

interim report

Q3

ended September 30, 2006



interim report

Q3
ended September 30, 2006

Table of Contents

Message to Our Unitholders	2
Management's Discussion and Analysis	5
Unaudited Interim Consolidated Financial Statements	29
Notes to Unaudited Interim Consolidated Financial Statements	34



Fellow Unitholders,

The third quarter was a period of instability in the equity markets, particularly in the commodities sectors. Substantial declines were witnessed in both equity underwriting and trading volumes, and declines in commodity prices led to growing weakness in the mining and oil & gas sectors. Despite these difficult market conditions, the resilience of our franchise was demonstrated through the delivery of solid financial results, showing year-over-year revenue growth of 20% to \$78 million for the quarter reflecting results from our existing businesses and the inclusion this quarter of EdgeStone Capital Partners. Team members across all of our operating segments have worked efficiently and diligently to deliver optimal results despite the challenges experienced in the quarter. In addition, we have made great progress, building new relationships to support our existing operations and growing into new areas where we believe that an increased market presence will benefit our unitholders and clients.

In our Capital Markets segment, investment banking revenue for the quarter grew to \$42 million, representing a 20% year-over-year increase as a result of continued strength in M&A activity, and our participation in a number of advisory transactions and equity financings in the oil and gas and mining sectors during the period. M&A advisory fees increased 180% over the third quarter of 2005, representing 51% of overall investment banking revenue. Our sales and trading operations again performed well despite a 21% decline in TSX trading volumes quarter-over-quarter, earning \$23 million in revenue, an 11% decline from the second quarter 2006 and flat year-over-year. We continued to hold the number one position in block trading volume for the first nine months of 2006, trading over 5.3 billion shares on the TSX. The performance of GMP Securities L.P. has demonstrated our ability to deliver consistent results in a variety of market conditions.

We also saw tremendous progress throughout the third quarter and to date in our Wealth Management segment. Revenue at GMP Private Client L.P. increased by 54% over the same period last year, reflecting the growth of the business and the growing contribution of our investment advisory teams. In the third quarter, we progressed toward our goal of achieving breakeven cash flow with a loss of \$200,000 in the quarter. This loss was largely attributable to lower commission volumes generated in the challenging markets we faced in the third quarter. In addition, we continued to experience growth in our roster of experienced investment advisors and our assets under administration. We now have 26 investment advisory teams located across our Vancouver, Calgary and Toronto offices managing \$2.5 billion in assets. With a strong pipeline and what management views as the best independent platform in Canada for experienced investment advisors, we continue to be enthusiastic about the prospects for our Wealth Management business.

Our third quarter report is our first to include EdgeStone Capital Partners. Our partnership with EdgeStone is off to a great start and we continue to explore ways to help build their business and to better serve their limited partners. EdgeStone made a solid contribution to our revenue and profitability in its first quarter as a new member of GMP. We look forward to building on our relationship with the talented professionals at EdgeStone, as well as their limited partners and investee companies.

We have focused on further strengthening our brand globally and adding value to our relationships with clients and unitholders. In August 2006, we announced the establishment of an international M&A relationship with Lazard, a top global advisory firm. Our alliance with Lazard is expected to provide Canadian corporate clients access to unparalleled cross-border advice when seeking buy or sell opportunities outside of Canada. In early November, we announced our intention to form GMP Securities Europe LLP to service mid-market companies on the Official List and the Alternative Investment Market.

GMP Europe will be based in London and will be majority owned by GMP with substantial equity participation by GMP Europe's partners. We have also entered into a partnership with Panmure Gordon & Co. PLC to further enhance our European capabilities. We are excited about these developments and believe they represent a natural move for the firm as we continue to add to the services we can provide to our clients.

Also subsequent to quarter end, we announced the completion of a private placement offering for \$60 million in aggregate principal amount of senior unsecured notes. The net proceeds of the private placement have been used to repay existing indebtedness and for general corporate purposes as we look to new ways to enhance our already strong capital structure.

We were disappointed with the announcement on October 31, 2006 by the Department of Finance (Canada) of the "Tax Fairness Plan" whereby the income tax rules applicable to publicly traded trusts and partnerships will be significantly modified. Without the benefit of reviewing the actual legislation it is difficult to determine the full impact of the proposed changes; however, we continue to examine the potential impact of these changes on GMP Capital Trust and its subsidiaries.

After a challenging period in the Canadian capital markets, we are off to a good start in the fourth quarter. Trading volumes remain solid and we are experiencing an increase in underwriting activity. As always, it is difficult to predict future market activity, but management remains convinced that we are in a strong position to pursue and capitalize on opportunities as they present themselves. We remain confident that our business strategy and our new initiatives will put us in a good position to continue to return value to our unitholders. We look forward to updating you on our progress.



Kevin Sullivan
Chief Executive Officer



GMP CAPITAL TRUST

THIRD QUARTER REPORT

management's
discussion and analysis

for the three and nine months ended September 30, 2006



About This Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") relates to the third quarter ended September 30, 2006 ("third quarter 2006"), which reflects the three-month period from July 1, 2006, to September 30, 2006; and the first nine months of fiscal 2006, which reflects the nine-month period from January 1, 2006, to September 30, 2006. Comparative figures relate to the three and nine months ended October 31, 2005.

This MD&A has been prepared with an effective date of November 8, 2006. All amounts are in Canadian dollars and are based on financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), unless otherwise specified herein. See "Presentation of Financial Information and Non-GAAP Measures". The MD&A should be read in conjunction with the Fund's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2006 and the Fund's management's discussion and analysis for the 11 months ended December 31, 2005 (the "2005 Annual MD&A"), which can be accessed on the Fund's website at gmppcapitaltrust.com and on SEDAR at sedar.com.

All references to the "Fund" refer to GMP Capital Trust. All references to "we", "our", "us" and "Fund Group" refer to the Fund, together with its consolidated operations. All references to "unitholders" refer collectively to holders of trust units of

the Fund ("Fund units") and holders of Class B limited partner units ("Exchangeable L.P. units") issued by Griffiths McBurney L.P. ("GMP Holding Partnership"). All references to "units" refer collectively to the Fund units and the Exchangeable L.P. units. All references to "Fund unitholders" refer to holders of Fund units. All references to the "Conversion" refer to the conversion of GMP Capital Corp. from a corporate entity into GMP Capital Trust, an income trust, on December 1, 2005. All references to the "Administrator" refer to Griffiths McBurney Canada Corp., the administrator of the Fund. All references to "management" refer to directors, officers and other senior officers of the Administrator, unless otherwise stated. All references to the "Company" refer to the Fund's predecessor, GMP Capital Corp., and its subsidiaries prior to the completion of the Conversion. All references to "shareholders" refer to common shareholders of the Company. All references to "common shares" refer to common shares of the Company. All references to "Operating Partnerships" refer to GMP Securities L.P. ("GMP Securities"), GMP Private Client L.P. ("GMP Private Client") and EdgeStone Capital Partners, L.P. ("EdgeStone"). EdgeStone manages the assets of its investors and clients through limited partnerships referred to herein as the "EdgeStone Funds." All references to "third quarter 2005" refer to the three months ended October 31, 2005.

Presentation of Financial Information and Non-GAAP Measures

Financial results, including related historical comparatives, contained in this MD&A have been prepared using the continuity of interests method of accounting. The historical comparatives reflect the Conversion, and accordingly, the financial results for the period December 1, 2005 to September 30, 2006, are those of the Fund and results for the period February 1, 2005 to November 30, 2005, are those of the Company. The acquisition of EdgeStone has been accounted for under the purchase method and the results of its operations have been included in the unaudited interim financial statements since the acquisition date July 4, 2006.

Because of the differences in accounting between the Fund and the Company, we have presented certain non-GAAP measures, in addition to the financial statements of the Fund, to assist in comparing the historical financial performance to the Fund's results. Such *pro forma* information is intended to reflect the financial results of the Company as if it had carried on business as an income trust. These non-GAAP measures are presented as *pro forma* net income, *pro forma* basic earnings per unit and *pro forma* diluted earnings per unit.

Non-GAAP earnings measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP earnings measures should not be considered as alternatives to net income or comparable metrics determined in accordance with GAAP as indicators of the Fund's performance, liquidity, cash flows and profitability.

In addition, the Fund Group uses non-GAAP measures to assess its financial performance. The Fund Group evaluates the performance of its consolidated operations using an annualized return on equity ("ROE"). Our ROE calculations are based on net income available to unitholders/shareholders divided by total average unitholder equity/shareholder equity for the period. Assets under administration ("AUA") is a non-GAAP measure of client assets that is used by management to assess the performance of GMP Private Client. AUA is the market value of client assets administered by GMP Private Client in respect of which GMP Private Client earns commissions or fees. Distributable cash is a non-GAAP measure and is presented because the Fund intends to continue to make monthly cash distributions (after providing for certain amounts described elsewhere). Management

believes that distributable cash and distributable cash per unit are useful financial measures as they provide investors with an indication of cash available for distribution and are measures generally used by Canadian income funds as an indicator of financial performance. For a reconciliation of distributable cash with GAAP, please refer to "Distributable Cash and Distributions"

in this MD&A. Distributable cash per unit, which is a non-GAAP measure, has been calculated on a basis consistent with that prescribed by GAAP for calculating net income per unit. The payout ratio is a non-GAAP measure of the Fund's cash distributions declared during a reporting period stated as a percentage of distributable cash.

Forward-Looking Statements

This MD&A may contain "forward-looking statements" (as defined under applicable securities laws) concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs, expectations, estimates and projections regarding future events, many of which, by their nature, are inherently uncertain and beyond our control. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in the Fund's regulatory filings, which are available on our website at gmpcapitaltrust.com and on SEDAR at sedar.com. The Fund Group's primary business activities, by their nature, are both competitive and subject to various risks. The primary risks include, without limitation, variations in the value of securities, the volatility and liquidity of equity trading markets, the volume of new financings and mergers and acquisitions, competition in the marketplace for suitable investments,

sustainability of fees, nature and type of portfolio company investments, ability to realize carried interest entitlements and dependence on key personnel. Other factors, such as general economic conditions and credit risk also may have an impact on the Fund Group's results of operations. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf. Except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. For a description of risks that could cause our actual results to materially differ from our current expectations, please see the "Risk Factors" section in this MD&A, "Risk Factors" detailed in the 2005 Annual MD&A, and also "Description of the Business – Risk Management" in our annual information form dated March 16, 2006.

Overview and Strategy

Management's vision for the Fund Group is to build an organization and a trusted brand that excels in guiding clients from idea generation to wealth creation to wealth preservation, advising them each step of the way as they develop from visionary entrepreneur to leader of a publicly traded company to high-net-worth individual. The Fund's primary strategies include being the firm of choice among target clients and maintaining a pre-eminent position within the marketplace, providing superior returns through a disciplined business management approach, and building on core competencies by pursuing and developing complementary business opportunities.

On July 4, 2006, GMP Holding Partnership completed the acquisition of EdgeStone, the manager of the EdgeStone group of funds, together with a portion of the carried interest entitlements in EdgeStone's funds. Management believes that EdgeStone will help to facilitate the strategic execution of our growth strategies allowing us to expand the breadth of the products and services we offer to our clients. For further information relating to the acquisition please see Note 2 to the Fund's unaudited interim

consolidated financial statements as at and for the three and nine months ended September 30, 2006.

On November 7, 2006, the Fund announced its intention to form GMP Securities Europe LLP ("GMP Europe") to service mid-market companies on the Official List and the Alternative Investment Market in London. GMP Europe will be based in London and will be majority owned by a subsidiary of the Fund with substantial equity participation by GMP Europe's partners. On November 7, 2006, GMP Securities together with GMP Europe announced that it had agreed to partner with Panmure Gordon & Co. PLC ("Panmure Gordon") to further enhance its European capabilities. GMP Europe will work closely with Panmure Gordon to ensure that GMP Securities' Canadian clients have access to European execution capabilities and after-market support across all industry sectors in which GMP Securities currently focuses its operations. These developments follow our August 2006 announcement of the establishment of an international advisory relationship with Lazard Ltd. These announcements indicate the international expansion of our business in the important capital markets of the United States and the United Kingdom.

Coinciding with the acquisition of EdgeStone this quarter, the Fund Group has revised the presentation of its segment results into three business segments ("Capital Markets", "Wealth Management" and "Private Capital Management") and a corporate segment. All references to "Capital Markets" (formerly referred to as "GMP Securities") refer to the investment banking, equity research and sales and trading capabilities of the Fund Group, which are provided by the following main operating subsidiaries: GMP Securities and Griffiths McBurney Corp. GMP Securities is an independent Canadian investment dealer that provides corporate and institutional clients with investment banking and underwriting services, equity research and trading capabilities and specialized advisory services. Griffiths McBurney Corp. services institutional investors in the United States. All

references to "Wealth Management" (formerly referred to as "GMP Private Client") refer to the full-service investment brokerage services of the Fund Group, which are provided by GMP Private Client. GMP Private Client is comprised of seasoned investment advisors focused on guiding high-net-worth private investors in wealth preservation, income and growth strategies. All references to "Private Capital Management" refer to the capital, strategic direction, business and financial advice provided to mid-market and early stage companies by EdgeStone, one of Canada's leading private equity firms. All references to "Corporate" include inter-segment eliminations and enterprise-wide amounts not specifically allocated to the business segments.

For a more comprehensive description of the Fund's business strategies and objectives please refer to the 2005 Annual MD&A.

Business Environment and Market Outlook

In the third quarter of 2006, Canadian equity markets were up year-over-year but declined from the previous quarter reflecting the recent slowdown in Canadian economic growth primarily due to a quarter-over-quarter decline in commodity prices. However, increased activity in the equity markets has been experienced in the fourth quarter as commodity prices have recovered slightly and companies are taking advantage of the stronger market in raising capital for 2007.

According to Canada Equity Data Mart, equity trading volume on the Toronto Stock Exchange ("TSX") declined 21% quarter-over-quarter, primarily as a result of a decline in energy and mining equity trading volumes in the third quarter. Trading volume remained robust on a year-over-year basis with third quarter 2006 trading volume up 9.5% over the same period in 2005. The S&P/TSX Composite Index closed the quarter at 11,761.27, representing a 6.8% increase over its closing level of 11,011.83 at the end of the third quarter of calendar 2005.

Canadian merger and acquisition ("M&A") activity remained strong compared with the previous quarter and the same period last year, reaching a record high, eclipsing the previous best quarter on record which occurred in the second quarter of 2000 during the technology sector boom. According to the *Financial Post's* Crosbie Mergers & Acquisitions summary report published on October 10, 2006, the number of M&A deals announced in the third quarter of calendar 2006 declined 27.7% from the previous quarter. However, the dollar value of M&A transactions announced in Canada in the third quarter of calendar 2006 was approximately \$87.2 billion, representing an increase of 28.2% in value from the previous quarter and an increase of 62.4% from \$53.7 billion announced in the third quarter of calendar 2005. The metals and minerals segment of the mining sector led all sectors in terms of M&A activity, accounting for 45.3% of the transaction value in the third quarter of 2006, recording 50 transactions valued at \$39.5 billion. M&A activity levels in the oil and gas sector are expected to remain strong, as a tougher commodity environment combined with increasing cost pressures will likely lead to increased consolidation. Virtually every sector experienced increased M&A activity and management expects this strength in M&A activity to continue for the remainder of 2006.

Third Quarter and Year-to-Date Highlights

Selected financial information

(\$000, except per unit/common share and % amounts)	Three months ended			Nine months ended		
	September 30, 2006	October 31, 2005	Change increase (decrease) (a)	September 30, 2006	October 31, 2005	Change increase (decrease) (a)
Revenue	78,016	64,888	20.2%	253,715	202,447	25.3%
Expenses	53,434	40,183	33.0%	157,285	118,087	33.2%
Income before income taxes	24,622	24,663	(0.2%)	96,433	84,346	14.3%
Net income	23,145	15,809	n/a	89,403	54,312	n/a
<i>Pro forma</i> net income (b, c)	n/a	23,259	(0.5%)	n/a	79,034	13.1%
Basic earnings per unit/common share (d)	\$0.37	\$0.28	n/a	\$1.51	\$0.96	n/a
Diluted earnings per unit/common share (d)	\$0.36	\$0.27	n/a	\$1.46	\$0.94	n/a
<i>Pro forma</i> basic earnings per unit (b)	n/a	\$0.41	(9.8%)	n/a	\$1.40	7.9%
<i>Pro forma</i> diluted earnings per unit (b)	n/a	\$0.40	(10.0%)	n/a	\$1.37	6.6%
Dividends paid per common share	n/a	\$0.15	n/a	n/a	\$0.45	n/a
Cash distributions declared per unit	\$0.3750	n/a	n/a	\$1.0418	n/a	n/a
Distributable cash per unit (e)	\$0.4470	\$0.4188	6.7%	\$1.6191	\$1.4275	13.4%
Return on equity	37.5%	33.8%	n/a	55.6%	41.8%	n/a
<i>Pro forma</i> return on equity (b)	n/a	49.7%	(12.8%)	n/a	60.9%	(5.6%)

(a) The change comparisons are for the three and nine months ended September 30, 2006, compared with the *pro forma* three and nine months ended October 31, 2005 (where *pro forma* amounts are applicable). Where *pro forma* amounts are not applicable, the three and nine months ended September 30, 2006, are compared with the actual results for the comparative periods.

(b) These figures are considered non-GAAP measures. The selected *pro forma* data has been derived from and should be read in conjunction with the "Presentation of Financial Information and Non-GAAP Measures" in this MD&A. *Pro forma* data reflects such adjustments as are necessary, in the opinion of management, for a fair presentation of the results of operations and unitholders' equity of the Fund on a *pro forma* basis following the Conversion. Such *pro forma* information is intended to reflect the financial results of the Company as if it had carried on business as an income trust during the periods presented. This *pro forma* data is not necessarily indicative of the results that actually would have been achieved if the Conversion had taken place and been effective during those periods.

(c) *Pro forma* net income reflects an adjustment to income tax expense to reflect the current tax attributes of the Fund Group under the income trust structure. The *pro forma* income tax expense reflects required taxes relating to corporate subsidiaries of the Fund and should be read in conjunction with the "Quarterly *Pro forma* Net Income Reconciliation" section in this MD&A.

(d) Comparative common shares outstanding have been restated to reflect a two-for-one exchange of one common share for two Fund units based on the average common shares outstanding for the applicable period.

(e) Distributable cash per unit, a non-GAAP measure, is determined by dividing distributable cash by the basic weighted-average number of units outstanding for the applicable period, on a basis consistent with the determination of basic net income per unit.

Third Quarter 2006 Versus Third Quarter 2005

Revenue increased by \$13.1 million (or 20.2%) to \$78.0 million in the third quarter 2006, reflecting strong results from the Capital Markets segment, the addition of the Private Capital Management segment, which includes EdgeStone, this quarter and continued growth in our Wealth Management segment. Capital Markets revenue increased by \$4.7 million (or 7.7%) this quarter compared with the third quarter 2005. Additionally, Private Capital Management contributed \$6.3 million to revenues and Wealth Management generated an increase in revenue of \$2.3 million (or 54%) over the comparable period last year. On a consolidated basis, revenue is generated through the following activities: investment banking, commissions, investment management and fee income, principal activities, interest and other. Investment banking revenues increased \$7.1 million (or 20.2%) as a result of continued momentum in M&A activity in the Canadian capital markets and the participation of GMP Securities in a number of advisory transactions and equity financings in the oil and gas and mining sectors during this period. Commission revenues were unchanged from the same period a year ago, despite less favourable market conditions, as GMP Securities increased its equity block trading volume on the TSX to 1.3 billion shares in the third quarter of calendar 2006, up from 1.2 billion shares in the third quarter of calendar 2005. Investment management and fee income was \$8.0 million, reflecting the addition of EdgeStone this quarter and growth in fee-based revenue in Wealth Management. Principal activities recorded a loss of \$2.0 million, compared with revenue of \$1.1 million in the third quarter 2005 due primarily to unrealized market losses recorded in the portfolio this quarter. Interest revenue was \$4.2 million, up \$1.3 million or 46.8% mainly due to an increase in client-related activity in Wealth Management and an increase in interest rates in Canada compared with third quarter 2005.

Expenses in the third quarter 2006 were \$53.4 million, representing an increase of \$13.2 million (or 32.9%) compared with the third quarter 2005. In addition to \$3.3 million in expenses reported by the Private Capital Management segment this quarter, expenses also include \$2.9 million in amortization expense reported in the Corporate segment commencing in the third quarter 2006 related to intangible assets recorded as a result of the EdgeStone acquisition.

Compensation and benefits expenses in the third quarter 2006 were \$38.9 million representing an increase of \$8.1 million (or 26.3%) compared with the third quarter 2005, largely due to higher variable incentive-based compensation expense and higher fixed salary and benefits expense. While variable incentive-based compensation expense increased at a slower pace than revenue it accounted for \$5.0 million of the increase in total compensation and benefits expenses coinciding with the increased revenue reported for all business segments. Fixed salaries and benefits expense accounted for \$2.4 million of the increase due to increased activity levels in Wealth Management and Capital Markets and the addition of salaries and benefits

expenses associated with Private Capital Management. The remaining increase of \$0.7 million in compensation and benefit expenses compared to third quarter 2005 reflects growth in unit-based compensation programs.

Non-compensation expenses were \$14.5 million representing an increase of \$5.1 million (or 55.0%) compared with the third quarter 2005 which included legal, tax, accounting and advisory fees of \$1.6 million incurred in connection with the Conversion. Excluding the Conversion-related expenses from the third quarter 2005, non-compensation expenses increased \$6.7 million compared with the third quarter 2005. Selling, general and administrative expenses would have been \$2.2 million (or 32.9%) higher this quarter, excluding the Conversion-related expenses from third quarter 2005, mainly due to the addition of \$1.0 million in selling, general and administrative expenses associated with Private Capital Management, continued growth in Wealth Management and higher trading, communication, travel and promotion expenses in support of increased business activity in Capital Markets and higher charitable donations made this quarter. Interest expense is up \$1.4 million reflecting higher interest rates compared with the third quarter 2005, higher client-related activity in Wealth Management and financing costs associated with the subordinated loan undertaken to finance a portion of the EdgeStone acquisition. Amortization expense of \$3.6 million represents an increase of \$3.1 million this quarter largely due to the amortization of intangibles associated with the EdgeStone acquisition.

Net income was \$23.1 million (\$0.37 per unit) in the third quarter 2006 compared with *pro forma* net income of \$23.3 million (\$0.41 per unit) in the third quarter 2005. For the third quarter 2006, annualized ROE was 37.5% compared with *pro forma* ROE of 49.7% in the third quarter 2005, reflecting the issuance of additional equity this quarter in conjunction with the acquisition of EdgeStone. Distributable cash was \$27.6 million (\$0.45 per unit) in the third quarter 2006 compared with *pro forma* distributable cash of \$23.6 million (\$0.42 per unit) in the third quarter 2005.

Nine Months Ended September 30, 2006 Versus the Nine Months Ended October 31, 2005

Revenue increased by \$51.3 million (or 25.3%) to a record \$253.7 million. This increase reflects record results achieved in early 2006 in the investment banking and institutional equities businesses of our Capital Markets segment resulting in revenue increases of \$18.1 million and \$12.1 million, respectively, compared with the nine months ended October 31, 2005. The results also include revenue of \$20.5 million related to Wealth Management, an increase of \$13.8 million, as Wealth Management was not fully operational during the comparable period, and the addition of EdgeStone revenue of \$6.3 million for the period from July 4, 2006 (the date of acquisition) to September 30, 2006.

Expenses increased by \$39.2 million (or 33.2%) to \$157.3 million. The increase in expenses reflects compensation and benefits expenses of \$122.2 million, which rose \$27.0 million (or 28.4%) due to higher variable incentive-based compensation expense, which increased \$20.4 million reflecting strong business performance and higher fixed salary and benefit costs incurred in support of Wealth Management and Capital Markets. Non-compensation expenses were \$35.1 million, representing an increase of \$12.1 million (or 53.1%) compared with the nine months ended October 31, 2005. Selling, general and administrative expenses were \$5.7 million higher in support of higher transaction volumes experienced in Capital Markets, operational growth in Wealth Management and the addition of \$1.0 million in expenses incurred by Private Capital Management. Interest expense has increased compared with the prior period largely due to higher client-related activity in Wealth

Management. Amortization expenses have increased due to the commencement of amortization of intangible assets associated with the EdgeStone acquisition in the third quarter 2006 and higher amortization expense in Wealth Management relating to pre-operating expenditures as GMP Private Client was not fully operational during the nine months ended October 31, 2005.

Net income increased 13.2% to \$89.4 million (\$1.51 per unit) in the nine months ended September 30, 2006 compared with *pro forma* net income of \$79.0 million (\$1.40 per unit) in the nine months ended October 31, 2005. Annualized ROE was 55.6% compared with *pro forma* ROE of 60.9% in the nine months ended October 31, 2005. Distributable cash was \$95.5 million (\$1.62 per unit) compared with *pro forma* distributable cash of \$80.5 million (\$1.43 per unit) in the nine months ended October 31, 2005.

Results of Business Segments

The following section highlights the results of the Fund Group's three business segments and the corporate segment for the three and nine months ended September 30, 2006. These segments are based upon the products and services provided or the type of customer served, and they reflect the manner in which financial information is currently evaluated by management. Segment results for prior periods have been restated to reflect the current business segment organization and reporting classifications. These changes did not impact consolidated results. For further

details relating to segmented information see Note 23 to the Fund's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2006.

Capital Markets

The following table compares the results of the Capital Markets segment for the three and nine months ended September 30, 2006, with the three and nine months ended October 31, 2005.

(\$000, unless otherwise indicated)	Three months ended			Nine months ended		
	September 30, 2006	October 31, 2005	Change increase (decrease)	September 30, 2006	October 31, 2005	Change increase (decrease)
Revenue	66,010	61,305	7.7%	229,828	197,034	16.6%
Investment banking	42,003	34,946	20.2%	142,159	124,082	14.6%
Commission income	22,769	22,871	(0.4%)	75,570	63,427	19.1%
Principal activities	(1,969)	1,142	(272.4%)	1,554	3,360	(53.7%)
Interest income	2,750	2,238	22.9%	9,463	6,123	54.5%
Other income	457	108	323.1%	1,082	42	2,476.2%
Expenses	39,098	34,092	14.7%	127,351	107,170	18.8%
Employee compensation and benefits	32,386	28,219	14.8%	106,598	90,062	18.4%
Selling, general and administrative	5,767	5,341	8.0%	18,253	15,399	18.5%
Interest	751	360	108.4%	1,980	1,211	63.4%
Amortization	194	172	12.8%	520	498	4.4%
Income before income taxes and non-controlling interest	26,912	27,213	(1.1%)	102,477	89,864	14.0%
Number of employees	209	187	22	209	187	22

Third Quarter 2006 Versus Third Quarter 2005

Revenue for the third quarter 2006 was \$66.0 million, representing an increase of \$4.7 million (or 7.7%) compared with third quarter 2005. This increase reflects continued strong returns earned in investment banking, solid commission income generated from sales and trading activity, higher interest income and lower returns on principal investments.

The following table presents investment banking revenue by sector for the three and nine months ended September 30, 2006, compared with the three and nine months ended October 31, 2005.

(\$000, unless otherwise indicated)	Three months ended			Nine months ended		
	September 30, 2006	October 31, 2005	Change increase (decrease)	September 30, 2006	October 31, 2005	Change increase (decrease)
Oil and gas	29,049	24,318	19.5%	54,071	79,546	(32.0%)
Mining	11,936	3,597	231.8%	65,918	24,394	170.2%
Industrials and special situations	130	601	(78.4%)	13,659	7,407	84.4%
Technology and healthcare	840	6,400	(86.9%)	5,503	10,945	(49.7%)
Non-bank financial services	24	—	n/a	1,537	790	94.6%
Telecommunications, cable and media	24	30	(20.0%)	1,471	1,000	47.1%
Total Investment Banking Revenue	42,003	34,946	20.2%	142,159	124,082	14.6%

Investment banking revenue was \$42.0 million in the third quarter 2006, representing an increase of \$7.1 million (or 20.2%) from revenue reported in the third quarter 2005. Oil and gas was the strongest performing sector in the quarter representing 69.2% of investment banking revenue while mining remained a significant contributor, representing 28.4% of such revenue.

Investment banking revenue in the third quarter 2006 was driven by \$21.3 million in advisory fees in the quarter, up from \$7.6 million in advisory fees recorded in the third quarter 2005, as a result of increased activity in the oil and gas sector. GMP Securities announced three M&A transactions in the Canadian market in the third quarter of calendar 2006, down from nine transactions in the third quarter of calendar 2005. Despite the decline in the number of M&A transactions announced, the total value of such transactions increased by 27.9% to approximately US\$1.03 billion from approximately US\$805.1 million in the third quarter of 2005.¹ Our involvement in increasingly larger deals is a testament to the team at GMP Securities and its growing franchise and distribution capabilities.

Underwriting revenue was \$20.7 million in the third quarter 2006, representing a decline of \$6.6 million from the third quarter 2005, as the total dollar value of common equity underwriting transactions led by GMP Securities decreased by 26.5% to

approximately \$296.7 million from approximately \$403.8 million in the same period in calendar 2005.² GMP Securities ranked second among Canadian investment dealers in the dollar value of common equity issuance in the third quarter of calendar 2006 (down from its number one position in the third quarter of calendar 2005) reflecting a decline in the dollar value of GMP Securities' participation in common equity financings in the oil and gas sector compared with the third quarter 2005.

Sales and trading commissions remained relatively unchanged at \$22.8 million in the third quarter 2006 compared with the third quarter 2005. Facilitation losses in the third quarter 2006 were 17.8% of gross commissions generated (compared with 12.0% in the third quarter 2005) as a result of increased volatility in equity pricing, particularly in the commodity and technology sectors where GMP Securities actively executed trades on behalf of clients. Management endeavours to limit facilitation losses and targets a loss ratio representative of its three-year average, currently 14.1%, as a long-term measure, in light of shorter term liquidity and volatility fluctuations. For the third quarter of calendar 2006, GMP Securities ranked number two in block trading volume on the TSX, down from its number one position in the third quarter of calendar 2005. Although down slightly in market share to approximately 9.5% from 10.2% achieved in the third quarter of calendar 2005, GMP Securities' total block

1 Source: Bloomberg. Data contains announced transactions based in Canada in the specified period; includes target or seller and acquirer.

2 Source: Financial Post Data Group as at October 3, 2006. Data is ranked by value of transactions and is presented on a "Full Credit to Book" basis whereby the entire transaction value is allocated to the bookrunner. For these purposes, "equity" includes the following: private placements with a \$1.5 million minimum; special warrants, irrespective of whether the issuer has received the total proceeds; common shares and units; convertible debt; and exercise of over-allotment option of original transaction launched during the period reported on. For these purposes, "equity" excludes the following: preferred shares, preferred hybrids, income trusts, rights offerings, and other derivatives.

trading volume on the TSX increased in the third quarter 2006 by 8.3% to 1.3 billion shares traded compared with 1.2 billion shares traded in the third quarter of 2005.³

A loss of \$2.0 million was recorded in principal activities in the third quarter 2006 compared with a net gain of \$1.1 million reported in the third quarter 2005. The loss resulted primarily from net unrealized losses reported in the third quarter 2006 on broker warrants and other securities acquired in connection with GMP Securities' participation in financings in current and prior periods. Revenue from principal activities is not a significant focus of current operations with most securities acquired incidental to the core business.

Interest income increased to \$2.7 million in the third quarter 2006, up \$0.5 million (or 22.9%) from the third quarter 2005. The increase is primarily due to higher interest earned on GMP Securities' own cash position as a result of higher interest rates in Canada compared with third quarter 2005.

The following table presents employee compensation and benefits expenses for the three and nine months ended September 30, 2006, compared with the three and nine months ended October 31, 2005. These expenses represent the largest component of Capital Markets' total expenses.

(\$000, unless otherwise indicated)	Three months ended			Nine months ended		
	September 30, 2006	October 31, 2005	Change increase (decrease)	September 30, 2006	October 31, 2005	Change increase (decrease)
Fixed salaries and benefits	3,404	3,135	8.6%	10,273	9,112	12.7%
Variable incentive-based compensation	27,081	23,648	14.5%	90,715	76,736	18.2%
Fund unit/stock-based compensation	1,901	1,436	32.4%	5,610	4,215	33.0%
Total Employee Compensation and Benefits	32,386	28,219	14.8%	106,598	90,062	18.4%
Ratio of Total Compensation and Benefits to Revenue	49.1%	46.0%	3.1%	46.4%	45.7%	0.7%

Total expenses in the third quarter 2006 were \$39.1 million, representing an increase of \$5.0 million (or 14.7%) from the third quarter 2005 mainly due to higher employee compensation and benefits expenses which rose \$4.2 million during this period. Variable incentive-based compensation expenses accounted for \$3.4 million of the increase as a result of higher revenue generation and \$0.4 million in special incentive payments accrued related to the EdgeStone acquisition. Variable incentive-based compensation as a percentage of revenue was 41.0% in the third quarter 2006 compared with 38.6% in the third quarter 2005. Changes in this ratio are primarily due to fluctuations in revenue which are excluded from the variable incentive-based compensation pool, including revenue from certain principal investments, interest and other revenue. Fixed salaries and benefits of \$3.4 million in the third quarter 2006 represent an 8.6% increase over the third quarter 2005, reflecting 11.8% growth in the number of employees over the same period. The increase in staff costs reflects the addition of salaried staff primarily in the operations, finance and administrative areas to support the growth in business volumes and activity. Fund unit/stock-based compensation costs, which include the Fund's executive unit loan plan and amended and restated trust unit and incentive unit option plan ("Fund unit option plan"), have increased as a

result of higher participation in the executive unit loan plan and an increase in the fair value of options under the Fund unit option plan outstanding in the third quarter 2006 compared with the third quarter 2005.

The ratio of total compensation and benefits expenses to revenue for the third quarter 2006 was 49.1% compared with 46.0% in the third quarter 2005. The increase in the ratio this quarter reflects higher staffing levels, growth in Fund unit-based compensation programs and special incentive amounts booked this quarter. Excluding returns from principal activities, the ratio of total compensation and benefits expenses to revenue was 47.6% compared with 46.9% in the third quarter 2005.

Total non-compensation expenses were \$6.7 million for the third quarter 2006, up \$0.8 million (or 14.3%) compared with third quarter 2005. Selling, general and administrative expenses for the third quarter 2006 increased by \$0.4 million reflecting higher trading, communication, travel and promotion expenses in support of increased business activity as well as higher charitable donations made this quarter. Interest expenses rose \$0.4 million as a result of higher interest rates compared with the third quarter 2005 and higher client-related activity.

3 Source: *CanadaEquity.com*. Market share data excludes debentures.

For the third quarter 2006, Capital Markets recorded income before income taxes and non-controlling interest of \$26.9 million, representing a decrease of \$0.3 million (or 1.1%) from the third quarter 2005.

Nine Months Ended September 30, 2006 Versus Nine Months Ended October 31, 2005

Revenue reached a record \$229.8 million for the nine months ended September 30, 2006, representing an increase of \$32.8 million (or 16.6%) compared with the nine months ended October 31, 2005. This increase reflects exceptionally strong performances by the institutional equities and investment banking businesses as a result of favourable market conditions in early 2006. Capital Markets also earned higher interest and other income while returns on its principal investments declined.

Investment banking revenue reached a record \$142.2 million for the nine months ended September 30, 2006, an increase of \$18.1 million (or 14.6%) from that reported for the nine months ended October 31, 2005. GMP Securities ranked fifth among financial advisors in the number of M&A transactions announced in Canada in the nine months ended September 30, 2006, down from second position in the first nine months of calendar 2005, and acted as financial advisor on 23 M&A transactions in the first nine months of 2006 compared with 27 transactions in the same period in 2005. However, the total dollar value of M&A transactions in which GMP Securities acted as financial advisor increased by 88.2% to approximately US\$6.4 billion from approximately US\$3.4 billion in the first nine months of calendar 2005.⁴ GMP Securities ranked number one among Canadian investment dealers in the dollar value of common equity issuance in the first nine months of calendar 2006 (unchanged from the first nine months of calendar 2005). The total dollar value of common equity underwriting transactions led by GMP Securities increased by 26.7% to \$1.9 billion from approximately \$1.5 billion for the same period in 2005.⁵

Sales and trading commissions increased \$12.1 million (or 19.1%) to \$75.6 million in the nine months ended September 30, 2006 compared with the nine months ended October 31, 2005. The increase was largely attributable to market share gains in block trading volume on the TSX. During the first nine months of 2006, GMP Securities ranked number one in block trading volume (unchanged from its ranking in the first nine months of calendar 2005) and increased its market share in

block trading volume to approximately 11.7%, from 10.8% in the first nine months of calendar 2005, having traded 5.3 billion shares compared with 3.9 billion in the same period in 2005.⁶ Facilitation losses represented 16.9% of gross commissions in the nine months ended September 30, 2006 compared with 9.1% in the nine months ended October 31, 2005, as a result of the lower volatility experienced in the markets in the nine months ended October 31, 2005.

Total expenses for the nine months ended September 30, 2006 were \$127.4 million, an increase of \$20.2 million (or 18.8%) compared with the nine months ended October 31, 2005. This was mainly due to employee compensation and benefits expenses, which rose \$16.5 million during this period. Variable incentive-based compensation expenses accounted for \$14.0 million of this increase resulting from higher revenue. Variable incentive-based compensation as a percentage of revenue was 39.5% in the nine months ended September 30, 2006, compared with 38.9% in the nine months ended October 31, 2005. The ratio of total compensation and benefits expenses to revenue for the nine months ended September 30, 2006 was 46.4% compared with 45.7% in the nine months ended October 31, 2005. This ratio continues to compare favourably with that of our peer group of independent investment dealers.

Total non-compensation expenses were \$20.8 million for the nine months ended September 30, 2006, representing an increase of \$3.6 million (or 21.3%) over the nine months ended October 31, 2005. The rise in non-compensation expenses was principally due to increased levels of business activity. Selling, general and administrative expenses rose \$2.8 million compared to the nine months ended October 31, 2005 as a result of higher trading, travel and office expenses in support of the increased business activity; higher charitable donations made this quarter; and higher premises costs due to the upgrade of the Toronto office to larger premises in the third quarter 2006. Interest expenses accounted for \$0.8 million of the increase in non-compensation expenses due largely to higher client-related activity in this period.

For the nine months ended September 30, 2006, Capital Markets recorded income before income taxes and non-controlling interest of \$102.5 million, representing an increase of \$12.6 million (or 14.0%) compared with the nine months ended October 31, 2005.

4 Source: Bloomberg. Data contains announced transactions based in Canada in the specified period; includes target or seller and acquirer.

5 Source: Financial Post Data Group as at October 3, 2006. Data is ranked by value of transactions and is presented on a "Full Credit to Book" basis whereby the entire transaction value is allocated to the bookrunner. For these purposes, "equity" includes the following: private placements with a \$1.5 million minimum; special warrants, irrespective of whether the issuer has received the total proceeds; common shares and units; convertible debt; and exercise of over-allotment option of original transaction launched during the period reported on. For these purposes, "equity" excludes the following: preferred shares, preferred hybrids, income trusts, rights offerings, and other derivatives.

6 Source: *CanadaEquity.com*. Market share data excludes debentures.

Wealth Management

The following table compares the results of the Wealth Management segment for the three and nine months ended

September 30, 2006, with the three and nine months ended October 31, 2005.

(\$000, unless otherwise indicated)	Three months ended		Nine months ended	
	September 30, 2006	October 31, 2005	September 30, 2006	October 31, 2005
Revenue	6,625	4,312	20,469	6,658
Commission income	2,690	3,028	10,435	4,334
Investment management and fee income	1,742	94	4,029	94
Interest income	2,154	1,190	5,966	2,230
Other income	39	0	39	0
Expenses	7,214	4,754	22,513	9,196
Employee compensation and benefits	3,766	2,428	11,682	4,316
Selling, general and administrative	1,573	989	5,524	2,298
Interest	1,485	1,042	4,242	2,000
Amortization	390	295	1,065	582
Loss before income taxes and non-controlling interest	(589)	(442)	(2,044)	(2,538)
Number of employees	71	35	71	35
Number of investment advisors	25	14	25	14
Number of advisory teams	21	12	21	12
Assets under administration (\$millions)	2,380	1,101	2,380	1,101

Location	Advisory Teams		
	At November 8, 2006	At September 30, 2006	At October 31, 2005
Toronto	16	13	8
Calgary	7	5	4
Vancouver	3	3	-
Total	26	21	12

During the third quarter 2006 one new advisory team was added to the Toronto office and another team joined our Vancouver office, for a total of 21 advisory teams with AUA of \$2.4 billion as at September 30, 2006. As of the date hereof, Wealth Management has a total of 26 investment advisory teams located across its Calgary, Toronto, and Vancouver offices.

AUA for the third quarter 2006 increased by \$1.3 billion compared with the third quarter 2005. As of the date hereof Wealth Management now manages \$2.5 billion of client assets in equities, fixed income securities, mutual funds, and managed account programs. Assets in managed account programs grew to \$442.9 million in the third quarter 2006 compared with \$64.8 million in the third quarter 2005, reflecting growth in fee-based clientele and GMP Private Client's continued development of offerings in this segment.

GMP Private Client expects to open additional branch offices in fiscal 2007 in urban centres across Canada where the business may be appropriately scaled. Active recruitment of investment advisors and branch staff continues and GMP Private Client is encouraged by the feedback received from prospective new hires. In the third quarter 2006, GMP Private Client entered into an agreement with a vendor to provide portfolio risk management services to support its managed account programs. This is a significant step forward in the firm's commitment to deliver premiere portfolio management to clients. These enhancements will enable advisors to deliver an exceptional client experience and enhanced level of service appropriate to the target customer profile.

Third Quarter 2006 Versus Third Quarter 2005

Wealth Management reported revenue of \$6.6 million in the third quarter 2006, up \$2.3 million from the third quarter 2005, reflecting the growing contribution of its investment advisory teams. Revenue for the third quarter 2006 was comprised of commissions of \$2.7 million, fee revenue of \$1.7 million and

interest revenue of \$2.2 million. Fee-based revenue represents 26.3% of total Wealth Management revenue.

The following table presents employee compensation and benefits expenses for Wealth Management for the three and nine months ended September 30, 2006, compared with the three and nine months ended October 31, 2005.

(\$000, unless otherwise indicated)	Three months ended		Nine months ended	
	September 30, 2006	October 31, 2005	September 30, 2006	October 31, 2005
Fixed salaries and benefits	990	574	2,988	1,506
Variable incentive-based compensation	2,381	1,683	7,586	2,517
Fund unit-based compensation	108	36	308	91
Investment advisor transition assistance	287	135	800	202
Total Employee Compensation and Benefits	3,766	2,428	11,682	4,316

Expenses for Wealth Management were \$7.2 million for the third quarter 2006, representing an increase of \$2.4 million over the third quarter 2005. These expenses included \$3.8 million in compensation and benefits expenses and \$3.4 million in non-compensation related expenses. Non-compensation expenses for the third quarter 2006 rose \$1.1 million compared with third quarter 2005, reflecting increased selling, general and administrative expenses due to higher levels of business activity, primarily in support of the Calgary and Vancouver offices. Also included in non-compensation expenses was \$0.4 million in amortization expenses mainly related to \$3.2 million in capitalized pre-operating expenses incurred in the development of the Wealth Management segment, which is being amortized over three years.

Wealth Management reported a net loss of \$0.6 million before income taxes and non-controlling interest for the third quarter 2006 compared with a net loss of \$0.4 million in the third quarter 2005, due to GMP Private Client's performance in the implementation of its growth strategy in key target markets.

Nine Months Ended September 30, 2006 Versus Nine months Ended October 31, 2005

In the nine months ended September 30, 2006, revenue was \$20.5 million, up \$13.8 million from the nine months ended October 31, 2005. Revenue was comprised of commissions of \$10.4 million, fee revenue of \$4.1 million and interest revenue of \$6.0 million.

Expenses for Wealth Management were \$22.5 million for the nine months ended September 30, 2006, representing an increase of \$13.3 million over the nine months ended October 31, 2005. These expenses included \$11.7 million in compensation and benefits expenses and \$10.8 million in non-compensation related expenses. The increased level of expenses over the nine months ended October 31, 2005 primarily reflects the costs associated with establishing the Vancouver office, and operational costs to support new advisors that joined GMP Private Client during the period. Non-compensation expenses, which included \$1.1 million in amortization primarily related to pre-operating expenditures, reflect the growth and build-out of operations that comprise Wealth Management. Management expects non-compensation related expenses to grow to support the long-term growth strategy for Wealth Management as it continues to enhance branch infrastructure and advisor teams.

For the nine months ended September 30, 2006, Wealth Management reported a net loss of \$2.0 million before income taxes and non-controlling interest compared with a net loss of \$2.5 million in the nine months ended October 31, 2005.

Private Capital Management

On July 4, 2006, the Fund Group completed the acquisition of all of the outstanding equity interests in EdgeStone and indirectly in each of its subsidiary entities and partnerships, including the general partners of the EdgeStone Funds. In addition, the Fund Group acquired a portion of the carried interest entitlements in EdgeStone Funds. The acquisition has been accounted for under the purchase method and the results of operations have been included in the unaudited interim consolidated financial statements since July 4, 2006 (the date of the acquisition).

The following table presents the results of Private Capital Management, which consists of the business and operations of EdgeStone for the three months ended September 30, 2006.

(\$000, unless otherwise indicated)	Three months ended September 30, 2006
Revenue	6,296
Investment management and fee income	6,309
Interest income	19
Other income	(32)
Expenses	3,300
Employee compensation and benefits	2,202
Selling, general and administrative	1,007
Interest	6
Amortization	85
Income before income taxes and non-controlling interest	2,996
Number of employees	35

Third Quarter 2006

Private Capital Management reported revenue of \$6.3 million for the period July 4, 2006, the date of the EdgeStone acquisition, to September 30, 2006, which included management fee income and the portion of a structuring fee earned by EdgeStone in connection with the completion of a new investment.

During the third quarter 2006, EdgeStone Capital Equity Fund III, L.P. closed its first investment for US\$50 million in The Continental Group Inc.

The following table presents employee compensation and benefits expenses for Private Capital Management for the three months ended September 30, 2006:

(\$000, unless otherwise indicated)	Three months ended September 30, 2006
Fixed salaries and benefits	1,699
Variable incentive-based compensation	456
Fund unit-based compensation	47
Total Employee Compensation and Benefits	2,202

Expenses for the three months ended September 30, 2006 reflect the usual operating activities.

The EdgeStone Funds have under management committed capital of \$1,936.0 million of which \$388.7 million is invested as at September 30, 2006. Management fees are earned by EdgeStone based upon the invested capital in the following funds managed by EdgeStone: Equity Fund I, Equity Fund II, Mezzanine Fund and Venture Fund I. Management fees and distributions by the general partner of EdgeStone are based on the level of committed capital in Venture Fund II and Equity Fund III, respectively.

Corporate

The Corporate segment includes inter-segment eliminations between business segments and enterprise-wide items. Inter-segment eliminations amongst the business segments include inter-segment interest funding charges paid by Wealth Management to Capital Markets on client-related margin loans (net of reinvestment revenue earned on client cash balances) and ticket processing fees charged by Capital Markets to Wealth

Management in support of GMP Securities' carrying broker responsibilities to GMP Private Client. Enterprise-wide items include amounts which have not been specifically allocated to the business segments.

The following table presents the results for the three months ended September 30, 2006 and the three months ended October 31, 2005.

(\$000)	Inter-segment		Enterprise-wide		Total Corporate	
	September 30, 2006	October 31, 2005	September 30, 2006	October 31, 2005	September 30, 2006	October 31, 2005
Revenue	(915)	(805)	—	76	(915)	(729)
Expenses	(915)	(805)	4,737	2,142	3,822	1,337
Employee compensation and benefits	—	—	560	168	560	168
Selling, general and administrative	(195)	(159)	738	2,107	543	1,948
Interest	(720)	(646)	495	(133)	(225)	(779)
Amortization	—	—	2,944	—	2,944	—
Loss before income taxes and non-controlling interest	—	—	(4,737)	(2,066)	(4,737)	(2,066)

The following table presents the results for the nine months ended September 30, 2006 and the nine months ended October 31, 2005.

(\$000)	Inter-segment		Enterprise-wide		Total Corporate	
	September 30, 2006	October 31, 2005	September 30, 2006	October 31, 2005	September 30, 2006	October 31, 2005
Revenue	(2,887)	(1,508)	9	263	(2,878)	(1,245)
Expenses	(2,887)	(1,508)	7,008	3,229	4,121	1,721
Employee compensation and benefits	—	—	1,681	769	1,681	769
Selling, general and administrative	(759)	(166)	1,945	2,740	1,186	2,574
Interest	(2,128)	(1,342)	476	(280)	(1,652)	(1,622)
Amortization	—	—	2,906	—	2,906	—
Loss before income taxes and non-controlling interest	—	—	(6,999)	(2,966)	(6,999)	(2,966)

Due to the nature of the activities reported in this segment, management believes that a period-over-period comparison is

not useful. The following highlights the main factors affecting the results in each period.

Third Quarter 2006

The net loss before income taxes and non-controlling interest of \$4.7 million for the third quarter 2006 reflects \$2.9 million of amortization expense related to intangible assets recorded in connection with the EdgeStone acquisition on July 4, 2006. Employee compensation and benefits include the accrued compensation relating to the Chief Executive Officer of the Administrator to the Fund and other administrative support. Selling, general and administrative expense includes enterprise-wide expenses which have not been allocated to the business segments. Interest expense includes \$0.5 million in financing costs associated with the subordinated loan undertaken to finance a portion of the EdgeStone acquisition.

Third Quarter 2005

The net loss before income taxes and non-controlling interest of \$2.1 million for the third quarter 2005 was largely due to enterprise-wide selling, general and administrative expenses which included \$1.6 million in legal, tax, accounting and advisory fees incurred in connection with the Conversion. The interest expense includes an elimination of interest expense paid by GMP Private Client to the Company relating to an inter-company subordinated loan established prior to the Conversion.

Nine Months Ended September 30, 2006

The net loss before income taxes and non-controlling interest of \$7.0 million for the nine months ended September 30, 2006 reflects \$2.9 million of amortization expense, which commenced in the third quarter 2006, related to intangible assets recorded in connection with the EdgeStone acquisition. Interest expense includes \$0.5 million in financing costs associated with the subordinated loan undertaken to finance a portion of the EdgeStone acquisition. Selling, general and administrative expenses include capital taxes, which are now incurred within the corporate entities of the Fund Group and additional professional fees associated with the income trust structure.

Nine Months Ended October 31, 2005

The net loss before income taxes and non-controlling interest was \$3.0 million for the nine months ended October 31, 2005 and includes primarily enterprise-wide amounts relating to selling, general and administrative expenses, and compensation relating to the Chief Executive Officer of the Administrator to the Fund and other administrative support. Selling, general and administrative expenses included \$1.6 million in legal, tax, accounting and advisory fees incurred in connection with the Conversion. Interest expense includes an elimination of interest expense paid by GMP Private Client to the Company relating to an inter-company subordinated loan established prior to the Conversion.

Historical Quarterly Information

The following table provides selected quarterly financial information for the eight most recently completed fiscal quarters.

(\$000, except per unit/ common share amounts)	Fiscal 2006			Two months ended	Fiscal 2005			Fiscal 2004
	Three months ended				Three months ended			Three months ended
	30-Sept-06	30-Jun-06	31-Mar-06	31-Dec-05	31-Oct-05	31-Jul-05	30-Apr-05	31-Jan-05
Revenue	78,016	78,830	96,869	53,225	64,888	64,151	73,407	59,498
Net income	23,145	27,650	38,608	13,520	15,809	17,395	21,107	16,429
<i>Pro forma</i> net income (a)	n/a	n/a	n/a	17,288	23,259	25,467	30,308	24,023
Basic earnings per unit/common share (b)	\$0.37	\$0.48	\$0.67	\$0.24	\$0.28	\$0.31	\$0.37	\$0.29
<i>Pro forma</i> basic earnings per unit (a)	n/a	n/a	n/a	\$0.30	\$0.41	\$0.45	\$0.54	\$0.43
Diluted earnings per unit/common share (b)	\$0.36	\$0.46	\$0.65	\$0.23	\$0.27	\$0.30	\$0.37	\$0.29
<i>Pro forma</i> diluted earnings per unit (a)	n/a	n/a	n/a	\$0.29	\$0.40	\$0.44	\$0.53	\$0.42

(a) This data is considered to be non-GAAP earnings measures. The selected *pro forma* data has been derived from and should be read in conjunction with "Presentation of Financial Information and Non-GAAP Measures" and "Quarterly *Pro forma* Net Income Reconciliation" in this MD&A.

(b) Comparative common share amounts have been restated to reflect a two-for-one exchange of one common share for two Fund units. Common share amounts have been restated based on average common shares outstanding during the periods presented.

Quarterly *Pro Forma* Net Income Reconciliation

The following *pro forma* data includes earnings measures that are considered to be non-GAAP earnings measures. The selected *pro forma* data has been derived from and should be read in

conjunction with "Presentation of Financial Information and Non-GAAP Measures" in this MD&A.

(\$000)	Two months ended 31-Dec-05	Fiscal 2005			Fiscal 2004 Three months ended 31-Jan-05
		31-Oct-05	Three months ended 31-Jul-05	30-Apr-05	
Net income as reported	13,520	15,809	17,395	21,107	16,429
Add: Income taxes as reported	5,738	8,854	9,811	11,369	9,407
Income before income taxes as reported	19,258	24,663	27,206	32,476	25,836
<i>Pro forma</i> income tax expense (a)	1,970	1,404	1,739	2,168	1,813
<i>Pro forma</i> net income (a)	17,288	23,259	25,467	30,308	24,023

(a) *Pro forma* net income for the reporting periods presented reflects an adjustment to income tax expense to reflect the current tax attributes of the Fund Group under the income trust structure. The *pro forma* income tax expense reflects required taxes relating to corporate subsidiaries of the Fund.

The Fund Group's revenue and operating results may fluctuate from month-to-month, quarter-to-quarter and year-to-year as a result of a combination of factors including economic, political and market conditions which, in turn, affect the level of public offerings, M&A transactions, securities trading activity in the Canadian marketplace, competition in the marketplace for suitable investments, sustainability of fees, nature and type of portfolio company investments, ability to realize carried interest

entitlements and dependence on key personnel, all of which ultimately impact the Fund Group's revenue and operating results. This section should be read in conjunction with the "Risk Factors" section in this MD&A, "Risk Factors – Risks Related to the Business – Significant Fluctuations in Results" and "Fiscal 2005 Quarterly Review and Fiscal 2004 Quarterly Review" in the 2005 Annual MD&A.

Distributable Cash and Distributions

On August 4, 2006, the Canadian Securities Administrators revised and re-published CSA Staff Notice 52-306 Non-GAAP Financial Measures to clarify their expectations about the presentation of distributable cash. CSA staff have concluded that distributable cash is, in all circumstances, a cash flow measure, and that distributable cash is fairly presented only when reconciled to cash flows from operating activities as presented in the issuer's financial statements. The Canadian Institute of Chartered Accountants is also expected to issue an interpretative release before the end of the year which is anticipated to provide further, but not inconsistent, guidance on non-GAAP measures including distributable cash.

In response to the above guidance, management has revised its presentation of distributable cash this quarter. Cash provided by/(used in) operating activities has been provided as a

starting measure from which to make adjustments to determine distributable cash. In addition, management has amended the calculation of distributable cash this quarter to exclude amortization related to investment advisor transition assistance loans as these amounts represent non-cash items. Previously, these items were deducted in the determination of distributable cash. All comparative amounts have been restated to reflect the revised presentation.

Management views distributable cash and distributable cash per unit as key measures used by investors, management and other stakeholders to evaluate the ongoing performance of the Fund. The Fund intends to continue to make distributions based on distributable cash, taking into account market cycles. For a further discussion on distributable cash, refer to "Distributable Cash and Distributions" and "Risk Factors – Risks Related to the Fund Units – Cash Distributions" in the 2005 Annual MD&A.

Management has made assumptions in preparing the *pro forma* summary of distributable cash for the three and nine months ended October 31, 2005. Management believes the following represents a reasonable estimate of what distributable cash would have been for these periods, had the Fund been in existence during that time. The *pro forma* distributable cash summary is not necessarily indicative of the results that actually would have been achieved if the Fund had been in existence during this period. These assumptions do not include any possible reserves that could have been taken or, in the case of EdgeStone,

any retention of distributable cash that could have been made, by the board of directors of the general partners of the Operating Partnerships. The Fund's method of determining distributable cash, which is a non-GAAP measure, has been amended this quarter and is now derived from cash provided by/(used in) operating activities, which is a measure recognized under GAAP.

The following table presents the Fund's determination of distributable cash for the three and nine months ended September 30, 2006, compared with the *pro forma* three and nine months ended October 31, 2005:

(\$000, 000 of units, except per unit amounts)	Three months ended		Nine months ended	
	September 30, 2006	October 31, 2005 (a)	September 30, 2006	October 31, 2005 (a)
Cash provided by (used in) operating activities	10,930	(21,599)	110,837	(51,923)
Add/(Deduct):				
Net change in non-cash operating items (b)	16,859	38,243	(13,424)	107,087
Change in <i>pro forma</i> income taxes payable (c)	n/a	7,450	n/a	24,723
Maintenance capital expenditures (d)	(400)	(422)	(1,013)	(615)
Non-controlling interest	40	(42)	3	(14)
Earnings of corporate subsidiaries not available for distribution (e)	(332)	(439)	(1,230)	(990)
Future income taxes (f)	534	449	373	2,252
Distributable cash (g)	27,631	23,640	95,546	80,520
Weighted-average number of units	61,821	56,452	59,013	56,406
Distributable cash per unit (g, h)	\$0.4470	\$0.4188	\$1.6191	\$1.4275
Cash distributions declared per unit	\$0.3750	n/a	\$1.0418	n/a
Payout ratio (g, i)	83.9%	n/a	64.3%	n/a

(a) These figures are *pro forma*.

(b) Represents the change in non-cash operating items recorded on the Fund's unaudited interim consolidated statement of cash flows.

(c) Represents the difference between income taxes as reported and *pro forma* income tax expense which reflects the current tax attributes of the Fund Group under the income trust structure, as presented in the "Quarterly *Pro Forma* Net Income Reconciliation" in this MD&A.

(d) Maintenance capital expenditures are determined based on the capital requirements necessary to sustain current levels of economic activity. These expenditures are based on the capital asset replacement cycle over the expected service capability of existing assets and include the replacement of furniture and fixtures, computer equipment, computer software and leasehold improvements.

(e) The net income of the Fund's corporate subsidiaries is not included in the determination of distributable cash.

(f) Future income taxes represent a non-cash item recorded on the Fund's unaudited interim consolidated statement of cash flows.

(g) Distributable cash, distributable cash per unit and payout ratio are not recognized measures under GAAP and do not have any standardized meanings prescribed by GAAP. Therefore, these measures may not be comparable to similar measures presented by other issuers. See "Presentation of Financial Information and Non-GAAP Measures" in this MD&A.

(h) Distributable cash per unit is determined by dividing distributable cash by the basic weighted-average number of units outstanding for the applicable period, on a basis consistent with the determination of basic net income per unit.

(i) The payout ratio is determined by dividing cash distributions declared per unit by distributable cash per unit.

The level of distributable cash available for distribution to unitholders fluctuates monthly based on the financial performance of the Operating Partnerships net of any reserves, which the board of directors of the general partners of the Operating Partnerships determines are necessary or desirable to withhold having regard to the current and anticipated business of the Operating Partnerships.

The Fund increased its monthly distribution from \$0.1042 to \$0.125 per Fund unit commencing with the May 2006 distribution. It is intended that the Fund will continue to make regular monthly distributions of approximately \$0.125 per Fund unit (\$1.50 per annum) payable to Fund unitholders of record

on the last business day of each month. It is expected that GMP Holding Partnership will make similar monthly distributions to holders of Exchangeable L.P. units. Distributions are expected to be payable on or about the 20th of each month following declaration. The Board of Trustees reviews the distribution rate periodically based on recent and anticipated distributable cash having regard to current and anticipated business and regulatory capital requirements. While the precise composition of our monthly distributions for tax purposes will not be determined until year end, it is management's expectation that the vast majority of the distributions will be characterized as a distribution of income and a very minimal component will be a return of capital.

Liquidity and Capital Resources

The Fund requires capital and liquidity to fund existing and future operations, future distributions and regulatory requirements. The Fund's policy is to maintain sufficient and appropriate levels of capital and liquidity through a variety of sources, which currently include cash and cash equivalents, funds generated from operations, existing credit facilities, unitholders' equity and subordinated debt in the form of bank loans. See "Liquidity and Capital Resources" in the 2005 Annual MD&A, for further discussion on our liquidity management procedures and framework. There have been no material changes to our liquidity management procedures and framework since December 31, 2005.

On November 1, 2006, GMP Holding Partnership issued \$60.0 million in aggregate principal amount of senior unsecured notes (the "Notes"). The net proceeds of the private placement have been used by the Fund Group to repay the subordinated loan described in Note 19 to the Fund's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2006, and for general corporate purposes. The Notes were issued in series, as follows: (i) Series A Notes bear interest at a rate of 5.81% and mature on November 1, 2011 and (ii) Series B Notes bear interest at a rate of 6.05% and mature on November 1, 2013. The terms of the Notes include financial tests and negative covenants customary for transactions of this kind. The Notes are redeemable, at any time in whole or in part, at the option of GMP Holding Partnership, subject to customary prepayment provisions. GMP Holding Partnership will be entitled to purchase the Notes for cancellation in the market or by tender or private contract. Upon the occurrence of a change in control event, GMP Holding Partnership will be required to offer to purchase the Notes.

Total cash and cash equivalents were \$55.0 million as at September 30, 2006, compared with \$57.7 million as at December 31, 2005, representing a decrease of \$2.7 million.

Significant sources and uses of cash during the nine months ended September 30, 2006, include:

- cash provided by operations, before changes in non-cash operating items, of \$97.4 million;
- a change in non-cash operating items, which resulted in a source of cash of \$13.4 million. Non-cash operating items include changes in client balances, broker balances, issuer balances and securities owned. These balances are determined on a trade-date basis and include balances related to unsettled trades that may vary significantly on a day-to-day basis, reflecting changes in the volume of trading, although such variances do not necessarily represent any change in the Fund Group's financial position. These balances also include changes in other assets and other liabilities.
- payment of cash distributions of \$59.9 million and the issuance of Fund units for proceeds of \$3.8 million through the Fund unit option plan; and
- to finance a portion of the EdgeStone acquisition, GMP Securities secured a \$30 million subordinated loan facility from a Schedule I bank and utilized \$25 million of the facility on July 4, 2006, the closing date of the transaction. A partial repayment of \$5 million was made in the third quarter 2006, resulting in a net source of cash of \$20 million for the period provided through this facility.
- in connection with the acquisition of EdgeStone, \$60.6 million in cash consideration, net of post-close cash adjustments of \$1.4 million, was paid by GMP Holding Partnership and its affiliates in partial satisfaction of the purchase price. The Fund also repaid \$15.2 million in debt which related to the retired partner obligations of EdgeStone outstanding on the acquisition date. Transaction costs related to the acquisition were \$1.1 million.

- in connection with the acquisition of EdgeStone and the general partners of the EdgeStone Funds, \$10.1 million in cash and cash equivalents was acquired based on existing cash balances outstanding on the acquisition date.
- the purchase of \$10.6 million in capital assets, largely in support of the build-out of the new Toronto offices for GMP Securities and GMP Private Client, and for GMP Private Client's build-out of its Vancouver and Calgary offices.

GMP Securities borrows money primarily to facilitate the securities settlement process for both client and proprietary securities transactions. To this end, GMP Securities has arranged

various credit facilities with two Canadian chartered banks in an aggregate maximum amount of approximately \$350 million. These call loans and daylight overdraft facilities are collateralized by either unpaid client securities and/or securities owned by GMP Securities. Amounts drawn on these credit facilities will vary from day-to-day. EdgeStone has a \$10 million demand facility with a Canadian chartered bank to fund, on a short-term basis, capital calls made by funds managed by EdgeStone on behalf of investors in those funds. As at September 30, 2006, the Fund Group had no short-term borrowings outstanding under these facilities.

Commitments and Contingencies

The Fund Group has commitments related to operating leases, a retention program established for key employees of EdgeStone, and private equity commitments made by GMP Holding Partnership and EdgeStone in EdgeStone Funds. A full description of the commitments and contingencies outstanding as of September 30, 2006 can be found in Note 22 to the Fund's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2006.

EdgeStone has provided commitments in connection with the co-investment program, a program offered by EdgeStone to eligible employees to encourage employee investment in EdgeStone Funds. A full description of these commitments can be found in Note 12 to the Fund's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2006.

Off-Balance Sheet Arrangements

In the normal course of business, the Fund Group engages in certain financial transactions that, under GAAP, are not recorded on the consolidated balance sheet. Off-balance sheet transactions are generally undertaken for risk management, capital management and/or funding management purposes for the benefit of the Fund Group or its clients. The Fund Group's off-balance sheet transactions include derivative financial instruments and issuance of certain financial guarantees. See "Off-Balance Sheet Arrangements" in the 2005 Annual MD&A, for further information regarding these types of arrangements.

Derivative financial instruments outstanding as of September 30, 2006 can be found in Note 16 to the Fund's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2006.

Guarantees we have provided to third parties in connection with the executive unit loan plan as of September 30, 2006, can be found in Note 10 to the Fund's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2006.

Outstanding Unit Data

Units issued and outstanding as at November 8, 2006

(000)	#	\$
Fund units (a)	37,815	76,053
Exchangeable L.P. units (b)	24,031	106,561
Total	61,846	182,614

(a) Includes 0.105 million Fund units held in escrow related to common shares issued immediately prior to the initial public offering December 9, 2003 ("IPO"). These Fund units remaining in escrow are subject to full release on December 9, 2006.

(b) Includes 10.662 million Exchangeable L.P. units held in escrow related to common shares issued immediately prior to the IPO. These Exchangeable L.P. units remaining in escrow are subject to full release on December 9, 2006. This figure also includes 4.019 million Exchangeable L.P. units issued as partial purchase price consideration for the acquisition of EdgeStone on July 4, 2006. These Exchangeable L.P. units are subject to an escrow agreement and will be released over a three-year period on each anniversary date following the date of acquisition as follows: 40%, 30% and 30% on the first, second and third anniversary dates, respectively.

The Exchangeable L.P. units issued as partial purchase price consideration for the EdgeStone acquisition were valued using the average of the closing price of Fund units for the period beginning three business days before and ending three business days after June 16, 2006, the date the acquisition was publicly announced. A \$17.8 million discount was applied to the value assigned to the 4.019 million Exchangeable L.P. units based upon the escrow conditions associated with such units.

The authorized capital of the Fund consists of an unlimited number of Fund units and an unlimited number of special voting units. Each special voting unit is issued together with each Exchangeable L.P. unit issued by GMP Holding Partnership. Each Exchangeable L.P. unit is indirectly exchangeable for one Fund unit. Exchangeable L.P. units issued in connection with the Conversion are not exchangeable for a period of one year from December 1, 2005, the effective date of the Conversion, except with the consent of the board of directors of GMP Corp., the general partner of GMP Holding Partnership.

As of November 8, 2006, 4.281 million options to acquire Fund units on a one-for-one basis were outstanding.

Related-Party Transactions

Related-party transactions include trading accounts for employees, officers, trustees and directors. Commission income on related-party trading accounts, in the aggregate, was not material in relation to our overall operations. Related-party transactions also include loans associated with the executive unit loan plan, the investment advisor transition assistance program, the co-investment program and amounts in connection with loans receivable from certain holders of Exchangeable L.P. units (the "employee loans"), as described in Notes 10, 11, 12, and 15, respectively, to the Fund's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2006. Related-party transactions also

include amounts due to or due from EdgeStone Funds. Amounts receivable reflect expenses incurred by EdgeStone that are to be recovered from the EdgeStone Funds as described in Note 7 to the Fund's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2006. Amounts payable reflect amounts owed by the general partners of the EdgeStone Funds to the underlying EdgeStone Funds primarily relating to realized sale proceeds on investments that will be distributed to the EdgeStone Funds once certain conditions have been met as described in Note 13 to the Fund's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2006.

Critical Accounting Policies and Estimates

Our significant accounting policies are disclosed in Note 2 of the Fund's audited consolidated financial statements as at and for the 11 months ended December 31, 2005. Certain of these policies require the use of estimates or assumptions that in some cases may relate to matters that are inherently uncertain. Accounting policies that require management's judgement and estimates are discussed in the 2005 Annual MD&A, which is incorporated by reference herein. Note 1 of the Fund's unaudited

interim consolidated financial statements as at and for the three and nine months ended September 30, 2006, provide an update on accounting policies adopted for the purposes of preparing our financial statements under GAAP as a result of the EdgeStone acquisition in the third quarter 2006. The most significant of such accounting policy updates relates to goodwill and intangible assets outlined below.

Goodwill and Intangible Assets

Goodwill is assessed for impairment at least annually to ensure that the fair value of the reporting unit to which the goodwill is attributed to is greater than or equal to its carrying value. In determining fair value, management uses valuation models that consider such factors as projected earnings, price-to-earnings multiples and discount rates. Management must apply judgment in the selection of the approach to determining fair value and any necessary assumptions. These judgments may affect the fair value and any resulting impairment write-down. Management must also exercise judgment in identifying, valuing and determining the useful life of intangible assets acquired through acquisitions.

Management may engage the assistance of outside experts to assist with this process. Further information regarding the Fund's goodwill and intangible assets accounting policies and the related balances are included in Notes 2 and 3 of the Fund's unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2006.

We are not aware of any new accounting standards issued during the quarter by the Canadian Institute of Chartered Accountants, which we would expect would have a material impact on the Fund's unaudited interim consolidated financial statements. Future changes in accounting policies are discussed in the 2005 Annual MD&A.

Risk Factors

An investment in securities of the Fund involves a number of risks in addition to those described under "Forward Looking Statements". These risks and uncertainties are not the only ones facing the Fund Group. In addition to other information contained or incorporated by reference in this MD&A, the factors set out under "Risk Factors" in the 2005 Annual MD&A and "Description of the Business – Risk Management" in our annual information form dated March 16, 2006 should be given careful consideration. Additional risks and uncertainties not currently known to the Fund Group, or that the Fund Group currently considers immaterial, may also impair the operations of the Fund Group. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of the Fund Group, and the ability of the Fund to make distributions on the Fund units (and on GMP Holding Partnership to make distributions on the Exchangeable L.P. units), could be materially adversely affected.

undertake financings and acquisitions, and, at such time as the proposed rules apply to the Fund, the distributable cash of the Fund may be materially reduced.

Risks Related to the Business of EdgeStone

The following are certain risk factors relating to the Fund Group from its ownership of EdgeStone.

Availability of Investments and Competition

The success of EdgeStone's operations will depend on: (i) its ability to raise additional funds; (ii) the availability of appropriate investment opportunities; and (iii) the ability of EdgeStone to identify, select, acquire, grow and exit those investments. EdgeStone expects to continue to encounter competition from other entities having investment objectives similar to those of EdgeStone, including private equity funds, institutional investors and strategic investors. These groups may compete for the same investments as EdgeStone, may have more personnel, substantially greater technical, financial and other resources, a longer operating history and different return targets than EdgeStone. As a result, competition could have an adverse effect on EdgeStone's profitability and EdgeStone may not be able to compete effectively. In addition, competition for investments may lead to the price of such investments increasing which may further limit EdgeStone's ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to enable EdgeStone to invest successfully or that such investments can be made within a reasonable period of time. There can be no assurance that EdgeStone will be able to identify attractive investment opportunities, acquire them at a reasonable cost, achieve its targeted rate of return or fully invest its committed capital. Identification of attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that EdgeStone is unable to find and make a sufficient number of investments.

Risks Related to the Fund Units

Proposed Changes to the Income Tax Rules Applicable to Publicly Traded Trusts and Partnerships

On October 31, 2006 the Department of Finance (Canada) announced the "Tax Fairness Plan" whereby the income tax rules applicable to publicly traded trusts and partnerships will be significantly modified. In particular, certain income of (and distributions made by) these entities will be taxed in a manner similar to income earned by (and distributions made by) a corporation. These proposals will be effective for the 2007 taxation year with respect to trusts which commence public trading after October 31, 2006, but the application of the rules will be delayed to the 2011 taxation year with respect to trusts which were publicly traded prior to November 1, 2006 (although the announcement suggested that this grandfathering could be lost in certain circumstances). The Fund is considering this announcement and the possible impact of the proposed rules to the Fund. The proposed rules may adversely affect the marketability of the Fund's units and the ability of the Fund to

Sustainability of Fees

In consideration for managing the EdgeStone Funds, EdgeStone receives an annual management fee (or, in certain cases, a general partner distribution) (collectively, the "Fees") of 1.75%-2% of the aggregate capital committed to each of the EdgeStone Funds during the commitment period and following termination of the commitment period, 1.5%-1.75% of invested capital (net of writedowns) for each EdgeStone Fund. The Fees for each EdgeStone Fund are paid quarterly in advance. To the extent that there are writedowns or write-offs of any portfolio companies, the Fees payable to EdgeStone after the termination of the commitment period are reduced. EdgeStone's ability to maintain its Fee structure is dependent on its ability to provide investors with investment returns and services that are competitive. There can be no assurance that EdgeStone will not come under competitive pressures to lower the Fees it charges or that it will be able to retain its current Fee structure or, with such Fee structure, retain its investors in the future. A significant reduction in EdgeStone's Fees could have an adverse effect on the revenues of the Fund Group. If any limited partner of an EdgeStone Fund fails to fund its subscription obligation or make required capital contributions when due, such EdgeStone Fund's ability to pay Fees may be impaired. A default by a substantial number of limited partners could leave a particular EdgeStone Fund with insufficient capital to pay quarterly Fees and/or limit the returns of such EdgeStone Fund. Certain of the EdgeStone Funds are denominated in US dollars and the Fees payable in respect of these Funds are paid to EdgeStone in US dollars. The Fees payable by these EdgeStone Funds may be affected by currency exchange rate movements. Depending upon the circumstances, EdgeStone may or may not attempt to hedge its currency rate exposure. To the extent that EdgeStone determines to hedge its currency rate exposure, it may enter into swaps, forward contracts and other arrangements to seek to preserve a return on a particular investment or to seek to protect against currency fluctuations. Such transactions have special risks associated with them, including the possible default by the counterparty to the transaction and the illiquidity of the instrument acquired by EdgeStone relating thereto. Although such transactions may reduce EdgeStone's exposure to currency fluctuations, the costs associated with these arrangements may reduce the returns that EdgeStone would otherwise achieve if it does not enter into these transactions.

Nature and Type of Investments

EdgeStone Funds are susceptible to various risks due to the nature and type of its investments. Such risks include:

Growth-Stage Companies - EdgeStone typically invests in companies that are in the growth stage which may be more volatile due to a company's limited product life, market or financial resources, or its susceptibility to major setbacks or downturns.

Limited Number of Investments - Each of the EdgeStone Funds will participate in a limited number of investments. As a consequence, the EdgeStone assets may be subject to greater risk of loss than if the assets were more diversified and the aggregate return on investment may be substantially adversely affected by the unfavourable performance of a small number of investments.

Leveraged Capital Structure - Many of the EdgeStone Funds' investments are made in portfolio companies with a leveraged capital structure. In such cases, the investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a downturn in the economy or deterioration in the condition of the portfolio company or its industry. In the event that a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of EdgeStone's investment in such portfolio company could be significantly reduced or even eliminated. Similarly, to the extent that any EdgeStone Fund provides bridge financing to a portfolio company, the EdgeStone Fund will bear the risk of any changes in capital markets that may adversely affect the ability of the portfolio company to refinance the bridge investment.

Contingent Liabilities - The EdgeStone Funds could be subject to various contingent liabilities in certain limited circumstances such as environmental clean-up obligations, bankruptcy obligations, and other unknown liabilities of the portfolio companies in which they invest, which may ultimately adversely affect the performance of such EdgeStone Fund.

Carried Interest

EdgeStone earns a carried interest on each of the EdgeStone Fund's investments after payment of a certain preferred return to the limited partners of such EdgeStone Fund. The success of the EdgeStone Funds will depend on the ability of EdgeStone to identify, select, close, grow and exit appropriate investments. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize on such investments successfully. There is no assurance that EdgeStone will be able to realize high enough returns to generate the payment of a carried interest or that returns will be at levels currently anticipated by EdgeStone. The past performance of the EdgeStone investment professionals provides no assurance of future success.

Dependence on Key Personnel

The success of EdgeStone depends in large part upon the skill and expertise of EdgeStone's investment professionals and other personnel employed by EdgeStone. There can be no assurance that such personnel will remain with EdgeStone. The loss of one or more of these individuals could have a significant adverse

impact on the business of EdgeStone. In addition, the limited partnership agreements of certain of the EdgeStone Funds provide that in the event of the loss of certain key personnel, the EdgeStone Fund or the general partner of the EdgeStone Fund may be terminated.

Changes in Economic or Market Conditions

Changes in economic and market conditions may adversely affect EdgeStone's investment portfolio and the profitability of its business. The market value of EdgeStone's portfolio investments and its ability to achieve targeted returns are impacted by factors beyond EdgeStone's control, including economic and political conditions, as well as the policies and performance of businesses, governments and the financial community. Portfolio companies in which the EdgeStone Funds invest may be sensitive to adverse changes in the overall economy or in their specific industries. In particular, terrorist attacks and recessionary economic conditions could affect the businesses of certain

of EdgeStone's portfolio companies. In addition, to the extent that any of those circumstances have created uncertainties in the financial markets, it could adversely affect the ability of an EdgeStone Fund to realize on its investments and the values that may be realized. Further, certain economic factors specific to a portfolio company may have an adverse effect on an EdgeStone Fund's investment in that company. The regulatory considerations affecting the ability of EdgeStone to achieve its investment objectives are complicated and subject to change. There are also other legal, tax and regulatory changes which could occur that may adversely affect EdgeStone and/or any of the EdgeStone Funds. For example, the Minister of Finance has recently announced proposed changes to legislation regarding the tax treatment of income trusts which likely will result in the removal of the Canadian income trust market as an exit strategy for EdgeStone's portfolio companies in the future. As of the date hereof, EdgeStone and the EdgeStone Funds are not subject to any regulatory oversight in Canada which could adversely affect EdgeStone's operations and/or its investment returns.

Additional Information

Additional information relating to the Fund is available on our website at gmpcapitaltrust.com and on SEDAR at sedar.com. This information includes our annual information form, audited consolidated financial statements, the 2005 Annual MD&A and the information circular for the annual meeting of unitholders held on April 18, 2006.



GMP CAPITAL TRUST

THIRD QUARTER REPORT

unaudited interim consolidated
financial statements

as at and for the three and nine months ended September 30, 2006



Interim Consolidated Balance Sheet

(\$000)	As at September 30, 2006	As at December 31, 2005
Assets		
Current		
Cash and cash equivalents	\$55,035	\$57,739
Trading securities (note 4)	73,702	57,993
Receivable from		
Clients (notes 5 and 17)	450,179	432,126
Brokers (note 6)	93,081	91,524
Other assets (note 7)	46,602	32,488
Total current assets	718,599	671,870
Deferred costs (note 8)	5,504	—
Capital assets (note 9)	17,361	4,742
Employee loans receivable (notes 10, 11, 12, 15 and 17)	11,561	10,904
Future income taxes	2,777	2,528
Goodwill and intangible assets (notes 2 and 3)	142,647	—
Total assets	\$898,449	\$690,044
Liabilities And Unitholders' Equity		
Current		
Short-term borrowing (note 14)	—	54
Obligations related to securities sold short (note 4)	21,277	3,755
Payable to		
Clients (notes 5 and 17)	418,621	334,715
Brokers (note 6)	32,682	25,065
Issuers	49,438	82,922
Accounts payable and accrued liabilities	46,064	47,686
Distributions payable (note 15)	7,731	5,974
Subordinated loan (note 19)	20,000	—
Other liabilities (note 13)	14,514	12,089
Total current liabilities	610,327	512,260
Agency fee obligation (note 20)	3,727	—
Non-current incentive plan obligation (note 10)	1,337	72
Non-controlling interest	169	198
Unitholders' equity	282,889	177,514
Total liabilities and unitholders' equity	\$898,449	\$690,044

Commitments and contingencies (note 22)

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Interim Consolidated Statements of Income

(\$000, except per unit/common share amounts)	Three months ended		Nine months ended	
	September 30, 2006	October 31, 2005	September 30, 2006	October 31, 2005
Revenue				
Investment banking	\$42,003	\$34,946	\$142,159	\$124,082
Commissions	25,458	25,899	86,005	67,760
Investment management and fee income	8,051	94	10,338	94
Principal activities	(1,969)	1,142	1,554	3,360
Interest	4,206	2,865	13,320	7,267
Other	267	(58)	339	(116)
	78,016	64,888	253,715	202,447
Expenses				
Employee compensation and benefits	38,914	30,815	122,163	95,147
Selling, general and administrative	8,890	8,278	25,970	20,271
Interest	2,017	623	4,576	1,589
Amortization	3,613	467	4,576	1,080
	53,434	40,183	157,285	118,087
Income before the undernoted	24,582	24,705	96,430	84,360
Non-controlling interest	(40)	42	(3)	14
Income before income taxes	24,622	24,663	96,433	84,346
Provision for (recovery of) income taxes				
Current	2,011	9,303	7,403	32,286
Future	(534)	(449)	(373)	(2,252)
	1,477	8,854	7,030	30,034
Net income	\$23,145	\$15,809	\$89,403	\$54,312
Net income per unit/common share (note 21)				
Basic	\$0.37	\$0.28	\$1.51	\$0.96
Diluted	\$0.36	\$0.27	\$1.46	\$0.94

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Interim Consolidated Statement of Changes in Unitholders' Equity

	Fund units		Exchangeable L.P. units		Contributed surplus	Cumulative earnings	Cumulative distributions	Total unitholders' equity
(000)	#	\$	#	\$	\$	\$	\$	\$
Balance, December 31, 2005	37,317	71,268	20,012	35,368	1,668	125,299	(56,089)	177,514
Issued under Fund unit option plan (note 18)	498	4,785	—	—	(1,005)	—	—	3,780
Issued as purchase consideration	—	—	—	—	—	—	—	—
in business acquisition, net of issue costs (note 2)	—	—	4,019	71,193	—	—	—	71,193
Fund unit-based compensation expense (note 18)	—	—	—	—	2,602	—	—	2,602
Cash distributions - Fund units (note 15)	—	—	—	—	—	—	(39,247)	(39,247)
Cash distributions - Exchangeable L.P. units (note 15)	—	—	—	—	—	—	(22,356)	(22,356)
Net income	—	—	—	—	—	89,403	—	89,403
Balance, September 30, 2006	37,815	76,053	24,031	106,561	3,265	214,702	(117,692)	282,889

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

(\$000)	Three months ended		Nine months ended	
	September 30, 2006	October 31, 2005	September 30, 2006	October 31, 2005
Operating Activities				
Net income	\$23,145	\$15,809	\$89,403	\$54,312
Add (deduct) items not involving cash				
Amortization	3,613	467	4,576	1,080
Amortization of deferred costs	408	—	408	—
Future income taxes	(534)	(449)	(373)	(2,252)
Fund unit/stock-based compensation expense	910	640	2,602	1,808
Investment advisor transition assistance program	287	135	800	202
Non-controlling interest	(40)	42	(3)	14
	27,789	16,644	97,413	55,164
Net change in non-cash operating items (note 24)	(16,859)	(38,243)	13,424	(107,087)
Cash provided by (used in) operating activities	10,930	(21,599)	110,837	(51,923)
Financing Activities				
Repayment of short-term borrowing	—	—	(54)	(1,122)
Proceeds from subordinated loan	20,000	—	20,000	—
Issuance of common shares	—	272	—	864
Issuance of Fund units	416	—	3,780	—
Dividends paid on common shares	—	(4,233)	—	(12,694)
Cash distributions paid on Fund units	(14,166)	—	(37,994)	—
Cash distributions paid on Exchangeable L.P. units	(8,509)	—	(21,853)	—
Increase (decrease) in non-controlling interest	(28)	13	(26)	13
Cash used in financing activities	(2,287)	(3,948)	(36,147)	(12,939)
Investing Activities				
Business acquisition (note 2)	(66,805)	—	(66,805)	—
Purchase of capital assets	(7,222)	(422)	(10,589)	(615)
Pre-operating expenditures	—	—	—	(925)
Cash used in investing activities	(74,027)	(422)	(77,394)	(1,540)
Net decrease in cash and cash equivalents	(65,384)	(25,969)	(2,704)	(66,402)
Cash and cash equivalents, beginning of period	120,419	70,668	57,739	111,101
Cash and cash equivalents, end of period	\$55,035	\$44,699	\$55,035	\$44,699
Supplemental cash flow information				
Interest paid	\$1,837	\$ 756	\$ 4,396	\$ 1,870
Income taxes paid	\$1,546	\$7,134	\$21,128	\$30,707

See accompanying notes, which are an integral part of these unaudited interim consolidated financial statements.

1. Significant Accounting Policies

Basis of presentation

These unaudited interim consolidated financial statements of GMP Capital Trust (the "Fund") have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and include the accounts of the Fund and its subsidiaries (collectively, the "Fund Group"). These unaudited interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in Note 2 to the Fund's audited consolidated financial statements as at and for the 11 months ended December 31, 2005 ("2005 Audited Financial Statements"). The Fund's unaudited interim consolidated financial statements do not include all disclosures required by GAAP for annual consolidated financial statements and accordingly, should be read in conjunction with the 2005 Audited Financial Statements.

These unaudited interim consolidated financial statements have been prepared using the continuity of interests method of accounting. Comparative results of operations, cash flows and related disclosures include the results of GMP Capital Corp. (the "Company"), the Fund's predecessor, as a corporation for the three and nine months ended October 31, 2005.

All references to "EdgeStone" refer to EdgeStone Capital Partners, L.P. EdgeStone manages the assets of its investors and clients through limited partnerships referred to herein as the "EdgeStone Funds". Investors and clients own their interests in the underlying "portfolio companies" through limited partnership interests in the EdgeStone Funds.

Change in financial statement presentation

In connection with the Fund Group's acquisition of EdgeStone this quarter as disclosed in Note 2 herein, certain financial statement presentations have been revised to better reflect the activities of the Fund Group. Certain comparative amounts have been reclassified to conform to the current period's presentation.

Coinciding with the acquisition of EdgeStone this quarter, the Fund Group has revised the presentation of its segment results into three business segments ("Capital Markets", "Wealth Management" and "Private Capital Management") and a corporate segment ("Corporate"). All references to "Capital Markets" (formerly referred to as "GMP Securities") refer to the investment banking, equity research and sales and trading capabilities of the Fund Group, which are provided by the following main operating subsidiaries: GMP Securities L.P. and Griffiths McBurney Corp. All references to "Wealth Management"

(formerly referred to as "GMP Private Client") refer to the full-service investment brokerage services of the Fund Group, which are provided by GMP Private Client L.P. All references to "Private Capital Management" refer to the capital, strategic direction, business and financial advice provided to mid-market and early stage companies by EdgeStone. All references to "Corporate" include inter-segment eliminations and other enterprise-wide amounts not specifically allocated to the business segments.

Business acquisitions, goodwill and intangible assets

All business combinations are accounted for using the purchase method. Goodwill represents the excess of the price paid for the acquisition of subsidiaries over the fair value of the net identifiable assets acquired, and is assigned to reporting units. A reporting unit is comprised of business operations with similar economic characteristics and strategies, and is defined by Canadian GAAP as the level of reporting at which goodwill is tested for impairment and is either a business segment or one level below. Goodwill is evaluated for impairment annually or more often if events or circumstances suggest that there may be impairment. If the carrying value of a reporting unit exceeds its fair value, goodwill impairment is measured as the excess of the carrying amount of the reporting unit goodwill over the implied fair value of the goodwill, based on the fair value of the assets and liabilities of the reporting unit. Any impairment of goodwill is expensed in the period in which the impairment is identified. Subsequent reversals of impairment are prohibited.

Identifiable finite life intangible assets are amortized over their estimated useful lives on a straight-line basis. Identifiable finite life intangible assets are tested for potential impairment whenever events or changes in circumstances suggest that an asset's carrying value may not be fully recoverable.

Capital assets

Computer software and computer equipment acquired in connection with the acquisition of EdgeStone are depreciated on a straight-line basis over two and three years, respectively.

Investments

Investments are recorded at cost less any other than temporary impairment in value. Earnings from such investments are recognized only to the extent received or receivable. Investments are included in other assets on the unaudited interim consolidated balance sheet.

(\$000 and 000 units/common shares, except per unit/common share amounts)

2. Business Acquisition

On July 4, 2006, Griffiths McBurney L.P. (“GMP Holding Partnership”) and a subsidiary entity completed the acquisition of all of the outstanding equity interests in EdgeStone and, indirectly, each of its subsidiary entities and partnerships, including the general partners of the EdgeStone Funds. In addition, GMP Holding Partnership and a subsidiary entity acquired a portion of the carried interest entitlements in the EdgeStone Funds.

The acquisition has been accounted for under the purchase method and the results of operations have been included in the unaudited interim consolidated financial statements since the acquisition date. Details of the acquisition after giving effect to a cash post-closing adjustment arising from the finalization of the closing financial statements of EdgeStone are as follows:

	Purchase Price Allocation as at September 30, 2006
Aggregate consideration	
Cash	\$ 60,632
Issuance of 4,019 Exchangeable L.P. units, net of issue costs	71,193
Transaction costs	1,081
	132,906
Debt repaid subsequent to closing	15,157
Aggregate consideration	148,063
Fair value of net assets acquired and liabilities assumed:	
Cash and cash equivalents	10,065
Other current assets	4,449
Capital assets	1,432
Other non-current assets	8,730
Management contracts	46,500
Carried interest	23,300
Other intangible assets	590
Goodwill	75,201
Liabilities assumed (a)	(22,204)
Net assets acquired	\$148,063

(a) Excludes debt repaid subsequent to closing.

Adjustments to the purchase price subsequent to the acquisition date include a \$1,399 purchase price reduction based on finalization of the closing financial statements of EdgeStone

and a \$17,832 discount applied to the value assigned to the 4,019 Exchangeable L.P. units based on the escrow conditions associated with such exchangeable units.

(\$000 and 000 units/common shares, except per unit/common share amounts)

3. Goodwill and Intangible Assets

The carrying value of goodwill and intangible assets that was acquired during the period is as follows:

	September 30, 2006		
	Cost	Accumulated amortization	Net book value
Goodwill	\$ 75,201	n/a	\$ 75,201
Intangible assets subject to amortization:			
Management contracts	46,500	1,675	44,825
Carried interest	23,300	1,244	22,056
Other	440	25	415
Indefinite life intangibles:			
Trade name	150	—	150
	\$145,591	\$2,944	\$142,647

Management contracts represent the entitlement of EdgeStone to receive management fees, usually calculated as a percentage of the committed capital through the Fund's commitment period and a percentage of invested capital, thereafter. Carried interest represents a right of a partner of an EdgeStone Fund to participate in gains relating to the EdgeStone Funds. The valuation of management contracts and carried interest is based

on existing EdgeStone Funds, including EdgeStone Capital Equity Fund III, L.P. ("Equity Fund III"), and excludes any EdgeStone Funds established subsequent to July 4, 2006.

Management contracts are amortized on a straight-line basis over the weighted-average remaining life of the EdgeStone Funds based on the estimated fair value of each EdgeStone Fund. Carried interest is amortized on a straight-line basis over the expected period of cash flow realization commencing during the current quarter for existing EdgeStone Funds and the earlier of the first quarter of fiscal 2010 and the realization of carried interest for Equity Fund III. The trade name intangible is considered to have an indefinite life and therefore is not subject to amortization. Other intangibles include an office space lease, which is being amortized on a straight-line basis over the remaining lease term. The aggregate amortization expense of intangible assets subject to amortization during the period was \$2,944.

Below is a summary of the estimated useful lives of each intangible asset:

Management contracts	6.0 years
Carried interest	3.4 to 4.0 years
Other	4.3 years

Goodwill acquired during the period relates to the Private Capital Management business segment.

4. Trading Securities and Obligations Related to Securities Sold Short

Trading securities and obligations related to securities sold short consist of the following:

	September 30, 2006		December 31, 2005	
	Trading securities	Securities sold short	Trading securities	Securities sold short
Equities	\$71,277	\$21,277	\$52,048	\$3,755
Restricted or non-public equities	2,425	—	5,945	—
	\$73,702	\$21,277	\$57,993	\$3,755

5. Client Payables and Receivables

As at September 30, 2006, receivables from clients included a margin loan receivable from one client of \$45,536 (December 31, 2005 - \$48,392), which was collateralized by a diversified

portfolio of financial instruments with a market value of \$147,280 (December 31, 2005 - \$135,118).

(\$000 and 000 units/common shares, except per unit/common share amounts)

6. Securities Lending and Borrowing

Securities lending and borrowing consist of the following:

	Cash		Securities	
	Loaned or delivered as collateral	Borrowed or received as collateral	Loaned or delivered as collateral	Borrowed or received as collateral
As at September 30, 2006	\$66,583	\$ 58	\$ 56	\$62,421
As at December 31, 2005	\$38,950	\$3,562	\$3,584	\$38,464

7. Other Assets

Other assets consist of the following:

	September 30, 2006	December 31, 2005
Funds deposited in trust	\$32,492	\$19,595
Accounts receivable	11,980	11,058
Prepaid expenses	1,198	1,408
Investments	876	—
Future income taxes	56	427
	\$46,602	\$32,488

Accounts receivable primarily consists of accrued fee income related to investment banking activities and expenses recoverable from the EdgeStone Funds.

Investments represent investments in the EdgeStone Funds which are available for purchase by future employees admitted into the co-investment program. Investments also include an investment in Equity Fund III held by GMP Holding Partnership.

8. Deferred Costs

Deferred costs represent agency fees incurred by EdgeStone in connection with obtaining commitments from new fund investors. The agency fees are deferred and amortized over the estimated

life of the related EdgeStone Fund with the amortization expense included in selling, general and administrative expense. As at September 30, 2006, deferred costs were \$5,504.

(\$000 and 000 units/common shares, except per unit/common share amounts)

9. Capital Assets

Capital assets consist of the following:

	September 30, 2006		December 31, 2005	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 7,904	\$2,385	\$ 5,519	\$1,060
Computer equipment	1,895	1,597	298	199
Computer software	1,538	441	1,097	405
Leasehold improvements	10,823	2,050	8,773	611
Pre-operating expenditures	3,172	1,498	1,674	2,467
	\$25,332	\$7,971	\$17,361	\$4,742

10. Executive Unit Loan Plan

The executive unit loan plan is designed to encourage ownership in the Fund, executive retention and succession planning for employees of the Fund Group. For further details about the plan, refer to note 14 of the 2005 Audited Financial Statements.

The value of pledged Fund units owned by participating executives in support of advances made to such executives by GMP Securities L.P. and a Schedule I bank at September 30, 2006 was \$43,798 (December 31, 2005 - \$41,881). GMP Securities L.P. has provided a financial guarantee to the Schedule I bank in relation to the obligations of certain executives in the plan. The maximum potential amount of future payments under this guarantee is \$1,342 as at September 30, 2006 (December 31, 2005 - \$1,365) representing the outstanding loans related to specific advances made by the Schedule I bank to the participating executives.

Included in accounts payable and accrued liabilities is the current portion of accrued bonuses of \$5,165 (December 31, 2005 - \$3,067) in connection with GMP Securities L.P.'s obligation to pay cash bonuses to repay 50% of the total loans under the plan. As at September 30, 2006, the non-current portion of bonuses payable under this plan is \$1,337 (December 31, 2005 - \$72).

The loans bear interest at the rate of prime plus 0.5% and interest charged to employees related to these loans for the three and nine months ended September 30, 2006 was \$82 and \$239, respectively (three and nine months ended October 31, 2005 - \$46 and \$131, respectively). As at September 30, 2006, amounts owing to GMP Securities L.P. related to these loans were \$4,971 (December 31, 2005 - \$6,139) and are included in employee loans receivable.

11. Investment Advisor Transition Assistance Program

A transition assistance program was introduced in March 2005 to provide for retention and transition assistance to investment advisors joining GMP Private Client L.P. ("GMP Private Client") in the form of a forgivable interest-free loan. For further details about the program, refer to note 15 of the 2005 Audited Financial Statements.

During the three and nine months ended September 30, 2006, GMP Private Client recorded \$287 and \$800, respectively (three and nine months ended October 31, 2005 - \$135 and \$202, respectively) in compensation expenses for transition assistance provided to investment advisors, with a corresponding reduction to loans outstanding. As at September 30, 2006, amounts owing to GMP Private Client related to these loans were \$4,687 (December 31, 2005 - \$4,107) and are included in employee loans receivable.

(\$000 and 000 units/common shares, except per unit/common share amounts)

12. Co-Investment Program

Employees of EdgeStone are eligible to invest in the EdgeStone Funds managed by EdgeStone under a leveraged co-investment program. The general partner of EdgeStone authorizes loans by EdgeStone to its employees of up to three times the amount the employee invests which must be used to invest in the EdgeStone Funds. All employee loans are non-interest bearing. Certain loans offer full recourse to the employee. A portion of the loans are repayable on certain anniversaries of the closing date of each EdgeStone Fund as specified in the loan agreement. The outstanding balances, if any, shall be repaid in full on the maturity date of the EdgeStone Funds. Any after-tax distributions made by the EdgeStone Funds to the employees will be applied first to reduce their outstanding loan balances. The co-investment program also includes investments in redeemable preferred shares of corporations controlled by employees of EdgeStone or related parties.

As at September 30, 2006, amounts owing to EdgeStone related to these loans were \$1,679 and are included in employee loans receivable in the unaudited interim consolidated balance sheet.

In connection with the co-investment program, EdgeStone has total commitments to fund cash of \$1,653 upon capital calls made by the underlying EdgeStone Funds as follows:

	Total Commitments
EdgeStone Capital Equity Fund II-A, L.P. and EdgeStone Capital Equity Fund II-B, L.P.	\$1,219
EdgeStone Capital Mezzanine Fund II, L.P.	97
EdgeStone Capital Venture Fund, L.P.	227
EdgeStone Capital Venture Fund II, L.P.	110
	\$1,653

13. Other Liabilities

Other liabilities consist of the following:

	September 30, 2006	December 31, 2005
Current portion of agency fee obligation (note 20)	\$ 1,605	\$ —
Income taxes payable	323	12,089
Deferred fee income	4,300	—
Obligations under capital lease	98	—
Payable to EdgeStone Funds	8,188	—
	\$14,514	\$12,089

Deferred fee income represents management fees which are received quarterly in advance on January 1, April 1, July 1 and October 1 directly from certain funds managed by EdgeStone. Management fees received in advance of services being rendered are deferred until earned.

Payable to EdgeStone Funds represent amounts payable by the general partners of the EdgeStone Funds to the underlying EdgeStone Funds primarily relating to realized sale proceeds on investments that will be distributed to the EdgeStone Funds once certain conditions have been met.

14. Short-Term Borrowing

Short term borrowings are primarily to facilitate the securities settlement process and short term funding requirements for both client and securities transactions involving the Fund Group. The Fund Group has established credit facilities with Schedule I Canadian chartered banks of approximately \$360,000 in aggregate. These facilities consist of call loans, bank overdrafts, demand facilities, letters of credit and daylight overdraft facilities.

Included in these credit facilities is a \$10,000 demand facility obtained by EdgeStone from a Schedule I Canadian chartered bank. Interest is charged at a rate of prime plus 1% and advances are to be repaid within 10 business days of the drawdown from proceeds of permanent financing.

As at September 30, 2006, the Fund Group had no short-term borrowings outstanding (December 31, 2005 - \$54) related to these facilities.

(\$000 and 000 units/common shares, except per unit/common share amounts)

15. Distributions Payable

The Fund makes regular distributions to holders of Fund units of record as of the last business day of each month and GMP Holding Partnership makes equivalent distributions to holders of Exchangeable L.P. units, except those holders ("electing holders") who have elected to be loaned amounts by GMP Holding Partnership equal to the amounts which would otherwise have been distributed to them and to have all distributions which would otherwise have been made to them in a fiscal year be made to them on the first business day of the next succeeding fiscal year. Loans made to electing holders are non-interest bearing and are due and payable to GMP Holding Partnership in full on the first

business day of the next succeeding fiscal year. All distributions payable to an electing holder on the first business day of a fiscal year will be applied to repay the loans made to such electing holder in the immediately preceding fiscal year. Loans receivable from electing holders of \$16,915 as at September 30, 2006 are recorded on the unaudited interim consolidated balance sheet net of cash distributions payable to these unitholders at September 30, 2006. Distributions are calculated and recorded on an accrual basis of accounting. Distributions declared and/or paid in fiscal 2006 are as follows:

Record date	Payment date	Cash distribution per Fund unit	Cash distribution per Exchangeable L.P. unit	Total distribution amount
January 31, 2006	February 20, 2006	\$0.1042	\$0.1042	\$5,974
February 28, 2006	March 20, 2006	\$0.1042	\$0.1042	\$5,974
March 31, 2006	April 20, 2006	\$0.1042	\$0.1042	\$6,016
April 28, 2006	May 19, 2006	\$0.1042	\$0.1042	\$6,016
May 31, 2006	June 20, 2006	\$0.1250	\$0.1250	\$7,218
June 30, 2006	July 20, 2006	\$0.1250	\$0.1250	\$7,222
July 31, 2006	August 18, 2006	\$0.1250	\$0.1250	\$7,725
August 31, 2006	September 20, 2006	\$0.1250	\$0.1250	\$7,728
September 29, 2006	October 20, 2006	\$0.1250	\$0.1250	\$7,731

16. Derivative Financial Instruments

Foreign exchange

Derivative financial instruments are traded to manage market risk, minimize regulatory capital requirements and manage foreign exchange risk on pending settlements in foreign currencies. The fair value of these contracts is nominal due to their short term to maturity.

The following table shows the notional amounts of forward contracts outstanding:

	September 30, 2006		December 31, 2005	
	Bought US\$	Sold C\$	Bought US\$	Sold C\$
Forward contracts	\$2,200	\$2,347	\$1,200	\$1,397

(\$000 and 000 units/common shares, except per unit/common share amounts)

17. Related-Party Transactions

The following balances arose from transactions with related parties:

	September 30, 2006	December 31, 2005
Current assets		
Receivable from clients	\$27,355	\$52,704
Employee loans receivable	\$11,561	\$10,904
Other assets	\$ 1,679	—
Current liabilities		
Payable to clients	\$61,593	\$63,236
Other liabilities	\$ 8,188	—

Receivables from clients and payables to clients represent transactions where the Fund Group executes security trades for employees, directors, officers and trustees who may also be unitholders. Commission income on such transactions in the aggregate is not material in relation to the overall operations of the Fund Group.

Other assets consists of expenses incurred by the Fund Group that are to be recovered from the various EdgeStone Funds.

Employee loans receivable include amounts in connection with the executive unit loan plan (*note 10*), loans receivable from employees in connection with the investment advisor transition assistance program (*note 11*), amounts in connection with loans receivable from electing holders (*note 15*), loans receivable from employees in connection with the co-investment program (*note 12*), and other employee loans.

Other liabilities consist of amounts due by the general partners of the underlying EdgeStone Funds as described in Note 13.

18. Option Plans

The Fund has two plans under which options are outstanding. The first plan governs the options issued in exchange for share options as part of the conversion of the Company into the Fund (the "Replacement Plan"). The second plan is the trust unit and incentive unit option plan (the "New Plan" and also referred to herein as the "Fund unit option plan") that was approved by the shareholders of the Company at the special meeting on

November 18, 2005, and adopted by the Board of Trustees of the Fund on December 6, 2005. For further details about the plans, refer to *note 12* in the 2005 Audited Financial Statements.

A summary of the status of the Fund's unit option plans as at September 30, 2006 and the changes during the nine months then ended, is as follows:

	New Plan		Replacement Plan	
	Fund unit options #	Weighted-average exercise price \$	Fund unit options #	Weighted-average exercise price \$
Balance, December 31, 2005	822	17.50	3,556	7.97
Fund unit options issued	483	23.73	—	—
Exercise of Fund unit options	—	—	(498)	7.60
Forfeitures	(49)	17.50	(65)	8.25
Balance, September 30, 2006	1,256	19.90	2,993	8.02

(\$000 and 000 units/common shares, except per unit/common share amounts)

Options outstanding and vested under the New Plan and Replacement Plan as at September 30, 2006

Range of exercise prices	Outstanding #	Weighted-average exercise price \$	Weighted-average remaining contractual life (years)	Vested #
Replacement Plan:				
\$5.50	1,436	5.50	7.19	144
\$7.00 to \$9.85	1,317	9.55	7.97	108
\$10.56 to \$17.70	240	14.71	8.90	27
	2,993			279
New Plan:				
\$17.50	773	17.50	9.32	—
\$19.40 to \$27.75	483	23.73	9.70	—
	1,256			
Balance, September 30, 2006	4,249			279

Options outstanding under the Replacement Plan and the New Plan as a percentage of Fund units and Exchangeable L.P. units outstanding as at September 30, 2006 is 6.87%.

Fund unit/stock-based compensation and contributed surplus

During the three and nine months ended September 30, 2006, the Fund recorded \$910 and \$2,602 in Fund unit-based compensation expense, respectively, (three and nine months ended October 31, 2005 - \$640 and \$1,808, respectively, in stock-based compensation expense) for options issued to employees, with a corresponding increase to contributed surplus. The weighted-average fair value of options issued under the New Plan during the nine months ended September 30, 2006 was \$6.23 per Fund unit option. The weighted-average fair value of options issued during the nine months ended October 31, 2005 under the Company's stock option plan (subsequently replaced by the Replacement Plan) was \$7.99 per stock option.

The Fund follows the fair value method of accounting recommended by CICA Handbook Section 3870, *Stock-Based Compensation and Other Stock-Based Payments*. The weighted-average fair value of the options granted during the nine months ended September 30, 2006 was calculated using the Black-Scholes option pricing model assuming the following weighted-average assumptions:

	Nine months ended September 30, 2006
Risk-free interest rate	4.21%
Dividend yield (a)	1.27%
Expected volatility	25%
Expected option life	5 years

(a) For valuation purposes, the weighted-average dividend yield for the New Plan has been reduced on a percentage basis by an equivalent amount of the anticipated distributions less a base distribution.

19. Subordinated Loan

To finance a portion of the acquisition of EdgeStone, GMP Securities L.P. secured a \$30,000 subordinated loan facility from a Schedule I Canadian chartered bank of which \$25,000 was drawn on the date of acquisition. The loan is unsecured, bears interest at prime plus 2% and is repayable on demand subject to the prior approval of the Investment Dealers

Association of Canada. The balance outstanding at September 30, 2006 is \$20,000 (October 31, 2005 - nil).

The full outstanding balance of the subordinated loan was repaid on November 3, 2006 using partial proceeds from the private placement as described in Note 25 herein.

(\$000 and 000 units/common shares, except per unit/common share amounts)

20. Agency Fee Obligation

The agency fee obligation in respect of private placement costs has principal and interest payments due on a quarterly basis commencing with the earning of related management fees associated with Equity Fund III. Interest is payable at a fixed rate of 5.5% per annum. The principal repayments are estimated as follows:

2007	\$1,605
2008	\$1,657
2009	\$1,657
2010	\$ 413
	\$5,332
Less: Current portion	\$1,605
	\$3,727

21. Net Income Per Unit/Common Share

Net income per unit/common share consists of the following:

	Three months ended		Nine months ended	
	September 30, 2006	October 31, 2005	September 30, 2006	October 31, 2005
Net income available to unitholders/shareholders	\$23,145	\$15,809	\$89,403	\$54,312
Weighted-average number of units/common shares outstanding				
Basic				
Common shares, as restated (a)	—	56,452	—	56,406
Fund units	37,790	—	37,661	—
Exchangeable L.P. units	24,031	—	21,352	—
	61,821	56,452	59,013	56,406
Effect of Fund unit options	1,966	—	2,047	—
Effect of stock options, as restated (a)	—	2,012	—	1,560
Diluted	63,787	58,464	61,060	57,966
Net income per unit/common share (a)				
Basic	\$0.37	\$0.28	\$1.51	\$0.96
Diluted	\$0.36	\$0.27	\$1.46	\$0.94

(a) Comparative common shares outstanding have been restated to reflect a two-for-one exchange of one common share of the Company for two Fund units based on 28,226 average common shares for the three months ended October 31, 2005 (29,232 on a diluted basis) and 28,203 average common shares for the nine months ended October 31, 2005 (28,983 on a diluted basis).

(\$000 and 000 units/common shares, except per unit/common share amounts)

22. Commitments and Contingencies

The future aggregate minimum annual lease payments under operating leases are as follows:

2007	\$ 3,023
2008	\$ 2,535
2009	\$ 2,435
2010	\$ 2,352
2011	\$ 1,801
Thereafter	\$ 6,376
	\$18,522

The Fund Group is also responsible for its share of operating costs and realty taxes related to these leases. Pursuant to the operating lease agreement, GMP Securities L.P. is entitled to receive, once certain conditions have been satisfied, a cash lease inducement in the amount of \$2,402 related to the leasehold improvements of its Toronto premises.

In connection with the acquisition of EdgeStone, a retention program was established for key employees of EdgeStone. The Fund's commitment to fund the program is limited to an amount not to exceed \$2,137. As at September 30, 2006, the Fund has accrued \$92 related to this commitment.

The Fund Group has committed to invest the following amounts in certain EdgeStone Funds:

	Committed Capital	Net Capital Called	End of Commitment Period (a)
EdgeStone Capital Equity Fund III (Canada), L.P.	\$5,000	\$462	December 16, 2011
EdgeStone Capital Venture Fund, L.P.	\$1,001	\$888	October 6, 2004
EdgeStone Capital Mezzanine Fund II, L.P.	\$ 514	\$460	December 29, 2005
EdgeStone Capital Equity Fund II-A, L.P.	\$ 120	\$ 93	December 16, 2005

(a) The general partner of each EdgeStone Fund may continue to call capital beyond the end of the commitment period from the limited partners to pay partnership expenses and to fund follow-on investments up to the amount of original committed capital.

23. Segmented Information

The Fund Group has realigned the presentation of its results this quarter into three business segments (Capital Markets, Wealth Management, and Private Capital Management) and a Corporate segment. These segments have been established based upon the products and services provided and the type of customer served, and they reflect the manner in which financial information is currently evaluated by management. For a description of each segment, refer to note 1 herein.

Enterprise-wide expenses are now reported in the Corporate segment and include amortization related to business acquisitions and other corporate expenses which are not specifically allocated to the business segments. These expenses were allocated to the segment previously referred to as "GMP Securities". In addition, interest income and interest expense related to Wealth Management's client-related activity is now recorded on a gross basis in the Wealth Management segment. These amounts were recorded on a net basis in interest income in the segment previously referred to as "GMP Private Client". Segment results for prior periods have been restated to reflect the current business segment organization and reporting classifications. Information related to assets by segment is not reported since the Fund Group does not produce such information for internal use.

(\$000 and 000 units/common shares, except per unit/common share amounts)

The following tables present information about the business segment results:

Current year earnings

	Three months ended September 30, 2006			Nine months ended September 30, 2006						
	Capital Markets		Private Capital Management	Wealth Management		Private Capital Management				
	Management	Capital Markets	Management	Management	Capital Management	Total				
Revenue	\$66,010	\$6,625	\$6,296	\$ (915)	\$78,016	\$229,828	\$ 20,469	\$6,296	\$(2,878)	\$253,715
Employee compensation and benefits	32,386	3,766	2,202	560	38,914	106,598	11,682	2,202	1,681	122,163
Selling, general and administrative	5,767	1,573	1,007	543	8,890	18,253	5,524	1,007	1,186	25,970
Interest	751	1,485	6	(225)	2,017	1,980	4,242	6	(1,652)	4,576
Amortization	194	390	85	2,944	3,613	520	1,065	85	2,906	4,576
Income (loss) before income taxes and non-controlling interest	\$26,912	\$(589)	\$2,996	\$(4,737)	\$24,582	\$102,477	\$(2,044)	\$2,996	\$(6,999)	\$ 96,430

Prior year earnings

	Three months ended October 31, 2005			Nine months ended October 31, 2005						
	Capital Markets		Private Capital Management	Wealth Management		Private Capital Management				
	Management	Capital Markets	Management	Management	Capital Management	Total				
Revenue	\$61,305	\$4,312	—	\$ (729)	\$64,888	\$197,034	\$ 6,658	—	\$(1,245)	\$202,447
Employee compensation and benefits	28,219	2,428	—	168	30,815	90,062	4,316	—	769	95,147
Selling, general and administrative	5,341	989	—	1,948	8,278	15,399	2,298	—	2,574	20,271
Interest	360	1,042	—	(779)	623	1,211	2,000	—	(1,622)	1,589
Amortization	172	295	—	—	467	498	582	—	—	1,080
Income (loss) before income taxes and non-controlling interest	\$27,213	\$(442)	—	\$(2,066)	\$24,705	\$ 89,864	\$(2,538)	—	\$(2,966)	\$ 84,360

(\$000 and 000 units/common shares, except per unit/common share amounts)

Revenue by geographic location

For geographic reporting, the Fund Group's segments are grouped into Canada and the United States. Transactions are primarily recorded in the location that corresponds with the location of the client.

	Three months ended		Nine months ended	
	September 30, 2006	October 31, 2005	September 30, 2006	October 31, 2005
Canada	\$71,382	\$59,326	\$231,972	\$186,823
United States	6,634	5,562	21,743	15,624
	\$78,016	\$64,888	\$253,715	\$202,447

24. Net Change in Non-Cash Operating Items

The net change in non-cash operating items consists of the following:

	Three months ended		Nine months ended	
	September 30, 2006	October 31, 2005	September 30, 2006	October 31, 2005
Trading securities	\$ 63,072	\$22,736	\$ (15,709)	\$ 48,093
Receivable from clients	40,996	(45,488)	(18,053)	(94,243)
Receivable from brokers	(17,575)	32,435	(1,557)	42,324
Employee loans receivable	9	(779)	698	(3,821)
Other assets	5,823	(3,200)	(9,389)	(8,521)
Obligations related to securities sold short	4,217	(6,844)	17,522	(982)
Payable to clients	14,801	(12,833)	83,906	12,081
Payable to brokers	(73,646)	1,992	7,617	608
Payable to issuers	(49,075)	(27,479)	(33,484)	(114,393)
Accounts payable and accrued liabilities	(7,036)	(2,287)	(8,730)	7,489
Non-current incentive plan obligations	422	1,494	1,265	2,498
Future income taxes	166	172	495	518
Agency fee obligation	(82)	--	(82)	--
Other liabilities	1,049	1,838	(11,075)	1,262
	\$(16,859)	\$(38,243)	\$ 13,424	\$(107,087)

(\$000 and 000 units/common shares, except per unit/common share amounts)

25. Subsequent Events

Private Placement

On November 1, 2006, GMP Holding Partnership issued \$60.0 million in aggregate principal amount of senior unsecured notes (the "Notes"). The net proceeds of the private placement have been used by the Fund Group to repay the subordinated loan described in note 19 herein and for general corporate purposes. The Notes were issued in series, as follows: (i) Series A Notes bear interest at a rate of 5.81% and mature on November 1, 2011 and (ii) Series B Notes bear interest at a rate of 6.05% and mature on November 1, 2013. The terms of the Notes include financial tests and negative covenants customary for transactions of this kind. The Notes are redeemable, at any time in whole or in part, at the option of GMP Holding Partnership, subject to customary prepayment provisions. At any time when GMP Holding Partnership is not in default on any provisions related to the Notes, GMP Holding Partnership will be entitled to purchase the Notes for cancellation in the market or by tender or private contract. Upon the occurrence of a change in control event, GMP Holding Partnership will be required to offer to purchase the Notes.

GMP Europe

On November 7, 2006, the Fund announced its intention to form GMP Securities Europe LLP ("GMP Europe") to service mid-market companies admitted to the Official List of the UK Listing Authority and listed for trading on the Alternative Investment Market operated by the London Stock Exchange in London, England. GMP Europe will be based in London and will be majority owned by a subsidiary of the Fund Group with substantial equity participation by GMP Europe's partners. On November 7, 2006, GMP Securities together with GMP Europe also announced that it entered into a partnership with Panmure Gordon & Co. PLC to provide the Fund Group's Canadian clients with access to European execution capabilities.

(\$000 and 000 units/common shares, except per unit/common share amounts)

Transfer Agent and Registrar:

CIBC Mellon Trust Company
 P.O. Box 7010
 Adelaide Street Postal Station
 Toronto, Ontario, M5C 2W9
 Telephone: (416) 643-5500
 Toll Free: 1-800-387-0825
 To change unit registration or address or to
 advise of duplicate mailings, please call
 CIBC Mellon Trust Company.

Auditor: Ernst & Young LLP

Legal Counsel: Goodmans LLP

Listing: Toronto Stock Exchange

Symbol: GMP:UN

CUSIP: 362017105

Fiscal Year End:

December 31

Operating Subsidiaries:

GMP Securities L.P.
 Griffiths McBurney Corp.
 GMP Private Client L.P.
 EdgeStone Capital Partners, L.P.

GMP Securities**Toronto (Head Office)**

145 King Street West
 Suite 300
 Toronto, Ontario
 M5H 1J8
 Telephone: (416) 367-8600
 Fax: (416) 943-6134
 Toll Free: 1-888-301-3244

Calgary

500 4th Avenue South West
 Suite 1600
 Calgary, Alberta
 T2P 2V6
 Telephone: (403) 543-3030
 Fax: (403) 543-3038

Montreal

1002 Sherbrooke Street West
 Suite 1900
 Montreal, Quebec
 H3A 3L6
 Telephone: (514) 288-7774
 Fax: (514) 288-1574

**Griffiths McBurney, Europe S.A.
(Representative Office)**

19A, rue de la Croix d'Or 1204
 Geneva, Switzerland
 Telephone: 41 22 319 7150
 Fax: 41 22 319 7160

GMP Private Client**Toronto (Head Office)**

145 King Street West
 Suite 300
 Toronto, Ontario
 M5H 1J8
 Telephone: (416) 943-6696
 Fax: (416) 941-6710
 Toll Free: 1-866-263-0818

Calgary

500 4th Avenue South West
 Suite 1100
 Calgary, Alberta
 T2P 2V6
 Telephone: (403) 543-3820
 Fax: (403) 543-3824

Vancouver

885 West Georgia Street
 Suite 1020
 Vancouver, British Columbia
 V6C 3E8
 Telephone: (604) 678-8555
 Fax: (604) 678-8336

EdgeStone Capital Partners**Toronto (Head Office)**

The Exchange Tower
 130 King Street West
 Suite 600, P.O. Box 187
 Toronto, Ontario
 M5X 1A6
 Telephone: (416) 860-3740
 Fax: (416) 860-9838

Montreal

1010 Sherbrooke Street West
 Suite 500
 Montreal, Quebec
 H3A 2R7
 Telephone: (514) 282-2100
 Fax: (514) 282-1944

www.gmpsecurities.com

www.gmpprivateclient.com

www.edgestone.com



GMP Capital Trust

Investor Relations
145 King Street West
Suite 300
Toronto, Ontario, M5H 1J8
Telephone: (416) 367-8600
Fax: (416) 941-0839
gmpcapitaltrust.com