

Blackstone Alternative Investment Advisors LLC

Form ADV Part 2

November 17, 2014

Blackstone

Blackstone Alternative Investment Advisors LLC

Item 1 – Cover Page

Blackstone Alternative Investment Advisors LLC

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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 Investment Advisors LLC (“BAIA”).

If you have any questions about the contents of this brochure, please contact Peter Rand, Head of Global Client Operations for BAIA, at (212) 583-5071 or 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 BAIA 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 BAIA’s name). Results will provide you with both Parts 1 and 2 of BAIA’s Form ADV.

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

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Item 2 – Material Changes

- ▶ There is no material change incorporated since BAIA's last posting of this document on March 31, 2014 on the SEC's public disclosure website (www.adviserinfo.sec.gov).
- ▶ BAIA, 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 contact BAIA's Head of Global Client Operations, Peter Rand, at (212) 583-5071 or rand@blackstone.com.

Blackstone Alternative Investment Advisors LLC

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Blackstone Alternative Investment Advisors LLC

Item 3 – Defined Terms

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

1940 Act: Investment Company Act of 1940, as amended.

Advisers Act: Investment Advisers Act of 1940, as amended.

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

BAAM Funds: The private investment funds and Registered 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.

BAIA: Blackstone Alternative Investment Advisors LLC, the registrant.

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

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

BSA Funds: A series of private investment funds managed by BAIA's affiliate, Blackstone Senfina Advisors L.L.C., which allocate capital among unaffiliated portfolio managers and invest capital directly.

BSA: Blackstone Senfina Advisors L.L.C., a registered investment adviser and an affiliate of BAIA.

BSCA Funds: A series of private investment funds managed by BAIA's affiliate, Blackstone Strategic Capital Advisors L.L.C., which are engaged in acquisitions of minority interests in alternative asset managers.

BSCA: Blackstone Strategic Capital Advisors L.L.C., a registered investment adviser and an affiliate of BAIA.

Client Constituent Documents: The Registration Statement, Declaration of Trust, Investment Management Agreement, Offering Documents and other applicable constituent documents for a BAIA Fund.

Code: Blackstone's and BAIA's Code of Ethics mandated by the Investment Advisers Act of 1940, as amended.

ERISA: Employee Retirement Income Security Act of 1974, as amended.

Hedge Fund Solutions Group: Division of Blackstone which includes BAAM, Blackstone Strategic Alliance Advisors L.L.C., Blackstone Alternative Solutions L.L.C., BAIA, and Blackstone Strategic Capital Advisors L.L.C., each a registered investment adviser.

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

Investor: An investor in a BAIA Fund.

Registered Fund: A management investment company registered under the 1940 Act.

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

Blackstone Alternative Investment Advisors LLC

Item 3 – Defined Terms

Strategic Opportunity Funds: A series of private investment funds and accounts managed by BAIA'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 investment funds in which the BAIA Funds invest that are managed by Underlying Managers.

Underlying Managers: The investment advisers to which the BAIA Funds allocate capital either through (A) hiring such advisers to serve as a sub-adviser to a BAIA Fund or (B) investments in Underlying Investment Vehicles.

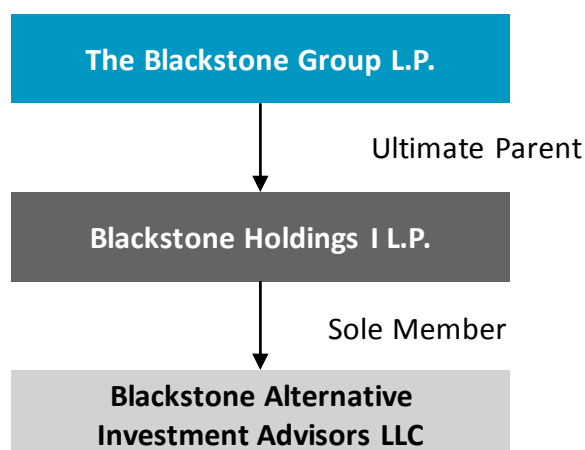
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Item 4 – Advisory Business

Overview of the Firm

BAIA, a Delaware limited liability company, is an investment adviser to (i) management investment companies (collectively, the “Registered Funds”) registered under the Investment Company Act of 1940, as amended (“1940 Act”) and (ii) wholly owned and controlled subsidiaries of the Registered Funds (collectively, the “Subsidiaries” and together with the Registered Funds, the “BAIA Funds”).

BAIA was founded on September 13, 2012 as part of The Blackstone Group L.P. (NYSE: BX) (“Blackstone”), which is the ultimate parent of BAIA. 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. BAIA shares employees and facilities with Blackstone Alternative Asset Management L.P. (“BAAM”), a registered investment adviser and leading hedge fund solutions provider. BAIA and BAAM are part of Blackstone’s Hedge Fund Solutions Group, which also includes Blackstone Alternative Solutions L.L.C. (“BAS”), Blackstone Strategic Capital Advisors L.L.C. (“BSCA”), and Blackstone Strategic Alliance Advisors L.L.C. (“BSAA”), all registered investment advisors. Please see **Item 10 – Other Financial Industry Activities** for more information.



BAIA’s assets under management (“AUM”) were \$1.3 billion as of December 31, 2013. Please note that this is an unaudited estimate.

Blackstone Alternative Investment Advisors LLC

Item 4 – Advisory Business

Overview of Advisory Services

As investment adviser to the BAIA Funds, BAIA:

- ▶ Identifies and implements investment opportunities for BAIA Funds;
- ▶ Retains, monitors, and evaluates Underlying Managers serving as sub-adviser to BAIA Funds.
- ▶ Participates in the monitoring of BAIA Funds' investments;
- ▶ Makes decisions on behalf of BAIA Funds to make and/or redeem investments;
- ▶ Hedges market and foreign currency exposure for BAIA Funds as BAIA, in its discretion, determines to be necessary or appropriate; and
- ▶ May facilitate credit arrangements with a third party on behalf of certain BAIA Funds to allow a BAIA Fund to borrow for bridge financing purposes and to leverage its investments (within the leverage limits of the 1940 Act).

The strategy of the BAIA Funds generally is to participate in a broad range of instruments, markets and asset classes economically tied to U.S. and foreign markets. Investments may include, but are not limited to, equity securities, fixed income securities and derivative and commodity instruments.

The equity securities in which the BAIA Funds may invest include equity securities of companies of any market capitalization throughout the world, which may include common stock, convertible securities, depositary receipts, exchange traded funds, real estate investment trusts, royalty trusts, and partnership interests.

The fixed income securities in which the BAIA Funds may invest include debt securities of governments throughout the world as well as their agencies and/or instrumentalities, debt securities of corporations throughout the world, below investment grade debt securities, commercial and mortgage-backed securities, asset-backed securities, loan assignments and loan participations, bankruptcy claims, and event-linked instruments (including catastrophe bonds).

The derivative instruments in which the BAIA Funds may invest include futures and forward contracts, swaps, such as credit default swaps, total return swaps, interest rate swaps and/or contracts for difference, call and put options, and warrants and rights.

While BAIA may invest a portion of the BAIA Funds' assets directly, investments typically are sourced and managed by third parties (the "Underlying Managers") that either (A) serve as an investment sub-adviser to the BAIA Funds or (B) manage a fund or account (an "Underlying Investment Vehicle") through which the BAIA Funds invest.

BAIA is responsible for: (A) mandating the BAIA Funds' investment strategies, guidelines and restrictions; and (B) making investment decisions, including, without limitation, selecting and

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Item 4 – Advisory Business

overseeing the investment sub-advisers in compliance with the terms of any exemptive relief under which BAIA or the BAIA Funds are operating, and determining the amount of BAIA Funds' assets to allocate to each investment sub-adviser.

BAIA Funds typically consist of multiple investors. Investors in BAIA Funds ("Investors") are not deemed to be BAIA clients, but are entitled to certain rights and benefits under the applicable Registration Statement, Declaration of Trust, Investment Management Agreements, Offering Document or other applicable constituent fund documents (the "Client Constituent Documents").

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

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Item 5 – Fees and Compensation

Asset-Based Advisory Fees

In general, BAIA charges an asset-based advisory fee of up to 2% of assets under management. BAIA typically compensates the Underlying Managers that serve as investment sub-advisers out of the asset-based advisory fees it receives from the BAIA Funds. This arrangement may incentivize BAIA to favor Underlying Managers that charge lower fees. BAIA has a trade allocation policy that is designed to address these potential conflicts of interest.

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 BAIA in accordance with the Client Constituent Documents. In general, asset-based advisory fees accrue on a daily basis and are paid on a quarterly basis.

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

Additional Fees and Expenses:

BAIA's advisory fees are not inclusive of all the fees a BAIA Fund (and, indirectly, the Investors) may pay. The following is a list of fees and/or expenses that BAIA 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 Investment Vehicle Fees and Expenses (including Advisory and Performance Fees)
- ▶ Underlying Manager Expenses
- ▶ Credit Facility Fees
- ▶ Trustees Fees
- ▶ Legal Fees
- ▶ Regulatory Filing Fees
- ▶ Taxes

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Item 5 – Fees and Compensation

- ▶ Administrative Fees
- ▶ Technology Expenses
- ▶ Audit and Accounting Fees
- ▶ Brokerage Commissions
- ▶ Transaction Fees
- ▶ Custodial Fees
- ▶ Wire transfer and Electronic Fund Processing Fees
- ▶ Travel Expenses

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

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

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Item 6 – Performance-Based Fees

While BAIA does not charge the BAIA Funds a performance-based fee, certain Underlying Investment Vehicles may charge a performance-based fee of typically up to 30% of net profits.

Please note that the existence of a performance-based fee may incentivize the applicable Underlying Manager to manage the BAIA Funds' assets in a more aggressive manner than if there were no performance-based fee. Further, the lack of a performance-based fee for BAIA Funds trading side-by-side with BAAM Funds that pay a performance-based fee may create a conflict of interest on the part of BAIA with respect to the allocation of investment opportunities. BAIA 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

BAIA will serve as the investment adviser solely to the Registered Funds and the Subsidiaries. There is no minimum investment requirement for investment in the Registered Funds, although financial intermediaries who offer shares of the Registered Funds may offer such shares subject to shareholder qualification requirements and minimum investment amounts.

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

Analysis

BAIA identifies, researches, interviews, evaluates, selects and monitors the Underlying Managers. The Underlying Managers execute various types of investment strategies on behalf of the BAIA Funds. BAIA 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

BAIA allocates the assets of the BAIA Funds among a variety of non-traditional or “alternative” investment strategies through allocations to Underlying Managers that serve as investment sub-advisers and investments in Underlying Investment Vehicles. Such investment strategies may include, but are not limited to:

- ▶ Fundamental
- ▶ Global Macro
- ▶ Opportunistic Trading
- ▶ Quantitative
- ▶ Managed Futures
- ▶ Multi-Strategy

In connection with the foregoing strategies, the BAIA Funds will generally invest in a broad range of instruments, markets and asset classes economically tied to U.S. and foreign markets. Investments may include, but are not limited to, equity securities, fixed income securities and derivative and commodity instruments.

The equity securities in which the BAIA Funds may invest include equity securities of companies of any market capitalization throughout the world, which may include common stock, convertible securities, depositary receipts, exchange traded funds, real estate investment trusts, royalty trusts, and partnership interests.

The fixed income securities in which the BAIA Funds may invest include debt securities of governments throughout the world as well as their agencies and/or instrumentalities, debt

Blackstone Alternative Investment Advisors LLC

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

securities of corporations throughout the world, below investment grade debt securities, commercial and mortgage-backed securities, asset-backed securities, loan assignments and loan participations, bankruptcy claims, and event-linked instruments (including catastrophe bonds).

The derivative instruments in which the BAIA Funds may invest include futures and forward contracts, swaps, such as credit default swaps, total return swaps, interest rate swaps and/or contracts for difference, and call and put options, and warrants and rights.

Risk of Loss

General Economic and Market Conditions: The success of BAIA'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 investment profitability or result in losses.

BAIA and 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. BAIA and the 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
- ▶ Balance of payments position

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

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 BAIA Funds risk the loss of capital (i.e., invested amount). BAIA and the 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 BAIA's or any Underlying Manager's investment program will be successful, and investment results may vary substantially over time. BAIA Funds and Investors are subject to the risk of substantial losses.

Additional risks associated with investments in BAIA Funds, including the indirect risks associated with the BAIA Funds' investments in Underlying Investment Vehicles, include (among others):

- ▶ Activist Strategies Risk
- ▶ Allocation Risk
- ▶ Arbitrage Strategies Risk
- ▶ Bank Debt Risk
- ▶ Bankruptcy Process Risk
- ▶ Borrowing Risk
- ▶ Collateralized Debt Obligations Risk
- ▶ Commodities Related Investments Risk
- ▶ Conflicts of Interest Risk
- ▶ Convertible Securities Risk
- ▶ Counterparty Credit Risk
- ▶ Debt Securities Risk
 - Credit Risk
 - Event Risk
 - Extension Risk
 - Interest Rate Risk
 - Prepayment Risk
 - Variable and Floating Rate Instrument Risk

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

- ▶ Derivatives Risk
 - Futures
 - Forwards
 - Options
 - Swap Agreements
- ▶ Distressed Securities Risk
- ▶ Equity Securities Risk
- ▶ Event-Driven Trading Risk
- ▶ Foreign Investments and Emerging Markets Risk
- ▶ Government Issued Securities Risk
- ▶ Hedging Transactions Risks
- ▶ High Portfolio Turnover Risk
- ▶ Investment Company and ETF Risk
- ▶ Junk Bonds Risk
- ▶ Large Redemption Risk
- ▶ Leverage Risk
- ▶ Liquidity Risk
- ▶ Macro Strategy Risk
- ▶ Market Capitalization Risk (Small-, Mid- and Large-Cap Stocks Risk)
- ▶ Market Risk and Security Selection Risk
- ▶ Model and Technology Risk
- ▶ Mortgage- and Asset-Backed Securities Risk
- ▶ Multi-Manager Risk
 - Offsetting Positions
 - Proprietary Investment Strategy Risk
- ▶ Non-Diversification Risk
- ▶ New Fund Risk
- ▶ Privately Placed Securities Risk
- ▶ Regulatory Risk
- ▶ REIT Investment Risk

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

- ▶ Reliance on Data Risk
- ▶ Royalty Trusts Risk
- ▶ Sector Risk
- ▶ Securities Lending Risk
- ▶ Short Sales Risk
- ▶ Sovereign Debt Risk
- ▶ Structured Products Risk
- ▶ Subsidiary Risk
- ▶ Tax Risk
- ▶ TBA Risk
- ▶ Valuation Risk
- ▶ Warrants and Rights Risk

Risks Specific to Investments in Underlying Investment Vehicles

- ▶ Duplicative Fees and Expenses
- ▶ Estimates
- ▶ Exemption from 1940 Act
- ▶ Illiquid Securities Risk
- ▶ Limited Information Rights
- ▶ Performance Fees
- ▶ Special Situation Investments
- ▶ Waiver of Voting Rights

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

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Item 9 – Disciplinary Information

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

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

Blackstone Alternative Investment Advisors LLC

Item 10 – Other Financial Industry Activities and Affiliations

BAIA manages a number of public and private investment vehicles which are listed in Part 1 of Form ADV under Sections 5.G. (3) and 7.B. (1) of Schedule D. BAIA is an affiliate of the following entities:

Broker/Dealer Entities

Blackstone Advisory Partners L.P.	Provides a variety of investment banking services
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Park Hill Group LLC	Places alternative investment products in private offerings to mostly institutional investors
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Investment Advisor Entities

Bayview Asset Management, LLC	Provides investment advisory services focusing on real estate backed loans and mortgage securities
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Blackstone / GSO Debt Funds Europe Limited	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
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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
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Blackstone / GSO Debt Funds Management Europe Limited	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
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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., fund of hedge funds)
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Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
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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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Blackstone Alternative Investment Advisors LLC

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

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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 Senfina Advsiors L.L.C.	Provides investment advisory services to private investment funds which allocate capital among unaffiliated portfolio managers and invest capital directly
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

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Item 10 – Other Financial Industry Activities and Affiliations

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.
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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
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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
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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
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GSO Capital Advisors II LLC	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
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GSO Capital Advisors LLC	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
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GSO Capital Partners International LLP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
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GSO Capital Partners LP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
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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
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The Blackstone Group (Australia) Pty Limited	Australian investment advisory firm, which serves as a sub-advisor to the registrant
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The Blackstone Group (HK) Limited	Hong Kong investment advisory firm, which serves as a sub-advisor to the registrant
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Blackstone Alternative Investment Advisors LLC

Item 10 – Other Financial Industry Activities and Affiliations

The Blackstone Group International Partners LLP	U.K. investment advisory firm, which serves as a sub-advisor to the registrant
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Commodity Trading Advisor & Commodity Pool Operator Entities

Blackstone Alternative Asset Management L.P.	Manages a series of private funds engaged in multi-manager investment programs (i.e., funds of hedge 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 Senfina Advisors L.L.C.	Provides investment advisory services to private investment funds which allocate capital among unaffiliated portfolio managers and invest capital directly
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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Blackstone Alternative Investment Advisors LLC

Item 10 – Other Financial Industry Activities and Affiliations

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

Blackstone Advisory Partners L.P. (“BAP”) serves as the principal underwriter and distributor of the BAIA Funds.

BAP also 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 BAIA Funds. In these cases, BAP’s client typically would require Blackstone to act only on BAP’s client’s behalf, thus potentially preventing the BAIA 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 BAIA Fund. Such limitations would not apply to the Underlying Investment Vehicles and may not apply to Underlying Managers that serve as investment sub-advisers to the BAIA Funds.

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 BAIA Fund from participating in such restructuring or holding a position in the debtor or may force the BAIA Fund to dispose of such position. These restrictions would not apply to the Underlying Investment Vehicles and may not apply to Underlying Managers that serve as investment sub-advisers to the BAIA Funds.

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 BAIA or BAIA 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, principally (but not exclusively) relating to debt and equity securities issued by Blackstone private equity portfolio companies. Park Hill Group LLC does not engage in any underwriting activities, but they do 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 Investment Advisors LLC

Item 11 – Code of Ethics

As required by the Advisers Act, Blackstone and BAIA have adopted a Code of Ethics (the “Code”) that governs a number of potential conflicts of interest that exist when providing advisory services. This Code is designed to enable BAIA to meet its fiduciary obligation to BAIA’s clients (or prospective clients) and to instill a culture of compliance within BAIA. An additional benefit of the Code is to assist Blackstone and BAIA 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. BAIA 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. BAIA has adopted, and continues to adopt, policies and procedures to address such potential conflicts of interest.

Blackstone Alternative Investment Advisors LLC

Item 11 – Code of Ethics

Investment Related Potential Conflicts

Potential Conflict	Mitigating Policy
BAIA may take an investment position or action for one or more BAIA Funds that may be different from, or inconsistent with, an action or position taken for one or more other BAIA Funds (or funds managed by affiliates of BAIA) having similar or differing investment objectives.	<p>All investment decisions are approved by the BAIA Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>BAIA maintains detailed policies and procedures relating to allocations among the BAIA Funds.</p> <p>The Registered Funds are overseen by a board of trustees that is majority-independent and has overall responsibility to manage and control the business affairs of such funds.</p>
Blackstone has ownership interests or revenue interest shares in, or is otherwise affiliated with, various investment managers (each a “Blackstone Affiliated Manager”). For example, Blackstone Strategic Capital Advisors L.L.C. (“BSCA”), an affiliate of BAIA, manages certain funds that make minority investments in established investment managers (the “Strategic Capital Managers”). Similarly, Blackstone Strategic Alliance Advisors L.L.C. (“BSAA”), an affiliate of BAIA, manages certain funds that make seed investments in private investment funds managed by emerging fund managers (the “Strategic Alliance Managers”) and receive an interest in such manager’s revenues. Further, Blackstone Senfina Advisors L.L.C. (“BSA”), an affiliate of BAIA, manages certain funds that will allocate capital to unaffiliated portfolio managers (the “BSA Managers”). Initially, all BSA Managers will be exclusive to the BSA Funds, but, in the future, may develop their	<p>All investment decisions are approved by the BAIA Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>The Registered Funds are overseen by a board of trustees that is majority-independent and has overall responsibility to manage and control the business affairs of such funds. The board must approve all sub-advisory agreements between an Underlying Manager and BAIA.</p> <p>To the extent that a BAIA Fund allocates assets to a Strategic Alliance Manager or BSA Manager, BSAA or BSA will rebate to the BAIA Fund the revenue received by BSAA or BSA from such manager relating to such investment.</p>

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Potential Conflict	Mitigating Policy
<p>own hedge fund businesses and BSA expects to have a revenue share or other economic interest in such businesses.</p> <p>Due to prohibitions contained in the 1940 Act on certain transactions between a Registered Fund and its affiliated persons, or affiliated persons of those affiliated persons, the BAIA Funds will not be able to invest in Underling Investment Vehicles managed by certain BAAM Affiliated Managers, even if the investment would be appropriate for the BAIA Fund.</p> <p>However, BAIA generally will be permitted to hire a BAAM Affiliated Manager to serve as a sub-advisor to the BAIA Funds, provided that the nature of Blackstone’s relationship with such manager generally will prevent BAIA from relying on the Manager of Managers Order (defined below) with respect to such hiring. In the event that a BAAM Affiliated Manager (including, for example, a Strategic Capital Manager, Strategic Alliance Manager or BSA Manager) is hired as sub-advisor, there may be a conflict between BAIA’s fiduciary obligation to the BAIA Funds, on the one hand, and BAIA’s interest in the success of such manager, on the other hand. Specifically, BAIA may have an incentive to allocate the BAIA Funds’ assets to Blackstone Affiliated Managers since affiliates of BAIA will receive fees relating to such allocations and otherwise will have a direct or indirect financial interest in the success of such managers.</p> <p>There is significant overlap between BAIA’s Investment Committee and the investment</p>	

Blackstone Alternative Investment Advisors LLC

Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
committees for BSCA, BSAA and BSA.	
BSCA, BSAA and BSA do not represent an exhaustive list of Blackstone Affiliated Managers.	
<p>Blackstone Alternative Asset Management L.P. (“BAAM”), an affiliate of BAIA, serves as investment manager for a series of private and registered funds engaged in multi-manager investment programs (<i>i.e.</i>, funds of hedge funds) (the “BAAM Funds”). As such, BAAM and BAIA may be subject to conflicts in allocating investment opportunities.</p> <p>Specifically, to the extent the amount which a BAIA Fund wishes to invest with an Underlying Manager exceeds the available capacity with such Manager, BAIA, BAAM, and/or Blackstone may be required to choose between the BAIA Funds and such affiliated entities in allocating to such Manager. The BAIA Funds and such affiliated entities have different management and incentive fee structures. As part of the investment allocation process, BAIA, BAAM, and/or Blackstone potentially could allocate a limited investment opportunity to a client that has a more favorable fee structure. BAIA, 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 BAIA, serves as investment manager for funds which</p>	<p>All BAIA investment decisions are approved by the BAIA Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>BAIA, BAAM and BAS 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 Compliance to determine that such allocation follows policies and procedures and is fair and equitable.</p> <p>BAIA, 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> <p>The Registered Funds are overseen by a board of trustees that is majority-independent and has overall responsibility to manage and control the business affairs of such funds.</p>

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Potential Conflict	Mitigating Policy
<p>participate in a broad range of direct investment opportunities. As such, BAIA and BAS may be subject to conflicts in allocating such opportunities, although the BAIA Funds and BAS Funds are expected to have minimal overlap in their investment activities.</p> <p>There is significant overlap among the members of the BAIA, BAAM and BAS investment committees.</p>	
<p>Members of BAIA’s Investment Committee may sit on the advisory board of an Underlying Manager.</p>	<p>All investment decisions are approved by the BAIA Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>The Registered Funds are overseen by a board of trustees that is majority-independent and has overall responsibility to manage and control the business affairs of such funds.</p>
<p>To the extent permitted by applicable law, including the 1940 Act, BAIA may cause a BAIA Fund to purchase investments from, to sell investments to, to exchange investments with, or to transfer investments to, another BAIA Fund, a BAAM Fund or a BAIA 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.</p>	<p>All investment decisions are approved by the BAIA Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>The Registered Funds are overseen by a board of trustees that is majority-independent and has overall responsibility to manage and control the business affairs of such funds.</p>
<p>BAAM provides advisory services, typically on a non-discretionary basis, regarding the hedge fund portfolios of certain clients (“BAAM Advisory Clients”). BAAM may communicate investment</p>	<p>All investment decisions are approved by the BAIA Investment Committee (see Item 13 – Review of Accounts for further details).</p>

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Potential Conflict	Mitigating Policy
<p>recommendations to BAAM Advisory Clients prior to the full implementation of such recommendations by BAIA for the BAIA Funds. Accordingly, the BAIA Funds may be seeking to obtain limited capacity from Underlying Managers at the same time as BAAM Advisory Clients.</p> <p>Similarly, to the extent that an Underlying Manager imposes redemption limitations, actions taken by BAAM Advisory Clients may be adverse to the BAIA Funds.</p> <p>In addition, BAAM Advisory Clients, from time to time, may have access to or have the right to obtain information about investment decisions made for the BAIA Funds. Based on such information, BAAM Advisory Clients may take actions that are adverse to the BAIA Funds.</p>	<p>BAIA 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/BAIA Compliance and the BAAM Executive Committee to determine that such allocation follows policies and procedures and is fair and equitable.</p> <p>The Registered Funds are overseen by a board of trustees that is majority-independent and has overall responsibility to manage and control the business affairs of such funds.</p>

Blackstone Alternative Investment Advisors LLC

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Non-Investment Related Potential Conflicts

Potential Conflict	Mitigating Policy
BAIA, Blackstone and their employees may invest for their own accounts in various investment opportunities, including investments in which the BAIA 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 BAIA employees must pre-clear trades in all hedge funds and other securities (subject to a few limited exceptions) with BAAM/BAIA Compliance and Blackstone Compliance.</p> <p>Upon hire and quarterly thereafter, all BAIA employees must report all hedge fund holdings.</p> <p>All investment decisions are approved by the BAIA Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>The BAIA Investment Committee receives a monthly report of BAIA employees' and Blackstone Management Committee members' personal hedge fund holdings (including BAAM Fund holdings) prior to approving all investment decisions. The BAAM Executive Committee receives the same report prior to reviewing all limited capacity allocations for BAAM and BAIA Funds.</p> <p>The Registered Funds are overseen by a board of trustees that is majority-independent and has overall responsibility to manage and control the business affairs of such funds.</p>

Blackstone Alternative Investment Advisors LLC

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Potential Conflict	Mitigating Policy
<p>From time to time, BAIA and/or Blackstone employees may speak at conferences and programs for potential hedge fund investors, which are sponsored by BAIA/Blackstone's third-party service providers. Through such "capital introduction" events, prospective hedge fund investors have the opportunity to meet with BAIA. Such events and other services (including, without limitation, capital introduction services) provided by service providers, including prime brokers, custodian and administrators, may influence BAIA/Blackstone in deciding whether to use such service provider.</p> <p>BAIA may have a placement agreement with a broker-dealer that sponsors hedge fund conferences or similar events.</p>	<p>All BAIA employees must pre-clear speaking at conferences and other programs with BAAM/BAIA Compliance.</p> <p>Materials provided by BAIA as part of such conferences and other programs must be approved by BAAM/BAIA Compliance.</p> <p>Neither BAIA nor the BAIA 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 BAIA Funds. These persons and their employees are a potential source of information and ideas that could benefit the BAIA Funds.</p>	<p>BAIA has detailed policies and procedures relating to the use of private information, information sharing and information walls in general.</p>
<p>BAIA incurs common expenses on behalf of all BAIA Funds.</p>	<p>BAIA allocates such expenses on a basis that it considers equitable and in accordance with its expense allocation policies and the Client Constituent Documents.</p>

Blackstone Alternative Investment Advisors LLC

Item 11 – Code of Ethics

Fee Related Potential Conflicts

Potential Conflict	Mitigating Policy
<p>BAIA typically compensates the Underlying Managers that serve as investment sub-advisers to a BAIA Fund out of the asset-based advisory fees it receives from the BAIA Fund. This arrangement may incentivize BAIA to favor Underlying Managers that charge lower fees.</p> <p>The advisory fees charged by certain Underlying Managers that serve as investment sub-advisers to a BAIA Fund contain fee breakpoints based on the amount of assets allocated to such Underlying Managers. This arrangement may incentivize BAIA to favor Underlying Managers whose advisory fee contains breakpoints.</p> <p>BAIA's fees are not reduced by the amount of any advisory or performance fees paid in connection with investments in Underlying Investment Vehicles. This arrangement may incentivize BAIA to favor investments in Underlying Investment Vehicles over hiring Underlying Managers to serve as investment sub-advisers.</p>	<p>All investment decisions are approved by the BAIA Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>The Registered Funds are overseen by a board of trustees that is majority-independent and has overall responsibility to manage and control the business affairs of such funds. This board of trustees must approve all sub-advisory agreements between an Underlying Manager and BAIA. Additionally, in relying on the exemptive order issued by the SEC in recommending the hiring, termination and replacement of permitted sub-advisers ("Manager of Managers Order"), BAIA will provide the board of trustees with information showing the expected impact of any proposed sub-adviser hiring or termination on the profitability of BAIA.</p>

Blackstone Alternative Investment Advisors LLC

Item 11 – Code of Ethics

Blackstone Related Potential Conflicts

Potential Conflict	Mitigating Policy
<p>Blackstone performs investment advisory and other activities and as a result of such activities BAIA and/or certain BAIA 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, BAIA potentially could be restricted from investing in such issuer's securities. Typically, such restrictions would not apply to the Underlying Investment Vehicles or the Underlying Managers that serve as investment sub-advisers to the BAIA Funds.</p> <p>Further, BAIA and BAIA 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 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 BAIA 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/BAIA Compliance and, if appropriate, having BAAM/BAIA 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 BAIA 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 BAIA Fund investment.</p>
<p>From time to time, Blackstone may refer potential investors to BAIA and these investors may become investors in one of the BAIA Funds.</p>	<p>All investors are reviewed for suitability of investments and must satisfy the BAIA Funds' investment minimums and any investor qualifications.</p>
<p>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</p>	<p>All investment decisions are approved by the BAIA Investment Committee (see Item 13 – Review of Accounts for further details).</p>

Blackstone Alternative Investment Advisors LLC

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Potential Conflict	Mitigating Policy
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 BAIA Funds.	<p>BAIA maintains detailed policies and procedures relating to allocations among the BAIA Funds.</p> <p>Blackstone maintains detailed policies and procedures relating to information sharing among different Blackstone business groups and information walls in general.</p> <p>The Registered Funds are overseen by a board of trustees that is majority-independent and has overall responsibility to manage and control the business affairs of such funds.</p>
Park Hill Group L.L.C., a broker dealer affiliate of BAIA 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 the 1940 Act, an Underlying Manager may compensate Park Hill for referring Investors to the Underlying Manager and such fees will not be shared with the BAIA Funds. Also, investors introduced by Park Hill to an Underlying Manager may absorb limited investment capacity in the Underlying Manager’s funds, and BAIA may have wanted to invest in this limited capacity for the BAIA Funds.	<p>It is expected that the broker-dealer affiliates of BAIA would typically waive any compensation offered in respect of investment activity of the Registered Funds.</p> <p>BAIA 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/BAIA Compliance and the BAAM Executive Committee to determine that such allocation follows policies and procedures and is fair and equitable.</p> <p>Blackstone maintains detailed policies and procedures relating to information sharing among different Blackstone business groups and information walls in general.</p> <p>The Registered Funds are overseen by a</p>

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Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
	board of trustees that is majority-independent and has overall responsibility to manage and control the business affairs of such funds.

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

Blackstone Alternative Investment Advisors LLC

Item 12 – Brokerage Practices

General Considerations

There are no limitations (other than the 1940 Act's restrictions on the use of affiliated broker-dealers) 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 BAIA in the performance of its investment decision-making responsibilities.

BAIA 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

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

Blackstone Alternative Investment Advisors LLC

Item 12 – Brokerage Practices

Directed Brokerage

BAIA Funds will not compensate a broker-dealer for the promotion or sale of shares of a BAIA Fund by directing to the broker-dealer the BAIA Fund's portfolio securities transactions or any remuneration.

Block Trading Procedures

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

Principal Trading

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

Cross Transactions – Agency Cross Transactions

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

Trade Allocations

The BAIA Investment Committee will determine allocations (of a BAIA Fund's assets to an Underlying Manager, or investment and redemption in interests of Underlying Investment Vehicles) for the BAIA Funds 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, investment objectives, risk parameters, 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 Investment Criteria. In situations of limited availability in an Underlying Manager, allocations generally will be made to eligible BAIA Funds on a pro rata basis in accordance with BAIA's allocation policies. Conflicts may arise where BAIA Funds wish to invest in the same Underlying Manager as the BAAM Funds or BAS Funds and there is limited capacity. In such cases, BAIA, 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 BAIA determines that BAIA's gross negligence, willful misconduct or fraud was the direct cause of a trade error, BAIA generally will compensate a BAIA Fund for any losses resulting from such trade error. If a third party's negligence or other wrongdoing causes a trade error that results in BAIA Fund losses, BAIA will attempt to recover the amount of loss from the third party.

Blackstone Alternative Investment Advisors LLC

Item 13 – Review of Accounts

The BAIA Investment Committee

The BAIA Investment Committee, which includes select BAIA Senior Managing Directors and Managing Directors, is responsible for the investment and redemption decisions for the BAIA Funds. The Investment Committee also approves the hiring of Underlying Managers to serve as investment sub-advisers to a BAIA Fund, investments in an Underlying Investment Vehicle, 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
- ▶ BAIA Fund investment objectives
- ▶ BAIA Fund risk parameters
- ▶ ERISA capacity
- ▶ General capacity
- ▶ Tax efficiency
- ▶ Investment limits
- ▶ Diversification guidelines
- ▶ Operational factors
- ▶ Legal and regulatory factors

The BAIA 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 the BAIA, BAAM, BAS, BSCA, and BSAA investment committees.

Blackstone Alternative Investment Advisors LLC

Item 13 – Review of Accounts

Monitoring Process

The BAIA Investment Committee and the BAIA Investment Team monitor the performance of the BAIA Funds 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

Fund Investor Reporting

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

BAIA Operations Team Reconciliation

The BAIA Operations Team oversees daily cash reconciliations to monitor that fundings, redemptions, expense payments, and other cash movements are properly processed. The BAIA 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 BAIA 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 BAIA Fund, and produces the final capital/shareholder statements.

Custodian Reconciliation

Each BAIA Fund's custodian reviews and reconciles the Fund's accounts on a daily basis.

Blackstone Alternative Investment Advisors LLC

Item 14 – Client Referrals and Other Compensation

Except as noted below regarding Blackstone Advisory Partners L.P., BAIA 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 BAIA, serves as the principal underwriter and distributor for the BAIA Funds. BAP does not receive any compensation for such services.

In a typical distribution/placement arrangement, BAIA agrees to pay a third-party for referring investors in BAIA Funds. Typically, the third-parties will receive a portion of the management fee paid to BAIA (although other payment arrangements could exist). In the event BAIA enters into such arrangements in the future, it intends to comply with the disclosure and other requirements applicable to such relationships under applicable laws and regulations, which include providing disclosure to clients who have been solicited by a person to whom BAIA pays a fee. All fees for such solicitation services will be paid by BAIA and the investor will not be subject to any increased or additional fees or charges. Third-party distributors in the U.S. will be registered as broker-dealers with the SEC. Third-party distributors 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.

Blackstone Alternative Investment Advisors LLC

Item 15 – Custody

With respect to BAIA Funds that are Registered Funds, BAIA maintains such funds' securities and other investments with a custodian bank that satisfies the requirements of Section 17(f) of the 1940 Act.

BAIA generally does not have custody of the BAIA Funds' assets. However, BAIA may be deemed to have custody of the assets in accounts to which it has access for trading purposes or to pay expenses. In such cases, the applicable BAIA Funds will receive quarterly account statements from custodians and should carefully review those statements.

Blackstone Alternative Investment Advisors LLC

Item 16 – Investment Discretion

Investment Guidelines

Investment decisions are made within the investment guidelines as described in the Client Constituent Documents. BAIA, under the supervision of the Registered Funds’ Board of Trustees, has discretion in selecting the Underlying Managers and overseeing the investments made by the Underlying Managers, and determining other transactions in which the BAIA Funds may invest and the amount to invest.

Multiple BAIA Funds may invest in the same transactions. If two or more BAIA Funds wish to invest in the same transaction at the same time, BAIA will implement such decisions in a manner deemed to be fair and in accordance with BAIA’s allocation policies and procedures.

Types of Investment

BAIA has broad discretion to make investments within the guidelines of the Client Constituent Documents. Through Underlying Managers or direct investing, BAIA Funds will generally invest in a broad range of instruments, markets and asset classes economically tied to U.S. and foreign markets. Investments may include, but are not limited to, equity securities, fixed income securities and derivative and commodity instruments.

The equity securities in which the BAIA Funds may invest include equity securities of companies of any market capitalization throughout the world, which may include common stock, convertible securities, depositary receipts, exchange traded funds, real estate investment trusts, royalty trusts, and partnership interests.

The fixed income securities in which the BAIA Funds may invest include debt securities of governments throughout the world as well as their agencies and/or instrumentalities, debt securities of corporations throughout the world, below investment grade debt securities, commercial and mortgage-backed securities, asset-backed securities, loan assignments and loan participations, bankruptcy claims, and event-linked instruments (including catastrophe bonds).

The derivative instruments in which the BAIA Funds may invest include futures and forward contracts, swaps, such as credit default swaps, total return swaps, and/or interest rate swaps and/or contracts for difference, and call and put options, and warrants and rights.

BAIA typically has full discretion and authority to make all investment decisions with respect to these transactions. When transactions are traded for multiple BAIA Funds, generally trade orders are aggregated for execution and allocated pro rata.

BAIA Funds may participate in the purchase and sale of initial equity public offerings (“New Issues”).

BAIA 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

Blackstone Alternative Investment Advisors LLC

Item 16 – Investment Discretion

portion of an investment. Underlying Investment Vehicles may themselves be illiquid investments.

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

Blackstone Alternative Investment Advisors LLC

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

With respect to the Registered Funds, the Board of Trustees of such funds has adopted proxy voting policies and procedures (the "Proxy Policy"), which delegate the responsibility of voting proxy proposals, amendments, consents or resolutions (collectively, "proxies") to Institutional Shareholder Services Inc. ("ISS"), subject to the Board of Trustees' continuing oversight. The Proxy Policy requires that ISS vote proxies in accordance with ISS's policies and procedures, which have been reviewed by the Board of Trustees, and which are included in the Client Constituent Documents.

BAIA generally does not provide voting recommendations to clients who have not granted BAIA voting authority over their securities.

BAIA intends to make the Registered Funds purchase non-voting securities of, or contractually forego the right to vote in respect of, certain Underlying Investment Vehicles in order to prevent the Registered Funds from becoming "affiliated persons" of such Underlying Investment Vehicles for purposes of the 1940 Act and becoming subject to the prohibitions on transactions with affiliated persons contained in the 1940 Act. Consequently, the Registered Funds may not be able to vote to the full extent of their economic interest on matters that require approval of investors in such Underlying Investment Vehicles.

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

Blackstone Alternative Investment Advisors LLC

Item 18 – Financial Information

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

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

Blackstone Alternative Investment Advisors LLC

Item 19 – Requirements for State-Registered Advisers

Not applicable as BAIA is not registered in any states.