

GMP Diversified Alpha Fund

Description

The GMP Diversified Alpha Master Fund (the "Fund") is a tax-effective¹ 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

The Master Fund closed up 1.64%, net of fees and expenses for July 2012. This brings the Fund's 2012 YTD performance to +4.16%, net.

Equity: The Equity strategy was positive in July. We continued to generate the majority of our equity exposure from index positions. We did have a notable win through the month having had a full position in Nexen Inc., which received a takeover offer during the month at a 60% price premium. We locked in the gain by exiting the position.

Credit: The Credit Strategy generated positive returns in July. As in June, Canadian ABCP trading profit occurred across various lines within the ABCP structure. As Canadian credit spreads tightened alongside those in the U.S., our 130/30 Credit strategy as well as selected High Yield trades were also profitable. Record low government bond yields remain in the U.S. as investors continue to flock to the safety of U.S. Treasuries with 10 Year Treasuries hitting a low near 1.40%.

Quantitative: The Quantitative strategy's performance was also positive in July. Gains were generated in U.S. Treasuries, the S&P 500 and Russell 200 indexes. The strategy gave back some of the gains by losses in the S&P TSX 60 and Gold. Most of our macro strategies were also profitable in July, including our volatility trading and macro asset class allocation strategies.

Prices and Performance/Unit

Class	A-I*	F-I*
NAV*(\$)	115.52	115.52
Return	1.60%	1.60%

*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

Statistics

Last 12 Month Statistics

	Alpha Master Fund ²	Bloomberg Multi Strat Index ⁴	Credit Suisse Multi Strat Index ⁵	Barclay Multi Strat Index ⁶	S&P 500 Index ⁷	S&P TSX Composite Index ⁸	S&P TSX60 Index ⁹	S&P TSX Venture ¹⁰
12 Month Return	-1.35%	-9.76%	2.72%	-1.20%	9.11%	-7.23%	-6.56%	-40.01%
Annualized Volatility	4.27%	5.59%	5.39%	4.25%	17.95%	13.68%	12.84%	28.87%
YTD Return	4.16%	-3.60%	5.93%	2.52%	11.00%	-0.75%	-0.57%	-20.08%
Average Monthly Gain	1.08%	0.76%	1.15%	0.89%	4.22%	2.71%	2.53%	7.49%
Average Monthly Loss	-0.96%	-1.98%	-1.59%	-1.08%	-3.86%	-2.88%	-2.66%	-7.62%
Sharpe Ratio (Rf = 0)	-0.32	-1.83	0.50	-0.29	0.49	-0.55	-0.53	-1.73
Correlations (Alpha to)	1.00	0.71	0.82	0.83	0.60	0.67	0.67	0.69

Monthly Performance (Inception April 2008)

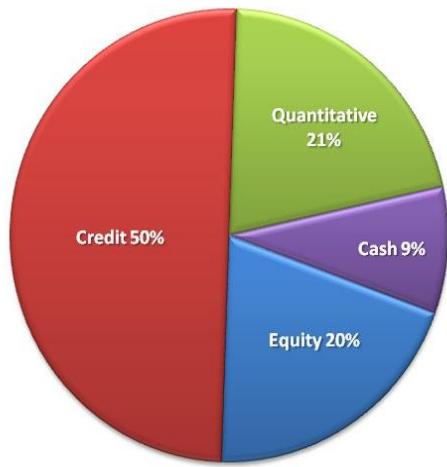
	Aug/11	Sept/11	Oct/11	Nov/11	Dec/11	Jan/12	Feb/12	Mar/12	Apr/12	May/12	Jun/12	Jul/12	Last 12 Mo.	Since Inception ³
Master Fund (Net)	-1.16	-2.09	-0.19	-0.72	-1.24	2.02	0.80	0.82	-0.46	-0.84	0.14	1.64	-1.35	29.32
Class A-I Units (Net)	-1.19	-2.14	-0.24	-0.74	-1.28	1.98	0.77	0.77	-0.50	-0.89	0.10	1.60	-1.83	24.46

See page 3 for all references



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Portfolio Allocation At August 1, 2012



Allocation Commentary

The summer continues to move forward in uneventful fashion from a capital allocation perspective. We have retained much of the same risk exposure for the last couple of months, with Credit continuing to demonstrate the highest risk adjusted return potential for our investors. Significant price appreciation has occurred over the last couple of months in our favoured exposure, Canadian ABCP. July was no exception, as both our capital allocation and our performance within the ABCP asset class was strong. As events in Europe unfold, the U.S. equity markets have continued to grind higher on significantly lower volume. Most market participants now expect (and are pricing in) QE3 in the U.S. and more easing by central banks in Europe. Mario Draghi has been pushing for additional monetary easing as the European economy continues to stumble. Most European countries manufacturing sectors look terrible, with PMIs below 50, signaling contraction. European GDP continued to decline as well, with the most recent print at -0.2%. Oddly, this negativity has fueled European markets to rally, in anticipation of stimuli. The U.S. is a different story as retail sales were strong, GDP is at a sanguine 2.0% growth level and inflation is 1.6%. Now that the equity markets have drifted higher over the summer, the pressure for the Fed to act has been reduced. This backdrop has an impact on our overall capital allocation decisions. As we write this newsletter (during the second week of August), the VIX has dropped below 15. This drop in volatility coupled with positive price signals in both Canada and the U.S. has led us to increase our allocation to both equities and our macro strategies. We have chosen to take this additional risk in highly liquid names and ETFs based on the uncertainty that engrosses current markets. Historically these signals would be consistent with a period of healthy markets. However, in the current policy-driven, deleveraging environment, cycles are much shorter and changes are much more abrupt, thereby compelling us to remain nimble.

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:	\$638MM @ Jul 31, 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.



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

²The 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.

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

⁴Bloomberg Active Indices for Funds-Multi Style Hedge Funds Index, Source: Bloomberg

⁵Dow Jones Credit Suisse Multi-Strategy Index, Source: Bloomberg

⁶Barclay Multi-Strategy Index, Source: Bloomberg

⁷S&P500 Index (Total Return), Source: Bloomberg

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

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

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