

# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of December 31, 2015

## Investment approach

Blackstone Alternative Multi-Strategy Fund's ("Fund") investment objective is to seek capital appreciation. The Fund seeks this objective by allocating its assets among a variety of nontraditional or "alternative" investment strategies. Blackstone will allocate the Fund's assets among investment subadvisers with experience managing alternative investment strategies and among investment funds. It may also manage a portion of the Fund's assets directly.

## Fund highlights

<b>Fund assets<sup>6</sup></b>	\$3,851 million
<b>Inception date</b>	June 16, 2014
<b>Investment advisor</b>	Blackstone Alternative Investment Advisors, LLC
<b>Eligible investors</b>	US taxable & tax-exempt
<b>Liquidity</b>	Daily
<b>CUSIP</b>	09257V201

## Fund terms (Share Class I)

<b>Management fee</b>	1.95%
<b>Gross expense ratio</b>	3.44%
<b>Net expense ratio</b>	2.40%

## Portfolio managers

Name	Experience
Stephen Sullens	25 years
Alberto Santulin	19 years
Rich Scarinci	12 years

## Fund net performance<sup>1,2,3</sup>

	As of 12/31/2015				ITD Statistics			
	Dec-15	YTD	1 Yr	ITD	St. Dev.	Beta <sup>4</sup>	Alpha <sup>5</sup>	Sharpe
BXMIX	-0.71%	3.55%	3.55%	2.79%	3.83%	-	-	0.72
HFRX Global	-1.33%	-3.64%	-3.64%	-3.55%	3.98%	0.67	5.13%	-0.90
Barclays Agg Bond	-0.32%	0.55%	0.55%	1.98%	3.39%	-0.27	3.28%	0.58

Performance is presented through December 31, 2015. Net performance is net of the Gross Expense Ratio less waived expenses. Performance data quoted represents past performance and does not guarantee future results. All ITD statistics above are calculated using daily performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance data quoted. BXMIX launched on June 16, 2014 and has a limited performance record. Additional information and current performance data is available at [www.blackstone.com/bxmix](http://www.blackstone.com/bxmix).

## The firm

Blackstone is a large and diversified alternative asset manager, with

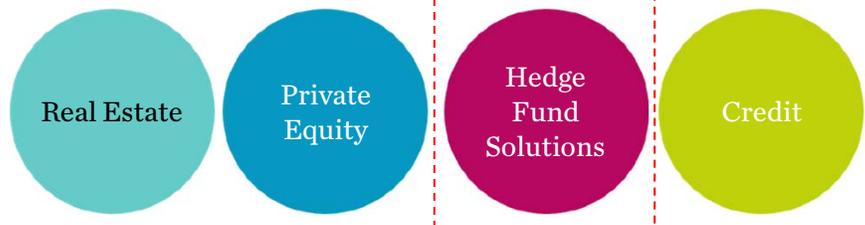
**\$334B**

in assets under management.<sup>9</sup>

Blackstone is the largest discretionary allocator to hedge funds in the world, with over

**\$68B**

in assets under management.<sup>8,9</sup>



2. Indices are unmanaged and investors cannot invest in an index. Please see end of document for additional disclosures regarding indices presented.

3. Inception to Date (ITD) statistics are as of BXMIX's inception on June 16, 2014 through the most recent month end.

4. Measures beta of BXMIX to the respective index.

5. Measures alpha of BXMIX to the respective index.

6. As of December 31, 2015.

7. Net expense ratio consists of the total expense ratio, as reflected in the Fund's prospectus adjusted to reflect any fee waiver/expense reimbursement and excluding interest and dividends on securities sold short, acquired fund fees and expenses not subject to the expense cap. Through May 31, 2016, Blackstone Alternative Investment Advisors LLC has contractually agreed to waive its fees and/or reimburse expenses of the Fund so that certain of the Fund's expenses, together with the Fund's management fees, will not exceed 2.40% annualized for Class I shares.

8. Source: InvestHedge Billion Dollar Club (as of June 2015) based on AUM.

9. As of September 30, 2015.

# Sub-adviser allocations

MANAGER	STRATEGY	SUB-STRATEGY	CURRENT ALLOCATION
Goldman Sachs	Equity Hedge	Equity Long Short	45%
HealthCor	Equity Hedge	Equity Long Short	
Rail-Splitter	Equity Hedge	Equity Long Short	
Wellington	Equity Hedge	Equity Long Short	
Senfina	Equity Hedge	Equity Market Neutral	
Two Sigma Advisers	Equity Hedge	Equity Market Neutral	
Bayview	Relative Value	Fixed Income - Asset Backed	25%
Cerberus	Relative Value	Fixed Income - Asset Backed	
Good Hill	Relative Value	Fixed Income - Asset Backed	
Sorin	Relative Value	Fixed Income - Asset Backed	
Waterfall	Relative Value	Fixed Income - Asset Backed	
Chatham	Relative Value	Fixed Income - Corporate	
Caspian	Event Driven	Distressed/Restructuring	10%
Boussard & Gavaudan	Event Driven	Multi-Strategy	
Nephila	Event Driven	Reinsurance	
Emso	Macro	Discretionary Thematic	20%
AlphaParity	Macro	Systematic Diversified	
IPM	Macro	Systematic Diversified	
D.E. Shaw	Multi-Strategy	N/A	

\*Manager name may be a short form name of the legal name of each sub-adviser. The list of sub-advisers and target allocations above is subject to change. Please check the prospectus for the most up-to-date list of sub-advisers. Sub-strategy allocations exclude exposures to Fund level cash, hedging and expenses and are adjusted pro-rata to equal 100%.

Blackstone Senfina Advisors L.L.C. ("Senfina") is an indirect wholly-owned subsidiary of The Blackstone Group L.P., a publicly traded master limited partnership that has units that trade on the New York Stock Exchange under the symbol "BX." Senfina is an affiliate of BAlA, the Fund's investment adviser, on the basis that it is under common control with BAlA. The investment by BXMX with Senfina benefits Blackstone and a withdrawal from Senfina would be detrimental to Blackstone.

## Monthly net performance<sup>1</sup>

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	-	-	-	-	-	0.50%	-0.40%	0.90%	0.30%	-0.59%	0.30%	-0.19%	0.80%
2015	0.70%	1.88%	0.97%	-0.39%	1.26%	-1.15%	1.93%	-1.04%	-0.67%	0.29%	0.48%	-0.71%	3.55%

1. Performance is presented through December 31, 2015. Net performance is net of the Gross Expense Ratio less waived expenses. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance data quoted. Additional information and current performance data is available at [www.blackstone.com/bxmix](http://www.blackstone.com/bxmix). BXMX launched on June 16, 2014 and thus performance for June 2014 is limited to June 16 through June 30.

**All investors should consider the investment objectives, risks, charges and expenses of BXMX, Class I carefully before investing. The prospectus and the summary prospectus contain this and other information about BXMX and are available on BXMX's website at [www.blackstone.com/bxmix](http://www.blackstone.com/bxmix). All investors are urged to carefully read the prospectus and the summary prospectus in its entirety before investing.**

**Beta:** A measure of the volatility, or systemic risk, of a security or a portfolio in comparison to the market as a whole. **Volatility/Standard Deviation:** A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is calculated as the square root of variance. **Sharpe Ratio:** A ratio to measure risk-adjusted performance. The Sharpe ratio is calculated by subtracting the risk-free rate – such as that of the 10-year U.S. Treasury bond – from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been. **Alpha:** A risk-adjusted performance measure that represents the average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return.

### Glossary of Indices

Market indices obtained through Bloomberg. Indices are unmanaged and investors cannot invest in an index. The volatility of the indices presented may be materially different from that of the performance of BXMX. In addition, the indices employ different investment guidelines and criteria than BXMX; as a result, the holdings in BXMX may differ significantly from the securities that comprise the indices. The performance of the indices has not been selected to represent an appropriate benchmark to compare to the performance of BXMX, but rather is disclosed to allow for comparison of BXMX's performance to that of well-known and widely recognized indices. In the case of equity indices, performance of the indices reflects the reinvestment of dividends. **Barclays Aggregate Bond Index:** covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes government securities, mortgage-backed securities, asset-backed securities and corporate securities all with a maturity of greater than one year. **HFRX Global Hedge Fund Index:** designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies, including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

### Important Risks

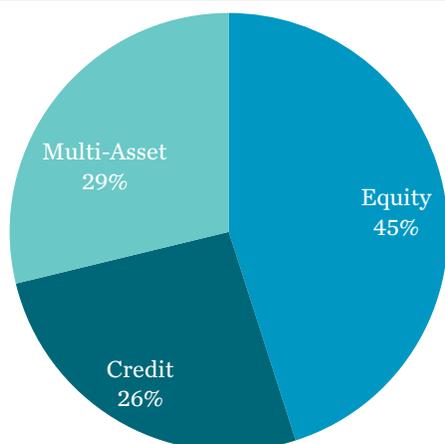
An investment in BXMX, Class I should be considered a speculative investment that entails substantial risks; you may lose part or all of your investment or your investment may not perform as well as other investments. BXMX's investments involve special risks including, but not limited to, loss of all or a significant portion of the investment due to leveraging, short-selling, or other speculative practices, lack of liquidity and volatility of returns. The following is a summary description of certain additional principal risks of investing in BXMX: **Allocation Risk** – Blackstone's judgment about the attractiveness, value or market trends affecting a particular asset class, investment style, sub-adviser or security may be incorrect and this may have a negative impact upon performance. **Derivatives Risk** – the use of derivatives involves the risk that their value may not move as expected relative to the value of the relevant underlying assets, rates, or indices. Derivatives can be subject to counterparty credit risk and may entail investment exposure greater than their notional amount. **Distressed Securities Risk** – investments in securities of business enterprises involved in workouts, liquidations, reorganizations, bankruptcies and similar situations involve a high degree of risk of loss since there is typically substantial uncertainty concerning the outcome of such situations. **Event-Driven Trading Risk** – involves the risk that the specific event identified may not occur as anticipated and that this may have a negative impact upon the market price of the securities involved. **Foreign Investments/ Emerging Markets Risk** – involves special risks caused by foreign political, social and economic factors, including exposure to currency fluctuations, less liquidity, less developed and less efficient trading markets, political instability and less developed legal and auditing standards. **High Portfolio Turnover Risk** – active trading of securities can increase transaction costs (thus lowering performance) and taxable distributions. **Model and Technology Risk** – involves the risk that model-based strategies, data gathering systems, order execution and trade allocation systems and risk management systems may not be successful on an ongoing basis or could contain errors, omissions, imperfections or malfunctions. **Multi-Manager Risk** – managers may make investment decisions which conflict with each other and as a result, the Fund could incur transaction costs without accomplishing any net investment result.

Prepared by Blackstone Advisory Partners L.P., a member of FINRA and an affiliate of Blackstone Alternative Investment Advisors LLC, the investment adviser of the Fund.

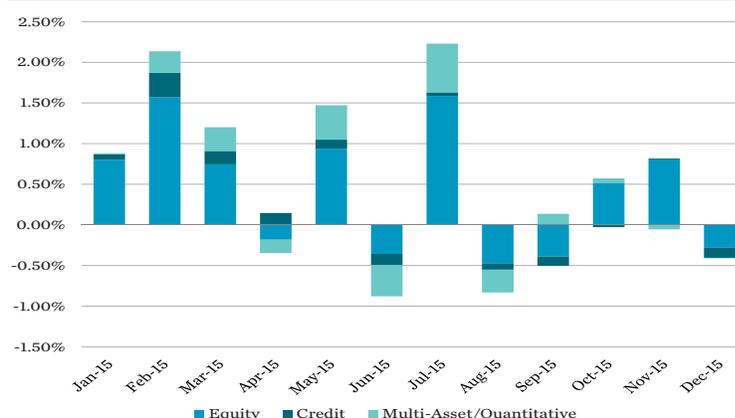
# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of December 31, 2015

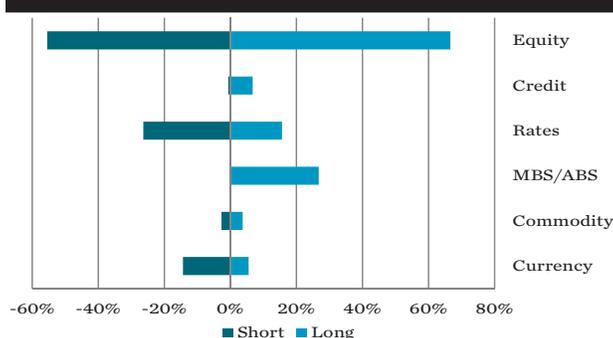
## Sub-strategy summary



## Trailing 12 month gross strategy attribution<sup>1,5</sup>



## Asset class exposure<sup>2</sup>



## Average daily return for days when S&P500 total return index was positive/negative<sup>1</sup>



## Geographic exposure<sup>2,3</sup>

	Long	Short	Net
US/Canada	77.30%	46.34%	30.96%
Core Europe	23.49%	24.22%	-0.74%
Peripheral Europe	4.42%	0.51%	3.92%
Lat. Am./Caribbean	8.73%	0.63%	8.09%
Middle East/Africa	1.50%	1.39%	0.11%
Japan	4.41%	21.17%	-16.77%
Asia general	6.02%	3.63%	2.40%
China/HK/Taiwan	0.53%	1.77%	-1.24%
<b>Total</b>	<b>126.40%</b>	<b>99.66%</b>	<b>26.74%</b>

## Equity exposure - sector breakdown<sup>3</sup>

	Long	Short	Net
Energy	2.58%	0.98%	1.60%
Materials	2.26%	1.40%	0.86%
Industrials	5.82%	3.32%	2.50%
Consumer Discretionary	10.94%	5.38%	5.56%
Consumer Staples	1.51%	2.80%	-1.29%
Healthcare	13.57%	4.75%	8.82%
Financials	8.55%	3.56%	4.99%
Technology	7.16%	4.27%	2.89%
Telecom	1.45%	0.56%	0.89%
Utilities	0.42%	0.36%	0.06%
Unclassified <sup>4</sup>	12.34%	28.10%	-15.76%
<b>Total</b>	<b>66.60%</b>	<b>55.48%</b>	<b>11.11%</b>

1. Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Strategy attribution is presented on a gross basis as Blackstone fees are applied at the Fund level and not at the strategy level. Information about BXMIX, including current month-end performance, is available on BXMIX's website at [www.blackstone.com/bxmix/](http://www.blackstone.com/bxmix/) or by calling 855-890-7725. Index performance is shown for illustrative purposes only. You cannot invest directly in an index. Data is from June 17, 2014 to December 31, 2015.

2. Interest rate exposure information is represented by the 10 year equivalent

3. Compared to the overall NAV of the fund. Takes into consideration delta adjustments for options

4. Comprised of index futures, options on index futures, ETFs, and ETF options

5. Equity is comprised of Equity Long/Short; Credit is comprised of Fundamental Credit and Opportunistic Trading Credit; Multi-Asset/Quantitative is comprised of Quantitative and Global Macro/Multi-Strategy

The definitions and disclosures appearing at the end of this document are an integral part of this presentation and should be read in their entirety for a complete understanding of the information contained herein.

Additional information and current performance data is available at [www.blackstone.com/bxmix/](http://www.blackstone.com/bxmix/).

# Performance commentary

## December Market Commentary

On December 16th, the Federal Reserve raised short-term interest rates by 0.25% from near zero, the first Fed tightening policy in nearly ten years. According to Chair Janet Yellen, “The Fed’s decision today reflects our confidence in the U.S. economy,” indicating the Fed believes that the U.S. economy is strong enough to keep growing with less help from the Central Bank. Despite this vote of confidence and a brief day-long rally for U.S. stocks, the S&P 500 and the Dow Jones Industrial Average ended the month down -1.58% and -1.66%, respectively. Given that the Fed’s decision to begin raising rates was widely anticipated, the open question remains how quickly Yellen will continue raising rates. As a historical reference, in the 1994 cycle, rates rose by 300 basis points in 13 months, and starting in 2004, by 200 basis points each year for two years. Yellen indicated that future rate hikes would be “gradual,” yet uncertainty remains about what gradual means and how investors will adjust to this uncharted environment.

Looking at the economy more broadly, the data remains mixed but supports a story of improving fundamentals and a positive 2016 outlook. On the positive side, the U.S. unemployment rate in November remained unchanged at 5%, and a tightening labor market could put upward pressure on wages. The number of Americans signing up for unemployment benefits has nearly reached a 42-year low, and the housing sector has benefited from an improving labor market and rising incomes. Still, the economy continues to face significant headwinds. Since the middle of 2014, the U.S. dollar has appreciated sharply, exerting a drag on economic growth by reducing exports. By virtue of lower import prices, the dollar’s strength has also put downward pressure on inflation, which has remained below the Fed’s 2% target for more than three years and could impact the pace at which the Fed is able to continue raising rates. Finally, record low oil prices have wreaked havoc on the oil industry and led to dramatic job losses, bankruptcies, and defaults, particularly among smaller companies and MLPs. Benchmark U.S. crude dropped to its lowest levels since early 2009, and oil closed the year at \$37 a barrel. The silver lining, of course, is lower gas prices at the pump, but the impact on consumer spending has been lower than expected and inflation-adjusted retail spending remains sluggish.

## Review of Fund Performance

The investment objective of Blackstone Alternative Multi-Strategy Fund (the “Fund”) is to seek capital appreciation. The Fund aims to achieve its objective by allocating assets among a variety of investment sub-advisers with experience managing non-traditional or “alternative” investment strategies. In December, the Fund’s Class I share class returned -0.71% net of fees and expenses versus -1.58% and -1.72% for the S&P 500 and MSCI World Indices, respectively, and versus -0.32% for the Barclays U.S. Aggregate Bond Index.

## Equity Strategies

Equity strategies were the largest detractor from performance in December. Certain exposures within Consumer Staples, Consumer Discretionary, Financials, and Healthcare experienced losses, both on the long and short side, while exposure to sectors including Pharmaceuticals, Media, and Telecom experienced gains. ETF shorts also contributed positively to the equity book over the course of the month.

## Credit Strategies

Credit strategies posted mixed results but overall detracted from performance. Exposure to government-sponsored enterprise (GSE) risk transfer deals detracted, as well as several energy-related exposures that traded lower as a result of falling oil prices. Conversely, positive carry outweighed mark to market losses to provide small gains, and some of the Fund’s short-biased positioning also contributed gains amongst market dislocations and a volatile economic backdrop.

## Multi-Asset Strategies

Multi-Asset strategies ended the month slightly down. Currencies detracted from performance, along with equities and commodities. Energy also detracted as U.S. refiners underperformed due to the lift of the oil export ban. Additional losses were driven by investments in Brazilian quasi-sovereign credit, with offsetting gains in long positions in Argentine sovereign credit. Exposure to a well-hedged European special situations trade offset some negative performance and helped the multi-asset category end the month almost flat. The Fund’s relative bonds book (an application of factor models across the fixed income space) also finished the month in positive territory as gains generated from short Germany and long U.S. positions outweighed the losses from short exposures in Australia and Japan.

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*For a summary of Fund performance of other share classes, please refer to the Fund’s website: <http://www.blackstone.com/bxmix>*

## 2015 Year in Review

For 2015, the Fund's I share class returned 3.55%, versus 1.38% for the S&P 500, -0.32% for the MSCI World, and 0.55% for the Barclays Agg.

Looking at the year in aggregate, Equity strategies contributed the majority of performance, followed by Multi-Asset strategies and then Credit strategies. A decision was made to reduce the Fund's equity beta, particularly in the second half of the year. At BAAM, we do not try to predict where equity markets are going; instead, this decision to reduce the Fund's beta was driven by our views on where investors can be rewarded for taking beta risk and the favorability of the risk/reward for a given beta. This benefited the portfolio in periods like Q3 when the S&P 500 fell over 2% on a China slowdown and global growth concerns, but made it harder for the Fund to maintain pace with equity markets when the market rebounded in Q4. Looking at 2015 overall, the portfolio benefitted from a move towards strategies with lower market directionality. The Fund's Equity Market Neutral strategies performed particularly strongly for the year and generated substantial alpha on the short side, and Blackstone increased allocations to these sub-advisers with the aim of protecting and growing capital while reducing the Fund's volatility compared to the major equity indices.

Credit strategies had muted performance over the year but ended 2015 in positive territory. Global growth concerns centered on China's slowdown and general emerging market weakness, coupled with volatile commodity prices, caused spreads across credit products to widen over the year. In the corporate credit space, performance lagged primarily due to the underperformance of distressed credits. Lower rated credits (CCC and below) drove underperformance in the corporate credit space, with energy credits being the largest detractors. For relative value/trading oriented credit strategies, the focus on higher liquidity names helped limit losses during times of high market volatility. In the mortgage and structured credit space, low default rates and positive carry contributed to positive performance and structured credit books proved resilient in the context of the broader risk-off environment.

Finally, Multi-Asset strategies contributed positively for 2015 as well. Gains were driven by longs in Argentina, as well as some exposure to Greek sovereign debt. Other winners came from shorts in FX and rates in Brazil and South Africa, with some small returns from carry in Venezuela.

### Sub-Advisers Added/Removed

At BAAM, we believe that managing the optimal mix of strategies across the portfolio and adjusting it over time is key to generating returns in different market environments. Over the course of 2015, we added three new sub-advisers and terminated three existing sub-advisers. For more information on recently added sub-advisers, please refer to the description of sub-advisers available on the Blackstone website.

Sub-Adviser Additions:

1. Blackstone Senfina Advisors
2. IPM Informed Portfolio Management
3. D.E. Shaw

Sub-Adviser Terminations:

1. Union Point
2. Verde
3. BTG Pactual

Sub-adviser additions and terminations are normal events in Blackstone's hedge fund investment process and result from our dynamic evaluation of the top down assessment of the opportunity set for hedge fund strategies as well as the bottom up evaluation of a manager's ability to deliver alpha in a given environment. If done properly, there is potential value that can be created by making the right top-down calls on which asset classes are attractive in a given environment and increasing the Fund's exposure to those asset classes. As an example, a large theme across our portfolios in 2015 was reducing equity beta by increasing allocations to low beta and diversifying strategies. Heading into 2016, an important theme we continue to see is the divergence between steady U.S. domestic growth (albeit slow) and weakness in global growth. The S&P 500 closed the year approximately 4% away from its all-time high, and is up over 50% since its high in October 2007. Compare this to Russia and Brazil, which are down -4% and -32%, respectively, over this same period. This divergence creates opportunity, as it impacts where investors can benefit from market beta exposure and where investors can capture alpha. In the U.S., for example, we see a growing valuation bifurcation across sectors with one third of these sectors trading above their 10-year average P/E levels, and two thirds trading below. This creates an opportunity for hedge funds to distinguish between "winners" and "losers" as this bifurcation eventually reverses.

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# Disclosure information

All investors should consider the investment objectives, risks, charges and expenses of BXMIX carefully before investing. The prospectus and, if available, the summary prospectus contain this and other information about BXMIX and are available on BXMIX's website at [www.blackstone.com/bxmixon](http://www.blackstone.com/bxmixon). All investors are urged to carefully read the prospectus and, if available, the summary prospectus in its entirety before investing. Additional information regarding BXMIX is available upon request.

## Important Disclosures Regarding Exposure

Exposure data presented herein does not consider the impact of delta on option positions (unless noted otherwise). Instead, exposures represent the market value of each underlying instrument. Positions of unknown type (if any) are excluded from exposure data.

There is no attempt in this report to differentiate between or adjust for shorter versus longer duration rates trades. Instead, they are shown only by market value of exposure. Given that exposure data is based on fund holdings, it excludes unsettled trades. Position level data is obtained from State Street Bank and Trust Company, the administrator for BXMIX. Blackstone does not guarantee the accuracy of such data.

## Glossary of Terms:

**Gross Exposure:** Reflects the aggregate of long and short investment positions in relation to the net asset value. For example, if BXMIX has 60% long exposure and 50% short exposure to a particular asset class, then BXMIX has 110% gross exposure to that asset class. The gross exposure is one indication of the level of leverage in a portfolio. **Net Exposure:** This is the difference between long and short investment positions in relation to the net asset value. For example, if BXMIX has 60% long exposure and 50% short exposure to a particular asset class, then BXMIX is 10% net exposure to that asset class. **Long:** A long position occurs when an individual owns securities. **Short:** Short selling a security not actually owned at the time of sale. Short positions can also generate returns when the price of a security declines. **VaR:** A statistical technique used to measure and quantify the level of financial risk within a firm or investment portfolio over a specific time frame. **Value at risk** is used by risk managers in order to measure and control the level of risk which the firm undertakes. The risk manager's job is to ensure that risks are not taken beyond the level at which the firm can absorb the losses of a probable worst outcome. **DV01:** A bond valuation calculation showing the dollar value of a one basis point change in interest rates or yield. **Alpha:** A risk-adjusted performance measure that represents the average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return.

## Glossary of Indices

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**S&P 500 Total Return Index:** market capitalization-weighted index that includes 500 stocks representing all major industries. Returns are denominated in U.S. dollars and include dividends. The index is a proxy of the performance of the broad U.S. economy through changes in aggregate market value.

**MSCI World Index:** A market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI World is maintained by Morgan Stanley Capital International, and is comprised of stocks from all the developed markets in the world.

**Barclays Aggregate Bond Index:** covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes government securities, mortgage-backed securities, asset-backed securities and corporate securities all with a maturity of greater than one year.

**JPMorgan Domestic High Yield Index:** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.

## Important Risks

An investment in BXMIX should be considered a speculative investment that entails substantial risks; you may lose part or all of your investment or your investment may not perform as well as other investments. BXMIX's investments involve special risks including, but not limited to, loss of all or a significant portion of the investment due to leveraging, short-selling, or other speculative practices, lack of liquidity and volatility of returns. The

following is a summary description of certain additional principal risks of investing in BXMIX:

**Allocation Risk** – Blackstone's judgment about the attractiveness, value or market trends affecting a particular asset class, investment style, subadviser or security may be incorrect and this may have a negative impact upon performance.

**Derivatives Risk** – the use of derivatives involves the risk that their value may not move as expected relative to the value of the relevant underlying assets, rates, or indices. Derivatives can be subject to counterparty credit risk and may entail investment exposure greater than their notional amount.

**Distressed Securities Risk** – investments in securities of business enterprises involved in workouts, liquidations, reorganizations, bankruptcies and similar situations involve a high degree of risk of loss since there is typically substantial uncertainty concerning the outcome of such situations.

**Event-Driven Trading Risk** – involves the risk that the specific event identified may not occur as anticipated and that this may have a negative impact upon the market price of the securities involved.

**Foreign Investments/ Emerging Markets Risk** – involves special risks caused by foreign political, social and economic factors, including exposure to currency fluctuations, less liquidity, less developed and less efficient trading markets, political instability and less developed legal and auditing standards.

**High Portfolio Turnover Risk** – active trading of securities can increase transaction costs (thus lowering performance) and taxable distributions.

**Model and Technology Risk** – involves the risk that model-based strategies, data gathering systems, order execution and trade allocation systems and risk management systems may not be successful on an ongoing basis or could contain errors, omissions, imperfections or malfunctions.

**Multi-Manager Risk** – managers may make investment decisions which conflict with each other and as a result, the Fund could incur transaction costs without accomplishing any net investment result.

Prepared by Blackstone Advisory Partners L.P., a member of FINRA and an affiliate of Blackstone Alternative Investment Advisors LLC, the investment adviser of BXMIX.