

Blackstone Strategic Alliance Advisors L.L.C.

Form ADV Part 2A

September 13, 2018

Blackstone

Blackstone Strategic Alliance Advisors L.L.C.

Item 1 – Cover Page

Blackstone Strategic Alliance Advisors L.L.C.

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September 13, 2018

Form ADV Part 2A (the “Disclosure Brochure” or “Brochure”) required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), provides information about the qualifications and business practices of Blackstone Strategic Alliance Advisors L.L.C. (“BSAA”).

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

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

BSAA is registered with the SEC as an investment adviser. BSAA’s registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, serve as information for you to use to evaluate BSAA and should be considered in your decision whether to hire BSAA (*i.e.*, by investing in a fund managed by BSAA) or to remain invested in a fund managed by BSAA.

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Item 2 – Material Changes

There is no material change incorporated herein since BSAA's last posting of this document on March 28, 2018 on the SEC's public disclosure website (IAPD) www.adviserinfo.sec.gov.

BSAA, at any time, may update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).

If you would like another copy of this Brochure, please download it from the SEC website as indicated above or contact BSAA's Head of Global Client Operations and Reporting, Peter Rand, at (212) 583-5071 or BAAMClientService@blackstone.com

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Item 3.1 – Defined Terms

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

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

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

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

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

BAAM Funds: A series of private investment funds and Registered Funds sponsored and managed by BAAM that predominantly engages in multi-manager investment programs. Many BAAM Funds are commonly referred to in the industry as funds of hedge funds or FoHFs.

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

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

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

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

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

BSAA: Blackstone Strategic Alliance Advisors L.L.C., the registrant.

BSAA Funds or Strategic Alliance Funds: A series of private investment funds managed by BSAA, which are primarily engaged in providing “seed capital” to hedge fund managers.

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

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

BSCA Funds: A series of private investment funds managed by BSAA’s affiliate, BSCA, which are primarily engaged in acquisitions of minority equity interests in alternative asset managers.

Clients: Each of BSAA’s clients, which include the BSAA Funds.

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

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Item 3.1 – Defined Terms

Co-Investments: Investments made by a BSAA Fund alongside an Underlying Investment Vehicle in specific investment opportunities that may be offered to the BSAA Fund by an Underlying Manager from time to time, which investments are incremental to the BSAA Fund's investment in the Underlying Investment Vehicles and are effectuated outside of such vehicles.

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

Hedge Fund Solutions Group or HFS: The division of Blackstone which includes BAAM, BSAA, BAS, BAIA, and BSCA, each a registered investment adviser.

High Water Mark: A "loss carryforward" provision which provides that no performance-based fee will be charged to a Client until the Client's capital account has recovered any loss attributable to a reduction in net asset value allocated to such account during prior performance periods.

Investor: An investor in a BSAA Fund.

Manager Buyout Interests: The BSAA Funds' contractual entitlement to participate in proceeds from the buyout, sale or other realization or monetization of the value of the Manager Profit Interests.

Manager Profit Interests: The BSAA Funds' contractual entitlement to participate in its negotiated percentage of an Underlying Manager's asset-based fees and performance / incentive fees and allocations.

Manager Revenues: Manager Buyout Interests and Manager Profits Interests.

Other Blackstone Advisers: Investment advisory affiliates of BSAA within Blackstone.

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

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

Strategic Capital Manager: An unaffiliated alternative asset management firm in which the BSCA Funds have acquired a minority equity (or similar) interest in the management company or the general partner.

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

Underlying Managers or SAF Managers: The hedge fund managers of the Underlying Investment Vehicles in which the BSAA Funds allocate capital.

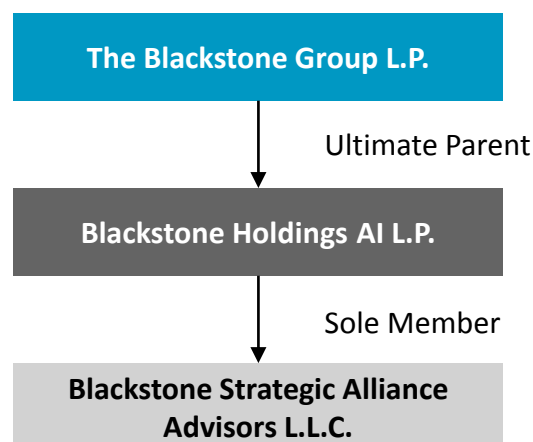
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Item 4 – Advisory Business

Overview of the Firm

BSAA, a Delaware limited liability company, primarily provides investment advisory services to private investment funds (collectively, the “BSAA Funds”) for the purpose of providing seed capital to SAF Managers and their Underlying Investment Vehicles. The BSAA Funds are commonly referred to in the industry as funds of hedge funds. BSAA is an affiliate of Blackstone Alternative Asset Management L.P. (“BAAM”), a leading hedge fund solutions provider which, together with its affiliates in the Blackstone Hedge Fund Solutions Group (“HFS”), manages or advises approximately \$75 billion as of December 31, 2017. Please note that this is an unaudited estimate and excludes any amounts attributable to non-discretionary advisory clients. BSAA derives significant benefits from the experience of BAAM in the investment, operational, legal, structuring and compliance aspects of hedge funds.

BSAA was founded in 2007 as part of The Blackstone Group L.P. (NYSE: BX) (“Blackstone”), which is the ultimate parent of BSAA and BAAM. Blackstone is a leading alternative investment manager with investment programs and services concentrating in the private equity, real estate and debt / credit and secondaries business, as well as the hedge fund solutions business. Subject to HFS information walls, BSAA shares employees and facilities with BAAM, Blackstone Alternative Solutions L.L.C. (“BAS”), Blackstone Strategic Capital Advisors L.L.C. (“BSCA”), and Blackstone Alternative Investment Advisors LLC (“BAIA”), each a registered investment adviser. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for more information.



BSAA’s assets under management (“AUM”) were \$2.7 billion as of December 31, 2017. This includes committed capital that has not been drawn. Please note that this is an unaudited estimate.

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Item 4 – Advisory Business

Overview of Advisory Services

As investment adviser to the BSAA Funds, BSAA:

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

The BSAA Funds' strategy is to provide capital to SAF Managers and their Underlying Investment Vehicles. The SAF Managers pursue a wide variety of investment strategies and invest or trade in a wide variety of securities and other instruments, including, but not limited to, equities and fixed income securities, currencies, commodities, futures contracts, options and other derivative instruments, all of which may be listed or unlisted, rated or unrated, distressed or publicly or privately issued. From time to time, BSAA Funds also invest in separate managed accounts with SAF Managers.

BSAA typically negotiates on behalf of the BSAA Funds for a contractual right to receive a percentage of the Underlying Managers' asset-based fees and payments and performance / incentive fees and / or allocations (collectively, the "Manager Profit Interests"). BSAA also typically negotiates for the BSAA Funds to participate in the buyout, sale or other realization of the value of the Manager Profit Interests (collectively, the "Manager Buyout Interests" and with the Manager Profits Interests, the "Manager Revenues"). Investors in the BSAA Funds also participate in any profit or loss associated with the investment that the BSAA Funds make in the Underlying Investment Vehicles.

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Item 4 – Advisory Business

BSAA Fund Typical Investment in an Underlying Manager



Standard Investment in an Underlying Manager



The BSAA Funds also will be authorized to (i) provide working capital to the Underlying Managers by, among other things, providing a prepayment of asset-based fees associated with their investment in the Underlying Investment Vehicles, or making loans (*e.g.*, by deferring their right to receive revenues in respect of the Manager Profits Interests) to, the Underlying Managers, and (ii) make selected co-investments alongside Underlying Managers in specific, one-off opportunities within an Underlying Manager’s focus area and strategy (“Co-Investments”).

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Item 5 – Fees and Compensation

Asset-Based Advisory Fees

In general, BSAA charges an annual asset-based advisory fee to the BSAA Funds of up to 1.25% of the net asset value of each investor's capital account ("NAV"), which fees scale-down to as low as 0.8% of NAV based on the amount of capital committed to the BSAA Funds by an investor. Fees are charged only on NAV, as opposed to committed capital. Generally, employees, retired partners, and certain former employees of Blackstone are not subject to such asset-based advisory fees. Such fees are described in further detail in the Client Constituent Documents.

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

Performance-Based Fees

Please see **Item 6 – Performance-Based Fees** for a description of performance-based fees.

Fee Negotiations

Fees generally are non-negotiable, except in the case of affiliates and certain strategic / significant relationships.

Payment of Asset-Based Advisory Fees

Fees are paid to BSAA in accordance with the Client Constituent Documents. In general, asset-based advisory fees accrue on a monthly basis and are paid on a quarterly basis in advance on the first day of each fiscal quarter.

Investors in a BSAA Fund are allocated (and bear indirectly) their pro rata share of asset-based advisory fees for the time period they are invested in the BSAA Fund. If an Investor receives a distribution prior to the end of a fiscal quarter, a pro rata portion of the asset-based advisory fee (based on the number of days remaining in the fiscal quarter) will be refunded to the Investor. Fees are deducted from an Investor's capital invested in a BSAA Fund (*i.e.*, such fees are deducted from such Investor's capital account) on the first day of each fiscal quarter (*i.e.*, January 1, April 1, July 1, and October 1).

Additional Fees and Expenses:

BSAA's advisory fees are not inclusive of all the fees BSAA Funds will pay. The following is a list of fees and expenses that BSAA Funds pay directly to third parties. This list is not intended to be exhaustive as the relevant Client Constituent Documents provide further detail relating to fees and expenses.

► Fund Expenses

- Cost and expenses incurred in connection with the evaluation, negotiation, acquisition, monitoring or disposition of investments, Manager Profit Interests and Manager Buyout Interests, whether or not consummated, including, without limitation:
 - Loan fees

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Item 5 – Fees and Compensation

- Private placement fees
 - Sales commissions
 - Appraisal fees
 - Taxes
 - Brokerage fees
 - Research fees
 - Interest
 - Commitment fees
 - Transfer taxes
 - Premiums
 - Legal
 - Accounting
 - Investment banking
 - Consulting
 - Information services
 - Professional fees
 - Reimbursements to SAF Managers and / or their principals for certain expenses deemed advisable by the general partner
 - Travel, communications, and all other expenses related to the discovery, investigation, development, monitoring, making and disposition of investments, Manager Profit Interests and Manager Buyout Interests
- ▶ Costs and expenses incurred in connection with the carrying or management of investments, Manager Profit Interests and Manager Buyout Interests, including:
 - Computer and reporting systems
 - Interest and related expenses
 - Custodial, trustee, record keeping and other administrative fees and expenses
 - ▶ Costs and expenses incurred in connection with the incurrence of indebtedness
 - ▶ Costs and expenses incurred in connection with the preparation of the BSAA Funds' financial statements, reports, tax returns and K-1's (or similar schedules) or other reports of the BSAA Funds and any meetings with partners
 - ▶ Fees and disbursements of attorneys, accountants, and other professional advisors relating to BSAA Funds' matters
 - ▶ Taxes and other governmental charges that may be incurred or payable by the BSAA Funds

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Item 5 – Fees and Compensation

- ▶ Insurance premiums or expenses in connection with the activities of the BSAA Funds,
- ▶ Costs and expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities, business, operations, and holdings of the BSAA Funds, including, without limitation, expenses relating to:
 - The preparation and filing of SEC's Form PF
 - Reports to be filed with the U.S. Commodity Futures Trading Commissions
 - Reports, disclosures, filings and notifications prepared in accordance with the Alternative Investment Fund Managers Directive
 - Other regulatory filings of BSAA and its affiliates (excluding any expenses related to the preparation and filing the SEC's Form ADV)
- ▶ Expenses related to complying with FATCA, any regulations or other guidance issued thereunder (including any intergovernmental agreement) and any similar non-U.S. Legislation, or any agreement that the BSAA Funds enter into with respect to the foregoing
- ▶ Costs and expenses (including legal fees and expenses) incurred in connection with the BSAA Funds documents or similar written agreements or arrangements and any other related documentation
- ▶ Costs and expenses incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the BSAA Funds, including the amount of any judgments, settlements or fines paid in connection therewith
- ▶ Any legal, accounting and auditing expenses incurred in preparing, printing and delivering all reports
- ▶ Costs and expenses incurred in connection with any restructuring or amendments to the Client Constituent Documents of the BSAA Funds and related entities
- ▶ Costs and expenses incurred in connection with the dissolution, winding up or termination of the BSAA Funds
- ▶ Costs and expenses incurred in connection with computing the value of the assets of the BSAA Funds
- ▶ Costs and expenses incurred in connection with any meeting of the partners relating to the BSAA Funds
- ▶ Expenses related to the BSAA Funds' indemnification obligations
- ▶ Administration fees payable to an administrator of the BSAA Funds and related costs and expenses
- ▶ Management fees
- ▶ Any reserves for any of the foregoing expenses

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Item 5 – Fees and Compensation

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

BSAA employees do not receive compensation from the purchase or sale of securities or investments for BSAA Funds. BSAA is a “fee only” investment adviser and, except as described below, BSAA does not have any potential conflicts of interest relating to any additional, undisclosed compensation.

In the future, Arcesium LLC (“Arcesium”) may provide certain middle- and back-office services and technology to one or more Underlying Managers. Arcesium provides services to affiliates of BAAM and funds managed by the Hedge Fund Solutions Group (the “HFS Arcesium Clients”). BAAM holds a non-controlling, minority equity interest in Arcesium and the HFS Chief Operating Officer serves on the board of Arcesium. The services and technology provided by Arcesium support various post-trade activities, including trade capture, cash and position reconciliations, asset servicing, margin and collateral monitoring, pricing-related services, portfolio data warehousing, and other services and technology. BAAM may recommend Arcesium's services to the Underlying Managers. BAAM will not require any Underlying Manager to hire Arcesium as a condition to investing in such vehicles.

In return for such services, Arcesium typically receives a one-time upfront implementation fee, an annual software fee (based on complexity and net asset value), and an annual operations services fee (also based on net asset value) (such fees, in the aggregate, the “Arcesium Fees”). Arcesium Fees paid by the Underlying Managers would be expected to be consistent with those charged to other Arcesium clients. Additional information regarding the Arcesium Fees is available from BSAA upon request.

In connection with BAAM's minority equity ownership interest in Arcesium, BAAM is expected to receive cash distributions from Arcesium from time to time. Subject to applicable law (including ERISA), such cash distributions are expected to be used to reimburse BAAM for the operating expenses of Arcesium which BAAM has previously paid. Following such expected reimbursement, any further cash distributions received by BAAM from Arcesium will be applied to reimburse the Arcesium Fees paid by funds managed by the HFS Arcesium Clients. It is not expected that any of the BSAA Funds will retain Arcesium and pay the Arcesium Fees and, therefore, it is not expected that any of the BSAA Funds will receive any portion of such reimbursement. In the event that cash distributions received by BAAM from Arcesium exceed the Arcesium Fees paid by the HFS Arcesium Clients, any excess amounts are expected to be retained by BAAM. In the event that Arcesium is sold to a third-party, there is no guarantee that BAAM will continue to receive such cash distributions and that the HFS Arcesium Clients will be reimbursed for any portion of the Arcesium Fees paid by them.

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Item 6 – Performance-Based Fees

In addition to the asset-based advisory fees disclosed in **Item 5 – Fees and Compensation** above, BSAA Funds also pay (a) a performance fee up to 10% of the increase in net asset value of the investment in Underlying Managers and Co-Investments, subject to a loss carryforward provision (which fee may scale-down to as low as 8% based on the amount of capital committed to the BSAA Funds by an underlying investor) and (b) up to 20% of the proceeds with respect to Manager Profit Interests and Manager Buyout Interests (which fee scales-down to as low as 16% based on the amount of capital committed to the BSAA Funds by an underlying investor), subject to a High Water Mark.

Since Underlying Managers are compensated based on the performance of their investment(s), a particular Underlying Manager will typically receive a performance allocation in respect of its positive investment performance even during a period when the BSAA Funds experience a loss.

Investors in a BSAA Fund are allocated their pro rata share of performance-based fees for the time period they are invested in the BSAA Fund. These fee arrangements are described in greater detail in the relevant Client Constituent Documents.

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

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

Please note the existence of a performance-based fee may incentivize BSAA to manage Investors' assets in a manner that may give rise to a greater risk of loss of invested capital than if there was no performance-based fee.

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Item 7 –Types of Clients

BSAA's clients consist of the BSAA Funds. Investors in BSAA Funds are based in the U.S. and outside of the U.S. and may consist of:

- ▶ Banks and other financial institutions
- ▶ Insurance companies
- ▶ Investment companies
- ▶ Public and private retirement and pension plans
- ▶ Public and private profit sharing plans
- ▶ Trusts and estates
- ▶ Charitable organizations
- ▶ State and municipal government agencies
- ▶ Sovereign wealth funds
- ▶ Hedge funds
- ▶ High net worth individuals
- ▶ Corporations
- ▶ Business entities other than those listed above
- ▶ Certain Blackstone employees

All Investors are subject to applicable suitability and eligibility requirements.

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

Analysis

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

- ▶ Investment performance
- ▶ Risk management techniques
- ▶ Levels of volatility
- ▶ Liquidity
- ▶ Investment philosophies
- ▶ Factors relating to management and investment professionals such as experience and commitment

Since the Underlying Managers typically are start-up businesses, BSAA's analysis will depend in part on the performance and reputation of the principals of the Underlying Manager with prior employers. The Underlying Managers retain the autonomy to make investment decisions on behalf of the Underlying Investment Vehicles and BSAA does not have the contractual authority to manage or influence the investment activities of the Underlying Managers.

Investment Strategies

BSAA intends to allocate its assets to Underlying Investment Vehicles that invest in a wide variety of investment strategies and instruments. Furthermore, BSAA intends to take advantage of investment opportunities across asset classes and sectors. BSAA's primary goal is to identify the right talent pool of Underlying Managers without specific diversification requirements or limitations. As such, there is concentration risk, as further described in the Client Constituent Documents.

Risk of Loss

General Economic and Market Conditions: The potential returns generated by BSAA Funds' and the Underlying Manager's will be affected by general economic and market conditions, such as:

- ▶ Interest rates
- ▶ Availability of credit
- ▶ Credit defaults
- ▶ Inflation rates
- ▶ Economic uncertainty
- ▶ Changes in laws (including laws relating to taxation of the Underlying Managers' investments)
- ▶ Trade barriers

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

- ▶ Currency exchange controls
- ▶ National and international political circumstances (including wars, terrorist acts or security operations)
- ▶ Growth of gross domestic product
- ▶ Rate of inflation
- ▶ Currency depreciation
- ▶ Asset reinvestment
- ▶ Resource self-sufficiency
- ▶ Balance of payments position

Investment and Trading Risk: All investments made by the BSAA Funds risk the loss of capital (*i.e.*, invested amount). Underlying Managers utilize investment techniques such as margin transactions, short sales, option transactions, forward and futures contracts, and other derivatives trading, which practices, in certain circumstances, will increase the risk of losses. No guarantee or representation is made that BSAA's or any Underlying Manager's investment program will be successful, and investment results may vary substantially over time. Investors are subject to the risk of substantial losses.

Risks Primarily Associated with BSAA and the Operation of the BSAA Funds

- ▶ Accounting for uncertainty in income taxes
- ▶ Borrowing by the BSAA Funds; investments may be leveraged
- ▶ Compulsory withdrawal
- ▶ Decision making authority
- ▶ Dependence on BSAA and the Underlying Managers
- ▶ Direct investments by the BSAA Funds
- ▶ Duplicative payments and expenses
- ▶ Forward-looking statements
- ▶ Expenses relating to withdrawal
- ▶ Business and regulatory risks of being part of a larger firm
- ▶ Limited liquidity; Liquidity and information rights
- ▶ Liquidity mismatch
- ▶ Distributions in kind; Liquidating SPVs
- ▶ Difficulty locating suitable investments
- ▶ Possession of non-public information by Blackstone businesses
- ▶ Lack of transferability of interests / shares in BSAA Funds

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

- ▶ Indemnification and exculpation
- ▶ Special investments
- ▶ Controlling positions and non-controlling interests
- ▶ Failure to fund capital commitments; Consequences of default
- ▶ Investments longer than term
- ▶ Distributions
- ▶ Limitations of limited liability of limited partners
- ▶ Relation to other investment results
- ▶ Voting
- ▶ Electronic delivery of certain documents
- ▶ Cyber security breaches and identity theft
- ▶ Non-voting securities, Investment Company Act restrictions
- ▶ Non-U.S. tax considerations
- ▶ Misconduct of employees and third-party service providers
- ▶ Change in tax law
- ▶ IRS challenge
- ▶ Rule 5130
- ▶ Rule 5131
- ▶ Delayed Schedules K-1
- ▶ New Issues

Risks Primarily Arising from Investment Activities of the Underlying Managers

- ▶ Concentration of Underlying Investment Vehicles' portfolios
- ▶ Currency trading
- ▶ Forward trading
- ▶ Options trading
- ▶ Swap agreements and other derivative instruments
- ▶ Hedging transactions
- ▶ Highly volatile markets
- ▶ Interest rate risk
- ▶ Investments are leveraged

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

- ▶ Lower-rated securities
- ▶ Non-U.S. securities
- ▶ Reliance on Underlying Managers for portfolio valuation
- ▶ Proprietary investment strategies
- ▶ Short selling
- ▶ Significant positions
- ▶ Systemic risk
- ▶ Tax considerations
- ▶ Trading in securities and other investments that may be illiquid
- ▶ Turnover
- ▶ U.S. Government securities
- ▶ Relative value and arbitrage transactions
- ▶ Commodities
- ▶ Distressed equity and related securities
- ▶ Emerging market investments
- ▶ Event driven investment and merger arbitrage
- ▶ Relative value and arbitrage
- ▶ Regulatory changes
- ▶ Delayed Schedules K-1
- ▶ Non-Voting securities; Investment Company Act
- ▶ Lack of availability of credit and financing
- ▶ Certain exotic strategies pursued by Fund Managers
- ▶ Synthetic investment strategies
- ▶ Stock index options
- ▶ Custodial risk
- ▶ Failure of futures commission merchants
- ▶ Suspensions of trading
- ▶ Risk of counterparty default
- ▶ Opportunistic / Macro investing
- ▶ Risks associated with bankruptcy cases

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

- ▶ Lower credit quality loans
- ▶ Energy investments
- ▶ Activist strategy
- ▶ Investments in real estate
- ▶ Private investments in public entities trade claims

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

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Item 9 – Disciplinary Information

BSAA is obligated to disclose any legal or disciplinary event that would be material to you when evaluating a client / adviser relationship. On occasion, in the ordinary course of its business, Blackstone is named as a defendant in proceedings that could result in findings, settlements, charges or various forms of sanctions against Blackstone and / or one of its affiliates, including BSAA. There have been no material regulatory findings against BSAA in the past. As of the date of this Brochure, there are no regulatory proceedings pending against BSAA and BSAA does not believe that any current litigation to which Blackstone or any of its affiliates is a party will have a material adverse effect on BSAA and / or the BSAA Funds or should be material when evaluating your client / adviser relationship with us.

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Item 10 – Other Financial Industry Activities and Affiliations

BSAA is an affiliate of the following entities:

Broker-Dealer Entities

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

Investment Advisor Entities

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 Strategic Alliance Advisors L.L.C.

Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
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 Capital Advisors L.L.C.	Manages private funds engaged in acquisitions of minority interests in alternative asset managers

Blackstone Strategic Alliance Advisors L.L.C.

Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
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
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

Blackstone Strategic Alliance Advisors L.L.C.

Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
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 International LLP	Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
GSO Capital Partners LP	Provides investment advisory services to a number of debt-focused private investment funds and closed-end funds
GSO/Blackstone 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
Newstar Capital LLC	Provides investment advisory services to a number of CLO's, private investment funds and separately managed accounts specializing in liquid credit
Newstar Commercial Loan Originator II LLC	Provides investment advisory services to CLO's specializing in middle market credit
Newstar Financial, Inc	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
Blackstone Singapore Pte Ltd	Singapore investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group (Australia) Pty Limited	Australian investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group (HK) Limited	Hong Kong investment advisory firm, which serves as a sub-advisor to the registrant

Blackstone Strategic Alliance Advisors L.L.C.

Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
The Blackstone Group International Partners LLP	U.K. investment advisory firm, which serves as a sub-advisor to the registrant
The Blackstone Group Japan K.K.	Japanese investment advisory firm, which serves as a sub-advisor to the registrant
Registered or Exempt Commodity Trading Advisor and / or Commodity Pool Operator Entities	
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.e., 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
First Eagle Investment Management, LLC (CTA/CPO)	Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals
Incenter Capital Management LLC (CTA)	Provides investment advisory services to mortgage related asset private funds and managed accounts
Insurance Entities	
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
Lexington National Land Services	Places title insurance and provide title services for real property owned by various funds and / or their portfolio entities

Blackstone Strategic Alliance Advisors L.L.C.

Item 10 – Other Financial Industry Activities and Affiliations

Insurance Entities

Rothesay Life Plc	Life insurer specializing in bulk annuities and other de-risking solutions for defined benefit pension schemes and insurance companies
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Note: Other entities within the Hedge Fund Solutions Group, which serve as general partners of funds managed by BSAA affiliates (and are listed in BSAA's ADV Part 1, Schedule D Section 7A), may be deemed to be investment advisors but are not required to be registered as such. BSAA also manages a number of private investments vehicles, which are listed in BSAA's ADV Part 1, Schedule D Section 7B(1).

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

Blackstone Advisory Partners L.P. ("BAP") is a registered broker dealer and an affiliate of BSAA. BAP does not make markets in any securities and generally does not hold proprietary positions in securities or other investments. BAP engages in underwriting activities, which generally involve underwriting of debt and equity securities by Blackstone private equity portfolio companies.

On October 1, 2015, Blackstone spun off the financial and strategic advisory and restructuring and reorganization advisory divisions of BAP, as well as its Park Hill Group fund placement business, and combined these businesses with PJT Partners, an independent financial advisory firm founded by Paul J. Taubman ("PJTP"). While PJTP operates independently from Blackstone and is not an affiliate thereof there is substantial ownership overlap between Blackstone and PJTP and conflicts may arise in connection with transactions with BSAA Funds on one side and PJTP on the other. Such overlapping ownership, as well as the relationship between Blackstone and its former personnel involved in PJTP, may influence Blackstone in deciding to select or recommend PJTP to perform services for Blackstone-managed funds (or a portfolio company).

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

Potential Conflicts of Interest specific to Patria Investments S.A.

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

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

Blackstone Strategic Alliance Advisors L.L.C.

Item 11 – Code of Ethics

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

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

The Code includes (among other things):

- ▶ Requirements related to confidentiality
- ▶ Limitations on, and reporting of, gifts and entertainment
- ▶ Pre-clearance of political contributions
- ▶ Pre-clearance and reporting of employee personal securities transactions
- ▶ Pre-clearance of outside business activities
- ▶ Protection of persons who engage in “whistle blowing” activities from retaliation

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

Potential Conflicts of Interest

Blackstone offers many different products and services and there are several potential conflicts of interest which may arise, including, but not limited to, those identified in **Item 10 – Other Financial Industry Activities and Affiliates** and below. BSAA has adopted, and continues to adopt, policies and procedures to address such potential conflicts of interest.

Blackstone Strategic Alliance Advisors L.L.C.

Item 11 – Code of Ethics

Investment Related Potential Conflicts

Potential Conflict	Mitigating Policy
<p>Blackstone Alternative Asset Management L.P. (“BAAM”), an affiliate of BSAA, manages a series of funds that predominantly engage in multi-manager investment programs (the “BAAM Funds”). From time to time, BAAM Funds invest in funds managed by the BSAA Funds’ Underlying Managers. An investment by a BAAM Fund in an Underlying Investment Vehicle generally would benefit the BSAA Fund and a withdrawal by a BAAM Fund from such Underlying Investment Vehicle would be detrimental to the BSAA Fund. In addition, the BAAM Fund may seek to negotiate preferential terms and conditions from the Underlying Manager, which terms and conditions may be subject to BSAA’s approval and may trigger certain “most favored nation” rights for the BSAA Funds.</p> <p>There is significant overlap between the BSAA Investment Committee and BAAM Investment Committee.</p>	<p>Generally, BAAM Funds only will invest in Underlying Investment Vehicles after a seasoning period (generally around six months after the BSAA Funds’ initial investment). This seasoning period does not apply to Co-Investments.</p> <p>BSAA’s portion of the fees generated from a BAAM Fund’s investment in an Underlying Investment Vehicle or Co-Investment is rebated to such BAAM Fund. The BSAA Fund investors retain their portion of the fees.</p> <p>When BAAM Funds invest in / redeem out of an Underlying Investment Vehicle, designated senior management of BAAM and BSAA must sign an additional approval, supplementary to the usual BAAM Executive Committee and BAAM Investment Committee approvals.</p>
<p>BSAA’s affiliates make equity investments in, and enter into revenue sharing arrangements with, new or emerging hedge fund managers as well as established hedge fund managers. Revenues and profits generated from such investments and arrangements accrue only to such BSAA affiliates. As a result, BSAA and its affiliates could compete for investment opportunities.</p> <p>Blackstone Strategic Capital Advisors L.L.C. (“BSCA”), also an affiliate of BSAA, manages certain funds (the “BSCA Funds”) that make minority equity investments in established investment managers (the “Strategic Capital Managers”).</p>	<p>All BSAA investment decisions are approved by the BSAA Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>BSAA will not launch a new BSAA Fund until at least 75% of the capital committed by Investors to the current BSAA Fund (<i>i.e.</i>, BSAA Fund III) is drawn down.</p> <p>If a BSAA Fund were to invest in / redeem from a BSCA Manager, BAAM / BSAA Compliance and designated members of BSAA and BAAM senior management must sign a separate approval.</p>

Blackstone Strategic Alliance Advisors L.L.C.

Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
<p>Although unlikely, if the BSAA Funds invest in funds or accounts managed by a BSCA Manager, BSCA will receive a portion of the revenue in respect of such investment. As such, an investment by the BSAA Funds in funds or accounts managed by a BSCA Manager generally will benefit BSCA and a withdrawal / redemption generally will be detrimental to BSCA.</p> <p>There is significant overlap among the members of the BSAA investment committee and of the BAAM, BAS, BSCA and BAIA investment committees.</p>	
<p>BSAA's affiliates sponsor, manage or advise other investment funds with overlapping investment objectives with those of the BSAA Funds. Neither the BSAA Funds nor any of their Investors will have any rights of first refusal, co-investment or other economic rights in respect of the investments of such other Blackstone funds or investment vehicles.</p>	<p>BSAA will not launch a new BSAA Fund until at least 75% of the capital committed by Investors to the current BSAA Fund (<i>i.e.</i>, BSAA Fund III) is drawn down.</p> <p>Investors are notified of such potential for conflicts prior to the time of investment.</p>
<p>BSAA typically negotiates capacity in Underlying Investment Vehicles, which generally will be shared with Investors in the BSAA Funds. In addition, BSAA may negotiate capacity for its affiliates, including the BAAM Funds. The Investors and the BAAM Funds may absorb limited investment capacity that would otherwise be available to the BSAA Funds.</p>	<p>All investment decisions are approved by the BSAA Investment Committee (see Item 13 – Review of Accounts for further details).</p> <p>BSAA / BAAM maintain detailed policies and procedures relating to allocations. In addition, each limited capacity allocation decision is documented separately and reviewed by BAAM / BSAA Compliance to determine that such allocation follows relevant policies and procedures.</p>
<p>Investors may have opportunities to invest directly in the Underlying Investment Vehicles. Although such investment opportunities may be made available by</p>	<p>Investors are notified of such potential for conflicts.</p>

Blackstone Strategic Alliance Advisors L.L.C.

Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
<p>BSAA, BSAA may not provide complete information concerning any such investment opportunity, and will make no representation as to the completeness or accuracy of any information provided to Investors by the Underlying Managers. Further, due diligence information developed by BSAA may not be made available to Investors, and any decision to participate in a direct opportunity will be made independently by the Investors and not in reliance on any information provided by BSAA or its affiliates.</p> <p>Moreover, BSAA and its affiliates will have no liability or responsibility relating to the fairness or appropriateness of the terms relating to any direct investment in an Underlying Investment Vehicle (whether or not negotiated separately by the Investors with the Underlying Managers and whether or not different from the terms available to the BSAA Funds).</p>	
Investment opportunities that are appropriate for a BSAA Fund may also be appropriate for Other Blackstone Clients.	See Item 12 – Brokerage Practices – Investment Allocations.
BSAA and / or Blackstone potentially could choose not to allocate fund expenses to a client that has a more advantageous fee structure and instead allocate that portion of such expenses to other clients	HFS allocates expenses on a basis that it considers equitable and in accordance with its expense allocation policies and the Client Constituent Documents
Members of BSAA’s senior management may sit on the advisory committees or boards of Underlying Managers.	All investment decisions are approved by BSAA’s Investment Committee. (see Item 13 – Review of Accounts for further details).
Blackstone has entered, and it can be expected that Blackstone in the future will enter, into strategic relationships with investors that involve an overall relationship	BSAA Investors are notified of such potential conflicts.

Blackstone Strategic Alliance Advisors L.L.C.

Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
with Blackstone. A Blackstone strategic relationship often involves an investor agreeing to make a capital commitment to multiple Blackstone funds, which may include a BSAA Fund. The terms and conditions applicable to Blackstone strategic relationships typically would not apply to an investor's investment in the BSAA Funds.	

Non-Investment Related Potential Conflicts

Potential Conflict	Mitigating Policy
Blackstone employees invest for their own accounts in various investment opportunities, which may include investment vehicles in which the BSAA Funds and Investors have an interest.	<p>All Blackstone employees must pre-clear trades in all hedge funds and other securities (subject to a few limited exceptions) with Blackstone Compliance.</p> <p>All BSAA employees must pre-clear trades in all hedge funds and other securities (subject to a limited number of exceptions) with BAAM / BSAA Compliance and Blackstone Compliance.</p> <p>Upon hire and quarterly thereafter, all BSAA employees must report all hedge fund holdings. BSAA and BAAM employees generally are prohibited from investing with BSAA managers.</p> <p>All investment decisions are approved by the BSAA Investment Committee (see Item 13 – Review of Accounts for further details).</p>
From time to time, BSAA and / or Blackstone employees may speak at conferences and programs for potential hedge fund investors, which are sponsored by BSAA / Blackstone's third-party service providers. Through such "capital introduction" events, prospective hedge fund investors have the opportunity to meet with BSAA. Such events and other services (including, without limitation, capital introduction services) provided by	<p>All BSAA employees must pre-clear speaking at conferences and other programs with BAAM / BSAA Compliance.</p> <p>Materials provided by BSAA as part of such conferences and other programs must be approved by BAAM / BSAA Compliance.</p> <p>Neither BSAA nor the BSAA Funds compensates the service providers for organizing such events.</p>

Blackstone Strategic Alliance Advisors L.L.C.

Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
service providers, including prime brokers, custodians and administrators, may influence BSAA / Blackstone in deciding whether to use such service provider.	
Financial institutions, executives of public companies and other “value added investors” are investors in the BSAA Funds. These persons and their employees are a potential source of information and ideas that could benefit the BSAA Funds.	BSAA has detailed policies and procedures relating to the use of private information, information sharing and information walls in general. Additionally, BSAA Compliance provides a list of potential value added investors to HFS senior management on a quarterly basis.
BSAA and the existing BSAA Funds have entered into letter agreements or other similar agreements (commonly referred to as “side letters”) with certain BSAA Fund investors which provide such Investor(s) with additional and / or different rights than other investors in the relevant BSAA Fund (including, without limitation, with respect to rights relating to greater portfolio transparency, reduced fees, minimum investment amounts, reports and other information.	Generally, BSAA does not enter into agreements that grant preferential treatment to Investors in the same share class, if applicable, with respect to liquidity terms unless there is a specific regulatory requirement mandating such preferential treatment. Further details relating to such side letters are available upon request, subject to BSAA’s fiduciary and confidentiality obligations.
BSAA incurs common expenses on behalf of the BSAA Funds.	BSAA allocates such expenses on a basis that it considers fair and equitable and in accordance with its expense allocation policies and the Client Constituent Documents.

Fee Related Potential Conflicts

Potential Conflict	Mitigating Policy
Certain employees of BSAA and Blackstone are investors in the BSAA Funds. Typically, no advisory fees are charged to such Investors.	All investment decisions are approved by the BSAA Investment Committee (see Item 13 – Review of Accounts for further details). BSAA / BAAM maintain detailed policies and

Blackstone Strategic Alliance Advisors L.L.C.

Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
	procedures relating to allocations among the funds they manage. In addition, each limited capacity allocation decision is documented separately and reviewed by BAAM / BSAA Compliance and the BAAM Executive Committee to determine that such allocation follows relevant policies and procedures.

Blackstone Related Potential Conflicts

Potential Conflict	Mitigating Policy
<p>Because Blackstone has many different asset management businesses, it is subject to a number of actual and potential conflicts of interest, increased regulatory oversight, and additional legal and contractual restrictions than those to which it would otherwise be subject if it had only one line of business. Accordingly, BSAA faces certain restrictions in its investment activities. For example, BSAA generally will be restricted from investing in (i) Blackstone portfolio companies and (ii) issuers with respect to which any Hedge Fund Solutions Group investment adviser has received or is expected to receive material non-public information (together, the “Restricted Issuers”). These restrictions will not, however, apply to Underlying Managers and, other than with respect to the Restricted Issuers, BSAA generally will be permitted to invest in issuers in which funds managed by affiliates of BSAA have an interest.</p>	<p>Blackstone maintains information barriers that are designed to protect against the improper possession and / or use of material non-public information. Generally, no BSAA employee may contact an employee of another Blackstone group outside of the Hedge Funds Solutions Group, and vice versa, about a substantive business matter, without BSAA Compliance consent and, if appropriate, having BSAA Compliance chaperone such contact.</p> <p>Prior to receiving confidential information each Blackstone group typically seeks to limit the impact that such receipt may have on other Blackstone groups by, among other things, limiting the applicability of any confidentiality agreement to the particular Blackstone group(s) that receive the confidential information.</p> <p>BSAA and the BSAA Funds typically invest only in hedge funds and, as such, this conflict has limited relevance to BSAA.</p>
<p>From time to time, Blackstone may refer potential investors to BSAA and these investors may become investors in one of the BSAA Funds.</p>	<p>All investors are reviewed for suitability of investments and must satisfy the BSAA Funds’ investment minimums and any investor qualifications.</p>

Blackstone Strategic Alliance Advisors L.L.C.

Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
BSAA is an affiliate of The Blackstone Group L.P., which was listed on the New York Stock Exchange on June 21, 2007. Blackstone entities may have duties or incentives relating to the interests of the Blackstone unit holders that may differ from, and that could conflict with, the interests of the BSAA Funds and their investors, such as conflicts arising from the allocation of expenses, fee offsets and investment opportunities.	Blackstone, consistent with its fiduciary duties, will endeavor to resolve such conflicts in a manner it deems fair and equitable to the extent possible under the prevailing facts and circumstances.
Blackstone may hire or enter into a partnership or other arrangement with one or more investment professionals to form and manage pooled investment vehicles or separately managed accounts pursuing alternative investment strategies (“Blackstone Proprietary Funds”). Blackstone and its affiliates typically would receive a significant portion of the revenues attributable to these Blackstone Proprietary Funds. Such existing Blackstone Proprietary Funds and any Blackstone Proprietary Funds formed in the future may compete with the BSAA Managers and the BSAA Funds.	All investment decisions are approved by the BSAA Investment Committee (see Item 13 – Review of Accounts for further details). Blackstone maintains detailed policies and procedures relating to information sharing among different Blackstone business groups and information walls in general.
Blackstone has implemented certain policies and procedures and information barriers that may reduce the positive synergies that the BSAA Funds could otherwise utilize for purposes of identifying attractive investments.	See Item 12 – Brokerage Practices – Blackstone-wide Policies, Procedures and Guidelines.

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

Blackstone Strategic Alliance Advisors L.L.C.

Item 12 – Brokerage Practices

General Considerations

It is not anticipated that BSAA will effectuate brokerage transactions on behalf of the BSAA Funds although it has the authority to do so. There are no limitations as to which broker-dealers are used or as to the commission rates or similar charges paid.

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

Research and Other Soft Dollar Benefits

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

BSAA does not utilize “soft dollars” (*i.e.*, non-cash consideration is exchanged for services) to pay for third-party brokerage services. Certain Underlying Managers use “soft dollars” (both within, and potentially outside of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended) to obtain both research and non-research products and services.

Brokerage for Client Referrals

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

Block Trading Procedures

In the event that futures, securities, forward, options, or spot currency transactions are traded for multiple BSAA Funds, typically trade orders would be aggregated for execution and allocated pro rata. No such trading is expected to occur. In the unlikely instance where BSAA believes that the aggregation of trades for multiple BSAA Funds would cause the BSAA Funds’ cost of execution to increase, BSAA will not aggregate such trades.

Blackstone Strategic Alliance Advisors L.L.C.

Item 12 – Brokerage Practices

Principal Trading

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

Cross Transactions – Agency Cross Transactions

As it has no affiliated broker-dealer engaged in the trading of securities, BSAA does not engage in agency cross transactions and is not expected to engage in cross transactions.

Investment Allocations

Allocations between parallel domestic and offshore funds (*e.g.*, Blackstone Strategic Alliance Fund III L.P. and Blackstone Strategic Alliance Offshore Fund III Ltd.) are made pro rata based on committed capital. Allocations between different series of BSAA Funds generally are not an issue since (i) BSAA will not form or serve as investment adviser to or general partner of any investment fund with an investment strategy substantially similar to that of the current BSAA Funds until at least 75% of such BSAA Funds' committed capital is drawn down, and (ii) no investments will be made for future BSAA Funds until the current BSAA Funds are past their investment period.

Certain investment opportunities may be appropriate for a BSAA Fund and one or more other entities and accounts managed by affiliates of BSAA within Blackstone (together, the "Other Blackstone Advisers and such entities and accounts, the "Other Blackstone Clients"). BSAA and the Other Blackstone Advisers will determine allocations of such investment opportunities as among the BSAA Fund and the Other Blackstone Clients in their sole discretion in accordance with their written allocation policies and procedures, taking into account various investment criteria, such as the expected performance of the investment, availability of cash, liquidity needs, investment objectives, risk parameters, general capacity, tax efficiency, investment limits, diversification guidelines, operational factors and legal and regulatory factors.

BSAA and the Other Blackstone Advisers are subject to actual and potential conflicts of interest in allocating investment opportunities among a BSAA Fund and Other Blackstone Clients. For example, the BSAA Funds and the Other Blackstone Clients may have different management and / or incentive fee structures. As part of the investment allocation process, BSAA and the Other Blackstone Advisers potentially could allocate a limited investment opportunity to a client that has a more favorable fee structure.

Blackstone-wide Policies, Procedures and Guidelines

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

Blackstone Strategic Alliance Advisors L.L.C.

Item 12 – Brokerage Practices

Accordingly, certain information or investment opportunities which could be of benefit to the BSAA Funds might become restricted or otherwise unavailable to the BSAA Funds due to the activities of Blackstone's other asset management businesses. For example, BSAA generally will be restricted from investing in (i) Blackstone portfolio companies and (ii) issuers with respect to which any investment advisor in the Blackstone Hedge Fund Solutions group has received material non-public information (the "Restricted Issuers"). These restrictions generally will not, however, apply to Underlying Managers and, other than with respect to the Restricted Issuers, BSAA generally will be permitted to invest in issuers in which Other Blackstone Clients have an interest.

BSAA could be forced to sell or hold existing investments, or be precluded from making new investments, as a result of a relationship that Blackstone may have or investments Blackstone and its affiliates (including, without limitation, Other Blackstone Clients) may make. Blackstone maintains information barriers that are designed to protect against the improper possession and / or use of material non-public information. Generally, no employee of BSAA may contact an employee of another Blackstone group outside of HFS, and vice versa, about a substantive business matter, without BSAA Compliance consent and, if appropriate, having BSAA Compliance chaperone such contact. Prior to receiving confidential information, each Blackstone group typically seeks to limit the impact that such receipt may have on other Blackstone groups by, among other things, limiting the applicability of any confidentiality agreement to the particular Blackstone group that receives the confidential information.

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

It also may be the case that allocations to the BSAA Funds will benefit from the relationship of Other Blackstone Clients with the source of a particular investment opportunity.

Trade Errors

Trade errors are unexpected given the nature of BSAA's investment program. In the case of a trade error committed by BSAA, the gain or loss from the error will be allocated to the BSAA Funds; provided, however, if BSAA determines that its gross negligence, willful misconduct or fraud was the direct cause of the trade error, BSAA will generally compensate the BSAA Funds for any losses resulting from the error. BSAA will have a potential conflict of interest in determining whether a trade error should be borne by BSAA or allocated to the BSAA Funds.

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Item 12 – Brokerage Practices

If a third party causes a trade error that is material to the BSAA Funds, BSAA will attempt to recover the amount of loss from such third party for the BSAA Funds. BSAA does not assume responsibility for compensating the BSAA Funds, or making any third party compensate the BSAA Funds, in such case.

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Item 13 – Review of Accounts

The Investment Committee

BSAA has several senior investment professionals that supervise its investment advisory business through the BSAA Investment Committee. The BSAA Investment Committee approves investments by the BSAA Funds in, and redemptions from, Underlying Managers or Co-Investments. The BSAA Investment Committee includes members of, and expects to draw upon the experience and expertise of, the Investment Committee of BAAM, subject to applicable confidentiality restrictions.

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

- ▶ The expected performance of the investment
- ▶ Reputation of the principals of the Underlying Manager
- ▶ Availability of cash
- ▶ Liquidity needs
- ▶ Underlying Manager's investment objectives
- ▶ Risk parameters
- ▶ Ability to negotiate preferential terms
- ▶ ERISA capacity
- ▶ General capacity
- ▶ Tax efficiency
- ▶ Investment limits
- ▶ Operational factors
- ▶ Legal and regulatory factors

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

The Advisory Board

BSAA has established an advisory board (the "Advisory Board") with respect to each series of BSAA Funds ("Blackstone Strategic Alliance Fund I, II, and III") to advise BSAA on various matters. The size, terms, and appointment of the members of the Advisory Board and other matters relating to the functioning of the Advisory Board will be determined by BSAA in its discretion. The members of the Advisory Board are comprised of representatives of selected Investors that are not affiliates of BSAA. The views / advice of the Advisory Board are not binding on BSAA or the BSAA funds. The specific responsibilities of the Advisory Board are set forth in such BSAA Funds' Client Constituent Documents.

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Item 13 – Review of Accounts

Monitoring Process

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

- ▶ Potential conflicts
- ▶ Market conditions
- ▶ Adherence to investment guidelines
- ▶ Performance attribution
- ▶ Performance deviation

BSAA Fund investor reporting

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

Operations team reconciliation

- ▶ The operations team performs daily cash reconciliations to determine that fundings, redemptions, expense payments, and other cash movements are properly processed.

Administrator reconciliation

Each BSAA Fund's administrator performs a reconciliation of cash, investor activity, and investments as part of its independent determination of the net asset value for such BSAA Fund, and produces the final capital / shareholder statements. The BSAA Funds' administrator is responsible for maintaining the official books and records of the BSAA Funds. This responsibility includes, but is not limited to, performing monthly cash and position reconciliations to custodians, prime brokers and counterparties and valuation of investments. At month end, the BSAA Funds' administrator independently determines the net asset value of the BSAA Funds, including income and expense / fee accruals, and produces the final investor allocations and capital / shareholder statements.

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Item 14 – Client Referrals and Other Compensation

BSAA has entered into distribution and / or placement agent arrangements for its prior series of funds but has not entered into such arrangement for Blackstone Strategic Alliance Fund III. In a typical distribution / placement arrangement, BSAA agrees to pay a third-party solicitor for referring investors in BSAA Funds.

Typically, the third-party solicitors will receive a portion of the management fee and / or performance fee paid to BSAA (although other payment arrangements could exist). A prospective investor solicited by a third party will be informed of (and typically will be asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services will be paid by BSAA and the Investor will not be subject to any increased or additional fees or charges. Third-party solicitors engaged by BSAA in the U.S. will be registered as broker-dealers with the SEC. Third-party solicitors engaged by BSAA outside the U.S. may be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

Blackstone Advisory Partners L.P., an affiliate of BSAA, serves as a placement agent for the BSAA Funds in the U.S. but is not compensated for such services.

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Item 15 – Custody

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

A BSAA Fund’s assets are typically comprised of interests in Underlying Investment Vehicles, represented by a subscription agreement, and cash, held in bank or brokerage accounts in the name of the BSAA Fund. BSAA Funds do not utilize a third-party, independent custodian to hold the BSAA Funds’ subscription agreements for investments in Underlying Investment Vehicles.

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Item 16 – Investment Discretion

Investment Guidelines

Investment decisions are made within the investment guidelines as described in each BSAA Fund's Client Constituent Documents.

Types of Investments

BSAA has broad discretion to make investments within the guidelines of the Client Constituent Documents. BSAA Funds primarily will invest in Underlying Investment Vehicles. In addition, in order to hedge investor contributions denominated in currencies other than U.S. dollars or to hedge certain market exposures, BSAA Funds may invest in securities and other instruments, including but not limited to forward contracts, currency option swaps, caps, floors and other derivative contracts and similar instruments.

When futures, forward, options, and spot currency transactions are traded for multiple BSAA Funds, generally trade orders are aggregated for execution and allocated pro rata.

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

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

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

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

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

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

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

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

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Item 18 – Financial Information

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

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

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Item 19 – Requirements for State-Registered Advisers

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