



**STRATEGIC PARTNERS FUND SOLUTIONS ADVISORS L.P.**

345 Park Avenue

New York, NY 10154

+1 (212) 583-5000

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

April 2019

Form ADV, Part 2A – the “**Disclosure Brochure**” or “**Brochure**” – as required by the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), provides important information about Strategic Partners Fund Solutions Advisors L.P. (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 the Registrant at +1 (212) 583-5000. 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 with the SEC 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 affiliates, “**Blackstone**” or the “**Firm**”). It also contains important disclosures such as certain practices of the Registrant, potential material conflicts that may arise and key investment risks.

As of April 1, 2019, Neil Schwartz became the Registrant’s Chief Compliance Officer.

As of February 2019, Mr. Stephen Can, former Co-Head of Strategic Partners has transitioned to Executive Chairman of the Registrant and remains a member of the Registrant’s investment committee. Mr. Verdun Perry, former Co-Head of Strategic Partners has been named the Global Head of the Registrant and Chairperson of the Registrant’s investment committee. Mr. Perry has overall responsibility for all of the activities of the Registrant.

Please carefully read Items 5, 8 and 10, which have expanded upon the description of certain fees and expenses, potential risk of loss and potential conflicts of interest (including, with respect to investments in the Secondary Funds, Direct Equity Program and Advisory Accounts, each as defined herein), respectively.

### Item 3 -Table of Contents

Item 2 – Material Changes .....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	6
Item 6 – Performance-Based Fees and Side-By-Side Management.....	11
Item 7 – Types of Clients .....	13
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	14
Item 9 – Disciplinary Information .....	19
Item 10 – Other Financial Industry Activities and Affiliations.....	20
Item 11 – Code of Ethics.....	73
Item 12 – Brokerage Practices.....	75
Item 13 – Review of Accounts .....	79
Item 14 – Client Referrals and Other Compensation .....	80
Item 15 – Custody .....	81
Item 16 – Investment Discretion .....	82
Item 17 – Voting Client Securities (Proxy Voting) .....	83
Item 18 – Financial Information.....	84

## Item 4 – Advisory Business

### Description of the Registrant

In connection with the August 2013 closing of the transaction pursuant to which Blackstone acquired the right to manage the business and affairs of certain secondary private investment funds previously managed by affiliates of Credit Suisse Group AG (collectively, the “**Legacy Sponsor**”) as part of its Strategic Partners business (the “**Transaction**” and, such funds, the “**Legacy Secondary Funds**”), the Registrant (i) changed its name to Strategic Partners Fund Solutions Advisors L.P. and (ii) assumed the investment advisory agreements relating to the Legacy Secondary Funds.

As a result of the Transaction, the Registrant became the investment adviser to the Legacy Secondary Funds, which focus primarily on making investments in mature private investment fund interests through secondary market purchases, and no longer serves as investment adviser with respect to any Blackstone-sponsored private investment funds that focus primarily on making direct investments in debt and “mezzanine” interests (which advisory responsibilities have been assigned to an affiliate of Blackstone).

The Registrant serves as investment manager for pooled investment and custom vehicles operating as private investment funds, which focus primarily on making secondary investments in, or relating to, mature private investment funds, and may in certain circumstances include funds in which affiliates or employees of the Registrant invest alongside such other private investment funds (together, with the Legacy Secondary Funds, the “**Secondary Funds**”). The Registrant also serves as investment manager to separately managed accounts or commingled funds and/or custom vehicles operating as private investment funds, which make co-investments directly in issuers (the “**Direct Equity Program**” and, together with the Secondary Funds, the “**Funds**”). Affiliates of the Registrant serve as general partner (each, a “**General Partner**”) of the Funds. In addition, the Registrant provides investment advisory services to separately managed accounts or similar arrangements, which focus primarily on making primary investments in or relating to private investment funds (collectively, the “**Advisory Accounts**”).

SPFS Advisors L.L.C. is the general partner and sole direct owner of the Registrant. Blackstone Intermediary Holdco L.L.C. is the managing member and principal direct owner of SPFS Advisors L.L.C. Blackstone Advisory Partners L.P. (“**BAP**”) is the managing 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. The Blackstone Group L.P. is a publicly traded limited partnership that has units which trade on the New York Stock Exchange (Ticker: BX).

## **Description of Advisory Services**

As described above, the Registrant provides advisory services to the Secondary Funds, the Direct Equity Program and the Advisory Accounts. The Registrant offers advice in respect of investments primarily in private investment fund interests, including private investment fund interests acquired through secondary market purchases, and certain other matters related thereto. The Secondary Funds generally seek to achieve capital appreciation through the purchase of secondary interests in mature private investment funds (including leveraged buyout funds, real estate funds, real asset and infrastructure funds, venture capital funds, distressed or mezzanine funds, fund of funds and other similar products), but the Secondary Funds may also invest, to a lesser extent, on a primary basis in other investment funds or directly in portfolio companies (including other Blackstone funds and their portfolio companies).

With respect to the Direct Equity Program, the Registrant provides advice in respect of co-investments that the Registrant believes are high-quality, by investing alongside aligned sponsors (including Blackstone) and management in sponsor-backed private equity transactions. The co-investment opportunities considered for the Direct Equity Program may vary, including with respect to vintage year, fund sponsor, investment strategy, leverage level, type of asset (e.g., equity interests or debt instruments) and sector.

When serving as adviser to an Advisory Account, the Registrant provides services pursuant to the applicable investment advisory agreement relating to such Advisory Account. These advisory services may be discretionary or non-discretionary. The Advisory Accounts generally seek to achieve capital appreciation through the purchase of interests in private investment funds on a primary basis in newly-formed limited partnerships, limited liability companies and other pooled investment vehicles, including investments in leveraged buyout, mezzanine, venture capital, distressed securities, fund of funds and other asset classes, with opportunities to invest on a secondary basis in private investment funds (in each case including through synthetic and similar arrangements) and in direct equity, equity-like and debt investments.

## **Assets Under Management**

The Registrant's regulatory assets under management are approximately \$28,339,001,388 (measured as of December 31, 2018), \$27,869,847,384 of which are managed on a discretionary basis and \$469,154,004 of which are managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Management Fees**

For its investment advisory services with respect to the Secondary Funds, the Registrant or an affiliated entity generally receives a management fee at an annual rate of up to 1.5% of the capital commitments or invested capital, as the case may be. Fees for the Secondary Funds may vary and are disclosed in the relevant Secondary Fund offering and/or governing documents, which have been provided to prospective investors.

For its investment advisory services with respect to the Direct Equity Program, the Registrant or an affiliated entity generally receives a management fee per tranche on a quarterly basis of (i) 0.1875% on invested capital, per quarterly Management Fee period during each tranche's investment period and (ii) 0.1875% on NAV, per quarterly Management Fee period, thereafter. However, it is anticipated that fees for the Direct Equity Program may vary and the fees applicable to any particular Direct Equity Program vehicle will be disclosed in the applicable Direct Equity Program vehicle's governing documents.

For its investment advisory services with respect to the Advisory Accounts, the Registrant or an affiliated entity generally receives a management fee at an annual rate of, (i) during the Advisory Account's investment period, up to 0.40% of the Advisory Account's investable capital (excluding investable capital that has been committed to Other Blackstone Funds (as defined below)) and (ii) after the Advisory Account's investment period, up to 0.25% of the reported value (as provided by Underlying Funds) of the Advisory Account's managed capital (excluding the reported value of the Advisory Account's managed capital that is invested in Other Blackstone Funds). Fees for the Advisory Accounts may vary and are disclosed in the relevant Advisory Account governing documents.

While the Registrant's policy is that its fees are not negotiable, the Registrant reserves the right to waive or reduce its fees for certain investors. In particular, certain affiliates or employees of the Registrant or the Legacy Sponsor that are investors in the Secondary Funds and/or the interests held thereby are generally not subject to management fees. Further, Other Blackstone Funds (as defined below) may have investment objectives that overlap with those of the Funds or the Advisory Accounts in certain material respects, and the Registrant's or its affiliates' management thereof may give rise to conflicts of interest relating to the Funds or the Advisory Accounts from time to time. For example, differing management fees charged to the Funds or the Advisory Accounts on the one hand, and such Other Blackstone Funds on the other, that invest on a side-by-side basis, may create conflicts of interest for the Registrant and its affiliates, including with respect to the allocation of investment opportunities. The Registrant has an investment allocation policy

that addresses this conflict of interest. Please refer to **Item 12 – Brokerage Practices** for a discussion on the Registrant’s Allocation and Aggregation Procedures.

Generally, the management fee payable by a Secondary Fund to the Registrant will be reduced by all or a portion (disclosed in the governing agreements of the relevant Fund) of any fees (including commitment, transaction, break-up, topping, advisory, directors’, monitoring or similar fees, or other cash or non-cash consideration, in respect of a Fund’s purchase, monitoring or disposition of an investment) received by the Registrant for transactions effected for such Fund’s account.

### **Timing of Fee Payments**

Generally, management fees payable by a Secondary Fund are payable semi-annually, partially in arrears and partially in advance and management fees payable by a Direct Equity Program vehicle and an Advisory Account are payable quarterly in arrears. The Registrant may elect to defer payment of all or part of the management fee. Management fees payable by a Secondary Fund are generally deducted from the applicable Secondary Fund distributions or paid through capital contributions drawn down from limited partners of the applicable Secondary Fund. Management fees payable by a Direct Equity Program vehicle are generally paid through capital contributions drawn down from the limited partner of the applicable Direct Equity Program. Management fees payable by an Advisory Account are invoiced to the Advisory Account client and the invoiced amount is generally payable within 15 calendar days of the client’s receipt of such invoice.

### **Additional Fees and Expenses**

The offering and/or governing documents of each Fund provide a description of any additional fees and expenses for which such Fund may be responsible in addition to the management fees and any performance-based allocations or fees (see Item 6 below).

Generally, each Fund is responsible for all costs and expenses relating to the organization of such Fund and of maintaining the operations of such Fund and the investments made by or on behalf of such Fund, including, without limitation, (i) all organizational expenses of the Fund (in certain cases subject to a cap); (ii) all unreimbursed expenses incurred by or on behalf of the Fund in connection with the identification, investigation, structuring or making of any portfolio investment, proposed portfolio investment or temporary investment and the disposition thereof (including all such expenses relating to any investment which the Fund ultimately does not make or any proposed disposition that is not actually consummated, including, in the case of a proposed investment not made, any portions of such expenses that may ultimately have been borne by co-investors had the investment been consummated), or the holding, monitoring, financing or refinancing (including the delivery of guarantees of the Fund), pledging, sale or proposed financing, refinancing, pledging or sale of all or any portion of any such investment, including, in each

case, travel and accommodation expenses (in certain cases, such travel and accommodation expenses not to exceed an annual cap, as specified in the offering documents of the Funds), and including the costs of services provided to the Fund by persons who are not employees of the General Partner, including fees and expenses of attorneys, accountants, tax advisors, finders, consultants, auditors, investment bankers, fund administrators, depositaries, custodians, operating partners, advisors (including senior advisors) and third-party professionals and fees and expenses of Affiliates of Blackstone and other third-party professionals; (iii) (a) legal, auditing, compliance and consulting expenses, including expenses associated with the preparation of amendments to the governing agreements of the Fund and the solicitation of consent of such amendments and the Fund's financial statements, regulatory filings (including, without limitation, expenses relating to the preparation and filing of Form PF, reports and notices to be filed with the U.S. Commodity Futures Trading Commission and/or reports, filings, disclosures and notices prepared in connection with the laws and/or regulations of jurisdictions in which the Fund engages in activities, including any notices, reports and/or filings required in accordance with the Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and any related regulations, and other notices or disclosures of the Registrant and/or its affiliates relating to the Funds and their activities), ongoing compliance with U.S. federal, state, local, non-U.S. or other law and regulation relating to the Fund's activities, reports to partners (including the preparation of tax returns, Schedule K-1s and other communications or notices relating to the Funds), technology-related expenses (including costs, expenses, charges and/or fees charges specifically attributed or allocated by the Registrant and its affiliates to provide administrative services relating to the Funds and/or the Fund's regulatory-reporting obligations) and (b) accounting and administration expenses, including any additional tax return preparation and reporting expenses to the extent such expenses relate to services provided either by third party or by an Affiliate of the General Partner that is in the business of providing such services, as well as data collection costs, including costs allocated by Blackstone's internal research group (which are generally based on time spent), internal printing (including a flat service fee) and publishing (including time spent performing such internal printing and publishing services); (iv) expenses related to organizing, administering and maintaining any entities directly or indirectly through or in which portfolio investments may be made; (v) expenses of the advisory committee of each Fund and its members, including expenses of any advisors retained by, or at the direction or for the benefit of, such advisory committee; (vi) costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles; (vii) taxes and other governmental charges, fees and duties payable by the Fund; (viii) all damages and expenses incurred in connection with any litigation, claim or proceeding involving the Fund (including the cost of any investigation and preparation) and the amount of any judgment or settlement paid in connection therewith; (ix) all unreimbursed expenses incurred in connection with the collection of amounts due to the Fund from any person; (x) all interest, fees, expenses and other amounts payable in respect of or in connection with borrowings, financings, guarantees or derivative

transactions; (xi) all expenses incurred in connection with administrative proceedings relating to the determination of Fund items of income, gain, loss, deduction and credit at the Fund level, and any audit with respect to taxes; (xii) expenses of any third party advisory committee of the Fund; (xiii) fees and expenses incurred in connection with complying with or monitoring compliance with or amending (including pursuant to “most favored nations” provisions) any side letters or other written agreements between the Fund and one or more investors in the Fund; and (xiv) costs of winding up and liquidating the Fund. The General Partner of each Fund, in its sole discretion, may determine not to allocate certain expenses to its respective funds, which would be otherwise permitted pursuant to each Fund’s offering and/or governing documents, which in such instances would result in an increased internal rate of return to investors.

Investors in a Fund are typically allocated (or otherwise bear) their pro rata share of such fees and expenses, which may be calculated based on capital commitments, invested capital, available capital or other metrics as determined by the General Partner of each Fund in its sole discretion. From time to time, a General Partner of a Fund will be required to decide whether costs and expenses are to be borne by a Fund, on the one hand, or the General Partner or the Registrant, on the other. Certain expenses may be suitable for only a particular Fund, its parallel fund(s) and borne only by such fund, or, as is more often the case, expenses may be allocated pro rata among the Fund and all of its parallel funds, even if the expenses relate only to particular vehicle(s) and/or investor(s) therein. The General Partner of the applicable Fund will make such judgments in its fair and reasonable, and in its sole, discretion, notwithstanding its interest in the outcome, and may make corrective allocations should it determine that such corrections are necessary or advisable. There can be no assurance that a different manner of allocation would not result in a Fund bearing less (or more) expenses.

Additionally, the Registrant may require, pursuant to each Fund’s offering and/or governing documents, that limited partners investing less than a specified amount in such Fund pay an additional servicing fee to the Registrant. This fee, if any, will generally be payable semi-annually, partially in arrears and partially in advance.

For certain Funds, the Registrant may also charge back a portion of the cost of overhead expenses attributable to the management of or operations related to such Fund. Note that the offering and/or governing documents for certain Funds provide for a cap on the organizational expenses chargeable to such Fund; organizational expenses in excess of such cap are paid by the Registrant or one of its affiliates, as applicable.

Similarly, the Advisory Accounts will bear the expenses incurred by the Registrant in connection with the services provided to the Advisory Accounts, including: (i) expenses incurred in connection with the identification, investigation, structuring or making of any investment or proposed investment or the monitoring, financing or refinancing, pledging, sale or proposed financing, refinancing, pledging or sale of all or any portion of such

investment including, in each case travel and related expenses (such travel and related expenses not to exceed an amount as specified in the applicable investment management agreement); (ii) legal, auditing, technological and consulting expenses, including expenses associated with the preparation of reports to the applicable Advisory Account client; (iii) accounting and administration expenses of third parties; (iv) expenses related to organizing, administering and maintaining any persons through or in which investments may be made; (v) all fees and expenses owed to any independent U.S. registered investment adviser not affiliated with Blackstone that is retained by the Advisory Account client (an **“Independent Evaluator”**) in connection with such Independent Evaluator’s services in respect of investments in the Funds; and (vi) costs of terminating the Advisory Account’s investment management agreement and transitioning the management of the managed capital to the Advisory Account client or its designee.

Further, the Funds and the Advisory Accounts, as applicable, bear the additional layer of fees and expenses charged at the level of private investment funds (including, in the case of the Direct Equity Program, any vehicles established to facilitate a co-investment) in which the Funds or the Advisory Accounts, as applicable, acquire interests (the **“Underlying Funds”**).

The Registrant, its affiliates and their respective personnel also can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds and Advisory Accounts, which will not offset the management fees payable by investors or otherwise be shared with the Funds, Advisory Accounts or investors therein. For example, airline travel or hotel stays incurred as Fund or Advisory Account expenses may result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to the Registrant, its affiliates and their respective personnel (and not a Fund, Advisory Account or investors therein) even though the cost of the underlying service is borne by a Fund or Advisory Account. The Registrant, its affiliates and their respective personnel, and other related persons in certain instances also receive discounts on products and services provided by portfolio entities and/or customers or suppliers of such portfolio entities.

### **Employee Compensation for Sales of Securities**

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

Please also see **Item 12 – Brokerage Practices**.

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

### Performance-Based Allocations

In addition to the management fees and other fees described in Item 5 above, the Registrant or one of the General Partners generally receives a performance-based allocation of up to 12.5% (or, in certain instances, up to 15% for certain investors that either commit to a Secondary Fund through a feeder vehicle established by a private bank to invest in the Secondary Fund (a “**Private Bank Feeder Fund**”) or invest less than a specified minimum commitment) of each Secondary Fund’s cumulative net profits, subject to a preferred return and customary clawback provisions. Performance-based allocations are based on cumulative net distributions attributable to a Secondary Fund, and all performance-based allocations for a Secondary Fund are disclosed in the relevant offering and/or governing documents of such Secondary Fund.

In addition to the management fees and other fees described in Item 5 above, the Registrant or one of the General Partners generally receives a performance-based allocation of up to 7.5% of each Direct Equity Program vehicle’s net profits, subject to a preferred return. Performance-based allocations may be based on cumulative net distributions attributable to a Direct Equity Program vehicle or on an investment-by-investment basis. The specific performance-based allocations applicable to a Direct Equity Program vehicle are disclosed in the applicable offering and/or governing documents of each such Direct Equity Program vehicle.

It is not anticipated that performance-based fees will be charged by the Registrant with respect to the Advisory Accounts, however, an Advisory Account may be subject to performance-based fees with respect to its direct or indirect investments in the Underlying Funds.

While the Registrant’s policy is that its performance-based allocations are not negotiable, the Registrant reserves the right to waive or reduce such allocations for certain investors. In particular, certain affiliates or employees of the Registrant that are investors in certain Funds do not bear any performance-based allocation.

In addition, the Funds and the Advisory Accounts, as applicable, bear the additional layer of fees, performance-based allocations and expenses charged at the level of private investment funds in which the Funds and the Advisory Accounts, as applicable, invest.

Note that the existence of a performance-based allocation may incentivize the Registrant to manage a Fund’s assets in a more aggressive manner than if there were no such allocation. Further, Other Blackstone Funds may have investment objectives that overlap with those of the Funds or the Advisory Accounts in certain material respects, and the Registrant’s or its

affiliates' management thereof may give rise to conflicts of interest relating to the Funds or the Advisory Accounts from time to time. For example, differing performance-based allocations or fees for Funds or Advisory Accounts on the one hand, and such Other Blackstone Funds or another Fund on the other, that invest on a side-by-side basis, may create conflicts of interest for the Registrant and its affiliates, including with respect to the allocation of investment opportunities. However, the Registrant will manage each Fund's or Advisory Account's assets in accordance with the investment strategy disclosed in each Fund's or Advisory Account's offering and/or governing documents to help ensure that investors are aware of the investment strategy and the risks associated with such strategy. The Registrant has an investment allocation policy that addresses this conflict of interest. Please refer to **Item 12 – Brokerage Practices** for a discussion on the Registrant's Allocation and Aggregation Procedures.

### **Timing of Performance-Based Allocations**

As described in the respective offering and/or governing documents of each Fund, performance-based allocations are generally allocated or paid, as the case may be, upon the making of any distribution to investors following the return of all capital contributions, or all capital contributions for realized investments, as the case may be, to the investors, and a preferred return thereon in accordance with the governing agreements of the Fund.

## Item 7 – Types of Clients

The Registrant manages the Funds. The Funds are marketed to certain institutional investors and sophisticated, high-net worth individual investors capable of understanding the risks of their investments, including the following types of investors:

- Banks and other financial institutions
- Insurance companies
- Investment companies
- Public and private retirement and pension plans
- Public and private profit sharing plans
- Trusts and estates
- Charitable organizations
- State and municipal government agencies
- Sovereign wealth funds
- Family offices and fund of funds
- High net worth individuals (including related retirement accounts)
- Corporations
- Business entities other than those listed above

All potential investors admitted to the Funds are subject to certain suitability requirements (including that each investor in the Funds be an “accredited investor” as defined in Regulation D under the U.S. Securities Act of 1933, as amended, and a “qualified purchaser” as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended) and compliance procedures (including anti-money laundering procedures), prior to acceptance of any subscription or investment amount for any Fund. In addition, any separate maintenance or other investment-related provisions (*e.g.*, minimum commitment sizes) will be provided in the offering and/or governing documents of each Fund established by the Registrant after the date hereof, which documents are made available to each potential investor prior to investment.

The Registrant also advises Advisory Accounts. The Advisory Account clients may consist of private retirement and pension plans and family offices, among others.

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

### **Methods of Analysis**

The Registrant's investment process for evaluating potential opportunities and investments may include a variety of proprietary and non-proprietary research models and methods of analysis. The Registrant generally derives information used to make investment decisions on behalf of its Funds and Advisory Accounts from private offering memoranda, quarterly and annual reports of the Underlying Funds, personal interviews with the Underlying Funds' managers, and financial information regarding the underlying portfolio companies, to the extent available.

The Registrant's evaluation criteria will include, but are not limited to:

- Fundamental investment analysis of Underlying Funds and portfolio companies
- Investment performance
- Investment strategies and philosophies
- Factors relating to management of, and investment professionals associated with, Underlying Funds (e.g., experience, commitment and reputation)
- The fees associated with Underlying Funds and the Underlying Funds' terms (e.g., term, investment period, preferred return)
- Investment capacity
- Concentrations/diversification
- Prevailing market conditions and other considerations

The Registrant will allocate investment opportunities among the Secondary Funds, Direct Equity Program and Advisory Accounts in a manner that it determines, in good faith in its sole discretion, to be fair and equitable, measured over time and taking into account considerations deemed relevant by the Registrant. The factors the Registrant will consider in making allocation decisions include, but are not limited to:

- Anticipated returns and risk profile of the investment (including appropriate commit size for the account given the circumstances)
- Pricing considerations
- Regulatory, legal or tax considerations
- The relative amounts of capital available for investment in each account
- The nature of the investment focus of each account
- Portfolio diversification concerns of each account
- The specific nature (including size, liquidity, holding period and anticipated maturity) of an investment

- The source of the investment opportunity (e.g., whether the investment was sourced from a particular account's limited partner)
- Other anticipated needs or uses of capital of each account
- The duration of the investment period of each account
- Whether the investment is a follow-on to a primary investment in a particular account
- Whether the investment is otherwise related to an existing investment held by a particular account (e.g., a direct co-investment alongside an Underlying Fund of the account)
- Such other considerations deemed relevant by the Registrant

The Registrant may, in its sole discretion, offer one or more of the Fund limited partners, another Blackstone vehicle or other third-parties, or the Direct Equity Program, an opportunity to co-invest with a Fund in any investment on such terms as may be agreed among such parties. In determining which limited partners may be offered co-investment opportunities, the Registrant expects to consider, among other things, (i) whether a limited partner played a role in sourcing a particular opportunity, (ii) the ability of a limited partner to execute a co-investment transaction quickly and efficiently, (iii) the reliability and creditworthiness of a limited partner, (iv) indications of interest from a limited partner in co-investment opportunities (it being understood, for the avoidance of doubt, that a limited partner's indication of its interest in co-investment opportunities will not ensure its consideration for any opportunity) and (v) any other strategic considerations (including, but not limited to, the length of time that a limited partner has had an investment relationship with the Registrant or Blackstone and the size of a limited partner's capital commitment to the Fund or product managed by the Registrant or Blackstone).

## **Investment Strategies**

### ***Secondary Funds***

The Secondary Funds generally seek to achieve capital appreciation through the purchase of secondary interests in mature private investment funds (including leveraged buyout funds, real estate funds, venture capital funds, distressed or mezzanine funds, fund of funds and other similar products), but the Secondary Funds may also invest, to a lesser extent, on a primary basis in other investment funds or in underlying funds or directly in portfolio companies. The Secondary Fund strategies include leveraged buyout funds, real estate funds, real assets funds and will likely include other sector or strategy specific Secondary Funds. Additional information regarding the investment strategy and corresponding method of analysis for each Secondary Fund is specified in the offering documents of such Secondary Fund.

### ***Direct Equity Program***

The specific investment strategy and corresponding method of analysis for each Direct Equity Program vehicle is specified in the offering documents of such Direct Equity Program vehicle. The Direct Equity Program generally seeks to construct a portfolio of high-quality co-investments in sponsor-backed private equity transactions, which may include investments with any of the primary investment mandates of other funds, accounts or investment vehicles sponsored by Blackstone (including the Registrant) or third-parties (including managers of Underlying Funds).

### ***Advisory Accounts***

The specific investment strategy and corresponding method of analysis for each Advisory Account is specified in the investment management agreement of each such Advisory Account. The Advisory Accounts generally seek to achieve capital appreciation through the purchase of interests in private investment funds on a primary basis in newly-formed limited partnerships, limited liability companies and other pooled investment vehicles, primarily investments in leveraged buyout, real estate, mezzanine, venture capital, distressed securities, fund of funds and other asset classes, with opportunities to invest on a secondary basis in Underlying Funds (in each case including through synthetic and similar arrangements) and in direct equity, equity-like and debt investments.

### **Risk of Loss**

An investment in a Fund or an Advisory Account, as applicable, entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks associated with an investment in a Fund or an Advisory Account, as applicable, and bearing the risks such investment represents. A successful program of investing is dependent upon and subject to certain risks, including risks relating to, among other things (i) the quality of the management and controls of the Funds or an Advisory Account, as applicable, the Underlying Funds and their portfolio companies; (ii) the ability of the management of the Funds or an Advisory Account, as applicable, and the Underlying Funds to identify and consummate attractive investment opportunities; (iii) general economic conditions; and (iv) the ability of the Funds or an Advisory Account, as applicable, and the Underlying Funds to liquidate their investments on attractive terms. The offering and/or governing documents of each Fund will contain detailed descriptions of certain of the risks associated with an investment in such Fund. Below is a non-exhaustive list of certain risks associated with such investments:

1. Loss of all or part of investment
2. No assurance of investment return
3. Changes in legal, fiscal, tax and regulatory regimes
4. Funds treated as partnerships for U.S. federal income tax purposes may be liable for adjustments to its tax returns as a result of recently enacted legislation

5. Lack of liquidity of Fund interests and of Underlying Fund interests
6. Highly competitive market for secondary investment opportunities
7. No established market for secondary investments
8. Secondary investment opportunities in Underlying Funds may be “pooled” opportunities from a seller on an “all or nothing” basis
9. Importance of valuation and acquisition terms
10. Reliance on the Registrant and certain of its professionals and employees and professionals and employees of the managers of the Underlying Funds
11. Limited access to information from Underlying Funds
12. Restrictions on acquisitions of Underlying Fund interests by the Fund or Advisory Accounts
13. Restrictions on the Registrant’s use of Blackstone’s resources because of information walls and other internal policies and procedures
14. Consequences of a Fund’s or an Advisory Account’s failure to satisfy capital calls of an Underlying Fund
15. Illiquidity of Underlying Fund interests
16. Investments longer than the Fund’s or the Advisory Account’s term
17. Lack of coordination among investment decisions of Underlying Funds and their sponsors
18. The portfolio companies in which the Underlying Funds have invested or may invest may involve a high degree of business and financial risk
19. Misconduct of employees and third party service providers and of employees and service providers with respect to the Underlying Funds
20. General economic and market conditions
21. United Kingdom Withdrawal from the European Union
22. Nature of secondary investments, including reliance on management of the Underlying Funds, potential obligations to return distributions to satisfy Underlying Fund liabilities, and other matters related to holding secondary interests in Underlying Funds
23. Risks related to use of leverage by certain Funds and Underlying Funds
24. Risks related to bearing the additional layer of fees and expenses charged at the level of the Underlying Funds
25. Risks related to cyber security breaches and identity theft; Data protection
26. Lack of diversification
27. Non-U.S. investments
28. Uncertainty of estimates and financial projections
29. Risk of limited number of portfolio investments

30. Non-controlling investments; investments and joint ventures with third parties
31. Public company holdings
32. “Platform” investments; additional capital
33. Terrorist activities
34. Investments in regulated industries
35. Financial leverage; incurrence of indebtedness
36. Increased government regulation
37. OFAC and FCPA considerations
38. Risks relating to Due Diligence of and Conduct at Portfolio Entities of Underlying Funds
39. Counterparty risks
40. Foreign currency risks

In addition, the investment management agreement of each Advisory Account will contain acknowledgments of the applicable Advisory Account client of certain risks associated with such investment, including the Advisory Account’s reliance on the Underlying Fund sponsors. Investors in Advisory Accounts should be aware that there is significant blind pool risk associated with investing in Underlying Funds on a primary basis.

The Registrant cannot guarantee any level of performance or that investors in the Funds or the Advisory Accounts will not experience a loss of their investments.

**Investors are advised to review the applicable governing documents for a more extensive description of the risks of investing in the Funds and Advisory Accounts.**

## Item 9 – Disciplinary Information

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

On occasion, in the ordinary course of its business, Blackstone is named as a defendant in a lawsuit or arbitration. 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 would individually or in the aggregate materially affect the Registrant or the Registrant’s clients. Certain regulatory, litigation and other similar matters are disclosed in (i) Blackstone’s or 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 Funds, the Advisory Accounts and/or certain of their respective affiliates, which is accessible to Blackstone’s limited partners for the funds and/or accounts in which they are invested. Anything disclosed in Blackstone’s or the Registrant’s public filings and/or which are otherwise made available to the Advisory Accounts or limited partners of the Funds, 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**

### **Other Financial Industry Activities**

Various potential and actual conflicts of interest will arise as a result of the overall investment activities of the Registrant and its affiliates. The following discussion enumerates certain but not all potential conflicts of interest which should be carefully evaluated before making an investment in the Funds or Advisory Accounts. Blackstone and Blackstone personnel may in the future engage in further activities that may result in additional conflicts of interest not addressed below. If any matter arises that the Registrant determines in its good faith judgment constitutes an actual or potential conflict of interest, the Registrant may take such actions as it determines in good faith may be necessary or appropriate to ameliorate the conflict (and upon taking such actions the Registrant will be relieved of any liability for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied applicable fiduciary duties related thereto to the fullest extent permitted by law). These actions may include, by way of example and without limitation, (i) presenting a conflict of interest to the advisory committee of the relevant Fund as expressly provided for in the applicable offering and/or governing documents, (ii) disposing of the investment or security giving rise to the conflict of interest, (iii) appointing an independent fiduciary or client representative to act or provide consent with respect to the matter giving rise to the conflict of interest, (iv) in connection with a matter giving rise to a conflict of interest with respect to an investment, consulting with the respective Fund advisory committee or an independent client representative (if any) regarding the conflict of interest and either obtaining a waiver or consent from such Fund advisory committee or independent client representative of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by such Fund advisory committee or independent client representative with respect to such conflict of interest, (v) disclosing the conflict, as applicable, to the Advisory Accounts or Fund investors (including, without limitation, in drawdown notices, distribution notices, quarterly letters or other communications), (vi) implementing certain policies and procedures designed to ameliorate such conflict of interest or (vii) taking any other actions that the Registrant deems necessary to ameliorate such conflict of interest. There can be no assurance that Blackstone will identify or resolve all conflicts of interest in a manner that is favorable to the Funds and Advisory Accounts. By acquiring an interest in a Fund or executing the investment management agreement of an Advisory Account, each limited partner or accountholder, as applicable, will be deemed to have acknowledged and consented to the existence or resolution of any such actual, apparent or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts. Any references to Blackstone, the General Partner and the Registrant in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees.

Prospective investors are also urged to review the applicable Fund's or Advisory Account's offering and/or governing documents (as amended from time to time) for additional risks and conflicts disclosure.

**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 reduce the synergies across Blackstone's various businesses that the Funds expect to draw on for purposes of pursuing attractive investment opportunities. Because Blackstone has many different asset management and advisory businesses, including private equity, a credit business, a hedge fund business, a capital markets group, a life sciences business and a real estate advisory business, 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 and to protect against the inappropriate sharing and/or use of information between the Registrant and the other business units at Blackstone, Blackstone has implemented certain policies and procedures (e.g., information walls) regarding the sharing of information that may reduce the positive synergies that the Funds expect to utilize for purposes of identifying and managing attractive investments. For example, Blackstone will from time to time come into possession of material non-public information with respect to companies in which its private equity business may be considering making an investment or companies that are clients of Blackstone. As a consequence, that information, which could be of benefit to the Funds or Advisory Accounts, might become restricted to those other respective businesses and otherwise be unavailable to the Funds or Advisory Accounts. In particular, although the Registrant intends to leverage the Blackstone platform to access, among other things, Blackstone's extensive knowledge of certain assets of potential or existing Underlying Funds, the formal information barriers in place between Blackstone and the Registrant, along with procedures in place to identify potential business conflicts, will from time to time prevent the Registrant and other parts of Blackstone from discussing any investment. Further, confidentiality obligations owed by the Registrant to Underlying Funds prevent the Registrant from disclosing information to other parts of Blackstone concerning the portfolio investment information of any Underlying Fund. There can be no assurance, however, that any such policies and/or procedures will be effective in accomplishing their stated purpose and/or that they will not otherwise adversely affect the ability of the Funds or Advisory Accounts to effectively achieve their investment objectives by unduly limiting the investment flexibility of the Funds or Advisory Accounts and/or the flow of otherwise appropriate information between the Registrant and other business units at Blackstone.

In addition, to the extent that Blackstone is in possession of material nonpublic information or is otherwise restricted from trading in certain securities, the Funds, the Advisory Accounts and the Registrant may also be deemed to be in possession of such information or otherwise restricted. This could reduce the investment opportunities available to the Funds

and Advisory Accounts, and there can be no assurance that such policies and procedures will be effective in accomplishing their stated purpose or that they will not otherwise adversely affect the ability of the Funds or Advisory Accounts to effectively achieve their investment objectives by unduly limiting the investment flexibility of the Funds and/or the flow of otherwise appropriate information between business units at Blackstone. Additionally, the terms of confidentiality or other agreements with or related to companies in which any Blackstone fund has or has considered making an investment or which is otherwise a client of Blackstone will from time to time restrict or otherwise limit the ability of the Funds, Advisory Accounts and/or their Underlying Funds and investments and their affiliates to make investments in or otherwise engage in businesses or activities competitive with such companies. Blackstone may enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although intended to provide greater opportunities for the Funds or Advisory Accounts, may require the Funds and Advisory Accounts to share such opportunities or otherwise limit the amount of an opportunity the Funds and Advisory Accounts can otherwise take.

**Investments in Which Other Blackstone Funds Have a Different Principal Investment.**

Through its other investment funds and collective investment vehicles (including vehicles in existence as of the date hereof and those that may be formed in the future, including, as applicable, any Overage Fund (as defined below), collectively, “Other Blackstone Funds”) and its affiliates, Blackstone currently invests capital across a broad spectrum of asset classes and investment opportunities. As a result, there may be circumstances where such Other Blackstone Funds and/or other affiliates of Blackstone may participate in transactions in which the Funds or Advisory Accounts indirectly participate through their secondary interests in Underlying Funds (including, where applicable, certain Other Blackstone Funds) or where Other Blackstone Funds directly or indirectly have a different principal investment relative to the investment by the Funds or Advisory Accounts. To the extent the Funds or Advisory Accounts or an Underlying Fund holds securities in an investment that are different (including with respect to their relative seniority) than those held by Other Blackstone Funds in the same investment, the Registrant and their affiliates may be presented with decisions when the interests of the two funds are in conflict. For example, Blackstone sponsors a number of Other Blackstone Funds, the investment strategies of which include making investments in which the Funds or Advisory Accounts may have an indirect interest. To the extent any such Other Blackstone Funds acquire and/or otherwise hold debt securities or other similar interests in investments in which the Funds or Advisory Accounts have an indirect equity interest, the interests of such Other Blackstone Funds and/or affiliates may diverge substantially from the interests of the Funds or Advisory Accounts (including, in particular, in the event of financial distress or bankruptcy of such investments). In addition, conflicts of interest may arise in circumstances where the Funds or Advisory Accounts make an investment in an Underlying Fund (including Other Blackstone Funds), which in turn has an interest in an investment in which an Other Blackstone Fund, or an affiliate of Blackstone, also holds an

interest. There may also be circumstances where Other Blackstone Funds and/or affiliates may make investments in the same investment in which the Funds or Advisory Accounts have an indirect interest, including at different levels of such portfolio entity's capital structure. In that regard, the investment activities of such Other Blackstone Funds will generally be carried out without regard to the investment positions or interests of the Funds or Advisory Accounts, and actions may be taken for the Other Blackstone Funds that are adverse to the Funds or Advisory Accounts.

Furthermore, another Fund may be invested in the underlying vehicle of a particular asset manager that is selling its assets or otherwise transacting with another underlying vehicle in which a Fund is invested in. Conflicts of interest may arise between such Funds in connection with any such transactions, and there can be no assurance that such conflicts will be resolved in favor of any of the Funds. Other Funds and Blackstone Funds may have an interest in an underlying vehicle sponsored by an asset manager in which a Fund is invested in (directly or indirectly) (or vice versa). In the event the consent of such Other Blackstone Fund (or such other Fund, as the case may be) is sought by such asset manager in connection with such Other Blackstone Fund's (or such Fund's) interests in such underlying vehicle, there can be no assurances that such interests will be voted in a manner that is consistent with the best interest of such Fund (or such Other Blackstone Fund, as the case may be) with respect to its interests in such asset manager. Relatedly, in certain circumstances in the ordinary course of the Fund's and Other Blackstone Fund's investment activities, the Funds could from time to time bear fees or incentive compensation payable indirectly to an Other Blackstone Fund or another Fund as a result of such indirectly ownership of such Other Blackstone Fund or such other Fund, as applicable, in the Registrant or advisor of an underlying vehicle.

In addition, conflicts may arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. There can be no assurance that the return on a Fund's investment will be equivalent to or better than the returns obtained by the other affiliates participating in the transaction. In addition, it is possible that in a bankruptcy proceeding, a Fund's interest may be subordinated or otherwise adversely affected by virtue of such Other Blackstone Funds' involvement and actions relating to its investment. As a result, the interests of the Funds may be subordinated or otherwise materially and adversely affected by the investment activities of such Other Blackstone Funds. While Blackstone will seek to resolve any such conflicts of interest in a fair and equitable manner, there can be no assurance that such conflicts will be resolved in favor of the Funds and/or Advisory Accounts.

The Funds may initially acquire all or a portion of an investment intended as a co-investment as described herein and syndicate such co-investment to certain Persons (in accordance with the applicable offering and/or governing documents).

**Other Blackstone Businesses and Activities.** As part of its regular business, Blackstone provides capital markets and advisory services. Certain Blackstone affiliates are also authorized to provide a broad range of investment banking, advisory, placement agent services and other services, which generate fees to Blackstone and its Affiliates. Although Blackstone does not currently provide these services, it could begin to do so in the future, which may give rise to additional conflicts of interest. Funds and Advisory Accounts will not receive a benefit from such fees. Blackstone may have relationships with, render services to or otherwise engage in transactions with, clients and/or other third parties that may have an adverse effect on the Funds and/or Advisory Accounts. Blackstone also manages Other Blackstone Funds, and Blackstone's management of such Other Blackstone Funds may adversely affect the Funds and/or Advisory Accounts.

As noted in the preceding paragraph, certain Blackstone affiliates are authorized to provide investment banking and advisory services, and to the extent such services are provided in the future, Blackstone and its affiliates may represent potential purchasers, sellers and other involved parties, including corporations, financial buyers, management, shareholders and institutions, with respect to investments that may be suitable for the Funds and Advisory Accounts. In such a case, Blackstone's client would typically require Blackstone to act exclusively on its behalf, thereby precluding the Funds and Advisory Accounts from acquiring such assets. Blackstone will be under no obligation to decline any such engagements in order to make the investment opportunity available to the Funds and Advisory Accounts. In connection with Blackstone's capital markets business and the certain real estate advisory, investment banking and other services Blackstone's affiliates may provide from time to time, Blackstone may determine that there are conflicts of interest or come into possession of information that limits its ability to engage in potential transactions. The Funds' and the Advisory Accounts' activities may be constrained as a result of these conflicts of interest and Blackstone's inability to use such information. For example, certain employees of Blackstone may be prohibited by law or contract from sharing information with Blackstone's Strategic Partners group that would be relevant to monitoring the Funds' and Advisory Accounts' investments and other investment activities. Additionally, there may be circumstances in which one or more individuals associated with Blackstone will be precluded from providing services to the Registrant because of certain confidential information available to those individuals or to other parts of Blackstone. In certain sell-side and fundraising assignments, the seller may permit the Funds or Advisory Accounts to act as a participant in such transaction, which would raise certain conflicts of interest inherent in such a situation (including as to the negotiation of the purchase price). Blackstone is under no obligation to decline any engagements or investments in order to make an investment opportunity available to the Funds or Advisory Accounts. The Funds or Advisory Accounts may be forced to sell or hold existing investments as a result of various relationships that Blackstone may have or transactions or investments Blackstone and its affiliates may make or have made.

Blackstone has long-term relationships with a significant number of corporations and their senior management. The Registrant will consider those relationships when evaluating an investment opportunity, which may result in the Registrant choosing not to make such an investment due to such relationships (e.g., investments in a competitor of a client). The Funds and Advisory Accounts may also co-invest with clients of Blackstone in particular investment opportunities, and the relationship with such clients could influence the decisions made by the Registrant with respect to such investments. Therefore, there can be no assurance that all potentially suitable investment opportunities that come to the attention of Blackstone will be made available to the Funds and Advisory Accounts. (See also “Other Blackstone Funds; Allocation of Investment Opportunities” below.)

Blackstone will from time to time participate in underwriting or lending syndicates with respect to underlying portfolio entities of the Underlying Funds, or otherwise be involved in the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, the Underlying Fund’s portfolio entities or other investment, or otherwise in arranging financing (including loans) for such portfolio entities. Such underwritings will be on a firm commitment basis or may be on an uncommitted “best efforts” basis. Blackstone may also provide placement or other similar services to purchasers and/or sellers of securities, loans and / or instruments issued by Underlying Funds and / or underlying portfolio entities. A Blackstone broker-dealer will from time to time act as the managing underwriter or a member of the underwriting syndicate and purchase securities from the Funds, the Advisory Accounts, the Underlying Funds or their respective underlying portfolio entities or advise on such transactions. Blackstone will also from time to time, on behalf of the Funds, the Advisory Accounts or other parties to a transaction involving the Funds or Advisory Accounts, effect transactions, including transactions in the secondary markets where it will from time to time nonetheless have a potential conflict of interest regarding the Funds or Advisory Accounts and the other parties to those transactions to the extent it receives commissions or other compensation from the Funds or Advisory Accounts and such other parties. This could include, by way of example, fees and / or commissions for equity syndications to co-investment vehicles. Subject to applicable law, Blackstone will from time to time receive underwriting fees, discounts, placement commissions, loan modification or restructuring fees, servicing (including loan servicing) fees, advisory fees, lending arrangement fees, asset / property management fees, insurance (including title insurance) fees and consulting, monitoring, commitment, syndication, origination, organizational, financing and divestment fees (or, in each case, rebates of any such fees, whether in the form of purchase price discounts or otherwise, even in cases where Blackstone or an Other Blackstone Fund or account is purchasing debt) or other compensation with respect to the foregoing activities, which are not required to be shared with the Funds or Advisory Accounts or the investors and the management fee paid by the Funds or Advisory Accounts generally will not be reduced by such amounts.

Blackstone will from time to time nonetheless have a potential conflict of interest regarding

the Funds and Advisory Accounts and the other parties to those transactions to the extent it receives commissions, discounts, fees or such other compensation from such other parties. The Funds' and Advisory Accounts' general partners or managers will approve any transactions in which a Blackstone broker-dealer acts as an underwriter, as broker for the Fund or Advisory Account, or as dealer, broker or advisor, on the other side of a transaction with the Funds or Advisory Accounts only where the Registrant believes in good faith that such transactions are appropriate for the Funds or Advisory Accounts, as applicable. From time to time, sales of securities for the account of the Funds or Advisory Accounts (particularly marketable securities) will be bunched or aggregated with orders for other accounts of Blackstone including Other Blackstone Funds. It is frequently not possible to receive the same price or execution on the entire volume of securities sold, and the various prices may be averaged which may be disadvantageous to the Funds or Advisory Accounts. Where Blackstone serves as underwriter with respect to a portfolio company's securities, the Funds and Advisory Accounts will from time to time be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell any securities that it continues to hold is restricted. This may prejudice the Funds' or Advisory Accounts' ability to dispose of such securities at an opportune time. (See "Other Trading and Investing Activities" and "Portfolio Entity Relationships" below.)

Blackstone employees, including employees of the Registrant, are generally permitted to invest in alternative investment funds, real estate funds, hedge funds or other investment vehicles, including potential competitors of the Funds and Advisory Accounts. Investors will not receive any benefit from any such investments.

In addition, professionals of the Registrant will participate in a Blackstone-sponsored program whereby any professional of the Registrant may receive carried interest or other compensation from another business unit of Blackstone in connection with such professional's successful referral of a transaction involving any Underlying Fund or portfolio company thereof to such other business unit of Blackstone. Such compensation may include carried interest generated by a fund managed by such other business of Blackstone. Investors should be aware that although professionals of the Registrant will be incentivized through their potential receipt of a portion of the carried interest generated by the Funds to maximize value for the Funds in referring any transaction to another business unit of Blackstone, there is a potential conflict of interest in that the potential receipt of carried interest or other compensation from such other Blackstone business unit may provide incentives to refer a transaction that may not always align with the interests of the Funds. However, it is not expected that the amount of any carried interest or other compensation received in connection with the Blackstone-sponsored program will be material. In addition, there is a conflict of interest in that any transaction referred by a professional of the Registrant to another Blackstone business unit may have been initially identified by such professional while conducting activities related to the Funds or the Advisory Accounts, and the costs associated with such activities may be expenses borne by the Funds or the Advisory Accounts, as applicable, and not by the Blackstone business unit

to which the transaction was referred.

In addition, other present and future activities of Blackstone and its affiliates (including the Registrant) may also give rise to additional conflicts of interest relating to the Funds or the Advisory Accounts and their investment activities. In the event that any such conflict of interest arises, the Registrant will attempt to resolve such conflicts in a fair and equitable manner. The investors should be aware that conflicts will not necessarily be resolved in favor of the Funds' or the Advisory Accounts' interests.

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, conflicts nevertheless may arise in connection with transactions between or involving the Funds, the Advisory Accounts, the Underlying Funds and underlying portfolio companies on the one hand and PJT on the other. Specifically, given that PJT will not be 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 in deciding to select or recommend PJT to perform such services for the Funds and the Advisory Accounts (or an Underlying Fund or any underlying portfolio company) (the cost of which will generally be borne directly or indirectly by the Funds, the Advisory Accounts or such entities, as applicable). Nonetheless, the Registrant and its affiliates will be free to cause the Funds, the Advisory Accounts and Underlying Fund or underlying portfolio companies to transact with PJT generally without restrictions under the Funds' governing documents or the Advisory Accounts' investment management agreements notwithstanding such overlapping interests in, and relationships with, PJT. (See also "Service Providers and Other Counterparties" below). 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.

In addition, other present and future activities of Blackstone and its affiliates (including the Registrant) will from time to time give rise to additional conflicts of interest relating to the Funds, the Advisory Accounts and their investment activities. In the event that any such conflict of interest arises, the Registrant will attempt to resolve such conflicts in a fair and equitable manner. Investors should be aware that conflicts will not necessarily be resolved in favor of the Funds' and the Advisory Accounts' interests. In addition, pursuant to the

Secondary Funds' governing documents, an advisory committee will be established and authorized to give consent on behalf of the Secondary Funds with respect to certain matters as described more fully in the applicable offering and/or governing documents. If the advisory committee consents to a particular matter as to which it is consulted and the Registrant acts in a manner, or pursuant to the standards and procedures, approved by the advisory committee, or otherwise as provided in the applicable governing documents, then the Registrant and its affiliates will not have any liability to the Secondary Funds or the investors for such actions taken in good faith by them. With respect to certain transactions that give rise to material conflicts of interest between or among the Secondary Funds, Blackstone and/or its affiliates where the interests of the Funds are generally aligned, the Registrant may in its discretion seek approval for such material conflict of interests on behalf of certain Secondary Funds as a whole (a "Collective Consent"). Such Collective Consent will be effective upon the consent of a "majority in interest" of the investors participating or expected to participate in the applicable investment, determined based on the amounts invested or to be invested in such investment. In cases where different groups of investors have conflicting interests vis-à-vis each other, the Collective Consent of each group of investors sharing an alignment of interest, respectively, may be sought by the Registrant and such Collective Consent will apply to all investors in such group. For purposes of the foregoing, with respect to such Secondary Funds, the consent of the advisory committee will be deemed to relate to the entire amount invested or to be invested by such Secondary Funds. Therefore, the limited partners of the respective Secondary Funds should be aware that (i) conflicts will not necessarily be resolved in favor of such Secondary Funds' interests and (ii) limited partners will be deemed to have approved any conflict of interest that is approved by a "majority in interest" of the limited partners as set forth above, even if a limited partner actually voted against the approval of such conflict of interest.

The Registrant may allow one or more limited partners or investors in applicable parallel funds or comparable vehicles to appoint a non-voting observer to the advisory committee, to attend meetings of the advisory committee and to receive information and materials provided to the members of the advisory committee (subject to certain limitations).

Blackstone (or its portfolio companies) may from time to time provide asset and/or property management services for a fee (including potentially incentive fees) with respect to investments sold by the Funds or Advisory Accounts to a third-party buyer, including after the disposition of such investments. Such involvement of Blackstone as a provider of asset management services with respect to the assets to which such investment relates will give rise to potential or actual conflicts of interest. While it is generally not expected that Blackstone will have an economic interest in such assets post-disposition, it is possible that a buyer may require Blackstone as provider of such services to retain or acquire a stake in the asset as part of the overall service relationship therewith.

In addition, portfolio companies of the Funds or Advisory Accounts and Other Blackstone

Funds are or will be counterparties or participants in agreements, transactions or other arrangements with the Funds, Advisory Accounts or Other Blackstone Funds, and portfolio companies of the Funds, Advisory Accounts and Other Blackstone Funds that, although Blackstone determines to be consistent with the requirements of such funds' governing agreements, would not have otherwise been entered into but for the affiliation with Blackstone. In addition to a management promote and/or incentive fees with respect to certain investments (as determined by the Registrant), such affiliated service providers are generally expected to receive fees for such services at competitive market rates, as determined by the Registrant, which will be borne by the Funds or Advisory Accounts and will not result in any offset to the management fee. The Registrant will make determinations of market rates based on its consideration of a number of factors, which are generally expected to include the Registrant's experience with non-affiliated service providers as well as benchmarking data and other methodologies determined by the Registrant to be appropriate under the circumstances (i.e., rates that fall within a range that the Registrant 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). While Blackstone generally intends to obtain benchmarking data regarding the rates charged or quoted by third parties for similar services, 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 and/or bespoke nature of such services (e.g., different assets may receive different 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 in account specific characteristics of individual assets then owned or to be acquired by the Funds or Advisory Accounts (such as location or size). 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 portfolio company (and indirectly by the Funds and Advisory Accounts) and will not offset the management fee. (See also "Service Providers and Other Counterparties" below.)

**Blackstone's Other Activities May Limit the Strategic Partners Business.** The investment opportunities that may be made available to the Funds and Advisory Accounts may be limited by the other activities of Blackstone, and by reason of the Funds and Advisory Accounts being affiliates of Blackstone. In addition, other business groups within Blackstone may possess material nonpublic information or other information that may effectively limit the ability of the Funds and Advisory Accounts to make certain investments and, more importantly, sell certain investments. Any such restrictions may materially constrain the investment flexibility of the Funds and Advisory Accounts.

Conflicts of interest may also arise with respect to Blackstone's provision of services to the Funds, the Advisory Accounts, portfolio entities, the Other Blackstone Funds and other clients of Blackstone, as well as actions taken by Blackstone on behalf of such Other Blackstone Funds and/or its affiliates. In performing services on behalf of the Funds, the

Advisory Accounts, portfolio entities, Other Blackstone Funds and/or other clients and affiliates, Blackstone may take actions that may impact the Funds or the Advisory Accounts, and Blackstone's other activities, provision of services and management of such Other Blackstone Funds and/or affiliates will generally be carried out independently from the Registrant's activities with respect to the Funds or Advisory Accounts.

**Data.** Blackstone receives various kinds of data and information from the Funds, Other Blackstone Funds and their Portfolio Entities, 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 Funds, Advisory Accounts, Other Blackstone Funds and their Portfolio Entities. Blackstone has entered and will continue to enter into information sharing and use arrangements, which may give Blackstone access to data that it would not otherwise obtain in the ordinary course, with the Funds, Advisory Accounts, Other Blackstone Funds, and their Portfolio Entities, related parties and service providers. Although Blackstone believes that these activities improve Blackstone's investment management activities on behalf of the Funds, Advisory Accounts and Other Blackstone Funds, information obtained from the Funds, Advisory Accounts and their Portfolio Entities also provides material benefits to Blackstone or Other Blackstone Funds without compensation or other benefit accruing to the Funds, Advisory Accounts or investors. For example, information from a Portfolio Entity owned by the Funds or Advisory Accounts may enable Blackstone to better understand a particular industry and execute trading and investment strategies in reliance on that understanding for Blackstone and Other Blackstone Funds that do not own an interest in the Portfolio Entity, without compensation or benefit to the Funds or Advisory Accounts or their Portfolio Entities.

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 Funds' activities to assist in the pursuit of Blackstone's various other activities, including to trade for the benefit of Blackstone or an Other Blackstone Funds. Any confidentiality obligations in the applicable governing documents do 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 Entity in the same or related industry. Such trading may provide a material benefit to Blackstone without compensation or other benefit to the Funds, Advisory Accounts or investors.

The sharing and use of "big data" and other information presents potential conflicts of interest and the investors acknowledge and agree that any benefits received by Blackstone will not be subject to the management fee offset provisions or otherwise shared with the Funds, Advisory Accounts or investors. As a result, the Registrant has an incentive to pursue Investments that have data and information that can be utilized in a manner that

benefits Blackstone or Other Blackstone Funds.

**Advisors.** Blackstone engages and retains strategic advisors, consultants, senior advisors, operating partners, executive advisors 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 entities) and may, from time to time, receive payments from, or allocations or performance-based compensation with respect to, portfolio companies (as well as from Blackstone or the Funds or Advisory Accounts). In such circumstances, such payments from, or allocations or performance-based compensation with respect to, portfolio companies and/or the Funds or Advisory Accounts may be treated as partnership expenses and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Blackstone, be deemed paid to or received by Blackstone and such amounts will not be subject to the offset provisions as described in the applicable offering and/or governing documents. These strategic advisors, senior advisors, consultants, executive advisors and/or other professionals (which may include certain former Blackstone employees) may have the right or may be offered the ability to co-invest alongside the Funds or Advisory Accounts, 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 Funds' or Advisory Accounts' returns and will not necessarily be subordinated to the return of investors' Capital Commitment), or otherwise participate in equity plans for management of any such portfolio company or invest directly in the Funds or Advisory Accounts or in a vehicle controlled by the Funds or Advisory Accounts subject to reduced or waived management fees and/or carried interest, including after the termination of their engagement by or other status with Blackstone, and such co-investment and/or participation (which generally will result in the Funds or Advisory Accounts being allocated a smaller share of an investment) will not be considered as part of Blackstone's side-by-side co-investment rights. The nature of the relationship with each of the strategic advisors, senior advisors, consultants, executive advisors and/or other professionals and the amount of time devoted or required to be devoted by them varies considerably. In certain cases, they may provide the Registrant with industry-specific insights and feedback on investment themes, assist the Funds, Advisory Accounts or any Other Blackstone Fund in transaction due diligence, make introductions to and provide reference checks on management teams. In other cases, they may contribute to the origination of new investment opportunities. The Funds and Advisory Accounts 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 Funds and Advisory Accounts for the entire investment period. In certain instances Blackstone has formal arrangements with these senior advisors, 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 arrangements that will not be confirmed as being comparable to the market rates for such services) from Blackstone, the Funds, the Advisory Accounts, Other Blackstone Funds and/or portfolio entities or otherwise uncompensated unless and until an engagement with a portfolio entity develops. In certain cases, it is possible that they could have certain attributes of Blackstone “employees” (e.g., work on Blackstone matters as their primary or sole business activity, have Blackstone related e-mail addresses and participate in certain benefit arrangements typically reserved for Blackstone employees), even though they are not considered Blackstone employees, affiliates or personnel for purposes of the applicable governing documents and related management fee offset provisions. Blackstone expects, where applicable, to allocate the costs of such personnel to the Funds, Advisory Accounts and/or applicable portfolio entities, and to the extent allocated to the Funds or Advisory Accounts would be treated as Partnership Expenses. Payments or allocations to Blackstone’s strategic advisors, senior advisors, executive advisors, consultants and other similar professionals will not be subject to the management fee offset provisions, and can be expected to increase the overall costs and expenses borne by the investors in the Funds or Advisory Accounts. There can be no assurance that any of the executive advisors, senior advisors, consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with Blackstone, the Funds, Advisory Accounts and/or any portfolio entities throughout the term of the Funds or Advisory Accounts.

**Portfolio Entities and Joint Ownership with Other Blackstone Vehicles.** In addition to the use of the services of operating partners as further described herein under “Advisors,” it is expected that the Funds and Advisory Accounts will participate in investments that will then engage portfolio entities (as used in this discussion, a “portfolio entity” includes any entity that provides a service or management function) owned by Other Blackstone Vehicles for services, including but not limited to property management services, leasing services and oversight, corporate services, statutory services, transaction support services (including but not limited to coordinating with brokers, lawyers, accountants and other advisors, assembling relevant information, conducting financial and market analyses, and coordinating closing procedures), construction and development management, and loan management and servicing, and within one or more such categories, providing services in respect of asset and/or investment administration, accounting, technology, tax preparation, finance (including but not limited to budget preparation and preparation and maintenance of corporate models), treasury, operational coordination, risk management, insurance placement, human resources, legal and compliance, valuation and reporting-related services (for more information on certain portfolio entities providing such services, see “Service Providers” herein). Participating in investments that engage portfolio entities that are owned by Other Blackstone Vehicles will subject the Funds and Advisory Accounts to certain risks and conflicts.

**Other Trading and Investing Activities.** Certain Other Blackstone Funds, and any successor funds thereto, may invest in securities of publicly-traded companies which are actual or potential underlying portfolio investments. The trading activities of those vehicles may differ from or be inconsistent with activities which are undertaken for the account of the Funds and Advisory Accounts in such investments or related investments. In addition, the Funds and Advisory Accounts may not pursue an investment in a portfolio investment as a result of such trading activities by Other Blackstone Funds.

**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 Funds, Advisory Accounts and/or Blackstone, and/or certain entities in which the Funds or Advisory Accounts have an investment may from time to time also provide goods or services to, or have business, personal, financial or other relationships with Blackstone, its affiliates and portfolio companies. For example, certain portfolio companies 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 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 or similar payments to Blackstone or its affiliates (including personnel), including related to a portion of the savings achieved by the portfolio company, and such commissions or payments will not be subject to the management fee offset provisions. Such advisors and service providers referred to above may be investors in the Funds or Advisory Accounts, affiliates of the Registrant, sources of financing and investment opportunities or co-investors or commercial counterparties or entities in which Blackstone and/or Other Blackstone Funds have an investment, and payments by the Funds, Advisory Accounts and/or such entities may indirectly benefit Blackstone and/or such Other Blackstone Funds.

Additionally, certain employees and other professionals of Blackstone may have family members or relatives employed by such advisors and service providers or otherwise actively involved in (or have business, financial or other relationships with) relevant industries. For example, such family members or relatives might be employees, officers, directors or owners of companies or assets which are actual or potential investments of the Funds or Advisory Accounts or other counterparties of the Funds or Advisory Accounts and their portfolio companies and/or assets. Moreover, in certain instances, the Funds or Advisory Accounts or their portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with, companies that are owned by such family members or relatives or in respect of which such family members or relatives have other involvement. The Registrant and/or its affiliates may also provide administrative services to the Funds for a fee. These relationships may influence the Registrant in deciding whether to select, recommend or create such service providers to perform services for the

Funds, the Advisory Accounts or a portfolio company (the cost of which will generally be borne directly or indirectly by the Funds, the Advisory Accounts or such entity, as applicable) and may incentivize Blackstone to engage such service provider over a third party. 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 companies 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. In most such circumstances, the applicable governing documents will not preclude the Funds or the Advisory Accounts from undertaking any particular investment activity and/or transaction. To the extent Blackstone 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 the Registrant. 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, which may be paid for by the funds that receive such services on the similar basis as a third party providing such services. Blackstone, through its interest in ThoughtFocus, receives an indirect benefit resulting from the funds’ payments for such services and such benefit does not offset the management fees payable by the limited partners.

Aquicore. Aquicore, Inc. (“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 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 companies could obtain for themselves 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.

Intertrust Group. In 2013, certain Blackstone private equity funds acquired Intertrust Group. From time to time, Intertrust Group is expected to perform corporate and trust services on an arms-length basis for the funds, intermediate entities or portfolio companies.

BTIG. In December 2016 certain funds made a strategic minority investment in BTIG. BTIG is a global financial services firm which provides institutional trading, investment banking, research and related brokerage services and may provide goods and services for the Funds, the Advisory Accounts, Other Blackstone Funds or any of their portfolio companies and the Blackstone Tactical Opportunities Program.

Optiv. Optiv is a portfolio company 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 companies.

Refinitiv. 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 client of certain business groups within Blackstone. The pricing information provided by Refinitiv to Blackstone is substantially the same as the pricing information provided by Refinitiv to all other customers.

One or more such service providers may become available for acquisition by the Funds or Advisory Accounts as an investment (as a single asset or as part of an operating platform). In such transactions, Blackstone, one or more portfolio companies and/or Other Blackstone Funds may be a seller to the Funds or Advisory Accounts and/or participate alongside the Funds or Advisory Accounts as a buyer. The Registrant is 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 Registrant will obtain such consents that may be required under the Advisers Act or other applicable laws or regulations.

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

Advisors and service providers, or their affiliates, often charge different rates, including

below market or no fee, 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 Funds or Advisory Accounts and/or portfolio companies are different from those used by Blackstone and its affiliates (including personnel), the Registrant or its affiliates (including personnel) may pay different amounts or rates than those paid by the Funds or Advisory Accounts and/or portfolio companies. However, Blackstone 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 Funds, Other Blackstone Funds and/or portfolio companies for the same services.

In addition, Blackstone's Treasury group currently provides foreign currency exchange ("FX") services to the Funds, Advisory Accounts and Other Blackstone Funds for FX trades under a certain threshold. Based on its current practices (which are subject to change in the future), at the request of a Fund or Advisory Account or an Other Blackstone Fund, the Blackstone Treasury group will exchange foreign currencies from Blackstone's own account on behalf of the Fund or Advisory Account or such Other Blackstone Fund 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 Fund or Advisory Account or such Other Blackstone Fund would incur on any FX payment or receipt regardless of counterparty). Blackstone's Treasury group from time to time also manages Temporary Investments made by the Funds, Advisory Accounts and Other Blackstone Funds, and does not currently charge any fees for providing such services.

Similarly, Blackstone and its affiliates, including without limitation, the Funds, the Advisory Accounts, Other Blackstone Funds and/or their portfolio companies, 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 Funds, the Advisory Accounts, Other Blackstone Funds and their portfolio companies in the aggregate. For example, certain portfolio companies 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 company. 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 Funds, Advisory Accounts or portfolio companies for the same services.

In addition, certain advisors and service providers (including law firms) may temporarily provide their personnel to Blackstone, the Funds, Advisory Accounts, Other Blackstone Funds or their portfolio companies pursuant to various arrangements including at cost or at no cost. While often the Funds, Advisory Accounts, Other Blackstone Funds and their portfolio companies 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 Funds or Advisory Accounts 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 companies and any costs of such personnel may be allocated accordingly.

**Portfolio Entity Relationships.** Portfolio entities of Underlying Funds, the Funds, the Advisory Accounts and / or Other Blackstone Funds are and will be counterparties or participants in agreements, transactions or other arrangements with the Funds, Advisory Accounts, Other Blackstone Funds and portfolio entities of the Funds, Advisory Accounts and other investment funds managed by Blackstone or other Blackstone affiliates for the provision of goods and services, purchase and sale of assets and other matters that would not have otherwise been entered into but for the affiliation or relationship with Blackstone, and which involve fees, commissions, servicing payments, discounts, rebates and / or other benefits to Blackstone, its affiliates (including personnel) and / or a portfolio entity which are not subject to the management fee offset provisions described in the applicable offering and/or governing documents. For example, Blackstone may cause any of the Funds' and the Advisory Accounts' direct portfolio entities to enter into agreements regarding group procurement (such as CoreTrust or another 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) and other operational, administrative or management related matters from a third party or a Blackstone affiliate, and other similar operational initiatives that result in commissions or similar payments, including related to a portion of the savings achieved by the portfolio entity, and in each case payments made to Blackstone in connection therewith will not be subject to the management fee offset provisions otherwise described herein. Blackstone will allocate the cost of these various services and products purchased on a group basis among the Funds, Advisory Accounts, Other Blackstone Funds and their portfolio entities. Some of these arrangements result in commissions, discounts, rebates or similar payments to Blackstone and its affiliates and personnel or Other Blackstone Funds and their portfolio entities, including as a result of transactions entered into by the Funds, Advisory Accounts and their portfolio entities, and such commissions or payment will not be subject to the management fee offset provisions. Blackstone may also receive consulting or other fees from the parties to these group procurement arrangements. To the extent that a portfolio entity of an Other

Blackstone Fund is providing such a service, such portfolio entity and such Other Blackstone Fund will benefit, and the benefits received by such portfolio entity providing the service may be greater than those received by the Funds, Advisory Accounts and their portfolio entities receiving the service. As a part of such benefits management, certain of the Funds' and Advisory Accounts' portfolio entities may enter into an employer health program arrangement or similar arrangements with Equity Healthcare LLC ("Equity Healthcare"), a Blackstone affiliate which negotiates with providers of standard administrative services and insurance carriers for health benefit plans and other related services for cost discounts, quality of service monitoring, data services and clinical consulting. Because of the combined purchasing power of its client participants, Equity Healthcare is able to negotiate pricing terms from providers that are believed to be more favorable than the companies could obtain for themselves on an individual basis. The payments made to Blackstone in connection with Equity Healthcare, group purchasing, insurance and benefits management will not offset the management fee payable by the Funds or Advisory Accounts. As further described herein, Blackstone, the Funds, Advisory Accounts and / or Other Blackstone Funds will hold equity or other investments in companies or businesses (with respect to Blackstone, even if they are not "affiliates" of Blackstone) in the information technology and other industries that provide products or services to or otherwise contract with portfolio entities of the Funds, Advisory Accounts and Other Blackstone Funds and / or portfolio entities of Other Blackstone Funds. In connection with any such investment, Blackstone, the Funds, Advisory Accounts or Other Blackstone Funds (or their respective portfolio entities) may make referrals or introductions to the Funds' or Advisory Accounts' Underlying Funds and their portfolio entities and / or portfolio entities of Other Blackstone Funds in an effort, in part, to increase the customer base of such companies or businesses, and therefore the value of the investment, or because such referrals or introductions may result in financial incentives (including additional equity ownership) and / or milestones benefitting the referring or introducing party that are tied or related to participation by the Funds' or Advisory Accounts' Underlying Funds and / or portfolio entities, and / or portfolio entities of Other Blackstone Funds). Blackstone has also entered into an investment management arrangement whereby it provides investment management services to Fidelity & Guaranty Life Insurance Company (a portfolio entity of certain Other Blackstone Funds) which will involve investments across a variety of asset classes (including investments that may otherwise be appropriate for the Funds or Advisory Accounts), and in the future Blackstone may enter into similar arrangements with other Underlying Funds, their portfolio entities or the portfolio entities of the Funds, Advisory Accounts or Other Blackstone Funds. Such arrangements may reduce the allocations of investments to the Direct Equity Program, and Blackstone may be incentivized to allocate investments away from the Direct Equity Program to the counterparties to such investment management arrangements or other vehicles/accounts to the extent the economic arrangements related thereto are more favorable to Blackstone relative to the terms of the Direct Equity Program. Except as described above, where Blackstone, or any Other Blackstone Fund (or its portfolio entity) is

the referring or introducing party, the Funds and the Advisory Accounts will not share in any fees, economics or equity accruing to Blackstone, such Other Blackstone Fund (or its portfolio entity) as a result of these relationships and / or participation by the Funds' portfolio entities or the portfolio entities of any Underlying Fund. There may, however, be instances where the applicable arrangements provide that the Funds or Advisory Accounts or such portfolio entities may share in some or all of any resulting financial incentives (including, in some cases, equity ownership) based on structures and allocation methodologies as determined in the sole discretion of Blackstone or its affiliates. Conversely, where the Funds or Advisory Accounts or one of the portfolio entities is the referring or introducing party, rather than receiving all of the financial incentives (including, in some cases, additional equity ownership) for similar types of referrals and / or introductions, such financial incentives (including, in some cases, equity ownership) may be similarly shared with the participating Other Blackstone Funds or their respective portfolio entities.

In addition, it is possible that certain portfolio companies of the Other Blackstone Funds or companies in which the Other Blackstone Funds have an interest will compete with the Funds or Advisory Accounts for one or more investment opportunities. It is also possible that certain portfolio entities of the Other Blackstone Funds or companies in which the Other Blackstone Funds have an interest will engage in activities that may have adverse consequences on the Funds or Advisory Accounts, the Underlying Funds and / or their respective portfolio entities (including, by way of example only, as a result of 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, which may result in the assets of the Funds, the Advisory Accounts, the Underlying Funds and / or their respective portfolio entities being used to satisfy the obligations or liabilities of one or more Other Blackstone Vehicles, their portfolio entities and / or affiliates).

In addition, portfolio entities and affiliates of Blackstone may also establish other investment products, vehicles and platforms focusing on specific asset classes or industry sectors that fall within the Funds' investment strategy, which may compete with the Direct Equity Program 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 Direct Equity Program).

In addition, an Underlying Fund or portfolio entity of the Funds or Advisory Accounts may enter into agreements, transactions or other arrangements with another Underlying Fund or portfolio entity of the Funds or Advisory Accounts or one or more portfolio entities of an Other Blackstone Fund, which may give rise to actual or potential conflicts of interest for the Registrant, the Funds, the Advisory Accounts and / or their respective Affiliates. Such

agreements, transactions or other arrangements may be entered into without the consent or direct involvement of the Funds, the Advisory Accounts and / or such Other Blackstone Fund or the consent of the advisory committee and / or the investors of the Funds, the Advisory Accounts or such Other Blackstone Fund (including, without limitation, in the case of minority investments by the Funds or Advisory Accounts in the sponsor of an Underlying Fund where another Fund or Advisory Account is invested in the Underlying Fund managed by such sponsor or the sale of assets or businesses from one Underlying Fund to another). This is because, among other things, Underlying Funds and portfolio entities of the Funds or Advisory Accounts and portfolio entities of other Funds, Advisory Accounts or Other Blackstone Funds are not considered affiliates of the Registrant, the Funds or the Advisory Accounts under the applicable governing documents. In any such case, the Funds and Advisory Accounts may not be involved in the negotiation process and the terms of any such agreement, transaction or other arrangement may not be as favorable to the Funds or Advisory Accounts as otherwise may be the case if the Funds or Advisory Accounts were involved.

The Funds, Advisory Accounts and their portfolio entities will engage from time to time portfolio entities of the Funds, Advisory Accounts and / or Other Blackstone Funds to provide some or all of the following services: (a) corporate support services (including, without limitation, accounting/audit, account management, corporate secretarial services, data management, directorship services, finance/budget, human resources, information technology, judicial processes, legal, operational coordination, risk management, tax and treasury); (b) loan management (including, without limitation, monitoring, restructuring and work-out of performing, sub-performing and nonperforming loans, administrative services, and cash management); (c) management services (i.e., management by a portfolio entity, Blackstone affiliate or third party (e.g., a third party manager) of operational services); (d) operational services (i.e., general management of day to day operations, including, without limitation, construction management, leasing services, project management and property management); and (e) transaction support services (including, without limitation, assembling relevant information, conducting financial and market analyses, coordinating closing/post-closing procedures for acquisitions, dispositions and other transactions, coordination of design and development works, coordination with brokers, lawyers, accountants and other advisors, assistance with due diligence, preparation of project feasibilities, site visits). Similarly, Other Blackstone Funds and their portfolio entities can be expected to engage portfolio entities of the Funds to provide some or all of these services. Furthermore, through its Innovations group, Blackstone incubates businesses that can be expected to provide goods and services to the Funds, Advisory Accounts and Other Blackstone Funds and their portfolio entities, as well as other Blackstone related parties and third parties. By contracting for a product or service from a business related to Blackstone, the Funds, Advisory Accounts and their portfolio entities 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 Funds or

Advisory Accounts or the investors and could benefit Blackstone directly and indirectly. Also, Blackstone, Other Blackstone Funds and their portfolio entities, 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 Funds, Advisory Accounts and their portfolio entities. The Funds, Advisory Accounts and their portfolio entities will incur expenses in negotiating for any such fees and services, which will be treated as partnership expenses. Finally, Blackstone and its personnel and related parties may also receive compensation for origination expenses and with respect to unconsummated transactions.

The Funds, Advisory Accounts and their portfolio entities will compensate one or more of these service providers and vendors owned by the Funds, Advisory Accounts or Other Blackstone Funds, including through incentive based compensation payable to their management teams and other related parties. Some of these service providers and vendors owned by the Funds, Advisory Accounts or Other Blackstone Funds will charge the Funds, Advisory Accounts and their portfolio entities for goods and services at rates generally consistent with those available in the market for similar goods and services. Other service providers and vendors owned by the Funds, Advisory Accounts or Other Blackstone Funds pass through expenses on a cost reimbursement, no-profit or break-even basis, in which case the service provider allocates costs and expenses directly associated with work performed for the benefit of the Funds, Advisory Accounts and their portfolio entities to them, along with any related tax costs and an allocation of the service provider's overhead, including any of the following: salaries, wages, benefits and travel expenses; marketing and advertising fees and expenses; legal, accounting and other professional fees and disbursements; office space and equipment; insurance premiums; technology expenditures, including hardware and software costs; costs to engage recruitment firms to hire employees; diligence expenses; one-time costs, including costs related to building-out and winding-down a portfolio entity; taxes; and other operating and capital expenditures. Any of the foregoing costs, although allocated in a particular period, may relate to activities occurring outside the period, and therefore a Fund or Advisory Account could pay more than its pro rata portion of fees for services. The allocation of overhead among the entities and assets to which services are provided may be based on any of a number of different methodologies, including, without limitation, "cost" basis as described above, "time-allocation" basis, "per unit" basis, "per square footage" basis or "fixed percentage" basis. There can be no assurance that a different manner of allocation would result in the Funds, Advisory Accounts and their portfolio entities bearing less or more costs and expenses. Furthermore, Blackstone will generally not perform or obtain any benchmarking analysis or third party verification of expenses with respect to services provided on a cost reimbursement, no profit or break even basis. Other Blackstone Funds and their portfolio entities can be expected to engage portfolio entities of the Funds or Advisory Accounts to provide services, and these portfolio entities will generally charge for services in the same manner described above, but the Funds, Advisory Accounts and their portfolio entities

generally will not be reimbursed for any costs (such as start-up costs) relating to such portfolio entities incurred prior to such engagement.

The Funds, Advisory Accounts, Other Blackstone Funds and their portfolio entities are expected to enter into joint ventures with third parties to which the service providers and vendors described above will provide services. In some of these cases, the third party joint venture partner may negotiate to not pay its pro rata share of fees, costs and expenses to be allocated as described above, in which case the Funds, Advisory Accounts, Other Blackstone Funds and their portfolio entities that also use the services of the portfolio entity service provider will, directly or indirectly, pay the difference, or the portfolio entity service provider will bear a loss equal to the difference.

Relatedly, Blackstone and / or Other Blackstone Funds, including Blackstone Strategic Capital Holdings and its related vehicles/entities and successor funds ("BSCH"), regularly make minority investments in alternative asset management firms that are not affiliated with Blackstone. The Funds may co-invest along such Other Blackstone Funds in such investments. Typically, such an investment would involve receiving a share of the carried interest/performance based compensation and net fee income or revenue share generated by the various products, vehicles, funds and accounts managed by that third party asset management firm that are included in the transaction. In addition, while such minority investments are generally structured so that Blackstone does not "control" such third party asset management firms, Blackstone may nonetheless be afforded certain governance rights in relation to such investments (typically in the nature of "protective" rights or anti-dilution arrangements). While such third party asset managers will not be deemed "affiliates" of Blackstone for any purpose, Blackstone may, under certain circumstances, be in a position to influence the management and operations of such asset managers and the existence of its economic / revenue sharing interest therein may give rise to conflicts of interest. The Funds, Advisory Accounts, their affiliates and their respective portfolio entities may hold an interest in one or more investment vehicles sponsored by such alternative asset management firm and / or from time to time may engage in transactions with, and buy and sell investments from, any such third party asset managers and their sponsored funds and portfolio entities. There can be no assurance that the terms thereof will be at arm's length or that Blackstone will not receive a benefit from such transactions, which may make it more likely that such transactions would be entered into. There can be no assurance that any such conflicts will be resolved in favor of the Funds, Advisory Accounts or the investors.

With respect to transactions or agreements with portfolio entities (including, for the avoidance of doubt, long-term incentive plans), at times if unrelated officers of a portfolio entity have not yet been appointed, Blackstone may negotiate and execute agreements between Blackstone and / or the Funds or Advisory Accounts on the one hand, and the portfolio entity or its affiliates, on the other hand, which could entail a conflict of interest in relation to efforts to enter into terms that are arm's length. Among the measures

Blackstone may use to mitigate such conflicts is to involve outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms.

**Management of Other Blackstone Funds.** One of the core businesses at Blackstone is the management of Other Blackstone Funds. Blackstone's management of the Other Blackstone Funds may, from time to time, give rise to actual or potential conflicts of interest relating to the Funds or Advisory Accounts, and there can be no assurance that such conflicts will be resolved in favor of the Funds or Advisory Accounts. Moreover, the economic interests of Blackstone in such Other Blackstone Funds may incentivize Blackstone to take actions with respect to such Other Blackstone Funds which may conflict with or adversely affect the interests of the Funds or Advisory Accounts, and it is possible that the interests of the Funds or Advisory Accounts may be subordinated or adversely affected by virtue of Blackstone's management of such Other Blackstone Funds.

**Other Blackstone Funds; Allocation of Investment Opportunities.** Through its Other Blackstone Funds, Blackstone currently invests and will continue to invest third-party capital in a wide variety of investment opportunities globally. Investors should expect that in certain circumstances, not all of the investment opportunities suitable for the Funds or Advisory Accounts will be presented to the Funds or Advisory Accounts. The applicable governing documents set forth certain exceptions that allow specified types of investment opportunities that might otherwise fall within the Funds' or Advisory Accounts' investment objectives or strategy to be allocated to Other Blackstone Funds (in whole or in part). Some of these exceptions are subject to reasonable interpretation and require the Registrant to exercise its good faith judgment in determining whether an investment opportunity should be allocated to the Funds or Advisory Accounts or an Other Blackstone Fund. Blackstone currently manages, and may subsequently establish, Other Blackstone Funds, which may, from time to time, make secondary investments that would otherwise be appropriate for the Secondary Funds. Any such Other Blackstone Funds and/or affiliates (including other business units within Blackstone) will not be restricted from sourcing and/or making investments that may otherwise be appropriate for the Secondary Funds, which may result in increased competition for suitable investment opportunities and may ultimately affect the Secondary Funds' ability to effectively achieve its investment objective.

With respect to any such Other Blackstone Funds that have investment objectives or guidelines that overlap with those of the Secondary Funds, in whole or in part, investment opportunities that fall within such common objectives or guidelines will generally be allocated among the Secondary Funds and such Other Blackstone Funds on a basis that the General Partner of such Secondary Funds determines is fair and reasonable in good faith, subject to (i) any applicable investment objectives, focus, parameters, limitations, guidelines, investor preferences and other contractual provisions and terms relating to the Funds and such Other Blackstone Funds and the duration of investment periods, (ii) the Funds and such Other Blackstone Funds having available capital with respect thereto and

(iii) legal, tax, regulatory and other considerations deemed relevant by the General Partner (including, without limitation, (i) primary and permitted investment strategies and objectives of the Funds and the Other Blackstone Funds, including whether such Other Blackstone Funds expect to invest in or alongside other funds or across asset classes based on expected return, (ii) sourcing of the investment and the nature and extent of involvement of the respective teams of investment professionals dedicated to the funds, (iii) the sector and geography/location of the investment, (iv) the specific nature (including size, type, amount, liquidity, holding period, anticipated maturity and minimum investment criteria) of the investment, (v) expected investment return, (vi) risk/return profile of the investment, (vii) expected leverage on the investment, (viii) expected cash characteristics (such as cash-on-cash yield, distribution rates or volatility of cash flows), (ix) remaining commitment and portfolio contributions required as part of the investment, (x) portfolio diversification concerns (including, but not limited to, whether a particular fund already has its desired exposure to the sponsor, sector, industry, geographic region or markets in question), (xi) relation to existing investments in a fund, if applicable (e.g. “follow on” to existing investment or same security as existing investment), (xii) avoiding allocation that could result in de minimis or odd lot investments, (xiii) co-investment arrangements, (xiv) anticipated tax treatment of the investment and (xv) other considerations deemed relevant by Blackstone in good faith. Under certain circumstances, the General Partner may determine not to pursue some or all of an investment opportunity for the Funds that would otherwise be within the Funds’ objectives and strategies, and Blackstone may therefore offer some or all of such opportunity to Other Blackstone Funds. With respect to the General Partner’s ability to allocate investment opportunities, including where such opportunities are within the common objectives and guidelines of the Funds and Other Blackstone Funds (which allocations are to be made on a basis that the General Partner believes in good faith to be fair and reasonable), Blackstone has established general guidelines for determining how such allocations are to be made, which, among other things, set forth priorities and presumptions regarding the sector classification of investment, ranges of rates of returns for investments that are appropriate for Other Sector-Specific Funds versus the Funds, presumptions regarding allocation for certain types of investments (e.g., mature vs young secondary opportunities, direct or primary investments vs secondary investments) and other matters. The application of those guidelines may result in the Funds not participating (and / or not participating to the same extent) in certain investment opportunities in which they would have otherwise participated had the related allocations been determined without regard to such guidelines and / or based only on the circumstances of those particular investments. The General Partner could also determine not to pursue opportunities. In addition, the allocation of investments to Other Blackstone Funds, including as described above, may result in fewer co-investment opportunities (or reduced allocations) being made available to the limited partner.

Blackstone makes good faith determinations for allocation decisions based on expectations that may prove inaccurate. Information unavailable to Blackstone, or circumstances not

foreseen by Blackstone at the time of allocation, may cause an investment opportunity to yield a different return than expected. For example, an investment opportunity that Blackstone determines to be consistent with the return objectives of a lower yielding (e.g. core plus) fund rather than the Funds or Advisory Accounts could exceed Blackstone's expectations and underwriting and generate an actual return that would have been appropriate for the Funds or Advisory Accounts. Conversely, an investment that Blackstone expects to be consistent with the Funds' or Advisory Accounts' return objectives may fail to achieve them.

When Blackstone determines not to pursue some or all of an investment opportunity for the Funds or Advisory Accounts that would otherwise be within the Funds' or Advisory Accounts' objectives and strategies, and Blackstone provides the opportunity or offers the opportunity to Other Blackstone Funds, Blackstone, including its personnel, may receive compensation from the Other Blackstone Fund, whether or not in respect of a particular investment, including an allocation of carried interest or referral fees, and any such compensation could be greater than amounts paid by the Funds or Advisory Accounts to Blackstone. As a result, Blackstone could be incentivized to allocate investment opportunities away from the Funds or Advisory Accounts to or source investment opportunities for Other Blackstone Funds. In addition, in some cases Blackstone may earn greater fees when Other Blackstone Funds participate alongside or instead of the Funds or Advisory Accounts in an Investment.

Blackstone has adopted "first-call" guidelines in connection with determining allocations of investment opportunities among its business groups. 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 the Funds or Advisory 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.

In addition, in certain circumstances certain other investment vehicles will receive allocations of investments that are otherwise appropriate for the Funds or Advisory Accounts (including Other Blackstone Funds and / or certain funds sponsored by Pátria), which will from time to time result in the Funds or Advisory Accounts not participating (or participating to a lesser extent) in certain investment opportunities otherwise within its mandate. Under certain circumstances Blackstone may determine not to pursue an investment opportunity within a Fund's or Advisory Account's mandate, and thereafter disclose such opportunity to third parties (including portfolio entities of the Funds, Advisory Accounts or Other Blackstone Funds, or investors of the Funds, Advisory Accounts or Other Blackstone Funds), and such third parties may pursue such opportunity. Blackstone (including the Registrant's investment professionals) may receive compensation from Other Blackstone Funds with regard to such investment opportunities, including in circumstances where such Other Blackstone Funds are permitted to pay additional fees to Blackstone in connection with investments made by such Other

Blackstone Fund in or alongside other funds or vehicles managed by Blackstone (including the Funds or Advisory Accounts).

The Registrant has in the past established and is expected to continue to establish sector-specific funds, such as funds that focus on secondary investments in the infrastructure or real estate sector, and may in the future, in its sole discretion, establish other sector-specific funds that focus on secondary investments in other specific sectors (e.g., energy or credit investments) or geographical regions, and, in each case, such funds will be the Registrant's primary vehicles for investment in such sectors. The Registrant generally expects to select investments for the other sector-specific funds that are suitable for the investment objectives, target returns and/or risk profile of such funds (the target returns and/or risk profile of such funds are expected to be different than those of the Funds). There may be circumstances in which an investment opportunity is suitable for both the Funds and another sector-specific fund. Such investment opportunity may, in the sole discretion of the Registrant, be allocated between the Funds and the other sector-specific fund on a basis that the Registrant believes to be fair and reasonable, taking into account such factors as it deems relevant. The Registrant has in the past and may in the future, in its discretion, establish one or more investment vehicles the primary investment strategy of which differs from the primary investment strategy of the Funds, for example investment vehicles the primary investment strategy of which is making primary investments, young secondary investments, direct equity and/or debt investments. Such investment vehicles are expected to have priority with respect to certain investment opportunities that are within the primary investment objective of such investment vehicles.

As provided in the applicable offering and/or governing documents, a portion of each investment may be allocated to Blackstone and its affiliates. The Funds may lend an amount to Blackstone and its affiliates with respect to its *pro rata* share of such investments in those circumstances where such Fund is borrowing with respect thereto on a short-term basis; *provided*, that any such amounts so borrowed shall be (x) on a short-term basis (based on such Fund's General Partner's reasonable belief at the time of the investment) and (y) on no more favorable terms than those applicable to the Funds' borrowing of the related proceeds. In addition, subject to the terms of the applicable governing documents, the General Partner may permit certain Blackstone personnel and other professionals responsible for portfolio operations and other similar operational initiatives with respect to one or more portfolio entities to participate in these side-by-side rights on an investment by investment basis. The General Partners of the Funds intend to limit participation by any such professionals to investments involving portfolio entities with respect to which the General Partners expect in good faith that such professionals will be materially involved following the consummation of such investment. Blackstone's participation in such "Side-By-Side Investment" program is expected to include Blackstone professionals and employees, Other Blackstone Funds or entities, other key advisors/relationships of Blackstone and/or endowment funds, charitable programs and/or other similar or related entities associated with Blackstone or its affiliates. Such

side-by-side investments do not bear fees and generally result in the Funds being allocated a smaller share of an investment than would otherwise be the case in the absence of such side-by-side investment rights. Additionally, Other Blackstone Funds will be (or have the preferred right to be) permitted to participate in Blackstone's side-by-side investment rights. In particular, certain funds, vehicles, accounts and other similar arrangements managed by Blackstone Multi-Asset Advisors L.L.C. ("BMAA," and such funds, the "BMAA Advised Funds") are expected to participate in investments alongside certain of the Funds pursuant to Blackstone's side-by-side investment rights or other co-investment arrangements. The BMAA Advised Funds include vehicles that are part of a multi-strategy program designed to provide investors with exposure to a broad mix of Blackstone's key investment programs (e.g., private equity, real estate, credit and opportunistic) and other vehicles that may focus specifically on one or more of Blackstone's investment programs. The BMAA Advised Funds will seek to invest substantially all of their assets in investments in which Other Blackstone Funds participate, and as part of their investment program may seek to invest in opportunistic investments that are also appropriate for the Funds. While such investments are expected to represent a small portion of the overall portfolio allocation of the BMAA Advised Funds, the BMAA Advised Funds may nonetheless participate in investments alongside certain Funds, which will from time to time result in the BMAA Advised Funds receiving a share of a material portion of investments by such Funds. In such cases, the BMAA Advised Funds would be eligible to receive fees and carried interest on its portion of any such investment. The overlapping objectives of the BMAA Advised Funds may also give rise to conflicts of interest relating to the allocation of investment opportunities, which Blackstone will seek to resolve in a fair and equitable manner although there is no assurance that Blackstone will be able to do so.

The existence of different rates of carried interest and/or management fees paid by the Secondary Funds, the Direct Equity Program and the Advisory Accounts may be less than or exceed the amount of carried interest charged and/or management fees paid by Other Blackstone Funds. Such variation may create an incentive for Blackstone to allocate a greater percentage of an investment opportunity to the Funds and/or Advisory Accounts, as applicable, or such Other Blackstone Funds, as the case may be.

Furthermore, certain Funds will be operated as part of Strategic Partners programs, which are expected to be comprised of the Funds and one or more comparable vehicles which will generally invest alongside the Funds in investments. As part of Strategic Partners programs, the General Partners and their affiliates may close on one or more new investment vehicles (including one or more managed accounts (or other similar arrangements, including those that may be structured as one or more entities) for the benefit of one or more specific investors (or group of specific investors)) having the same or similar investment objectives as the Funds and having terms as determined by the General Partner in its sole discretion (such vehicles, "Comparable Vehicles") and such Comparable Vehicles may invest alongside the Funds. Comparable Vehicles have and in the future may be established for investors that are affiliates of Blackstone, including Other

Blackstone Funds (such as funds, vehicles, accounts and other similar arrangements managed by BMAA). To the extent that an investment falls within the investment objectives of the Funds and any Comparable Vehicle and such funds invest in such investment, then the Funds will generally invest its available capital on a pari passu basis with such Comparable Vehicles based on their relative available capital (which may, for this purpose, include capital commitments to a Comparable Vehicle not yet accepted or received by Strategy Partners for regulatory or other similar considerations) taking into account the remaining investment periods of the Funds and such Comparable Vehicles, subject to the investment limitations and terms of the Funds and such Comparable Vehicles, legal, regulatory, tax, accounting and other subjective considerations, including any investment preferences (including over or under-weighting certain asset classes, incorporating a geographic focus or limitations, target size of the investment and/or risk/return profile preference) articulated in advance by one or more investors in such Comparable Vehicles and other considerations (including, for example, the use of leverage and/or the allocation considerations described above). While the General Partner will seek to allocate investments among the Funds and the Comparable Vehicles in accordance with the prior sentence, it is acknowledged and agreed that certain Comparable Vehicles may not necessarily participate in each investment as a result of legal, tax, regulatory or other considerations, which will, from time to time, result in an increase (which at times may be substantial) in the Funds' allocable share of such investment.

Prospective investors should also note that the terms of Comparable Vehicles (including the economic terms, investment limitations and veto rights with respect to investments, diversification parameters and any governance rights afforded to limited partnership of Comparable Vehicles) may materially differ, and may in some instances be more favorable to the limited partners of Comparable Vehicles than the terms of the Funds. Such different terms will, from time to time, create potential conflicts of interests for the General Partner or its affiliates, including with respect to the allocation of investment opportunities. In particular, the existence of different rates of carried interest may create a potential conflict of interest for the General Partner in connection with the allocation of investment opportunities.

The Registrant may also, in its discretion, establish one or more investment vehicles the primary investment purpose of which is to invest alongside the Funds or the Comparable Vehicles where the investment opportunity exceeds the amount the General Partner determines is appropriate for the Funds or the Comparable Vehicles, as applicable (any such investment vehicle, an "Overage Fund"). Any such Overage Fund may result in the Funds being allocated a smaller share of an investment opportunity. See also "Co-Investment Opportunities" below.

**Co-Investment Opportunities.** There will be circumstances where an amount that would have otherwise been invested by the Secondary Funds is instead allocated to co-investors (who may or may not be limited partners of such Secondary Funds or to investors in the

Direct Equity Program, including, for greater certainty, limited partners of Other Blackstone Funds, Blackstone affiliates and/or third parties), and there is no guarantee for any limited partner that it will be offered any co-investment opportunities. As a general matter, the allocation of co-investment opportunities is entirely discretionary on the part of the Registrant, and it is expected that many investors who may have expressed an interest in co-investment opportunities may not be allocated any co-investment opportunities or may receive a smaller amount of co-investment opportunities than the amount requested. The Registrant will take into account various facts and circumstances deemed relevant by the Registrant in allocating co-investment opportunities, including, among others, whether a potential co-investor has expressed an interest in evaluating co-investment opportunities, the Registrant'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 the Registrant'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 a potential co-investor's commitments to the Funds, Other Blackstone Funds and strategic third party investors; whether a potential co-investor has a history of participating in co-investment opportunities with Blackstone; whether a potential co-investor has committed to an Other Blackstone Fund; the size of the potential co-investor's interest to be held in the underlying portfolio entity as a result of the Funds' investment (which is likely to be based on the size of the potential co-investor's capital commitment and / or investment in the Funds); whether the potential co-investor has demonstrated a long-term and / or continuing commitment to the potential success of Blackstone, the Funds, the Registrant and / or Other Blackstone Funds (including whether a potential co-investor will help establish, recognize, strengthen or cultivate relationships that may provide indirectly longer-term benefits to the Funds or Other Blackstone Funds and their portfolio entities, or whether the co-investor has significant capital under management by Blackstone or intends to increase such amount); whether the potential co-investor has an overall strategic relationship with Blackstone that provides it with more favorable rights with respect to co-investment opportunities; whether the co-investor is considered "strategic" to the investment because it is able to offer the Funds certain benefits, including, but not limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the portfolio entity or the possession of certain expertise; the transparency and predictability of the potential co-investor's investment process; whether Blackstone has previously expressed a general intention to seek to offer co-investment opportunities to such potential co-investor; the familiarity Blackstone has with the personnel and professionals of the investor in working together in investment contexts; the extent to which a potential co-investor has been provided a greater amount of co-investment opportunities relative to others; the ability of a potential co-investor to invest in potential follow-on acquisitions for the portfolio investment or participate in defensive investments; the likelihood that the potential co-investor would require

governance rights that would complicate or jeopardize the transaction (or, alternatively, whether the investor would be willing to defer to Blackstone and assume a more passive role in governing the portfolio entity); any interests a potential co-investor may have in any competitors of the underlying portfolio entity; the tax profile of the potential co-investor and the tax characteristics of the portfolio investment (including whether or not the potential co-investor would require particular structuring implementation or covenants that would not otherwise be required but for its participation or whether such co-investor's participation is beneficial to the overall structuring of the investment); whether a potential co-investor's participation in the transaction would subject the Funds or any of its portfolio entities to additional regulatory requirements, review or scrutiny, including any necessary governmental approvals required to consummate the investment; the potential co-investor's chemistry with the potential management team of the portfolio entity; whether the potential co-investor has any existing positions in the portfolio entity (whether in the same security in which the Funds is investing or otherwise); whether there is any evidence to suggest that there is a heightened risk with respect to the potential co-investor maintaining confidentiality; whether the potential co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for distributions; whether the expected holding period and risk-return profile of the investment is consistent with the stated goals of the investor; and such other factors that Blackstone may in good faith deem relevant and appropriate to consider in the circumstances. Furthermore, the Registrant may establish one or more dedicated or "standing" co-investment vehicles and / or Overage Funds to participate in co-investment opportunities alongside the Funds, from time to time, for the benefit of one or more investors, including limited partners of the Funds, (on such terms and conditions as agreed between the General Partner and such other investor(s)). The amount and frequency of co-investment by any such co-investment vehicles would be at the discretion of the General Partner. It is possible that any such co-investment vehicles would result in fewer co-investment opportunities to investors who do not participate therein and allocations to the co-investment vehicle may result in the Funds investing less than it would have in the related investments. It is expected that many limited partners who may have expressed an interest in co-investment opportunities will not be allocated any co-investment opportunities or may receive a smaller amount of co-investment opportunities than the amount requested.

Subject to the terms of the applicable governing documents, the Registrant may cause the Funds to initially acquire a portion of an investment for the purpose of syndicating such portion to one or more potential co-investment vehicles established and/or controlled by the Registrant and/or its affiliates.

In addition, the Registrant and/or its affiliates may be incentivized to offer certain potential co-investors (including, by way of example, as a part of an overall strategic relationship with Blackstone) the opportunities to co-invest in priority and/or on more favorable terms as compared to other co-investors because the extent to which any such co-investor

participates in (or is offered) co-investment opportunities may impact the amount of performance-based compensation and/or management fees (as well as any discounts or rebates thereof that may result if certain target co-investment allocations or other conditions under such arrangements are not achieved) to which the Registrant and/or its affiliates are entitled under the arrangements with such co-investor, including with respect to such co-investor's participation in one or more Blackstone funds (including the Funds and/or any Other Blackstone Funds), investments and/or otherwise in connection with such co-investor's relationship with Blackstone. The amount of carried interest or expenses charged and/or management fees or other fees paid (or offset) by the Funds may be less than or exceed such amounts charged or paid by co-investment vehicles pursuant to the terms of such vehicles partnership agreement 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 the Funds 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 the Funds, and such different terms may create an incentive for Blackstone to allocate a greater or lesser percentage of an investment opportunity to the Funds or such co-investment vehicles, as the case may be. 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 the Funds. Accordingly, any investment opportunities that would have otherwise been offered or allocated, in whole or in part, to the Funds may be reduced and made available to the co-investment vehicles. Co-investments may be offered by the Registrant on such terms and conditions (including with respect to management fees, performance based compensation and related arrangements) as the Registrant determines in its discretion on a case-by-case basis. Certain co-investment vehicles will generally not bear broken deal expenses unless the Registrant determines otherwise in its discretion or as may be set forth in the applicable governing documents. Such determinations will be made on a case by case basis by the Registrant and may result in differing treatment of co-investment vehicles under certain circumstances. The foregoing will under certain circumstances result in a Fund bearing more than its pro rata share of such expenses.

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, the Funds, Advisory Accounts or Other Blackstone Funds 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 Funds and/or Advisory 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 Funds and/or Advisory 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 Funds or Advisory Accounts will be allocated to parties that are not investors. (See “Blackstone’s Relationship with Pátria” below.)

In the event break-up or topping fees are paid to Blackstone or broken deal expenses are incurred in connection with a transaction that is not ultimately consummated by the Funds, the Registrant may, in its sole discretion, decide that certain co-investment vehicles (which may include “standing” co-invest vehicles established to participate in co-investment opportunities alongside the Funds on a regular or periodic basis and/or as part of an overall co-investment program or arrangement) or certain potential co-investors who might have invested in a transaction had it been consummated will not be allocated any share of such break-up or topping fees or broken deal expenses (such as reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) for unconsummated transactions, and such costs and expenses will generally be borne by the Funds. In particular, certain co-investment vehicles or certain potential co-investors who might have invested in a transaction had it been consummated (such as potential investors in co-investment structures relating to a specific investment where the legally binding agreements relating to such co-investment are not executed until the time of deal closing) will generally not bear broken deal expenses unless the Registrant determines otherwise in its discretion or as may be set forth in the relevant operative agreements. Such determinations will be made on a case-by-case basis by the Registrant and may result in differing treatment of co-investment vehicles under certain circumstances. The foregoing will, under certain circumstances, result in the Funds bearing more than its *pro rata* share of such amounts. Notwithstanding the foregoing, any vehicles in connection with Blackstone’s side-by-side co-investment rights will bear their *pro rata* share of broken deal expenses. Although the Registrant will seek to resolve any such conflicts in a fair and equitable manner, there is no assurance that any such conflicts will be resolved in favor of the Funds.

**Investments in Other Blackstone Funds.** Subject to applicable law, a Fund may acquire secondary investments in Other Blackstone Funds (including other Funds). However, the ability of the Funds to acquire interests in an Underlying Fund sponsored by Blackstone may be materially limited or impeded as a result of the Funds being affiliates of Blackstone. The Registrant expects to conduct generally the same level of diligence and review of any potential investment in an Other Blackstone Fund as it would conduct in connection with an investment in any unaffiliated Underlying Fund. If the Funds invest in an Underlying

Fund managed by Blackstone, limited partners will pay the fees, expenses and carried interest of the Funds and will also indirectly pay the fees, expenses and carried interest of the Underlying Fund established by Blackstone, including other Funds. If the Funds were an investor in another investment fund established by Blackstone, Blackstone might have a potentially conflicting division of loyalties and responsibilities regarding the Funds and such other investment fund, and certain other conflicts of interest would be inherent in the situation. There can be no assurance that the interests of the Funds would not be subordinated to those of the other investment fund or to other interests of Blackstone.

**Blackstone Strategic Relationships.** Blackstone has entered, and it can be expected that Blackstone in the future will enter, into strategic relationships (each, a “Strategic Relationship”) with investors (and/or one or more of their affiliates) invested in the Funds, Advisory Accounts and/or Other Blackstone Funds that incorporate one or more investment strategies in addition to that of any particular Blackstone fund. A Strategic Relationship often involves an investor agreeing to make a significant capital commitment to multiple Blackstone funds, one or more of which may include the Funds or Advisory Accounts. Investors 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 any such rights or benefits afforded through a Strategic Relationship. Specific examples of such additional rights and benefits include, among others, (in addition to one or more of the rights listed above) specialized reporting, discounts on and / or reimbursement of management fees, carried interest, secondment of personnel from the investor to Blackstone (or vice versa), targeted amounts for co-investments alongside Blackstone funds (including, without limitation, preferential allocation of co-investment, and preferential terms and conditions related to co-investment or other participation in Blackstone funds (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 Funds or Advisory Accounts. Blackstone, including its personnel, may receive compensation from Strategic Relationships and be incentivized to allocate investment opportunities away from the Funds or Advisory 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 investors in the Funds or Advisory Accounts. In addition, from time to time, Blackstone may enter into economic and/or fee sharing arrangements with respect to any Other Blackstone Fund and/or certain limited partners thereof, which rights will not generally be made available to the investors.

**Blackstone’s Relationship with Pátria.** Blackstone owns a minority of the equity interests in Pátria Investimentos Ltd. (“Pátria”), a leading Brazilian alternative asset manager and advisory firm. Pátria’s alternative asset management businesses include the

management of private equity funds, real estate funds, infrastructure funds and hedge funds (e.g., a multi-strategy fund and a long/short equity fund). Each of Blackstone's and Pátria's respective investment funds continues to pursue investment opportunities in accordance with their existing mandates. While it is not expected that there will be material overlap between certain Funds' investment programs and Pátria's investment activities, there may be instances where appropriate investment opportunities will be shared with (or allocated to) Pátria. Therefore, there may be opportunities available to Pátria that are not shared with the Funds, and there may be opportunities available to the Funds that are shared with one or more Pátria funds. Blackstone generally expects, with respect to certain types of investments in Brazil otherwise suitable for the Funds, to permit such investments to be shared with and/or pursued by Pátria, which may be on a priority basis and may result in the Funds not participating in any such investments or participating therein to a lesser extent. In addition, the Funds may invest in companies or other entities in which Pátria sponsored investment funds have or are concurrently making a different investment (e.g., an equity investment vs. a debt investment) at the time of such Partnership's investment, and investment funds that have been or may be formed by Pátria may invest in different securities of companies or other entities in which the Funds has made an investment. In such situations, the Funds and such other Pátria sponsored investment funds (and therefore Blackstone through its indirect minority interest in Pátria) may have conflicting interests (e.g., over the terms of their respective investments).

**Allocation of Personnel.** The Registrant, their affiliates and their respective members, partners, officers, managers and employees will devote such time as shall be necessary to conduct the business affairs of the Funds and Advisory Accounts in an appropriate manner. However, Blackstone personnel, including certain members of the investment committees, will work on other projects and/or Other Blackstone Funds, will serve on other committees and source potential investments for and otherwise assist the investment programs of Other Blackstone Fund and their portfolio companies, including other investment programs to be developed in the future. Time spent on these other initiatives diverts attention from the activities of the Funds and Advisory Accounts, which could negatively impact the Funds, Advisory Accounts and investors. Furthermore, Blackstone and Blackstone personnel derive financial benefit from these other activities, including fees and performance-based compensation. Blackstone personnel outside Strategic Partners share in the fees and performance-based compensation from the Funds and Advisory Accounts; similarly, Strategic Partners personnel share in the fees and performance-based compensation generated by Other Blackstone Funds. These and other factors create conflicts of interest in the allocation of time by Blackstone personnel. The Registrant's determination of the amount of time necessary to conduct the Funds' and Advisory Accounts' activities will be conclusive, and investors rely on the Registrant's judgment in this regard.

**Valuation Matters.** The fair value of all investments or of assets received in exchange for any investments will be determined by the Registrant in accordance with the applicable

governing documents. Accordingly, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation of such investments will be determined by the Registrant in accordance with procedures set forth in the applicable governing documents and will generally be valued on a quarterly basis. The valuation methodologies used to value any investment will involve subjective judgments and projections and may not be accurate. Valuation methodologies will also involve assumptions and opinions about future events, which may or may not turn out to be correct. Ultimate realization of the value of an asset depends to a great extent on economic, market and other conditions beyond Blackstone's control. The valuation of investments will affect the amount and timing of the Registrant's carried interest and, under certain circumstances and following the investment period, the amount of management fees payable to the Registrant. The valuation of investments may also affect the ability of Blackstone to raise a successor fund to a Fund. As a result, there may be circumstances where the Registrant is incentivized to determine valuations that are higher than the actual fair value of investments.

**Possible Future Activities.** Blackstone, the Registrant and their affiliates may expand or modify the range of services that they provide over time. Except as provided herein, Blackstone, the Registrant and their affiliates will not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein.

**ERISA and Plan Assets Issues.** To the extent the assets of the Funds or any parallel fund constitute "plan assets" within the meaning of ERISA, such entity will generally be precluded from making investments, or further investments, as the case may be, in Other Blackstone Funds or otherwise engaging in transactions with affiliates of Blackstone as a result of the party-in-interest and "prohibited transaction" rules under ERISA. Such limitation could affect the ability of the Funds to consummate attractive secondary investments and/or effectively achieve its investment objective by precluding further investments in Other Blackstone Funds.

**Management and Administration of the Funds.** The investment committees will be required to approve all investment decisions, and may develop general policies for the Funds. The day-to-day management of the Funds will remain the responsibility of the Registrant. A number of officers and employees of the Registrant and their affiliates serve as officers or employees of affiliates of the Registrant and may spend a significant portion of their time on matters unrelated to the Funds, including matters related to the other affiliated secondary funds. In addition, members of the investment committees of the Funds also serve as members of the investment committees of certain other affiliated funds, including funds that may invest in Underlying Funds or in senior or equity securities of a portfolio investment of an Underlying Fund. In connection with the administration of

the Funds, the Registrant will have authority to appoint one or more third-parties to provide fund administrative and accounting services for the Funds, the costs of which will be borne by the Funds and their limited partners. As a result of the foregoing, conflicts of interests will arise, including in allocating management time, services and functions. Conflicts of interest are expected to arise in allocating management time, services or functions, and the ability of the Registrant, any of its affiliates and the members of the investment team of the Funds to access other professionals and resources within Blackstone for the benefit of the Funds as described in this section may be limited. Such access may also be limited by the internal compliance policies of Blackstone or other legal or business considerations, including those constraints generally discussed herein.

**Carried Interest; Management Fee.** The General Partner will receive a carried interest as described in the applicable offering and/or governing documents. Moreover, each of the Underlying Funds provides its respective general partners or managers certain specified carried interests or other special allocations based on the returns to its investors. Thus, each investor in the Funds will bear a second level of carried interest indirectly through the Funds at the Underlying Fund level.

The existence of these carried interests may create an incentive for the General Partner and the general partners of the Underlying Funds to make more speculative investments on behalf of the Funds and the Underlying Funds than they would otherwise make in the absence of such performance-based compensation, or time the sale of investments in a manner motivated by the personal interests of Blackstone personnel or the personal interests of the personnel of the underlying vehicles, as the case may be. In addition, the manner in which the General Partner's entitlement to carried interest is determined may result in a conflict between its interests and the interests of limited partners with respect to the sequence and timing of the purchase and/or disposals of investments in a manner motivated by the personal interests of Blackstone personnel. For example, the ultimate beneficial owners of the General Partner are generally subject to U.S. federal and local income tax (unlike certain of the limited partners). Accordingly, the General Partner may be incentivized to operate the Funds, including to accelerate the making of investments at the beginning of the Funds' investment period, and/or hold and/or sell investments, in a manner that takes into account the tax treatment of its carried interest. Investors should note in this regard the Tax Reform Act provides for a lower capital gains tax rate only in respect of investments held for at least three years. While the General Partner generally intends to seek to maximize pre-tax returns for the Funds as a whole, the General Partner may nonetheless be incentivized, for example, to hold investments longer to ensure long-term capital gains treatment and/or realize investments prior to any change in law that results in a higher effective income tax rate on its carried interest. Certain employees of Blackstone and its affiliates may become entitled to receive a portion of a General Partner's carried interest with respect to any consummated Fund investment sourced by such employees. Furthermore, upon the liquidation of the Funds, the General Partner may receive carried interest distributions with respect to a distribution in kind of non-

marketable securities. The valuation of such securities for such purposes will be determined by the General Partner as set forth in the applicable governing documents.

**Distributions In Kind.** From time to time, the Funds may receive distributions in kind from an Underlying Fund in which it has invested. In the event of a conflict between the Funds or Advisory Accounts, on the one hand, and Blackstone, a Blackstone-managed fund or their respective affiliates, on the other hand, relating to a portfolio investment whose securities are distributed in kind by an Underlying Fund to the Funds or Advisory Accounts, the Funds or Advisory Accounts may be restricted from disposing of the securities of such portfolio investment. For example, the Funds or Advisory Accounts may be restricted from disposing of securities of a portfolio investment distributed in kind to the Funds by an Underlying Fund as the result of Blackstone being in possession of material, nonpublic information with respect to such portfolio company or as a result of another Blackstone-managed fund's pending trading activity.

**Material, Nonpublic Information.** As noted above, from time to time, Blackstone or its affiliates may come into possession of material, nonpublic information concerning an Underlying Fund or a portfolio company in which an Underlying Fund has invested or proposes to invest, and the possession of such information may limit the investment activities of the Funds or Advisory Accounts. For example, the Registrant, as an affiliate of Blackstone, may be restricted from recommending that the Funds or Advisory Accounts make a secondary investment in such Underlying Fund, or, as noted above, the Funds or Advisory Accounts may be restricted from disposing of securities of a portfolio investment distributed in kind to the Funds by an Underlying Fund.

**Line of Credit Disclosure.** Calculations of net and gross IRRs and ROIs in respect of investment and performance data included and/or referred to in this section, and with respect to the Funds or Advisory Accounts, as reported to the investors from time to time, are based on the payment date of capital contributions received from the investors or timing of investment inflows and outflows received or made by the Funds or Advisory Accounts. In instances where a fund utilizes borrowings under a fund's subscription-based credit facility, use of a subscription-based credit facility will result in a higher reported IRR and ROI than if the facility had not been utilized. Use of a subscription-based credit facility may present conflicts of interest as a result of certain factors and the Registrant may make distributions prior to the repayment of outstanding borrowings. As a result, use of such long-term leverage arrangements with respect to investments may provide the Registrant with an incentive to fund investments through long-term borrowings in lieu of capital contributions. Subject to the limitations in the applicable partnership agreement, the use of a subscription-based credit facility by the Funds is within the Registrant's discretion.

The Funds may utilize their subscription credit facility and/or enter into other similar arrangements and extensions of credit for the benefit of co-investors and/or Other Blackstone Funds which may invest alongside the Funds in one or more investments. In

such circumstances, the Registrant generally intends to disclose such arrangements as part of the periodic reporting or other appropriate communications relating to the Funds and enter into arrangements to cause any such co-investors and/or Other Blackstone Funds to bear (or reimburse the Funds for) their *pro rata* share of any costs and expenses (including interest payments) allocable to such extensions of credit.

The Funds may be a party to one or more subscription-based credit facilities or asset-backed facilities (or other facilities) and borrowings by the Funds under such facilities will generally be secured by the limited partner's capital commitment as well as by the Funds' assets, and the terms of such facilities may provide that during the continuance of a default under such facilities, the interests of the limited partner may be subordinated to such facilities.

**Resolution of Conflicts.** Any conflicts of interest that arise between the Funds or Advisory Accounts, on the one hand, and Blackstone, its affiliates, any existing or future Other Blackstone Fund or Blackstone's clients, on the other hand, will be discussed and resolved on a case-by-case basis by senior officers of Blackstone and its affiliates and representatives of the Registrant. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. Investors should be aware that conflicts will not necessarily be resolved in favor of the Funds' or Advisory Accounts' interests.

**Diverse Membership.** The investors of the Funds and Advisory Accounts are expected to include taxable and tax-exempt entities and persons or entities from jurisdictions outside of the United States. Such persons may have conflicting tax and other interests with respect to their investment in the Funds or Advisory Accounts.

**Transactions with Affiliates; Services by Blackstone.** To the extent permitted by applicable law (including, without limitation, the Advisers Act), from and after the closing of a transaction, the Funds or Advisory Accounts may, from time to time, enter into transactions and/or contracts for services with affiliates of Blackstone, and such transactions and/or contracts shall not be required to be presented to, or approved by, the advisory committee of the Funds or Advisory Accounts so long as the terms of such contracts and/or transactions were obtained on an arm's-length basis and Blackstone has determined that the terms thereof are commercially reasonable.

Subject to applicable legal and/or regulatory restrictions, affiliates of Blackstone may be retained to provide services with respect to the Funds or Advisory Accounts and their indirect portfolio entities, including financing in connection with the Funds' or Advisory Accounts' investment programs, deal sourcing, underwriting, financial advisory and other services. Such affiliates of Blackstone may receive fees and other compensation for these services from the Funds, Advisory Accounts and/or such portfolio entities so long as the arrangements related thereto are commercially reasonable and at arm's length, and the

Funds and Advisory Accounts will not be entitled to participate therein. In addition, Blackstone will also be permitted to engage one or more affiliates to provide accounting, tax, legal, reporting and administrative services to the Funds and Advisory Accounts so long as the terms and conditions of any such arrangements, taken as a whole, are consistent with market terms and conditions offered by third-parties for similar services of a comparable quality.

**Insurance.** The Registrant will cause the Funds or Advisory Accounts in the future to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the Funds, the Advisory Accounts, the General Partners, the Registrant, Blackstone and/or their respective directors, officers, employees, agents, representatives, members of any advisory committees, any L.P. Representative of the Funds and other indemnified parties (and in certain circumstances, such person's agents and representatives), against liability in connection with the activities of the Funds and Advisory Accounts. This includes a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by Blackstone that cover the Funds, Advisory Accounts, Other Blackstone Funds, the Registrant and/or Blackstone (including their respective directors, officers, employees, agents, representatives, members of any advisory committees or any limited partners and other indemnified parties). The Registrant will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella" or other insurance policies among the Funds, Advisory Accounts, Other Blackstone Funds, the Registrant and/or Blackstone on a fair and reasonable basis, in its sole discretion. Additionally, the Funds, Advisory Accounts and Other Blackstone Funds (and their respective portfolio entities) may jointly contribute to a pool of funds that may be used to pay losses that are subject to the deductibles on any group insurance policies.

Similarly, the Funds, Advisory Accounts and their portfolio entities may enter into arrangements with Other Blackstone Funds and their respective portfolio entities whereby insurance is procured as a group where the insurance provider may charge lower premiums to the group than it would on an individual basis. In such event, the obligation to pay the premiums on such group policies may be allocated in accordance with the relative values of the respective properties that are insured by such policies (or other factors that Blackstone may reasonably determine).

Blackstone may make corrective allocations from time to time should it determine subsequently that such adjustments are necessary or advisable. There can be no assurance that a different allocation or arrangement than those implemented by Blackstone as provided above would not result in the Funds, Advisory Accounts and / or their portfolio entities bearing less (or more) premiums, deductibles, fees, costs and expenses for insurance policies.

**Diverse Investor Group.** The investors may have conflicting investment, tax and other interests with respect to their investments in the Funds and Advisory Accounts and with

respect to the interests of investors in other investment vehicles managed or advised by Blackstone that may participate in the same investments as the Funds or Advisory Accounts. The conflicting interests of individual investors with respect to other investors in other investment vehicles would generally relate to or arise from, among other things, the nature of investments made by the Funds and Advisory Accounts and such other investment vehicles, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Registrant, including with respect to the nature or structuring of investments, which may be more beneficial for one or more (but not all) investors than for another investor, especially with respect to investors' individual tax situations. In addition, the Funds and Advisory Accounts may make investments that may have a negative impact on related investments made by the investors in separate transactions. In selecting and structuring investments appropriate for the Funds and Advisory Accounts, the Registrant will consider the investment and tax objectives of the Funds and Advisory Accounts and their investors as a whole (and those of investors in other investment vehicles managed or advised by Blackstone that participate in the same investments as the Funds and Advisory Accounts) not the investment, tax or other objectives of any investor individually. Additionally, the Registrant may elect to exclude certain investors from particular investments for legal or regulatory reasons applicable to any such investment, in which case non-excluded investors in the Funds or Advisory Accounts shall be allocated a greater proportionate interest in such investment.

In addition, certain investors may also be investors in other investment funds sponsored or managed by Blackstone, including co-investment vehicles that may invest alongside the Funds or Advisory Accounts in one or more investments. Investors may also include affiliates of Blackstone, such as Other Blackstone Funds, affiliates of portfolio companies of the Funds, Advisory Accounts or Other Blackstone Funds, charities or foundations associated with Blackstone personnel and/or current or former Blackstone employees, Blackstone's senior advisors and any such affiliates, funds or persons may also invest through the vehicles established in connection with Blackstone's side-by-side co-investment rights. It is also possible that the Funds, Advisory Accounts or the Underlying Funds or underlying portfolio entities will be counterparties (such counterparties dealt with on an arm's-length basis) or participants in agreements, transactions or other arrangements with an investor or an affiliate of an investor. Such transactions may include agreements to pay performance fees to operating partners and other related persons in connection with the Funds' or Advisory Accounts' investment therein, which will reduce the Funds' or Advisory Accounts' returns and will not necessarily be subordinated to the return of the investors' capital contributions. Such investors described in the previous sentences may therefore have different information about Blackstone and the Funds than investors not similarly positioned. In addition, conflicts of interest may arise in dealing with any such investors, and the Registrant and its affiliates may not be motivated to act solely in accordance with its interests relating to the Funds or Advisory Accounts. Similarly,

not all investors monitor their investments in vehicles such as the Funds or Advisory Accounts in the same manner. For example, certain investors may periodically request from the Registrant information regarding the Funds or Advisory Accounts and investments and/or portfolio companies that is not otherwise set forth in (or has yet to be set forth in) the reporting and other information required to be delivered to all investors for instance, pre-quarterly reporting valuation. In such circumstances, the Registrant may provide such information to such investor, but just because it has provided such information upon request by one or more investors does not mean the Registrant will be obligated to affirmatively provide such information to all investors (although the Registrant will generally provide the same information upon request and treat investors equally in that regard). As a result, certain investors may have more information about the Funds or Advisory Accounts, or may receive information about the Funds or Advisory Accounts at an earlier time, than other investors, and the Registrant will have no duty to ensure all investors seek, obtain or process the same information regarding the Funds or Advisory Accounts and their investments and/or portfolio companies. The Registrant will enter into “side letters” with certain investors in the Funds, which allow for certain additional rights in the event of tax, regulatory or legal circumstances applicable to such investors. Side letters generally do not provide for reduction in management fees or performance allocations.

**Affiliated Investors.** Certain investors in the Funds or Advisory Accounts, including current and/or former senior advisors and employees of Blackstone, chief executive officers of Blackstone portfolio companies, investment funds advised by the Registrant, employees of PJT and/or charitable programs, endowment funds and related entities established by or associated with any of the foregoing, will not pay management fees and/or performance-based carried interest in connection with their investment in the Funds or Advisory Accounts. Notwithstanding the foregoing, such investors will either directly pay for their pro rata share of certain Partnership Expenses, or the pro rata amount of such expenses will be allocated to the Registrant or its affiliates. Such pro rata allocation of Partnership Expenses may be calculated based on capital commitments, invested capital, available capital or other metrics as determined by the Registrant in good faith. Any such methodology (including the choice thereof) involves inherent conflicts and may not result in perfect attribution and allocation of expenses. In addition, the investments in or alongside the Funds or Advisory Accounts by such current and/or former senior advisors and employees, chief executive officers, investment funds and/or charitable programs, endowment funds and related entities may account (in whole or in part) for the Registrant’s required commitment to the Funds.

**Trading by Blackstone Personnel.** The officers, directors, members, managers and employees of the General Partner and the Registrant may trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law and Blackstone policies, or otherwise determined, from time to time, by the Registrant.

**Additional Potential Conflicts.** As a consequence of Blackstone's status as a public company, the officers, directors, members, managers and employees of the General Partner and the Registrant may take into account certain considerations and other factors in connection with the management of the business and affairs of the Funds and Advisory Accounts and their affiliates that would not necessarily be taken into account if Blackstone were not a public company.

**Representing Creditors and Debtors.** From time to time, Blackstone may represent creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings or serve as advisor to creditor or equity committees. This involvement, for which Blackstone may from time to time be compensated, may from time to time limit or preclude the flexibility that a Fund or Advisory Account would otherwise have to buy or sell certain assets, and may require that a Fund or Advisory Account dispose of an investment at an inopportune time.

**Significant Competition for Co-Investments Appropriate for the Direct Equity Program.** The activity of identifying, completing and realizing attractive private equity, credit and other opportunistic investments that fall within the Direct Equity Program's investment objective is highly competitive and involves a high degree of uncertainty. The availability of co-investment opportunities generally will be subject to market conditions. The Direct Equity Program expects that sponsors from which the Direct Equity Program may wish to seek co-investment opportunities (including Blackstone affiliates) will encounter competition from other entities having similar investment objectives and others pursuing the same or similar opportunities. In addition, in seeking co-investment opportunities, the Direct Equity Program expects to encounter competition from other entities having similar investment objectives and others pursuing the same or similar opportunities. In addition, the Direct Equity Program will be competing for co-investments opportunities with investors in the funds (including Underlying Funds) and accounts managed by sponsors (including Blackstone and other managers of Underlying Funds) of the Direct Equity Program's potential co-investments as well as with financial institutions and other investors. Over the past several years, both the number of competitors for co-investment opportunities and their available capital have increased, and additional capital will likely be directed at this sector in the future. Some of the Direct Equity Program's competitors may have greater access to co-investment opportunities and greater ability to complete investments than the Direct Equity Program, or may have greater resources or different return criteria than the Direct Equity Program, any of which would afford them a competitive advantage. In connection with investments that the Direct Equity Program may seek to make in private companies, pre-emptive rights in such companies may create competition from existing investors with respect to investments in such companies.

Potential competitors include other alternative investment firms, financial sponsors, corporations, business development companies, strategic industry participants, sovereign wealth funds, hedge funds, other institutional investors and one or more affiliates of

Blackstone (including the Other Blackstone Funds). Further, over the past several years, an increasing number of private equity, real estate, credit, opportunistic funds and other similar vehicles have been formed and others have been consolidated. Additional funds with the same or similar investment objectives (including Other Blackstone Funds) may be formed in the future by Blackstone and/or other unrelated parties (including certain investment funds managed by Patria), which may compete with the Direct Equity Program for appropriate co-investment opportunities. In addition, certain Other Blackstone Funds that have investment objectives that overlap with those of the Direct Equity Program (whether now in existence or subsequently established) may share and/or receive priority with respect to certain investment opportunities falling within the primary focus of such Other Blackstone Funds or otherwise receive allocations of investments otherwise appropriate for the Direct Equity Program (including, for example, Other Blackstone Funds established to primarily pursue investments relating to specific geographic regions or asset classes). The Direct Equity Program may also incur sourcing, bid, due diligence or other costs on investments which may not be successful. As a result, the Direct Equity Program may not recover all of its costs, which may adversely affect returns. To the extent that the Direct Equity Program, or a sponsor, or an Underlying Fund through which the Direct Equity Program intends to make its investment, encounters competition for investments, returns to the participants in the Direct Equity Program may decrease.

**Multiple Exposure to Portfolio Entities.** The Direct Equity Program will generally co-invest in Underlying Funds alongside funds, investment vehicles or accounts managed by sponsors (including Other Blackstone Funds). Other funds advised by the Registrant as well as Other Blackstone Funds may also co-invest alongside the Direct Equity Program. To the extent an investor in the Direct Equity Program is also invested in a sponsor's fund, investment vehicle or account (including a Secondary Fund) with which the Direct Equity Program is co-investing or holds an investment in an Other Blackstone Fund that is co-investing with the Direct Equity Program, such investor's exposure to the applicable investment (and the risks related thereto) will increase and such investor's investment portfolio will be more concentrated than would otherwise be the case.

**Certain Investment-Related Potential Conflicts Relating to the Funds and the Advisory Accounts.** The Registrant serves as investment manager for (i) the Secondary Funds, which focus primarily on making secondary investments in or relating to mature private investment funds, (ii) the Direct Equity Program, which focus primarily on making co-investments directly in issuers (typically through an Other Blackstone Fund), and (iii) the Advisory Accounts, which focus primarily on making primary investments in or relating to private investment funds. While the Registrant does not expect cross transactions to occur between a Secondary Fund, a Direct Equity Program vehicle and/or an Advisory Account, it is possible that an interest in a primary investment initially made by an Advisory Account could be sold to a Secondary Fund in a secondary transaction, or that a co-investment made by one Direct Equity Program vehicle could be sold to another Direct Equity Program vehicle. Any such transaction would give rise to actual or potential

conflicts of interest. If any such cross transaction between a Fund on the one hand and an Advisory Account or other Fund on the other, is effected, such transaction (x) will be conducted in accordance with the Registrant's fiduciary responsibility to such participating Fund and Advisory Account and applicable law, (y) must be in the best interest of such participating Fund and Advisory Account and (z) must be consistent with the Registrant's duty to seek best execution.

Additionally, the side by side management of the Advisory Accounts and the Funds may give rise to potential conflicts of interest. For example, a manager of an Underlying Fund may be more likely to offer its consent to a Secondary Fund's investment in such Underlying Fund on a secondary basis, or to a Direct Equity Program vehicle's participation in a co-investment alongside an Underlying Fund, if an Advisory Account or a separate Secondary Fund is invested or is planning to invest on a primary basis in such Underlying Fund, or another Underlying Fund managed by such manager. Further, in certain circumstances, a manager of an Underlying Fund may require a primary investment in such Underlying Fund or another Underlying Fund managed by such manager, or may require participation in a co-investment alongside an Underlying Fund managed by such manager, as a condition to receipt of its consent to invest on a secondary basis. In such situations, the Registrant may be incentivized to make investments for an Advisory Account, Secondary Fund or Direct Equity Program vehicle that it would not otherwise recommend in order to benefit a separate Fund. Furthermore, the fact that an Advisory Account or Secondary Fund is invested in an Underlying Fund, or that a Direct Equity Program vehicle is invested in a co-investment opportunity, may lead to opportunities for a separate Fund to engage in a transaction or co-investment with respect to such Underlying Fund that may benefit such Fund and not such Advisory Account or separate Fund. In addition, the Registrant may receive information in connection with primary investments of an Advisory Account or secondary investment or co-investment of a Fund that assists the Registrant in evaluating transactions for the Funds not holding such investments or co-investments. The Registrant may also transact with respect to an Underlying Fund on a secondary basis at a price that differs from the value of an investment in such Underlying Fund as reported by its manager; in such case, the price difference may serve to benefit or harm an Advisory Account, Direct Equity Program vehicle or Secondary Fund invested in (or through) such Underlying Fund to the extent such price difference influences prices for its Underlying Fund interest or co-investments. Finally, the Registrant may be able to negotiate more favorable terms for Advisory Accounts or Funds with Underlying Funds or co-investments, when making a primary investment than it is able to negotiate for the Secondary Funds or Direct Equity Program vehicles investing on a secondary or co-investment basis, as negotiations are often limited when investing on a secondary or co-investment basis.

## Other Financial Industry Affiliations

Below is a listing of the Registrant's affiliates:

<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
Blackstone Europe Fund Management S.a.r.l.	Provides services to various European alternative investment funds
BX Mexico Advisors S.A. de C.V.	Mexican advisory entity which provides services to certain publicly registered trusts
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 entity of affiliated private equity fund

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

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

Note: The Registrant also manages separately managed accounts, which are reported in the Registrant's Form ADV Part 1A, Item 5 and private investments vehicles, which are listed in the Registrant's Form ADV Part 1A, Schedule D Section 7.B(1). Other affiliates of the Registrant serve as general partners of such private investment vehicles and are listed in the Registrant's Form ADV Part 1A, Schedule D Section 7.A.

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

BAP provides various financial and business advisory services. In the regular course of its advisory businesses, BAP represents possible buyers, sellers and other parties regarding businesses that may be suitable for investment by the Funds or the Advisory Accounts. In

these cases, BAP's client typically would require Blackstone to act only on BAP's client's behalf, thus preventing the Funds or the Advisory Accounts from directly acquiring or investing in such business. BAP will not decline these transactions in order to make the investment opportunity available to the Funds or the Advisory Accounts. Such limitations would not apply to investments by Underlying Funds. BAP may represent creditors or debtors in restructuring or bankruptcy proceedings, under Chapter 11 of the Bankruptcy Code.

**A more detailed description of applicable conflicts of interest is set forth in the relevant governing documents of each Fund and the investment management agreement of each Advisory Account.**

## Item 11 – Code of Ethics

### A. Code of Ethics

The Registrant is governed by the Blackstone Code of Ethics (the “**Code of Ethics**”). The Code of Ethics governs a number of potential conflicts of interest which exist when providing advisory services to the investors in the Funds and Advisory Accounts it manages. The Code of Ethics is designed to ensure that the Registrant meets its fiduciary obligation to its 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 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 addresses, among other things, 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; and
- Protection of persons who engage in “whistle blowing” activities from retaliation.

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

### Potential Conflicts of Interest

Blackstone offers many different products and services across its many businesses and there are several potential conflicts of interest which will from time to time arise. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for a list of investment related potential conflicts, including, in particular, “Blackstone Business and Activities” describing conflicts related to allocation of investment opportunities among investment funds sponsored by Blackstone and co-investors. The Registrant has adopted policies and procedures designed to address such potential conflicts of interest.

The Registrant’s related persons may from time to time have bought or sold, or may subsequently transact, for their personal accounts, securities which may also be purchased or sold for the account of the Funds or the Advisory Accounts. The Registrant and its

related personnel are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that all such personal securities transactions receive pre-clearance from the legal and compliance department. As of January 1, 2019, Blackstone prohibits 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. Blackstone's Code of Ethics is available for review upon request.

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

## Item 12 – Brokerage Practices

### Best Execution

Although the Registrant typically does not utilize broker-dealers to effect transactions relating to the Secondary Funds' secondary investment program, the Direct Equity Program's co-investment program or the Advisory Accounts' primary investment program, the Secondary Funds, the Direct Equity Program or the Advisory Accounts, as applicable, may from time to time receive shares of certain underlying portfolio entities as part of a general distribution in kind from an Underlying Fund, Direct Equity Program investment or Advisory Account investment. Subject to each Secondary Fund's or the applicable Direct Equity Program vehicle's governing documents, or the applicable Advisory Accounts' investment management agreement, the Registrant will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the Secondary Funds, Direct Equity Program and the Advisory Accounts and negotiate the commission cost to be paid. Such transactions for Secondary Funds, Direct Equity Program or Advisory Accounts will be allocated to brokers and dealers on the basis of best execution (which may include, among other items, the consideration of such broker's or dealer's ability to effect transactions, its facilities and financial responsibility). The SEC generally describes "best execution" as a duty to execute securities transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances. The SEC also has stated that when seeking best execution the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution.

Accordingly, the Registrant considers the full range and quality of a broker's services including (among other things): (i) for executing brokers: expertise and ability to perform execution services; ability to execute transactions in liquid or illiquid markets at competitive prices without disrupting the market for a particular security; range of services provided and products offered; quality and timeliness of market information provided; ability of broker to maintain confidentiality; credit worthiness and financial responsibility; and (ii) for clearing brokers: operational expertise; ability to maintain confidentiality; credit worthiness; financial responsibility; fees; and commission rate or spread involved.

The Secondary Funds', Direct Equity Program's and the Advisory Accounts' securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Secondary Funds, Direct Equity Program or the Advisory Accounts, as applicable, and not the Registrant or any of its affiliates, will be obligated to pay.

The Registrant's brokers and other service providers also may be investors in the Secondary Funds or the Direct Equity Program. As consideration for services provided,

these brokers and other service providers will receive reasonable and customary fees or commissions.

Notwithstanding the foregoing, the Registrant does not “pay up” for research or other services provided by any brokers through the commission rate (*e.g.*, the Registrant does not use “soft dollars”). To the extent the Registrant utilizes soft dollars in the future to pay for research or brokerage services, it will do so within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended (“Section 28(e)"). Managers of Underlying Funds 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.

### **Principal Trading**

The Registrant does not engage in principal transactions with the Funds. A principal transaction occurs when an investment adviser, acting for its own account (or the account of an affiliate) buys a security from, or sells a security to, a client’s account. The Registrant may engage in principal transactions with the Advisory Accounts whereby it recommends investment in a vehicle managed by the Registrant or a Blackstone affiliate. To the extent any transaction is deemed to be a principal transaction, the Registrant shall ensure it meets the requirements laid out in Section 206(3) of the Advisers Act.

### **Cross Transactions**

The Registrant, to the extent permitted under applicable law, may effect cross transactions in which the Registrant causes a transaction to be effected between a Fund or an Advisory Account on the one hand and another account advised by the Registrant or any of its affiliates on the other. Cross trades will be conducted in accordance with the Registrant’s fiduciary responsibility to each participating Fund or Advisory Account, as applicable, must be in the best interest of each participating Fund or Advisory Account, as applicable, and must be consistent with the Registrant’s duty to seek best execution.

### **Allocation and Aggregation Procedures**

The Registrant is committed to making secondary investments (in the case of the Secondary Funds) and co-investments (in the case of the Direct Equity Program) in a manner that is consistent with the investment objectives of each of the Funds and making primary investments in a manner that is consistent with the investment objectives of each of the Advisory Accounts.

### **Secondary Funds**

While it is intended that the Secondary Funds will be the primary vehicles managed by Blackstone for secondary investments in mature private equity funds meeting the Secondary Funds’ investment criteria, there is no requirement that affiliates of the

Registrant offer opportunities to make secondary investments exclusively to the Secondary Funds (as more fully described in the governing agreements of the Secondary Funds). Blackstone currently manages, and may subsequently establish, Other Blackstone Funds, which may from time to time make secondary investments that would otherwise be appropriate for the Secondary Funds, which may impact the available investment opportunities for the Secondary Funds.

In addition, the Registrant complies with allocation procedures specified in each of the Secondary Funds' documents with respect to the allocation of investment opportunities relating to secondary investments between or among Secondary Funds with overlapping investment objectives (as more fully described in the governing agreements of the Secondary Funds).

### **Direct Equity Program**

The co-investment opportunities that the Direct Equity Program will seek to participate in will be sourced and offered by Other Blackstone Funds, third-party managers of Underlying Funds or other funds and may not be shared with the Registrant and/or will not be offered for investment to the Direct Equity Program. In addition, while the Secondary Funds and Advisory Accounts are not expected to participate in the ordinary course in the co-investment opportunities that the Direct Equity Program seeks to participate in, it is possible that the Registrant may determine in good faith that it is appropriate to allocate some or all of such co-investment opportunities to the Secondary Funds or Advisory Accounts. Furthermore, Blackstone currently manages, and may subsequently establish, Other Blackstone Funds, which may themselves (or whose limited partners) from time to time seek to participate in co-investments that would otherwise be appropriate for the Direct Equity Program, which may impact the available investment opportunities available to the Direct Equity Program.

### **Advisory Accounts**

Opportunities to invest on a primary basis will be presented to Other Blackstone Funds that will not be shared with the Registrant and/or will not be considered for investment on behalf of the Advisory Accounts. When the Registrant is presented with investment opportunities that would otherwise be appropriate for the Advisory Accounts and Other Blackstone Funds, such investment opportunity (i) may be required or permitted to be allocated in whole or in part to one or more Other Blackstone Funds in accordance with the governing agreements of such Other Blackstone Fund or (ii) may otherwise be allocated between the Advisory Accounts and any such Other Blackstone Funds on a basis that the Registrant determines in good faith to be fair and equitable and consistent with its duties under applicable law, taking into account any investment limitations and applicable contractual restrictions, the nature of the investment focus of each such Other Blackstone

Fund, the amounts of capital available for investment and other considerations deemed relevant by the Registrant in good faith.

### **Trade Errors**

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

## **Item 13 – Review of Accounts**

### **Ongoing Review of Accounts**

The Registrant's investment professionals review the relevant investment advisory accounts on an ongoing basis. This analysis includes, but is not limited to, a review of:

- Compliance with the investment strategy and restrictions provided in the specific offering documents of the relevant Fund or Advisory Account
- Potential Conflicts
- Market Conditions
- Style Drift
- Performance Attribution
- Performance Deviation

These reviews take place at Investment Committee meetings where investment ideas and strategies are discussed. A variety of internal and external resources may be reviewed during the course of such meetings. In addition to these formal meetings, which take place weekly or as needed, the Registrant's investment professionals may meet and discuss the review of investment advisory accounts on a more frequent, informal basis. The Investment Committee also conducts regular credit reviews based on monitoring and analysis performed by investment analysts.

### **Reports**

The Registrant provides unaudited performance reports on a monthly or quarterly basis to certain Funds, as specified in the organizational and offering documents of such Funds, and audited financial statements to Funds on an annual basis. The Registrant provides quarterly reports to the Advisory Accounts, which include information relating to each Underlying Fund or other investment, as specified in the investment management agreements of such Advisory Accounts. The Registrant may elect to provide different levels of reports to investors.

Certain investors in the Funds may request information relating to a Fund and, to the extent such information is readily available or may be obtained without unreasonable effort or expense, the Registrant 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 Fund 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**

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

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

## Item 15 – Custody

Rule 206(4)-2, as amended (the “**Custody Rule**”), under the Advisers Act defines custody as holding client funds or securities or having any authority to obtain possession of them, including the authority to withdraw funds or securities from client accounts or ownership of or access to client funds or securities (such as through fee deductions). In the case of certain Funds, an affiliate of the Registrant serves as the Fund’s General Partner and, as such, the Registrant is deemed to have custody of the assets of each of these Funds. In accordance with the Custody Rule, any Fund for which the Registrant has custody or is deemed to have custody is subject to an annual audit.

## **Item 16 – Investment Discretion**

The Registrant generally acts as an investment adviser with respect to discretionary accounts and may exercise sole authority to determine the securities bought and sold for each account, as well as the amounts thereof, without obtaining specific client consent and without limitation on such authority. The specific investment guidelines and restrictions are provided in the pertinent Fund or Advisory Account documents or investment management agreement.

Please refer to **Item 12 – Brokerage Practices** for a discussion on the Registrant's Allocation and Aggregation Procedures.

## Item 17 – Voting Client Securities (Proxy Voting)

As a fiduciary, an investment adviser with proxy voting authority has a duty to monitor corporate events and to vote proxies, as well as a duty to cast votes in the best interest of clients and not subrogate client interests to its own interests. Rule 206(4)-6 under the Advisers Act (the “**Proxy Voting Rule**”) places specific requirements on registered investment advisers with proxy voting authority. The Registrant generally has discretionary authority over the securities held by the Funds, and as such, the Registrant is viewed as having proxy voting authority over such securities. Accordingly, the Registrant is subject to the Proxy Voting Rule. To meet its obligations under this rule, the Registrant has adopted written Proxy Voting Policies and Procedures, which are available upon request. These policies and procedures are reasonably designed to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, “proxies”) is exercised in a manner that serves the best interest of the Funds and the Advisory Accounts, as applicable, and address how the Registrant will resolve any conflict of interest that may arise when voting proxies. In the case of proxies related to a Fund’s or an Advisory Account’s securities holding, the Registrant will identify any conflicts that exist between the interests of the Registrant and the Funds or the Advisory Accounts, as applicable. This examination will include a review of the relationship of the Registrant and its affiliates with the issuer of the security to determine if the manager or issuer has any relationship with the Registrant or an affiliate of the Registrant. If a material conflict exists, the Registrant will determine the appropriate course of action.

The Funds and Fund investors and the Advisory Account clients may request a copy of the Proxy Voting Policies and Procedures by contacting Neil Schwartz at +1 (212) 583-5000 or [Neil.Schwartz@Blackstone.com](mailto:Neil.Schwartz@Blackstone.com).

## **Item 18 – Financial Information**

The Registrant does not charge fees more than six months in advance, 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 Funds and the Advisory Accounts.