

# GMP Diversified Alpha Fund

## Description

The GMP Diversified Alpha Master Fund (the "Fund") is a tax-effective<sup>1</sup> Multi-Strategy Fund consisting of diversified investments. Our objective is to generate superior risk-adjusted absolute returns over the long term. The Fund will also seek to preserve capital through the use of prudent risk management tools.

## Performance Attribution

In April, the Fund generated a negative return of 0.46%, net of fees and expenses. This brings our 2012 YTD performance to +3.20%, net.

**Equity:** The Equity strategy was negative in April. The Fund's allocation models signaled an adjustment to sell equities, which we executed on and removed risk from the strategy mid month. This resulted in the Equity Strategy being hedged as we exited the month. Gains in energy names were offset by losses in materials.

**Credit:** The Credit Strategy generated positive returns in April. Canadian ABCP appreciation continued in conjunction with trading profit across various lines within the ABCP structure. In addition, the net long High Yield strategy also generated positive performance. In April, High Yield credits were supported by strong market technicals.

**Quantitative:** The Quantitative strategy's performance was negative in April. With our short term trading models favouring a price reversion on the S&P/TSX, we were overweight Canada in our tactical trading sub-strategy. We also sustained smaller losses in Gold, Silver and the Russell 2000. Gains were made in our S&P 500 exposure and in U.S. Treasury Bonds, but not in sufficient quantum to overcome the S&P/TSX losses.

## Statistics

### Last 12 Month Statistics

	Alpha Master Fund <sup>2</sup>	Bloomberg Multi Strat Index <sup>4</sup>	Credit Suisse Multi Strat Index <sup>5</sup>	Barclay Multi Strat Index <sup>6</sup>	S&P 500 Index <sup>7</sup>	S&P TSX Composite Index <sup>8</sup>	S&P TSX60 Index <sup>9</sup>	S&P TSX Venture <sup>10</sup>
12 Month Return	-2.38%	-7.79%	2.04%	-2.47%	4.73%	-9.38%	-9.83%	-36.68%
Annualized Volatility	3.93%	4.85%	5.16%	4.12%	16.66%	12.66%	11.99%	29.60%
YTD Return	3.20%	0.66%	5.31%	2.80%	11.87%	3.76%	3.72%	-4.01%
Average Monthly Gain	0.89%	0.68%	1.15%	1.14%	4.81%	3.88%	3.56%	6.60%
Average Monthly Loss	-0.97%	-1.62%	-1.18%	-0.87%	-2.59%	-2.30%	-2.26%	-8.39%
Sharpe Ratio (Rf = 0)	-0.61	-0.67	0.39	-0.61	0.28	-0.77	-0.86	-1.52
Correlations (Alpha to)	1.00	0.70	0.81	0.81	0.58	0.65	0.62	0.72

### Monthly Performance (Inception April 2008)

	May/11	Jun/11	Jul/11	Aug/11	Sept/11	Oct/11	Nov/11	Dec/11	Jan/12	Feb/12	Mar/12	Apr/12	Last 12 Mo.	Since Inception <sup>3</sup>
Master Fund (Net)	0.31	-0.92	0.49	-1.16	-2.09	-0.19	-0.72	-1.24	2.02	0.80	0.82	-0.46	-2.38	28.14
Class A-I Units (Net)	0.25	-0.96	0.45	-1.19	-2.14	-0.24	-0.74	-1.28	1.98	0.77	0.77	-0.50	-2.86	23.48

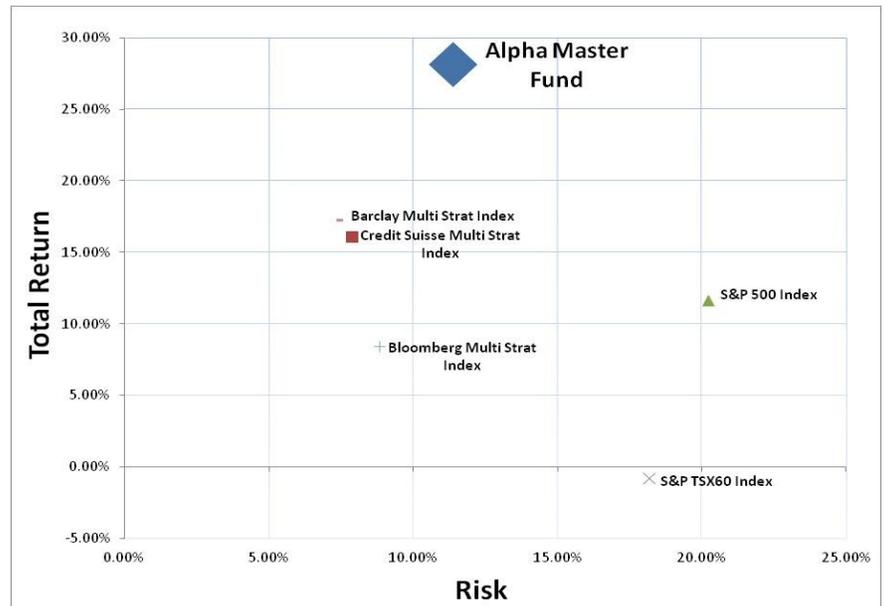
See page 3 for all references

## Prices and Performance/Unit

Class	A-I*	F-I*
NAV*( $\$$ )	114.61	114.61
Return	-0.50%	-0.50%

\*Net of Fees (includes Forward Agreement costs for domestic Investors that allows for potential tax deferral. Refer to the Offering Memorandum for complete disclosure).

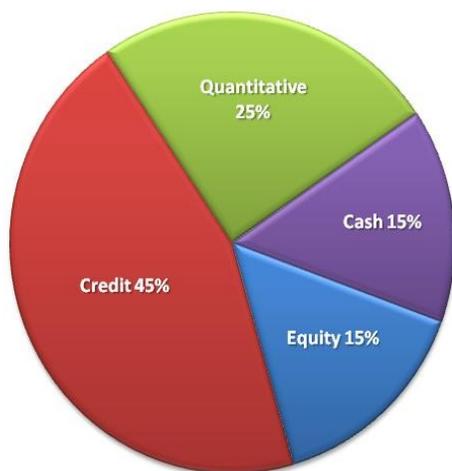
## Focus on Risk Adjusted Returns



Total Return and Annualized Volatility since Alpha Master Fund inception April 2008; source: Bloomberg

# GMP Diversified Alpha Fund

## Portfolio Allocation At May 1, 2012



## Allocation Commentary

While the Fund has maintained a “risk-on” bias throughout 2012, we did see opportunity to add protection through the use of index puts during the month. This effectively reduced the overall risk posture of the Fund as we moved into May. This allocation change was based on increasing stress in the European debt crisis (i.e. Spain reentering recession), a divergence in the strength of data relating to U.S. economy, and the relatively low level of implied volatility in U.S. equity indices. This provided a relatively inexpensive entry point to buy insurance for the portfolio. The Fund’s risk exposure was also modified during the month, with a more market neutral position in our Equity strategy. Data, both out of China and Canada, gave pause to the “risk-on” thesis for Canadian equities. During the month, key commodities were volatile, with crude oil and natural gas both printing lows during the middle of the month, only to rally back by month end. Both the long end and short end of the bond markets rallied, with price spikes in April coinciding with the equity market selloffs during the early part of the month. Given continued strength in the ABCP market, and our strong trading capability in ABCP, we have maintained our focus on that asset class. It remains the largest allocation that we have within our Credit strategy generating the best risk adjusted returns for the Fund. Currently, our models indicate that we are at a risk inflection point. Thus the probability’s are roughly balanced between a resumption of a market rally and a selloff that is similar in magnitude to last summer. In order to provide investors with the potential to participate in some of the market upside, we have reduced our outright equity exposure and replaced some of this exposure with call options. In the event of continued weakness in the markets, the Fund’s downside will be limited to a loss of option premium. We are predisposed to protect the gains that have been made in the Fund so far this year while the market enters a period of increased uncertainty.

## GMPIM and Fund Details

Fund Inception: April 2008  
 Fund Details: 2% Management Fee  
 20% Performance Fee  
 High Water Mark, no reset  
 RSP Eligible  
 Fund Advisor: GMP Investment Management L.P.  
 GMPIM Assets: \$635MM @ April 30, 2012  
 Prime Broker: TD Securities  
 RBC Capital Markets  
 Administrator: Citigroup Fund Services  
 Auditor: Deloitte & Touche LLP  
 Lawyer: McMillan LLP  
 FundSERV: GMP104 (A-I Class)  
 GMP105 (F-I Class)

## GMPIM at a Glance

### People

We have 20 experienced capital markets professionals involved in managing the Fund. All Managing Partners have significant personal investments in the Fund. The Fund has an oversight board and dedicated compliance and finance functions. We involve reputable and independent firms to provide audit, legal and operations oversight.

### Process

The Fund is managed to minimize risk and maximize return over time. Our real time risk management system emphasizes both capital preservation and managing risk across positions and sectors. We apply absolute risk limits within the Fund in addition to proprietary models to maximize our risk/return posture.

### Performance

The Fund seeks to provide absolute returns over time. Our goal is to limit the variability of monthly returns and to achieve positive monthly performance. The Fund will reinvest income earned to achieve long term total return for investors.

### Benefits

Investors benefit from the rigorous processes deployed in the management of the Fund, including risk management, portfolio allocation and the tax structure.

*This material is for information only, and is not to be construed as an invitation to make an investment in our funds, nor does it constitute a public offering to sell the Fund or any other products described herein. This material should not be relied upon when evaluating the merits of a potential investment in any funds managed by GMP Investment Management L.P. Applications for the Fund will only be considered in accordance with terms stated in the Fund’s confidential offering memorandum (the “Offering Memorandum”). The information contained in this material is subject to change without notice and GMP Investment Management L.P. and its affiliates will not be held liable for any inaccuracies or misprints. Past performance may not be repeated. An investment in the Fund is not intended as a complete investment program and should only be made after consultation with independent investment and tax advisors. Please refer to the Offering Memorandum for a further discussion of the risks of investing in the Fund. GMP Investment Management L.P. is registered as an Investment Fund Manager, Portfolio Manager and Exempt Market Dealer, and as such is prepared to engage as an Adviser or Exempt Market Dealer in respect of securities of its related issuers and, in the course of distribution, of securities of connected issuers, but only to the extent from time to time permitted by applicable securities legislation or rule, policy, directive or order of any securities regulatory authority.*



# GMP Diversified Alpha Fund

<sup>1</sup>All references to tax herein are from a Canadian perspective. Non-Canadian investors should seek independent tax advice.

<sup>2</sup>The Fund has the ability to be long and short securities and to allocate capital between strategies. As such, there is no benchmark against which to compare the Funds performance. Statistics are calculated using monthly data. Performance data is compared to the S&P/TSX Composite Return Index, the standard benchmark for equity strategies in Canada. The composition of the Funds' portfolio will significantly differ from the Index due to the investment strategy employed by each Fund. Please see the "Investment Strategies" section within the Confidential Offering Memorandum for more details.

<sup>3</sup>Performance and Performance Analysis data is presented since inception for the Fund. Share Class returns will be reduced by additional fees for Share Class investors.

<sup>4</sup> Bloomberg Active Indices for Funds-Multi Style Hedge Funds Index, Source: Bloomberg

<sup>5</sup> Dow Jones Credit Suisse Multi-Strategy Index, Source: Bloomberg

<sup>6</sup> Barclay Multi-Strategy Index, Source: Bloomberg

<sup>7</sup> S&P500 Index (Total Return), Source: Bloomberg

<sup>8</sup> S&P/TSX Composite Index, Source: Bloomberg

<sup>9</sup> S&P/TSX 60 Index (Total Return), Source: Bloomberg

<sup>10</sup> S&P/TSX Venture Composite Index, Source: Bloomberg