

# 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 September, the Master Fund generated a negative return of 2.09%, net of fees. September was an extremely difficult month across all markets with significant sell offs in the major equity and credit markets plus in certain commodities such as gold.

### Equity

The Equity strategy was down on the month, but outperformed the broader benchmarks. The market's weakness can be attributed to the "snail-like" progress towards a solution to the European sovereign debt / banking crisis and the lackluster response to the Federal Reserve Board's "operation twist".

### Credit

The Credit strategy was up small in a month where credit markets were down, including the high yield index which was down 3.6%. The credit markets remain bearish due to the European credit crisis and, for the most part, have not played along with rallies in the equity markets.

### Quantitative

Quantitative investing was down 2.22% in September due to losses experienced in tactical trading from gold and the S&P TSX60. The major contributor to the decline was the dramatic 20% correction experienced in gold that left our long signals exposed. The strategy has been biased long gold all year and unlike August, was unable to sidestep the negative move.

## 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	6.50%	8.08%	4.64%	1.67%	-0.86%	-6.02%	-6.71%	-14.11%
Annualized Volatility	5.65%	10.75%	4.97%	4.75%	13.75%	12.67%	12.32%	32.45%
Winning Months	58.33%	50.00%	66.67%	50.00%	41.67%	41.67%	41.67%	41.67%
Average Monthly Gain	1.67%	2.79%	1.21%	1.24%	3.71%	2.72%	2.61%	7.98%
Average Monthly Loss	-1.04%	-1.41%	-1.25%	-0.95%	-2.64%	-2.72%	-2.76%	-7.15%
Sharpe Ratio (Rf = 0)	1.12	0.72	0.91	0.35	-0.06	-0.49	-0.56	-0.47
Correlations (Alpha to)	1.00	0.68	0.84	0.90	0.83	0.84	0.81	0.86

### Monthly Performance (Inception April 2008)

	Oct/10	Nov/10	Dec/10	Jan/11	Feb/11	Mar/11	April/11	May/11	Jun/11	Jul/11	Aug/11	Sept/11	Last 12 Mo.	Since Inception
Master Fund (Net)	1.99	1.70	3.10	2.42	1.65	-0.84	-0.19	0.31	-0.92	0.49	-1.16	-2.09	6.50	26.87
Class A Units (Net)	1.92	1.64	3.02	2.35	1.58	-0.90	-0.25	0.25	-0.96	0.45	-1.19	-2.14	5.80	22.57
S&P TSX 60 (Gross)	1.82	1.82	3.68	1.30	4.45	-0.51	-1.39	-1.10	-3.20	-4.01	-0.70	-8.39	-6.71	-15.55
S&P 500 (Gross)	3.69	-0.23	6.53	2.26	3.20	-0.10	2.85	-1.35	-1.83	-2.15	-5.68	-7.18	-0.86	-17.43

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

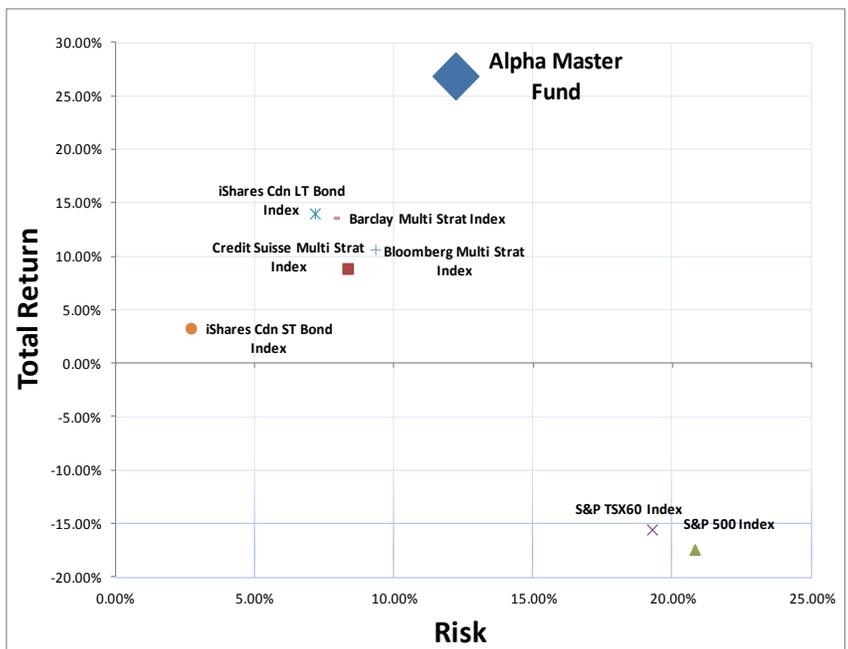
<sup>2</sup> Alpha Master Fund Performance is shown net of fees. Investors will gain access to the Alpha Master Fund returns through a share class unit, which will have returns reduced by costs associated with the specific share class held. Investment funds are not guaranteed, their values change frequently and past performance August 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*	F*	A-I*	F-I*
NAV*(\$)	1,225.70	1,237.89	113.78	113.78
Return	-2.14%	-2.14%	-2.14%	-2.14%

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

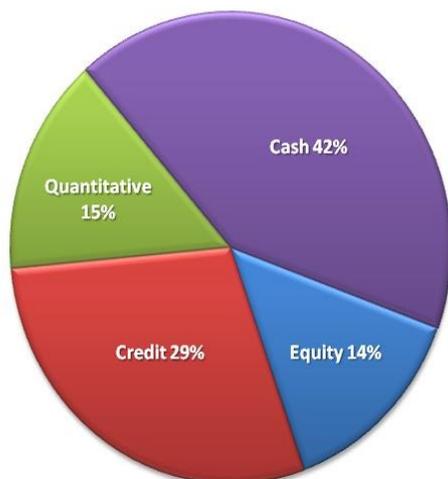
## Focus on Risk Adjusted Returns



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

# GMP Diversified Alpha Fund

## Portfolio Allocation At October 1, 2011



## About the Alpha Fund

Alpha Fund:	\$415MM (as at October 1, 2011)
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 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 remains conservatively positioned as we have been for the last 4 months. Notwithstanding our conservative position, the Fund was down 2.09% (net) for the month. As a result to the continued uncertainty emanating from European zone crisis, investors exited risk assets across the board.

Although the defensive posture of the Fund remained with cash at historically high levels, the Fund lost money principally as strategies employed by the Fund, which were historically uncorrelated, all lost money. While this event is unlikely, we are aware it is will happen from time to time. However, over any reasonable period of time, uncorrelated strategies will offer a superior return on risk when compared to correlated strategies. As an example, the gold's negative correlation to equities reversed as the commodity corrected the most in over 30 years, thereby impacting our long gold position. Further, our pair trade of being long the high yield index, which had not rallied in August with the rebound in equities, and short the S&P 500, lost money as both indices sold off. Given the uncertainties in the market, as we exited September, we saw no reason to increase the risk profile of the Fund. As such, our allocations remained conservative. Until there is an agreement on how to defer the problems emanating out of Europe, any rallies in the market will only be based on the hope of a solution and not fact. We are waiting for **both** our macro models as well as our price models to turn positive before making a meaningful change to our capital allocation.

Our priority on preserving capital and managing volatility has been prudent over these last months given the extreme negative sentiment and historic price swings in the market. Going forward, our overweight cash position will allow the Fund to selectively deploy capital when opportunities with the appropriate risk / return profile present themselves.

## 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 August 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.*