Blackstone Alternative Multi-Strategy Fund (BXMIX)

Blackstone

As of December 31, 2020

Fund Net Performance[1,2]

	As of December 31, 2020						Inception to Date Statistics			
	MTD	QTD	YTD	1 Yr	5 Yr	ITD	St. Dev.	Beta	Alpha	Sharpe
BXMIX	**3.05%**	**5.31%**	**(1.10%)**	**(1.10%)**	**2.47%**	**2.55%**	**4.23%**			**0.40**
HFRX Global HF Index	2.45%	5.11%	6.81%	6.81%	3.29%	1.62%	3.61%	0.73	1.11%	0.22
Morningstar Category Avg.	2.09%	4.82%	1.16%	1.16%	2.00%	1.14%	4.57%	0.67	1.44%	0.07
Barclays Global Agg Index	1.34%	3.28%	9.20%	9.20%	4.79%	2.64%	4.77%	0.02	1.67%	0.38
MSCI World Index	4.27%	14.07%	16.50%	16.50%	12.81%	9.60%	15.31%	0.18	0.09%	0.57

[1] Performance is presented through December 31, 2020 for the Fund's Class I share class (BXMIX). Net performance is net of the Expense Ratio less waived expenses. Performance data quoted represents past performance and does not guarantee future results. Statistics above are calculated using daily performance and are annualized. 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. Information is estimated and unaudited. Additional information and performance data current to the most recent month-end is available at www.bxmix.com.

[2] Inception to Date statistics are as of BXMIX inception on June 16, 2014. Measures of beta or alpha of BXMIX are to the respective index. Please see the end of this document for additional disclosures regarding indices presented.

Q4 2020 Market Commentary

Global appetite for risk assets increased broadly over the fourth quarter as uncertainty surrounding the U.S. Presidential Election, effectiveness of a COVID-19 vaccine, and fiscal stimulus resolved. Despite ending the year with over 86 million global cases of the novel coronavirus, markets looked through a second wave of infections in the fall to price a robust economic recovery in 2021. From its bottom on March 23, 2020, the S&P 500 Index returned 68%, closing at a record high and increasing 16.3% for the year. In Q4, U.S. equities experienced a large rotation from beneficiaries of low and falling real yields to beneficiaries of an economic recovery. Large cap and growth leaders gave way to small cap and value. Value stocks in fact rose by 16% over the last three months, marking their best quarter since 2009, and small-cap stocks returned 24%, erasing their underperformance for the calendar year.[3] Further, credit instruments continued their rebound. As central banks took unprecedented action to provide significant monetary and fiscal stimulus throughout the crisis, historically low levels of U.S. treasury yields forced investors to look elsewhere for meaningful sources of income. We observed broad appreciation of credit instruments throughout the quarter, with U.S. High Yield bonds recovering over 90% of their spread widening from March. Residential and commercial mortgage backed securities and emerging market debt also appreciated meaningfully on the quarter.

Against this backdrop, BXMIX was up 5.31% on the quarter.[4] The Fund aims to deliver diversified risk-adjusted returns over a market cycle by providing access to hedge fund strategies with lower exposure to equity risk, a mandate we believe the Fund largely achieved in the fourth quarter.[5] In Q4, BXMIX captured 17.7% of the S&P 500's upside and just

[3] Value stocks refers to MSCI World Value Index; Small-cap stocks refers to MSCI World Small Cap Index.

[4] Past performance is not be a reliable guide to future performance. Net performance is net of the Expense Ratio less waived expenses. 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. Statistics are calculated using daily performance and are annualized. Performance is estimated and unaudited.

[5] The Fund may shift allocations among sub-advisers, strategies and sub-strategies at any time.

1.7% of its downside and has exhibited an equity beta between 0.06 and 0.16 with an average of 0.11.[6] As a result, BXMIX delivered 4.1% of returns in excess of its equity exposure in Q4.

Throughout the recovery over the last three quarters, the investment team has been active in tailoring the portfolio for market conditions to come. As global financial markets entered the crisis last March, we re-underwrote risk across the portfolio, added where we saw opportunity, and trimmed where we saw less attractive risk/reward. We also leveraged our industry relationships and COVID-19 induced disruption to access previously unavailable capacity in key hedge fund strategies. In the last three quarters, we've added 5 new strategies, including diversifiers and tail hedges, representing over 20% of the Fund allocations. These actions collectively resulted in new, alpha-generative exposures and deliberate allocation shifts. The Fund has gained 16.1% over the last three quarters, recovering most of the losses experienced in Q1 and ending the year down -1.10%.[7]

Looking forward, we are focused on three themes that we believe will shape 2021: 1) investors' search for yield, 2) the global recovery, and 3) the need for diversification. First, as discussed in previous notes, we believe tailwinds from falling discount rates will subside while global front-end yields remain low. In fact, we've already observed steepening in yield curves from a repricing of global growth and inflation expectations. As such, we expect investors will move out the risk spectrum in search of carry. In this environment, we expect our emerging market debt and securitized credit allocations to continue to outperform. Second, we remain focused on including high conviction exposure to global recovery themes. Over the longer run, we believe a re-rating in REITS may deliver recovery exposure. More immediately, we believe our Special Purpose Acquisition Companies ("SPACs") strategy provides asymmetric exposure to innovation and growth, while monetizing mispricings in a rapidly growing market. In fact, we think SPACs represent a secular shift in the landscape for public listings, and that increased investor interest has led to a period of elevated returns and liquidity. Finally, we continue to use the Blackstone sourcing engine to identify what we believe to be high quality diversifiers. Our allocations to commodities and higher-frequency futures strategies this year are good examples of this commitment.

Review of Q4 2020 Fund Performance

The investment objective of the Blackstone Alternative Multi-Strategy Fund is to seek capital appreciation. The Fund aims to achieve its objective by allocating assets among a variety of investment sub-advisers, each with experience managing non-traditional or "alternative" investment strategies and by managing assets directly (via BAIA[8]). In Q4, the Fund's Class I share class returned 5.31%[1] net of fees and expenses versus 5.11% for the HFRX Global Hedge Fund Index, 3.28% for the Barclays Global Aggregate Bond Index, and 14.07% for the MSCI World Index.[9]

Equity Strategies[10]

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[6] The calculated betas use daily returns for BXMIX from 10/1/2020-12/31/2020. The indices referenced above are not benchmarks or targets for the Fund. Please see Important Disclosure Information.

[7] Past performance is not be a reliable guide to future performance. Net performance is net of the Expense Ratio less waived expenses. 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. Statistics are calculated using daily performance and are annualized. Performance is estimated and unaudited.

[8] BAIA manages a portion of the Fund's assets directly. Such investments include allocations to fund managed by EJF Capital LLC, Aeolus Capital Management Ltd., PIMCO Investment Management, Saba Capital Management, L.P., and opportunistic trades. BAIA allocations are subject to change and BAIA's fees on directly managed assets are not reduced by a payment to a sub-adviser.

[9] **Indices are provided for illustrative purposes only. They have not been selected to represent 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. Please see end of document for additional disclosures regarding indices presented.**

[10] 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. Sub-strategy performance is shown gross of all fees and expenses and is calculated using daily performance. Performance attribution represents the contribution of each sub-strategy to the Fund's total return. Performance is estimated and unaudited.

Equity strategies (+0.20%) remained slightly positive for the quarter. Exposure to Chinese equities implemented by BAIA were the leading contributor of gains, driven by robust Chinese growth and declining U.S. Dollar throughout the quarter. Equity Long Short sub-strategies were slight detractors. In this portion of the portfolio, gains were generated from exposure to a biopharmaceutical company following the approval of its coronavirus vaccine, but were more than offset by negative contributions from short biotechnology positions as prices in the sector climbed higher throughout the fourth quarter.

Equity Market Neutral sub-strategies suffered slight losses in the fourth quarter. The Fund's exposure to quantitative investment strategies faced headwinds in November associated with a large factor rotation that impacted growth and momentum stocks. However, exposure to REITS helped to offset the losses, as the increased probability of a post-vaccine world led to considerable price appreciation in COVID-impacted sectors, including travel, entertainment, and retail stores.

Credit Strategies[10]

Credit strategies (+2.25%) were a large contributor to Fund performance in Q4 and benefited from positive returns generated by each sub-adviser. The Fed's commitment to a "lower-for-longer" interest rate environment continued to provide tailwinds for Fixed Income – Asset Backed sub-strategies, as bids for high-yielding securitized credit remained strong and facilitated continued spread tightening. Sub-advisers of these strategies noted that recoveries in securities backed by residential mortgages were supported by rising home prices and stable delinquency rates, whereas price appreciation in securities backed by commercial mortgages was aided by declining, though still elevated, delinquency rates.

Distressed/Restructuring sub-strategies also generated gains in the fourth quarter. Profits in this portion of the portfolio were bolstered by exposure to the bonds of a stressed cruise line company, which appreciated on positive news related to the development of a COVID-19 vaccine, as well as the bonds of a utility company, after it made progress in restructuring its existing debt. Losses came from exposure to loans to a broadcasting company operating TV and a radio station.

Multi-Asset Strategies[10]

Multi-Asset strategies (+3.95%) were the largest contributor to Fund performance for the quarter. Discretionary Thematic sub-strategies were accretive to performance and benefited from gains resulting from exposure to emerging market sovereign bonds. These exposures continued to benefit from price appreciation supported by increased demand and persistent low rates as the Fed's policy remained unchanged, with no rate-hikes projected until the end of 2023. Detractors included exposure to the sovereign bonds of a South American country, which were impacted by the government's diminished foreign exchange reserves, as it continues to grapple with economic turmoil in the wake of the pandemic.
Multi-Strategy sub-strategies also produced gains. Exposure to strategies focused on SPACs benefited from widespread acceptance of these vehicles as a means of accessing public capital markets, in which they claimed over 50% of the IPO market in 2020.[11] Leading contributors to performance within this strategy included a business combination in the mobile gaming space. Hedging exposures were a mild detractor in the quarter as risk assets rebounded significantly following a volatile September and October.

Commodity Energy sub-strategies delivered positive performance as our exposure to California credit allowances appreciated as investors priced in both higher inflation expectations and increased carbon prices. These exposures also benefitted from tailwinds associated with increased demand with a more than 40% increase in the number of participants trading these securities since 2017.[12] Risk Arbitrage strategies also contributed positively to Fund performance, as the landscape for mergers and acquisitions improved throughout the quarter. Exposure to business combinations in the cinema and entertainment space produced profits, but were partially offset by losses that resulted from exposure to deals involving pairs of energy and utility companies.

Sub-Advisers and Strategies Added/Removed

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[11] Source: SPAC Analytics. As of December 31, 2020.
[12] Source: Intercontinental Exchange. As of November 16, 2020.

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. Over the course of the fourth quarter of 2020, we added two new sub-advisers:

1. **Seiga (Seiga Asset Management Limited):** Seiga is a Pan-Asia fundamental equity long short manager focused on deploying capital within a concentrated portfolio of high-conviction mid/large-cap ideas. Seiga seeks to take advantage of mispricing from market inefficiencies throughout Japan and China, with a focus on consumer, industrials, and technology sectors.
2. **Jasper (Jasper Capital Hong Kong Limited):** Jasper is a quantitative equity manager focused on the China A Shares market. The strategy is primarily centered on extracting signals at the shorter-term time horizon to generate alpha from the structural inefficiencies and trading constraints that are characteristic of the market.

Additions and terminations are normal events in our investment process and result from our dynamic evaluation of the top-down assessment of the opportunity set for specific investment strategies as well as the bottom-up evaluation of a sub-adviser's ability to deliver alpha in a given environment.

Review of 2020 Full Year Fund Performance

For the full year 2020, the Fund's Class I share class returned -1.10%[1] net of fees and expenses versus 6.81% for the HFRX Global Hedge Fund Index, 9.20% for the Barclays Global Aggregate Bond Index and 16.50% for the MSCI World index[13].

Equity Strategies[10]

Equity strategies (+1.02%) contributed positively in 2020, as gains generated by Equity Market Neutral sub-strategies were partially offset by losses from Equity Long/Short sub-strategies. The Fund's exposure to quantitative investment strategies benefited performance, as sub-advisers successfully monetized bouts of market volatility and overcame losses experienced during a handful of large factor rotations throughout the year. Losses came from exposure to Healthcare, however, as positive developments in COVID-19 vaccines in Q4 prompted a wave of market exuberance that squeezed short positions and more than offset the rebound in prices following the first quarter selloff.

Credit Strategies[10]

Credit strategies (+0.10%) were slightly positive contributors to Fund performance for the year, with profits produced by Distressed/Restructuring sub-strategies outweighing pain felt by Fixed Income – Asset Backed sub-strategies. Rapid, adverse price action driven by technical selling pressures in late March resulted in mark-to-market losses for the Fund's exposure to structured credit. Prices of these securities subsequently rebounded as capital returned to markets and spreads tightened from historically wide levels, however, we observed greater stabilization in the prices of securities backed by residential mortgage and corporate loans than commercial mortgages, as the government shutdown continued to weigh on corporate revenues. While the market dislocation presented challenges, it also introduced opportunities for sub-advisers to purchase assets at prices that they believed to be discounts to fundamental value. As market risk increased in the second half of the year and investors sought available sources of yield, the Fund benefited from exposure to bonds and loans it acquired when a rising number of companies showed signs of stress.

Multi-Asset Strategies[10]

Multi-Asset strategies (+2.13%) were the largest contributor to Fund profits in 2020, led by the performance of Discretionary Thematic sub-strategies. After suffering a material drawdown in the first quarter, the Fund's exposure to emerging market sovereign bonds was ultimately accretive to full-year performance, due in part to an uptick in the market's appetite for risk and yield. Multi-strategy sub-strategies detracted from performance, as losses suffered by risk parity exposures linked to a spike in cross-asset correlations at the end of Q1 more than offset gains from exposure to SPACs, which benefited from the growing prevalence of these initial public offering vehicles offering a faster and cheaper

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path to public markets. Finally, Merger Arbitrage sub-strategies contributed slightly positive performance for the year. After facing losses related to a multiple standard deviation move in deal spreads in March, sub-advisers benefited from perceived declines in the risk of deal breaks throughout the remainder of the calendar year.

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. Over the course of 2020, we added five new sub-advisers and terminated two existing sub-advisers:

2020 Sub-Adviser Additions:[14]

1. **Futures Commodity Trader:** The Manager is a multi-asset quantitative research firm that combines real-time statistical inference analytics with deep market expertise. The Manager's strategy invests across asset classes, with a focus on trading futures on commodity indices, equity indices, interest rate and foreign exchange contracts. The strategy relies solely on quantitative analysis to build signals that are translated to financial instrument orders. The end-to-end process is entirely systematic and aims to capture perceived market inefficiencies.
2. **Luminus (Luminus Management, L.L.C):** Luminus is an equity hedge manager that focuses on a fundamental, low net, relative value oriented strategy that invests opportunistically across the capital structure of companies within the broader energy ecosystem. Luminus' strategy for the Fund is focused exclusively on generating absolute returns through investments in California Carbon Allowances ("CCAs") and/or CCA futures. The strategy benefits from Luminus' deep understanding of the intricate regulatory, compliance, and environmental issues that are inextricably tied to this market.
3. **Commodity-Energy Trader:** The Manager is a global energy trader and risk manager, which operates across North American and European energy markets. The Manager seeks to capture opportunities arising from the disruption in energy markets by leveraging its energy market experience and predictive modelling platform.
4. **Seiga (Seiga Asset Management Limited):** Seiga is a Pan-Asia fundamental long short equity manager focused on deploying capital within a concentrated portfolio of high-conviction mid/large-cap ideas. Seiga seeks to take advantage of mispricings from market inefficiencies throughout Japan and China, with a focus on consumer, industrials, and technology sectors.
5. **Jasper (Jasper Capital Hong Kong Limited):** Jasper is a quantitative equity manager focused on the China A Shares market. The strategy is primarily centered on extracting signals at the shorter-term time horizon to generate alpha from the structural inefficiencies and trading constraints that are characteristic of the market.

2020 Sub-Adviser Terminations:

1. **GSA (GSA Capital Partners LLP):** GSA has been an inactive sub-adviser since September 2018, and we have mutually agreed to remove them from the Fund's sub-adviser roster.
2. **H2O (H2O AM LLP):** H20 has been an inactive sub-adviser since June 2018, and we have mutually agreed to remove them from the Fund's sub-adviser roster.

Additions and terminations are normal events in our investment process and result from our dynamic evaluation of the top-down assessment of the opportunity set for specific investment strategies as well as the bottom-up evaluation of a sub-adviser's ability to deliver alpha in a given environment.

[14] Please refer to the Fund's Prospectus for a full list of Sub-Advisers.

Fund Terms (Class I)[1]
As of Date: 3/31/2020
Expense Ratio: 3.01%
Adjusted Expense Ratio: 2.14%

1. Through August 31, 2021 Blackstone Alternative Investment Advisers LLC has agreed to waive its fees and/or reimburse expenses of the Fund so that certain of the Fund's expenses, together with the Fund's management fees, will not exceed 2.40% annualized. Expense Ratio represents the expense ratio applicable to investors and is comprised of the management fees, other expenses and acquired fund fees and expenses as noted in the Fund's Prospectus. The Adjusted Expense Ratio represents the Expense Ratio net of Excluded Expenses. "Excluded Expenses" are expenses excluded from reimbursement by the Investment Adviser which include: (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.

Important Disclosure Information

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

Please not that additional details concerning the Fund's performance, liquidity and asset class exposures are available upon request. Please contact your BAAM representative for further information.

Important Risks

An investment in the Fund 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. The Fund'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 the Fund:

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. **Market Risk and Selection Risk** – One or more markets may go down in value, possibly sharply and unpredictably, affecting the values of individual securities held by the Fund. **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**. Debt Securities Risk** – investments in bonds and certain asset-backed securities are subject to risks, including but not limit to, the credit risk of the issuer of the security, the risk that the issuer undergoes a restructuring or a similar event, the risk that inflation decreases the value of assets or income from the investments, and the risk that interest rates changes adversely impact the debt investments. **Equity Securities Risk** – prices of equity and preferred securities fluctuate based on changes in a company's financial condition and overall market and economic conditions. **Mortgage- and Asset-Backed Securities Risk** – involves credit, interest rate, prepayment and extension risk, as well as the risk of default of the underlying mortgage or asset, particularly during times of economic downturn**. 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** – use of leverage can produce volatility and may exaggerate changes in the net asset value of Fund shares and in the return on the portfolio, which may increase the risk that the Fund will lose more than it has invested. **Large Purchase or Redemption Risk** – large redemption or purchase activity could have adverse effects on performance to the extent that the Fund incurs additional costs or is required to sell securities, invest cash, or hold a relatively large amount of cash at times when it would not otherwise do so.

- In addition, you should be aware of the following risks and conflicts relating specifically to the Fund: The fees paid by the Fund to Blackstone will be reduced by the full amount of any fees paid to the Fund's underlying managers. This compensation offset arrangement may give Blackstone an incentive to favor underlying managers that charge lower fees.
- Subject to applicable law, the Fund is not restricted from selecting underlying managers in which Blackstone, Blackstone Clients or their affiliates have a financial interest.

ERISA: The foregoing 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.

Important Disclosures Regarding Exposure: Exposure figures are shown as a percentage of Fund Net Asset Value. Explanatory notes regarding calculation of exposure: (a) exposure data represents market value except in the case of derivative instruments; (b) for options, exposure data represents the delta adjusted notional; (c) for interest-rate instruments, exposure data represents the notional of the 10-year equivalent instrument; and (d) for all other derivatives, exposure data represents notional value. Positions of unknown type (if any) are excluded from exposure data. Exposure data reflects fund holdings as of the relevant trade date and includes unsettled trades.

Glossary of Terms

Gross Exposure: Reflects the aggregate of long and short investment positions in relation to the net asset value. 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. **Long Exposure:** A long position occurs when an individual owns securities. **Short Exposure:** 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. **Beta***:* A measure of the volatility, or systemic risk, of a security or a portfolio in comparison to the market as a whole. **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. More specifically, Jensen's Measure is used to calculate alpha. **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. **Basis points (BPS):** Refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

Glossary of Indices

Market indices obtained through Bloomberg. HFR Indices obtained through HFR Asset Management. **MSCI World Index TR:** Market capitalization weighted index designed to provide a broad measure of large and mid-cap equity performance across 23 developed markets countries. **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 falling within four principal strategies: equity hedge, event driven, macro/CTA, and relative value arbitrage. Strategies are asset weighted based on the distribution of assets in the hedge fund industry.

Barclays Global Aggregate Bond Index TR: Flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. **Morningstar Multialternative Category:** 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.

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. . Index data is obtained from unaffiliated third parties and is subject to subsequent adjustments. Blackstone makes no assurances as to the accuracy or completeness thereof.

Conflicts of Interest:

Blackstone and the Sub-Advisers have conflicts of interest that could interfere with their management of the Fund. These conflicts, which are disclosed in the Fund's Statement of Additional Information, include, without limitation:

Selection of Sub-Advisers. Blackstone compensates the Sub-Advisers out of the management fee it receives from the Fund. This could create an incentive for Blackstone to select Sub-Advisers with lower fee rates.

Financial Interests in Sub-Advisers and Service Providers. *Blackstone, the Sub-Advisers, and their affiliates have financial interests in asset managers and financial service providers. Allocating to an affiliate (or hiring such entity as a service provider) benefits The Blackstone Group L.P. and the relevant Sub-Adviser and redemptions from an affiliate (or terminating such entity as a service provider) would be detrimental to The Blackstone Group L.P. and the relevant Sub-Adviser. For example:*

- *Blackstone Strategic Capital Advisors L.L.C. ("BSCA"), an affiliate of BAIA, manages certain funds (the "BSCA Funds") that acquire equity interests in established alternative asset managers (the "Strategic Capital Managers"). One of the Strategic Capital Managers in which the BSCA Funds have a minority interest is Magnetar Capital Partners L.P., a control affiliate of Magnetar Asset Management LLC, a sub-adviser for the Fund. The Fund will not participate in any of the economic arrangements between the BSCA Funds and any Strategic Capital Manager with which the Fund invests.*
- *Blackstone Real Estate Special Situations Advisors L.L.C. ("BRESSA"), an affiliate of BAIA and an indirect wholly-owned subsidiary of The Blackstone Group L.P., serves as a Sub-Advisor Sub-Adviser. BRESSA invests primarily in liquid, commercial and residential real estate-related debt instruments.*
- *GSO / Blackstone Debt Funds Management LLC ("GSO DFM"), an affiliate of BAIA and an indirect wholly-owned subsidiary of The Blackstone Group L.P., serves as a Sub-Adviser. GSO DFM invests primarily in below investment grade corporate credit.*
- *Blackstone utilizes technology offered by Arcesium LLC ("Arcesium") to provide certain middle- and back-office services and technology to the Fund. The parent company of a Sub-Adviser owns a controlling, majority interest in Arcesium and Blackstone Alternative Asset Management L.P. owns a non-controlling, minority interest in Arcesium.*

Other Activities of Blackstone or the Sub-Advisers. The activities in which Blackstone, the Sub-Advisers, or their affiliates are involved in on behalf of other accounts may create conflicts of interest or limit the flexibility that the Fund may otherwise have to participate in certain investments. For example, if Blackstone or a Sub-Adviser comes into possession of material non-public information with respect to a company, then Blackstone or the relevant Sub-Adviser generally will be restricted from investing in securities issued by that company. Further, Blackstone generally will be restricted from investing in portfolio companies of its affiliated private equity business.

Allocation of Investment Opportunities. Blackstone and the Sub-Advisers (or their affiliates) manage other accounts and have other clients with investment objectives and strategies that are similar to, or overlap with, the investment objective and strategy of the fund, creating potential conflicts of interest in investment and allocation decisions. These conflicts of interest are exacerbated to the extent that the other clients are proprietary or pay higher fees or performance-based fees.

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

Prepared by Blackstone Securities Partners L.P., a member of FINRA and an affiliate of Blackstone Alternative Investment Advisors LLC, the investment adviser of the Fund.