 30, 2014 – \$423) due to an employee as part of a compensation arrangement related to the Gluskin Sheff research subscriptions. The corresponding liability is included in accounts payable and accrued liabilities.

Included in the Company's accounts receivable as at September 30, 2015, is \$8,952 (June 30, 2015 – \$8,792) owing from the Company's pooled fund vehicles, which represents the Company's maximum exposure to loss from its interests in these vehicles.

Included in the Company's liabilities as at September 30, 2015, are post-retirement obligations of \$12,281 (June 30, 2015 – \$13,910) in respect of the Co-Founders, Messrs. Ira Gluskin and Gerald Sheff, as described in note 8.

Transactions with related parties and affiliates are conducted at normal market terms.

8. POST-RETIREMENT OBLIGATIONS

During fiscal 2010, the Company reached an agreement with its Co-Founders, Messrs. Ira Gluskin and Gerald Sheff, that governs the terms of their arrangements with the Company following their departures from their respective roles as President & Chief Investment Officer and Chief Executive Officer. The agreement entitled each Co-Founder to a lump sum retirement payment of \$1,500 at the end of their respective 5 year transition periods being no later than January 1, 2015, for Mr. Gluskin and July 1, 2015, for Mr. Sheff, or on their death. Mr. Gluskin's lump sum payment was made by the Company in January 2015 and Mr. Sheff's lump sum payment was made by the Company in July 2015. The agreement also provides fixed annual payments to each of \$250 plus certain employment benefits commencing at the end of their respective transition periods for the balance of their natural lives. Such compensation has been reviewed by the Company's Compensation, Nominating and Governance Committee and the Board's independent directors. The Company has an irrevocable letter of credit for \$3,000 issued by a Schedule I bank in support of its obligations under the post-retirement agreement. As at September 30, 2015, \$3,000 (June 30, 2015 – \$3,000) of restricted cash is held in a segregated account, in connection with the terms of the letter of credit.

The post-retirement benefits to be provided to the Co-Founders represent in substance a defined benefit plan, for which the Co-Founders are immediately fully vested. Accordingly, the cumulative cost of these benefits was recognized as an expense in the second quarter of fiscal 2010. The Company expects to fund the future retirement benefits to the Co-Founders out of operating cash flow as amounts become due and therefore has no current plans to pre-fund these benefits. The Co-Founders will not be required to contribute to the retirement plan. Any future changes in estimates will result in amendments to the liability of the plan in the period in which the changes occur.

The following table outlines where the Company's post-retirement obligations amounts and activity are included in the financial statements, using a discount rate of 3.3% (September 30, 2014 – 3.6%), an annual inflation assumption of 2.0% (September 30, 2014 – 2.0%) in respect of certain non-fixed-rate benefits included in the transition agreement, and using mortality rates based on the Canadian Pensioner's 2014 Mortality Table with Scale B generational mortality improvement (September 30, 2014 – Canadian Pensioner's 2014 Mortality Table with Scale B generational mortality improvement):

POST-RETIREMENT OBLIGATIONS	3 MONTHS ENDED	
	SEP 30, 2015	SEP 30, 2014
Balance – Beginning of period	\$ 13,910	\$ 14,423
Interest expense	98	130
Lump sum retirement payment	(1,500)	—
Payments	(227)	—
Balance – End of period	\$ 12,281	\$ 14,553
Comprised of:		
Current	\$ 1,017	\$ 3,510
Non-current	11,264	11,043
Total post-retirement obligations	\$ 12,281	\$ 14,553

Sensitivity Analysis

The sensitivity of the post-retirement obligations to changes in assumptions is set out below. The effects on the post-retirement obligations of a change in an assumption are weighted proportionately to the total post-retirement obligations to determine the total impact for each assumption presented.

	CHANGE IN OBLIGATIONS AND EXPENSE	
Impact of 1.0% increase in the discount rate	Decrease by 7.4%	\$ (919)
Impact of 1.0% decrease in the discount rate	Increase by 8.5 %	1,048
Impact of 1.0% increase in Consumer Price Index	Increase by 5.3 %	652
Impact of 1.0% decrease in Consumer Price Index	Decrease by 4.6%	(569)
Impact of 1 year increase in life expectancy	Increase by 6.0 %	737
Impact of 1 year decrease in life expectancy	Decrease by 5.9%	(732)

9. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of both Common Shares and preference shares, issuable in series.

Normal Course Issuer Bid

In February 2015, the Company received approval from the Toronto Stock Exchange (the "TSX") to renew its normal course issuer bid ("NCIB"). Under the renewed NCIB, up to 1,584,531 of the Company's Common Shares, or 5% of the Company's issued and outstanding Common Shares as of January 31, 2015, may be repurchased over the twelve month period beginning February 11, 2015 and ending February 10, 2016. The number of Common Shares that can be repurchased pursuant to the NCIB is subject to a daily maximum of 20,560 Common Shares, subject to the Company's ability to make purchases in accordance with the "block purchase exemption" of the TSX rules. Purchases are made at market prices through the facilities of the TSX. Common Shares purchased by the Company will be cancelled.

During the three months ended September 30, 2015, the Company repurchased and cancelled 155,612 (September 30, 2014 – nil) Common Shares under the NCIB for \$3,380, of which \$330 was removed from the stated value of the Common Shares and \$3,050 removed from retained earnings.

Shares Issued and Outstanding

Common Shares are non-redeemable and have no par value. No preference shares were outstanding as at September 30, 2015 and June 30, 2015.

As part of the acquisition of Blair Franklin Asset Management on August 1, 2014, the Company issued 1,900,000 Common Shares of the Company to the sellers. Upon closing 712,500 Common Shares were issued to the sellers from treasury and are subject to a minimum one-year holding period by the sellers. The remaining 1,187,500 Common Shares were issued from treasury and are being held in a third-party escrow account for two years and are subject to a claw-back pursuant to a purchase price adjustment based on the Assets Under Management at the end of this two-year period.

	YEAR ENDED			
	SEP 30, 2015		SEP 30, 2014	
	NUMBER OF SHARES (000'S)	STATED VALUE	NUMBER OF SHARES (000'S)	STATED VALUE
SHARE CAPITAL				
BEGINNING OF PERIOD				
Common Shares	<u>31,693</u>	<u>\$ 66,949</u>	<u>29,723</u>	<u>\$ 17,635</u>
ACTIVITY DURING THE PERIOD				
Exercise of stock options	6	82	—	—
Issued from treasury	—	—	1,900	48,301
Normal course issuer bid cancellations	<u>(156)</u>	<u>(330)</u>	<u>—</u>	<u>—</u>
	<u>(150)</u>	<u>\$ (248)</u>	<u>1,900</u>	<u>\$ 48,301</u>
END OF THE PERIOD				
Common Shares	<u>31,543</u>	<u>\$ 66,701</u>	<u>31,623</u>	<u>\$ 65,936</u>

10. TREASURY STOCK

In relation to the Company's RSU plan, as described in note 10, the Company may acquire shares in the open market which will be held in Trusts for the benefit of the RSU participants to hedge the potential economic exposure that could arise on outstanding RSUs due to fluctuation in the Company's stock price. These shares are recorded as treasury stock and are not considered to be outstanding for the purposes of basic and diluted earnings per share calculations.

During the three months ended September 30, 2015, \$8,890 of treasury stock was acquired by the Trusts (September 30, 2014 – \$7,891).

TREASURY STOCK	3 MONTHS ENDED			
	SEP 30, 2015		SEP 30, 2014	
	NUMBER OF SHARES (000'S)	STATED VALUE	NUMBER OF SHARES (000'S)	STATED VALUE
Balance – Beginning of period	1,573	\$ 39,424	797	\$ 15,277
Treasury stock purchased	410	8,890	259	7,891
Treasury stock released	(502)	(12,737)	(257)	(4,894)
Balance – End of period	1,481	\$ 35,577	799	\$ 18,274

11. STOCK-BASED COMPENSATION PLANS

The Company has the following stock-based compensation plans: the Stock Option, DSU, RSU, Employee Common Share Ownership and the Executive Loan Program. These are described in detail below.

Stock Option Plan

The Company's Stock Option plan was established in May 2006. The exercise price of a stock option is determined as at the close of the business day before the stock option grant is approved by the Board of Directors. The expiry date of the stock options is seven years from the date of the grant. Stock options become exercisable over time at the rate of 20% of the total stock options granted on each anniversary of the grant date. The regular use of employee stock options as an element of annual compensation was discontinued in fiscal 2011, with the use of options limited to special circumstances only.

During the three months ended September 30, 2015 and 2014, the Company did not issue any new stock options to participants.

The expense related to stock options outstanding that has been included in salaries and benefits expense for employee stock options and general and administrative expense for director stock options during the three months ended September 30, 2015, was a total of \$5 (September 30, 2014 – \$55). During the three months ended September 30, 2015, 18,000 stock options were exercised (September 30, 2014 – nil).

STOCK OPTIONS	YEARS ENDED			
	SEP 30, 2015		SEP 30, 2014	
	OPTIONS (000'S)	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS (000'S)	WEIGHTED AVERAGE EXERCISE PRICE
Balance – Beginning of period	275	\$ 18.15	468	\$ 17.40
Options exercised	(18)	15.59	—	—
Balance – End of period	257	\$ 18.33	468	\$ 17.40

RANGE OF EXERCISE PRICES	AS AT SEP 30, 2015				
	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING (000'S)	WEIGHTED AVERAGE REMAINING CONTRACTUAL YEARS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE (000'S)	WEIGHTED AVERAGE EXERCISE PRICE
\$10.00 – \$17.99	130	3.20	\$ 15.91	90	\$ 15.93
\$18.00 – \$25.99	127	1.11	20.82	127	20.82
	257	2.17	\$ 18.33	217	\$ 18.79

RANGE OF EXERCISE PRICES	AS AT SEP 30, 2014				
	NUMBER OUTSTANDING (000'S)	OPTIONS OUTSTANDING		OPTIONS EXERCISABLE	
		WEIGHTED AVERAGE REMAINING CONTRACTUAL YEARS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE (000'S)	WEIGHTED AVERAGE EXERCISE PRICE
\$10.00 – \$17.99	288	2.91	\$ 15.31	198	\$ 15.03
\$18.00 – \$25.99	180	2.08	20.74	162	20.72
	<u>468</u>	2.59	\$ 17.40	<u>360</u>	\$ 17.59

Deferred Share Unit Plan

The Company's DSU plan was established in September 2006 and represents notional share units granted to the Company's Board of Directors in order to enhance the Company's ability to attract and retain talented individuals to serve as independent members of the Board of Directors, and to promote a significant alignment of the interests of the independent directors and the interests of the shareholders of the Company by providing the independent directors with a long-term incentive tied to the long-term performance of the Common Shares. Independent directors may elect to receive up to a maximum of 100% (subject to a minimum of 50%) of their fees in the form of DSUs in lieu of a cash payment. The DSUs are fully vested on the grant date. DSUs allocated under this plan are adjusted to reflect dividends-in-kind granted on outstanding DSUs, and the values of DSUs are marked-to-market. DSUs cannot be redeemed for cash or Common Shares until the holder is no longer a director of the Company.

To economically hedge a portion of the Company's exposure to changes in the trading price of the Company's Common Shares on outstanding DSUs, in the last quarter of fiscal 2014, the Company entered into a prepaid equity forward agreement, included in non-current assets in the balance sheet, with a Schedule I financial institution. The prepaid equity forward agreement ends on April 22, 2016 (the valuation date), on which date the Schedule I bank will pay to the Company an amount equivalent to the notional amount of the shares using the volume-weighted average price of the Company's Common Shares for the five business days leading up to and including the valuation date. The initial notional amount of the prepaid equity forward is 86,000 shares, which is increased on each dividend payment date to reflect the dividends paid on the notional shares. As at September 30, 2015, the fair value of the prepaid equity forward was \$1,839 with 92,332 notional shares. The Company has discretion to increase or decrease the notional amount of the prepaid equity forward or to terminate the agreement early. The change in the value of the prepaid equity forward has been recorded to partially offset the DSU mark-to-market amounts and is included in general and administrative expenses in the statement of income and comprehensive income.

There were no payments under this DSU plan during the three months ended September 30, 2015 and 2014. The Company recorded a negative DSU expense of \$405 during three months ended September 30, 2015 (September 30, 2014 – \$(36)), including the mark-to-market gain of \$633 (September 30, 2014 – gain of \$223). As at September 30, 2015, a DSU liability of \$503 (June 30, 2014 – \$634) is included in current liabilities and \$2,184 (June 30, 2014 – \$2,459) is included in long-term liabilities in the Company's balance sheet. During the three months ended September 30, 2015, the Company recorded a \$479 loss (September 30, 2014 – \$179 loss) on the prepaid equity forward.

DEFERRED SHARE UNITS (000'S)	3 MONTHS ENDED	
	SEP 30, 2015	SEP 30, 2014
Balance – Beginning of period	123	89
Issued during period	10	6
Balance – End of period	133	95

Restricted Share Units

The Company's RSU plan was established in September 2010, and represents notional share units granted to employees in order to enhance the Company's ability to attract and retain talented employees and to promote a significant alignment of the interests of employees and the interests of the shareholders of the Company by providing employees with a long-term incentive tied to the long-term performance of the Common Shares. The number of RSUs received is determined by the market value of the Company's Common Shares at the time of award. RSUs allocated under this plan are adjusted to reflect dividends-in-kind. RSUs and related RSU dividends-in-kind vest over time at the rate of one-third of the total RSUs granted on each anniversary of the original grant date.

During the three months ended September 30, 2015, the Company awarded \$10,562 (September 30, 2014 – \$29,134) in RSUs to employees, plus \$419 (September 30, 2014 – \$nil) of RSUs granted as dividends-in-kind for the aggregate amount of dividends that would have been paid if the RSUs had been Common Shares. The amortization related to RSUs that has been included in salaries and benefits expense during the three months ended September 30, 2015, was \$4,031 (September 30, 2014 – \$3,738). During the three months ended September 30, 2015, \$12,737 (September 30, 2014 – \$4,894) of RSUs vested and were settled with treasury stock held by the Trusts in the period.

RESTRICTED SHARE UNITS (000'S)	3 MONTHS ENDED	
	SEP 30, 2015	SEP 30, 2014
Balance – Beginning of period	1,556	799
Issued during the period	469	938
Vested and settled during the period	(502)	(257)
Balance – End of period	1,523	1,480

Employee Common Share Ownership Plan

Under the Company's Employee Common Share Ownership Plan, employees who meet the eligibility criteria can contribute up to a certain percentage of their annual gross salary by way of payroll deductions. The Company matches a certain percentage of the employee contribution amount, to a defined maximum amount. The Company's contribution of \$51 for the three months ended September 30, 2015 (September 30, 2014 – \$38), is included in the salaries and benefits expense.

Executive Loan Program

The Executive Loan Program is designed to allow the next generation of Company leadership to accumulate meaningful equity positions in the Company to further align their interests with those of the shareholders. The Company provides guarantees for full recourse loans made to eligible employees by a third party institution at market interest rates to acquire shares of the Company on the open market. The acquired shares serve as collateral against the executive loan. Where the executive loan principal outstanding exceeds the fair value of the collateral, management will assess the probability of default by the executive and other possible recourse from the executive's assets. Any corresponding liability is recognized in the Company's financial statements. As at September 30, 2015, the corresponding liability was \$nil (June 30, 2015 – \$nil).

As part of an agreement with the third party institution, the Company is required to hold a balance as restricted cash, which is a proportion of the outstanding executives' borrowings. The restricted cash balance fluctuates directly with changes in the outstanding executive loan balances and will become available upon reduction of the outstanding loan balances. As at September 30, 2015, \$1,424 of restricted cash (June 30, 2015 – \$1,424) is held in a segregated account in connection with this loan guarantee.

12. EARNINGS PER SHARE

The treasury stock method is used in the calculation of per share amounts. Basic earnings per share amounts are determined by dividing net income by the weighted average number of shares outstanding during the period, including shares held in escrow but excluding shares held in the Trusts, which are not considered to be outstanding in the relevant period for accounting purposes.

The following table presents the Company's basic and diluted earnings per share for the three months ended September 30:

BASIC AND DILUTED EARNINGS PER SHARE	3 MONTHS ENDED	
	SEP 30, 2015	SEP 30, 2014
Numerator:		
Net income attributable to shareholders	\$ 7,226	\$ 7,390
Denominator (Number of shares in thousands):		
Weighted average number of shares outstanding – basic	30,091	30,207
Weighted average number of stock options outstanding	58	208
Weighted average number of outstanding RSU	1,120	587
Weighted average number of shares outstanding – diluted	31,269	31,002
Earnings per share		
Basic	\$ 0.24	\$ 0.25
Diluted ¹	\$ 0.23	\$ 0.24

Notes:

1. For the three months ended September 30, 2015, all weighted-average options outstanding were included (September 30, 2014 – all included), as the average market price exceeded their option price. For the three months ended September 30, 2015, the computation of diluted earnings per share excluded 71,323 RSU's outstanding (September 30, 2014 – 132,548 excluded).

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue operations as a going concern and to meet regulatory requirements and other contractual obligations.

The Company's capital comprises share capital, treasury stock, contributed surplus, retained earnings and accumulated other comprehensive loss.

The Company's senior management team is responsible for approving the Company's capital management objectives and policies, and for overseeing the effective management of capital. The Board of Directors reviews the Company's capital plans as part of its review of strategic initiatives and at least annually in connection with the financial forecast process. In the normal course of business, the Company generates adequate operating cash flows to meet its obligations.

For July 1, 2015, onwards, Gluskin Sheff + Associates Inc. is required to maintain minimum working capital levels of \$100, as a registration requirement under the Ontario Securities Act. For July 1, 2014 to June 30, 2015, Gluskin Sheff + Associates Inc. and Blair Franklin Asset Management Inc. were required to maintain minimum working capital levels of \$25 and \$100, respectively, as a registration requirement under the Ontario Securities Act. Throughout the three months ended September 30, 2015 and 2014, working capital in excess of the requirements was maintained.

14. INCOME TAXES

The Company's income tax expense differs from the amount that would be computed by applying the combined Canadian federal and provincial statutory income tax rate as a result of the following:

	3 MONTHS ENDED	
	SEP 30, 2015	SEP 30, 2014
Income tax provision based on statutory income tax rate, 26.5% (2014 – 26.5%)	\$ 2,751	\$ 2,744
Increase (decrease) in income taxes resulting from:		
Expenses not deductible for tax purposes	30	278
RSUs – differences between tax deductions and accounting estimates	206	—
Dividends received from Trusts	108	—
Other	62	(58)
Income tax provision as reported, 30.41% (2015 – 28.62%)	<u>\$ 3,157</u>	<u>\$ 2,964</u>

The following table details the components of the Company's deferred income tax assets and liabilities as at September 30, 2015, and June 30, 2015:

	AS AT SEP 30, 2015	AS AT JUN 30, 2015
Deferred income tax assets		
Accrued and long term liabilities	\$ 792	\$ 954
Prepaid equity forward	254	128
Restricted share units	5,776	7,966
Restricted share units dividends-in-kind	890	1,223
Service fee payable	279	332
Post-retirement obligations	3,254	3,686
Total deferred income tax assets	<u>\$ 11,245</u>	<u>\$ 14,289</u>
Deferred income tax liabilities		
Acquired intangible assets	(8,371)	(8,640)
Property and equipment	(893)	(882)
Total deferred income tax liabilities	<u>\$ (9,264)</u>	<u>\$ (9,522)</u>
Net deferred income tax assets	<u>\$ 1,981</u>	<u>\$ 4,767</u>

As at September 30, 2015, the Company had \$1,707 (June 30, 2015 – \$1,707) of unused capital losses realized on the disposition of security holdings, for which no benefit has been recognized in these financial statements. These capital losses do not have any expiry date.

15. SALARIES AND BENEFITS

Included in salaries and benefits expense for the three months ended September 30, 2015, are accrued cash bonuses of \$3,742 (September 30, 2014 – \$3,551), RSU amortization relating to prior fiscal years of \$3,719 (September 30, 2014 – \$3,441) and RSU amortization relating to the current fiscal year of \$312 (September 30, 2014 – \$297).

16. CLIENT WEALTH MANAGEMENT

The following table presents the breakdown of client wealth management expenses by nature:

	3 MONTHS ENDED	
	SEP 30, 2015	SEP 30, 2014
Donations	\$ 346	\$ 295
Marketing	36	50
Travel	49	44
Promotion	71	133
	<u>\$ 502</u>	<u>\$ 522</u>

17. GENERAL AND ADMINISTRATIVE

The following table presents the breakdown of general and administrative expense by nature:

	3 MONTHS ENDED	
	SEP 30, 2015	SEP 30, 2014
Insurance	\$ 108	\$ 111
Systems development, infrastructure and licenses	1,251	717
Research data	566	181
Office services and telecommunications	500	466
Professional fees	259	62
Regulatory and public company fees	424	448
Sub-advisory fees and other fees	71	90
Gluskin Sheff Research publication expenses	436	448
Acquisition and integration costs	—	625
Net change in service fees and earn-out	38	45
Other	442	187
	<u>\$ 4,095</u>	<u>\$ 3,380</u>

18. OCCUPANCY

The following table presents the breakdown of occupancy expense by nature:

	3 MONTHS ENDED	
	SEP 30, 2015	SEP 30, 2014
Lease for premises	\$ 759	\$ 846
Lease termination costs	—	400
Premises maintenance	50	94
	<u>\$ 809</u>	<u>\$ 1,340</u>

19. DIVIDENDS

The following dividends were declared by the Company during the three months ended September 30, 2015, and paid by the Company on October 8, 2015:

DIVIDENDS DECLARED	RECORD DATE	PAYMENT DATE	CASH DIVIDEND PER SHARE	TOTAL DIVIDEND AMOUNT (\$000'S)
June 30, 2015 – regular dividend Q4, 2015	September 28, 2015	October 8, 2015	\$0.225	\$ 6,763
June 30, 2015 – special dividend Q4, 2015	September 28, 2015	October 8, 2015	0.050	1,503
Total Dividends Declared			<u>\$0.275</u>	<u>\$ 8,266</u>

Subsequent to quarter end, on November 12, 2015, the Company declared a regular dividend of \$0.25 per equity share for the quarter ended September 30, 2015. This dividend will be paid on December 3, 2015, to shareholders of record at the close of business on November 23, 2015.

As part of the RSU plan, as described in note 11, the following dividends in kind were granted by the Company during the three months ended September 30, 2015:

DIVIDENDS IN KIND - GRANTED	RECORD DATE	GRANT DATE	DIVIDEND IN KIND PER SHARE	TOTAL DIVIDEND IN KIND AMOUNT (\$000'S)
June 30, 2015 – regular dividend Q4, 2015	September 28, 2015	October 8, 2015	\$0.225	\$ 343
June 30, 2015 – special dividend Q4, 2015	September 28, 2015	October 8, 2015	0.050	76
Total Dividends in Kind Granted			<u>\$0.275</u>	<u>\$ 419</u>

The following dividends were declared by the Company during the three months ended September 30, 2014, and paid by the Company on October 14, 2014:

DIVIDENDS DECLARED	RECORD DATE	PAYMENT DATE	CASH DIVIDEND PER SHARE	TOTAL DIVIDEND AMOUNT (\$000'S)
June 30, 2014 – regular dividend Q4, 2014	October 1, 2014	October 14, 2014	\$0.200	\$ 6,165
June 30, 2014 – special dividend Q4, 2014	October 1, 2014	October 14, 2014	0.350	10,789
Total Dividends Declared			<u>\$0.550</u>	<u>\$16,954</u>

There were no dividends-in-kind granted by the Company during the three months ended September 30, 2014.

20. WORKING CAPITAL

The following table presents the breakdown of the net change in working capital:

	3 MONTHS ENDED	
	SEP 30, 2015	SEP 30, 2014
Accounts receivable	\$ 5,558	\$ 57,959
Prepaid expenses and other assets	(98)	280
Income tax recoverable	(767)	(4,824)
Accounts payable and accrued liabilities	(2,562)	(10,880)
Income tax payable	—	(24,726)
Accrued bonuses	(23,862)	(41,504)
Post-retirement obligation	(1,727)	45
Service fee and earn-out payable	(176)	—
	<u>\$ (23,634)</u>	<u>\$ (23,650)</u>

21. FINANCIAL INSTRUMENT RISKS

The Company's financial instruments include cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, dividends payable and accrued bonuses, whose carrying values approximate their fair values due to their short-term nature. DSUs and the prepaid equity forward are marked-to-market. Financial instruments comprised of short-term investment holdings and other securities owned are recorded at fair value using quotations from independent third-party pricing sources.

Financial instruments present a number of specific risks as identified below:

Market Risk

Market risk refers to the risk that a change in the level of one or more of market prices, interest rates or foreign currency exchange rates, will result in losses. Short-term investment holdings and other securities owned are recognized at fair value and classified as available-for-sale, and any changes to fair value will affect other comprehensive income as they occur. The maximum risk resulting from financial instruments is determined by the fair values of the financial instruments. The Company separates market risk into three categories: price risk, interest rate risk and foreign exchange risk.

(i) *Price Risk*

Price risk arises from the possibility that changes in the prices of the Company's investments will result in changes in carrying values. As at September 30, 2015 and June 30, 2015, there were no investments in equity securities. Price risk also arises from the possibility that changes in the Company's stock price will result in a change in the carrying value of DSUs and the prepaid equity forward. Included as a current asset on the balance sheet as at September 30, 2015, is \$1,839 (June 30, 2015 – \$2,318) related to the prepaid equity forward. Included in current liabilities and long-term liabilities on the balance sheet as at September 30, 2015, are \$503 and \$2,184, respectively, (June 30, 2015 – \$634 and \$2,459) in current and long-term liabilities related to DSUs. A portion of the DSUs have been economically hedged with the prepaid equity forward. If the Company's stock price increased by 5%, this would have decreased net income before provision for income taxes by approximately \$639 (June 30, 2015 – \$611); conversely, if the Company's stock price decreased by 5%, this would have increased net income before provision for income taxes by \$578 (June 30, 2015 – \$552).

In practice, the actual results may differ from this sensitivity analysis and the difference may be material.

(ii) *Interest Rate Risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the carrying value of financial instruments. As at September 30, 2015, the Company was subject to interest risk through some of its short-term investments, which was comprised of debt securities. The Company's sensitivity to interest rates as determined based on portfolio weighted duration was not significant as at September 30, 2015, and June 30, 2015, since almost all investments in debt securities have a term to maturity of less than 90 days.

In practice, the actual results may differ from this sensitivity analysis and the difference may be material.

(iii) *Foreign Exchange Risk*

Foreign exchange risk arises from the possibility that changes in the price of foreign currencies will result in changes in carrying value. The Company holds financial assets denominated in currencies other than the Canadian dollar. The Company is therefore exposed to foreign exchange risk, as the value of financial assets denominated in other currencies will fluctuate due to changes in foreign exchange rates. As at September 30, 2015 and June 30, 2015, there were no investments in securities owned and managed by the Company denominated in U.S. dollars. As at September 30, 2015, a total of \$3,022 (June 30, 2015 – \$3,233) of cash and \$245 (June 30, 2015 – \$5,442) of accounts receivable were denominated in U.S. dollars. As at September 30, 2015, had the U.S. dollar foreign exchange rate relative to the Canadian dollar increased by 5%, with all other variables held constant, the decrease in net income before provision for income taxes would have amounted to approximately \$117 (June 30, 2015 – \$310). Conversely, had this foreign exchange rate decreased by 5%, this would have increased net income before provision for income taxes to approximately \$129 (June 30, 2015 – \$342).

In practice, the actual results may differ from this sensitivity analysis and the difference may be material.

Credit Risk

Credit risk arises from the potential that counterparties will fail to satisfy their obligations as they come due. The Company incurs credit risk when entering into, settling and financing various investment transactions. The Company is exposed to credit risk on its holdings of corporate debt securities and derivatives, if any. As at September 30, 2015 and June 30, 2015, there were no corporate debt securities included in short-term investments. The Company's risk management strategy is to invest primarily in debt instruments of high credit quality issuers and to limit the amount of credit exposure with respect to any one issuer.

Also included in short-term investments are debt securities issued by the federal government and Canadian banks with credit ratings of AA or higher as at September 30, 2015, and June 30, 2015. Credit risk is considered low as these instruments are held by high credit quality issuers and have terms to maturity of less than one year.

As described in note 11, under the Executive Loan program, loans are made to eligible employees by a third party institution to acquire equity positions in the Company. The Company is exposed to credit risk on its guarantee for full recourse of these loans. Credit risk is considered low as shares acquired by the eligible employees serve as collateral against the executive loan and as at September 30, 2015, and June 30, 2015, the fair value of the collateral exceeded the executive loan amounts. If the executive loan principal outstanding exceeds the fair value of the collateral, management will assess the probability of default by the executive and possible recourse from the executive's assets. As part of an agreement with the third party institution, the Company is required to hold a balance as restricted cash, which is a proportion of the outstanding executives' borrowings. The restricted cash balance was held at a Canadian bank with a credit rating of AA- as at September 30, 2015, and June 30, 2015. As a result credit risk is considered minimal.

As described in note 11, the Company has an agreement with a Schedule I bank, which serves as the counterparty for a prepaid equity forward to economically hedge the Company's DSUs. The Company is exposed to credit risk of the counterparty. Credit risk is considered minimal as the counterparty is a Schedule I Canadian bank with a credit rating of AA- as at September 30, 2015.

Credit risk is also managed by dealing with counterparties the Company believes to be creditworthy by actively monitoring credit exposure and the financial health of the counterparties. The majority of accounts receivable relates to Base Management Fees and Performance Fees receivable from the pooled fund vehicles and segregated accounts managed by the Company, which are current.

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's exposure to liquidity risk is minimal as it maintains sufficient levels of liquid assets to meet its obligations as they come due. The current assets reflected in the balance sheets are highly liquid.

The majority of the investments held by the Company are readily marketable and are recorded at their fair values. Restricted cash balances are held in relation to any obligation that may arise from the Executive Loan Program, as described in note 11. Financial liabilities as at September 30, 2015, totaled \$11,517 (June 30, 2015 – \$38,162), and included accounts payable and accrued liabilities (excluding deferred revenue), and accrued bonuses, with all amounts due within three months and long-term liabilities. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations as they come due, as well as ensuring adequate funds exist to support business strategies and operations growth. The Company manages liquidity risk by monitoring cash balances on a daily basis.

Concentration Risk

Concentration risk arises from the possibility that changes in market factors will affect the carrying value of financial instruments similarly. The Company is exposed to concentration risk principally on its holdings of debt securities. As at September 30, 2015, and June 30, 2015, the Company held debt securities issued by the federal government and Canadian banks. The Company has accepted the concentration risk associated with its holdings, as there is minimal credit risk associated with these debt securities.

22. AUDITORS

The unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of Gluskin Sheff + Associates Inc.'s management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

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