Blackstone Alternative Multi-Strategy Fund (BXMIX)

Blackstone

As of March 31, 2021

Fund Net Performance[1,2]

	As of March 31, 2021						*Inception to Date Statistics*			
	MTD	**QTD**	**YTD**	**1 Yr**	**5 Yr**	**ITD**	**St. Dev.**	**Beta**	**Alpha**	**Sharpe**
BXMIX	**0.19%**	**1.95%**	**1.95%**	**18.34%**	**3.49%**	**2.75%**	**4.26%**			**0.45**
HFRX Global HF Index	(0.06%)	1.29%	1.29%	16.15%	3.95%	1.76%	3.61%	0.74	1.21%	0.25
Morningstar Category Avg.	0.98%	2.09%	2.09%	14.30%	2.57%	1.41%	4.62%	0.67	1.48%	0.12
Barclays Global Agg Index	(1.92%)	(4.46%)	(4.46%)	4.72%	2.67%	1.87%	4.73%	0.02	1.89%	0.22
MSCI World Index	3.38%	5.04%	5.04%	53.92%	13.85%	9.94%	15.24%	0.18	0.20%	0.60

[1] Performance is presented through March 31, 2021 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.

Q1 2021 Market Commentary

Following an unprecedented year plagued by the global COVID-19 pandemic, the first quarter of 2021 saw the beginning of a return to some semblance of normalcy. Across the world, developed countries saw record COVID-19 vaccinations, with the U.S. exceeding three million doses delivered per day[3] and subsequently loosening lockdown restrictions in many states. Against this backdrop, robust fiscal stimulus, accommodative monetary policy, and growing strength in consumer balance sheets all provided strong support for economic growth.

The White House has announced more than $5.3 trillion of fiscal spending since 2020, including $1.9 trillion of COVID-19 assistance passed recently in March[4]. In sum, this stimulus represents more than 25% of 2020 U.S. GDP and more than 100% of the federal budget for fiscal year 2021[5]. The White House is planning even more fiscal stimulus in an effort to keep the economy growing well into 2022 and beyond, including a potential infrastructure package that may approach $3.0 trillion[6]. Turning our attention from fiscal to monetary policy, the U.S. Federal Reserve reiterated that its Average Inflation Target of 2% over the long run is consistent with keeping monetary policy loose in the face of incipient inflation pressures as well as an inflation overshoot. Finally, consumer balance sheets have expanded to record highs with total consumer assets growing by approximately $12 trillion dollars (a 9.5% increase year-over-year), with roughly half coming from appreciation of equity holdings and another 20% coming from appreciation of real estate[7]. As a result of these supportive conditions, after a sharp drawdown of -8.5% in year-over-year GDP growth in the first quarter of 2020[8], the

[3] Bloomberg, "U.S. Vaccine Doses Head for 3 Million a Day as Supply Loosens" (March 29, 2021)
[4] Washington Post, "How the 1.9 trillion U.S. stimulus package compares with other countries' coronavirus spending" (April 5, 2021)
[5] The Balance, "Current US Federal Government Spending" (April 9, 2021)
[6] NYTimes, "Biden Team Prepares $3 Trillion in New Spending for the Economy" (March 22, 2021)
[7] U.S. Federal Reserve, Household Balance Sheet & Changes in Net Worth for Households and Nonprofit Organizations, calculated for data available for 2020 Q1 – Q4.
[8] U.S. Bureau of Economic Analysis, YoY rate of change measured between 4/1/2020 and 4/1/2019.

recovering economy has led the median market participant to expect 6.2%[9] of GDP growth for full year 2021, which is a growth rate not seen in the US since 2005.

Financial markets continued to price in this robust economic recovery in the first quarter, as interest rates, inflation expectations, and commodity and equity markets all appreciated with positive investor sentiment. This activity resulted in two significant effects on the market: (i) falling bond prices, and (ii) an aggressive, sentiment-driven rotation out of growth and tech stocks and into value stocks. As interest rates rise, the present value of future cash flows falls, and so the Barclays Global Aggregate Index fell -4.46% on the quarter. Similarly, rising discount rates decreased the present value of growth stocks versus value stocks. The former tends to have a greater portion of their lifetime cash flows in the far future while the latter may benefit from the near-term COVID-19 recovery. This resulted in an aggressive factor rotation in which tech assets had a peak-to-trough drawdown of -10.85% and growth assets similarly fell -9.68% in the span of just 15 business days[10]. Meanwhile, value stocks appreciated 2.77% during the same period[11].

By the end of the first quarter, BXMIX experienced its best trailing twelve-month return periods since inception, returning 18.34% versus 16.15% for the HFRX Global Hedge Fund Index and 4.67% for the Barclays Global Aggregate Index[12]. While we acknowledge that part of this performance reflected a broad-based rebound in asset pricing, we are pleased with the quality of the Fund's returns, which were delivered with a low volatility profile of only 3.8% and a beta to the S&P 500 of just 0.10. During the same twelve-month period, BXMIX exhibited an asymmetric return profile, capturing 15.1% of the upside on days that the S&P 500 was positive and only 5.5% of the downside on days that the S&P 500 was negative[13], highlighting the diversification merits of the strategy. We believe that BXMIX could play an attractive role as a complement in a traditional 60% stock/40% bond portfolio. For instance, if an investor had transitioned 10% of the assets from their fixed income allocation to BXMIX over the last twelve months, their overall portfolio's return would have increased by 164bps with a marginal increase in volatility of just 17bps[13,14,15].

The market turbulence of the past year has resulted in a number of opportunities to partner with skilled managers interested in additional capital, and we continue to leverage the broader network of BAAM—the world's largest allocator to hedge funds—to source new talent for this portfolio. Looking ahead, we are increasing allocations to diversifying strategies and those with a potential right-tail skew, generally funding those shifts through movements out of credit asset classes that we believe to be fully valued.

Review of Q1 2021 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

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[9] Bloomberg, Median Market Participant forecast of YoY Real GDP growth as of 4/12/2021.

[10] Analysis run for Q1 2021 – the worst peak-to-trough period was between 2/16/2021 and 3/8/2021. Tech assets are represented by the Invesco QQQ Trust Series (Ticker: QQQ); Growth assets are represented by the iShares Russell 1000 Growth ETF (Ticker: IWF).

[11] Refers to the Russell 1000 Value Index.

[12] **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.**

[13] Comparisons will differ, in some cases significantly, if the relative performance is measured over the course of a month, quarter, year or longer. See page 1.

[14] Analysis run between 4/1/2020 and 3/31/2021. A 60% S&P 500 Index/ 40% Barclays Global Aggregate Bond Index portfolio had returned 35.62% during this period with a volatility of 12.57%. A 60% S&P 500 Index/ 30% Barclays Global Aggregate Bond Index/ 10% BXMIX portfolio would have returned 37.27% with a volatility of 12.74%. Since BXMIX inception on 6/16/2014, a 60% S&P 500 Index/ 40% Barclays Global Aggregate Bond Index portfolio returned 9.11% annually with a volatility of 9.09%. A 60% S&P 500 Index/ 30% Barclays Global Aggregate Bond Index/ 10% BXMIX portfolio would have returned 9.17% with a volatility of 9.29%. Indices are unmanaged and investors cannot invest in an index.

[15] BXMIX was not designed as a fixed income product. Its return and risk profile are different than a traditional fixed income fund. Inception to date BXMIX has returned 2.75% annually compared to the Barclays Global Aggregate Bond Index which has returned 1.87% annually over the same period. Past performance may not be a reliable guide to future performance.

non-traditional or "alternative" investment strategies and by managing assets directly (via BAIA[16]). In Q1, the Fund's Class I share class returned 1.95%[1] net of fees and expenses versus 1.34% for the HFRX Global Hedge Fund Index, -4.83% for the Barclays Global Aggregate Bond Index, and 5.04% for the MSCI World Index[12].

Equity Strategies[17]

Equity strategies (+0.79%) contributed positively for the quarter. Major contributors included an exposure to an Event-Driven strategy focused on capital markets, dislocations, and corporate actions, as the strategy successfully captured mispricing opportunities presented by January's market selloff. Key performance drivers for this strategy included exposure to a military defense technology company whose shares experienced pain despite its delivery of positive financial guidance for 2021, as well as to the shares of a lodging company that was acquired by a private equity firm. These gains were partially offset by exposure to a pan-Asia Equity Long Short sub-strategy, however, where both long and short positions in China and Japan detracted from performance as a result of broad-based de-grossing in January. The Fund's exposure to Healthcare was also a slight detractor to returns, with losses largely resulting from exposure to the biotechnology and medical services sub-sectors, which experienced a difficult January.

Equity Market Neutral sub-strategies suffered slight losses in Q1. The Fund's exposure to quantitative investment strategies faced headwinds resulting from heightened market volatility and considerable rotations away from factors that outperformed throughout 2020 and towards those that underperformed in the same period. Exposure to REITs helped to subdue the losses though, as prices of these companies rebounded in response to the accelerated pace of COVID-19 vaccinations that is expected to aid sectors most impacted by social distancing, such as shopping malls and resorts.

Credit Strategies[5]

Credit strategies (+1.62%) were the largest contributor to Fund performance and benefited from positive returns generated by each sub-adviser. The Federal Reserve's commitment to its accommodative monetary policy stance and asset purchase programs helped to sustain demand for higher-yielding risk assets and provided a strong technical backdrop for Fixed Income – Asset Backed sub-strategies, particularly as the market priced in a strong economic recovery. The Fund's exposure to residential and commercial mortgage-backed securities was accretive to performance and benefited from spread tightening related to positive vaccine developments. Sub-advisers noted their constructive outlooks on the US housing market, which remains supported by a 10.4% year-over-year increase in prices, near all-time lows in supply, and low overall borrower delinquency and forbearance levels[18,19]. Inflows into mutual funds focused on loans also offered tailwinds, as investors sought floating rate assets as a potential hedge against rising rates.

Distressed/Restructuring sub-strategies also generated gains throughout the quarter. Many of the sectors most impacted by COVID-19 continued to benefit from economic growth and the reopening of the economy, while more defensive sectors lagged. Profits in this portion of the portfolio came from exposure to the bonds of a technology-enabled consumer finance company after its announcement of the sale of a subsidiary, as well as to the loans of an acute care hospital operator following increased bipartisan support and resolution on surprise billing legislation. Losses within this sub-strategy were led by exposure to the bonds of a transportation and infrastructure company, which traded down after it issued a follow-on offering, as well as to the bonds of a utilities provider after an upward move in rates negatively impacted prices.

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[16] 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., Islet 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.

[17] 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.

[18] Mortgage Bankers Association. As of April 11, 2021.

[19] J.P. Morgan Research. As of March 26, 2021.

Multi-Asset Strategies[5]

Multi-Asset strategies (+0.47%) delivered positive returns in the first quarter and were led by the performance of Multi-Strategy sub-strategies. The Fund benefited from exposure to strategies focused on Special Purpose Acquisition Companies ("SPACs"), which generated profits despite a marked reversal in the market as an unprecedented boom of issuances in 2020 and the first quarter of 2021 gave way to a slowing of new issuances by the last week of March. That week saw 12 deals, 75% fewer than the average of 46 deals per week[20] in the 7 prior weeks. The abundance of capital supply chasing similar assets raised questions as to whether all of these vehicles can consummate deals over the next 18-24 months at compelling valuations. As a result, pre-announcement SPACs returned -5.42%[21] for the period. Despite these market gyrations, our SPAC exposure was accretive over the same period due to our front-end strategy, which focuses on purchasing units at their issuance price of $10 and seeks to generate risk-adjusted returns with low volatility. As SPACs became more mainstream, the surge of inflows drove prices of pre-announcement SPACs above their cash trust value and provided the sub-adviser with opportunities to recycle capital after realizing gains in specific positions. This discipline enabled the SPAC strategy to contribute positive performance even when the market turned.

Discretionary Thematic sub-strategies contributed negative performance in Q1, with losses coming from exposure to emerging market sovereign bonds after prices fell in response to rising US yields and concerns about inflation. Detractors included exposure to the quasi-sovereign bonds of a South American country after a high-ranking official was dismissed, as well as to the bonds of a European country that sold off in response to geopolitical tensions. These losses were reduced by gains produced by Commodity Energy sub-strategies, however, as February's Texas power disruption presented opportunities to generate outsized returns amid significant volatility in energy markets. Risk Arbitrage strategies also contributed positively to Fund performance for the quarter, as the landscape for mergers and acquisitions continued to improve throughout the first quarter. However, these gains were partially offset by losses incurred by exposure to insurance-linked securities following the severe winter storm and Texas freeze event in February.

[20] Bloomberg, Equity Offerings Function.
[21] As measured by the UBS Pre-Announcement SPAC basket (Ticker: UBXXSPAC Index) for the first quarter 2021. Data does not reflect portfolio statistics.

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

1. Through August 31, 2022 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. **S&P 500 Index:** Market-capitalization-weighted index of the 500 largest U.S. publicly traded companies. The S&P is a float-weighted index, meaning company market capitalizations are adjusted by the number of shares available for public trading. **UBS Pre-Announcement SPAC Basket:** tracks the performance of the largest pre-announcement SPACs. New SPACs which meet minimum fund raising criteria will be added to the basket after they begin trading. SPACs will be removed from the basket following M&A announcements. Equal-weight basket created on March 3, 2021.

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 Inc. 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 Inc. and the relevant Sub-Adviser. For example:*

- *Blackstone Strategic Alliance Advisors L.L.C. ("BSAA"), an affiliate of BAIA, manages the Strategic Alliance Funds (the "SAF Funds") that provide seed capital to emerging alternative asset managers (the "SAF Managers") in exchange for a revenue share arrangement. Seiga Asset Management Limited, a SAF Manager, is a sub-adviser to the Fund. The revenue generated for BSAA related to the Fund's investment with a SAF Manager is rebated to the Fund. The Fund will not otherwise participate in any of the economic arrangements between the SAF Funds and any SAF Manager with which the Fund invests.*
- *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 Inc., serves as a Sub-Advisor Sub-Adviser. BRESSA invests primarily in liquid, commercial and residential real estate-related debt instruments.*
- *Blackstone Liquid Credit Strategies LLC ("BX LCS"), an affiliate of BAIA and an indirect wholly-owned subsidiary of The Blackstone Group Inc.., serves as a Sub-Adviser. BX LCS 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.