

Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of December 31, 2014

Investment approach

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

Fund highlights

Fund assets ⁶	\$780 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 D)

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

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

Portfolio managers

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

Fund net performance^{1, 2, 3}

	ITD	QTD	Dec-14	Nov-14	Oct-14	ITD STATISTICS			
						St Dev.	Beta ⁴	Alpha ⁵	Sharpe
BXMIX	0.80%	-0.49%	-0.19%	0.30%	-0.59%	4.02%	-	-	0.36
HFRX Global	-1.86%	-1.74%	-0.75%	0.33%	-1.32%	4.05%	0.78	2.21%	-0.82
Barclays Agg Bond	2.47%	1.78%	0.09%	0.70%	0.98%	2.53%	-0.54	2.13%	1.75

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

The firm

Blackstone is a large and diversified alternative asset manager, with

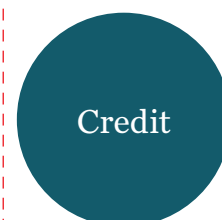
\$284B

in assets under management.^{8,9}

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

\$64B

in assets under management.^{8,9}



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

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

4. Measures beta of BXMIX to the respective index.

5. Measures alpha of BXMIX to the respective index.

6. As of December 31, 2014.

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 September 2014) based on AUM.

9. As of September 30, 2014.

Sub-adviser allocations

MANAGER*	STRATEGY	SUB-STRATEGY	CURRENT TARGET ALLOCATION
Goldman Sachs HealthCor Rail-Splitter Union Point Wellington	Fundamental Fundamental Fundamental Fundamental Fundamental	Equity long short Equity long short Equity long short Equity long short Equity long short	10%-40%
Emso Bayview Good Hill Sorin Waterfall	Fundamental Fundamental Fundamental Fundamental Fundamental	EM-Credit MBS / ABS MBS / ABS MBS / ABS MBS / ABS	10%-30%
Cerberus Caspian Chatham	Opportunistic trading Opportunistic trading Opportunistic trading	MBS/ABS Credit Credit	10%-30%
BTG Pactual Verde	Global macro Global macro	Global macro Global macro	5%-20%
AlphaParity Two Sigma Advisers	Quantitative Quantitative	Systematic macro Equity market neutral	5%-20%
Boussard & Gavaudan	Multi-strategy	Multi-strategy	5%-20%

*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.

Monthly net performance¹

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	—	—	—	—	—	0.50%	-0.40%	0.90%	0.30%	-0.59%	0.30%	-0.19%	0.80%

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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. All investors are urged to carefully read the prospectus and, if available, the summary prospectus in its entirety before investing.

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

Glossary of Indices

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

Important Risks

An investment in BXMIX, Class I should be considered a speculative investment that entails substantial risks; you may lose part or all of your investment or your investment may not perform as well as other investments. BXMIX's investments involve special risks including, but not limited to, loss of all or a significant portion of the investment due to leveraging, short-selling, or other speculative practices, lack of

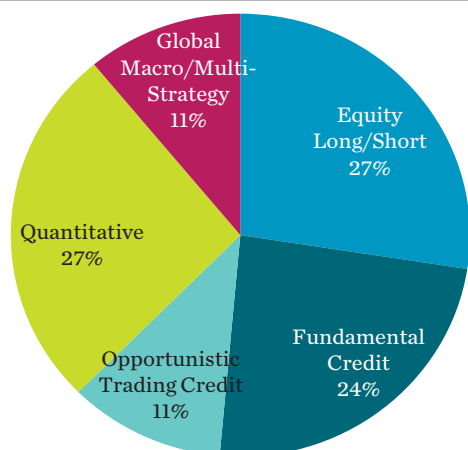
liquidity and volatility of returns. The following is a summary description of certain additional principal risks of investing in BXMIX: **Allocation Risk** – Blackstone's judgment about the attractiveness, value or market trends affecting a particular asset class, investment style, subadviser or security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

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

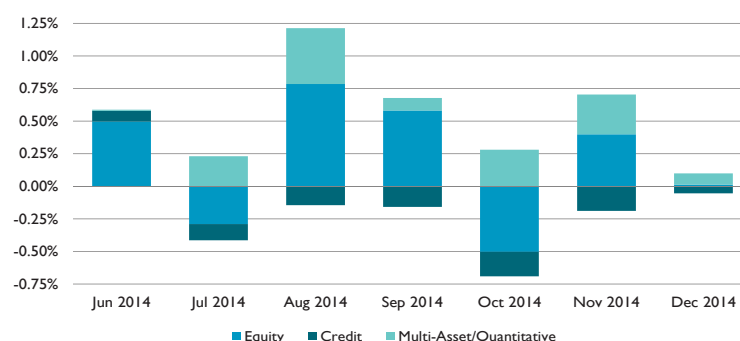
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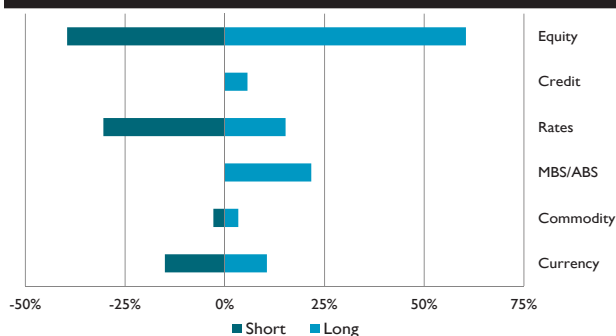
Sub-strategy summary



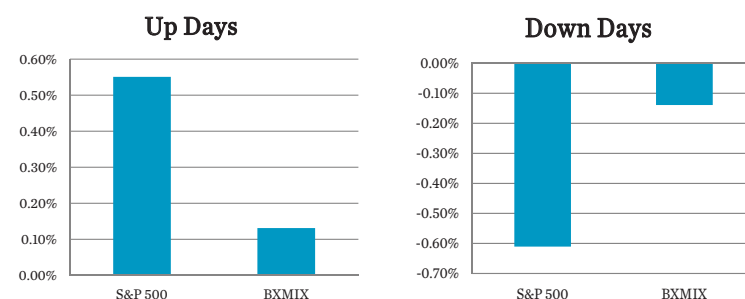
Gross strategy attribution^{1,5}



Asset class exposure²



Average Daily Return for Days When S&P500 Total Return Index was Positive/Negative¹



Geographic exposure^{2,3}

Region	Long	Short	Net
US/Canada	58.40%	37.21%	21.19%
Core Europe	28.11%	27.95%	0.16%
Asia	3.94%	2.78%	1.16%
Latin America/Caribbean	10.85%	0.59%	10.26%
Peripheral Europe	6.66%	1.91%	4.75%
Japan	2.28%	14.96%	-12.68%
China/HK/Taiwan	1.48%	0.63%	0.85%
Middle East/Africa	5.03%	1.88%	3.15%
Total	116.75%	87.91%	28.84%

Equity exposure - sector breakdown³

Sector	Long	Short	Net
Energy	1.22%	0.54%	0.69%
Materials	0.32%	0.15%	0.17%
Industrials	3.27%	0.08%	3.20%
Consumer Discretionary	3.95%	0.23%	3.72%
Consumer Staples	0.91%	0.42%	0.49%
Healthcare	14.49%	3.71%	10.78%
Financials	9.81%	0.28%	9.53%
Technology	3.06%	0.36%	2.70%
Telecommunications	1.60%	0.26%	1.34%
Utilities	0.50%	0.24%	0.27%
Unclassified ⁽⁴⁾	7.95%	24.58%	-16.63%
Total	47.10%	30.84%	16.26%

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/ or by calling 855-890-7725. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

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.

Performance commentary

In a volatile month, the Blackstone Alternative Multi-Strategy Fund (ticker “BXMIX”) produced a marginally negative net monthly return of -0.19%. While we, as stewards of capital, are never satisfied with a negative return, we are pleased that the fund continued to provide a relatively low volatility and beta profile to a variety of asset classes and geographies.

The month of December produced a number of themes, the most notable of which was market volatility attributed to the uncertainty associated with the continued decline in oil prices and what that may signal about economic strength around the world and how a weakening energy sector may spill over into other parts of the economy. This uncertainty contributed to the risk on and risk off behaviors that resulted in December being a tale of two halves where in the first half of the month, US and Global equity markets (S&P 500 and MSCI World) declined by -3.11% and -3.27%, respectively. In the second half of the month, markets benefited from a sharp snapback that resulted in full month returns of -0.25% for the S&P 500, -1.89% for the MSCI World, and -0.77% for the HFRX Global Hedge Fund Index.

A second notable theme that persisted in the month of December is the disparity in economic strength across geographies and economies. While the United States continues to experience a recovery, other regions are not keeping pace and are, instead, debating how to combat continued high unemployment and the risk of deflation. This divergence has led to drastically different reactions by central banks and to a number of sub-themes across asset classes including US dollar strength, demand for safe haven US Treasuries that has pushed rates near all-time lows and post Quantitative Easing flow of funds trends that are impacting asset prices in emerging markets. Blackstone and the underlying sub-advisers in BXMIX strive to position the portfolio to navigate these themes and to attempt to deliver capital appreciation to investors while mitigating volatility and drawdowns.

Equities:

Equity strategies (Equity Long/Short) were approximately flat for the month, although sub-advisers’ performance varied with some sub-advisers up on the month while others were down. Given the hedged profile of each of these strategies, the Equity component to the portfolio produced a small level of alpha. In December, the portfolio benefited from a combination of Blackstone’s top-down tactical allocations and from the sub-advisers’ bottom-up security selection. From a top-down perspective, the portfolio was aided by overweight allocations to certain geographies and sectors that outperformed in December. Specifically, the portfolio profited from its overweighting to US equities and to certain market sectors which were relative outperformers during the month. From a bottom-up perspective, the portfolio benefited on both the long and short side of the book, with key contributions coming from idiosyncratic investments in a variety of biotech and technology names that were especially strong performers, despite the Healthcare and Information Technology sectors’ struggles during December.

Credit:

Credit strategies were marginally negative on the month, with contributions coming from Opportunistic Trading Credit and Fundamental Credit including Mortgage Backed Securities/Asset Backed Securities strategies (i.e. MBS/ABS) and detractions coming from exposure to Emerging Markets debt. More specifically, performance was driven by High Yield Long/Short trading, Agency and Non-Agency RMBS, and Non-Residential ABS. Opportunistic Trading strategies in high yield were accretive on the month as sub-advisers were able to identify and capitalize on an opportunity to short names in the oil and energy space. RMBS continue to benefit from the US economic recovery, which is a function of falling unemployment in the US, continued housing price appreciation and from reasonable affordability metrics. As a result, these exposures experienced positive carry and marginal mark to market gains. The key detractor within Credit strategies was related to certain exposures in the energy sector and to debt from certain emerging markets countries that have a high reliance on oil and energy. Lastly, we are excited to have added Sorin Capital Management, LLC as a sub-adviser to complement the existing credit strategy exposures.

Multi-Asset/Quantitative:

Multi-Asset/Quantitative strategies contributed positively to performance during the month of December. As a whole, Quantitative strategies were positive for the month and more than offset some of the losses from Global Macro/Multi-Strategy. In particular, within Global Macro/Multi-Strategy certain managers had exposures to Emerging Markets and suffered on account of large negative moves in many Emerging Market indices. The key themes in December that impacted Emerging Markets were the steep decline in oil prices, the strength of the US Dollar, the flow of funds given the end of Quantitative Easing and the impending rate hikes by the US Federal Reserve and thin markets with scarce bids. Each of these themes is a headwind for Emerging Markets exposures, particularly for exposures in countries that have high reliance on oil as a key export and for exposures to debt instruments that are denominated in the local currency. Given the prevailing headwinds, sub-advisers are cautiously positioning their books and are managing risk accordingly.

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Disclosure information

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Important Disclosures Regarding Exposure

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. Data is obtained from State Street Bank and Trust Company, the administrator for the Fund. The Fund does not guarantee the accuracy of such data.

Glossary of Terms:

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

Glossary of Indices

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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.

Important Risks

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

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

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

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

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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.

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