

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

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Form ADV Part 2A

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March 29, 2017

**Blackstone**

# Blackstone Alternative Asset Management L.P.

## Item 1 – Cover Page

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### Blackstone Alternative Asset Management L.P.

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March 29, 2017

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

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

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

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

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

### **Item 2 – Material Changes**

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- ▶ There is no material change incorporated herein since BAAM's last posting of this document on November 28, 2016 on the SEC's public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).
- ▶ BAAM, at any time, may update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).
- ▶ If you would like another copy of this Brochure, please download it from the SEC website as indicated above or contact BAAM's Head of Global Client Operations and Reporting, Peter Rand, at (212) 583-5071 or [BAAMClientService@blackstone.com](mailto:BAAMClientService@blackstone.com).

# Blackstone Alternative Asset Management L.P.

## Item 3 – Table of Contents

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	Page
Item 3.1 – Defined Terms .....	1
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	9
Item 6 – Performance-Based Fees .....	13
Item 7 – Types of Clients.....	14
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	15
Item 9 – Disciplinary Information .....	20
Item 10 – Other Financial Industry Activities and Affiliations .....	21
Item 11 – Code of Ethics .....	27
Item 12 – Brokerage Practices .....	38
Item 13 – Review of Accounts .....	44
Item 14 – Client Referrals and Other Compensation .....	47
Item 15 – Custody .....	48
Item 16 – Investment Discretion .....	49
Item 17 – Voting Client Securities (i.e., Proxy Voting) .....	51
Item 18 – Financial Information.....	52
Item 19 – Requirements for State Registered Advisers.....	53

# Blackstone Alternative Asset Management L.P.

## Item 3.1 – Defined Terms

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

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

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

**Arcesium:** Arcesium LLC, a middle- and back-office service and technology provider, in which BAAM holds a non-controlling, minority equity interest.

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

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

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

**BAAM Investment Committee:** A BAAM committee comprised of certain senior investment professionals of the Hedge Fund Solutions Group.

**BAIA:** Blackstone Alternative Investment Advisors LLC, a registered investment adviser and an affiliate of BAAM.

**BAP:** Blackstone Advisory Partners L.P., a registered broker-dealer and an affiliate of BAAM.

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

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

**BEMAP:** The Blackstone Equity Managed Account Portfolios platform ("BEMAP") is a BAAM-managed master-feeder fund for which BAAM engages discretionary investment sub-advisers that each manage a portion of BEMAP's assets.

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

**Blackstone Affiliated Manager:** A manager with which Blackstone currently has (or in the future may have) an ownership interest or revenue share, or is (and in the future may be) otherwise affiliated.

**Blackstone Proprietary Funds:** Pooled investment vehicles or separately managed accounts pursuing alternative investment strategies formed and managed in total or through a partnership or other arrangement by Blackstone.

**Brokers:** Brokers, dealers and other counterparties or intermediaries.

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

# Blackstone Alternative Asset Management L.P.

## Item 3.1 – Defined Terms

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

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

**BSCA Funds:** A series of private investment funds managed by BAAM's affiliate, BSCA, which are engaged in acquisitions of minority interests in alternative asset managers.

**CCA:** Client commission arrangements.

**Client Constituent Documents:** The Confidential Offering Memorandum, Limited Partnership Agreement, Memorandum and Articles of Association, Limited Liability Company Agreement, Investment Management Agreement and/or other applicable constituent documents for a Client.

**Co-Investments:** Investments made by a BAAM Client alongside an Underlying Manager in specific one-off opportunities, which investments may be in addition to and distinct from the BAAM Client's investment in the Underlying Manager's commingled investment vehicle.

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

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

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

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

**Hedge Fund Solutions Group or HFS:** The division of Blackstone which includes BAAM, BSAA, BAS, BAIA, and BSCA, each a registered investment adviser.**High Water Mark:** A loss carryforward provision in which there will be no performance-based fee payable to a Client until the amount of the loss previously allocated has been recouped. This may apply if a Client has a loss chargeable to it during any fiscal year, and during a subsequent fiscal year there is a profit allocable to such Client.

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

**Managed Accounts:** Customized BAAM Funds that contract with third-party hedge fund managers to conduct day-to-day investment activities on behalf of such Customized Funds.

**Other Blackstone Advisers:** Affiliates of BAAM outside of HFS.

**Other Blackstone Advisers:** Entities and accounts managed by Other Blackstone Advisers.

**Other HFS Advisers:** Affiliates of BAAM within HFS.

**Other HFS Clients:** Entities and accounts managed by Other HFS Advisers.

**Performance Hurdle:** A level of return a BAAM Fund must achieve prior to charging a performance fee.

# Blackstone Alternative Asset Management L.P.

## Item 3.1 – Defined Terms

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**Pod:** A BAAM term for an Underlying Investment Vehicle in which a number of BAAM Funds may invest that includes a number of Underlying Managers concentrated in one investment thesis and/or strategy.

**Registered Fund:** An investment company registered under the Investment Company Act of 1940, as amended, and managed by BAAM or BAIA.

**Restricted Issuers:** Issuers BAAM will be restricted from investing in.

**SAF Managers:** The hedge fund managers to which the BSAA Funds allocate capital.

**Strategic Capital Manager:** An unaffiliated manager in which the BSCA Funds have taken a minority stake.

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

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

**Wrapper:** A BAAM term for an Underlying Investment Vehicle in which a number of BAAM Funds may invest that invests in a single Underlying Manager.

# Blackstone Alternative Asset Management L.P.

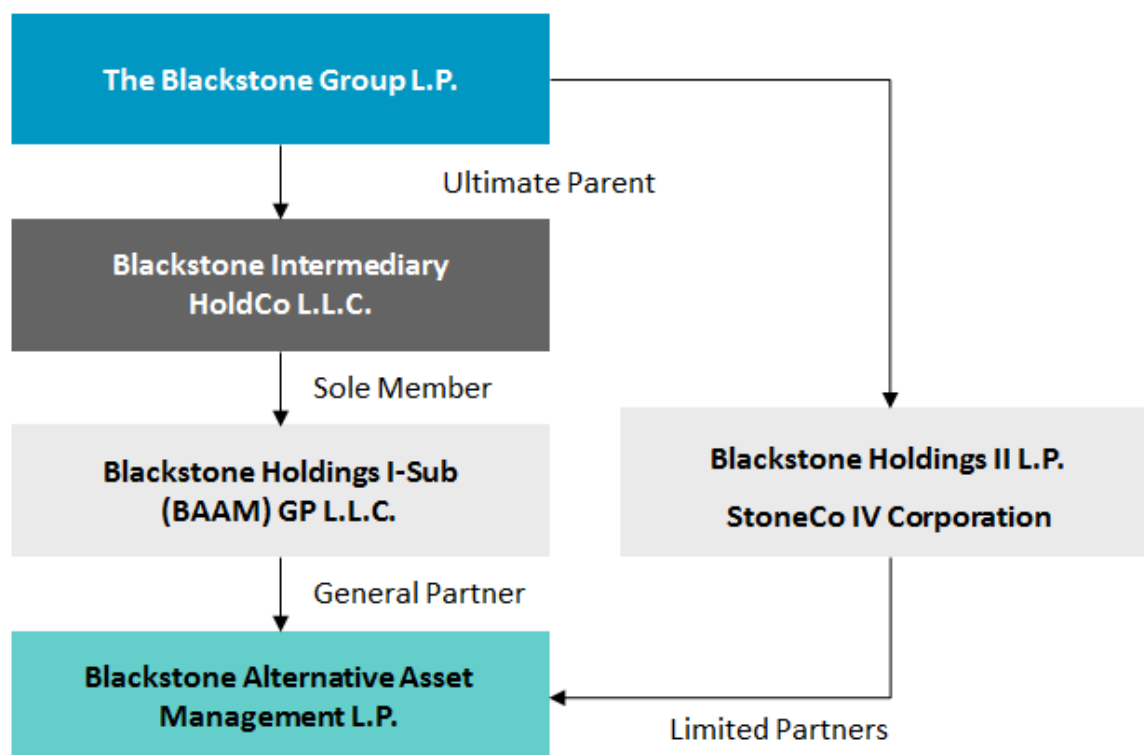
## Item 4 – Advisory Business

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### Overview of the Firm

BAAM, a Delaware limited partnership, is a leading hedge fund solutions provider and primarily provides investment advisory services to private investment funds (collectively, the “BAAM Funds”) that predominantly engage in multi-manager investment programs. The BAAM Funds are commonly referred to in the industry as funds of hedge funds. BAAM, together with its affiliates in the Hedge Fund Solutions Group (“HFS”), manages or advises approximately \$66.9 billion as of December 31, 2016. Please note that this is an unaudited estimate and does not include non-discretionary advisory clients. BAAM also may advise clients / accounts, typically on a non-discretionary basis, regarding such clients’ hedge fund portfolio (together with BAAM Funds, the “BAAM Clients”).

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





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

## **Item 4 – Advisory Business**

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BAAM's assets under management ("AUM") were \$53.7 billion as of December 31, 2016. Please note that this is an unaudited estimate. In the case of assets managed by BAAM which are sub-advised or allocated to other HFS managers, such assets are included in the AUM for both BAAM and the other HFS manager if BAAM is paid a fee on such assets.

### **Overview of Advisory Services**

As investment adviser to BAAM's Clients, BAAM:

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

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

# Blackstone Alternative Asset Management L.P.

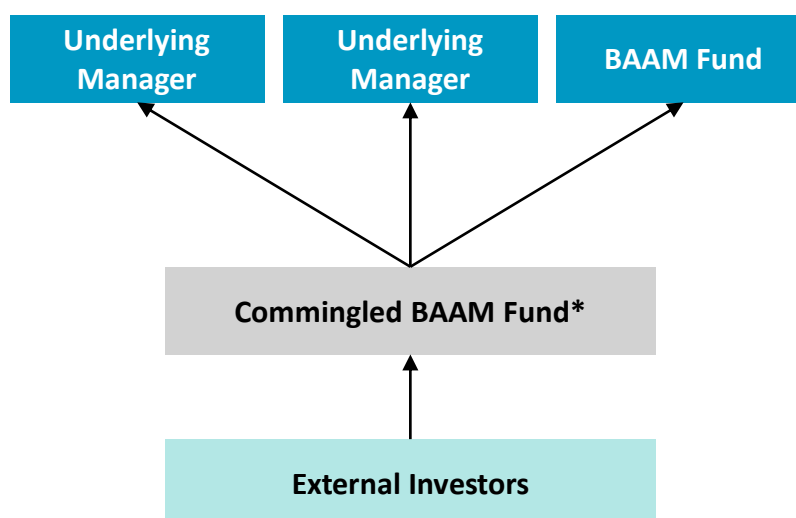
## Item 4 – Advisory Business

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In general, BAAM offers three types of products:

### 1. Commingled Funds

“Commingled Funds” are BAAM Funds that are offered to multiple investors and invest in multiple Underlying Managers. Certain Commingled Funds are registered investment companies (“Registered Funds”). BAAM mandates the investment guidelines (e.g., risk factors, leverage, concentration limits, etc.) and makes investment decisions in its sole discretion. Generally, Commingled Funds other than Registered Funds also invest in other BAAM Funds, including in certain circumstances a BAAM Fund which invests in a single Underlying Manager (referred to by BAAM as “Wrappers”) or a group of Underlying Managers concentrated in one investment thesis (referred to by BAAM as “Pods”) within the guidelines of the Client Constituent Documents. Where a BAAM Fund invests in other BAAM Funds, there is only one level of fees charged by BAAM.



\*A Commingled BAAM Fund may be an externally offered BAAM Fund or a BAAM Fund which is an intermediary fund (e.g., pods; wrappers) which are only offered to other BAAM Clients. A Commingled BAAM Fund may be in the form of an entity (e.g., Delaware limited partnership, Cayman limited liability company, etc.) or a managed account.

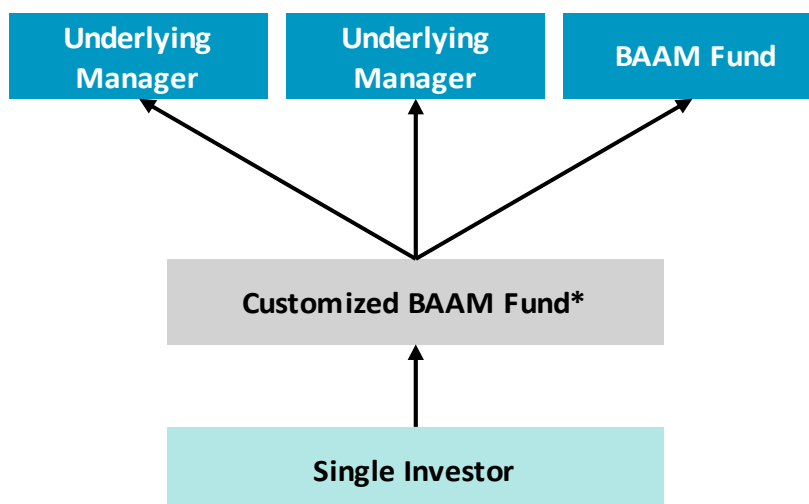
# Blackstone Alternative Asset Management L.P.

## Item 4 – Advisory Business

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### 2. Customized Funds

A “Customized Fund” is where BAAM establishes a fund or account for a single investor and such fund or account invests directly in Underlying Managers and/or BAAM Funds. The investor is involved in establishing the investment guidelines and terms of the Customized Fund, although generally BAAM maintains discretion to make investment decisions. Certain Customized Funds are structured as “Managed Accounts,” which are funds managed and advised by BAAM that contract with third-party hedge fund managers to conduct day-to-day investment activities on behalf of such Customized Funds. If a Customized Fund invests in another BAAM Fund, to avoid duplication of fees, typically no advisory fees are charged by the underlying BAAM Fund. From time to time under limited circumstances, other advisors within HFS charge fees on assets invested with such advisors by a Customized Fund.



\*A Customized BAAM Fund may be in the form of an entity (e.g., Delaware limited partnership; Cayman limited liability company) or a managed account.

### 3. Advisory Clients

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

BAAM Funds, Customized Funds and Advisory Clients constitute BAAM’s Clients. Investors in BAAM Funds (“Investors”) are not deemed to be BAAM Clients but are entitled to the rights and benefits described in the applicable Confidential Offering Memorandum, Limited Partnership

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

### **Item 4 – Advisory Business**

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Agreements, Investment Management Agreements and other applicable constituent fund documents (the “Client Constituent Documents”).

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

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

# Blackstone Alternative Asset Management L.P.

## Item 5 – Fees and Compensation

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### Asset-Based Advisory Fees

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

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

### Performance-Based Fees

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

### Fee Negotiations

Fees generally are non-negotiable, except in the case of affiliates, strategic/significant relationships, Customized Funds and Advisory Clients.

### Payment of Asset-Based Advisory Fees

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

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

### Additional Fees and Expenses

BAAM's advisory fees are not inclusive of all the fees that BAAM Clients (and, indirectly, the Investors) may pay. The following is a list of fees and/or expenses that BAAM Clients may pay directly 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
- ▶ Director Fees
- ▶ Organizational Expenses
- ▶ Ordinary Administrative Expenses
- ▶ Operating Expenses

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

## **Item 5 – Fees and Compensation**

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- ▶ Risk Management
- ▶ Data Aggregation
- ▶ Custodial Fees
- ▶ Administrator Fees
- ▶ Legal Fees
- ▶ Regulatory Fees
- ▶ Compliance Fees
- ▶ Accounting Fees
- ▶ Audit Fees
- ▶ Brokerage Costs
- ▶ Interest Charges
- ▶ Bank Wire Fees
- ▶ Shareholder Onboarding
- ▶ Consulting Fees
- ▶ Preparing, Printing and Delivering All Reports, Documents and Filings Related to the Fund and its Investments
- ▶ Any Fees Related to the Preparation and Delivery of Internal Control Reports
- ▶ Any Fees Related to the Preparation and Delivery of Any Entity-Level Taxes
- ▶ Expenses Incurred in Offering of Shares/Interests
- ▶ Certain Technology Costs
- ▶ Certain Hardware Costs
- ▶ Software Fees
- ▶ News Expenses
- ▶ Quotation Services
- ▶ Travel Expenses
- ▶ Expenses Related to the Preparation and Filing of Any Reports, Disclosures, Filings and Notifications of the Fund, the Investment Manager or its Affiliates to Regulatory or Governmental Authorities Relating to the Fund or its Activities
- ▶ Form PF Fees
- ▶ AIFM Report Fees
- ▶ Extraordinary Expenses, Including Litigation Expenses

## Blackstone Alternative Asset Management L.P.

### Item 5 – Fees and Compensation

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- ▶ Commissions
- ▶ Tax Expenses
- ▶ Hedging
- ▶ Expenses of Liquidating the Fund
- ▶ Reports To Be Filed With the U.S. Commodity Futures Trading Commission (“CFTC”)

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

BAAM employees do not receive compensation from the purchase or sale of securities or investments for BAAM Clients or for which BAAM provides advisory expertise / services. BAAM is a “fee only” investment adviser and, except as described below, BAAM does not have any potential conflicts of interest relating to any additional, undisclosed compensation.

Arcesium LLC (“Arcesium”) provides certain middle- and back-office services and technology to one or more Underlying Investment Vehicles, including certain funds managed by BAAM and affiliates of BAAM. BAAM holds a non-controlling, minority equity interest in Arcesium and the HFS Chief Operating Officer serves on the board of Arcesium. The services and technology provided to the Underlying Investment Vehicles by Arcesium support various post-trade activities, including trade capture, cash and position reconciliations, asset servicing, margin and collateral monitoring, pricing-related services, portfolio data warehousing, and other services and technology as agreed between the applicable Underlying Manager and Arcesium. BAAM may recommend Arcesium's services to the Underlying Managers. BAAM will not require any Underlying Manager to hire Arcesium as a condition to investing with such Underlying Manager, nor will it favor Underlying Managers because they use Arcesium over Underlying Managers who use other qualified middle- and back-office service providers when selecting Underlying Managers for the BAAM Fund's portfolio.

In return for such services, Arcesium receives from the Underlying Manager a one-time upfront implementation fee, an annual software fee (based on the Underlying Investment Vehicle's complexity and net asset value), and an annual operations services fee (also based on the Underlying Investment Vehicle's net asset value), as negotiated by the applicable client and Arcesium (such fees in the aggregate, the “Arcesium Fees”). Additional information regarding the Arcesium Fees is available from BAAM upon request.

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

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

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In connection with BAAM's minority equity ownership interest in Arcesium, BAAM is expected to receive cash distributions from Arcesium from time to time. Subject to applicable law (including ERISA), such cash distributions are expected to be used to reimburse BAAM for the operating expenses of Arcesium which BAAM has previously paid. Following such expected reimbursement, any further cash distributions received by BAAM from Arcesium will be applied to reimburse the Arcesium Fees paid by funds managed by the Hedge Fund Solutions Group which are clients of Arcesium (the "HFS Arcesium Clients"). In the event that cash distributions received by BAAM from Arcesium exceed the Arcesium Fees paid by the HFS Arcesium Clients, any excess amounts will be retained by BAAM. In the event that Arcesium is sold to a third-party, there is no guarantee that BAAM will continue to receive such cash distributions and that the HFS Arcesium Clients will be reimbursed for any portion of the Arcesium Fees paid by them.



## Blackstone Alternative Asset Management L.P.

### Item 6 – Performance-Based Fees

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

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

Generally, Blackstone managed funds and employees, retired partners, and certain former employees of Blackstone are not subject to such performance-based fees.

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

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

Since Underlying Managers are compensated based on their performance of their Underlying Investment Vehicles, a particular Underlying Manager will typically receive the BAAM Funds performance allocation in respect of its Underlying Investment Vehicles’ performance even during a period when the BAAM Funds experience losses.

## Blackstone Alternative Asset Management L.P.

### Item 7 – Types of Clients

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BAAM's clients consist of the BAAM Clients. Please see **Item 4 – Advisory Business** for more information on the BAAM Clients. Investors in BAAM Clients are based in the U.S. and outside of the U.S. and may 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
- ▶ Certain Blackstone Employees
- ▶ Blackstone Managed Funds

All BAAM Clients and Investors are subject to applicable suitability and eligibility requirements.

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

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

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### **Analysis**

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

- ▶ Investment Performance
- ▶ Risk Management Techniques
- ▶ Levels of Volatility
- ▶ Liquidity
- ▶ Investment Philosophies
- ▶ Factors relating to Management and Investment Professionals such as Experience and Commitment

### **Investment Strategies**

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

- ▶ Broadly Diversified
- ▶ Strategy Focused
  - Special Situations
  - Equity Long/Short
    - Equities – Fundamental
    - Equities – Trading
    - Quantitative Strategies
    - Emerging Market – Equity
    - Equities – Activist
  - Arbitrage and Event
    - Multi-strategy
    - Residential Mortgages
    - Credit – Distressed
    - Credit – Fundamental
    - Multi-strategy Event
    - Credit – Trading
    - Structured / Asset-Backed Securities
    - Reinsurance

## Blackstone Alternative Asset Management L.P.

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

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- Emerging Market / Credit
- Hedging
- Directional Trading and Fixed Income
  - Macro Rates
  - Commodities
  - Commodity Trading Advisors
  - Emerging Market Macro
  - Macro-thematic

#### Risk of Loss

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

- ▶ Interest Rates
- ▶ Availability of Credit
- ▶ Credit Defaults
- ▶ Inflation Rates
- ▶ Economic Uncertainty
- ▶ Changes in Laws (including Laws Relating to Taxation of the Underlying Managers' Investments)
- ▶ Trade Barriers
- ▶ Currency Exchange Controls
- ▶ National and International Political Circumstances (including Wars, Terrorist Acts or Security Operations)
- ▶ Growth of Gross Domestic Product
- ▶ Rate of Inflation
- ▶ Currency Depreciation
- ▶ Asset Reinvestment
- ▶ Resource Self-Sufficiency
- ▶ Balance of Payments Position

**Investment and Trading Risk:** All investments made by the BAAM Clients risk the loss of capital (i.e., invested amount). Underlying Managers may utilize such investment techniques as margin transactions, short sales, option transactions, forward and futures contracts, and other derivatives trading, which practices, in certain circumstances, will increase the risk of losses. No

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

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

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guarantee or representation is made that BAAM's or any Underlying Manager's investment program will be successful, and investment results may vary substantially over time. BAAM Clients and Investors are subject to the risk of substantial losses. BAAM does not have any responsibility for, involvement with or control over the Underlying Managers' investments or other activities.

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

- ▶ Accounting for Uncertainty in Income Taxes
- ▶ Borrowing by the Fund; Investments are Leveraged
- ▶ Compulsory Redemption
- ▶ Concentration of Fund Portfolio
- ▶ Decision Making Authority
- ▶ Dependence on BAAM and the Underlying Managers
- ▶ Direct Investments by the Fund
- ▶ Diversification
- ▶ Duplicative Payments and Expenses
- ▶ Estimates
- ▶ Gates, Suspensions and Redemption Fees
- ▶ Increased Regulatory Oversight
- ▶ Information Technology Systems
- ▶ Limited Liquidity; Liquidity and Information Rights
- ▶ Limited Operating History of the Underlying Managers
- ▶ Lack of Operating History
- ▶ Liquidity Mismatch
- ▶ Other Activities of BAAM and the Underlying Managers
- ▶ Redemptions in Kind; Liquidating SPVs
- ▶ Volatility

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

- ▶ "Style Drift"
- ▶ Business and Regulatory Risks of Underlying Investment Vehicles
- ▶ Compensation Arrangements with Underlying Managers
- ▶ Concentration of Underlying Investment Vehicles' Portfolios

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

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

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- ▶ Corporate Debt Obligations
- ▶ Counterparty Default
- ▶ 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
- ▶ Leverage
- ▶ Non-U.S. Securities
- ▶ Proprietary Investment Strategies
- ▶ Redemptions from Underlying Investment Vehicles; Re-Allocation of Investments
- ▶ Risk Management Activities
- ▶ Indirectly Investing in “Side Pockets”
- ▶ Short Selling
- ▶ Significant Positions
- ▶ Systemic Risk
- ▶ Tax Considerations
- ▶ Trading in Securities and Other Investments That May be Illiquid
- ▶ Turnover
- ▶ U.S. Government Securities
- ▶ Use of Swap Agreements
- ▶ New Issues
- ▶ Currency Exposure
- ▶ Arbitrage Transactions
- ▶ Bank Debt
- ▶ Commodity and Financial Futures Contracts
- ▶ Distressed Securities
- ▶ Emerging Market Investments

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

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

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- ▶ 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

The above list is provided for illustrative purposes and is not intended to be all inclusive. A detailed description of the risks associated with BAAM's investment strategy is included in the Client Constituent Documents of the respective BAAM Clients, where applicable, a copy of which is provided to prospective investors and should be carefully reviewed prior to investing.

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

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

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As of the date of this Brochure, BAAM does not have any legal, financial or other disciplinary items to report to you. BAAM 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. BAAM does not believe that any current litigation to which Blackstone is a party will have a material adverse effect on BAAM and/or the BAAM Funds. As of the date of this Brochure, BAAM is not the subject of litigation and, to the knowledge of BAAM, no employee of BAAM is the subject of litigation.



## Blackstone Alternative Asset Management L.P.

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

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BAAM is an affiliate of the following entities:

#### Broker / Dealer Entities

Blackstone Advisory Partners L.P.	Provides a variety of limited investment banking services
FEF Distributors LLC	Serves as distributor and principal underwriter to the First Eagle mutual funds and private investment funds
Incenter Securities Group LLC	Provides a variety of limited investment banking services

#### Investment Advisor Entities

Blackstone Alternative Investment Advisors LLC	Provides investment advisory services to open end mutual funds
Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Clean Technology Advisors L.L.C.	Provides investment advisory services to private investment funds specializing in the cleantech energy sector
Blackstone Communications Advisors I L.L.C.	Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Core Equity Advisors L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Debt Advisors L.P.	Provides investment advisory services to a number of debt-focused private investment funds
Blackstone Management Partners 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 Mezzanine Advisors L.P.	Provides investment advisory services to private investment funds specializing in mezzanine financing

## Blackstone Alternative Asset Management L.P.

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

Blackstone Property Advisors L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors Europe L.P.	Provides investment advisory services to various real estate investment funds
Blackstone Real Estate Income Advisors L.L.C.	Provides investment advisory services to one or more registered closed-end 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 L.P.	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 V L.P.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Special Situations Advisors L.L.C.	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
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
Blackstone Tactical Opportunities Advisors L.L.C.	Provides investment advisory services to multi-discipline, multi-asset class private funds
Blackstone Multi-Asset Advisors L.L.C.	Provides investment advisory services to various private investment funds focusing on investments across Blackstone’s private equity, real asset, credit, hedge fund and opportunistic alternative asset management strategies
Blackstone Treasury Solutions	Provides investment advisory services to funds invested

## Blackstone Alternative Asset Management L.P.

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

Advisors L.L.C.	primarily in diversified fixed income and hedge fund products
Blackstone / GSO Debt Funds Europe Limited	Provides investment advisory services to a number of debt-focused private investment funds
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 / GSO Debt Funds Management Europe II Limited	Provides investment advisory services to a number of debt-focused private investment funds
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 a REIT and other investment vehicles
BX REIT Advisors L.L.C.	Provides investment advisory services to a public, not traded REIT
CT High Grade Mezzanine Manager, LLC	Provides investment advisory services to assets owned by a third party insurance company
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
First Eagle Investment Management, LLC	Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals
GSO Capital Advisors LLC	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
GSO Capital Advisors II LLC	Provides investment advisory services to a number of

## Blackstone Alternative Asset Management L.P.

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

			debt-focused 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 closed-end funds
GSO/Blackstone Management LLC	Debt	Funds	Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts
Incenter Capital Management LLC			Provides investment advisory services to mortgage related asset private funds
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
Blackstone Singapore Pte Ltd			Singapore 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
The Blackstone Group Japan K.K.			Japanese investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group Denmark ApS			Danish investment advisory firm, which serves as a sub-advisor to the registrant
<b>Commodity Trading Advisor &amp; Commodity Pool Operator Entities</b>			
Blackstone L.L.C.	Alternative	Solutions	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Advisors L.L.C.	Strategic	Alliance	Manages a series of private funds engaged in a hedge fund “seeding” program

## Blackstone Alternative Asset Management L.P.

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

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Blackstone Strategic Capital Advisors L.L.C.	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
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First Eagle Investment Management, LLC	Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals
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#### Commodity Pool Operator Entities

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 NWI Asset Management L.L.C.	Provides investment advisory services to private investment funds specializing in emerging market debt strategies
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Blackstone Treasury Solutions Advisors L.L.C.	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
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#### Insurance Entities

Boston National Holdings LLC	A wholly owned subsidiary of Incenter and is a title insurance agency
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Lexington National Land Services	Places title insurance and provide title services for real property owned by various funds and/or their portfolio entities
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Rothsay Life Plc	Life insurer specializing in bulk annuities and other de-risking solutions for defined benefit pension schemes and insurance companies
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Note: Other entities within the Hedge Fund Solutions Group, which serve as general partners of funds managed by BAAM affiliates (and are listed in BAAM's ADV Part 1, Schedule D Section 7A), may be deemed to be investment advisors but are not required to be registered as such. BAAM also manages a number of private investments vehicles which are listed in BAAM's ADV Part 1, Schedule D Section 7B(1). BAAM manages a number of public investment companies, which are listed at: <https://www.blackstone.com/the-firm/asset-management/registered-funds>.

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

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

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

Blackstone Advisory Partners L.P. (“BAP”) is a registered broker dealer and an affiliate of BAAM. BAP does not make markets in any securities and generally does 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.

On October 1, 2015, Blackstone spun off the financial and strategic advisory and restructuring and reorganization advisory divisions of BAP, as well as its Park Hill Group fund placement business, and combined these businesses with PJT Partners, an independent financial advisory firm founded by Paul J. Taubman (“PJTP”). While PJTP operates independently from Blackstone and is not an affiliate thereof, it is expected that there will be substantial overlapping ownership between Blackstone and PJTP for a considerable period of time going forward. Such overlapping ownership, as well as the relationship between Blackstone and its former personnel involved in PJTP, may influence Blackstone in deciding to select or recommend PJTP to perform services for Blackstone-managed funds (or a portfolio company).

BAAM U.S.-based marketing personnel who are responsible for raising assets for the BAAM Funds are registered representatives of BAP. BAP does not receive any compensation relating to such arrangement.

#### **Potential Conflicts of Interest specific to Pátria Investments S.A.**

Blackstone owns 40% of the equity interests in Pátria Investments S.A. (“Pátria”), a leading Brazilian alternative asset manager and advisory firm. Pátria’s alternative asset management businesses include the management of private equity funds, real estate funds, infrastructure funds and hedge funds. Each of Blackstone’s and Pátria’s respective investment funds continues to pursue investment opportunities in accordance with their existing mandates. There may be instances where appropriate investment opportunities will be shared (in whole or in part) with Pátria.

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

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

### **Item 11 – Code of Ethics**

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

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

The Code includes (among other things):

- ▶ Requirements Related to Confidentiality
- ▶ Limitations On, and Reporting of, Gifts and Entertainment
- ▶ Pre-Clearance of Political Contributions
- ▶ Pre-Clearance and Reporting of Employee Personal Securities Transactions
- ▶ Pre-Clearance of Outside Business Activities
- ▶ Protection of Persons who Engage in “Whistle Blowing” Activities from Retaliation

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

#### **Potential Conflicts of Interest**

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

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

### Investment Related Potential Conflicts

Potential Conflict	Mitigating Policy
BAAM may take an investment position or action for one or more BAAM Funds that may be different from, or inconsistent with, an action or position taken for one or more other BAAM Funds (or funds managed by affiliates of BAAM) having similar or differing investment objectives.	<p>All investment decisions are approved by BAAM's Investment Committee. Once approved by the BAAM Investment Committee, the BAAM Executive Committee reviews the investment allocations for compliance with BAAM's allocation policies and procedures. (see <b>Item 13 – Review of Accounts</b> for further details).</p> <p>BAAM maintains detailed policies and procedures relating to allocations among the BAAM Clients.</p>
<p>Blackstone currently has (or in the future may have) an ownership interest or revenue share in, or is (and in the future may be) otherwise affiliated with, various investment managers (each a "Blackstone Affiliated Manager"). BAAM may have an incentive to allocate the BAAM Clients' assets to Blackstone Affiliated Managers since affiliates of BAAM 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>For example, BSCA, an affiliate of BAAM, manages certain funds (the "BSCA Funds") that seek to make minority investments in investment managers (the "Strategic Capital Managers"). An investment by a BAAM Client with a Strategic Capital Manager generally would benefit BSCA Funds and a withdrawal by a BAAM Client from such manager generally would be detrimental to the BSCA Funds.</p> <p>Similarly, BAAM Clients may invest in funds and Co-Investments managed by Underlying Managers which are provided seed funding by the Blackstone Strategic Alliance Funds (the "Strategic Alliance Funds"), which are</p>	<p>All investment decisions are approved by BAAM's Investment Committee. Once approved by the BAAM Investment Committee, the BAAM Executive Committee reviews the investment allocations for compliance with BAAM's allocation policies and procedures. (see <b>Item 13 – Review of Accounts</b> for further details).</p> <p>In certain circumstances where Blackstone, directly or indirectly, holds an interest in an Underlying Manager, BAAM or one of its affiliates may rebate or waive its fees or other revenues relating to the investment by a BAAM Client with such manager. For example, BSAA's portion of the fees generated from a BAAM Client's investment with a SAF Manager, including Co-Investments, are rebated to such BAAM Client. (The Strategic Alliance Fund investors retain their portion of the fees.) There typically is no rebate in the case of a BAAM Client's investment with a BSCA Fund unless the BAAM Client is subject to ERISA.</p> <p>Generally, BAAM Clients only will invest in funds managed by Underlying Managers funded by the Strategic Alliance Funds after a</p>



# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
<p>managed by BSAA, an affiliate of BAAM. An investment by a BAAM Fund with a manager funded by the Strategic Alliance Funds (a “SAF Manager”) generally would benefit the Strategic Alliance Funds and a withdrawal by a BAAM Fund from such manager generally would be detrimental to the Strategic Alliance Funds. In addition, the BAAM Fund may seek to negotiate preferential terms and conditions from the SAF Manager, which terms and conditions may be subject to the approval of BSAA and may trigger certain “most favored nation” rights for the Strategic Alliance Funds.</p> <p>There is significant overlap between BAAM’s Investment Committee and the investment committees for the BSCA Funds and Strategic Alliance Funds.</p> <p>BSCA, and BSAA do not represent an exhaustive list of Blackstone Affiliated Managers.</p>	<p>seasoning period (generally six months after the Strategic Alliance Funds’ initial investment). This seasoning period does not apply to Co-Investments. When BAAM Clients invest in / redeem out of a Underlying Investment Vehicles managed by a SAF Manager or a Strategic Capital Manager, designated senior members of the BAAM Executive Committee, BAAM Investment Committee, and BAAM Compliance must sign an additional approval, supplementary to the general Investment Committee and Executive Committee approvals.</p>
<p>BAAM and/or Blackstone 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 BAAM Clients.</p> <p>BAIA, an affiliate of BAAM, serves as investment manager for an open-end mutual fund, which employs a multi-manager, diversified investment strategy. As such, BAAM and BAIA may be subject to conflicts in allocating assets to Underlying Managers.</p> <p>There is significant overlap among the members of the BAAM investment committee and of the BSAA, BAS, BSCA and BAIA investment committees.</p>	<p>HFS maintains detailed policies and procedures relating to allocations among their BAAM Clients. In addition, each limited capacity allocation decision is documented separately and reviewed by BAAM Compliance to determine that such allocation follows policies and procedures and is fair and equitable.</p> <p>HFS allocates expenses on a basis that they consider equitable and in accordance with their expense allocation policies and the Client Constituent Documents.</p>
<p>Members of BAAM’s Investment Committee may sit on the advisory board of an</p>	<p>All investment decisions are approved by BAAM’s Investment Committee. Once approved by the BAAM Investment</p>

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
Underlying Manager.	Committee, the BAAM Executive Committee reviews the investment allocations for compliance with BAAM’s allocation policies and procedures. (see <b>Item 13 – Review of Accounts</b> for further details).
To the extent permitted by applicable law, BAAM may cause a BAAM Client to purchase investments from, to sell investments to or to exchange investments with another BAAM Client. Any such purchases, sales, exchanges or transfers will be affected based upon the independent current market price or fair market value of the investment.	All investment decisions are approved by BAAM’s Investment Committee. Once approved by the BAAM Investment Committee, the BAAM Executive Committee reviews the investment allocations for compliance with BAAM’s allocation policies and procedures. (see <b>Item 13 – Review of Accounts</b> for further details).
BAAM provides advisory services, typically on a non-discretionary basis, regarding the hedge fund portfolios of certain clients (“Advisory Clients”). BAAM may communicate investment recommendations to its Advisory Clients prior to the full implementation of such recommendations by BAAM for the BAAM Funds. Accordingly, the BAAM Funds may be seeking to obtain limited capacity from Underlying Managers at the same time as such Advisory Clients.	All investment decisions are approved by BAAM’s Investment Committee. Once approved by the BAAM Investment Committee, the BAAM Executive Committee reviews the investment allocations for compliance with BAAM’s allocation policies and procedures. (see <b>Item 13 – Review of Accounts</b> for further details).
Similarly, to the extent that an Underlying Manager imposes redemption limitations, actions taken by Advisory Clients may be adverse to the BAAM Funds.	BAAM maintains detailed policies and procedures relating to allocations among BAAM Clients. In addition each limited capacity allocation decision is documented separately and reviewed by BAAM Compliance to determine that such allocation follows policies and procedures and is fair and equitable.
In addition, Advisory Clients, from time to time, may have access to or have the right to obtain information about investment decisions made for the BAAM Funds. Based on such information, the Advisory Clients may take actions that are adverse to the BAAM Funds.	
Some of BAAM’s Clients may make seed investments in investment vehicles and may enter into revenue sharing agreements with Underlying Managers. Revenues generated	BAAM Clients are notified of the potential for such arrangements.

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
from such arrangements accrue only to such BAAM Clients.	
Some BAAM Clients have a credit facility arrangement which facilitates bridge financing for temporary cash needs. The lack of a credit facility may cause BAAM Clients to forego on certain investment opportunities.	BAAM Clients are notified of such potential for missing investment opportunities.
Some Customized Funds may require Investor approval in a manner which potentially could preclude investment decisions in a timely manner, thereby precluding participation in the investment opportunity.	To the extent applicable, Investors in Customized Funds are notified of such potential for missing investment opportunities.
BAAM or its affiliates may sponsor, manage or advise other investment funds with overlapping investment objectives with those of the BAAM Funds. Neither the BAAM Funds nor any of their Investors will 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.	BAAM Clients are notified of such potential conflicts.

### Non-Investment Related Potential Conflicts

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

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
	<p>BAAM’s Investment Committee. Once approved by the BAAM Investment Committee, the BAAM Executive Committee reviews the investment allocations for compliance with BAAM’s allocation policies and procedures. (see <b>Item 13 – Review of Accounts</b> for further details).</p> <p>The BAAM Investment and Executive Committees receive a quarterly report of BAAM employees’ and Blackstone Management Committee members’ personal hedge fund holdings (including BAAM Fund holdings).</p>
<p>From time to time, BAAM and/or Blackstone employees may speak at conferences and programs for potential hedge fund investors, which are sponsored by BAAM / Blackstone’s third-party service providers. Through such “capital introduction” events, prospective hedge fund investors have the opportunity to meet with BAAM. Such events and other services (including, without limitation, capital introduction services) provided by service providers, including prime brokers, custodian and administrators, may influence BAAM / Blackstone in deciding whether to use such service provider.</p> <p>BAAM may have a placement agreement with a broker-dealer that sponsors hedge fund conferences or similar events.</p>	<p>All BAAM employees must pre-clear speaking at conferences and other programs with BAAM Compliance.</p> <p>Materials provided by BAAM as part of such conferences and other programs must be approved by BAAM Compliance.</p> <p>Neither BAAM nor the BAAM Funds compensates the service providers for organizing such events.</p>
<p>Financial institutions, executives of public companies and other “value added investors” may be investors in the BAAM Funds. These persons and their employees are a potential source of information and ideas that could benefit the BAAM Clients.</p>	<p>BAAM has detailed policies and procedures relating to the use of private information, information sharing and information walls in general. Additionally, BAAM Compliance provides a list of potential value added investors to HFS senior management on a quarterly basis.</p>
<p>A BAAM Fund may have entered, or in the</p>	<p>Generally, BAAM does not enter into</p>

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
future may enter, into letter agreements or other similar agreements (commonly referred to as “side letters”) with one or more of the Fund’s investors which provide such investor(s) with additional and/or 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).	agreements that grant preferential treatment to Investors in Commingled Funds in the same share class, if applicable, with respect to liquidity or fee terms unless there is a specific regulatory requirement mandating such preferential treatment, and except in the case of an investment by a BAAM Fund in another BAAM Fund.
BAAM incurs common expenses on behalf of the BAAM Clients.	BAAM allocates such expenses on a basis that it considers fair and equitable and in accordance with its expense allocation policies and the Client Constituent Documents.
BEMAP is a BAAM-managed master-feeder fund for which BAAM engages discretionary investment sub-advisers (the “ <u>Underlying Managers</u> ”) that each manage a portion of BEMAP’s assets. BAAM and certain other Blackstone affiliates provide office space and certain risk, operations and compliance services (the “ <u>Shared Services</u> ”) to the Underlying Managers. In exchange for providing the office space and Shared Services, BAAM and/or the relevant Blackstone affiliates will receive reimbursements from BEMAP for costs, expenses, obligations and liabilities attributable to (i) the office space (including, without limitation, rent, utilities, insurance, maintenance fees/expenses, supplies, office cleaning and taxes) and (ii) operating expenses attributable to the Shared Services (including, without limitation, salaries, bonuses and fringe benefits, investment and industry research related expenses, communications expenses and expenses related to computer equipment, software,	The amount paid by BEMAP to BAAM and/or its affiliates for providing the office space and Shared Services will not exceed the actual expenses incurred. In addition, BAAM has enacted policies and procedures to monitor the expenses charged by BAAM to BEMAP in connection with the Shared Services.

## Blackstone Alternative Asset Management L.P.

### Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
supplies and office space of certain dedicated BAAM employees) incurred in connection with providing the office space and Shared Services. The amount of these expenses may be significant. As such, BAAM has a potential conflict of interest as between its interest in limiting BEMAP expenses on behalf of BEMAP and its interest in reducing BAAM's overhead expenses. BAAM may enter into similar arrangements with other Portfolio Funds or Portfolio Managers in the future.	

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

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### Fee Related Potential Conflicts

Potential Conflict	Mitigating Policy
BAAM may invest the BAAM Clients' assets in other Hedge Fund Solutions Funds and these investments may be significant. By investing in other BAAM Funds, the BAAM Clients may receive preferable notice requirements and liquidity terms. BAAM may have an incentive to allocate the Client's assets to other Hedge Fund Solutions Funds since BAAM or one of its affiliates has a direct or indirect financial interest in the success of such funds.	<p>All investment decisions are approved by BAAM's Investment Committee. Once approved by the BAAM Investment Committee, the BAAM Executive Committee reviews the investment allocations for compliance with BAAM's allocation policies and procedures. (see <b>Item 13 – Review of Accounts</b> for further details).</p> <p>To avoid duplication of fees, Clients typically will not be charged fees by other BAAM Funds or BAAM will waive fees on the portion of the Clients' assets invested in other BAAM Funds.</p>
<p>Certain employees of BAAM and Blackstone may invest in the BAAM Funds, including an Employee Fund. Typically, no advisory fees are charged to such investors. The employees invested in the funds may be individuals responsible for allocating investment opportunities among the BAAM Clients and may have an interest in fund allocations.</p> <p>The Employee Fund may be allocated limited investment opportunities in the same manner as other BAAM Funds. In addition, the investors in the Employee Fund are subject to a shorter lock-up period than investors who are directly invested in the BAAM Funds in which the Employee Fund invests.</p>	<p>All investment decisions are approved by BAAM's Investment Committee. Once approved by the BAAM Investment Committee, the BAAM Executive Committee reviews the investment allocations for compliance with BAAM's allocation policies and procedures. (see <b>Item 13 – Review of Accounts</b> for further details).</p> <p>BAAM maintains detailed policies and procedures relating to allocations among the funds BAAM manages. In addition, each limited capacity allocation decision is documented separately and reviewed by BAAM Compliance to determine that such allocation follows policies and procedures and is fair and equitable.</p> <p>The BAAM Investment and Executive Committees receive a quarterly report of BAAM employees' and Blackstone Management Committee members' personal hedge fund holdings (including BAAM Fund holdings).</p>

# Blackstone Alternative Asset Management L.P.

## Item 11 – Code of Ethics

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### Blackstone Related Potential Conflicts

Potential Conflict	Mitigating Policy
From time to time, Underlying Managers with which the BAAM Clients invest may retain Blackstone to provide investment and advisory services.	Such retentions will be on an arm's length basis, independent of any Client investment and BAAM.
From time to time, Blackstone may refer potential investors to BAAM and these investors may become investors in one of the BAAM Funds.	All investors are reviewed for suitability of investments and must satisfy the BAAM Funds' investment minimums and any investor qualifications.
Blackstone may hire or enter into a partnership or other arrangement with one or more investment professionals to form and manage pooled investment vehicles or separately managed accounts pursuing alternative investment strategies ("Blackstone Proprietary Funds"). Blackstone and its affiliates typically would receive a significant portion of the revenues attributable to these Blackstone Proprietary Funds. Such existing Blackstone Proprietary Funds and any Blackstone Proprietary Funds formed in the future may compete with Underlying Managers, the SAF Managers, and the Strategic Capital Managers.	<p>All investment decisions are approved by BAAM's Investment Committee. Once approved by the BAAM Investment Committee, the BAAM Executive Committee reviews the investment allocations for compliance with BAAM's allocation policies and procedures. (see <b>Item 13 – Review of Accounts</b> for further details).</p> <p>BAAM maintains detailed policies and procedures relating to allocations among BAAM Clients.</p> <p>Blackstone maintains detailed policies and procedures relating to information sharing among different Blackstone business groups and information walls in general.</p>
BAAM is an affiliate of The Blackstone Group L.P., which was listed on the New York Stock Exchange on June 22, 2007. Blackstone entities may have duties or incentives relating to the interests of the Blackstone unit holders that may differ from, and that could conflict with, the interests of the BAAM Funds and their investors, such as conflicts arising from the allocation of expenses, fee offsets and investment opportunities.	Blackstone, consistent with its fiduciary duties, will endeavor to resolve such conflicts in a manner it deems fair and equitable to the extent possible under the prevailing facts and circumstances.



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

### **Item 11 – Code of Ethics**

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In addition to those potential conflicts of interest identified in this **Item 11 – Code of Ethics**, please see **Item 12 – Brokerage Practices** for a discussion of potential conflicts of interest relating to Trade Allocations.

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

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

## **Item 12 – Brokerage Practices**

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### **General Considerations**

There are no limitations as to which broker-dealers are used or as to the commission rates or similar charges paid.

In selecting brokers, dealers and other counterparties or intermediaries (“Brokers”) to effect portfolio transactions, BAAM will seek to obtain the best execution for the BAAM Clients taking into account several factors, including but not limited to: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity, stability and reputation of the Broker; (iv) the quality, comprehensiveness and frequency of available research and brokerage related services and products; (v) the Broker’s willingness to commit capital; (vi) trading expertise; (vii) clearance, settlement and custodial services; (viii) other financial services offered; and (ix) the competitiveness of commission rates in comparison with other brokers satisfying other selection criteria of BAAM. BAAM is generally not required to weigh any of these factors equally. Subject to seeking best execution, BAAM may consider other factors, such as capital introduction services and other investor referrals

### **Research and Other Soft Dollar Benefits**

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

Commencing in 2017, BAAM will utilize “soft dollars” to pay for third-party brokerage services in connection with BAAM’s direct trading activities. (Soft dollars refer to the practice of using consideration other than cash to pay for services.) Underlying Managers also may use “soft dollars” both within and outside of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended, to obtain both research and non-research products and services.

In certain cases, BAAM may determine it appropriate for the BAAM Funds to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with research services or other soft dollar benefits, or pay higher commissions to such firms if BAAM determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants.

BAAM has entered into client commission arrangements (“CCAs”) with certain brokers and may enter into additional CCAs with other brokers in the future. Under the CCAs, a portion of the commissions charged by the brokers is allocated to an account (each, a “CCA Account”) that is

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

### **Item 12 – Brokerage Practices**

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available to pay for eligible third-party research selected by BAAM. Since commission rates in the United States are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

The availability of these non-monetary benefits may influence BAAM to select one broker rather than another to perform services for the BAAM Clients.

#### **Brokerage for Client Referrals**

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

#### **Block Trading Procedures**

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

#### **Principal Trading**

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

# Blackstone Alternative Asset Management L.P.

## Item 12 – Brokerage Practices

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

BAAM may engage in cross transactions to the extent permitted by, and in accordance with, the Client Constituent Documents and all applicable laws and regulations. Cross transactions may be deemed to occur in instances where, for example, one BAAM Client is reducing an allocation to an Underlying Manager or position and another BAAM Client simultaneously is increasing its allocation of such Underlying Manager or position. As it has no affiliated broker-dealer engaged in the trading of securities, BAAM does not engage in agency cross transactions.

### **Trade Allocations**

Certain investment opportunities may be appropriate for more than one BAAM Client, one or more other entities and accounts managed by affiliates of BAAM within HFS (the “Other HFS Advisers”) (such entities and accounts, the “Other HFS Clients”), and/or one or more other entities and accounts managed by affiliates of BAAM outside of HFS (the “Other Blackstone Advisers”) (such entities and accounts, the “Other Blackstone Clients”). As further described below, BAAM, the Other HFS Advisers and the Other Blackstone Advisers are subject to actual and potential conflicts of interest in allocating investment opportunities among BAAM Clients, Other HFS Clients and Other Blackstone Clients. BAAM and the Other HFS Advisers maintain written policies and procedures relating to allocations among their respective clients. Such allocation policies and procedures are available upon request.

### *Allocations Among BAAM Clients and Other HFS Clients*

Investment opportunities may be appropriate for more than one BAAM Client and one or more Other HFS Clients. BAAM and the applicable Other HFS Adviser(s) (if any) will determine allocations of such investment opportunities both among the BAAM Clients and as among the BAAM Clients and the Other HFS Clients, as the case may be, in their sole discretion in accordance with their written allocation policies and procedures, taking into account various investment criteria, such as the availability of cash, liquidity needs, investment objectives, risk parameters, ERISA capacity, tax status, investment limits and diversification guidelines, and operational, legal and regulatory concerns. To the extent BAAM Clients and/or Other HFS Clients invest in investment opportunities with limited capacity, BAAM and/or the Other HFS Advisers may be required to choose, in accordance with their written allocation policies and procedures, between the BAAM Clients and/or Other HFS Clients in allocating such opportunities. Further, the BAAM Clients and the Other HFS Clients may have different management and/or incentive fee structures. As part of the investment allocation process, BAAM and/or the Other HFS Advisers potentially could allocate a limited investment opportunity to a client that has a more favorable fee structure.

### *Blackstone-wide Policies, Procedures and Guidelines*

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

## **Item 12 – Brokerage Practices**

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Because Blackstone has many different asset management and advisory businesses, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight, and additional legal and contractual restrictions than those to which it would otherwise be subject if it had only one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, Blackstone has implemented certain policies and procedures and information barriers that may reduce the positive synergies that the BAAM Clients could otherwise utilize for purposes of identifying attractive investments.

Accordingly, certain information or investment opportunities which could be of benefit to the BAAM Clients might become restricted or otherwise unavailable to the BAAM Clients due to the activities of Blackstone's other asset management businesses. For example, BAAM generally will be restricted from investing in (i) Blackstone portfolio companies and (ii) issuers with respect to which any investment advisor in the Blackstone Hedge Fund Solutions group has received material non-public information (the "Restricted Issuers"). Other than with respect to the Restricted Issuers, BAAM generally will be permitted to invest in issuers in which Other Blackstone Clients have an interest.

BAAM could be forced to sell or hold existing investments, or be precluded from making new investments, as a result of a relationship that Blackstone may have or investments Blackstone and its affiliates (including, without limitation, Other HFS Clients or Other Blackstone Clients) may make. Blackstone maintains information barriers that are designed to protect against the improper possession and/or use of material non-public information. Generally, no employee of BAAM may contact an employee of another Blackstone group outside of HFS, and vice versa, about a substantive business matter, without BAAM Compliance consent and, if appropriate, having BAAM Compliance chaperone such contact. 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.

With respect to BAAM's ability to allocate investment opportunities to BAAM Clients where such opportunities are within the common objectives and guidelines of one or more BAAM Clients and Other Blackstone Clients, Blackstone has established general guidelines for determining how such allocations are made, which, among other things, sets forth priorities and presumptions regarding allocation for certain types of investments and other matters. The application of those guidelines may result in BAAM Clients not participating (and/or not participating to the same extent) in certain investment opportunities in which it would have otherwise participated had the related allocations been determined without regard to such guidelines.

It may also be the case that the BAAM Clients will benefit from the relationship of Other Blackstone Clients with respect to the availability of a particular investment opportunity.

### **Trade Errors**

Trade errors are evaluated on a case-by-case basis. In the case of a trade error committed by BAAM, the gain or loss from the error will be allocated to the BAAM Clients; provided, however,

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

### **Item 12 – Brokerage Practices**

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if BAAM determines that its gross negligence, willful misconduct or fraud was the direct cause of the trade error, BAAM will compensate the BAAM Clients for any losses resulting from the error. BAAM will have a potential conflict of interest in determining whether a trade error should be borne by BAAM or allocated to the BAAM Clients.

A trade error is generally defined as an error in the placement, execution, or settlement of a trade for a Client. Potential examples of trade errors could include (but are not necessarily limited to) the following:

- The placement of orders (either purchases or sales) in securities or other financial instruments at variance with the amounts/quantities that the Advisor intended to trade;
- the sale of a security or financial instrument when it should have been purchased;
- the purchase of a security or financial instrument when it should have been sold;
- the purchase or sale of the incorrect security or financial instrument;
- the purchase or sale of the correct security or financial instrument for the wrong client; and
- the purchase or sale of a security or financial instrument contrary to contractual client investment guidelines or restrictions.

Examples of circumstances that do not constitute trade errors include (but are not necessarily limited to) the following:

- An incorrect trade order that is identified and corrected prior to settlement, as long as there is no negative economic impact to the client;
- the error is the fault of an executing broker-dealer, custodian, or other counterparty (irrespective of whether the Advisor seeks compensation on behalf of the client from such parties);
- the purchase or sale of the security or financial instrument is reallocated to another client prior to settlement in accordance with the Advisor's allocation policies and procedures and the client's investment guidelines;

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

### **Item 12 – Brokerage Practices**

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- the purchase or sale of the security or financial instrument violates restrictions arising from a contractual obligation to a third party other than the applicable client (e.g., a standstill agreement);
- incorrect over- or under-allocations of securities or financial instruments;
- an investment that does not perform favorably but otherwise complies with applicable contractual requirements;
- the error does not result in a transaction in a client account (such as an error that results in the loss of an investment opportunity);
- the governing documents of the applicable client expressly provide for the right of the Advisor to cure (e.g., annul the trade error), and the Advisor cures in accordance therewith;
- errors resulting from unavailability of (or disruptions in) electronic services or other force majeure events;
- the applicable client ratifies the trade in writing; and
- good faith errors in judgment in making investment decisions for clients, which include errors in securities analysis and, for quantitative/systematic strategies, errors in writing computer code that relate to the process by which investment decisions are made for a client (i.e., errors that reflect subjective judgments or mistakes made at the time of programming, concern the process of constructing an investment strategy, and are not associated with nor result in a particular trade).

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

## **Item 13 – Review of Accounts**

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### **The Investment Committee**

The BAAM Investment Committee, comprised of certain Senior Managing Directors of the Hedge Fund Solutions Group, is responsible for the investment and redemption decisions for the BAAM Clients. The Investment Committee also approves Underlying Managers, and hedging themes and parameters.

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

- ▶ The Expected Performance of the Investment
- ▶ Reputation of the Principals of the Underlying Manager
- ▶ Availability of Cash
- ▶ Liquidity Needs
- ▶ Client Investment Objectives
- ▶ Client Risk Parameters
- ▶ ERISA Capacity
- ▶ General Capacity
- ▶ Tax Efficiency
- ▶ Investment Limits
- ▶ Diversification Guidelines
- ▶ Operational Factors
- ▶ Legal and Regulatory Factors

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

There is significant overlap among the members of the Hedge Fund Solutions Group's investment/oversight committees.

### **The Executive Committee**

Once approved by the BAAM Investment Committee, the BAAM Executive Committee, which includes BAAM's Chief Executive Officer, Chief Operating Officer, and General Counsel, reviews the investment allocations for compliance with BAAM's allocation policies and procedures.



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

## **Item 13 – Review of Accounts**

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### **Monitoring Process**

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

- ▶ Potential Conflicts
- ▶ Market Conditions
- ▶ Adherence to Investment Guidelines
- ▶ Performance Attribution, and
- ▶ Performance Deviation
- ▶ The BAAM Funds' Administrator<sup>(1)</sup> is responsible for maintaining the official books and records of the BAAM Funds. This responsibility includes, but is not limited to, performing monthly cash and position reconciliations to custodians, prime brokers and counterparties and valuation of investments. At month end, the BAAM Funds' Administrator independently determines the net asset value of the BAAM Funds, including income and expense / fee accruals, and produces the final investor allocations and capital / shareholder statements.

### **Commingled Fund Investor Reporting**

BAAM generally provides Investors in Commingled Funds unaudited capital statements at least quarterly, and monthly and quarterly reports regarding their investments, which includes Fund performance. Investors also receive annual audited financial statements for the Commingled Funds in which they are invested. In generating these reports, BAAM generally will rely, in part, on information provided by the Underlying Managers. Some Investors receive additional information in their investor reports, including performance of Underlying Managers and geographic and sector exposures, and therefore, possess information regarding the BAAM Fund that is not generally known to other Investors, subject in all cases to compliance by BAAM and BAAM's general partner with their disclosure and fiduciary obligations under applicable law. Such additional information is available to all Investors upon request.

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

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

### **BAAM Operations Team Reconciliation**

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

### **Administrator Reconciliation<sup>(1)</sup>**

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

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

### **Item 13 – Review of Accounts**

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#### **Custodian Reconciliation<sup>(1)</sup>**

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

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(1) If applicable. Not all BAAM Funds have administrators and/or custodians appointed by BAAM.

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

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

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BAAM has entered into distribution and/or placement agent arrangements with a number of third parties. Typically, the third-party will receive a portion of the management fee and/or performance fee paid to BAAM (although other payment arrangements could exist). A prospective investor solicited by a third party will be informed of (and will be asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services will be paid by BAAM and the Investor will not be subject to any increased or additional fees or charges. Third-party solicitors engaged by BAAM in the U.S. will be registered as broker-dealers with the SEC. Third-party solicitors engaged by BAAM 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 Advisory Partners L.P., an affiliate of BAAM, serves as a placement agent for the BAAM Funds in the U.S. but is not compensated for such services.

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

### **Item 15 – Custody**

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

Unless an exception applies, a BAAM Fund's assets (which are typically comprised of investments in hedge funds, other financial instruments, and cash) will be held in the name of the BAAM Fund with a Qualified Custodian such as a bank or broker-dealer in the name of the BAAM Fund.

BAAM does not have custody of client securities or assets in the case of the Advisory Clients.

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

## **Item 16 – Investment Discretion**

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### **Investment Guidelines**

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

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

### **Types of Investments**

BAAM has broad discretion to make investments within the guidelines of the Client Constituent Documents, except in the case of the Advisory Clients. BAAM Clients primarily will invest in Underlying Managers. In addition, in order to hedge investor contributions denominated in currencies other than U.S. dollars or to hedge certain market exposures, BAAM Clients may invest in securities and other instruments, including but not limited to forward contracts, currency options, interest rate swaps, interest rate caps, interest rate floors, and other derivative contracts and similar instruments, which may be listed or unlisted and rated or unrated.

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

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

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

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

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

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

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

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

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

The general policy is to vote proxies relating to investments with Underlying Managers in a manner that serves the best interests of the BAAM Clients as determined by BAAM in its discretion. Investors cannot direct BAAM's vote with respect to a particular proxy solicitation.

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

Investors may request a copy of the Proxy Policy and the proxy voting records by contacting BAAM at the address, phone number or email address on the cover of this Brochure.

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

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

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

As of the date of this Brochure, BAAM is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the BAAM Clients.



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

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This item is not applicable as BAAM is not registered in any states.