

GSO / BLACKSTONE DEBT FUNDS MANAGEMENT LLC

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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 GSO / Blackstone Debt Funds Management LLC (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) 503-2100. Additional information about the Registrant 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 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, 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 or offer to send a copy to you (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.

There have been no material changes to the Registrant’s Brochure since the last Form ADV Part 2 update.

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Item 4 – Advisory Business

A. Description of GSO / Blackstone Debt Funds Management LLC

The Registrant serves as investment manager for (i) pooled investment vehicles operating as private investment funds, including collateralized loan obligation (“**CLO**”) vehicles, open-ended funds, closed-ended funds, and funds in which affiliates or employees of the Registrant invest alongside such other private investment funds and (ii) registered investment companies (collectively, the “**Funds**”). In addition, the Registrant provides sub-advisory services to other investment advisors (the “**Adviser Clients**”) who in turn advise other funds, including registered investment companies pursuant to which the Registrant provides investment advice. The Registrant also provides investment advisory services to individually-managed accounts (the “**Managed Accounts**”) pursuant to advisory relationships (the owners of such Managed Accounts, the Funds and the Adviser Clients, collectively, shall be referred to herein as the “**Clients**”). Affiliates of the Registrant serve as general partner (each, a “**General Partner**”) of certain of the Funds.

GSO Capital Partners LP (“**GSOCP**”) is the Managing Member of the Registrant. GSOCP was founded in July 2005 by Bennett J. Goodman, J. Albert (Tripp) Smith III and Douglas I. Ostrover. On March 3, 2008, Blackstone acquired a controlling stake in GSOCP.

GSO Advisor Holdings L.L.C. is the general partner of GSOCP. Blackstone Holdings I L.P. is the sole member of GSO Advisor Holdings L.L.C. Blackstone Holdings I/II GP Inc. is the general partner of Blackstone Holdings I L.P. Blackstone is the controlling shareholder of Blackstone Holdings I/II GP Inc. Blackstone is a publicly traded entity on the New York Stock Exchange (Ticker: BX).

B. Description of Advisory Services

The Registrant provides investment advice to Clients, primarily in respect of investments in first lien loans, second lien loans, CLOs, high yield bonds, distressed securities, mezzanine securities, public and private equity and derivatives in respect of the foregoing. The Registrant may provide advice with respect to direct lending loan origination or may provide advice with respect to syndicated and actively traded loans or securities.

C. Customized Advisory Services

In certain situations, the Registrant is able to tailor its advisory services and investments based on specific Client objectives and/or investment strategies as discussed with such Client. The Registrant is available to discuss such customized investment strategies or separately managed accounts with existing and potential clients upon request.

D. Assets Under Management

The Registrant's regulatory assets under management were approximately \$30.5 billion as of December 31, 2013, approximately \$22.8 billion of which are managed on a discretionary basis and approximately \$7.8 billion of which are managed on a non-discretionary basis.

Item 5 – Fees and Compensation

A. Management Fees

For its investment advisory services provided to Funds, the Registrant or an affiliated entity may receive a management fee at an annual rate of up to 2% of the net assets, invested capital or aggregate principal balance of the assets, pursuant to the Fund offering and/or governing documents, which are provided to prospective investors. Fees for the Adviser Clients are disclosed in the relevant investment management service agreement, to which the Adviser Client is a party and in the relevant offering documents. Fees for the Managed Accounts will be disclosed in the relevant investment management service agreement, to which the relevant account owner is a party.

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. For example, certain affiliates or employees of the Registrant that are investors in the Funds do not pay management fees. Further, the existence of differing management fees for Clients of the Registrant or its affiliates trading side-by-side may create a conflict of interest to the Registrant and its affiliates 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 Client to the Registrant will be reduced by all or a portion (disclosed in the governing agreements of the relevant Client) of any placement, origination or other transaction fees (including commitment, closing, amendment, waiver, directors, organizational, break-up or other similar fees in respect of a Client's purchase, monitoring or disposition of an investment) received by the Registrant for transactions effected for such Client's account.

B. Timing of Fee Payments

Management fees are generally payable monthly or quarterly in arrears, as the case may be. The Registrant may elect to defer payment of all or part of the management fee. Management fees are generally deducted from the applicable Fund assets and may be deducted from the Client assets. Alternatively, certain Clients may be invoiced for such management fees.

C. Additional Fees and Expenses

The offering and/or governing documents of each Client provide a description of any additional fees and expenses for which such Client may be responsible in addition to the management fees and any performance-based allocations or fees (see Item 6 below). Generally, each Client will be responsible for all costs and expenses relating to the organization of such Client and of maintaining the operations of such Client and the investments paid by or on behalf of such Client, including, without limitation, (i) legal,

filing, regulatory (including without limitation, costs in connection with Form PF and U.S. Commodity Futures Trading Commission filings), compliance, auditing, consulting, accounting and other professional fees and expenses; (ii) administration fees and expenses, whether provided by a third party or by the Registrant or an affiliate of the Registrant, as may be disclosed in the offering and/or governing document of each such Client; (iii) research-related expenses, including, without limitation, news and quotation equipment and services and research related travel; (iv) costs of portfolio management and accounting systems; (v) expenses associated with information, communication and periodic reporting to Clients; (vi) financial statements, tax returns and Schedules K-1; (vii) insurance; (viii) interest and other expenses incurred in respect of borrowings, if any; (ix) other expenses associated with the acquisition, holding, monitoring, settlement and disposition of such Client's investments (including, without limitation, any brokerage, custody, hedging or broken deal costs, clearing and settling charges, interest expenses and investment related travel and lodging expenses); (x) the costs and expenses of any custodians, lenders, investment banks and other financing sources; (xi) any indemnity expenses; and (xii) the costs and expenses of any litigation involving such Client and the amount of any judgments or settlements paid in connection herewith.

For certain Clients, the Registrant also is permitted to charge back a portion of the cost of overhead expenses attributable to the management of or operations related to such Client, subject to any limitations defined in such Client's offering and/or governing documents.

D. Pre-Paid Fees

No Client is required to pay any fees in advance.

E. 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 and Fees

In addition to the management fees and other fees described in Item 5 above, the Registrant or one of the General Partners may receive a performance-based allocation or fee up to 20.0% of each Client's net profits, subject in certain cases, to a loss carryforward provision or clawback provision, as applicable. Performance-based allocations or fees may be based on either realized or unrealized profits attributable to a Client, and all performance-based allocations for the Funds will be disclosed in the relevant offering and/or governing documents of each Client.

While the Registrant's policy is that its performance-based allocations or fees are not negotiable, the Registrant reserves the right to waive or reduce such allocations or fees for certain investors. However, in no circumstance will the Registrant cause the allocation or fee to be increased for one investor as the result of the waiving or reduction of such allocations or fees for another investor. For example, certain affiliates or employees of the Registrant that are investors in the Funds do not bear any performance-based allocation or fee and that fact does not impact the allocations or fees borne by other investors.

Note, that the existence of a performance-based allocation or fee may incentivize the Registrant to manage a Client's assets in a manner that is more aggressive than it would in the absence of such allocation or fee. Further, the existence of differing performance-based allocations or fees for Clients of the Registrant or its affiliates trading side-by-side may create a conflict of interest to the Registrant and its affiliates with respect to the allocation of investment opportunities. However, the Registrant manages each Client's assets in accordance with the investment strategy disclosed in each Client'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 and Fees

As described in the respective offering and/or governing documents of each Client, performance-based allocations or fees are generally allocated or paid, as the case may be, either at the end of each fiscal year or upon the making of any distribution to investors which a performance-based allocation or fee relates.

Item 7 – Types of Clients

The Registrant generally provides its services and markets its Funds and Managed Accounts to a limited number of sophisticated investors namely, institutional investors and 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
- Hedge funds and fund of funds
- High net worth individuals
- Corporations
- Business entities other than those listed above

The Registrant must have a reasonable belief that potential investors invited to participate in Funds or other products meet certain eligibility requirements and must satisfy certain compliance procedures (including anti-money laundering procedures), prior to acceptance of any subscription or investment amount for any Fund or Managed Account. 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 or Managed Account, which are made available to each potential investor prior to investment.

The Registrant also provides its services to registered investment companies (or Client Advisers who in turn provide services to registered investment companies) that are marketed to retail investors.

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, and a variety of both internal and external resources, such as financial newspapers and magazines, research and reports provided by third parties and corporate ratings services. In addition, the Registrant generally conducts an in-depth review of the target companies/investments, tailored to the target and type of potential investment the Registrant is considering, which may include, without limitation, (i) analyses of corporate activities and financials, (ii) reviews of annual reports, prospectuses and other filings with the SEC, if any, and (iii) where appropriate, interviews and meetings with senior management of such target companies.

Generally, the Registrant seeks to capitalize on both long- and short-term inefficiencies in the market by investing across a spectrum of products, often employing a bottom-up analysis, utilizing market technical and fundamental analyses to select investments. There may be occasions when (consistent with applicable Client guidelines), the strategy may be weighted to deep value or be more opportunistic and seek short term gains. The types of investments pursued by a particular Fund or Managed Account may be customized based on Client guidelines.

Investment Strategies

The specific investment strategy and corresponding method of analysis for each Client will be specified in the offering and/or governing documents of such Client. A brief description of certain investment strategies employed by the Registrant is provided below.

The specific investment strategy and corresponding method of analysis for each Client will be specified in the offering and/or governing documents of such Client. Generally, the Registrant's investment objective for each Client is to invest opportunistically in a broad range of credit and credit-related securities and instruments, including, without limitation, leveraged loans, second lien loans, CLOs, high yield bonds, distressed securities, mezzanine securities, public and private equity and credit derivatives.

In certain situations, the Registrant is able to tailor its advisory services and investments based on specific Client objectives and/or investment strategies as discussed with such Client. The Registrant is available to discuss such customized investment strategies or separately managed accounts with existing and potential clients upon request.

Prospective investors are advised to review the applicable Fund offering materials for a more extensive description of the risks of investing in the Funds.

B. Risk of Loss

An investment in a Fund and a Managed Account 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 Client and bearing the risks such investment represents. The offering and/or governing documents of each Client will contain detailed descriptions of certain of the risks associated with an investment in a Client. 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 and Regulatory Regimes
4. Lack of Liquidity of Client Interests
5. Highly Competitive Market for Investment Opportunities
6. Reliance on the Registrant and Certain of its Professionals and Employees
7. Misconduct of Employees and of Third Party Service Providers
8. General Economic and Market Volatility
9. Nature of Debt and Credit Investments, including credit securities, senior debt, mezzanine debt, distressed investments and restructurings
10. Nature of Equity or Equity-Related Investments
11. Risks Related to Use of Leverage by Certain Clients
12. Lack of Diversification
13. Non-U.S. Investments

The debt and equity markets fluctuate substantially over time and performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets that the Registrant manages that may be out of the Registrant's control. The Registrant cannot guarantee any level of performance or that investors in the Clients will not experience a loss of their account assets. There is no assurance that the Funds or Managed Accounts will be able to generate returns or that the returns will be commensurate with the risks inherent in their investment strategy. The marketability and value of any such investment will depend upon many factors beyond the control of the Clients or the Registrant. The expenses of the Clients may exceed their income, and an investor in a Client could lose the entire amount of its contributed capital. Therefore, an investor should only invest in a Fund or Managed Account if the investor can withstand a total loss of its investment. The past investment performance of a Fund or Managed Account cannot be taken to guarantee future results of a Fund or Managed Account or any investment by or in a Fund or Managed Account.

Item 9 – Disciplinary Information

On occasion, the Registrant is named as a party to certain lawsuits in connection with its management of the Funds and Managed Accounts. The Registrant does not believe that any current or pending litigation to which it or its affiliates is a party is material or otherwise would have a material adverse effect on its investment or advisory activities.

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 Client offering and/or governing documents for a more extensive description of the potential conflicts of interest applicable to each Client.**

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 Clients 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 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). 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 Clients expect to utilize for purposes of managing its investments. Additionally, the terms of confidentiality or other agreements with, or related to, companies of any client of Blackstone may restrict or otherwise limit the ability of a Client and/or its portfolio entities to engage in businesses or activities competitive with such companies. Finally, Blackstone may enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although may be intended to provide greater opportunities for the Clients, may require the Clients to share such opportunities or otherwise limit the amount of an opportunity the Clients can otherwise take.

Issuer Relationships. The Clients’ portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other clients of Blackstone or Blackstone affiliates that, although the Registrant determines to be consistent with the requirements of such Clients’ governing agreements,

may not have otherwise been entered into but for the affiliation with the Registrant and/or Blackstone, and which may involve fees and/or servicing payments to the Registrant and/or Blackstone affiliates from which the investor will derive no benefit. From time to time employees of Blackstone may serve as directors or advisory board members of certain issuers of the Clients' investments or other entities. In connection with such services, the Registrant may receive directors' fees or other similar compensation (unless a Client's governing documents otherwise provide). Such amounts are not expected to be material.

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. Clients 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 Client. In such a case, an advisory client would typically require Blackstone to act exclusively on its behalf, thereby precluding a Client 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 Client. 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 Clients' 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 Clients' 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 Clients' 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 Client 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).

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 Client, the Registrant will consider those relationships, which may result in certain transactions that the Registrant will not undertake on behalf of the Client in view of such relationships. Certain Clients 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 companies of a Client, 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, a Client's portfolio companies, or otherwise in arranging financing (including loans) for portfolio companies. 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 a Client or such Portfolio Companies. Blackstone may also, on behalf of a Client or other parties to a transaction involving a Client, effect transactions, including transactions in the secondary markets where it may nonetheless have a potential conflict of interest regarding a Client and the other parties to those transactions to the extent it receives commissions or other compensation from a Client and such other parties. Subject to applicable law, Blackstone may receive underwriting fees, discounts, placement commissions, lending arrangement and syndication fees or other compensation with respect to the foregoing activities, which are not required to be shared with the Clients or the Registrant. In addition, the Management Fee paid by the Clients generally will not be reduced by such amounts. Blackstone may nonetheless have a potential conflict of interest regarding Clients and the other parties to those transactions to the extent it receives commissions, discounts or such other compensation from such other parties. The Registrant will approve any transactions in which a Blackstone broker-dealer acts as an underwriter, as broker for a Client, or as dealer, broker or advisor, on the other side of a transaction with a Client only where the Registrant believes in good faith that such transactions are appropriate for a Client. Where Blackstone serves as underwriter with respect to a portfolio company's securities, Clients may be subject to a "lock-up" period following the offering under applicable regulations during which time its ability to sell any securities that it continues to hold is restricted. This may prejudice the Clients' ability to dispose of such securities at an opportune time.

Representing Creditors and Debtors. Blackstone may represent creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings. From time to time Blackstone may serve as advisor to creditor or equity committees. This involvement, for which Blackstone may be compensated, may limit or preclude the flexibility that the Clients may otherwise have to participate in restructurings or the Clients may be required to liquidate any existing positions of the applicable portfolio entity. The inability to transact in any security, derivative or loan held by a Client could result in significant losses to a Client.

Service Providers. A Client's service providers (including lenders, brokers, attorneys and investment banking firms) may be investors in the Funds or may have a Managed Account 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 Clients 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 Clients).

Allocation of Personnel. The Registrant, its members, partners, officers, managers and employees will devote as much of their time to the activities of the Clients 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 Clients 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 Clients but will be allocated between the business of the Clients and the management of the monies of other advisees of the Registrant.

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. A Client may acquire a security from an issuer in which a separate security has been acquired by another Client of the Registrants or Blackstone affiliates. When making such investments, the Registrant's Clients may have conflicting interests. To the extent that a Client holds interests that a different (or more senior) than those held by such other vehicles, accounts and clients, the Registrant may be presented with decisions involving circumstances where the interests of such vehicles and accounts are in conflict with those of a certain Client. Furthermore, it is possible that a Client's interest may be subordinated or otherwise adversely affected by virtue of such other vehicle's, or account's involvement and actions relating to its investment.

For example, conflicts could arise where one Client becomes a lender to a company when another Client owns equity securities of such a company. In this circumstance, for example, if such company goes into bankruptcy, becomes insolvent or is otherwise unable to meet its payment obligations or comply with its debt covenants, conflicts of interest could arise between the holders of different types of securities as to what actions the company should take.

Subject to the terms of a Client's governing documents and the valuation policies and procedures of the Registrant, Clients may engage in cross transactions.

1940 Act Restrictions. The Investment Company Act of 1940 (the "1940 Act") limits certain Clients' ability to enter into certain transactions with certain of its affiliates. As a result of these restrictions, a Client may be prohibited from buying or selling any security directly from or to any portfolio company of a fund managed by the Registrant. However, a Client may under certain circumstances purchase any such portfolio company's securities in the secondary market, which could create a conflict for the Registrant between its interests with the Client and the portfolio company, in that the ability of the Registrant to recommend actions in the best interest of certain Clients might be impaired. Even despite compliance with the 1940 Act, potential conflicts of interest may arise in such transactions. The 1940 Act also prohibits certain "joint" or "principal" transactions with certain of the

Registrant's affiliates, which could include investments in the same portfolio company (whether at the same or different times). These limitations may limit the scope of investment opportunities that would otherwise be available to certain Clients.

Below is a listing of the Registrant's affiliates:

Broker/Dealer	
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
Investment Advisor	
Blackstone Alternative Asset Management L.P. ("BAAM")	Manages a series of private funds engaged in multi-manager investment programs (<i>e.g.</i> , 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 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
Strategic Partners Fund Solutions Advisors	Provides investment advisory services to a number of pooled investment and custom vehicles operating as private investment funds
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 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 investment 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.
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.; New advisor formed by BAAM. This is a relying adviser on the ADV for Blackstone Strategic Capital Advisors L.L.C. It is not registered with the CFTC.
GSO Capital Partners LP	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 Advisors II 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
Blackstone / GSO Debt Funds Management Europe Limited	Provides investment advisory services to a number of debt focused private investment funds
Blackstone / GSO Debt Funds Management Europe II 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
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
CT Investment Management Co., 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

BXMT Advisors L.L.C. (formerly known as BREDS/CT 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
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.	Provides investment advisory services to certain co-investment vehicles relating to funds managed by Blackstone Strategic Capital Advisors L.L.C.
Blackstone Treasury Solutions Advisors L.L.C.	Registered investment adviser
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.	Provides investment advisory services to open-end mutual funds.
Commodity Trading Advisor & Commodity Pool Operator	
BAAM	Manages a series of private funds engaged in multi-manager investment programs (<i>e.g.</i> , funds of hedge funds)
Blackstone Strategic Alliance Advisors L.L.C.	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C.	Provides investment advisory services to certain co-investment vehicles relating to funds managed by Blackstone Strategic Capital Advisors L.L.C.

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.	Provides investment advisory services to open-end mutual funds.
GSO Capital Partners International LLP	Provides investment advisory services to a number of debt focused private investment funds
Park Hill Group LLC	Places alternative investment products in private offerings to mostly institutional investors
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 Registrant have adopted a Code of Ethics (the “Code”) that governs a number of potential conflicts of interest which exist in connection with the Funds under management. This Code is designed to enable Registrant to meet its fiduciary obligation to Clients (or prospective Clients) and to instill a culture of compliance within Registrant. An additional benefit of the Code is to assist Blackstone and 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 Clients. The Registrant and its related personnel are subject to guidelines governing the ability to trade in personal accounts. The guidelines generally require that such trading be conducted for investment rather than speculative purposes and that all such personal securities transactions receive pre-clearance from the legal and compliance department.

These policies are designed to comply with SEC requirements that registered investment advisors have a Code of Ethics. 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, Marisa Beeney, at +1 (212) 503-2100.

Item 12 – Brokerage Practices

Best Execution

Portfolio transactions for Clients 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, (i) for executing brokers: expertise and ability to perform execution services; ability to execute transactions in liquid markets at competitive prices without disrupting the market for a particular security; ability to execute transactions in illiquid markets at competitive prices without disrupting the market for a particular security; range of services provided and products offered (*e.g.*, securities lending, margin lending, capital introduction, start-up services, reporting, research, valuation); 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 Clients' securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Clients, 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 Clients or 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").

The Chief Portfolio Risk Officer oversees compliance with the best execution policy in consultation with the Head of Middle Office and Operations as well as the Traders. The Chief Portfolio Risk Officer will monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Registrant, will maintain the Approved Counterparty List and will evaluate credit worthiness of potential counterparties. The Chief Portfolio Risk Officer is responsible for ensuring that trades are not executed with parties

not on the Approved Counterparty List or otherwise approved by the Chief Portfolio Risk Officer.

Allocation and Aggregation Policy

The Registrant is committed to transacting in securities and loans in a manner that is consistent with the investment objectives of each of the Clients, and to allocating investment opportunities (including purchase and sale opportunities) among the Clients on a fair and equitable basis. In general and except as provided below, this means that such opportunities will be allocated *pro rata* among the Funds and the Other Accounts based on targeted acquisition size (generally based on available capacity) or targeted sale size (or, in some sales cases, the aggregate positions), taking into account available cash and the relative capital of the respective entities. Nevertheless, investment opportunities may be allocated other than on a *pro rata* basis, if the Adviser determines in good faith that the Fund and the Other Accounts receive fair and equitable treatment pursuant to such non *pro rata* allocation and determines that a non *pro rata* allocation among the Fund and the Other Accounts is appropriate, taking into account, among other considerations, (a) the risk-return profile of the proposed investment relative to the Fund's or the Other Accounts' current risk profiles; (b) the Fund's or the Other Accounts' investment guidelines, restrictions and objectives, including whether such objectives are considered solely in light of the specific investment under consideration or in the context of the respective portfolios' overall holdings; (c) the need to re-size risk in the Fund's or Other Accounts' portfolios, including the potential for the proposed investment to create an industry, sector or issuer imbalance among the Fund's and the Other Accounts' portfolios; (d) liquidity considerations of the Fund and Other Accounts, including during a ramp-up or wind-down of the Fund or Other Account, proximity to the end of the Fund's or Other Accounts' specified term, any redemption/withdrawal requests, anticipated future contributions and available cash; (e) tax consequences; (f) regulatory restrictions or consequences; (g) when a *pro rata* allocation could result in *de minimis* or odd lot allocations; (h) degree of leverage availability and any requirements or other terms of any existing leverage facilities; (i) the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals dedicated to the Fund or an Other Account; and (j) any other considerations deemed relevant by the Adviser or the applicable investment adviser to an Other Account. Because of these and other factors, certain Other Accounts may effectively have priority in investment allocations over the Fund, notwithstanding the Adviser's policy of *pro rata* distribution.

The Adviser will generally execute the Fund's and Other Accounts' transactions on an aggregated basis when the Adviser believes that to do so will allow the Adviser to obtain best execution and to negotiate more favorable commission rates or other transaction costs that might have otherwise been paid had such orders been placed independently. When aggregating orders, the Fund and Other Accounts will be treated in a fair and equitable manner. As used herein, "aggregated order" shall mean when the Adviser places an order on behalf of the Fund and Other Clients and does not specify to the counterparty prior to execution the allocation between such entities. Generally, any partial fills will be allocated *pro rata* between the Fund and Other Accounts in accordance with the specified allocation. The Fund and Other Accounts that participate in the allocation of an aggregated order will

participate at the average price for all of the participating transactions in that instrument or security on a given business day, with aggregated transaction costs shared *pro rata* based on the Fund's and such Other Accounts' participation in the transaction.

Trade Errors

Trade errors are evaluated on a case-by-case basis. Errors are reported to the Chief Compliance officer immediately upon discovery and are to be corrected as soon after discovery as is reasonably practical. The Registrant generally will reimburse losses suffered by a Client as a result of a trade error caused by the Registrant. Client losses and Client gains will be reviewed on a "net" basis, taking into account, among other factors, all income attributable to the trade that is the subject of the trade error, similar trades or trades within a specified period, provided that the resolution is equitable to the Client over time. In addition, the Registrant will not correct a trade error made for one Client by causing another Client to buy or sell the securities unless such transaction has been approved by the Conflicts and Risk Committee.

The violation of any prohibitions, limits or any other guidelines (numerical, percentage-based, ratings-based or otherwise) that constitutes a "trade error" shall cease to constitute a "trade error" if (i) such violation is expressly curable under the applicable governing documents and (ii) the Registrant cures such violation after becoming aware of the violation in accordance with such governing documents.

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 Client
- 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 Clients, as specified in the organizational and offering documents of such Clients, 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

The Registrant may make cash payments to third parties for solicitation activities in accordance with Rule 206(4)-3 of the Advisers Act, to the extent applicable.

In a typical distribution/placement arrangement, the Registrant may agree to pay a third-party solicitor for referring investors in certain 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 investors in such Fund will not be subject to any increased or additional fees or charges. The dollar amount of any placement agent fees is paid out of the applicable Funds, but may be credited as an offset to the management fees paid by the Funds, as provided in the applicable offering and/or governing documents of the Client.

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.

Park Hill Group LLC (an affiliate of the Registrant) may receive cash payments from the Registrant in connection with such activities. Please refer to Item 10 (Other Financial Industry Activities and Affiliations) for a more detailed discussion on any conflicts of interest that may arise in connection with the Registrant's engagement of Park Hill Group LLC. The Registrant also has distribution/placement arrangements with a number of other unaffiliated third parties.

Item 15 – Custody

In connection with the management of investments for certain Clients, the Registrant may have, or may be deemed to have, custody of certain funds or securities of its Clients. 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).

The Registrant maintains Client assets with qualified custodians, such as U.S. banks, U.S. registered broker-dealers, U.S. futures commission merchants (limited to holding client funds and security futures and any other securities incidental to client futures transactions), and certain foreign financial institutions that customarily hold customer assets and that segregate customer assets from its own assets.

In accordance with the Custody Rule, for any Clients for which the Registrant has custody of such assets, such Clients are subject to an annual audit and the audited financial statements are distributed to each investor in such Clients. The audited financial statements are prepared in accordance with generally accepted accounting principles, issued with an unqualified opinion and distributed within 120 days of the Clients’ respective fiscal year ends.

To the extent that the Registrant does not have custody of a Client’s assets, the applicable custodian will prepare and distribute to such Client quarterly, or more frequent, account statements, which should be reviewed carefully by the Client. A copy of Client account statements is available upon request.

Information on a Client’s qualified custodian, if any, including such qualified custodian’s name, address and the manner in which the Client’s assets are maintained, may be provided in the relevant organizational and/or offering documents of such Client. 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, as applicable.

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. Due to the nature of the Registrant’s investment strategy, equity securities will generally not be a large portion of the investments of any Client. Nevertheless, because the Registrant generally has discretionary authority over the securities held by the Clients, 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 Clients 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 Clients.