



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

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August 15, 2013

Form ADV, Part 2 – the “Disclosure Brochure” or “Brochure” – as required by the Investment Advisers Act of 1940 (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). Results will provide you with Parts 1 and 2 of the Registrant’s Form ADV.

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

## 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 potential investment risks. The Registrant may, at any time, update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).

This Item 2 is a discussion of only the material changes to the Registrant's Brochure since the last Form ADV Part 2 update, which was dated March 28, 2013.

In connection with the 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 (collectively, the "**Legacy Sponsor**") as part of its Strategic Partners business (the "**Transaction**" and, such funds, the "**Funds**"), the Registrant has (i) changed its name to Strategic Partners Fund Solutions Advisors L.P. and (ii) assumed the investment advisory agreements relating to the Funds.

As a result of the Transaction, the Registrant has become the investment advisor to the Funds, which focus primarily on making investments in mature private investment fund interests through secondary market purchases, and no longer serves as investment advisor 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 "**Prior Funds**").

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## Item 4 – Advisory Business

### A. Description of the Registrant

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 (collectively, the “**Funds**”). Affiliates of the Registrant serve as general partner (each, a “**General Partner**”) of the Funds.

SPFS Advisors L.L.C. is the general partner of the Registrant. Blackstone Intermediary Holdco L.L.C. is the managing member of SPFS Advisors L.L.C. Blackstone Advisory Partners L.P. is the managing member of Blackstone Intermediary Holdco L.L.C. Blackstone Holdings I L.P. is the general partner of Blackstone Advisory Partners L.P. 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 entity on the New York Stock Exchange (Ticker: BX).

### B. Description of Advisory Services

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 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 Funds may also invest, to a lesser extent, on a primary basis in other investment funds or in investments underlying funds or directly in portfolio companies.

### C. Assets Under Management

The Registrant’s assets under management are approximately \$8,728,122,530 billion (measured as of March 31, 2013), all of which are managed on a discretionary basis.<sup>1</sup>

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<sup>1</sup> Represents assets under management of the Funds as of March 31, 2013 while still managed by the Legacy Sponsor and does not include assets under management of the Prior Funds as of March 31, 2013.

## Item 5 – Fees and Compensation

### A. Management Fees

For its investment advisory services, 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 Funds are disclosed in the relevant Fund offering and/or governing documents, which have been provided to prospective investors.

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 Funds and/or the interests held thereby are not subject to management fees. Further, the existence of differing management fees for Funds of the Registrant or its affiliates trading side-by-side or otherwise in which the Funds may make or hold an investment may create conflicts of interest for the Registrant and its affiliates, including with respect to the allocation of investment opportunities. The Registrant has a trade allocation policy (see **Item 16 – Investment Discretion**) that addresses this conflict of interest.

Generally, the management fee payable by a Fund to the Registrant will be reduced by all or a portion (disclosed in the governing agreements of the relevant Fund) of any transaction fees (including commitment, closing, amendment, waiver, directors, organizational, break-up or other similar fees 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.

### B. Timing of Fee Payments

Generally, management fees are payable semi-annually, partially in arrears and partially in advance. The Registrant may elect to defer payment of all or part of the management fee. Management fees are generally deducted from the applicable Fund distributions or capital contributions as drawn down from limited partners of the applicable Fund.

### C. 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 as described more fully below); (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, or the holding, monitoring, financing, refinancing, pledging, sale or proposed financing, refinancing, pledging or sale of all or any portion of any such investment, including the costs of services provided to the Fund by persons who are not employees of Blackstone, including fees and expenses of attorneys, accountants, finders and consultants and fees and expenses of Affiliates of Blackstone (excluding travel expenses incurred by employees of Affiliates of Blackstone when acting directly on behalf of the General Partner or the Registrant) and other third-party professionals; (iii) legal, auditing and consulting expenses, including expenses associated with the preparation of amendments to the governing agreements of the Fund and the Fund's financial statements, reports to partners, tax returns and Schedule K-1s; (iv) expenses related to organizing, administering and maintaining any persons through or in which portfolio investments may be made; (v) an appropriate portion of expenses of the advisory committee of each Fund and its members; (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 principal, interest, fees, expenses and other amounts payable in respect of or in connection with borrowings, financings or derivative transactions; (xi) all expenses incurred in connection with administrative proceedings relating to the determination of Fund items at the Fund level, and any audit with respect to taxes; and (xii) costs of winding up and liquidating the Fund.

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.

Further, the Funds bear the additional layer of fees and expenses charged at the level of private investment funds in which the Funds acquire interests (the **"Underlying Funds"**).

#### **D. 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.

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

### A. 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% of each Fund's cumulative net profits, subject to a preferred return and customary clawback provisions. Performance-based allocations may be based on cumulative net distributions attributable to a Fund, and all performance-based allocations for the Funds are disclosed in the relevant offering and/or governing documents of each Fund.

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 the Funds do not bear any performance-based allocation.

In addition, the Funds bear the additional layer of fees, performance-based allocations and expenses charged at the level of private investment funds in which the Funds 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 was no such allocation or fee. Further, the existence of differing performance-based allocations or fees for Funds of the Registrant or its affiliates trading side-by-side 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 assets in accordance with the investment strategy disclosed in each Fund'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 also has a trade allocation policy (see **Item 16 – Investment Discretion**) that addresses this conflict of interest.

### B. 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 to the investors and a preferred return thereon in accordance with the governing agreements of each Fund.

## Item 7 – Types of Clients

The Registrant provides its services and markets its Funds 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 and compliance procedures (including anti-money laundering procedures), prior to acceptance of any subscription or investment amount for any such Fund. In addition, any separate maintenance- or other investment-related provisions (e.g., minimum account 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.



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

A.

### 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 analyses. The Registrant generally derives information used to make investment decisions on behalf of its Funds 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 and investment professionals associated with such Underlying Fund (e.g., experience, commitment and reputation)
- The fees associated with such Underlying Fund
- Investment capacity
- Concentrations/diversification
- Prevailing market conditions and other considerations

### Investment Strategies

The specific investment strategy and corresponding method of analysis for each Fund is specified in the offering documents of such Fund. The 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

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.

## **B. Risk of Loss**

An investment in a Fund 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 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, the Underlying Funds and their portfolio companies; (ii) the ability of the management of the Funds and the Underlying Funds to identify and consummate attractive investment opportunities; (iii) general economic conditions; and (iv) the ability of the Funds 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 a Fund. Below are a few of the key 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. Lack of Liquidity of Fund Interests and of Underlying Fund Interests
5. Highly Competitive Market for Secondary Investment Opportunities
6. Importance of Valuation and Acquisition Terms
7. Reliance on the Registrant and Certain of its Professionals and Employees and professionals and employees of the Underlying Funds
8. Misconduct of Employees and of Third Party Service Providers and of employees and service providers with respect to the Underlying Funds
9. General Economic and Market Volatility
10. 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
11. Risks Related to Use of Leverage by Certain Funds and Underlying Funds
12. Lack of Diversification
13. Non-U.S. Investments

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

## Item 9 – Disciplinary Information

The Registrant has not been the subject of any material legal proceeding relating to the Funds required to be disclosed in response to this item.

## Item 10 – Other Financial Industry Activities and Affiliations

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Registrant, its affiliates and personnel (each an “**Advisory Affiliate**” and, collectively, the “**Advisory Affiliates**”). The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts. **Investors are advised to review the applicable Fund offering and/or governing documents for a more extensive description of the potential conflicts of interest applicable to each Fund (as interpreted and applied to the Registrant and its affiliates and their management of the Funds).**

**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 may 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, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than that to which it would otherwise be subject if it had just one line of business. In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, Blackstone has implemented certain policies and procedures (e.g., information walls) that may reduce the positive synergies that Funds expect to utilize for purposes of managing its investments. To the extent the employees of the Registrant come into possession of material non-public information, including material non-public information with respect to the activities of other funds and accounts sponsored by Blackstone, that information may preclude or restrict the Funds from engaging in certain types of activities and/or making or selling secondary investments. 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 to effectively achieve their investment objectives by unduly limiting the investment flexibility of the Funds and/or the flow of otherwise appropriate information between the Registrant and other business units at Blackstone.

**Investments in Other Blackstone Funds.** The Funds hold significant secondary investments in various funds, vehicles and accounts sponsored and/or managed by Blackstone as of the date hereof (collectively, “**Other Blackstone Funds**”). Subject to applicable legal, regulatory and other applicable restrictions, the Funds may continue to

acquire and/or hold secondary investments in such Other Blackstone Funds; however, their ability to do so may be limited by virtue of the Funds being considered affiliates of Blackstone.

To the extent the Funds make or otherwise hold secondary investments in Other Blackstone Funds in accordance with applicable legal and/or regulatory restrictions, Limited Partners will pay fees, expenses and carried interest both at the level of the Funds and at the level of such Other Blackstone Funds. As a result, there may be circumstances where Blackstone has conflicting loyalties and responsibilities to the Funds, on the one hand, and such Other Blackstone Funds, on the other hand, and conflicts of interest may arise as a result of the Funds making or holding investments in Other Blackstone Funds. While Blackstone has policies and procedures in place designed to ameliorate such conflicts and will seek to resolve such conflicts of interest in a fair and equitable manner, there can be no assurance that such conflicts of interest will be resolved in favor of the Funds.

**Investment Banking, Advisory and Other Relationships.** As part of its regular business, Blackstone provides a broad range of investment banking, advisory, underwriting, placement agent services and other services. In addition, Blackstone and its affiliates may provide services in the future beyond those currently provided. The Funds will not receive a benefit from such fees. In the regular course of its investment banking and advisory businesses, Blackstone represents potential purchasers, sellers and other parties, including corporations, financial buyers, management, shareholders and institutions, with respect to transactions that could give rise to transactions that are suitable for a Fund. In such a case, an advisory client would typically require Blackstone to act exclusively on its behalf, thereby precluding a Fund from participating in such transactions. Blackstone will be under no obligation to decline any such engagements in order to make an investment opportunity available to a Fund. In connection with its investment banking, advisory and other businesses, Blackstone may come into possession of information that limits its and its affiliates' ability to engage in potential transactions. The Funds' activities may be constrained as a result of the inability of Blackstone personnel to use such information. For example, employees of Blackstone may be prohibited by law or contract from sharing information with members of the Funds' investment teams. Additionally, there may be circumstances in which one or more of certain individuals associated with Blackstone will be precluded from providing services related to the Funds' activities 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 a Fund to act as a

participant in such transactions, which would raise certain conflicts of interest inherent in such a situation (including as to the negotiation of the purchase price).

As more fully described elsewhere herein, one of the primary businesses at Blackstone is the management of Other Blackstone Funds (whether now in existence or subsequently established). Such Other Blackstone Funds may have investment objectives that overlap with those of the Funds in certain material respects, and Blackstone's management thereof may give rise to conflicts of interest relating to the Funds from time to time. While the Registrant 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.

Conflicts of interest may also arise with respect to Blackstone's provision of services to the Funds, 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, portfolio entities, Other Blackstone Funds and/or other clients and affiliates, Blackstone may take actions that may impact the Funds, 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.

Blackstone has long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on behalf of a Fund, the Registrant will consider those relationships, which may result in certain transactions that the Registrant will not undertake on behalf of the Fund in view of such relationships. Certain Funds 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.

Blackstone may from time to time participate in underwriting or lending syndicates with respect to portfolio entities of Other Blackstone Funds (including Other Blackstone Funds in which the Funds hold interests), or may otherwise be involved in the public offering and/or private placement of debt or equity securities issued by, or loan proceeds borrowed by, any such Other Blackstone Fund's portfolio entities, or otherwise in arranging financing (including loans) for portfolio entities of such Other Blackstone Funds. Such underwritings may be on a firm commitment basis or may be on an uncommitted "best efforts" basis. A Blackstone broker-dealer may act as the managing underwriter or a member of the underwriting syndicate and purchase securities from an Other Blackstone Fund or such portfolio companies. Blackstone may also effect transactions, including transactions in the secondary markets where it may nonetheless have a potential conflict of interest regarding

a Fund or Other Blackstone Fund and the other parties to those transactions to the extent it receives commissions or other compensation from a Fund or Other Blackstone Fund and such other parties.

In addition, certain broker-dealer affiliates of the Registrant, including Park Hill Group, provide fund placement services with respect to certain Other Blackstone Funds and other funds managed and/or sponsored by third-party investment managers, including private equity funds, real estate funds, venture capital funds and hedge funds, which may in certain circumstances have investment objectives that overlap with those of the Funds, and may enter into placement agreements with, or otherwise be retained as agent by, sponsors of the Underlying Funds as well as by potential buyers or sellers of interests in the Underlying Funds that may, in certain circumstances, compete with the Funds for investment opportunities. In particular, Park Hill Group may be retained by prospective sellers of interests in the Underlying Funds for which the Funds may be prospective purchasers. Under such arrangements, to the extent permitted by applicable law, an underlying fund manager, buyer or seller of interest in an underlying fund may compensate the Registrant's affiliate for its services and such fees will not be shared with the Funds. Also, potential buyers of interests on a secondary market found by such broker-dealer affiliates may directly compete with the Funds for investments, and potential sellers of interests on the secondary market may also be represented by such affiliates, and in such cases the interests of such affiliates may create conflicts of interests with the Funds. Moreover, the investment opportunities that may otherwise be made available to the Funds may be materially limited as a result of the foregoing and/or by reason of the Funds being considered affiliates of Blackstone, which may adversely affect the ability of the Funds to effectively achieve their investment objectives.

**Service Providers.** A Fund's service providers (including lenders, brokers, attorneys and investment banking firms) may be investors in the Funds and/or sources of investment opportunities and counterparties therein. This may influence the Registrant or its affiliates in deciding whether to select such a service provider or have other relationships with Blackstone. Notwithstanding the foregoing, investment transactions for the Funds that require the use of a service provider will generally be allocated to service providers on the basis of best execution (and possibly to a lesser extent in consideration of such service provider's provision of certain investment-related and other services that the Registrant or its affiliates believes to be of benefit of the Funds).

**Allocation of Personnel.** The Registrant, its affiliates and their respective members, partners, officers, managers and employees will devote as much of their time to the



activities of the Funds as they deem necessary and appropriate. Subject to the terms of the applicable offering and/or governing documents, the Registrant, Blackstone or any of their respective affiliates or any agent or representative of any of them are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of the Registrant. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of the Registrant and its officers, managers, members and employees will not be devoted exclusively to the business of the Funds but will be allocated between the business of the Funds and the management of the monies of other advisees of the Registrant.

In addition, there can be no assurance that such investment professionals, including the investment professionals that joined Blackstone in connection with the Transaction, may ultimately remain actively involved in the business and affairs of the Funds. Such personnel may change over time for a variety of reasons, which may have an impact on the ability of the Funds to effectively achieve their investment objectives.

**Possible Future Activities.** Blackstone, the Registrant and their affiliates may expand the range of services that it provides over time. Except as provided herein, Blackstone, the Registrant and their affiliates will not be restricted in the scope of its 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.

**Conflicting Interests.** Conflicts of interest may arise in circumstances where the Funds make an investment in an Underlying Fund (including Other Blackstone Funds) which in turn has an interest in a portfolio entity in which an Other Blackstone Fund or an affiliate of Blackstone also holds an interest. In addition, there may be circumstances where Other Blackstone Funds and/or affiliates may make investments in the same portfolio entity in which the Funds have an indirect interest, including at different levels of such portfolio entity's capital structure.

To the extent any Other Blackstone Funds and/or affiliates hold interests relating to portfolio entities in which the Funds have an indirect interest that are different (or more senior) than those held by the Funds (or vice versa), Blackstone may be presented with decisions involving circumstances where the interests of the Funds are in conflict with those of such Other Blackstone Funds and/or affiliates. For example, Blackstone sponsors a number of Other Blackstone Funds that focus primarily on making debt, credit and

mezzanine-oriented investments relating to portfolio entities, including portfolio entities in which the Funds may have an indirect interest, and also sponsors and/or manages Other Blackstone Funds which may, from time to time, make secondary investments that may otherwise be appropriate for the Funds.

To the extent any such Other Blackstone Funds and/or their affiliates acquire and/or otherwise hold debt securities or other similar interests in portfolio entities in which the Funds have an indirect equity interest, the interests of such Other Blackstone Funds and/or affiliates may diverge from the interests of the Funds (including, in particular, in the event of financial distress or bankruptcy of such portfolio entities). The investment activities of such Other Blackstone Funds and/or affiliates will generally be carried out without regard to the activities of the Registrant, and affiliates of Blackstone may take actions or provide advice with respect to such Other Blackstone Funds and affiliates that may differ from or otherwise conflict with the interests of the Funds.

**ERISA and Plan Assets Issues.** To the extent the assets of any Funds constitute “plan assets” within the meaning of ERISA, such Funds 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 certain of the Funds to consummate attractive secondary investments and/or effectively achieve their investment objectives by precluding further investments in Other Blackstone Funds.

**Allocation of Investments.** While it is anticipated that the Funds will be the primary investment vehicles at Blackstone through which mature secondary investments in Underlying Funds will be pursued, 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 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 Funds, which may result in increased competition for suitable investments opportunities and may ultimately affect the Funds’ ability to effectively achieve their investment objectives.

Below is a listing of the Registrant's affiliates:

<b>Broker/Dealer</b>	
Blackstone Advisory Partners L.P.	Provides a variety of investment banking services
Park Hill Group LLC	Places alternative investment products in private offerings to mostly institutional investors
Park Hill Real Estate Group LLC	Places real estate alternative investment products in private offerings to mostly institutional investors
<b>Investment Advisor</b>	
Blackstone Alternative Asset Management L.P. ("BAAM")	Manages a series of private funds engaged in multi-manager investment programs (e.g., fund of hedge funds)
Blackstone Communications Advisors I L.L.C.	Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Debt Advisors L.P.	Provides investment advisory services to private investment funds specializing in debt securities
Blackstone Management Partners III L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners IV L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Management Partners L.L.C.	Provides investment advisory services to various private equity funds
Blackstone Clean Technology Advisors L.L.C.	Provides investment advisory services to private investment funds specializing in the cleantech energy sector

Blackstone Mezzanine Advisors L.P.	Provides investment advisory services to private investment funds specializing in mezzanine financing
Blackstone Real Estate Advisors III 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 Advisors L.P. (formerly Blackstone Real Estate Advisors VI L.P.)	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors International L.L.C.	Provides investment advisory services to various private real estate investment funds
Blackstone Real Estate Advisors Europe 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 private investment funds 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 multi-manager hedge fund “seeding” program
Blackstone Group International Partners LLP	Provides investment sub-advisory services to a number of debt-focused private investment funds

Blackstone Tactical Opportunities Advisors L.L.C.	Provides investment advisory services to multi-discipline, multi-asset class private funds.
Blackstone Alternative Solutions L.L.C.	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
GSO / Blackstone Debt Funds Management LLC	Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts
GSO Capital Partners LP	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 private investment funds and separately managed accounts
GSO Capital Advisors LLC	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
GSO Capital Partners International LLP	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Blackstone / GSO Debt Funds Management Europe Limited	Provides investment advisory services to a number of debt focused private investment funds
Blackstone / GSO Debt Funds Europe Limited	Provides investment advisory services to a number of debt focused private investment funds and separately managed accounts
Bayview Asset Management, LLC	Provides investment advisory services focusing on real estate backed loans and mortgage securities
CT Large Loan Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets

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 OPI Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT High Grade Mezzanine Manager, LLC	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
BXMT Advisors L.L.C.	Provides investment advisory services to real estate debt and securities private funds, managed accounts and CDOs focused on loans and securities backed by commercial real estate assets
CT 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.
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 Alternative Investment Advisors L.L.C.	Established by Blackstone Hedge Fund Solutions Group to provide investment advisory services to open end mutual funds
Blackstone Treasury Solutions Advisors L.L.C.	Provides investment advisory services to funds invested primarily in diversified fixed income and hedge fund products.
Blackstone Strategic Capital Advisors, L.L.C.	Manages private funds engaged in acquisitions of minority interests in alternative asset managers

Commodity Trading Advisor & Commodity Pool Operator	
BAAM	Manages a series of private funds engaged in multi-manager investment programs (i.e., funds of hedge funds) (" <b>BAAM Funds</b> ")
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund "seeding" program
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 Alternative Investment Advisors L.L.C.	Established by Blackstone Hedge Fund Solutions Group to provide investment advisory services to open end mutual funds.
Commodity Pool Operator	
Blackstone Alternative Asset Management Associates L.L.C.	Serves as general partner of BAAM Funds which are structured as limited partnerships

## Item 11 – Code of Ethics

### A. Code of Ethics

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

The Code is distributed to each employee at the time of hire and annually thereafter, and it is available on the Registrant’s intranet or by request.

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.

The Registrant offers many different products and services across its many businesses and there are several potential conflicts of interest which may arise. Please see Item 10 – Other Financial Industry Activities & Affiliations for a list of investment related potential conflicts.

The Registrant’s related persons may from time to time have bought or sold, or may subsequently buy or sell, for their personal accounts, securities which may also be purchased or sold for the account of our Funds. 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.



The Registrant's Code is available for review upon request. You may request a copy of the Code by contacting the Registrant's Chief Compliance Officer, Peter Song, at +1 (212) 482-8936.

## Item 12 – Brokerage Practices

### Best Execution

Although the Registrant typically does not utilize broker-dealers to effect transactions relating to the Funds' secondary investment program, the Funds may from time to time receive shares of certain underlying portfolio entities as part of a general distribution in kind from an Underlying Fund. Subject to each Fund's governing documents, 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 Funds and negotiate the commission cost to be paid. Such transactions for Funds 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 Funds' securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Funds, 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 Funds. 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").

### Principal Trading

The Registrant does not engage in principal trading (i.e., trading for the Registrant's proprietary accounts).

#### Cross Transactions – Agency Cross Transactions

The Registrant may from time to time cause the Funds to enter into agency cross transactions to the extent permitted by applicable law (including, without limitation, the Advisers Act) and the governing agreements of the Funds. Agency cross transactions may be deemed to occur, for example, in certain instances where an affiliate of the Registrant acts as a broker for both the Fund and the party on the other side of the transaction. In addition, the Funds may engage in cross transactions to the extent permitted by applicable law (including, without limitation, the Advisers Act) and the governing agreements of the Funds. In the event of any such cross transactions or agency cross transactions, the Registrant will comply with detailed procedures as described further in Item 11 – Code of Ethics.

#### Allocation and Aggregation Procedures

The Registrant is committed to making secondary investments in a manner that is consistent with the investment objectives of each of the Funds.

While it is intended that the Funds will be the primary vehicles managed by Blackstone for secondary investments in mature private equity funds meeting the Funds' investment criteria, there is no requirement that affiliates of the Registrant offer opportunities to make secondary investments exclusively to the Funds (as more fully described in the governing agreements of the 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 Funds, which may impact the available investment opportunities for the Funds.

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

#### Trade Errors

Trade errors are evaluated on a case-by-case basis. If the Registrant determines that the Registrant's gross negligence, willful misconduct or fraud was the direct cause of a trade error, the Registrant generally will compensate the Funds 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, 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 making the third party compensate the Funds, 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 such Funds
- 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 traders and 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 annually. 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 and/or performance fee paid to the Registrant (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.

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. In these cases, BAP’s client typically would require Blackstone to act only on BAP’s client’s behalf, thus preventing the Funds 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. 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. BAP also may serve as advisor to creditor or equity committees. Such engagements may prevent the Funds from participating in such restructuring or holding a position in the debtor or may force the Funds to dispose of such position. These restrictions would not apply to Underlying Funds. BAP may be engaged to render advisory services to Underlying Funds and to creditor committees and groups that include Underlying Funds. None of the fees earned by BAP in such circumstances are to the benefit of the Registrant or the Funds.

BAP, Park Hill Group LLC and Park Hill Real Estate Group LLC are registered broker dealers. They do not make markets in any securities and generally do not hold proprietary positions in securities or other investments. BAP recently began engaging in underwriting activities, which to date have been limited to underwriting of debt and equity securities by Blackstone private equity portfolio companies. Park Hill Group LLC and Park Hill Real Estate Group LLC do not engage in any underwriting activities, but they do serve as placement agents for private equity, real estate and hedge fund businesses (see **Item 11 – Code of Ethics** for a further discussion).

## Item 15 – Custody

In connection with the management of investments for certain Funds, the Registrant may have, or may be deemed to have, custody of certain funds or securities of its Funds. Rule 206(4)-2 (the “**Custody Rule**”) of the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client’s accounts or ownership of or access to client funds or securities (such as through fee deductions).

In accordance with the Custody Rule, for any Funds for which the Registrant has custody or is deemed to have custody of the Funds’ assets, such Funds are subject to an annual audit and the audited financial statements are distributed to each investor in such Funds within 150 days of the Funds’ respective fiscal year ends.

Information on a Fund’s qualified custodian, if any, including such qualified custodian’s name, address and the manner in which the Fund’s assets are maintained, may be provided in the relevant organizational and/or offering documents of such Fund. The Registrant will promptly notify investors of any changes to the qualified custodian.

## Item 16 – Investment Discretion

The Registrant generally acts as an investment advisor in 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 Fund documents or investment management agreement.

Please refer to Item 12 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 the Registrant votes proxies in the best interest of the Funds and addresses how it will resolve any conflict of interest that may arise when voting proxies.

## Item 18 – Financial Information

The Registrant is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its Funds.