

# **Blackstone Alternative Asset Management L.P.**

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Form ADV Part 2

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March 31, 2014

**Blackstone**

# **Blackstone Alternative Asset Management L.P.**

## **Item 1 – Cover Page**

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### **Blackstone Alternative Asset Management L.P.**

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Form ADV, Part 2, the “Disclosure Brochure” or “Brochure,” required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), provides information about the qualifications and business practices of Blackstone Alternative Asset Management L.P. (“BAAM”).

If you have any questions about the contents of this brochure, please contact Peter Rand, Head of Global Client Operations for BAAM, at (212) 583-5071; [rand@blackstone.com](mailto:rand@blackstone.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about BAAM also is available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search”, select “Investment Adviser Firm” and type in BAAM’s name). Results will provide you with both Parts 1 and 2 of BAAM’s Form ADV.

BAAM is registered with the SEC as an investment adviser. BAAM’s registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, serve as information for you to use to evaluate BAAM and should be considered in your decision whether to hire BAAM or to continue to maintain a mutually beneficial relationship.

## **Blackstone Alternative Asset Management L.P.**

### **Item 2 – Material Changes**

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- ▶ There is no material change incorporated herein since BAAM's last posting of this document on July 16, 2013 on the SEC's public disclosure website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)).
- ▶ BAAM, at any time, may update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).
- ▶ If you would like another copy of this Brochure, please download it from the SEC website as indicated above or you may contact BAAM's Head of Global Client Operations, Peter Rand, at (212) 583-5071 or [rand@blackstone.com](mailto:rand@blackstone.com).

# **Blackstone Alternative Asset Management L.P.**

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# Blackstone Alternative Asset Management L.P.

## Item 3 – Defined Terms

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As used throughout this Brochure, the following terms have the following meanings:

**Advisory Client:** A client to which BAAM provides advisory services regarding the client's hedge fund portfolio, typically on a non-discretionary basis.

**BAS:** Blackstone Alternative Solutions L.L.C., a registered investment adviser and an affiliate of BAAM.

**BAAM:** Blackstone Alternative Asset Management L.P., the registrant.

**BAAM Funds:** The private investment funds sponsored and managed by BAAM (Commingled Funds and Customized Funds) that predominantly engage in multi-manager investment programs. The BAAM Funds are commonly referred to in the industry as funds of hedge funds or FoHFs.

**BSAA:** Blackstone Strategic Alliance Advisors L.L.C., a registered investment adviser and an affiliate of BAAM.

**Blackstone:** The Blackstone Group L.P. (NYSE: BX), which is the ultimate parent of BAAM.

**Clients:** All of BAAM's clients, which includes the BAAM Funds and the Advisory Clients.

**Client Constituent Documents:** The Confidential Offering Memorandum, Limited Partnership Agreement, Investment Management Agreement and other applicable constituent documents for a Client.

**Code:** Blackstone's and BAAM's Code of Ethics mandated by the Investment Advisers Act of 1940.

**Co-Investments:** Investments by BAAM Funds made alongside Underlying Managers in specific one-off opportunities, which investments are in addition to and distinct from the Underlying Manager's commingled investment vehicle.

**Commingled Funds:** BAAM Funds that have multiple investors.

**Customized Funds:** BAAM Funds established by BAAM for a single investor.

**Executive Committee:** A committee which includes BAAM's Chief Executive Officer, Chief Operating Officer, and General Counsel.

**Hedge Fund Solutions Group:** The division of Blackstone which includes BAAM, BSAA, BAS, Blackstone Alternative Investment Advisors LLC, and Blackstone Strategic Capital Advisors L.L.C., each a registered investment adviser.

**Investment Committee:** A BAAM committee which includes select BAAM Senior Managing Directors and Managing Directors.

**Investor:** An investor in a BAAM Fund.

**Strategic Alliance Funds or BSAA Funds:** A series of private investment funds managed by BAAM's affiliate, Blackstone Strategic Alliance Advisors L.L.C., which are engaged in providing "seed capital" to hedge fund managers.

**Strategic Opportunity Funds or BAS Funds:** A series of private investment funds and accounts managed by BAAM's affiliate, Blackstone Alternative Solutions L.L.C., which participate in a broad range of direct investment opportunities, involving equity and debt securities and other financial instruments and transactions.

**Underlying Investment Vehicles:** The funds and accounts managed by the Underlying Managers on behalf of the BAAM Funds.

**Underlying Managers:** The hedge fund managers to which the BAAM Funds or BAS Funds allocate capital.

# Blackstone Alternative Asset Management L.P.

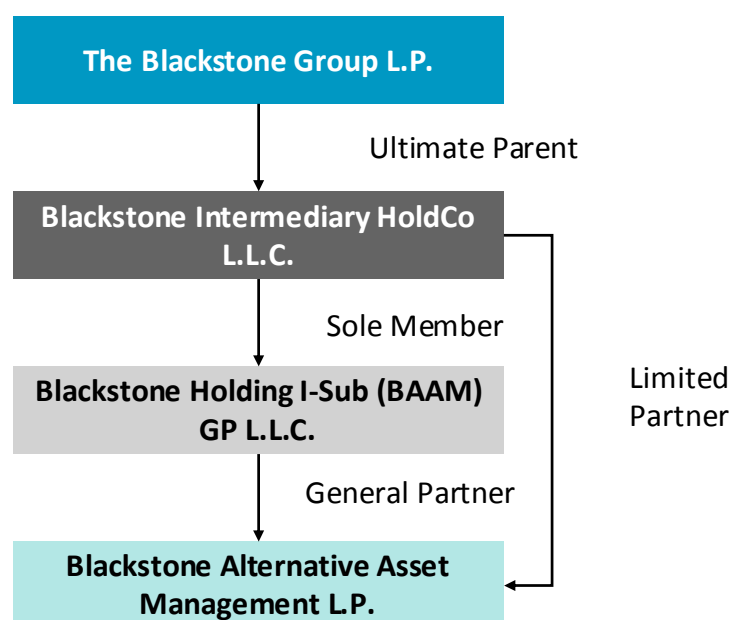
## Item 4 – Advisory Business

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### Overview of the Firm

BAAM, a Delaware limited partnership, is a leading hedge fund solutions provider and primarily provides investment advisory services to private investment funds (collectively, the “BAAM Funds”) that predominantly engage in multi-manager investment programs. The BAAM Funds are commonly referred to in the industry as funds of hedge funds or FoHFs. BAAM also may advise clients/accounts, typically on a non-discretionary basis, regarding such clients’ hedge fund portfolio (together with BAAM Funds, the “Clients”).

BAAM was founded in 1990 as part of The Blackstone Group L.P. (NYSE: BX) (“Blackstone”), which is the ultimate parent of BAAM. Blackstone is one of the leading alternative investment managers in the world with investment programs and services concentrating in the private equity, real estate, corporate advisory and debt/credit areas, as well as the hedge fund solutions business. BAAM shares employees and facilities with Blackstone Strategic Alliance Advisors L.L.C., Blackstone Alternative Solutions L.L.C., Blackstone Strategic Capital Advisors L.L.C. and Blackstone Alternative Investment Advisors L.L.C., each a registered investment adviser. Please see Item **10 – Other Financial Industry Activities and Affiliations** for more information.



# Blackstone Alternative Asset Management L.P.

## Item 4 – Advisory Business

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BAAM's assets under management ("AUM") were \$54 billion as of December 31, 2013. This excludes all investments made by one BAAM Fund into another BAAM Fund to avoid double counting assets. Please note that this is an unaudited estimate.

### Overview of Advisory Services

As investment advisor to BAAM's Clients, BAAM:

- ▶ Identifies and implements investment opportunities for Clients;
- ▶ Participates in the monitoring of Clients' investments;
- ▶ Makes decisions on behalf of Clients to make and/or redeem investments;
- ▶ May engage in foreign currency hedging transactions and/or the hedging of certain market exposures for certain Clients;
- ▶ May facilitate credit arrangements with a third party on behalf of certain Clients to allow the Client to borrow for bridge financing purposes and to leverage their investments (within the leverage limits stated in the Client's governing documents); and

A BAAM Fund's strategy generally is to allocate capital to a diversified group of portfolio (i.e., hedge fund) managers (the "Underlying Managers"), that invest or trade in a wide variety of securities and other instruments, including, but not limited to, equities and fixed income securities, currencies, commodities, futures contracts, options and other derivative instruments, all of which may be listed or unlisted, rated or unrated, distressed or publicly or privately issued. BAAM Funds also may invest in separate managed accounts with Underlying Managers (the funds and accounts managed by Underlying Managers are referred to herein as the "Underlying Investment Vehicles").

In general, BAAM offers three types of products:

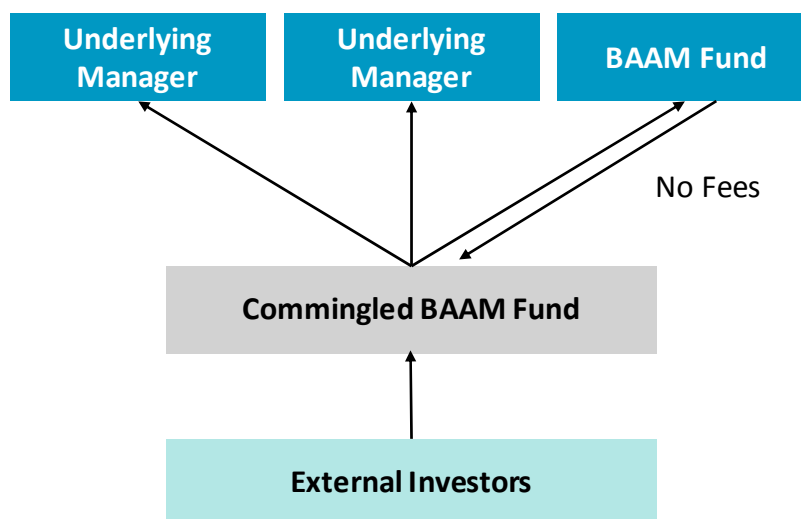
### 1. Commingled Funds

"Commingled Funds" are BAAM Funds that are offered to multiple investors and invest in multiple Underlying Managers. BAAM mandates the investment guidelines (e.g., risk factors, leverage, concentration limits, etc.) and makes investment decisions in its sole discretion. Commingled Funds also may invest in other BAAM Funds, including in certain circumstances a BAAM Fund which invests in a single Underlying Manager (referred to by BAAM as "Wrappers") or a group of Underlying Managers concentrated in one investment thesis (referred to by BAAM as "Pods"). Where a BAAM Fund invests in other BAAM Funds, to avoid duplication of fees typically, no advisory fees are charged by the underlying BAAM Fund.

# Blackstone Alternative Asset Management L.P.

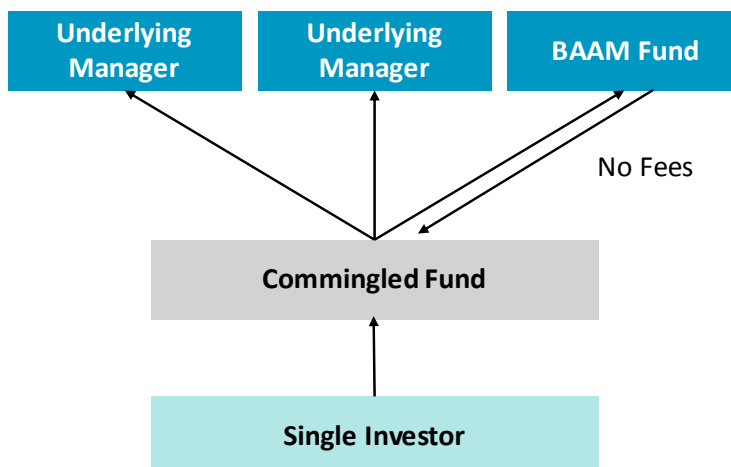
## Item 4 – Advisory Business

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### 2. Customized Funds

A “Customized Fund” is where BAAM establishes a fund or account for a single investor and such fund or account invests directly in Underlying Managers and/or BAAM Funds. The investor is involved in establishing the investment guidelines and terms of the Customized Fund, although generally BAAM maintains discretion to make investment decisions. If a Customized Fund invests in another BAAM Fund, to avoid duplication of fees, no advisory fees are charged by the underlying BAAM Fund.





# **Blackstone Alternative Asset Management L.P.**

## **Item 4 – Advisory Business**

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### **3. Advisory Clients**

On a limited basis, BAAM provides investment advisory services regarding a Client's hedge fund portfolio (an "Advisory Client"). Advisory Clients typically maintain discretion over their portfolios (i.e., the right to make all investment decisions) and such portfolios are unaffiliated with BAAM.

BAAM Funds, Customized Funds and Advisory Clients constitute BAAM's Clients. Investors in BAAM Funds ("Investors") are not deemed to be BAAM Clients but are entitled to the rights and benefits described in the applicable Confidential Offering Memorandum, Limited Partnership Agreements, Investment Management Agreements and other applicable constituent fund documents (the "Client Constituent Documents").

Investors invested in the Customized Funds and Advisory Clients generally are subject to a significantly higher minimum investment threshold than Investors invested in the Commingled Funds due to the individualized nature of services provided.

BAAM typically engages third party service providers, such as custodians, administrators and/or auditors, on behalf of the Clients.

# Blackstone Alternative Asset Management L.P.

## Item 5 – Fees and Compensation

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### Asset-Based Advisory Fees

In general, BAAM charges an asset-based advisory fee of up to 2% of assets under management. Generally, employees and retired partners of Blackstone are not subject to such asset-based advisory fees.

BAAM's asset-based advisory fees and performance-based fees are not inclusive of all fees. Please see **Additional Fees and Expenses** section below.

### Performance-Based Fees

Please see **Item 6 – Performance-Based Fees** for more detail.

### Fee Negotiations

Fees generally are non-negotiable, except in the case of Customized Funds and Advisory Clients.

### Payment of Asset-Based Advisory Fees

Fees are paid to BAAM in accordance with the Client Constituent Documents. In general, asset-based advisory fees accrue on a monthly basis and are paid on a quarterly basis. A Client may be charged an asset-based advisory fee in advance on the first day of each fiscal quarter or in arrears on the last day of each fiscal quarter. Investors only will be charged for the days that they are invested with BAAM. If a payment was made in advance and an Investor redeems prior to the end of the payment period, a pro rata portion of the asset-based advisory fee (based on the number of days remaining in the payment period) will be refunded by BAAM to the Investor.

Fees typically are deducted from a Client's assets invested with BAAM at the payment date, but may be invoiced at a later time. Investors in a BAAM Fund are allocated their pro rata share of asset-based fees for the time period they are invested in the BAAM Funds.

### Additional Fees and Expenses:

BAAM's advisory fees are not inclusive of all the fees Clients may pay. The following is a list of fees and/or expenses that Clients may pay to third parties. This list is not intended to be exhaustive; the relevant Client Constituent Documents provide further detail relating to fees and expenses.

- ▶ Underlying Manager Advisory and Performance Fees
- ▶ Underlying Manager Expenses
- ▶ Credit Facility Fees, including Interest Charges
- ▶ Directors/Trustees Fees

## **Blackstone Alternative Asset Management L.P.**

### **Item 5 – Fees and Compensation**

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- ▶ Legal Fees
- ▶ Regulatory Filing Fees, including Preparation Fees
- ▶ Taxes
- ▶ Administrative Fees
- ▶ Technology Expenses, including News and Quotation Services
- ▶ Audit and Accounting Fees
- ▶ Brokerage Commissions
- ▶ Transaction Fees
- ▶ Custodial Fees
- ▶ Wire transfer and Electronic Fund Processing Fees
- ▶ Travel Expenses
- ▶ Consulting Fees
- ▶ Litigation Expenses

Investors in a BAAM Fund indirectly bear their pro rata share of such additional fees and expenses for the time period they are invested in the BAAM Fund.

BAAM employees do not receive (directly or indirectly) any compensation from the purchase or sale of securities or investments that are purchased or sold for Clients or for which BAAM provides advisory expertise/services. BAAM is a “fee only” investment adviser and, therefore, BAAM does not have any potential conflicts of interest relating to any additional, undisclosed compensation from Clients or Underlying Managers.

## **Blackstone Alternative Asset Management L.P.**

### **Item 6 – Performance-Based Fees**

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In addition to the asset-based advisory fees disclosed in **Item 5 – Fees and Compensation** above, BAAM Clients also may pay a performance-based fee of up to 20% of net profits, subject to loss carryforward provisions (and, in some cases, a “performance hurdle”). Under a loss carryforward provision (also referred to as a “high water mark”), if a Client has a loss chargeable to it during any fiscal year, and during a subsequent fiscal year there is a profit allocable to such Client, there will be no performance-based fee payable with respect to such Client until the amount of the loss previously allocated has been recouped.

The size of the performance-based fee varies and depends on a number of factors including, but not limited to, the level of asset-based advisory fee charged and the use of performance hurdles. Investors in a BAAM Fund are allocated their pro rata share of performance-based fees for the time period they are invested in the BAAM Fund. These fee arrangements are more thoroughly described in the relevant Client Constituent Documents.

Generally, employees and retired partners of Blackstone are not subject to performance-based fees.

Note: BAAM’s asset-based advisory fees and performance-based fees are not inclusive of all fees. Please see **Item 5 – Additional Fees and Expenses** section.

The existence of a performance-based fee may incentivize BAAM to manage the Clients’ assets in a more aggressive manner than if there was no performance-based fee. Further, the existence of differing performance-based fees for BAAM Clients trading side-by-side may create a conflict of interest on the part of BAAM with respect to the allocation of investment opportunities. BAAM has a trade allocation policy (see **Item 12 – Brokerage Practices**) that is designed to address these potential conflicts of interest.

## **Blackstone Alternative Asset Management L.P.**

### **Item 7 – Types of Clients**

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Investors in BAAM Clients are based in the U.S. and outside of the U.S. and consist of:

- ▶ Banks and other financial institutions
- ▶ Insurance companies
- ▶ Investment companies
- ▶ Public and private retirement and pension plans
- ▶ Public and private profit sharing plans
- ▶ Trusts and estates
- ▶ Charitable organizations
- ▶ State and municipal government agencies
- ▶ Sovereign wealth funds
- ▶ Hedge funds
- ▶ High net worth individuals
- ▶ Corporations
- ▶ Business entities other than those listed above

All Clients and Investors are subject to applicable suitability requirements.

## **Blackstone Alternative Asset Management L.P.**

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

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#### **Analysis**

BAAM identifies, researches, interviews, evaluates, selects and monitors the Underlying Managers with which the Clients invest. The Underlying Managers execute various types of investment strategies. BAAM selects and monitors the Underlying Managers based on certain criteria, which include, but are not limited to:

- ▶ Investment performance
- ▶ Risk management techniques
- ▶ Levels of volatility
- ▶ Liquidity
- ▶ Investment philosophies
- ▶ Factors relating to management and investment professionals such as experience and commitment

#### **Investment Strategies**

BAAM employs various types of investment strategies, which include, but are not limited to:

- ▶ Broadly diversified
- ▶ Strategy focused
  - Equity
    - Fundamental
    - Opportunistic trading
    - Top down
    - Private equity
    - Quantitative long/short
  - Credit
    - Opportunistic
    - Relative value
    - Mortgages
    - Structured/asset back securities
  - Corporate distressed
  - Leveraged loans
  - Event-driven

## Blackstone Alternative Asset Management L.P.

### Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

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- Direct Origination
- Reinsurance
- Hedging
- Managed futures
- Commodities
- Interest rates
- Emerging markets

#### Risk of Loss

**General Economic and Market Conditions:** The success of BAAM's and the Underlying Manager's investments activities will be affected by general economic and market conditions, such as:

- ▶ Interest rates
- ▶ Availability of credit
- ▶ Credit defaults
- ▶ Inflation rates
- ▶ Economic uncertainty
- ▶ Changes in laws (including laws relating to taxation of the Underlying Managers' investments)
- ▶ Trade barriers
- ▶ Currency exchange controls
- ▶ National and international political circumstances (including wars, terrorist acts or security operations)

These factors may affect the level and volatility of financial instruments' prices and the liquidity of the investments. Volatility or illiquidity could impair the investment profitability or result in losses.

The Underlying Managers may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss. Certain Underlying Managers may invest outside of the U.S. and the economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as:

- ▶ Growth of gross domestic product
- ▶ Rate of inflation

## **Blackstone Alternative Asset Management L.P.**

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

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- ▶ Currency depreciation
- ▶ Asset reinvestment
- ▶ Resource self-sufficiency, and
- ▶ Balance of payments position

Further, certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

**Investment and Trading Risk:** All investments made by the Clients risk the loss of capital (i.e., invested amount). Underlying Managers may utilize such investment techniques as margin transactions, short sales, option transactions, forward and futures contracts, and other derivatives trading, which practices, in certain circumstances, will increase the risk of losses. No guarantee or representation is made that BAAM's or any Underlying Manager's investment program will be successful, and investment results may vary substantially over time. Clients and Investors are subject to the risk of substantial losses. BAAM does not have any responsibility for, involvement with or control over the Underlying Managers' investments or other activities.

Additional risks associated with investments in BAAM Funds and with Advisory Client relationships include (among others):

#### **Risks Primarily Associated with BAAM and the Operation of the BAAM Funds**

- ▶ General Economic and Market Conditions
- ▶ Investments and Trading Risks
- ▶ Accounting for Uncertainty in Income Taxes
- ▶ Leverage
- ▶ Compulsory Redemption
- ▶ Concentration of Fund Portfolio
- ▶ Decision Making Authority
- ▶ Dependence on BAAM and the Underlying Managers
- ▶ Direct Investments by the Fund
- ▶ Diversification
- ▶ Duplicative Payments and Expenses



## **Blackstone Alternative Asset Management L.P.**

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

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- ▶ Estimates
- ▶ Gates, Suspensions and Redemption Fees
- ▶ Increased Regulatory Oversight
- ▶ Information Technology Systems
- ▶ Limited Liquidity
- ▶ Liquidity and Information Rights
- ▶ Limited Operating History of the Underlying Managers
- ▶ Lack of Operating History
- ▶ Liquidity Mismatch
- ▶ Other Activities of BAAM
- ▶ Redemptions in Kind; Liquidating SPVs
- ▶ Volatility

#### **Risks Primarily Arising from Investment Activities of the Underlying Managers**

- ▶ “Style Drift”
- ▶ Business and Regulatory Risks of Underlying Investment Vehicles
- ▶ Compensation Arrangements with Underlying Managers
- ▶ Concentration of Underlying Investment Vehicles’ Portfolios
- ▶ Corporate Debt Obligations
- ▶ Currency Trading
- ▶ Exemption from Regulation
- ▶ Forward Trading
- ▶ Futures, Options and Derivative Instruments
- ▶ Hedging Transactions
- ▶ Highly Volatile Markets
- ▶ Independent Underlying Managers; Offsetting Positions
- ▶ Interest Rate Risk
- ▶ Underlying Investment Vehicles’ Exposure to Lehman Brothers Bankruptcy and Its Affiliates’ Insolvency
- ▶ Leverage
- ▶ Lower-Rated Securities
- ▶ Non-U.S. Securities

## **Blackstone Alternative Asset Management L.P.**

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

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- ▶ Reliance on Underlying Managers for Portfolio Valuation
- ▶ Proprietary Investment Strategies
- ▶ Redemptions from Underlying Investment Vehicles; Re-Allocation of Investments
- ▶ Risk Management Activities
- ▶ Indirectly Investing in “Side Pockets”
- ▶ Short Selling
- ▶ Significant Positions
- ▶ Systemic Risk
- ▶ Tax Considerations
- ▶ Trading in Securities and Other Investments That May be Illiquid
- ▶ Turnover
- ▶ U.S. Government Securities
- ▶ Use of Swap Agreements
- ▶ New Issues
- ▶ Currency Exposure
- ▶ Arbitrage Transactions
- ▶ Bank Debt
- ▶ Commodity and Financial Futures Contracts
- ▶ Distressed Securities
- ▶ Emerging Market Investments
- ▶ Project Finance Investments
- ▶ Proxy Contests and Unfriendly Transactions
- ▶ Event Driven Investment
- ▶ Relative Value Investing
- ▶ Cross Class Liability
- ▶ Regulatory Changes
- ▶ Identity of Beneficial Ownership and Withholding on Certain Payments
- ▶ Currency Hedging

## **Blackstone Alternative Asset Management L.P.**

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

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- ▶ Delayed Schedules K-1
- ▶ Non-Voting Securities; Investment Company Act

Please refer to the relevant Client Constituent Documents for a more detailed discussion of risk factors.

## **Blackstone Alternative Asset Management L.P.**

### **Item 9 – Disciplinary Information**

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BAAM does not have any legal, financial or other “disciplinary” item to report to you. BAAM is obligated to disclose any disciplinary event that would be material to you when evaluating a client/advisor relationship.

On occasion, in the ordinary course of its business, Blackstone is named as a defendant in a lawsuit or arbitration. BAAM does not believe that any current litigation to which Blackstone is a party will have a material adverse effect on BAAM and/or the BAAM Funds. As of the date of this ADV Part 2A coversheet, BAAM and its employees are not currently the subject of litigation.

## Blackstone Alternative Asset Management L.P.

### Item 10 – Other Financial Industry Activities and Affiliations

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BAAM is an affiliate of the following entities:

Broker/Dealer Entities	
Blackstone Advisory Partners L.P.	Provides a variety of investment banking services
Park Hill Group LLC	Places alternative investment products in private offerings to mostly institutional investors
Investment Advisor Entities	
Bayview Asset Management, LLC	Provides investment advisory services focusing on real estate backed loans and mortgage securities
Blackstone / GSO Debt Funds Europe Limited	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Blackstone / GSO Debt Funds Management Europe II Limited	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Blackstone / GSO Debt Funds Management Europe Limited	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Blackstone Alternative Investment Advisors L.L.C.	Provides investment advisory services to open end mutual funds
Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Clean Technology Advisors L.L.C.	Provides investment advisory services to private investment funds specializing in the cleantech energy sector

## Blackstone Alternative Asset Management L.P.

### Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
Blackstone Communications Advisors I L.L.C.	Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Debt Advisors L.P.	Provides investment advisory services to private investment funds specializing in debt securities
Blackstone Management Partners III L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners IV L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Mezzanine Advisors L.P.	Provides investment advisory services to private investment funds specializing in mezzanine financing
Blackstone Property Advisors L.L.C.	Provides investment advisory services to one or more Blackstone investment funds (Relying Adviser on BREA)
Blackstone Real Estate Advisors Europe L.P.	Provides investment advisory services to various real estate investment funds
Blackstone Real Estate Advisors III L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors International L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors IV L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors V L.P.	Provides investment advisory services to various private real estate investment funds

## Blackstone Alternative Asset Management L.P.

### Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
Blackstone Real Estate Special Situations Advisors (Isobel) L.L.C.	Provides investment advisory services to private investment funds and accounts which invest primarily in public and private debt and other interests of real estate assets and real estate-related holdings
Blackstone Real Estate Special Situations Advisors L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Tactical Opportunities Advisors L.L.C.	Provides investment advisory services to multi-discipline, multi-asset class private funds
Blackstone Treasury Solutions Advisors L.L.C.	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
BSCA Advisors L.L.C.	Provides investment advisory services to certain co-investment vehicles relating to funds managed by Blackstone Strategic Capital Advisors L.L.C
BXMT Advisors L.L.C.	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT High Grade Mezzanine Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT High Grade Partners II Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT Investment Management Co., LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets.

## Blackstone Alternative Asset Management L.P.

### Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
CT Large Loan Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT OPI Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
GSO / Blackstone Debt Funds Management LLC	Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts
GSO Capital Advisors II LLC	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Advisors LLC	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Partners International LLP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Partners LP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Strategic Partners Fund Solutions Advisors L.P	Provides investment advisory services to a number of pooled investment and custom vehicles operating as private investment funds
The Blackstone Group (Australia) Pty Limited	Australian investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group (HK) Limited	Hong Kong investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group International Partners LLP	U.K. investment advisory firm, which serves as a sub-advisor to the registrant



## Blackstone Alternative Asset Management L.P.

### Item 10 – Other Financial Industry Activities and Affiliations

#### Commodity Trading Advisor & Commodity Pool Operator Entities

Blackstone Alternative Investment Advisors L.L.C.	Established by Blackstone Hedge Fund Solutions Group to provide investment advisory services to open end mutual funds
Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors, L.L.C.	Manages private funds engaged in acquisitions of minority interests in alternative asset managers

#### Commodity Pool Operator Entity

Blackstone Alternative Asset Management Associates L.L.C.	Serves as general partner of BAAM Funds which are structured as limited partnerships
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Note: BAAM manages a number of private investments vehicles and public investment companies which are listed in BAAM’s ADV Part 1, Schedule D Section 7B(1).

#### Potential Conflicts of Interest specific to Blackstone Advisory Partners L.P.

Blackstone Advisory Partners L.P. (“BAP”) provides various financial and business advisory services. In the regular course of its advisory businesses, BAP represents possible buyers, sellers and other parties regarding businesses that may be suitable for investment by BAAM Clients. In these cases, BAP’s client typically would require Blackstone to act only on BAP’s client’s behalf, thus preventing the BAAM Client from directly acquiring or investing in such business. BAP will not decline these transactions in order to make the investment opportunity available to the BAAM Client. Such limitations would not apply to investments by Underlying Managers.

BAP may represent creditors or debtors in restructuring or bankruptcy proceedings, under Chapter 11 of the Bankruptcy Code. BAP also may serve as advisor to creditor or equity committees. Such engagements may prevent a BAAM Client from participating in such restructuring or holding a position in the debtor or may force the BAAM Client to dispose of such position. These restrictions would not apply to Underlying Managers.

## **Blackstone Alternative Asset Management L.P.**

### **Item 10 – Other Financial Industry Activities and Affiliations**

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BAP may be engaged to render advisory services to Underlying Managers and to creditor committees and groups that include Underlying Managers. None of the fees earned by BAP in such circumstances are to the benefit of BAAM or BAAM Clients.

BAP and Park Hill Group LLC are registered broker dealers. They do not make markets in any securities and generally do not hold proprietary positions in securities or other investments. BAP engages in underwriting activities, which generally involve underwriting of debt and equity securities by Blackstone private equity portfolio companies. Park Hill Group LLC does not engage in any underwriting activities, but it does serve as placement agents for private equity, real estate and hedge fund businesses.

See **Item 11 – Code of Ethics** for a further discussion of potential conflicts of interest.

# **Blackstone Alternative Asset Management L.P.**

## **Item 11 – Code of Ethics**

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As required by the Advisers Act, Blackstone and BAAM have adopted a Code of Ethics (the “Code”) that governs a number of potential conflicts of interest which exist when providing advisory services to you. This Code is designed to enable BAAM to meet its fiduciary obligation to BAAM’s Clients (or prospective Clients) and to instill a culture of compliance within BAAM. An additional benefit of the Code is to assist Blackstone and BAAM in preventing violations of securities laws.

The Code is distributed to each employee at the time of hire and annually thereafter, and it is available on Blackstone’s intranet. BAAM also supplements the Code with ongoing monitoring of employee activity.

The Code includes (among other things):

- ▶ Requirements related to confidentiality
- ▶ Limitations on, and reporting of, gifts and entertainment
- ▶ Pre-clearance of political contributions
- ▶ Pre-clearance and reporting of employee personal securities transactions
- ▶ Pre-clearance of outside business activities
- ▶ Protection of persons who engage in “whistle blowing” activities from retaliation

On an annual basis, Blackstone requires all employees to certify that they are in compliance with the Code.

### **Potential Conflicts of Interest**

Blackstone offers many different products and services and there are several potential conflicts of interest which may arise, including, but not limited to, those identified below. BAAM has adopted, and continues to adopt, policies and procedures to address such potential conflicts of interest.

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

### Investment Related Potential Conflicts

Potential Conflict	Mitigating Policy
BAAM may take an investment position or action for one or more BAAM Funds that may be different from, or inconsistent with, an action or position taken for one or more other BAAM Funds (or funds managed by affiliates of BAAM) having similar or differing investment objectives.	<p>All investment decisions are approved by BAAM’s Investment Committee, which includes select BAAM Senior Managing Directors and Managing Directors. All investment allocations are approved by both BAAM’s Investment Committee and Executive Committee, which includes BAAM’s Chief Executive Officer, Chief Operating Officer, and General Counsel (see <b>Item 13 – Review of Accounts</b> for further details).</p> <p>BAAM maintains detailed policies and procedures relating to allocations among the BAAM Clients.</p>
<p>Blackstone currently has (or in the future may have) an ownership interest or revenue share in, or is (and in the future may be) otherwise affiliated with, various investment managers (each a “Blackstone Affiliated Manager”). BAAM may have an incentive to allocate the Clients’ assets to Blackstone Affiliated Managers since affiliates of BAAM have a direct or indirect financial interest in the success of such managers.</p> <p>Specifically, Blackstone Strategic Capital Advisors L.L.C. (“BSCA”), an affiliate of BAAM, manages certain funds (the “BSCA Funds”) that seek to make minority investments in investment managers (the “Strategic Capital Managers”). An investment by a BAAM Client with a Strategic Capital Manager generally would</p>	<p>All investment decisions are approved by BAAM’s Investment Committee and all investment allocations are approved by both BAAM’s Investment and Executive Committees (see <b>Item 13 – Review of Accounts</b> for further details).</p> <p>In certain circumstances where Blackstone, directly or indirectly, holds an interest in an Underlying Manager, BAAM or one of its affiliates may rebate or waive its fees or other revenues relating to the investment by a BAAM client with such manager. For example, BSAA’s portion of the fees generated from a BAAM Client’s investment with a SAF Manager, including a Co-Investment, is rebated to such BAAM Client. (The Strategic Alliance Fund investors retain their portion of the fees.)</p> <p>Generally, BAAM Clients only will invest in</p>

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
<p>benefit BSCA Funds and a withdrawal by a BAAM Client from such manager generally would be detrimental to the BSCA Funds.</p> <p>Similarly, BAAM Clients may invest in funds and Co-Investments managed by Underlying Managers which are provided seed funding by the Blackstone Strategic Alliance Funds (the “Strategic Alliance Funds”), which are managed by Blackstone Strategic Alliance Advisors L.L.C. (“BSAA”), an affiliate of BAAM. An investment by a BAAM Fund with a manager funded by the Strategic Alliance Funds (a “SAF Manager”) generally would benefit the Strategic Alliance Funds and a withdrawal by a BAAM Fund from such manager generally would be detrimental to the Strategic Alliance Funds. In addition, the BAAM Fund may seek to negotiate preferential terms and conditions from the SAF Manager, which terms and conditions may be subject to the approval of BSAA and may trigger certain “most favored nation” rights for the Strategic Alliance Funds.</p> <p>There is significant overlap between BAAM’s Investment Committee and the investment committee for the BSCA Funds and the Strategic Alliance Funds.</p>	<p>funds managed by Underlying Managers funded by the Strategic Alliance Funds after a seasoning period (generally six months after the Strategic Alliance Funds’ initial investment). This seasoning period does not apply to Co-Investments.</p> <p>When BAAM Clients invest in/redeem out of a SAF Manager, BAAM Compliance and designated senior members of the BAAM Investment Committee must sign a separate approval, in addition to the general Investment Committee and Executive Committee approvals. The same policy is expected to be followed for investment(s) by BAAM Funds with Strategic Capital Managers.</p>
<p>To the extent that entities affiliated with BAAM invest with Underlying Managers that have limited capacity, BAAM and/or Blackstone may be required to choose between the Clients and such affiliated entities in allocating assets to such</p>	<p>All investment decisions are approved by BAAM’s Investment Committee and all investment allocations are approved by both BAAM’s Investment and Executive Committees (see <b>Item 13 – Review of Accounts</b> for further details).</p>

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
<p>Underlying Managers.</p> <p>Specifically, to the extent the amount which a Client wishes to invest with an Underlying Manager exceeds the available capacity with such Manager, BAAM will have to choose among its Clients in allocating to such Manager. The BAAM Clients and such affiliated entities have different management and incentive fee structures. As part of the investment allocation process, BAAM and/or Blackstone potentially could allocate a limited investment opportunity to a Client that has a more favorable fee structure. BAAM and/or Blackstone also potentially could choose not to allocate fund expenses to a client that has a more advantageous fee structure and instead allocate that portion of such expenses to other Clients.</p> <p>Blackstone Alternative Solutions L.L.C. (“BAS”), an affiliate of BAAM, serves as investment manager for funds which participate in a broad range of direct investment opportunities. As such, BAAM and BAS may be subject to conflicts in allocating such opportunities, although the BAAM Funds and BAS Funds are expected to have limited overlap in their investment activities.</p> <p>Blackstone Alternative Investment Advisors LLC (“BAIA”), an affiliate of BAAM, serves as investment manager for an open-end mutual fund, which employs a multi-manager, diversified investment strategy. As such, BAAM and BAIA may be subject to</p>	<p>BAAM and BAS maintain detailed policies and procedures relating to allocations among their Clients. In addition, each limited capacity allocation decision is documented separately and reviewed by BAAM Compliance to determine that such allocation follows policies and procedures and is fair and equitable.</p> <p>BAAM and BAS allocate expenses on a basis that they consider equitable and in accordance with their expense allocation policies and the Client Constituent Documents.</p>

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
conflicts in allocating assets to Underlying Managers.  There is significant overlap among the members of the BAAM, BSAA, BAS, BSCA and BAIA investment committees.	
Members of BAAM’s Investment Committee may sit on the advisory board of an Underlying Manager.	All investment decisions are approved by BAAM’s Investment Committee and all investment allocations are approved by both BAAM’s Investment and Executive Committees (see <b>Item 13 – Review of Accounts</b> for further details).
To the extent permitted by applicable law, BAAM may cause a BAAM Client to purchase investments from, to sell investments to, to exchange investments with, or to transfer investments to another BAAM Client or a BAAM or Blackstone affiliate. Any such purchases, sales, exchanges or transfers will be affected based upon the independent current market price or fair market value of the investment.	All investment decisions are approved by BAAM’s Investment Committee and all investment allocations are approved by both BAAM’s Investment and Executive Committees (see <b>Item 13 – Review of Accounts</b> for further details).
BAAM provides advisory services, typically on a non-discretionary basis, regarding the hedge fund portfolios of certain clients (“Advisory Clients”). BAAM may communicate investment recommendations to its Advisory Clients prior to the full implementation of such recommendations by BAAM for the BAAM Funds. Accordingly, the BAAM Funds may be seeking to obtain limited capacity from Underlying Managers at the same time as such Advisory Clients.	All investment decisions are approved by BAAM’s Investment Committee and all investment allocations are approved by both BAAM’s Investment and Executive Committees (see <b>Item 13 – Review of Accounts</b> for further details).  BAAM maintains detailed policies and procedures relating to allocations among Clients. In addition each limited capacity allocation decision is documented separately and reviewed by BAAM

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
<p>Similarly, to the extent that an Underlying Manager imposes redemption limitations, actions taken by Advisory Clients may be adverse to the BAAM Funds.</p> <p>In addition, Advisory Clients, from time to time, may have access to or have the right to obtain information about investment decisions made for the BAAM Funds. Based on such information, the Advisory Clients may take actions that are adverse to the BAAM Funds.</p>	<p>Compliance to determine that such allocation follows policies and procedures and is fair and equitable.</p>
<p>Some of BAAM's Clients may make seed investments in investment vehicles and may enter into revenue sharing agreements with Underlying Managers. Revenues generated from such arrangements accrue only to such Clients.</p>	<p>Clients are notified of the potential for such arrangements.</p>
<p>Some Clients have a credit facility arrangement which facilitates bridge financing for temporary cash needs. The lack of a credit facility may cause Clients to forego on certain investment opportunities.</p>	<p>Clients are notified of such potential for missing investment opportunities.</p>
<p>Some Customized Funds may require Investor approval in a manner which potentially could preclude investment decisions in a timely manner, thereby precluding participation in the investment opportunity.</p>	<p>To the extent applicable, Investors in Customized Funds are notified of such potential for missing investment opportunities.</p>
<p>BAAM or its affiliates may sponsor, manage or advise other investment funds with overlapping investment objectives with those of the BAAM Funds. Neither the BAAM Funds nor any of their Investors will</p>	<p>Clients are notified of such potential conflicts.</p>



# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
have any rights of first refusal, co-investment or other economic rights in respect of the investments of such other Blackstone funds or investment vehicles.	

### Non-Investment Related Potential Conflicts

Potential Conflict	Mitigating Policy
BAAM, Blackstone and their employees may invest for their own accounts in various investment opportunities, including hedge funds, in which the Clients have an interest.	<p>All Blackstone employees must pre-clear trades in all hedge funds and other securities (subject to a few limited exceptions) with Blackstone Compliance.</p> <p>All BAAM employees must pre-clear trades in all hedge funds and other securities (subject to a few limited exceptions) with BAAM Compliance and Blackstone Compliance.</p> <p>Upon hire and quarterly thereafter, all BAAM employees must report all hedge fund holdings.</p> <p>All investment decisions are approved by BAAM's Investment Committee and all investment allocations are approved by both BAAM's Investment and Executive Committees (see <b>Item 13 – Review of Accounts</b> for further details).</p> <p>The BAAM Investment and Executive Committees receive a monthly report of BAAM employees' and Blackstone Management Committee members' personal hedge fund holdings (including BAAM Fund holdings) at the time of approval of investment decisions.</p>

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
<p>From time to time, BAAM and/or Blackstone employees may speak at conferences and programs for potential hedge fund investors, which are sponsored by BAAM/Blackstone’s third-party service providers for potential hedge fund investors. Through such “capital introduction” events, prospective hedge fund investors have the opportunity to meet with BAAM. Such events and other services (including, without limitation, capital introduction services) provided by service providers, including prime brokers, custodian and administrators, may influence BAAM/Blackstone in deciding whether to use such service provider.</p> <p>BAAM may have a placement agreement with a broker-dealer that sponsors hedge fund conferences or similar events.</p>	<p>All BAAM employees must pre-clear speaking at conferences and other programs with BAAM Compliance.</p> <p>Materials provided by BAAM as part of such conferences and other programs must be approved by BAAM Compliance.</p> <p>Neither BAAM nor the BAAM Funds compensates the service providers for organizing such events.</p>
<p>Financial institutions, executives of public companies and other “value added investors” may be investors in the BAAM Funds. These persons and their employees are a potential source of information and ideas that could benefit the Clients.</p>	<p>BAAM has detailed policies and procedures relating to the use of private information, information sharing and information walls in general.</p>
<p>A BAAM Fund may have entered, or in the future may enter, into letter agreements or other similar agreements (commonly referred to as “side letters”) with one or more of the Fund’s investors which provide such investor(s) with additional and/or</p>	<p>Generally, BAAM does not enter into agreements that grant preferential treatment to Investors in Commingled Funds in the same share class, if applicable, with respect to liquidity or fee terms unless there is a specific regulatory requirement</p>

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
different rights than other investors in the Fund (including, without limitation, with respect to access to information, management and incentive fees, minimum investment amounts, and liquidity terms).	mandating such preferential treatment, and except in the case of an investment by a BAAM Fund in another BAAM Fund.
BAAM incurs common expenses on behalf of the Clients.	BAAM allocates such expenses on a basis that it considers equitable and in accordance with its expense allocation policies and the Client Constituent Documents.

### Fee Related Potential Conflicts

Potential Conflict	Mitigating Policy
BAAM may invest the Clients' assets in other BAAM Funds and these investments may be significant. By investing in other BAAM Funds, the Clients may receive preferable notice requirements and liquidity terms. BAAM may have an incentive to allocate the Client's assets to other BAAM Funds since BAAM or one of its affiliates has a direct or indirect financial interest in the success of such funds.	All investment decisions are approved by BAAM's Investment Committee and all investment allocations are approved by both BAAM's Investment and Executive Committees (see <b>Item 13 – Review of Accounts</b> for further details).  To avoid duplication of fees, Clients typically will not be charged fees by other BAAM Funds or BAAM will waive fees on the portion of the Clients' assets invested in other BAAM Funds.
Certain employees of BAAM and Blackstone may invest in the BAAM Funds, including an Employee Fund. Typically, no advisory fees are charged to such investors. The employees invested in the funds may be	All investment decisions are approved by BAAM's Investment Committee and all investment allocations are approved by both BAAM's Investment and Executive Committees (see <b>Item 13 – Review of</b>

## Blackstone Alternative Asset Management L.P.

### Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
<p>individuals responsible for allocating investment opportunities among the Clients and may have an interest in fund allocations.</p> <p>The Employee Fund may be allocated limited investment opportunities in the same manner as other BAAM Funds. In addition, the investors in the Employee Fund are subject to a shorter lock-up period than investors who are directly invested in the BAAM Funds in which the Employee Fund invests.</p>	<p><b>Accounts</b> for further details).</p> <p>BAAM maintains detailed policies and procedures relating to allocations among the funds BAAM manages. In addition, each limited capacity allocation decision is documented separately and reviewed by BAAM Compliance to determine that such allocation follows policies and procedures and is fair and equitable.</p> <p>The BAAM Investment and Executive Committees receive a monthly report of BAAM employees' and Blackstone Management Committee members' personal hedge fund holdings (including BAAM Fund holdings) at the time of approval of investment decisions.</p>

#### Blackstone Related Potential Conflicts

Potential Conflict	Mitigating Policy
<p>Blackstone performs investment advisory and other activities and as a result of such activities BAAM and/or BAAM Clients may face restrictions in their investment activities. For example, if Blackstone's Private Equity Group were to obtain material non-public information relating to an issuer, BAAM potentially could be restricted from investing in such issuer's securities. Typically, such restrictions would not apply to the Underlying Managers.</p> <p>Further, BAAM and BAAM Clients could be</p>	<p>Blackstone has a robust information wall policy in place which is designed to protect against the improper possession and/or use of material non-public information. Generally, no BAAM employee may contact an employee of another Blackstone group outside of the hedge funds solutions group, and vice versa, about a substantive business matter, without informing BAAM Compliance and, if appropriate, having BAAM Compliance chaperone such contact.</p> <p>Prior to receiving confidential information</p>

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
forced to waive voting rights, sell or hold existing investments, or be precluded from making new investments as a result of investment banking or other relationships that Blackstone may have or transactions or investments that Blackstone and its affiliates may make.	each Blackstone group typically seeks to limit the impact that such receipt may have on other Blackstone groups by, among other things, limiting the applicability of any confidentiality agreement to the particular Blackstone group(s) that receive the confidential information.
From time to time, Underlying Managers with which the Clients invest may retain Blackstone to provide investment and advisory services.	Such retentions will be on an arm's length basis, independent from any Client investment and BAAM.
From time to time, Blackstone may refer potential investors to BAAM and these investors may become investors in one of the BAAM Funds.	All investors are reviewed for suitability of investments and must satisfy the BAAM Funds' investment minimums and any investor qualifications.
Blackstone may hire or enter into a partnership or other arrangement with one or more investment professionals to form and manage pooled investment vehicles or separately managed accounts pursuing alternative investment strategies ("Blackstone Proprietary Funds"). Blackstone and its affiliates typically would receive a significant portion of the revenues attributable to these Blackstone Proprietary Funds. Such existing Blackstone Proprietary Funds and any Blackstone Proprietary Funds formed in the future may compete with Underlying Managers, the SAF Managers, and the Strategic Capital Managers.	<p>All investment decisions are approved by BAAM's Investment Committee and all investment allocations are approved by both BAAM's Investment and Executive Committees (see <b>Item 13 – Review of Accounts</b> for further details).</p> <p>BAAM maintains detailed policies and procedures relating to allocations among Clients.</p> <p>Blackstone maintains detailed policies and procedures relating to information sharing among different Blackstone business groups and information walls in general.</p>

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
Park Hill Group L.L.C., a broker-dealer affiliate of BAAM, may enter into placement agreements with or otherwise be retained as placement agent by Underlying Managers. Under these placement agent arrangements, to the extent permitted by applicable law including ERISA, an Underlying Manager may compensate Park Hill for referring Investors to the Underlying Manager and such fees will not be shared with the Clients. Also, investors introduced by Park Hill to an Underlying Manager may absorb limited investment capacity in the Underlying Manager's funds, and BAAM may have wanted to invest in this limited capacity for its Clients.	<p>Blackstone maintains detailed policies and procedures relating to information sharing among different Blackstone business groups and information walls in general.</p> <p>BAAM maintains detailed policies and procedures relating to allocations among Clients. In addition, each limited capacity allocation decision is documented separately and reviewed by BAAM Compliance to determine that such allocation follows policies and procedures and is fair and equitable.</p>

You may request a copy of BAAM's Code of Ethics by contacting us at the address, telephone number or e-mail on the cover page of this Brochure.

# Blackstone Alternative Asset Management L.P.

## Item 12 – Brokerage Practices

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### General Considerations

BAAM uses brokerage services on a limited basis, typically only in connection with hedging transactions. To the extent BAAM does effectuate any brokerage transactions, there are no limitations as to which broker-dealers are used or as to the commission rates or similar charges paid. Transactions will be allocated to brokers on the basis of best execution. The following factors, among others, will be considered in determining best execution:

- ▶ Commissions and similar charges
- ▶ Quality of execution services and trading expertise
- ▶ Research services
- ▶ Clearance, settlement and custodial services
- ▶ Financial stability
- ▶ Reputation
- ▶ Integrity
- ▶ Facilities
- ▶ Financial services offered
- ▶ Willingness and ability to commit capital
- ▶ Reliability in keeping records

### Research and Other Soft Dollar Benefits

Research products or services may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, and other products or services used by BAAM in the performance of its investment decision-making responsibilities.

BAAM does not utilize soft dollars to pay for third-party brokerage services. Underlying Managers may use “soft dollars” (*i.e.*, consideration other than cash is exchanged for services) both within and outside of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), to obtain both research and non-research products and services. **Brokerage for Client Referrals**

BAAM does not use brokerage relationships for client referrals. BAAM does have distribution relationships and placement agreements, however, as described further in **Item 14 – Client Referrals and Other Compensation**.

# **Blackstone Alternative Asset Management L.P.**

## **Item 12 – Brokerage Practices**

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### **Block Trading Procedures**

In the event that futures, forward, options, or spot currency transactions are traded for multiple BAAM Clients, generally trade orders would be aggregated for execution and allocated pro rata.

### **Principal Trading**

BAAM does not engage in principal trading (*i.e.*, trading for BAAM's proprietary accounts).

### **Cross Transactions – Agency Cross Transactions**

BAAM does not engage in any agency cross transactions. Cross transactions may be deemed to occur in certain instances where one BAAM Client is withdrawing from an Underlying Investment Vehicle and another BAAM Client simultaneously is subscribing to invest in such investment vehicle, and such simultaneous withdrawal and subscription is effectuated as a transfer. BAAM's employees and affiliates may hold interests in one or both of the BAAM Clients involved in such transfer. Cross transactions will be subject to the approval of BAAM's General Counsel or Chief Compliance Officer.

### **Trade Allocations**

The Investment Committee will determine allocations (investment and redemption) for the Clients based upon the following criteria and any other relevant factors that the Investment Committee sees fit: expected performance of the investment, reputation of the principals of the Underlying Manager, availability of cash, liquidity needs, Client investment objectives, Client risk parameters, ERISA capacity, general capacity, tax efficiency, investment limits, diversification guidelines, operational factors, and legal and regulatory factors (collectively, the "Investment Criteria"). The Investment Committee seeks to ensure that investment opportunities will be allocated in a fair and equitable manner, after consideration of the Clients' Investment Criteria. In situations of limited availability in an Underlying Manager, allocations generally will be made to eligible Clients on a pro rata basis in accordance with BAAM's allocation policies. Conflicts may arise where BAAM Clients wish to invest with the same Underlying Manager as the BAS Funds and there is limited capacity. In such cases, BAAM and BAS will endeavor to make allocations in a fair and equitable manner in accordance with their allocation policies.

### **Trade Errors**

Trade errors are evaluated on a case-by-case basis. If BAAM determines that BAAM's gross negligence, willful misconduct or fraud was the direct cause of a trade error, BAAM generally will compensate a BAAM Client for any losses resulting from such trade error. If a third-party's negligence or other wrongdoing causes a trading error that is material to a BAAM Client, BAAM will attempt to recover the amount of loss from the third party for the BAAM Client. BAAM does not assume responsibility for compensating the BAAM Client, or making the third party compensate the BAAM Client, in such cases.



# Blackstone Alternative Asset Management L.P.

## Item 13 – Review of Accounts

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### The Investment Committee

The Investment Committee, which includes select BAAM Senior Managing Directors and Managing Directors, is responsible for the investment and redemption decisions for the Clients. The Investment Committee also approves Underlying Managers, co-investments, and hedging themes and parameters.

The Investment Committee makes its investment decisions based on a variety of criteria including, but not limited to:

- ▶ The expected performance of the investment
- ▶ Reputation of the principals of the Underlying Manager
- ▶ Availability of cash
- ▶ Liquidity needs
- ▶ Client investment objectives
- ▶ Client risk parameters
- ▶ ERISA capacity
- ▶ General capacity
- ▶ Tax efficiency
- ▶ Investment limits
- ▶ Diversification guidelines
- ▶ Operational factors
- ▶ Legal and regulatory factors

The Investment Committee also reviews the information presented to assess the allocations in light of the standard of being fair and equitable, particularly with respect to any potential conflicts of interest.

There is significant overlap among the members of BAAM, BSAA, BAS, BAIA and BSCA investment committees.

### The Executive Committee

The Executive Committee, which includes BAAM's Chief Executive Officer, Chief Operating Officer and General Counsel, reviews and approves or disapproves the investment allocation decisions of the Investment Committee.

# **Blackstone Alternative Asset Management L.P.**

## **Item 13 – Review of Accounts**

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### **Monitoring Process**

The BAAM Investment Committee and Investment Team monitor the performance of the Clients on an ongoing basis. This monitoring includes, but is not limited to, reviewing for:

- ▶ Potential conflicts
- ▶ Market conditions
- ▶ Adherence to investment guidelines
- ▶ Performance attribution, and
- ▶ Performance deviation

### **Commingled Fund Investor Reporting**

BAAM generally provides Investors in Commingled Funds monthly and quarterly reports regarding their investments, which include capital balances and Fund performance. Investors also receive annual audited financial statements for the Commingled Funds in which they are invested. In generating these reports, BAAM generally will rely, in part, on information provided by the Underlying Managers.

### **Customized Products and Non-Discretionary Advisory Services Investor Reporting**

Investors in Customized Funds and Advisory Clients will receive reporting as agreed upon between BAAM and the Investor/Client and as described in the Client Constituent Documents.

### **BAAM Operations Team Reconciliation**

The BAAM Operations Team performs daily cash reconciliations to determine that fundings, redemptions, expense payments, and other cash movements are properly processed.

### **Administrator Reconciliation, if applicable<sup>(1)</sup>**

Each BAAM Fund's administrator performs a reconciliation of cash, investor activity, and investments as part of its independent determination of the net asset value for such BAAM Fund, and produces the final capital/shareholder statements.

### **Custodian Reconciliation, if applicable<sup>(1)</sup>**

Each BAAM Fund's custodian reviews and reconciles the Fund's accounts on a monthly basis.

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<sup>(1)</sup> Not all BAAM Funds have administrators and/or custodians appointed by BAAM.

## **Blackstone Alternative Asset Management L.P.**

### **Item 14 – Client Referrals and Other Compensation**

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For certain Commingled Funds, BAAM has entered into distribution and/or placement agent arrangements. In a typical distribution/placement arrangement, BAAM agrees to pay a third-party solicitor for referring investors in BAAM Funds.

Typically, the third-party solicitors will receive a portion of the management fee and/or performance fee paid to BAAM (although other payment arrangements could exist). A prospective investor solicited by a third party will be informed of (and may be asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services will be borne by BAAM and the investor will not be subject to any increased or additional fees or charges. Third-party solicitors in the U.S. will be registered as broker-dealers with the SEC. Third-party solicitors outside the U.S. may be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

BAAM has a placement arrangement with Park Hill Group LLC, an affiliate of BAAM. Also, Blackstone Advisory Partners L.P., an affiliate of BAAM, serves as a placement agent for the BAAM Funds in the U.S. but is not compensated for such services. BAAM has distribution/placement arrangements with a number of other unaffiliated third parties.

## **Blackstone Alternative Asset Management L.P.**

### **Item 15 – Custody**

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Rule 206(4)-2 of the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them. BAAM Funds structured as U.S. entities generally have a BAAM affiliate acting as general partner and, as such, BAAM is deemed to have custody of the Funds' assets. For the BAAM Funds structured as non-U.S. entities, BAAM also is typically deemed to have custody of the Funds' assets. Although BAAM does not serve as the general partner or managing member of the non-U.S. Funds, does not constitute a majority of the non-U.S. Fund's Board of Directors, and does not hold voting shares in the Fund, BAAM has access to Fund assets for trading purposes and to pay expenses. BAAM generally complies with the Advisers Act custody rules by providing all investors in a BAAM Fund with audited financial statements within 180 days of the Fund's fiscal year end (subject to a few exceptions where financials are delivered within 60 or 120 days of fiscal year end).

A BAAM Fund's assets are mostly comprised of interests in Underlying Investment Vehicles, represented by a subscription agreement, and cash, held in bank or brokerage accounts in the name of the BAAM Fund. Substantially all of the BAAM Funds utilize a third-party, independent custodian to hold the Funds' subscription agreements for these investments in Underlying Investment Vehicles.

BAAM does not maintain custody in the case of the Advisory Clients.

# Blackstone Alternative Asset Management L.P.

## Item 16 – Investment Discretion

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### Investment Guidelines

Investment decisions are made within the investment guidelines as described in the Client Constituent Documents. For Commingled Funds and certain Customized Funds, BAAM has discretion in determining the Underlying Managers in which the Clients may invest and the amount to invest.

Multiple Clients may invest in the same Underlying Manager. If two or more Clients wish to invest in or redeem from the same Underlying Manager at the same time, BAAM will implement such decisions in a manner deemed to be fair and in accordance with BAAM's allocation policies and procedures.

### Types of Investment

BAAM has broad discretion to make investments within the guidelines of the Client Constituent Documents, except in the case of the Advisory Clients. Clients primarily will invest in Underlying Managers. In addition, in order to hedge investor contributions denominated in currencies other than U.S. dollars or to hedge certain market exposures, Clients may invest in securities and other instruments, including but limited to:

- ▶ Futures
- ▶ Forwards
- ▶ Spot contracts
- ▶ Options
- ▶ Other derivative contracts and similar instruments

BAAM also may obtain exposure to Underlying Managers through total return swaps or an investment in equity shares of exchange traded closed-end funds. BAAM typically has full discretion and authority to make all investment decisions with respect to these transactions. When futures, forward, options, and spot currency transactions are traded for multiple Clients, generally trade orders are aggregated for execution and allocated pro rata.

Underlying Managers may participate in the purchase and sale of initial equity public offerings ("New Issues") for BAAM Funds. Although it is not expected to occur, BAAM Funds also may directly purchase New Issues. The subscription documents for the BAAM Funds require each Investor to make an initial representation to its status as either a restricted investor (*i.e.*, may not invest in New Issues) or non-restricted investor (*i.e.*, may invest in New Issues). On an annual basis thereafter, BAAM will confirm an Investor's status through a negative confirmation process by sending a letter via electronic communication or hard copy and asking for a response only if the Investor's eligibility status has changed.

## **Blackstone Alternative Asset Management L.P.**

### **Item 16 – Investment Discretion**

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BAAM Funds may acquire or hold, directly or indirectly, assets or securities that are illiquid, including for example, where an Underlying Manager determines to “side pocket” all or a portion of an investment. Underlying Investment Vehicles may themselves be illiquid investments. BAAM, in its sole discretion, may treat these investments (including Underlying Investment Vehicles) as “side pockets” and Investors may be issued a separate series of shares or ownership interests to represent a Side Pocket.

Please refer to the relevant Client Constituent Documents for a more detailed discussion of investment guidelines and types of investment.

## **Blackstone Alternative Asset Management L.P.**

### **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

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BAAM has adopted proxy voting policies and procedures (the "Proxy Policy") to vote proxy proposals, amendments, consents or resolutions (collectively, "proxies") relating to investments with Underlying Managers. From time to time, Underlying Managers may require consent from investors to change various aspects of their business or to make certain investments.

The general policy is to vote proxies relating to investments with Underlying Managers in a manner that serves the best interests of the Clients as determined by BAAM in its discretion.

At times, conflicts may arise between the interests of the Client, on the one hand, and the interests of BAAM or its affiliates, on the other hand. If BAAM determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, BAAM will address matters involving such conflicts of interest on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. BAAM, in its sole discretion, may elect not to vote a proxy if unduly burdensome.

Clients and Investors may request a copy of the Proxy Policy and the proxy voting records by contacting BAAM at the address, telephone number or e-mail on the cover of this Brochure.

## **Blackstone Alternative Asset Management L.P.**

### **Item 18 – Financial Information**

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BAAM does not charge or solicit prepayment of \$1,200 or more in fees per client six or more months in advance.

BAAM is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitment to its Clients.



**Blackstone Alternative Asset Management L.P.**  
**Item 19 – Requirements for State-Registered Advisers**

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Not applicable as BAAM is not registered in any states