

# 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 February, the Master Fund generated a positive return of 0.80%, net of fees. This brings our 2012 YTD performance to +2.84%. This is within our targeted range for the fund of 1-2% returns monthly, over time.

**Equity:** The Equity strategy was positive in February, outperforming the S&P/TSX Index. Market returns were led by cyclical sectors which had performed poorly in the second half of 2011. Materials, technology, financials and consumer discretionary stocks all drove performance within the Fund. Market breadth was positive with over 70% of North American stocks posting positive returns.

**Credit:** The Credit Strategy generated strong positive returns in February. As market sentiment toward the Euro-zone debt crisis improved, high yield spreads continued to tighten. Our choice for earning superior risk adjusted returns continued to be through the Fund's position in the restructured Canadian ABCP and in a small net long strategy.

**Quantitative:** The Quantitative strategy's performance was also positive in February with gains across all markets. The gold tactical trading strategy was strong, followed closely by the S&P/TSX and silver. Our quantitative models produced month end data that were suggesting further strength in risk assets as we entered February.

## Statistics

### Last 12 Month Statistics

	Alpha Master Fund <sup>2</sup>	Bloomberg Multi Strat Index	Credit Suisse Multi Strat Index	Barclay Multi Strat Index	S&P 500 Index	S&P TSX Index	S&P TSX60 Index	S&P TSX Venture
12 Month Return	-3.73%	-3.98%	2.66%	-2.16%	5.10%	-8.16%	-9.25%	-30.04%
Annualized Volatility	3.81%	6.09%	5.22%	4.05%	16.57%	12.00%	12.00%	28.75%
YTD Return	2.84%	2.61%	4.24%	2.57%	8.99%	5.91%	5.91%	12.62%
Average Monthly Gain	0.91%	1.44%	1.23%	1.15%	3.96%	3.56%	3.56%	6.60%
Average Monthly Loss	-0.92%	-1.58%	-1.18%	-0.84%	-2.92%	-2.19%	-2.19%	-7.21%
Sharpe Ratio (Rf = 0)	-1.00	-0.67	0.50	-0.54	0.30	-0.81	-0.81	-1.22
Correlations (Alpha to)	1.00	0.70	0.80	0.76	0.55	0.65	0.65	0.80

### Monthly Performance (Inception April 2008)

	Mar/11	April/11	May/11	Jun/11	Jul/11	Aug/11	Sept/11	Oct/11	Nov/11	Dec/11	Jan/12	Feb/12	Last 12 Mo.	Since Inception
Master Fund (Net)	-0.84	-0.19	0.31	-0.92	0.49	-1.16	-2.09	-0.19	-0.72	-1.24	2.02	0.80	-3.73	27.69
Class A-I Units (Net)	-0.90	-0.25	0.25	-0.96	0.45	-1.19	-2.14	-0.24	-0.74	-1.28	1.98	0.77	-4.22	23.15
S&P TSX 60 (Gross)	-0.26	-1.18	-0.97	-2.88	-3.82	-0.55	-8.08	4.85	-0.20	-1.76	4.37	1.47	-9.25	1.32
S&P 500 (Gross)	0.04	2.96	-1.13	-1.67	-2.03	-5.44	-7.02	10.92	-0.22	1.02	4.48	4.32	5.10	8.78

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

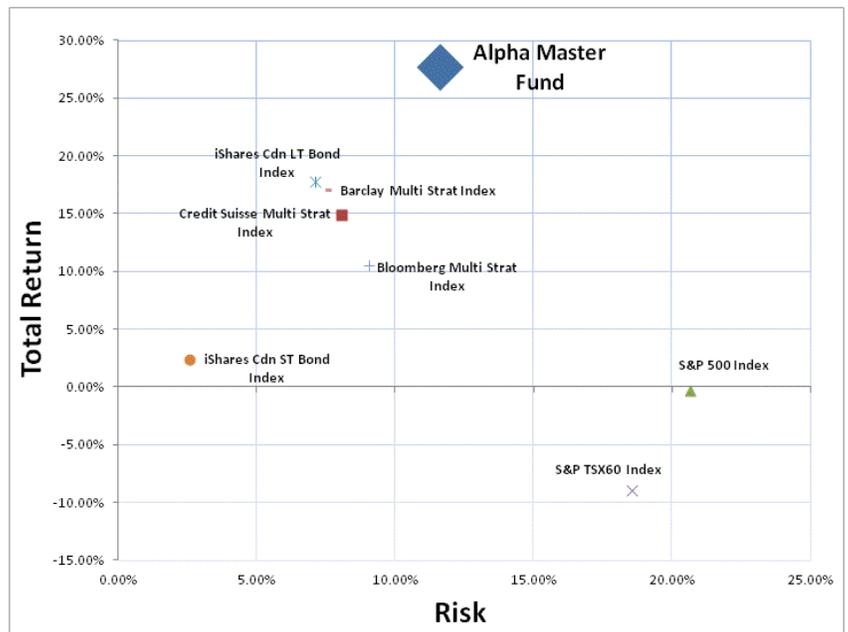
<sup>2</sup> Alpha Master Fund Performance is shown net of fees. Investors will gain access to the Alpha Master Fund returns through a share class unit, which will have returns reduced by costs associated with the specific share class held. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. The above mentioned returns are not meant to act as a benchmark against which the Alpha Master Fund should be measured, rather, they are presented to show the risk and return characteristics of the different indices.

## Prices and Performance/Unit

Class	A-I*	F-I*
NAV*( $\$$ )	114.31	114.31
Return	0.77%	0.77%

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

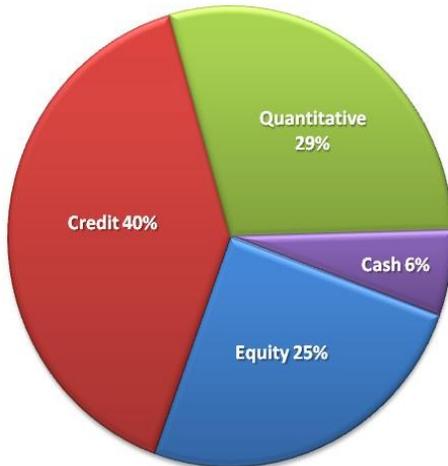
## Focus on Risk Adjusted Returns



Source: Bloomberg, Total Return and Annualized Volatility since Alpha Master Fund inception

# GMP Diversified Alpha Fund

## Portfolio Allocation At Mar 1, 2012



## 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:	\$653MM
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)

## Allocation Commentary

The Fund entered the month with a "risk on" bias. This yielded a positive overall +80bps return for the Master Fund. Our allocation has shifted from defensive (through the last 9 months of 2011) to close to the maximum weighting in risk assets. The momentum that drove equity and credit markets through January continued through February. Through the month we decreased our cash position to single digits and increased our equity and credit allocations. This reallocation of capital was based on continued signals of strength from the U.S. economy. In particular, solid employment data led to rising consumer sentiment numbers, which in turn provided fuel to continued healthy returns in risk assets. Through this month, our three core strategies all performed very well and within our expectations from a risk adjusted perspective. The Equity strategy generated positive returns in large caps including Apple, Target, Cummins and Foster Wheeler. Cyclical stocks were strong, with energy names such as Athabasca Oil Sands and Paramount Energy outperforming the overall market. The Credit strategy also earned positive returns. This was largely done on the back of our overweight ABCP exposure, mitigated by small losses in selected High Yield shorts. Notwithstanding the continued momentum of cash that has flowed into the High Yield markets through ETF's, we continue to believe that the best risk-adjusted return vehicle in the credit space is the restructured Canadian ABCP. The flow of funds into High Yield ETF's will eventually be responsible for substantial price decreases in bonds as investors leave that trade. In large measure, we have chosen not to chase yield by participating from the long side of the high yield trade. We have selective shorts in place in the Fund and we try to mitigate the negative carry of these positions as best we can. Quantitative investing also participated in the equity strength. We were max long equities until the last week of February, where we decreased our weight. We were long gold and silver and flattened those positions during the last week as the precious metals had a violent price reversal (gold losing over \$100/ounce intraday during the last week). While we are risk on, we remember the order of our deliverables to unit holders, capital preservation, management of volatility and then absolute return. We are mindful of this strong rally and will seek protective actions to ensure that we don't hand back gains as the market will surely pause over the near term.

## GMPIM at a Glance

### People

We have 21 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.*