

# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of September 30, 2016

## 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 sub-advisers 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>	\$4,610 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 D)<sup>7</sup>

<b>Management fee</b>	1.92%
<b>Gross expense ratio</b>	3.29%
<b>Net expense ratio</b>	2.40%

## Portfolio managers

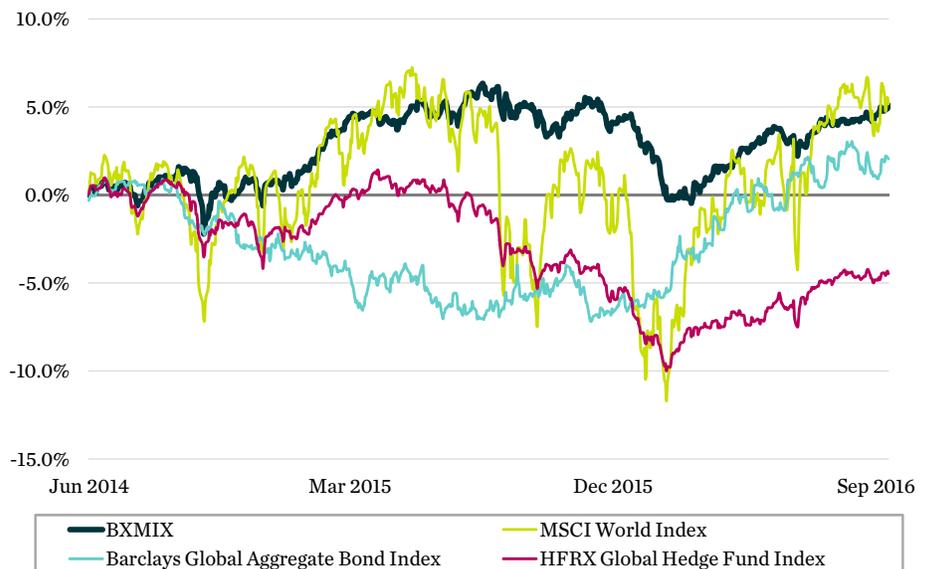
Name	Years at Blackstone
Gideon Berger	14 Years
Robert Jordan	5 Years
David Mehenny	6 Years
Ian Morris	6 Years
Alberto Santulin	13 Years
Stephen Sullens	15 Years

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

	As of 09/30/2016				ITD Statistics			
	Sep-16	YTD	1 Yr	ITD	St. Dev.	Beta <sup>4</sup>	Alpha <sup>5</sup>	Sharpe
BXMIX	0.89%	0.69%	0.74%	2.19%	3.68%	-	-	0.57
HFRX Global	0.55%	1.33%	0.72%	-1.87%	3.92%	0.63	4.80%	-0.50
Barclays Gbl Agg	0.55%	9.85%	8.83%	1.34%	5.01%	-0.19	3.42%	0.25
MSCI World	0.58%	6.06%	12.02%	2.48%	12.50%	0.18	2.23%	0.19

1. Performance is presented through September 30, 2016. 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 performance data current to the most recent month-end is available at [www.blackstone.com/bxmix](http://www.blackstone.com/bxmix).

## Cumulative net performance<sup>1,2</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 September 30, 2016.

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 August 31, 2018, 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.

# Sub-adviser allocations

MANAGER	STRATEGY	SUB-STRATEGY	CURRENT ALLOCATION
Goldman Sachs	Equity Hedge	Equity Long Short	29%
HealthCor	Equity Hedge	Equity Long Short	
Rail-Splitter	Equity Hedge	Equity Long Short	
Wellington	Equity Hedge	Equity Long Short	
Senfina <sup>2</sup>	Equity Hedge	Equity Market Neutral	
Two Sigma Advisers	Equity Hedge	Equity Market Neutral	27%
Bayview	Relative Value	Fixed Income - Asset Backed	
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	11%
Caspian	Event Driven	Distressed/Restructuring	
Boussard & Gavaudan	Event Driven	Multi-Strategy	
Nephila <sup>1</sup>	Event Driven	Reinsurance	33%
Emso	Macro	Discretionary Thematic	
AlphaParity	Macro	Systematic Diversified	
IPM	Macro	Systematic Diversified	
D.E. Shaw	Multi-Strategy	N/A	
BAIA-Direct <sup>3</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%.

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

2. 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 BAIA, the Fund's investment adviser, on the basis that it is under common control with BAIA. The investment by BXMIX with Senfina benefits Blackstone and a withdrawal from Senfina would be detrimental to Blackstone.

3. BAIA manages a portion of the Fund's assets directly. Such assets ("BAIA-Direct") include allocations to a risk premia trading strategy and investment funds and may also include opportunistic trades. BAIA's fees on directly managed assets are not reduced by a payment to a sub-adviser.

## 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%				0.69%

1. Performance is presented through September 30, 2016. 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.blackstone.com/bxmix](http://www.blackstone.com/bxmix). 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.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 BXMIX. In addition, the indices employ different investment guidelines and criteria than BXMIX; as a result, the holdings in BXMIX 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 BXMIX, but rather is disclosed to allow for comparison of BXMIX'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 Global Bond Index:** provides a broad-based measure of the global investment grade fixed-rate debt markets. It is comprised of the U.S. Aggregate, Pan-European Aggregate, and the Asian-Pacific Aggregate Indexes. **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. **MSCI World Index:** a market capitalization weighted

world. The MSCI World is maintained by Morgan Stanley Capital International, and is comprised of stocks from all the developed markets in the world.

### Important Risks

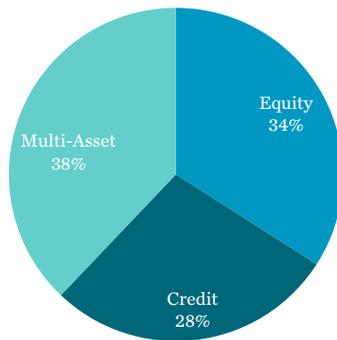
An investment in BXMIX, Class I should be considered a speculative investment that entails substantial risks; you may lose part or all of your investment or your investment may not perform as well as other investments. BXMIX's investments involve special risks including, but not limited to, loss of all 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 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.

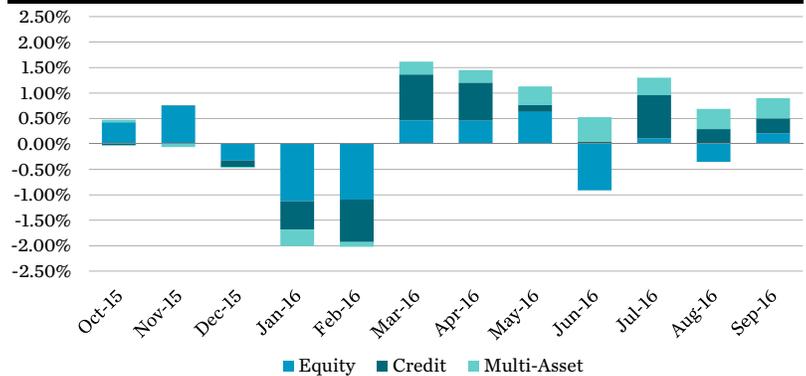
# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of September 30, 2016

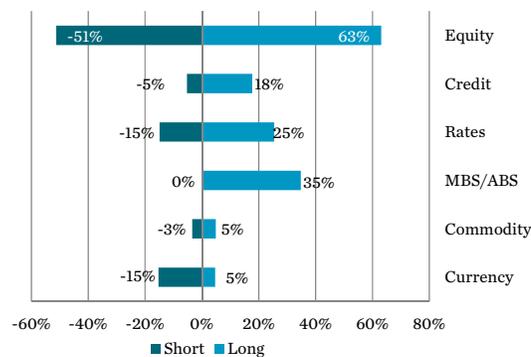
## Sub-strategy summary



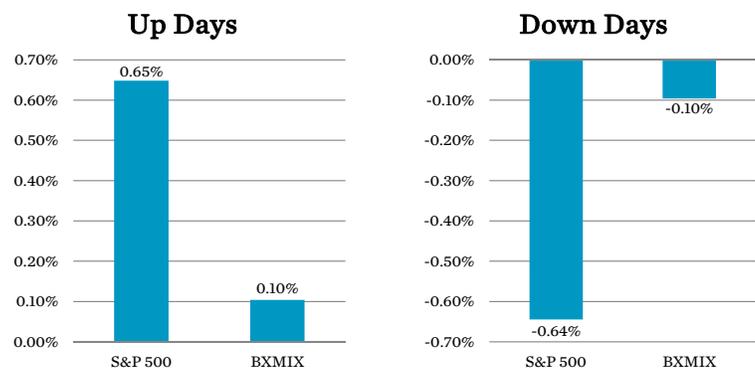
## Trailing 12 month gross strategy attribution<sup>1,5</sup>



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



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



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

	Long	Short	Net
US/Canada	96.17%	51.89%	44.28%
Core Europe	32.23%	25.85%	6.38%
Peripheral Europe	5.01%	0.72%	4.29%
Lat. Am./Caribbean	8.79%	0.72%	8.07%
Middle East/Africa	0.78%	2.25%	-1.47%
Japan	2.61%	4.64%	-2.03%
Asia general	4.04%	2.19%	1.85%
China/HK/Taiwan	1.01%	1.79%	-0.77%
<b>Total</b>	<b>150.65%</b>	<b>90.05%</b>	<b>60.60%</b>

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

	Long	Short	Net
Energy	1.11%	1.41%	-0.29%
Materials	2.47%	1.41%	1.07%
Industrials	3.44%	2.79%	0.65%
Consumer Discretionary	9.58%	4.21%	5.38%
Consumer Staples	2.45%	0.90%	1.54%
Healthcare	11.00%	6.32%	4.68%
Financials	3.38%	2.49%	0.89%
Real Estate	0.81%	1.12%	-0.31%
Technology	7.54%	3.02%	4.52%
Telecom	2.18%	1.04%	1.14%
Utilities	0.34%	0.61%	-0.27%
Unclassified <sup>4</sup>	18.81%	25.90%	-7.09%
<b>Total</b>	<b>63.12%</b>	<b>51.23%</b>	<b>11.90%</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 16, 2014 to September 30, 2016.

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

3. 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.

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.

# Performance commentary

---

## September Market Commentary

After the August lull, during which the S&P 500 went without so much as a daily 1% move in either direction, U.S. equity markets experienced some large swings in September, only to finish the month fairly flat with the S&P 500 up 0.02%. Early in the month and in the lead-up to September's Federal Reserve Board ("Fed") meetings, fears that the central bank might tighten monetary policy earlier than expected prompted investors to sell out of risk assets. But stocks and bonds rebounded in the wake of the 20th – 21st meetings, as the Fed punted on a rate hike, albeit with internal dissent.

Healthcare stocks, while still lagging on the year, got a boost from the biotech sub-sector. Towards the end of the month, financials rebounded from lows after some turmoil stemming from uncertainty and concerns over regulatory enforcement and hearings, yet still finished the month as the worst performing sector. And in the world of commodities, crude rose in September, with traders reacting to OPEC members' tentative – and perhaps fragile – agreement to pull back on production.

As we head into the fourth quarter, a number of uncertainties persist. The Fed's decision to abandon a rate hike in September still leaves the door open to a hike before year-end. Manufacturing rebounded modestly after an August contraction and some non-manufacturing industries had a strong showing in September, while the Housing Market Index reached its highest point since 2005; however, other indicators such as rental & leasing and auto sales were generally tepid this month. And while consumer confidence reached a post-recession high in mid-September, suggesting potential for more robust economic growth, corporate fundamentals deteriorated with S&P 500 earnings expected to drop 2.1% for the third quarter<sup>1</sup>. To top things off, the impending U.S. presidential election has been cause for continued market uncertainty and investor jitters.

## Review of Fund Performance<sup>2</sup>

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 BAIA<sup>3</sup> and a variety of investment sub-advisers, each with experience managing non-traditional or "alternative" investment strategies. In September, the Fund's Class I share class returned 0.89%<sup>4</sup> net of fees and expenses versus 0.02% and 0.58% for the S&P 500 and MSCI World Indices, respectively, and versus 0.55% for the Barclays Global Aggregate Bond Index.

In light of the near-term concerns described above, we continue to position the portfolio with low beta to equities and maintain allocations to diversifying strategies as we seek to curtail downside risk. With multiple alternative strategies and styles, we target opportunities across asset classes and geographies and may offer stability in times of volatility.

## Equity Strategies

Equity strategies posted gains in aggregate, where the story of the month was strong alpha production, particularly in Equity Long/Short sub-strategies. Equity Market Neutral sub-strategies declined, however, with weakness coming from longer term quantitative models and from short exposure to takeover speculation. Long exposures to healthcare, specifically within the pharmaceuticals sub-sector, generated positive alpha, as did exposure to media and biotech sectors, which continue to be rich with M&A activity. The banking sector accounted for gains on both the long and short side of the book, despite the fact that the sector as a whole continued to struggle and was down nearly 4% for the month.

## Credit Strategies

Credit strategies also contributed to the Fund's performance in September. Asset-Backed Credit exposures led gains, driven largely by positive carry and tailwinds of spread tightening. Corporate Fixed Income exposures benefitted from a rally in high yield as investors continued to buy riskier assets as a source of yield in the wake of both the Fed's and the Bank of Japan's decisions to maintain benchmark rates at current levels. Distressed / Restructuring strategies performed particularly well, with gains coming largely from corporate and convertible bond positions in financials, broadcasting, and industrials.

- 
1. *Wall Street Journal (citing FactSet), "Third Quarter: Riskier Stocks Make a Comeback" (3 Oct. 2016)*
  2. *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 30 Sep. 2016.*
  3. *BAIA manages a portion of the Fund's assets directly. Such assets ("BAIA-Direct") include allocations to a risk premia trading strategy and investment funds and may also include opportunistic trades. BAIA's fees on directly managed assets are not reduced by a payment to a sub-advisor.*
  4. *Performance is shown net of all fees and expenses for Share Class I (USD). 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.*

# Performance commentary

---

## Multi-Asset Strategies

Multi-Asset strategies were the largest contributors to performance over the month. Within our Systematic sub-strategies, momentum and value strategies led gains across commodities and FX, while carry strategies detracted across several asset classes. The Fund's emerging markets ("EM") exposures benefitted from a rally in EM credit as well as rosier views of fiscal reforms in Latin America that caused spreads to tighten. Positive developments in Brazil, Argentina, and Venezuela, in particular, contributed to performance, with sovereign and quasi-sovereign credit realizing gains. With the U.S. presidential election looming, our sub-advisors are weighing opportunities with foreign currencies that may be affected.

## Review of Fund Performance – Third Quarter

During the third quarter of 2016, the Fund's Class I share class returned 2.00% net of fees and expenses versus 3.85% for the S&P 500 Index, 4.99% for the MSCI World Index, and 0.82% for the Barclays Global Aggregate Bond Index.

Equity strategies were nearly flat for the quarter, with gains from Equity Long/Short sub-strategies largely offset by losses from Equity Market Neutral strategies. Certain healthcare and financials exposures generated positive alpha over the quarter, while certain other healthcare exposures, and materials, telecom, and technology shorts detracted from overall Equity strategy performance. With macroeconomic uncertainties abounding in the wake of the Brexit decision and ahead of the U.S. presidential election, a diversified and low-beta portfolio may be well suited to weather potential market turmoil<sup>5</sup>.

Credit strategies were the strongest performers in the third quarter, with both Asset-Backed Credit and Corporate Fixed Income posting solid gains. Government-sponsored enterprise ("GSE") credit risk transfer bonds and certain asset-backed credit exposures gained due to positive carry and higher mark-to-market moves. Corporate bonds with exposure to natural resources, financials, and gaming / media sectors also contributed to gains on the quarter.

Multi-Asset strategies also gained over the three-month stretch, led by Discretionary-Thematic and Multi-Strategy exposures. Gains from equity and debt exposures in emerging markets marked a notable theme for the quarter, and we maintain focus on opportunities in Brazil, Argentina, Greece, and Venezuela, particularly as pertain to dislocations in risk premia between some sovereign and quasi-sovereign entities due to low commodity prices.

---

5. *There can be no assurance that the Fund (or its underlying managers) will achieve its objective or avoid significant losses.*

# 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. **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. The volatility of the indices presented may be materially different from that of the performance of BXMIX. In addition, the indices employ different investment guidelines and criteria than BXMIX; as a result, the holdings in BXMIX 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 BXMIX, but rather is disclosed to allow for comparison of BXMIX'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.

**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.

## 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.