CLAIRVEST GROUP INC.
NOTICE TO READER
June 30, 2019
(unaudited)

NOTICE TO READER PURSUANT TO NATIONAL INSTRUMENT 51-102 – CONTINUOUS DISCLOSURE OBLIGATIONS

Under National Instrument 51-102 – Continuous Disclosure Obligations, if an auditor has not performed a review of a reporting issuer's interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CLAIRVEST GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

$000's	June 30 2019	March 31 2019
ASSETS		
Cash and cash equivalents (Notes 4, 13, and 16)	**$ 215,326**	$ 288,922
Temporary investments (Notes 4 and 16)	**159,773**	163,403
Accounts receivable and other assets (Notes 11(f) and 16)	**24,567**	19,869
Loans receivable (Notes 11(e) and 16)	**56,159**	9,727
Income taxes recoverable	**1,486**	—
Deferred income tax asset	**5,451**	—
Carried interest (Note 8)	**58,728**	56,484
Corporate investments (Notes 6, 16, and 17)	**385,526**	366,279
Fixed assets (Notes 9 and 11(h))	**9,875**	6,569
	$ 916,891	$ 911,253
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued liabilities	**$ 16,231**	$ 10,586
Dividend payable	**7,786**	—
Income taxes payable	**3,073**	22,331
Accrued compensation expense	**14,029**	13,001
Share-based compensation (Note 12)	**49,019**	40,265
Management participation (Note 8)	**45,314**	42,599
Deferred income tax liability	**4,655**	3,779
	140,107	132,561
Contingencies, commitments and guarantees (Notes 11(a), 11(b), 11(c), 11(d), and 15)		
Shareholders' Equity		
Share capital (Note 10)	**81,245**	81,245
Retained earnings	**695,539**	697,447
	776,784	778,692
	$ 916,891	$ 911,253

(see accompanying notes to interim condensed consolidated financial statements)

CLAIRVEST GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

$000's (except per share information)	Quarter ended June 30 2019	2018
REVENUE		
Net investment gain (Note 5)	**$ 19,484**	$ 60,398
Distributions and interest income (Note 7)	**5,742**	4,080
Net carried interest income (Note 8)	**2,244**	23,595
Dividend income	**290**	262
Management fees (Note 7)	**298**	336
Advisory and other fees	**223**	567
	28,281	89,238
EXPENSES		
Employee compensation and benefits (Note 12)	**10,737**	3,172
Share-based compensation expenses (Note 12)	**8,456**	6,206
Administration and other expenses	**990**	1,466
Finance and foreign exchange expenses	**290**	165
Management participation	**2,715**	15,416
	23,188	26,425
Income before income taxes	**5,093**	62,813
Income tax expense (recovery)	**(785)**	8,158
Net income and comprehensive income for the period	**5,878**	54,655
Basic and fully diluted net income and comprehensive income per share	**$ 0.39**	$ 3.60

(see accompanying notes to interim condensed consolidated financial statements)

CLAIRVEST GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

$000's	Share capital	Retained earnings	Total shareholders' equity
As at April 1, 2019	**$ 81,245**	**$ 697,447**	**$ 778,692**
Changes in shareholders' equity			
Net income and comprehensive income for the period		**5,878**	**5,878**
		703,325	**784,570**
Dividends declared ($0.5144 per share)		**(7,786)**	**(7,786)**
As at June 30, 2019	**$ 81,245**	**$ 695,539**	**$ 776,784**
As at April 1, 2018	$ 81,388	$ 585,933	$ 667,321
Changes in shareholders' equity			
Net income and comprehensive income for the period		54,655	54,655
		640,588	721,976
Dividends declared ($0.4401 per share)		(6,671)	(6,671)
Purchase and cancellation of shares (Note 10)	(28)	(191)	(219)
As at June 30, 2018	$ 81,360	$ 633,726	$ 715,086

(see accompanying notes to interim condensed consolidated financial statements)

CLAIRVEST GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Quarter ended June 30	
$000's	**2019**	2018
OPERATING ACTIVITIES		
Net income and comprehensive income for the period	**$ 5,878**	$ 54,655
Add (deduct) items not involving a current cash outlay:		
Amortization and impairment of fixed assets	**(529)**	143
Share-based compensation	**8,754**	6,491
Deferred income tax expense (recovery)	**(4,575)**	2,897
Net investment gain	**(19,484)**	(60,398)
Carried interest and management participation	**471**	(3,783)
Non-cash items relating to corporate investments	**(2)**	(242)
	(9,487)	(237)
Adjustments for:		
Net proceeds on sale (cost of acquisition) of temporary investments	**3,630**	(1,095)
Net loan advanced to acquisition entities or the CEP Funds (Note 11(e))	**(46,432)**	(3,897)
Decrease in restricted cash	**—**	15,750
Investments made in investee companies or acquisition entities	**—**	(4,000)
Proceeds on sale of investee companies	**154**	—
Distribution or return of capital from investee companies or acquisition entities	**85**	19,243
	(42,563)	26,001
Net change in non-cash working capital balances related to operations (Note 13)	**(22,910)**	(735)
Cash provided by (used in) operating activities	**(74,960)**	25,029
INVESTING ACTIVITIES		
Sale of fixed assets, net of purchases	**1,364**	(12)
Cash provided by (used in) investing activities	**1,364**	(12)
FINANCING ACTIVITIES		
Purchase and cancellation of common shares	**—**	(219)
Cash used in financing activities	**—**	(219)
Net increase (decrease) in cash during the period	**(73,596)**	24,798
Cash and cash equivalents, beginning of period	**288,922**	95,592
Cash and cash equivalents, end of period (Note 13)	**$ 215,326**	$ 120,390
Supplemental cash flow information		
Interest received	**$ 3,036**	$ 1,611
Distributions received	**$ 1,121**	$ 5,465
Income taxes paid	**$ 24,453**	$ 5,999
Interest paid	**$ 175**	$ 173

1. NATURE OF OPERATIONS

Clairvest Group Inc. ("Clairvest" or the "Company") is a private equity management firm that specializes in partnering with management teams and other stakeholders of both emerging and established companies. The company's shares are traded on the Toronto Stock Exchange ("TSX") under symbol CVG. The Company, which operates in only one business segment, actively seeks to form mutually beneficial investments with entrepreneurial corporations. As at June 30, 2019, Clairvest invests its own capital, and that of third parties, through Clairvest Equity Partners III Limited Partnership ("CEP III"), Clairvest Equity Partners IV Limited Partnership ("CEP IV"), Clairvest Equity Partners IV-A Limited Partnership ("CEP IV-A"), Clairvest Equity Partners V Limited Partnership ("CEP V"), CEP V HI India Investment Limited Partnership ("CEP V India"), Clairvest Equity Partners V-A Limited Partnership ("CEP V-A"), Clairvest Equity Partners VI ("CEP VI"), Clairvest Equity Partners VI-A ("CEP VI-A"), and Clairvest Equity Partners VI-B ("CEP VI-B") (together, the "CEP Funds"). Clairvest contributes financing and strategic expertise to support the growth and development of its investee companies in order to create realizable value for all shareholders. Clairvest is incorporated under the laws of the Province of Ontario.

The Company's head office is located at 22 St. Clair Avenue East, Suite 1700, Toronto, Ontario, Canada, M4T 2S3.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The unaudited interim condensed consolidated financial statements ("financial statements") of Clairvest are prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, *"Interim Financial Reporting"* ("IAS 34").

Effective April 1, 2018, the Company has adopted IFRS 9, *Financial Instruments* ("IFRS 9") replacing IAS 39 *Financial Instru*ments ("IAS 39"). IFRS 9 provides a new approach for the classification of financial assets, which shall be based on the cash flow characteristics of the asset and the business model of the portfolio in which the asset is held.

Upon transition to IFRS 9, the Company's financial assets and financial liabilities were classified as fair value through profit or loss ("FVTPL"). This classification differs from the classification under the previous IAS 39, Financial Instruments: Recognition and Measurement, therefore there were changes in categorization of certain financial assets and financial liabilities upon transition to IFRS 9. Effective April 1, 2018, all financial assets that had previously been designated as FVTPL and all financial assets and liabilities that were previously classified as financial assets and financial liabilities at amortized cost were reclassified as FVTPL. Derivative assets and derivative liabilities that were previously considered as held-for-trading financial instruments and were classified as FVTPL remain unchanged upon transition to IFRS 9. There were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9.

Effective April 1, 2018, the Company has adopted IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). IFRS 15 replaces prior guidance, including IAS 18 *Revenue*. IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. IFRS 15 has presented a change to the accounting policy relating to carried interest in that the Company is required to assess, prior to accrual, the extent to which it is highly probable that there will not be a significant reversal in future periods. There were no significant transition adjustments as a result of the adoption of IFRS 15.

Effective April 1, 2019, the Company adopted IFRS 16, *Leases* on a modified retrospective basis and in accordance with transitional provisions, has chosen to not restate its comparative information. Accordingly, the comparative information continues to be presented in accordance with the Company's previous accounting policy. The Company recognized right-of-use assets and their corresponding lease liabilities for all significant lease contracts. In applying IFRS 16, the Company has used the following practical expedients as permitted by the standard: 1) Operating leases with a remaining lease term of less than 12 months as at April 1, 2019 were treated as short-term leases under IFRS 16; and 2) Payments associated with leases of low-value assets are recognized on a straight-line basis as an expense in the unaudited interim condensed consolidated statement of earnings.

The accounting policies applied in these unaudited interim condensed consolidated financial statements are based on IFRS as issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee, all issued and effective as at August 12, 2019, the date the Board of Directors authorized the issuance of these unaudited interim condensed consolidated financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2020 could result in restatement of these unaudited interim condensed consolidated financial statements.

The disclosures contained in these unaudited interim condensed consolidated financial statements include, in general, only significant changes and transactions occurring since the Company's last year-end and are not fully inclusive of all disclosure requirements of International Financial Reporting Standards for annual financial statements. As a result, the unaudited interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements prepared in accordance with IFRS as at and for the year ended March 31, 2019.

The comparative figures indicated in the notes to the unaudited interim condensed consolidated financial statements are as of June 30, 2018 unless otherwise indicated.

The unaudited interim condensed consolidated financial statements have been presented on a historical cost basis, except for certain financial instruments that have been measured at fair value. The unaudited interim condensed consolidated financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is the functional currency of the Company, and all values are rounded to the nearest thousand dollars ($000's), except where otherwise indicated.

Basis of consolidation
These consolidated financial statements have been prepared in accordance with IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), as issued by the IASB and include the accounts of the Company and its consolidated subsidiaries. As discussed under critical accounting estimates and judgments, the Company has determined it meets the definition of an investment entity.

(I) Consolidated subsidiaries
In accordance with IFRS 10, subsidiaries are those entities that provide investment-related services and that the Company controls by having the power to govern the financial and operating policies of these entities. Such entities would include those which earn priority distributions or management fees and carried interest from the CEP Funds. All intercompany amounts and transactions amongst these consolidated entities have been eliminated upon consolidation. The existence and effect of potential voting rights that are currently exercisable and shareholder agreements are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases.

The following entities, which are significant in nature, do not meet the definition of an investment entity and provide investment-related services on behalf of the Company.

Clairvest GP Manageco Inc.
Clairvest GP (GPLP) Inc.
Clairvest Funds GP Inc.
CEP MIP GP Corporation
Clairvest USA Limited
Clairvest General Partner Limited Partnership
Clairvest General Partner III Limited Partnership ("Clairvest GP III LP")
Clairvest General Partner IV Limited Partnership ("Clairvest GP IV LP")
Clairvest General Partner V Limited Partnership ("Clairvest GP V LP")

(II) Interests in unconsolidated subsidiaries ("acquisition entities")
In accordance with IFRS 10, interests in subsidiaries other than those that provide investment-related services are accounted for at FVTPL rather than consolidating them. As discussed under critical accounting estimates and judgments, management exercised judgment when determining whether subsidiaries are investment entities.

The following entities, which are significant in nature, are controlled by Clairvest either directly or indirectly and are used as acquisition entities of the Company. These entities' principal place of business is in Canada.

2141788 Ontario Corporation ("2141788 Ontario")
2486303 Ontario Inc. ("2486303 Ontario")
CEP III Co-Investment Limited Partnership ("CEP III Co-Invest")
MIP III Limited Partnership ("MIP III")
CEP IV Co-Investment Limited Partnership ("CEP IV Co-Invest")
MIP IV Limited Partnership ("MIP IV")
CEP V Co-Investment Limited Partnership ("CEP V Co-Invest")
MIP V Limited Partnership ("MIP V")
CEP VI Co-Investment Limited Partnership ("CEP VI Co-Invest")
MIP VI Limited Partnership ("MIP VI")
Clairvest Special Limited Partner VI Limited Partnership ("Clairvest SLP VI LP")

The Company may also use intermediate subsidiaries whose sole purpose is to hold investments for the Company and therefore not included in the listing above.

(III) Interests in the CEP Funds
Clairvest manages and invests alongside the CEP Funds, which meet the definition of structured entities under IFRS. Clairvest provides loans to and earns priority distributions or management fees and carried interest from the CEP Funds, which are further described in *note 10*. The Company concluded that its ownership interest in the CEP Funds do not meet the definition of control under IFRS. Accordingly, the financial positions and operating results of the CEP Funds and other funds it manages for certain co-investors are not included in Clairvest's consolidated financial statements.

Significant accounting policies, new standards, interpretations and amendments

The following condensed discussion of significant accounting policies, new standards, interpretations and amendments should be read in conjunction with the disclosures presented in the audited consolidated financial statements for the year ended March 31, 2019. Unless otherwise indicated, the Company has consistently applied the following accounting policies throughout all periods presented in these unaudited interim condensed consolidated financial statements, as if these policies had always been in effect.

(a) Classification and recognition of financial instruments

In accordance with IFRS 9, financial instruments classified as FVTPL would include cash and cash equivalents, temporary investments, loans receivable, derivative instruments and corporate investments. These financial instruments are classified at initial recognition at FVTPL on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company. The Company does not apply hedge accounting to its derivative instruments. Accounts receivable and other assets would include balances relating to its acquisition entities, indirect investee companies ("investee companies") and the CEP Funds as well as other short-term receivables. These receivable balances are recognized at amortized cost in accordance with IFRS 9. Accounts payable and accrued liabilities are considered to be payable in respect of goods or services received up to the balance sheet date and are recognised at amortised cost in accordance with IFRS 9.

(b) Temporary investments and corporate investments

The Company carries its temporary investment and its corporate investments at fair value. When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. Subsequent to initial recognition, the fair value of an investment quoted on an active market is generally the closing bid price on the principal exchange on which the investment is traded. Investments that are escrowed or otherwise restricted as to sale or transfer are recorded at a value which takes into account the escrow terms or other restrictions. In determining the fair value for such investments, the

Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private company transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

In determining the fair value of public company warrants the underlying security of which is traded on a recognized securities exchange, if there are sufficient and reliable observable market inputs, including exercise price and term of the warrants; interest rate; current market price; expected dividends; and volatility of the underlying security, a valuation technique is used. If market inputs are insufficient or unreliable, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price of the underlying security, less the exercise price of the warrant, or nil. For private company warrants, the underlying security of which is not traded on a recognized securities exchange, the fair value is determined consistently with other investments which do not have an active market as described above.

(c) Income recognition

Realized gains or losses on disposition of corporate investments and change in unrealized gains or losses in the value of corporate investments are calculated based on weighted average cost and are included in net investment gain in the consolidated statements of comprehensive income. Management fees and advisory and other fees are recorded as income on an accrual basis when earned. Distributions and interest income are recognized on an accrual basis and dividend income is recognized on the ex-dividend date. Carried interest include amounts receivable from the CEP Funds. Each CEP Fund is separately reviewed at the consolidated statement of financial position date and an accrual for carried interest is made when the performance conditions are achieved in accordance with IFRS 15 based on the assumption that the remaining underlying investments are realized at their estimated fair values. The fair value of the underlying investments is determined consistently with the Company's valuation methodology and is measured at the consolidated statement of financial position date. Carried interest is accrued only in the event that any significant reversal during a future period is highly improbable.

(d) Stock-based compensation plans

The Company's stock option plans allow for cash settlement of stock options. As the economics to choose cash or shares as settlement is the same for all holders, compensation expense is recognized over the applicable vesting period and a corresponding liability is recorded based on the fair value of the outstanding stock options at the consolidated statements of financial position dates. Fair value is measured by use of an appropriate option-pricing model. On the exercise of stock options for shares, the liability recorded with respect to the options and consideration paid by the employees is credited to share capital. On the exercise of stock options for cash, the liability recorded is reduced and any difference between the liability accrued and the amount paid is charged to share-based compensation expense.

(e) Entitlements of partners of a limited partnership

The Company consolidates acquisition entities which includes various limited partnerships as described in *note 2(I)* and the entitlements of partners of these limited partnerships that are external to the consolidated group of the Company are recorded as a liability and an expense of the Company. Accordingly, that portion of the carried interest from the CEP Funds which are ultimately paid to the limited partners of MIP III, MIP IV, MIP V and MIP VI which are external to the consolidated group are recorded as a management participation liability and a management participation expense on the unaudited interim condensed consolidated financial statements.

(f) Leases

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. Each lease payment is allocated between the repayment of the lease liability and finance expenses. Finance expenses are charged to the unaudited interim consolidated statement of comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The associated right-of-use assets were measured at an amount equal to the lease liabilities, adjusted for previously recognized lease accruals, in accordance with the transitional provisions of IFRS 16, and comprised entirely real estate premises. The right-of-use assets are included within fixed assets in the unaudited interim consolidated statement of financial position and amortized on a straight-line basis over the shorter of the asset's useful life and the lease term. There was no impact to retained earnings on April 1, 2019 resulting from the adoption of IFRS 16.

(g) Critical accounting estimates, assumptions and judgments

The preparation of the unaudited interim condensed consolidated financial statements in conformity with IFRS required management to make estimates, assumptions and judgments that affect the reported amounts. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates could materially differ from the related actual results. The following estimates, assumptions and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal quarter:

Determination of investment entity

Judgement is required when making the determination that the Company or its various subsidiaries meet the definition of an investment entity under IFRS. In accordance with IFRS 10, an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis." In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment-related services to external parties. The Company has historically invested alongside third-party capital in the CEP Funds that it manages. In determining its status as an investment entity, the Company has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments.

Fair value of financial instruments

Certain financial instruments are recorded in the Company's consolidated statements of financial position at values that are representative of or approximate fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price or dealer price quotations. The fair values of certain other financial instruments are determined using valuation techniques. By their nature, these valuation techniques require the use of estimates and assumptions. Changes in the underlying estimates and assumptions could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using valuation techniques may affect net investment gain reported in a particular period.

The Company assesses, at each reporting date, whether there is any objective evidence to revise the fair values of its financial instruments. The assessment of the fair value of a financial instrument requires significant judgment, where management evaluates, among other factors, the financial health and business outlook of their investees. Fair value information is presented in *note 16*.

Recognition of carried interest and corresponding expenses

The determination of the Company's unrealized carried interest receivable recorded on the consolidated statements of financial position is based on the fair values of the financial instruments held by the CEP Funds. As discussed previously, fair values of certain financial instruments are determined using valuation techniques which by their nature involve the use of estimates and assumptions. Changes in the underlying estimates and assumptions could materially impact the determination of the fair value of these financial instruments. Imprecision in determining fair value using valuation techniques may affect the calculation of unrealized carried interest receivable and the resulting accrued liabilities for future payouts relating to these unrealized carried interest receivable at the statement of financial position dates.

Income taxes

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Judgment is required in determining whether deferred income tax assets should be recognized on the consolidated statements of financial position. Deferred income tax assets are recognized to the extent that the Company believes it is probable that the deferred income tax asset will be realized. Furthermore, deferred income tax balances are recorded using enacted or substantively enacted future income tax rates. Changes in enacted income tax rates are not within the control of management. However, any such changes in income tax rates may result in actual income tax amounts that differ significantly from estimates recorded in deferred income tax balances.

3. CREDIT FACILITIES

Clairvest maintains a $100.0 million revolving credit facility which is participated in by several Schedule 1 Canadian chartered banks. The credit facility, which has an expiry of December 2023 and is eligible for a one-year extension on each anniversary of the closing date, bears interest at the bank prime rate plus 1.25% per annum on drawn amounts and a standby fee of 0.70% per annum on undrawn amounts. No amounts had been drawn on the facility during the quarter and as at June 30, 2019. The amount available under the credit facility as at June 30, 2019 was $100.0 million.

4. CASH, CASH EQUIVALENTS, TEMPORARY INVESTMENTS AND RESTRICTED CASH

Cash equivalents consist of deposits in investment and money market savings accounts which have maturities of less than 90 days from the date of acquisition. As at June 30, 2019, the pre-tax weighted average yield was 2.2% (March 2019 – 2.2%) per annum.

Temporary investments comprised guaranteed investment certificates, corporate bonds, and other fixed income securities as permitted by the Company’s treasury policy which in aggregate may not exceed 10% of book value and with no single issue greater than 1.5% of book value. Temporary investments have maturities greater than 90 days from the date of acquisition and through to December 2020. The pre-tax weighted average yield was 3.6% (March 2019 – 3.5%) per annum. The composition of Clairvest’s temporary investments was as follows:

	June 30, 2019			March 31, 2019
($000’s)	**Due in 1 year or less**	**Due after 1 year**	**Total**	Total
Guaranteed investment certificates	**127,109**	**—**	**127,109**	126,231
Corporate Bonds	**3,000**	**3,019**	**6,019**	6,003
Other fixed income securities(1)	**7,032**	**19,613**	**26,645**	31,169
Total	**137,141**	**22,632**	**159,773**	163,403

(1) The pre-tax weighted average yield on other fixed income securities was 7.7% (March 2019 – 7.5%) per annum.

Additionally, Clairvest’s acquisition entities held $34.2 million (March 2019 – $28.3 million) in cash and cash equivalents and $20.6 million (March 2019 – $19.7 million) in temporary investments as described in *note 6*.

5. NET INVESTMENT GAIN

Net investment gain for the quarters ended June 30, 2019 and 2018 comprised entirely of net change in unrealized gain.

Net investment gain for the quarter ended June 30, 2019 comprised $10.6 million (2019 – $56.3 million) of net investment gain on the Company’s investee companies and $8.9 million of net investment gain (2019 – $4.1 million) on the Company’s fair value revaluation of its acquisition entities.

6. CORPORATE INVESTMENTS

In accordance with IFRS 10, the fair value of the Company’s corporate investments includes the fair value of the net assets of its acquisition entities which are controlled by the Company. Accordingly, Clairvest’s direct corporate investments comprise these acquisition entities, which invest directly or indirectly in various investee companies and other investee companies where Clairvest invested directly.

The following table details the fair value of Clairvest's direct investments and acquisition entities which are controlled by Clairvest but which are not part of the consolidated group:

	June 30 2019			March 31, 2019		
($000's)	**Investee companies**	**Acquisition entity net assets (liabilities)**	**Total**	Investee companies	Acquisition entity net assets (liabilities)	Total
Held directly by Clairvest Group Inc.	**25,274**	**—**	**25,274**	25,077	—	25,077
Held through the following acquisition entities						
2141788 Ontario	**61,732**	**31,277**	**93,009**	59,664	29,519	89,183
2486303 Ontario	**4,721**	**(8,205)**	**(3,484)**	6,263	(8,357)	(2,094)
CEP III Co-Invest	**22,102**	**4,383**	**26,485**	22,929	2,960	25,889
MIP III	**885**	**(22)**	**863**	918	(17)	901
CEP IV Co-Invest	**108,521**	**4,569**	**113,090**	108,563	(1,013)	107,550
MIP IV	**1,644**	**(14)**	**1,630**	1,645	(7)	1,638
CEP V Co-Invest	**128,604**	**(6,765)**	**121,839**	111,031	3,721	114,752
MIP V	**4,005**	**(80)**	**3,925**	3,458	(75)	3,383
CEP VI Co-Invest	**—**	**(442)**	**(442)**	—	—	—
MIP VI	**—**	**3,337**	**3,337**	—	—	—
Total	**357,488**	**28,038**	**385,526**	339,548	26,731	366,279

2141788 Ontario, a limited partner of CEP III Co-Invest and CEP V Co-Invest, is a wholly owned acquisition entity of Clairvest. 2486303 Ontario is a wholly owned acquisition entity of Clairvest, which together with Clairvest holds a 100% interest in Clairvest Equity Partners Limited Partnership ("CEP"). CEP was an investment fund held by third-party investors until December 2015. Clairvest's relationship with CEP III Co-Invest and MIP III, CEP IV Co-Invest and MIP IV, CEP V Co-Invest and MIP V, and CEP VI Co-Invest and MIP VI are described in *notes 11(a), 11(b), 11(c) and 11(d).*

The following table details the assets and liabilities included in the determination of the fair value of the net assets of acquisition entities excluding the investee companies held by these acquisition entities.

($000's)	**June 30 2019**	**March 31 2019**
Assets		
Cash and cash equivalents	**34,166**	28,275
Temporary investments	**20,634**	19,662
Accounts receivable and other assets	**2,232**	435
Loans receivable	**950**	—
Income taxes recoverable	**134**	128
Derivative instruments	**2,661**	1,619
Deferred income tax asset	**882**	640
	61,659	50,759
Liabilities		
Accounts payable and accrued liabilities	**1,735**	1,805
Loans payable	**22,447**	8,759
Income taxes payable	**61**	648
Derivative instruments	**—**	3,240
Deferred income tax liability	**9,378**	9,576
	33,621	24,028
Net assets	**28,038**	26,731

Excluding the net assets from acquisition entities summarized in the table above, the difference between the fair value and the cost of the Company's investment in its investee companies are summarized below.

($000's)	June 30, 2019 Fair value	Cost	Difference	March 31, 2019 Fair value	Cost	Difference
Investments made by CEP III Co-Invest alongside CEP III						
Chilean Gaming Holdings[(1)]	**59,558**	**27,748**	**31,810**	61,785	27,748	34,037
Investments made by CEP IV Co-Invest alongside CEP IV						
Centaur Gaming	**8,038**	**—**	**8,038**	7,843	—	7,843
County Waste of Virginia, LLC	**32,447**	**14,831**	**17,616**	31,199	14,831	16,368
Davenport Land Investments[(2)]	**3,220**	**2,196**	**1,024**	3,254	2,196	1,058
Impero Waste Services, LLC[(3)]	**—**	**—**	**—**	544	3,019	(2,475)
MAG Aerospace / Momentum Solutions	**804**	**—**	**804**	819	—	819
New Meadowlands Racetrack, LLC	**10,750**	**6,444**	**4,306**	10,681	6,444	4,237
Northco / Top Aces	**54,906**	**58,425**	**(3,519)**	55,868	59,100	(3,232)
Investments made by CEP V Co-Invest alongside CEP V						
Accel Entertainment Inc.	**49,281**	**15,978**	**33,303**	36,067	15,978	20,089
Also Energy, Inc.	**12,508**	**11,786**	**722**	12,463	11,621	842
Digital Media Solutions, LLC	**5,935**	**995**	**4,940**	10,055	995	9,060
Durante Rentals, LLC	**13,514**	**13,522**	**(8)**	—	—	—
GTA Gaming	**8,972**	**8,972**	**—**	8,972	8,972	—
Head Digital Works Pvt. Ltd.	**42,907**	**46,804**	**(3,897)**	43,620	46,804	(3,184)
Meriplex Communications Ltd.	**6,871**	**6,732**	**139**	7,016	6,732	284
Right Time Heating and Air Conditioning Canada Inc.	**6,375**	**6,375**	**—**	6,375	6,375	—
Winters Bros. Waste Systems of Long Island Holdings, LLC	**11,407**	**10,636**	**771**	11,647	10,636	1,011
Grey Eagle Casino	**6,295**	**11,017**	**(4,722)**	8,351	11,017	(2,666)
Wellington Financial	**2,911**	**154**	**2,757**	2,955	154	2,801
	336,699	**242,615**	**94,084**	319,514	232,622	86,892
Other investments[(4)]	**20,789**	**370**	**20,419**	20,034	455	19,579
	357,488	**242,985**	**114,503**	339,548	233,077	106,471

(1) Comprised Clairvest's indirect investments in various gaming properties in Chile

(2) Comprised two entities which hold real estate surrounding a casino in Davenport, Iowa ("Davenport North" and "Davenport South")

(3) Realized during fiscal 2020

(4) Includes Clairvest's investment in common shares of Canadian Imperial Bank of Commerce ("CIBC").

During the first quarter of fiscal 2020, the aggregate fair value of Clairvest's investee companies increased by $17.9 million, comprised primarily of $13.7 million in new and follow-on investments as described below, $9.7 million in net changes in unrealized gains in investee companies, $1.6 million in interest accrued on debt investments, net of $4.8 million losses in foreign exchange revaluation, partial repayments from corporate investments totalling $1.8 million, and realization of Impero Waste Services, LLC ("Impero Waste") which had a carrying value of $0.5 million as at March 31, 2019. The cost and fair value of investee companies do not reflect foreign exchange gains or losses on these foreign exchange forward contracts (refer to note 13). For those investments which were hedged by acquisition entities, the fair value of these foreign exchange forward contracts was included in the net assets (liabilities) of these acquisition entities. Details of significant events of the investee companies, other than with respect to valuation changes and foreign exchange adjustments, are described below.

Also during the first quarter of fiscal 2020, CEP IV Co-Invest realized on its remaining ownership interest in Impero Waste and received proceeds totalling US$2.3 million (C$3.0 million) against a carrying value of $0.5 million as at March 31, 2019 for a net realized gain of $2.5 million on the investment.

Also during the first quarter of fiscal 2020, Digital Media Solutions, LLC distributed US$2.3 million (C$3.1 million) to CEP V Co-Invest which reduced the fair value of the investment.

Also during the first quarter of fiscal 2020, CEP V Co-Invest invested US$10.3 million (C$13.5 million) in Durante Rentals, LLC ("Durante Rentals"), a leading independent construction equipment rental provider in the New York Metropolitan area and serves primarily small to mid-sized contractors through a network of 10 branches across New York, New Jersey, and Connecticut. The investment was made in the form of 217,120.20 LLC units of Durante Rentals for a 21.7% ownership interest on a fully diluted basis.

7. GENERAL PARTNER PRIORITY DISTRIBUTIONS AND MANAGEMENT FEES

Clairvest derives revenue from its investment management services from the CEP Funds in the form of general partner priority distributions or management fees. The priority distributions and management fees received by Clairvest are reduced by fees earned by Clarivest from corporate investments of the CEP Funds and other amounts as provided in the respective Limited Partnership Agreements.

During the first quarter of fiscal 2020, Clairvest completed the fundraising of Clairvest Equity Partners VI, a new private equity investment pool which comprised a US$230.0 million co-investment commitment from Clairvest through CEP VI Co-Invest (see *note 11(d)*), and US$620.0 million of commitments from third-party investors through CEP VI, CEP IV-A and CEP VI-B. Clairvest Equity Partners VI will be the successor fund to Clairvest Equity Partners V. The general partner priority distributions or management fees on Clairvest Equity Partners VI do not commence until Clairvest Equity Partners V has completed its new investment program.

For the quarter ended June 30, 2019, Clairvest recorded general partner priority distributions and management fees from the CEP Funds as follows:

Priority Distributions

($000's)	**2019**	2018
CEP III	**96**	135
CEP IV	**337**	554
CEP V	**1,273**	1,316
CEP V India	**159**	160
	1,865	2,165

Management Fees

($000's)	**2019**	2018
CEP IV-A	**55**	90
CEP V-A	**243**	246
	298	336

8. CARRIED INTEREST AND MANAGEMENT PARTICIPATION

As governed by their respective Limited Partnership Agreements, certain Clairvest consolidated subsidiaries are entitled to participate in distributions equal to 20% of all net gains ("carried interest"), which is subject to the respective CEP Fund achieving a minimum net return on their investment. On CEP VI, CEP VI-A and CEP VI-B, the carried interest increases from 20% to 25% once their investors achieve a net return of two times their aggregate capital contributions.

Clairvest is entitled to 50% of the carried interest realized in each CEP Fund and Clairvest management is entitled to the other 50% of the carried interest through their limited partnership interests in the various MIP Partnerships. Clairvest management is also entitled to an 8.25% carried interest from the various CEP Co-Investment Partnerships as governed by their respective Limited Partnership Agreements. Clairvest management is required to purchase limited partnership units of the various MIP Partnerships at fair market value.

In accordance with *note 2(e)*, Clairvest records the carried interest entitlement of the CEP Funds and records an expense and a liability on that portion of the carried interest which are payable to Clairvest management.

Net carried interest income for the quarters ended June 30 comprised the following:

Net carried interest income

($000's)	**2019**	2018
Realized carried interest income (Note 10)	**—**	4,397
Net changes in unrealized carried interest (Note 10)	**2,244**	19,198
	2,244	23,595

The following tables detail the carried interest received and management participation paid for the quarter ended June 30 and the corresponding receivable and payable balances as at the respective balance sheet dates:

($000's)	Realized carried interest Quarter ended June 30 2019	2018	Unrealized carried interest, as at June 30 2019	March 31 2019
CEP	—	60	**1,044**	1,333
CEP III	—	—	**11,834**	11,969
CEP IV	—	—	**39,462**	37,112
CEP IV-A	—	4,337	**6,388**	6,070
	—	4,397	**58,728**	56,484

($000's)	Management participation paid Quarter ended June 30 2019	2018	Management participation payable, as at June 30 2019	March 31 2019
CEP III	—	—	**5,917**	5,985
CEP IV	—	—	**19,731**	18,556
CEP IV-A	—	2,169	**3,194**	3,035
CEP III Co-Invest	—	—	**4,843**	4,889
CEP IV Co-Invest	—	—	**9,466**	9,008
CEP V Co-Invest	—	—	**2,163**	1,126
	—	2,169	**45,314**	42,599

9. FIXED ASSETS

The composition of Clairvest's fixed assets was as follows:

($000's)	Aircraft[(1)]	IT equipment	Furniture, fixtures and equipment	Leasehold improvements	Right-of-use asset[(2)]	Total
As at June 30, 2019						
Cost	**8,995**	**16**	**295**	**708**	**4,141**	**14,155**
Accumulated amortization	**(3,515)**	**(16)**	**(237)**	**(411)**	**(101)**	**(4,280)**
Net book amount	**5,480**	**—**	**58**	**297**	**4,040**	**9,875**
As at March 31, 2019						
Cost	9,528	16	295	708	—	10,547
Accumulated amortization	(3,367)	(15)	(230)	(366)	—	(3,978)
Net book amount	6,161	1	65	342	—	6,569

(1) A corresponding payable equal to 50% of the net book value of the aircrafts had been recorded to reflect the ownership interest of the related parties

(2) As a result of adopting *IFRS 16: Leases*, Clairvest included an accrued liability resulting from future minimum annual lease payments for the use of office space. $0.6 million is due within one year, $2.5 million due after one year but no more than five years, and $2.0 million due after five years. Refer to *note 15(e)* for more detail.

10. SHARE CAPITAL

The Company has a normal course issuer bid ("NCIB") outstanding enabling it to make purchases of up to 760,747 common shares in the 12-month period ending March 6, 2020. No shares were purchased for cancellation during the first quarter of fiscal 2020.

At June 30, 2019, 15,136,495 (March 2019 – 15,136,495) common shares were outstanding.

The Board of Directors of the Company had authorized the creation of Non-Voting Series 2 Shares ("Non-Voting Shares") which have a two times preference over the common shares. The Non-Voting Shares were authorized as part of the stock option program as described in *note 12*. No Non-Voting Shares had been issued as at June 30, 2019.

11. RELATED PARTY TRANSACTIONS

(a) CEP III Co-Invest, an investment vehicle established in fiscal 2007, has committed to co-invest alongside CEP III in all investments undertaken by CEP III. CEP III Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if it concurrently sells a proportionate number of securities of that corporate investment held by CEP III.

CEP III Co-Invest's co-investment commitment is $75.0 million, $15.2 million (March 2019 – $15.2 million) of which remained unfunded as at June 30, 2019. CEP III Co-Invest is capitalized by three limited partners, Clairvest, 2141788 Ontario and MIP III. In accordance with the co-investment agreement, the proportion of the commitment amongst its three limited partners is at their own discretion. As at June 30, 2019, MIP III had invested $1.1 million in CEP III Co-Invest. Clairvest, as the general partner of MIP III, is entitled to participate in distributions equal to the realizable value on the $1.1 million invested by MIP III in CEP III Co-Invest. No distributions were made from MIP III to Clairvest during the first quarter of fiscal 2020. As at June 30, 2019, $2.3 million (March 2019 – $2.3 million) had been received by Clairvest.

(b) CEP IV Co-Invest, an investment vehicle established in fiscal 2010, has committed to co-invest alongside CEP IV and CEP IV-A in all investments undertaken by CEP IV and CEP IV-A. CEP IV Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP IV and CEP IV-A if it concurrently sells a proportionate number of securities of that corporate investment held by CEP IV and CEP IV-A.

CEP IV Co-Invest's co-investment commitment is $125.0 million, $21.2 million (March 2019 – $21.2 million) of which remained unfunded as at June 30, 2019. CEP IV Co-Invest is capitalized by two limited partners, Clairvest and MIP IV. In accordance with the co-investment agreement, the proportion of the commitment amongst its two limited partners is at their own discretion. As at June 30, 2019, MIP IV had invested $1.6 million in CEP IV Co-Invest. Clairvest, as the general partner of MIP IV, is entitled to participate in distributions equal to the realizable value on the $1.6 million invested by MIP IV in CEP IV Co-Invest. No distributions were made from MIP IV to Clairvest during the first quarter of fiscal 2020. As at June 30, 2019, $5.8 million (March 2019 – $5.8 million) had been received by Clairvest.

(c) CEP V Co-Invest, an investment vehicle established in fiscal 2015, has committed to co-invest alongside CEP V, CEP V India and CEP V-A in all investments undertaken by CEP V, CEP V India and CEP V-A. CEP V Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP V, CEP V India and CEP V-A if it concurrently sells a proportionate number of securities of that corporate investment held by CEP V, CEP V India and CEP V-A.

CEP V Co-Invest's co-investment commitment is $180.0 million, $85.7 million (March 2019 – $85.7 million) of which remained unfunded as at June 30, 2019. CEP V Co-Invest is capitalized by three limited partners, Clairvest, 2141788 Ontario and MIP V. In accordance with the co-investment agreement, the proportion of the commitment amongst its three limited partners is at their own discretion. As at June 30, 2019, MIP V had invested $2.4 million in CEP V Co-Invest. Clairvest, as the general partner of MIP V, is entitled to participate in distributions equal to the realizable value on the $2.4 million invested by MIP V in CEP V Co-Invest. No distributions were made from MIP V to Clairvest during the first quarter of fiscal 2020. As at June 30, 2019, $9 thousand (March 2019 – $9 thousand) had been received by Clairvest.

(d) CEP VI Co-Invest, an investment vehicle established in April 2019, has committed to co-invest alongside CEP VI, CEP VI-A and CEP VI-B in all investments undertaken by CEP VI, CEP VI-A and CEP VI-B. CEP VI Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP VI, CEP VI-A and CEP VI-B if it concurrently sells a proportionate number of securities of that corporate investment held by CEP VI, CEP VI-A, and CEP VI-B.

CEP VI Co-Invest's co-investment commitment is US$230.0 million (C$301.0 million), all of which remained unfunded as at June 30, 2019. CEP VI Co-Invest is capitalized by two limited partners, Clairvest and MIP VI. In accordance with the co-investment agreement, the proportion of the commitment amongst its two limited partners is at their own discretion. As at June 30, 2019, MIP VI has committed to invested US$2.6 million in CEP VI Co-Invest. Clairvest, as the general partner of MIP VI, is entitled to participate in distributions equal to the realizable value on the US$2.6 million to be invested by MIP VI in CEP VI Co-Invest. No distributions had been made by MIP VI to Clairvest as at June 30, 2019.

(e) Changes to loans receivable for the quarter ended June 30, 2019 were as follows:

($000's)	April 1 2019	Net Loans advanced (repaid)	June 30 2019
CEP IV(1)	**—**	**990**	**990**
CEP V(2)	**658**	**26,843**	**27,501**
CEP V-A(3)	**125**	**5,096**	**5,221**
CEP V Co-Invest(4)	**—**	**13,688**	**13,688**
2486303 Ontario(5)	**8,759**	**—**	**8,759**
	9,542	**46,617**	**56,159**
Other(6)	**185**	**(185)**	**—**
Loans receivable	**9,727**	**46,432**	**56,159**

(1) Loans advanced to CEP IV bear interest at the Reference Rate in accordance with the Limited Partnership Agreement. Interest of $23 thousand (2019 – $18 thousand) was earned from loans advanced to CEP IV during the first quarter of fiscal 2020. These loans were repaid in full subsequent to quarter end.

(2) Loans advanced to CEP V bear interest at the Reference Rate in accordance with the Limited Partnership Agreement. Interest of $30 thousand (2019 – $74 thousand) was earned from loans advanced to CEP V during the first quarter of fiscal 2020. These loans were repaid in full subsequent to quarter end.

(3) Loans advanced to CEP V-A bear interest at the Reference Rate in accordance with the Limited Partnership Agreement. Interest of $6 thousand (2019 – $14 thousand) was earned from loans advanced to CEP V-A during the first quarter of fiscal 2020. These loans were repaid in full subsequent to quarter end.

(4) Loans advanced to this acquisition entity are non-interest bearing. These loans were repaid in full subsequent to quarter end.

(5) Loans advanced to 2486303 Ontario bear interest at 10.0% per annum. Interest of $0.2 million (2019 – $0.2 million) was earned from these loans during the first quarter of fiscal 2020.

(6) Pertains to a short-term loan advanced to Wellington Financial. Interest of $1 thousand was earned from this loan during the first quarter of fiscal 2020.

(f) Accounts receivable and other assets comprised the following:

($000's)	June 30 2019	March 31 2019
Clairvest's investee companies	**1,851**	1,213
CEP III	**—**	430
CEP IV	**683**	86
CEP IV-A	**58**	39
CEP V	**7,991**	6,315
CEP V India	**1,029**	839
CEP V-A	**4,970**	4,591
CEP VI	**900**	—
CEP VI-A	**1,259**	—
CEP VI-B	**800**	—
	19,541	13,513
Other accounts receivable and prepaid expenses	**2,019**	3,052
Share purchase loans	**3,007**	3,304
	24,567	19,869

Share purchase loans to employees of the Company totalling $3.0 million (March 2019 – $3.3 million) bear interest which is paid annually, have full recourse and are collateralized by the common shares of the Company purchased by employees with a market value of $6.3 million (March 2019 – $6.4 million). None of these loans were made to key management. Interest of $16 thousand (2019 − $16 thousand) was earned on the loans during the first quarter of fiscal 2020.

Additionally, acquisition entities which were not consolidated by the Company as described in *note 6* held receivables from CEP III totalling $3 thousand (March 2019 – nil), from CEP IV totalling $5 thousand (March 2019 – $31 thousand), from CEP V totalling $32 thousand (March 2019 – $25 thousand), from CEP V-A totalling $5 thousand (March 2019 – $5 thousand) and from Clairvest's investee companies totalling $2.2 million (March 2019 – $0.4 million).

(g) During the first quarter of fiscal 2020, Clairvest earned $0.6 million (2019 – $0.5 million) in distributions and interest income, $0.3 million in dividends (2019 – $0.3 million), and $0.2 million (2019 – $0.6 million) in advisory and other fees from its investee companies. Additionally, acquisition entities which were not consolidated by the Company as described in *note 6* earned $5.0 million (2019 – $4.9 million) in distributions and interest income from its investee companies.

(h) Clairvest and a related party of Clairvest, through a limited partnership, owns an aircraft that is available for use by both parties. Clairvest and the related party each hold a 50% limited partnership interest. As Clairvest, through a wholly-owned subsidiary, is the general partner of the limited partnership, Clairvest had recognized 100% of the net book value of the aircraft and a liability for the 50% ownership held by the related party. The cost of the aircraft had been included in fixed assets and the liability in accounts payable and accrued liabilities.

12. SHARE-BASED COMPENSATION AND OTHER COMPENSATION PLANS

In June 2016, the Company adopted a new stock option plan (the "Non-Voting Option Plan"). Options granted under the Non-Voting Option Plan are exercisable for Non-Voting Shares as described in note *10*. As at June 30, 2019, 528,336 options had been granted under this plan since its inception. The Non-Voting Option Plan has a cash settlement feature. Options granted under this plan vest at a rate of one-fifth of the grant at the end of each year over a five-year period. As at June 30, 2019, 518,758 options were outstanding, 193,685 options of which had vested.

Clairvest recognizes stock-based compensation expense based upon the fair value of the outstanding stock options as at June 30, 2019 using the Black-Scholes option pricing model with the following assumptions:

As at June 30, 2019

Grant date	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**	**June 30, 2016**
# of options granted	**106,667**	**49,487**	**168,829**	**203,353**
# of options exercised	—	—	—	**1,916**
# of options forfeited	—	—	—	**7,662**
# of options vested	—	**9,895**	**67,528**	**116,262**
Option price[1]	**96.70**	**93.34**	**71.22**	**55.80**
Black-Scholes assumptions used				
Expected volatility	**10 %**	**10 %**	**10 %**	**10 %**
Expected forfeiture rate	**5 %**	**5 %**	**5 %**	**5 %**
Expected dividend yield	**1.00 %**	**1.00 %**	**1.00 %**	**1.00 %**
Risk-free interest rate	**1.73 %**	**1.73 %**	**1.75 %**	**1.79 %**
Expected life (years)	**5.00**	**4.00**	**3.00**	**2.00**
Liability using Black-Scholes ($000's)[2]	—	**284**	**3,472**	**7,203**

(1) Based on two times the 5-day weighted average closing price of Clairvest common shares at date of grant and is adjusted for any special dividends paid by the Company.

(2) Share price for a Clairvest common share as at June 30, 2019 was $51.25 (TSX: CVG).

As at June 30, 2019, $11.0 million (March 2019 – $8.9 million) had been accrued under the Company's Non-Voting Option Plan. During the first quarter of fiscal 2020, Clairvest recognized an expense on stock-based compensation of $2.1 million (2019 – $1.5 million).

In June 2016, the Board of Directors of the Company approved an Employee Deferred Share Units ("EDSU") Plan. The EDSU Plan provides, among other things, that participants may elect to receive all or a portion of their annual bonus amounts that would otherwise be payable in cash in the form of EDSUs. EDSUs may be redeemed for cash or for common shares of the Company in accordance with the terms of the plan. Clairvest is required to reserve one common share for each EDSU issued under the EDSU Plan. The maximum number of Clairvest common shares reserved for the EDSU Plan is 200,000 which represented approximately 1.3% of the outstanding number of common shares as at June 30, 2019. As at June 30, 2019, 78,449 EDSUs (March 2019 – 78,449 EDSUs) had been issued based on the terms and conditions of the EDSU Plan. Accordingly, an accrual of $4.0 million (March 2019 – $3.7 million) had been included in share-based compensation liability. During the first quarter of fiscal 2020, Clairvest recognized an expense of $0.3 million (2019 – $0.1 million) with respect to EDSUs.

As at June 30, 2019, a total of 600,030 (March 2019 – 595,948) Book Value Appreciation Rights Units ("BVARs") were held by employees of Clairvest, the accrual in respect of which was $16.2 million (March 2019 – $11.4 million) and had been included in share-based compensation liability, and a further $4.1 million (March 2019 – $7.2 million) not accrued as those BVARs had not vested. During the first quarter of fiscal 2020, Clairvest recognized an expense of $4.8 million (2019 – $3.7 million) with respect to BVARs.

Compensation paid and payable to key management

In addition to the directors, key management at Clairvest are the Chief Executive Officer ("CEO"), the Vice Chairman and the President. The CEO and the President are entitled to annual discretionary cash bonuses of up to 175% of their individual annual salary based on individual performance. The Vice Chairman is entitled to annual discretionary cash bonuses of up to 100% of annual salary based on individual performance. There is also an annual objective cash bonus which is based on Clairvest's Incentive Bonus Program as described in *note 15(e)*, the Non-Voting Option Plan, the

BVAR plan and the EDSU plan. Aggregate compensation paid to the CEO, the Vice Chairman, and the President for the quarters ended June 30 were as follows:

($000's)	Quarter ended June 30	
	2019	2018[(1)]
Paid:		
Salaries	**228**	209
Annual incentive plans[(2)]	**176**	164
	404	373

(1) Aggregate compensation paid excludes amounts paid to the President, a role created effective January 1, 2018.

(2) Includes quarterly payments from annual discretionary cash bonuses of up to 21.875% of their respective annual base salary.

Compensation payable to the CEO, the Vice-Chairman, and the President at the statement of financial position dates were as follows:

	June 30	March 31
($000's)	**2019**	2019
Payable:		
Annual incentive plans	**4,242**	5,095
Stock options	**3,763**	3,028
Book value appreciation rights	**9,043**	6,193
Employee deferred share units	**1,148**	1,069
	18,196	15,385

As at June 30, 2019, a total of 263,054 (March 2019 – 257,573) DSUs were held by directors of the Company, the accrual in respect of which was $13.9 million (March 2019 – $12.7 million) and had been included in share-based compensation liability. For the quarter ended June 30, 2019, Clairvest recognized an expense of $1.2 million (2019 – $0.9 million) with respect to DSUs.

As at June 30, 2019, a total of 120,000 (March 2019 – 120,000) ADSUs were held by directors of the Company, the accrual in respect of which was $3.9 million (March 2019 – $3.6 million) and had been included in share-based compensation liability. For the quarter ended June 30, 2019, Clairvest recognized an expense of $0.4 million (2019 – $0.3 million) with respect to ADSUs.

As at June 30, 2019, compensation payable to the directors of Clairvest included $1.1 million (March 2019 – $0.9 million) under the Non-Voting Option Plan.

13. CONSOLIDATED STATEMENTS OF CASH FLOWS

Net change in non-cash working capital balances related to operations for the quarters ended June 30 are detailed as follows:

($000's)	**2019**	2018
Accounts receivable and other assets	**(4,698)**	(1,152)
Income taxes recoverable	**(1,486)**	—
Accounts payable and accrued liabilities, excludes lease liability recognized, see *note 15(e)*	**1,504**	(280)
Income taxes payable	**(19,258)**	(722)
Accrued compensation expense	**1,028**	1,419
	(22,910)	(735)

Cash and cash equivalents at the statement of financial position dates comprised the following:

	June 30	March 31
($000's)	**2019**	2019
Cash	**187,015**	262,286
Cash equivalents	**28,311**	26,636
	215,326	288,922

14. DERIVATIVE INTRUMENTS

The Company and its acquisition entities enter into foreign exchange forward contracts as economic hedges against the fair value of its foreign-denominated investments and loans in accordance with its foreign exchange hedging policy. During the quarter ended June 30, 2019, acquisition entities of Clairvest paid $1.4 million (2019 – $7.1 million) to settle realized foreign exchange forward contracts.

As at June 30, 2019, there were no foreign exchange forward contracts entered into by Clairvest.

As at June 30, 2019, acquisition entities of Clairvest had entered into foreign exchange forward contracts as hedged against its foreign-denominated investments as follows:

Foreign exchange forward contracts to sell US$103.6 million (March 2019 – US$83.7 million) at an average rate of Canadian $1.3227 per U.S. dollar (March 2019 – $1.3005 per U.S. dollar) through to June 2020. The fair value of the forward contracts as at June 30, 2019 was a gain of $1.7 million (March 2019 – loss of $2.6 million).

Foreign exchange forward contracts to sell CLP$7.7 billion (March 2019 – CLP$15.5 billion) at an average rate of Canadian $0.002048 per Chilean Peso (March 2019 – $0.002075) through to August 2019. The fair value of the forward contracts as at June 30, 2019 was a gain of $1.0 million (March 2019 – $1.6 million).

Foreign exchange forward contracts to sell INR₹652.3 million (March 2019 – ₹652.3 million) at an average rate of Canadian $0.01843 per Indian Rupee (March 2019 – C$0.01803) through to January 2020. The fair value of the forward contracts as at June 30, 2019 was a gain of $9 thousand (March 2019 – loss of $0.7 million).

The fair value of these foreign exchange forward contracts held by acquisition entities has been included in the fair value of these acquisition entities on the consolidated statements of financial position.

15. CONTINGENCIES, COMMITMENTS AND GUARANTEES

In addition to the co-investment commitments described in *note 11*, the Company had the following contingencies, commitments, and guarantees:

(a) Clairvest has committed a total of $55.5 million (March 2019 – $55.5 million) in the Wellington Funds, all of which was unfunded as at June 30, 2019 and March 31, 2019. As a result of the sale of Wellington Financial to CIBC in January 2018, the Wellington Funds are in the process of being wound up and may no longer invest in new investments.

(b) Under Clairvest's Incentive Bonus Program, a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management annually as applicable (the "Realized Amount"). As at June 30, 2019, the Realized Amount under the Bonus Program was $7.0 million (March 2019 − $7.0 million) and had been accrued under accrued compensation expense liability. In accordance with IFRS, Clairvest is also required to record a liability equal to a bonus of 10% of the after-tax cash income and realizations which are applicable but which have yet to be realized. Accordingly, Clairvest also recorded a $2.8 million (March 2019 − $2.8 million) accrued compensation expense liability which would only be payable to management when the corresponding realization events have occurred. The Bonus Program does not apply to the income generated from investments made by Clairvest through CEP III Co-Invest, CEP IV Co-Invest, CEP V Co-Invest and CEP VI Co-Invest.

(c) In conjunction with the sale of Casino New Brunswick, Clairvest has agreed to a net guarantee of $1.8 million (March 2019 – $1.8 million) to fund any valid claims made by the purchaser under the indemnity provisions of the sale for a specified period of time. Any funding pursuant to the guarantee will be allocated 25% to CEP III Co-Invest and 75% to CEP III. As at June 30, 2019 and March 31, 2019, no claims had been made and no amounts with respect to this guarantee had been funded.

(d) As part of the holding structure of Chilean Gaming Holdings, an acquisition entity of CEP III Co-Invest had loans totalling $37.8 million (March 2019 – $39.5 million) as at June 30, 2019 from an unrelated financial institution, while another acquisition entity of CEP III Co-Invest held term deposits totalling $37.8 million (March 2019 –

$39.5 million) as at June 30, 2019 with the same financial institution as security for these loans. CEP III Co-Invest's ownership of both acquisition entities was 36.8% as at June 30, 2019 and March 31, 2019.

(e) As at June 30, 2019, the Company had an accrued liability resulting from future minimum annual lease payments for the use of office space. The detail of the lease liability recognized from April 1, 2019 is as follows:

$000's	
Operating lease commitment disclosed on March 31, 2019	5,144
Discount of future payments[1]	(1,003)
Lease liability recognized at April 1, 2019	4,141
Payments applied during the quarter	(101)
Lease liability as at June 30, 2019	4,040

(1) As at June 30, 2019, the incremental borrowing rate was prime plus 1.25% per annum (April 1, 2019 - prime plus 1.25%)

(f) In connection with its normal business operations, the Company is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe that it will incur any material loss in connection with such actions.

16. RISK MANAGEMENT

The private equity investment business involves accepting risk for potential return, and is therefore affected by a number of risk factors.

Fair Value Risk

Fair value risk includes exposure to fluctuations in the fair market value of the Company's investments as described in *note 16*.

The Company's corporate investment portfolio was diversified across 16 investee companies in 9 industries and 4 countries as at June 30, 2019. Concentration risk by industry and by country, was as follows:

	June 30, 2019					March 31, 2019				
($000's)	**Canada**	**United States**	**Chile**	**India**	**Total**	Canada	United States	Chile	India	Total
Equipment rental	**—**	**13,514**	**—**	**—**	**13,514**	—	—	—	—	—
Financial services	**22,590**	**—**	**—**	**—**	**22,590**	23,133	—	—	—	23,133
Gaming	**15,267**	**68,069**	**59,558**	**42,907**	**185,801**	17,323	54,591	61,785	43,620	177,319
Information technology	**—**	**6,871**	**—**	**—**	**6,871**	—	7,016	—	—	7,016
Marketing services	**—**	**5,935**	**—**	**—**	**5,935**	—	10,055	—	—	10,055
Renewable Energy	**—**	**12,508**	**—**	**—**	**12,508**	—	12,463	—	—	12,463
Residential services	**6,375**	**—**	**—**	**—**	**6,375**	6,375	—	—	—	6,375
Specialty aviation and defence services	**54,906**	**804**	**—**	**—**	**55,710**	55,868	819	—	—	56,687
Waste management	**—**	**43,854**	**—**	**—**	**43,854**	—	43,390	—	—	43,390
Other investments	**1,110**	**3,220**	**—**	**—**	**4,330**	(144)	3,254	—	—	3,110
Total	**100,248**	**154,775**	**59,558**	**42,907**	**357,488**	102,555	131,588	61,785	43,620	339,548

The Company has considered current economic events and indicators in the valuation of its investee companies.

Interest Rate Risk

Fluctuations in interest rates affect the Company's income derived from its cash, cash equivalents, temporary investments and restricted cash ("treasury funds"). For financial instruments which yield a floating interest rate, the income received is directly impacted by the prevailing interest rate. The fair value of financial instruments which yield a fixed interest rate would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on its treasury funds by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee.

As at June 30, 2019, $375.1 million of its treasury funds were held in cash or fixed income securities which generated a floating yield. If interest rates were higher or lower by 1% per annum, the potential effect would have been an increase or decrease of $0.9 million to distributions and interest income on a pre-tax basis for the quarter ended June 30, 2019.

Certain of the Company's corporate investments are also held in the form of debentures and loans. Significant fluctuations in market interest rates can have a significant impact on the carrying value of these investments as described in *note 17*.

Currency Risk

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States, Chile and India. The Company also advances loans to investee companies which may be denominated in foreign currency. In order to limit its exposure to changes in the value of foreign-denominated currencies relative to the Canadian dollar, Clairvest and its acquisition entities enter hedging positions against these foreign-denominated currencies. As at June 30, 2019, the Company had net foreign exchange exposure to the CLP totalling $35.3 million (March 2019 – $20.9 million) and the INR totalling $30.5 million (March 2019 – $31.0 million). For the quarter ended June 30, 2019, the Company's acquisition entity had foreign exchange losses of $0.7 million on the CLP and $0.7 million on the INR, the amount of which have been included in net investment loss for the quarter.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact on the profitability of these entities and in turn the Company's fair value of these corporate investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Credit risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. For the quarter ended June 30, 2019, there were no material income effects on changes of credit risk on financial assets. The carrying values of financial assets subject to credit exposure as at June 30 and March 31, 2019, net of any allowances for losses, were as follows:

		June 30, 2019				March 31, 2019	
($000's)		**Clairvest**	**Acquisition entities**	**Total**		**Clairvest**	**Acquisition entities**	**Total**
Financial Assets								
Cash and cash equivalents	**$**	**215,326**	**34,166**	**249,492**	$	288,922	28,275	317,197
Temporary investments		**159,773**	**20,634**	**180,407**		163,403	19,662	183,065
Accounts receivable[(1)]		**23,004**	**2,232**	**25,236**		18,264	435	18,699
Loans receivable[(2)]		**33,712**	**950**	**34,662**		968	—	968
Derivative instruments		**—**	**2,661**	**2,661**		—	1,619	1,619
Corporate investments[(3)]		**—**	**37,112**	**37,112**		—	38,380	38,380
	$	**431,815**	**97,755**	**529,570**	**$**	471,557	88,371	559,928

(1) Excludes prepaid expenses and receivables from acquisition entities

(2) Excludes loans receivable from acquisition entities

(3) Excludes net assets (liabilities) from acquisition entities

The Company manages credit risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by the Board of Directors. Management and the Board of Directors review the financial condition of investee companies regularly.

The Company is also subject to credit risk on its accounts receivables and loan receivables, a significant portion of which are with its investee companies and its CEP Funds. The Company manages this risk through its oversight responsibilities with existing investee companies, by reviewing the financial condition of investee companies regularly, and through its fiduciary duty as Manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

The Company manages counterparty credit risk on derivative instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks. As at June 30, 2019, the Company's acquisition entities held derivative instruments which had net mark-to-market gain of $2.7 million (March 2019 – loss of $1.6 million). The Company believes the counterparty risk with respect to its and its acquisition entities' derivative instruments is minimal.

The Company manages credit risk on treasury funds by conducting activities in accordance with the fixed income securities policy which is approved by the Audit Committee. The Company also manages credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds are segregated and held in trust for Clairvest's benefit. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly. The credit ratings of the Company's treasury funds, including those of its acquisition entities, based on the Dominion Bond Rating Services rating scale, with the exception of corporate bonds and loans which are based on the Standard and Poor's rating scale, were as follows:

	June 30, 2019			March 31, 2019		
($000's)	**Clairvest**	**Acquisition entities**	**Total**	**Clairvest**	**Acquisition entities**	**Total**
Cash and restricted cash	**212,482**	**33,932**	**246,414**	287,610	28,115	315,725
Money market savings accounts						
R1-High	**305**	**200**	**505**	283	154	437
Guaranteed investment certificates and investment savings accounts						
AA	**110,493**	**10,669**	**121,162**	107,618	10,465	118,083
A+[1]	**—**	**—**	**—**	102	—	102
A	**18,230**	**6,583**	**24,813**	18,110	5,790	23,900
A-[1]	**308**	**—**	**308**	513	406	919
BB+[1]	**—**	**—**	**—**	102	—	102
BB-[1]	**103**	**—**	**103**	102	—	102
BBB-[1]	**308**	**100**	**408**	306	—	306
Not rated[1]	**205**	**300**	**505**	407	—	407
Corporate Bonds						
A+	**3,019**	**—**	**3,019**	2,997	—	2,997
A	**3,000**	**—**	**3,000**	3,006	—	3,006
Other fixed income securities						
Not rated	**26,646**	**3,016**	**29,662**	31,169	3,007	34,176
Total cash, cash equivalents and temporary investments	**375,099**	**54,800**	**429,899**	452,325	47,937	500,262

(1) Principal protected by the Canada Deposit Insurance Corporation.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Financial obligations arising from off-statement of financial position arrangements are described in *note 14*. Accounts payable, loans payable, and derivative instruments have maturities of less than one year. Management participation liability, share-based compensation liability, and amounts accrued under the Bonus Program are only due upon cash realization or completion of the respective vesting periods. Total unfunded commitments to co-invest alongside the CEP Funds, as described in *note 15* were $423.0 million as at June 30, 2019 (March 2019 − $122.0 million). The timing of any amounts to be funded under these commitments is dependent upon the timing of investment acquisitions, which are made at the sole discretion of the Company.

The Company manages liquidity risk by maintaining a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests its treasury funds in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains a $100.0 million credit facility which was undrawn as at June 30, 2019.

As at June 30, 2019, Clairvest had treasury funds, inclusive of those held at acquisition entities, of $429.9 million (March 2019 – $500.3 million) and access to $100.0 million (March 2019 – $100.0 million) in credit to support its current and anticipated corporate investments. Clairvest also had access to $1.1 billion (March 2019 – $286.2 million) in uncalled committed third-party capital through the CEP Funds as at June 30, 2019 to invest along with Clairvest's capital.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash, cash equivalents, temporary investments, corporate investments, and derivative instruments are carried at fair value in accordance with the Company's accounting policy as described in *note 2*. All other financial instruments, including receivables and payables, were short-term in nature.

(a) **Fair value hierarchy**

The Company classifies financial instruments measured at fair value through profit or loss according to the following hierarchy, based on the lowest level of significant input used in measuring fair value.

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted equity instruments Quoted corporate bonds Money market and investment savings accounts
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Quoted equity instruments which are not actively traded (i.e. significant ownership positions) Guaranteed investment certificates Quoted corporate bonds or loans which are not actively traded
Level 3	Inputs that are not based on observable market data	Unquoted equity instruments or partnership units Corporate bonds, debentures or loans not traded

The following table details the financial instruments measured at fair value classified by the fair value hierarchy:

($000's)	**June 30, 2019**				March 31, 2019
	Fair value measurements using				
	Level 1	**Level 2**	**Level 3**	**Assets / liabilities at fair value**	Assets / liabilities at fair value
Financial assets					
Cash equivalents					
Money market savings accounts	**305**	—	—	**305**	283
Investment savings accounts	**28,006**	—	—	**28,006**	26,354
	28,311	—	—	**28,311**	26,637
Temporary investments					
Guaranteed investment certificates	—	**127,109**	—	**127,109**	126,231
Corporate Bonds	—	**6,019**	—	**6,019**	6,003
Other fixed income securities	—	—	**26,645**	**26,645**	31,169
	—	**133,128**	**26,645**	**159,773**	163,403
Corporate investments	—	**20,519**	**365,007**	**385,526**	366,279
	28,311	**153,647**	**391,652**	**573,610**	556,319

For financial instruments which are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period. Transfers between levels of fair value hierarchy are deemed to have occurred at the date of event.

During the quarter ended June 30, 2019, there were no transfers between the various levels of the fair value hierarchy.

(b) **Level 3: Reconciliation between opening and closing balances**

The following table details the changes in fair value measurements for instruments included in Level 3 of the fair value hierarchy set out in IFRS 13:

	For the quarter ended June 30, 2019				
($000's)	**Fair value April 1, 2019**	**Net investment gain (loss) included in earnings**	**Purchases of assets / issuances of liabilities**	**Sales of assets / settlements of liabilities**	**Fair value June 30, 2019**
Financial assets					
Other fixed income securities	**31,169**	**(2)**	—	**(4,522)**	**26,645**
Corporate investments	**346,600**	**18,646**	—	**(239)**	**365,007**
	377,769	**18,644**	—	**(4,761)**	**391,652**

(c) Level 3: Fair value measurement based on reasonably possible alternative assumptions
While Clairvest considers its fair value measurements to be appropriate, the use of reasonable alternative assumptions could result in different fair values. On a given measurement date, it is possible that other market participants could measure a same financial instrument at a different fair value, with the valuation techniques and inputs used by these market participants still meeting the definition of fair value. The fact that different fair value measurements exist reflects the judgment, estimates and assumptions applied as well as the uncertainty involved in determining the fair value of these financial instruments. Included in corporate investments are investee companies (as described in *note 6*) for which the fair values have been estimated based on assumptions that are not be supported by observable inputs. The following tables details quantitative information on the primary valuation techniques and unobservable inputs based on the form of investment:

June 30, 2019	Valuation techniques	Significant unobservable input	Range
Unquoted equity instruments (including warrants) or partnership units	**Public company comparables**	**EBITDA multiples**	**3.5x to 9.0x**
	Recent transactions	**n/a**	**n/a**
Corporate bonds, debentures or loans not traded or other finite set of cash flows	**Discounted cash flows**	**Discount rates**	**6.0% to 20.0%**

The most significant unobservable input for fair value measurement is the multiple of earnings before interest, tax, depreciation and amortization ("EBITDA") used for each individual investee company. In determining the appropriate multiple, Clairvest considers (i) public company multiples for companies in the same or similar businesses; (ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and (iii) multiples at which Clairvest invested directly or indirectly in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment. As at June 30, 2019, eight investee companies were valued using the earnings multiple approach. If the Company had used an earnings multiple for each investee company that was higher or lower by 0.5 times, the potential effect would have been an increase of $16.5 million or a decrease of $16.5 million to the carrying value of corporate investments and net investment gain, on a pre-tax basis, for the quarter ended June 30, 2019 (March 2019 – an increase of $16.8 million or a decrease of $16.8 million). Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies.

Clairvest may also use information about recent transactions carried out in the market for valuations of private equity investments. When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. The fair value of corporate bonds, debentures or loans is primarily determined using discounted cash flow technique. This technique uses observable and unobservable inputs such as discount rates that take into account the risk associated with the investment as well as future cash flows. For those investments valued based on recent transactions or discounted cash flows, Clairvest has determined that there are no reasonable alternative assumptions that would change the fair value materially as at June 30, 2019 and March 31, 2019.

18. CAPITAL DISCLOSURES

Clairvest considers the capital it manages to be shareholders' equity. Clairvest also manages capital held in acquisition entities, the third-party capital committed or invested in the CEP Funds and co-investments made by other investors.

Clairvest's objectives in managing capital are to:

- Preserve a financially strong company with substantial liquidity to pursue new acquisitions and growth opportunities as well as to support its operations and the growth of its existing investee companies;
- Achieve an appropriate risk adjusted return on capital;
- Build long-term value in its investee companies to generate superior returns; and
- Have appropriate levels of committed third-party capital available to invest alongside Clairvest's capital. The management of third-party capital also provides management fees and/or priority distributions to Clairvest and the ability to enhance Clairvest's returns by offsetting a portion of its operating costs and by earning a carried interest.

As at June 30, 2019, Clairvest had no external capital requirements, other than as disclosed in *note 15*.

19. SUBSEQUENT EVENTS

Subsequent to quarter end, Clairvest invested £6.8 million (C$11.1 million) in FSB Technology (UK) Ltd. ("FSB Tech"), a Business to Business sports and internet gaming technology supplier based in London, United Kingdom. Clairvest acquired 6,846,401 Class A shares for a 24.3% ownership interest in FSB Tech. Subject to certain conditions, the investment may be increased by up to £1.2 million.