Blackstone Alternative Multi-Strategy Fund (BXMIX)

Blackstone

As of June 30, 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

Fund assets[6]	$4,609 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)[7]

Management Fee	1.92%
Div. & Interest Expense on Sec. Sold Short	0.82%
Other Expenses	0.55%
Gross Expense Ratio	3.29%

Portfolio managers

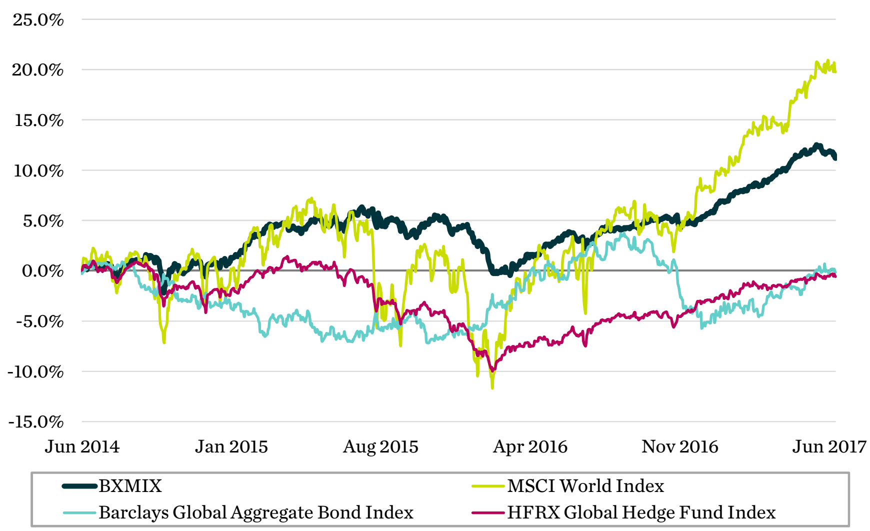
Name	**Years at Blackstone**
Gideon Berger	15 Years
Robert Jordan	6 Years
David Mehenny	6 Years
Ian Morris	7 Years
Alberto Santulin	14 Years
Stephen Sullens	16 Years

Fund net performance[1,2,3]

	As of 06/30/2017				ITD Statistics			
	Jun-17	YTD	1 Yr	ITD	St. Dev.	Beta[4]	Alpha[5]	Sharpe
BXMIX	-1.01%	5.09%	7.90%	3.55%	3.36%	-	-	1.00
HFRX Global	0.21%	2.56%	6.00%	-0.21%	3.61%	0.60	5.10%	-0.11
Barclays Glbl Agg	-0.09%	4.41%	-2.18%	0.01%	5.21%	-0.12	4.80%	-0.03
MSCI World	0.42%	11.02%	18.86%	6.10%	11.34%	0.18	3.16%	0.52

1. Performance is presented through June 30, 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.

Cumulative net performance[1,2]



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 June 30, 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.

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[1]	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	11%
Boussard & Gavaudan	Event Driven	Multi-Strategy	
Nephila[1]	Event Driven	Reinsurance	
Emso	Macro	Discretionary Thematic	39%
H20	Macro	Discretionary Thematic	
FT AlphaParity[3]	Macro	Systematic Diversified	
IPM	Macro	Systematic Diversified	
GSA	Macro	Systematic Diversified	
Magnetar[1]	Macro	Systematic Diversified	
D.E. Shaw	Multi-Strategy	N/A	
BAIA-Direct[2]	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.

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.*
3. *Sub-adviser terminated as of 6/23/17.*

Monthly net performance[1]

	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%	-1.01%							5.09%

1. Performance is presented through June 30, 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. 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. 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 redisseminated 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).

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 contains 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.

The following information has not been provided in a fiduciary capacity under ERISA, and it is not intended to be, and should not be considered as, impartial investment advice. If you are an individual retirement investor, contact your financial advisor or other fiduciary unrelated to BAIA about whether any given investment idea, strategy, product or service described herein may be appropriate for your circumstances.

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)

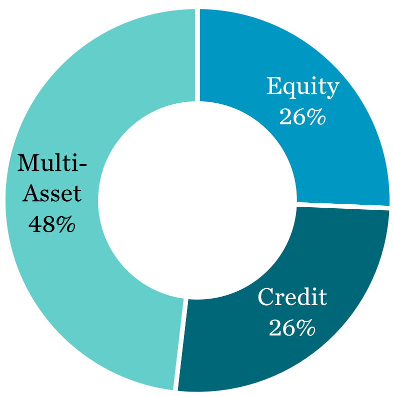
Blackstone

As of June 30, 2017

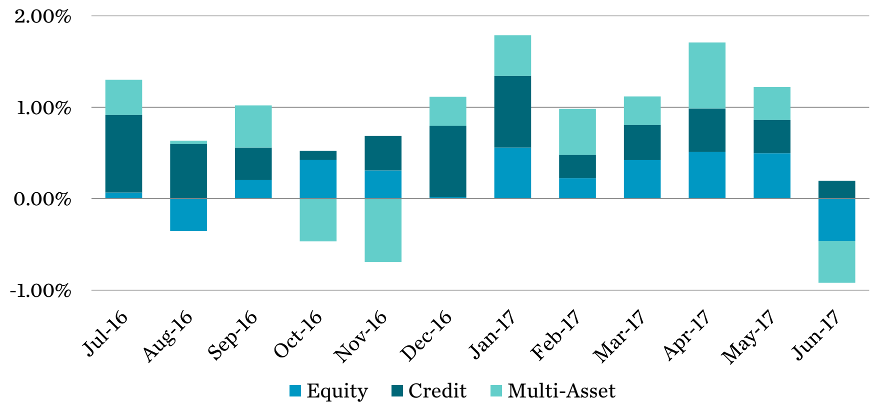
Performance summary[1,2,3,4]

Sub-Strategy Performance	Allocation at 6/30/2017	MTD Return	MTD Attribution	QTD Return	QTD Attribution	YTD Return	YTD Attribution	Trailing 12 Months Return	Trailing 12 Months Attribution	ITD Cumulative Performance Return	ITD Cumulative Performance Attribution
Equity	25.65%	-1.50%	-0.46%	1.69%	0.54%	5.66%	1.78%	7.82%	2.42%	22.16%	8.02%
Credit	26.19%	0.65%	0.20%	3.35%	1.05%	7.62%	2.52%	18.23%	5.52%	18.91%	6.18%
Multi-Asset	48.16%	-0.83%	-0.45%	1.28%	0.62%	3.86%	1.92%	4.10%	1.93%	11.47%	4.17%
Cash & Other			-0.30%		-0.60%		-1.13%		-1.97%		-7.19%
Net Return			-1.01%		1.61%		5.09%		7.90%		11.18%

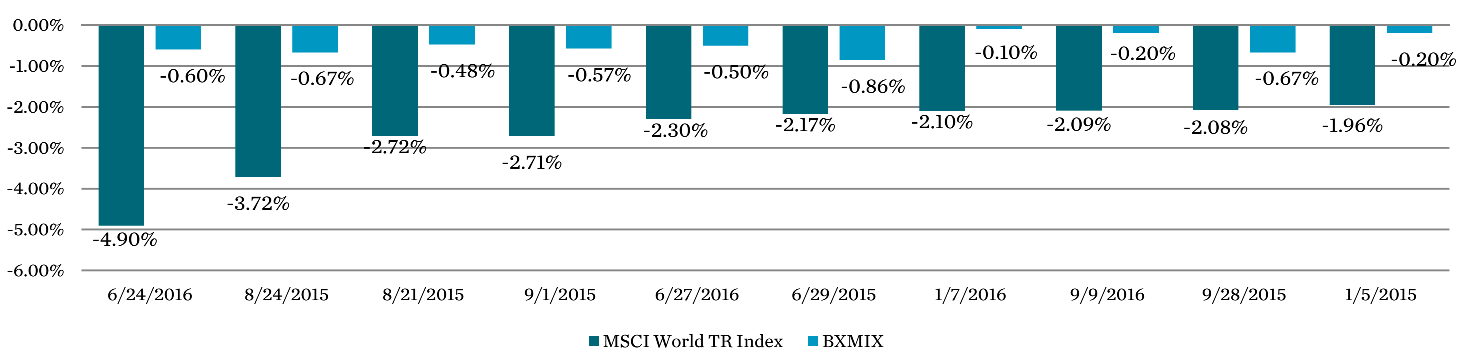
Sub-strategy summary[3]



Trailing 12 month sub-strategy attribution[1,3,4]



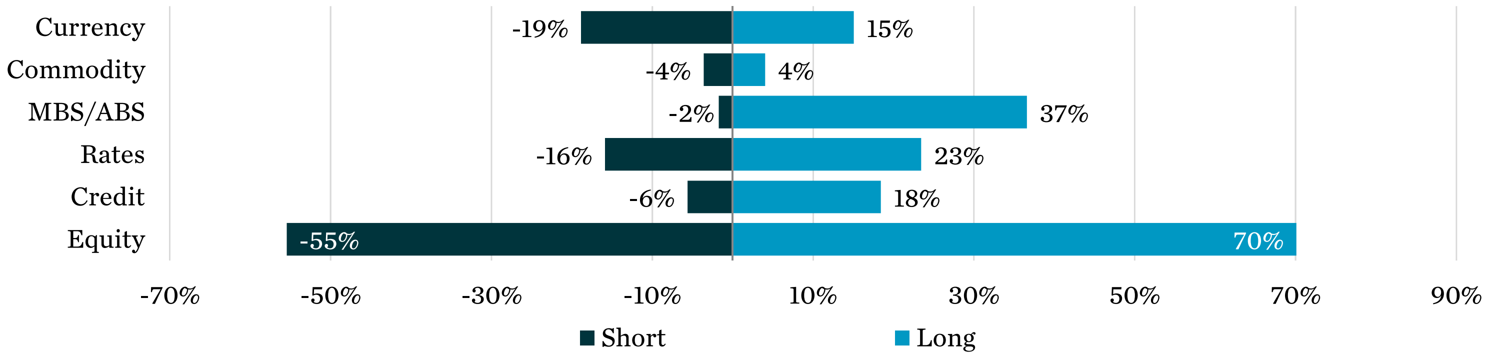
BXMIX performance on worst 10 trading days for MSCI World since inception[5]



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/ 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 0.35%, while the average return of MSCI World TR for the 10 best MSCI World TR days was 2.06%.*

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[1]



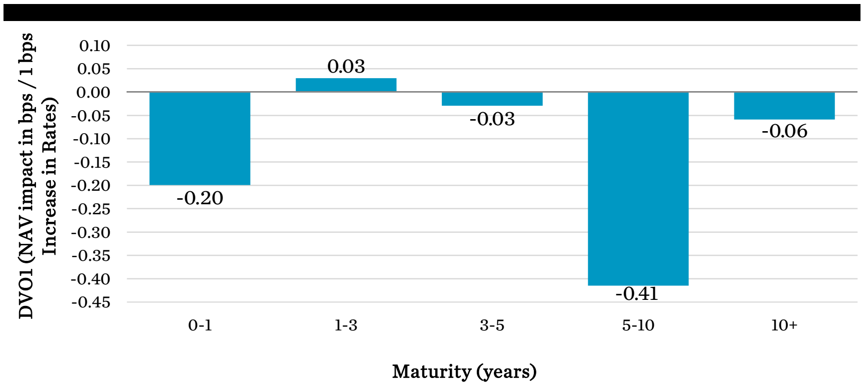
Geographic exposure[1]

	Long	Short	Net
US/Canada	101.64%	54.01%	47.63%
Core Europe	36.38%	30.93%	5.45%
Peripheral Europe	4.87%	2.04%	2.83%
Lat. Am./Caribbean	7.45%	0.97%	6.48%
Middle East/Africa	1.54%	1.46%	0.07%
Japan	4.23%	7.22%	-2.99%
Asia general	8.28%	2.38%	5.89%
China/HK/Taiwan	3.27%	2.24%	1.03%
Total	**167.66%**	**101.26%**	**66.40%**

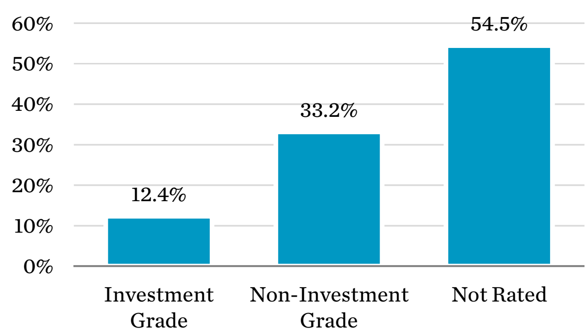
Currency exposure[1]

Region	Long	Short	Net
Asia general	5.51%	1.03%	4.49%
China/HK/Taiwan	0.37%	0.35%	0.01%
Core Europe	3.75%	9.51%	-5.76%
Japan	2.37%	2.27%	0.11%
Latin America	1.32%	0.65%	0.68%
Middle East/Africa	0.88%	0.18%	0.70%
Peripheral Europe	0.47%	0.68%	-0.21%
US/Canada	0.40%	4.22%	-3.82%
Total	**15.08%**	**18.88%**	**-3.80%**

Fixed income interest rate sensitivity[3]



Fixed income ratings[1,2]



Equity exposure – sector breakdown[1]

	Long	Short	Net
Energy	0.63%	2.42%	-1.79%
Materials	2.78%	1.29%	1.49%
Industrials	3.90%	1.94%	1.97%
Consumer Discretionary	7.59%	6.10%	1.49%
Consumer Staples	2.91%	3.36%	-0.45%
Health Care	11.98%	7.78%	4.19%
Financials	4.83%	3.50%	1.33%
Real Estate	0.56%	1.63%	-1.07%
Information Technology	9.80%	8.12%	1.68%
Telecommunication Services	1.58%	0.99%	0.59%
Utilities	0.55%	0.44%	0.11%
Index*	21.45%	17.89%	3.56%
Unclassified**	1.53%	0.00%	1.53%
Total	**70.10%**	**55.47%**	**14.63%**

VaR analysis[4]

Date	VaR
6/30/17	1.59%

1. *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.*
2. *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.*
3. 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.
4. *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*

June Market Commentary

June trailed off with a number of unresolved political and economic questions. The U.S. Senate presented its rendition of a healthcare bill in response to the House bill's passage in May, but with just a short while to go before Congress's summer recess, it remains unclear whether Republican leadership will be able to corral a majority of the GOP-controlled Senate chamber to move the ball forward. Given the significance of such potential reform on healthcare service expenditures, particularly through cuts to and changes to eligibility requirements for Medicaid, we remain highly attuned to these developments.

The Conference Board and the University of Michigan's consumer confidence surveys this month – which, since President Trump's victory in last November's election, have reached record levels – showed potential signs of weakness, perhaps even suggestive of gradual convergence of such 'soft data' with 'hard data' like economic growth or auto sales. While confidence survey readings remained high relative to this time last year, they have leveled off from their recent highs, and a survey of short-term outlook registered a decline in optimism about the next six months. While such soft data is subject to many factors, it's worth considering whether these readings mark shifting attitudes that could be harbingers of a coming market downturn.

In other news, in a closely watched speech late in the month, European Central Bank ("ECB") President Mario Draghi hinted that Europe's "strengthening and broadening" economic recovery may merit the unwinding of the ECB's large monetary stimulus. This more hawkish tone caught markets off-guard and spurred a broad rate re-pricing, somewhat reminiscent of 2013's "taper tantrum". Later, ECB's vice president Vítor Constâncio suggested that markets overreacted – mixed messaging that left markets without clear direction at the end of the month.

On this side of the Atlantic, the U.S. Federal Reserve ("Fed") once again voted to hike the benchmark federal funds rate another quarter percentage point, and Fed Chairwoman Janet Yellen issued guidance that one more such increase may be in store later in 2017. However, a number of Fed bank presidents have voiced concerns about low inflation, thereby setting the stage for an increasingly divided Fed at upcoming meetings. In related news, all 34 major U.S. financial institutions passed the Fed's stress testing and received approval for dividend increases and share buybacks in June. In addition, the U.S. Treasury Department released a report[1] in June that included a number of policy objectives that appear favorable to financial players, which, along with the stress test results, helped to propel that sector higher this month as hopes renewed for an improved regulatory environment on the horizon – not altogether unlike the rally that occurred last November.

In stark contrast to the rally in financials, tech stocks suffered in June, amidst a sharp technical reversal that has since been dubbed the 'tech tantrum'. In just a couple days of trading, technology firms' stocks plummeted, shedding billions in market capitalization, all without readily perceivable cause. Facebook, Amazon, Apple, Netflix, and Google – the so-called "FAANG" stocks – alone lost over $100 billion on Friday, June 9th. It's thought that some combination of valuation-leery investors pulling money, factor crowding, and cautioning research notes brought about this violent swing, but whatever the cause, it's enough to give us pause to consider the importance of a diversified portfolio to help protect capital in times of sudden market fluctuation.

Meanwhile, one year after Britons' monumental 'Brexit' vote to sever Great Britain from membership in the European Union, Theresa May's bid to bump up a Tory majority in Parliament flopped, thus setting Britons on a rockier path as the Tories will need to forge a coalition majority in order to conduct successful divorce proceedings. Additionally, global geopolitical tumult intensified in June, without any clear resolution in sight.

North Korea tested several missiles and an ICBM rocket engine, prompting varying reactions from the major world powers. The existing conflict in Syria came to a head, and tensions escalated between the U.S. and Russia. While global and domestic equity markets withstood these tensions, such rising pressures have the potential to trigger market stress down the road.

1. *A Financial System That Creates Economic Opportunities, U.S. Department of the Treasury, 12 June 2017.*

Amid these many loose ends at the close of June, we reiterate our view that equity markets continue to be priced relatively expensively and may be prone to elevated downside risk in the coming months. Therefore, we continue to manage our equity beta accordingly. Among these efforts, this month we implemented a new strategy to simultaneously hedge residual net long exposure from our Equity Long/Short strategies, while also seeking to capture alpha through single-name short equity positions (more on that strategy below). In addition, at this juncture in the credit cycle, we are also moderating our exposure to such strategies and have been rounding out the portfolio with some additional diversifiers – including two new Macro-focused sub-advisers added this past month (more on those below).

Review of Fund Performance[2]

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[3]) or by allocating assets among a variety of investment sub-advisers, each with experience managing non-traditional or "alternative" investment strategies. In June, the Fund's Class I share class[4] returned (1.01%)[5] net of fees and expenses versus 0.62% and 0.42% for the S&P 500 and MSCI World indices, respectively, and versus (0.09%) for the Barclays Global Aggregate Bond Index.

Worthy of note, the Fund turned three years old in June, a milestone meriting a deeper review of how the Fund has done relative to its objective. When we set out to build a multi-manager mutual fund, our goal was to create an avenue for individual investors – who have historically allocated materially less to alternatives relative to institutions – to pursue the three primary goals typically sought by hedge fund investments: diversification, capital preservation, and attractive risk-adjusted returns.

In constructing the Fund, we sought to maximize flexibility for our managers so that the Fund could capture hedge fund strategies that are not typically available in a mutual fund format. Our carefully designed trading and operating framework has enabled hedge fund managers to run their sleeves of the Fund in compliance with '40 Act constraints. Furthermore, we created customized mandates that aimed to extract managers' core competencies, all the while applying our own top-down views to drive dynamic asset allocation among our sub-advisers. We have also employed idiosyncratic ideas and thematic trades, allowing us to size up opportunistic investments. To date, we believe we have substantially delivered what we set out to achieve. Over its three-year track record, BXMIX outperformed the broader hedge fund universe[6] and global fixed income, and it delivered 60% of global equities' performance with low beta (0.18) and considerably lower volatility (3.37% standard deviation for BXMIX versus 11.38% for global equities). Over its first three years, BXMIX returned 3.75%, compared to (0.23%), 0.10%, and 6.29% for the HFRX Global, Barclays Global Aggregate Bond, and MSCI World indices respectively[7].

Equity Strategies

Equity strategies detracted over the course of June, with losses coming largely from a factor reversal and a slight selloff in momentum that took a toll on quantitative strategies. Meanwhile, long tech exposure weighed on equity long/short strategies, with the tech sector experiencing a slight reversal of fortune after months of strong performance. One healthcare sub-sector – biotech – detracted on the short side as it rallied on diminished concerns about drug pricing risk following a Trump Administration executive order that was less severe than expected and was even potentially industry-friendly. Losses were tempered by some gains among financials – particularly regional banks – and some healthcare players as the 'Trump Trade' ostensibly revived, though perhaps less in response to Administration policy progress as had been the case in the aftermath of the November election. Certain large banks, for instance, benefitted following the announcement of higher dividends and expected share buybacks in the wake of all 34 major U.S. financial institutions passing the Fed's stress tests.

2. *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.*
3. *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 reduced by a payment to a sub-adviser.*
4. *For a summary of Fund performance of other share classes, please refer to the Fund's website: http://www.blackstone.com/bxmix*
5. *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.*
6. *As measured by the HFRX Global index.*
7. *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. Inception to Date (ITD) statistics use daily performance and are calculated on an annualized basis as of BXMIX's inception on June 16, 2014 through June 16, 2017.*

Credit Strategies

Credit strategies ended the month modestly positive. Oil and rate volatility generated turbulence in credit markets, with yields widening among energy bonds as oil's plummet into a bear market heightened risk among energy players. Against this backdrop, carry from Fixed Income – Asset Backed sub-strategies generated steady gains, as did exposures to government-sponsored enterprise credit risk transfer bonds, which we described in April's commentary, and commercial real estate in the form of commercial mortgage-backed securities ("CMBS"). In addition, some slight gains came from certain corporate debt positions, including senior secured bonds of an industrial shipping company that announced a new rail service this month and benefitted from takeover rumors. Distressed/Restructuring sub-strategies came out marginally in the red on the month.

Multi-Asset Strategies

In June, Multi-Asset strategies detracted from Fund performance, largely due to headwinds faced by Systematic Diversified sub-strategies, particularly in the wake of the selloff in global rates at the end of the month. In particular, commodity, FX, and fixed income momentum models suffered losses, offset in part by other equity and fixed income models. Currencies were notable detractors, with long exposure to Japan, France, and Germany and short exposures to Canadian and U.S. dollars driving losses. Additionally, long exposure to Argentine local bonds and short exposure to the South African rand detracted from Fund performance. Losses were moderated by gains attributable to long exposure to Egyptian and Greek credit, with the latter rising upon news of an E.U.-Greece bailout agreement. In addition, the continued pickup in M&A and other corporate activity across the pond drove some gains among European equity exposures, which further mitigated losses among Multi-Asset strategies.

This past month, we also added two new sub-advisers running Multi-Asset strategies to the platform: H2O AM LLP ("H2O") and Magnetar Asset Management LLC ("Magnetar"), both effective June 23, 2017. H2O is a discretionary macro manager that trades FX, equities and fixed income. We think H2O offers a differentiated cross-asset class portfolio, and given the changing geopolitical and macroeconomic environment, we feel it is important for BXMIX to have access to a specialist that can trade a diversified book across broader macro themes. Magnetar provides quantitative investing capability, including a systematic merger arbitrage risk premia capture strategy that leverages their event driven investing expertise across various deal types. We are adding Magnetar to the platform because we believe the manager provides further diversification, attractive risk-adjusted returns, and exposure to differentiated risk premium relative to those provided by the Fund's other sub-advisers.

In addition, we implemented a new strategy via a non-discretionary sub-adviser relationship[8] with Gracian Capital LLC ("Gracian"). Gracian is an equity fundamental short specialist that applies a repeatable short-selling approach to a large target universe of uncrowded, large cap U.S. stocks. We believe that Gracian's use of forensic accounting to identify companies at risk of earnings underperformance will help us to capture short alpha while also hedging net long exposure from existing Equity Long/Short sub-advisers in the portfolio.

Finally, in June we terminated FT AlphaParity, LLC ("FT AlphaParity"), effective June 23, 2017. While FT AlphaParity was our first sub-adviser dedicated to risk premia strategies (previously, as AlphaParity, LLC), over the past few years we have added several other risk premia strategies run by IPM, BAIA-Direct, and most recently, Magnetar. Additions and terminations are normal events in our investment process and result from our dynamic evaluation of the top-down assessment of the opportunity set for hedge fund strategies as well as the bottoms-up evaluation of a sub-adviser's ability to deliver alpha in a given environment.

Review of Fund Performance – Second Quarter 2017 [9]

Despite experiencing a challenging June, over the second quarter of 2017, the Fund's Class I share class returned 1.61%[10] net of fees and expenses versus 3.09% for the S&P 500 Index, 4.21% for the MSCI World Index, and 2.60% for the Barclays Global Aggregate Bond Index.

8. *As a 'non-discretionary' sub-adviser, Gracian Capital provides BAIA with a model portfolio for allocating assets. Trade ideas provided to BAIA by Gracian are implemented by BAIA in its sole discretion.*
9. *The indices presented are indicative and for illustrative purposes only. The volatility of the indices presented may be materially different from that of the performance of the Fund. In addition, these 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 these 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 Fund performance to that of well-known and widely recognized indices. A summary of the investment guidelines for these indices is available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends. Source: Bloomberg, as of 1 Jul. 2017.*
10. *Performance is shown net of all fees and expenses for the Fund's Class I share class. Past performance may not be a reliable guide to future performance. The value of shares may go down as well as up and there can be no assurance that the Fund will achieve its investment objectives or avoid significant losses. Performance is estimated and unaudited.*

Performance commentary

Equity strategies contributed positively on the quarter, with gains coming from both Equity Long/Short and Equity Market Neutral sub-strategies. Among the former strategies, healthcare exposure generated particularly meaningful gains, with managed care and surgical medtech positions, among others, leading gains on the heels of the U.S. House of Representatives' passage of the American Health Care Act and the Senate GOP's unveiling of its own such bill. While the Fund is diversified across a number of sectors, healthcare has been among our largest overweights this year and quarter on the belief that increased sub-sector dispersion could continue to spur trading opportunities. Later in the quarter, financials contributed positively to Equity Long/Short sub-strategies after good stress test results spurred dividend increases and share buybacks; losses attributable to June's so-called 'tech tantrum', however, ate into these gains. Meanwhile, although quantitative equity strategies endured a challenging end to the second quarter, in line with that of the broader quantitative hedge fund universe, they still ended the quarter in positive territory. We remain optimistic about the opportunity set for the Fund's Equity strategies, given the diversity of ideas and reduced crowding over the past quarter and first half of 2017.

Credit strategies were once again the Fund's largest performance driver for the quarter, with gains generated primarily by Fixed Income–Asset Backed sub-strategies, though Fixed Income–Corporate and Distressed/Restructuring sub-strategies were marginally in the black. Exposures to GSE CRT bonds continued to be key drivers of performance among the Fund's Credit strategies, and commercial real estate exposures led to gains due to improving underlying fundamentals. Carry provided additional gains. Tepid performance from Fixed Income–Corporate strategies can be attributed, in part, to mark-to-market losses. Going forward, in applying our top-down economic views, we have begun to trim our Credit exposure to reduce risk at this point in the credit cycle.

Finally, Multi-Asset strategies also added to performance for the last three months through June, with gains driven by Multi-Strategy sub-strategies, reduced slightly by some losses among Systematic Diversified sub-strategies. Over the second quarter, as Emmanuel Macron's pro-market "En Marche!" party secured an outright majority in the French parliament, European market conditions improved and witnessed an uptick in M&A and other corporate activity. Exposure to such activity in turn helped to drive positive Multi-Strategy sub-strategy performance, and we remain constructive on such European exposure going forward. In addition, several emerging market debt positions generated gains over the quarter amid Brazilian political drama and following the E.U.'s inking of an €8.5 billion deal with Greece in June. On the flip side, Systematic Diversified sub-strategies' commodity, FX, and fixed income models struggled over the quarter, but losses were partially offset by equity models.

Amid our efforts to reduce equity beta and slim our exposure to credit strategies, diversifying Multi-Asset strategies have come to play a larger role in the portfolio. This quarter, we added four such sub-advisers – GSA Capital Partners LLP, Magnetar Asset Management LLC, H2O AM LLP, and Gracian Capital LLC – each of which, we believe, will provide us with new and attractive diversifying exposures that may help the Fund provide downside protection and generate uncorrelated returns to traditional markets.

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. 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 redisseminated 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).