

Blackstone Alternative Solutions L.L.C.

Form ADV Part 2

March 31, 2014

Blackstone

Blackstone Alternative Solutions L.L.C.

Item 1 – Cover Page

Blackstone Alternative Solutions L.L.C.

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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 Solutions L.L.C. (“BAS”).

If you have any questions about the contents of this brochure, please contact Peter Rand, Head of Global Client Operations for BAS, at (212) 583-5071; 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 BAS also is available at the SEC’s website www.adviserinfo.sec.gov (click on the link “Investment Adviser Search”, select “Investment Adviser Firm” and type in BAS’s name). Results will provide you with both Parts 1 and 2 of BAS’s Form ADV.

BAS is registered with the SEC as an investment adviser. BAS’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 BAS and should be considered in your decision whether to hire BAS or to continue to maintain a mutually beneficial relationship.

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Item 2 – Material Changes

- ▶ There are no material changes incorporated herein since BAS's last delivery or posting of this document on July 31, 2013 on the SEC's public disclosure website (IAPD) www.adviserinfo.sec.gov.
- ▶ BAS, 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 BAS's Head of Global Client Operations, Peter Rand, at (212) 583-5071 or rand@blackstone.com

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Item 3 – Defined Terms

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

BAAM: Blackstone Alternative Asset Management L.P., a registered investment adviser and an affiliate of BAS.

BAAM Funds: The private investment funds sponsored and managed by BAAM 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.

BAS: Blackstone Alternative Solutions L.L.C., the registrant.

BAS Funds: The private investment funds and accounts sponsored/established and managed by BAS which participate in a broad range of direct investment opportunities, involving equity and debt securities and other financial instruments and transactions.

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

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

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

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

Co-Investments: Investments by BAS 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.

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 BAS committee which includes select BAS Senior Managing Directors and Managing Directors.

Investor: An investor in a BAS Fund.

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

Underlying Investment Vehicles: The funds, accounts, and co-investment vehicles managed by the Underlying Managers on behalf of the BAS Funds.

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

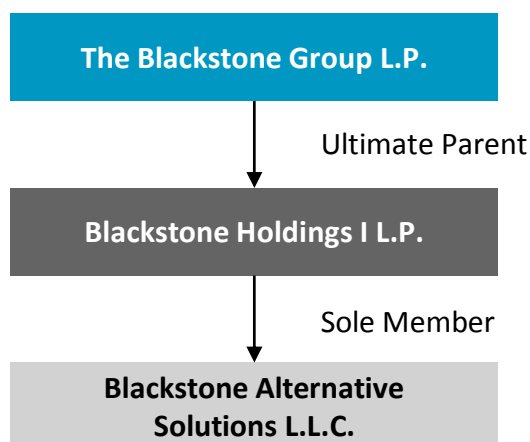
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Item 4 – Advisory Business

Overview of the Firm

BAS, a Delaware limited liability company, is an investment adviser to private investment funds (collectively, the “BAS Funds”) which participate in a broad range of direct investment opportunities.

BAS was founded on July 15, 2011 as part of The Blackstone Group L.P. (NYSE: BX) (“Blackstone”), which is the ultimate parent of BAS. 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. BAS shares employees and facilities with Blackstone Alternative Asset Management L.P. (“BAAM”), a registered investment adviser and leading hedge fund solutions provider. BAS and BAAM are part Blackstone’s Hedge Fund Solutions Group, which also includes Blackstone Strategic Alliance Advisors L.L.C. (“BSAA”), and Blackstone Strategic Capital Advisors L.L.C. (“BSCA”) and Blackstone Alternative Investment Advisors L.L.C (“BAIA”), all registered investment advisers. Please see **Item 10 – Other Financial Industry Activities** for more information.



BAS’s assets under management (“AUM”) were \$5.5 billion as of December 31, 2013. This includes investments made by BAAM Funds into BAS Funds. Please note that this is an unaudited estimate.

Overview of Advisory Services

As investment adviser to the BAS Funds, BAS:

- Identifies and implements investment opportunities for BAS Funds;

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Item 4 – Advisory Business

- ▶ Participates in the monitoring of BAS Funds' investments;
- ▶ Makes decisions on behalf of BAS Funds to make and/or redeem investments;
- ▶ Hedges market and foreign currency exposures for BAS Funds as BAS, in its discretion, determines to be necessary or appropriate; and
- ▶ May facilitate credit arrangements with a third party on behalf of certain BAS Funds to allow the BAS Fund to borrow for bridge financing purposes and to leverage their investments (within the leverage limits stated in the Client Constituent Documents).

The strategy of the BAS Funds generally is to participate in a broad range of direct investment opportunities, involving equity and debt securities and other financial instruments and transactions. Investments typically are sourced and managed by third parties (the "Underlying Managers") and often in the form of Co-Investments, but also may be sourced and managed directly by BAS. BAS Funds' may invest in funds or separate managed accounts with Underlying Managers (the funds and accounts managed by Underlying Managers are referred to herein as the "Underlying Investment Vehicles").

BAS Funds typically consist of multiple investors and invest with multiple Underlying Managers. BAS mandates the Funds' investment guidelines (e.g., risk factors, leverage, concentration limits, etc.) and makes investment decisions in its sole discretion.

Investors in BAS Funds ("Investors") are not deemed to be BAS 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").

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

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Item 5 – Fees and Compensation

Asset-Based Advisory Fees

In general, BAS charges an asset-based advisory fee of up to 1.5% of assets under management, less any asset-based advisory fees charged by the Underlying Managers. Generally, BAAM Funds and BAS/Blackstone employees and retired partners are not subject to such asset-based advisory fees.

BAS'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.

Payment of Asset-Based Advisory Fees

Fees are paid to BAS 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. An Investor 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 BAS. 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 BAS to the Investor.

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

Additional Fees and Expenses:

BAS's advisory fees are not inclusive of all the fees Investors may pay. The following is a list of fees and/or expenses that BAS Funds 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

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Item 5 – Fees and Compensation

- ▶ 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 BAS Fund indirectly bear their pro rata share of such additional fees and expenses for the time period they are invested in the BAS Fund.

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

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Item 6 – Performance-Based Fees

In addition to the asset-based advisory fees disclosed in **Item 5 – Fees and Compensation** above, BAS Funds generally will be charged a performance-based fee of up to 25% of net profits, less any performance-based fees charged by the Underlying Managers, subject to loss carryforward provisions. Under a loss carryforward provision (also referred to as a “high water mark”), if a BAS Fund has a loss chargeable to it during any fiscal year, and during a subsequent fiscal year there is a profit allocable to such Fund, there will be no performance-based fee payable with respect to such Fund until the amount of the loss previously allocated has been recouped.

Investors in a BAS Fund are allocated their pro rata share of performance-based fees for the time period they are invested in the BAS Fund. These fee arrangements are more thoroughly described in the relevant Client Constituent Documents.

Generally, performance-based fees are waived or reduced for BAAM Funds and are waived for BAS/Blackstone employees and retired partners.

Note: BAS’s asset-based advisory 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 BAS to manage the BAS Funds’ assets in a more aggressive manner than if there was no performance-based fee. Further, potential for differing performance-based fees for BAS Funds trading side-by-side may create a conflict of interest on the part of BAS with respect to the allocation of investment opportunities. As described above, BAS’s fees will be reduced by the full amount of any fees paid to BAS Underlying Managers. This arrangement may incentivize BAS to favor Underlying Managers that charge lower fees. BAS has a trade allocation policy (see **Item 12 – Brokerage Practices**) that is designed to address these potential conflicts of interest.

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Item 7 – Types of Clients

Investors in BAS Funds 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
- ▶ BAAM Funds

All Investors are subject to applicable suitability requirements.

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

Investment opportunities often are sourced through existing BAAM manager relationships. In addition, BAS has access to a broader manager universe through BAS's, BAAM's, BSAA's, BSCA's, and BAIA's ongoing sourcing efforts that may lead to the identification of attractive individual opportunities with managers not currently on the BAAM platform. BAS also sources ideas through the broader Blackstone network, subject to Blackstone's internal Information Wall Policy.

Analysis

BAS identifies, researches, interviews, evaluates, selects and monitors the Underlying Managers with which the BAS Funds invest. The Underlying Managers execute various types of investment strategies and offer a broad range of Co-Investment opportunities. BAS selects and monitors the Underlying Managers and Co-Investments based on numerous 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

BAS engages in a broad range of direct investment opportunities, involving equity and debt securities and other financial instruments and transactions. Investments typically are sourced and managed by third parties but may also be source and managed by affiliates of BAS or directly by BAS. These investment opportunities could arise from market opportunities and/or special situations, which could include, but are not limited to:

- ▶ Market Opportunities
 - Thematic
 - Asymmetric Trades
 - Equity Like Participation
 - Single Securities
- ▶ Special Situations
 - Distressed
 - Regulatory Change
 - Off-The-Run Assets

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

■ Liquidity Provider

BAS's primary goal is to identify the right opportunities and situations without specific diversification requirements or limitations. As such, there is concentration risk. BAS will implement market and currency hedges as BAS determines, in its discretion, are necessary or appropriate. BAS is not required to implement any particular hedging transactions and there is no assurance that any such transactions will be effective or will protect BAS Funds from losses.

Risk of Loss

General Economic and Market Conditions: The success of BAS'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
- ▶ Currency depreciation
- ▶ Asset reinvestment
- ▶ Resource self-sufficiency, and

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

► 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 BAS Funds 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 BAS's or any Underlying Manager's investments will be successful, and investment results may vary substantially over time. BAS Funds and Investors are subject to the risk of substantial losses. BAS does not have any responsibility for, involvement with or control over the Underlying Managers' investments or other activities.

Additional risks associated with investments in BAS Funds include (among others):

Risks Primarily Associated with BAS and the Operation of the BAS Funds

- General Economic and Market Conditions
- Investments and Trading Risks
- Accounting for Uncertainty in Income Taxes
- Leverage
- Compulsory Redemption
- Concentration of Fund Portfolio
- Dependence on BAS and the Underlying Managers
- Direct Investments by the BAS Fund
- Diversification
- Duplicative Payments and Expenses
- Estimates
- Gates and Suspensions of Redemptions
- Increased Regulatory Oversight
- Information Technology Systems
- Limited Liquidity
- Limited Operating History of the Underlying Managers

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

- ▶ Lack of Operating History
- ▶ Other Activities of BAS
- ▶ 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
- ▶ 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

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

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

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

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Item 9 – Disciplinary Information

BAS does not have any legal, financial or other “disciplinary” item to report to you. BAS 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. BAS does not believe that any current litigation to which Blackstone is a party will have a material adverse effect on BAS and/or the BAS Funds. As of the date of this ADV Part 2A coversheet, BAS and its employees are not currently the subject of litigation.

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Item 11 – Code of Ethics

BAS 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 Asset Management L.P. | Manages a series of private and closed-end funds engaged in multi-manager investment programs (i.e., fund of hedge funds) |
| Blackstone Alternative Investment Advisors L.L.C. | Provides investment advisory services to open end mutual funds |
| Blackstone Strategic Alliance Advisors L.L.C. | Manages a series of private funds engaged in a hedge fund “seeding” program |
| Blackstone Clean Technology Advisors L.L.C. | Provides investment advisory services to private investment funds specializing in the cleantech energy sector |

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Item 11 – Code of Ethics

| Investment Advisor Entities | |
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| 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 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 |

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| Investment Advisor Entities | |
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| Blackstone Real Estate Special Situations Advisors L.L.C. | Provides investment advisory services to various private real estate investment funds |
| 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. |
| 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 |

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| Investment Advisor Entities | |
|---|---|
| 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 |

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Item 11 – Code of Ethics

Commodity Trading Advisor & Commodity Pool Operator Entities

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|---|--|
| Blackstone Alternative Asset Management L.P. | Manages a series of private and closed-end funds engaged in multi-manager investment programs (i.e., funds of hedge funds) |
| 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 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 |
|---|--|

Note: BAS manages a number of private investments vehicles which are listed in BAS’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 BAS Funds. In these cases, BAP’s client typically would require Blackstone to act only on BAP’s client’s behalf, thus preventing the BAS Fund from directly acquiring or investing in such business. BAP will not decline these transactions in order to make the investment opportunity available to the BAS Fund. 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 BAS Fund from participating in such

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Item 11 – Code of Ethics

restructuring or holding a position in the debtor or may force the BAS Fund to dispose of such position. These restrictions would not apply to Underlying Managers.

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 benefit BAS or BAS Funds.

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.

As required by the Advisers Act, Blackstone and BAS 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 BAS to meet its fiduciary obligation to BAS’s clients (or prospective clients) and to instill a culture of compliance within BAS. An additional benefit of the Code is to assist Blackstone and BAS 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. BAS 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. BAS has

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adopted, and continues to adopt, policies and procedures to address such potential conflicts of interest.

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Investment Related Potential Conflicts

| Potential Conflict | Mitigating Policy |
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| <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”). BAS may have an incentive to allocate the BAS Funds’ assets to Blackstone Affiliated Managers since affiliates of BAS 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 BAS, manages certain funds (the “BSCA Funds”) that seek to make minority investments in investment managers (the “Strategic Capital Managers”). An investment by a BAS Fund with a Strategic Capital Manager generally would benefit BSCA Funds and a withdrawal by a BAS Fund from such manager generally would be detrimental to the BSCA Funds.</p> <p>Similarly, BAS Funds may invest with 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 BAS. An investment by a BAS 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 BAS Fund from such investment generally would</p> | <p>All investment decisions are approved by the BAS Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>In certain circumstances where Blackstone, directly or indirectly, holds an interest in an Underlying Manager, BAS or one of its affiliates may rebate or waive its fees relating to the investment by a BAS client with such manager. For example, BSAA’s portion of the fees generated from a BAS Fund’s investment with a SAF Manager is rebated to such BAS Fund. (The Strategic Alliance Fund investors retain their portion of the fees.)</p> <p>When BAS Funds invest with a SAF Manager, BAAM/BAS Compliance and designated senior members of the BAS Investment Committee must sign a separate approval in addition to the general Investment Committee approval. The same policy is expected to be followed for investment(s) by BAS Funds with Strategic Capital Managers.</p> |

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| Potential Conflict | Mitigating Policy |
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| <p>be detrimental to the Strategic Alliance Funds. In addition, the BAS 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 the BAS Investment Committee and the investment committee for the BSCA Funds and the Strategic Alliance Funds.</p> | |
| <p>Blackstone Alternative Asset Management L.P. (“BAAM”), an affiliate of BAS, serves as investment manager for a series of private funds engaged in multi-manager investment programs (<i>i.e.</i>, funds of hedge funds) (the “BAAM Funds”). As such, BAAM and BAS may be subject to conflicts in allocating investment opportunities although the BAAM Funds and BAS Funds are expected to have limited overlap in their investments.</p> <p>Specifically, to the extent BAAM and other entities affiliated with BAS invest with Underlying Managers that have limited capacity in their funds or Co-Investment opportunities, BAS, BAAM, and/or Blackstone may be required to choose between the BAS Funds and such affiliated entities in allocating assets to such funds or opportunities. The BAS Funds and such affiliated entities may have different management and incentive fee structures.</p> | <p>All investment decisions are approved by the BAS Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>BAS and BAAM maintain detailed policies and procedures relating to allocations among their Funds. In addition, each limited capacity allocation decision is documented separately and reviewed by BAAM/BAS Compliance to determine that such allocation follows policies and procedures and is fair and equitable.</p> <p>BAS and BAAM allocate expenses on a basis that they consider equitable and in accordance with their expense allocation policies and the Client Constituent Documents.</p> |

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| Potential Conflict | Mitigating Policy |
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| <p>As part of the investment allocation process, BAS, BAAM, and/or Blackstone potentially could allocate a limited investment opportunity to a client that has a more favorable fee structure. BAS, BAAM, and/or Blackstone also potentially could choose not to allocate fund expenses to a client that has more advantageous fee structure and instead allocate that portion of such expense to other clients.</p> <p>Blackstone Alternative Investment Advisors LLC (“BAIA”), an affiliate of BAS, serves as investment manager for an open-end mutual fund, which employs a multi-manager, diversified investment strategy. As such, BAS and BAIA may be subject to conflicts in allocating assets to Underlying Managers.</p> <p>While there is significant overlap among the members of the BAAM, BSAA, BAS, and BAIA investment committees, BAS may take an investment position or action for one or more BAS Funds that may be different from or inconsistent with, an action or position taken for one or more BAAM/BSAA/BAS/BAIA Funds having similar or differing investment objectives.</p> | |
| <p>Members of BAS’s Investment Committee may sit on the advisory board of an Underlying Manager.</p> | <p>All investment decisions are approved by the BAS Investment Committee (see Item 13 – Review of Accounts for further details).</p> |
| <p>To the extent permitted by applicable law, BAS may cause the BAS Funds to purchase</p> | <p>All investment decisions are approved by the BAS Investment Committee (see Item</p> |

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| Potential Conflict | Mitigating Policy |
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| investments from, sell investments to, to exchange investments with, or transfer investments to, another BAS Fund, a BAAM Fund or a BAS or Blackstone affiliate. Any such purchases, sales, exchanges or transfers generally will be affected based upon the independent current market value or fair market value of the investment. | 13 – Review of Accounts for further details). |

BAS or its affiliates may sponsor, manage or advise other investment funds with overlapping investment objectives with those of the BAS Funds. Neither the BAS Funds nor any of their Investors will 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.

Investors are notified of such potential for conflicts.

Non-Investment Related Potential Conflicts

| Potential Conflict | Mitigating Policy |
|--|--|
| BAS, Blackstone and their employees may invest for their own accounts in various investment opportunities, including hedge funds, in which the BAS Funds 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 BAS employees must pre-clear trades in all hedge funds and other securities (subject to a few limited exceptions) with BAAM/BAS Compliance and Blackstone Compliance.</p> <p>Upon hire and quarterly thereafter, all BAS employees must report all hedge fund holdings.</p> |

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| Potential Conflict | Mitigating Policy |
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| | All investment decisions are approved by the BAS Investment Committee (see Item 13 – Review of Accounts for further details). |
| <p>From time to time, BAS and/or Blackstone employees may speak at conferences and programs for potential hedge fund investors, which are sponsored by BAS/Blackstone’s third-party service providers. Through such “capital introduction” events, prospective hedge fund investors have the opportunity to meet with BAS. Such events and other services (including, without limitation, capital introduction services) provided by service providers, including prime brokers, custodian and administrators, may influence BAS/Blackstone in deciding whether to use such service provider.</p> <p>BAS may have a placement agreement with a broker-dealer that sponsors hedge fund conferences or similar events.</p> | <p>All BAS employees must pre-clear speaking at conferences and other programs with BAAM/BAS Compliance.</p> <p>Materials provided by BAS as part of such conferences and other programs must be approved by BAAM/BAS Compliance.</p> <p>Neither BAS nor the BAS 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, directly or through a BAAM Fund, in the BAS Funds. These persons and their employees are a potential source of information and ideas that could benefit the BAS Funds.</p> | <p>BAS has detailed policies and procedures relating to the use of private information, information sharing and information walls in general.</p> |
| <p>A BAS 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</p> | <p>Generally, BAS does not enter into agreements that grant preferential treatment to Investors in the same share class, if applicable, with respect to liquidity</p> |

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| Potential Conflict | Mitigating Policy |
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| more of the Fund’s investors which provide such investor(s) with additional and/or 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). | or fee terms unless there is a specific regulatory requirement mandating such preferential treatment, and except in the case of an investment by a BAAM Fund in a BAS Fund. |
| BAS incurs common expenses on behalf of the BAS Funds. | BAS 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 |
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| Certain employees of BAS and Blackstone may invest in the BAS Funds. Typically, no advisory fees are charged to such investors. Similarly, no advisory fees are charged to BAAM Funds which invest in BAS Funds (subject to certain limitations). (BAAM Funds are charged fees at the BAAM Fund level.) | All investment decisions are approved by the BAS Investment Committee (see Item 13 – Review of Accounts for further details). |
| BAS affiliates may have an incentive to allocate assets to BAS Funds since BAS and or one of its affiliates has a direct or indirect financial interest in the success of such funds. | BAS and BAAM maintain detailed policies and procedures relating to allocations among BAS and BAAM Funds. In addition, each limited capacity allocation decision is documented separately and reviewed by BAAM/BAS Compliance to determine that such allocation follows policies and procedures and is fair and equitable. |
| BAS’s fees will be reduced by the full amount of any fees paid to BAS Underlying Managers. This arrangement may incentivize BAS to favor managers that charge lower fees. | All investment decisions are approved by the BAS Investment Committee (see Item 13 – Review of Accounts for further details). |

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Blackstone Related Potential Conflicts

| Potential Conflict | Mitigating Policy |
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| <p>Blackstone performs investment advisory and other activities and as a result of such activities BAS and/or certain BAS Funds 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, BAS potentially could be restricted from investing in such issuer's securities. Typically, such restrictions would not apply to the Underlying Managers.</p> <p>Further, BAS and BAS Funds could be 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.</p> <p>Blackstone Tactical Opportunities Advisors L.L.C. ("BTO"), an affiliate of BAS, manages an investment strategy that is similar in certain respects to BAS's primary investment strategy. BAS and BTO may refer investment opportunities to each other, may co-underwrite investment opportunities and may co-invest.</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 BAS employee may contact an employee of a Blackstone group outside of the hedge funds solutions group, and vice versa, about a substantive business matter, without informing BAAM/BAS Compliance and, if appropriate, having BAAM/BAS Compliance chaperone such contact.</p> <p>Prior to receiving confidential information 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.</p> |
| <p>From time to time, Underlying Managers with which the BAS Funds invest may retain Blackstone to provide investment and advisory services.</p> | <p>Such retentions will be on an arm's length basis, independent from any BAS Fund investment and BAS.</p> |
| <p>From time to time, Blackstone may refer</p> | <p>All investors are reviewed for suitability of</p> |

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| potential investors to BAS and these investors may become investors in one of the BAS Funds. | investments and must satisfy the BAS Funds’ investment minimum 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 and the BAS Funds. | <p>All investment decisions are approved by the BAS Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>BAS and BAAM maintain detailed policies and procedures relating to allocations among their Funds.</p> <p>Blackstone maintains detailed policies and procedures relating to information sharing among different Blackstone business groups and information walls in general.</p> |
| Park Hill Group L.L.C, (“Park Hill”) a broker-dealer affiliate of BAS 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 BAS Funds. Also, investors introduced by Park Hill to an Underlying Manager may absorb limited investment capacity in the | <p>Blackstone maintains detailed policies and procedures relating to information sharing among different Blackstone business groups and information walls in general.</p> <p>BAS maintains detailed policies and procedures relating to allocations to its Funds. In addition, each limited capacity allocation decision is documented separately and reviewed by BAAM/BAS Compliance to determine that such allocation follows policies and procedures and is fair and equitable.</p> |

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| Underlying Manager's funds or Co-Investments, and BAS may have wanted to invest in this limited capacity for the BAS Funds. | |

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

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Item 12 – Brokerage Practices

General Considerations

BAS uses brokerage services in connection with hedging transactions and Co-Investment transactions, as necessary. 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 BAS in the performance of its investment decision-making responsibilities.

BAS 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**.

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Item 12 – Brokerage Practices

Block Trading Procedures

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

Principal Trading

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

Cross Transactions – Agency Cross Transactions

BAS does not engage in any agency cross transactions or cross transactions.

Trade Allocations

The Investment Committee will determine allocations (investment and redemption) for the BAS Funds based upon the following criteria and any other relevant factors that the Investment Committee sees fit: the expected performance of the investment, reputation of the principals of the Underlying Managers, availability of cash, liquidity needs, investment objectives, risk parameters, ERISA capacity, general capacity, tax efficiency, investment limits, diversification guidelines, operational factors, 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 Investment Criteria. In situations of limited availability in an Underlying Manager or Co-Investment opportunity, allocations generally will be made to eligible BAS Funds on a pro rata basis in accordance with BAS's allocation policies. Conflicts may arise where both BAS Funds and BAAM Funds wish to invest with the same Underlying Manager or Co-Investment opportunity 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.

To the extent there is excess capacity for BAS investment opportunity, BAS may offer such opportunity to investors in BAS Funds in accordance with BAS's allocation policies.

Trade Errors

Trade errors are evaluated on a case-by-case basis. If BAS determines that BAS's gross negligence, willful misconduct or fraud was the direct cause of a trade error, BAS generally will compensate a BAS Fund 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 BAS Fund, BAS will attempt to recover the amount of loss from the third party, but BAS does not assume responsibility for compensating the BAS Fund, or making the third party compensate the BAS Fund, in such cases.

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The Investment Committee

The Investment Committee, which includes select BAS Senior Managing Directors and Managing Directors, is responsible for the investment and redemption decisions for the BAS Funds. The Investment Committee also approves Underlying Managers, Co-Investments, other direct 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
- ▶ BAS Fund investment objectives
- ▶ BAS Fund 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.

Monitoring Process

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

- ▶ Potential conflicts
- ▶ Market conditions
- ▶ Adherence to Investment Guidelines

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- ▶ Performance attribution, and
- ▶ Performance deviation

Fund Investor Reporting

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

BAS Operations Team Reconciliation

The BAS Operations Team oversees daily cash reconciliations to monitor that fundings, redemptions, expense payments, and other cash movements are properly processed. The BAS Operations Team also oversees daily reconciliations prepared by the administrators of cash and investment activity to monitor that trade executions are properly processed.

Administrator Reconciliation

Each BAS 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 BAS Fund, and produces the final capital/shareholder statements.

Custodian Reconciliation

If BAS has appointed a custodian for a BAS Fund, the BAS Fund's custodian reviews and reconciles the Fund's accounts on a daily or monthly basis.

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Item 14 – Client Referrals and Other Compensation

Except as noted below regarding Blackstone Advisory Partners L.P., BAS has not entered into distribution and/or placement agent arrangements, but may do so in the future. Blackstone Advisory Partners L.P., an affiliate of BAS, serves as a placement agent for the BAS Funds in the U.S. but is not compensated for such services.

In a typical distribution/placement arrangement, BAS agrees to pay a third-party solicitor for referring investors in BAS Funds. Typically, the third-party solicitors will receive a portion of the management fee and/or performance fee paid to BAS (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 paid by BAS 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.

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Item 15 – Custody

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. BAS Funds structured as U.S. entities generally have a BAS affiliate acting as general partner and, as such, BAS is deemed to have custody of the Funds' assets. For the BAS Funds structured as non-U.S. entities, BAS also is typically deemed to have custody of the Funds' assets. Although BAS 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, BAS has access to Fund assets for trading purposes and to pay expenses. BAS generally complies with the Advisers Act custody rules by providing all investors in a BAS Fund with audited financial statements within 120 days of the Fund's fiscal year end (or 180 days in the case of fund-of-funds).

Currently, the BAS Funds do not utilize a third-party, independent custodian for the interests in Underlying Investment Vehicles represented by a subscription agreement. Cash and securities are held in the applicable BAS Fund's name by an independent third-party custodian.

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Item 16 – Investment Discretion

Investment Guidelines

Investment decisions are made within the investment guidelines as described in the Client Constituent Documents. BAS has discretion in determining the Underlying Managers, Co-Investments, and other transactions in which the BAS Funds may invest and the amount to invest.

Multiple BAS Funds may invest in the same Underlying Managers, Co-Investments, and other transactions. If two or more BAS Funds wish to invest in or redeem from the same Underlying Manager, Co-Investment, or other transaction at the same time, BAS will implement such decisions in a manner deemed to be fair and in accordance with BAS's allocation policies and procedures.

Types of Investment

BAS has broad discretion to make investments within the guidelines of the Client Constituent Documents. BAS Funds typically invest in a broad range of Underlying Managers, Co-Investments and other direct investments involving equity and debt securities and other financial instruments and transactions. In connection with transactions designed to hedge market and currency risks relating to BAS Fund investments, BAS Funds may invest in securities and other instruments, including but limited to:

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

BAS 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 BAS Funds, 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 BAS Funds. BAS Funds also may directly purchase New Issues. The subscription documents for the BAS 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, BAS 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.

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Item 16 – Investment Discretion

BAS 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. BAS, 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.

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

BAS has adopted proxy voting policies and procedures (the "Proxy Policy") to vote proxy proposals, amendments, consents or resolutions (collectively, "proxies") relating to both investments with Underlying Managers and direct investments. The general policy is to vote proxies relating to investments with Underlying Managers and direct investments in a manner that serves the best interests of the BAS Funds as determined by BAS in its discretion.

At times, conflicts may arise between the interests of the BAS Fund, on the one hand, and the interests of BAS or its affiliates, on the other hand. If BAS determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, BAS 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. BAS, in its sole discretion, may elect not to vote a proxy if unduly burdensome.

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

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Item 18 – Financial Information

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

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

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Item 19 – Requirements for State-Registered Advisers

Not applicable as BAS is not registered in any states