MANAGEMENT'S DISCUSSION AND ANALYSIS

This interim Management's Discussion and Analysis ("MD&A") for the first quarter ended September 30, 2008 is provided as of November 6, 2008. It should be read in conjunction with the unaudited financial statements, including the notes thereto, of Gluskin Sheff + Associates Inc. for the quarter ending September 30, 2008, the Audited Financial Statements for the 12-month period ending June 30, 2008 and the MD&A for the period. Unless the context indicates or requires otherwise, the terms "Gluskin Sheff," "Company," "we," "us," and "our" mean Gluskin Sheff + Associates Inc. Unless otherwise indicated, all dollar amounts in this MD&A are expressed in Canadian dollars.

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), requiring estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the statements and the amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates as a result of various factors. Certain totals, subtotals and percentages may not reconcile due to rounding.

NON-GAAP FINANCIAL MEASURES

We measure our business using a number of performance indicators that are not measurements in accordance with GAAP and should not be considered as an alternative to net income or any other measure of performance under GAAP. Non-GAAP financial measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

"Earnings before interest, taxes, depreciation and amortization" ("EBITDA") is a standard measure used in the financial industry by management, investors and investment analysts in understanding and comparing results. 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" is EBITDA without including Performance Fees and Performance Fee-related bonuses, and other non-cash expenses such as those associated with the accounting for stock options, deferred share units and non-cash expenses related to the transfer of shares to the Employee Trust. Management believes that Base EBITDA, as defined, is an important measure as it provides relevant information on the profitability of the base business.

"Adjusted EBITDA" is Base EBITDA with Performance Fees and Performance Fee-related bonuses added back.

"Assets Under Management" ("AUM") is not a recognized measure under Canadian GAAP. Any reference to AUM is only to our paying assets under management, on which we charge Base Management Fees. Our non-paying assets under management are charged either no or only nominal fees. This measure may not be comparable to similar measures presented by other issuers. We monitor the level of our AUM as it drives our Base Management Fees. The amount of Performance Fees we earn is related to both the level of our AUM and our investment performance.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe," "anticipate," "estimate," "plan," "expect," "intend," "may," "project," "will," "would," 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 risk and uncertainties. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors which may cause such differences include, but are not limited to, general economic and market conditions, investment performance, global and domestic financial markets, the competitive industry environment, legislative and regulatory changes, technological developments, catastrophic events and other business risks. The reader is cautioned against undue reliance on these forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, we cannot assure that actual results, performance or achievements will be consistent with such statements. The forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation to update or revise any such statements.

SUMMARY OF THE THREE-MONTHS ENDING SEPTEMBER 30, 2008

The salient features for the three-month period ending September 30, 2008 were:

- Decrease in AUM at September 30, 2008 versus September 30, 2007 of approximately $1.1 billion and for the quarter of $1.2 billion to approximately $4.4 billion
- Base Management Fees decreased by $1.2 million to $19.1 million in comparison to the first quarter of the fiscal year 2008.
- Base EBITDA of $10.3 million for the quarter ended September 30, 2008, a decrease of approximately $2.9 million compared to the quarter ended September 30, 2007.

OVERVIEW OF GLUSKIN SHEFF + ASSOCIATES INC.

Gluskin Sheff + Associates Inc. is a wealth management firm whose primary business focus is managing equity assets on a discretionary basis for high net worth private clients. We also manage assets for a number of 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 and deliver a similar level of service to all of our clients.

Our revenues are derived mainly from Base Management Fees, calculated as a percentage of Assets Under Management, and Performance Fees, calculated annually as a percentage of the appreciation (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. Our Performance Fees are calculated annually at June 30 and December 31, depending upon the performance year end of our segregated accounts and private pooled fund vehicles. The Company may also earn investment income on its cash balances and its investments, which includes seeded portfolios.

Assets Under Management are impacted by the net contributions of capital from new and existing clients, as well as by the net market appreciation or decline. 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. The Company also continues to have a pipeline of new business activity while the investment team remains focused on finding attractive investments for our clients' portfolios.

Gluskin Sheff's expenses include Salaries and Benefits, which contains a bonus component that may fluctuate significantly based upon the overall performance of the Company and the amount of Performance Fees earned, General and Administrative expenses (which include professional fees, office supplies and related overhead expenses), Business Development, and Occupancy.

OUTLOOK

The Company's financial performance is impacted by the general performance of the Canadian, U.S., and global markets. These markets, general business conditions and investor sentiments can change quickly, making future results difficult to predict. Currently, stock markets around the world have been decimated by a global financial crisis. We expect the volatility in the capital markets to continue. Macro global weakness and fear seem to be affecting share prices rather than individual company fundamentals. A disconnect between company fundamentals and share prices continues to prevail for a variety of issuers.

The credit crisis is broad and deep and increasingly worldwide, and the adverse implications for stock prices have been severe. While we believe that our investments will prove to be sound in the long-term, a number of our investments were down sharply in price over the quarter. This impacted negatively on our overall AUM and our results. Over our history, we have experienced very difficult market periods before. Our long-term track record of investment success includes such periods. Our experience has been that when stocks recover from a very significant drop, they can and tend to do so rapidly.

Our portfolio managers and analysts continue to monitor the economic and financial market risks. Our focus remains on finding and holding attractively valued, well-managed businesses in strong financial condition that can weather the current storm and that can, in fact, profit from it.

Looking ahead, we are adjusting our portfolios as we see appropriate to capitalize on the new and rapidly changing realities of the market and the global economy. We are not changing our investment philosophy or disciplines. These have served us and our clients well over the history of the firm and we believe they will do so in the future. The fundamental analysis of individual stocks has provided little, if any, comfort whatsoever during the meltdown of the past several months. We do not see this as sufficient reason to move away from the investment approach that has worked well since the firm was founded. We do not know when the markets will recover, but we hold significant cash balances both within and outside of our client equity portfolios that will be deployed in the market when we feel it is opportune to do so.

Summary Financial Information
($ in thousands, except per share amounts)

	3 Months Ending Sep 30, 2008	3 Months Ending Sep 30, 2007	12 Months Ending Jun 30, 2008
ASSETS UNDER MANAGEMENT			
ASSETS UNDER MANAGEMENT	**$ 4,442,980**	**$ 5,466,013**	**$ 5,597,320**
BALANCE SHEET INFORMATION			
TOTAL ASSETS	**$ 74,747**	**$ 93,242**	**$ 81,854**
INCOME STATEMENT INFORMATION			
REVENUE			
• **Base Management Fees**	$ 19,102	$ 20,281	$ 82,523
• **Performance Fees**	42	284	19,844
• **Investment and Other Income (Loss)**	(972)	925	3,388
TOTAL REVENUE	**$ 18,172**	**$ 21,490**	**$ 105,755**
OPERATING EXPENSES	**(6,083)**	**(5,686)**	**(24,969)**
DISCRETIONARY BONUSES	**(2,584)**	**(3,263)**	**(16,851)**
EBITDA	**9,505**	**12,541**	**63,935**
AMORTIZATION	(168)	(51)	(394)
INTEREST EXPENSE	-	-	-
PROVISION FOR TAXES	(3,133)	(4,849)	(24,290)
NET INCOME	**$ 6,204**	**$ 7,641**	**$ 39,251**
BASIC EARNINGS PER SHARE	**$ 0.21**	**$ 0.26**	**$ 1.36**
DILUTED EARNINGS PER SHARE	**$ 0.21**	**$ 0.26**	**$ 1.34**
SELECTED ADJUSTED FINANCIAL INFORMATION			
EBITDA	**$ 9,505**	**$ 12,541**	**$ 63,935**
DISCRETIONARY BONUS COMPENSATION	2,584	3,263	16,851
NON-CASH EXPENSES [1]	781	769	4,101
EBITDA BEFORE COMPENSATION ADJUSTMENT	**12,870**	**16,573**	**84,887**
DISCRETIONARY BASE BONUS POOL	(2,576)	(3,103)	(12,882)
PERFORMANCE FEES	(42)	(284)	(19,844)
BASE EBITDA	**10,252**	**13,186**	**52,161**
PERFORMANCE FEES	42	284	19,844
PERFORMANCE FEE-RELATED BONUS POOL	(8)	(57)	(3,969)
ADJUSTED EBITDA	**$ 10,286**	**$ 13,413**	**$ 68,036**

1. Non-cash expenses represent stock options and/or share grants issued.

RESULTS OF OPERATIONS

Overall Performance

Total revenues decreased year over year by $3.3 million (15%) from $21.5 million to $18.2 million. The decrease in revenues was driven by a decrease in Base Management Fees of $1.2 million resulting from lower average levels of AUM throughout the quarter, which as at September 30, 2008 were $4.4 billion compared to $5.5 billion as at the end of September 30, 2007. As well, a decrease in Investment and Other Income of $1.9 million resulted from the realized and unrealized losses on the seeded investment strategies.

Total Operating Expenses decreased by approximately $0.2 million year-over-year due to the decrease in Salaries and Benefits expenses of $0.6 million, resulting from a lower bonus pool, partly offset by an increase in Business Development costs, Occupancy costs and Amortization of Property and Equipment.

Cash flow continued to be positive within the Company.

Assets Under Management (AUM)

Total AUM decreased by approximately $1.1 billion as at September 30, 2008 to approximately $4.4 billion compared to September 30, 2007 AUM of $5.5 billion. The decrease in AUM of approximately $1.1 billion resulted primarily from the decline in investment performance. AUM decreased by approximately $1.2 billion from June 30, 2008 to September 30, 2008. The decrease was due to $72 million resulting from net client withdrawals and $1.1 billion from a net decline in investment performance.

Revenues

Total revenues decreased by approximately $3.3 million (15%) for the quarter ended September 30, 2008 to $18.2 million compared to total revenues for the quarter ended September 30, 2007 of $21.5 million.

Base Management Fees decreased by approximately $1.2 million (6%) to $19.1 million for the three-month period ended September 30, 2008 compared to $20.3 million for the three-month period ended September 30, 2007. This decrease reflects an approximately 19% decrease in AUM year over year. Investment and Other Income decreased by approximately $1.9 million from $0.9 million in fiscal 2008 to a loss of approximately $1.0 million in fiscal 2009. The decrease was primarily due to the realized and unrealized losses on seeded investment strategies offset by the interest earned on cash in the bank.

Expenses

Total expenses incurred, including non-cash expenses such as deferred compensation plans and amortization, were approximately $8.8 million for the three-month period ended September 30, 2008 compared to approximately $9.0 million for the three-month period ended September 30, 2007. The decrease was due to the fact that Salaries and Benefits decreased by approximately $0.6 million year-over-year, offset by slight increases in Business Development expenses of approximately $0.2 million, Occupancy costs of approximately $0.1 million and Amortization of Property and Equipment of $0.1 million.

Salaries and Benefits costs were approximately $5.4 million for the three-month period ended September 30, 2008 compared to approximately $6.0 million for the same period in the prior year. The decrease in salaries and benefits resulted partially from the decrease in the Employee Bonus Pool accrual due primarily to the decrease in Base Management Fees year over year.

Our share incentive plan is described in note 10 to our 2008 Audited Financial Statements. During the first quarter of fiscal 2009, we recognized stock-based compensation expenses of approximately $0.8 million on awards of Stock Options and future share awards.

Business Development expenses increased by approximately $0.2 million to $0.7 million for the three-month period ended September 20, 2008 compared to the three-month period ended September 30, 2007 due primarily to increases in travel and entertainment expenses.

Occupancy expenses increased by approximately $0.1 million to $0.5 million for the three-month period ended September 30, 2008 compared to the same period in the prior year. This increase reflects the costs of sub-leasing additional space in Brookfield Place.

Amortization of Property and Equipment expenses increased by approximately $0.1 million for the three-month period ended September 30, 2008 compared to the same period in the prior year. The increase was due primarily to amortization of capitalized system development costs incurred in connection with the development of new system architecture.

EBITDA, Base EBITDA, Adjusted EBITDA, and Net Income

For the quarter ended September 30, 2008, the Company's EBITDA was approximately $9.5 million compared to $12.5 million for the quarter ended September 30, 2007, representing a decrease of $3.0 million. The difference is due to the lower Base Management Fees earned on a lower average AUM throughout the quarter and the decline in Investment and Other Income.

As a result of the same factors that impacted the Company's EBITDA, the Base EBITDA decreased from $13.2 million for the quarter ended September 30, 2007 to $10.3 million for the quarter ended September 30, 2008.

Adjusted EBITDA decreased from $13.4 million for the quarter ended September 30, 2007 to $10.3 million for the quarter ended September 30, 2008, for the same reasons as mentioned above.

Income before taxes was approximately $9.3 million for the quarter ended September 30, 2008 compared to $12.5 for the quarter ended September 30, 2007. Net Income for the quarter ended September 30, 2008 was approximately $6.2 million, while Net Income for the quarter ended September 30, 2007 was approximately $7.6 million. The decrease resulted mainly from the lower Base Management Fees and the decline in Investment and Other Income earned in the quarter versus the comparative 2007 fiscal quarter.

The Company's effective tax rate is approximately 33.6% (September 30, 2007 – 38.7%) and is impacted by the non-deductibility for tax purposes of expenses associated with Stock Options, Deferred Share Units and the Employee Trust, along with the tax treatment of capital gains and losses. Effective January 1, 2008 the federal corporate tax rate for general corporations was reduced along with the removal of the federal surtax.

SUMMARY OF QUARTERLY RESULTS

The following quarterly financial information was taken from the Company's unaudited quarterly reports to the shareholders. This information is consistent with the Annual Audited Financial Statements of the Company, which are prepared in accordance with Canadian generally accepted accounting principles.

Summary Financial Information
($ in thousands, except per share amounts)

	3 Months Ending Dec 31, 2006	3 Months Ending Mar 31, 2007	3 Months Ending Jun 30, 2007	3 Months Ending Sep 30, 2007	3 Months Ending Dec 31, 2007	3 Months Ending Mar 31, 2008	3 Months Ending Jun 30, 2008	3 Months Ending Sep 30, 2008
ASSETS UNDER MANAGEMENT								
ASSETS UNDER MANAGEMENT	$ 4,233,129	$ 4,734,346	$ 5,399,886	$ 5,466,013	$ 5,599,991	$ 5,116,137	$ 5,597,320	$ 4,442,980
INCOME STATEMENT INFORMATION								
REVENUE								
• Base Management Fees	$ 14,873	$ 16,545	$ 19,443	$ 20,281	$ 21,567	$ 19,793	$ 20,882	$ 19,102
• Performance Fees	12,376	171	101,528	284	12,880	-	6,680	42
• Investment and Other Income (Loss)	315	248	455	925	886	481	1,096	(972)
TOTAL REVENUE	$ 27,564	$ 16,964	$ 121,426	$ 21,490	$ 35,333	$ 20,274	$ 28,658	$ 18,172
BASE EBITDA	8,940	10,215	11,720	13,186	13,486	11,735	13,856	10,252
ADJUSTED EBITDA	15,065	10,345	92,958	13,413	23,793	11,735	19,197	10,286
NET INCOME	7,884	5,044	57,698	7,641	14,068	6,511	11,029	6,204
BASIC EARNINGS PER SHARE	$ 0.27	$ 0.17	$ 2.00	$ 0.26	$ 0.49	$ 0.23	$ 0.38	$ 0.21
DILUTED EARNINGS PER SHARE	$ 0.27	$ 0.17	$ 1.99	$ 0.26	$ 0.48	$ 0.22	$ 0.38	$ 0.21

Based on the trend of the financial results for the first five quarters, we have seen growth in AUM resulting in increased revenues and net income. Thereafter, markets changed direction and equity markets in particular were volatile, creating a challenging environment for investment managers. As a result, our AUM fluctuated reflective of the tumultuous capital markets over the last three quarters. The main driver of the Base EBITDA is the level of Base Management Fees earned on AUM.

Performance Fees and Net Income varies quarter over quarter depending on whether there was a performance year end of the funds of June 30 or December 31 occurring in the quarter.

The number of issued and outstanding common shares did not change materially over the past eight quarters, so earnings per share, both basic and fully diluted, mainly reflect the trend in quarterly Net Income.

CHANGES IN INTERNAL CONTROL AND FINANCIAL REPORTING

During the first quarter of fiscal 2009, there were no changes to policies, procedures, and processes that comprise the system of internal controls over financial reporting that may have affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

LIQUIDITY AND CAPITAL RESOURCES

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

There are no significant regulatory capital requirements for the Company, and there are presently no major capital expenditures anticipated in the coming year other than the continued system development costs. Gluskin Sheff has no debt, and does not hold any asset-backed commercial paper.

Gluskin Sheff's current liabilities are in the normal course of the Company's operations and are payable within one year. Payment will be funded from cash flow from operations.

Aside from funding the normal working capital requirements, Gluskin Sheff expects to use its cash reserves to fund new business initiatives. The Company may also repurchase Subordinate Voting Shares pursuant to the normal course issuer bid (NCIB) announced on April 7, 2008. The Company paid in the second quarter of fiscal 2009 a portion of its cash in Regular Dividends and a Special Dividend, which were declared on September 18, 2008 and paid on October 23, 2008. Also income tax payments are expected to be paid within the second quarter of the fiscal year 2009.

The Company has no off-balance sheet financial arrangements and no material contractual obligations other than those described in the Company's Audited Financial Statements as at June 30, 2008.

Gluskin Sheff's policies and procedures related to the management of capital are described in Note 7 to the unaudited interim financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of significant accounting policies underlying the financial statements is presented in note 1 to the Company's 2008 Audited Annual Financial Statements. Accounting policies are an integral part of our financial statements, which are prepared in accordance with Canadian generally accepted accounting principles. 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 estimates:

Stock Based Compensation
The Company introduced a share option and a deferred share unit plan for employees and directors in May 2006 and September 2006. Stock and stock-based compensation awards are measured and recognized at fair value and are expensed over the applicable vesting period of the awards. Estimates are made for a number of variables that are factored into the valuation of the share options at the time the options are awarded as described in note 11 to the Company's unaudited interim financial statements.

CHANGES IN ACCOUNTING POLICIES

As explained in note 3 to the unaudited interim financial statements at September 30, 2008, the Company adopted three new accounting standards that became effective for Gluskin Sheff on July 1, 2008. Changes in disclosure and presentation were made in the Company's financial statements and in this MD&A in connection with the adoption of these standards, but there was no effect on net income or shareholders' equity.

For the fiscal year 2012, Gluskin Sheff will be required to adopt International Financial Reporting Standards ("IFRS") that will replace the current standards that comprise Canadian generally accepted accounting principles. Management is assessing the implications to the Company's financial statements of converting to IFRS and will be planning for the conversion to take place in 2011 so that comparative financial information is available for the actual transition to IFRS on July 1, 2011.

DEFINITION OF RISKS

The sections that follow – Financial Instruments and Risk Management – use a number of terms involving various types of risks, which are defined below.

Credit risk – The risk that one party will not fulfil the terms of a contract, or will fail to discharge an obligation, thereby causing a loss for the other party.

Liquidity risk – The risk that an entity will encounter difficulty in meeting financial obligations as they come due.

Market risk – The risk that the fair value or future cash flows associated with a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk – The risk that the fair value or future cash flows associated with a financial instrument will fluctuate because of changes in market exchange rates.

Interest rate risk – The risk that the fair value or future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates.

Other price risk – The risk that the fair value or future cash flows associated with a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or the issuer of the instrument, or factors affecting all similar financial instruments traded in the market.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities, and management and staff bonuses payable whose carrying values approximate the relevant fair values due to their short-term nature. Included in cash and cash equivalents are investment in short-term money market securities which involves exposure to credit risk and interest rate risk. Credit risk is mitigated by selecting high quality corporate issuers which minimizes the potential to default by the issuer of securities. Interest rate risk is mitigated by the short-term nature of the securities, which matures within less than one year. The balance due from related parties is current and, therefore, has not been discounted. Gluskin Sheff does not have any off-balance sheet transactions and does not own other instruments that may be settled by the delivery of non-financial assets.

The Company is also not exposed to significant liquidity risk due to the fact that the obligations of the Company are very minimal, and the Company has sufficient cash and cash equivalents to meet its obligations.

Aside from Gluskin Sheff's securities holdings, which are discussed in more detail below, the risks associated with the Company's financial instruments are considered by Management to be minimal for the following reasons.

- *Credit risk* and *liquidity risk* related to the collection of accounts receivable and the balance due from related parties is considered to be low due to:
  - The short-term nature of these items;
  - The strength of the underlying business relationship with the client or related party;
  - The "know your client" controls and procedures in place before a potential mandate or client can be accepted.
- There is no significant *currency risk* as the financial instruments are denominated in Canadian dollars. The Company charges for its investment management services in Canadian dollars.
- The Company is not exposed to any significant *market risk* or *interest risk* as at quarter end.

Securities Holdings

Financial instruments also include securities holdings, which are carried at their fair value. The Company has seeded a number of new portfolio models, some of which the Company expects to introduce into the line-up of portfolio offerings for the benefit of the Company's clients. The Company has classified these securities as "held-for-trading" for accounting purposes. The realized and unrealized gains and losses on the securities holdings are included in Investment and

Other Income in the financial statements. The fair value of securities owned and the securities sold short as at September 30, 2008 are approximately $2.6 million and $1.1 million, respectively.

Investments in securities, as outlined in note 5 to the interim financial statements, involve indirect exposure through the securities to interest rate risk, foreign currency risk, credit risk, market risk and other price risk normally associated with investments of this nature. While management monitors the amount of the investments and their performance given the foregoing risk factors, exposure to indirect risks associated with these securities is unavoidable given that the investment in these securities are strategic investments consistent with Gluskin Sheff's investment management operations.

The maximum loss that the Company can incur in respect of securities owned is the amount paid to acquire the securities. The maximum gain to the Company in respect of the securities sold short is the proceeds received upon entering into the short sale transaction whereas the amount of the potential loss is unlimited. The market values of securities owned and sold short vary daily based on general market conditions and matters specific to the issuers of the securities.

MANAGING RISK

Gluskin Sheff is exposed to a number of risk factors that are inherent in this industry. The following risks are noted, and they are described in greater detail in the Company's Annual Information Form ("AIF").

Risk factors related to the Company:

- Change(s) in the securities markets
- Poor investment performance
- Loss of key employees
- Failure to execute a succession plan
- Change(s) in the investment management industry
- Competitive pressures
- Failure in our ability to manage risks in our portfolio models
- Rapid growth or decline in our AUM
- Employee errors or misconduct
- Failure to implement effective information security policies, procedures and capabilities
- Failure to develop effective business resiliency 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, to consider new risks to the business and to 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 to ensure that financial reporting is accurate and reliable.

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.

The Company has processes in place for succession planning to ensure that the hiring and retention of highly qualified staff with specific expertise is achieved. These processes are reviewed on a regular basis by both the senior management team and the Board of Directors.

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.

RELATED PARTY TRANSACTIONS

There were no changes to the nature and extent of related party transactions entered into by the Company in the quarter ended September 30, 2008. For further information, refer to the notes to the Audited Financial Statements dated June 30, 2008.

SHARE CAPITAL

As at November 6, 2008, there has been no change to the capital structure of the Company or the number of outstanding common shares from that disclosed in the Audited Financial Statements dated June 30, 2008.

On September 29, 2008, options to purchase 510,000 Subordinate Voting Shares were granted under the Company's Stock Option Plan. Under the terms of the Stock Option Plan, these options will vest over a five year period, with the first 20% vesting on September 29, 2009.

As of November 6, 2008, the Company has not purchased any Subordinate Voting Shares pursuant to the NCIB which was announced on April 7, 2008 by the Company.

OTHER INFORMATION

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