

# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of May 31, 2017

## 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 sub-advisers 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>	\$4,488 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)<sup>7</sup>

<b>Management Fee</b>	1.92%
<b>Div. &amp; Interest Expense on Sec. Sold Short</b>	0.82%
<b>Other Expenses</b>	0.55%
<b>Gross Expense Ratio</b>	3.29%

## Portfolio managers

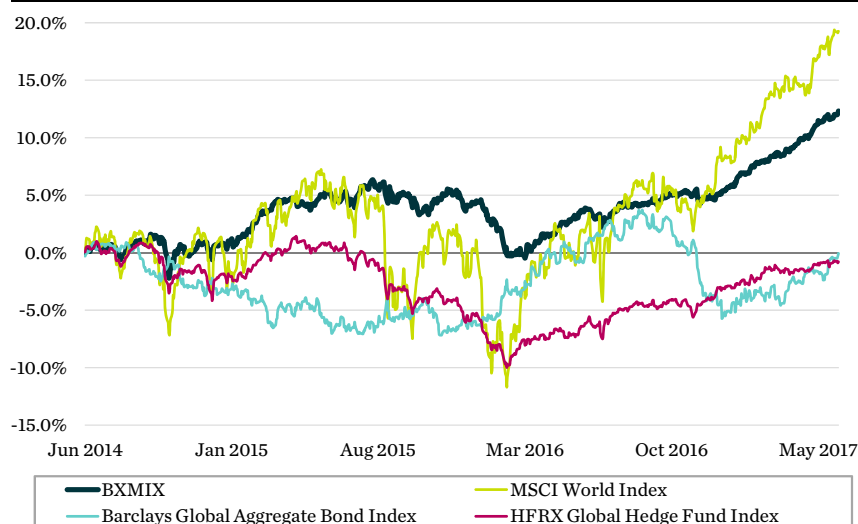
Name	Years at Blackstone
Gideon Berger	15 Years
Robert Jordan	5 Years
David Mehenny	6 Years
Ian Morris	7 Years
Alberto Santulin	14 Years
Stephen Sullens	16 Years

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

	3/31/2017			As of 05/31/2017				ITD Statistics			
	YTD	1 Yr	ITD	May-17	YTD	1 Yr	ITD	St.Dev.	Beta <sup>4</sup>	Alpha <sup>5</sup>	Sharpe
BXMIX	3.43%	8.03%	3.28%	1.12%	6.17%	8.46%	4.00%	3.38%	-	-	1.14
HFRX Global	1.66%	6.19%	-0.55%	0.24%	2.34%	5.98%	-0.29%	3.64%	0.60	5.83%	-0.13
Barclays Gbl Agg	1.76%	-1.90%	-0.90%	1.55%	4.50%	0.77%	0.04%	5.23%	-0.13	5.48%	-0.02
MSCI World	6.53%	15.43%	5.10%	2.21%	10.55%	17.09%	6.13%	11.44%	0.18	3.81%	0.52

1. Performance is presented through May 31, 2017. 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 performance data current to the most recent month-end is available at [www.blackstone.com/bxmix](http://www.blackstone.com/bxmix).

## Cumulative net performance<sup>1,2</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 May 31, 2017.

7. Gross expense ratio represents the expense ratio applicable to investors. Other Expenses includes remainder of other expenses, acquired fund fees & expenses, and fees waived and/or expenses reimbursed/recouped. Through August 31, 2018 Blackstone Alternative Investment Advisors 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. Please find the Fund's Prospectus at [www.blackstone.com/bxmix](http://www.blackstone.com/bxmix).

## Sub-adviser allocations

MANAGER	STRATEGY	SUB-STRATEGY	CURRENT ALLOCATION
Goldman Sachs	Equity Hedge	Equity Long Short	26%
HealthCor	Equity Hedge	Equity Long Short	
Two Sigma Advisers	Equity Hedge	Equity Market Neutral	
Bayview	Relative Value	Fixed Income - Asset Backed	24%
Cerberus <sup>1</sup>	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	10%
Boussard & Gavaudan	Event Driven	Multi-Strategy	
Nephila <sup>1</sup>	Event Driven	Reinsurance	
Emso	Macro	Discretionary Thematic	40%
FT AlphaParity	Macro	Systematic Diversified	
IPM	Macro	Systematic Diversified	
GSA	Macro	Systematic Diversified	
D.E. Shaw	Multi-Strategy	N/A	
BAIA-Direct <sup>2</sup>	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%. Sub-adviser allocations do not represent investment exposure. For details of investment exposure, including leverage, please see the Monthly Exposure Report and Commentary, which is available at [blackstone.com/bamsf](http://blackstone.com/bamsf).

1. Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.
2. BAIA manages a portion of the Fund's assets directly. Such investments presently include allocations to BAIA's systematic risk premia trading strategy, a short-only fundamental equity strategy (advised by Gracian Capital on a non-discretionary basis), and funds managed by Glenview Capital Management LLC, and may include other opportunistic trades in the future. BAIA's fees on directly managed assets are not reduced by a payment to a sub-adviser.

## 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%	-0.71%	3.55%
2016	-2.17%	-2.22%	1.45%	1.32%	0.90%	-0.50%	1.10%	0.00%	0.89%	0.00%	-0.20%	0.85%	1.35%
2017	1.67%	0.77%	0.96%	1.52%	1.12%								6.17%

1. Performance is presented through May 31, 2017. Net performance is net of the Gross Expense Ratio less waived expenses. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance data quoted. Additional information and performance data current to the most recent month-end is available at [www.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 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 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 Global Bond Index:** provides a broad-based measure of the global investment grade fixed-rate debt markets. It is comprised of the U.S. Aggregate, Pan-European Aggregate, and the Asian-Pacific Aggregate Indexes. **HFRX Global Hedge Fund Index:** HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry. The methodology is based on defined and predetermined rules and objective criteria to select and rebalance components to maximize representation of the Hedge Fund Universe. **MSCI World 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. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an

indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com)).

### Important Risks

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

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.

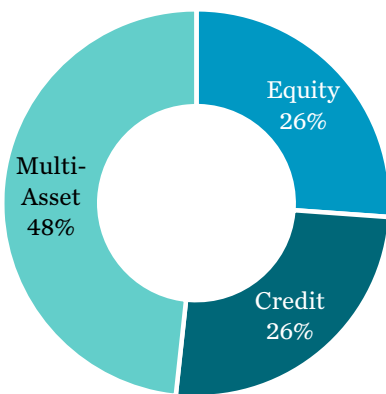
# Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of May 31, 2017

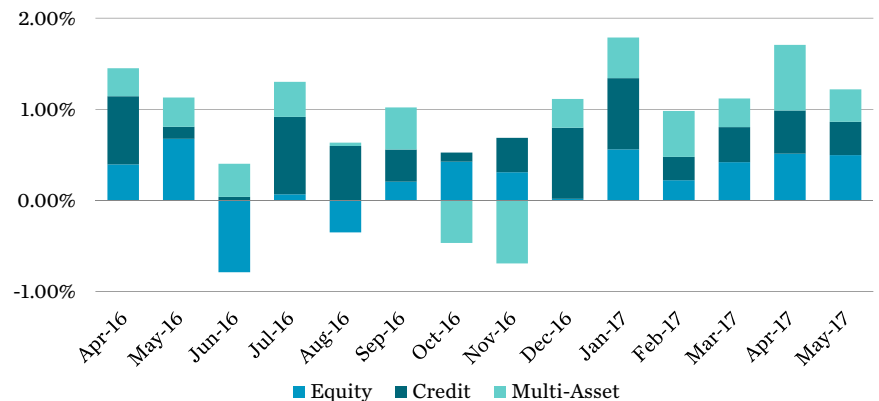
## Performance summary<sup>1,2,3,4</sup>

Sub-Strategy Performance	Allocation at 5/31/2017	MTD		QTD		YTD		ITD Cumulative Performance	
		Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution
Equity	26.15%	1.58%	0.50%	3.24%	1.02%	7.27%	2.27%	24.02%	8.53%
Credit	25.56%	1.19%	0.37%	2.68%	0.85%	6.92%	2.31%	18.14%	5.96%
Multi-Asset	48.29%	0.94%	0.36%	2.40%	1.08%	5.01%	2.40%	12.70%	4.67%
Cash & Other			-0.10%		-0.29%		-0.81%		-6.85%
Net Return			1.12%		2.65%		6.17%		12.32%

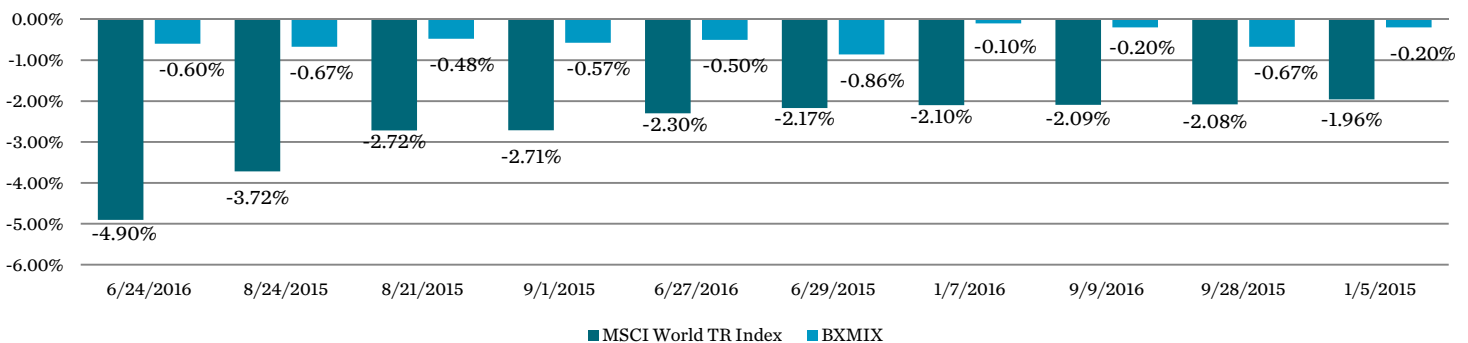
## Sub-strategy summary<sup>3</sup>



## Trailing 12 month sub-strategy attribution<sup>1,3,4</sup>



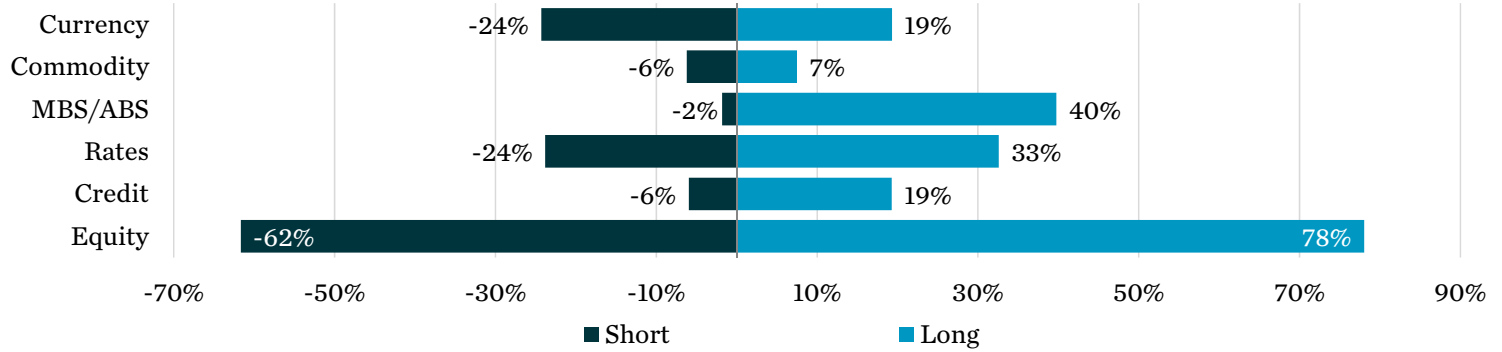
## BXMIX performance on worst 10 trading days for MSCI World since inception<sup>5</sup>



1. Sub-strategy performance is shown gross of all fees and expenses. Performance is estimated and unaudited.  
 2. Equity is comprised of Equity Long/Short, Equity Market Neutral; Credit is comprised of Fixed Income - Asset Backed, Fixed Income - Corporate, Distressed/Restructuring; Multi-Asset is comprised of Discretionary Thematic, Systematic Diversified, Multi-Strategy  
 3. Sub-strategy allocations exclude exposures to Fund level cash, hedging and expenses and are adjusted pro-rata to equal 100%.  
 4. Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Strategy attribution is presented on a gross basis as Blackstone fees are applied at the Fund level and not at the strategy level. ITD net return is cumulative not annualized. Information about BXMIX, including current month-end performance, is available on BXMIX's website at [www.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 16, 2014 to May 31, 2017.  
 5. The indices presented are indicative and for illustrative purposes only. The volatility of the index presented may be materially different from that of the performance of the Fund. In addition, the index employs different investment guidelines and criteria than the Fund; as a result, the holdings in the Fund may differ significantly from the securities that comprise the index. The performance of the index has not been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of the Fund's performance to that of well-known and widely recognized index. A summary of the investment guidelines for the index presented is available upon request. Performance of the index reflects the reinvestment of dividends. Please see glossary of terms at the end of this presentation for index definitions. The average daily return for BXMIX for the 10 best MSCI World TR days is 0.36%, while the average return of MSCI World TR for the 10 best MSCI World TR days was 2.07%.

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

## Asset class exposure<sup>1</sup>



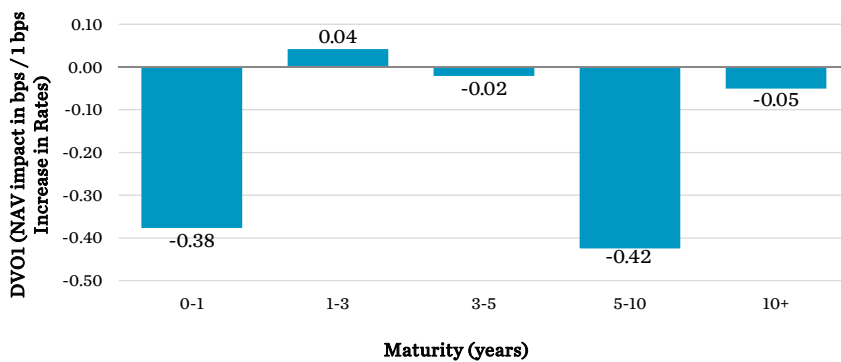
## Geographic exposure<sup>1</sup>

	Long	Short	Net
US/Canada	111.26%	61.47%	49.79%
Core Europe	52.12%	40.68%	11.44%
Peripheral Europe	5.68%	2.80%	2.88%
Lat. Am./Caribbean	7.93%	1.68%	6.25%
Middle East/Africa	1.47%	2.48%	-1.01%
Japan	5.58%	7.24%	-1.66%
Asia general	9.65%	5.45%	4.21%
China/HK/Taiwan	2.76%	1.97%	0.79%
<b>Total</b>	<b>196.45%</b>	<b>123.77%</b>	<b>72.68%</b>

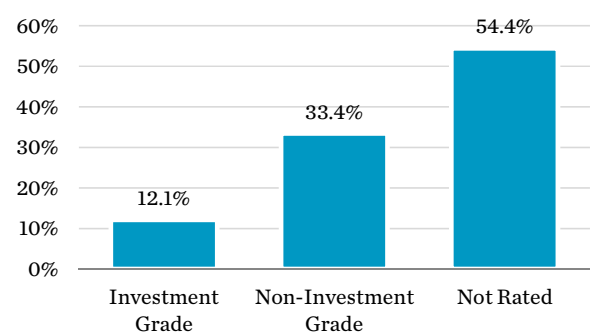
## Currency exposure<sup>1</sup>

Region	Long	Short	Net
Asia general	5.19%	2.85%	2.34%
China/HK/Taiwan	0.40%	0.65%	-0.24%
Core Europe	5.32%	11.03%	-5.70%
Japan	3.77%	1.83%	1.94%
Latin America	1.84%	0.62%	1.22%
Middle East/Africa	1.07%	1.08%	-0.01%
Peripheral Europe	1.23%	0.36%	0.87%
US/Canada	0.47%	5.88%	-5.40%
<b>Total</b>	<b>19.30%</b>	<b>24.29%</b>	<b>-4.99%</b>

## Fixed income interest rate sensitivity<sup>3</sup>



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



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

	Long	Short	Net
Energy	0.86%	2.05%	-1.19%
Materials	3.18%	1.24%	1.94%
Industrials	4.08%	2.30%	1.77%
Consumer Discretionary	8.18%	4.23%	3.95%
Consumer Staples	2.70%	3.03%	-0.33%
Health Care	13.44%	8.33%	5.10%
Financials	4.90%	3.60%	1.31%
Real Estate	0.58%	1.81%	-1.23%
Information Technology	10.78%	5.51%	5.27%
Telecommunication Services	1.75%	0.97%	0.78%
Utilities	0.66%	0.55%	0.11%
Index*	25.73%	28.03%	-2.30%
Unclassified**	1.18%	0.00%	1.18%
<b>Total</b>	<b>78.02%</b>	<b>61.66%</b>	<b>16.36%</b>

## VaR analysis<sup>4</sup>

Date	VaR
5/31/17	2.04%

- In the case of non-interest rate instruments, exposure data represents the delta adjusted market value. In the case of interest rate products, exposure data is represented by the 10-year equivalent instrument. Positions of unknown type (if any) are excluded from exposure data. The Fund does not guarantee the accuracy of such data.
- Positions of unknown type (if any) are excluded from exposure data. Data is obtained from StateStreet, the administrator for the Fund. The Fund does not guarantee the accuracy of such data. Using the higher Standard & Poor's ("S&P's") and/or Moody's Investor Service ("Moody's") ratings. Investment grade is a rating of a bond that has a relatively low risk of default. Investment grade are bonds rated above BBB- for S&P and Baa3 for Moody's. Non-investment grade is below Investment grade to D.
- Dv01 represents the estimated change in NAV for the fund, expressed in basis points, for a 1 basis point increase in interest rates across each of the maturity ranges shown. Fixed income instruments are typically held across a number of different currencies.
- Value at Risk ("VaR") seeks to estimate, using historical data, the loss the Fund could suffer. VaR is calculated at a 99% confidence level for a one month holding period (20 business days) using a model based on historical Fund data. Please see the Glossary of Terms for a further explanation of VaR.

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

\*\*Do not have a GICS sector assigned

# Performance commentary

## May Market Commentary

Global markets continued to climb higher in May amidst a flurry of political events that dominated headlines. U.S. equity markets marched ahead, adding 1.4% during the month, while UK and European equity indices surged 4.9% and 2.9%, respectively<sup>1</sup>. Fixed income markets also posted strong performance, with global investment grade bonds returning 1.6% and U.S. Treasuries generating 0.8%<sup>2</sup>. This rally in risk assets came with a collapse in volatility, however, with the VIX dipping below 10 at several points during the month and closing at 10.4% at month end.

While we have seen largely positive economic data over the course of the year, with many news sources cooing about synchronized global growth, we think it is important to look a layer deeper and evaluate sector-specific stress points that can emerge, even within a robust overall economy. Today, 35% of the 261 sectors that make up the U.S. payroll report are experiencing job losses<sup>3</sup>, which is surprisingly high. While we do not see any elevated U.S. recession warnings right now, given economists have predicted zero of the past ten recessions and the risk of recession is higher when unemployment is at cyclical lows, it's worth asking: where are the troubling signs today? In our view, four areas that may conspire to chill the macroeconomic climate are: (1) retail; (2) autos; (3) healthcare; and (4) tourism. In the event of a downturn, the size and importance of these sectors could potentially end up making a "garden variety" slump turn into a deeper economic freeze.

**Retail** – U.S. retail fundamentals are continuing to show signs of weakness, with a supply "glut", weakening store sales and shrinking margins presenting cause for concern. Retail store openings have been trending lower over the last two years, which is a negative trend, but store closings have also declined, which is positive and indicates that the worst is potentially yet to come. Perhaps the most telling sign of trouble is bankruptcies, where year-to-date filings have already surpassed 2016 totals and are on pace to pass 2009 levels by the end of the year<sup>4</sup>.

**Autos** – In autos, cyclical U.S. strength is hiding a negative structural trend in demand. This cyclical strength has been buoyed, in part, by sub-prime sales, which are now showing signs of stress, suggesting that the next cycle low could be lower than expected. In our view, the primary causes for this structural downtrend are (1) an aging population, (2) slower population growth, (3) urbanization, (4) more restrictive city policies, (5) a decline in rural driving, and (6) lack of interest from the younger population.

**Healthcare** – Over the past two years, healthcare services have contributed twice as much to GDP as they have historically. This growth has been driven both by rising costs and an aging population, and makes healthcare a fundamentally more important part of the economy than in the past. Given this, any reform that focuses on reducing costs, whatever the long-term merits of such reform, could inadvertently present a material cyclical downside risk.

**Tourism** – Using flight search demand as a proxy for tourism demand, it seems that most of world has fallen "out of love" with the U.S. since the Trump administration took office. In fact, 103 of 122 countries for which we have significant data show a drop in demand. This trend was accelerated by the travel ban that was instituted on March 6, and while it recovered slightly after the ban was overturned, it is still below expected levels and could present additional downside risk<sup>5</sup>. Tourism, which made up 3% of U.S. GDP in 2016<sup>6</sup>, has important implications for several key components of the economy, including airlines, restaurants and hotels.

As we think about the portfolio from a top down perspective, we maintain our view that equity markets are relatively expensive, and are looking to keep the beta profile of the Fund low. On the fixed income side, given where we are in the cycle, we are also looking to reduce our exposure to Credit strategies, and will be adding to diversifying exposures on the margin.

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1. Source: Bloomberg as of 5/31/2017. U.S., UK and European equities measured by the S&P 500, FTSE 100 and MSCI Europe indices, respectively.
  2. Source: Bloomberg as of 5/31/2017. Global investment grade bonds and U.S. Treasuries measured by the Barclays Global Aggregate Bond and Barclays U.S. Treasury 5-10 Year Bond indices, respectively.
  3. Source: Board of Labor Statistics as of May 2017.
  4. Source: CNBC, Retail bankruptcies march toward a post-recession high, March 2017.
  5. Source: Hopper, Kayak research, 2017.
  6. Source: World Travel & Tourism Council, 2017.

## Review of Fund Performance<sup>7</sup>

The investment objective of Blackstone Alternative Multi-Strategy Fund (the “Fund”) is to seek capital appreciation. The Fund aims to achieve its objective by managing assets directly (via BAIA<sup>8</sup>) or by allocating assets among a variety of investment sub-advisers, each with experience managing non-traditional or “alternative” investment strategies. In May, the Fund’s Class I share class<sup>9</sup> returned 1.12%<sup>10</sup> net of fees and expenses versus 1.41% and 2.21% for the S&P 500 and MSCI World indices, respectively, and versus 1.55% for the Barclays Global Aggregate Bond Index.

### *Equity Strategies*

Equity strategies closed out the month with positive performance, with quantitative Equity Market Neutral strategies leading gains. Equity Long/Short strategies also posted positive returns in May, driven by gains in health care services on the back of the U.S. House of Representatives passing a new health care bill intended to replace the Affordable Care Act. Exposure to certain biotech names detracted from performance. Despite maintaining a relatively low net market exposure of 15.7% in aggregate, the Fund’s Equity strategies returned 1.5% on a gross basis in May (net return for the Fund was 1.12%), comparing favorably to U.S. equity markets, which were up 1.4% (as measured by the S&P 500).

### *Credit Strategies*

Structured credit, distressed and restructuring strategies all were positive contributors in May, while corporate credit strategies underperformed. Exposures to government-sponsored enterprise (“GSE”) credit risk transfer (“CRT”) bonds continue to be a key driver of performance among the Fund’s credit strategies. Sub-advisers holding these exposures are finding more value in later 2016 vintages, as prepayment speeds have slowed creating a buying opportunity, while fundamentals and underlying collateral are still strong. As we have discussed in the past, we view this exposure as an attractive way to access U.S. residential real estate given the robust underwriting standards for GSE mortgages, programmatic issuance, and floating-rate features that make the bonds less interest rate sensitive.

Additional gains came from short commercial real estate debt exposures, as reference loans experienced an increase in delinquencies and write-downs. Elsewhere in the portfolio, exposure to a clinical lab company boosted performance after the company saw strong Q1 results, including margin improvement and revenue growth. On the corporate credit side, mark-to-market losses drove underperformance, offsetting gains from carry.

### *Multi-Asset Strategies*

Multi-Asset strategies also contributed positively during the month, with Multi-Strategy sub-advisers driving the majority of the gains. European equity positioning benefitted the portfolio, as exposure to merger activity and several telecom operators rallied. The European telecom sector was up close to 10% in May, as sentiment around pricing pressure waned and several players started raising prices. Emerging market debt exposures were another meaningful contributor to performance, with gains driven by tactical Brazil positioning, as well as positive developments in Argentina and Greece. Systematic Diversified strategies detracted from performance in aggregate, with losses driven by commodities, FX, and fixed income, partially offset by gains in equity and currencies.

7. *The volatility of the indices presented may be materially different from that of the performance of the fund. In addition, the indices employ different investment guidelines and criteria than the Fund; as a result, the holdings in the Fund 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 the Fund, but rather is disclosed to allow for comparison of the Fund’s performance to that of well-known and widely recognized indices. A summary of the investment guidelines for the indices presented are available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.*
8. *BAIA manages a portion of the Fund’s assets directly. Such investments presently include allocations to BAIA’s systematic premia trading strategy, a short-only fundamental equity strategy (advised by Gracian Capital on a non-discretionary basis), and funds managed by Glenview Capital Management LLC, and may include other opportunistic trades in the future. BAIA’s fees on directly managed assets are not typically reduced by a payment to a sub-adviser.*
9. *For a summary of Fund performance of other share classes, please refer to the Fund’s website: <http://www.blackstone.com/bxmix>*
10. *Performance is shown net of the Gross Expense Ratio less waived expenses for Class I shares. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance data above. Information is estimated and unaudited.*

*Opinions expressed reflect the current opinions of BAIA as of the date of this material only and should not be the basis of any investment decisions. Past performance is not necessarily indicative of future results. There can be no assurance that the Fund or its underlying managers will achieve their investment objectives or avoid significant losses. The Fund is actively managed and allocations are subject to ongoing revision. Certain of the information provided herein has been obtained from or derived from BAIA’s underlying managers. BAIA does not guarantee the accuracy or completeness of such information.*

# 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.

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

## Important Disclosures Regarding Exposure

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

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

## Glossary of Terms:

**Gross Exposure:** Reflects the aggregate of long and short investment positions in relation to the net asset value. For example, if BXMIX has 60% long exposure and 50% short exposure to a particular asset class, then BXMIX has 110% gross exposure to that asset class. The gross exposure is one indication of the level of leverage in a portfolio. **Net Exposure:** This is the difference between long and short investment positions in relation to the net asset value. For example, if BXMIX has 60% long exposure and 50% short exposure to a particular asset class, then BXMIX is 10% net exposure to that asset class. **Long:** A long position occurs when an individual owns securities. **Short:** Short selling a security not actually owned at the time of sale. Short positions can also generate returns when the price of a security declines. **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. A VaR model has certain inherent limitations and it cannot be relied upon to predict or guarantee that the size or frequency of losses incurred by a Fund will be limited to any extent. As the VaR model relies on historical market data as one of its key inputs, if current market conditions

differ from those during the historical observation period, the effectiveness of the VaR model in predicting the VaR of a Fund may be materially impaired. **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.

**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. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com)).