

# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of January 31, 2018

## 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 non-traditional or "alternative" investment strategies. Blackstone allocates the Fund's assets among investment sub-advisers with experience managing alternative investment strategies and among Investment Funds and also manages a portion of the Fund's assets directly. In pursuing the Fund's investment objective, Blackstone focuses on the preservation of capital and seeks to maintain an investment portfolio with, on average, lower volatility relative to the broader equity markets.

## Fund highlights

<b>Fund assets<sup>6</sup></b>	\$5,785 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)<sup>7</sup>

<b>Management Fee</b>	1.88%
<b>Div. &amp; Interest Expense on Sec. Sold Short</b>	0.63%
<b>Other Expenses</b>	0.64%
<b>Gross Expense Ratio</b>	3.15%

## Portfolio managers

Name	Years at Blackstone
Gideon Berger	15.76 Years
Min Htoo	0.47 Year
Robert Jordan	6.49 Years
David Mehenny	7.26 Years
Ian Morris	7.76 Years
Alberto Santulin	14.76 Years
Stephen Sullens	16.68 Years

## Morningstar Rating



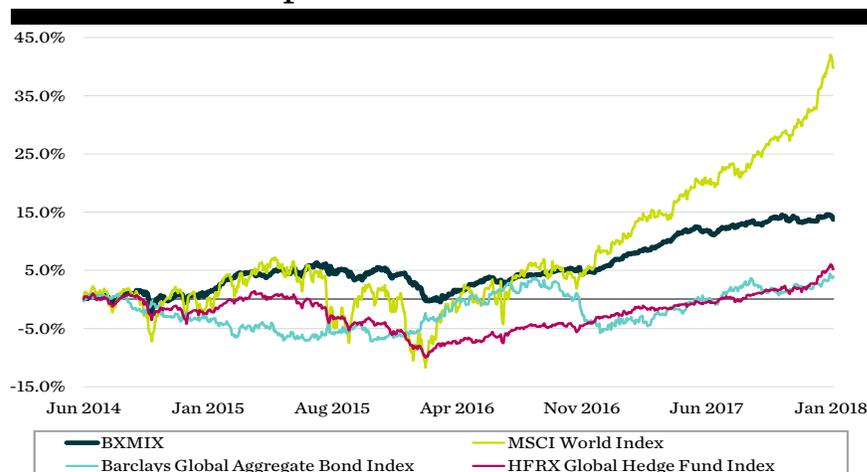
BXMIX: Four-Star Overall Morningstar Rating, out of 293 multialternative funds based on risk-adjusted returns as of 1/31/18.

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

	12/31/2017			As of 01/31/2018				ITD Statistics			
	YTD	1Yr	ITD	Jan-18	YTD	1Yr	ITD	St. Dev.	Beta <sup>4</sup>	Alpha <sup>5</sup>	Sharpe
BXMIX	7.20%	7.20%	3.62%	0.28%	0.28%	5.74%	3.60%	3.22%	-	-	1.01
HFRX Global	5.99%	5.99%	0.77%	2.45%	2.45%	8.04%	1.40%	3.49%	0.58	3.71%	0.30
Barclays Gbl Agg	7.39%	7.39%	0.76%	1.19%	1.19%	7.46%	1.12%	5.03%	(0.11)	4.80%	0.16
MSCI World	23.07%	23.07%	8.34%	5.30%	5.30%	26.52%	9.67%	10.61%	0.18	2.21%	0.88

1. Performance is presented through January 31, 2018. 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. Additional information and performance data current to the most recent month-end is available at [www.bxmix.com](http://www.bxmix.com).

## Cumulative net performance<sup>1,2</sup>



- Indices are unmanaged and investors cannot invest in an index. Please see end of document for additional disclosures regarding indices presented.
- Inception to Date (ITD) statistics are as of BXMIX's inception on June 16, 2014 through the most recent month end.
- Measures beta of BXMIX to the respective index.
- Measures alpha of BXMIX to the respective index.
- As of January 31, 2018.
- Gross expense ratio represents the expense ratio applicable to investors. Other Expenses includes remainder of other expenses, acquired fund fees & expenses, and fees waived and/or expenses reimbursed/recouped. Through August 31, 2019 Blackstone Alternative Investment Advisors LLC has 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. Please find the Fund's Prospectus at [www.bxmix.com](http://www.bxmix.com).

## Sub-adviser allocations

MANAGER	STRATEGY	SUB-STRATEGY	CURRENT ALLOCATION
GSIS	Equity Hedge	Equity Long Short	24%
HealthCor	Equity Hedge	Equity Long Short	
Cerebellum	Equity Hedge	Equity Market Neutral	
Two Sigma Advisers	Equity Hedge	Equity Market Neutral	
Bayview	Relative Value	Fixed Income - Asset Backed	18%
Cerberus <sup>1</sup>	Relative Value	Fixed Income - Asset Backed	
Good Hill	Relative Value	Fixed Income - Asset Backed	
Sorin	Relative Value	Fixed Income - Asset Backed	
Waterfall <sup>1</sup>	Relative Value	Fixed Income - Asset Backed	
Chatham	Relative Value	Fixed Income - Corporate	
Caspian	Event Driven	Distressed/Restructuring	10%
Boussard & Gavaudan	Event Driven	Multi-Strategy	
Magnetar <sup>3</sup>	Event Driven	Risk Arbitrage	
Nephila <sup>1</sup>	Event Driven	Reinsurance	
Emso	Macro	Discretionary Thematic	47%
H2O	Macro	Discretionary Thematic	
GSA	Macro	Systematic Diversified	
IPM	Macro	Systematic Diversified	
D.E. Shaw	Multi-Strategy	N/A	
BAIA-Direct <sup>2</sup>	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%. Sub-adviser allocations do not represent investment exposure. For details of investment exposure, including leverage, please see the Monthly Exposure Report and Commentary, which is available at [www.bxmixon.com](http://www.bxmixon.com).

- Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.
- BAIA manages a portion of the Fund's assets directly. Such investments presently include allocations to BAIA's systematic risk premia trading strategy, a short-only fundamental equity strategy (advised by Gracian Capital on a non-discretionary basis), and funds managed by Glenview Capital Management LLC, and may include other opportunistic trades in the future. BAIA's fees on directly managed assets are not reduced by a payment to a sub-adviser.
- The Fund's prospectus describes conflicts of interest that may affect it and the Fund. One of these relates to Blackstone Strategic Capital Advisors L.L.C. ("BSCA"), an affiliate of BAIA. See Conflicts of Interest -- Financial Interests in Managers -- Blackstone Strategic Capital Advisors L.L.C. in the Fund's current prospectus. BSCA manages certain funds (the "BSCA Funds") that acquire equity interests in established alternative asset managers (the "Strategic Capital Managers"). One of the Strategic Capital Managers in which the BSCA Funds have a minority interest is Magnetar Capital Partners L.P., a control affiliate of Magnetar Asset Management LLC, a sub-adviser for the Fund. Allocations to Magnetar benefit the BSCA Funds and BSCA and reductions from Magnetar are detrimental to the BSCA Funds and BSCA. Accordingly, there may be a conflict between BAIA's fiduciary obligation to the Fund, on the one hand, and BAIA's interest in the success of the BSCA Funds, on the other hand. The Fund will not participate in any of the economic arrangements between the BSCA Funds and any Strategic Capital Manager with which the Master Fund invests.

## 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%
2016	-2.17%	-2.22%	1.45%	1.32%	0.90%	-0.50%	1.10%	0.00%	0.89%	0.00%	-0.20%	0.85%	1.35%
2017	1.67%	0.77%	0.96%	1.52%	1.12%	-1.01%	0.93%	0.92%	-0.09%	0.92%	-0.64%	-0.05%	7.20%
2018	0.28%												0.28%

1. Performance is presented through January 31, 2018. 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 performance data current to the most recent month-end is available at [www.bxmixon.com](http://www.bxmixon.com). *BXMIX* 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 BXMIX, Class I carefully before investing. The prospectus and the summary prospectus contain this and other information about BXMIX and are available on BXMIX's website at [www.bxmixon.com](http://www.bxmixon.com). All investors are urged to carefully read the prospectus and the summary prospectus in its entirety before investing.**

### Important Risks

**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.

An investment in BXMIX, 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. 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, 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. **Leverage Risk** – borrowing money or engaging in transactions that create investment leverage can produce volatility and may exaggerate changes in the net asset value of Fund shares.

The following information has not been provided in a fiduciary capacity under ERISA, and it is not intended to be, and should not be considered as, impartial investment advice. If you are an individual retirement investor, contact your financial advisor or other fiduciary unrelated to BAIA about whether any given investment idea, strategy, product or service described herein may be appropriate for your circumstances.

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.

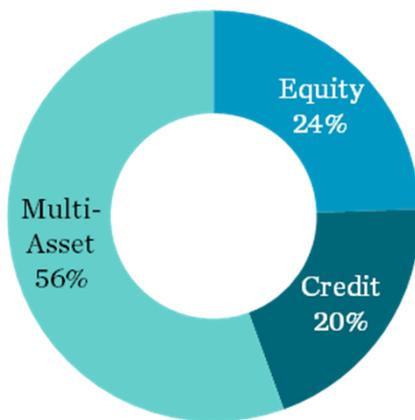
# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of January 31, 2018

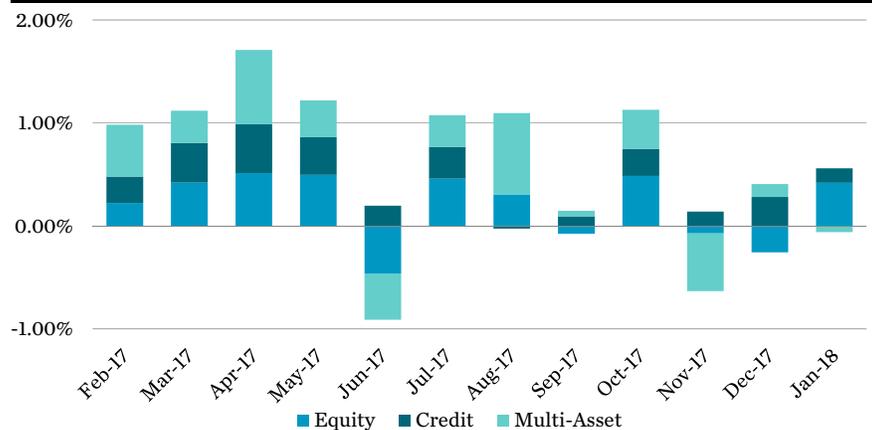
## Performance summary<sup>1,2,3</sup>

Sub-Strategy Performance	Allocation at 1/31/2018	MTD		QTD		YTD		Trailing 12 Months		ITD Cumulative Performance	
		Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution
Equity	24.47%	1.37%	0.42%	1.37%	0.42%	1.37%	0.42%	8.36%	2.52%	27.17%	9.39%
Credit	20.00%	0.61%	0.14%	0.61%	0.14%	0.61%	0.14%	10.70%	2.96%	25.00%	7.52%
Multi-Asset	55.52%	0.32%	-0.06%	0.32%	-0.06%	0.32%	-0.06%	5.20%	2.53%	14.19%	5.41%
Cash & Other			-0.22%		-0.22%		-0.22%		-2.28%		-8.60%
Net Return			0.28%		0.28%		0.28%		5.74%		13.72%

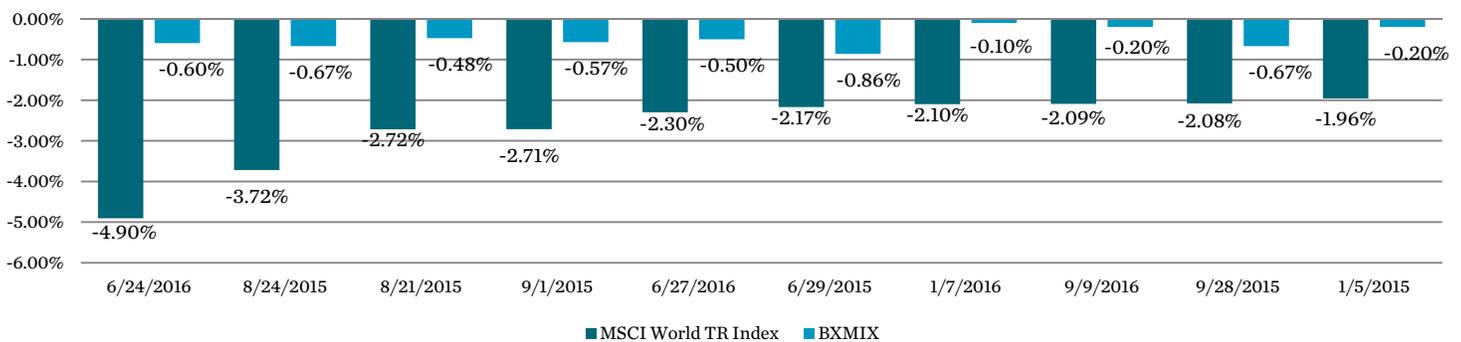
## Sub-strategy summary<sup>3</sup>



## Trailing 12 month sub-strategy attribution<sup>1,3</sup>



## BXMIX performance on worst 10 trading days for MSCI World since inception<sup>4</sup>



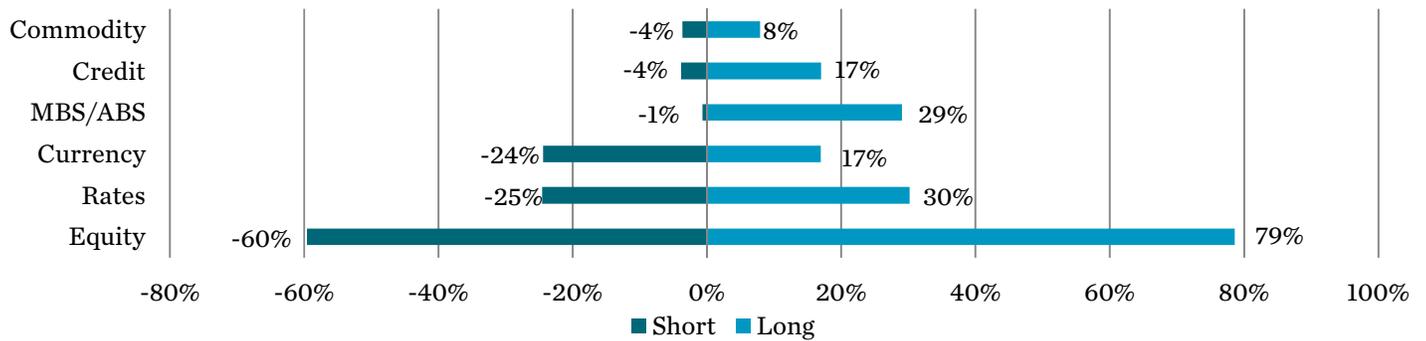
Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance 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. ITD net return is cumulative not annualized. Information about BXMIX, including current month-end performance, is available on BXMIX's website at [www.bxmixon.com](http://www.bxmixon.com) 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 16, 2014 to January 31, 2018.

- Sub-strategy performance is shown gross of all fees and expenses. Performance is estimated and unaudited.
- Equity is comprised of Equity Long/Short, Equity Market Neutral; Credit is comprised of Fixed Income - Asset Backed, Fixed Income - Corporate, Distressed/Restructuring; Multi-Asset is comprised of Discretionary Thematic, Systematic Diversified, Risk Arbitrage, Multi-Strategy
- Sub-strategy allocations exclude exposures to Fund level cash, hedging and expenses and are adjusted pro-rata to equal 100%.
- The indices presented are indicative and for illustrative purposes only. The volatility of the index presented may be materially different from that of the performance of the Fund. In addition, the index employs different investment guidelines and criteria than the Fund; as a result, the holdings in the Fund may differ significantly from the securities that comprise the index. The performance of the index has not been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of the Fund's performance to that of well-known and widely recognized index. A summary of the investment guidelines for the index presented is available upon request. Performance of the index reflects the reinvestment of dividends. Please see glossary of terms at the end of this presentation for index definitions. The average daily return for BXMIX for the 10 best MSCI World TR days is 0.57%, while the average return of MSCI World TR for the 10 best MSCI World TR days was 2.07%.

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.bxmixon.com](http://www.bxmixon.com).

## Asset class exposure<sup>1</sup>



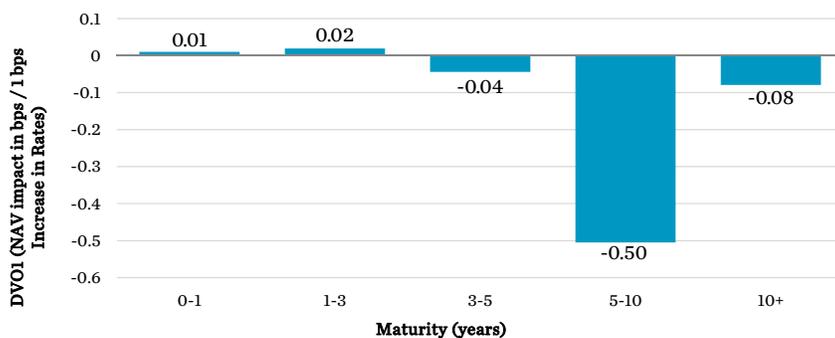
## Geographic exposure<sup>1</sup>

	Long	Short	Net
US/Canada	100.04%	58.85%	41.19%
Core Europe	42.62%	34.43%	8.19%
Peripheral Europe	4.58%	1.48%	3.09%
Lat. Am./Caribbean	7.21%	1.01%	6.19%
Middle East/Africa	2.13%	1.79%	0.34%
Japan	7.74%	8.42%	-0.68%
Asia general	10.25%	5.21%	5.04%
China/HK/Taiwan	5.11%	5.51%	-0.40%
<b>Total</b>	<b>179.68%</b>	<b>116.71%</b>	<b>62.97%</b>

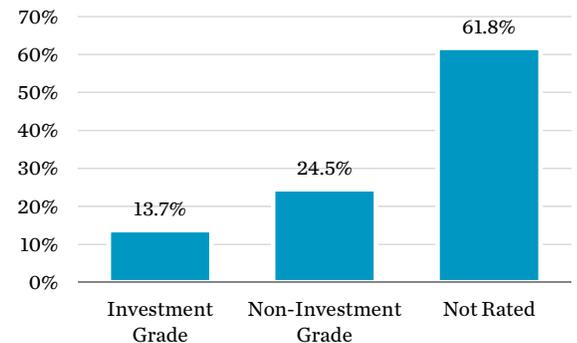
## Currency exposure<sup>1</sup>

Region	Long	Short	Net
Asia general	5.57%	2.97%	2.60%
China/HK/Taiwan	0.27%	0.59%	-0.32%
Core Europe	4.18%	15.65%	-11.47%
Japan	3.64%	1.47%	2.18%
Latin America	1.17%	0.58%	0.59%
Middle East/Africa	0.31%	0.77%	-0.47%
Peripheral Europe	0.43%	0.73%	-0.30%
US/Canada	1.39%	1.65%	-0.26%
<b>Total</b>	<b>16.95%</b>	<b>24.41%</b>	<b>-7.46%</b>

## Fixed income interest rate sensitivity<sup>3</sup>



## Fixed income ratings<sup>1,2</sup>



## Equity exposure – sector breakdown<sup>1</sup>

	Long	Short	Net
Energy	1.49%	2.82%	-1.33%
Materials	2.60%	1.67%	0.93%
Industrials	4.93%	2.48%	2.45%
Consumer Discretionary	8.85%	6.86%	1.99%
Consumer Staples	2.58%	2.82%	-0.24%
Health Care	12.93%	7.04%	5.89%
Financials	4.64%	4.33%	0.31%
Real Estate	0.55%	1.57%	-1.02%
Information Technology	8.18%	9.50%	-1.32%
Telecommunication Services	1.53%	1.09%	0.44%
Utilities	1.24%	0.59%	0.65%
Index**	24.34%	18.79%	5.55%
Unclassified***	4.73%	0.00%	4.73%
<b>Total</b>	<b>78.59%</b>	<b>59.55%</b>	<b>19.04%</b>

## VaR analysis<sup>4</sup>

Date	VaR
1/31/18	2.09%

- In the case of non-interest rate instruments, exposure data represents the delta adjusted market value. In the case of interest rate products, exposure data is represented by the 10-year equivalent instrument. Positions of unknown type (if any) are excluded from exposure data. The Fund does not guarantee the accuracy of such data.
- Positions of unknown type (if any) are excluded from exposure data. Data is obtained from StateStreet, the administrator for the Fund. The Fund does not guarantee the accuracy of such data. Using the higher Standard & Poor's ("S&P's") and/or Moody's Investor Service ("Moody's") ratings. Investment grade is a rating of a bond that has a relatively low risk of default. Investment grade are bonds rated above BBB- for S&P and Baa3 for Moody's. Non-investment grade is below Investment grade to D.
- Dv01 represents the estimated change in NAV for the fund, expressed in basis points, for a 1 basis point increase in interest rates across each of the maturity ranges shown. Fixed income instruments are typically held across a number of different currencies.
- Value at Risk ("VaR") seeks to estimate, using historical data, the loss the Fund could suffer. VaR is calculated at a 99% confidence level for a one month holding period (20 business days) using a model based on historical Fund data. Please see the Glossary of Terms for a further explanation of VaR.

\*Comprised of index futures, options on index futures, ETFs, and ETF options

\*\*Do not have a GICS sector assigned

## January Market Commentary

The new year started with a bang as the S&P 500 posted its best start to the year since 1980 and the MSCI World had its best yearly start since 1994. In fact, stocks appeared to be largely unfazed by the brief U.S. government shutdown and turmoil over a controversial memo on the Russian investigation in Washington that dominated headlines in January. Additionally, disappointing sales from the U.S. auto industry and a sharp drop in new home building did little to bump the equity market rally off course. Some investors posit a favorable broader economic and policy backdrop has stocks primed to potentially continue their ascent, while others worry about the pace of the rally and whether corporate earnings will continue to match elevated expectations.

So does a strong January foretell a smooth climb over the rest of the year? When we look at the ten best January prints for the S&P 500 since 1950 (ranging from 5.8% in 1980 to 13.2% in 1987), full year performance for all ten of those years was positive. At the surface, this trend may appear to bode well for the balance of 2018, but as the popular adage goes: no pain, no gain. Indeed investors appear to have endured pain during each of these periods, with steep intra-year declines ranging from -6% to -34% and averaging -12%.

Blackstone's own Byron Wien mentioned in his recent "10 Surprises" webinar that, despite a generally positive outlook for global markets, there could be a material correction due to overly optimistic sentiment. As we turn the corner into February, the market sell-off of the first few days of the month has been a stark and powerful reminder of that possibility. While stocks have gone nearly two years without any major pockets of volatility, February 5th marked a significant departure from that trend. That day, the Cboe Volatility Index (commonly known as the "VIX" or "Wall Street fear gauge"), a barometer of 30-day implied volatility for the S&P 500 Index, spiked 116%—its largest one-day increase ever.

As frequent readers of our fund commentary know, we have been espousing the potential diversification and capital preservation merits of BXMIX for some time, and periods such as this underscore our story. From February 2nd to February 5th, when the S&P 500 and the MSCI World were down 6.2% and 5.0%, respectively, BXMIX protected capital and avoided approximately 84% and 79% of this downside<sup>1</sup>. In pursuing its investment objective, BXMIX seeks to avoid steep losses while maintaining diversified exposures that are less dependent on equity market movements.

## Review of January Fund Performance

The investment objective of the 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, each with experience managing non-traditional or "alternative" investment strategies or by managing assets directly (via BAIA<sup>2</sup>). In January, the Fund's Class I share class<sup>3</sup> returned 0.28%<sup>4</sup> net of fees and expenses versus 5.73% and 5.30% for the S&P 500 and MSCI World indices, respectively, and versus 1.19% for the Barclays Global Aggregate Bond Index<sup>5</sup>.

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1. S&P 500 Index is used as Blackstone believes it to be a broad measure of the US equities market performance. MSCI World Index is used as Blackstone believes it to be a measure of global equities market performance.
  2. BAIA manages a portion of the Fund's assets directly. Such investments presently include allocations to BAIA's systematic risk premia trading strategy, a short-only fundamental equity strategy (advised by Gracian Capital on a non-discretionary basis), and funds managed by Glenview Capital Management LLC, and may include other opportunistic trades in the future. BAIA's fees on directly managed assets are not reduced by a payment to a sub-adviser.
  3. For a summary of Fund performance of other share classes, please refer to the Fund's website: [www.bxmixon.com](http://www.bxmixon.com)
  4. Performance is shown net of the Gross Expense Ratio less waived expenses for Class I shares. 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 above. Information is estimated and unaudited.
  5. Indices are provided for illustrative purposes only. They have not been selected to represent appropriate benchmarks for the Fund, but rather are disclosed to allow for comparison of the Fund's performance to that of well-known and widely recognized indices. The indices may include holdings that are substantially different than investments held by the Fund and do not reflect the strategy of the Fund. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that may differ from the Fund. The indices do not reflect the deduction of fees or expenses. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.

## ***Equity Strategies***

Equity strategies were the largest contributor to performance in January, with most gains occurring during the first half of the month. Quantitative Equity Market Neutral sub-strategies were the best performers, as the continued outperformance of stocks experiencing momentum tailwinds boosted this part of the portfolio. Within Equity Long Short sub-strategies, exposure to stocks of a manufacturing company and a mobile phone parts supplier benefitted from Wall Street analyst upgrades. These gains were partially offset by losses driven by exposure to the healthcare sector. While the broader healthcare sector was up over 6%<sup>6</sup> in January, the Fund's short exposure to a medtech company that rallied materially after an earnings beat, as well as sector hedges designed to limit market exposure (in line with the Fund's current, low equity beta positioning), detracted from performance. Furthermore, long exposure to a telecommunications company that experienced management changes and a pharmaceutical company that announced shareholder lawsuits also weakened performance.

Effective as of January 16, 2018, GS Investment Strategies, LLC ("GSIS") no longer serves as a sub-adviser to the Fund. Sub-adviser and strategy 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.

## ***Credit Strategies***

Within Credit, all sub-strategies experienced positive overall performance, with Fixed Income – Asset Backed strategies leading gains. Spread tightening in older vintages of credit risk transfer bonds was the largest driver of performance during the month. We continue to selectively purchase newer vintages of these securities, aiming to participate in newer, unrated vintages that have the potential to benefit from future positive ratings as borrowers pay down principal outstanding on the underlying mortgages. The portfolio also benefitted from exposure to loans and commercial and residential mortgage-backed securities.

## ***Multi-Asset Strategies***

Multi-Asset strategies ended January with slightly negative performance. In a month with such strong, broad-based equity market performance, it should come as no surprise that some of the Fund's short exposures weighed on performance. Specifically, short exposure to a consumer technology company that rose after reports of strong holiday sales and a software company that rallied on the back of upgraded analyst price targets detracted from performance. Additionally, some of the Fund's systematic risk premia strategies ended the month down as the pursuit of "size premia" worked against us. We believe that, over the long term, investors can potentially be rewarded for favoring small cap stocks over large cap stocks, and they may be able to extract a premium due to illiquidity risks and business viability risks typically inherent in small cap stocks. On the positive front, long exposures to equities, grains, base metals and precious metals generated gains, as did long exposures to U.S., European and Japanese fixed income. Exposure to a hospital operator benefitted from positive earnings and exposure to a chemical company rallied after winning a patent dispute.

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6. Represents returns of the S&P 500 Health Care TR Index over the period 1/2/18 to 1/31/18.

Opinions expressed reflect the current opinions of BAIA as of the date of this material only and should not be the basis of any investment decisions. Past performance is not necessarily indicative of future results. There can be no assurance that the Fund or its underlying managers will achieve their investment objectives or avoid significant losses. The Fund is actively managed and allocations are subject to ongoing revision. Certain of the information provided herein has been obtained from or derived from BAIA's underlying managers. BAIA does not guarantee the accuracy or completeness of such information.

# 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.

Opinions expressed reflect the current opinions of BAAM as of the date of the report only.

## 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. A VaR model has certain inherent limitations and it cannot be relied upon to predict or guarantee that the size or frequency of losses incurred by a Fund will be limited to any extent. As the VaR model relies on historical market data as one of its key inputs, if current market conditions

differ from those during the historical observation period, the effectiveness of the VaR model in predicting the VaR of a Fund may be materially impaired. **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

Market indices obtained through Bloomberg. Indices are unmanaged and investors cannot invest in an index. Indices are provided for illustrative purposes only. They have not been selected to represent appropriate benchmarks for BXMIX, but rather are disclosed to allow for comparison of BXMIX's performance to that of well-known and widely recognized indices. The indices may include holdings that are substantially different than investments held by BXMIX and do not reflect the strategy of the Fund. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that may differ from BXMIX. The indices do not reflect the deduction of fees or expenses. In the case of equity indices, performance of the indices reflects the reinvestment of dividends. **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. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com)).

# Additional Disclosures

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Blackstone Alternative Multi-Strategy Fund was rated against the following number of Multi-Alternative funds over the following time periods: 293 funds in the last three years. Past performance is no guarantee of future results. Morningstar Rating is for the I share class only; other classes may have different performance characteristics. Morningstar Risk-Adjusted rankings – Multialternative category – I share class three-year 4 stars out of 293 funds as of 1/31/2018.