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Performance Information. Past performance is not necessarily indicative of future results and there can be no assurance that any Blackstone fund or strategy will achieve comparable results, or that any investments made by Blackstone in the future will be profitable.

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<td>III. BAAM’s Strategy and Positioning</td>
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I. Blackstone Alternative Asset Management
BAAM has established its position as the industry leader

- **Largest discretionary allocator to hedge funds in the world**\(^{(1)}\)
  - $55 billion in AUM\(^{(2)}\) (over $20 billion larger than the next largest fund of hedge funds competitor\(^{(1)}\))

- **Separated from traditional competitors**
  - 31% AUM CAGR since 2001 for BAAM, compared to 13% for other fund of funds over $1 billion\(^{(1)}\)
  - 18% AUM CAGR since the end of 2008 for BAAM, compared to -5% for other fund of funds over $1 billion\(^{(1)}\)

- **Meaningful business diversification and product innovation**
  - One of the largest hedge fund seeders in the world – over $2.6 billion deployed over 2 funds\(^{(2)}\)
  - Creation of Special Situations Investing Group – $5.4 billion deployed\(^{(2)}\)
  - Long-Only solution business utilizing hedge fund talent – $3.4 billion in AUM\(^{(2)}\)
  - Significant growth opportunity in the liquid registered fund market – $1.5 billion raised to date\(^{(2)}\)
  - Purchasing of GP interests in established hedge funds – closed on $1.4 billion, expected to close on up to $3 billion in total\(^{(2)}\)

---

\(^{(1)}\) Source: InvestHedge Billion Dollar Club. Data as of June 2013. Please note, 2001 is the earliest date industry data is available.

\(^{(2)}\) AUM data is as of 1/1/14 and is estimated and unaudited. AUM excludes unfunded commitments, which are included in total AUM for external reporting purposes.
Innovation has been the key to BAAM’s growth

Historical Growth by BAAM Business Segment

($ in billions)

Note: AUM data is as of 1/1/14 and is estimated and unaudited. Past performance is not necessarily indicative of future results. There can be no assurance any Blackstone fund will achieve its objectives or avoid significant losses.

(1) Life CAGR for Traditional Commingled Products is calculated since the institutionalization of BAAM in 2000.
Diverse array of commingled and customized investor solutions

<table>
<thead>
<tr>
<th>Diversified, specialty &amp; strategy focused funds</th>
<th>Tailored accounts to meet individual client needs</th>
<th>Capitalize on robust supply of managers needing early-stage funding and acquiring strategic minority stakes</th>
<th>Response to client desires for long only replacement utilizing hedge fund talent</th>
<th>Capitalize on increased supply of special situation trades</th>
<th>Registered &amp; Individual-Focused Investment Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comminged Products</strong></td>
<td><strong>Customized Investment Solutions</strong></td>
<td><strong>Ventures</strong></td>
<td><strong>Long Only / Long Biased</strong></td>
<td><strong>Special Situations</strong></td>
<td><strong>Individual Investor Solutions</strong></td>
</tr>
<tr>
<td>$19.3bn</td>
<td>$27.9bn</td>
<td>$2.6bn invested $1.8bn committed</td>
<td>$3.4bn</td>
<td>$4.8bn</td>
<td>$1.6bn</td>
</tr>
</tbody>
</table>

AUM is as of 1/1/14 and is estimated and unaudited.
BAAM’s growth has outpaced the industry

Cumulative Growth in Assets for HF Industry, FoHFs >$1 billion, and BAAM\(^{(1)}(2)\)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HF Industry:</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>&gt;$1bn FoHFs:</td>
<td>26%</td>
<td>-5%</td>
</tr>
<tr>
<td>BAAM:</td>
<td>31%</td>
<td>18%</td>
</tr>
</tbody>
</table>

HF Industry AUM

2001–2008 CAGR

<table>
<thead>
<tr>
<th></th>
<th>2001–2008 CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAAM:</td>
<td>39%</td>
</tr>
<tr>
<td>&gt;$1bn FoHFs:</td>
<td>26%</td>
</tr>
<tr>
<td>HF Industry:</td>
<td>15%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Source: InvestHedge Billion Dollar Club. Data as of June 2013. Please note, the time period of this analysis coincides with all the available industry data.

Diverse and institutional client base

Institutional composition of our client base provides the business with stability

- Emphasis on transparency, knowledge transfer and investor education
- Institutional investor base allows for customization and innovation

BAAM Client Breakdown by Investor Type

- Pension Funds: 46.0%
- Government Institutions: 21.2%
- Healthcare: 5.0%
- HNW & Trusts: 5.9%
- Insurance: 2.6%
- Internal Capital: 5.3%
- Endowments & Foundations: 4.8%

BAAM Client Breakdown by Geography

- North America: 48.6%
- United Kingdom: 13.2%
- Europe: 8.6%
- Middle East: 13.1%
- Japan: 6.3%
- Asia ex-Japan: 6.3%
- Australia: 4.9%

(1) Based on assets under management, as of 1/1/2014. Data is estimated and unaudited for 2013 and 2014.
Deep relationships with institutional investors: Asset flows from existing vs. new clients

Flows from existing investors remain the majority of BAAM’s gross external inflows

Net BAAM Inflows\(^{(1)}\)

(\text{by investor status})

\begin{array}{cccccc}
\text{2009} & \text{2010} & \text{2011} & \text{2012} & \text{2013} \\
\text{Existing Clients} & \text{New Clients} & \text{Existing Clients} & \text{New Clients} & \text{Existing Clients} & \text{New Clients} \\
38\% & 62\% & 52\% & 48\% & 36\% & 64\% \\
62\% & 50\% & 64\% & 36\% & 36\% & 50\%
\end{array}

BAAM’s existing client base often provides seed capital for new products\(^{(2)}\)

\begin{itemize}
\item Resources Select
  \begin{itemize}
  \item 100\%
  \item 100\%
  \item 54\%
  \item 46\%
  \item 34\%
  \item 66\%
  \end{itemize}
\item BSOF
  \begin{itemize}
  \item 100\%
  \item 54\%
  \item 46\%
  \item 34\%
  \item 66\%
  \end{itemize}
\end{itemize}

\(^{(1)}\) Data for 2013 is presented through 12/31/2013.

\(^{(2)}\) Includes internal contributions.
Select financial highlights

BAAM Fee Breakdown

<table>
<thead>
<tr>
<th>Year</th>
<th>Management Fees</th>
<th>Incentive Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$97</td>
<td>$181</td>
</tr>
<tr>
<td>2009</td>
<td>$31</td>
<td>$217</td>
</tr>
<tr>
<td>2008</td>
<td>$2</td>
<td>$231</td>
</tr>
<tr>
<td>2010</td>
<td>$61</td>
<td>$257</td>
</tr>
<tr>
<td>2011</td>
<td>$11</td>
<td>$302</td>
</tr>
<tr>
<td>2012</td>
<td>$93</td>
<td>$345</td>
</tr>
<tr>
<td>2013</td>
<td>$215</td>
<td></td>
</tr>
</tbody>
</table>

BAAM Loss Carryforward

<table>
<thead>
<tr>
<th>Year</th>
<th>Loss Carryforward</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$2,945</td>
</tr>
<tr>
<td>2008</td>
<td>$933</td>
</tr>
<tr>
<td>2009</td>
<td>$324</td>
</tr>
<tr>
<td>2010</td>
<td>$723</td>
</tr>
<tr>
<td>2011</td>
<td>$128</td>
</tr>
<tr>
<td>2012</td>
<td>$28</td>
</tr>
</tbody>
</table>

BAAM Assets Accruing Incentive Fees

<table>
<thead>
<tr>
<th>Year</th>
<th>Incentive Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$12,879</td>
</tr>
<tr>
<td>2008</td>
<td>$5,427</td>
</tr>
<tr>
<td>2009</td>
<td>$12,376</td>
</tr>
<tr>
<td>2010</td>
<td>$18,638</td>
</tr>
<tr>
<td>2011</td>
<td>$27,827</td>
</tr>
<tr>
<td>2012</td>
<td>$35,000</td>
</tr>
<tr>
<td>2013</td>
<td>$407</td>
</tr>
</tbody>
</table>
BAAM continues to be a high-growth business

BAAM has maintained strong financial performance across major metrics...

Hedge Fund Solutions ("HFS") Summary Financials

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2013</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUM</td>
<td>$28,799</td>
<td>$55,657</td>
<td>18%</td>
</tr>
<tr>
<td>Revenue</td>
<td>313</td>
<td>649</td>
<td>20%</td>
</tr>
<tr>
<td>Economic Income</td>
<td>170</td>
<td>377</td>
<td>22%</td>
</tr>
</tbody>
</table>

Note: This information is sourced from Blackstone’s publicly available 8-K.
II. Industry Dynamics Have Supported BAAM’s Rapid Growth
Hedge fund industry growth continues after financial crisis

AUM Growth (Hedge Fund Industry)\(^{(1)}\)

\(^{(1)}\) HFR Global Hedge Fund Industry Report, 12/31/13.

\(^{(2)}\) Credit Suisse 2013 Global Survey of Hedge Fund Investor Appetite and Activity.
Institutions driving recent growth in hedge fund industry AUM

- Hedge Fund investor base is now predominantly institutional\(^{(1)}\)

Hedge Fund Industry AUM by Investor Type\(^{(1)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Institutional</th>
<th>Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>2003</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>2005</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>2007</td>
<td>69%</td>
<td>31%</td>
</tr>
<tr>
<td>2009</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>2011</td>
<td>77%</td>
<td>23%</td>
</tr>
<tr>
<td>2012</td>
<td>80%</td>
<td>20%</td>
</tr>
</tbody>
</table>

BAAM expects individuals to return, albeit a different market segment (retail) requiring more liquid, regulated investment vehicles

\(^{(1)}\) Source: Hennessee Group LLC; FSA; The City U.K. estimates, May 2013.
Hedge funds becoming a larger part of institutional portfolios

- Pension Funds are increasing allocations to hedge funds

A majority of institutions, including pension plans, endowments, foundations and insurers, reported increased hedge fund holdings last year\(^{(2)}\)

Pension funds, in particular, are increasing their hedge fund investments, with over 60% of them having increased such holdings in 2012\(^{(2)}\)

65% of investors, including 79% of institutions, targeted returns between 5% and 10% for their hedge fund investments in 2013\(^{(2)}\)

Average Pension Fund Allocation to Hedge Funds\(^{(1)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>4.2%</td>
</tr>
<tr>
<td>2010</td>
<td>6.4%</td>
</tr>
<tr>
<td>2013</td>
<td>6.8%</td>
</tr>
</tbody>
</table>


\(^{(2)}\) Source: Deutsche Bank’s Annual Alternative Investment Survey, 2013.
Hedge funds continue to attract talent given their flexibility

- Dodd-Frank, Basel III, and other global regulatory changes are reducing the ability of investment banks, commercial banks, and insurance companies to compete with hedge funds.
- Human capital is leaving the sell side as it is forced to reduce capital allocation to opportunistic and quantitative trading strategies, thus increasing the flow of top talent to hedge funds.
- The market recovery has heightened entrepreneurial ambitions for talented asset managers seeking the most favorable compensation structures.

---

(1) Source: Cambridge Associates, 2011.
Hedge funds currently represent only a fraction of global assets

- Total capital invested in hedge funds exceeded $2 trillion for the first time in 2012\(^{(1)}\)

- Hedge funds represent less than 2.0% of global financial assets\(^{(2)}\)

- Average 10-year rolling Sharpe ratio of 1.2 for the HFRI Composite\(^{(3)}\)

---

\(^{(2)}\) Global financial assets include equity market capitalization and outstanding bonds and loans: McKinsey Global Institute Financial Stock Database. Assets are as of 12/31/11.
\(^{(4)}\) Top 10 firms include BlackRock, State Street, Vanguard, Fidelity, PIMCO, JP Morgan, BNY Mellon, Capital Research, Prudential, and Amundi. Assets are as of 12/31/11.
III. BAAM’s Strategy and Positioning
BAAM has produced attractive risk-adjusted performance

BAAM Principal Solutions Composite Beta to Indices: January 2000 – December 2013\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th>HFRI FOF Cnsv</th>
<th>MSCI World TR</th>
<th>S&amp;P 500 TR</th>
<th>FTSE 100</th>
<th>Barclays Agg</th>
<th>CSFB HY</th>
<th>GSCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beta to BAAM Composite</td>
<td>1.07</td>
<td>0.18</td>
<td>0.17</td>
<td>0.18</td>
<td>0.03</td>
<td>0.31</td>
<td>0.73</td>
</tr>
</tbody>
</table>

\(^{(1)}\) BAAM returns and volatility reflect BAAM’s Principal Solutions Composite and cover the period from January 2000 to present, although BAAM’s inception date is September 1990. BAAM’s Principal Solutions Composite does not include BAAM’s long-only equity, long-biased commodities, seed, strategic opportunities (external investments), or advisory platforms. Performance for 2013 is estimated and unaudited. Annualized return represents the unaudited compounded annual return on investment. Past performance is not necessarily indicative of future results. There can be no assurance that the Funds will achieve their objectives or avoid significant losses. Please refer to the “Index Disclosure” located on the Additional Disclosures slide at the end of this presentation.
Historically, BAAM has mitigated loss in severe equity market downturns

Largest 10 S&P 500 Monthly Losses (July 1996– December 2013\(^{(1)(2)}\))

---

\(^{(1)}\) BAAM results are net of all fees and expenses. Past performance is not necessarily indicative of future results. There can be no assurance that any BAAM fund will achieve its investment objectives or avoid significant losses.

\(^{(2)}\) Please refer to the “Index Disclosure” located on the Additional Disclosures slide at the end of this presentation.
BAAM has produced attractive risk-adjusted performance

Since the institutionalization of BAAM’s business in 2000, on an annualized basis the BAAM Principal Solutions Composite is up 6.77%, outperforming the HFRI FOF Composite Index (+3.77%), HFRX Global HF Index (+3.56%), MSCI ACW TR Index (+3.19%) and S&P 500 TR Index (+3.60%).

Annualized RoR and Volatility (Annualized)
January 2000 – December 2013

---

(1) BAAM returns and volatility reflect BAAM’s Principal Solutions Composite and cover the period from January 2000 to present, although BAAM’s inception date is September 1990. BAAM’s Principal Solutions Composite does not include BAAM’s long-only equity, long-biased commodities, seed, strategic opportunities (external investments), or advisory platforms. Details of the performance of all BAAM funds are available upon request. Performance for 2013 is estimated and unaudited. Annualized return represents the unaudited compounded annual return on investment. Past performance is not necessarily indicative of future results. There can be no assurance that the Funds will achieve their objectives or avoid significant losses.

(2) Please refer to the “Index Disclosure” located on the Additional Disclosures slide at the end of this presentation.
BAAM: Negotiating attractive exposures and terms with managers

Underlying Manager Strategy Size\(^{(1)}\)

<table>
<thead>
<tr>
<th>Size</th>
<th>Asset Weighted as of January 1, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10bn - $20bn</td>
<td>6%</td>
</tr>
<tr>
<td>Over $20bn</td>
<td>6%</td>
</tr>
<tr>
<td>$5bn - $10bn</td>
<td>14%</td>
</tr>
<tr>
<td>$3bn - $5bn</td>
<td>13%</td>
</tr>
<tr>
<td>Under $1bn</td>
<td>22%</td>
</tr>
<tr>
<td>$1bn - $3bn</td>
<td>39%</td>
</tr>
</tbody>
</table>

Negotiated Structures & Transactions\(^{(2)}\)

As of January 1, 2014

64% of AUM is in negotiated structures & transactions

No. of Negotiated Structures/Transactions

<table>
<thead>
<tr>
<th>Year</th>
<th>Customized Capacity</th>
<th>Negotiated Fee Discounts</th>
<th>Seed Transactions</th>
<th>BSOF Transactions</th>
<th>% of BAAM AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2</td>
<td>2</td>
<td>15</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>2008</td>
<td>9</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>2009</td>
<td>2</td>
<td>16</td>
<td>2</td>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>2010</td>
<td>16</td>
<td>16</td>
<td>2</td>
<td>1</td>
<td>39%</td>
</tr>
<tr>
<td>2011</td>
<td>7</td>
<td>23</td>
<td>5</td>
<td>5</td>
<td>51%</td>
</tr>
<tr>
<td>2012</td>
<td>16</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>56%</td>
</tr>
<tr>
<td>2013</td>
<td>16</td>
<td>26</td>
<td>5</td>
<td>5</td>
<td>75%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) This analysis was performed utilizing the 1/1/2014 active manager strategy list for only BAAM Principal Solutions (i.e., BAAM’s fund of funds platform). Active strategies exclude those strategies where full redemptions have been submitted by BAAM but BAAM has not yet received full redemption proceeds and strategies that are in liquidation. Active strategies also exclude those strategies organized in a called capital structure that are in their harvest period unless there is an active strategy with a substantially similar investment mandate in its investment period. AUM data is as of June 30, 2013 or later for all strategies.

\(^{(2)}\) Please see important disclosures on slide titled “Disclosures Relating to Negotiated Structures / Transactions” at the end of this presentation explaining how each category was calculated and defined.
BAAM: A Global Business Constantly Evolving

- **2000**: Tom Hill joins BAAM as President & CEO
- **2001**: BAAM establishes its presence in London
- **2002**: Structures and launches first customized account
- **2002**: Establishes a separate, dedicated back office due diligence team
- **2006**: Opens Hong Kong office
- **2006**: Begins making first customized investments with hedge fund managers
- **2007**: BAAM launches two new innovative strategies:
  - Resources Select (long-biased commodities)
  - Strategic Alliance (hedge fund seeding)
- **2008 / 2009**: In the wake of the financial crisis, BAAM does not restrict investor liquidity and provides $8.4 billion in capital to investors
- **2011**: BAAM augments its senior investment talent and launches the Strategic Opportunity Fund, focused on making direct co-investments with hedge fund managers
- **2013**: BAAM launches first open-ended mutual fund product that allocates to hedge fund exposures
- **2014**: Blackstone Strategic Capital Holdings fund is raised, which will acquire GP stakes in established hedge funds
- **2014**: Continue to build out direct manufacturing capabilities

---

AUM data for 2013 is estimated and unaudited.
Innovation Process

**Client Collaboration to Identify Opportunity**

**Problem Solving**

**Joint Research Effort with Managers**

**Internal BAAM Process**

1. Idea Generation
2. Proof of Investment Concept
3. Fund Structuring & Operations
4. Manager Sourcing, Negotiations & Onboarding

**Negotiation of Terms, Fees, Liquidity & Transparency**

**Development of Infrastructure**

**Coordination with Third Party Service Providers**

**BAAM Collaboration with External Parties**
Client Collaboration
- Large, early stage investors desired access to hedge fund General Partner economics

Final Product
- $1.4bn closed
- Up to $3bn expected total fund size

Problem Solving
1. Idea Generation
   - BAAM, drawing on its success in hedge fund seeding, explores potential to purchase General Partner interests in hedge funds
2. Proof of Investment Concept
   - BAAM assesses flaws in existing investment models and fund structures
   - Analyzes return potential for investors
3. Fund Structuring & Operations
   - Complex PE structure
   - Significant legal negotiations and resources necessary
   - New technology required
   - Established separate valuation sub-committee
4. Sourcing, Negotiations, Onboarding
   - Source and onboard managers from our 96 person investment team

Development of Infrastructure
- Required negotiations of investor protections

Joint Research Effort
- BAAM explores appetite of hedge fund managers for a strategic partner

Negotiations with Managers

Coordination with Third Parties
- Several new partnerships formed:
  - Administrator: SEI
  - Legal Counsel: Paul Weiss
  - Technology: Investran, iLevel

Innovation Process Case Study: Blackstone Strategic Capital Advisors ("BSCA")
Hedge Fund Ownership: Blackstone Strategic Capital Advisors

Overview

- BSCA will focus on acquiring meaningful, strategic minority positions in established alternative managers
- Among other compelling market factors, BSCA will look to capitalize on expected growth in the hedge fund industry and ongoing consolidation trends

Opportunity Set

- Hedge fund managers continue to capture market share, while industry dynamics are ideal for consolidation
- Valuations for hedge fund GPs do not reflect long-term value

Value Proposition & Business Results

- Strategic capital is highly valuable to managers looking to grow and strengthen their franchises
- Offers BAAM longer duration capital, a potentially high current yield on invested capital, and greater alignment with key hedge fund flagships

AUM Growth of Hedge Fund Industry

Opinions expressed reflect the current opinions of BAAM as of the date appearing in this material only.

(1) HFR Global Hedge Fund Industry Report, 4Q 2013.
Innovation Process Case Study: Blackstone Strategic Opportunity Fund ("BSOF")

Client Collaboration
- Clients communicate they have an increased appetite for co-investments

Problem Solving

1. Idea Generation
   - Significant market opportunity exists for unconstrained capital
   - BAAM contemplates viability of a dedicated co-investment vehicle

2. Proof of Investment Concept
   - BAAM has history of “one-off” co-investments
   - Hires experienced senior investment professionals to assess the opportunity set

3. Fund Structuring & Operations
   - Build-out of front and back office to support product operating in a daily environment
   - Executed over 100 counterparty agreements across 14 counterparties

4. Sourcing, Negotiations, Onboarding
   - Leverage BAAM and Blackstone network to source opportunities
   - Streamline manager on-boarding process through form agreements and repeatable procedures

Development of Infrastructure

Negotiations with Managers

Final Product
- AUM: $3.7bn

Joint Research Effort
- Prospect managers confirm willingness to operate in a fund structure
- Begin to regularly present their highest conviction ideas

Product Structuring

- Fund structured with legal counsel to maximize investing flexibility and speed of execution
- Fund trading agreements designed to maximize capital efficiency

Coordination with Third Parties

(1) AUM data as of 1/1/14.
Innovation Process Case Study: Blackstone Multi-Manager Fund

1. Idea Generation
   - BAAM contemplates feasibility of adapting hedge funds to a mutual fund format
   - Reaches an agreement, in concept, with strategic partner to build a ‘40 Act mutual fund

2. Proof of Investment Concept
   - BAAM analyzes the impact of regulatory requirements on hedge fund investment strategy returns

3. Fund Structuring & Operations
   - Creation of open-architecture infrastructure to ensure managers have maximum trading flexibility (prime brokers, executing brokers, ISDA counterparties)

4. Sourcing, Negotiations, Onboarding
   - Six organizational board meetings are held, spanning five months, to finalize product structure and approve manager allocations

Final Product
- Launched August 2013
- Seeded with $1bn by strategic partner

Negotiations with Managers
- On-boarded 14 managers, which represent a significant level of BAAM’s total capital
- $11 billion of existing BAAM capital invested across these managers hedge funds

Development of Infrastructure

Joint Research Effort
- BAAM educates managers on operating in a ‘40 Act structure

Coordination with Third Parties
- New third party partnerships formed
- Regulatory Filings with SEC begin (September 2012)
Additional Disclosures

Index Disclosure:
The volatility of the indices presented throughout this material may be materially different from that of the performance of the BAAM funds presented. In addition, the indices may employ different investment guidelines and criteria than the Funds; as a result, the holdings in the Funds may differ significantly from the securities that comprise the indices. The performance of the indices has not been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of the Fund’s performance to that of a well-known and widely recognized indices. A summary of the investment guidelines for the indices presented are available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.
Disclosures Relating to Negotiated Structures / Transactions

Number of Negotiated Structures / Transactions:
- Data as of 1/1/14. Count includes customized vehicles, vehicles with negotiated fee discounts, seeding platform funds and co-investment deals that occurred during each year presented. Volume does not double count (i.e., where a vehicle is customized capacity and has a negotiated fee discount, that vehicle is counted only once)

Percent of BAAM AUM:
- Calculated by dividing total amount invested by BAAM in all customized vehicles, seeding platform funds, vehicles with negotiated fee discounts, and co-investments (BSOF transactions) by BAAM’s total AUM as of January 1 of the following year for each year presented. For purposes of this slide, BAAM includes Blackstone Strategic Alliance Advisors L.L.C. and Blackstone Alternative Solutions L.L.C., BAAM’s affiliated advisors

Customized Capacity Vehicles:
- Includes funds where BAAM is the sole external investor and funds with which BAAM has negotiated guaranteed capacity

Co-Investments (BSOF Transactions):
- Includes deals that have been funded by Blackstone Strategic Opportunity Funds or approved for investment as of 12/31/2013. Deals that have been approved for investment but not yet funded are not included in the percentage of BAAM AUM in negotiated structures

Vehicles with Negotiated Fee Discounts:
- Based on negotiations completed through 2013
- Includes both beneficial fees exclusively negotiated for BAAM and beneficial fees applicable to some or all other investors where BAAM participated in the negotiations
- Negotiated benefits to BAAM funds will fluctuate depending on related AUM

Seeding Platform Funds (Seed Transactions):
- Includes all underlying managers seeded by the Blackstone Strategic Alliance Funds