

Blackstone Strategic Capital Advisors L.L.C.

Form ADV Part 2A

March 28, 2020

Blackstone

Blackstone Strategic Capital Advisors L.L.C.

Item 1 – Cover Page

Blackstone Strategic Capital Advisors L.L.C.

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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 Strategic Capital Advisors L.L.C. (“BSCA”).

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

BSCA is registered with the SEC as an investment adviser. BSCA’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 BSCA and should be considered in your decision whether to hire (*i.e.*, by investing in a fund managed by BSCA) or to remain invested in a fund managed by BSCA.

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Item 2 – Material Changes

- ▶ 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 BSCA's indirect parent company, The Blackstone Group Inc., from a limited partnership to a corporation effective July 1, 2019.
- ▶ BSCA, 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 BSCA at (212) 583-5000 or BAAMClientService@blackstone.com.

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Item 3.1 – Defined Terms

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

Advisers Act: U.S. Investment Advisers Act of 1940 and the rules and regulations promulgated thereunder, as amended.

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

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

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

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

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

Blackstone: The Blackstone Group Inc. (NYSE: BX), which is the ultimate parent of BSCA, and its affiliates, as the context so requires.

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

Blackstone Proprietary Funds: Pooled investment vehicles or separately managed accounts pursuing alternative investment strategies formed and managed in total or through a partnership or other arrangement by Blackstone.

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

BSCA: Blackstone Strategic Capital Advisors L.L.C., the registrant.

BSCA Advisors: BSCA Advisors L.L.C., a wholly owned subsidiary of BSCA.

BSCA Advisors Co-Investment Vehicles: Certain co-investment vehicles relating to the BSCA Funds, which are managed by BSCA Advisors.

BSCA Funds: A series of private investment funds managed by BSCA which are engaged in acquisitions of minority interests in alternative asset managers, including BSCH I, BSCH II and/or the Warehouse Fund, as applicable.

Investment Committee: A BSCA committee comprised of certain senior investment professionals of the Hedge Fund Solutions Group (The professionals that constitute the BSCH I investment committee largely overlap with the professionals that comprise the BSCH II investment committee, but they are not identical).

BSCA Investment Program: The collective reference to the investment program and activities of the BSCA Funds.

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Item 3.1 – Defined Terms

BSCA Managers: General partners, management companies, investment advisers and their affiliates that derive a significant portion of their revenues from the sponsorship and management of hedge funds, private equity funds, private credit funds, real estate and infrastructure funds and/or other alternative asset management products, and in which BSCA acquires an interest.

BSCA Manager Interests: Minority investments in the BSCA Managers.

BSCH I: Blackstone Strategic Capital Holdings L.P., a Delaware limited partnership, and its parallel investment vehicles, alternative investment vehicles and related entities, as applicable, which was established to invest primarily in public market managers with a secondary focus on private market managers.

BSCH II: Blackstone Strategic Capital Holdings II L.P., a Delaware limited partnership, and its parallel investment vehicles, alternative investment vehicles and related entities, as applicable, which was established to invest primarily in private market managers.

BSCH I General Partner: Blackstone Strategic Capital Associates L.L.C., a Delaware limited liability company.

BSCH II General Partner: Blackstone Strategic Capital Associates II L.P., a Delaware limited partnership.

Constituent Documents: The Confidential Private Placement Memorandum (or other similar disclosure document), Limited Partnership Agreement, Memorandum and Articles of Association, Subscription Agreement, Investment Advisory Agreement and/or other applicable constituent documents for a BSCA Fund.

Co-Investments: Co-investment opportunities to participate alongside the BSCA Funds in BSCA Managers that General Partner may offer to certain prospective co-investors in accordance with the Constituent Documents.

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

General Partner: The BSCH I General Partner and/or the BSCH II General Partner, as applicable, each a general partner of the BSCA Funds, and an affiliate of BSCA.

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

Investor: An investor in a BSCA Fund.

L.P. Advisory Committee: The L.P. Advisory Committee of the respective BSCA Fund (as provided for in its Constituent Documents).

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

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

Warehouse Fund: Blackstone Strategic Capital Holdings (Side Car), L.P., a Delaware limited partnership, and its parallel investment vehicles, alternative investment vehicles and related

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Item 3.1 – Defined Terms

entities, as applicable, which has been established to make co-investments as part of the BSCA Investment Program (as described in Item 4).

Warehouse Investments: Investments in private market managers made by the Warehouse Fund that are expected to be transferred (in whole or in part) to BSCH II in accordance with the terms of their Constituent Documents.

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Item 4 – Advisory Business

Overview of the Firm

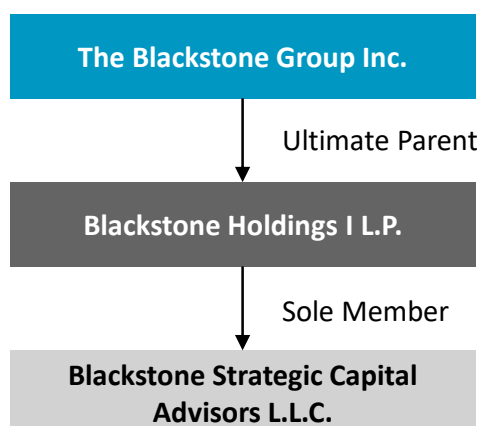
BSCA, a Delaware limited liability company, will seek to achieve income and capital appreciation primarily through the acquisition of BSCA Manager Interests by the BSCA Funds as part of the BSCA Investment Program, which includes making (i) minority investment in public market managers and (ii) minority investments in private market managers. A wholly-owned subsidiary of BSCA, BSCA Advisors, also manages certain co-investment vehicles relating to the BSCA Funds (collectively, the “BSCA Advisors Co-Investment Vehicles”). The BSCA Advisors Co-Investment Vehicles are expected to participate side-by-side with the BSCA Funds in certain co-investment opportunities (“Co-Investments”) to the extent such Co-Investments become available. BSCA Advisors is not effectuating a separate registration; rather it is a “relying adviser” of BSCA. **All references herein to BSCA are deemed to include BSCA Advisors and all references to BSCA Funds are deemed to include BSCA Advisors Co-Investment Vehicles, unless expressly stated to the contrary or the context otherwise requires.**

BSCA 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. BSCA derives significant benefits from the experience of BAAM in the investment, operational, legal, structuring and compliance aspects of hedge funds.

BSCA was founded in 2012, and BSCA Advisors was founded in 2013, both as part of The Blackstone Group Inc. (NYSE: BX) (“Blackstone”), which is the ultimate parent of BSCA and BAAM. 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, debt / credit and secondaries businesses, as well as the hedge fund solutions business. Subject to HFS information walls, BSCA shares employees and facilities with BAAM, Blackstone Strategic Alliance Advisors L.L.C. (“BSAA”), Blackstone Alternative Solutions L.L.C. (“BAS”), and Blackstone Alternative Investment Advisors LLC (“BAIA”), each a registered investment adviser. Please see **Item 10 – Other Financial Industry Activities and Affiliations** for more information.

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Item 4 – Advisory Business



BSCA’s discretionary assets under management (“AUM”) were \$5.9 billion as of December 31, 2019. This includes committed capital that has not been drawn for any purpose (including for the purpose of acquiring BSCA Manager Interests). Please note that this is an unaudited estimate.

BSCA’s investment advice is subject to each BSCA Fund’s investment objectives and guidelines as set forth in the Constituent Documents. The investment objectives and guidelines were or will be negotiated by investors in the BSCA Funds prior to the final closing of the respective BSCA Fund.

Overview of Advisory Services

As investment adviser to the BSCA Funds, BSCA:

- ▶ Identifies and implements investment opportunities for the BSCA Funds;
- ▶ Participates in the monitoring of the BSCA Funds’ investments;
- ▶ Makes decisions on behalf of the BSCA Funds to make and/or sell investments;
- ▶ May engage in foreign currency hedging transactions and/or the hedging of certain market exposures for certain BSCA Funds, in the future; and
- ▶ Enters into credit arrangements with a third party on behalf of certain BSCA Funds to allow a BSCA Fund to borrow on a short-term basis for purposes of (i) funding acquisitions of BSCA Manager Interests (or other permitted investments), expenses or management fees prior to receipt of capital from Investors in respect of capital calls, (ii) acquiring a portion of a BSCA Manager Interest (or other permitted investment) prior to syndicating such portion to co-investors and (iii) leveraging its investments (within the leverage limits stated in the Constituent Documents)

The strategy of the BSCA Funds is to seek to acquire minority equity, equity-related, debt, revenue and/or other interests in BSCA Managers (“BSCA Manager Interests”), although the BSCA Funds are authorized to acquire majority economic and/or controlling interests in BSCA

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Item 4 – Advisory Business

Managers and to make investments in the funds and other related investment vehicles sponsored by the BSCA Managers, subject to the limitations in the Constituent Documents. As part of the BSCA Investment Program, BSCH I invested in both public market managers and private market managers, while BSCH II and the Warehouse Fund are expected to invest primarily in private market managers. The existing owners of the BSCA Managers are generally expected to retain both autonomy over the day-to-day operations of their business and a majority ownership stake in such BSCA Managers, although the BSCA Funds will retain customary consent rights over certain matters. The BSCA Funds endeavor to diversify BSCA Manager Interests across investment strategies, geography, and asset classes, although there is no guarantee as to the extent such diversification will be achieved.

The BSCA Funds continue to generally target prospective BSCA Managers with AUM of \$5 billion or greater, though opportunistically may invest in smaller alternative asset managers with institutional platforms and/or attractive growth prospects. BSCA believes that larger, more diversified and established managers offer greater predictability and stability of cash flows, as well as potentially presenting more compelling opportunities for Blackstone to add value as a strategic partner (through co-investment, access to new pools of capital, facilitation of succession plans). BSCA generally plans to target leading managers with strong brands, institutional infrastructure, and diversified revenue drivers and client bases.

The ultimate goal of the BSCA Funds is to assemble a portfolio of BSCA Manager Interests and ultimately to seek to monetize this portfolio through a public offering, recapitalization or other method of achieving liquidity.

BSCA Advisors' activities will be limited to serving as co-investment advisor to certain co-investment vehicles, which will generally invest side-by-side with the BSCA Funds to the extent such Co-Investments become available. BSCA Advisors' authority with respect to the BSCA Advisors Co-Investment Vehicles typically will be more limited than BSCA's authority with respect to the BSCA Funds.

The BSCA Funds permit certain persons to make selected Co-Investments. The General Partner, in its sole discretion and on a priority basis, has, and in the future may offer Co-Investments and related follow-on Co-Investments to (i) any person participating in the origination of such investment opportunity, (ii) any person whose participation in such investment the General Partner believes would be beneficial to the consummation or success of the investment, (iii) affiliates of Blackstone, including Other Blackstone Clients, current/former employees of Blackstone, and endowment funds, charitable programs and/or other similar or related entities associated with the foregoing, (iv) certain strategic partners and/or other important relationships of Blackstone, including key advisors, strategic partners and/or "anchor" investors with respect to the BSCA Funds, and/or (v) as otherwise provided in the Constituent Documents of the BSCA Funds. All remaining Co-Investments generally will be allocated among the Investors *pro rata* based on their commitments to the BSCA Funds. As a practical matter, due to constraints that may be imposed by BSCA Managers, the BSCA Funds may not be in a position to offer Co-Investments to certain types of Investors (or any Investors). It is expected that Investors will participate in Co-Investments on a no-fee basis, although BSCA reserves the

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Item 4 – Advisory Business

right to charge management fees and/or carried interest (or other similar arrangements) with respect to Co-Investments on a case-by-case basis. As a general matter, the size of the investment opportunities pursued by the BSCA Funds and the investment guidelines of the BSCA Funds are such that the BSCA Funds may elect to hold the entire investment in the event Co-Investments are not offered or in the event that Co-Investments are offered, but are ultimately not consummated. In such cases, the BSCA Funds would acquire the entire investment opportunity and, accordingly, the BSCA Funds would bear all of the costs and expenses associated with such investment, including those costs and expenses that would otherwise have been borne by co-investors. Consequently, co-investors with respect to particular co-investments will generally not bear any share of broken-deal expenses and such expenses will be borne by the BSCA Funds (unless otherwise provided for in the Constituent Documents). It is anticipated that the Warehouse Fund will generally bear a *pro rata* portion of broken-deal expenses with respect to applicable Co-Investments in accordance with the amounts that were expected to be invested by the Warehouse Fund and the other BSCA Funds, as applicable, subject to the terms and conditions of the Constituent Documents thereof.

The General Partner and BSCA generally will seek to ensure that the BSCA Funds and any co-investors participate in any Co-Investments and any related transactions on comparable terms to the extent practicable or appropriate. However, this may not be practicable or appropriate in all circumstances and certain co-investors enjoy terms more favorable or less favorable than those available to other co-investors or Investors in the BSCA Funds. In addition, any investor(s) in the Warehouse Fund will also receive terms and rights that differ generally from the rights and terms provided to investors in the other BSCA Funds and other co-investors. Such differences may create a conflict for BSCA in terms of allocating an opportunity among the BSCA Funds and co-investors. Generally, Co-Investment vehicles (including the Warehouse Fund) will share with the BSCA Funds, *pro rata*, in expenses relating to the Co-Investment (based on the relative amounts invested thereby).

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Item 5 – Fees and Compensation

Asset-Based Advisory Fees

In general, BSCA charges an asset-based advisory fee of up to an annual rate of 1.50% based on capital commitments/unfunded capital commitments and actively invested capital, as described in further detail in the Constituent Documents. In addition, BSCA may also charge an annual servicing fee during certain periods (based on actively invested capital) as provided in the Constituent Documents. Generally, employees, retired partners, and certain former employees of Blackstone, as well as endowment funds, charitable programs and/or other similar or related entities associated with the foregoing, are not subject to such asset-based advisory fees or servicing fees.

BSCA Advisors generally does not charge an asset-based advisory fee on assets under management, although it reserves the right to do so on a case-by-case basis. Please see **Item 11 – Potential Conflicts of Interest**.

Performance-Based Fees

Please see **Item 6 – Performance-Based Fees** for more detail.

Fee Negotiations

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

Fees are paid to BSCA in accordance with the Constituent Documents. In general, asset-based advisory fees (and, where applicable, servicing fees) are paid on a quarterly basis in arrears on the last business day of each calendar quarter.

Investors in the BSCA Funds are allocated and bear indirectly their *pro rata* share of asset-based fees (and, where applicable, servicing fees) at the time a capital call notice is issued with respect to the relevant period. Investors are required to contribute capital to the BSCA Funds pursuant to a capital call notice in respect of their allocated share of such fees on a quarterly basis, although the BSCA Funds may instead elect to deduct such amounts from distributable cash (*e.g.*, current income or disposition proceeds attributable to BSCA Manager Interests or other permitted investments) otherwise payable to investors in its sole discretion.

Additional Fees and Expenses

BSCA's advisory fees are not inclusive of all the fees and expenses BSCA Funds (and, indirectly, the Investors) will pay or bear. The following is an illustrative list of fees and/or expenses that BSCA Funds will pay directly to third parties or, where applicable, affiliates of BSCA. This list is not intended to be exhaustive; the relevant Constituent Documents provide further detail relating to fees and expenses.

- ▶ Management fee
- ▶ Organizational expenses
- ▶ Investment expenses

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Item 5 – Fees and Compensation

- ▶ Expenses for providing strategic support services (as described in greater detail below)
- ▶ Servicing fee
- ▶ Expenses incurred, including third-party expenses, in connection with potential investments that are not consummated
- ▶ Expenses reasonably determined by the General Partner to be related to exploring and/or executing a possible liquidity event or related restructuring, including investment banking, advisory, consulting fees and expenses
- ▶ Expenses incurred in connection with the carrying or management of investments, including custodial, trustee, accounting, valuation, record keeping and other administration fees, as well as portfolio accounting system licenses and fees
- ▶ Investment expenses incurred in connection with auditing, information services, any market data, relevant news or third-party research services
- ▶ Expenses incurred in connection with the preparation and distribution of the BSCA Funds financial statements and reports, tax returns, Schedules K-1 (and similar schedules) and other communications with investors
- ▶ Expenses incurred in connection with borrowing arrangements and/or portfolio investment guarantees
- ▶ Fees and disbursements of attorneys, accountants, advisors (including senior advisors), consultants, auditors, investment bankers, depositaries, operating partners, custodians, valuation agents, BSCA Fund administrators, third party professionals and other service providers
- ▶ Taxes and other governmental charges levied against the BSCA Funds
- ▶ Expenses relating to ongoing compliance-related matters and regulatory filings of BSCA and/or its affiliates relating to the BSCA Funds, the parallel funds and their activities
- ▶ Administrative and/or accounting expenses and related costs or charges (including costs, expenses, charges and/or fees charged or specifically attributed or allocated by BSCA and/or its affiliates to provide administrative, accounting, tax planning and/or other similar services relating to the BSCA Funds)
- ▶ Expenses incurred in connection with visits and/or meetings with BSCA and investors, third party service providers, BSCA Managers and other actual or prospective counterparties
- ▶ Insurance premiums, deductibles or expenses, and regulatory and litigation expenses (and damages), including regulatory expenses of the General Partner and BSCA incurred in connection with the operation of the BSCA Funds, any regulations or other guidance issued thereunder (including any intergovernmental agreement), or any agreement the BSCA Funds enter into with respect to the foregoing (collectively, “FATCA”)
- ▶ Expenses relating to defaults by investors in the payment of any capital contributions

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Item 5 – Fees and Compensation

- ▶ Expenses incurred in connection with the restructuring of amendments to the Constituent Documents of the BSCA Funds and related entities
- ▶ Expenses incurred in connection with the formation of any alternative investment vehicles, special purpose entities or subsidiary vehicles to the extent permitted under the Constituent Documents
- ▶ Expenses incurred in connection with the ongoing offering of interests, including the legal expenses associated with side letter arrangements
- ▶ Expenses related to indemnification obligations of the BSCA Funds
- ▶ Expenses incurred in connection with distributions to investors and in connection with any meetings of investors called by the General Partner
- ▶ Reasonable out-of-pocket expenses incurred by the members of the L.P. Advisory Committee in connection with the fulfillment of their duties pursuant to the Constituent Documents, including without limitation, fees and costs of such third party consultants as may be reasonably requested by the L.P. Advisory Committee in connection with reviewing or responding to any matters before the L.P. Advisory Committee
- ▶ Expenses incurred in connection with the valuation of assets of the BSCA Funds
- ▶ Expenses incurred in connection with the dissolution, winding up, liquidation or termination of the BSCA Funds
- ▶ Other expenses otherwise approved by the L.P. Advisory Committee

Investors are generally allocated their *pro rata* share of such additional fees at the time a capital call notice is issued in respect of such fees.

Blackstone will also provide strategic support services to BSCA Managers, including, without limitation, client development, fundraising, marketing, strategy, product development, HR/talent management and other operational assistance and value creation (as provided in the Constituent Documents). Expenses associated with such services, including the allocation of the compensation and benefits of the strategic support personnel performing such services, will be allocated between BSCA, the BSCA Funds and/or BSAA as determined by BAAM in good faith in accordance with its strategic support expense policy.

As part of the BSCA Investment Program, BSCA and/or its affiliates may also receive certain types of fee income in connection with the services it provides to the BSCA Funds, including transaction fees, advisory fees, investment banking fees, break-up fees or other similar fees (“Fee Income”). In addition, affiliates of Blackstone may receive certain types of fees in connection with activities or services relating to the BSCA Managers. Unless expressly stated otherwise in the relevant BSCH Fund Constituent Documents, such fees will not be shared with Investors (or be applied to reduce asset-based advisory fees allocated to the Investors).

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

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Item 5 – Fees and Compensation

to any additional, undisclosed compensation from the BSCA Funds or BSCA Managers. Please see **Item 11 – Potential Conflicts of Interest**.

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

In return for such services, Arcesium typically receives a one-time upfront implementation fee, an annual software fee (based on complexity and net asset value), and an annual operations services fee (also based on net asset value) (such fees in the aggregate, the “Arcesium Fees”). Arcesium Fees paid by the BSCA Managers would be expected to be consistent with those charged to other Arcesium clients. Additional information regarding the Arcesium Fees is available from BSCA 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 distributions received by BAAM from Arcesium will be applied first to reimburse the Arcesium Fees paid by funds managed by the Hedge Fund Solutions Group which are clients of Arcesium. It is not expected that any of the BSCA Funds will retain Arcesium and pay the Arcesium Fees and, therefore, it is not expected that any of the BSCA Funds will receive any portion of such reimbursement. In the event that cash distributions received by BAAM from Arcesium exceed the Arcesium Fees paid by the HFS Arcesium Clients, any excess amounts are expected to be retained by BAAM. In the event that Arcesium is sold to a third-party, there is no guarantee that BAAM will continue to receive such cash distributions and that the HFS Arcesium Clients will be reimbursed for any portion of the Arcesium Fees paid by them.

On October 1, 2018, a consortium led by Blackstone announced that private equity funds managed by Blackstone had completed an acquisition of Thomson Reuters’ Financial & Risk business (“Refinitiv”). Refinitiv operates a pricing service that provides valuation services and may provide goods and services for the BSCA Funds and the Underlying Managers.

Affiliates of BSCA will provide services to BSCA Managers. Any fees paid to such affiliates will be negotiated on an arms-length basis and will inure solely to the benefit of such affiliate (see **Item 10 – Other Financial Industry Activities and Affiliations**).

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Item 6 – Performance-Based Fees

In addition to the asset-based advisory fees disclosed in **Item 5 – Fees and Compensation** above, the General Partner receives a carried interest distribution of up to 20% of the net profits generated in respect of each BSCA Manager Interest (or other permitted investment), subject to the BSCA Funds first making distributions to Investors to achieve a 5-8% preferred return. The General Partner's entitlement to carried interest may apply with respect to disposition proceeds relating to "realized" investments and/or current income relating to unrealized investments in accordance with the Constituent Documents of the relevant BSCA Funds.

Investors in a BSCA Fund are generally required to bear their *pro rata* share of such carried interest distributions. These fee arrangements are more thoroughly described in the Constituent Documents.

Generally, affiliates, employees, retired partners, and certain former employees of Blackstone, as well as endowment funds, charitable programs and/or other similar or related entities associated with the foregoing, are not subject to carried interest distributions or other performance-based fees.

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

Please note the existence of the carried interest distributions may incentivize BSCA to manage Investors' assets in a more aggressive manner than if there was no performance-based fee. A similar incentive exists at the level of the BSCA Managers in which the BSCA Funds invest, as more fully described below in Item 8.

BSCA Advisors does not charge performance-based fees on assets under management. Please see **Item 11 – Potential Conflicts of Interest**.

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Item 7 – Types of Clients

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

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

All Investors are subject to applicable suitability and eligibility requirements.

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

Analysis

BSCA identifies, researches, interviews, evaluates, selects and monitors the BSCA Managers in which the BSCA Funds acquire BSCA Manager Interests. BSCA will negotiate ownership terms and percentages relating to BSCA Manager Interests.

Investment Strategies

BSCA endeavors to diversify BSCA Manager Interests across investment strategies, asset classes and geographies, although there is no guarantee as to the extent such diversification will be achieved. The BSCA Investment Program seeks to pursue investments through the BSCA Funds relating to (i) public market managers and (ii) private market managers (in accordance with the respective investment strategies and Constituent Documents of each of the BSCA Funds).

Risk of Loss

General Economic and Market Conditions: The success of BSCA's investment activities (directly and indirectly through the BSCA Managers) will be affected by general economic and market conditions, such as:

- ▶ Interest rates (including increases thereof)
- ▶ Availability of credit
- ▶ Credit defaults
- ▶ Inflation rates
- ▶ Economic, political and social uncertainty
- ▶ Business and regulatory risks
- ▶ Changes in laws (including laws relating to taxation of the BSCA Managers' investments)
- ▶ Trade barriers and policy
- ▶ Currency exchange controls
- ▶ National and international political circumstances (including wars, terrorist acts or security operations)
- ▶ Highly Competitive Market for Investment Opportunities; Operators and Other Partners
- ▶ Financial Market Fluctuations
- ▶ Corruption; FCPA
- ▶ Foreign Capital Controls
- ▶ United Kingdom withdrawal from the European Union
- ▶ Epidemics/Pandemics

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

Investment and Trading Risk: All investments made by the BSCA Funds and BSCA Managers risk the loss of capital (*i.e.*, invested amount). No guarantee or representation is made that BSCA's investment program will be successful, and investment results may vary substantially over time. Investors are subject to the risk of substantial losses.

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

- ▶ General Economic and Market Conditions
- ▶ Investments and Trading Risks
- ▶ Business and Regulatory Risks of Private Funds
- ▶ Borrowing by the BSCA Funds; Leverage
- ▶ Cancellation of Commitment Period; Term
- ▶ Recycling of Current Income and Disposition Proceeds
- ▶ Electronic Delivery of Certain Documents
- ▶ Concentration of BSCA Funds' Portfolio
- ▶ Decision Making Authority
- ▶ Dependence on BSCA and the BSCA Managers
- ▶ Difficulty of Locating and Competition for Suitable Investments
- ▶ Dilution from Subsequent Closings
- ▶ Distributions
- ▶ Deemed Distribution in Connection with Public Listing
- ▶ Expedited Transactions
- ▶ Failure to Fund Commitments; Consequences of Default
- ▶ Forward-looking Statements
- ▶ Force Majeure Risk
- ▶ General Tax Considerations
- ▶ Enhanced Scrutiny and the Regulation of the Private Funds Industry
- ▶ Indemnification and Exculpation
- ▶ Limited Liquidity and Information Rights
- ▶ Limited Operating History
- ▶ Legal and Regulatory Risks
- ▶ Limitations on Availability of Exit Opportunities

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- ▶ Misconduct of Employees, Portfolio Companies and of Third Party Service Providers and Risk of Litigation
- ▶ Limitations on Limited Liability of Limited Partners
- ▶ Perpetual Term
- ▶ Possession of Non-Public Information by Blackstone Businesses
- ▶ Regulated or Exempt Organizations
- ▶ Distributions in Kind
- ▶ Risks Relating to any Restructuring or Liquidity Event
- ▶ Uncertainty of Return
- ▶ Valuations and Changing Accounting Standards
- ▶ Cyber security breaches and identity theft

Risks Primarily Arising from Investments in BSCA Manager Interests

- ▶ Minority and Non-Control Investments in BSCA Managers; Dependence on BSCA Managers
- ▶ Key Persons
- ▶ Role of Fund Professionals; Increasing Competition for Talent
- ▶ Misconduct of Employees and of Third Party Service Providers
- ▶ Proprietary Investment Strategies
- ▶ Attractiveness to BSCA Managers of an Investment by the BSCA Funds
- ▶ Limited Transparency
- ▶ Potential Exposure to Claims
- ▶ Risk Management Activities
- ▶ Costs and Burdens Associated with BSCA Manager Investments
- ▶ Returns on BSCA Manager Investments
- ▶ Anti-Dilution Rights
- ▶ Transfer of Ownership Provision
- ▶ Clawback Payments to BSCA Managers
- ▶ BSCA Manager Accounting and Reporting
- ▶ Compensation Arrangements with BSCA Managers
- ▶ Conflicts of Interest at the BSCA Manager Level and Relationships of BSCA Managers with Affiliates of Blackstone

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- ▶ Termination or Redemption of Certain BSCA Manager Investments
- ▶ Additional Capital
- ▶ Financial Reporting Risks of Global Investing
- ▶ Business Risks Associated with Hedge Funds and Private Equity Funds
- ▶ Risks of Investing in Pooled Investment Vehicles
- ▶ Valuation of Direct LP Investments
- ▶ Terms of Investment
- ▶ Multiple Levels of Expense
- ▶ Failure to Make Capital Contributions or Other Required Payments
- ▶ Limited Partners Will Not Have any Direct Interest in any BSCA Manager or Pooled Investment Vehicles
- ▶ Strategic Support Expense

Risks Primarily Arising from Trading and Investment Activities of the BSCA Managers' Investment Vehicles

- ▶ Investment and Trading Risks in General
- ▶ Highly Volatile Markets
- ▶ Custodial Risk
- ▶ Risk of Counterparty Default
- ▶ Suspensions of Trading
- ▶ Certain Exotic Strategies Pursued by BSCA Managers
- ▶ Equity and Equity-Related Investments
- ▶ Growth Equity Investments
- ▶ Broad Private Equity Oriented Investment Mandate
- ▶ Credit Investments
- ▶ Buyout Investments
- ▶ Real Estate Risk Generally
- ▶ Restructuring
- ▶ Commodities
- ▶ Currency Trading
- ▶ Forward Trading
- ▶ Options Trading

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- ▶ Swaps and Other Derivatives
- ▶ Synthetic Investment Strategies
- ▶ Market Disruption
- ▶ Short Selling
- ▶ Turnover
- ▶ Low Rated Debt, Distressed Equity and Debt, and Related Securities
- ▶ Non-U.S. Investments, including in Non-Developed Countries and Emerging Markets
- ▶ Investments in Regulated Industries
- ▶ Environmental Matters
- ▶ Governmental Action Risk
- ▶ Control Positions and Non-Controlling Interests
- ▶ Opportunistic and Macro Investing
- ▶ Hedging Transactions
- ▶ Failure of Futures Commission Merchants
- ▶ Illiquid Investments
- ▶ Ability of BSCA Managers to Enter New Lines of Business and Change Investment Objectives

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

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Item 9 – Disciplinary Information

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

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Item 10 – Other Financial Industry Activities and Affiliations

BSCA 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
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

Blackstone Strategic Capital Advisors L.L.C.

Item 10 – Other Financial Industry Activities and Affiliations

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 Investment Advisors L.L.C.	▶ Provides investment advisory services to open end mutual funds and UCITS
Blackstone Alternative Solutions L.L.C.	▶ Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Clean Technology Advisors L.L.C. (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 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.

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Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
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 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 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 Tactical Opportunities Advisors L.L.C.	▶ Provides investment advisory services to multi-discipline, multi-asset class private funds and separately managed accounts

Blackstone Strategic Capital Advisors L.L.C.

Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
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
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

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Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Entities	
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
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

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Investment Advisor Entities

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.
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

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

Blackstone Investment Advisors LLC (CTA / CPO)	Alternative	▶	Provides investment advisory services to open end mutual funds and UCITS
Blackstone Management L.P. (CTA / CPO)	Alternative Asset	▶	Manages a series of private and closed-end funds engaged in multi-manager investment programs (<i>i.e., fund of hedge funds</i>)
Blackstone L.L.C. (CTA / CPO)	Alternative Solutions	▶	Provides investment advisory services to private investment funds which participate in a broad range of direct investment opportunities
Blackstone Advisors L.L.C. (CTA / CPO)	Strategic Alliance	▶	Manages a series of private funds engaged in a hedge fund “seeding” program
Blackstone Advisors L.L.C. (CPO)	Strategic Capital	▶	Manages private funds engaged in acquisitions of minority interests in alternative asset managers
Blackstone Advisors L.L.C. (CPO)	Treasury Solutions	▶	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

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Note: Other entities within the Hedge Fund Solutions Group, which serve as general partners of funds managed by BSCA affiliates (and are listed in BSCA's ADV Part 1, Schedule D Section 7A), may be deemed to be investment advisors but are not required to be registered as such. BSCA also manages a number of private investments vehicles, which are listed in BSCA's ADV Part 1, Schedule D Section 7B(1).

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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 BAAM. 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.

BSCA U.S.-based marketing personnel who are responsible for raising assets for the BSCA Funds 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 business, and combined these businesses with PJT Partners, an independent financial advisory firm founded by Paul J. Taubman (“PJTP”). While PJTP operates independently from Blackstone and is not an affiliate thereof, 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 BSCA Funds, the BSCA Managers and/or pooled investment vehicles on the one hand, and PJTP, on the other. The pre-existing relationship between Blackstone and its former personnel involved in financial and strategic advisory services at PJTP, the overlapping ownership and co-investment and other continuing arrangements between PJTP and Blackstone may influence BSCA and/or the General Partner to select or recommend PJTP to perform services for Blackstone managed funds, including the BSCA Funds, or the BSCA Managers and/or their pooled investment vehicles, the cost of which will generally be borne directly or indirectly by the BSCA Funds and investors (to the extent of their ownership therein). Given that PJTP is no longer an affiliate of Blackstone, BSCA, the General Partner and their affiliates will be free to transact with PJTP generally without restriction under the 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

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Item 10 – Other Financial Industry Activities and Affiliations

and Other Blackstone Clients (collectively, “Data Holders”). Such services may include assistance with obtaining, analyzing, curating, processing, packaging, organizing, mapping, 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 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

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Clients that do not own an interest in the portfolio entity, without compensation or benefit to the relevant Blackstone fund or portfolio entity.

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.

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Item 11 – Code of Ethics

As required by the Advisers Act, Blackstone and BSCA have adopted a Code of Ethics (the “Code”) that governs a number of potential conflicts of interest which exist when providing advisory services. This Code is designed to enable BSCA to meet its fiduciary obligation to Investors (or prospective Investors) and to instill a culture of compliance within BSCA. An additional benefit of the Code is to assist Blackstone and BSCA 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. BSCA 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. BSCA has adopted, and continues to adopt, policies and procedures to address such potential conflicts of interest.

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Item 11 – Code of Ethics

Investment Related Potential Conflicts

Potential Conflict	Mitigating Policy
<p>Entities and accounts managed by Other Blackstone Advisers (collectively, the “Other Blackstone Clients”), from time to time are invested in, and in the future may seek to invest in, investment vehicles and accounts managed by the BSCA Managers. In each case, an investment by such Other Blackstone Clients with the BSCA Manager will benefit the BSCA Funds and a redemption by such Other Blackstone Client generally will be detrimental to the BSCA Funds.</p> <p>There is significant overlap between the Investment Committee and the investment committees for BAAM, BAS, BAIA and BSAA.</p>	<p>BSCA and the Other Blackstone Client’s general partner and investment advisor will endeavor to manage these potential conflicts in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations.</p> <p>When BAAM / BAS / BAIA Funds invest in / redeem out of an investment vehicle or account managed by a BSCA Manager, BAAM / BAS / BAIA / BSCA Compliance and designated senior management of BSCA and BAAM must sign a separate approval aside from the usual BAAM / BAS / BAIA investment committees and allocation committee approvals.</p>
<p>Some of BSCA’s affiliates, including funds managed by BAAM, BAS, BAIA and BSAA, may make investments in BSCA Managers and/or portfolio companies thereof and may enter into revenue sharing agreements with such managers. Revenues generated from such arrangements accrue only to such BSCA affiliate. BSCA and its affiliates could compete for investment opportunities.</p>	<p>Investors are notified of the potential for such arrangements prior to the date of investment.</p>
<p>Conflicts of interest may also arise in connection with the timing, structuring and terms of an investment and its disposition. For example, conflicts could arise where BSCA makes an investment in a BSCA Manager while an Other Blackstone Client invests directly in such Manager’s investment vehicles. In such instances, the BSCA Funds, from time to time, may be in a position where its interests are directly adverse to such Other Blackstone Client, such as with respect to the negotiation of the economic terms and information rights relating to such Other</p>	<p>Investors are notified of the potential for such arrangements prior to the date of investment.</p>

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Item 11 – Code of Ethics

Potential Conflict	Mitigating Policy
Blackstone Client's investment in the BSCA Manager's investment vehicle or, more generally, the ongoing operation of such investment vehicle.	
Additionally, conflicts could arise where the BSCA Funds seek co-investments from, Blackstone, Other Blackstone Clients, or their affiliates, including with respect to the timing, structuring, pricing (including any fees paid) and other terms of such transactions.	In order to mitigate any such conflicts of interest, the BSCA Funds or such Other Blackstone Client may implement certain policies and procedures to seek to ensure that the overall terms of such transactions are fair and equitable, which may include seeking to obtain independent verification or approval thereof.
The investment objectives of the BSCA Funds and Other Blackstone Clients may or may not overlap. The investment programs employed by Blackstone for the Other Blackstone Clients could conflict with the transactions and strategies employed by BSCA in managing the BSCA Funds. Conversely, participation in specific investment opportunities may be appropriate, at times, for both the BSCA Funds and the Other Blackstone Clients.	If it is determined by Blackstone that it would be appropriate for the BSCA Funds and one or more Other Blackstone Clients to participate in an investment opportunity, BSCA and Blackstone will allocate opportunities for all of the participating accounts in accordance with internal policies and procedures, taking into account related disclosure provided to the relevant Other Blackstone Clients and their underlying investors or as may otherwise have been agreed in the limited partnership agreements or other documents governing the BSCA Funds and such Other Blackstone Clients.
From time to time, the BSCA Funds will permit certain Investors, Other Blackstone Clients and/or third parties to make selected Co-Investments in BSCA Managers. It is expected that Investors will participate in Co-Investments on a fee-free basis and may enjoy other terms more favorable than those in the BSCA Funds. Such differences in terms between the BSCA Funds and the Co-Investments may create a conflict for	The Investment Committee will determine whether an investment opportunity is appropriate for Co-Investments.

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Potential Conflict	Mitigating Policy
<p>BSCA in terms of allocating a greater portion of an opportunity to the BSCA Funds (as opposed to Co-Investments).</p>	
<p>Blackstone currently has ownership interests in, and is otherwise affiliated with, various investment managers (each a “Blackstone Affiliated Manager”). An investment by a BSCA Fund in a Blackstone Affiliated Manager would benefit the Blackstone Affiliated Manager and a sale or divestiture by a BSCA Fund would be detrimental to the Blackstone Affiliated Manager.</p> <p>There is significant overlap between the Investment Committee and the investment committees for the other divisions of the Hedge Fund Solutions Group.</p>	<p>All BSCA investment decisions are approved by the BSCA Investment Committee (see Item 13 – Review of Accounts for further details). An investment by a BSCA Fund with a Blackstone Affiliated Manager (other than a BSCA Manager) is unlikely.</p>
<p>Investment opportunities that are appropriate for a BSCA Fund may also be appropriate for one or more Other Blackstone Clients.</p>	<p>See Item 12 – Brokerage Practices-Investment Allocations.</p>
<p>BSCA 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>BSCA and Blackstone allocate expenses in accordance with its expense allocation policies and the Constituent Documents.</p>
<p>Members of BSCA’s senior management may sit on advisory boards of a BSCA Manager. Currently, this is the case for one BSCA Manager.</p>	<p>All BSCA investment decisions are approved by the Investment Committee (see Item 13 – Review of Accounts for further details).</p>
<p>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</p>	<p>Investors are notified of such potential conflicts.</p>

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Potential Conflict	Mitigating Policy
<p>relationship often involves an investor agreeing to make a capital commitment to multiple Blackstone funds, which may include a BSCA Fund. The terms and conditions applicable to Blackstone strategic relationships, such as special co-investment, liquidity, voting and other rights and preferential benefits, typically would not apply to an investor's investment in the BSCA Fund.</p> <p>Additionally, Blackstone has entered into arrangements with the Warehouse Anchor Investor, an investor in the Warehouse Fund, whereby such investor will participate in Warehouse Investments with BSCH II <i>pro rata</i> (subject to legal, tax, regulatory and other considerations).</p>	
<p>Since Blackstone and third-party asset managers (including BSCA Managers) are not considered "affiliates" of one another, transactions between them are not covered by affiliate transaction provisions in the Constituent Documents. The BSCA Funds, their affiliates and their respective portfolio entities may from time to time engage in transactions with, buy and sell investments from, or otherwise provide services to any such third-party asset managers and their sponsored funds and portfolio entities (and <i>vice versa</i>).</p>	<p>Any such transactions or arrangements would generally be negotiated on an arm's length basis. In addition, under certain circumstances, disclosure thereof would be made to investors (as required under the relevant Constituent Documents).</p>
<p>The BSCA Funds through their interests in BSCA Managers are expected to hold interests that are different from the interests held by Other Blackstone Clients to the extent such BSCA Managers and Other Blackstone Clients ultimately invest in the same portfolio company or issuer. In these situations, conflicts of interest will arise.</p>	<p>The BSCA Funds will generally rely upon the BSCA Managers, which are independent third parties, to make decisions regarding the management of its investments such that BSCA is not in a position to influence the outcome or terms of any such transactions or arrangements.</p>

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Non-Investment Related Potential Conflicts

Potential Conflict	Mitigating Policy
<p>BSCA, Blackstone and their employees may invest for their own accounts in various investment opportunities, including private equity funds, hedge funds and other investment vehicles managed by BSCA Managers.</p>	<p>All Blackstone employees must pre-clear trades in all private equity funds, hedge funds and other securities (subject to a limited number of exceptions) with Blackstone Compliance.</p> <p>All BSCA employees must pre-clear trades in all private equity funds, hedge funds and other securities (subject to a few limited exceptions) with BAAM / BSCA Compliance and Blackstone Compliance.</p> <p>Upon hire and quarterly thereafter, all BSCA employees must report all hedge fund holdings.</p> <p>All investment decisions are approved by the Investment Committee (see Item 13 – Review of Accounts for further details).</p>
<p>From time to time, BSCA and/or Blackstone employees speak at conferences and programs for potential hedge fund and other alternative asset investors, which are sponsored by BSCA / Blackstone’s third-party service providers. Through such “capital introduction” events, prospective investors may have the opportunity to meet with BSCA and/or BSCA Managers. Such events and other services (including, without limitation, capital introduction services) provided by service providers, including prime brokers, custodian and administrators, may influence BSCA / Blackstone in deciding whether to use such service provider.</p> <p>BSCA may have a placement agreement/relationship with a broker-dealer that sponsors hedge fund and/or private equity conferences or similar events.</p>	<p>All BSCA employees must pre-clear speaking at conferences and other programs with BAAM / BSCA Compliance.</p> <p>Materials provided by BSCA as part of such conferences and other programs must be approved by BAAM / BSCA Compliance.</p> <p>Neither BSCA nor the BSCA Funds compensate the service providers for organizing such events.</p>

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Potential Conflict	Mitigating Policy
BSCA enters into side letters or similar written agreements (“Side Letters”) with Investors without the approval of any other Investors. Such Side Letters, in consideration for the Investor agreeing to invest certain amounts in a BSCA Fund and other appropriate consideration, grant rights not otherwise afforded to other Investors, including, without limitation, rights relating to greater portfolio transparency, withdrawal rights, economic arrangements, right to participate in co-investment opportunities, rights granted by virtue of such investor’s status as a strategic investor, fee waivers or reductions, minimum investment amounts, reports and other information. The BSCA Funds will notify Investors of any such preferential terms to the extent such Investors have been granted the right to elect such terms.	In exercising its discretion to cause a BSCA Fund to enter into a Side Letter, BSCA and the general partner of such fund will act in accordance with their fiduciary duties, which require them to provide that their actions (including, without limitation, entering into Side Letters) do not result in the unfair treatment of Investors.
BSCA incurs common expenses on behalf of the BSCA Funds. Please see Item 5 – Fees and Compensation.	BSCA allocates such expenses on a basis that it considers equitable and in accordance with its expense allocation policies and the Constituent Documents.
Certain BSCA personnel, including certain members of the Investment Committees for the BSCA Funds, 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 BSCA personnel.	Such BSCA personnel allocate their time on a basis that they deem to be fair and equitable to all relevant Blackstone Clients.
There will be no restrictions on the ability of BSCA Managers or their pooled investment vehicles or portfolio companies from pursuing investments that compete with investments that may be made by Other	The BSCA Funds will generally rely upon the BSCA Managers, which are independent third parties, to negotiate the terms and conditions of any such arrangements or transactions and BSCA is

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Potential Conflict	Mitigating Policy
Blackstone Clients or engaging affiliates of Blackstone to provide services or enter into transactions (including with respect to the purchase or sale of investments and the provision or receipt of services). Payments made by the BSCA Managers or their pooled investment vehicles or portfolio companies to affiliates of Blackstone with respect to the foregoing matters will not be shared with Investors in the BSCA Funds and any amounts paid by any such BSCA Managers would be borne in part by the BSCA Funds (to the extent of its ownership of such BSCA Manager).	not in a position to influence the outcome or terms thereof. Disclosure of such arrangements or transactions may be made to Investors in the BSCA Funds as required under the Constituent Documents.
Certain advisors, service providers, counterparties and vendors (“Service Providers”) to BSCA, the BSCA Funds, and BSCA Managers (including, without limitation, accountants, administrators, lenders, bankers, brokers, attorneys, 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 BSCA Managers or their underlying investment vehicles, the BSCA 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 BSCA Funds, BSCA Managers, and their affiliates may indirectly benefit Blackstone, the Other Blackstone Advisers and/or their respective portfolio companies and affiliates. Also, Service Providers could	Any use of Service Providers will be in accordance with the Constituent Documents and applicable law. Blackstone has a general practice of not having lower fee arrangements for BSCA and Other Blackstone Advisers as compared to fees paid by the BSCA Funds for similar services.

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Potential Conflict	Mitigating Policy
have other commercial or personal relationships with Blackstone, Other Blackstone Advisers, BSCA Managers and/or their respective investment vehicles, portfolio companies and affiliates.	
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 BSCA Funds or a BSCA Manager, the cost of which may be borne directly or indirectly by the BSCA Funds.	

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Fee Related Potential Conflicts

Potential Conflict	Mitigating Policy
Employees of BSCA and Blackstone have invested in the BSCA Funds. No advisory fees are charged to such investors.	All investment decisions are approved by the Investment Committee (see Item 13 – Review of Accounts for further details).

Blackstone Related Potential Conflicts

Potential Conflict	Mitigating Policy
<p>Because Blackstone has many different asset management businesses, it is subject to a number of actual and potential conflicts of interest, increased regulatory oversight, and additional legal and contractual restrictions than those to which it would otherwise be subject if it had only one line of business. Accordingly, BSCA faces certain restrictions in its investment activities. For example, BSCA generally will be restricted from investing in (i) Blackstone portfolio companies and (ii) issuers with respect to which any Hedge Fund Solutions Group investment adviser has received or is expected to receive material non-public information (together, the “Restricted Issuers”). These restrictions will not, however, apply to BSCA Managers and, other than with respect to the Restricted Issuers, BSCA generally will be permitted to invest in issuers in which funds managed by affiliates of BSCA have an interest.</p> <p>Further, there will be no limitations on the ability of such other business units to provide services to BSCA Managers and their affiliates or portfolio companies, and the Investors will not be entitled to share in any fees or payments received in respect of any such services or receive notice thereof, and any such fees or payments will not result in any offset to the management fee payable by the</p>	<p>Blackstone maintains information barriers that are designed to protect against the improper possession and/or use of material non-public information. Generally, no BSCA employee may contact an employee of another Blackstone group outside of the Hedge Funds Solutions Group, and vice versa, about a substantive business matter, without BSCA Compliance consent and, if appropriate, having BSCA Compliance chaperone such contact.</p> <p>Prior to receiving confidential information each Blackstone group typically seeks to limit the impact that such receipt may have on other Blackstone groups by, among other things, limiting the applicability of any confidentiality agreement to the particular Blackstone group(s) that receive the confidential information.</p> <p>The BSCA Funds will generally rely upon the BSCA Managers to negotiate the terms of such arrangements. In addition, where applicable, disclosure thereof may be made to investors in the BSCA Funds (as determined by BSCA in good faith).</p>

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

The above list is provided for illustrative purposes and is not intended to be all inclusive. A detailed description of the risks and conflicts associated with BSCA's investment strategy is

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included in the Constituent Documents of the respective BSCA Funds, where applicable, a copy of which are provided to perspective investors and should be carefully reviewed prior to investing.

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

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Item 12 – Brokerage Practices

General Considerations

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

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

Research and Other Soft Dollar Benefits

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

BSCA does not utilize soft dollars to pay for third-party brokerage services. BSCA Managers may use “soft dollars” (*i.e.*, consideration other than cash is exchanged for services) 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

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

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Item 12 – Brokerage Practices

Block Trading Procedures

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

Principal Trading

BSCA does not conduct principal trading (*i.e.*, trading for BSCA's proprietary accounts).

Cross Transactions – Agency Cross Transactions

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

Investment Allocations

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

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

Blackstone-wide Policies, Procedures and Guidelines

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

Accordingly, certain information or investment opportunities which could be of benefit to the BSCA Funds might become restricted or otherwise unavailable to the BSCA Funds due to the activities of Blackstone's other asset management businesses. For example, BSCA generally will be restricted from investing in (i) Blackstone portfolio companies and (ii) issuers with respect to which any investment advisor in the Blackstone Hedge Fund Solutions group has received

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Item 12 – Brokerage Practices

material non-public information (the “Restricted Issuers”). These restrictions generally will not, however, apply to BSCA Managers and, other than with respect to the Restricted Issuers, BSCA generally will be permitted to invest in issuers in which Other Blackstone Clients have an interest.

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

With respect to BSCA’s ability to allocate investment opportunities to BSCA Funds where such opportunities are within the common objectives and guidelines of a BSCA Fund and Other Blackstone Clients, Blackstone has established general guidelines for determining how such allocations are made, which, among other things, sets forth priorities and presumptions regarding allocation for certain types of investments and other matters. Although unlikely, the application of those guidelines may result in BSCA 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 BSCA Funds will benefit from the relationship of Other Blackstone Clients with the source of a particular investment opportunity.

Trade Errors

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

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

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Item 13 – Review of Accounts

The Investment Committee

BSCA has several senior investment professionals that supervise its investment advisory business through an investment committee (the “Investment Committee”) (The professionals that constitute the BSCH I investment committee largely overlap with the professionals that comprise the BSCH II investment committee, but they are not identical). The Investment Committee discusses the potential investment opportunities for the BSCA Funds.

The Investment Committee approves all investments in BSCA Managers.

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 BSCA Manager
- ▶ BSCA Manager’s investment objectives and strategies
- ▶ Ability to negotiate attractive terms with the BSCA Manager
- ▶ Tax efficiency
- ▶ Legal and regulatory factors

There is significant overlap among the members of the Hedge Fund Solutions Group’s various investment/oversight committees. Given the limited nature of BSCA Advisors’ activities, it does not have a formal investment committee.

The Advisory Board

BSCH I has established an advisory board (the “BSCH I Advisory Board”) to consult with BSCA on various matters, including, without limitation, potential conflicts of interest. The members of the Advisory Board are comprised of representatives of selected BSCH I Investors that are not affiliates of BSCA. The specific responsibilities of the BSCH I Advisory Board are set forth in such BSCH I’s Constituent Documents.

Monitoring Process

The Investment Committee and the BSCA investment team monitor the performance of the BSCA Funds and BSCA Managers on an ongoing basis.

BSCA Fund Investor Reporting

BSCA provides Investors at least quarterly reports regarding their investments, which include capital balances and performance of the BSCA Funds. Investors also receive annual audited financial statements for the BSCA Fund in which they are invested. In generating these reports, BSCA in part will rely on information provided by the BSCA Managers.

Operations Team Reconciliation

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Item 13 – Review of Accounts

The BAAM / BSCA operations team performs cash reconciliations to determine that investments, expense payments, and other cash movements are properly processed.

Administrator Reconciliation

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

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Item 14 – Client Referrals and Other Compensation

BSCA has entered into distribution and/or placement agent arrangements, and may do so again in the future. In a typical distribution / placement arrangement, BSCA agrees to pay a third-party placement agent for referring Investors.

Typically, the third-party placement agents will receive either (i) a portion of the management fee and/or performance fee paid to BSCA or (ii) a percentage of the aggregate Investor commitments referred to a BSCA Fund by the placement agent. A prospective investor solicited by a third party will be informed of (and may be asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services will generally be the responsibility of BSCA and the BSCA Funds will not be subject to any increased or additional fees or charges. While the BSCA Funds may be required to initially bear placement agent fees, such fees will subsequently reduce management fees allocated to the Investors by an identical amount.

Third-party placement agents in the U.S. will be registered as broker-dealers with the SEC. Third-party placement agents outside the U.S. may be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

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

BSCA Advisors does not have any distribution / placement arrangements.

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Item 15 – Custody

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

A BSCA Fund’s assets are typically comprised of investments in BSCA Managers and cash, which cash is held in bank or brokerage accounts in the name of the BSCA Fund. BSCA Funds do not utilize a third-party, independent custodian to hold the BSCA Funds’ agreements or private securities certificates evidencing the Funds’ investments in the BSCA Managers.

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Item 16 – Investment Discretion

Investment Guidelines

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

Types of Investments

BSCA has broad discretion to make investments within the guidelines of the Constituent Documents. BSCA Funds primarily will acquire BSCA Manager Interests, although the BSCA Funds may acquire majority ownership interests in BSCA Managers or make direct investments in funds or similar investment vehicles sponsored by BSCA Managers. In addition, in order to hedge investor contributions denominated in currencies other than U.S. dollars or to hedge certain market exposures, BSCA Funds may invest in securities and other financial instruments, including but not limited to forward contracts, currency options, interest rate swaps, interest rate caps, interest rate floors and other derivative contracts and similar instruments.

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

The BSCA Funds' investments generally are limited to investments in BSCA Managers, which are not expected to trigger any proxy voting activities. Investors may request a copy of the Proxy Policy and the proxy voting records by contacting BSCA at the address, phone number or email address on the cover of this Brochure.

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Item 18 – Financial Information

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

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Item 19 – Requirements for State-Registered Advisers

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