

GMP Diversified Alpha Fund

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 ongoing use of prudent risk management.

Performance Attribution

The Master Fund generated a negative return of 0.67% in June, net of all fees. Volatility remained high and global equity markets continued their sell off. The S&P 500 was down 5.39% and the TSX 60 lost 3.98%. The Fund is up YTD 2.85% vs the S&P 500 (-7.57%) and the TSX (-4.50%).

Equity

Equity capital remained small in June, although we did increase capital vs. May. Specifically, we increased both our longs and our shorts, thereby increasing capital, but not materially increasing our Beta exposure for the month.

Credit

The Credit strategy was positive in June and we increased Capital vs. May. Canadian ABCP is our favoured risk-adjusted investment in credit given our analysis and access to trade flows in this space.

Quantitative

We had small Tactical Trading wins in our Quant book, but kept capital at a minimum as volatility continued to move. Our Warrant book saw small losses during June as implied volatility decreased.

Statistics

Last 12 Month Statistics

	Alpha Fund ²	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	15.41%	3.57%	14.25%	17.78%	18.52%	13.43%	9.35%	34.69%
Annualized Volatility	3.49%	4.61%	4.50%	2.40%	15.39%	13.03%	13.71%	19.81%
Winning Months	92%	67%	92%	100%	75%	75%	58%	67%
Average Monthly Gain	1.41%	1.05%	1.43%	1.50%	3.56%	2.99%	3.60%	5.82%
Average Monthly Loss	-1.01%	-1.19%	-2.19%	none	-4.62%	-4.49%	-3.07%	-3.66%
Sharpe Ratio	4.13	0.76	2.97	7.48	1.11	0.97	0.65	1.52
Correlations (Alpha to)	1	0.524	0.703	0.560	0.511	0.239	0.149	0.589

Monthly Performance (Inception April 2008)

	Jun/09	Jul/09	Aug/09	Sep/09	Oct/09	Nov/09	Dec/09	Jan/10	Feb/10	Mar/10	Apr/10	May/10	Last 12 Mo.	Since Inception
Alpha Fund (Net)	0.36	1.41	2.57	2.35	1.14	1.04	2.08	1.69	0.11	1.32	1.41	-1.01	15.41	17.49
S&P TSX (Gross)	0.05	3.97	0.75	4.85	-4.25	4.92	2.61	-5.55	4.83	3.51	1.44	-3.67	13.43	-11.89
S&P 500 (Gross)	0.02	7.41	3.36	3.57	-1.98	5.74	1.78	-3.70	2.85	5.88	1.48	-8.20	18.52	-17.64

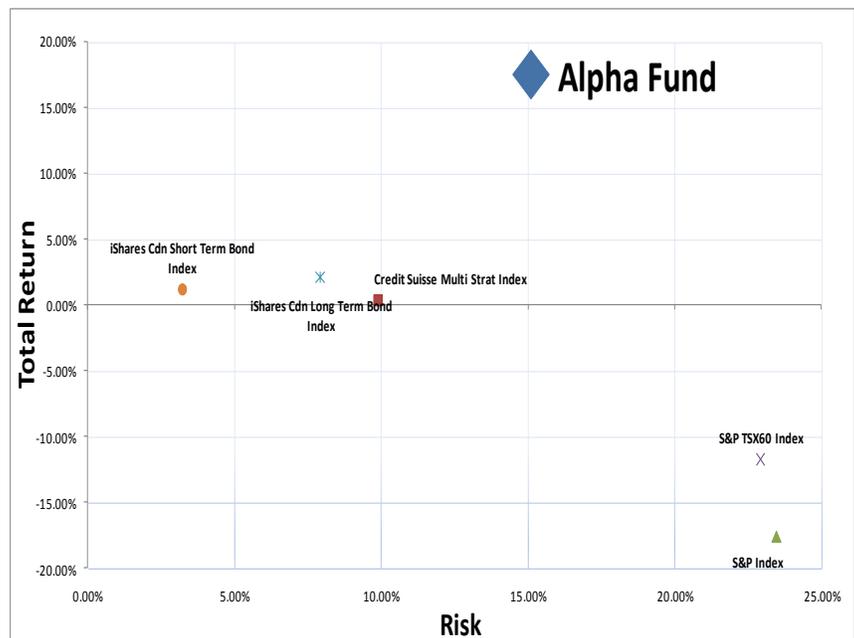
¹ All references to tax herein are from a Canadian perspective. Non-Canadian investors should seek independent tax advice.

² Alpha Fund Performance is shown net of fees. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

Multi-Strategy Benefits

The Fund achieves broad diversification through our Multi-Strategy approach. The mandate of the Fund allows for exposure to Equity, Credit and Quantitative investment opportunities. Different asset classes allow for superior risk adjusted returns during different periods of the business and market cycles. By prudent management of Equity, Credit and Quantitative investments and dynamically managing risk we seek to deliver consistency of returns, not correlated to returns of other asset classes. The Fund will also seek to preserve capital and mitigate risk through the application of both portfolio and risk-management tools.

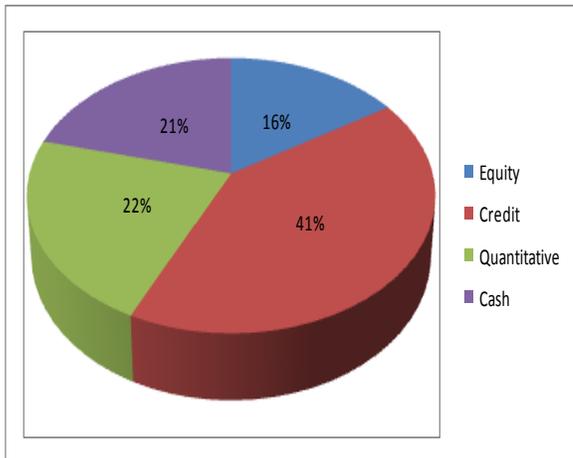
Focus on Risk Adjusted Returns



Source: Bloomberg, Total Return and Annualized Volatility since Fund inception, April 2008

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Portfolio Allocation As at July 20, 2010



Allocation Commentary

Fear continued to be the key motivator during June. Market volatility in both equity and credit markets did not abate, and investors were rewarded by being very cautious. Economic growth continues to show signs of slowing, yet US corporate profits continued to offer a contrary view on the earnings side of the equation. Cash continued to be overweight during the month as we tried to find the best risk-adjusted opportunities globally. Interestingly, even our most defensive names were not immune from the continued selloff in June. Our concern as we watch these markets is that correlation is rising across the board; as we write, correlation in S&P 500 stocks is now at levels not seen since 1987. Market and economic data overwhelmingly suggested to us that defense continued to be the best strategy during June, and continues now through July. While corporate valuations are at historically cheap levels, we believe that there are a list of mitigating factors that advise a more cautious stance, both in Canada and abroad. This kind of environment will continue to challenge investors, but we believe that prudent risk management will serve investors long term interests well. Given this backdrop, our allocation remained heavily cash focused and underweight equities. This was a similar posture to that employed during the month of May.

About the "Fund"

Fund Assets: \$296MM (as at July 1, 2010)
 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.
 Prime Broker: TD Securities
 RBC Dominion Securities
 Administrator: Citigroup Fund Services
 Auditor: Deloitte & Touch LLP
 Lawyer: McMillan LLP
 FundSERV: GMP104 (A-I Class)
 GMP105 (F-I Class)

GMPIM at a Glance

People

We have 17 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 will benefit from the rigorous process employed in the management of the Fund. Our investment process, our people, our portfolio allocation and our tax effective structure provide a unique investment opportunity in Canada.

This material is for information only, and is not to be construed as an invitation to make an investment in GMP Diversified Alpha Fund (the "Fund"), 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 both 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.