

# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of January 31, 2019

## Investment approach

Blackstone Alternative Multi-Strategy Fund's ("Fund") investment objective is to seek capital appreciation. The Fund seeks this objective by allocating its assets among a variety of non-traditional or "alternative" investment strategies. Blackstone allocates the Fund's assets among investment sub-advisers with experience managing alternative investment strategies and among Investment Funds and also manages a portion of the Fund's assets directly. In pursuing the Fund's investment objective, Blackstone focuses on the preservation of capital and seeks to maintain an investment portfolio with, on average, lower volatility relative to the broader equity markets.

## Fund highlights

<b>Fund assets</b> <sup>6</sup>	\$7,056.05 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>	1.88%
<b>Gross Expense Ratio</b>	2.86%
<b>Net Expense Ratio</b>	2.20%

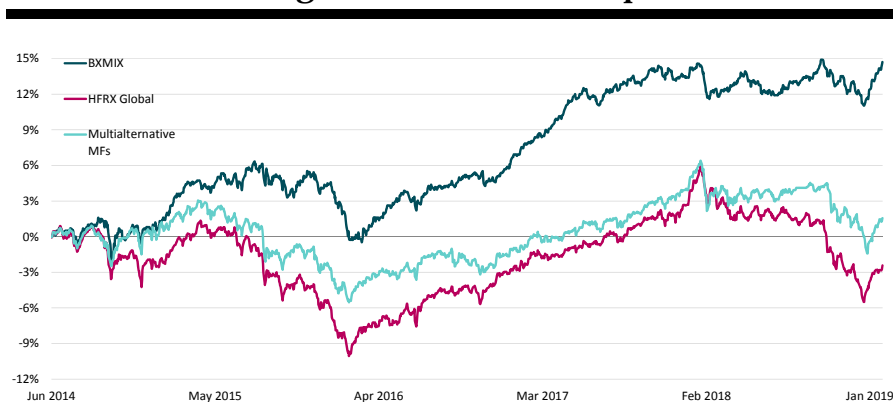
## Portfolio managers

Name	Years at Blackstone
Gideon Berger	17 Years
Min Htoo	1 Year
Robert Jordan	7 Years
Ian Morris	9 Years
Alberto Santulin	16 Years
Stephen Sullens	18 Years

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

	As of 12/31/2018			As of 01/31/2019				Inception to Date Statistics			
	YTD	1 Yr	ITD	1 Yr	ITD	QTD	YTD	St Dev.	Beta	Alpha	Sharpe
BXMIX	(1.52%)	(1.52%)	2.46%	0.85%	3.01%	2.70%	2.70%	3.12%	-	-	0.72
HFRX Global Hedge Fund Index	(7.01%)	(7.01%)	(1.00%)	(7.01%)	(0.46%)	2.13%	2.13%	3.57%	0.53	3.25%	(0.34)
Barclays Gbl Agg Index	(1.20%)	(1.20%)	0.32%	(0.88%)	0.65%	1.52%	1.52%	4.79%	(0.10)	3.10%	(0.02)
MSCI World TR Index	(8.20%)	(8.20%)	4.45%	(6.01%)	6.08%	7.81%	7.81%	11.41%	0.16	1.95%	0.47

## Alternative strategies cumulative net performance<sup>1,2</sup>



1. Performance is presented through January 31, 2019. Net performance is net of the Gross Expense Ratio less waived expenses. Performance data quoted represents past performance and does not guarantee future results. All ITD statistics above are calculated using daily performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance data quoted. Additional information and performance data current to the most recent month-end is available at [www.bxmix.com](http://www.bxmix.com).

2. None of the indices presented are benchmarks or targets for the Fund. 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 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, 2019.

7. Gross expense ratio represents the expense ratio applicable to investors. Net expense ratio represents the Specified Expenses as of March 31, 2018. "Specified Expenses" is defined to include all expenses incurred in the business of the Fund with the exception of: (i) distribution or servicing fees, (ii) acquired fund fees and expenses, (iii) brokerage and trading costs, (iv) interest payments (including any interest expenses, commitment fees, or other expenses related to any line of credit of the Fund), (v) taxes, (vi) dividends and interest on short positions, and (vii) extraordinary expenses (in each case, as determined in the sole discretion of the Adviser). Please see the Fund's Prospectus at [www.bxmix.com](http://www.bxmix.com).

# Sub-adviser allocations<sup>1</sup>

Manager	Strategy	Sub-strategy	Classification
<b>Active Sub-Advisors</b>			
HealthCor	Equity Hedge	Equity Long Short	Equity
Endeavour	Equity Hedge	Equity Market Neutral	
Two Sigma Advisers	Equity Hedge	Equity Market Neutral	
Bayview	Relative Value	Fixed Income - Asset Backed	Credit
Good Hill	Relative Value	Fixed Income - Asset Backed	
Sorin	Relative Value	Fixed Income - Asset Backed	
BRESSA <sup>(1)</sup>	Relative Value	Fixed Income - Asset Backed	
Caspian	Event Driven	Distressed/Restructuring	
Boussard & Gavaudan	Event Driven	Multi-Strategy	Multi-Asset
Magnetar <sup>(1)</sup>	Event Driven	Risk Arbitrage	
Emso	Macro	Discretionary Thematic	
NWI	Macro	Discretionary Thematic	
IPM	Macro	Systematic Diversified	
D.E. Shaw	Multi-Strategy	N/A	
BAIA-Direct <sup>(2)</sup>	Multi-Strategy	N/A	
<b>Inactive Sub-Advisors<sup>(3)</sup></b>			
Cerberus	Relative Value	Fixed Income - Asset Backed	Inactive
Waterfall	Relative Value	Fixed Income - Asset Backed	
Nephila	Event Driven	Reinsurance	
H2O	Macro	Discretionary Thematic	
GSA	Macro	Systematic Diversified	

1. Blackstone and its affiliates have financial interests in asset managers. Any allocation by Blackstone to a subsidiary or other affiliate benefits The Blackstone Group L.P. and any redemption or reduction of such allocation would be detrimental to The Blackstone Group L.P., creating potential conflicts of interest in allocation decisions. For a discussion of this and other conflicts, please see the Additional Disclosure section at the end of this document.

2. BAIA manages a portion of the Fund's assets directly. Such investments include allocations to BAIA's systematic risk premia trading strategy, funds managed by Glenview Capital Management LLC, EJF Capital LLC, Aeolus, opportunistic credit trades and hedging. BAIA allocations are subject to change and BAIA's fees on directly managed assets are not reduced by a payment to a sub-adviser.

3. Inactive managers are not currently managing any Fund assets. Allocations may change at any time without notice.

## Monthly net performance<sup>4,5</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD			
													BXMIX	HFRX Gbl	Bardays Gbl	MSCI World
2014	-	-	-	-	-	0.50%	(0.40%)	0.90%	0.30%	(0.59%)	0.30%	(0.19%)	0.80%	(0.58%)	0.58%	5.50%
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%	(3.64%)	(3.15%)	(0.32%)
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%	2.50%	2.09%	8.15%
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%	5.99%	7.39%	23.07%
2018	0.28%	(1.30%)	0.38%	0.94%	(1.49%)	(0.09%)	0.94%	0.28%	1.21%	(1.57%)	0.09%	(1.15%)	(1.52%)	(7.01%)	(1.20%)	(8.20%)
2019	2.70%												2.70%	2.13%	1.52%	7.81%

4. None of the indices presented are benchmarks or targets for the Fund. Indices are unmanaged and investors cannot invest in an index. Please see end of document for additional disclosures regarding indices presented.

5. Performance is presented through January 31, 2019. Net performance is net of the Gross Expense Ratio less waived expenses. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance data quoted. Additional information and performance data current to the most recent month-end is available at [www.bxmixon.com](http://www.bxmixon.com). BXMIX launched on June 16, 2014 and thus performance for June 2014 is limited to June 16 through June 30.

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

### Glossary of Terms

**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 90 day T-Bill – 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.

### 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. **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.

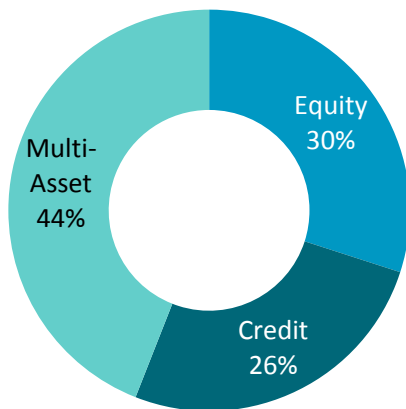
# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of January 31, 2019

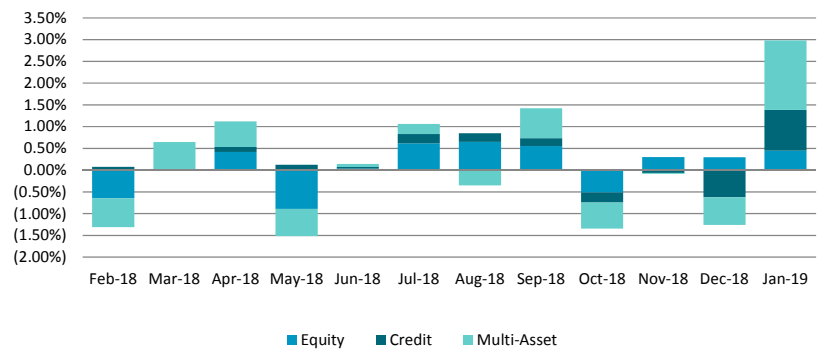
## Performance summary<sup>1,2,3</sup>

Sub-Strategy Performance	Allocation at 1/31/2019		MTD		QTD		YTD		Trailing 12 Months		ITD Cumulative Performance	
	Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution
Equity	29.99%	1.21%	0.45%	1.21%	0.45%	1.21%	0.45%	3.05%	1.25%	28.89%	10.84%	
Credit	25.97%	3.07%	0.94%	3.07%	0.94%	3.07%	0.94%	4.04%	0.95%	30.05%	8.60%	
Multi-Asset	44.03%	2.98%	1.60%	2.98%	1.60%	2.98%	1.60%	1.59%	0.87%	16.49%	6.35%	
Cash & Other			(0.28%)		(0.28%)		(0.28%)		(2.21%)		(11.10%)	
Net Return			2.70%		2.70%		2.70%		0.85%		14.69%	

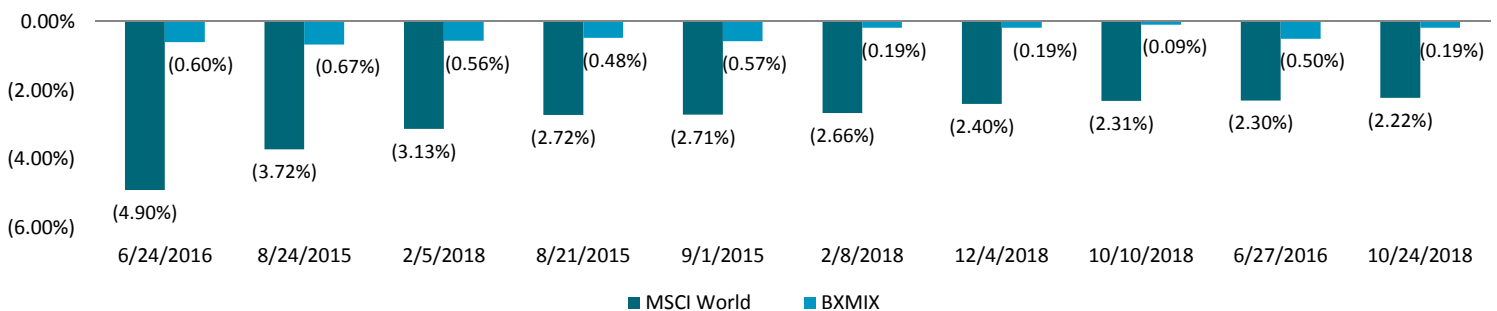
## Portfolio Allocations<sup>2</sup>



## Trailing 12 month sub-strategy attribution<sup>1,2,3</sup>



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



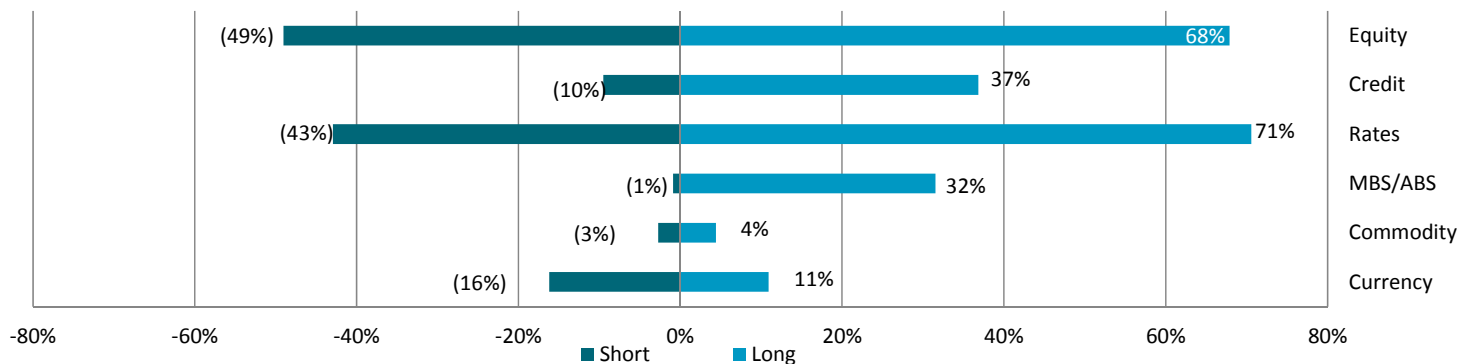
Because of the broadly diversified and low beta nature of the portfolio, BXMIX is not expected to participate in the full upside of broader equity markets. From 06/16/14 to 1/31/19, on the ten best MSCI World TR trading days, the average daily returns for the MSCI World TR and BXMIX were 2.28% and 0.41% respectively. The MSCI World TR is not a benchmark or target for the Fund. Please see important Disclosure Information at the end of this presentation.

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](http://www.bxmix.com) or by calling 855-890-7725. Data is from June 16, 2014 to January 31, 2019.

- Sub-strategy performance is shown gross of all fees and expenses. Performance is estimated and unaudited.
- Portfolio allocations include exposure to certain BAIA-Direct investments. Equity allocation includes Equity Long/Short and Equity Market Neutral sub-strategies, funds managed by Glenview Capital Management LLC and equity hedges. Credit allocation includes Fixed Income – Asset Backed, Fixed Income – Corporate and Distressed/Restructuring sub-strategies, a fund managed by EJP Capital LLC, Aeolus and opportunistic credit trades. Multi-Asset is comprised of Discretionary Thematic, Systematic Diversified, Risk Arbitrage and Multi-Strategy sub-strategies, and BAIA's systematic risk premia trading strategy.
- Sub-strategy allocations exclude exposures to Fund level cash, hedging and expenses and are adjusted pro-rata to equal 100%.
- 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. Indices are unmanaged and investors cannot invest in indices. Please see important Disclosure Information at the end of this presentation.

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<sup>1</sup>



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

	Long	Short	Net
US/Canada	130.00%	(58.27%)	71.74%
Core Europe	67.03%	(46.41%)	20.62%
Peripheral Europe	2.55%	(0.35%)	2.20%
Lat. Am./Caribbean	8.10%	(1.49%)	6.61%
Middle East/Africa	3.06%	(1.49%)	1.57%
Japan	2.21%	(2.44%)	(0.23%)
Asia general	6.31%	(6.41%)	(0.10%)
China/HK/Taiwan	2.91%	(4.43%)	(1.52%)
<b>Total</b>	<b>222.19%</b>	<b>(121.29%)</b>	<b>100.90%</b>

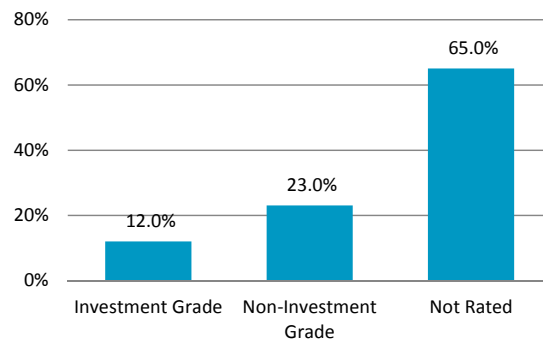
## Currency exposure<sup>1</sup>

Region	Long	Short	Net
Asia general	3.67%	(0.26%)	3.40%
China/HK/Taiwan	0.00%	(0.11%)	(0.11%)
Core Europe	5.15%	(10.59%)	(5.45%)
Japan	0.80%	(1.55%)	(0.75%)
Latin America	0.45%	(0.33%)	0.12%
Middle East/Africa	0.00%	(0.27%)	(0.27%)
Peripheral Europe	0.20%	(0.16%)	0.04%
US/Canada	0.65%	(2.94%)	(2.29%)
<b>Total</b>	<b>10.91%</b>	<b>(16.20%)</b>	<b>(5.29%)</b>

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

	Long	Short	Net
Energy	2.25%	(2.46%)	(0.22%)
Materials	1.38%	(1.15%)	0.23%
Industrials	4.81%	(1.74%)	3.07%
Consumer Discretionary	5.55%	(6.81%)	(1.27%)
Consumer Staples	1.75%	(1.19%)	0.56%
Health Care	10.77%	(6.98%)	3.80%
Financials	6.74%	(5.48%)	1.25%
Real Estate	1.09%	(1.46%)	(0.37%)
Information Technology	9.01%	(3.98%)	5.03%
Communication Services	3.03%	(2.46%)	0.58%
Utilities	1.79%	(0.51%)	1.28%
Index**	17.10%	(14.80%)	2.29%
Unclassified***	2.63%	-	2.63%
<b>Total</b>	<b>67.89%</b>	<b>(49.02%)</b>	<b>18.87%</b>

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



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.

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

\*\*\*Do not have a GICS sector assigned

## January Market Commentary

Investors worldwide welcomed the market's January performance with a warm embrace after a chilling December left many unsure of its future prospects. In spite of a tumultuous end to 2018 and a historically-long, 35-day United States government shutdown that finally came to a conclusion on January 25<sup>th</sup>, the first month of 2019 ultimately produced the best opening result for the S&P 500 Index (+8.01%) since 1987.

Now, before we praise this month's result and proclaim it a saving grace for investors heading into the remainder of the year, it's important that we consider this outcome in the context of a longer time horizon. While January 2019 will undoubtedly have its place in history as a banner month for U.S. stock markets, many investors would likely rather forget the results of the trailing twelve months. Through January 31<sup>st</sup>, leading global stock and bond indices have delivered negative returns over the past year, in large part driven by a volatile December that was historic in its own right (the worst closing month for the S&P 500 since 1931).

The MSCI World Total Return Index, a measure of global equity markets, is down -6.06% in the last twelve months, compared to -1.29% for the Barclays Global Aggregate Bond Index. This result should raise alarms among investors, as bonds, often valued for their diversifying benefits within a portfolio, have failed to provide the safe haven that many investors look to them for. Here in the U.S., the results have been slightly more optimistic, but by no means noteworthy. The S&P 500 has fallen -2.26%, while the Barclays US Aggregate ticked up 2.25%, with nearly half of the bond returns coming in January (1.06%). So, while U.S. bond investors have experienced gains, growing concerns abound regarding their ability to reduce portfolio risk in the future.

Market volatility reached historic levels in 2018. In fact, the Financial Industry Regulatory Authority ("FINRA") recently issued a press release highlighting how heightened activity levels last year generated an unprecedented amount of market volume<sup>1</sup>. For those unfamiliar, FINRA is dedicated to investor protection and market integrity. In recent years, this mission has become increasingly demanding, as the regulator has worked to keep pace with the onslaught of electronic order and trade record data it receives from securities exchanges and broker-dealers. In 2018, FINRA processed 6.7 billion electronic records per day, representing an astounding 87% increase year-over-year. Among the 30 most active days of FINRA processing volume in history, all of them occurred in the fourth quarter, with 28 billion in December alone. To put this into perspective, heading into the start of last year, FINRA's all-time high daily processing volume was 75 billion records, which is 34 billion fewer than the December average.

While Blackstone does not claim to predict the future of global markets, we do recognize the importance of a broadly diversified portfolio. As this new secular shift continues to take shape, we maintain that alternative investment strategies may help in weathering volatile market conditions in the future.

## Review of January Fund Performance

The investment objective of the Blackstone Alternative Multi-Strategy Fund (the "Fund" or "BXMIX") 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 and by managing assets directly (via BAIA<sup>2</sup>). In January, the Fund's Class I share class returned 2.70%<sup>3</sup> net of fees and

<sup>1</sup> FINRA: <http://www.finra.org/newsroom/2019/market-volatility-drives-finras-volume-new-record-2018>

<sup>2</sup> BAIA manages a portion of the Fund's assets directly. Such investments include allocations to BAIA's systematic risk premia trading strategy, funds managed by Glenview Capital Management LLC, EJP Capital LLC, and Aeolus Capital Management Ltd., opportunistic trades and hedging. BAIA allocations are subject to change and BAIA's fees on directly managed assets are not reduced by a payment to a sub-adviser.

expenses versus 2.13% and 1.52% for the HFRX Global Hedge Fund and Barclays Global Aggregate Bond indices, respectively, and versus 8.01% and 7.81% for the S&P 500 and MSCI World indices, respectively<sup>4</sup>.

### Equity Strategies

Equity strategies (+1.21%)<sup>4</sup> were a significant contributor to Fund performance in January, as global stock markets rebounded after a challenging close to 2018. The Fund's exposure to the Health Care sector was particularly accretive, as the sector broadly bounced back (the S&P 500 Health Care Total Return Index was up 4.84%) following a December sell-off that came on the back of a federal court decision to invalidate the Affordable Care Act. The late year downtick ultimately aided performance for the month, as the Fund took advantage of opportunities to add exposure to high conviction long names amid the dislocation and further benefited during the move upwards in January. Among them, one of the largest contributors was a global biopharmaceuticals company, whose stock price increased after a competitor announced a takeover bid.

Sub-strategies with exposure to the Financials sector also contributed positively for the month. As a reminder, the Fund employs a market-neutral approach to the sector, meaning that it seeks to profit from both price increases and decreases in the market while neutralizing systematic risk. The leading contributor to sector performance on the month was a long investment in a commercial bank, which has begun successfully diversifying its loan portfolio, while expanding its presence in highly sought after domestic client markets. On the downside, the Fund's biggest losers in the sector were index short positions used to hedge market risk.

Quantitative equity market-neutral sub-strategies detracted from performance on the month. Value signals, which identify stocks that are inexpensive as exhibited by a fundamental valuation method (i.e. price-to-earnings) performed well, while momentum, quality, earnings and low volatility signals all underperformed.

### Credit Strategies

Credit strategies (+3.07%)<sup>4</sup> were the largest contributor to Fund performance for the month. Similar to equity markets, fixed income reversed course in January following a difficult close to the calendar year. The Fund's investments in high yield credit and levered loans, more specifically, benefited from exposure to early rallies in each asset class, as their broader indices appreciated 4.57% and 2.55% for the month, respectively.

The Fund's exposure to Credit Risk Transfer bonds benefited from tightening spreads, as well as a new \$714 million government agency offering throughout the month. This new issue provided sub-advisers an opportunity to sell seasoned 2015 and 2016 paper while adding newer, more longer-dated securities. Furthermore, tightening spreads also generated profits for the Fund's exposure to a synthetic index that tracks commercial mortgage-backed securities, which appreciated over the course of the month.

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<sup>3</sup> 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. For a summary of Fund performance of other share classes, please refer to the Fund's website: [www.bxmix.com](http://www.bxmix.com).

<sup>4</sup> **Indices are provided for illustrative purposes only. They have not been selected to represent appropriate benchmarks or targets 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. Indices are unmanaged and investors cannot invest in indices.

Within corporate debt, the largest contributor was a position in a consumer finance company that reported annual earnings and highlighted a positive outlook for its prospects in 2019. The Fund also benefited from exposure to the bonds of an American utilities provider, which appreciated after banks reached an agreement to provide debtor-in-possession financing to facilitate the company's bankruptcy process. Long investments in a manufacturer in the life sciences space and a US telecommunications company also contributed positively, though gains were restricted by a decline in bond prices from a media company that has filed for Chapter 11.

### Multi-Asset Strategies

Multi-Asset strategies (+2.98%)<sup>4</sup> contributed positively to monthly performance. Risk premia strategies, which invest based on the view that investors are compensated for assuming certain risks, rather than fundamentally investing in specific assets, contributed positively. Among them, credit and inflation-oriented positions drove gains, with high yield credit positions in the US and Europe specifically contributing notable profits.

Event-driven sub-strategies also contributed positively in January, as risk arbitrage pairings produced gains. These merger-linked strategies, which attempt to exploit pricing inefficiencies caused by corporate events by taking long positions in target companies and selling short acquirers, have benefited from heightened levels of acquisition activity to start the year. Top contributors within this sub-strategy included combinations of two North American energy companies, a pair of telecommunications providers and a financial services duo.

Discretionary thematic sub-strategies posted positive performance in the first month of the year, driven primarily by long exposure to emerging market sovereign debt. The Fund's investments in two Latin American and three Middle Eastern countries were responsible for driving gains, which exceeded the representative index's (EMBI was up over 4.41%) monthly advance despite a hedge on the Barclays US Aggregate Bond Index.

The Fund's exposure to currencies delivered slight gains, as profits from long positions in the GBP and AUD, as well as shorts in the CHF and USD, were subdued by losses on a short on the CAD. Additional losses came from the relative value equity book, as U.S., Hong Kong and Canadian equity markets moved against short positions.

### 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 are key to generating returns in different market environments. In January, we added one new sub-adviser to our manager lineup.

January 2019 Sub-Adviser Additions:

1. Blackstone Real Estate Debt Special Situations Advisors L.L.C. ("BRESSA"): invests primarily in liquid, commercial and residential real estate-related debt instruments.

Sub-adviser additions 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.

Opinions expressed reflect the current opinions of BAIA as of the date of this material only. Past performance may not be a reliable guide to future performance. The value of BXMIX 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. The Fund may shift allocations among sub-advisers, strategies and sub-strategies at any time. Certain of the information provided herein has been obtained from or derived from the Fund's sub-advisers. BAIA does not guarantee the accuracy or completeness of such information.

# Important 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.bxmixon.com](http://www.bxmixon.com). 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. **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. **Barclays Global Aggregate 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:** HFRX Global Hedge Fund Index is 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. The methodology is based on defined and predetermined rules and objective criteria to select and rebalance components to maximize representation of the Hedge Fund Universe. **MSCI World TR 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 23 developed markets in the world. **Morningstar Multialternative Category Average:** Represents the average performance of mutual funds categorized as "multialternative" funds by Morningstar, Inc. These funds use a combination of alternative strategies such as taking long and short positions in equity and debt, trading futures, or using convertible arbitrage, among others. Funds in this category have a majority of their assets exposed to alternative strategies and include both funds with static allocations to alternative strategies and funds tactically allocating among alternative strategies and asset classes. **The Standard & Poor's 500 Index - S&P 500** is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value.

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.