Third Quarter Results | 2018

THREE MONTHS ENDED MARCH 31, 2018

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

Third Quarter Ended March 31, 2018

Assets Under Management (AUM) were $8.9 billion as at March 31, 2018, with high net worth clients comprising 88% of AUM. AUM decreased by $29 million or 0.3% from December 31, 2017. Net withdrawals of $48 million were partially offset by positive net investment performance of $19 million. The $48 million of net withdrawals over the quarter included a withdrawal of $135 million by one institutional client. Our private client business was strong during the quarter, adding a net $61 million.

Base Management Fees for the three months ended March 31, 2018, increased to $27.4 million versus $26.1 million in the year ago quarter. Performance Fees and Allocations were $0.6 million for the three months ended March 31, 2018, compared with $0.5 million in the year ago quarter.

Net income was $6.9 million and represented earnings per share, basic and diluted, of $0.23 and $0.22, respectively for the three months ended March 31, 2018. Net income was $6.0 million and represented earnings per share, basic and diluted, of $0.20 and $0.19, respectively for the three months ended March 31, 2017. The increase in net income was due to an increase in revenues as total expenses were in line with the year ago quarter.

Base EBITDA was $11.4 million for the three months ended March 31, 2018, compared with $10.8 million in the year ago quarter due primarily to higher Base Management Fees and other income. Total expenses decreased by $0.1 million from the year ago quarter.

We are pleased to report that our investment strategies performed well throughout the past quarter of heightened market volatility. Our defensive positioning and ability to be nimble played a prominent role in minimizing downside risk and protecting our clients' portfolios from meaningful declines during the quarter.

The past six months as CEO have allowed me to reflect on what it means to be a client of Gluskin Sheff and what distinguishes our firm in the market place. The current environment presents an opportune time to remind our clients and shareholders about how our unique approach to managing wealth delivers attractive risk-adjusted returns and an experience that delivers value to families. Gluskin Sheff has a highly experienced team of industry-leading professionals that have created an environment of investment excellence. We aim to create portfolios for our clients that are thoughtfully designed with a deep understanding of their financial goals, and managed with careful discipline each and every day. This approach, in combination with the performance based fee structure and employee investment alongside our clients, allows us to be focused on delivering strong risk-adjusted returns for our clients at all times.

For many families, protecting and preserving capital is a primary focus. To achieve this, we employ an active approach to risk management at both the strategic asset mix level and at a more tactical level with our portfolios. This allows us to be defensive or opportunistic based on our market outlook.

We take a creative and strategic approach to product development and product origination. In 2014, the merger with Blair Franklin brought a strong team, strategies and proprietary systems to the firm that position us well for delivering on our objective of preserving and growing our clients' capital. These investment strategies are a core component to our current approach, as they mitigate risk in bonds and immunize against interest rate risk. This is an important differentiator, as many traditional fixed income management is not well equipped to guard portfolios against the impact of rising interest rates.

We have made excellent progress in our efforts to provide clients with broader wealth management and planning services. The feedback from families who have engaged us for financial planning and analysis of their overall net worth has been overwhelmingly positive. We believe these services will provide additional value and an enhanced experience for clients, while enabling us to strengthen relationships and gain a deeper understanding of their needs.

Jeff Moody

JEFFREY W. MOODY

President & Chief Executive Officer
May 14, 2018

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2018, is provided as of May 14, 2018. It should be read in conjunction with the unaudited interim condensed consolidated financial statements, including the notes thereto, of Gluskin Sheff + Associates Inc. for the three months ended March 31, 2018, the audited annual consolidated financial statements, including the notes thereto, of Gluskin Sheff + Associates Inc. for the years 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 condensed consolidated financial statements for the three months ended March 31, 2018. The Canadian dollar is our functional and reporting currency for purposes of preparing the Company's unaudited interim condensed 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 that 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 Allocations, and AUM is calculated by totaling all the fee paying assets we manage. 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 Allocations 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 and Allocations 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 Allocations 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 Allocations, 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 provisions.

Adjusted EBITDA

Adjusted EBITDA is Base EBITDA adjusted for Performance Fees and Allocations, Performance Fee bonus and other expenses. The Performance Fee bonus includes the dollar value of RSUs to be awarded in respect of Performance Fees and Allocations of the current period and excludes amortization of Performance Fee RSUs. Adjusted EBITDA allows us to measure earnings including Performance Fees and Allocations net of Performance Fee and Allocations 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 and Allocations, 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 and Allocations 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 and Allocations 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 and Allocations 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 MAR 31, 2018	3 MONTHS ENDED MAR 31, 2017	9 MONTHS ENDED MAR 31, 2018	9 MONTHS ENDED MAR 31, 2017
Assets Under Management – Beginning of period	$ 8,978	$ 8,739	$ 8,886	$ 8,298
Net withdrawals	(48)	(80)	(244)	(155)
Net investment performance	19	214	307	730
Assets Under Management – End of period	$ 8,949	$ 8,873	$ 8,949	$ 8,873

INCOME STATEMENT INFORMATION	3 MONTHS ENDED MAR 31, 2018	3 MONTHS ENDED MAR 31, 2017	$ CHANGE QTR-ON-QTR	9 MONTHS ENDED MAR 31, 2018	9 MONTHS ENDED MAR 31, 2017	$ CHANGE YR-ON-YR
Revenue						
Base management fees	$ 27,382	$ 26,141	$ 1,241	$ 81,741	$ 79,494	$ 2,247
Performance fees and allocations	580	547	33	30,246	39,288	(9,042)
Other income	725	606	119	2,003	1,687	316
Total Revenue	**28,687**	**27,294**	**1,393**	**113,990**	**120,469**	**(6,479)**
Total Expenses	**19,067**	**18,929**	**138**	**69,289**	**68,687**	**602**
Income before provision for income taxes	**9,620**	**8,365**	**1,255**	**44,701**	**51,782**	**(7,081)**
Provision for income taxes	2,717	2,364	353	12,902	14,413	(1,511)
Net income attributable to shareholders	**$ 6,903**	**$ 6,001**	**$ 902**	**$ 31,799**	**$ 37,369**	**$ (5,570)**
Basic earnings per share	**$ 0.23**	**$ 0.20**	**$ 0.03**	**$ 1.05**	**$ 1.25**	**$ (0.20)**
Diluted earnings per share	**$ 0.22**	**$ 0.19**	**$ 0.03**	**$ 1.02**	**$ 1.20**	**$ (0.18)**
SELECTED ADJUSTED FINANCIAL INFORMATION						
Base EBITDA	**$ 11,384**	**$ 10,779**	**$ 605**	**$ 34,983**	**$ 34,068**	**$ 915**
Adjusted EBITDA	**$ 11,661**	**$ 11,105**	**$ 556**	**$ 52,947**	**$ 57,568**	**$ (4,621)**

For the three months ended March 31, 2018:

- Net income was $6.9 million, and represented earnings per share, basic and diluted, of $0.23 and $0.22, respectively. Net income for the quarter ended March 31, 2017, was $6.0 million, and represented earnings per share, basic and diluted, of $0.20 and $0.19, respectively. The increase in net income was due to an increase in revenues as total expenses were in line with the year ago quarter.
- AUM decreased by $29 million to $8.9 billion as at March 31, 2018, from December 31, 2017, as net withdrawals of $48 million were partially offset by positive net investment performance of $19 million. The $48 million of net withdrawals over the quarter included a withdrawal of $135 million by one institutional client. Our private client business was strong during the quarter, adding a net $61 million. High net worth clients comprise 88% of AUM as at March 31, 2018.
- Base Management Fees increased from the year ago quarter to $27.4 million from $26.1 million as Average AUM for the quarter increased to $9.0 billion from $8.8 billion and average Base Management Fee Percentage increased to 1.23% from 1.21% for the same quarter last year.
- Performance Fees and Allocations were $0.6 million, compared with $0.5 million in the year ago quarter.
- Total expenses decreased by $0.1 million from the year ago quarter. Compensation expense decreased by $0.7 million with RSU amortization lower by $0.7 million and severances lower by $0.8 million, partially offset by higher cash bonus expense of $0.4 million. General and Administrative expense increased by $0.8 million due primarily to higher technology spending, partially offset by a decrease of $0.5 million in Founders-related arbitration costs.

- Base EBITDA was $11.4 million, compared with $10.8 million in the year ago quarter due primarily to higher Base Management Fees.

For the nine months ended March 31, 2018:
- Net income was $31.8 million, and represented earnings per share, basic and diluted, of $1.05 and $1.02, respectively. Net income for the nine months ended March 31, 2017, was $37.4 million, and represented basic and diluted earnings per share of $1.25 and $1.20, respectively. Total revenues decreased $6.5 million while total expenses before tax increased $0.6 million.
- AUM increased by $76 million to $8.9 billion as at March 31, 2018, up 0.9% from March 31, 2017. The increase in AUM is attributable to positive net investment performance of $401 million, partially offset by net withdrawals of $325 million.
- Base Management Fees increased to $81.7 million this period versus $79.5 million in the year ago period as the increase in Average AUM for the period to $9.0 billion from $8.7 billion for the same period last year was partially offset by the decrease in average Base Management Fee Percentage to 1.21% versus 1.22% for the same period last year.
- Performance Fees and Allocations were $30.2 million, compared with $39.3 million in the year ago period.
- Total expenses increased $0.6 million from the year-ago period. Compensation expense decreased by $2.0 million due to a decrease in accrued bonuses of $1.9 million and lower RSU amortization of $1.0 million, partially offset by an increase in other base compensation. General and Administrative expense increased by $2.4 million due primarily to a $2.0 million adjustment to the Founders-related obligations to reflect the final arbitration settlement amount as well as interest on this amount, compared to $0.3 million in the year ago quarter, a decrease of $0.9 million in recoveries related to a charge recognized in fiscal 2016 relating to the tax treatment of certain pooled fund transactions, and increases in research and technology spending. These increases in General and Administrative expenses were partially offset by a $2.9 million decrease in professional fees associated with the arbitration.
- Base EBITDA was $35.0 million, compared with $34.1 million in the year ago period as an increase in base management fees and other income was partially offset by an increase in operating expenses.

MARKET OUTLOOK AND BUSINESS ENVIRONMENT

We are confident that the breadth and depth of our team and the portfolio models that we have in place today will continue to deliver strong risk-adjusted returns. We are focused on doing well for our clients with the assets we currently have under management. While we are naturally interested in growing the assets we have under management, we believe the best path to this growth lies in being diligent in our investment process and delivering solid risk-adjusted returns for our existing clients.

An important source of new business is referrals from existing clients and word-of-mouth reputation growth – as such the investment professionals in our Client Wealth Management team are focused on delivering the highest level of personalized service.

We believe that our ability to attract and retain clients is due to our strong long-term investment performance, our disciplined investment approach, and the quality of our Client Wealth and Investment Management teams. As the investment industry continues to grow and become more competitive, the overall client experience (both service and returns) has become increasingly important in the attraction and retention of clients. 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 regular educational events.

When it comes to our outlook for the capital markets, we are of the view that the remainder of the year will continue to present opportunities through further market volatility. While human nature is to hunker down during these periods of heightened volatility, we have learned that these can be the best environments in which to put new capital to work. When markets are stressed, we can take advantage of weakness and acquire investments at more attractive prices and crystalize holdings that meet or exceed our expectations. For example, the Canadian equity market is becoming increasingly interesting to us due to the valuation gap that has developed versus other global equity markets. Our approach to risk management combined with our fundamental, bottom-up investment process should be rewarded as we plant the seeds for future returns.

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. Our focus will continue to be on looking for investment opportunities that exhibit attractive return potential while maintaining an asymmetric risk profile that favours capital preservation.

SUMMARY FINANCIAL INFORMATION

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

BALANCE SHEET INFORMATION	AS AT MAR 31, 2018	AS AT JUN 30, 2017	AS AT MAR 31, 2017
Total assets	**$ 148,676**	**$ 185,075**	**$ 178,860**

INCOME STATEMENT INFORMATION	3 MONTHS ENDED MAR 31, 2018	3 MONTHS ENDED MAR 31, 2017	9 MONTHS ENDED MAR 31, 2018	9 MONTHS ENDED MAR 31, 2017
Revenue				
Base management fees	$ 27,382	$ 26,141	$ 81,741	$ 79,494
Performance fees and allocations	580	547	30,246	39,288
Other income	725	606	2,003	1,687
	28,687	**27,294**	**113,990**	**120,469**
Expenses				
Operating expenses	(13,073)	(12,771)	(39,247)	(36,044)
Provision for cash bonus	(3,165)	(2,780)	(18,748)	(20,736)
Amortization of RSUs	(1,265)	(1,967)	(6,404)	(7,410)
Other amortization	(1,564)	(1,411)	(4,890)	(4,497)
	(19,067)	**(18,929)**	**(69,289)**	**(68,687)**
Income before provision for income taxes	**9,620**	**8,365**	**44,701**	**51,782**
Provision for income taxes	(2,717)	(2,364)	(12,902)	(14,413)
Net income attributable to shareholders	**6,903**	**6,001**	**31,799**	**37,369**
Other amortization	1,564	1,411	4,890	4,497
Provision for income taxes	2,717	2,364	12,902	14,413
EBITDA	**$ 11,184**	**$ 9,776**	**$ 49,591**	**$ 56,279**
Basic earnings per share	**$ 0.23**	**$ 0.20**	**$ 1.05**	**$ 1.25**
Diluted earnings per share	**$ 0.22**	**$ 0.19**	**$ 1.02**	**$ 1.20**
SELECTED ADJUSTED FINANCIAL INFORMATION				
EBITDA	**$ 11,184**	**$ 9,776**	**$ 49,591**	**$ 56,279**
Provision for cash bonus	3,165	2,780	18,748	20,736
Stock option expense	–	37	375	282
Founders-related obligations	372	94	2,104	109
EBITDA before compensation adjustment	**14,721**	**12,687**	**70,818**	**77,406**
Base cash bonus	(2,977)	(2,607)	(8,949)	(8,522)
Base RSU bonus	(670)	(721)	(2,669)	(2,357)
Amortization of RSUs	1,265	1,967	6,404	7,410
Special RSU award[1]	(375)	–	(375)	(581)
Performance fees and allocations	(580)	(547)	(30,246)	(39,288)
Base EBITDA	**11,384**	**10,779**	**34,983**	**34,068**
Performance fees and allocations	580	547	30,246	39,288
Performance fee and allocations cash bonus	(187)	(173)	(9,807)	(12,367)
Performance fee and allocations RSU bonus	(116)	(48)	(2,475)	(3,421)
Adjusted EBITDA	**$ 11,661**	**$ 11,105**	**$ 52,947**	**$ 57,568**

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 March 31, 2018, the Company earned $0.23 and $0.22 per share, on a basic and diluted basis, respectively, compared with $0.20 and $0.19 per share, on a basic and diluted basis, respectively, for the same period last year as net income increased to $6.9 million from $6.0 million. The increase in net income was due to an increase in total revenues of $1.4 million, partially offset by a decrease in total expenses before tax of $0.1 million and increase in income taxes of $0.4 million.

Base EBITDA was $11.4 million for the three months ended March 31, 2018, compared with $10.8 million in the year ago quarter due primarily to higher Base Management Fees and other income.

Adjusted EBITDA for the three months ended March 31, 2018, increased by $0.6 million to $11.7 million from $11.1 million for the same period last year, due primarily to the increase in Base EBITDA as net Performance Fees and Allocations (Performance Fees and Allocations, net of related bonus expense) remained relatively flat from the prior year period.

For the nine months ended March 31, 2018, the Company earned $1.05 and $1.02 per share, on a basic and diluted basis, respectively, compared with $1.25 and $1.20 per share, on a basic and diluted basis, respectively, for the same period last year as net income decreased to $31.8 million from $37.4 million. The decrease in net income was due to a decrease in total revenues of $6.5 million due to lower Performance Fees and Allocations and an increase in total expenses before tax of $0.6 million.

Base EBITDA was $35.0 million for the nine months ended March 31, 2018, compared with $34.1 million in the year ago period as an increase in Base Management Fees and other income was partially offset by an increase in operating expenses.

Adjusted EBITDA for the nine months ended March 31, 2018, decreased by $4.6 million to $52.9 million versus $57.6 million for the same period last year, due to a decrease in net Performance Fees and Allocations (Performance Fees and Allocations, net of related bonus expense) of $5.5 million, partially offset by the $0.9 million increase in Base EBITDA.

Revenue

Total revenue for the three months ended March 31, 2018, was $28.7 million versus $27.3 million in the year ago quarter. For the nine months ended March 31, 2018, total revenue was $114.0 million compared to $120.5 million in the year ago period.

Base Management Fees for the three months ended March 31, 2018, increased year-over-year by $1.2 million or 4.7% to $27.4 million from $26.1 million due to an increase in Average AUM of $0.2 billion to $9.0 billion and an increase in average Base Management Fee Percentage to 1.23% from 1.21% as a result of asset mix changes. Base Management Fees for the nine months ended March 31, 2017, increased year-over-year by $2.2 million or 2.8% to $81.7 million from $79.5 million as an increase in Average AUM of $0.3 billion to $9.0 billion was offset by the decrease in the average Base Management Fee Percentage to 1.21% from 1.22% as a result of asset mix changes.

Performance Fees and Allocations for the three months ended March 31, 2018, increased to $0.6 million from $0.5 million. Performance Fees and Allocations for the nine months ended March 31, 2018, decreased to $30.2 million from $39.3 million.

Other income for the three months ended March 31, 2018, was $0.7 million versus $0.6 million in the year ago quarter. Other income for the nine months ended March 31, 2017, was $2.0 million versus $1.7 million in the year ago period. The increase in other income for the three and nine months ended March 31, 2018, is due primarily to foreign exchange gains on our U.S. dollar denominated cash and accounts receivable balances year-over-year and higher interest income.

Expenses

Total expenses for the three months ended March 31, 2018, increased year-over-year by $0.1 million or 0.7% to $19.0 million from $18.9 million.

Total expenses for the nine months ended March 31, 2018, increased year-over-year by $0.6 million or 0.9% to $69.3 million from $68.7 million.

Compensation expense for the three months ended March 31, 2018, decreased year-over-year by $0.7 million to $10.9 million from $11.6 million primarily due to lower RSU amortization of $0.7 million and lower severances of $0.8 million, partially offset by higher cash bonus expense of $0.4 million.

Compensation expense for the nine months ended March 31, 2018, decreased year-over-year by $2.0 million to $44.6 million from $46.6 million primarily due to lower accrued cash bonus of $1.9 million and lower RSU amortization of $1.0 million, partially offset by an increase in other base compensation.

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

The ratio of the bonuses paid in RSUs versus cash is dependent on the amount of the bonus awarded to each employee, and increases with the size of the award. The total annual bonus amounts are not known until the end of the fiscal year. Therefore, the calculation of bonus expensed in each interim quarter of the Company's fiscal year requires an estimate of the percentage that will be paid in cash versus RSUs. The average cash percentage used in calculating the nine month bonus was 80% (March 31, 2017 – 78%).

Client wealth management expenses for the three and nine months ended March 31, 2018, decreased $0.1 million to $0.8 million and $2.5 million respectively.

General and administrative expenses for the three months ended March 31, 2018, increased year-over-year by $0.8 million to $5.8 million from $5.0 million due primarily to higher technology spending, partially offset by a decrease of $0.5 million Founders-related arbitration costs.

General and administrative expenses for the nine months ended March 31, 2018, increased year-over-year by $2.4 million to $17.2 million from $14.8 million due primarily to a $2.0 million adjustment to the Founders-related obligations to reflect the final arbitration settlement amount and interest on this amount, compared to $0.3 million in the year ago quarter, a decrease of $0.9 million in recoveries related to a charge recognized in fiscal 2016 relating to the tax treatment of certain pooled fund transactions, and increases in research and technology spending. These increases in General and Administrative expenses were partially offset by a $2.9 million decrease in professional fees associated with the arbitration.

Occupancy costs for the three and nine months ended March 31, 2018, remained unchanged year-over-year at $1.0 million and $2.8 million respectively.

Amortization of property and equipment for the three months and nine months ended March 31, 2018, remained unchanged at $0.4 million and $1.1 million respectively.

Year-over-year, amortization of acquired intangible assets and other intangibles increased $0.2 million to $1.2 million for the three months ended March 31, 2018. For the nine months ended March 31, 2018, amortization of acquired intangible assets and other intangibles increased $0.5 million to $3.8 million from $3.3 million due to higher derecognition costs related to client terminations.

Tax Rates

The Company's effective tax rate for the three months ended March 31, 2018, decreased to 28.2% from 28.3% in the same period last year due primarily to a decrease in other non-deductible expenses for tax purposes partially offset by an increase in tax deduction differences arising from RSUs.

Accounts Receivable

The Company's accounts receivable at March 31, 2018, and June 30, 2017, consisted primarily of amounts attributable to Base Management Fees and Performance Fees and Allocations.

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 was paid on November 30, 2017, to shareholders of record at the close of business on November 21, 2017.

On February 8, 2018, the Company declared a regular dividend of $0.25 per equity share relating to the quarter ended December 31, 2017. This dividend was paid on March 1, 2018, to shareholders of record at the close of business on February 19, 2018.

On May 14, 2018, the Company declared a regular dividend of $0.25 per equity share relating to the quarter ended March 31, 2018, and a special dividend of $0.60 per equity share. These dividends will be paid on June 4, 2018, to shareholders of record at the close of business on May 25, 2018.

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 March 31, 2018	$ 7.89	$ 8.97	$ 16.86
Declared – in the third quarter of fiscal 2018, payable June 4, 2018	0.25	0.60	0.85
TOTAL PER EQUITY SHARE	**$ 8.14**	**$ 9.57**	**$ 17.71**

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 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	AS AT DEC 31, 2017	AS AT MAR 31, 2018
Assets Under Management *($ in millions)*	$ 8,298	$ 8,534	$ 8,739	$ 8,873	$ 8,886	$ 8,923	$ 8,978	$ 8,949

	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	3 MONTHS ENDED DEC 31, 2017	3 MONTHS ENDED MAR 31, 2018
INCOME STATEMENT INFORMATION								
Revenue								
Base management fees	$ 25,880	$ 26,741	$ 26,612	$ 26,141	$ 27,058	$ 26,671	$ 27,688	$ 27,382
Performance fees and allocations	1,048	1,310	37,431	547	3,922	1,262	28,404	580
Other income	500	542	539	606	590	642	636	725
	$ 27,428	$ 28,593	$ 64,582	$ 27,294	$ 31,570	$ 28,575	$ 56,728	$ 28,687
Net income	**3,320**	**7,364**	**24,004**	**6,001**	**5,807**	**5,801**	**19,095**	**6,903**
Base EBITDA	**10,220**	**12,441**	**10,848**	**10,779**	**9,402**	**11,775**	**11,824**	**11,384**
Adjusted EBITDA	**10,847**	**13,227**	**33,236**	**11,105**	**11,747**	**12,527**	**28,759**	**11,661**
Basic earnings per share	**$ 0.11**	**$ 0.25**	**$ 0.80**	**$ 0.20**	**$ 0.19**	**$ 0.19**	**$ 0.63**	**$ 0.23**
Diluted earnings per share	**$ 0.11**	**$ 0.24**	**$ 0.78**	**$ 0.19**	**$ 0.19**	**$ 0.19**	**$ 0.61**	**$ 0.22**

Performance Fees and Allocations 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 and Allocations is dependent on the investment performance of the underlying portfolios.

SUMMARY OF PORTFOLIO AUM AND PERFORMANCE

For the period ended March 31, 2018
($ in millions of Canadian dollars)

Annualized Net Rates of Return[1]

INVESTMENT STRATEGIES	INCEPTION DATE	AUM $	CALENDAR YTD[2]	1 YEAR %	3 YEAR %	5 YEAR %	10 YEAR %	SINCE INCEPTION %
Equity[3]								
Premium Income[5]	JUL 2001	1,753	-3.1	2.6	4.4	6.9	7.3	11.6
Canadian Equity[5]	JAN 1991	89	-3.8	4.8	7.0	7.7	2.8	11.1
U.S. Equity[10]	AUG 2011	1,024	1.3	8.0	7.8	14.5	–	16.3
U.S. Equity Fund II[10, 11]	FEB 1986	37	2.0	4.9	6.0	13.1	8.6	9.9
Resource Fund	AUG 2009	91	-6.2	-7.1	3.8	0.8	–	3.9
International[4, 6]	AUG 2008	1,108	2.5	14.6	6.3	8.9	–	6.4
Growth[5]	JUL 1984	2	-1.7	5.9	6.4	10.4	5.5	10.8
		4,104						
Equity Alternative[7]								
Enhanced Preferred Share Fund	JAN 2016	169	-0.3	3.2	–	–	–	6.1
Global Special Situations Fund	APR 2017	208	-0.2	–	–	–	–	6.6[12]
		377						
Fixed Income & Credit Alternative								
Tactical Fixed Income[7]	JAN 2013	1,740	1.1	3.4	3.9	–	–	4.0
Blair Franklin Global Credit Fund	MAR 2004	1,457	0.8	3.3	5.3	5.8	10.8	11.5[9]
Enhanced Yield[4, 6]	FEB 2009	256	1.3	4.1	3.1	3.6	–	5.2
Credit Arbitrage[6]	JAN 2009	145	0.1	2.0	3.0	3.1	–	5.5
Enhanced Bond[6]	DEC 2008	380	0.4	2.2	2.5	3.0	–	4.9
		3,978						
Segregated Institutional & Special Mandates[13]		**490**						
Assets Under Management		**8,949**						

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. *Calendar year-to-date returns are non-annualized.*
3. *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.*
4. *The performance presented includes the historical returns of the incubated versions of each respective portfolio, prior to it being offered to Gluskin Sheff clients.*
5. *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.*
6. *The returns presented are those of the GS+A fund, Series A.*
7. *The returns presented are those of the GS+A Tactical Fixed Income Fund, Series A.*
8. *Calendar year-to-date returns are non-annualized.*
9. *The 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 since inception return since that time is 12.4%.*
10. *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.*
11. *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 6.6% (annualized).*
12. *Since inception return is non-annualized.*
13. *Includes Institutional Canadian Equity models ($17 million) and institutional mandates managed primarily in accordance with our Premium Income portfolio model ($280 million), our Growth portfolio model ($128 million), and our Credit Arbitrage portfolio model ($41 million), and private client mandates managed primarily in accordance with a combination of our Canadian Equity and Premium Income portfolio models ($5 million), and other special mandates ($19 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.

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 assumption and estimate:

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.

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 changes 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, and cyber insurance.

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 March 31, 2018, 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 Chair 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 and nine months ended March 31, 2018. For further information, refer to note 6 of the Company's March 31, 2018, unaudited interim condensed consolidated financial statements.

SHARE CAPITAL

The Company has a Normal Course Issuer Bid (NCIB) in place where up to 2,782,596 of the Company's Common Shares, or 10% of the Company's public float as of January 31, 2018, could be repurchased over the twelve month period beginning February 16, 2018 and ending February 15, 2019. The number of Common Shares that could be repurchased pursuant to the NCIB was subject to a daily maximum of 25,219 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 were cancelled. During the three and nine months ended March 31, 2018, the Company did not repurchase any Common Shares under the NCIB.

During the three months ended March 31, 2018, no stock options were exercised.

The number of issued and outstanding shares includes Common Shares acquired in the open market by various trusts established by the Company for the benefit of the RSU plan participants, which are described in note 12 to the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2018.

The number of outstanding stock options as at March 31, 2018, 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 CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

($ in thousands of Canadian dollars)

	AS AT MAR 31, 2018	AS AT JUN 30, 2017
ASSETS		
Current assets		
Cash	$ 8,449	$ 21,685
Short-term investments (note 4)	45,475	58,862
Accounts receivable (note 6)	12,844	14,345
Income taxes receivable (note 14)	683	113
Prepaid expenses and other assets	1,880	1,596
	69,331	**96,601**
Non-current assets		
Restricted cash (note 4 and 12)	947	695
Prepaid equity forwards (note 4 and 12)	2,633	2,756
Property and equipment	15,571	16,441
Intangible assets (note 2)	20,648	24,838
Goodwill (note 3)	39,188	39,188
Deferred income taxes, net (note 14)	358	4,556
	79,345	**88,474**
Total assets	**$ 148,676**	**$ 185,075**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 5, 6, 8 and 12)	$ 7,203	$ 7,729
Post-retirement obligations (note 9)	500	500
Accrued bonuses (note 15)	17,916	25,472
Provisions (note 8)	–	9,375
	25,619	**43,076**
Non-current liabilities		
Long-term liabilities (note 12)	3,062	2,732
Post-retirement obligations (note 9)	4,480	4,746
	7,542	**7,478**
	$ 33,161	**$ 50,554**
SHAREHOLDERS' EQUITY		
Share capital (note 10)	$ 66,356	$ 66,356
Treasury stock (note 11)	(17,644)	(24,511)
Contributed surplus	26,405	33,985
Retained earnings	43,944	62,237
Accumulated other comprehensive loss	(3,546)	(3,546)
	115,515	**134,521**
Total liabilities and shareholders' equity	**$ 148,676**	**$ 185,075**

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

($ in thousands of Canadian dollars, except per share amounts)

	3 MONTHS ENDED MAR 31, 2018	3 MONTHS ENDED MAR 31, 2017	9 MONTHS ENDED MAR 31, 2018	9 MONTHS ENDED MAR 31, 2017
INCOME				
Base management fees (note 6)	$ 27,382	$ 26,141	$ 81,741	$ 79,494
Performance fees and allocations (note 6)	580	547	30,246	39,288
Other income (note 5)	725	606	2,003	1,687
	28,687	**27,294**	**113,990**	**120,469**
EXPENSES				
Compensation (note 9, 12 and 15)	10,860	11,571	44,592	46,581
Reimbursements from pooled funds (note 6)	(903)	(863)	(2,682)	(2,623)
Client wealth management (note 16)	791	893	2,540	2,635
General and administrative (note 6, 12 and 17)	5,790	4,957	17,160	14,800
Occupancy (note 18)	965	960	2,789	2,797
Amortization of property and equipment	372	392	1,098	1,193
Amortization and derecognition of intangible assets (note 2)	1,192	1,019	3,792	3,304
	19,067	**18,929**	**69,289**	**68,687**
Income before provision for income taxes	**$ 9,620**	**$ 8,365**	**$ 44,701**	**$ 51,782**
Provision for income taxes (note 14)				
Current income taxes	3,320	3,221	8,808	11,900
Deferred income taxes	(603)	(857)	4,094	2,513
	2,717	**2,364**	**12,902**	**14,413**
Net income attributable to shareholders	**$ 6,903**	**$ 6,001**	**$ 31,799**	**$ 37,369**
Net income attributable to shareholders per Common Share:				
Basic earnings per share (note 13)	**$ 0.23**	**$ 0.20**	**$ 1.05**	**$ 1.25**
Diluted earnings per share (note 13)	**$ 0.22**	**$ 0.19**	**$ 1.02**	**$ 1.20**

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

($ in thousands of Canadian dollars)

	3 MONTHS ENDED MAR 31, 2018					
	SHARE CAPITAL	TREASURY STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL EQUITY
Beginning of period	**$ 66,356**	**$ (17,095)**	**$ 24,820**	**$ 44,863**	**$ (3,546)**	**$ 115,398**
Net income attributable to shareholders	–	–	–	6,903	–	6,903
Amortization of restricted share units (note 12)	–	–	1,265	–	–	1,265
Purchase of treasury stock (note 11 and 12)	–	(549)	–	–	–	(549)
Deferred income tax for dividends-in-kind (note 14)	–	–	68	–	–	68
Quarterly dividend (note 19)	–	–	252	(7,822)	–	(7,570)
End of period	**$ 66,356**	**$ (17,644)**	**$ 26,405**	**$ 43,944**	**$ (3,546)**	**$ 115,515**

	3 MONTHS ENDED MAR 31, 2017					
	SHARE CAPITAL	TREASURY STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL EQUITY
Beginning of period	**$ 66,356**	**$ (24,511)**	**$ 28,731**	**$ 66,052**	**$ (3,464)**	**$ 133,164**
Net income attributable to shareholders	–	–	–	6,001	–	6,001
Amortization of restricted share units (note 12)	–	–	1,967	–	–	1,967
Amortization of stock options (note 12)	–	–	37	–	–	37
Deferred income tax for dividends-in-kind (note 14)	–	–	381	–	–	381
Quarterly dividend (note 19)	–	–	276	(7,809)	–	(7,533)
End of period	**$ 66,356**	**$ (24,511)**	**$ 31,392**	**$ 64,244**	**$ (3,464)**	**$ 134,017**

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

($ in thousands of Canadian dollars)

	9 MONTHS ENDED MAR 31, 2018					
	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	–	–	–	31,799	–	31,799
Amortization of restricted share units (note 12)	–	–	6,858	–	–	6,858
Forfeiture of restricted share units (note 12)	–	–	(454)	–	–	(454)
Amortization of stock options (note 12)	–	–	375	–	–	375
Purchase of treasury stock (note 11 and 12)	–	(9,588)	–	–	–	(9,588)
Vesting of restricted share units (note 11 and 12)	–	16,455	(16,455)	–	–	–
Deferred income tax for dividends-in-kind (note 14)	–	–	659	–	–	659
Special dividend (note 19)	–	–	766	(26,646)	–	(25,880)
Quarterly dividend (note 19)	–	–	671	(23,446)	–	(22,775)
End of period	**$ 66,356**	**$ (17,644)**	**$ 26,405**	**$ 43,944**	**$ (3,546)**	**$ 115,515**

	9 MONTHS ENDED MAR 31, 2017					
	SHARE CAPITAL	TREASURY STOCK	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL EQUITY
Beginning of period, adjusted	**$ 66,356**	**$ (37,315)**	**$ 44,504**	**$ 50,291**	**$ (3,464)**	**$ 120,372**
Net income attributable to shareholders	–	–	–	37,369	–	37,369
Amortization of restricted share units (note 12)	–	–	7,410	–	–	7,410
Amortization of stock options (note 12)	–	–	109	–	–	109
Purchase of treasury stock (note 11 and 12)	–	(8,280)	–	–	–	(8,280)
Vesting of restricted share units (note 11 and 12)	–	21,084	(21,084)	–	–	–
Deferred income tax for dividends-in-kind (note 14)	–	–	(361)	–	–	(361)
Quarterly dividend (note 19)	–	–	814	(23,416)	–	(22,602)
End of period	**$ 66,356**	**$ (24,511)**	**$ 31,392**	**$ 64,244**	**$ (3,464)**	**$ 134,017**

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

($ in thousands of Canadian dollars)

CASH PROVIDED BY (USED IN)	3 MONTHS ENDED MAR 31, 2018	3 MONTHS ENDED MAR 31, 2017	9 MONTHS ENDED MAR 31, 2018	9 MONTHS ENDED MAR 31, 2017
OPERATING ACTIVITIES				
Net income attributable to shareholders for the period	$ 6,903	$ 6,001	$ 31,799	$ 37,369
Changes in restricted cash movement	(250)	–	(252)	48
Adjustments for non-cash items				
Amortization of property and equipment	372	392	1,098	1,193
Amortization and derecognition of intangible assets (note 2)	1,192	1,019	3,792	3,304
Intangible assets available for use (note 2)	–	–	417	–
Change in unrealized foreign exchange gains on cash balances	(24)	3	(47)	11
Post-retirement obligations (note 9)	37	–	109	–
Provisions (note 8)	(1,660)	94	–	282
Deferred income taxes (note 14)	(603)	(549)	4,857	2,821
Deferred share units expense (note 12)	(117)	231	542	799
Release of deferred share units (note 12)	–	–	(46)	–
Amortization of restricted share units (note 12)	1,265	1,967	6,404	7,410
Stock option expense (note 12)	–	37	375	109
Interest income (note 5)	(100)	(76)	(286)	(133)
Change in unrealized loss on prepaid equity forwards (note 12)	325	(60)	123	(266)
Cash provided by operating activities before changes in working capital items	**7,340**	**9,059**	**48,885**	**52,947**
Net change in working capital items (note 20)	7,140	24,675	(17,351)	(3,175)
Cash provided by operating activities	**14,480**	**33,734**	**31,534**	**49,772**
INVESTING ACTIVITIES				
Purchase of intangible assets	–	(6)	(19)	(217)
Purchases of property and equipment	(92)	(1)	(228)	(72)
Sale of property and equipment	–	–	–	15
Purchases of short-term investments	(52,370)	(34,212)	(156,190)	(127,203)
Sales of short-term investments	43,870	39,403	169,577	100,973
Net interest received (note 5)	100	76	286	133
Cash used in investing activities	**(8,492)**	**5,260**	**13,426**	**(26,371)**
FINANCING ACTIVITIES				
Dividends paid (note 19)	(7,570)	(7,533)	(48,655)	(22,602)
Acquisition of treasury stock (note 11 and 12)	(549)	–	(9,588)	(8,280)
Cash used in financing activities	**(8,119)**	**(7,533)**	**(58,243)**	**(30,882)**
Change in unrealized foreign exchange gains on cash balances	24	(3)	47	(11)
Decrease in cash during the period	**(2,107)**	**31,458**	**(13,236)**	**(7,492)**
Cash – beginning of period	**10,556**	**12,383**	**21,685**	**51,333**
Cash – end of period	**$ 8,449**	**$ 43,841**	**$ 8,449**	**$ 43,841**

Supplemental Information				
Interest paid	$ –	$ 1	$ –	$ 1
Income taxes paid	$ 643	$ 1,309	$ 8,627	$ 13,513

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

Notes to Interim Condensed Unaudited Consolidated Financial Statements

For the three and nine months ended March 31, 2018 and 2017
($ 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 condensed 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 condensed consolidated financial statements.

The unaudited interim condensed consolidated financial statements of the Company for the three and nine months ended March 31, 2018, were authorized for issue by a resolution of the Board of Directors on May 14, 2018.

Basis of Presentation

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

Principles of Consolidation

The unaudited interim condensed 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 and nine months ended March 31, 2018, the Company consolidated the following entities into these financial statements:

- Gluskin Sheff + Associates (US) Inc.
- Blair Franklin Management Inc.
- FY2017 RSU Trust
- FY2016 RSU Trust
- FY2015 RSU Trust
- FY2014 RSU Trust

- Initial Investor Inc.
- Parent GP Inc.
- GS+A Premium GP (Delaware) LLC
- GS+A Premium GP (Delaware) LP
- GS+A Enhanced Bond GP (Delaware) LLC
- GS+A Enhanced Bond GP (Delaware) LP
- GS+A US Equity GP (Delaware) LLC
- GS+A US Equity GP (Delaware) LP
- GS+A International GP (Delaware) LLC
- GS+A International GP (Delaware) LP
- GS+A TFI GP (Delaware) LLC
- GS+A TFI Master GP (Cayman) LP

During the three and nine months ended March 31, 2017, the Company consolidated the following entities into these financial statements:

- Gluskin Sheff + Associates (US) Inc.
- Blair Franklin Management Inc.
- Blair Franklin II Management Inc.
- FY2016 RSU Trust
- FY2015 RSU Trust
- FY2014 RSU Trust

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.

Blair Franklin Management Inc., which is wholly-owned by the Company, is the general partner of Blair Franklin Global Credit Fund LP.

The RSU plan is described in note 12. The 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 condensed 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 in Canada, 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 Canadian funds, with nominal investments in each of the funds for which it is the initial investor. In September 2017, the Company established funds structured as limited partnerships in the U.S. and in the Cayman Islands. The Company has a 99.99% limited partnership interest in each of the above GPLPs which were established as the General Partner of their respective underlying limited partnership funds. The GPLPs earn a performance allocation from the underlying funds. Each of the above GP LLCs (with the exception of GS+A TFI GP (Delaware) LLC) was established as the General Partner of their respective GPLPs. GS+A TFI GP (Delaware) LLC was established as the General Partner of the GS+A Tactical Fixed Income Fund (Delaware) LP. Each of the GP LLCs have a 0.01% interest in their GPLPs and the GP LLCs are 100% owned by Gluskin Sheff +Associates (US) Inc.

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)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.

Future Accounting Changes

The final version of IFRS 9, *Financial Instruments,* was issued by the IASB in July 2014 that replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In addition, the IASB introduced a new impairment model. The standard provides a single, principle-based approach for determining the classification of financial assets driven by cash flow characteristics and the business model in which an asset is held. The impairment model will be an expected credit loss model which will apply to all financial instruments and require more timely recognition of expected losses. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Retrospective application is required, but providing comparative information is not compulsory.

The Company intends to adopt IFRS 9 in its consolidated financial statements for annual periods beginning July 1, 2018. The adoption of IFRS 9 is not expected to have a material impact on the Company's consolidated financial statements.

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.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning July 1, 2018. The Company will review contracts in place that may be impacted by the adoption of this standard and will disclose in our 2018 annual consolidated financial statements any estimated financial effects on our fiscal 2019 results, if any, upon adoption 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.

In June 2016 IASB issued an amendment to IFRS 2, *Share-Based Payments*, addressing (i) certain issues related to the accounting for cash-settled awards, and (ii) the accounting for equity-settled awards that include a "net settlement" feature of employee withholding taxes. This amendment is effective for annual periods beginning on or after January 1, 2019. The Company is currently reviewing new standards to assess the impact they may have upon adoption.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the Company.

2. INTANGIBLE ASSETS

Impairment assessment of Client Relationships, Non-Compete Agreements, Technology and Customized Systems & Software
During the three months ended March 31, 2018, amortization of client relationships intangible assets arising from its acquisition of Blair Franklin in fiscal 2014 was $776 (March 31, 2017 - $809). The Company derecognized $255 (March 31, 2017 - $23) 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. During the nine months ended March 31, 2018, amortization of client relationships was $2,364 (March 31, 2017 - $2,437) and $896 (March 31, 2017 - $236) of the client relationship intangible asset was derecognized.

During the three months ended March 31, 2018 amortization of the non-compete agreements, technology and customized systems and software arising from its acquisition of Blair Franklin in fiscal 2014 was $161 (March 31, 2017 - $187). During the nine months ended March 31, 2018 amortization of these intangible assets was $532 (March 31, 2017 - $631).

The Company determined that there were no indicators of impairment and that none of these intangible assets were impaired during the three and nine months ended March 31, 2018.

Impairment assessment of Customized Systems & Software Under Construction
As at March 31, 2018, there were no 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).

3. GOODWILL

During the first, second and third fiscal quarters, goodwill was assessed for indicators of impairment. As of March 31, 2018, there were no indicators of impairment.

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 levels within the fair value hierarchy for the Company's fair value measurements:

	AS AT MAR 31, 2018		
	LEVEL 1	LEVEL 2	TOTAL
Financial assets			
Cash and restricted cash	$ 9,396	$ –	$ 9,396
Short-term investments	–	45,475	45,475
Prepaid equity forwards	–	2,633	2,633
Total financial assets	**$ 9,396**	**$ 48,108**	**$ 57,504**

	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 and nine months ended March 31, 2018 and June 30, 2017, 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		9 MONTHS ENDED	
	MAR 31, 2018	MAR 31, 2017	MAR 31, 2018	MAR 31, 2017
Economic research subscriptions	$ 505	$ 486	$ 1,533	$ 1,441
Interest income	100	76	286	133
Foreign exchange income, net	24	14	47	(4)
Income from sublease	28	20	62	68
Other income	68	10	75	49
	$ 725	**$ 606**	**$ 2,003**	**$ 1,687**

Related unearned income from the Economic research subscriptions of $565 (March 31, 2017 - $525) 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, aside from the GS+A TFI Master GP (Cayman) LP. Included in the Company's statement of income and comprehensive income for the three months ended March 31, 2018, are Performance Fees of $559 (March 31, 2017 – $513) and Base Management Fees of $24,036 (March 31, 2017 – $22,554) earned from the management of the Company's pooled fund vehicles. Included in the Company's statement of income and comprehensive income for the nine months ended March 31, 2018, are Performance Fees of $29,685 (March 31, 2017 – $39,175) and Base Management Fees of $71,451 (March 31, 2017 – $68,596) earned from the management of the Company's pooled fund vehicles.

Included in the Company's statement of income and comprehensive income for the three and nine months ended March 31, 2018, are Performance Allocations of $4 (March 31, 2017 - $nil) allocated to the Company as a General Partner on the funds structured as limited partnerships in the U.S.

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 March 31, 2018, reimbursement of certain operating expenses by the Company's pooled fund vehicles to the Company totaled $903 (March 31, 2017 – $863) and $2,682 for the nine months ended March 31, 2018 (March 31, 2017 - $2,623). 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 and nine months ended March 31, 2018, general and administrative expenses included a partial recovery of $nil and $192, respectively (March 31, 2017 - $20 and $1,082, respectively) relating to a change in tax treatment of certain transactions related to two pooled funds.

Included in Gluskin Sheff Research publication expenses within general and administrative expenses for the three and nine months ended March 31, 2018, is $246 (March 31, 2017 – $384) and $760 (March 31, 2017 -$1,115) respectively, 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 March 31, 2018, is $9,844 (March 31, 2017 – $9,415) due from the Company's pooled fund vehicles for Base Management Fees, Performance Fees and Allocations 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 and nine months ended March 31, 2018, 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. The Facility also includes an irrevocable letter of credit for $3.0 million issued in support of the Company's obligations under the post-retirement agreements as described in note 9.

Guarantees

As at March 31, 2018, $947 (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 12. The present value of the expected payments related to the guarantee is determined to be $nil as at March 31, 2018 and June 30, 2017.

8. PROVISIONS

On July 5, 2017, the Company received a ruling in the final phase of arbitration which provided the principles under which the parties agreed on the final settlement amount of $11,035 which was paid in February 2018.

The following table outlines the continuity for the provisions for the three and nine months ended March 31, 2018 and 2017:

Provisions	3 MONTHS ENDED MAR 31, 2018	3 MONTHS ENDED MAR 31, 2017	9 MONTHS ENDED MAR 31, 2018	9 MONTHS ENDED MAR 31, 2017
Balance – Beginning of period	**$ 9,375**	**$ 11,690**	**$ 9,375**	**$ 12,164**
Interest expense	–	94	–	282
Payments	–	(90)	–	(752)
Pre-judgment interest expense	335	–	335	–
Adjustment to final settlement amount	1,660	–	1,660	–
Final settlement payment	(11,370)	–	(11,370)	–
Balance – End of period	**$ –**	**$ 11,694**	**$ –**	**$ 11,694**

9. POST-RETIREMENT OBLIGATIONS

The following table details the continuity of post-retirement obligations during the three and nine months ended March 31, 2018:

	3 MONTHS ENDED MAR 31, 2018	9 MONTHS ENDED MAR 31, 2018
Post-retirement obligations – Beginning of period	**$ 5,068**	**$ 5,246**
Interest expense	37	109
Payments	(125)	(375)
Post-retirement obligations – End of period	**$ 4,980**	**$ 4,980**

The following table details the classification of the post-retirement obligations in the balance sheet as at the March 31, 2018, and June 30, 2017:

	AS AT	
Post-Retirement Obligations	MAR 31, 2018	JUN 30, 2017
Current	$ 500	$ 500
Non-current	4,480	4,746
Total post-retirement obligations	**$ 4,980**	**$ 5,246**

10. 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 2018, the Company received approval from the TSX to renew its NCIB. Under the renewed NCIB, up to 2,782,596 of the Company's Common Shares, or 10% of the Company's public float as of January 31, 2018, can be repurchased over the twelve month period beginning February 16, 2018 and ending February 15, 2019. The number of Common Shares that can be repurchased pursuant to the NCIB is subject to a daily maximum of 25,219 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 under the NCIB are cancelled.

As at March 31, 2018 no Common Shares were repurchased under this authorization.

Shares Issued and Outstanding

As at March 31, 2018 and March 31, 2017 there were 31,234,484 common shares outstanding with a stated value of $66,356. Common Shares are non-redeemable and have no par value.

No preference shares were outstanding as at March 31, 2018 and June 30, 2017.

11. TREASURY STOCK

In relation to the Company's RSU plan, as described in note 12, 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			
	MAR 31, 2018		MAR 31, 2017	
Treasury Stock	NUMBER OF SHARES (000'S)	STATED VALUE	NUMBER OF SHARES (000'S)	STATED VALUE
Balance – Beginning of period	923	$ 17,095	1,098	$ 24,511
Treasury stock purchased	34	549	–	–
Balance – End of period	**957**	**$ 17,644**	**1,098**	**$ 24,511**

Treasury Stock	9 MONTHS ENDED MAR 31, 2018 NUMBER OF SHARES (000'S)	STATED VALUE	MAR 31, 2017 NUMBER OF SHARES (000'S)	STATED VALUE
Balance – Beginning of period	1,098	$ 24,511	1,561	$ 37,315
Treasury stock purchased	544	9,588	453	8,280
Treasury stock released	(685)	(16,455)	(916)	(21,084)
Balance – End of period	**957**	**$ 17,644**	**1,098**	**$ 24,511**

12. 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 nine months ended March 31, 2018 the Company issued 100,000 stock options to a participant.

The expense related to stock options outstanding that has been included in compensation expense during the three months and nine months ended March 31, 2018, was $nil and $375, respectively, (March 31, 2017 – $37 and $109, respectively) and includes $355 in accelerated stock option expense relating to an employee retirement.

	3 MONTHS ENDED				9 MONTHS ENDED			
	MAR 31, 2018		MAR 31, 2017		MAR 31, 2018		MAR 31, 2017	
STOCK OPTIONS	OPTIONS (000'S)	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS (000'S)	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS (000'S)	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS (000'S)	WEIGHTED AVERAGE EXERCISE PRICE
Balance – Beginning of period	250	$ 17.04	150	$ 16.62	150	$ 16.62	177	$ 19.36
Options Issued	–	–	–	–	100	17.67	100	17.10
Options exercised	–	–	–	–	–	–	–	–
Options expired	–	–	–	–	–	–	(127)	20.82
Balance – End of period	**250**	**$ 17.04**	**150**	**$ 16.62**	**250**	**$ 17.04**	**150**	**$ 16.62**

Deferred Share Unit Plan

As at March 31, 2018, the fair value of the prepaid equity forward agreements was $2,633 (June 30, 2017 - $2,756) with 180,590 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.

During the nine months ended March 31, 2018, there were $624 in payments under the DSU plan (March 31, 2017 - $nil, respectively). The Company recorded a DSU gain of $117 during the three months ended March 31, 2018 (March 31, 2017 – $231 expense), including a mark-to-market gain of $407 (March 31, 2017 – loss of $21). During the nine months ended March 31, 2018, the Company recognized a DSU expense of $496 (March 31, 2017 – $799), including a mark-to-market gain of $353 (March 31, 2017 – loss of $160). As at March 31, 2018, a DSU liability of $93 (June 30, 2017 - $551) is included in current liabilities and $3,062 (June 30, 2017 - $2,732) is included in long-term liabilities in the Company's balance sheet. During the three and nine months ended March 31, 2018, the Company recorded a $368 loss and a $378 loss, respectively (March 31, 2017 - $20 gain and $148 gain, respectively) on the prepaid equity forwards.

	3 MONTHS ENDED		9 MONTHS ENDED	
DEFERRED SHARE UNITS (000'S)	MAR 31, 2018	MAR 31, 2017	MAR 31, 2018	MAR 31, 2017
Balance – Beginning of period	197	171	196	145
Issued during period	19	12	55	38
Released during period	–	–	(35)	–
Balance – End of period	**216**	**183**	**216**	**183**

Restricted Share Units

During the three months ended March 31, 2018, the Company awarded $500 (March 31, 2017 – $nil) in RSUs to employees, plus $252 (March 31, 2017 – $276) 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.

During the nine months ended March 31, 2018, the Company awarded $9,127 (March 31, 2017 – $6,737) in RSUs to employees, plus $1,437 (March 31, 2017 – $814) 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 $48 reversal (March 31, 2017 - $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 March 31, 2018, was $1,265 (March 31, 2017 – $1,967). The were no reversals of RSU amortization recognized in prior periods for RSUs forfeited during the three months ended March 31, 2018 and March 31, 2017. The amortization related to RSUs that has been included in compensation expense during the nine months ended March 31, 2018, was $6,404 (March 31, 2017 – $7,410) and was net of a $454 reversal of RSU amortization (March 31, 2017 - $nil) recognized in prior periods for RSUs forfeited and includes $1,081 of accelerated RSU amortization (March 31, 2017 - $nil) due to employee departures during the period.

No RSUs vested in the three months ended March 31, 2018, and 2017. During the nine months ended March 31, 2018, $16,455 (March 31, 2018 – $21,084) of RSUs vested and were settled with treasury stock held by the Trusts in the period.

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 $39 for the three months ended March 31, 2018 (March 31, 2017 – $44) and $119 for the nine months ended March 31, 2018 (March 31, 2017 - $140), is included in the compensation expense.

Executive Loan Program

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 March 31, 2018, $947 of restricted cash (June 30, 2017 – $695) is held in a segregated account in connection with this loan guarantee.

13. 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 March 31:

	3 MONTHS ENDED	
BASIC AND DILUTED EARNINGS PER SHARE	MAR 31, 2018	MAR 31, 2017
Numerator:		
Net income attributable to shareholders	$ 6,903	$ 6,001
Denominator (Number of shares in thousands):		
Weighted average number of shares outstanding – basic	30,285	30,136
Weighted average number of stock options outstanding	–	–
Weighted average number of outstanding RSUs	719	843
Weighted average number of outstanding DSUs	198	172
Weighted average number of shares outstanding – diluted	31,202	31,151
Earnings per share		
Basic	$ 0.23	$ 0.20
Diluted[1]	$ 0.22	$ 0.19

Notes:

1. *For the three months ended March 31, 2018, the computation of diluted earnings per share excluded 250,000 weighted-average options outstanding as their option price exceeded the average market price of the Company's shares (March 31, 2017 – 100,000). For the three months ended March 31, 2018, the computation of diluted earnings per share included all RSUs outstanding, on a weighted-average basis (March 31, 2017 – all RSUs outstanding, on a weighted-average basis, were included).*

The following table presents the Company's basic and diluted earnings per share for the nine months ended March 31:

	9 MONTHS ENDED	
BASIC AND DILUTED EARNINGS PER SHARE	MAR 31, 2018	MAR 31, 2017
Numerator:		
Net income attributable to shareholders	$ 31,799	$ 37,369
Denominator (Number of shares in thousands):		
Weighted average number of shares outstanding – basic	30,271	30,002
Weighted average number of stock options outstanding	2	3
Weighted average number of outstanding RSUs	765	950
Weighted average number of outstanding DSUs	192	159
Weighted average number of shares outstanding – diluted	31,230	31,114
Earnings per share		
Basic	$ 1.05	$ 1.25
Diluted[1]	$ 1.02	$ 1.20

Notes:

1. *For the nine months ended March 31, 2018, the computation of diluted earnings per share excluded 171,168 weighted-average options outstanding as their option price exceeded the average market price of the Company's shares (March 31, 2018 – 155,938). For the nine months ended March 31, 2018, the computation of diluted earnings per share included all RSUs outstanding, on a weighted-average basis (March 31, 2017 – all RSUs outstanding, on a weighted-average basis, were included).*

14. INCOME TAXES

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

	3 MONTHS ENDED	
	MAR 31, 2018	MAR 31, 2017
Income tax provision based on statutory income tax rate, 26.4% (2017 – 26.6%)	$ 2,543	$ 2,221
Increase (decrease) in income taxes resulting from:		
Expenses not deductible for tax purposes	57	59
Non-taxable adjustment (note 6)	–	(6)
RSUs – differences between tax deductions and accounting estimates	91	–
Prior year's (over)/under provision	(6)	11
Dividends received from the Trusts	22	73
Other	10	6
Income tax provision as reported, 28.2% (2017 – 28.3%)	**$ 2,717**	**$ 2,364**

	9 MONTHS ENDED	
	MAR 31, 2018	MAR 31, 2017
Income tax provision based on statutory income tax rate, 26.6% (2017 – 26.5%)	$ 11,875	$ 13,730
Increase (decrease) in income taxes resulting from:		
Expenses not deductible for tax purposes	272	210
Non-taxable adjustment (note 6)	(51)	(287)
RSUs – differences between tax deductions and accounting estimates	558	448
Prior year's (over)/under provision	(71)	73
Dividends received from the Trusts	309	218
Other	10	21
Income tax provision as reported, 28.9% (2017 – 27.8%)	**$ 12,902**	**$ 14,413**

The following table details the components of the Company's deferred income tax assets and liabilities as at March 31, 2018, and June 30, 2017:

	AS AT JUN 30, 2017	Recognized in Income	Recognized in Equity	AS AT MAR 31, 2018
Deferred income tax assets				
Accrued and long term liabilities	$ 982	$ –	$ –	$ 982
Restricted share units	6,181	(2,493)	–	3,688
Restricted share units dividends-in-kind	649	–	(104)	545
Post-retirement obligations	1,390	(70)	–	1,320
Provisions	2,484	(2,484)	–	–
Actuarial revaluation	30	–	–	30
Total deferred income tax assets	**$ 11,716**	**$ (5,047)**	**$ (104)**	**$ 6,565**
Deferred income tax liabilities				
Acquired intangible assets	(6,262)	915	–	(5,347)
Property and equipment	(877)	6	–	(871)
Prepaid equity forward	(21)	32	–	11
Total deferred income tax liabilities	**$ (7,160)**	**$ 953**	**$ –**	**$ (6,207)**
Net deferred income tax assets (liabilities)	**$ 4,556**	**$ (4,094)**	**$ (104)**	**$ 358**

As at March 31, 2018, the Company had $1,707 (June 30, 2017 – $1,707) of unused capital losses realized on the disposition of security holdings, for which no benefit has been recognized in these financial statements. These capital losses do not have any expiry date.

15. COMPENSATION

Included in compensation expense for the three months ended March 31, 2018, are accrued cash bonuses of $2,947 (March 31, 2017- $2,726), RSU amortization relating to awards of prior fiscal years of $960 (March 31, 2017- $1,710) and RSU amortization relating to awards of the current fiscal year of $305 (March 31, 2017 - $257). Included in compensation expense for the nine months ended March 31, 2018, are accrued cash bonuses of $17,916 (March 31, 2017- $20,486), RSU amortization relating to awards of prior fiscal years of $4,691 (March 31, 2017- $5,480) and RSU amortization relating to awards of the current fiscal year of $1,713 (March 31, 2017- $1,930).

16. CLIENT WEALTH MANAGEMENT

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	MAR 31, 2018	MAR 31, 2017	MAR 31, 2018	MAR 31, 2017
Donations	$ 318	$ 566	$ 1,153	$ 1,240
Media and Marketing	67	(5)	182	83
Travel	129	121	408	421
Promotion	277	211	797	891
	$ 791	**$ 893**	**$ 2,540**	**$ 2,635**

17. GENERAL AND ADMINISTRATIVE

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	MAR 31, 2018	MAR 31, 2017	MAR 31, 2018	MAR 31, 2017
Insurance	$ 124	$ 105	$ 347	$ 315
Systems development, infrastructure and licenses	1,391	1,025	3,715	3,231
Research data	895	658	2,630	1,828
Office services and telecommunications	393	380	1,215	1,244
Professional fees	503	1,008	1,110	3,677
Other consulting	444	432	1,665	1,422
Regulatory and public company fees	568	601	1,710	1,718
Sub-advisory fees and other fees	73	67	209	208
Gluskin Sheff Research publication expenses	270	403	822	1,171
Net change in service fees and earn-out	–	–	–	191
Non-tax-deductible adjustment (note 6)	–	(20)	(192)	(1,082)
Net change in provisions (note 8)	335	101	1,995	304
Other	794	198	1,934	573
	$ 5,790	**$ 4,957**	**$ 17,160**	**$ 14,800**

18. OCCUPANCY

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	MAR 31, 2018	MAR 31, 2017	MAR 31, 2018	MAR 31, 2017
Lease for premises	$ 916	$ 921	$ 2,667	$ 2,688
Premises maintenance	49	39	122	109
	$ 965	**$ 960**	**$ 2,789**	**$ 2,797**

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.

19. DIVIDENDS

Dividends Declared and Paid

The following dividends were declared by the Company during the nine months ended March 31, 2018:

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
September 30, 2017 – regular dividend Q1, 2018	November 21, 2017	November 30, 2017	$ 0.25	7,593
December 31, 2017 – regular dividend Q2, 2018	February 19, 2018	March 1, 2018	$ 0.25	$ 7,570
Total Dividends Declared			**$ 1.60**	**$ 48,655**

On May 14, 2018, the Company declared a regular dividend of $0.25 per equity share relating to the quarter ended March 31, 2018, and a special dividend of $0.60 per equity share. These dividends will be paid on June 4, 2018, to shareholders of record at the close of business on May 25, 2018.

The following dividends were declared and paid by the Company during the nine months ended March 31, 2017:

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
September 30, 2016 – regular dividend Q1, 2017	November 21, 2016	November 30, 2016	$ 0.25	$ 7,535
December 31, 2016 – regular dividend Q2, 2017	February 22, 2017	March 2, 2017	$ 0.25	$ 7,535
Total Dividends Declared			**$ 0.75**	**$ 22,602**

20. WORKING CAPITAL

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	MAR 31, 2018	MAR 31, 2017	MAR 31, 2018	MAR 31, 2017
Accounts receivable	$ 14,793	$ 20,680	$ 1,501	$ (572)
Prepaid expenses and other assets	(331)	(187)	(284)	266
Income tax receivable	2,687	5,435	(570)	1,910
Accounts payable and accrued liabilities	(3,456)	(2,929)	(68)	(2,107)
Accrued bonuses	2,947	2,726	(7,556)	(702)
Post-retirement obligation	(125)	–	(375)	–
Provisions	(9,375)	(90)	(9,375)	(752)
Release of deferred share units	–	–	(624)	–
Service fee and earn-out payable	–	(960)	–	(1,218)
	$ 7,140	**$ 24,675**	**$ (17,351)**	**$ (3,175)**

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