First Quarter Results | 2018

THREE MONTHS ENDED SEPTEMBER 30, 2017

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 strong, risk-adjusted returns together with the highest level of personalized client service.

Report to Shareholders

First Quarter Ended September 30, 2017

Net income for the three months ended September 30, 2017, was $5.8 million, and represented earnings per share, basic and diluted, of $0.19. Net income for the three months ended September 30, 2016, was $7.4 million and represented earnings per share, basic and diluted, of $0.25 and $0.24, respectively. Total revenues remained unchanged at $28.6 million while total expenses before tax increased $1.4 million, and the Company's effective tax rate increased from 30% to 35.9%.

As at September 30, 2017, Assets Under Management (AUM) remained flat at $8.9 billion. Positive net investment performance of $67 million was partially offset by net withdrawals of $30 million. High net worth clients had net withdrawals of $47 million while institutional clients had net additions of $17 million. High net worth clients comprise 86% of AUM as at September 30, 2017, unchanged from June 30, 2017.

Base Management Fees and Performance Fees both remained unchanged from the year ago quarter at $26.7 million and $1.3 million, respectively.

Total expenses increased by $1.4 million from the year-ago quarter and is primarily due to the absence of $1.1 million in partial recoveries in the prior year quarter of a charge recognized in fiscal 2016, relating to the tax treatment of certain transactions in two pooled funds, retirement payments and severances higher by $0.9 million, and a one-time $0.5 million compensation adjustment. Partially offsetting these increases were lower restricted share unit amortization of $0.5 million, a decrease in professional fees related to the Founders' arbitration to $0.1 million from $0.4 million, and lower system licenses fees.

The Company's effective tax rate for the three months ended September 30, 2017, increased year-over-year to 35.9% from 30% due to higher dividends received by the Company on the treasury stock held by the RSU Trusts, which is taxable but not reflected in income for accounting purposes. Also contributing to the increase in the effective tax rate was a higher grant price on RSUs vested in the period relative to the cash cost of treasury shares used to settle these vested RSU awards.

Base EBITDA was $11.8 million, compared with $12.4 million in the year ago quarter due primarily to higher cash expenses, as described above.

Global equity markets continued to appreciate this quarter after a period of increased volatility earlier this summer. Global economic data is improving and corporate earnings remain strong. While certain areas of the market are expensive, we continue to find investment opportunities around the globe.

Our portfolios performed well during the quarter and are now positioned to reflect our more constructive outlook as we move into the final three months of the year. We are particularly excited about opportunities in certain markets (notably European and Asian markets, which continue to trade at a discount to North America and are producing impressive economic growth) and certain industries such as financials and select energy companies. We are encouraged that our fixed income portfolios contributed positively during a quarter when areas of the bond market were challenged, particularly in Canada following the Bank of Canada's two interest rate increases.

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 growth opportunities.

JEFFREY MOODY

President & Chief Executive Officer
November 10, 2017

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") for the three months ended September 30, 2017, is provided as of November 10, 2017. 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, 2017, the audited annual consolidated financial statements, including the notes thereto, of Gluskin Sheff + Associates Inc. for the year ended June 30, 2017 and 2016, 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, 2017. The Canadian dollar is our functional and reporting currency for purposes of preparing the Company's audited annual consolidated financial statements. Certain totals, subtotals and percentages may not reconcile due to rounding. Certain comparative figures have been reclassified to conform to 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 AUM 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, founders' related obligations, stock options expense and amortization of restricted share unit ("RSU") awards, less 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 and founders' retirement obligation provision.

Adjusted EBITDA
Adjusted EBITDA is Base EBITDA adjusted for Performance Fees, 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 compensation (which contains a bonus component that may fluctuate significantly based upon the overall performance of the Company and the amount of Performance Fees earned), client wealth management, general and administrative and occupancy expenses, as well as the amortization of property and equipment and amortization of intangible assets.

FINANCIAL HIGHLIGHTS

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

ASSETS UNDER MANAGEMENT *($ in millions)*	3 MONTHS ENDED SEP 30, 2017	3 MONTHS ENDED SEP 30, 2016
Assets Under Management – Beginning of period	**$ 8,886**	**$ 8,298**
Net withdrawals	(30)	(70)
Net investment performance	67	306
Assets Under Management – End of period	**$ 8,923**	**$ 8,534**

INCOME STATEMENT INFORMATION	3 MONTHS ENDED SEP 30, 2017	3 MONTHS ENDED SEP 30, 2016	$ CHANGE QTR-ON-QTR
Revenue			
Base management fees	$ 26,671	$ 26,741	$ (70)
Performance fees	1,262	1,310	(48)
Other income	642	542	100
Total Revenue	**28,575**	**28,593**	**(18)**
Total Expenses	**19,517**	**18,065**	**1,452**
Income before provision for income taxes	**9,058**	**10,528**	**(1,470)**
Provision for income taxes	3,257	3,164	(93)
Net income attributable to shareholders	**$ 5,801**	**$ 7,364**	**$ (1,563)**
Basic earnings per share	**$ 0.19**	**$ 0.25**	**$ (0.06)**
Diluted earnings per share	**$ 0.19**	**$ 0.24**	**$ (0.05)**
SELECTED ADJUSTED FINANCIAL INFORMATION			
Base EBITDA	**$ 11,775**	**$ 12,441**	**$ (666)**
Adjusted EBITDA	**$ 12,527**	**$ 13,227**	**$ (700)**

For the three months ended September 30, 2017:

- Net income was $5.8 million, and represented basic and diluted earnings per share of $0.19. Net income for the quarter ended September 30, 2016, was $7.4 million, and represented earnings per share, basic and diluted, of $0.25 and $0.24, respectively. Total revenues remained unchanged at $28.6 million while total expenses before tax increased $1.4 million, and the Company's effective tax rate increased from 30% to 35.9%.
- AUM was essentially flat at $8.9 billion as at September 30, 2017, from June 30, 2017, as positive net investment performance of $67 million was partially offset by net withdrawals of $30 million. High net worth clients had net withdrawals of $47 million while institutional clients had net additions of $17 million. High net worth clients comprise 86% of AUM as at September 30, 2017, unchanged from June 30, 2017.
- Base Management Fees remained unchanged from the year ago quarter at $26.7 million. Average AUM for the quarter increased to $8.9 billion from $8.5 billion for the same quarter last year. The average Base Management Fee Percentage decreased to 1.19% from 1.25% for the same quarter last year.
- Performance Fees remained unchanged from the year ago quarter at $1.3 million.
- The increase in total expenses of $1.4 million from the year-ago quarter is primarily due to the absence of $1.1 million in partial recoveries in the prior year quarter of a charge recognized in fiscal 2016, relating to the tax treatment of certain transactions in two pooled funds, retirement payments and severances higher by $0.9 million and a one-time $0.5 million compensation adjustment. Partially offsetting these increases were lower RSU amortization of $0.5 million, a decrease in professional fees related to the Founders' arbitration to $0.1 million from $0.4 million, and lower system licenses fees.

- The Company's effective tax rate for the three months ended September 30, 2017, increased year-over-year to 35.9% from 30% due to higher dividends received by the Company on the treasury stock held by the RSU Trusts, which is taxable but not reflected in income for accounting purposes. Also contributing to the increase in the effective tax rate was a higher grant price on RSUs vested in the period relative to the cash cost of treasury shares used to settle these vested RSU awards.
- Base EBITDA was $11.8 million, compared with $12.4 million in the year ago quarter due primarily to higher cash expenses, as described above.

MARKET OUTLOOK AND BUSINESS ENVIRONMENT

As the investment industry continues to grow and become more competitive, the overall client experience (both relationship and returns) has becoming increasingly important in the attraction and retention of clients. Referrals from existing clients continue to be important source of new business. As such we believe that the best path for growing our business is to remain focused on providing our existing clients with a combination of strong risk-adjusted returns and high levels of service.

In addition to providing our clients with discretionary investment management services, we are beginning to integrate broader wealth management services. These include reviews of overall asset mix and net worth, holistic risk analysis, financial planning, intergenerational counsel and more frequent educational events.

When it comes to our outlook for the capital markets, our fundamental, bottom-up approach to investing continues to uncover attractive opportunities, despite stretched valuations in certain segments of the market. As always, we remain disciplined and focused on long-term goals. We employ a diversified asset mix that includes Canadian, U.S., and International equities along with income and credit alternative strategies that can minimize interest rate risk.

SUMMARY FINANCIAL INFORMATION

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

BALANCE SHEET INFORMATION	AS AT SEP 30, 2017	AS AT JUN 30, 2017	AS AT SEP 30, 2016
Total assets	**$ 163,978**	**$ 185,075**	**$ 157,667**

INCOME STATEMENT INFORMATION	3 MONTHS ENDED SEP 30, 2017	3 MONTHS ENDED SEP 30, 2016
Revenue		
Base management fees	$ 26,671	$ 26,741
Performance fees	1,262	1,310
Other income	642	542
	28,575	**28,593**
Expenses		
Operating expenses	(12,338)	(10,544)
Provision for cash bonus	(3,327)	(3,355)
Amortization of RSUs	(2,160)	(2,669)
Other amortization	(1,692)	(1,497)
	(19,517)	**(18,065)**
Income before provision for income taxes	**9,058**	**10,528**
Provision for income taxes	(3,257)	(3,164)
Net income attributable to shareholders	**5,801**	**7,364**
Other amortization	1,692	1,497
Provision for income taxes	3,257	3,164
EBITDA	**$ 10,750**	**$ 12,025**
Basic earnings per share	**$ 0.19**	**$ 0.25**
Diluted earnings per share	**$ 0.19**	**$ 0.24**
SELECTED ADJUSTED FINANCIAL INFORMATION		
EBITDA	**$ 10,750**	**$ 12,025**
Provision for cash bonus	3,327	3,355
Stock option expense	375	33
Founders' related obligations	36	94
EBITDA before compensation adjustment	**14,488**	**15,507**
Base cash bonus	(2,931)	(3,087)
Base RSU bonus	(680)	(757)
Amortization of RSUs	2,160	2,669
Special RSU award[1]	–	(581)
Performance fees	(1,262)	(1,310)
Base EBITDA	**11,775**	**12,441**
Performance fees	1,262	1,310
Performance fee cash bonus	(410)	(421)
Performance fee RSU bonus	(100)	(103)
Adjusted EBITDA	**$ 12,527**	**$ 13,227**

Notes:

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

RESULTS OF OPERATIONS

Overall Performance

For the three months ended September 30, 2017, the Company earned $0.19 per share, on a basic and diluted basis, compared with $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 $5.8 million from $7.4 million. The decrease in net income was due to an increase in total expenses before tax of $1.4 million while total revenues remained flat at $28.6 million.

Base EBITDA was $11.8 million for the three months ended September 30, 2017, compared with $12.4 million in the year ago quarter due primarily to higher cash expenses.

Adjusted EBITDA for the three months ended September 30, 2017, decreased by $0.7 million to $12.5 million from $13.2 million for the same period last year, due primarily to the decrease in Base EBITDA as net Performance Fees (Performance Fees, net of related bonus expense) remained relatively unchanged from the prior year period.

Revenue

Total revenue for the three months ended September 30, 2017, remained unchanged at $28.6 million from the year ago quarter.

Base Management Fees for the three months ended September 30, 2017, remained unchanged at $26.7 million from the year ago quarter as an increase in Average AUM of $0.5 billion to $8.9 billion was offset by a decrease in the average Base Management Fee Percentage to 1.19% from 1.25% as a result of asset mix changes.

Performance Fees for the three months ended September 30, 2017 and 2016 were $1.3 million.

Other income for the three months ended September 30, 2017, was $0.6 million versus $0.5 million in the year ago quarter. The increase in other income for the three months ended September 30, 2017, is due primarily to higher investment income year-over-year.

Expenses

Total expenses for the three months ended September 30, 2017, increased year-over-year by $1.4 million or 8.0% to $19.5 million from $18.1 million.

Compensation expense for the three months ended September 30, 2017, increased year-over-year by $0.8 million to $13.0 million from $12.2 million primarily due to retirement and severance costs higher by $0.9 million and a one-time $0.5 million compensation adjustment. These increases were partially offset by lower RSU amortization of $0.5 million.

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 estimated cash percentage used in calculating the first fiscal quarter's bonus was 80% (September 30, 2016 – 80%).

Client wealth management expenses of $0.7 million remained relatively flat.

General and administrative expenses for the three months ended September 30, 2017, increased year-over-year by $0.5 million to $4.2 million from $3.7 million. The absence of a partial recovery in the year ago quarter of $1.1 million of a charge recognized in fiscal 2016, relating to the tax treatment of certain transactions in two pooled funds was the primary cause of the increase in general and administrative expenses. Partially offsetting this increase was a decrease to $0.1 million from $0.4 million in professional fees related to the Founders' arbitration and lower system license costs in the period.

Occupancy costs for the three months ended September 30, 2017, remained unchanged at $0.9 million year-over-year and amortization of property and equipment remained unchanged at $0.4 million.

Year-over-year, amortization of intangible assets for the three months ended September 30, 2017, increased $0.2 million to $1.3 million from $1.1 million due primarily to higher derecognition expense.

Tax Rates

The Company's effective tax rate for the three months ended September 30, 2017, increased to 35.9% from 30.0% in the same period last year due in part to the absence of a non-taxable partial recovery of $1.1 million of a charge recognized in fiscal 2016, relating to a change in tax treatment of certain transactions related to two pooled funds, increases in other non-

deductible expenses for tax purposes and higher dividends received by the Company on the treasury stock held by the RSU Trusts, which is taxable but not reflected in income for accounting purposes. Also contributing to the increase in the effective tax rate was a higher grant price on RSUs vested in the period relative to the cash cost of treasury shares used to settle these vested RSU awards. The difference between the grant price and the cash cost of the vested RSU awards is reflected in the effective tax rate in the period of vesting. The effective tax rate will be higher than the statutory tax rate as the income statement RSU amortization expense over the life of the RSU award reflected the grant price whereas the tax deduction reflects the cash cost of the treasury shares used to settle the RSU awards.

Accounts Receivable

The Company's accounts receivable at September 30, 2017, and June 30, 2017, consisted primarily of amounts attributable to Base Management Fees and Performance Fees.

Dividends

On September 18, 2017, the Company declared a regular dividend of $0.25 per equity share relating to the quarter ended June 30, 2017, and a special dividend of $0.85 per equity share. These dividends were paid on October 13, 2017, to shareholders of record at the close of business on October 3, 2017.

On November 10, 2017, the Company declared a regular dividend of $0.25 per equity share relating to the quarter ended September 30, 2017. This dividend will be paid on November 30, 2017, to shareholders of record at the close of business on November 21, 2017.

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, 2017	$ 7.14	$ 8.12	$ 15.26
Declared – in the first quarter of fiscal 2018, paid October 13, 2017	0.25	0.85	1.10
Declared – in the second quarter of fiscal 2018, payable November 30, 2017	0.25	-	0.25
TOTAL PER EQUITY SHARE	**$ 7.64**	**$ 8.97**	**$ 16.61**

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 audited annual 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, 2015	AS AT MAR 31, 2016	AS AT JUN 30, 2016	AS AT SEP 30, 2016	AS AT DEC 31, 2016	AS AT MAR 31, 2017	AS AT JUN 30, 2017	AS AT SEP 30, 2017
Assets Under Management *($ in millions)*	**$ 8,307**	**$ 8,199**	**$ 8,298**	**$ 8,534**	**$ 8,739**	**$ 8,873**	**$ 8,886**	**$ 8,923**

	3 MONTHS ENDED DEC 31, 2015	3 MONTHS ENDED MAR 31, 2016	3 MONTHS ENDED JUN 30, 2016	3 MONTHS ENDED SEP 30, 2016	3 MONTHS ENDED DEC 31, 2016	3 MONTHS ENDED MAR 31, 2017	3 MONTHS ENDED JUN 30, 2017	3 MONTHS ENDED SEP 30, 2017
INCOME STATEMENT INFORMATION								
Revenue								
Base management fees	$ 26,828	$ 25,587	$ 25,880	$ 26,741	$ 26,612	$ 26,141	$ 27,058	$ 26,671
Performance fees	31,198	34	1,048	1,310	37,431	547	3,922	1,262
Other income	613	598	500	542	539	606	590	642
	$ 58,639	**$ 26,219**	**$ 27,428**	**$ 28,593**	**$ 64,582**	**$ 27,294**	**$ 31,570**	**$ 28,575**
Net income	**18,765**	**4,995**	**3,320**	**7,364**	**24,004**	**6,001**	**5,807**	**5,801**
Base EBITDA	**10,957**	**11,530**	**10,220**	**12,441**	**10,848**	**10,779**	**9,402**	**11,775**
Adjusted EBITDA	**29,454**	**11,553**	**10,847**	**13,227**	**33,236**	**11,105**	**11,747**	**12,527**
Basic earnings per share	**$ 0.63**	**$ 0.17**	**$ 0.11**	**$ 0.25**	**$ 0.80**	**$ 0.20**	**$ 0.19**	**$ 0.19**
Diluted earnings per share	**$ 0.61**	**$ 0.16**	**$ 0.11**	**$ 0.24**	**$ 0.78**	**$ 0.19**	**$ 0.19**	**$ 0.19**

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, 2017
($ in millions of Canadian dollars)

Annualized Net Rates of Return[1]

Investment Strategies	Inception Date	AUM $	Calendar Year-to-Date[7]	1 Year %	3 Year %	5 Year %	10 Year %	Since Inception[11] %
Equity[2]								
Premium Income[4]	JUL 2001	1,951	4.2	7.2	4.6	8.1	7.0	11.9
Canadian Equity[4]	JAN 1991	110	6.9	10.7	7.3	8.6	1.5	11.3
U.S. Equity Fund[9]	AUG 2011	1,042	5.8	13.4	11.9	16.1	–	16.7
U.S. Equity Fund II[9, 10]	FEB 1986	45	1.0	8.5	9.3	13.7	7.0	9.8
International[3, 5]	AUG 2008	903	15.8	15.9	8.7	10.6	–	6.0
Growth[4]	JUL 1984	2	5.8	10.1	9.1	11.9	4.5	10.9
		4,053						
Equity Alternative[6]								
Enhanced Preferred Share Fund	JAN 2016	166	3.1	4.9	–	–	–	7.3
Global Special Situations Fund	APR 2017	75	–	–	–	–	–	0.6[11]
		241						
Fixed Income & Credit Alternative								
Tactical Fixed Income[6]	JAN 2013	1,554	2.7	4.4	3.1	–	–	3.9
Blair Franklin Global Credit Fund	MAR 2004	1,349	3.2	5.3	6.0	7.0	11.7[8]	11.9[8]
Enhanced Yield[3, 5]	FEB 2009	460	3.8	5.1	2.6	4.4	–	5.4
Credit Arbitrage[5]	JAN 2009	165	2.5	4.3	2.8	4.1	–	5.7
Enhanced Bond[5]	DEC 2008	320	1.8	2.8	2.3	3.6	–	5.1
		3,848						
Segregated Institutional & Special Mandates[12]		**781**						
Assets Under Management		**8,923**						

Notes:

1. *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.*
2. *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.*
3. *The performance presented includes the historical returns of the incubated versions of each respective portfolio, prior to it being offered to Gluskin Sheff clients.*
4. *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.*
5. *The returns presented are those of the GS+A fund, Series A.*
6. *The returns presented are those of the GS+A Tactical Fixed Income Fund, Series A.*
7. *Calendar year-to-date returns are non-annualized.*
8. *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 10 year return since that time is 11.7% and the since inception return since that time is 12.9%.*
9. *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.*
10. *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. On July 1, 2015, the strategy of GS+A U.S. Equity II was harmonized with that of GS+A U.S. Equity Fund, with no hedging of foreign currency. The return of the fund since July 1, 2015, is 4.9% (annualized).*
11. *Since inception return is non-annualized.*
12. *Includes Institutional Canadian Equity models ($236 million) and institutional mandates managed primarily in accordance with our Premium Income portfolio model ($271 million), our Growth portfolio model ($131 million), our Credit Arbitrage portfolio model ($41 million), and our Enhanced Yield Bond portfolio model ($6 million) and private client mandates managed primarily in accordance with a combination of our Canadian Equity and Premium Income portfolio models ($6 million), and other special mandates ($90 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. The Company's Base Management Fees and current cash resources continue to be sufficient for ongoing operational needs. The Company has a credit facility (the "Facility") in place with a Schedule I bank that can be utilized, if required, to finance ongoing operational needs. The Company's unsecured revolving credit facility has a four-year term with a maximum aggregate principal amount. Advances under the Facility are made available by issuance of bankers' acceptances. The Facility is due in full on May 15, 2021, and no principal repayments are due until this date. During the three months ended September 30, 2017, (September 30, 2016 - $nil) the Company did not draw against the Facility and the amount available under the Facility is $7.0 million. Interest rates for amounts drawn under the Facility range from 1.2% to 1.7% depending on the senior debt ratio to earnings before income tax, depreciation and amortization (EBITDA) with standby fees ranging from 0.24% to 0.34% depending on the senior debt ratio to EBITDA. There are no significant regulatory capital requirements for the Company.

During the three months ended September 30, 2017, there were $0.1 million of acquisitions of property and equipment (September 30, 2016 - $0.1 million). During the three months ended September 30, 2017, there were no acquisitions of intangible assets related to systems development costs (September 30, 2016 – $nil) and no acquisitions of intangible assets related to development of systems or software not yet available for use by the Company (September 30, 2016 - $nil).

Gluskin Sheff's current liabilities are in the normal course of the Company's operations and are payable within one year and will be funded through cash provided by operating activities.

Aside from funding normal working capital requirements, Gluskin Sheff expects to fund new business initiatives and corporate development from its cash reserves, cash flows from operations or through utilization of the Facility.

The Company has no off-balance sheet financial arrangements, no debt and no material contractual obligations other than those described in the Company's audited annual consolidated financial statements as at June 30, 2017.

Gluskin Sheff's policies and procedures related to the management of capital are described in note 15 of the Company's September 30, 2017, 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 audited annual consolidated financial statements for the year ended June 30, 2017. 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

The Company entered into a transition and retirement 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 10 of the Company's unaudited interim consolidated financial statements for the three months ended September 30, 2017. The actuarial present value of the post-retirement obligations requires estimates including discount rates, and life expectancy, and was determined by a third-party actuary. Additional information, including amounts accrued and expensed in the current quarter, is provided in note 10 of the Company's unaudited interim consolidated financial statements for the three months ended September 30, 2017.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the obligation at the reporting date. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Where some or all of the expenditure is expected to be reimbursed by insurance or some other party, and reimbursement is virtually certain, the reimbursement is recognized as a separate asset on the balance sheet, and the net amount is recorded in the statement of income and comprehensive income. Provisions, if any, are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required to settle the obligation, the provision is reversed. Under the transition and retirement agreement (the "Agreements") with the Company's Co-Founders, certain employment benefits ("Sundry Obligations") are to be provided to the Co-Founders. As a result of a private arbitration involving the Company and its Co-Founders relating to a dispute under their transition and retirement agreements, described more fully in note 9 of the Company's unaudited interim consolidated financial statements for the three months ended September 30, 2017, a provision was recognized. On July 5, 2017, the Company received a ruling in the second phase of the binding arbitration proceedings in respect of the amounts payable to the Co-Founders for the Sundry Obligations. The arbitration ruling provided for an amount to be calculated based on certain principles, including discount rates and life expectancy, and requested the parties to attempt to reach agreement on the amount owing. Utilizing the principles established by the arbitration, the Company has calculated that this will result in payment to the Co-Founders of an aggregate amount of $9.4 million (the "Arbitration Award'). The Arbitration Award calculated by the Company represents the best estimate as at the reporting date and actual settlement amounts may differ. The provision as at September 30, 2016, of $11.9 million represented the amount that the Company considered to be payable in aggregate to the Co-Founders on the exercise of the Additional Remedy and in respect of their entitlement under the post-retirement agreements to each receive superannuation payments of $0.25 million per annum for life. The value of the provision as at September 30, 2016, required estimates including discount rates, life expectancy, benefits, perquisites and annual inflation assumptions.

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.

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. Deferred Share Units (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. Prepaid equity forward agreements were entered into 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. The Company's original prepaid equity forward, entered into in the last quarter of fiscal 2014, ended on April 22, 2016. Upon maturity of the original prepaid equity forward, the notional shares were rolled into a new prepaid equity forward, with valuation upon maturity on April 21, 2021. A second prepaid equity forward was entered into in January 2016 with a valuation date of April 27, 2021. These prepaid equity forwards are included in non-current assets. Short-term investments, the prepaid equity forwards, and DSUs are recorded at fair value using quotations from independent third-party pricing sources.

At September 30, 2017, the Company held $39.5 million in cash (June 30, 2017 – $21.7 million), $20.0 million in short-term investments (June 30, 2017 – $58.9), $0.7 million in restricted cash (June 30, 2017 – $0.7 million), and $3.1 million in prepaid equity (June 30, 2017 – $2.8 million). 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 23 of the Company's unaudited interim consolidated financial statements for the three months ended September 30, 2017, 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 to manage risks in our portfolio models
- Rapid growth 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 implement effective and efficient cyber security policies and training
- 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.

Due to the Company's reliance on information technology systems for storing, processing and maintaining client and company data, and managing client assets, the Company pays particular attention to cyber security risks. The wealth management industry has also put a focus on cyber risks, including the risk of loss or exposure of client information, fraudulent transactions, hacking or phishing attempts, or attacks that would reduce the Company's ability to continue managing client assets in a timely manner. Cyber breaches could result in reputational harm, trading losses, lost revenues or losses due to unauthorized transactions, among others. The Company's Risk Management Committee, overseen by the Audit & Risk Committee, oversees cyber risks. Cyber security policies and training are in place for all staff. In addition, the Company has an incident response plan in place to respond to a breach, and general liability and fraud insurance coverage to cover financial losses due to fraudulent transactions.

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 that 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, 2017, the Board consisted of seven directors, six 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.
- Nancy H.O. Lockhart serves as the Lead Director of 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 on a regular basis.
- 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, FCA, 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, the system of internal controls over financial reporting, and risk management.
- The Compensation, Nominating and Governance Committee is chaired by Paul M. 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, 2017. For further information, refer to note 6 of the Company's September 30, 2017, unaudited interim consolidated financial statements.

SHARE CAPITAL

In February 2016, the Company received approval from the TSX to renew its Normal Course Issuer Bid (NCIB). Under the renewed NCIB, up to 1,802,128 of the Company's Common Shares, or 10% of the Company's public float as of January 31, 2016, could be repurchased over the twelve month period beginning February 11, 2016 and ending February 10, 2017. The number of Common Shares that could be repurchased pursuant to the NCIB was subject to a daily maximum of 18,832 Common Shares, subject to the Company's ability to make purchases in accordance with the "block purchase exemption" of the TSX rules. Purchases were made at market prices through the facilities of the TSX. Common Shares purchased by the Company were cancelled.

In February 2017, the Company received approval from the TSX to renew its NCIB. Under the renewed NCIB, up to 2,739,018 of the Company's Common Shares, or 10% of the Company's public float as of January 31, 2017, could be repurchased over the twelve month period beginning February 16, 2017 and ending February 15, 2018. The number of Common Shares that can be repurchased pursuant to the NCIB is subject to a daily maximum of 19,842 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 or alternative Canadian trading systems. Common Shares purchased by the Company will be cancelled. During the three months ended September 30, 2017, and September 30, 2016, no Common Shares were repurchased under either of these authorizations.

During the three months ended September 30, 2017, no stock options were exercised and 100,000 stock options were granted.

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 13 to the unaudited interim consolidated financial statements for the three months ended June 30, 2017.

The number of outstanding stock options as at September 30, 2017, was 250,000, of which 83,333 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, 2017	AS AT JUN 30, 2017
ASSETS		
Current assets		
Cash	$ 39,544	$ 21,685
Short-term investments (note 4)	19,989	58,862
Accounts receivable (note 6)	14,855	14,345
Income taxes receivable (note 16)	4,002	113
Prepaid expenses and other assets	1,720	1,596
	80,110	**96,601**
Non-current assets		
Restricted cash (note 13)	697	695
Prepaid equity forwards (note 4 and 13)	3,093	2,756
Property and equipment	16,188	16,441
Intangible assets (note 2)	23,297	24,838
Goodwill (note 3)	39,188	39,188
Deferred income taxes, net (note 16)	1,405	4,556
	83,868	**88,474**
Total assets	**$ 163,978**	**$ 185,075**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 5, 6 and 13)	$ 7,182	$ 7,729
Dividend Payable	33,492	–
Post-retirement obligations (note 10)	500	500
Accrued bonuses (note 17)	3,108	25,472
Founders' retirement obligation provision (note 9)	9,375	9,375
	53,657	**43,076**
Non-current liabilities		
Long-term liabilities (note 13)	3,235	2,732
Post-retirement obligations (note 10)	4,657	4,746
	7,892	**7,478**
	$ 61,549	**$ 50,554**
SHAREHOLDERS' EQUITY		
Share capital (note 11)	$ 66,356	$ 66,356
Treasury stock (note 12)	(14,939)	(24,511)
Contributed surplus	20,969	33,985
Retained earnings	33,589	62,237
Accumulated other comprehensive loss	(3,546)	(3,546)
	102,429	**134,521**
Total liabilities and shareholders' equity	**$ 163,978**	**$ 185,075**

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, 2017	3 MONTHS ENDED SEP 30, 2016
REVENUE		
Base management fees (note 6)	$ 26,671	$ 26,741
Performance fees (note 6)	1,262	1,310
Other income (note 5)	642	542
	28,575	**28,593**
EXPENSES		
Compensation (note 10, 13 and 17)	12,961	12,241
Reimbursements from pooled funds (note 6)	(874)	(884)
Client wealth management (note 18)	654	647
General and administrative (note 6, 13 and 19)	4,194	3,665
Occupancy (note 20)	890	899
Amortization of property and equipment	363	400
Amortization and derecognition of intangible assets (note 2)	1,329	1,097
	19,517	**18,065**
Income before provision for income taxes	**$ 9,058**	**$ 10,528**
Provision for income taxes (note 16)		
Current income taxes	160	(852)
Deferred income taxes	3,097	4,016
	3,257	**3,164**
Net income attributable to shareholders	**$ 5,801**	**$ 7,364**
Net income attributable to shareholders per Common Share:		
Basic earnings per share (note 14)	**$ 0.19**	**$ 0.25**
Diluted earnings per share (note 14)	**$ 0.19**	**$ 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, 2017					
	SHARE CAPITAL	TREASURY STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL EQUITY
Beginning of period	**$ 66,356**	**$ (24,511)**	**$ 33,985**	**$ 62,237**	**$ (3,546)**	**$ 134,521**
Net income attributable to shareholders	–	–	–	5,801	–	5,801
Amortization of restricted share units (note 13)	–	–	2,523	–	–	2,523
Forfeiture of restricted share units (note 13)	–	–	(362)	–	–	(362)
Amortization of stock options (note 13)	–	–	375	–	–	375
Purchase of treasury stock (note 12 and 13)	–	(6,883)	–	–	–	(6,883)
Vesting of restricted share units (note 12 and 13)	–	16,455	(16,455)	–	–	–
Deferred income tax for dividends-in-kind (note 16)	–	–	(54)	–	–	(54)
Special dividend (note 21)	–	–	766	(26,646)	–	(25,880)
Quarterly dividend (note 21)	–	–	191	(7,803)	–	(7,612)
End of period	**$ 66,356**	**$ (14,939)**	**$ 20,969**	**$ 33,589**	**$ (3,546)**	**$ 102,429**

	3 MONTHS ENDED SEP 30, 2016					
	SHARE CAPITAL	TREASURY STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL EQUITY
Beginning of period	**$ 66,356**	**$ (37,315)**	**$ 44,504**	**$ 50,291**	**$ (3,464)**	**$ 120,372**
Net income attributable to shareholders	–	–	–	7,364	–	7,364
Amortization of restricted share units (note 13)	–	–	2,669	–	–	2,669
Amortization of stock options (note 13)	–	–	33	–	–	33
Purchase of treasury stock (note 12 and 13)	–	(8,280)	–	–	–	(8,280)
Vesting of restricted share units (note 12 and 13)	–	21,084	(21,084)	–	–	–
Deferred income tax for dividends-in-kind (note 16)	–	–	(815)	–	–	(815)
Quarterly dividend (note 21)	–	–	267	(7,801)	–	(7,534)
End of period	**$ 66,356**	**$ (24,511)**	**$ 25,574**	**$ 49,854**	**$ (3,464)**	**$ 113,809**

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

($ in thousands of Canadian dollars)

CASH PROVIDED BY (USED IN)	3 MONTHS ENDED SEP 30, 2017	3 MONTHS ENDED SEP 30, 2016
OPERATING ACTIVITIES		
Net income attributable to shareholders for the period	$ 5,801	$ 7,364
Adjustments for restricted cash movement	(2)	48
Adjustments for non-cash items:		
Amortization of property and equipment	363	400
Amortization and derecognition of intangible assets (note 2)	1,329	1,097
Intangible assets available for use (note 3)	212	–
Change in unrealized foreign exchange gains on cash balances	2	2
Post-retirement obligations (note 10)	36	–
Founders' retirement obligation provision (note 9)	–	94
Deferred income taxes (note 16)	3,097	4,016
Deferred share units expense (note 13)	570	111
Amortization of restricted share units (note 13)	2,161	2,669
Stock option expense (note 13)	375	33
Interest income (note 5)	(124)	3
Change in unrealized (gain)/loss on prepaid equity forward (note 13)	(337)	113
Cash provided by operating activities before changes in working capital items	**13,483**	**15,950**
Net change in working capital items (note 22)	(27,626)	(20,147)
Cash provided by operating activities	**(14,143)**	**(4,197)**
INVESTING ACTIVITIES		
Purchases of property and equipment	(110)	(57)
Purchases of short-term investments	(50,415)	(22,989)
Sales of short-term investments	89,288	22,989
Net interest received (note 5)	124	(3)
Cash used in investing activities	**38,887**	**(60)**
FINANCING ACTIVITIES		
Acquisition of treasury stock (note 12)	(6,883)	(8,280)
Cash used in financing activities	**(6,883)**	**(8,280)**
Change in unrealized foreign exchange gains on cash balances	(2)	(2)
Increase (decrease) in cash during the period	**17,859**	**(12,539)**
Cash – beginning of period	**21,685**	**51,333**
Cash – end of period	**$ 39,544**	**$ 38,794**

Supplemental Information		
Interest paid	$ –	$ –
Income taxes paid	$ 4,049	$ 6,096

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

Notes to Interim Unaudited Consolidated Financial Statements

For the three months ended September 30, 2017 and 2016
($ 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 that 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, 2017. 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 to the current period's presentation.

The unaudited interim consolidated financial statements of the Company for the three months ended September 30, 2017, were authorized for issue by a resolution of the Board of Directors on November 10, 2017.

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.

These unaudited interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation 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 audited annual 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. 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, 2017, the Company controlled the following entities:

- Gluskin Sheff + Associates (US) Inc.
- Blair Franklin Management Inc.
- FY2017 RSU Trust
- FY2016 RSU Trust
- FY2015 RSU Trust
- FY2014 RSU Trust
- Initial Investor Inc. (from January 31, 2017)
- Parent GP Inc. (from January 31, 2017)

During the three months ended September 30, 2016, the Company controlled the following entities:

- Blair Franklin Management Inc.
- Blair Franklin II Management Inc.
- FY2016 RSU Trust
- FY2015 RSU Trust
- FY2014 RSU Trust
- RSU Trust (wound up during fiscal 2017)

Gluskin Sheff + Associates (US) Inc. ("GSUS"), a wholly-owned subsidiary of the Company, was incorporated on July 12, 2016, as a Delaware Corporation, with its head office located in Greenwich, Connecticut. GSUS is an advisor focusing on fixed income and preferred share investments in the primary and secondary markets. GSUS offers its services in a sub-advisory capacity to the Company. GSUS's operations began October 1, 2016, and the results since October 1, 2016, are included in these unaudited interim consolidated financial statements as of June 30, 2017.

Blair Franklin Management Inc., which is wholly-owned by the Company, is the general partner of Blair Franklin Global Credit Fund LP. Until it's dissolution in August 2016, Blair Franklin II Management Inc., which was wholly-owned by the Company, was the general partner of the Blair Franklin Global Rates Fund LP. Blair Franklin Global Rates Fund LP wound up in fiscal 2016.

The RSU plan is described in note 13. The RSU Trust, FY2014 RSU Trust, FY2015 RSU Trust, FY2016 RSU Trust and FY2017 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 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.

The Company acts as the investment manager of all of the Company's pooled funds, and as trustee for the funds structured as trusts. For funds structured as limited partnerships, corporations were set up to act as the general partner and on January 31, 2017, ownership of these corporations were transferred, at nominal cost, from former Company executives to the Company. These corporations are owned by Parent GP Inc., a holding company. Initial Investor Inc. is a corporation and was set up as a startup investor for the Company's funds, with nominal investments in each of the funds for which it is the initial investor.

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 entered into a transition and retirement 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 10. The actuarial present value of the post-retirement obligations requires estimates including discount rates, and life expectancy, and was determined by a third-party actuary. Additional information, including amounts accrued and expensed, is provided in note 10.

(ii) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the obligation at the reporting date. If the effect is material, provisions are determined by discounting

the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Where some or all of the expenditure is expected to be reimbursed by insurance or some other party, and reimbursement is virtually certain, the reimbursement is recognized as a separate asset on the balance sheet, and the net amount is recorded in the statement of income and comprehensive income. Provisions, if any, are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required to settle the obligation, the provision is reversed. As a result of a private arbitration involving the Company and its Co-Founders relating to a dispute under their transition and retirement agreements, described more fully in note 9, a provision was recognized in fiscal 2017 with the provision calculated by utilizing certain principles, including discount rates and life expectancy, established by the arbitration ruling.

(iii) 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.

iv) 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.

Segment Reporting

Management has determined that the Company has one reportable segment; being its investment management services. This sole segment reflects the Company's internal financial reporting and performance measurement.

Other Accounting Policies

All other accounting policies described in the audited annual consolidated financial statements for the year ended June 30, 2017, have been applied consistently to these unaudited interim consolidated financial statements unless otherwise noted.

Changes in Accounting Policies

There were no changes in accounting policies during the three months ended September 30, 2017, and 2016.

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.

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, 2018, with early adoption permitted. The Company is in the process of assessing the impact of IFRS 15.

The IASB issued IFRS 16, *Leases*, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees are required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15. The Company is in the process of assessing the impact of IFRS 16 and has not yet determined when it will adopt the new standard.

2. INTANGIBLE ASSETS

Impairment assessment of Client Relationships

As at September 30, 2017, the Company had client relationships intangible asset of $21,694 arising from its acquisition of Blair Franklin in fiscal 2014 (June 30, 2017 - $22,839). During the three months ended September 30, 2017, amortization of client relationships was $802 (September 30, 2016 - $816). The Company derecognized $343 (September 30, 2016 - $58) of the intangible asset relating to client relationships for client relationships that had terminated during the period and were no longer providing benefit to the Company. The Company determined that there were no indicators of impairment of the client relationships and that none of the client relationships were impaired during the three months ended September 30, 2017, and 2016.

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

As at September 30, 2017, the Company had finite life intangible assets comprised of non-compete agreements of $385 arising from its acquisition of Blair Franklin in fiscal 2014 (June 30, 2017 - $437), technology of $342 (June 30, 2017 - $354) and customized systems and software of $671 (June 30, 2017 - $791). The Company determined that there were no indicators of impairment and that none of these intangible assets were impaired during the three months ended September 30, 2017, and 2016.

Impairment assessment of Customized Systems & Software Under Construction

As at September 30, 2017, there were $205 in expenditures included in intangible assets for expenditures that have been capitalized in respect of development of systems or software not yet available for use by the Company (June 30, 2017 - $417). The Company determined that there were no indicators of impairment and that none of these intangible assets were impaired in the three months ended September 30, 2017, and 2016. The Company also performed a detailed review of capitalized system development costs to determine if any project had elements which will not be put into use. For the three months ended September 30, 2017 and 2016, it was determined that all elements related to the capitalized system development costs will be put into use, therefore no capitalized costs were derecognized during the periods.

3. GOODWILL

As at September 30, 2017, the Company had goodwill of $39,188 (June 30, 2017 - $39,188) arising from the acquisition of Blair Franklin. Goodwill is attributable to the addition of an experienced team of fixed income professionals. Goodwill is not deductible for tax purposes.

Impairment assessment of Goodwill

The Company identified cash generating units (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 and are described in Note 1. During the first, second and third fiscal quarters, goodwill is assessed for indicators of impairment. During the three months ended September 30, 2017, and 2016, there were no indicators of impairment for any of the Company's group of CGUs.

Goodwill is tested for impairment at least annually, which for the Company is during the fourth fiscal quarter of each year.

4. 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, 2017		
	LEVEL 1	LEVEL 2	TOTAL
Financial assets			
Cash and restricted cash	$ 40,241	$ –	$ 40,241
Short-term investments	–	19,989	19,989
Prepaid equity forwards	–	3,093	3,093
Total financial assets	**$ 40,241**	**$ 23,082**	**$ 63,323**

	AS AT JUN 30, 2017		
	LEVEL 1	LEVEL 2	TOTAL
Financial assets			
Cash and restricted cash	$ 22,380	$ –	$ 22,380
Short-term investments	–	58,862	58,862
Prepaid equity forwards	–	2,756	2,756
Total financial assets	**$ 22,380**	**$ 61,618**	**$ 83,998**

During the three months ended September 30, 2017 and 2016, there were no transfers between any of the fair value hierarchy levels and the Company did not hold any level 3 financial instruments.

Financial Instruments not carried at Fair Value

The fair values of accounts receivable, accounts payable and accrued liabilities and accrued bonuses approximate their carrying values due to their short-term nature.

5. OTHER INCOME

Details of other income are as follows:

	3 MONTHS ENDED	
	SEP 30, 2017	SEP 30, 2016
Economic research subscriptions	$ 502	$ 477
Interest income	124	32
Foreign exchange income (loss), net	(2)	2
Sublease income	20	27
Other income (expense)	(2)	4
	$ 642	**$ 542**

The Company's other income includes income from the Gluskin Sheff research subscriptions of $502 for the three months ended September 30, 2017 (September 30, 2016 - $477). Related unearned income of $873 (September 30, 2016 - $880) is included in accounts payable and accrued liabilities.

6. RELATED PARTY TRANSACTIONS

The Company has agreements to manage 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. Included in the Company's statement of income and comprehensive income for the three months ended September 30, 2017, are Performance Fees of $1,262 (September 30, 2016 – $1,299) and Base Management Fees of $23,212 (September 30, 2016 – $23,087) earned from the management of the Company's pooled fund vehicles.

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, 2017, reimbursement of certain operating expenses by the Company's pooled fund vehicles to the Company totaled $874 (September 30, 2016 – $884). Expenses related to the operation of the pooled fund vehicles are included in: compensation, general and administrative, occupancy, amortization of property and equipment, and amortization of intangible assets.

During the three months ended September 30, 2016, general and administrative expenses included a partial recovery of $1.1 million relating to a change in tax treatment of certain transactions related to two pooled funds.

Included in Gluskin Sheff Research publication expenses in general and administrative expenses for the three months ended September 30, 2017, is $251 (September 30, 2016 – $358), due to an employee as part of a compensation arrangement related to the economic research subscriptions. The corresponding liability is included in accounts payable and accrued liabilities.

Included in the Company's accounts receivable as at September 30, 2017, is $11,561 (September 30, 2016 – $9,130) due from the Company's pooled fund vehicles for Base Management Fees, Performance Fees and reimbursement for certain operating expenses. If not collectible, this balance would represent the Company's maximum loss exposure from its interests in these vehicles.

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

7. LETTERS OF CREDIT, CREDIT FACILITIES AND GUARANTEES

Letters of Credit and Credit Facilities

The Company has a credit facility (the "Facility") in place with a Schedule I bank that can be utilized for general corporate purposes. The Company's revolving credit facility is secured through a general security agreement and has a four-year term with a maximum aggregate principal amount. During the three months ended September 30, 2017, the Company has not drawn against the Facility. The amount available under the Facility is $10.0 million. Advances under the Facility are made available by prime rate loans and issuance of bankers' acceptances (BAs). The Facility is due in full on May 15, 2021, and no principal repayments are due until this date. Interest rates for amounts drawn under the Facility range from 1.2% to 1.7% depending on the senior debt ratio to earnings before income tax, depreciation and amortization (EBITDA) with standby fees ranging from 0.24% to 0.34% depending on the senior debt ratio to EBITDA. Included in the Facility is an irrevocable letter of credit for $3,000 issued in support of the Company's obligations under the post-retirement agreements as described in note 10.

Guarantees

As at September 30, 2017, $697 (June 30, 2017 – $695) of restricted cash is held in a segregated account, in connection with loan guarantees by the Company in respect of borrowings by certain employees from a Canadian Chartered Bank, pursuant to the Company's Executive Loan Program, as further described in note 13. The present value of the expected payments related to the guarantee is determined to be $nil as at September 30, 2017 and June 30, 2017.

8. SERVICE FEE PAYABLE AND EARN-OUT PAYABLE

As part of the acquisition of Blair Franklin in fiscal 2014, net assets acquired included $1,944 for a service fee payable and $1,729 for an earn-out payable.

The service fee payable represented 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 was calculated based on the Base Management Fees earned from Blair Franklin Global Credit Fund LP's 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 ended December 31, 2016. During the three months ended September 30, 2016, $224 in service fees were paid.

The earn-out payable represented 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 was calculated based on the Performance Fees earned from Blair Franklin Global Credit Fund LP's and Blair Franklin Global Rates Fund LP's January 1, 2012, asset levels. The earn-out period ended January 1, 2017 with no future payments required. During the three months ended September 30, 2016, there were no payments made in respect of the earn-out.

9. PROVISIONS

During fiscal 2010, the Company reached transition and retirement agreements (the "Agreements") with its Co-Founders, Messrs. Ira Gluskin and Gerald Sheff, that governed 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 Agreements 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 Agreements also provide fixed annual payments ("Superannuation Payments") to each of the Co-Founders of $250 plus certain employment benefits ("Sundry Obligations"), collectively the "Post-Retirement Obligations", commencing at the end of their respective transition periods for the balance of their natural lives. In January 2012, the Agreements were amended to include change of control provisions including an "Additional Remedy" available to the Co-Founders. Under the Additional Remedy, if either of the Co-Founders is of the view, acting reasonably, that the Company is in breach of certain of its obligations, which breach is not acknowledged and remedied by the Company in a timely manner once it is so advised, then Mr. Gluskin or Mr. Sheff may require the Company to fully discharge the Sundry Obligations by paying an amount equal to 90% of the fair market value of these obligations, with such value to be determined either by agreement or by arbitration.

On March 17, 2016, the Company received a decision dated March 16, 2016, in the first phase of a private arbitration involving the Company and its Co-Founders, relating to a dispute under the Agreements. The arbitrator determined that the Co-Founders held the view, acting reasonably, that the Company was in breach of certain obligations and therefore had, subject to certain legal positions of the Company, validly issued notices to exercise the Additional Remedy.

As the Additional Remedy had been exercised, in lieu of the Post-Retirement Obligations, a provision of $12.2 million was recognized, in the fourth quarter of fiscal 2016, representing the amount that the Company considered payable in aggregate to its Co-Founders on the exercise of the Additional Remedy in respect of the Sundry Obligations and in respect of the present value of the Superannuation Payments. Accordingly, the Post-Retirement Obligations as at June 30, 2016 were reduced to nil.

Pursuant to their notices exercising the Additional Remedy, Mr. Gluskin was seeking payment of $75 million while Mr. Sheff was seeking $110 million.

On July 5, 2017, the Company received a ruling in the second phase of the binding arbitration proceedings between the Company and its Co-Founders in respect of the amounts payable to the Co-Founders for the Sundry Obligations. The arbitration ruling provided for an amount to be calculated based on certain principles and requested the parties attempt to reach agreement on the amount owing. Utilizing the principles, including discount rates and life expectancy, established by the arbitration, the Company has calculated that this will result in payment to the Co-Founders of an aggregate amount of $9.4 million (the "Arbitration Award"). The Arbitration Award calculated by the Company represents the best estimate as at the reporting date and actual settlement amounts may differ. To date, the Company has not yet received a calculation on behalf of the Co-Founders which takes into account the principles set out in the arbitration ruling. The Company expects to utilize a portion of its cash on hand to pay the Arbitration Award. The Superannuation Payments, which have an actuarial present value of $5.2 million as at June 30, 2017, were not subject to dispute and therefore did not form part of the Arbitration Award. The Co-Founders continue to be entitled to receive these payments, payable monthly, for the rest of their lives. Therefore, the actuarial value of the Superannuation Payments were transferred from provision to Post-Retirement Obligations in the fourth quarter of fiscal 2017.

The following table outlines the continuity for the Founders' retirement obligation provision for fiscal 2017 and fiscal 2016:

Founders' Retirement Obligation Provision	3 MONTHS ENDED SEP 30, 2017	3 MONTHS ENDED SEP 30, 2016
Balance – Beginning of period	**$ 9,375**	**$ 12,164**
Interest expense	–	94
Payments	–	(401)
Balance – End of period	**$ 9,375**	**$ 11,857**

The Founders' retirement obligation provision as at September 30, 2016, was determined using a discount rate of 2.9%, an annual inflation assumption of 2.0% in respect of certain non-fixed-rate Sundry Obligations included in the Agreements, and mortality rates based on the Canadian Pensioner's 2014 Mortality Table with Scale B generational mortality improvement.

10. POST-RETIREMENT OBLIGATIONS

As described in note 9, in fiscal 2016, the post-retirement obligations were classified as a provision in the fourth quarter of fiscal 2016 as a result of the exercise of the Additional Remedy. However, given that the Superannuation Payments were not subject to dispute and therefore did not form part of the Arbitration Award, the Co-Founders continue to be entitled to receive these payments, payable monthly for the rest of their lives. Therefore, the actuarial present value of the Superannuation Payments of $5.2 million as at June 30, 2017, was transferred from provision to post-retirement obligation in the fourth quarter of fiscal 2017. As at September 30, 2017, the post-retirement obligations were determined using a discount rate of 2.9%, and mortality rates based on the Canadian Pensioners' 2014 Mortality Table with Scale B generational mortality improvement.

The following table outlines the continuity for the post-retirement obligation for the three months ended September 30, 2017, and 2016:

	3 MONTHS ENDED SEP 30, 2017	3 MONTHS ENDED SEP 30, 2016
Post-retirement obligations – Beginning of period	**$ 5,246**	**$ –**
Interest expense	36	–
Payments	(125)	–
Post-retirement obligations – end of period	**$ 5,157**	**$ –**

The following table details the classification of the post-retirement obligations in the balance sheet as at the September 30, 2017, and June 30, 2017:

	AS AT	
Post-Retirement Obligations	SEP 30, 2017	JUN 30, 2017
Current	$ 500	$ 500
Non-current	4,657	4,746
Total post-retirement obligations	**$ 5,157**	**$ 5,246**

Up until May 2017, the Company had an irrevocable letter of credit for $3,000 issued by a Schedule I bank in support of its obligations under the Agreements. The irrevocable letter of credit is now incorporated into the Facility, entered into in May 2017, as described in note 7. As at September 30, 2017, and June 30, 2017, no restricted cash is held in a segregated account, in connection with the terms of the letter of credit as it is no longer required.

11. 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 2016, the Company received approval from the TSX to renew its Normal Course Issuer Bid (NCIB). Under the renewed NCIB, up to 1,802,128 of the Company's Common Shares, or 10% of the Company's public float as of January 31, 2016, could be repurchased over the twelve month period beginning February 11, 2016 and ending February 10, 2017. The number of Common Shares that can be repurchased pursuant to the NCIB is subject to a daily maximum of 18,832 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.

In February 2017, the Company received approval from the TSX to renew its NCIB. Under the renewed NCIB, up to 2,739,018 of the Company's Common Shares, or 10% of the Company's public float as of January 31, 2017, could be repurchased over the twelve month period beginning February 16, 2017 and ending February 15, 2018. The number of Common Shares that can be repurchased pursuant to the NCIB is subject to a daily maximum of 19,842 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 or alternative Canadian trading systems. Common Shares purchased by the Company will be cancelled. During the three months ended September 30, 2017, and 2016, no Common Shares were repurchased under either of these authorizations.

Escrow Shares

In connection with the acquisition of Blair Franklin in fiscal 2014, the purchase price included 1,900,000 Common Shares of the Company paid to the sellers. 712,500 of these Common Shares were issued to the sellers from treasury and were subject to a minimum one-year holding period by the sellers. The remaining 1,187,500 Common Shares were issued from treasury and were held in a third-party escrow account for two years and were 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. On August 2, 2016, the escrowed shares were released and the claw-back was nil.

Shares Issued and Outstanding

Common Shares are non-redeemable and have no par value. No preference shares were outstanding as at September 30, 2017 and June 30, 2017.

	3 MONTHS ENDED SEP 30, 2017		3 MONTHS ENDED SEP 30, 2016	
Share Capital	NUMBER OF SHARES (000's)	STATED VALUE	NUMBER OF SHARES (000's)	STATED VALUE
Beginning of Period				
Common Shares	31,234	$ 66,356	31,234	$ 66,356
Activity During the Period	–	–	–	–
End of the Period				
Common Shares	31,234	$ 66,356	31,234	$ 66,356

12. TREASURY STOCK

In relation to the Company's RSU plan, as described in note 13, the Company may acquire shares in the open market which will be held in the 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.

	3 MONTHS ENDED			
	SEP 30, 2017		SEP 30, 2016	
Treasury Stock	NUMBER OF SHARES (000'S)	STATED VALUE	NUMBER OF SHARES (000'S)	STATED VALUE
Balance – Beginning of period	1,098	$ 24,511	1,561	$ 37,315
Treasury stock purchased	375	6,883	453	8,280
Treasury stock released	(685)	(16,455)	(916)	(21,084)
Balance – End of period	**788**	**$ 14,939**	**1,098**	**$ 24,511**

13. 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, 2017 the Company issued 100,000 stock options to a participant. The average fair value of options granted has been estimated at $2.75 per option using the Black-Scholes option pricing model. The assumptions used to determine the fair value of the options on the grant date include: (i) exercise price of $17.67; (ii) average risk-free interest rate of 1.77%; (iii) expected option life of 7 years; (iv) average expected volatility of 30.4%; and (v) expected dividend yield of 5.7%. During the three months ended September 30, 2016 the Company issued 100,000 stock options to a participant as a signing bonus. The average fair value of options granted during the three months ended September 30, 2017, has been estimated at $2.41 per option using the Black-Scholes option pricing model. The assumptions used to determine the fair value of the options on the grant date include: (i) exercise price of $17.10; (ii) average risk-free interest rate of 0.69%; (iii) expected option life of 7 years; (iv) average expected volatility of 31.2%; and (v) expected dividend yield of 5.8%.

The expense related to stock options outstanding that has been included in compensation expense during the three months ended September 30, 2017, was $375 (September 30, 2016 – $33), and includes $355 in accelerated stock option expense relating to an employee retirement.

	3 MONTHS ENDED			
	SEP 30, 2017		SEP 30, 2016	
STOCK OPTIONS	OPTIONS (000'S)	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS (000'S)	WEIGHTED AVERAGE EXERCISE PRICE
Balance – Beginning of period	150	$ 16.62	177	$ 19.36
Options issued	100	17.67	100	17.10
Options expired	–	–	(37)	20.55
Balance – End of period	**250**	**$ 17.04**	**240**	**$ 18.23**

RANGE OF EXERCISE PRICES	AS AT SEP 30, 2017					
	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	250	5.38	$ 17.04		83	$ 16.23
	250	**5.38**	**$ 17.04**		**83**	**$ 16.23**

RANGE OF EXERCISE PRICES	AS AT SEP 30, 2016					
	OPTIONS OUTSTANDING				OPTIONS EXERCISABLE	
	NUMBER OUTSTANDIN G (000'S)	WEIGHTED AVERAGE REMAINING CONTRACTUAL YEARS	WEIGHTED AVERAGE EXERCISE PRICE		NUMBER EXERCISABL E (000'S)	WEIGHTED AVERAGE EXERCISE PRICE
$10.00 – $17.99	150	2.65	$ 16.62		40	$ 15.65
$18.00 – $25.99	90	0.15	20.93		90	20.93
	240	**1.71**	**$ 18.23**		**130**	**$ 19.30**

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, the Company has entered into prepaid equity forward agreements, included in the balance sheet, with a Schedule I financial institution. At each agreement end date (the "valuation date"), the Schedule I financial institution 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 each prepaid equity forward is increased on each dividend payment date to reflect the dividends paid on the notional shares. The Company has discretion to increase or decrease the notional amount of each prepaid equity forward or to terminate the agreements early.

The Company's original prepaid equity forward, entered in the last quarter of fiscal 2014, ended on April 22, 2016. The initial notional amount of the prepaid equity forward was 86,000 shares – on April 22, 2016, the notional shares were 96,440. Upon maturity of the initial prepaid equity forward, the notional shares were rolled into a new prepaid equity forward, with valuation upon maturity on April 21, 2021. In January 2016, a second prepaid equity forward agreement was entered into with a Schedule I financial institution with an initial 55,000 notional shares. This second prepaid equity forward agreement also has a valuation date of April 27, 2021. As at September 30, 2017, the fair value of these prepaid equity forwards was $3,093 (June 30, 2017 - $2,756) with 164,513 notional shares (June 30, 2017 – 164,524), and is included in non-current assets. The change in the value of the prepaid equity forwards has been recorded to partially offset the DSU mark-to-market amounts and are included in general and administrative expenses in the statement of income and comprehensive income.

The Company recorded a DSU expense of $570 during the three months ended September 30, 2017 (September 30, 2016 – $111 income), including a mark-to-market loss of $403 (September 30, 2016 – gain of $106). As at September 30, 2017, a DSU liability of $618 (June 30, 2017 - $551) is included in current liabilities and $3,235 (June 30, 2017 - $2,732) is included

in long-term liabilities in the Company's balance sheet. During the three months ended September 30, 2017, the Company recorded a $337 gain (September 30, 2016 - $113 loss) on the prepaid equity forwards.

DEFERRED SHARE UNITS (000'S)	3 MONTHS ENDED SEP 30, 2017	 SEP 30, 2016
Balance – Beginning of period	196	145
Issued during period	9	11
Balance – End of period	**205**	**156**

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, 2017, the Company awarded $8,487 (September 30, 2016 – $6,737) in RSUs to employees, plus $994 (September 30, 2016 – $267) 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 RSU dividends-in-kind awarded were net of a $37 reversal (September 30, 2016 - $nil) for prior period RSU dividends-in-kind grants forfeited due to an employee departure during the period.

The amortization related to RSUs that has been included in compensation expense during the three months ended September 30, 2017, was $2,161 (September 30, 2016 – $2,669). The RSU amortization recognized in the three months ended September 30, 2017, was net of a $362 reversal of RSU amortization (September 30, 2016 - $nil) recognized in prior periods for RSUs forfeited and includes $430 of accelerated RSU amortization (September 30, 2016 - $nil), due to employee departures during the period.

During the three months ended September 30, 2017, $16,455 (September 30, 2016 – $21,084) 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, 2017	 SEP 30, 2016
Balance – Beginning of period	1,135	1,612
Issued during the period	536	372
Vested and settled during the period	(685)	(916)
Forfeited during the period	(24)	–
Balance – End of period	**962**	**1,068**

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 $41 for the three months ended September 30, 2017 (September 30, 2016 – $48), is included in the compensation expense.

Executive Loan Program

Under the Executive Loan Program, eligible employees may obtain full recourse loans from a third party institution at market interest rates to acquire shares of the Company on the open market. The Company provides guarantees for these loans and 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, 2017, the corresponding liability was $nil (June 30, 2017 – $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, 2017, $697 of restricted cash (June 30, 2017 – $695) is held in a segregated account in connection with this loan guarantee.

14. 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, 2017	3 MONTHS ENDED SEP 30, 2016
Numerator:		
Net income attributable to shareholders	$ 5,801	$ 7,364
Denominator (Number of shares in thousands):		
Weighted average number of shares outstanding – basic	30,134	29,736
Weighted average number of stock options outstanding	7	5
Weighted average number of outstanding RSUs	904	1,217
Weighted average number of outstanding DSUs	196	146
Weighted average number of shares outstanding – diluted	31,241	31,104
Earnings per share		
Basic	$ 0.19	$ 0.25
Diluted[1]	$ 0.19	$ 0.24

Notes:

1. *For the three months ended September 30, 2017, the computation of diluted earnings per share included all weighted-average options outstanding as their option price exceeded the average market price of the Company's shares (September 30, 2016 – 211,380). For the three months ended September 30, 2017, the computation of diluted earnings per share excluded 478,459 RSUs outstanding (September 30, 2016 – 64,702 RSUs outstanding were excluded).*

15. 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 Base Management Fees and current cash resources continue to be sufficient for ongoing operational needs.

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.

Gluskin Sheff + Associates Inc. is required to maintain minimum working capital levels of $100, as a registration requirement under the Ontario Securities Act. Throughout the three months ended September 30, 2017 and 2016, working capital in excess of the requirements was maintained.

16. 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 to its net income as a result of the following:

	3 MONTHS ENDED	
	SEP 30, 2017	SEP 30, 2016
Current income taxes		
Based on taxable income of the current year	$ 160	$ (852)
	160	(852)
Deferred income taxes		
Origination and reversal of temporary differences	3,097	4,016
	3,097	4,016
Income tax expense recognized in net income	**$ 3,257**	**$ 3,164**

	3 MONTHS ENDED	
	SEP 30, 2017	SEP 30, 2016
Income tax provision based on statutory income tax rate, 26.7% (2016 – 26.5%)	$ 2,420	$ 2,790
Increase (decrease) in income taxes resulting from:		
Expenses not deductible for tax purposes	140	55
Non-taxable adjustment (note 6)	–	(281)
RSUs – differences between tax deductions and accounting estimates	467	448
Dividends received from the Trusts	230	117
Other	–	35
Income tax provision as reported, 35.9% (2016 – 30.0%)	**$ 3,257**	**$ 3,164**

The Company's effective tax rate for the three months ended September 30, 2017, increased to 35.9% from 30.0% in the same period last year due in part to the absence of a non-taxable partial recovery of $1.1 million of a charge recognized in fiscal 2016, relating to a change in tax treatment of certain transactions related to two pooled funds, increases in other non-deductible expenses for tax purposes and higher dividends received by the Company on the treasury stock held by the RSU Trusts, which is taxable but not reflected in income for accounting purposes. Also contributing to the increase in the effective tax rate was a higher grant price on RSUs vested in the period relative to the cash cost of treasury shares used to settle these vested RSU awards. The difference between the grant price and the cash cost of the vested RSU awards is reflected in the effective tax rate in the period of vesting. The effective tax rate will be higher than the statutory tax rate as the income statement RSU amortization expense over the life of the RSU award reflected the grant price whereas the tax deduction reflects the cash cost of the treasury shares used to settle the RSU awards.

The following table details the components of the Company's deferred income tax assets and liabilities as at September 30, 2017, and June 30, 2017:

	AS AT JUN 30, 2017	Recognized in Income	Recognized in Equity	AS AT SEP 30, 2017
Deferred income tax assets				
Accrued and long term liabilities	$ 982	$ 280	$ –	$ 1,262
Restricted share units	6,181	(3,590)	–	2,591
Restricted share units dividends-in-kind	649	–	(54)	595
Service fee payable	–	–	–	–
Founders' post retirement obligation	1,390	(24)	–	1,366
Founders' retirement obligation provision	2,484	–	–	2,484
Actuarial revaluation	30	–		30
Total deferred income tax assets	**$ 11,716**	**$ (3,334)**	**$ (54)**	**$ 8,328**
Deferred income tax liabilities				
Acquired intangible assets	(6,262)	320	–	(5,942)
Property and equipment	(877)	6	–	(871)
Prepaid equity forward	(21)	(89)	–	(110)
Total deferred income tax liabilities	**$ (7,160)**	**$ 237**	**$ –**	**$ (6,923)**
Net deferred income tax assets	**$ 4,556**	**$ (3,097)**	**$ (54)**	**$ 1,405**

As at September 30, 2017, the Company had $1,707 (June 30, 2016 – $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.

17. COMPENSATION

Included in compensation expense for the three months ended September 30, 2017, are accrued cash bonuses of $3,108 (September 30, 2016 - $3,440), RSU amortization relating to awards of prior fiscal years of $1,900 (September 30, 2016 - $2,381) and RSU amortization relating to awards of the current fiscal year of $261 (September 30, 2016 - $288).

18. CLIENT WEALTH MANAGEMENT

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

	3 MONTHS ENDED	
	SEP 30, 2017	SEP 30, 2016
Donations	$ 425	$ 379
Media and Marketing	68	28
Travel	43	82
Promotion	118	158
	$ 654	**$ 647**

19. GENERAL AND ADMINISTRATIVE

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

	3 MONTHS ENDED	
	SEP 30, 2017	SEP 30, 2016
Insurance	$ 105	$ 105
Systems development, infrastructure and licenses	988	1,119
Research data	698	615
Office services and telecommunications	374	441
Professional fees	222	572
Other consulting	460	536
Regulatory and public company fees	618	585
Sub-advisory fees and other fees	70	67
Gluskin Sheff Research publication expenses	269	377
Net change in service fees and earn-out	–	20
Non-tax deductible adjustment (note 6)	–	(1,062)
Net change in Founders' retirement obligation provision (note 9)	–	94
Other	390	196
	$ 4,194	**$ 3,665**

20. OCCUPANCY

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

	3 MONTHS ENDED	
	SEP 30, 2017	SEP 30, 2016
Lease for premises	$ 858	$ 860
Premises maintenance	32	39
	$ 890	**899**

Effective July 1, 2016, the Company entered in to a lease agreement for a portion of the 49th floor in the Bay-Adelaide Centre in Toronto, Canada. The Company's head office currently occupies the 50th and 51st floors of this building. The space on the 49th floor is being sub-leased to a tenant for an amount equal to the Company's lease cost, including common and operating expenses, for this space. The income from the sub-lease is included in Other Income.

21. DIVIDENDS

Dividends Declared and Paid

The following dividends were declared by the Company during the three months ended September 30, 2017:

DIVIDENDS DECLARED	RECORD DATE	PAYMENT DATE	CASH DIVIDEND PER SHARE	TOTAL DIVIDEND AMOUNT ($000'S)
June 30, 2017 – regular dividend Q4, 2017	October 3, 2017	October 13, 2017	$ 0.25	$ 7,612
June 30, 2017 – special dividend Q4, 2017	October 3, 2017	October 13, 2017	$ 0.85	25,880
Total Dividends Declared			**$ 1.10**	**$ 33,492**

On November 10, 2017, the Company declared a regular dividend of $0.25 per equity share for the quarter ended September 30, 2017. This dividend will be paid on November 30, 2017, to shareholders of record at the close of business on November 21, 2017.

The following dividends were declared and paid by the Company during the three months ended September 30, 2016:

DIVIDENDS DECLARED	RECORD DATE	PAYMENT DATE	CASH DIVIDEND PER SHARE	TOTAL DIVIDEND AMOUNT ($000'S)
June 30, 2016 – regular dividend Q4, 2016	September 27, 2016	October 7, 2016	$ 0.25	$ 7,534
Total Dividends Declared			**$ 0.25**	**$ 7,534**

22. WORKING CAPITAL

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

	3 MONTHS ENDED	
	SEP 30, 2017	SEP 30, 2016
Accounts receivable	$ (510)	$ (887)
Prepaid expenses and other assets	(124)	110
Income taxes receivable	(3,889)	(6,948)
Accounts payable and accrued liabilities	(614)	5,933
Accrued bonuses	(22,364)	(17,749)
Post-retirement obligation	(125)	–
Founders' retirement obligation provision	–	(401)
Service fee and earn-out payable	–	(205)
	$ (27,626)	**$ (20,147)**

23. FINANCIAL INSTRUMENT RISKS

The Company's financial instruments include cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, and accrued bonuses, whose carrying values approximate their fair values due to their short-term nature. DSUs and the prepaid equity forwards 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, 2017 and June 30, 2017, 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 forwards. Included as a non-current asset on the balance sheet as at September 30, 2017, is $3,093 (June 30, 2017 – $2,756) related to the prepaid equity forwards. Included in current and long-term liabilities on the balance sheet as at September 30, 2017, is $618 and $3,235, respectively (June 30, 2017 – $551 and $2,732, respectively) related to DSUs. A portion of the DSUs have been economically hedged with the prepaid equity forwards. As the DSUs have been partially

hedged, if the Company's stock price increased by 5%, the impact of the increase to the DSU liability net of the increase in the prepaid equity forwards would result in a decrease in net income before provision for income taxes by approximately $599 (June 30, 2017 – decrease net income by $415). Alternatively, if the Company's stock price decreased by 5%, the net impact of the decrease in the DSU liability and prepaid equity forwards would result in a decrease in net income before provision for income taxes by $542 (June 30, 2017 decrease net income by - $376).

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, 2017, the Company was subject to interest risk through some of its short-term investments. The Company's sensitivity to interest rates as determined based on portfolio weighted duration was not significant as at September 30, 2017, and June 30, 2017. As of September 30, 2017, all investments in debt securities had 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, 2017 and June 30, 2017, there were no investments in securities owned and managed by the Company denominated in U.S. dollars. As at September 30, 2017, a total of $13 (June 30, 2017 – $241) of cash and $786 (June 30, 2017 – $1,254) of accounts receivable were denominated in U.S. dollars. As at September 30, 2017, 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 $28 (June 30, 2017 - $32). Conversely, had this foreign exchange rate decreased by 5%, this would have increased net income before provision for income taxes to approximately $31 (June 30, 2017 – $83).

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, 2017 and June 30, 2017, 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.

Included in short-term investments are banker's acceptances (BAs) and treasury bills issued by the federal government and corporations with credit ratings of AA or higher as at September 30, 2017. 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 13, 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, 2017, and June 30, 2017, 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, 2017, and June 30, 2017. As a result credit risk is considered minimal.

As described in note 13, the Company has agreements with a Schedule I bank, which serves as the counterparty for prepaid equity forwards 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, 2017.

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 maintains sufficient levels of liquid assets to meet its operational obligations as they come due. The current assets reflected in the balance sheets are highly liquid. The Company's Base Management Fees and current cash resources continue to be sufficient for ongoing operational needs. The Company has a Facility in place with a Schedule I bank that can be utilized, if required, to finance ongoing operational needs. The Company's revolving credit facility is secured through a general security agreement and has a four-year term with a maximum aggregate principal amount. Advances under the Facility are made available by prime rate loans and issuance of bankers' acceptances (BAs). The Facility is due in full on May 15, 2021, and no principal repayments are due until this date. As of September 30, 2017 (June 30, 2017 - $nil), the Company has not drawn against the Facility. The amount available under the Facility is $10.0 million. 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 13. Financial liabilities as at September 30, 2017, totaled $12,649 (June 30, 2017 – $34,883), 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, 2017, 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.

Board of Directors

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Chair of the Compensation
Nominating and Governance Committee
Audit and Risk Committee

V. ANN DAVIS
Chair of the Audit and Risk Committee

WILFRED A. GOBERT
Audit and Risk Committee

STEPHEN H. HALPERIN
Compensation, Nominating and
Governance Committee

NANCY H.O. LOCKHART
Lead Director
Compensation, Nominating and
Governance Committee

JEFF MOODY
President & Chief Executive Officer
Gluskin Sheff

PIERRE-ANDRÉ THEMENS
Audit and Risk Committee

Executive Officers

JEFF MOODY
President & Chief Executive Officer

DAVID MORRIS
Chief Financial Officer & Secretary

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Chief Compliance Officer

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Director, Human Resources

DAVID ROSENBERG
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LINDSAY QUINN
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