

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

In March, the Fund generated a positive return of 0.82%, net of fees. This brings our 2012 YTD performance to +3.68%, net. This is within our targeted range for the Fund.

Equity: The Equity strategy was negative in March. The Fund's exposure to pro-cyclical sectors, including materials and energy names in Canada, led to the negative performance. The Canadian equity market has significantly underperformed its U.S. counterpart in 2012. During the month, the Fund rotated its equity exposure to larger cap, more liquid U.S. names.

Credit: The Credit Strategy generated strong positive returns in March. As a result of new investors entering the market, ABCP benefited from material price appreciation, carrying on the trend of being a significant generator of risk adjusted return for our unitholders. The Fund's net long High Yield strategy also contributed positive performance. Primary issuance in high yield bonds continued strong, with Q1 2012 being the strongest on record for companies borrowing money. ETF's continued to absorb this supply.

Quantitative: The Quantitative strategy's performance was negative in March. 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. Our Macro book was flat on the month, with its more balanced exposure north and south of the border.

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	-2.12%	-4.60%	2.31%	-1.93%	8.51%	-9.76%	-10.18%	-31.70%
Annualized Volatility	3.92%	6.12%	5.19%	4.16%	16.79%	12.66%	12.00%	28.96%
YTD Return	3.68%	1.66%	4.71%	2.79%	12.58%	4.39%	4.55%	5.55%
Average Monthly Gain	0.89%	1.44%	1.19%	0.97%	4.50%	3.88%	3.56%	6.60%
Average Monthly Loss	-0.93%	-1.68%	-1.18%	-0.96%	-2.92%	-2.35%	-2.30%	-7.49%
Sharpe Ratio (Rf = 0)	-0.55	-0.77	0.44	-0.47	0.49	-0.81	-0.89	-1.30
Correlations (Alpha to)	1.00	0.65	0.81	0.78	0.57	0.65	0.62	0.72

Monthly Performance (Inception April 2008)

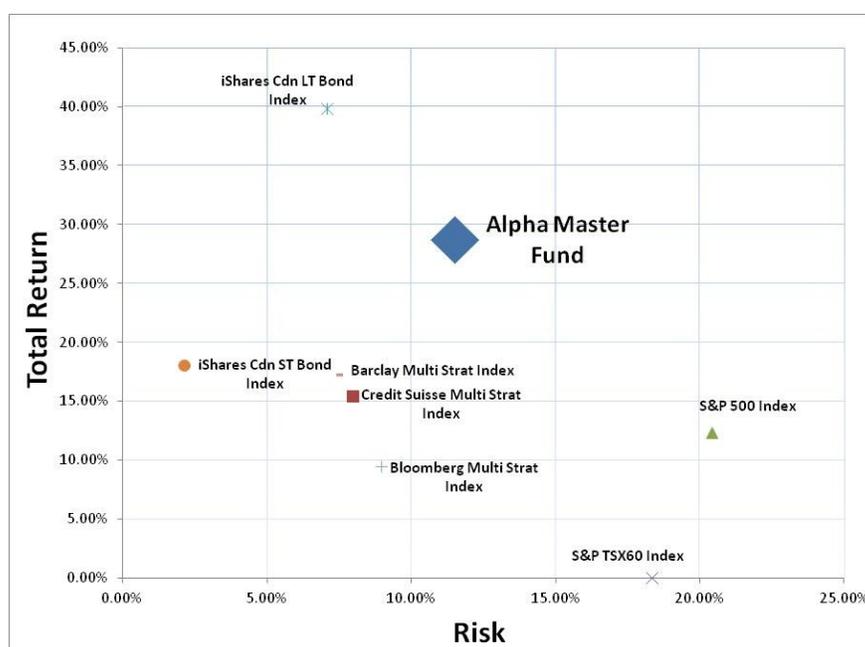
	April/11	May/11	Jun/11	Jul/11	Aug/11	Sept/11	Oct/11	Nov/11	Dec/11	Jan/12	Feb/12	Mar/12	Last 12 Mo.	Since Inception ³
Master Fund (Net)	-0.19	0.31	-0.92	0.49	-1.16	-2.09	-0.19	-0.72	-1.24	2.02	0.80	0.82	-2.12	28.73
Class A-I Units (Net)	-0.25	0.25	-0.96	0.45	-1.19	-2.14	-0.24	-0.74	-1.28	1.98	0.77	0.77	-2.61	24.11

Prices and Performance/Unit

Class	A-I*	F-I*
NAV*($\$$)	115.19	115.19
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).

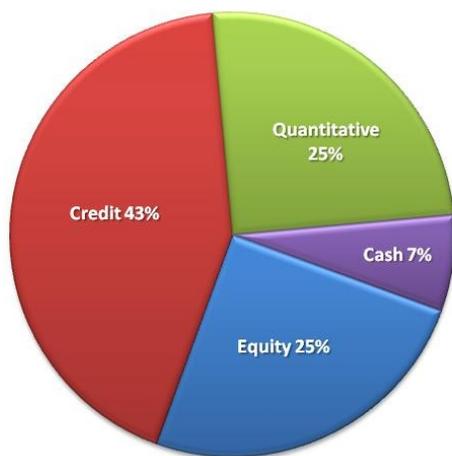
Focus on Risk Adjusted Returns



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

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Portfolio Allocation At Apr 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: \$645MM @ March 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)

Allocation Commentary

The Fund maintained our “risk on” bias that we have held throughout this calendar year. March saw a dramatic divergence between markets north and south of the border. U.S. markets advanced on the back of continued strength in technology stocks, principally Apple, and a rally in financials. Canadian equities on the other hand, suffered as cyclicals and goods sold off. Underlying this selloff was weakening economic and growth data emanating from China. Overall, as investors sought risk assets, the long end of the U.S. Treasury market fell 2%, the VIX dropped to mid-teen levels and the saga in Greece, for the time being, concluded with the completion of a \$138 billion debt write down. Notwithstanding these data points, our models suggest caution as longer term option pricing is predicting that market volatility could return. As we write this newsletter in mid-April, the most recent employment numbers from the U.S. were very disappointing. This is causing the U.S. market to consolidate its gains. Conversely, Canadian employment data from March was decidedly more positive. However, Canadian markets take their trading cues from U.S. and are also experiencing a correction. Additionally, further worry exists in the markets based on peripheral European bond (Spain) spreads widening. While we continue to be mindful of the reasons this “risk on” rally can abate, our models suggest that strength continues in the U.S. equity and credit markets while Canadian price momentum remains weak. That view has provided guidance to our asset allocation process. Our momentum models continue to favour the U.S. versus Canada and our allocation and risk management actions continue to focus on this broader theme, coupled with our view that high yield, currently yielding 7 3/8% is NOT cheap and should be viewed with caution as the coming weeks unfold. For the first time this year, the Fund has a material “put” position. We remain focused on preserving capital and managing volatility for our unitholders, as well as generating solid returns when conditions are favourable.

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.



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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.

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

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

⁶ Barclay Multi-Strategy Index, Source: Bloomberg

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

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

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

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