Blackstone Alternative Multi-Strategy Fund (BXMIX)

Blackstone

As of January 31, 2016

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]	$4,059 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)

Management fee	1.95%
Gross expense ratio	3.44%
Net expense ratio	2.40%

Portfolio managers

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

Fund net performance[1,2,3]

	As of 12/31/2015			As of 01/31/2016				ITD Statistics			
	YTD	1 Yr	ITD	Jan-16	YTD	1 Yr	ITD	St. Dev.	Beta[4]	Alpha[5]	Sharpe
BXMIX	3.55%	3.55%	2.79%	-2.17%	-2.17%	0.59%	1.29%	3.85%	-	-	0.33
HFRX Global	-3.64%	-3.64%	-3.55%	-2.76%	-2.76%	-6.03%	-5.02%	4.03%	0.66	4.63%	-1.26
Barclays Agg Bond	0.55%	0.55%	1.98%	1.38%	1.38%	-0.16%	2.74%	3.35%	-0.29	2.04%	0.81

1. Performance is presented through January 31, 2016. Net performance is net of the Gross Expense Ratio less waived expenses. Performance data quoted represents past performance and does not guarantee future results. All ITD statistics above are calculated using daily performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance data quoted. BXMIX launched on June 16, 2014 and has a limited performance record. Additional information and current performance data is available at www.blackstone.com/bxmix.

The firm

Blackstone is a large and diversified alternative asset manager, with

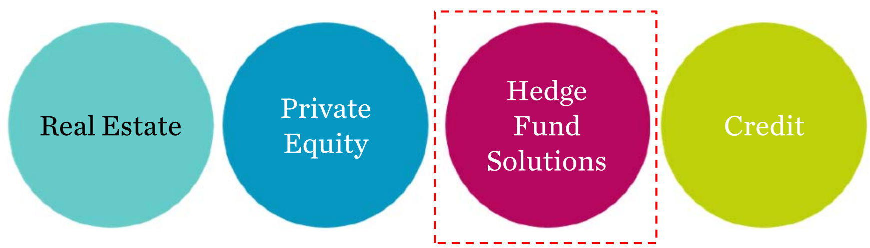
$334B

in assets under management.[9]

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

$69B

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 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 January 31, 2016.
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 June 2015) based on AUM.
9. As of December 31, 2015.

Sub-adviser allocations

MANAGER	STRATEGY	SUB-STRATEGY	CURRENT ALLOCATION
Goldman Sachs	Equity Hedge	Equity Long Short	44%
HealthCor	Equity Hedge	Equity Long Short	
Rail-Splitter	Equity Hedge	Equity Long Short	
Wellington	Equity Hedge	Equity Long Short	
Senfina	Equity Hedge	Equity Market Neutral	
Two Sigma Advisers	Equity Hedge	Equity Market Neutral	
Bayview	Relative Value	Fixed Income - Asset Backed	25%
Cerberus	Relative Value	Fixed Income - Asset Backed	
Good Hill	Relative Value	Fixed Income - Asset Backed	
Sorin	Relative Value	Fixed Income - Asset Backed	
Waterfall	Relative Value	Fixed Income - Asset Backed	
Chatham	Relative Value	Fixed Income - Corporate	
Caspian	Event Driven	Distressed/Restructuring	10%
Boussard & Gavaudan	Event Driven	Multi-Strategy	
Nephila	Event Driven	Reinsurance	
Emso	Macro	Discretionary Thematic	21%
AlphaParity	Macro	Systematic Diversified	
IPM	Macro	Systematic Diversified	
D.E. Shaw	Multi-Strategy	N/A	

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

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

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%												-2.17%

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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 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 Aggregate Bond Index:** covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes government securities, mortgage-backed securities, asset-backed securities and corporate securities all with a maturity of greater than one year. **HFRX Global Hedge Fund Index:** designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies, including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry.

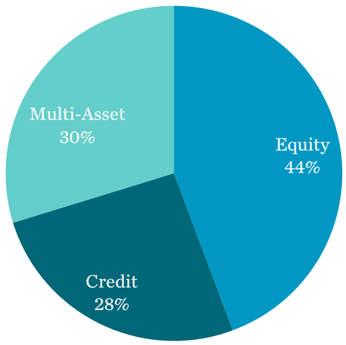
Important Risks
An investment in BXMIX, Class I should be considered a speculative investment that entails substantial risks; you may lose part or all of your investment or your investment may not perform as well as other investments. BXMIX's investments involve special risks including, but not limited to, loss of all or a significant portion of the investment due to leveraging, short-selling, or other speculative practices, lack of liquidity and volatility of returns. The following is a summary description of certain additional principal risks of investing in BXMIX: **Allocation Risk –** Blackstone's judgment about the attractiveness, value or market trends affecting a particular asset class, investment style, sub-adviser or security may be incorrect and this may have a negative impact upon performance. **Derivatives Risk –** the use of derivatives involves the risk that their value may not move as expected relative to the value of the relevant underlying assets, rates, or indices. Derivatives can be subject to counterparty credit risk and may entail investment exposure greater than their notional amount. **Distressed Securities Risk -** investments in securities of business enterprises involved in workouts, liquidations, reorganizations, bankruptcies and similar situations involve a high degree of risk of loss since there is typically substantial uncertainty concerning the outcome of such situations. **Event-Driven Trading Risk –** involves the risk that the specific event identified may not occur as anticipated and that this may have a negative impact upon the market price of the securities involved. **Foreign Investments/ Emerging Markets Risk -** involves special risks caused by foreign political, social and economic factors, including exposure to currency fluctuations, less liquidity, less developed and less efficient trading markets, political instability and less developed legal and auditing standards. **High Portfolio Turnover Risk -** active trading of securities can increase transaction costs (thus lowering performance) and taxable distributions. **Model and Technology Risk –** involves the risk that model-based strategies, data gathering systems, order execution and trade allocation systems and risk management systems may not be successful on an ongoing basis or could 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.

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.

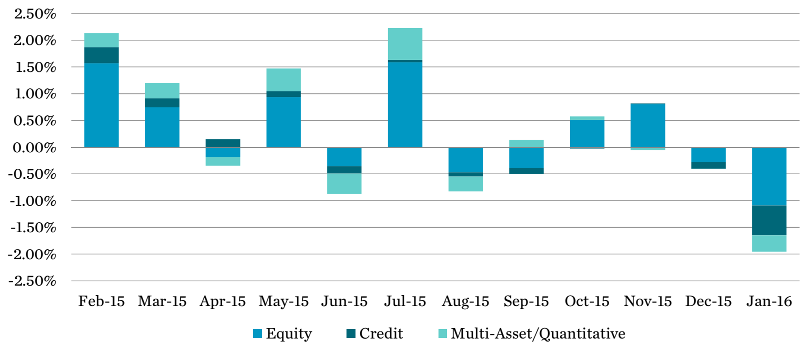
Blackstone Alternative Multi-Strategy Fund (BXMIX)

As of January 31, 2016

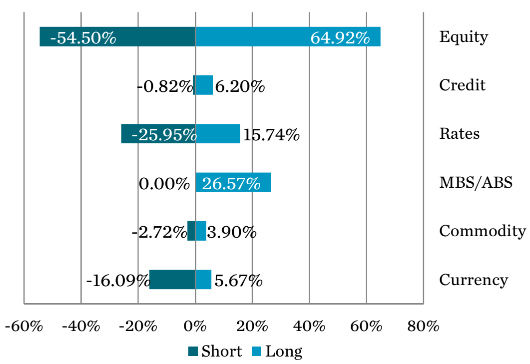
Sub-strategy summary



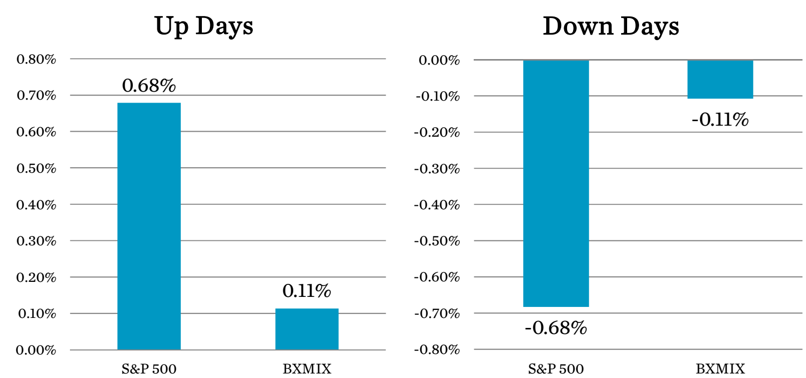
Trailing 12 month gross strategy attribution[1,5]



Asset class exposure[2]



Average Daily Return for Days When S&P500 Total Return was Positive/Negative[1]



Geographic exposure[2,3]

	Long	Short	Net
US/Canada	74.69%	47.24%	27.45%
Core Europe	27.99%	21.20%	6.78%
Peripheral Europe	4.85%	0.35%	4.50%
Lat. Am./Caribbean	9.42%	0.50%	8.93%
Middle East/Africa	2.35%	2.32%	0.03%
Japan	2.97%	22.07%	-19.10%
Asia general	1.69%	4.30%	-2.61%
China/HK/Taiwan	0.42%	2.36%	-1.94%
Total	**124.37%**	**100.34%**	**24.03%**

Equity exposure – sector breakdown[3]

	Long	Short	Net
Energy	2.45%	0.93%	1.52%
Materials	2.14%	1.33%	0.81%
Industrials	5.52%	3.15%	2.37%
Consumer Discretionary	10.38%	5.11%	5.27%
Consumer Staples	1.43%	2.65%	-1.22%
Healthcare	12.87%	4.51%	8.37%
Financials	8.11%	3.38%	4.73%
Technology	6.79%	4.05%	2.74%
Telecom	1.38%	0.54%	0.84%
Utilities	0.40%	0.34%	0.06%
Unclassified[4]	11.71%	26.66%	-14.96%
Total	**63.18%**	**52.64%**	**10.54%**

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. Data is from June 17, 2014 to January 31, 2016.

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.

January Market Commentary

The start of a new year often signals the beginning of a new chapter with renewed optimism, hope for change and resolutions to behave differently. For financial markets in January, however, it was the same old story. A perceived slowdown in China and continued fears about the crash in oil prices helped propel the global economy further into a tailspin, and the perception of expensive equity valuations dealt a big blow to stocks.

Many investors wondered whether the Federal Reserve (the "Fed") acted prematurely when it raised short-term interest rates last month after a slew of negative economic data releases in January indicated a material slowdown in manufacturing and corporate profits. Still, there was no shortage of hawkish statements from regional Fed presidents suggesting further rate hikes over the course of 2016. Markets are "fighting the Fed" and pricing in the belief that rate hikes will occur at a slower pace than what the Fed is indicating. Inflation remains relatively low, and some of the effects that the Fed thinks are transitory could potentially be longer lasting, especially given current dynamics in energy markets and other developments around the world.

One bright spot in the softening macro landscape was the U.S. labor market as almost every jobs-related data point appeared to be improving. We believe the unemployment rate will likely decline modestly throughout the year; however, we note that the employment-to-population ratio for the prime age group of 25 to 54 is still below pre-crisis levels and the levels of many other developed economies.

Given the market correction this month, some bearish market commentators have suggested that a recession is imminent. Looking at a number of indicators including consumer sentiment, labor market strength, housing, monetary policy and fiscal policy, we believe that a recession could still be a year or more away. Nevertheless, we monitor and consider a wide range of potential scenarios spanning very bullish to very bearish outcomes over the next few years.

An issue that received global attention during the month was the nearly 23% decline in Chinese equities , and it's worth noting that the Fund's exposure to China/Hong Kong/Taiwan is slightly net short (-1.94%). Compared to the U.S., the Chinese stock market is substantially smaller relative to Chinese GDP and also relative to the country's population. Additionally, less than 8% of U.S. exports go to China so we would not expect the direct trade impact on the U.S. to be very large even if the Chinese economy were to slow further. China is experiencing a gradual slowdown in its rate of GDP growth and in industrial production. However, this is countered by strength in the consumer sector. So while there may be cycles and bumps along the road as China transitions its economy away from investment-led growth and towards consumption, this transition is consistent with the historical experiences of other emerging market countries as they mature into developed markets, and we believe that China will experience more of a "soft landing" than a "hard landing."

Review of Fund Performance

The investment objective of Blackstone Alternative Multi-Strategy Fund (the "Fund") is to seek capital appreciation. The Fund aims to achieve its objective by allocating assets among a variety of investment sub-advisers with experience managing non-traditional or "alternative" investment strategies. In January, the Fund's Class I share class returned -2.17% net of fees and expenses versus -4.96% and -5.96% for the S&P 500 and MSCI World Indices, respectively, and versus 1.38% for the Barclays U.S. Aggregate Bond Index.

Equity Strategies

Equity strategies were the largest detractor from performance in January with long exposures to Biotech, Pharmaceuticals, Banks, Consumer Discretionary and Media leading losses. Biotech was a sector that was hit disproportionately hard despite a general lack of idiosyncratic news. Short exposures to certain Technology, Healthcare, Industrials and Materials names as well as some ETF shorts helped offset losses. Going forward, we continue to be cautious on the prospects for equity beta or index returns given current trends such as a dip in corporate profits relative to U.S. GDP and equity valuations that remain on the richer side of historical averages. Nevertheless, there could be some brighter spots in the equity market and in the broader economy due to the impact of lower energy prices, which are often a windfall gain for consumers and could be beneficial for profit margins in many industries around the world. Factors such as exposure to the consumer, as well as differing energy intensity, may set up for substantial performance dispersion between individual stocks and could benefit strategies that can deliver short alpha.

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. Information about BXMIX, including current month-end performance, is available on BXMIX's website at www.blackstone.com/bamsf/ or by calling 855-890-7725.

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

Credit Strategies

Credit strategies also detracted during the month with exposure to government-sponsored enterprise (GSE) risk transfer deals driving losses. Still, we believe that technical supply pressure is temporarily causing an adverse effect on prices and maintain conviction in the credit fundamentals underlying the trade's thesis. Some of the portfolio's mortgage-backed, asset-backed and high yield exposures experienced mark-to-mark losses that outweighed positive carry. The portfolio also suffered from spread widening in some commercial mortgage-backed exposures and from a broader sell-off in the high yield market, which was partially due to volatility in oil prices.

Multi-Asset Strategies

Although performance was mixed, Multi-Asset strategies as a whole experienced losses on the month as well. The challenging market environment for emerging markets credit exposures continued into the new year as big swings in oil prices, concerns over global growth and fears about credit market liquidity all impacted countries to which the Fund has exposure. Greece, Venezuela and Argentina were hit especially hard as a result of general risk-off sentiment, continuously low oil prices leading to increased fears of a sovereign default and profit taking, respectively. Additionally, commodities and fixed income exposures declined, while currency exposures experienced gains. While European fixed income shorts caused some offsetting losses, the overall net long exposure to global bonds led to a sizable profit. Looking ahead, we believe that there will continue to be substantial divergences in FX around the world due to factors such as current account balances, risk sentiment, and net commodity consuming versus producing countries, which could create attractive long and short opportunities for some of our Macro-focused strategies.

Disclosure information

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

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

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

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

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

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