

# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of November 30, 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

<b>Fund assets<sup>6</sup></b>	\$3,603 million
<b>Inception date</b>	June 16, 2014
<b>Investment advisor</b>	Blackstone Alternative Investment Advisors, LLC
<b>Eligible investors</b>	US taxable & tax-exempt
<b>Liquidity</b>	Daily
<b>CUSIP</b>	09257V201

## Fund terms (Share Class I)

<b>Management fee</b>	1.95%
<b>Gross expense ratio</b>	3.44%
<b>Net expense ratio</b>	2.40%

## Portfolio managers

<b>Name</b>	<b>Experience</b>
Stephen Sullens	25 years
Alberto Santulin	19 years
Rich Scarinci	12 years

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

	As of 09/30/2015		As of 11/30/2015				ITD Statistics			
	1Yr	ITD	Nov-15	YTD	1Yr	ITD	St. Dev.	Beta <sup>4</sup>	Alpha <sup>5</sup>	Sharpe
BXMIX	2.99%	3.23%	0.48%	4.29%	4.09%	3.46%	3.83%	-	-	0.90
HFRX Global	-4.74%	-2.54%	-0.72%	-2.34%	-3.07%	-2.88%	3.95%	0.67	5.33%	-0.73
Barclays Agg Bond	2.93%	2.65%	-0.26%	0.88%	0.97%	2.33%	3.33%	-0.31	4.13%	0.69

Performance is presented through November 30, 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

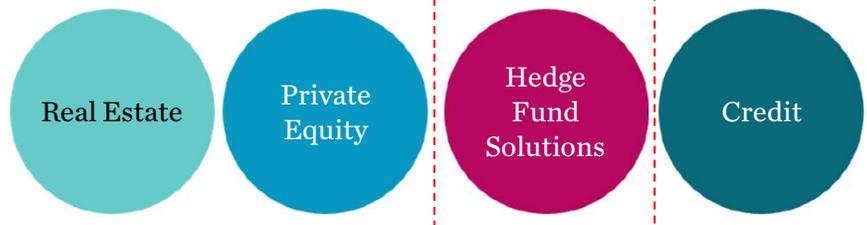
**\$334B**

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

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

**\$68B**

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



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

3. Inception to Date (ITD) statistics are as of BXMIX's inception on June 16, 2014 through the most recent month end.

4. Measures beta of BXMIX to the respective index.

5. Measures alpha of BXMIX to the respective index.

6. As of November 30, 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 September 30, 2015.

# Sub-adviser allocations

MANAGER	STRATEGY	SUB-STRATEGY	CURRENT ALLOCATION
Goldman Sachs	Equity Hedge	Equity Long Short	46%
HealthCor	Equity Hedge	Equity Long Short	
Rail-Splitter	Equity Hedge	Equity Long Short	
Wellington	Equity Hedge	Equity Long Short	
Blackstone Senfina Advisors	Equity Hedge	Equity Market Neutral	
Two Sigma Advisers	Equity Hedge	Equity Market Neutral	
Bayview	Relative Value	Fixed Income - Asset Backed	25%
Cerberus	Relative Value	Fixed Income - Asset Backed	
Good Hill	Relative Value	Fixed Income - Asset Backed	
Sorin	Relative Value	Fixed Income - Asset Backed	
Waterfall	Relative Value	Fixed Income - Asset Backed	
Chatham	Relative Value	Fixed Income - Corporate	
Caspian	Event Driven	Distressed/Restructuring	9%
Boussard & Gavaudan	Event Driven	Multi-Strategy	
Nephila	Event Driven	Reinsurance	
BTG Pactual	Macro	Discretionary Thematic	20%
Emso	Macro	Discretionary Thematic	
AlphaParity	Macro	Systematic Diversified	
IPM	Macro	Systematic Diversified	
D.E. Shaw	Multi-Strategy	N/A	

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

Blackstone Senfina Advisors L.L.C. "Senfina" is an indirect wholly-owned subsidiary of The Blackstone Group L.P., a publicly traded master limited partnership that has units that trade on the New York Stock Exchange under the symbol "BX." Senfina is an affiliate of BAlA, the Fund's investment adviser, on the basis that it is under common control with BAlA. The investment by BXMIX with Senfina benefits Blackstone and a withdrawal from Senfina would be detrimental to Blackstone.

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

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	-	-	-	-	-	0.50%	-0.40%	0.90%	0.30%	-0.59%	0.30%	-0.19%	0.80%
2015	0.70%	1.88%	0.97%	-0.39%	1.26%	-1.15%	1.93%	-1.04%	-0.67%	0.29%	0.48%		4.29%

1. Performance is presented through November 30, 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. Additional information and current performance data is available at [www.blackstone.com/bxmix](http://www.blackstone.com/bxmix). BXMIX launched on June 16, 2014 and thus performance for June 2014 is limited to June 16 through June 30.

**All investors should consider the investment objectives, risks, charges and expenses of BXMIX, Class I carefully before investing. The prospectus and, 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, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

### Important Risks

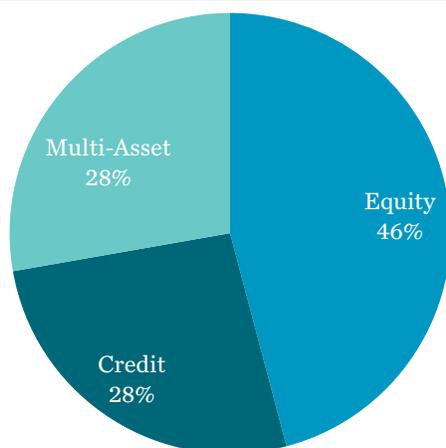
An investment in BXMIX, Class I should be considered a speculative investment that entails substantial risks; you may lose part or all of your investment or your investment may not perform as well as other investments. BXMIX's investments involve special risks including, but not limited to, loss of all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

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

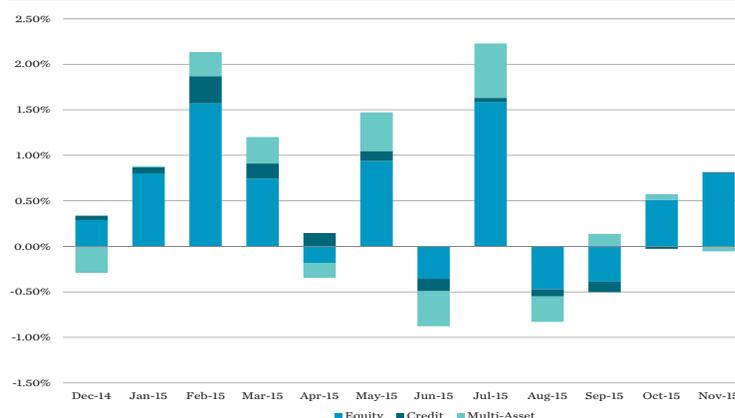
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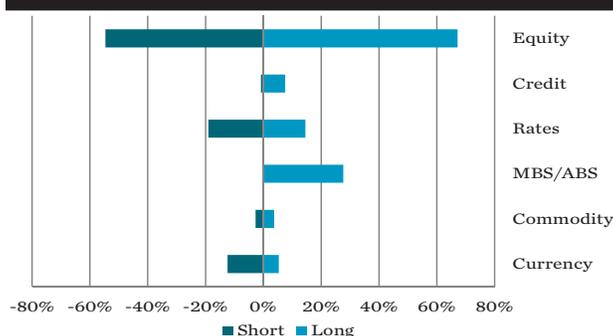
## Sub-strategy summary



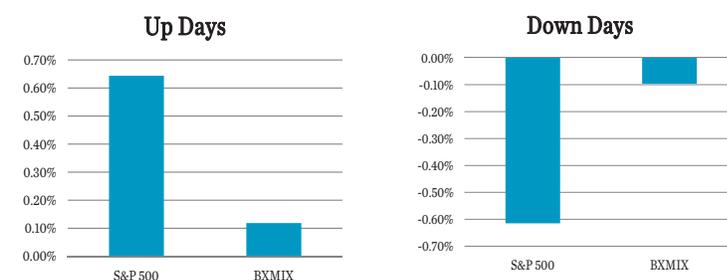
## Trailing 12 month gross strategy attribution<sup>1,5</sup>



## 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	81.89%	44.06%	37.83%
Core Europe	22.99%	24.11%	-1.12%
Peripheral Europe	4.45%	0.31%	4.14%
Lat. Am./Caribbean	8.30%	0.94%	7.36%
Middle East/Africa	1.70%	1.50%	0.20%
Japan	4.36%	13.89%	-9.52%
Asia general	3.38%	3.20%	0.18%
China/HK/Taiwan	0.56%	1.77%	-1.21%
<b>Total</b>	<b>127.63%</b>	<b>89.77%</b>	<b>37.86%</b>

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

	Long	Short	Net
Energy	2.40%	1.71%	0.69%
Materials	1.94%	1.65%	0.29%
Industrials	5.58%	3.31%	2.27%
Consumer Discretionary	11.60%	5.39%	6.21%
Consumer Staples	1.39%	2.77%	-1.37%
Healthcare	12.89%	4.55%	8.34%
Financials	9.13%	4.15%	4.99%
Technology	7.16%	3.93%	3.22%
Telecom	1.34%	0.69%	0.64%
Utilities	0.27%	0.62%	-0.34%
Unclassified <sup>4</sup>	13.49%	25.90%	-12.41%
<b>Total</b>	<b>67.19%</b>	<b>54.67%</b>	<b>12.52%</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 November 30, 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

## Market Commentary

Equity markets traded sideways in November, as investors focused on key figures from both the European Central Bank (“ECB”) and the U.S. Federal Reserve (“Fed”) with anticipation, looking for some indication of monetary policy action in the coming weeks. As we look out at the world, we continue to see an economic backdrop characterized by ‘out-of-sync’ economic cycles and divergent central bank policy, with the Fed likely to start raising rates in the short term, while the ECB and Bank of Japan explore expanding their monetary stimulus programs. Fixed income markets illustrated this theme of divergence in November, with the yield on 2 year U.S. treasuries climbing 21 basis points. Contrast that with European bond markets, where a staggering 40% of Eurozone government bonds now have negative yields, representing over \$3 trillion. Expectations that the ECB will expand its stimulus program helped push bond prices higher in November, particularly in peripheral Eurozone countries such as Portugal and Spain.

## Review of Fund Performance

The investment objective of Blackstone Alternative Multi-Strategy Fund (the “Fund”) is to seek capital appreciation. The Fund aims to achieve its objective by allocating assets among a variety of investment sub-advisers with experience managing non-traditional or “alternative” investment strategies. In November, the Fund’s Class I share class returned +0.48% net of fees and expenses versus +0.30% and -0.45% for the S&P 500 TR and MSCI World TR Indices, respectively, and versus -0.26% for the Barclays U.S. Aggregate Bond Index.

## Equity Strategies

Equity strategies were the largest contributor to the Fund’s performance in November, with both equity market neutral and equity long/short sub-strategies producing positive returns in a muted month across both U.S. and global equity markets. We made a conscious decision to reduce the Fund’s equity beta earlier this year, a decision that was driven by our top down view of equity market valuations being on the richer side. This top down call was reinforced by equity risk reduction in our underlying sub-advisers’ portfolios, and together these changes helped the Fund protect capital in a difficult month for traditional asset classes. From a sector perspective, exposures to financials, consumer staples, technology and select healthcare sub-sectors contributed positively to performance in November, while retail and certain infrastructure and construction related exposures detracted.

During November, we added an opportunistic exposure through Glenview Capital Management, a manager Blackstone has been invested with for over a decade. The allocation to this long-only Glenview vehicle enables the Fund to gain access to some of Glenview’s highest conviction trade ideas, predominantly in the healthcare sector. We are overlaying a full hedge on this position with the goal of mitigating market risk and achieving a beta-neutral profile for this opportunistic investment.

## Credit Strategies

Credit strategies posted mixed returns in November and ended the month slightly positive on the whole, with asset-backed security (“ABS”) exposures contributing to performance and high yield exposures detracting as the broader bond markets were bid down on fundamentals and a likely Fed rate hike in the coming weeks. Government sponsored entity (“GSE”) risk transfer markets rallied over the course of the month, providing a boost to select credit exposures. Within the Fund’s high yield exposures, idiosyncratic trades focused in the oil and gas space detracted from performance during November as oil price volatility took hold during the month (Brent Crude was down -10% in November).

## Multi-Asset Strategies

November served up mixed results for the Fund’s multi-asset strategies, which ultimately ended slightly negative on the month. Gains were driven by exposures to commodities, value-oriented equities, and high yield exposures in peripheral European and oil-exporting sovereigns. Incremental return came from local rates and currency exposures in Latin America. In aggregate, exposures across foreign exchange (“FX”) and U.S. fixed income, sovereign and quasi-sovereign credit exposures in Brazil and certain exposures to Eastern Europe and parts of Africa detracted from performance, outweighing gains.

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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/bxmixon](http://www.blackstone.com/bxmixon). 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.

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

**MSCI World Index:** A market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI World is maintained by Morgan Stanley Capital International, and is comprised of stocks from all the developed markets in the world.

**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.

**JPMorgan Domestic High Yield Index:** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.

## 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.

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**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.

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**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.

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