

# 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

The Master Fund closed up 0.14%, net of fees and expenses for June 2012. This brings the Fund's 2012 YTD performance to +2.47%, net.

**Equity:** The Equity strategy was positive in June, although our allocation at the Fund level was low for the front half of the month. The market made the majority of its return in the last trading days of the month, as did our Equity strategy. We had selected shorts throughout the month which mitigated overall strategy returns. However, exposure from the long side was increased during the last week of the month to enter July with a broader set of equity positions.

**Credit:** The Credit Strategy generated positive returns in June. As in May, 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 profitable. Government bond yields remained at historic lows in North American as all eyes remained focused on the continued challenges in the Eurozone. Spreads in the Eurozone widened through the month,

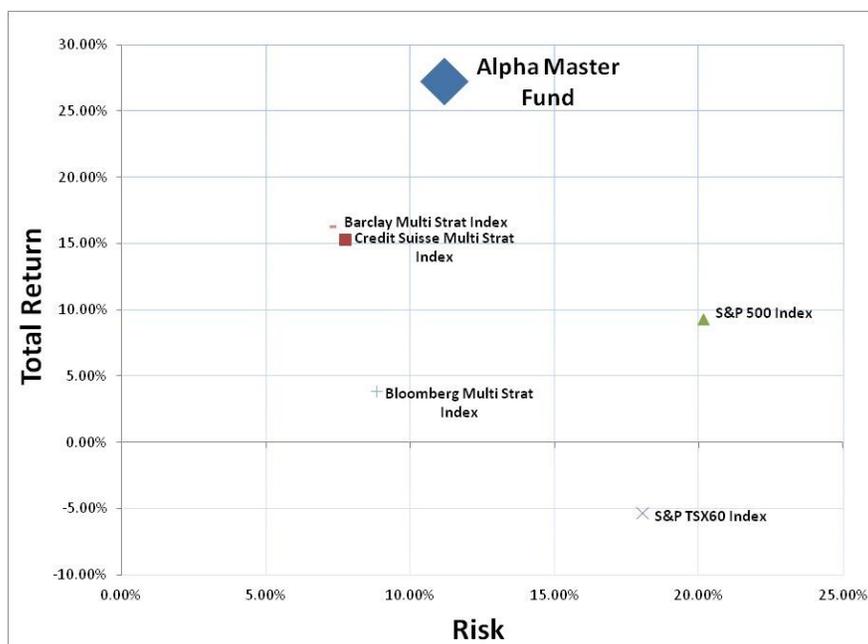
**Quantitative:** The Quantitative strategy's performance was flat in June. Volatility plunged at the end of the month with spot VIX closing at 17. While the risk markets continue to predict uncertainty in future months, volatility curves are pricing this risk in with more expensive longer term option pricing.

## Prices and Performance/Unit

Class	A-I*	F-I*
NAV*( $\$$ )	113.70	113.70
Return	0.10%	0.10%

\*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 <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	-2.47%	-9.24%	2.03%	-1.82%	5.43%	-10.26%	-10.58%	-37.35%
Annualized Volatility	3.89%	5.48%	5.28%	4.08%	18.17%	13.72%	13.19%	29.76%
YTD Return	2.47%	-3.62%	4.59%	1.97%	9.49%	-1.54%	-1.07%	-19.69%
Average Monthly Gain	0.85%	0.80%	1.06%	0.90%	4.69%	3.19%	3.04%	6.60%
Average Monthly Loss	-0.96%	-1.93%	-1.59%	-0.90%	-3.56%	-2.83%	-2.81%	-8.51%
Sharpe Ratio (Rf = 0)	-0.64	-1.76	0.38	-0.45	0.29	-0.79	-0.84	-1.54
Correlations (Alpha to)	1.00	0.73	0.82	0.82	0.61	0.65	0.63	0.73

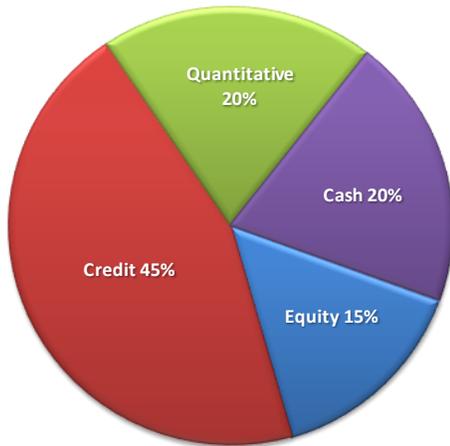
### Monthly Performance (Inception April 2008)

	Jul/11	Aug/11	Sept/11	Oct/11	Nov/11	Dec/11	Jan/12	Feb/12	Mar/12	Apr/12	May/12	Jun/12	Last 12 Mo.	Since Inception <sup>3</sup>
Master Fund (Net)	0.49	-1.16	-2.09	-0.19	-0.72	-1.24	2.02	0.80	0.82	-0.46	-0.84	0.14	-2.47	27.23
Class A-I Units (Net)	0.45	-1.19	-2.14	-0.24	-0.74	-1.28	1.98	0.77	0.77	-0.50	-0.89	0.10	-2.94	22.51

See page 3 for all references

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## Portfolio Allocation At July 1, 2012



## Allocation Commentary

We began June in much the way that we ended May, defensively positioned, with higher than average cash balances. With the second quarter of the year now completed, we reflect back on a brutal quarter for equity, gold and commodities markets. The S&P/TSX 60 was down on the quarter (-6.4%), gold was down 3.9% while oil fell below the \$80/bbl mark. The backdrop of the continued uncertainty in Europe had “risk off” as the overall signal to the quarter, pushing long term bond prices higher in both Canada and the U.S. From a Eurozone perspective, risk markets were (and are) entirely dependent on constant intervention from the European governments over the near term. In June, this did occur, albeit only over the last couple of trading days of the month. Overlay that uncertainty with the slew of economic data that looked worse during June. European manufacturing data was weak with Markit’s PMI hitting a two year low while both Chinese and U.S. manufacturing weakened with a PMI reading of 48.2 and 49.7 respectively, both down from May. In light of these signals, we elected to continue to have the Fund positioned defensively with an overall view towards prioritizing liquidity. As a result, we expressed our allocation to equities through ETFs, futures and options on the S&P 500. This exposure helps us to manage downside volatility, while still exposing the Fund to upside participation going forward should markets rally on unpredictable news. Our continued focus on Credit through ABCP and our 130/30 corporate bond strategies has generated positive returns for investors YTD. The Credit strategy continues to be our largest allocation within the Alpha Fund. With this combination of Eurozone weakness, softening global economic demand and shocks to the system from government intervention/news, we continue to manage the Fund conservatively, with a bias towards capital preservation.

## 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:** \$626MM @ Jun 29, 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