

# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of May 31, 2015

## Investment approach

Blackstone Alternative Multi-Strategy Fund's ("Fund") investment objective is to seek capital appreciation. The Fund seeks this objective by allocating its assets among a variety of nontraditional or "alternative" investment strategies. Blackstone will allocate the Fund's assets among investment subadvisers with experience managing alternative investment strategies and among investment funds. It may also manage a portion of the Fund's assets directly.

## Fund highlights

|                          |   |
|--------------------------|---|
| Fund assets <sup>6</sup> | \$1,699 million                                 |
| Inception date           | June 16, 2014                                   |
| Investment advisor       | Blackstone Alternative Investment Advisors, LLC |
| Eligible investors       | US taxable & tax-exempt                         |
| Liquidity                | Daily   |
| CUSIP                    | 09257V201                                       |

## Fund terms (Share Class I)

|                                 |             |
|---------------------------------|-------------|
| Minimum investment              | \$1,000,000 |
| Omnibus/Bank investment minimum | \$0*        |
| Management fee                  | 1.95%       |
| Gross expense ratio             | 3.32%       |
| Net expense ratio <sup>7</sup>  | 2.40%       |

\* The investment minimum is waived for clients of a financial intermediary, broker-dealer, financial institution, or registered investment advisor that invest in the Fund through an omnibus account.

## Portfolio managers

| Name             | Experience |
|------------------|------------|
| Stephen Sullens  | 25 years   |
| Alberto Santulin | 19 years   |
| Rich Scarinci    | 12 years   |

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

|                   | As of 3/31/15 |        | As of 5/31/15 |        | ITD STATISTICS |                   |                    |        |
|-------------------|---------------|--------|---------------|--------|----------------|-------------------|--------------------|--------|
|                   | ITD           | Mar-15 | ITD           | May-15 | St Dev.        | Beta <sup>4</sup> | Alpha <sup>5</sup> | Sharpe |
| BXMIX             | 4.43%         | 0.97%  | 5.33%         | 1.26%  | 3.55%          | -                 | -                  | 1.56   |
| HFRX Global       | 0.17%         | 0.33%  | 0.64%         | 0.26%  | 3.61%          | 0.72              | 4.84%              | 0.18   |
| Barclays Agg Bond | 4.12%         | 0.46%  | 3.49%         | -0.24% | 3.03%          | -0.30             | 6.45%              | 1.16   |

1. Performance is presented through May 31, 2015. Net performance is net of the Gross Expense Ratio less waived expenses. Performance data quoted represents past performance and does not guarantee future results. All ITD statistics above are calculated using daily performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance data quoted. BXMIX launched on June 16, 2014 and has a limited performance record. Additional information and current performance data is available at [www.blackstone.com/bxmix](http://www.blackstone.com/bxmix).

## The firm

Blackstone is a large and diversified alternative asset manager, with

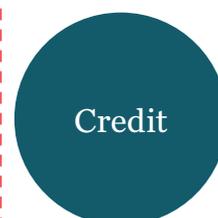
**\$311B**

in assets under management.<sup>9</sup>

Blackstone is the largest discretionary allocator to hedge funds in the world, with over

**\$67B**

in assets under management.<sup>8,9</sup>



\* The investment minimum is waived for clients of a financial intermediary, broker-dealer, financial institution, or registered investment advisor that invest in the Fund through an omnibus account.

2. Indices are unmanaged and investors cannot invest in an index. Please see end of document for additional disclosures regarding indices presented.

3. Inception to Date (ITD) statistics are as of BXMIX's inception on June 16, 2014.

4. Measures beta of BXMIX to the respective index.

5. Measures alpha of BXMIX to the respective index.

6. As of May 31, 2015.

7. Net expense ratio consists of the total expense ratio, as reflected in the Fund's prospectus adjusted to reflect any fee waiver/expense reimbursement and excluding interest and dividends on securities sold short, acquired fund fees and expenses not subject to the expense cap. Through May 31, 2016, Blackstone Alternative Investment Advisors LLC has contractually agreed to waive its fees and/or reimburse expenses of the Fund so that certain of the Fund's expenses, together with the Fund's management fees, will not exceed 2.40% annualized for Class I shares.

8. Source: InvestHedge Billion Dollar Club (as of December 2014) based on AUM.

9. As of April 1, 2015.

## Sub-adviser allocations

| MANAGER*  | STRATEGY   | SUB-STRATEGY   | CURRENT ALLOCATION |
|---|--|--|--------------------|
| Blackstone Senfina Advisors<br>Goldman Sachs<br>HealthCor<br>Rail-Splitter<br>Union Point<br>Wellington | Fundamental<br>Fundamental<br>Fundamental<br>Fundamental<br>Fundamental<br>Fundamental           | Equity market neutral<br>Equity long short<br>Equity long short<br>Equity long short<br>Equity long short<br>Equity long short | 32%                |
| Emso<br>Bayview<br>Good Hill<br>Sorin<br>Waterfall  | Fundamental<br>Fundamental<br>Fundamental<br>Fundamental<br>Fundamental                          | EM-Credit<br>MBS / ABS<br>MBS / ABS<br>MBS / ABS<br>MBS / ABS  | 28%                |
| Cerberus<br>Caspian<br>Chatham<br>Nephila   | Opportunistic trading<br>Opportunistic trading<br>Opportunistic trading<br>Opportunistic trading | MBS/ABS<br>Credit<br>Credit<br>Reinsurance   | 6%                 |
| BTG Pactual<br>Verde<br>Boussard & Gavaudan   | Global macro<br>Global macro<br>Multi-strategy   | Global macro<br>Global macro<br>Multi-strategy   | 8%                 |
| AlphaParity<br>Two Sigma Advisers   | Quantitative<br>Quantitative   | Systematic macro<br>Equity market neutral  | 26%                |

\*Manager name may be a short form name of the legal name of each sub-adviser. The list of sub-advisers and target allocations above is subject to change. Please check the prospectus for the most up-to-date list of sub-advisers. Sub-strategy allocations exclude exposures to Fund level cash, hedging and expenses and are adjusted pro-rata to equal 100%.

## Monthly net performance<sup>1</sup>

|      | Jan   | Feb   | Mar   | Apr    | May   | Jun   | Jul    | Aug   | Sep   | Oct    | Nov   | Dec    | YTD   |
|------|-------|-------|-------|--------|-------|-------|--------|-------|-------|--------|-------|--------|-------|
| 2014 | —     | —     | —     | —      | —     | 0.50% | -0.40% | 0.90% | 0.30% | -0.59% | 0.30% | -0.19% | 0.80% |
| 2015 | 0.70% | 1.88% | 0.97% | -0.39% | 1.26% |       |        |       |       |        |       |        | 4.49% |

1. Performance is presented through May 31, 2015. 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. BXMIX launched on June 16, 2014 and thus performance for June is limited to June 16 through June 30, 2014.

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

**Beta:** A measure of the volatility, or systemic risk, of a security or a portfolio in comparison to the market as a whole. **Volatility/Standard Deviation:** A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is calculated as the square root of variance. **Sharpe Ratio:** A ratio to measure risk-adjusted performance. The Sharpe ratio is calculated by subtracting the risk-free rate – such as that of the 10-year U.S. Treasury bond – from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been. **Alpha:** A risk-adjusted performance measure that represents the average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return.

### Glossary of Indices

Market indices obtained through Bloomberg. Indices are unmanaged and investors cannot invest in an index. The volatility of the indices presented may be materially different from that of the performance of BXMIX. In addition, the indices employ different investment guidelines and criteria than BXMIX; as a result, the holdings in BXMIX may differ significantly from the securities that comprise the indices. The performance of the indices has not been selected to represent an appropriate benchmark to compare to the performance of BXMIX, but rather is disclosed to allow for comparison of BXMIX's performance to that of well-known and widely recognized indices. In the case of equity indices, performance of the indices reflects the reinvestment of dividends. **Barclays Aggregate Bond Index:** covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes government securities, mortgage-backed securities, asset-backed securities and corporate securities all with a maturity of greater than one year. **HFRX Global Hedge Fund Index:** designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, even driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

### 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

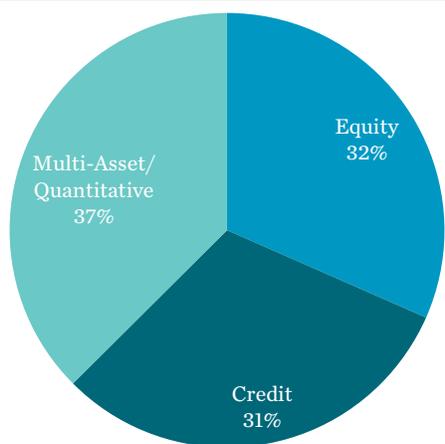
liquidity and volatility of returns. The following is a summary description of certain additional principal risks of investing in BXMIX: **Allocation Risk** – Blackstone's judgment about the attractiveness, value or market trends affecting a particular asset class, investment style, subadviser or security may be incorrect and this may have a negative impact upon performance. **Derivatives Risk** – the use of derivatives involves the risk that their value may not move as expected relative to the value of the relevant underlying assets, rates, or indices. Derivatives can be subject to counterparty credit risk and may entail investment exposure greater than their notional amount. **Distressed Securities Risk:** investments in securities of business enterprises involved in workouts, liquidations, reorganizations, bankruptcies and similar situations involve a high degree of risk of loss since there is typically substantial uncertainty concerning the outcome of such situations. **Event-Driven Trading Risk** – involves the risk that the specific event identified may not occur as anticipated and that this may have a negative impact upon the market price of the securities involved. **Foreign Investments/ Emerging Markets Risk:** involves special risks caused by foreign political, social and economic factors, including exposure to currency fluctuations, less liquidity, less developed and less efficient trading markets, political instability and less developed legal and auditing standards. **High Portfolio Turnover Risk:** active trading of securities can increase transaction costs (thus lowering performance) and taxable distributions. **Model and Technology Risk** – involves the risk that model-based strategies, data gathering systems, order execution and trade allocation systems and risk management systems may not be successful on an ongoing basis or could contain errors, omissions, imperfections or malfunctions. **Multi-Manager Risk:** managers may make investment decisions which conflict with each other and as a result, the Fund could incur transaction costs without accomplishing any net investment result.

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

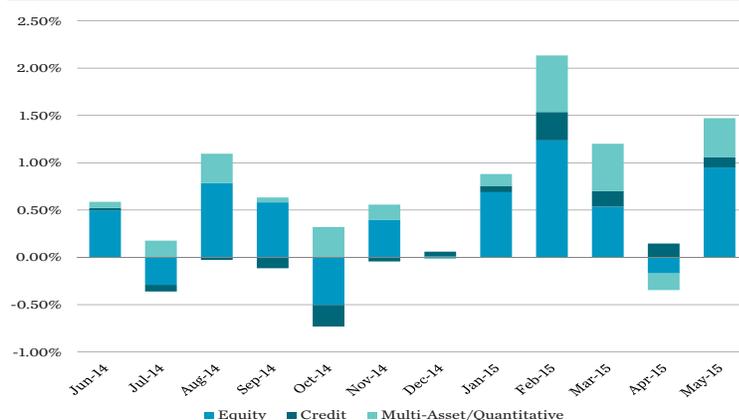
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As of May 31, 2015

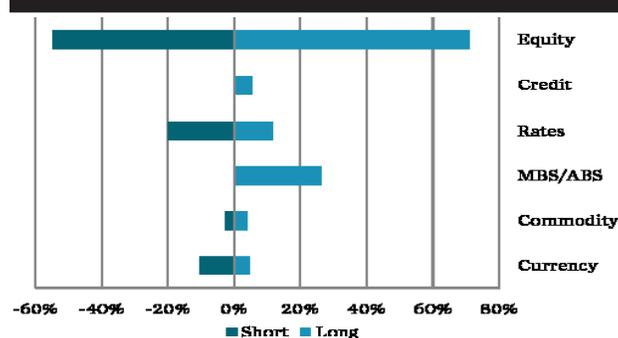
## Sub-strategy summary



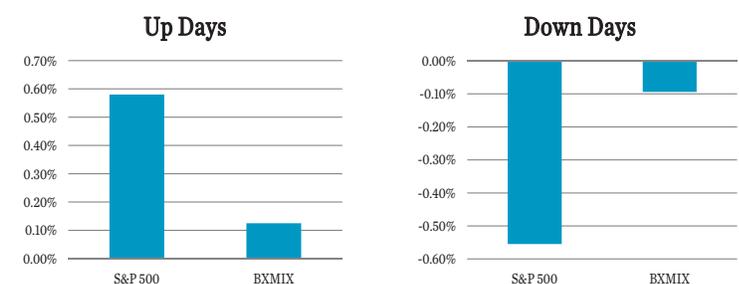
## Gross strategy attribution<sup>1,5</sup>



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



## Average Daily Return for Days When S&P500 Total Return Index was Positive/Negative<sup>1</sup>



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

|                    | Long           | Short         | Net           |
|--------------------|----------------|---------------|---------------|
| US/Canada          | 73.40%         | 43.91%        | 29.50%        |
| Core Europe        | 27.16%         | 26.31%        | 0.85%         |
| Peripheral Europe  | 5.67%          | 0.83%         | 4.84%         |
| Lat. Am./Caribbean | 9.15%          | 0.73%         | 8.42%         |
| Middle East/Africa | 2.57%          | 1.69%         | 0.88%         |
| Japan              | 3.41%          | 10.80%        | -7.38%        |
| Asia general       | 2.38%          | 2.58%         | -0.20%        |
| China/HK/Taiwan    | 0.86%          | 0.76%         | 0.10%         |
| <b>Total</b>       | <b>124.60%</b> | <b>87.60%</b> | <b>37.00%</b> |

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

|                        | Long          | Short         | Net          |
|------------------------|---------------|---------------|--------------|
| Energy                 | 1.37%         | 0.95%         | 0.42%        |
| Materials              | 0.18%         | 1.12%         | -0.94%       |
| Industrials            | 2.55%         | 1.61%         | 0.94%        |
| Consumer Discretionary | 3.29%         | 1.33%         | 1.96%        |
| Consumer Staples       | 1.16%         | 1.09%         | 0.07%        |
| Healthcare             | 12.17%        | 3.14%         | 9.04%        |
| Financials             | 10.51%        | 0.83%         | 9.69%        |
| Technology             | 2.87%         | 0.82%         | 2.05%        |
| Telecom                | 0.87%         | 0.38%         | 0.49%        |
| Utilities              | 0.28%         | 0.00%         | 0.28%        |
| Unclassified**         | 9.56%         | 26.13%        | -16.57%      |
| <b>Total</b>           | <b>44.81%</b> | <b>37.39%</b> | <b>7.42%</b> |

1. Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Strategy attribution is presented on a gross basis as Blackstone fees are applied at the Fund level and not at the strategy level. Information about BXMIX, including current month-end performance, is available on BXMIX's website at [www.blackstone.com/bxmix/](http://www.blackstone.com/bxmix/) or by calling 855-890-7725. Index performance is shown for illustrative purposes only. You cannot invest directly in an index. Data is from June 17, 2014 to May 31, 2015.

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

3. Compared to the overall NAV of the fund. Takes into consideration delta adjustments for options

4. Comprised of index futures, options on index futures, ETFs, and ETF options

5. Equity is comprised of Equity Long/Short; Credit is comprised of Fundamental Credit and Opportunistic Trading Credit; Multi-Asset/Quantitative is comprised of Quantitative and Global Macro/Multi-Strategy

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

Additional information and current performance data is available at [www.blackstone.com/bxmix](http://www.blackstone.com/bxmix).

# Performance commentary

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The investment objective of Blackstone Alternative Multi-Strategy Fund (the “Fund”) is to seek capital appreciation by allocating assets among a variety of investment sub-advisers with experience managing non-traditional or “alternative” investment strategies. The Fund’s Class I share class returned 1.26% net of fees and expenses versus 1.29% and 0.43% for the S&P 500 and MSCI World, respectively, and versus -0.24% for the Barclays U.S. Aggregate Bond Index.

U.S. equity markets notched gains for the second consecutive month in May, boosted by stronger than expected earnings growth and mixed but relatively positive U.S. economic data. While revised gross domestic product (“GDP”) data indicated that the U.S. economy shrank in the first quarter (Q1 GDP data was revised down from 0.20% to -0.70% annualized), other data releases pointed to a possible rebound in the second quarter. Inflation estimates came in higher than expected which, along with encouraging economic data in monthly capital equipment orders, new home sales and regional manufacturing activity, reinvigorated fears of fed tightening this year and caused Treasury bond yields to rise mid-month before easing back down slightly in the final days of trading. The Japanese “reflation” story came back into focus during the month, resulting in a rally in the USD/JPY trade. During the last week of the month, uncertainty over Greece’s debt negotiations, some mixed economic data and relative weakness in equity markets caused a “flight to quality” with some investors favoring U.S. Treasuries over other asset classes.

## **Equities:**

Equity strategies ended the month mostly positive and in aggregate were the largest contributor to the Fund’s performance in May, with a pickup in alpha generation over the month. Gains were driven largely by long positions in the biotechnology and pharmaceuticals sectors, while energy-related equity exposures detracted from performance given oil price volatility during the month. Additionally, exposure to financials, investment management and insurance in particular, helped support strong gains in May, as anticipation of rising rates in the U.S. fueled gains. The Fund’s Equity sub-advisers continue to seek out opportunities across a broad range of sectors with overweights in Financials and Healthcare.

## **Credit:**

A fairly volatile month for fixed income markets translated into mixed results for Credit strategies, but in aggregate the category finished marginally positive. Gains in RMBS, CMBS and other asset-backed strategies slightly offset losses in those same categories, resulting in a modest positive return in May. The Fund’s Credit sub-advisers continue to focus on careful trade structuring and disciplined security selection.

## **Multi-Asset/Quantitative:**

While performance of Multi-Asset/Quantitative strategies was mixed in May, gains more than offset losses with several strategies delivering strong returns during the month. Within Quantitative strategies, gains were driven by equity exposures on both the long and short side as well as by value-oriented strategies, while fixed income and commodities exposures detracted during the month. Within Multi-Asset strategies, gains were driven by equity exposures on the back of a continued rally in global equities and specifically Japanese markets (Nikkei 225 Index climbed 5.34% during May) as well as long exposure to the Euro relative to other European currencies. European merger-related positions were also strong performers during May, while exposure to peripheral European credits and commodity-dependent sovereigns weighed on performance.

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*For a summary of Fund performance of other share classes, please refer to the Fund’s website: <http://www.blackstone.com/bxmix>*

# Disclosure information

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

## Important Disclosures Regarding Exposure

Exposure data presented herein does not consider the impact of delta on option positions (unless noted otherwise). Instead, exposures represent the market value of each underlying instrument. Positions of unknown type (if any) are excluded from exposure data.

There is no attempt in this report to differentiate between or adjust for shorter versus longer duration rates trades. Instead, they are shown only by market value of exposure. Given that exposure data is based on fund holdings, it excludes unsettled trades. Position level data is obtained from State Street Bank and Trust Company, the administrator for BXMIX. Blackstone does not guarantee the accuracy of such data.

## Glossary of Terms:

**Gross Exposure:** Reflects the aggregate of long and short investment positions in relation to the net asset value. For example, if BXMIX has 60% long exposure and 50% short exposure to a particular asset class, then BXMIX has 110% gross exposure to that asset class. The gross exposure is one indication of the level of leverage in a portfolio. **Net Exposure:** This is the difference between long and short investment positions in relation to the net asset value. For example, if BXMIX has 60% long exposure and 50% short exposure to a particular asset class, then BXMIX is 10% net exposure to that asset class. **Long:** A long position occurs when an individual owns securities. **Short:** Short selling a security not actually owned at the time of sale. Short positions can also generate returns when the price of a security declines. **VaR:** A statistical technique used to measure and quantify the level of financial risk within a firm or investment portfolio over a specific time frame. Value at risk is used by risk managers in order to measure and control the level of risk which the firm undertakes. The risk manager's job is to ensure that risks are not taken beyond the level at which the firm can absorb the losses of a probable worst outcome. **DV01:** A bond valuation calculation showing the dollar value of a one basis point change in interest rates or yield. **Alpha:** A risk-adjusted performance measure that represents the average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return.

## Glossary of Indices

Market indices obtained through Bloomberg. Indices are unmanaged and investors cannot invest in an index. The volatility of the indices presented may be materially different from that of the performance of BXMIX. In addition, the indices employ different investment guidelines and criteria than BXMIX; as a result, the holdings in BXMIX may differ significantly from the securities that comprise the indices. The performance of the indices has not been selected to represent an appropriate benchmark to compare to the performance of BXMIX, but rather is disclosed to allow for comparison of BXMIX's performance to that of well-known and widely recognized indices. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.

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

## Important Risks

An investment in BXMIX should be considered a speculative investment that entails substantial risks; you may lose part or all of your investment or your investment may not perform as well as other investments. BXMIX's investments involve special risks including, but not limited to, loss of all or a significant portion of the investment due to leveraging, short-selling, or other speculative practices, lack of liquidity and volatility of returns. The following is a summary description of certain additional principal risks of investing in BXMIX:

**Allocation Risk** – Blackstone's judgment about the attractiveness, value or market trends affecting a particular asset class, investment style, subadviser or security may be incorrect and this may have a negative impact upon performance.

**Derivatives Risk** – the use of derivatives involves the risk that their value may not move as expected relative to the value of the relevant underlying assets, rates, or indices. Derivatives can be subject to counterparty credit risk and may entail investment exposure greater than their notional amount.

**Distressed Securities Risk** – investments in securities of business enterprises involved in workouts, liquidations, reorganizations, bankruptcies and similar situations involve a high

degree of risk of loss since there is typically substantial uncertainty concerning the outcome of such situations.

**Event-Driven Trading Risk** – involves the risk that the specific event identified may not occur as anticipated and that this may have a negative impact upon the market price of the securities involved.

**Foreign Investments/ Emerging Markets Risk** – involves special risks caused by foreign political, social and economic factors, including exposure to currency fluctuations, less liquidity, less developed and less efficient trading markets, political instability and less developed legal and auditing standards.

**High Portfolio Turnover Risk** – active trading of securities can increase transaction costs (thus lowering performance) and taxable distributions.

**Model and Technology Risk** – involves the risk that model-based strategies, data gathering systems, order execution and trade allocation systems and risk management systems may not be successful on an ongoing basis or could contain errors, omissions, imperfections or malfunctions.

**Multi-Manager Risk** – managers may make investment decisions which conflict with each other and as a result, the Fund could incur transaction costs without accomplishing any net investment result.

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