Blackstone Alternative Multi-Strategy Fund (BXMIX)

Blackstone

As of December 31, 2017

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

Fund assets[6]	$5,325 million
Inception date	June 16, 2014
Investment advisor	Blackstone Alternative Investment Advisors, LLC
Eligible investors	US taxable & tax-exempt
Liquidity	Daily
CUSIP	09257V201

Fund terms (Share Class I)[7]

Management Fee	1.88%
Div. & Interest Expense on Sec. Sold Short	0.63%
Other Expenses	0.64%
Gross Expense Ratio	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

★★★★★

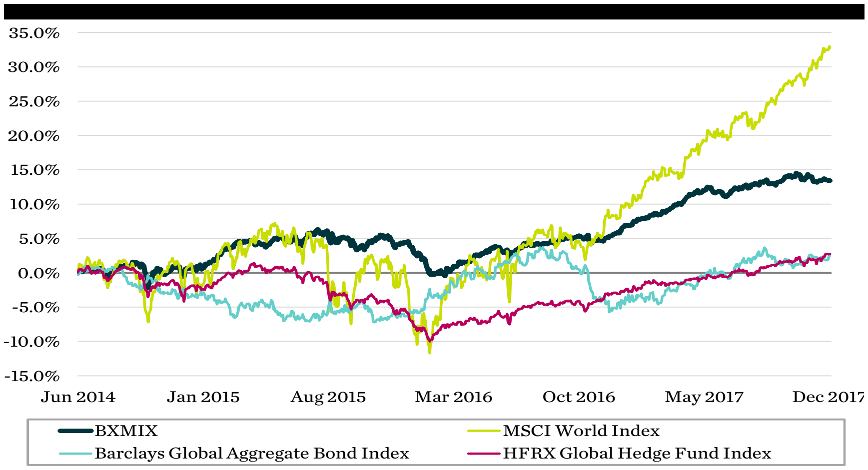
BXMIX: Five-Star Overall Morningstar Rating, out of 286 multialternative funds based on risk-adjusted returns as of 12/31/17.

Fund net performance[1,2,3]

	As of 12/31/2017				ITD Statistics			
	Dec-17	YTD	1 Yr	ITD	St. Dev.	Beta[4]	Alpha[5]	Sharpe
BXMIX	(0.05%)	7.20%	7.20%	3.62%	3.23%	-	-	1.02
HFRX Global	0.73%	5.99%	5.99%	0.75%	3.48%	0.59	4.28%	0.12
Barclays Glbl Agg	0.35%	7.39%	7.39%	0.81%	5.05%	(0.11)	4.79%	0.10
MSCI World	1.38%	23.07%	23.07%	8.33%	10.68%	0.18	2.56%	0.75

1. Performance is presented through December 31, 2017. 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.

Cumulative net performance[1,2]



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, 2017.
7. 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.

Additional information and current performance data is available at **www.bxmix.com.**

Not FDIC Insured	May Lose Value	Not Bank Guaranteed

Sub-adviser allocations

MANAGER	STRATEGY	SUB-STRATEGY	CURRENT ALLOCATION
GSIS	Equity Hedge	Equity Long Short	28%
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	17%
Cerberus[1]	Relative Value	Fixed Income - Asset Backed	
Good Hill	Relative Value	Fixed Income - Asset Backed	
Sorin	Relative Value	Fixed Income - Asset Backed	
Waterfall[1]	Relative Value	Fixed Income - Asset Backed	
Chatham	Relative Value	Fixed Income - Corporate	
Caspian	Event Driven	Distressed/Restructuring	11%
Boussard & Gavaudan	Event Driven	Multi-Strategy	
Magnetar	Event Driven	Risk Arbitrage	
Nephila[1]	Event Driven	Reinsurance	
Emso	Macro	Discretionary Thematic	44%
H2O	Macro	Discretionary Thematic	
GSA	Macro	Systematic Diversified	
IPM	Macro	Systematic Diversified	
D.E. Shaw	Multi-Strategy	N/A	
BAIA-Direct[2]	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 blackstone.com/bamsf.

1. Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.
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. 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 Underlying 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[1]

	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%

1. Performance is presented through December 31, 2017. 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.bxmix.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.bxmix.com. All investors are urged to carefully read the prospectus and the summary prospectus in its entirety before investing.

Important Risks

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 contains 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)

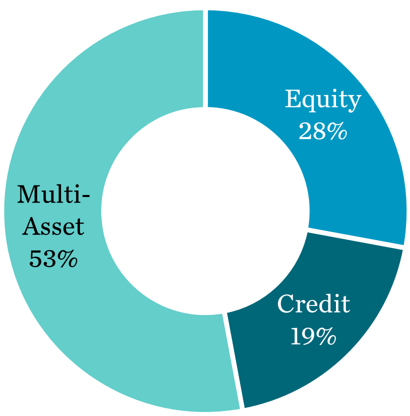
Blackstone

As of December 31, 2017

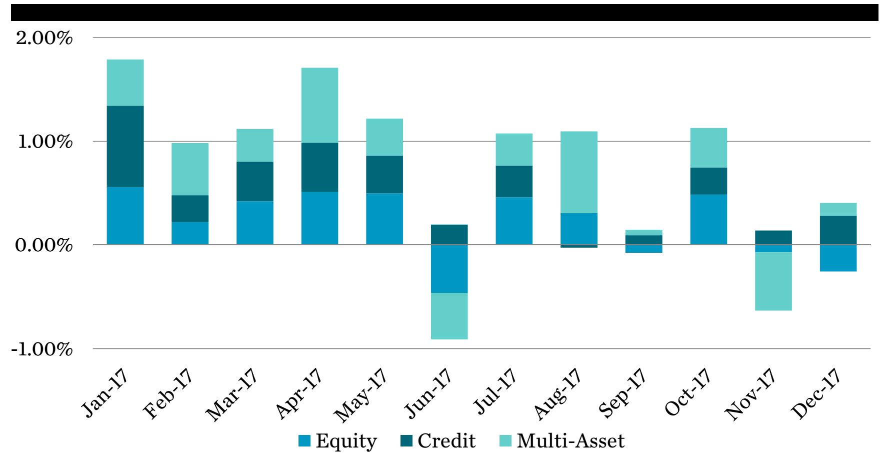
Performance summary[1,2,3]

Sub-Strategy Performance	Allocation at 12/29/2017	MTD Return	MTD Attribution	QTD Return	QTD Attribution	YTD Return	YTD Attribution	Trailing 12 Months Return	Trailing 12 Months Attribution	ITD Cumulative Performance Return	ITD Cumulative Performance Attribution
Equity	27.91%	(0.82%)	(0.26%)	0.59%	0.15%	8.81%	2.67%	8.81%	2.67%	25.45%	8.91%
Credit	19.15%	1.29%	0.28%	3.10%	0.69%	12.45%	3.65%	12.45%	3.65%	24.25%	7.37%
Multi-Asset	52.94%	0.23%	0.12%	(0.05%)	(0.06%)	5.80%	3.08%	5.80%	3.08%	13.83%	5.45%
Cash & Other			(0.20%)		(0.55%)		(2.20%)		(2.20%)		(8.33%)
Net Return			(0.05%)		0.23%		7.20%		7.20%		13.40%

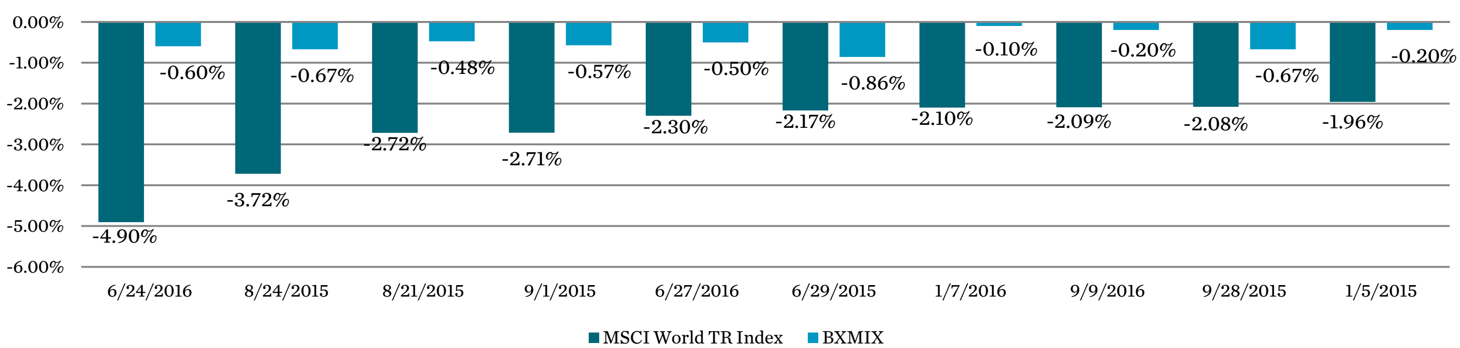
Sub-strategy summary[3]



Trailing 12 month sub-strategy attribution[1,3]



BXMIX performance on worst 10 trading days for MSCI World since inception[4]

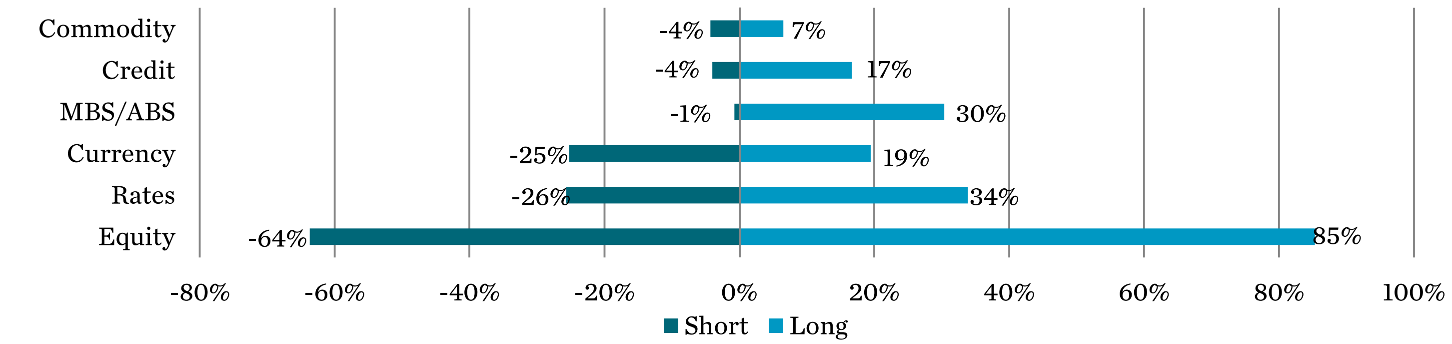


Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance 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.bxmix.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 December 31, 2017.

1. Sub-strategy performance is shown gross of all fees and expenses. Performance is estimated and unaudited.
2. 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
3. Sub-strategy allocations exclude exposures to Fund level cash, hedging and expenses and are adjusted pro-rata to equal 100%.
4. 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.

Asset class exposure[1]



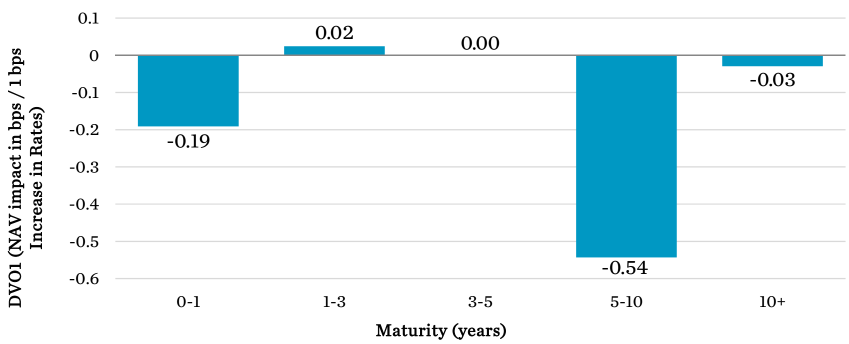
Geographic exposure[1]

	Long	Short	Net
US/Canada	108.43%	61.22%	47.21%
Core Europe	44.13%	33.84%	10.29%
Peripheral Europe	4.15%	0.74%	3.41%
Lat. Am./Caribbean	6.72%	1.06%	5.66%
Middle East/Africa	1.85%	1.57%	0.29%
Japan	9.29%	13.10%	-3.81%
Asia general	12.80%	6.42%	6.38%
China/HK/Taiwan	4.91%	5.71%	-0.80%
Total	**192.28%**	**123.66%**	**68.62%**

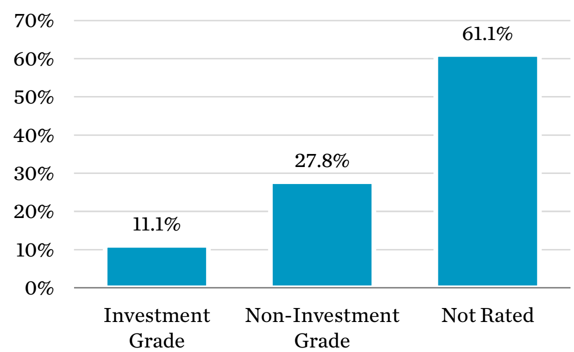
Currency exposure[1]

Region	Long	Short	Net
Asia general	7.04%	3.55%	3.49%
China/HK/Taiwan	0.26%	0.62%	-0.36%
Core Europe	5.18%	14.54%	-9.35%
Japan	3.80%	2.71%	1.09%
Latin America	1.14%	0.57%	0.57%
Middle East/Africa	0.45%	0.39%	0.07%
Peripheral Europe	0.36%	0.14%	0.22%
US/Canada	1.25%	2.75%	-1.50%
Total	**19.49%**	**25.26%**	**-5.77%**

Fixed income interest rate sensitivity[3]



Fixed income ratings[1,2]



Equity exposure – sector breakdown[1]

	Long	Short	Net
Energy	1.69%	3.26%	-1.57%
Materials	2.54%	1.93%	0.61%
Industrials	5.82%	2.95%	2.87%
Consumer Discretionary	9.06%	7.53%	1.53%
Consumer Staples	3.37%	3.28%	0.09%
Health Care	13.40%	6.88%	6.52%
Financials	5.02%	4.39%	0.62%
Real Estate	0.73%	1.99%	-1.26%
Information Technology	9.83%	9.70%	0.13%
Telecommunication Services	1.69%	0.88%	0.80%
Utilities	1.62%	0.57%	1.06%
Index**	26.19%	20.30%	5.89%
Unclassified***	4.35%	0.00%	4.35%
Total	**85.31%**	**63.67%**	**21.64%**

VaR analysis[4]

Date	VaR
12/31/17	2.10%

1. 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.
2. 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.
3. 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.
4. 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

December Market Commentary

As 2017 came to a close, December offered more of the same for investors, with stock markets continuing their ascent amidst subdued volatility. The S&P500 returned 1.11% and the MSCI World returned 1.38% for the month, bringing the full year's returns to 21.83% and 23.07%, respectively. Even with the placid backdrop, the final month of the year provided investors with a host of items to consider, including a flurry of activity out of Capitol Hill and insight into the Federal Reserve's plans for 2018.

Congress again delayed passing a long-term federal budget in December, opting instead to approve a stopgap measure to extend federal funding until January of 2018. This leaves Capitol Hill with plenty of work to do in the early weeks of the new year. The underlying issues preventing agreement upon a longer term budget, namely government spending, immigration, and defense, remain unresolved, and the prospects of a bipartisan approach to a long-term solution remain unclear.

On December 22nd, President Trump signed the Tax Cuts and Jobs Act into law, finalizing a sweeping overhaul of the tax code for individuals and corporations alike. The law takes effect in 2018, reducing the federal corporate tax rate to 21% from 35%, and ostensibly boosting corporations' bottom lines. Many economists agree that this reduction in the corporate tax rate will have a stimulative economic impact in 2018, however a growing debate has emerged regarding with whom corporations are more likely to share a lightened tax burden -- employees (via increased wages, job training, etc.) or equity investors (via share buybacks, dividends, etc.). Already, evidence supporting both outcomes is emerging. Shortly after the Senate passed its version of the law, corporations including Wells Fargo, Fifth Third Bancorp, and AT&T announced plans to provide employees with increased wages or one-time bonuses, bolstering the case for those stating the law will favor the middle class[1]. Conversely, Senate Minority Leader Chuck Schumer shared a compilation of over 30 public companies that have announced in excess of $80 billion in aggregate share buybacks, emboldening those who believe the change will favor the wealthy[2]. Exactly how corporations or individuals employ any financial gain realized from the overhaul may have a significant impact on market dynamics in 2018 and beyond.

Just before the Tax Cuts and Jobs Act became law, the Federal Reserve ("Fed") hiked the federal funds rate (the interest rate at which banks and other depository institutions lend money to one another) by 0.25% in its December Federal Open Market Committee ("FOMC") meeting. This hike marked the third such increase of 2017 and the fifth since the Global Financial Crisis, bringing the federal funds rate to its highest level since October 2008. The Fed's hike was largely expected by market participants; however the Fed's shift in economic outlook is notable. The FOMC revised its expectation for 2018 GDP higher to 2.5% from 2.1%, noting that the Tax Cuts and Jobs Act discussed above may provide a modest, if short-lived, boost to domestic production[3].

The role of Fed Chair will transition to Jerome Powell from Janet Yellen in February 2018, although investors widely anticipate that this change in leadership will not amount to a material change in policy. The Fed projected three 2018 rate increases in its December meeting, a decision which was largely unchanged from previous guidance. Some investors, however, are citing a flattening Treasury yield curve, and the Fed's role in this flattening, as a cause for concern.

The Fed pursues a macroeconomic mandate with two objectives: full employment and stable inflation. In pursuit of these objectives, the FOMC has the authority to adjust the level of the federal funds rate in response to changes in the economic outlook. These actions have a direct impact on short-term interest rates throughout the economy, as any increase in the rate at which banks borrow money will most likely lead to a corresponding increase in the rate at which banks are willing to lend money.

The issue at hand for investors is that these increases in short-term rates are not translating to increases in long-term rates as measured by the yield curve. Yield curves measure the difference in yields between long-dated bonds and short-dated bonds. A normal yield curve compensates long-term bondholders for the risks inherent in longer maturity bonds via higher yields relative to that of short-term bonds. This increased yield for longer dated bonds results in an upward sloping curve when plotting the yields of varying maturities. A reduction in longer maturity bonds' yield premium over time is said to result in a flattening yield curve, a potential precursor to an inverted curve (wherein long-term rates are lower than short-term rates). Inverted Treasury yield curves have been a commonly observed indicator of future economic recessions, predicting each of the last seven recessions[4].

As of December 30, 2016, the 10 year Treasury yield was trading at a premium of 125bps to that of the 2 year Treasury yield. As of December 29, 2017, that premium had been reduced to 51bps[5]. Federal Reserve officials have also taken notice. Minneapolis Federal Reserve president Neel Kashkari cited the flattening yield curve as a reason for his vote against raising the federal funds rate in December[6].

Investors who maintained consistent, passive allocations to equity markets were rewarded in 2017. The start of a new calendar year provides a natural time to re-evaluate investment goals and, with that, an investor's portfolio allocation. In the face of ever-evolving market dynamics, we encourage investors to remain vigilant regarding portfolio positioning and do the diligence necessary to understand the potential risks and rewards inherent in investing across asset classes. We believe that investors may improve risk-adjusted returns by allocating to actively managed vehicles providing uncorrelated sources of returns.

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1. Source: The Wall Street Journal, "Thankful for Massive Tax Cut, AT&T, Wells Fargo Promise to Share the Wealth," December 21, 2017.
2. Source: The Washington Post, "Companies That Tie Announcements to Tax Bill Earn Goodwill with Trump," December 22, 2017.
3. Source: Board of Governors of the Federal Reserve System, Federal Open Market Committee Minutes, December 12-13, 2017.
4. Source: Federal Reserve Bank of Cleveland, "Yield Curve and Predicted GDP Growth," December 2017.
5. Source: U.S. Department of the Treasury, Daily Treasury Yield Curve Rates.
6. Source: The Financial Times, "Kashkari Cites Inflation, Flattening Yield Curve for Dissent," December 18, 2017.

Review of December 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[7]). In December, the Fund's Class I share class[8] returned -0.05%[9] net of fees and expenses versus 1.11% and 1.38% for the S&P 500 and MSCI World indices, respectively, and versus 0.35% for the Barclays Global Aggregate Bond Index[10].

Equity Strategies

Equity strategies detracted from performance in December. Equity Long Short suffered losses stemming from both individual equity positions and market hedges. Long positions in suppliers of hardware components for major technology companies were a drag on the Fund's returns. Consumer demand estimates for the end products were revised lower, implying that the technology companies would not need as many component parts from the suppliers, and leading investors to sell these suppliers' shares. Additionally, a pharmaceutical company's clinical drug tests produced underwhelming results and the stock subsequently declined on the news. Market hedges also weighed on Fund performance as markets continued to grind higher and sub-advisers sought to limit beta exposure within the Fund.

Credit Strategies

Credit strategies were the strongest performers in December. Fixed Income - Asset Backed led gains, as credit risk transfer bonds (discussed at length in prior months' commentary) continued to benefit from spread tightening. This spread tightening occurred in both older vintages, dating back to 2014 and 2015, and newer vintages. Newer vintages also benefitted from re-rating activity as borrowers paid down principal outstanding on their mortgages leading ratings agencies to improve their outlooks. Other high grade securities within Fixed Income - Asset Backed also provided a boost to returns as the Fund benefitted from carry associated with these securities.

Multi-Asset Strategies

Multi-Asset strategies contributed solid performance which was spread across a diverse set of sub-strategies, providing a broad-based tailwind in the final month of the year. Equity exposure generated positive returns for Multi-Strategy. Long positions in European telecom companies sustained a longer-dated trend higher while market hedges gained amidst a broad European equity market selloff. Short positioning in a global technology company was alpha generative within Multi-Strategy, however equity markets' continued grind higher in geographies outside of Europe caused other short positions to detract from performance. Rallies related to analyst upgrades of a domestic retail company and an earnings beat from a casual dining company contributed to underperformance.

Exposure to base metals (i.e. industrial metals as opposed to precious metals such as gold and silver), supported Systematic Diversified. Also, relative value fixed income positioning, wherein the Fund maintained long exposure to one region's sovereign debt while maintaining short exposure to another, resulted in mixed performance.

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7. 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.For a summary of Fund performance of other share classes, please refer to the Fund's website: http://www.blackstone.com/bxmix
8. For a summary of Fund performance of other share classes, please refer to the Fund's website: www.bxmix.com
9. 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.
10. 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.

Review of Fund Performance – Fourth Quarter 2017[11]

During the fourth quarter of 2017, the Fund's Class I share class returned 0.23%[12] net of fees and expenses versus 6.64% for the S&P 500 Index, 5.62% for the MSCI World Index, and 1.08% for the Barclays Global Aggregate Bond Index.

Equity strategies contributed positive performance in the fourth quarter. Early in the quarter, factor positioning was a tailwind to performance as both Equity Long Short and Equity Market Neutral benefitted from the momentum factor's outperformance relative to value. In November, this factor relationship reversed, with value rallying relative to momentum, creating a significant headwind. Equity Long Short employs market hedges to attempt to reduce correlations to equity markets and isolate potential alpha opportunities. These strategies suffered mild losses in the quarter driven partly by index hedging drags as markets moved higher, but their negative performance was offset by positive performance from Equity Market Neutral sub-strategies.

Credit strategies were the largest positive contributor to fourth quarter performance, led by gains in Fixed Income - Asset Backed. Credit risk transfer bond spreads tightened throughout the quarter. This was primarily driven by ongoing vintage seasoning, leading to improved ratings, which tend to encourage investor buying. Fixed Income - Asset Backed also gained as collateralized loan obligation spreads tightened throughout the quarter. Fixed income markets received a broad boost late in the year from the Tax Cuts and Jobs Act. Investors seem to thus far view the law as a positive for corporate borrowers as it reduces corporate tax rates. This may translate to an increase in cash flow available for debt service, preserving companies' ability to fully deduct capital expenditures and also increasing after-tax income.

Multi-Asset strategies were slightly lower in the fourth quarter, largely driven by negative performance related to short equity positioning. In an effort to reduce beta and preserve capital, a number of sub-advisers within our Multi-Asset strategies use broad index hedges, and some use targeted short positioning in individual equity names. These positions were hampered by strong equity markets that lifted asset prices across sectors. Multi-Strategy performance was also impaired by November's factor reversal. A number of quantitative strategies, in particular sub-strategies employing risk premia approaches, benefitted from the persistent outperformance of momentum securities relative to value securities throughout 2017. Upon this relationship's reversal in November, losses resulted for a few of our sub-advisers before largely recovering in December.

Review of Fund Performance – 2017 Year-End[13]

Over the course of 2017, the Fund's Class I share class returned 7.20%[14] net of fees and expenses versus 21.83% for the S&P 500 Index, 23.07% for the MSCI World Index, and 7.39% for the Barclays Global Aggregate Bond Index.

Equity strategies performed well in 2017, as both Equity Long Short and Equity Market Neutral contributed positive performance to the Fund. Sub-advisers demonstrated the ability to generate meaningful alpha without significant beta exposure associated with broader equity markets. The Fund maintained considerable exposure to the healthcare sector throughout the year. This sector was mired in uncertainty, as the new presidential administration aimed to unwind the Affordable Care Act, leaving insurers, corporations, and investors attempting to anticipate who stands to benefit or suffer from such legislation. Ultimately, this political uncertainty created alpha opportunities for Equity Long Short sub-strategies. Throughout the Equity portfolio, market hedges were a primary source of performance drag as sub-advisers' pursuit of delivering alpha while neutralizing beta was hindered by the persistent rise in equity markets. The value of Equity Market Neutral was underscored in 2017. The Fund's exposure to these sub-strategies resulted in strong, uncorrelated performance throughout the year.

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11. The indices presented are indicative and for illustrative purposes only. The volatility of the indices presented may be materially different from that of the performance of the Fund. In addition, these indices employ 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 indices. The performance of these indices 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 Fund performance to that of well-known and widely recognized indices. A summary of the investment guidelines for these indices is available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends. Source: Bloomberg, as of 31 Dec. 2017.
12. Performance is shown net of all fees and expenses for the Fund's Class I share class. Past performance may not be a reliable guide to future performance. The value of shares may go down as well as up and there can be no assurance that the Fund will achieve its investment objectives or avoid significant losses. Performance is estimated and unaudited.
13. The indices presented are indicative and for illustrative purposes only. The volatility of the indices presented may be materially different from that of the performance of the Fund. In addition, these indices employ 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 indices. The performance of these indices 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 Fund performance to that of well-known and widely recognized indices. A summary of the investment guidelines for these indices is available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends. Source: Bloomberg, as of 31 Dec. 2017.
14. Performance is shown net of all fees and expenses for the Fund's Class I share class. Past performance may not be a reliable guide to future performance. The value of shares may go down as well as up and there can be no assurance that the Fund will achieve its investment objectives or avoid significant losses. Performance is estimated and unaudited.

Credit strategies were the strongest contributors to 2017 performance, with all seven sub-advisers finishing the year higher. Fixed Income - Asset Backed strategies were the strongest performers within the portfolio, led by exposure to Credit Risk Transfer bonds. Credit risk transfer bond spreads tightened throughout much of the year, primarily led by older vintages continuing to season, meaning that mortgage borrowers have paid down principal balances, leading to subsequent re-ratings by ratings agencies such as the National Association of Insurance Commissioners (NAIC). Also, carry from other structured credit securities, such as Commercial Mortgage Backed Securities and mezzanine debt, buoyed the Fund's performance as investors searched for yield in a low-rate environment, while Distressed/Restructuring contributed strong alpha throughout the year.

Finally, Multi-Asset strategies performed well as all but one of the active sub-advisers netted positive returns, offering a well-diversified ballast for the Fund. These strategies took on a more significant role within the Fund in 2017 as we actively reduced equity and credit exposure. As of December 31, 2017, the Fund allocated 53% of assets to Multi-Asset strategies, representing a significant increase from December 31, 2016's allocation of 43%. We employ Multi-Asset strategies for the diversifying exposures these strategies can provide. In an environment marked by global central bank divergence and geopolitical uncertainty, Multi-Asset strategies are attractively positioned to potentially take advantage of relative value opportunities. We value these strategies' ability to source investment opportunities across a wide universe of geographies and asset classes, and Multi-Asset strategies drove returns throughout the year from a host of exposures. As Emmanuel Macron's party secured a majority in the French parliament in the second quarter, Multi-Strategy exposures to European equity markets rallied. Conversely, as tensions between North Korea and the United States intensified in the third quarter, exposure to safe-haven assets, such as gold, gained in value. Finally, exposure to long-dated sovereign debt in the United States and Europe within Systematic Diversified contributed to performance in the fourth quarter.

Sub-Advisers and Strategies Added/Removed

At Blackstone, 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 2017, we added five new strategies and terminated two existing sub-advisers.

2017 Strategy Addition:

1. GSA Capital Partners LLC ("GSA"): GSA delivers a model-driven trend following strategy that aims to closely track CTA returns and generate trend exposure. Trend following strategies typically pursue a goal of producing long-term uncorrelated returns to traditional markets with meaningful downside protection.
2. Gracian Capital, LLC ("Gracian"): Blackstone Alternative Investment Advisors LLC ("BAIA") maintains a non-discretionary sub-adviser relationship with Gracian. Gracian is an equity fundamental short specialist that applies a repeatable short-selling approach to a large target universe of uncrowded, large cap U.S. stocks.
3. H2O AM LLP ("H2O"): H2O is a global discretionary macro manager with a global multi-asset, active, top-down, value, and unconstrained style of investing across FX, equities, and fixed income.
4. Magnetar Asset Management LLC ("Magnetar")[15]: Magnetar manages a systematic merger arbitrage risk premia capture strategy that leverages Magnetar's event driven investing expertise across various deal types.
5. Cerebellum GP, LLC ("Cerebellum"): Cerebellum employs a market neutral strategy which focuses on buying stocks that experience technical price dislocations around year-end. Due to the opportunity set, Cerebellum's strategy is seasonal and short-term.

For further detail on these sub-advisers and others within the Fund, please see "BXMIX Sub-Adviser Profiles" in the "Literature" section of our website, www.bxmix.com.

2017 Sub-Adviser Terminations:

1. Wellington Management Company LLP
2. FT AlphaParity, LLC

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.

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15. 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 Underlying 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.

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/bxmix. 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 redisseminated 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).

Additional Disclosures

Morningstar Disclosure

The Morningstar RatingTM for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

Blackstone Alternative Multi-Strategy Fund was rated against the following number of Multi-Alternative funds over the following time periods: 286 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 5 stars out of 286 funds as of 12/31/2017.