

Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of January 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 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

Fund assets⁶	\$4,463 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	1.92%
Gross expense ratio	3.29%
Net expense ratio	2.40%

Portfolio managers

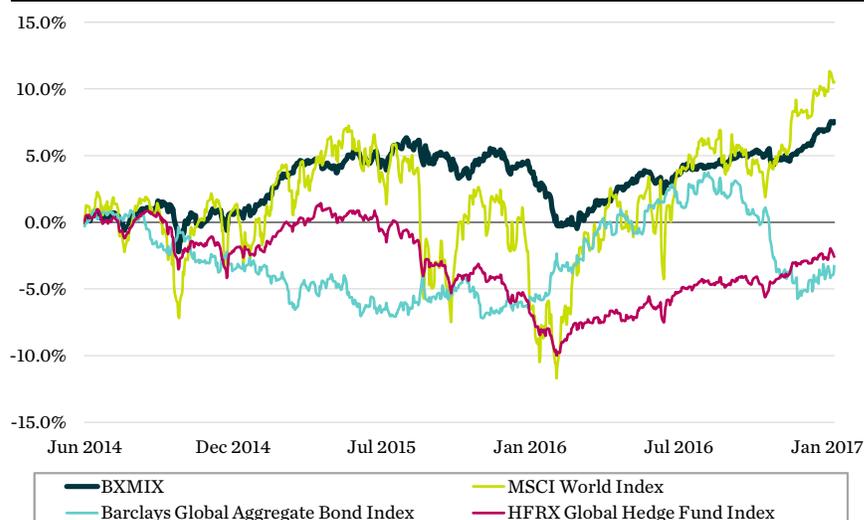
Name	Years at Blackstone
Gideon Berger	14 Years
Robert Jordan	5 Years
David Mehenny	6 Years
Ian Morris	6 Years
Alberto Santulin	13 Years
Stephen Sullens	15 Years

Fund net performance^{1,2,3}

	As of 12/31/2016			As of 01/31/2017				ITD Statistics			
	YTD	1 Yr	ITD	Jan-17	YTD	1 Yr	ITD	St. Dev.	Beta ⁴	Alpha ⁵	Sharpe
BXMIX	1.35%	1.35%	2.24%	1.67%	1.67%	5.33%	2.81%	3.53%	-	-	0.76
HFRX Global	2.50%	2.50%	-1.24%	0.50%	0.50%	5.95%	-1.01%	3.77%	0.61	4.81%	-0.30
Barclays Gbl Agg	2.09%	2.09%	-1.67%	1.13%	1.13%	2.35%	-1.19%	5.33%	-0.14	3.63%	-0.25
MSCI World	8.15%	8.15%	3.02%	2.44%	2.44%	17.81%	3.87%	11.93%	0.18	2.74%	0.31

1. Performance is presented through January 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. 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.

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 January 31, 2017.

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	26%
HealthCor	Equity Hedge	Equity Long Short	
Wellington ¹	Equity Hedge	Equity Long Short	
Two Sigma Advisers	Equity Hedge	Equity Market Neutral	
Bayview	Relative Value	Fixed Income - Asset Backed	28%
Cerberus	Relative Value	Fixed Income - Asset Backed	
Good Hill	Relative Value	Fixed Income - Asset Backed	
Sorin	Relative Value	Fixed Income - Asset Backed	
Waterfall	Relative Value	Fixed Income - Asset Backed	
Chatham	Relative Value	Fixed Income - Corporate	
Caspian	Event Driven	Distressed/Restructuring	11%
Boussard & Gavaudan	Event Driven	Multi-Strategy	
Nephila ¹	Event Driven	Reinsurance	
Emso	Macro	Discretionary Thematic	34%
AlphaParity	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%.

1. Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice. Wellington was terminated as a sub-adviser on 1/25/17.

2. BAIA manages a portion of the Fund's assets directly. Such assets include allocations to a risk premia trading strategy 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 performance¹

	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%												1.67%

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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. 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. **FRX 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 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.

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.

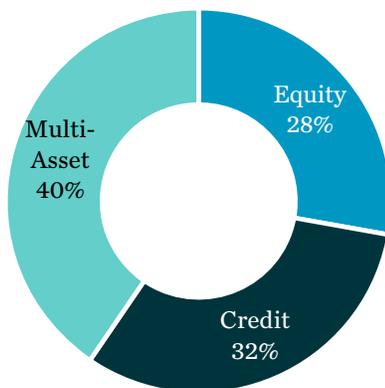
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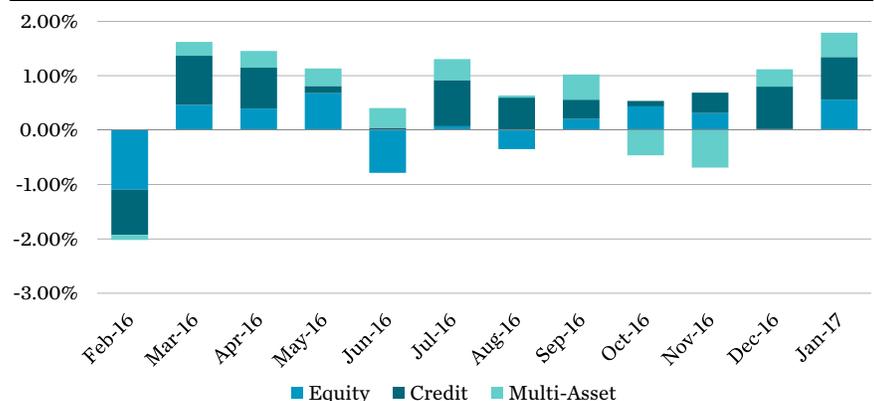
Performance summary^{1,2,3,4}

Sub-Strategy Performance	Allocation at 1/31/2017	MTD		QTD		YTD		ITD Cumulative Performance	
		Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution
Equity	27.80%	1.79%	0.56%	1.79%	0.56%	1.79%	0.56%	17.71%	6.74%
Credit	31.72%	2.19%	0.78%	2.19%	0.78%	2.19%	0.78%	12.92%	4.34%
Multi-Asset	40.48%	0.89%	0.45%	0.89%	0.45%	0.89%	0.45%	8.29%	2.61%
Cash & Other			-0.12%		-0.12%		-0.12%		-6.13%
Net Return			1.67%		1.67%		1.67%		7.55%

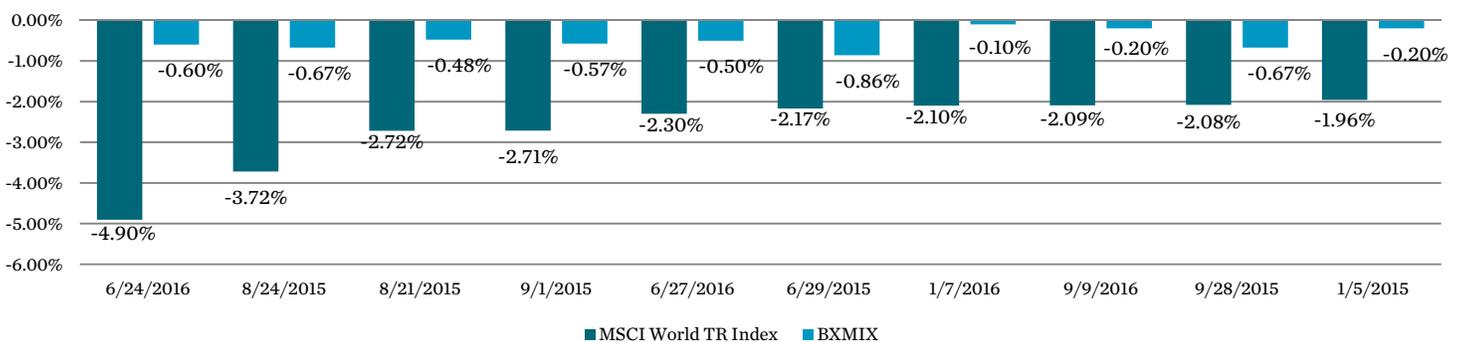
Sub-strategy summary³



Trailing 12 month sub-strategy attribution^{1,3,4}



BXMIX performance on worst 10 trading days for MSCI World since inception⁵

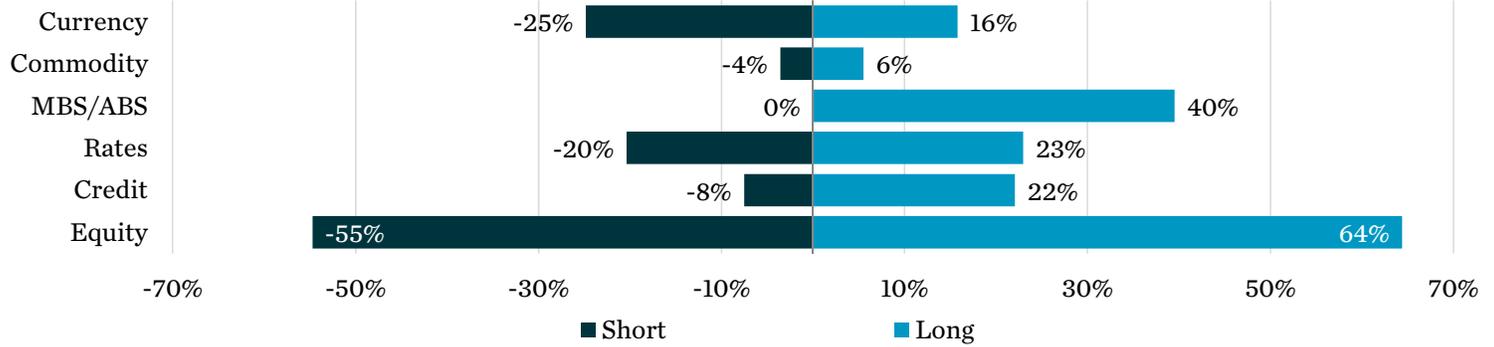


- Sub-strategy performance is shown gross of all fees and expenses. Performance is estimated and unaudited.
- Equity is comprised of Equity Long/Short; Credit is comprised of Fundamental Credit and Opportunistic Trading Credit; Multi-Asset/Quantitative is comprised of Quantitative and Global Macro/Multi-Strategy
- Sub-strategy allocations exclude exposures to Fund level cash, hedging and expenses and are adjusted pro-rata to equal 100%.
- 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.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 November 30, 2016.
- 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 0.10%, while the average return of MSCI World TR for the 10 best MSCI World TR days was 0.54%.

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

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

Asset class exposure¹



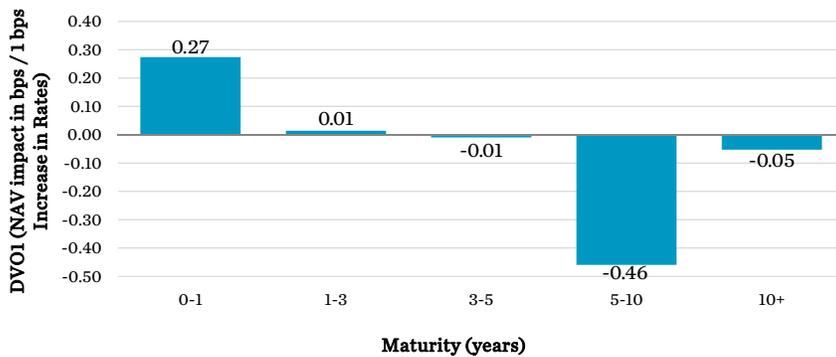
Geographic exposure¹

	Long	Short	Net
US/Canada	106.01%	52.52%	53.49%
Core Europe	35.53%	39.38%	-3.85%
Peripheral Europe	5.58%	0.67%	4.91%
Lat. Am./Caribbean	8.14%	0.88%	7.26%
Middle East/Africa	0.79%	2.29%	-1.50%
Japan	7.56%	8.43%	-0.87%
Asia general	5.33%	4.90%	0.43%
China/HK/Taiwan	1.34%	1.97%	-0.64%
Total	170.28%	111.04%	59.24%

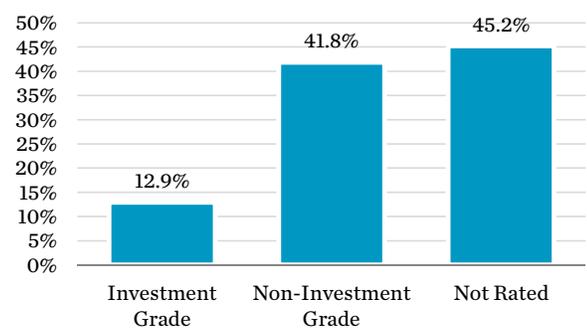
Currency exposure¹

Region	Long	Short	Net
Asia general	2.10%	3.67%	-1.57%
China/HK/Taiwan	0.00%	0.85%	-0.85%
Core Europe	5.15%	12.94%	-7.79%
Japan	5.61%	1.62%	3.99%
Latin America	0.51%	0.45%	0.07%
Middle East/Africa	0.42%	1.50%	-1.08%
Peripheral Europe	0.95%	-	0.95%
US/Canada	1.06%	3.81%	-2.75%
Total	15.80%	24.84%	-9.04%

Fixed income interest rate sensitivity³



Fixed income ratings^{1,2}



Equity exposure – sector breakdown¹

	Long	Short	Net
Energy	1.32%	1.16%	0.16%
Materials	3.25%	0.65%	2.60%
Industrials	3.44%	1.71%	1.73%
Consumer Discretionary	5.62%	5.40%	0.22%
Consumer Staples	2.73%	1.20%	1.52%
Health Care	12.37%	7.73%	4.64%
Financials	4.18%	3.58%	0.60%
Real Estate	0.29%	1.53%	-1.25%
Information Technology	7.33%	2.97%	4.36%
Telecommunication Services	1.37%	0.82%	0.55%
Utilities	0.39%	0.36%	0.03%
Index*	21.55%	27.46%	-5.91%
Unclassified**	0.56%	0.12%	0.44%
Total	64.40%	54.70%	9.70%

VaR analysis⁴

Date	VaR
1/31/17	2.4%

- 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 change in value of a security for a 1 basis point change in interest rates as a percentage of fund NAV.
 - 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 ushered in a new presidential administration in the U.S., and all eyes were on the man who, whether you agree with him or not, is now one of the most powerful people in the world: President Trump. Stocks continued to climb for most of the month on expectations of new pro-growth policies in the U.S., with the Dow Jones Industrial Average finally crossing the monumental 20,000 mark on January 25th. However, President Trump appeared to deliver on some of his controversial campaign promises during his first week in office, causing the major stock indices to pare back some of their previous gains. A newly-enacted travel ban restricting immigration from seven countries and broader protectionist rhetoric made investors wary of corporate earnings prospects. Still, the S&P 500 and MSCI World indices posted their first January gains since 2013. Another Trump campaign promise that has been at the top of investors' minds is the prospect of substantial fiscal spending, which has led to a wave of selling in U.S. 10-year Treasury bonds, pushing up their yields in the months following the election. By the end of January, however, Treasury yields were relatively flat as the administration's immediate focus appeared to be more on protectionism and global trade than infrastructure spending.

BXMIX had a strong start to the year, and we are optimistic about the portfolio in the current environment. While no one can say exactly what the future holds, and we're still waiting for clarity on many of President Trump's policies, one thing we think is clear: change is imminent. From taxes to trade to regulation, so many economic and policy shifts are possible—with much higher volatility conceivably in store for markets. Long story short, we may be on the verge of groundbreaking disruption in various industries and significant changes in the tax code and in trade tariffs that could lead to a wider dispersion between winners and losers within asset classes and sectors. That means the opportunity for active management is growing, and for hedge funds, the field of play is particularly interesting. Across asset classes, including equities, credit, rates and currencies, BXMIX has a diverse group of sub-advisers ready to express their views on both the long and short side—seeking to capture opportunities across the spectrum.

Review of Fund Performance¹

The investment objective of Blackstone Alternative Multi-Strategy Fund (the “Fund”) is to seek capital appreciation. The Fund aims to achieve its objective by managing assets directly (via BAIA²) or by allocating assets among a variety of investment sub-advisers, each with experience managing non-traditional or “alternative” investment strategies. In January, the Fund's Class I share class³ returned 1.67%⁴ net of fees and expenses versus 1.90% and 2.44% for the S&P 500 and MSCI World Indices, respectively, and versus 1.13% for the Barclays Global Aggregate Bond Index.

Equity Strategies

The Fund's Equity strategies ended the month in positive territory, led by longer-term quantitative equity strategies. Gains from net long exposures to Information Technology and Materials sectors were partially offset by short exposures to Consumer Discretionary and Financials sectors. Markets appeared to pay close attention to Trump-related news releases that seemingly increased dispersion and volatility among stocks. Environments with higher levels of idiosyncratic movements and increased dispersion between stocks and within sectors may benefit quantitative strategies. Within fundamental equity strategies, we saw gains in Software, Biotech and Internet exposures. Healthcare was another sector in which we saw positive performance. J.P. Morgan held its annual healthcare conference, which provided investors with insight into some of the sector's most notable public companies, serving as a catalyst for movements in various stocks. Despite a federal judge's decision to block a mega-merger in the health insurance industry, the Fund benefitted from exposures to managed care organizations (MCOs). The new Trump administration has created a potentially favorable environment for MCOs given policy discussions about the potential repeal or modification of the Affordable Care Act.

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- 1. The volatility of the indices presented may be materially different from that of the performance of the fund. In addition, the 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 the 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 the Fund's performance to that of well-known and widely recognized indices. A summary of the investment guidelines for the indices presented are available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.*
 - 2. Blackstone Alternative Investment Advisors (“BAIA”), the Fund's investment advisor, manages a portion of the Fund's assets directly. Such assets 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.*
 - 3. For a summary of Fund performance of other share classes, please refer to the Fund's website: <http://www.blackstone.com/bxmix>*
 - 4. Performance is shown net of all fees and expenses for Share Class I. 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. Information is estimated and unaudited.*

Performance commentary

Effective as of January 25, 2017, Wellington Management Company LLP (“Wellington”) 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

Credit strategies were the largest contributor to performance in January with all sub-advisers posting gains. Both corporate and structured credit exposures benefitted from positive carry, inflows into high yield and investment grade credit, and factors related to proposed changes in interest deductibility. Credit risk transfer (CRT) bonds rallied, and commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS) generated cash flow. Other areas of strength included gains in mezzanine collateralized loan obligation (CLO) tranches and price appreciation in several corporate bonds issued by industrial and entertainment firms.

Multi-Asset Strategies

Multi-Asset strategies also contributed gains with Macro and factor-based strategies leading the pack. Positive performance in fixed income and FX value strategies was partially offset by fixed income momentum strategies and carry strategies across fixed income, FX and commodities. The Fund also benefitted from short U.S. Treasury exposures which performed well as yields moved marginally higher; however, short Canadian government bonds detracted. As sentiment regarding key emerging markets economies began to normalize to pre-election levels, we saw Argentine sovereign bonds rally on the heels of Argentinian President Macri’s cabinet reshuffling. Another winner was a Brazilian quasi-sovereign entity whose new issuance and debt buyback program have been well-received by the market. The Fund did have some minor losses in short Chinese offshore renminbi and short South Korean won exposures as the Chinese government has been heavily committed to stabilizing its currency. Additionally, European equity strategies experienced weakness as volatility in several European markets cooled in January.

Opinions expressed reflect the current opinions of BALA 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 BALA’s underlying managers. BAAM 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.

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