

Item 1 – Cover Page

The Blackstone logo consists of the word "Blackstone" in a white, serif font, centered within a solid black rectangular background.

**Blackstone ISG-I Advisors L.L.C.**

345 Park Avenue

New York, NY 10154

(212) 583-5000

[www.blackstone.com](http://www.blackstone.com)

March 2019

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 ISG-I Advisors L.L.C. (the “**Registrant**”).

This Brochure provides information about the Registrant’s qualifications and business practices. If you have any questions about the contents of this Brochure, please contact Jeffrey Iverson, Chief Compliance Officer of the Registrant at +1 (212) 583-5000; [Jeffrey.Iverson@Blackstone.com](mailto:Jeffrey.Iverson@Blackstone.com). Additional information about the Registrant 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 the Registrant’s name). The search results will provide you with Parts 1 and 2A of the Registrant’s Form ADV.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. The Registrant is a registered investment adviser with the SEC. The Registrant’s registration as an investment adviser does not imply any level of skill or training. The oral and written communications provided to you, including this Brochure, may be used to evaluate the Registrant and should be considered in your decision to invest in an investment account or vehicle advised by the Registrant.

## Item 2 – Material Changes

This brochure contains important information about the Registrant. This brochure is intended to provide potential and existing clients with an overview of the Registrant (together with its ultimate owner The Blackstone Group L.P. and its affiliates, “**Blackstone**”). It also contains important disclosures such as certain practices of the Registrant, potential material conflicts that may arise and key investment risks.

As of December 19, 2018, Mr. Christopher Blunt, former Senior Managing Director and Chief Executive Officer of Blackstone Insurance Solutions (“**BIS**”), the division of Blackstone that includes the Registrant, left Blackstone. BIS is currently conducting a search for Mr. Blunt’s replacement.

This Brochure has been updated since its previous filing dated March 2018. Please carefully read Items 4, 5, 8, 10 and 13, which have expanded upon the description of the advisory business, certain fees and expenses, the methods of analysis and investment strategies, other financial industry activities and affiliations, including the related potential conflicts of interest, and the review of accounts, respectively.

### Item 3 – Table of Contents

	Page
Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	8
Item 6 – Performance-Based Fees and Side-by-Side Management .....	12
Item 7 – Types of Clients.....	13
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	14
Item 9 – Disciplinary Information .....	23
Item 10 – Other Financial Industry Activities and Affiliations .....	24
Item 11 – Code of Ethics .....	49
Item 12 – Brokerage Practices .....	51
Item 13 – Review of Accounts .....	54
Item 14 – Client Referrals and Other Compensation .....	56
Item 15 – Custody .....	57
Item 16 – Investment Discretion .....	58
Item 17 – Voting Client Securities (i.e., Proxy Voting) .....	59
Item 18 – Financial Information.....	60
Item 19 – Requirements for State Registered Advisors .....	61

#### Item 4 – Advisory Business

The Registrant has entered into investment management agreements (each, an “**Investment Management Agreement**”) with clients (each, a “**Client**”) pursuant to which the Registrant will supervise and direct the investment and reinvestment of the assets held by a Client in its general account (“**Account**”). For the avoidance of doubt, one or more Clients may be affiliated with one another, although it is expected that not all Clients will be affiliated.

As investment adviser to Clients, the Registrant will:

- Actively manage, with full discretion, investment portfolios for Clients;
- Identify and implement investment opportunities for Clients;
- Impose and monitor investment guidelines with respect to regulatory or capital constraints;
- Monitor and evaluate Clients’ investments;
- Make recommendations regarding investment management and/or allocation decisions;
- Engage in foreign currency hedging transactions and/or the hedging of certain market exposures for certain Clients; and/or
- Provide cash management for certain Clients.

The Registrant will engage third party service providers, such as custodians, administrators and/or auditors, on behalf of Clients.

The Registrant has full authority to invest the assets held in Clients’ Accounts, including, without limitation, investments in various types of securities and assets, including, direct investment opportunities (“**Direct Investments**”) as well as in investment funds, vehicles, accounts or programs managed by Blackstone or its affiliates (the “**Underlying Blackstone Managers**”) in which an Account may invest (collectively, the “**Underlying Blackstone Accounts**”). The Registrant may also invest the assets of an Account in managed accounts and/or investment vehicles (“**Third-Party Accounts**” and together with the Underlying Blackstone Accounts, the “**Underlying Accounts**”) advised by third party managers that are unaffiliated with Blackstone (the “**Third-Party Managers**”, and together with the Underlying Blackstone Managers, the “**Underlying Managers**”). Please see **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** for further information.

Direct Investments may include, without limitation, private and/or public debt, loans, securitizations, structured products, loan originations and other credit instruments and other types of investment arrangements determined by the Registrant on a discretionary basis (directly or indirectly through Underlying Blackstone Accounts or other Blackstone-sourced or

originated investment arrangements or solutions). Please see **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss** for more information.

Investments in Underlying Accounts may, in each case, be across a range of asset classes and/or investment types (including, without limitation, credit and direct lending, private equity, real estate, real estate debt, “opportunistic” investments, secondary investments, investments in structured products and other alternative investment arrangements). A portion of the assets of the Client’s Accounts may be managed through various sub-advisory arrangements with Blackstone affiliated investment managers and include new strategies and customized investment solutions managed by Blackstone (“**Blackstone Sub-Managers**”). Such strategies may include, for example, dedicated or direct co-investment arrangements, asset backed securities, investment origination and sourcing solutions relating to CLOs, CMBS, “high yield” securities, high grade securities, collateralized fund obligations and other separately managed accounts and arrangements.

The Registrant must allocate and invest Accounts’ assets in accordance with investment guidelines specified in their investment management agreement, applicable law (including, without limitation, applicable insurance laws and regulations) and other considerations, which place limits on the types of assets that may be held in an Account.

### **Commingled Feeder Vehicle**

The Registrant also provides investment management, administrative and other services to certain Clients structured as limited partnerships or similar investment vehicles or accounts established by the Registrant to facilitate the commingling of assets of certain Clients or other entities (each, a “**Commingled Feeder Vehicle**”). Any such Commingled Feeder Vehicle is expected to be operated as a feeder fund that will invest in Underlying Blackstone Accounts or other investment opportunities.

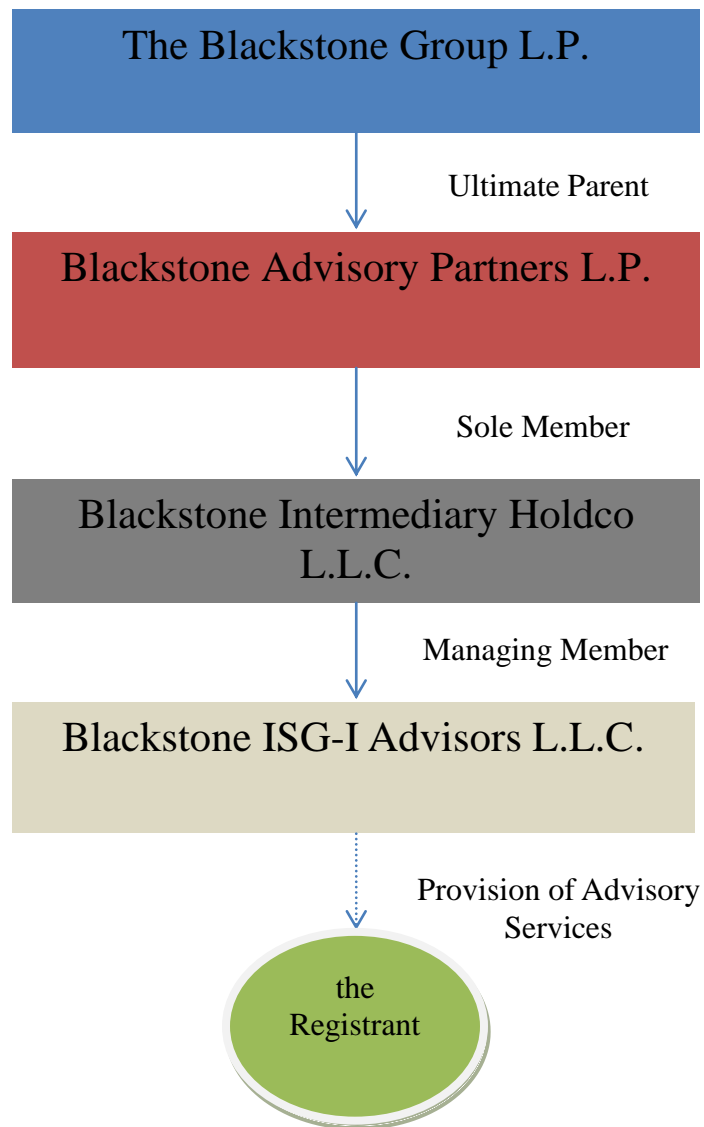
### **Ownership of the Registrant**

The Registrant, a Delaware limited liability company, was founded in 2017 as part of Blackstone. The Blackstone Group L.P. is the ultimate parent of the Registrant and is a publicly held company listed on the New York Stock Exchange that trades under the ticker symbol “BX.” Blackstone Intermediary Holdco L.L.C. is the managing member of the Registrant. Blackstone Advisory Partners L.P. (“**BAP**”), a registered broker-dealer and an affiliate of the Registrant, is the sole member of Blackstone Intermediary Holdco L.L.C. Blackstone Holdings I L.P. is the general partner of BAP. Blackstone Holdings I/II GP Inc. is the general partner of Blackstone Holdings I L.P. The Blackstone Group L.P. is the controlling shareholder of Blackstone Holdings I/II GP Inc. Please see the chart on the following page. Blackstone is one of the leading alternative investment managers in the world with investment programs concentrating on the private equity, real estate, credit and hedge fund solutions areas. Please see **Item 10 – Other Financial Industry Activities and Affiliations** and **Item 11 – Code of Ethics** for more information.

## **Assets Under Management**

The Registrant's regulatory assets under management are \$18,152,422,702 (as of December 31, 2018), all of which are managed on a discretionary basis. This regulatory assets under management number consists of \$18,111,506,385 (measured as of December 31, 2018) in one of the Clients and \$40,916,316 (measured as of December 31, 2018) in the Commingled Feeder Vehicles.

The assets reported above exclude assets with respect to which the Registrant has delegated investment advisory authority to an investment adviser that is a "related person" (as defined in Form ADV) of the Adviser. Such sub-advisory assets are included in the regulatory assets under management reported in the ADV Part 2A of the affiliated adviser to which the Registrant delegated such investment advisory authority. Per the instructions to Form ADV Part 1A, such excluded sub-advisory assets are included in the regulatory assets under management reported in the Registrant's Form ADV Part 1A. Furthermore, the assets reported above include assets attributable to the amount that Clients of the Registrant have invested in clients advised by an investment adviser that is a related person of the Registrant. As a result, those assets are included in the regulatory assets under management of both the Registrant and such other affiliated advisers.



## Item 5 – Fees and Compensation

### Management Fees

The Registrant's Clients are limited to persons or entities that are "Qualified Purchasers" as such term is defined in section 2(a)(51) of the Investment Company Act of 1940, as amended. The particulars of the fee paid by a Client to the Registrant or its designee for the services provided pursuant to the applicable Investment Management Agreement (the "**Management Fee**") will be addressed in such Client's Investment Management Agreement.

### Performance-Based Fees

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

### Fee Negotiations

The Registrant reserves the right to waive or reduce its fees for certain Clients.

### Payment of Management Fees

The Registrant's Management Fees are not inclusive of all the fees and expenses that a Client may pay or that may be borne by a Client.

Management Fees will be paid in accordance with the applicable Investment Management Agreement. A Client will typically be charged a Management Fee in arrears on the last day of the applicable payment period. The provisions with respect to timing of the payment of Management Fees will be addressed in each Client's Investment Management Agreement.

### Additional Fees and Expenses

In addition to the Management Fee, a Client will pay certain out-of-pocket fees and expenses pursuant to such Client's Investment Management Agreement, including brokerage fees, brokerage commissions and all other brokerage transaction costs, stock borrowing and lending fees, interest on cash balances, custodial fees, reasonable transaction legal expenses, regulatory fees or taxes payable in respect of the applicable Account, professional expenses (including fees in connection with the use of proxy voting services) and any other fees and expenses related to the trading and investment activity of the applicable Account as determined by the Registrant. Please see **Item 12 – Brokerage Practices** for more information.

In addition, a Client will bear indirectly (through investments in Underlying Blackstone Accounts or Third Party Accounts) any fees and expenses charged to investors in such Underlying Blackstone Accounts or Third Party Accounts pursuant to the governing documents of such Underlying Blackstone Accounts or Third Party Accounts in which the Client's Account invests. Such fees and expenses generally are deducted directly from such Account or the capital account associated with such Client's investment in such Underlying Blackstone Account or



Third Party Account, as applicable. The amount of these fees and expenses will be substantial and will reduce the actual returns realized by Clients in connection with their respective Investment Management Agreements with the Registrant (and may, in certain circumstances, reduce the amount of capital available to be deployed in Underlying Blackstone Accounts and Third Party Accounts).

The following is a list of fees and/or expenses that Clients will generally pay (or otherwise bear), directly or indirectly, in connection with investments in Underlying Blackstone Accounts and Third Party Accounts. This list is not intended to be exhaustive and the actual fees and expenses borne by a Client will be determined pursuant to the governing documents (the “**Constituent Documents**”) of the applicable Underlying Blackstone Account or Third Party Account, as the case may be.

- Underlying Manager, Underlying Blackstone Account or Third Party Account advisory and performance-based fees and expenses
- Fees and expenses related to borrowings (if any), including credit facility fees and interest charges
- Directors fees (if any)
- Organizational expenses and ongoing legal fees (including costs, expenses and fees charged or specifically attributed or allocated by the Registrant or its affiliates to the Client or the Underlying Account or portfolio companies thereof for hours spent by its in-house attorneys and tax advisors to provide legal advice or services to the Client, Underlying Account or portfolio companies thereof)
- Expenses relating to the structuring, holding or disposition of investments (including the fees, costs and expenses related to the organization or maintenance of any entity directly or indirectly to acquire, hold or dispose of any investment or otherwise facilitating the investment activities of the Clients)
- Indemnification, litigation and settlement expenses
- Regulatory filing fees and reporting expenses
- Expenses related to the Registrant’s compliance matters and reporting obligations to the extent they relate to the Client's activities
- Administrative fees, whether paid to Blackstone or a third-party
- Technology and research-related expenses, including news and quotation equipment and services and data collection and including costs allocated by Blackstone’s internal research and third party groups (which are generally based on time spent), internal and third-party printing (including a flat service fee) and publishing (including time spent performing such internal printing and publishing services)
- Taxes, fees, costs and/or tax-related interest, fees (including any penalties incurred where the Registrant lacks sufficient information from third parties to file a timely and

complete tax return)

- Audit and accounting fees, including expenses associated with the preparation of Clients' periodic reports and related financial and other statements and investor notices and communications (including preparation and delivery of tax returns, K-1s and other communications or notices relating to the Clients)
- Expenses, costs and fees of any banks, investment banks, brokerage commissions and the cost of trading (including trading errors)
- Hedging and currency conversion costs
- Transaction fees
- Custodial fees
- Valuation expenses
- Wire transfer and electronic fund processing fees
- Travel, accommodation and related expenses including, without limitation, first class and/or business class airfare (and/or private charter, where appropriate), first class lodging, ground transportation, travel and premium meals (including, as applicable, cars and meals (outside normal business hours), and social and entertainment events with Underlying Managers, customers, investors and prospective investors, borrowers, brokers and service providers)
- Capital raising, expenses associated with investor admissions and redemptions/withdrawals and investor-related services and other similar costs, certain of which will be allocated to the particular investor responsible for such costs
- Expenses of meetings of investors in Underlying Blackstone Accounts and Third Party Accounts
- Expenses incurred in connection with complying with provisions in side letter agreements (if any) of investors in Underlying Blackstone Accounts and Third Party Accounts
- Expenses of Blackstone-internal and third party printing (including a flat service fee) and publishing (including time spent performing such internal printing and publishing services) and reporting-related expenses (including preparation of financial statements, tax returns, K-1s and other communications or notices)
- Expenses of liquidating a fund
- Insurance (including the cost of title, directors and officers liability or other insurance for the benefit of the Registrant and its affiliates and related persons)
- Consultant and strategic advisor expenses (including individuals consulted through expert network consulting firms)

No employee of the Registrant accepts or otherwise receives any compensation for the sale of securities or other investment products.

## Item 6 – Performance-Based Fees and Side-by-Side Management

Clients may pay the Registrant or its affiliates a performance-based fee (the “**Performance-Based Fee**”) in the amount and on the terms and conditions described in the applicable Investment Management Agreement or other applicable governing documents. Clients will generally bear performance-based fees with respect to the Underlying Blackstone Accounts and Third Party Accounts and also will indirectly bear performance-based fees that are borne by the Underlying Blackstone Accounts and Third Party Accounts with respect to the investments made by certain Underlying Blackstone Accounts and Third Party Accounts.

The sizes of the various performance-based fees to be borne directly or indirectly by Clients will vary and depend on a number of factors including, but not limited to, the level of Management Fees charged by the Registrant (or management fees charged by the Underlying Managers) and the use of performance hurdles.

Certain Clients may not be subject to performance-based fees.

The existence of a performance-based fee may incentivize the Registrant and the Underlying Managers to manage and/or allocate a Client’s assets in a more aggressive manner than if there were no performance-based fee. Further, the existence of differing performance-based fees for different Clients trading side-by-side may create a conflict of interest on the part of the Registrant with respect to the allocation of investment opportunities among Clients. The Registrant has a trade allocation policy (see **Item 12 – Brokerage Practices**) that is designed to address these potential conflicts of interest generally, including as a result of different performance-based fees.

Performance-based fees, if charged by the Registrant, will generally be allocated or paid periodically in arrears. Performance-based fees charged by Underlying Managers will generally be allocated or paid at the time of disposition of the assets giving rise to such performance-based fees (in the case of Underlying Blackstone Accounts or Third Party Accounts with a private equity or similar strategy) or periodically in arrears (in the case of Underlying Blackstone Accounts or Third Party Accounts with a more liquid strategy), although Underlying Managers may charge or allocate such performance-based fees in a different manner.

## **Item 7 – Types of Clients**

The Registrant's Clients include financial institutions and/or other entities. All potential Clients are subject to certain suitability requirements (including that each Client be an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended, and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended).

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

### Investment Strategies

#### *General*

The investment strategies pursued by the Registrant may vary among Clients. The Registrant's investment strategies generally include investments in Underlying Blackstone Accounts and Third Party Accounts (which may include investing indirectly through one or more Commingled Feeder Vehicles), and investments in various types of securities and assets, which include, but are not limited to:

- U.S. Treasury and agency securities, cash equivalents (defined as any security that has an effective duration under one year, a weighted average life of less than one year, and spread duration less than one year), money-market securities and commercial paper
- Debt securities of and/or loans to domestic and foreign governmental issuers (including federal, state, municipal, governmental sponsored agency, global and regional development bank and export-import bank issuers) and domestic and foreign corporate issuers
- Preferred and common stock of domestic and foreign issuers
- Securities convertible into preferred or common stock of domestic and foreign issuers
- Mortgage-backed and asset-backed securities, and securitizations of such
- Mezzanine real estate loans
- Securities issued by a REIT
- Real estate
- Reverse repurchase agreements
- Partnership interests
- Repurchase agreements
- Commercial mortgage whole loans
- Equipment loans
- Structured products (including collateralized loan obligations and commercial mortgage backed securities)

- Corporate credit
- Other securities, futures and derivatives (including equity, interest rate and currency forwards, futures, swaps, swaptions, caps, collars and floors, and credit default swaps) for hedging purposes

### *Credit Products Origination*

Several of the Registrant's investment professionals responsible for investment allocation and management decisions for a Client in accordance with the applicable Investment Management Agreement (the "**Portfolio Management Team**") originate private market credit opportunities through an Alternative Fixed Income ("**AFI**") strategy. Members of the Portfolio Management Team source, then structure and underwrite credit instruments. The AFI strategy may be advised by a Blackstone Sub-Manager.

### **Methods of Analysis**

The Registrant's investment process for evaluating potential opportunities and investments will include a variety of proprietary and non-proprietary research models and methods of analysis. The Registrant derives information used to make investment decisions on behalf of Clients from a variety of both internal and external resources, including proprietary fundamental research, as well as research and reports provided by third parties and corporate ratings services.

The Registrant will retain Blackstone Sub-Managers to assist it in the management of the Accounts. The Blackstone Sub-Managers will act as nondiscretionary sub-advisors and provide investment advisory services, portfolio review, and consultation with respect to the Accounts and the asset classes and markets contemplated by the investment guidelines that may be in effect from time to time, including such recommendations as the Registrant may reasonably request. The Registrant will pay such sub-advisors fees for their services. Such fees will not be an obligation payable by a Client, nor will any Client be responsible for the payment of any expenses of a Blackstone Sub-Manager.

Blackstone Sub-Managers retained by the Registrant may furnish investment management and advisory services to others, and may make recommendations to others which may be the same as, or different from, recommendations made to the Registrant. Blackstone Sub-Managers retained by the Registrant may or may not have an interest in the securities whose purchase and sale the Blackstone Sub-Manager recommends or on which investment advice may be given. Actions with respect to securities of the same kind may be the same as, or different from, the action which the Blackstone Sub-Manager or other investors may take with respect thereto.

### *Methods of Analysis for Direct Investing and Trading*

The Registrant invests and trades, directly in debt and equity securities and other financial instruments, pursuant to the investment discretion of the Registrant.

The Registrant conducts its investing and trading activities, in which portfolio investments are often sourced by the Portfolio Management Team from broker/dealer counterparts. The Registrant's investment professionals generally perform their own independent analysis of such investments. The Registrant's investment professionals seek to articulate the nature of their variant perception, why they believe the investment opportunity exists and what they consider to be the risk-reward profile of the investment.

#### *Methods of Analysis for Investments in Underlying Blackstone Accounts and Third Party Accounts*

While the degree to which the Registrant seeks to invest Client assets in Third Party Accounts will vary depending on the Client, in making any such investments relating to Third Party Accounts, the Registrant will seek to identify established third party managers that it believes can provide upside potential and mitigate downside risk and make investments through those third party managers based on the investment guidelines and policies relating to the applicable Client.

In addition, the Registrant will seek to draw on its knowledge of the investment programs of the Underlying Blackstone Accounts (subject to applicable limitations, including information walls), as well as from the private offering memoranda, quarterly and annual reports and other available information relating to the Underlying Blackstone Accounts and the Third Party Accounts and their respective investments, in connection with making investment allocation decisions.

As part of the management of the overall investment programs of Clients, the Registrant identifies, researches, evaluates, selects and monitors the Underlying Blackstone Accounts and Third Party Accounts in which Clients invest based on certain criteria, which include, but are not limited to:

- Investment performance and fundamental investment analysis
- Risk management techniques
- Levels of volatility
- Liquidity
- Investment philosophies and strategies
- Factors relating to management and investment professionals associated with such Underlying Blackstone Account or Third Party Account, such as experience, commitment and reputation
- The fees associated with such Underlying Blackstone Account or Third Party Account
- Investment capacity
- Concentrations/diversification/growth and other investment considerations



- Capital efficiency
- Consistency with appropriate insurance and regulatory guidelines

For investments made indirectly through investments in Underlying Blackstone Accounts and Third Party Accounts (as opposed to direct investments), the success of the investment strategies for Clients is ultimately dependent in large part on the success of the Underlying Blackstone Accounts or Third Party Accounts in which the Accounts invest. The specific investment strategy and corresponding method of analysis for each Underlying Blackstone Account and Third Party Account will vary, and the risk of each Client's investment program will in part be a function of the strategies and investments of the Underlying Blackstone Accounts or Third Party Accounts in which they invest. There can be no assurance that any Client's investment objectives will be achieved or that the Underlying Blackstone Accounts or Third Party Accounts, individually or collectively, will produce positive returns or avoid losses. Past performance is not necessarily indicative of future results. Clients should be prepared to bear these risks. The risks inherent to the strategies employed by the Registrant or by the Underlying Blackstone Accounts and Third Party Accounts include the risks described below.

*Methods of Analysis for Investments by the Commingled Feeder Vehicles*

Offers of co-investment opportunities by Underlying Managers will be made to the Portfolio Management Team (after appropriate wall crossing procedures have been followed, if applicable) who will determine a recommended commitment amount with respect to each such co-investment opportunity and will present such recommendations to the Commingled Feeder Vehicle Sub-Committee of the Registrant. The Commingled Feeder Vehicle Sub-Committee is responsible for reviewing and approving (or denying approval of) all co-investment commitments that are presented by the Portfolio Management Team.

**Risk of Loss:** The investment strategies employed by the Registrant entail a significant degree of risk and therefore should be undertaken only by Clients capable of evaluating the risks and bearing the risks of the investment strategies, including, but not limited to, the risk of loss of the entire investment.

**General Economic and Market Conditions:** The success of the Registrant's and the Underlying Blackstone Accounts and Third Party Accounts' investment 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 and regulations (including laws relating to taxation of Clients' or the Underlying Blackstone Accounts and Third Party Accounts' investments)
- Trade barriers
- Currency exchange controls
- National and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations)
- Market liquidity
- U.S. federal income tax reform
- Changes to insurance capital regulations

These factors may affect the level and volatility of financial instruments' prices and the liquidity of Clients' or the Underlying Blackstone Accounts or Third Party Accounts' investments. Volatility or illiquidity could impair the investment profitability or result in losses. The Accounts may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Clients may, including indirectly through their investments in the Underlying Blackstone Accounts and Third Party Accounts, maintain substantial positions that can be adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss. Clients may also, including indirectly through their investments in the Underlying Blackstone Accounts and Third Party Accounts, invest outside of the United States. The economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in certain respects, such as:

- Growth of gross domestic product
- Rate of inflation
- Currency depreciation
- Asset reinvestment
- Resource self-sufficiency
- Balance of payments position
- Uncertainty of legal claim in restructuring scenarios

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

**Investment and Trading Risk; Lack of Control:** All investments made by the Registrant (either directly or through the Underlying Blackstone Accounts or Third Party Accounts) risk the loss of capital (i.e., invested amount). No guarantee or representation is made that the Registrant's or any Underlying Manager's investment program will be successful, and investment results may vary substantially over time. Investors are subject to the risk of substantial losses. Additional risks associated with investments with the Registrant include (among others):

**Other Risks Primarily Associated with the Registrant and the Operation of Clients:**

- Limited operating history; no assurance of investment returns
- Reliance on Blackstone's professionals and Underlying Managers
- Highly competitive market for investment opportunities
- Limitations on availability of Underlying Blackstone Accounts and Third Party Accounts
- Lack of control and passive investment program
- Multi-manager approach
- Diversification and portfolio concentration
- Rebalancing transactions and portfolio allocation
- Limited transparency and limited or no voting rights
- Trading volatility
- Investment through holdings vehicles and/or master funds (including Commingled Feeder Vehicles)
- Cross-collateralization risk
- Possibility of limited or different information rights
- Creation of other series or sub-series of Underlying Blackstone Account or Third Party Account interests
- Lack of diversification
- Investments in less established companies
- Underlying Blackstone Account or Third Party Account leverage
- Portfolio valuation
- Tax reform affecting Blackstone employees and other service providers
- Risk management
- Illiquidity
- Reinvestment and lack of distributions
- Limitations on structuring

- Indemnification; exculpation; absence of recourse
- Absence of regulatory oversight
- U.S. Commodity Exchange Act
- Enhanced scrutiny and potential regulation, examination and investigation of the alternative asset management industry and the financial services industry
- Institutional risk
- General economic and market conditions
- United Kingdom exit from the European Union
- Dependence on service providers and key personnel
- Role of private equity professionals
- Misconduct by employees and of third party providers
- Direct investments by Clients
- Expedited transactions
- Liquidity mismatch
- Cyber security breaches and identity theft
- OFAC and FCPA consideration
- FOIA
- Investments in regulated industries

**Risks Primarily Associated with Investments Made by the Registrant, Underlying Blackstone Accounts and the Third Party Accounts**

- Competition
- Portfolio turnover
- Multiple levels of expense
- Other clients of Underlying Managers
- Portfolio Manager misconduct or bad judgment
- Investment risks in general
- Dependence on the Portfolio Management Team and Underlying Managers and their respective personnel

- Strategy risk
- Style drift
- Proprietary investment strategies
- Potential inability to trade or report due to systems failure
- Financing arrangements; availability of credit
- Risks related to bearing the additional layer of fees and expenses charged at the level of the Underlying Blackstone Accounts and Third Party Accounts

**Risks of Investment Strategies Arising from Investments Made by the Registrant, the Underlying Blackstone Accounts and the Third Party Accounts, such as:**

- Equities
- Short selling
- Foreign securities
- Hedging
- Commodities
- Currency trading
- Arbitrage strategies
- Emerging markets
- Fixed-income investments
- Derivative instruments
- Swap transactions
- Option transactions
- Forward trading
- Credit default swap agreements
- Small and medium capitalization companies
- U.S. government securities
- Debt-oriented real estate investments
- Commercial mortgage loans
- Collateralized loan obligations
- Debt/credit investments (including senior, secured and subordinated debt)
- Distressed and non-investment grade securities
- Structured products

- Secondary investments
- Certain risks related to investments in natural resources and energy

#### **Other Risks**

- Highly volatile markets
- Illiquid investments
- Short-term trading
- Event driven
- Proxy contests and unfriendly transactions
- Leverage and distressed securities
- Lower credit quality loans
- Securities believed to be undervalued or incorrectly valued
- Convergence risk
- Credit risk
- Systemic risk
- Spread widening risk
- Counterparty and settlement risks
- Risk of counterparty default
- Suspensions of trading
- Custodial risk
- Failure of futures commission merchants
- Catastrophe risk; terrorist activities; availability of insurance
- Force majeure

Investors are advised to review the applicable Constituent Documents for a more extensive description of the risks of investing in the Clients.

## Item 9 – Disciplinary Information

The Registrant does not have any legal or other “disciplinary” event to report. As a registered investment adviser, the Registrant is obligated to disclose any disciplinary event that would be material to a client when evaluating the Registrant’s advisory business or the integrity of its management.

On occasion, in the ordinary course of its business, Blackstone is named as a defendant in a legal action. Although there can be no assurance of the outcome of such legal actions, the Registrant does not believe that any current legal proceeding or claim to which Blackstone is a party will individually or in the aggregate materially affect the Registrant and/or the Accounts’ operations, financial position or cash flows. Certain regulatory, litigation and other similar matters are disclosed in (i) Blackstone’s and the Registrant’s public filings (including, without limitation, its current, periodic and annual reports on Forms 8-K, 10-Q and 10-K), which may be accessed through the web site of the SEC ([www.sec.gov](http://www.sec.gov)) or Blackstone (<http://ir.blackstone.com/investors/annual-reports-and-sec-filings/default.aspx>) and (ii) materials made available through Blackstone’s BXAccess online portal related to the Registrant, the Accounts and/or certain of their affiliates, which is accessible to Clients. Anything disclosed in Blackstone’s or the Registrant’s public filings and/or which is otherwise made available to Clients, including by way of posting to Blackstone’s online portal, is incorporated herein by reference, to the extent applicable, including with respect to litigation, investigations, settlements and similar proceedings.

## Item 10 – Other Financial Industry Activities and Affiliations

From time to time, various potential and actual conflicts of interest may arise from the overall investment activities of Blackstone, the Clients, the Registrant and its affiliates. The following briefly summarizes certain but not all of these potential conflicts, but is not intended to be an exclusive list of all such conflicts. Any references to Blackstone and the Registrant in this section will be deemed to include their respective officers, directors and employees.

**Selection of Investments.** With respect to Clients that are permitted to invest in Underlying Blackstone Accounts, any investment decisions by the Registrant relating to the selection of, investment in or allocation of investments for the Clients, including allocations of the Clients' assets to Underlying Blackstone Accounts managed or sponsored by affiliates of the Registrant, will involve a material conflict of interest for the Registrant due to the economic and other arrangements described herein. The Registrant will generally have discretion to make investment decisions within the parameters of the applicable investment guidelines for each Client, applicable law (including, without limitation, applicable insurance laws and regulations) and other considerations, and will be permitted, in certain cases, to allocate such Client's assets to investments sourced by Blackstone and in Underlying Blackstone Accounts for which affiliates of the Registrant may receive substantial compensation in the form of management fees, other fees and carried interest. The Registrant and Underlying Blackstone Managers, as applicable, are expected to receive carried interest or incentive allocations and management fees from such Underlying Blackstone Accounts. In addition, the Registrant and Underlying Blackstone Managers are expected to receive various types of other fees from or with respect to portfolio entities, including certain Clients (where applicable), in connection with their investment and advisory activities, including the management of the Underlying Blackstone Accounts. Except as expressly provided in the relevant governing documents of each Underlying Blackstone Account, the Clients will generally not receive the benefit of any of the foregoing fees received by the Registrant and its affiliates. Such fees will be in addition to the management fees paid by the Clients under the applicable governing documents or investment management agreement.

As a result, the Registrant will have an incentive to cause the Clients to make capital commitments to new Underlying Blackstone Accounts or Underlying Blackstone Accounts that (a) are otherwise difficult to raise, including without limitation, because predecessor vehicles have had poor investment performance, the strategy is new or out of favor or turnover of the investment professionals responsible for performance or (b) have a possibility of generating higher fees or carried interest than another potential Underlying Blackstone Account. Correspondingly, the Registrant will have a disincentive to cause the Clients to make capital commitments to (x) Underlying Blackstone Accounts that are otherwise in high demand or (y) are expected to generate relative lower fees or carried interest than other potential Underlying Blackstone Accounts. Furthermore, the Registrant may have an economic incentive to make capital commitments from certain Clients to affiliated Underlying Blackstone Accounts rapidly and in the maximum permitted size in order to increase and accelerate the timing of the potential fees and carried interest generated by such Underlying Blackstone Accounts.



**Blackstone Policies and Procedures.** Specified policies and procedures implemented by Blackstone to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions will from time to time reduce the advantages across Blackstone's various businesses that the Clients expects to draw on in connection with their Investment Management Agreements. Because Blackstone has many different businesses, including a capital markets group asset management and similar businesses, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would otherwise be subject if it had just 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 (e.g., information walls) that reduce the positive firm-wide synergies that the Clients could otherwise expect to utilize for purposes of finding attractive investments under the Investment Management Agreement. For example, Blackstone will from time to time come into possession of material non-public information with respect to companies in which Underlying Blackstone Accounts and the Clients may be considering making an investment or companies in which affiliates of Blackstone may hold an interest. As a consequence, that information, which could be of benefit to the Underlying Blackstone Accounts, its investment professionals and the Clients, might become restricted to those other businesses and otherwise be unavailable to the Clients. Additionally, the terms of confidentiality or other agreements with or related to companies in which any Underlying Blackstone Account has or has considered making an investment or which is otherwise a client of Blackstone will from time to time restrict or otherwise limit (i) information available to the Registrant which may adversely impact its ability to provide investment management services with respect to the Investment Management Agreements and (ii) the ability of the Client and/or the Underlying Blackstone Accounts and their affiliates to make investments in or otherwise engage in businesses or activities competitive with such companies under the Investment Management Agreements. Blackstone may enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although they may be intended to provide greater opportunities for the Clients under the Investment Management Agreements, may require the Clients to share such opportunities or otherwise limit the amount of an opportunity the Clients can otherwise take.

**Allocation of Personnel.** Certain senior Blackstone professionals and the general partners of the Clients and their affiliates will devote such time as will be necessary to conduct the business affairs of the Registrant in an appropriate manner. However, Blackstone personnel serving as members of the general partners and/or certain senior Blackstone professionals will work on other projects and/or Underlying Blackstone Accounts, including, without limitation, as members of the investment committee and/or investment teams serving the Underlying Blackstone Accounts, will serve on other committees and have other responsibilities, including senior management responsibilities, throughout Blackstone and/or its portfolio entities. Time spent on other initiatives diverts attention from the activities of the Clients, which could negatively impact the Clients and their investors. Furthermore, Blackstone and Blackstone personnel derive financial benefit from these other activities, including fees and performance-

based compensation. These and other factors create conflicts of interest in the allocation of time by Blackstone personnel.

In this regard, however, a core group of Blackstone investment professionals will devote such time as is reasonably necessary to the business related to the Clients (and their respective investments) and their related entities (which may include separate accounts, dedicated managed accounts and/or investment funds formed for specific investments). The Registrant's and the applicable general partner's determination of the amount of time necessary to conduct the Clients' activities will be conclusive, and the investors rely on the Registrant's and the applicable general partner's judgment in this regard.

**Co-Investment Opportunities.** It is expected that the Clients will invest in co-investment opportunities that arise across the Underlying Blackstone Accounts. As a general matter, the allocation of co-investment opportunities is entirely discretionary and there can be no assurance that co-investments of any particular type or amount will be allocated to an Account. Blackstone will take into account various facts and circumstances deemed relevant by Blackstone in allocating co-investment opportunities, including whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, Blackstone's assessment of a potential co-investor's ability to invest an amount of capital that fits the needs of the investment (taking into account the amount of capital needed as well as the maximum number of investors that can realistically participate in the transaction) and Blackstone's assessment of a potential co-investor's ability to commit to a co-investment opportunity within the required timeframe of the particular transaction. Additional considerations may also include, among others and without limitation, the size of investor commitments to Underlying Blackstone Accounts, the economic and other terms of such co-investment (e.g., whether management fees and/or carried interest would be payable to Blackstone and the extent thereof), and such other factors that Blackstone deems relevant under the circumstances. In general, the Registrant will not separately originate, source or diligence co-investment opportunities, but rather will rely upon the investment selection process of the advisor or the general partner of the relevant Underlying Blackstone Account. Furthermore, in determining the valuation of co-investments, the Registrant will generally rely upon the valuations provided by the advisor or general partner of the relevant Underlying Blackstone Account alongside which the Client invests. The terms of any co-investment opportunities allocated to any Account will be determined by the Registrant on a case by case basis in accordance with the Investment Management Agreements, and may involve the payment of management fees and/or carried interest to one or more affiliates of the Registrant. Blackstone may be less incentivized to offer certain potential co-investment opportunities to a Client since the amount of carried interest and / or management fee to which Blackstone is entitled under the arrangements with co-investors in Underlying Blackstone Accounts, including with respect to such co-investor's participation in the Underlying Blackstone Accounts, may depend on, among other things, the extent to which such co-investors participate in co-investments. The amount of carried interest or expenses charged and/or management fees or other fees paid by a Client (directly or indirectly through Underlying Blackstone Accounts) may be less than or exceed such amounts charged or paid by co-investment vehicles pursuant to the terms of such vehicles' partnership agreements and / or other agreements with co-investors, and such variation in the amount of

fees and expenses may create an economic incentive for Blackstone to allocate a greater or lesser percentage of an investment opportunity to a Client or such co-investment vehicles or co-investors, as the case may be. In addition, other terms of existing and future co-investment vehicles may differ materially, and in some instances may be more favorable to Blackstone, than the terms of an Account, and such different terms may create an incentive for Blackstone to allocate a greater or lesser percentage of an investment opportunity to a Client. Such incentives will from time to time give rise to conflicts of interest, and there can be no assurance that such conflicts of interest will be resolved in favor of a Client. Accordingly, any investment opportunities that would have otherwise been allocated, in whole or in part, to the Client or any Underlying Blackstone Account may be reduced and made available to co-investment vehicles. Co-investments may be offered by Blackstone on such terms and conditions (including with respect to management fees, carried interest and related arrangements) as Blackstone determines in its discretion on a case-by-case basis.

**Other Blackstone Business Activities.** Blackstone, the Registrant, Underlying Blackstone Accounts, their portfolio companies, and personnel and related parties of the foregoing may receive fees and compensation, including performance-based and other incentive fees, for products and services provided to the Clients and Underlying Blackstone Accounts and their portfolio companies, such as fees for asset and property management; underwriting, syndication or refinancing of a loan or investment; loan servicing; special servicing; administrative services; advisory services on purchase or sale of an asset or company; investment banking services; placement agent services; fund administration; internal legal and tax planning services; information technology products and services; and other products and services. Such parties will also provide products and services for fees to Blackstone, Underlying Blackstone Accounts and their portfolio companies, and their personnel and related parties, as well as third parties. Through its Innovations group, Blackstone incubates businesses that can be expected to provide goods and services to the Underlying Blackstone Accounts and Underlying Blackstone Accounts and their portfolio companies, as well as other Blackstone-related parties and third parties. By contracting for a product or service from a business related to Blackstone, the Underlying Blackstone Accounts and their portfolio companies would provide not only current income to the business and its stakeholders, but could also create significant enterprise value in them, which would not be shared with the Underlying Blackstone Accounts or the Clients and could benefit Blackstone directly and indirectly. Also, Blackstone, Underlying Blackstone Accounts and their portfolio companies, and their personnel and related parties may receive compensation or other benefits, such as through additional ownership interests or otherwise, directly related to the consumption of products and services by the Underlying Blackstone Accounts and their portfolio companies. The Underlying Blackstone Accounts and their portfolio companies will incur expense in negotiating for any such fees and service, which will generally be treated as Blackstone Underlying Account Expenses. Finally, Blackstone and its personnel and related parties may also receive compensation for origination expenses and with respect to unconsummated transactions.

Both the Clients and the Underlying Blackstone Accounts generally will, as determined by the Registrant and the Underlying Blackstone Managers, respectively, bear the cost of fund

administration, in-house legal, tax planning and other related services provided by Blackstone personnel and related parties to the Clients and the Underlying Blackstone Accounts and their portfolio companies, including the allocation of their compensation and related overhead otherwise payable by Blackstone, or pay for their services at market rates. Such allocations or charges will generally be based on any of the following methodologies: (i) requiring personnel to periodically record or allocate their historical time spent with respect to the Clients, the Underlying Blackstone Accounts or Blackstone approximating the proportion of certain personnel's time spent with respect the Clients or the Underlying Blackstone Accounts, and in each case allocating their compensation and allocable overhead based on time spent, or charging their time spent at market rates, (ii) the assessment of an overall dollar amount (based on a fixed fee or percentage of assets under management) that Blackstone believes represents a fair recoupment of expenses and a market rate for such services or (iii) any other similar methodology determined by Blackstone to be appropriate under the circumstances. Certain Blackstone personnel will provide services to few, or only one, of the Clients, the Underlying Blackstone Accounts and the Other Blackstone Accounts, in which case Blackstone could rely upon rough approximations of time spent by the employee for purposes of allocating the salary and overhead of the person if the market rate for services is clearly higher than allocable salary and overhead. However, any methodology (including the choice thereof) involves inherent conflicts and may result in incurrence of greater expenses by the Clients or the Underlying Blackstone Accounts and their portfolio companies than would be the case if such services were provided by third parties.

The Registrant, the Underlying Blackstone Managers, Underlying Blackstone Accounts and their portfolio companies, and their affiliates, personnel and related parties could continue to receive fees, including performance-based or incentive fees, for the services described in the preceding paragraphs with respect to investments sold by the Underlying Blackstone Accounts or a portfolio company to a third party buyer after the sale is consummated. Such post-disposition involvement will give rise to potential or actual conflicts of interest, particularly in the sale process. Moreover, the Registrant, the Underlying Blackstone Managers, Underlying Blackstone Accounts and their portfolio companies, and their affiliates, personnel and related parties may acquire a stake in the relevant asset as part of the overall service relationship, at the time of the sale or thereafter.

The Underlying Blackstone Managers generally do not have any obligation to ensure that fees for products and services contracted by the Underlying Blackstone Accounts or their portfolio companies are at market rates unless the counterparty is considered an "Affiliate" of Blackstone, as defined in the partnership agreements of the Underlying Blackstone Accounts, and given the breadth of Blackstone's investments and activities the Underlying Blackstone Managers may not be aware of every commercial arrangement between the Underlying Blackstone Accounts and their portfolio companies, on the one hand, and Blackstone, Underlying Blackstone Accounts and their portfolio companies, and personnel and related parties of the foregoing, on the other hand.

Except as set forth above, the Underlying Blackstone Accounts and the Clients will not receive the benefit (e.g., through an offset to the management fee payable to the Blackstone Underlying Blackstone Managers or otherwise) of any fees or other compensation or benefit received by the Underlying Blackstone Managers, their affiliates or their personnel and related parties. The Underlying Blackstone Managers and their affiliates and their personnel and related parties generally will receive fees attributable to Underlying Blackstone Accounts (including co-investment vehicles) and third parties and, without limiting the generality of the foregoing, the amount of such fees allocable to Underlying Blackstone Accounts (including co-investment vehicles) generally will not result in an offset of the management fee payable to Underlying Blackstone Manager or otherwise be shared with the Underlying Blackstone Accounts, their portfolio companies or the Clients, even if (i) such Underlying Blackstone Accounts (including co-investment vehicles) provide for lower or no management fees for the investors or participants therein (such as the vehicles established in connection with Blackstone's side-by-side co-investment rights, which generally do not pay a management fee or carried interest) or (ii) such fees result in an offset to management fees or carried interest payable by any of such Underlying Blackstone Accounts (including co-investment vehicles). As noted in "Co-Investments" above, this creates an incentive for Blackstone to offer co-investment opportunities and may result in other fees being received more frequently (or exclusively) with investments that involve co-investment.

**Advisors and Operating Partners.** Blackstone engages and retains strategic advisors, operating partners, senior advisors, executive advisors, consultants and/or other professionals who are not employees or affiliates of Blackstone (which may include former Blackstone employees as well as current and former executive officers of Blackstone portfolio companies) and who are expected, from time to time, to receive payments from, or allocations or performance-based compensation with respect to, portfolio companies (as well as from Blackstone, the Underlying Blackstone Accounts or the Clients). These strategic advisors, senior advisors, executive advisors, consultants and/or other professionals (which may include certain former Blackstone employees) often have the right or may be offered the ability to co-invest alongside Underlying Blackstone Accounts or the Clients, including in those investments in which they are involved (and for which they may be entitled to receive performance-related incentive fees, which will reduce the Clients' returns), or otherwise participate in equity plans for management of any such portfolio company or in a vehicle controlled by the Clients subject to reduced or waived management fees and/or carried interest, including after the termination of their engagement by or other status with Blackstone. The nature of the relationship with each of the strategic advisors, senior advisors, consultants, operating partners and/or other professionals and the amount of time devoted or required to be devoted by them varies considerably. In some cases, they provide the Registrant with industry-specific insights and feedback on investment themes, assist in transaction due diligence or make introductions to and provide reference checks on management teams. In other cases, they take on more extensive roles and serve as executives or directors on the boards of portfolio companies or contribute to the origination of new investment opportunities. The Clients may rely on these strategic advisors, senior advisors, operating partners, executive advisors, consultants and/or other professionals to recommend Blackstone as a preferred investment partner, identify investments and source opportunities,

and there is no assurance that these advisors will continue to be involved with the Clients for the entire investment period. In certain instances Blackstone has formal arrangements with these executive advisors consultants, management teams for operating platforms and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships are more informal. They are either compensated (including pursuant to retainers and expense reimbursement and, in any event, pursuant to negotiated arrangement which will not be confirmed as being comparable to the market rates for such services) by Blackstone, the Clients and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. In certain cases, they have certain attributes of Blackstone “employees” (e.g., they may have dedicated offices at Blackstone, have a Blackstone email address, participate in general meetings and events for Blackstone personnel, work on Blackstone matters as their primary or sole business activity, have Blackstone-related email addresses and participate in certain benefit arrangements typically reserved for Blackstone employees) even though they are not Blackstone employees, affiliates or personnel for purposes of the relevant Investment Management Agreement. Blackstone expects, where applicable, to allocate the costs of such personnel to the Clients and/or applicable portfolio companies. There can be no assurance that any of the consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with Blackstone, the Clients and/or any portfolio companies throughout the term of the Clients.

**Conflicting Fiduciary Duties to Blackstone Accounts.** Blackstone may structure an investment as a result of which Underlying Blackstone Accounts are offered the opportunity to participate in an investment allocated to a Client or where such Underlying Blackstone Accounts may hold or acquire interest in portfolio entities in which such Clients have indirect investments. Conversely, a Client may be offered an opportunity to participate in an investment or invest capital in an underlying vehicle that holds or subsequently acquires investments in which Underlying Blackstone Accounts have an interest. As investment advisor to both a Client and such Underlying Blackstone Accounts, Blackstone would owe a fiduciary duty to such Underlying Blackstone Accounts as well as to a Client. As such, Blackstone may, in certain instances, face a conflict of interest in respect of decisions made with regard to such Underlying Blackstone Accounts and the Clients (e.g., with respect to the terms of high-yield securities or other debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies, etc.)

**PJT.** On October 1, 2015 Blackstone spun off its financial and strategic advisory services, restructuring and reorganization advisory services, and its Park Hill fund placement businesses and combined these businesses with PJT Partners Inc. (“**PJT**”), an independent financial advisory firm founded by Paul J. Taubman. While the new combined business operates independently from Blackstone and is not an affiliate thereof, nevertheless conflicts may arise in connection with transactions between or involving the Clients and their portfolio companies on the one hand and PJT on the other. Specifically, given that PJT is not an affiliate of Blackstone, there may be fewer or no restrictions or limitations placed on transactions or relationships engaged in by PJT’s new advisory business as compared to the limitations or restrictions that might apply to transactions engaged in by an affiliate of Blackstone. It is

expected that there will be substantial overlapping ownership between Blackstone and PJT for a considerable period of time going forward. Therefore, conflicts of interest in doing transactions involving PJT will still arise. The pre-existing relationship between Blackstone and its former personnel involved in such financial and strategic advisory services, the overlapping ownership, co-investment and other continuing arrangements, may influence Blackstone and/or the Registrant in deciding to select or recommend PJT to perform such services for the Clients (or a portfolio company) (the cost of which will generally be borne directly or indirectly by the Clients or such company, as applicable). Nonetheless, the Registrant and its affiliates will be free to cause the Clients and portfolio companies to transact with PJT generally without restrictions under the applicable offering and/or governing documents notwithstanding such overlapping interests in, and relationships with, PJT. In addition, one or more investment vehicles controlled by Blackstone may be established to facilitate participation in Blackstone's side-by-side investment program by employees and/or partners of PJT.

**Other Blackstone Funds; Allocation of Investment Opportunities.** Blackstone invests its own capital and third-party capital on behalf of Underlying Blackstone Accounts and the Client in a wide variety of investment opportunities throughout the world. Certain opportunities within the mandate of the Clients will be required or permitted to be made by (to the potential exclusion of the Clients), or shared with, one or more other clients of Blackstone. It is expected that some activities of Blackstone and other client of Blackstone will compete with the Clients for one or more investment opportunities that are consistent with the Clients' investment objectives, and as a result such investment opportunities may only be available on a limited basis, or not at all, to the Clients. The Registrant has conflicting loyalties in determining whether an investment opportunity should be allocated to the Clients or another client of Blackstone, and these conflicts may not necessarily be resolved in favor of the Clients. Blackstone has adopted guidelines and policies, which it may update from time to time, regarding allocation of investment opportunities. In the future Blackstone may enter into arrangements similar to the Investment Management Agreements with other entities. Such arrangements may reduce the allocations of investments to the Clients, and Blackstone may be incentivized to allocate investments away from the Clients to the counterparties to such investment management agreements or other vehicles/accounts to the extent the economic arrangements related thereto are more favorable to Blackstone relative to the terms of the Investment Management Agreements.

Blackstone has adopted "first-call" guidelines in connection with determining allocations of investment opportunities among its business groups. Even though the "first-call" guidelines are non-exclusive and subject to the provisions of the applicable partnership agreement, including the factors described above. The application of such guidelines may result in certain Underlying Blackstone Accounts not participating, or not participating to the same extent, in investment opportunities in which it would have otherwise participated had the guidelines not existed.

**Allocation of Portfolios.** Blackstone may have an opportunity to acquire a portfolio or pool of assets, securities and instruments that it determines should be divided and allocated among the Underlying Blackstone Accounts. Such allocations generally would be based on Blackstone's assessment of the expected returns and risk profile of each of the assets. For

example, some of the assets in a pool may have an opportunistic return profile, while others may have a lower return profile not appropriate for the Underlying Blackstone Accounts in which the Client invests. Also, a pool may contain both debt and equity instruments that Blackstone determines should be allocated to different funds. In all of these situations, the combined purchase price paid to a seller would be allocated among the multiple assets, securities and instruments in the pool and therefore among the Underlying Blackstone Accounts acquiring any of the assets, securities and instruments. Similarly, there will likely be circumstances in which the Underlying Blackstone Accounts will sell assets in a single or related transactions to a buyer. In some cases a counterparty will require an allocation of value in the purchase or sale contract, though Blackstone could determine such allocation of value is not accurate and should not be relied upon. Blackstone will generally rely upon internal analysis to determine the ultimate allocation of value, though it could also obtain third party valuation reports. Regardless of the methodology for allocating value, Blackstone will have conflicting duties to the Underlying Blackstone Accounts the Clients are not invested in and the Underlying Blackstone Accounts in which the Client invests when they buy or sell assets together in a portfolio, including as a result of different financial incentives Blackstone has with respect to different vehicles, most clearly when the fees and compensation, including performance-based compensation, earned from the different vehicles differ. There can be no assurance that an investment of an Underlying Blackstone Account in which the Client invests will not be valued or allocated a purchase price that is higher or lower than it might otherwise have been allocated if such investment were acquired or sold independently rather than as a component of a portfolio shared with Underlying Blackstone Accounts in which the Client did not invest. The Client acknowledges these conflicts related to allocation of portfolios, acknowledges that these conflicts will not necessarily be resolved in favor of the Underlying Blackstone Accounts in which the Client invests, agrees that the Client may not be entitled to receive notice or disclosure of the occurrence of these conflicts, consents to all such transactions and arrangements to the fullest extent permitted by law, and waives any claim against the general partners of the Underlying Blackstone Accounts in which the Client invests or their affiliates and releases each of them from any liability arising from the existence of any such conflict of interest.

**Service Providers and Other Counterparties.** Certain advisors and other service providers, or their affiliates (including accountants, administrators, paying agents, depositaries, lenders, bankers, brokers, attorneys, consultants, and investment or commercial banking firms) to the Clients, Blackstone and/or certain portfolio entities in which the Clients have an investment (directly or indirectly through Underlying Blackstone Accounts) also provide goods or services to, or have business, personal, financial or other relationships with Blackstone, its affiliates and portfolio entities. For example, certain portfolio entities enter into agreements regarding group procurement (such as the group purchasing organization), benefits management, purchase of title and/or other insurance policies (which will from time to time be pooled across portfolio entities and discounted due to scale) from a third party or a Blackstone affiliate, and other similar operational, administrative or management related initiatives that result in commissions, discounts or similar payments to Blackstone or its affiliates (including personnel), including related to a portion of the savings achieved by the portfolio entity. Such advisors and



service providers referred to above may be affiliates of Blackstone or the Registrant, sources of financing and investment opportunities or co-investors or commercial counterparties or entities in which Blackstone and/or the Underlying Blackstone Accounts have an investment, and payments by the Clients and/or such portfolio entities may indirectly benefit Blackstone and/or such Underlying Blackstone Account.

Additionally, certain employees of the Registrant may have family members or relatives employed by such advisors and service providers. These relationships may influence Blackstone and/or the Registrant in deciding whether to select, recommend or create such service providers to perform services for the Clients and/or portfolio entities (the cost of which will generally be borne directly or indirectly by the Clients or such portfolio entities, as applicable) and may incentivize Blackstone to engage such service provider over a third party and/or to utilize the services of such brokers or other service providers or to pay such brokers or other service providers, higher fees or commissions out of a Client's Account in return for such brokers or service providers' willingness to invest in the Client's Account which could result in additional fees for the Registrant. The fees for services provided by such service providers may or may not be at the same rate charged by other third parties and the Registrant undertakes no obligations to select service providers who may have lower rates. Because Blackstone has many different businesses, including the Blackstone Capital Markets Group, which Blackstone investment teams and portfolio entities may engage to provide underwriting and capital market advisory services, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and subject to more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business.

Advisors and service providers, or their affiliates, often charge different rates or have different arrangements for specific types of services. With respect to service providers, for example, the fee for a given type of work may vary depending on the complexity of the matter as well as the expertise required and demands placed on the service provider. Therefore, to the extent the types of services used by the Clients and/or a portfolio entity are different from those used by Blackstone (including personnel), the Registrant or its affiliates (including personnel), Blackstone (including personnel) may pay different amounts or rates than those paid by the Client and/or a portfolio entity. In most such circumstances, the Constituent Documents of each Client will not preclude such Client from undertaking any particular investment activity and/or transaction.

However, Blackstone or Underlying Blackstone Accounts can be expected to enter into covenants that restrict or otherwise limit the ability of the Clients or their portfolio entities and their affiliates to make investments in, or otherwise engage in, certain businesses or activities. For example, certain Underlying Blackstone Accounts could have granted exclusivity to a joint venture partner that limits the Underlying Blackstone Accounts in which the Clients are invested from owning assets within a certain distance of any of the joint venture's assets, or Blackstone or an Underlying Blackstone Account could have entered into a non-compete in connection with a sale or other transaction. Furthermore, other Blackstone businesses and their personnel may be prohibited by law or contract from sharing information with the Client's general partner(s) that would be relevant to monitoring such Clients' investments and other

activities. These types of restrictions may negatively impact the ability of the Client's to implement their investment program. To the extent Blackstone in its sole discretion determines appropriate, conflict mitigation strategies may be put in place with respect to a particular circumstance, such as internal information barriers or recusal, disclosure or other steps determined appropriate by Blackstone in its sole discretion. In addition to the service providers (including portfolio entity service providers) and vendors described above, the Underlying Blackstone Accounts and their portfolio entities will engage in transactions with one or more businesses that are owned or controlled by Blackstone directly, not through one of its funds, including the businesses described below. These businesses may also enter into transactions with other counterparties of the Underlying Blackstone Accounts and their portfolio entities, as well as service providers, vendors and investors of the Underlying Blackstone Accounts in which the Clients are invested. Blackstone could benefit from these transactions and activities through current income and creation of enterprise value in these businesses. No fees charged by these service providers and vendors will offset or reduce management fees, unless otherwise required by the Clients' partnership agreements. Furthermore, Blackstone, the Underlying Blackstone Accounts and their portfolio entities and their affiliates and related parties will use the services of these Blackstone affiliates, including at different rates. Although Blackstone believes the services provided by its affiliates are equal or better than those of third parties, Blackstone directly benefits from the engagement of these affiliates, and there is therefore an inherent conflict of interest. Blackstone-affiliated service providers, include, without limitation:

**COE.** The Blackstone Center of Excellence, located in Gurgaon, India (the "COE") is a captive center of resources administered by Blackstone and ThoughtFocus Technologies LLC ("ThoughtFocus"), an independent firm in which Blackstone holds a minority position and participates as a member of the board. The COE is expected to perform services for certain funds which may have historically been performed by Blackstone personnel, such as funds' administrative services, data collection and management services, and technology implementation and support services, some of which may be paid for by the funds that receive such services. Blackstone, through its interest in ThoughtFocus, receives an indirect benefit resulting from the funds' payments for such services. These fees do not offset Management Fees payable by the Limited Partners.

**Aquicore.** Aquicore is a cloud-based platform that tracks, analyzes and predicts key metrics in real estate focused on the reduction of energy consumption. Blackstone holds a minority investment in Aquicore.

**Equity Healthcare.** Equity Healthcare LLC ("Equity Healthcare") is a Blackstone affiliate that negotiates with providers of standard administrative services and insurance carriers for health benefit plans and other related services and insurance carriers for cost discounts, quality of service monitoring, data services and clinical consulting. Because of the combined purchasing power of its client participants, which include unaffiliated third parties, Equity Healthcare is able to negotiate pricing terms from providers that are believed to be more favorable than those that the portfolio entities could obtain on an individual basis. The fees received by Equity Healthcare in connection with services

provided to Investments will not offset the Management Fee payable by the Limited Partners.

**BTIG.** In December 2016 certain funds made a strategic minority investment in BTIG. BTIG is a global financial services firm that provides institutional trading, investment banking, research and related brokerage services and may provide goods and services for the Partnership, Underlying Blackstone Accounts or any of their portfolio entities.

**Optiv.** Optiv is a portfolio entity held by certain Blackstone private equity funds that provides a full slate of information security services and solutions and may provide goods and services for the funds and their portfolio entities.

**LNLS.** Blackstone wholly owns a leading national title agency, Lexington National Land Services (“LNLS”), a title agent company. LNLS acts as an agent for one or more underwriters in issuing title policies and/or providing support services in connection with investments by the Underlying Blackstone Accounts, the Other Blackstone Accounts and third parties. LNLS focuses on transactions in rate-regulated U.S. states where the cost of title insurance is non-negotiable. LNLS will not perform services in nonregulated U.S. states for the Underlying Blackstone Accounts and the Other Blackstone Accounts unless (i) in the context of a portfolio transaction that includes assets in rate regulated U.S. states, (ii) as part of a syndicate of title insurance companies where the rate is negotiated by other insurers or their agents, (iii) when a third party is paying all or a material portion of the premium or (iv) when providing only support services to the underwriter and not negotiating the title policy or issuing it to the insured. LNLS earns fees, which would have otherwise been paid to third parties, by providing title agency services and facilitating the placement of title insurance with underwriters. Blackstone receives distributions from LNLS in connection with investments by the Underlying Blackstone Accounts based on its equity interest in LNLS. In each case, there will be no related offset to the Underlying Blackstone Accounts. As a result, while Blackstone believes that venture will provide services at or better than those provided by third parties (even in jurisdictions where insurance rates are regulated), there is an inherent conflict of interest that would incentivize Blackstone to engage LNLS over a third party.

**Refinitiv.** The Underlying Blackstone Accounts have historically used various pricing services, including Thompson Reuters. On October 1, 2018, a consortium led by Blackstone announced that private equity funds managed by Blackstone had completed an acquisition of Thomson Reuters’ Financial & Risk business (“Refinitiv”). As of the closing date of the transaction, the Blackstone-led consortium owned a 55 percent equity stake in Refinitiv. Refinitiv operates a pricing service that provides valuation services to the mutual fund industry and the Underlying Blackstone Accounts. The pricing information provided by Refinitiv to the Underlying Blackstone Accounts is substantially the same as the pricing information provided by Refinitiv to all other customers.

**BPM.** Blackstone Property Management is a Blackstone affiliate that is expected to provide property management, leasing oversight, corporate services (including

accounting and reporting), development and construction management, and transaction support services to certain of the Underlying Blackstone Accounts' investment properties primarily located in the United Kingdom and continental Europe.

Certain Blackstone-affiliated service providers and their respective personnel will receive a management promote, an incentive fee and/or other performance-based compensation or payments in respect of investments. Furthermore, Blackstone-affiliated service providers may charge costs and expenses based on allocable overhead associated with personnel working on relevant matters (including salaries, benefits and other similar expenses), provided that these amounts will not exceed market rates as determined by the Registrant to be appropriate under the circumstances.

Blackstone will make determinations of market rates (i.e., rates that fall within a range that Blackstone has determined is reflective of rates in the applicable market and certain similar markets, though not necessarily equal to or lower than the median rate of comparable firms) based on its consideration of a number of factors, which are generally expected to include Blackstone's experience with non-affiliated service providers as well as benchmarking data and other methodologies determined by Blackstone to be appropriate under the circumstances. In respect of benchmarking, while Blackstone often obtains benchmarking data regarding the rates charged or quoted by third parties for services similar to those provided by Blackstone affiliates in the applicable market or certain similar markets, relevant comparisons may not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers or users of such services or the confidential or bespoke nature of such services (e.g., within property management services, different assets may receive different property management services). In addition, benchmarking data is based on general market and broad industry overviews, rather than determined on an asset by asset basis. As a result, benchmarking data does not take into account specific characteristics of individual assets then owned or to be acquired by an Underlying Blackstone Account (such as location or size), or the particular characteristics of services provided. For these reasons, such market comparisons may not result in precise market terms for comparable services. Expenses to obtain benchmarking data will be borne by the Underlying Blackstone Accounts and their respective portfolio entities and will not offset the management fee. Finally, in certain circumstances Blackstone may determine that third party benchmarking is unnecessary, either because the price for a particular good or service is mandated by law (e.g., title insurance in rate regulated states) or because Blackstone has access to adequate market data to make the determination without reference to third party benchmarking.

One or more such service providers may become available for acquisition by the Clients as an investment (as a single asset or as part of an operating platform). In such transactions, Blackstone, one or more portfolio entities and/or Underlying Blackstone Account may be a seller to the Clients and/or participate alongside the Clients as a buyer. The general partners and/or the Registrant are expected to establish a valuation methodology in relation to the acquisition of any such service provider. In addition, before entering into any such transaction with respect to any such service provider, it is anticipated that the general partners and/or the Registrant will obtain such consents that may be required under the Advisers Act or other

applicable laws or regulations and, by executing a subscription agreement for interests in the applicable partnership agreement, a limited partner consents to all such transactions to the fullest extent permitted by law.

In addition, investment banks or other financial institutions, as well as Blackstone employees, may also be investors in the Clients. These institutions and employees are a potential source of information and ideas that could benefit the Clients. The Registrant has procedures in place reasonably designed to prevent the inappropriate use of such information by the Clients.

In addition, certain advisors and service providers (including law firms) may temporarily provide their personnel to Blackstone, the Clients, Underlying Blackstone Accounts or their portfolio entities pursuant to various arrangements including at cost or at no cost. While often the Clients, Underlying Blackstone Accounts and their portfolio entities are the beneficiaries of these types of arrangements, Blackstone is from time to time a beneficiary of these arrangements as well, including in circumstances where the advisor or service provider also provides services to the Clients in the ordinary course. Such personnel may provide services in respect of multiple matters, including in respect of matters related to Blackstone, its affiliates and/or portfolio entities and any costs of such personnel may be allocated accordingly.

Blackstone's Treasury group may provide foreign currency exchange ("FX") services to the Underlying Blackstone Accounts for FX trades under a certain threshold. Based on its current practices (which are subject to change in the future), at the request of the Underlying Blackstone Accounts, the Blackstone Treasury group will exchange foreign currencies from Blackstone's own account on behalf of the Underlying Blackstone Accounts based on the end of day mid-market rate published by Bloomberg on the immediately preceding business day, and does not currently charge any fees for providing such service (apart from the same market-rate bank/wire fees the Underlying Blackstone Accounts would incur on any FX payment or receipt regardless of counterparty).

Similarly, Blackstone, its affiliates, the Clients, the Underlying Blackstone Account and/or their portfolio entities may enter into agreements or other arrangements with vendors and other similar counterparties (whether such counterparties are affiliated or unaffiliated with Blackstone) from time to time whereby such counterparty may charge lower rates (or no fee) and/or provide discounts or rebates for such counterparty's products and/or services depending on certain factors, including without limitation, volume of transactions entered into with such counterparty by Blackstone, its affiliates, the Clients, the Underlying Blackstone Account and their portfolio entities in the aggregate. For example, certain portfolio entities enter into agreements regarding group procurement (such as CoreTrust, an independent group purchasing organization), benefits management, purchase of title and/or other insurance policies (which will from time to time be pooled across portfolio companies and discounted due to scale) from a third party or a Blackstone affiliate, and other similar operational, administrative or management related initiatives that result in commissions, discounts, rebates or similar payments to Blackstone or its affiliates (including personnel), including related to a portion of the savings achieved by the portfolio entity. However, the Registrant and its affiliates have a longstanding practice of not entering into any arrangements with advisors or

service providers that could provide for lower rates or discounts than those available to the Clients and/or a portfolio entity for the same services.

**Other Relationships and Transactions.** The Clients will also likely transact with other portfolio companies of Underlying Blackstone Accounts and business units within Blackstone going forward, including with the purchase of additional loans, securitizations, and other assets. In light of the relationship between the Client and Blackstone, any such future transactions are expected to be subject to similar protocols that seek to mitigate conflicts of interest. The Client may be a counterparty or participant in agreements, transactions or other arrangements with portfolio companies of Underlying Blackstone Accounts or with Underlying Blackstone Accounts or their affiliates, which involve fees, commissions, servicing payments, discounts, rebates and / or other benefits to Blackstone-affiliated entities (including personnel). For example, Blackstone may cause the Clients to enter into sourcing and origination, asset management, servicing, purchase of mortgage-related assets and other operational, administrative or management related matters with affiliates of Blackstone or their platforms or portfolio companies, and other similar operational initiatives that result in commissions or similar payments made to Blackstone in connection therewith. To the extent that a portfolio company of a Underlying Blackstone Account or an affiliate of Blackstone is providing such a service, it will benefit, and the benefits received thereby may be greater than those received by the Clients. The Clients will not share in any fees or economics accruing to Blackstone or its affiliates or portfolio companies as a result of these relationships and / or transactions.

In addition, it is possible that portfolio companies of Underlying Blackstone Accounts (as well as Underlying Blackstone Accounts themselves) will compete with the Clients for one or more investment opportunities, and there can be no assurance that sufficient investment opportunities will be available for the Registrant with respect to the Clients or that the Clients will otherwise achieve its objectives. Portfolio companies of Underlying Blackstone Accounts (as well as Underlying Blackstone Accounts themselves) may engage in activities that may have adverse consequences on the Clients (including, by way of example only, as a result of a workout or restructuring or in circumstances of financial distress or due to laws and regulations of certain jurisdictions (e.g., bankruptcy, environmental, consumer protection and/or labor laws) that may not recognize the segregation of assets and liabilities as between separate entities and may permit recourse against the assets of not just the entity that has incurred the liabilities, but also the other entities that are under common control with, or part of the same economic group as, such entity). In addition, portfolio companies and affiliates of Blackstone may also establish other investment products, vehicles and platforms focusing on specific asset classes or industry sectors (such as reinsurance), which may compete with the Clients for investment opportunities (it being understood that such arrangements may give rise to conflicts of interest that may not necessarily be resolved in favor of the Clients).

**Blackstone Strategic Relationships.** Blackstone has entered, and it can be expected that Blackstone in the future will enter, into strategic relationships with investors (and/or one or more of their affiliates) that involve an overall relationship with Blackstone that could incorporate one or more strategies in addition to the Underlying Blackstone Accounts' strategies ("**Strategic Relationships**"). A Strategic Relationship often involves an investor

agreeing to make a capital commitment to multiple Underlying Blackstone Accounts, one of which may be a Underlying Blackstone Account. The Clients will not receive a copy of any agreement memorializing a Strategic Relationship program (even if in the form of a side letter) and will be unable to elect in the “most-favored nations” election process any such rights or benefits afforded through a Strategic Relationship. Specific examples of such additional rights and benefits include, among others, specialized reporting, discounts on and/or reimbursement of management fees or carried interest, secondment of personnel from the investor to Blackstone (or vice versa), targeted amounts for co-investments alongside Underlying Blackstone Accounts (including, without limitation, preferential or favorable allocation of co-investment, and preferential terms and conditions related to co-investment or other participation in Underlying Blackstone Accounts (including any carried interest and/or management fees to be charged with respect thereto, as well as any additional discounts or rebates thereof or other penalties that may result if certain target co-investment allocations or other conditions under such arrangements are not achieved). The co-investment that is part of a Strategic Relationship may include co-investment in investments made by the Underlying Blackstone Accounts. Blackstone, including its personnel (including private equity personnel), may receive compensation from Strategic Relationships and be incentivized to allocate investment opportunities away from the Underlying Blackstone Accounts to or source investment opportunities for Strategic Relationships. Strategic Relationships may therefore result in fewer co-investment opportunities (or reduced allocations) being made available to the Clients.

Additionally, it can be expected that Blackstone will, from time to time, enter into arrangements or strategic relationships with third-parties, including other asset managers, financial firms or other businesses or companies, which, among other things, provide for referral, sourcing or sharing of investment opportunities. Blackstone or the Underlying Blackstone Accounts may pay management fees and carried interest in connection with such arrangements. Blackstone may also provide for reimbursement of certain expenses incurred by such third parties in connection with these arrangements, including diligence expenses and general overhead, administrative, deal sourcing and related corporate expenses. While it is possible that the Underlying Blackstone Accounts will, along with Blackstone itself, benefit from the existence of those arrangements and/or relationships, it is also possible that investment opportunities that would otherwise be presented to or made by the Underlying Blackstone Accounts would instead be referred (in whole or in part) to such third-party, or, as indicated above, to other third-parties. It is also possible that one or more Blackstone affiliates (e.g., Blackstone Innovations) will participate in certain investment opportunities sourced by such third parties. For example, a firm with which Blackstone has entered into a strategic relationship may be afforded with “first-call” rights on a particular category of investment opportunities or co-investment opportunities. This means that co-investment opportunities that are sourced by the Underlying Blackstone Accounts will be allocated to parties that are not investors.

**Line of Credit Disclosure.** The Clients are typically parties to one or more subscription-based credit facilities and borrowings by the Clients under such facilities will generally be secured by

the Clients' investors' capital commitments and/or by the Clients' assets, and the terms of such facilities may provide that during the continuance of a default under such facilities, the interests of the Clients' investors may be subordinated to such facilities. Use of a subscription-based credit facility or asset-backed facility (or other facility) may result in a higher reported IRR (on an investment level and/or a fund-level) for a Client than if the facility had not been utilized because such borrowings were used in lieu of capital contributions or in advance of related capital contributions that would only be made at a later date (although the use of a subscription-based line (or other long-term leverage) may also result in a lower total return for a Client), and as a result of this and other factors (including that the interest rate on such borrowings is typically less than the rate of the preferred return (if any) and that such preferred return (if any) does not accrue on such borrowings, and only accrues on capital contributions when made) may present conflicts of interest and the general partners of the Clients may make distributions prior to the repayment of outstanding borrowings. As a result, use of such facilities or other long-term leverage arrangements with respect to investments may reduce or eliminate the preferred return (if any) received by the Clients' investors and provide the general partners of the Clients with an incentive to fund investments through long-term borrowings in lieu of capital contributions. Subject to the limitations in the Constituent Documents, the use of a subscription-based credit facility by a Client is within the applicable general partner's discretion. In addition, subject to the applicable partnership agreement, lenders to a BISA Client may include limited partners and their affiliates and/or the limited partners (or affiliates of limited partners) of Underlying Blackstone Accounts.

**Loan Refinancings; Investments in Portfolio Entities.** The Clients expect to participate in investments relating to (i) the refinancing of loan investments or portfolios held by certain Underlying Blackstone Accounts and/or (ii) portfolio entities of one or more Underlying Blackstone Accounts, including primary or secondary issuances of loans or other interests by such portfolio entities. While it is expected that the participation by the Clients in connection with any such transactions will be at arms' length and on market terms, such transactions will generally give rise to potential or actual conflicts of interest, which could adversely impact the Clients.

**Blackstone Involvement in Financing of Third Party Acquisitions and Dispositions by the Partnership.** The Clients may dispose of all or a portion of an investment by way of a third party purchaser's bid or acquisition whereby Blackstone or one or more Underlying Blackstone Accounts provide financing as part of such bid or acquisition of such investment or the underlying assets thereof. This generally would include circumstances where Blackstone or one or more Underlying Blackstone Accounts makes a commitment to provide financing at, prior to or around the time such third party purchaser commits to purchase or purchases such investment or assets from the Account. In addition, Blackstone or one or more Underlying Blackstone Accounts will likely provide financing with respect to one or more portfolio companies or borrowers in connection with a proposed acquisition or investment by a Client relating to such portfolio companies, their underlying assets, and/or the assets that they manage. The involvement of Blackstone or one or more Underlying Blackstone Accounts as a provider of debt financing in connection with the potential acquisition or disposition of



portfolio investments or assets by third parties from or to the Clients will give rise to potential or actual conflicts of interest. In circumstances where one or more Underlying Blackstone Accounts is providing debt financing in connection with the potential acquisition or disposition of portfolio investments or assets, the Registrant may be motivated to cause the Clients to agree to terms that are less favorable to the applicable portfolio company and/or the Clients than might have otherwise been obtained if such debt financing was not available, which may adversely impact the Clients.

**Other Trading and Investing Activities.** Certain Underlying Blackstone Accounts may invest in securities of publicly traded companies which are actual or potential investments. The trading activities of those vehicles may differ from or be inconsistent with activities which are undertaken for the account of the Clients in such securities or related securities. In addition, the Clients may not pursue an investment in a Portfolio Entity as a result of such trading activities by Underlying Blackstone Accounts.

**Big Data.** Blackstone receives various kinds of data and information from the Clients, the Underlying Blackstone Accounts and their portfolio companies, including data and information relating to business operations, trends, budgets, customers and other metrics, some of which is sometimes referred to as “big data”. Blackstone may be better able to anticipate macroeconomic and other trends, and otherwise develop investment themes, as a result of its access to this data and information from the Clients, the Underlying Blackstone Accounts and their portfolio companies. In furtherance of the foregoing, Blackstone has entered and will continue to enter into information sharing and use arrangements, or otherwise engage in information sharing, with the Clients, the Underlying Blackstone Accounts and their portfolio companies and related parties, such as service providers. Although Blackstone believes that these activities improve Blackstone’s investment management activities on behalf of the Clients and the Underlying Blackstone Accounts, information obtained from the Client and the Underlying Blackstone Accounts in which the Clients invest and their portfolio companies also provides material benefits to Blackstone or Underlying Blackstone Accounts in which the Client does not invest without compensation or other benefit accruing to the Clients or the Underlying Blackstone Accounts in which the Client invests. For example, information from a portfolio company owned by a Underlying Blackstone Account in which the Client invests may enable Blackstone to better understand a particular industry and execute trading and investment strategies in reliance on that understanding for Blackstone and Underlying Blackstone Accounts in which the Client does not invest that do not own an interest in such portfolio company, without compensation or benefit to the Underlying Blackstone Accounts in which the Client invests or their portfolio companies.

Furthermore, except for contractual obligations to third parties to maintain confidentiality of certain information, and regulatory limitations on the use of material nonpublic information, Blackstone is generally free to use data and information from the Clients’ and the Underlying Blackstone Accounts’ activities to assist in the pursuit of Blackstone’s various other activities, including to trade for the benefit of Blackstone or other Blackstone funds. Any confidentiality obligations in the partnership agreements of the Underlying Blackstone Accounts may not limit

Blackstone's ability to do so. For example, Blackstone's ability to trade in securities of an issuer relating to a specific industry may, subject to applicable law, be enhanced by information of a portfolio company in the same or related industry. Such trading may provide a material benefit to Blackstone without compensation or other benefit to the Underlying Blackstone Accounts in which the Client invests or the Clients.

The sharing and use of "big data" and other information presents potential conflicts of interest, and the Clients acknowledge and agree that any benefits received by Blackstone may not be subject to any applicable management fee offset provisions applicable to an Underlying Blackstone Account or otherwise shared with the Underlying Blackstone Accounts or the Client. As a result, the general partners of the Underlying Blackstone Accounts have an incentive to pursue investments that have data and information that can be utilized in a manner that benefits Blackstone or other Blackstone funds.

### **Other Financial Industry Affiliations.**

The Registrant is an affiliate of the following entities:

<b>Broker-Dealer Entities</b>	
Blackstone Advisory Partners L.P.	Provides a variety of limited investment banking services
Dealerweb Inc.*	Operates as an interdealer broker in fixed income securities including U.S. government mortgage-backed securities, repurchase agreements, U.S. treasuries, collateralized mortgage obligations, asset backed securities, EFPs, and municipal securities; and operates as an alternative trading system for fixed income securities
FEF Distributors LLC*	Serves as distributor and principal underwriter to the First Eagle mutual funds and private investment funds
Alight Financial Solutions, LLC*	Provides self-directed brokerage windows to participants of plan sponsored 401(k) retirement plans
Incenter Securities Group LLC***	Provides a variety of limited investment banking services
Redi Global Technologies LLC*	Operates an EMS ("REDI") that provides advanced trading functionality and the ability to transact across multiple asset classes from a single front-end
Redi Technologies Ltd*	The FCA entity that operates "REDI" EMS, that provides advanced trading functionality and the ability to transact across multiple asset classes from a single front-end

Reuters Transaction Services Limited*	UK registered company, whose main activity is the provision of electronic trading venues for foreign exchange spot and forward/swaps foreign exchange instruments
Tradeweb Europe Limited*	Operates a fully-disclosed electronic trading platform for fixed income securities, certain derivatives and money market instruments in the United Kingdom and throughout the European economic area
Tradeweb L.L.C.*	Operates a fully-disclosed electronic trading platform for fixed income securities, certain derivatives and money market instruments
Tradeweb Direct LLC*	Operates an alternative trading system for taxable and tax-exempt fixed income securities and serves as a venue for matching buyers and sellers in the fixed income marketplace for retail sized orders
<b>Investment Advisor Entities</b>	
Alight Financial Advisors, LLC*	Provides advisory services to participants of plan sponsored 401(k) retirement plans
Blackstone Alternative Asset Management L.P.	Manages a series of private and closed-end funds engaged in multi-manager investment programs ( <i>i.e.</i> , fund of hedge funds)
Blackstone Alternative Investment Advisors L.L.C.	Provides investment advisory services to open end mutual funds and UCITS
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 Infrastructure Advisors L.L.C.	Provides investment advisory services to one or more infrastructure-focused investment funds

Blackstone ISG-I Advisors L.L.C.	Provides investment advisory services to one or more private investment funds and managed accounts focusing on fixed income investments and investments across Blackstone's private equity, real asset, credit, hedge fund and opportunistic asset management strategies
Blackstone ISG-II 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 asset management strategies
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 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 Advisors L.L.C.	Provides investment advisory services to funds invested 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, non-traded REIT
Clarus Ventures, LLC	Provides investment advisory services to various private investment funds specializing in the life sciences industry
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 Asset Management LLC	Provides investment advisory services to a debt-focused registered investment fund electing to do business as a business development company
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 debt-focused 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 Debt Funds Management LLC	Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts
Harvest Fund Advisors LLC	Provides investment advisory services to various categories of institutions and high net worth individuals via private pooled investment vehicles and separate accounts investing principally in publicly-traded energy infrastructure Master Limited Partnerships and the North American energy market
Incenter Capital Management LLC***	Provides investment advisory services to mortgage related asset private funds and managed accounts
First Eagle Private Credit Advisors, LLC*	Provides investment advisory services to a number of CLO's, private investment funds and separately managed accounts specializing in liquid credit
First Eagle Commercial Loan Originator II LLC*	Provides investment advisory services to CLO's specializing in middle market credit
First Eagle Private Credit, LLC*	Provides investment advisory services to a number of CLO's, private investment funds and separately managed accounts specializing in middle market credit
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

Refinitiv Global Markets Inc. (D/B/A IFR Markets, Municipal Market Data)*	Provides investment advisory services to U.S. treasuries and U.S. municipal markets
The Blackstone Group International Partners LLP	U.K. investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
<b>Registered Commodity Trading Advisor and/or Registered Commodity Pool Operator Entities</b>	
Blackstone Alternative Investment Advisors LLC (CTA/CPO)	Provides investment advisory services to open end mutual funds and UCITS
Blackstone Alternative Asset Management L.P. (CTA/CPO)	Manages a series of private and closed-end funds engaged in multi-manager investment programs ( <i>i.e.</i> , fund of hedge funds)
Blackstone Alternative Solutions L.L.C. (CTA/CPO)	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Strategic Alliance Advisors L.L.C. (CTA/CPO)	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C. (CPO)	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
Blackstone Treasury Solutions Advisors L.L.C. (CPO)	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products
<b>Insurance Entities</b>	
Agents National Title Holding Company***	A wholly owned subsidiary of Incenter and is a title insurance broker serving consumers and lenders through a network of independent title agents
Boston National Holdings LLC***	A wholly owned subsidiary of Incenter and is a title insurance agency
HealthMarkets Insurance Agency, Inc.*	An independent health insurance agency that distributes healthcare and Medicare advantage insurance products from more than 200 insurance companies, as well as its own underwritten supplemental insurance products
Lexington National Land Services	Places title insurance and provide title services for real property owned by various funds and/or their portfolio entities

Partners Life Limited***	Life and medical insurance company in New Zealand
Rothsay Life Plc***	Life insurer specializing in bulk annuities and other de-risking solutions for defined benefit pension schemes and insurance companies

\*Portfolio company of affiliated private equity fund

\*\*Joint venture between Blackstone and an existing title agent

\*\*\*Portfolio company of affiliated Tactical Opportunities funds

Various management and marketing personnel are registered with Blackstone's broker-dealer, BAP, which may serve as placement agent to funds managed by the Registrant in the U.S. but is not compensated for such services. Blackstone does not believe these registrations, in and of themselves, create conflicts for the Clients' investors.

A more detailed description of applicable conflicts of interest is set forth in the relevant Constituent Documents.



## Item 11 – Code of Ethics

The Registrant is governed by the Blackstone Code of Ethics adopted and maintained pursuant to the Advisers Act and as may be amended or amended and restated from time to time (the “**Code of Ethics**”). The Code of Ethics governs a number of potential conflicts of interest which exist when the Registrant provides advisory services to the Clients. The Code of Ethics is designed to ensure that the Registrant meets its fiduciary obligation to the Clients (or prospective clients) and to instill a culture of compliance within the Registrant. An additional benefit of the Code of Ethics is to detect and prevent violations of securities laws.

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

The Code of Ethics includes, among other items, the following:

- 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 of Ethics.

### **Certain 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 in **Item 10 – Other Financial Industry Activities and Affiliations** and below. The Registrant has adopted, and continues to adopt, policies and procedures reasonably designed to address such potential conflicts of interest.

Potential investors are encouraged to also review the information and disclosures regarding certain potential risk factors and potential conflicts of interest included in the separate offering and/or disclosure documentation.

The Registrant’s related persons may from time to time have bought or sold, or may subsequently buy or sell, for their personal accounts, securities which may also be purchased or sold for the accounts of the Clients. The Registrant and its related personnel are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that such trading be conducted for investment rather than speculative purposes and that all such personal securities transactions (other than certain transactions excepted under the Code of Ethics) receive pre-clearance from the Blackstone Legal and Compliance Department. As of

January 1, 2019, Blackstone has prohibited the purchase of all single-name securities by all related personnel. These guidelines are designed to comply with SEC requirements that registered investment advisors have a Code of Ethics. In addition, Blackstone has implemented certain policies and procedures (e.g., information walls) to restrict access to material non-public information. The Code of Ethics is available for review upon request.

Clients may request a copy of the Code of Ethics by contacting the Registrant's Chief Compliance Officer Jeffrey Iverson at +1 (212) 583-5000 or [Jeffrey.Iverson@Blackstone.com](mailto:Jeffrey.Iverson@Blackstone.com).

## Item 12 – Brokerage Practices

### General Considerations

The Registrant and the Portfolio Management Team are responsible for the placement of portfolio transactions on behalf of the Accounts and the negotiation of any commissions or spreads paid on such transactions. Transactions normally will be effected through brokers on securities exchanges, directly from the issuer, or through an underwriter, market maker or other dealer for the investments. Transactions through brokers generally involve a commission to the broker. Transactions with dealers serving as market makers are priced to include a spread between the “bid” and the “asked” price to compensate the dealer. The Accounts may also establish long or short exposures to securities or other assets (or groups, baskets or indices of assets or other underlying reference items) by entering into swaps, futures contracts and other derivative contracts with financial institutions and other counterparties.

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, the Registrant will seek to obtain the best execution for 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 the Registrant. The Registrant is generally not required to weigh any of these factors equally. Subject to seeking best execution, the Registrant may consider other factors, such as capital introduction services and other investor referrals.

The Underlying Managers, including the third party managers which manage the Third Party Accounts, engage brokers based on their own criteria. To the extent the Registrant effectuates any brokerage transactions in the future, there will be no limitations as to which broker-dealers are used or as to the commission rates or similar charges paid, subject to the Registrant’s duty to seek best execution.

### Research and Other Soft Dollar Benefits

The Registrant does not currently utilize soft dollars to pay for research or brokerage services. To the extent the Registrant utilizes soft dollars in the future, it will do so within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Section 28(e) safe harbor”). Research products or services might include research reports on particular industries

and companies, economic surveys and analyses, recommendations as to specific securities, and other products or services used by the Registrant in the performance of its investment decision-making responsibilities. Underlying Managers may use soft dollars both within and outside of the Section 28(e) safe harbor to obtain both research and non-research products and services.

### **Brokerage for Client Referrals**

The Registrant does not use brokerage relationships for client referrals.

The Registrant does not currently engage any unaffiliated person or entity to provide client referrals, although it may do so in the future.

### **Block Trading Procedures**

In the event that Third Party Accounts' investments are traded for Blackstone and/or multiple Clients, generally trade orders would be aggregated for execution and allocated pro rata across such Clients based on their allocations to the relevant trades.

### **Principal Trading**

The Registrant does not generally expect to engage in principal trading. If the Registrant on occasion does so, the Registrant will conduct such transactions in compliance with the applicable requirements of Section 206(3) of the Advisers Act.

An "Independent Client Representative" will be retained for certain Clients, as needed, for purposes of considering whether to grant, and granting or withholding, Client consent to certain transactions that may give rise to conflicts of interest.

### **Cross Transactions**

Clients may engage in cross transactions to the extent permitted by applicable law (including, without limitation, the Advisers Act) and the governing agreements of the Clients. Cross transactions, which may or may not constitute principal transactions, may be deemed to occur in certain instances where either a Third Party Account's investment is traded between Clients or one Client is withdrawing from an Underlying Blackstone Account or Third Party Account and another Client simultaneously is subscribing to invest in such Underlying Blackstone Account or Third Party Account, and such simultaneous withdrawal and subscription is effectuated as a transfer. The Registrant's employees and affiliates may hold interests in one or both of the Clients involved in such transfer.

### **Trade Allocations**

The Portfolio Management Team will determine allocation of investment opportunities within the applicable investment guidelines for each of the Clients based upon the following criteria and any other relevant factors. The investment criteria taken into account with respect to the Registrant's management of one Client may differ from the investment criteria taken into account in connection with a different Client. Considerations that may be taken into account include, among others: a Client's existing investments in or alongside the relevant Underlying

Blackstone Account or Third Party Account; expected performance of the investment; availability of Underlying Blackstone Accounts or Third Party Accounts; long-term suitability; the current investment pace; the availability, nature and terms of the investments in Underlying Accounts; reputation of the principals of the Underlying Manager (if applicable); availability of cash; liquidity needs; investment objectives; risk and return parameters; ERISA capacity; general capacity; tax efficiency; investment limits; diversification guidelines (including the potential for a proposed investment opportunity to create an industry or sector imbalance in the portfolio of any of the relevant Clients); operational factors; the aggregate amount of Client interest indicated in a given investment relative to the amount of capacity available for such investment; legal and regulatory factors; and any other considerations deemed relevant (collectively, the **“Investment Criteria”**). The Portfolio Management Team will seek to ensure that investment opportunities will be allocated in manner that it determines, in good faith, to be fair and equitable, after consideration of each Client’s Investment Criteria pursuant to the applicable Investment Management Agreement. In situations of limited availability in an Underlying Blackstone Account, Third Party Account or Direct Investment, allocations generally will be made to eligible Clients on a pro rata basis in accordance with the Registrant’s allocation policies. In addition, follow-on, top-up or add-on investment opportunities in any particular Underlying Blackstone Account will generally be allocated to the same Clients in the same percentages for the life of the particular investment.

### **Trade Errors**

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

## Item 13 – Review of Accounts

### Review of Accounts

The Portfolio Management Team monitors the performance of the Accounts on an ongoing basis and the Registrant's operations team will monitor and reconcile investments, expense payments, and other cash movements. The Clients' accounts and investment positions will also be monitored by the Registrant's investment personnel, including certain senior Blackstone investment professionals, and the certain BIS committees and/or subcommittees (collectively, the "**Committees**"), on a regular and current basis.

One or more of the Committees will consist of certain senior Blackstone professionals, some of whom will be Senior Managing Directors or Managing Directors from a number of Blackstone's other investment businesses. One or more of the Committees will hold formal sessions regularly and meet ad hoc or make decisions by email as required to review and/or approve:

- Compliance with the investment strategy and limitations of the provided in the Investment Guidelines of the relevant Client
- General portfolio composition
- Strategy allocation percentages
- Style Drift
- Investment concentrations
- Investment allocations and opportunities
- Constrained Opportunities
- Co-Investments
- Market conditions
- Potential conflicts of interest
- Recent Trading Activities

Additionally, one or more of the committees may periodically review on an expedited basis the assets of the Clients following a unique occurrence in the financial industry or market generally.

### Reports to Investors

The Clients and investors therein will receive reporting as agreed upon between the Registrant and/or the Clients and such investors in the Clients and as described in the relevant Constituent Documents. The Registrant makes use of a website, BX Access, available at [www.bxaccess.com](http://www.bxaccess.com) for the distribution of reports and other information to the Clients.

Certain investors in the Clients may request additional information relating to the Clients and, to the extent such information is readily available or may be obtained without unreasonable effort or expense, the Registrant generally will provide such investors with the information requested. Investors that request and receive such information will consequently possess information regarding the business and affairs of the Clients that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

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

BAP may serve as a placement agent for the Clients in the U.S. but will not be compensated for such services. Typically, third-party solicitors (if any) will receive a portion of the Management Fee paid and/or performance allocation made to the Registrant or its affiliates (although other payment arrangements could exist). If third-party solicitors are engaged, a prospective investor solicited by a third party may be informed of (and may be asked to acknowledge in writing its understanding of) any such arrangement. Any such fees for these solicitation services will be ultimately paid/borne by the Registrant through a corresponding reduction in the Management Fee or other transfer and none of the investors in the Clients will be subject to any increased or additional fees or charges. Third-party solicitors in the U.S. will be registered as broker-dealers with the SEC. Third-party solicitors outside the U.S. will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.



## Item 15 – Custody

Rule 206(4)-2, as amended (the “**Custody Rule**”), under the Advisers Act defines custody as holding client securities or funds or having any authority to obtain possession of them.

The Registrant may be deemed to have custody of the assets of certain Client Accounts. In such instances, the Registrant will comply with the provisions of the Custody Rule and will either provide Clients with account statements on a quarterly or more frequent basis from their applicable custodians or will have securities verified by actual examination at least annually by an independent public accounting firm at a time chosen by the accounting firm without prior notice to the Registrant (a “**Surprise Examination**”). If a Surprise Examination is conducted, the accounting firm’s report concerning the Surprise Examination will be publicly available on the Form ADV-E at the website provided on the cover page of this Brochure.

## Item 16 – Investment Discretion

Investment decisions are made within the investment guidelines as described in the applicable Investment Management Agreement. The Registrant has discretion in determining the Underlying Blackstone Accounts, Third Party Accounts and Direct Investments in which a Client's Account may invest and the amount to invest.

Please refer to **Item 12 – Brokerage Practices** for a discussion on the Registrant's policies regarding Trade Allocations.

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

The Registrant has adopted proxy voting policies and procedures (the “**Proxy Policy**”) to vote proxy proposals, amendments, consents or resolutions (collectively, “proxies”) relating to Accounts’ direct investments or investments in Underlying Blackstone Accounts and Third Party Accounts. 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 in a manner that serves the best interests of Clients as determined by the Registrant in its discretion.

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

Clients may request a copy of the Proxy Voting Policies and Procedures by contacting Jeffrey Iverson at +1 (212) 583-5000 or [Jeffrey.Iverson@Blackstone.com](mailto:Jeffrey.Iverson@Blackstone.com).

## **Item 18 – Financial Information**

The Registrant has never filed for bankruptcy as of the date of this Brochure and is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Clients.

**Item 19 – Requirements for State Registered Advisors**

Not applicable as the Registrant is not registered in any state.