

# **Blackstone Alternative Investment Advisors LLC**

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Form ADV Part 2A

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March 28, 2020

**Blackstone**

# Blackstone Alternative Investment Advisors LLC

## Item 1 – Cover Page

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### Blackstone Alternative Investment Advisors LLC

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March 28, 2020

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 Alternative Investment Advisors LLC (“BAIA”).

If you have any questions about the contents of this Brochure, please contact BAIA at (212) 583-5000; [BAAMClientService@blackstone.com](mailto: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 BAIA also is available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search”, select “Investment Adviser Firm” and type in BAIA’s name). Results will provide you with both Parts 1A and 2A of BAIA’s Form ADV.

BAIA is registered with the SEC as an investment adviser. BAIA’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 BAIA and should be considered in your decision whether to hire BAIA or to continue to maintain a relationship.

## Blackstone Alternative Investment Advisors LLC

### Item 2 – Material Changes

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- ▶ There has not been a material change to this document since the last annual update on March 29, 2019 other than updated information regarding the conversion of BAIA's indirect parent company, The Blackstone Group Inc., from a limited partnership to a corporation effective July 1, 2019.
- ▶ BAIA, 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 BAIA at (212) 583-5000 or [BAAMClientService@blackstone.com](mailto:BAAMClientService@blackstone.com).

# Blackstone Alternative Investment Advisors LLC

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# Blackstone Alternative Investment Advisors LLC

## Item 3.1 – Defined Terms

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

**1940 Act:** Investment Company Act of 1940, as amended.

**Additional Sub-Adviser Performance Fee:** The additional amount paid by a BAIA Fund to BAIA to cover the shortfall if, as of any performance period, the sum of all Underlying Managers' performance fees exceeds the performance fee received by BAIA from the BAIA Fund.

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

**Advisory Client:** A client to which BAAM provides advisory services, typically regarding the client's hedge fund portfolio, and typically on a non-discretionary basis.

**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 BAIA.

**BAAM Executive Committee:** A committee which includes BAAM's Chief Executive Officer, 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 engage in multi-manager investment programs. Many BAAM Funds are commonly referred to in the industry as funds of hedge funds or FoHFs.

**BAIA:** Blackstone Alternative Investment Advisors LLC, the registrant.

**BAIA Funds:** The Registered Funds and private investment funds managed by BAIA that participate in a broad range of direct investment opportunities predominantly through multi-manager sub-advisory arrangements. BAIA also manages a portion of the funds' assets directly.

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

**BAP:** Blackstone Advisory Partners L.P., a registered broker-dealer and an affiliate of BAIA, which serves as the principal underwriter and distributor of certain BAIA Funds.

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

**BAS Funds or Strategic Opportunity Funds:** A series of private investment funds and accounts managed by BAIA's affiliate, BAS, which participate in a broad range of investment opportunities, involving equity and debt securities and other financial instruments and transactions.

**Blackstone:** The Blackstone Group Inc. (NYSE: BX), which is the ultimate parent of BAIA.

**Blackstone Affiliated Manager:** A manager with which Blackstone currently has an ownership interest or revenue share, or is otherwise affiliated with Blackstone.

# Blackstone Alternative Investment Advisors LLC

## Item 3.1 – Defined Terms

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**Brokers:** Brokers, dealers and other counterparties or intermediaries.

**BSAA:** Blackstone Strategic Alliance Advisors L.L.C., a registered investment adviser and an affiliate of BAIA.

**BSAA Funds or Strategic Alliance Funds:** A series of private investment funds managed by BAIA's affiliate, BSAA, which are engaged in providing "seed capital" to alternative investment fund managers.

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

**BSCA Funds:** A series of private investment funds managed by BAIA's affiliate, BSCA, which are engaged in acquisitions of minority interests in alternative asset managers.

**Client Constituent Documents:** Declaration of Trust, Memorandum and Articles of Association, Limited liability Company Agreement, Investment Management Agreement, Prospectus, Registration Statement, Offering Documents and other applicable constituent documents for a BAIA Fund.

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

**ERISA:** Employee Retirement Income Security Act of 1974, as amended.

**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 in which there will be no performance-based fee payable to a Client until the amount of the loss previously allocated has been recouped. This may apply if a Client has a loss chargeable to it during any fiscal year, and during a subsequent fiscal year there is a profit allocable to such Client.

**Investor:** An investor in a BAIA Fund.

**Other Blackstone Advisers:** Investment advisory affiliates of BAAM within Blackstone.

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

**Registered Fund:** A Registered U.S. Fund or a UCITS Fund.

**Registered U.S. Fund:** An investment company registered under the 1940 Act, as amended, and managed by BAAM or BAIA.

**Restricted Issuers:** Issuers BAAM will be restricted from investing in.

**Subsidiary:** A private fund that is wholly owned and controlled by the Registered Funds.

**UCITS Fund:** An investment fund authorized pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended.

**Underlying Investment Vehicles:** The funds and accounts managed by the Underlying Managers through which the BAIA Funds invest.

# Blackstone Alternative Investment Advisors LLC

## Item 3.1 – Defined Terms

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**Underlying Managers:** The investment advisers to which the BAIA Funds allocate capital either through (A) hiring such advisers to serve as a sub-adviser to a BAIA Fund or (B) investments in Underlying Investment Vehicles.

# Blackstone Alternative Investment Advisors LLC

## Item 4 – Advisory Business

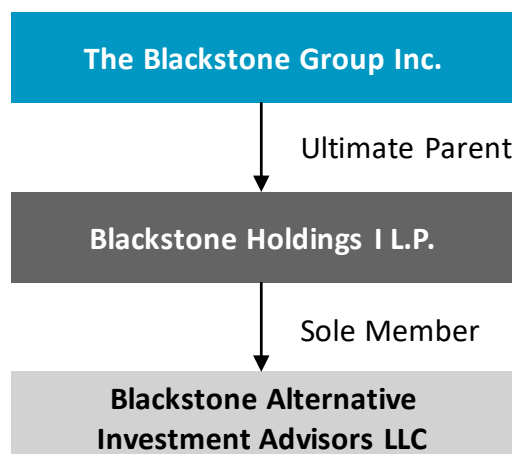
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### Overview of the Firm

BAIA, a Delaware limited liability company, is an investment adviser to (i) management investment companies registered under the Investment Company Act of 1940, as amended (“1940 Act”) (collectively, the “Registered U.S. Funds”); (ii) investment companies authorized pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended (collectively, “UCITS Funds,” and together with the Registered U.S. Funds, the “Registered Funds”); and (iii) wholly owned and controlled subsidiaries of the Registered Funds (collectively, the “Subsidiaries” and together with the Registered Funds, the “BAIA Funds”).

BAIA 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 \$81 billion as of December 31, 2019. Please note that this is an unaudited estimate and does not include non-discretionary advisory clients. BAIA derives significant benefits from the experience of the other advisors within HFS in the investment, operational, legal, structuring and compliance aspects of hedge funds.

BAIA was founded in 2012 as part of The Blackstone Group Inc. (NYSE: BX) (“Blackstone”), which is the ultimate parent of BAIA. Effective as of July 1, 2019, The Blackstone Group Inc. converted from a Delaware limited partnership named the Blackstone Group L.P. to a Delaware corporation. Blackstone is a leading alternative investment manager with investment programs and services concentrating in the private equity, real estate, and debt / credit and secondaries businesses, as well as the hedge funds solutions business. Subject to the HFS information walls, BAIA shares employees and facilities with BAAM, Blackstone Strategic Alliance Advisors L.L.C. (“BSAA”), Blackstone Alternative Solutions L.L.C. (“BAS”) and Blackstone Strategic Capital Advisors L.L.C. (“BSCA”), each a registered investment adviser. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for more information.





# Blackstone Alternative Investment Advisors LLC

## Item 4 – Advisory Business

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BAIA's assets under management ("AUM") were \$10.4 billion as of December 31, 2019. Please note that this is an unaudited estimate.

### Overview of Advisory Services

As investment adviser to the BAIA Funds, BAIA:

- ▶ Identifies, implements and monitors investments for the BAIA Funds;
- ▶ Retains, monitors and evaluates Underlying Managers for the BAIA Funds;
- ▶ Directly manages assets and investments on behalf of the BAIA Funds; and
- ▶ Hedges market and foreign currency exposure for BAIA Funds as BAIA, in its discretion, determines to be necessary or appropriate.

BAIA is permitted to borrow money (or engage in transactions that are economically similar to borrowing money), to fund investments, to satisfy redemptions, or to obtain investment exposure to various markets or investment styles. Such borrowing includes investments in derivatives or lending its securities and using the collateral to purchase any investment that creates leverage for investment or other purposes. In addition, the allocation to Sub-Advisers, together with the assets managed directly by the Adviser, may exceed 100% of the Fund's net assets.

The strategy of the BAIA Funds generally is to participate in a broad range of instruments, markets and asset classes economically tied to U.S. and foreign markets (including emerging markets). Investments include, but are not limited to, equity securities, fixed income securities, and derivative and commodity instruments.

The BAIA Funds take both long and short positions in any of its investments. The BAIA Funds have flexibility in their allocation to asset classes, market sectors, and instruments and expects to vary the percentage of its assets invested in each asset class, market sector, and instrument from time to time. There is no limit on the amount of exposure the BAIA Funds may have to any specific asset class, market sector, or instrument. The BAIA Funds purchase securities throughout the world on recognized markets, in private placements, and through both initial and secondary underwritten offerings (including Rule 144 and 144A securities, which are securities that may be resold without registration under the Securities Act of 1933, as amended (the "1933 Act"), pursuant to an exemption from registration under the 1933 Act). Additionally, the BAIA Funds may lend its portfolio securities, and may use the collateral it receives for the securities on loan to purchase any investment, which may result in investment leverage.

The equity securities in which the BAIA Funds invest include equity securities of companies of any market capitalization throughout the world (both U.S. and foreign markets (including emerging markets, which may include frontier markets)), which include common stocks, preferred stocks, convertible securities, depositary receipts, exchange-traded funds, real estate investment trusts, and partnership interests.

# **Blackstone Alternative Investment Advisors LLC**

## **Item 4 – Advisory Business**

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The fixed income securities in which the BAIA Funds invest include debt securities of governments throughout the world (both U.S. and foreign markets (including emerging markets which may include frontier markets)) as well as their agencies and/or instrumentalities, debt securities of corporations throughout the world (both U.S. and foreign markets (including emerging markets, which may include frontier markets)), including inflation-indexed securities, debt securities of any duration, maturity, or credit rating (including below investment grade debt securities (commonly known as “junk bonds”)) or debt securities that are unrated, commercial and residential mortgage-backed securities, asset-backed securities (including those backed by consumer assets), adjustable rate securities, stripped securities (i.e., securities resulting from the separation of income and principal components of debt securities), net interest margin securities (i.e., securities based on the value of excess cash flows received by underlying mortgage-backed securities), bank and direct loans, loan assignments and loan participations, bankruptcy or trade claims and event-linked instruments (including catastrophe bonds).

The derivative instruments in which the BAIA Funds invest include futures and forward contracts, such as index, interest rate, or government bond futures and mortgage to be announced securities (“TBAs”); swaps, such as credit default swaps, total return swaps, interest rate swaps (including constant maturity swaps), currency swaps, swaptions, and/or contracts for difference; call and put options including writing (selling) calls against positions in the portfolio (“covered calls”) or writing (selling) puts, over-the-counter (“OTC”) options and currency options; and warrants and rights. The BAIA Funds also invest in foreign currency futures, forwards, or exchange contracts. Any of these derivatives may be used in an effort to gain economic exposure to one or more alternative investment strategies, to enhance returns, or to hedge the BAIA Funds’ positions by managing or adjusting the risk profile of the BAIA Fund or their individual positions. At times, the BAIA Funds may invest a significant portion of its assets in derivative instruments. In addition to derivative instruments, the BAIA Funds may also invest in repurchase agreements, or reverse repurchase agreements, purchase and sale contracts, and securities issued by special purpose acquisition companies.

From time to time, BAIA Funds may have substantial exposure to a particular asset class, industry, sector, country, or region

BAIA seeks to achieve the investment objective of the BAIA Funds by allocating assets among a variety of non-traditional or “alternative” investment strategies. A significant portion of the investments are sourced and managed by third parties (the “Underlying Managers”) that either (A) serve as discretionary or non-discretionary sub-advisers to the BAIA Funds or (B) manage a fund or account (an “Underlying Investment Vehicle”) through which the BAIA Funds invest. BAIA also manages a portion of the BAIA Funds’ assets directly and, from time to time, may instruct sub-advisers with respect to particular investments.

BAIA is responsible for: (A) mandating the BAIA Funds’ investment strategies, guidelines and restrictions; and (B) making investment decisions, including, without limitation, selecting and overseeing the investment sub-advisers in compliance with the terms of any exemptive relief

## **Blackstone Alternative Investment Advisors LLC**

### **Item 4 – Advisory Business**

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under which BAIA or the BAIA Funds are operating, and determining the amount of BAIA Funds' assets to allocate to each investment sub-adviser or manage directly.

BAIA Funds typically consist of multiple investors. Investors in BAIA Funds ("Investors") are not deemed to be BAIA clients, but are entitled to certain rights and benefits under the applicable Declaration of Trust, Memorandum and Articles of Association, Limited Liability Company Agreement, Investment Management Agreement, Registration Statement, Offering Document or other applicable constituent fund documents (the "Client Constituent Documents").

BAIA typically engages third party service providers, such as custodians, administrators and / or auditors, on behalf of the BAIA Funds.

# Blackstone Alternative Investment Advisors LLC

## Item 5 – Fees and Compensation

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### Asset-Based Advisory Fees

In general, BAIA charges an asset-based advisory fee of up to 1.95% of assets under management. BAIA typically compensates the Underlying Managers that serve as investment sub-advisers out of the asset-based advisory fees it receives from the BAIA Funds. Management Fees received by BAIA with respect to assets allocated to directly managed strategies are not reduced by payments to Underlying Managers, which creates an incentive for BAIA to allocate more of the BAIA Fund assets to directly managed strategies. Similarly, there is an incentive for BAIA to allocate Underlying Managers with lower fee rates or otherwise affiliated with BAIA.

Blackstone managed funds and Blackstone affiliates, employees, retired partners, and certain former employees, as well as endowment funds, charitable programs and/or other similar related entities associated with the foregoing, may not be subject to such asset-based advisory fee.

BAIA'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 more detail.

### Fee Negotiations

For the Registered U.S. Funds, fees are generally non-negotiable.

For the UCITS Funds, BAIA has waived or reduced the asset-based advisory fee and / or performance fee charged to certain Investors. BAIA may do so at its sole discretion in accordance with applicable law.

### Payment of Asset-Based Advisory Fees

Fees are paid to BAIA in accordance with the Client Constituent Documents. In general, asset-based advisory fees accrue on a daily basis and are paid on a quarterly basis.

Fees typically are deducted from a BAIA Fund's assets at the payment date. Investors in a BAIA Fund bear indirectly their pro rata share of asset-based fees for the time period they are invested in the BAIA Fund.

### Additional Fees and Expenses:

BAIA's advisory fees are not inclusive of all the fees a BAIA Fund (and, indirectly, the Investors) will pay. The following is a list of fees and expenses that BAIA Funds typically will pay to third parties. This list is not intended to be exhaustive; the relevant Client Constituent Documents provide further detail relating to fees and expenses.

- ▶ Organizational Expenses
- ▶ Operating Expenses
- ▶ Custodial Fees

# Blackstone Alternative Investment Advisors LLC

## Item 5 – Fees and Compensation

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- ▶ Administrator Fees
- ▶ Transfer Agency and Sub-Transfer Agency Fees
- ▶ Legal Fees
- ▶ Registration Fees
- ▶ Insurance Costs
- ▶ Compliance Fees
- ▶ Accounting Fees
- ▶ Audit Fees
- ▶ Director Fees
- ▶ Brokerage Costs
- ▶ Interest Charges
- ▶ Credit Facility Fees, including Interest Charges
- ▶ Financing Fees
- ▶ Dividends and Interest on Securities Sold Short
- ▶ Tax-Related Fees
- ▶ Acquired Fund Fees & Expenses, including Underlying Investment Vehicle Fees and Expenses
- ▶ Expenses Reimbursed
- ▶ Preparing, Printing and Delivering All Reports, Documents and Filings related to the Fund and its Investments
- ▶ Any Fees related to the Preparation and Delivery of Internal Control Reports
- ▶ Distribution and / or Service 12b-1 Fees
- ▶ Research Costs, including Risk Management, Investment-Related Due Diligence, Data Feeds and Consulting Charges

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

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

BAAM owns a non-controlling, minority equity interest in Arcesium LLC (“Arcesium”) and the President of a BAIA Fund, who is also Chief Operating Officer of HFS and BAIA, serves on the

# **Blackstone Alternative Investment Advisors LLC**

## **Item 5 – Fees and Compensation**

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board of Arcesium. The parent company of an Underlying Manager owns a controlling, majority interest in Arcesium. Arcesium provides certain middle- and back-office services and technology to BAIA and certain Underlying Managers. BAIA utilizes technology offered by Arcesium to provide services to the Fund and the Fund will pay the fees for the services that it receives. Arcesium could also provide services and technology to one or more Underlying Investment Vehicles, in which case the Fund would also pay indirectly (through the fees charged to it by the Underlying Investment Vehicles) the fees for these services. 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, related recordkeeping, and other services and technology as agreed between the applicable entity and Arcesium. BAIA may recommend Arcesium's services to the Underlying Managers and certain Underlying Managers from time to time may hire Arcesium. Neither BAAM nor BAIA will require any Underlying Managers to hire Arcesium as a condition to hiring them or investing with such Underlying Managers, nor will BAAM or BAIA favor Underlying Managers who use Arcesium over Underlying Managers who use other qualified middle- and back-office services providers when hiring Underlying Managers for the BAIA Funds.

In return for such services, Arcesium typically receives a one-time upfront implementation fee, an annual software use and service fee (partly based the relevant fund's net asset value), and a monthly financial operations services fee (also based on the relevant fund's net asset value) (such fees in the aggregate, the "Arcesium Fees"). The Arcesium Fees have been negotiated at arm's-length and BAIA believes them to be reasonable in relation to the services provided and consistent with prevailing charges from third-party providers of the same or substantially similar services. Because the Arcesium Fees are based, in part, on the net asset value of a fund, which in the case of the BAIA Funds, is generally determined by the administrator of the BAIA Funds under the supervision of BAIA, there are conflicts with respect to calculation of the fees. Additional information regarding the Arcesium Fees is available from BAIA 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. Cash received by BAAM from Arcesium will be applied first to reimburse funds/accounts that are managed by BAAM or its affiliates (including BAIA) for the amount of Arcesium Fees paid by such entities to Arcesium. This means that the BAIA Funds could be reimbursed in full for its payment of Arcesium Fees; however, there is no guarantee of reimbursement in any event. In the event that cash distributions received by BAAM from Arcesium exceed the Arcesium Fees paid by such funds/accounts, any excess amounts will 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 such fund/accounts will be reimbursed for any portion of the Arcesium Fees paid by them.

Since the inception of BAIA Funds, BAIA has used various pricing services, including Thompson Reuters, to value portfolio investments and determine the net asset value of a BAIA Fund's shares. On October 1, 2018, a consortium led by Blackstone announced that private equity funds managed by Blackstone had completed an acquisition of Thomson Reuters' Financial &

## **Blackstone Alternative Investment Advisors LLC**

### **Item 5 – Fees and Compensation**

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Risk business, now known as Refinitiv. As of the closing date of the transaction, the Blackstone-led consortium owned a 55 percent equity stake in Refinitiv. Refinitiv operates a pricing service that provides valuation services to the mutual fund industry, including the BAIA Funds. The pricing information provided by Refinitiv to the BAIA Funds is the same as the pricing information provided by Refinitiv to all other customers.

# Blackstone Alternative Investment Advisors LLC

## Item 6 – Performance-Based Fees

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In addition to the asset-based advisory fees disclosed in **Item 5 – Fees and Compensation** above, certain BAIA Funds charge a performance-based fee of up to 15% of the positive performance of such BAIA Funds, subject to a loss carryforward provision. Under a loss carryforward provision (also referred to as a “high water mark”), if a BAIA Fund has a loss chargeable to it during any fiscal year, or is required to pay an Additional Sub-Adviser Performance Fee (defined below) to Underlying Managers, and during a subsequent fiscal year there is a profit allocable to such BAIA Fund, there will be no performance-based fee payable with respect to such BAIA Fund until the amount of the loss or additional fee, as applicable, has been recouped.

Generally, Blackstone managed funds and Blackstone affiliates, employees, retired partners, and certain former employees, as well as endowment funds, charitable programs and/or other similar related entities associated with the foregoing, may not be subject to such performance-based fee.

BAIA compensates the Underlying Managers that serve as a sub-adviser out of the fees it receives from the relevant BAIA Fund. Such compensation may include a performance fee of up to 20% of the Underlying Manager’s positive performance typically subject to a loss carryforward provision. If, as of any performance period, the sum of all Underlying Managers’ performance fees exceeds the performance fee received by BAIA from the BAIA Fund, the BAIA Fund will pay an additional amount (“Additional Sub-Adviser Performance Fee”) to BAIA to cover the shortfall. Any such Additional Sub-Adviser Performance Fee will be deducted from BAIA’s performance fee before it is paid in subsequent performance periods.

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 BAIA Funds experience a loss.

Certain Underlying Investment Vehicles may also charge a performance-based fee of up to 30% of net profits, in some cases subject to a loss carryforward provision.

Investors in applicable BAIA Funds indirectly bear their pro rata share of performance-based fees for the time period they are invested in the BAIA Fund. These fee arrangements are more thoroughly described in the relevant Client Constituent Documents.

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

Please note the existence of a performance-based fee may incentivize BAIA or the applicable Underlying Manager to manage the BAIA Funds’ assets in a more aggressive manner than if there were no performance-based fee. Further, the lack of a performance-based fee for certain BAIA Funds trading side-by-side with BAAM Funds that pay a performance-based fee creates a potential conflict of interest on the part of BAIA with respect to the allocation of investment opportunities. BAIA has a trade allocation policy (see **Item 12 – Brokerage Practices**) that is designed to address these potential conflicts of interest.



# Blackstone Alternative Investment Advisors LLC

## Item 7 – Types of Clients

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BAIA serves as the investment adviser to the Registered Funds and the Subsidiaries.

Certain share classes of the Registered Funds have minimum investment requirements. Financial intermediaries who offer shares of the Registered Funds may offer such shares subject to additional shareholder qualification requirements and minimum investment amounts.

Investors in BAIA Funds are based in the U.S. and outside of the U.S. and may consist of:

- ▶ Banks and other financial institutions
- ▶ Brokerage Accounts
- ▶ Charitable organizations
- ▶ Corporations
- ▶ High net worth individuals
- ▶ Individuals who are clients of:
  - Financial intermediaries
  - Broker-dealers
  - Financial institutions
  - Registered investment advisers
- ▶ Insurance companies
- ▶ Public and private profit sharing plans
- ▶ Public and private retirement and pension plans
- ▶ Registered Investment Companies
- ▶ State and municipal government agencies
- ▶ Trusts and estates
- ▶ Certain Blackstone employees
- ▶ Blackstone managed funds
- ▶ Business entities other than those listed above

All Investors are subject to applicable suitability and eligibility requirements.

# Blackstone Alternative Investment Advisors LLC

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

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### Analysis

BAIA invests across multiple asset classes, regions and risk spectrum. BAIA uses a variety of analysis and data to evaluate investment options and formulate investment advice for the BAIA Funds.

BAIA identifies, researches, interviews, evaluates, selects and monitors the Underlying Managers. The Underlying Managers execute various types of investment strategies on behalf of the BAIA Funds. BAIA 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

### Investment Strategies

BAIA allocates the assets of the BAIA Funds among a variety of non-traditional or “alternative” investment strategies. The Adviser allocates the assets of the BAIA Funds among Underlying Managers that serve as discretionary and non-discretionary sub-advisers with experience managing alternative investment strategies and among Investment Funds. The Adviser also manages a portion of the BAIA Funds assets directly and, from time to time, may instruct Underlying Managers with respect to particular investments. Such investment strategies include, but are not limited to:

- **Equity Hedge Strategies**, which employ both long and short positions in primarily equity securities and equity related derivatives. A wide variety of investment processes, including both fundamental and quantitative techniques, can be employed to arrive at an investment decision. Investment strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of the levels of net exposure, leverage employed, holding periods, and concentrations of market capitalizations of typical portfolios. Equity hedge strategies include:
  - **Equity Long/Short Strategies**, which combine core long and short positions in stocks, stock indices, or derivatives related to the equity markets. Equity long/short investment managers attempt to generate capital appreciation by developing and actively managing equity portfolios that include both long and short positions and by purchasing perceived undervalued securities and selling perceived overvalued securities to generate returns and to reduce a portion of general market risk. In generating non-market related returns, this investment

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

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approach emphasizes an investment manager's discretionary approach based on fundamental research. Investment managers employing equity long/short strategies may focus on a particular sector of the market or invest in a broad range of investments.

- **Equity Market Neutral Strategies**, which employ fundamental or quantitative techniques of analyzing price data to seek to ascertain information about future price movement and relationships between securities. Equity market neutral investment managers attempt to generate capital appreciation by developing and actively managing equity portfolios that contain relatively balanced long and short positions. This strategy can, among other things, include an investment approach based on company specific fundamental valuation and analysis or analysis of correlations in security price movements across securities. Additionally, this strategy can include statistical arbitrage/trading strategies that seek to exploit pricing anomalies and new information the investment manager believes has not been fully, completely, or accurately discounted into current security prices.
- **Event-Driven Strategies**, which focus on event-linked, reinsurance-related, and other types of instruments including equity, debt income securities and derivatives that are currently or may be prospectively affected by transactions or events, including mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance, other capital structure adjustments, shareholder activism, or triggering events relating to weather, natural disasters and other catastrophes. The investment focus is predicated on fundamental or systematic analysis of the anticipated effect of such transactions or events on the price of the securities of a company. Security types can range across equities, fixed income, and derivatives and from the most senior in the capital structure to the most junior or subordinated. Event-driven strategies include:
  - **Distressed/Restructuring Strategies**, which focus on corporate debt securities , primarily corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy or restructuring proceeding or financial market perception of near term proceedings. Managers typically employ fundamental or systematic credit processes focused on valuation and asset coverage of securities of distressed firms. In doing so, Underlying Managers may also employ processes designed to identify attractive opportunities in securities of companies that are under- or over-valued or expected to experience high or low levels of growth. Such portfolio exposures may be concentrated in instruments that are publicly traded, in some cases actively and in others under reduced liquidity.
  - **Event-Driven Multi-Strategy Strategies**, which focus on positions in companies currently or prospectively involved in corporate transactions or events of a wide variety including mergers, restructurings, financial distress, tender offers,

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

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shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Event-driven exposure includes a combination of sensitivities to equity markets, credit markets, and idiosyncratic, company specific developments.

- **Reinsurance Strategies**, which focus on investing in reinsurance-related securities, including, but not limited to, catastrophe bonds, event-linked bonds and reinsurance-related securitizations (*i.e.*, securitizations that are backed by a pool of reinsurance-related obligations) certain derivatives. The performance of reinsurance-related securities and the reinsurance industry itself are tied to the occurrence of various triggering events, including weather, natural disasters (hurricanes, earthquakes, etc.), non-natural large catastrophes (*e.g.*, technical or man-made hazards including terrorist attacks, cyber-attacks, and industrial accidents), and other specified events (*e.g.*, strikes, service interruptions, and quarantine events, etc.) causing physical and/or economic loss. Investment decisions are typically not based on prospects for the economy or based on movements of traditional equities and debt securities markets.
- **Risk Arbitrage Strategies**, which focus on securities of companies that are targets of merger transactions in order to capture the difference in the value of the target company and its price in the marketplace. Managers typically employ a process-driven and quantitative approach to value complex merger offers and to measure and manage risk though fundamental analysis may also be employed. Risk arbitrage transactions are generally affected by (i) the risk-free rate of return at the time a position is established; (ii) the likelihood a transaction is completed or fails, and the gains or losses associated with each outcome; (iii) market risk; and (iv) a risk arbitrage premium.
- **Macro Strategies**, which seek to profit from movements in, or risks related to, underlying macroeconomic variables and/or risk premia factors and the impact those variables and factors have on equity, fixed income, currency, and/or commodity markets. Macroeconomic variables are indicators of the overall state of the global economy or the economy of a country or region. Such variables may include, among other things, consumer price indices, benchmark interest rates, lending stock indices, or inflation rates. A risk premia strategy seeks to profit from premia caused by factors such as risk aversion or other behavioral biases. These strategies employ a variety of techniques, including discretionary and systematic approaches, combinations of top-down and bottom up analysis, fundamental and quantitative techniques, and long- and short-term holding periods. These strategies invest across various countries, markets, sectors, and companies, and have the flexibility to invest in numerous financial instruments, including derivatives. Macro strategies include:
  - **Discretionary Thematic Strategies**, which focus on the evaluation of market data, market relationships, and market influences, as interpreted by investment

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

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personnel, to identify themes in markets that are expected to outperform the relevant market as a whole. These strategies employ investment processes primarily influenced by top-down analysis of macroeconomic variables. Investment managers may trade actively in developed and emerging markets, focusing on both absolute and relative levels on equity markets, interest rates/fixed income markets, currency, and/or commodity markets. Investment managers frequently employ spread trades to isolate a differential between instruments (*i.e.*, use a combination of direct investments and/or derivatives to profit from the spread or price differential between related instruments) identified by the investment manager to be inconsistent with expected value.

- **Systematic Diversified Strategies**, which employ mathematical, algorithmic, and technical models, with little or no influence of investment personnel over the portfolio positioning. These strategies typically seek to identify opportunities in markets exhibiting trending or momentum, value, or carry characteristics across individual instruments or asset classes. Such strategies typically employ a quantitative process that focuses on statistically robust or technical patterns in the return series of the asset and highly liquid instruments.
- **Relative Value Strategies**, which focus on potential valuation discrepancies in related financial instruments. These strategies generally involve taking a position in one financial instrument and simultaneously taking an offsetting position in a related instrument in an attempt to profit from incremental changes in the price differential. These strategies may use a combination of direct investments and/or derivatives to profit from the price differential. Investment managers seek to exploit these discrepancies while achieving a low correlation to the market. These strategies employ a variety of fundamental and quantitative techniques and financial instruments may range broadly across asset classes and security types. Relative value strategies include:
  - **Fixed Income—Asset Backed Strategies**, which focus on the realization of a spread between related instruments (*e.g.*, collateralized bond obligations), at least one of which is a fixed income instrument backed by physical collateral or other financial obligations other than those of a specific corporation (*e.g.*, collateralized bond obligations). These strategies seek to isolate attractive opportunities between a variety of fixed income instruments specifically securitized by collateral commitments which frequently include loans, pools and portfolios of loans, receivables, real estate, machinery, or other tangible financial commitments. In many cases, investment managers hedge, limit, or offset interest rate exposure in the interest of isolating the risk of the position to strictly the yield disparity of the instrument relative to the lower risk instruments.
  - **Fixed Income—Corporate Strategies**, which focus on realization of a spread between related instruments, at least one of which is a corporate fixed income instrument (*e.g.*, collateralized bond obligations). These strategies employ an

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investment process designed to isolate attractive opportunities between a variety of fixed income instruments, typically realizing an attractive spread between multiple corporate bonds or between a corporate and risk free government bond.

- **Multi-Strategy Strategies**, which employ a wide variety of strategies, including some or all of those described above with allocations among such strategies based upon analysis of fundamental, statistical, technical, or other factors. Generally, investment managers employing a multi-strategy strategy will have different teams focusing on different strategies and an investment committee and/or chief investment officer that allocations among the teams based on perceived market opportunities.

Where a strategy description above refers to “fundamental” techniques, this term refers to the use of processes designed to identify attractive opportunities in securities of companies that are undervalued/overvalued or expected to experience high/low levels of growth. This “bottom up” approach to investing seeks to achieve a deep understanding of the issuer’s business. It looks at individual securities by analyzing the issuer’s financial statements and other issuer-specific data and, where appropriate, conducting interviews with industry analysts and the issuer’s management. BAIA Funds will invest in securities that are believed to be undervalued relative to other comparable investments. Investments are sold in anticipation of deterioration in the financial status of the issuer or when it is believed that a security is overvalued relative to other comparable investments. BAIA Funds may also take short positions in securities that are believed to be overvalued.

Where a strategy description above refers to “quantitative” techniques, this term refers to the use of processes that seek gains from anticipated price movements, including models based on valuation, events, statistics, economic fundamentals, changes in economic environments and changes in market sentiment. Quantitative mathematical models are utilized to implement strategies and may rely on patterns inferred from historical prices and other financial data in evaluating prospective investments. These methods integrate information, computing power, and human skill to make investment decisions and recommendations across a wide variety of market instruments and assets. These techniques generally also involve a reliance on optimizers and other systematic order management and execution management systems. Such systems optimize the management and execution of orders.

In connection with the foregoing strategies, the BAIA Funds will generally invest in a broad range of instruments, markets and asset classes economically tied to U.S. and foreign markets (including emerging markets). Investments include, but are not limited to, equity securities, fixed income securities and derivative and commodity instruments.

The equity securities in which the BAIA Funds invest include equity securities of companies of any market capitalization throughout the world (both U.S. and foreign markets (including emerging markets which may include frontier markets)), which include common stocks,

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

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preferred stocks, convertible securities, depositary receipts, exchange-traded funds, real estate investment trusts, and partnership interests.

The fixed income securities in which the BAIA Funds invest include debt securities of governments throughout the world (both U.S. and foreign markets (including emerging which may include frontier markets)) as well as their agencies and/or instrumentalities, debt securities of corporations throughout the world (both U.S. and foreign markets (including emerging markets which may include frontier markets)), including inflation-indexed securities, debt securities of any duration, maturity, or credit rating (including below investment grade debt securities (commonly known as “junk bonds”)) or debt securities that are unrated, commercial and residential mortgage-backed securities, asset-backed securities (including those backed by consumer assets), adjustable rate securities, stripped securities (i.e., securities resulting from the separation of income and principal components of debt securities), net interest margin securities (i.e., securities based on the value of excess cash flows received by underlying mortgage-backed securities), bank and direct loans, loan assignments and loan participations, bankruptcy or trade claims and event-linked instruments (including catastrophe bonds).

The derivative instruments in which the BAIA Funds invest include futures and forward contracts, such as index, interest rate, or government bond futures and mortgage to be announced securities (“TBAs”); swaps, such as credit default swaps, total return swaps, interest rate swaps (including constant maturity swaps), currency swaps, swaptions, and/or contracts for difference; call and put options including writing (selling) calls against positions in the portfolio (“covered calls”) or writing (selling) puts, over-the-counter (“OTC”) options and currency options; ad warrants and rights; and any security described above issued by a special purpose acquisition company (“SPAC”). The BAIA Funds may invest in foreign currency futures, forwards, or exchange contracts. Any of these derivatives may be used in an effort to gain economic exposure to one or more alternative investment strategies, to enhance returns, or to hedge the BAIA Funds’ positions by managing or adjusting the risk profile of the BAIA Fund or their individual positions. At times, the BAIA Funds may invest a significant portion of its assets in derivative instruments. In addition to derivative instruments, the BAIA Funds may also invest in repurchase agreements, or reverse repurchase agreements, and purchase and sale contracts.

From time to time, the Fund may have substantial exposure to a particular asset class, industry, sector, country, or region.

#### **Risk of Loss**

The investment program of the BAIA Funds entails substantial risks and includes alternative investment techniques not employed by traditional mutual funds. An Investor may lose part or all of an investment or the investment may not perform as well as other similar investments. An investment in the BAIA Funds should be viewed only as part of an overall investment program. No assurance can be given that the BAIA Funds investment programs will be successful. The following is a summary description of the principal risks of investing in the BAIA Funds. Any decision to invest in the BAIA Funds should take into account that the BAIA Funds

## Blackstone Alternative Investment Advisors LLC

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

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may make a wide range of investments, and be subject to related risks, which can be substantial.

The relative significance of the principal risks identified below, at any given time, will vary depending on the specific composition of the BAIA Funds' investment portfolio from time to time and the allocation of the BAIA Funds' assets among the various investment strategies, which may change frequently and/or significantly over time.

**General Economic and Market Conditions:** The success of BAIA's and the Underlying Manager's investments activities will be affected by general economic and market conditions, such as:

- ▶ Interest rates
- ▶ Availability of credit
- ▶ Credit defaults
- ▶ Inflation rates
- ▶ Economic uncertainty
- ▶ Changes in laws (including laws relating to taxation of the Underlying Managers' investments)
- ▶ Trade barriers
- ▶ Currency exchange controls
- ▶ National and international political circumstances (including wars, terrorist acts or security operations)

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

- ▶ Activist Strategies Risk
- ▶ Allocation Risk
- ▶ Arbitrage Strategies Risk
- ▶ Bankruptcy Process Risk and Trade Claims Risk
- ▶ Below Investment-Grade Instruments Risk
- ▶ Borrowing Risk
- ▶ Collateralized Debt Obligations and Collateralized Loan Obligations Risk
- ▶ Commodities-Related Investments Risk



# **Blackstone Alternative Investment Advisors LLC**

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

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- ▶ Conflicts of Interest Risk
  - Allocation of Investment Opportunities
  - Financial Interests in Service Providers
  - Financial Interests in Sub-Advisers
  - Other Activities of the Adviser or Sub-Advisers
  - Selection of Sub-Advisers
- ▶ Convertible Securities Risk
- ▶ Counterparty Credit Risk
- ▶ Cyber Security Breaches and Disruptions
- ▶ Debt Securities Risk
  - Credit Risk
  - Event Risk
  - Extension Risk
  - Inflation Risk
  - Interest Rate Risk
  - Prepayment Risk
  - Variable and Floating Rate Instrument Risk
- ▶ Defensive Investing Risk
- ▶ Derivatives Risk
  - Contracts for Difference Risk
  - Forwards
  - Futures
  - Options
  - Swap Agreements
- ▶ Distressed Securities Risk
- ▶ Equity Securities Risk
- ▶ Event-Driven Trading Risk
- ▶ Event-Linked Instrument Risk
- ▶ Focused Investment Risk
- ▶ Foreign Investments and Emerging Markets Risk
- ▶ Government Issued Securities Risk

## **Blackstone Alternative Investment Advisors LLC**

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

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- ▶ Hedging Transactions Risks
- ▶ High Portfolio Turnover Risk
- ▶ Investment Company and ETF Risk
- ▶ Large Redemption Risk
- ▶ Leverage Risk
- ▶ Limited Capacity Risk
- ▶ Liquidity Risk
- ▶ Loan Risk
- ▶ Long/Short Strategies Risk
- ▶ Macro Strategy Risk
- ▶ Market Capitalization Risk (small-, mid- and large cap stocks risk)
- ▶ Market Risk and Selection Risk
- ▶ Model and Technology Risk
- ▶ Mortgage- and Asset-Backed Securities Risk
  - Residential Mortgage Backed Security Risk
  - Non-Investment Grade RMBS Risk
  - Commercial Mortgage-Backed Securities Risk
- ▶ Multi-Manager Risk
  - Differential Strategy Risk
  - New Sub-Adviser Risk
  - Offsetting Positions Risk
- ▶ New Issue Risk
- ▶ Non-Exchange Traded Securities Risk
- ▶ Real Estate and REIT Investment Risk
- ▶ Relative Value Strategies Risk
- ▶ Regulatory Risk
- ▶ Repurchase Agreements Risk
- ▶ Securities Lending Risk
- ▶ Short Sales Risk
- ▶ Sovereign Debt Risk
- ▶ Special Purpose Acquisition Company (“SPAC”) Risk

## **Blackstone Alternative Investment Advisors LLC**

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

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- ▶ Structured Products Risk
- ▶ Subsidiary Risk
- ▶ Systematic Trading Risk
- ▶ Tax Risk
- ▶ TBA Risk
- ▶ Valuation Risk
- ▶ Warrants and Rights Risk

#### **Risks Specific to Investments in Underlying Investment Vehicles**

- ▶ Duplicative Fees and Expenses
- ▶ Estimates
- ▶ Exemption from 1940 Act / UCITS Rules
- ▶ Illiquid Securities Risk
- ▶ Limited Information Rights
- ▶ Performance Fees
- ▶ Special Situation Investments
- ▶ Waiver of Voting Rights

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

## **Blackstone Alternative Investment Advisors LLC**

### **Item 9 – Disciplinary Information**

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BAIA 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 BAIA. There have been no material regulatory findings against BAIA in the past. As of the date of this Brochure, there are no regulatory proceedings pending against BAIA and BAIA 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 BAIA and / or the BAIA Funds or should be material when evaluating your client/adviser relationship with us.

# Blackstone Alternative Investment Advisors LLC

## Item 10 – Other Financial Industry Activities and Affiliations

BAIA is an affiliate of the following entities:

Broker-Dealer Entities	
Blackstone Advisory Partners L.P.	▶ Provides a variety of limited investment banking services
Assetpoint Financial, LLC	▶ Operates a service that facilitates the entry by banks and other financial institutions in to repurchase agreement transactions for themselves or as agent for their customers
Dealerweb Inc.	▶ Operates as an interdealer broker in fixed income securities including U.S. government mortgage-backed securities, repurchase agreements, U.S. treasuries, collateralized mortgage obligations, asset backed securities, EFPs, and municipal securities; and operates as an alternative trading system for fixed income securities
FEF Distributors LLC	▶ Serves as distributor and principal underwriter to the First Eagle mutual funds and private investment funds
Alight Financial Solutions, LLC	▶ Provides self-directed brokerage windows to participants of plan sponsored 401(k) retirement plans
Incenter Securities Group LLC	▶ Provides a variety of limited investment banking services
Redi Global Technologies LLC	▶ Operates an EMS (“REDI”) that provides advanced trading functionality and the ability to transact across multiple asset classes from a single front-end
Redi Technologies Ltd	▶ The FCA entity that operates “REDI” EMS, that provides advanced trading functionality and the ability to transact across multiple asset classes from a single front-end
Refinitiv Transaction Services Limited	▶ UK registered company, whose main activity is the provision of electronic trading venues for foreign exchange spot and forward/swaps foreign exchange instruments
Tradeweb Europe Limited	▶ Operates a fully-disclosed electronic trading platform for fixed income securities, certain derivatives and money market instruments in the United Kingdom and throughout the European economic area

# Blackstone Alternative Investment Advisors LLC

## Item 10 – Other Financial Industry Activities and Affiliations

Tradeweb L.L.C.	▶ Operates a fully-disclosed electronic trading platform for fixed income securities, certain derivatives and money market instruments
Tradeweb Direct LLC	▶ Operates an alternative trading system for taxable and tax-exempt fixed income securities and serves as a venue for matching buyers and sellers in the fixed income marketplace for retail sized orders

### Investment Advisor Entities

Alight Financial Advisors, LLC (D/B/A Aon Hewitt 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 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. (Relying Advisor)	▶ Provides investment advisory services to private investment funds specializing in the cleantech energy sector
Blackstone Communications Advisors I L.L.C. (Relying Advisor)	▶ Provides investment advisory services to a private investment fund specializing in communications-related private equity investments
Blackstone Core Equity Advisors L.L.C. (Relying Advisor)	▶ Provides investment advisory services to various private equity funds
Blackstone Growth Advisors L.L.C.	▶ Provides investment advisory services to private growth investment funds
Blackstone Insurance Solutions Europe LLP	▶ Provides investment advisory services to one or more private investment funds and managed accounts focusing on European investment grade securities, investments across Blackstone's private equity, real asset, credit, hedge fund and opportunistic asset management strategies and origination opportunities
Blackstone ISF Advisors LP	▶ Provides investment advisory services to a number of debt-focused separately managed accounts

## Blackstone Alternative Investment Advisors LLC

### Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
Blackstone Infrastructure Advisors L.L.C.	▶ Provides investment advisory services to one or more infrastructure-focused investment funds
Blackstone ISG-I Advisors L.L.C.	▶ Provides investment advisory services to one or more private investment funds and managed accounts focusing on fixed income investments and investments across Blackstone's private equity, real asset, credit, hedge fund and opportunistic asset management strategies
Blackstone ISG-II Advisors L.L.C.	▶ Provides investment advisory services to various private investment funds focusing on investments across Blackstone's private equity, real asset, credit, hedge fund and opportunistic asset management strategies
Blackstone Life Sciences Advisors L.L.C.	▶ Provides investment advisory services to Blackstone Life Sciences V L.P.
Blackstone Management Partners L.L.C.	▶ Provides investment advisory services to various private equity funds
Blackstone Management Partners IV L.L.C. (Relying Adviser)	▶ 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 Alternative Investment Advisors LLC

## Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
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. (Relying Adviser)	▶ Provides investment advisory services to private investment funds and accounts which invest primarily in public and private debt and other interests of real estate assets and real estate-related holdings
Blackstone Strategic Alliance Advisors L.L.C.	▶ Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Strategic Capital Advisors L.L.C.	▶ Manages private funds engaged in acquisitions of minority interests in alternative asset managers
Blackstone Tactical Opportunities Advisors L.L.C.	▶ Provides investment advisory services to multi-discipline, multi-asset class private funds and separately managed accounts
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 Management Europe Limited (Relying Adviser)	▶ 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 (Relying Adviser)	▶ Provides investment advisory services to a number of debt-focused private investment funds
Blackstone / GSO CLO Management LLC (Management Series) (Relying Adviser)	▶ Provides investment advisory services to U.S. CLOs
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



## Blackstone Alternative Investment Advisors LLC

### Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
BX REIT Advisors L.L.C.	▶ Provides investment advisory services to a public, non-traded REIT
Clarus Ventures, LLC	▶ Provides investment advisory services to various private investment funds specializing in the life sciences industry
CT High Grade Mezzanine Manager, LLC (Relying Adviser)	▶ Provides investment advisory services to assets owned by a third party insurance company
CT High Grade Partners II Manager, LLC (Relying Adviser)	▶ 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 Alternative Credit, LLC	▶ Provides investment advisory services for both direct lending and broadly syndicated investments, through public and private vehicles, collateralized loan obligations, separately managed accounts and co-mingled funds
First Eagle Alternative Credit SLS, LLC	▶ Provides investment advisory services to clients in below investment grade investment opportunities in bank loans, high yield debt, collateralized loan obligations (“CLOs”), including CLO debt or equity mandates, and other securities
First Eagle BDC Adviser LLC	▶ Investment adviser created to provide investment advisory services to a business development company that has not yet launched
First Eagle Commercial Loan Originator II LLC	▶ Provides investment advisory services to CLO’s specializing in middle market credit
First Eagle Investment Management, LLC	▶ Provides investment advisory services to mutual funds, private investment funds, institutional accounts and high net worth individuals
First Eagle Private Credit Advisors, LLC	▶ Provides investment advisory services to a number of CLO’s, private investment funds and separately managed accounts specializing in liquid credit

## Blackstone Alternative Investment Advisors LLC

### Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
First Eagle Private Credit, LLC	▶ Provides investment advisory services to a number of CLO's, private investment funds and separately managed accounts specializing in middle market credit
GSO Asset Management LLC	▶ Provides investment advisory services to a debt-focused investment company electing to do business as a business development company
GSO Capital Advisors LLC	▶ Provides investment advisory services to a number of debt-focused private investment funds and separately managed accounts
GSO Capital Advisors II LLC (Relying Adviser)	▶ Provides investment advisory services to a number of debt-focused separately managed accounts
GSO Capital Partners LP	▶ Provides investment advisory services to a number of debt-focused private investment funds and closed-end funds
GSO / Blackstone Debt Funds Management LLC	▶ Provides investment advisory services to a number of debt-focused private investment funds, closed-end funds and separately managed accounts
Harvest Fund Advisors LLC	▶ Provides investment advisory services to various categories of institutions and high net worth individuals via private pooled investment vehicles and separate accounts investing principally in publicly-traded energy infrastructure Master Limited Partnerships and the North American energy market
Incenter Capital Management LLC	▶ Provides investment advisory services to mortgage related asset private funds and managed accounts
Strategic Partners Fund Solutions Advisors L.P.	▶ Provides investment advisory services to a number of pooled investment and custom vehicles operating as private investment funds
Refinitiv Global Markets Inc. (D/B/A IFR, Municipal Market Data)	▶ Provides investment advisory services to U.S. treasuries and U.S. municipal markets
THL Credit, Inc.	▶ Provides investment advisory services to certain private funds and separate accounts that have invested alongside THL Credit, Inc.

# Blackstone Alternative Investment Advisors LLC

## Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities		
THL Credit Direct Lending Manager III LLC (Relying Adviser)		▶ Serves as the manager of a private direct lending fund
Blackstone Europe Fund Management S.a.r.l.		▶ Provides services to various alternative investment funds
Blackstone Singapore Pte Ltd		▶ Singapore investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and also provides investment advisory services to funds controlled by the registrant
The Blackstone Group (Australia) Pty Limited		▶ Australian investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
The Blackstone Group (HK) Limited		▶ Hong Kong investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and also has a broker-dealer license for fund marketing
The Blackstone Group International Partners LLP		▶ U.K. investment advisory firm, which serves as a sub-advisor to affiliates of the registrant
The Blackstone Group Japan K.K.		▶ Japanese investment advisory firm, which serves as a sub-advisor to affiliates of the registrant and also has a broker-dealer license for fund marketing

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>i.e., fund of hedge funds</i> )
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 Alternative Investment Advisors LLC

## Item 10 – Other Financial Industry Activities and Affiliations

### Registered or Exempt Commodity Trading Advisor and/or Commodity Pool Operator Entities

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

### 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
HealthMarkets Insurance Agency, Inc.	▶	An independent health insurance agency that distributes healthcare and Medicare advantage insurance products from more than 200 insurance companies, as well as its own underwritten supplemental insurance products
Lexington National Land Services	▶	Places title insurance and provide title services for real property owned by various funds and/or their portfolio entities
Partners Life Limited	▶	Life and medical insurance company in New Zealand
Rothsay Life Plc	▶	Life insurer specializing in bulk annuities and other de-risking solutions for defined benefit pension schemes and insurance companies

Note: Other entities within the Hedge Fund Solutions Group, which serve as general partners of funds managed by BAIA affiliates (and are listed in BAIA's ADV Part 1, Schedule D Section 7A), may be deemed to be investment advisors but are not required to be registered as such. BAIA manages a number of public investment companies, which are listed at: <https://www.blackstone.com/the-firm/asset-management/registered-funds#c=blackstone-alternative-multi-strategy-fund&t=Investor+Documents>.

# **Blackstone Alternative Investment Advisors LLC**

## **Item 10 – Other Financial Industry Activities and Affiliations**

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### **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 BAIA. 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. BAP serves as principal underwriter and distributor for several U.S. Registered Funds managed by BAIA.

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

### **Potential Conflicts of Interest specific to PJTP**

On October 1, 2015, Blackstone spun off the financial and strategic advisory services, restructuring and reorganization advisory services, and its Park Hill Group fund placement businesses, 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, it is expected that there will be substantial overlapping ownership between Blackstone and PJTP for a considerable period of time going forward. Therefore, conflicts of interest will arise in connection with transactions between or involving the BAIA Funds on the one hand, and PJTP, on the other. The pre-existing relationship between Blackstone and its former personnel, the overlapping ownership and certain continuing arrangements between PJTP and Blackstone may influence BAIA to select or recommend PJTP to perform services for Blackstone managed funds, including the BAIA Funds, the cost of which will generally be borne directly or indirectly by the BAIA Funds and Investors (to the extent of their ownership therein). Given that PJTP is no longer an affiliate of Blackstone, BAIA will be free to transact with PJTP generally without restriction under the Client Constituent Documents, notwithstanding the historical relationship between Blackstone and PJTP.

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

Blackstone owns 40% of the equity interests in Pátria Investimentos Ltd. (“Pátria”), a leading Brazilian alternative asset manager and advisory firm. Pátria’s alternative asset management businesses include the management of private equity funds, real estate funds, infrastructure funds and hedge funds (e.g., a multi-strategy fund and a long/short equity fund). Each of Blackstone’s and Pátria’s respective investment funds continues to pursue investment opportunities in accordance with their existing mandates. There may be instances where appropriate investment opportunities will be shared (in whole or in part) with Pátria.

### **Potential Conflicts of Interest Specific to Data Management**

Blackstone or an affiliate of Blackstone formed in the future will provide data management services to Blackstone portfolio entities, the funds managed by the Hedge Fund Solutions Group and Other Blackstone Clients (collectively, “Data Holders”). Such services may include assistance with obtaining, analyzing, curating, processing, packaging, organizing, mapping,

## **Blackstone Alternative Investment Advisors LLC**

### **Item 10 – Other Financial Industry Activities and Affiliations**

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holding, transforming, enhancing, marketing and selling such data for monetization through licensing or sale arrangements with third parties and directly with Data Holders (subject to the limitations in the Client Constituent Documents and any other applicable contractual or legal limitations). If Blackstone enters into data services arrangements with Blackstone portfolio entities and receives compensation from such portfolio entities for such services, Blackstone funds will indirectly bear their share of such compensation based on their pro rata ownership of such portfolio entities. Where Blackstone believes appropriate, data from one Data Holder may be pooled with data from other Data Holders. Any revenues arising from such pooled data sets would be allocated between applicable Data Holders on a fair and reasonable basis as determined by Blackstone in its sole discretion, with Blackstone able to make corrective allocations should it determine subsequently that such corrections were necessary or advisable.

Blackstone's compensation for data management services may include a percentage of the revenues generated through any licensing or sale arrangements, fees, royalties and cost and expense reimbursement (including start-up costs and allocable overhead associated with personnel working on relevant matters (including salaries, benefits and other similar expenses)). Such compensation will not be subject to any fee offset provisions or otherwise shared with Data Holders or investors. Additionally, Blackstone may share the products from such data management services within Blackstone or its affiliates (including Other Blackstone Clients or their portfolio entities) at no charge and, in such cases, the Data Holders may not receive any financial or other benefit from having provided such data to Blackstone. The potential receipt of such compensation by Blackstone may create incentives for Blackstone to cause Blackstone funds to invest in portfolio entities with a significant amount of data that it might not otherwise have invested in or on terms less favorable than it otherwise would have sought to obtain.

Blackstone receives or obtains various kinds of data and information from the Data Holders, including data and information relating to business operations, trends, budgets, customers and other metrics, some of which is sometimes referred to as "big data." Blackstone may be better able to anticipate macroeconomic and other trends, and otherwise develop investment themes, as a result of its access to (and rights regarding) this data and information from the Data Holders. Blackstone has entered and will continue to enter into information sharing and use arrangements, which will give Blackstone access to (and rights regarding) data that it would not otherwise obtain in the ordinary course, with the Data Holders, related parties and service providers. Although Blackstone believes that these activities improve Blackstone's investment management activities on behalf of the Blackstone funds, information obtained from the Data Holders also provides material benefits to Blackstone without compensation or other benefit accruing to the Data Holders or their investors. For example, information from portfolio entities owned by Blackstone funds may enable Blackstone to better understand a particular industry and, subject to compliance with law and Blackstone's information walls, execute trading and investment strategies in reliance on that understanding for Blackstone and Other Blackstone Clients that do not own an interest in the portfolio entity, without compensation or benefit to the relevant Blackstone fund or portfolio entity.

## **Blackstone Alternative Investment Advisors LLC**

### **Item 10 – Other Financial Industry Activities and Affiliations**

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Furthermore, except for contractual obligations to third parties to maintain confidentiality of certain information, regulatory limitations on the use of material nonpublic information, and Blackstone information walls, Blackstone is generally free to use data and information from the Blackstone funds' activities to assist in the pursuit of Blackstone's various other activities, including to trade for the benefit of Blackstone or an Other Blackstone Client. For example, Blackstone's ability to trade in securities of an issuer relating to a specific industry may, subject to applicable law and Blackstone's information walls, be enhanced by information of a portfolio entity in the same or related industry. Such trading may provide a material benefit to Blackstone without compensation or other benefit to the relevant Blackstone funds or their investors.

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

# Blackstone Alternative Investment Advisors LLC

## Item 11 – Code of Ethics

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As required by the Advisers Act, Blackstone and BAIA have adopted a Code of Ethics (the “Code”) that governs a number of potential conflicts of interest that exist when providing advisory services. This Code is designed to enable BAIA to meet its fiduciary obligation to BAIA’s clients (or prospective clients) and to instill a culture of compliance within BAIA. An additional benefit of the Code is to assist Blackstone and BAIA 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. BAIA 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 in **Item 10 – Other Financial Industry Activities and Affiliates** and identified below. BAIA has adopted, and continues to adopt, policies and procedures to address such potential conflicts of interest.



# Blackstone Alternative Investment Advisors LLC

## Item 11 – Code of Ethics

### Investment Related Potential Conflicts

Potential Conflict	Mitigating Policy
<p>From time to time BAIA takes investment positions or actions for one or more BAIA Funds that may be different from, or inconsistent with, actions or positions taken for one or more other BAIA Funds (or funds managed by affiliates of BAIA) having similar or differing investment objectives, creating conflicts of interest in investment and allocation decisions regarding the allocation of investments that could be appropriate for the BAIA Funds and other clients of BAIA.</p>	<p>The decision to hire an Underlying Manager as a sub-adviser to the BAIA Funds or make an investment directly is reviewed and approved by the BAIA Investment Committee (see <b>Item 13 – Review of Accounts</b> for further details). Each BAIA Fund is overseen by a board of trustees or board of directors that has independent members and bears overall responsibility to manage and control the business affairs of such funds.</p> <p>BAIA maintains detailed policies and procedures relating to allocations among the BAIA Funds.</p>
<p>BAIA determines the allocation of each BAIA Fund’s assets among directly managed strategies and strategies managed by Underlying Managers. BAIA compensates the Underlying Managers out of the Management Fee it receives from the BAIA Funds. Management Fees received by BAIA with respect to assets allocated to directly managed strategies are not reduced by payments to Underlying Managers, which creates an incentive for BAIA to allocate more of the Fund’s assets to directly managed strategies.</p>	<p>In managing the conflicts discussed herein, BAIA has adopted the following limit, which may be changed by BAIA from time to time: allocations to Blackstone Strategies (defined below) will not exceed 20% of the BAIA Fund’s assets. The term “Blackstone Strategies” means any investment mandates managed in a continuous or recurring manner by BAIA directly or by any Blackstone Underlying Manager (defined below), but does not include hedging, any mandate that is advised by a non-discretionary unaffiliated Underlying Manager, or any allocation to an investment fund.</p> <p>The term “Blackstone Underlying Manager” means a wholly-owned subsidiary of Blackstone.</p>
<p>BAIA compensates the Underlying Managers out of the Management Fee it receives from the BAIA Funds. This creates an incentive for BAIA to select Underlying Managers with lower fee rates. BAIA also has an incentive to select Underlying</p>	<p>Each sub-advisory agreement with an Underlying Manager, and any material change thereto, will be approved by the Board of Trustees. Additionally, in relying on the exemptive order issued by the SEC in recommending the hiring, termination, and</p>

# Blackstone Alternative Investment Advisors LLC

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
Managers that are affiliated with the BAIA (see self-imposed limits on Blackstone Strategies above).	replacement of Permitted Sub-Advisers (“Manager of Managers Order”), BAIA provides its Board of Trustees with information showing the expected impact of any proposed Underlying Manager’s hiring or termination on the profitability of BAIA. Where a change is proposed for an Underlying Manager affiliated with BAIA, the Board of Trustees will make a separate finding that the change is in the best interests of the BAIA Funds and its shareholders and does not involve a conflict of interest from which BAIA or an Underlying Manager derives an inappropriate advantage.
Blackstone and its affiliates have financial interests in investment vehicles and asset managers (each a “ <u>Blackstone Affiliated Manager</u> ”). For example, Blackstone Strategic Capital Advisors L.L.C. (“BSCA”), an affiliate of BAIA, manages certain funds that make minority investments in established investment managers (the “Strategic Capital Managers”) and receives revenue in respect of the funds’ investment. Similarly, Blackstone Strategic Alliance Advisors L.L.C. (“BSAA”), an affiliate of BAIA, manages certain funds that make seed investments in private investment funds managed by emerging fund managers (the “Strategic Alliance Managers”) and receive an interest in such manager’s revenues.	The decision to hire an Underlying Manager as a sub-adviser to the BAIA Funds is reviewed and approved by the BAIA Investment Committee (see <b>Item 13 – Review of Accounts</b> for further details).
Due to prohibitions contained in the 1940 Act on certain transactions between a Registered U.S. Fund and its affiliated persons, or affiliated persons of those affiliated persons, the Registered U.S. Funds may not be able to invest in Underling Investment Vehicles managed by	Each BAIA Fund is overseen by a board of trustees or board of directors that has independent members and bears overall responsibility to manage and control the business affairs of such funds.
	To the extent that a BAIA Fund allocates assets to an Underlying Investment Vehicle managed by a Strategic Capital Manager or Strategic Alliance Manager, BSAA or BSCA, as applicable, will rebate to the BAIA Fund the revenue it receives from such manager relating to such investment (Investors in the BSAA and BSCA funds will not rebate their share of such revenue).
	BAIA intends to allocate investment opportunities in accordance with the BAIA Funds respective compliance policies and procedures, taking into account the relevant investment objectives and criteria, amounts

# Blackstone Alternative Investment Advisors LLC

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
<p>certain Blackstone Affiliated Managers, even if the investment would be appropriate for such Fund.</p> <p>BAIA generally will be permitted to hire a Blackstone Affiliated Manager to serve as a sub-advisor to the BAIA Funds, although, in the case of the Registered U.S. Funds, the nature of Blackstone’s relationship with such manager may prevent BAIA from relying on the Manager of Managers Order (defined below) with respect to such hiring. BAIA may have an incentive to allocate the BAIA Funds’ assets to Blackstone Affiliated Managers since affiliates of BAIA will receive fees relating to such allocations and otherwise will have a direct or indirect financial interest in the success of such managers.</p> <p>There is significant overlap between BAIA’s Investment Committee and the investment committees for BAAM, BSCA, BAS and BSAA.</p> <p>Strategic Capital Managers and Strategic Alliance Managers do not represent an exhaustive list of Blackstone Affiliated Managers.</p>	<p>of capital available, exposure to market trends, liquidity, diversification, risk exposure, trading volume, contractual restrictions, guidelines, and similar factors.</p>
<p>BAIA, BAAM, 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.</p>	<p>HFS allocates expenses on a basis that it considers equitable and in accordance with its expense allocation policies and the Client Constituent Documents.</p>
<p>Members of BAIA’s senior management may sit on advisory boards of an Underlying Manager. Currently, this is the case for one Underlying Manager.</p>	<p>The decision to hire an Underlying Manager as a sub-adviser to the BAIA Funds is reviewed and approved by the BAIA Investment Committee (see <b>Item 13 – Review of Accounts</b> for further details) and, in the case of the Registered U.S. Funds, by the board of</p>

# Blackstone Alternative Investment Advisors LLC

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
	trustees of such funds, which is majority independent.
To the extent permitted by applicable law, BAIA may cause a BAIA Fund to purchase investments from, to sell investments to, to exchange investments with, or to transfer investments to, another BAIA Fund.	Any such purchases, sales, exchanges or transfers will be effected based upon the independent current market price or fair market value of the investment, will be effectuated in compliance with the Advisers Act and will be subject to the approval of BAIA's Chief Compliance Officer (among others) in accordance with BAIA's cross trade policies and procedures.
BAAM provides advisory services, typically on a non-discretionary basis, regarding the hedge fund portfolios of certain clients ("BAAM Advisory Clients"). BAAM may communicate investment recommendations to BAAM Advisory Clients prior to the full implementation of such recommendations by BAIA for the BAIA Funds. Accordingly, the BAIA Funds may be seeking to obtain limited capacity from Underlying Managers at the same time as BAAM Advisory Clients.  Similarly, to the extent that an Underlying Manager imposes redemption limitations, actions taken by BAAM Advisory Clients may be adverse to the BAIA Funds.  In addition, BAAM Advisory Clients, from time to time, may have access to or have the right to obtain information about investment decisions made for the BAIA Funds. Based on such information, BAAM Advisory Clients may take actions that are adverse to the BAIA Funds.	BAIA and BAAM maintain detailed policies and procedures relating to allocations among their Funds.
Investment opportunities that are appropriate for a BAIA Fund may also be appropriate for Other Blackstone Clients.	See <b>Item 12 – Brokerage Practices – Investment Allocations.</b>

# Blackstone Alternative Investment Advisors LLC

## Item 11 – Code of Ethics

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

### Non-Investment Related Potential Conflicts

Potential Conflict	Mitigating Policy
Blackstone employees invest for their own accounts in various investment opportunities, including investments in which the BAIA Funds may have an interest.	<p>All Blackstone employees must pre-clear trades in all hedge funds and other securities (subject to a limited number of exceptions) with Blackstone Compliance.</p> <p>All BAIA employees must pre-clear trades in all hedge funds and other securities (subject to a few limited exceptions) with BAAM / BAIA Compliance and Blackstone Compliance.</p> <p>Upon hire and quarterly thereafter, all BAIA employees must report all hedge fund holdings. BAIA employees are generally restricted from investing with Underlying Managers.</p> <p>The decision to hire an Underlying Manager as a sub-adviser to the BAIA Funds is reviewed and approved by the BAIA Investment Committee (see <b>Item 13 – Review of Accounts</b> for further details) and, in the case of the Registered U.S. Funds, by the board of trustees of such funds, which is majority independent.</p>

# Blackstone Alternative Investment Advisors LLC

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
<p>From time to time, BAIA and / or Blackstone employees may speak at conferences and programs for potential hedge fund investors, which are sponsored by BAIA / Blackstone’s third-party service providers. Through such “capital introduction” events, prospective hedge fund investors have the opportunity to meet with BAIA. Such events and other services (including, without limitation, capital introduction services) provided by service providers, including prime brokers, custodians and administrators, may influence BAIA / Blackstone in deciding whether to use such service provider.</p> <p>BAIA may have a placement agreement or other relationship with a broker-dealer that sponsors hedge fund conferences or similar events.</p>	<p>All BAIA employees must pre-clear speaking at conferences and other programs with BAAM / BAIA Compliance.</p> <p>Materials provided by BAIA as part of such conferences and other programs must be approved by BAAM / BAIA Compliance.</p> <p>Neither BAIA nor the BAIA Funds compensates the service providers for organizing such events.</p>
<p>BAIA incurs common expenses on behalf of all BAIA Funds.</p>	<p>BAIA allocates such expenses on a basis that it considers equitable and in accordance with its expense allocation policies and the Client Constituent Documents.</p>
<p>Certain BAIA personnel, including certain members of the BAIA Investment Committee, will work on other projects, serve on other committees and source potential investments for and otherwise assist the investment programs of Other Blackstone Clients resulting in potential conflicts of interest in the allocation of time, by such BAIA personnel.</p>	<p>Such BAIA personnel allocate their time on a basis that BAIA deems to be fair and equitable to all relevant Blackstone Clients</p>
<p>Certain advisors, service providers, counterparties and vendors (“Service Providers”) to BAIA, the BAIA Funds, and Underlying Managers (including, without limitation, accountants, administrators, lenders, bankers, brokers, attorneys,</p>	<p>Any use of Service Providers will be in accordance with the Client Constituent Documents and applicable law. Blackstone has a general practice of not having lower fee arrangements for BAIA and Other Blackstone Advisers as compared to fees paid by the BAIA</p>

# Blackstone Alternative Investment Advisors LLC

## Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
consultants, title agents, research providers and investment or commercial banking firms) provide goods or services to, and/or have other relationships with (including being affiliates of), Other Blackstone Advisers, and/or their respective portfolio companies and affiliates. Service Providers may be investors in the Underlying Managers or their Underlying Investment Vehicles, the BAIA Funds and/or other affiliates of Blackstone. They may also be sources of financing and investment opportunities for, coinvestors with, commercial counterparties of, or entities in which, Blackstone and/or Other Blackstone Advisers have an investment (directly or indirectly). As such, payments to the Service Providers by the BAIA Funds, Underlying Managers, and their affiliates may indirectly benefit Blackstone, the Other Blackstone Advisers and/or their respective portfolio companies and affiliates. Also, Service Providers could have other commercial or personal relationships with Blackstone, Other Blackstone Advisers, Underlying Managers and/or their respective investment vehicles, portfolio companies and affiliates.	Funds for similar services.
Although Blackstone selects Service Providers it believes are most appropriate in the circumstances based on its knowledge of Service Providers (which knowledge is generally greater in the case of Service Providers that are affiliates of, or that have other relationships with, Blackstone), the relationship of Service Providers to Blackstone as described above may influence Blackstone in deciding whether to select or recommend a Service Provider to perform services for the BAIA Funds or an Underlying Manager, the cost	

# Blackstone Alternative Investment Advisors LLC

## Item 11 – Code of Ethics

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Potential Conflict	Mitigating Policy
of which may be borne directly or indirectly by the BAIA Funds.	



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## Item 11 – Code of Ethics

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### Fee Related Potential Conflicts

Potential Conflict	Mitigating Policy
<p>BAIA typically compensates the Underlying Managers that serve as investment sub-advisers to a BAIA Fund out of the asset-based advisory fees and, for certain BAIA Funds, out of the performance fees it receives from the BAIA Fund. This arrangement may incentivize BAIA to favor Underlying Managers that charge lower fees.</p> <p>The advisory fees charged by certain Underlying Managers that serve as investment sub-advisers to a BAIA Fund contain fee breakpoints based on the amount of assets allocated to such Underlying Managers. This arrangement may incentivize BAIA to favor Underlying Managers whose advisory fee contains breakpoints.</p> <p>BAIA's fees are not reduced by the amount of any advisory or performance fees paid in connection with investments in Underlying Investment Vehicles. This arrangement may incentivize BAIA to favor investments in Underlying Investment Vehicles over hiring Underlying Managers to serve as investment sub-advisers.</p>	<p>The decision to hire an Underlying Manager as a sub-adviser to the BAIA Funds is reviewed and approved by the BAIA Investment Committee (see <b>Item 13 – Review of Accounts</b> for further details) and, in the case of the Registered U.S. Funds, by the board of trustees of such funds, which is majority independent.</p> <p>Additionally, in relying on the exemptive order issued by the SEC in recommending the hiring, termination and replacement of permitted sub-advisers ("Manager of Managers Order"), BAIA will provide the board of trustees of such Registered U.S. Funds with information showing the expected impact of any proposed sub-adviser hiring or termination on the profitability of BAIA.</p>

# Blackstone Alternative Investment Advisors LLC

## Item 11 – Code of Ethics

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### Blackstone Related Potential Conflicts

Potential Conflict	Mitigating Policy
From time to time, Blackstone may refer potential investors to BAIA and these investors may become investors in one of the BAIA Funds.	All potential investors are reviewed for suitability of investments.
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 Underlying Managers and the BAIA Funds.	<p>The decision to hire an Underlying Manager as a sub-adviser to the BAIA Funds is reviewed and approved by the BAIA Investment Committee (see <b>Item 13 – Review of Accounts</b> for further details) and, in the case of the Registered U.S. Funds, by the board of trustees of such funds, which is majority independent.</p> <p>Blackstone maintains detailed policies and procedures relating to information sharing among different Blackstone business groups and information walls in general.</p>
Blackstone has implemented certain policies and procedures and information barriers that may reduce the positive synergies that the BAIA Funds could otherwise utilize for purposes of identifying attractive investments.	See <b>Item 12 – Brokerage Practices</b> – Blackstone-wide Policies, Procedures and Guidelines.

In addition to those potential conflicts of interest identified in this **Item 11 – Code of Ethics**, please see **Item 12 – Brokerage Practices** for a discussion of potential conflicts of interest relating to Trade Allocations.

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

# **Blackstone Alternative Investment Advisors LLC**

## **Item 12 – Brokerage Practices**

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### **General Considerations**

There are no limitations as to which broker-dealers are used or as to the commission rates or similar charges paid.

In selecting brokers, dealers and other counterparties or intermediaries (“Brokers”) to effect portfolio transactions, BAIA will seek to obtain the best execution for the BAIA 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 (“Research Services”); (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 BAIA. BAIA is generally not required to weigh these factors equally. Subject to seeking best execution, BAIA may consider other factors.

### **Research and Other Soft Dollar Benefits**

Research 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 BAIA in the performance of its investment decision-making responsibilities.

BAIA presently does not utilize “soft dollars” (*i.e.*, consideration other than cash is exchanged for services) to pay for third-party brokerage services. Underlying Managers use “soft dollars” both within and 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**

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

### **Directed Brokerage**

BAIA Funds will not compensate a broker-dealer for the promotion or sale of shares of a BAIA Fund by directing to the broker-dealer the BAIA Fund’s portfolio securities transactions or any remuneration.

### **Block Trading Procedures**

In the event that securities, futures, forward, options, spot currency, or other transactions are traded for multiple BAIA Funds, generally trade orders would be aggregated, to the extent possible, for execution and allocated pro rata (subject to applicable law and to any approval delays or operational and/or investment limitations of particular participating BAIA Funds). In the unlikely instance where BAIA believes that the aggregation of trades for multiple BAIA

# **Blackstone Alternative Investment Advisors LLC**

## **Item 12 – Brokerage Practices**

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Funds would cause the BAIA Funds' cost of execution to be increased, BAIA will not aggregate such trades.

### **Principal Trading**

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

### **Cross Transactions – Agency Cross Transactions**

BAIA has engaged, and in the future may engage, in cross transactions in accordance with, the Client Constituent Documents and all applicable laws and regulations. As it has no affiliated broker-dealer engaged in the trading of securities, BAIA does not engage in agency cross transactions.

### **Investment Allocations**

Certain investment opportunities may be appropriate for a BAIA Fund and one or more other entities and accounts managed by affiliates of BAIA within Blackstone (together, the "Other Blackstone Advisers and such entities and accounts, the "Other Blackstone Clients"). BAIA and the Other Blackstone Advisers will determine allocations of such investment opportunities as among the BAIA Fund and the Other Blackstone Clients in their sole discretion in accordance with their written allocation policies and procedures.

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

Furthermore, if a model, strategy, or risk management, optimisation, execution or other investment technique (an "Analytic") is appropriate for the BAIA Funds and one or more Other Blackstone Clients, BAIA's decision on how to allocate an Analytic among the BAIA Fund and other such clients may vary for one or more reasons. The BAIA Funds may not be allocated an Analytic allocated to other Blackstone Clients.

### **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 that 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 BAIA Funds could otherwise utilize for purposes of identifying attractive investments.

Accordingly, certain information or investment opportunities which could be of benefit to the BAIA Funds might become restricted or otherwise unavailable to the BAIA Funds due to the activities of Blackstone's other asset management businesses. For example, BAIA generally will

# **Blackstone Alternative Investment Advisors LLC**

## **Item 12 – Brokerage Practices**

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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, BAIA generally will be permitted to invest in issuers in which Other Blackstone Clients have an interest.

BAIA could be forced to sell or restricted from selling 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 BAIA may contact an employee of another Blackstone group outside of HFS, and vice versa, about a substantive business matter, without BAIA Compliance consent and, if appropriate, having BAIA 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(s) that receives the confidential information.

With respect to BAIA’s ability to allocate investment opportunities to BAIA Funds where such opportunities are within the common objectives and guidelines of one or more BAIA Funds 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. The application of those guidelines may result in BAIA Funds not participating (and/or not participating to the same extent) in certain investment opportunities in which it would have otherwise participated had the related allocations been determined without regard to such guidelines.

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

### **Trade Errors**

Trade errors are evaluated on a case-by-case basis. In the case of a trade error committed by BAIA, if BAIA determines that BAIA’s, gross negligence, willful misconduct or fraud was the direct cause of a trade error, BAIA will generally compensate the BAIA Funds for any losses resulting from such trade error. If a third party (including an Underlying Manager) causes a trade error that is material to the BAIA Funds, BAIA will attempt to recover the amount of loss from such third party for the BAIA Funds. BAIA does not assume responsibility for compensating the BAIA Funds, or making any third party compensate the BAIA Funds, in such cases. In the context of trade errors committed by an Underlying Manager, the specific terms of such Underlying Manager’s agreement with BAIA will control. Further, BAIA’s general trade error policy may differ from the policy specific to the public funds managed by BAIA. In such case, the policies of the relevant public fund will control. The policies of the public funds managed by BAIA are available upon request.

# Blackstone Alternative Investment Advisors LLC

## Item 12 – Brokerage Practices

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A trade error is generally defined as an error in the placement, execution, or settlement of a trade for a fund account. Potential examples of trade errors could include (but are not necessarily limited to) the following:

- ▶ The purchase or sale of the wrong securities or wrong amount of securities for an account;
- ▶ the failure to purchase or sell securities for an account when it is clear that the Sub-Advisor intended, but failed, to purchase or sell such securities;
- ▶ the purchase or sale of securities for the wrong account;
- ▶ the sale of a security intended to be purchased or the purchase of a security intended to be sold;
- ▶ the allocation of securities to the wrong account; and
- ▶ substantial delays in the execution of an order that is not the result of an intentional investment (including an intentional investment decision made by an electronic order handling system).

Examples of circumstances that do not constitute trade errors include (but are not necessarily limited to) the following:

- ▶ An incorrect trade order that is identified and corrected prior to settlement, as long as there is no negative economic impact to the client;
- ▶ the error is the fault of an executing broker-dealer, custodian, or other counterparty (irrespective of whether the Advisor seeks compensation on behalf of the client from such parties);
- ▶ the purchase or sale of the security or financial instrument is reallocated to another client prior to settlement in accordance with the Advisor's allocation policies and procedures and the client's investment guidelines;
- ▶ the purchase or sale of the security or financial instrument violates restrictions arising from a contractual obligation to a third party other than the applicable client (e.g., a standstill agreement);
- ▶ incorrect over- or under-allocations of securities or financial instruments;
- ▶ an investment that does not perform favorably but otherwise complies with applicable contractual requirements;
- ▶ the error does not result in a transaction in a client account (such as an error that results in the loss of an investment opportunity);
- ▶ the governing documents of the applicable client expressly provide for the right of the Advisor to cure (e.g., annul the trade error), and the Advisor cures in accordance therewith;
- ▶ errors resulting from unavailability of (or disruptions in) electronic services or other force majeure events;
- ▶ the applicable client ratifies the trade in writing; and

## **Blackstone Alternative Investment Advisors LLC**

### **Item 12 – Brokerage Practices**

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- ▶ good faith errors in judgment in making investment decisions, which include errors in securities analysis and, for quantitative/systematic strategies, errors in writing computer code that relate to the process by which investment decisions are made (e.g., errors that reflect subjective judgments or mistakes made at the time of programming, concern the process of constructing an investment strategy, and are not associated with nor result in a particular trade).

The trade error policy of a Registered Fund managed by BAIA may differ from the policy set forth above.

# Blackstone Alternative Investment Advisors LLC

## Item 13 – Review of Accounts

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### The BAIA Investment Committee

The BAIA Investment Committee, which includes select BAIA Senior Managing Directors and Managing Directors, approves the hiring of Underlying Managers (subject in the case of the Registered U.S. Funds, to the supervision and approval by the Board of Trustees) to serve as investment sub-advisers to a BAIA Fund, investments in an Underlying Investment Vehicle, other direct investments, and hedging themes and parameters.

The 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
- ▶ BAIA Fund Investment Objectives
- ▶ BAIA Fund Risk Parameters
- ▶ General Capacity
- ▶ Fees
- ▶ Tax Efficiency
- ▶ Investment Limits
- ▶ Diversification Guidelines
- ▶ Operational Factors
- ▶ Legal and Regulatory Factors

The BAIA Investment Committee also reviews the information presented to assess that the allocations among BAIA Clients are in accordance with BAIA's allocation policies and procedures.

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



# **Blackstone Alternative Investment Advisors LLC**

## **Item 13 – Review of Accounts**

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### **Monitoring Process**

The BAIA Investment Committee and the BAIA Investment Team monitor the performance of the BAIA 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

### **Fund Investor Reporting**

BAIA provides Investors monthly reports regarding their investments, which include information regarding performance and exposure information. Investors also have access to semi-annual unaudited and annual audited financial statements for the BAIA Funds in which they are invested. In generating these reports, BAIA generally will rely, in part, on information provided by the Underlying Managers.

### **BAIA Operations Team Reconciliation**

The BAIA Operations Team oversees the cash reconciliation process, which includes oversight of fundings, redemptions, expense payments, and other cash movements. The BAIA Operations Team also oversees the administrators daily reconciliations of investment activity to monitor that trade executions are properly processed.

### **Administrator Reconciliation**

Each BAIA Fund's administrator performs a daily reconciliation of cash, investor activity, and investments as part of its independent determination of the net asset value for such BAIA Fund, and produces the final capital / shareholder statements.

### **Custodian Reconciliation**

Each BAIA Fund's custodian reviews and reconciles the Fund's accounts on a daily basis.

## **Blackstone Alternative Investment Advisors LLC**

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

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BAIA does not receive any economic benefit from non-clients for providing investment advice or other advisory services to the BAIA Funds.

In accordance with applicable law, BAIA and its affiliates compensate third parties for client referrals. For example, certain authorized financial intermediaries receive an ongoing fee from BAIA in regard to the assets placed by such intermediary for so long as those assets are invested in a BAIA Fund. In addition, certain BAIA Funds pay a distribution and/or service fee to certain authorized broker-dealers and financial intermediaries, as described in the applicable Client Constituent Documents. Such arrangements are structured in compliance with the 1940 Act and other applicable law.

## **Blackstone Alternative Investment Advisors LLC**

### **Item 15 – Custody**

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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. BAIA has access to Fund assets for trading purposes and to pay expenses and, therefore, is deemed to have custody for purposes of the Custody Rule. BAIA generally complies with the Custody Rule by providing all Investors with audited financial statements within 90 days of the Fund’s fiscal year end. The Custody Rule generally does not apply to U.S. Registered Funds.

BAIA maintains funds’ securities and other investments with a custodian bank that satisfies the requirements of applicable law.

# **Blackstone Alternative Investment Advisors LLC**

## **Item 16 – Investment Discretion**

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### **Investment Guidelines**

Investment decisions are made within the investment guidelines as described in each Client Constituent Documents. BAIA, under the supervision of the Registered Funds' Board of Trustees, has discretion in selecting the Underlying Managers and overseeing the investments made by the Underlying Managers, and determining other transactions in which the BAIA Funds may invest and the amount to invest.

On accession, multiple BAIA Funds invest in the same transactions. In such transactions, if two or more BAIA Funds wish to invest in the same transaction at the same time, BAIA will implement such decisions in a manner deemed to be fair and in accordance with BAIA's allocation policies and procedures.

### **Types of Investments**

BAIA has broad discretion to make investments within the guidelines of the Client Constituent Documents. Through Underlying Managers or direct investing, BAIA Funds will generally invest in a broad range of instruments, markets and asset classes economically tied to U.S. and foreign markets (including emerging markets which include frontier markets). Investments include, but are not limited to, equity securities, fixed income securities, and derivative and commodity instruments.

BAIA Funds occasionally participate in the purchase and sale of initial equity public offerings ("New Issues") as long as such New Issues do not involve affiliates of Blackstone. For certain BAIA Funds, BAIA will confirm an Investor's eligibility to participate in new issues 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.

From time to time BAIA Funds may acquire or hold, directly or indirectly, assets or securities that are illiquid, including for example, where an Underlying Manager determines to "side pocket" all or a portion of an investment. Underlying Investment Vehicles may themselves be illiquid investments.

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

## **Blackstone Alternative Investment Advisors LLC**

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

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With respect to the Registered Funds, the Board of Trustees and/or Board of Directors of such funds has delegated proxy voting authority relating to portfolio holdings of the BAIA Funds with respect to assets allocated to an Underlying Manager, to the Underlying Manager, to be exercised in accordance with the proxy voting policies adopted by the respective Underlying Manager. For any assets not allocated to an Underlying Manager, the Board of Trustees and/or Board of Directors has delegated proxy voting authority to BAIA. BAIA has hired Institutional Shareholder Services Inc. to provide research and recommendations in accordance with the proxy voting policies adopted by the Fund from time to time (the “Fund Proxy Voting Guidelines”).

Underlying Managers may apply their own proxy voting policies and procedures (which are reviewed and approved by BAIA) and/or may retain an independent third-party proxy voting agent to recommend how to vote proxies. In the alternative, the Underlying Manager may apply the Fund Proxy Voting Guidelines. BAIA will apply the Fund Proxy Voting Guidelines.

Investors cannot direct BAIA’s vote with respect to a particular proxy solicitation. The Board of Trustees and/or Board of Directors have also delegated authority to ISS to represent the Registered Funds with respect to securities class action lawsuits.

BAIA intends to make the Registered U.S. Funds purchase non-voting securities of, or contractually limit the right to vote in respect of, certain Underlying Investment Vehicles in order to prevent such Registered U.S. Funds from becoming “affiliated persons” of such Underlying Investment Vehicles for purposes of the 1940 Act and becoming subject to the prohibitions on transactions with affiliated persons contained in the 1940 Act. Consequently, the Registered U.S. Funds may not be able to vote to the full extent of their economic interest on matters that require approval of investors in such Underlying Investment Vehicles.

Investors may request a copy of the Proxy Policy and the proxy voting records by contacting BAIA at the address, telephone number or e-mail on the cover of this Brochure.

## **Blackstone Alternative Investment Advisors LLC**

### **Item 18 – Financial Information**

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BAIA 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, BAIA is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the BAIA Funds.

## **Blackstone Alternative Investment Advisors LLC**

### **Item 19 – Requirements for State Registered Advisers**

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