

Blackstone

Blackstone Alternative Asset Management L.P.

SEMI-ANNUAL REPORT (Unaudited)

For the Period Ended September 30, 2019

Blackstone Alternative Alpha Fund

Beginning on May 8, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on the Fund's website. You will be notified by mail each time a report is available, and you will be provided with a website link to access the report.

If you already have elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. Shareholders who hold accounts directly with the Distributor or the Fund may elect to receive shareholder reports and other communications from the Fund electronically by calling 1-855-890-7725 to make such arrangements. Shareholders who hold accounts through a broker-dealer or other financial intermediary should contact that financial intermediary directly for information on how to receive shareholder reports and other communications electronically.

You may elect to receive all future reports in paper free of charge. If you hold accounts directly with the Distributor, you can inform the Fund that you wish to continue receiving paper copies of your shareholder reports by calling 1-855-890-7725 to make such arrangements. For shareholders who hold accounts through a broker-dealer or other financial intermediary, please contact your financial intermediary directly to inform them that you wish to continue receiving paper copies of your shareholder reports. If your Fund shares are held through a financial intermediary, your election to receive reports in paper will apply to all funds held with that financial intermediary.

Capitalized terms not defined herein have the meanings assigned to them in the Prospectus.

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Blackstone Alternative Alpha Fund

Statement of Assets and Liabilities

As of September 30, 2019 (Unaudited)

Assets:

Investment in Blackstone Alternative Alpha Master Fund (“Master Fund”), at fair value (Cost \$446,832,008)	\$433,349,831
Cash	5,094,477
Receivable for shares repurchased from Master Fund	56,344,433
Prepaid expenses	5,768
Total assets	494,794,509

Liabilities:

Payable for shares repurchased	62,310,496
Payable to Investment Manager	1,023,000
Shareholder service and distribution fees payable	346,808
Accrued expenses and other liabilities	443,161
Total liabilities	64,123,465
Net assets	\$430,671,044

Components of Net Assets:

Paid-in Capital	\$428,914,491
Total Accumulated Earnings	1,756,553
Net assets	\$430,671,044

Net Asset Value:

Net assets	\$430,671,044
Shares of beneficial interests outstanding, no par value, unlimited shares authorized	397,406
Net asset value per share	\$ 1,083.71

See accompanying Notes to Financial Statements.

Blackstone Alternative Alpha Fund
Schedule of Investment
September 30, 2019 (Unaudited)

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Percentage of Total Net Assets</u>
Blackstone Alternative Alpha Master Fund	382,179	\$446,832,008	\$433,349,831	100.62%
Other liabilities, less assets			<u>(2,678,787)</u>	<u>(0.62)%</u>
Total Net Assets			<u>\$430,671,044</u>	<u>100.00%</u>

See accompanying Notes to Financial Statements.

Blackstone Alternative Alpha Fund
Statement of Operations
For the Six Months Ended September 30, 2019 (Unaudited)

Fund Expenses:	
Distribution	\$ 1,577,156
Shareholder service	657,147
Printing	123,510
Legal	118,958
Transfer agent fees	65,212
Professional	16,585
Blue sky fees	14,954
Custody	3,900
Consultancy Fee	2,614
Other	35,261
	<u>2,615,297</u>
Total Fund expenses	<u>2,615,297</u>
Less: Expenses reimbursed by Investment Manager*	<u>(161,219)</u>
Fund expenses	<u>2,454,078</u>
Net Investment Loss	<u>(2,454,078)</u>
Realized and Unrealized Loss from Investment:	
Realized loss from investment in Master Fund	(4,844,429)
Net change in unrealized appreciation from investment in Master Fund	<u>1,491,758</u>
Net Realized and Unrealized Loss from Investment	<u>(3,352,671)</u>
Net Decrease in Net Assets resulting from Operations	<u>\$(5,806,749)</u>

* The reimbursement includes expenses incurred by the Fund and the Master Fund (as defined herein). See Note 5.

Blackstone Alternative Alpha Fund

Statements of Changes in Net Assets

	For the Six Months Ended September 30, 2019 (Unaudited)	For the Year Ended March 31, 2019
Increase (Decrease) in Net Assets:		
Operations:		
Net investment loss	\$ (2,454,078)	\$ (6,340,970)
Realized gain distribution from Master Fund	—	29,757,151
Realized loss from investment in Master Fund	(4,844,429)	(355,007)
Net change in unrealized appreciation (depreciation) from investment in Master Fund	<u>1,491,758</u>	<u>(29,133,219)</u>
Net decrease in net assets resulting from operations	<u>(5,806,749)</u>	<u>(6,072,045)</u>
Distributions to shareholders	<u>—</u>	<u>(23,338,865)</u>
Capital Transactions:		
Shareholder subscriptions	1,750,000	7,827,634
Reinvestment of distributions	—	20,547,138
Shareholder redemptions	(135,703,459)	(133,336,227)
Early withdrawal fee	<u>1,223</u>	<u>753</u>
Net decrease in net assets from capital transactions	<u>(133,952,236)</u>	<u>(104,960,702)</u>
Net Assets:		
Total decrease in net assets	(139,758,985)	(134,371,612)
Beginning of period	<u>570,430,029</u>	<u>704,801,641</u>
End of period	<u>\$ 430,671,044</u>	<u>\$ 570,430,029</u>
Accumulated net investment loss	<u>\$ (20,392,541)</u>	<u>\$ (17,938,463)</u>
Share Transactions:		
Beginning of period	518,911	612,141
Shares issued	1,581	6,808
Shares reinvested	—	19,743
Shares redeemed	<u>(123,086)</u>	<u>(119,781)</u>
End of period	<u>397,406</u>	<u>518,911</u>

See accompanying Notes to Financial Statements.

Blackstone Alternative Alpha Fund
Statement of Cash Flows
For the Six Months Ended September 30, 2019 (Unaudited)

Cash Flows from Operating Activities:

Net decrease in net assets resulting from operations \$ (5,806,749)

Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:

Realized loss from investment in Master Fund	4,844,429
Net change in unrealized appreciation from investment in Master Fund	(1,491,758)
Purchase of investment in Master Fund and subscription paid in advance to Master Fund	(1,749,978)
Proceeds from redemption of investments in Master Fund	132,984,812
Increase in receivable for shares repurchased from Master Fund	(14,441,444)
Decrease in prepaid expenses	7,249
Decrease in shareholder service and distribution fees payable	(82,323)
Increase in payable to Investment Manager	167,756
Increase in accrued expenses and other liabilities	78,134

Net cash provided by operating activities	114,510,128
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Cash Flows from Financing Activities:

Proceeds from shareholder subscriptions and subscriptions received in advance	770,000
Payments for shareholder redemptions of shares and payable for shares repurchased	(113,022,866)

Net cash used in financing activities	(112,252,866)
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Net change in cash	2,257,262
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Cash, beginning of Period	2,837,215
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Cash, end of Period	\$ 5,094,477
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Blackstone Alternative Alpha Fund

Financial Highlights

	For the Six Months Ended September 30, 2019 (Unaudited)	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Per Share Operating Performance:					
Net Asset Value, beginning of period	\$ 1,099.28	\$ 1,151.37	\$ 1,148.21	\$ 1,085.30	\$ 1,260.80
Income/(loss) from Investment Operations:					
Net investment loss ¹	(5.05)	(10.95)	(11.61)	(11.50)	(12.22)
Net realized and unrealized gain/(loss) from investments	(10.52)	0.20	55.97	118.90	(132.60)
Net income/(loss) from investment operations	(15.57)	(10.75)	44.36	107.40	(144.82)
Distributions to shareholders from ordinary income	—	(2.48)	(9.35)	—	—
Distributions to shareholders from net realized capital gains	—	(38.86)	(31.86)	(44.54)	(30.71)
Early withdrawal fee	—	—	0.01	0.05	0.03
Net Asset Value, end of period	<u>\$ 1,083.71</u>	<u>\$ 1,099.28</u>	<u>\$ 1,151.37</u>	<u>\$ 1,148.21</u>	<u>\$ 1,085.30</u>
Financial Ratios: ²					
Distribution and service fees	0.85%	0.85%	0.85%	0.85%	0.85%
Other expenses to average net assets for the Fund before repayment/(reimbursement) to/from Investment Manager	0.13%	0.13%	0.12%	0.11%	0.09%
Repayment/(Reimbursement) to/ from Investment Manager ³	(0.06)%	(0.01)%	0.03%	0.06%	0.09%
Total expenses to average net assets for the Fund after repayment/(reimbursement) to/ from Investment Manager ⁴	<u>0.92%</u>	<u>0.97%</u>	<u>1.00%</u>	<u>1.02%</u>	<u>1.03%</u>
Net investment loss to average net assets for the Fund	<u>(0.92)%</u>	<u>(0.97)%</u>	<u>(1.00)%</u>	<u>(1.02)%</u>	<u>(1.03)%</u>
Portfolio turnover ⁵	<u>0.02%</u>	<u>32.69%</u>	<u>2.47%</u>	<u>13.15%</u>	<u>8.97%</u>
Total return	<u>(1.42)%⁶</u>	<u>(0.73)%</u>	<u>3.89%</u>	<u>10.07%</u>	<u>(11.63)%</u>
Net assets, end of period (000s)	<u>\$ 430,671</u>	<u>\$ 570,430</u>	<u>\$ 704,802</u>	<u>\$ 782,803</u>	<u>\$ 866,873</u>

¹ Calculated using average shares outstanding during the period.

² Financial ratios have been annualized.

³ The repayment/reimbursement includes expenses incurred by the Fund and the Master Fund. See Note 5.

⁴ In accordance with the Expense Limitation and Reimbursement Agreement, Specified Expenses of the Master Fund are included in the limitation of the Expense Cap. See Note 5. The expenses of the Master Fund represent 1.56%, 1.57%, 1.50%, 1.48% and 1.45% on an annualized basis, of average net assets for the Fund for the period ended September 30, 2019, and the years ended March 31, 2019, March 31, 2018, March 31, 2017, and March 31, 2016, respectively. The net expense ratio for the Fund, including the applicable Master Fund expenses, is 2.48%, 2.54%, 2.50%, 2.50% and 2.48%, on an annualized basis, for the period ended September 30, 2019, and the years ended March 31, 2019, March 31, 2018, March 31, 2017, and March 31, 2016, respectively.

⁵ The Fund is invested solely in the Master Fund; therefore, this ratio reflects the portfolio turnover of the Master Fund.

⁶ Total return has not been annualized.

The financial ratios represent the expenses and net investment loss to average monthly net assets for the year. The computation of such ratios does not reflect the Fund's share of the income and expenses of the underlying Investee Funds held by the Master Fund. The individual shareholder's total return may vary from this total return based on the timing of capital transactions.

See accompanying Notes to Financial Statements.

Blackstone Alternative Alpha Fund

Notes to Financial Statements

September 30, 2019 (Unaudited)

1. Organization

Blackstone Alternative Alpha Fund (the “Fund”), a Massachusetts business trust registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a continuously offered, non-diversified, closed-end management investment company, commenced operations on April 1, 2012. The Fund’s investment objective is to seek to earn attractive long-term risk-adjusted returns. Risk-adjusted returns reflect that the Fund is managed to target, among other things, lower volatility than traditional equity markets and therefore the Fund’s performance is not expected to track traditional equity markets on an absolute basis. There can be no assurance that the Fund will achieve its objective or avoid significant losses. The Fund pursues its objective by investing substantially all of its assets in Blackstone Alternative Alpha Master Fund (the “Master Fund”), a Massachusetts business trust registered under the 1940 Act as a continuously offered, closed-end management investment company with the same investment objective and substantially the same investment policies as the Fund.

The Master Fund’s Consolidated Financial Statements and Notes to Consolidated Financial Statements, included elsewhere within this report, are an integral part of the Fund’s financial statements and should be read in conjunction with these financial statements. As of September 30, 2019, the Fund held a 87.03% ownership interest in the Master Fund.

The investment manager of the Fund and the Master Fund is Blackstone Alternative Asset Management L.P. (“BAAM” or the “Investment Manager”), a registered investment adviser under the Investment Advisers Act of 1940, as amended. Each of the Fund and the Master Fund is a commodity pool subject to regulation by the Commodity Futures Trading Commission (“CFTC”). BAAM, which serves as the commodity pool operator of the Fund and the Master Fund, is registered as such with the CFTC, but has claimed relief under Rule 4.12(c)(3) of the Commodity Exchange Act from certain disclosure, reporting and recordkeeping requirements otherwise applicable to commodity pools. The Board of Trustees (the “Board” and each member a “Trustee”) of the Fund and the Master Fund supervises the conduct of the Fund’s and the Master Fund’s affairs and, pursuant to their respective investment management agreements, has engaged BAAM to manage the Fund’s and the Master Fund’s day-to-day investment activities.

Capitalized terms used, but not defined herein, shall have the meaning assigned to them in the Prospectus of the Fund.

2. Basis of Presentation

The Fund’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and are stated in U.S. dollars.

The Fund is an investment company in accordance with Accounting Standards Codification 946, *Financial Services—Investment Companies* (“ASC 946”), which defines investment companies and prescribes specialized accounting and reporting requirements for investment companies. The Fund follows the accounting and reporting guidance in Topic 946, as described in the Financial Accounting Standards Board (“FASB”) Accounting Standards Update No. 2013-08.

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income and expenses during the reporting year. Actual results could differ from these estimates and these differences could be material.

Blackstone Alternative Alpha Fund
Notes to Financial Statements (Continued)
September 30, 2019 (Unaudited)

3. Significant Accounting Policies

Fair Value Measurements

Investment in the Master Fund

The Fund's investment in the Master Fund is recorded at fair value and is based upon the Fund's percentage ownership of the net assets of the Master Fund. The performance of the Fund is directly affected by the performance of the Master Fund.

See Note 3 to the Master Fund's consolidated financial statements for the determination of fair value of the Master Fund's investments.

Investment Transactions and Related Investment Income and Expenses

Investment transactions are accounted for on a trade date basis. Income and expenses, including interest, are recorded on an accrual basis.

The net realized gains or losses from investment in the Master Fund are recorded when the Fund redeems or partially redeems its interest in the Master Fund or receives distributions in excess of return of capital. Realized gains and losses from redemptions of investments are calculated using the first-in, first-out cost basis methodology.

Cash

At September 30, 2019, the Fund had \$5,094,477 of cash held at a major U.S. bank.

Contingencies

Under the Fund's Amended and Restated Agreement and Declaration of Trust ("Declaration of Trust"), the Fund's officers and Trustees are indemnified against certain liabilities that may arise out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and indemnifications. The Fund's maximum exposure under these arrangements is unknown. To date, the Fund has not had claims or losses pursuant to these contracts, although there is no assurance that it will not incur losses in connection with these indemnifications in the future.

Income Taxes

The Fund's policy is to qualify each year as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986 and to distribute substantially all of its investment company taxable income and net long-term capital gains to its shareholders. Therefore, no federal income tax provision is expected to be required. The Fund files U.S. federal and various state and local tax returns.

Management of the Fund has evaluated the tax positions taken or expected to be taken in the course of preparing the Fund's tax returns for the current open tax years ended October 31, 2016, October 31, 2017, October 31, 2018 and October 31, 2019 and has concluded, as of September 30, 2019, that no provision for income tax would be required in the Fund's financial statements. The Fund's federal and state income and federal excise tax returns for the current open tax years are subject to examination by the Internal Revenue Service and state taxing authorities.

Blackstone Alternative Alpha Fund

Notes to Financial Statements (Continued)

September 30, 2019 (Unaudited)

Dividends and Distributions to Shareholders

Dividends from net investment income and distributions of capital gains, if any, are declared and paid at least annually. Dividends and capital gain distributions paid by the Fund will be reinvested in additional Shares (defined below) of the Fund unless a shareholder elects not to reinvest in Shares or is otherwise ineligible. Shares purchased by reinvestment will be issued at their net asset value on the ex-dividend date.

Recent Accounting Pronouncements and Regulatory Updates

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurements (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement to streamline disclosure requirements. The guidance is effective January 1, 2020, and the Fund has early adopted the amendments, as is permitted, for the period ended September 30, 2019. The new standard eliminated the requirements to disclose Level 1 and Level 2 transfers, policy of timing of transfers and valuation process for Level 3 fair value measurements. In addition, the guidance modified to disclosure requirements for the timing of the liquidation of an underlying Investee Fund's assets, for restrictions from redemption from an underlying Investee Fund, and for non-public companies, the Level 3 rollforward. The modifications to disclosure requirements for the timing of liquidation of an underlying Investee Fund's assets and for when redemption restrictions from an underlying Investee Fund might lapse did not impact the Fund as those disclosures had already been provided in prior years.

In November 2016, FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230)—Restricted Cash. The new guidance is intended to change the presentation of restricted cash on the statement of cash flows. The new standard affects all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The new guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those years. Early adoption is permitted. The adoption of this standard does not have a material impact on the financial statements.

4. Fund Terms

Issuance of Shares

The Fund will issue shares of beneficial interest (“Shares”) to eligible investors as of the first business day of the month or at such other times as determined by the Board upon receipt of an initial or additional application for Shares.

The Fund reserves the right to reject, in whole or in part, any applications for subscriptions of Shares. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Fund's Declaration of Trust.

Repurchase of Shares

The Fund from time to time may offer to repurchase a portion of its outstanding Shares pursuant to written tenders by shareholders. Repurchases will be made only at such times and on such terms as may be determined by the Board, in its complete and exclusive discretion. Shareholders who tender Shares in a repurchase offer that has a Tender Valuation Date within the 12 month period following the original issue date of such Shares will be subject to an early withdrawal fee of 2% of the aggregate net asset value of the Shares repurchased by the Fund.

In determining whether the Fund should repurchase Shares from shareholders pursuant to written tenders, the Fund's Board will consider the Investment Manager's recommendations, among other factors. The Investment Manager expects to recommend quarterly repurchases. Since the Fund's assets consist primarily

Blackstone Alternative Alpha Fund

Notes to Financial Statements (Continued)

September 30, 2019 (Unaudited)

of its investment in the Master Fund, the ability of the Fund to have its Shares in the Master Fund be repurchased is subject to the Master Fund's repurchase policy.

5. Related Party Transactions

Blackstone Holdings Finance Co. L.L.C. ("FINCO"), an affiliate of the Fund, pays expenses on behalf of the Fund. The Fund reimburses FINCO for such expenses paid on behalf of the Fund. FINCO does not charge any fees for providing such administrative services. At period-end September 30, 2019, the amount outstanding is \$1,358,511.

Management Fee

The Investment Manager will not charge the Fund a management fee as long as substantially all of the assets of the Fund are invested in the Master Fund. The Master Fund pays the Investment Manager a management fee (the "Management Fee") quarterly in arrears (accrued on a monthly basis), equal to 1.25% (annualized) of the Master Fund's net asset value at the end of such month before giving effect to the payment of the management fee or any purchases or repurchases of Master Fund shares or any distributions by the Master Fund. The Management Fee for any period less than a full quarter is prorated.

Expense Limitation and Reimbursement

The Investment Manager has entered into an Expense Limitation and Reimbursement Agreement (the "Agreement") with the Fund to limit the amount of the Fund's Specified Expenses (as described below and including the Fund's pro rata share of the Master Fund's Specified Expenses) to an amount not to exceed 0.35% per annum of the Fund's net assets (the "Expense Cap") (computed and applied on a monthly basis). Specified Expenses is defined to include all expenses incurred by the Fund and the Fund's pro rata share of all expenses incurred by the Master Fund with the exception of: (i) the Management Fee, (ii) the Distribution and Service Fee (as defined below), (iii) fees and expenses of the Investment Funds in which the Master Fund invests, (iv) brokerage costs, (v) interest payments (including any interest expenses, commitment fees, or other expenses related to any line of credit of the Fund or Master Fund), (vi) taxes, and (vii) extraordinary expenses (in each case, as determined in the sole discretion of the Investment Manager). To the extent that Specified Expenses for the Fund (including the Fund's pro rata share of the Master Fund's Specified Expenses) for any month exceed the Expense Cap, the Investment Manager will waive its fees and/or reimburse the Fund for expenses to the extent necessary to eliminate such excess. The Investment Manager may discontinue its obligations under the Agreement at any time in its sole discretion after August 31, 2021 upon written notice to the Fund. This arrangement cannot be terminated prior to August 31, 2021 without the Board's consent. The Fund has agreed to repay the amounts borne by the Investment Manager under the Agreement within the three year period after the Investment Manager bears the expense, when and if requested by the Investment Manager, but only if and to the extent that the estimated annualized Specified Expenses of the Fund (including the Fund's pro rata share of the Master Fund's Specified Expenses) for a given month are less than the lower of the Expense Cap and any expense limitation agreement then in effect with respect to the Specified Expenses. The Investment Manager is permitted to receive such repayment from the Fund provided that the reimbursement amount does not raise the level of Specified Expenses of the Fund (including the Fund's pro rata share of the Master Fund's Specified Expenses) in the month the repayment is being made to a level that exceeds the Expense Cap or any other expense limitation agreement then in effect with respect to the Specified Expenses.

As of September 30, 2019, the repayments that may be made by the Fund to the Investment Manager total \$543,410. Of this amount, repayments of \$16,240 have a maximum expiration date of March 31, 2020, repayments of \$149,610 have a maximum expiration date of March 31, 2021, repayments of \$216,341 have a

Blackstone Alternative Alpha Fund

Notes to Financial Statements (Continued)

September 30, 2019 (Unaudited)

maximum expiration date of March 31, 2022 and repayments of \$161,219 have a maximum expiration date of March 31, 2023.

Distribution and Servicing Agreement

Blackstone Advisory Partners L.P., an affiliate of the Investment Manager, serves as the distributor of the Shares of the Fund (the “Distributor”). The Fund pays the Distributor a fee (the “Distribution and Service Fee”) equal to 0.85% (annualized) of the average net assets of the Fund. The Distribution and Service Fee consists of compensation at a rate of 0.60% for the sale and marketing of the Shares and 0.25% for services provided to Investors. The Distributor may pay all or a portion of the Distribution and Service Fee to the selling agents that sell Shares and/or provide sales support services and to other financial intermediaries that provide personal services and/or the maintenance of shareholder accounts.

Expense Payments

The Investment Manager pays expenses on behalf of the Fund and is subsequently reimbursed for such payments. Subject to the Expense Limitation and Reimbursement Agreement, the Fund was allocated \$161,219 of the repayment amount which increased the amount payable by the Fund to the Investment Manager for reimbursement of such expenses. As of September 30, 2019, the Fund had a net payable to the Investment Manager of \$1,023,000 recorded in the Statement of Assets and Liabilities.

6. Financial Instruments and Off-Balance Sheet Risk

In the normal course of business, the investment partnerships, managed funds and other investment funds (“Investee Funds”) held by the Master Fund may enter into certain financial instrument transactions which may result in off-balance sheet market risk and credit risk. The Fund’s market risk is also impacted by an Investee Fund’s exposure to interest rate risk, foreign exchange risk, and industry or geographic concentration risk. The Investee Funds held by the Master Fund invest in these instruments for trading and hedging purposes. The Fund is indirectly subject to certain risks arising from investments made by the Investee Funds held by the Master Fund.

Market Risk

The Fund, through its investments in investment partnerships, managed funds and other investment funds (“Investee Funds”) held by the Master Fund, has exposure to financial instrument transactions which may have off-balance sheet market risk. Off-balance sheet market risk is the risk of potential adverse changes to the value of financial instruments and derivatives because of changes in market conditions such as interest and currency rate movements. See notes to the Consolidated Master Fund’s financial statements.

Credit Risk

The Fund is subject to certain inherent credit risks arising from transactions involving derivative financial instruments by exposure through the Master Fund’s investments. Credit risk is the amount of accounting loss that the Fund would incur if a counterparty fails to perform its obligations under contractual terms. See notes to the Consolidated Master Fund’s financial statements.

7. Subsequent Events

The Investment Manager has evaluated the impact of subsequent events through the date of financial statement issuance, and determined that there were no subsequent events outside the normal course of business requiring adjustment to or disclosure in the financial statement.

Blackstone Alternative Alpha Fund

Supplemental Information

September 30, 2019 (Unaudited)

Management of the Fund

The Fund's operations are managed by the Investment Manager under the direction and oversight of the Board of Trustees. A majority of the Trustees are not "interested persons" (as defined in the 1940 Act) of the Fund or the Investment Manager (the "Independent Trustees"). The Fund's Trustees and officers are subject to removal or replacement in accordance with Massachusetts law and the Fund's Amended and Restated Declaration of Trust ("Declaration of Trust"). The Fund's Board of Trustees also serves as the board of trustees of the Master Fund and the board of trustees of Blackstone Alternative Alpha Fund II ("BAAF II" together with the Fund, the "Feeder Funds"), an affiliate of the Fund that also invests substantially all of its assets in the Master Fund.

Compensation for Trustees

Each of the Independent Trustees is paid by the Fund Complex (as defined below) at a rate of \$150,000 per fiscal year in the aggregate for his or her services to the Fund Complex including the Subsidiaries. Mr. Coates (a Trustee being treated as an "interested person" (as defined in the 1940 Act) of the Fund due to his employment by Envestnet, Inc., which conducts business with certain Investee Funds and may conduct business with the Investment Adviser and its affiliates in the future) is paid by the Fund Complex at a rate of \$129,000 per fiscal year in the aggregate for his services to the Fund Complex (excluding the Subsidiaries). The Chairpersons of the Board of Trustees and the Audit Committee are paid by the Fund Complex an additional \$35,000 and \$15,000, respectively, per fiscal year. These payments are allocated among the Fund and the other funds in the Fund Complex on the basis of assets under management. The Fund Complex pays for the Trustees' travel expenses related to the Board meetings. The Trustees do not receive any pension or retirement benefits from the Fund Complex.

The following table sets forth information covering the total compensation paid by the Fund during semi-annual period ended September 30, 2019 to the persons who served as Trustees of the Fund during such period. The officers of the Fund did not receive compensation from the Fund during the semi-annual period ended September 30, 2019.

Name of Independent Trustee	Aggregate Compensation From the BAAF Funds	Total Compensation From the Fund Complex ¹
John M. Brown	\$6,012	\$92,500
Peter M. Gilbert	\$4,729	\$75,000
Paul J. Lawler	\$4,729	\$75,000
Kristen M. Leopold	\$5,279	\$82,500

Name of Interested Trustee	Aggregate Compensation From the BAAF Funds	Total Compensation From the Fund Complex ¹
Frank J. Coates	\$4,729	\$64,500
Peter Koffler	None	None

¹ These amounts represent aggregate compensation for the services of each Trustee to each fund in the Fund Complex, for which each Trustee serves as trustee. For purposes of this table, the "Fund Complex" consists of the BAAF Funds, Blackstone Alternative Multi-Strategy Fund, a series of Blackstone Alternative Investment Funds, and the Subsidiaries.

Blackstone Alternative Alpha Fund Supplemental Information (Continued) September 30, 2019 (Unaudited)

Allocation of Investments

The Fund invests substantially all of its assets in the Master Fund. See the Consolidated Master Fund's supplemental information for the allocation of investments among asset classes.

Form N-PORT Filings

The Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year as an exhibit on Form N-PORT. The Fund's Form N-PORT is available on the SEC's website at <http://www.sec.gov> within 60 days after the Fund's first and third fiscal quarters. Holdings and allocations shown on any Form N-PORT are as of the date indicated in the filing and may not be representative of future investments. Holdings and allocations should not be considered research or investment advice and should not be relied upon in making investment decisions.

Proxy Voting Policies

The Fund and the Master Fund have delegated proxy voting responsibilities to the Investment Manager, subject to the Board's general oversight. A description of the policies and procedures used to vote proxies related to the Fund's and the Master Fund's portfolio securities, and information regarding how the Fund and the Master Fund voted proxies relating to their portfolio securities during the most recent 12-month period ended June 30 will be available by August 31 of that year (1) without charge, upon request, by calling toll free, 1-855-890-7725 and (2) on the SEC's website at <http://www.sec.gov>.

Additional Information

The Fund's prospectus and statement of additional information include additional information about the Trustees of the Fund. The prospectus and statement of additional information are available, without charge, upon request by calling 1-855-890-7725.

FACTS

WHAT DO BLACKSTONE REGISTERED FUNDS DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- Assets and investment experience
- Risk tolerance and transaction history

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Blackstone Registered Funds (as defined below) choose to share; and whether you can limit this sharing.

Reasons we can share your personal information	Do Blackstone Registered Funds share?	Can you limit this sharing?
For our everyday business purposes —such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes —to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes —information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes —information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?

Email us at GLB.privacy@blackstone.com

Who We Are	
Who is providing this notice?	Blackstone Registered Funds include Blackstone Alternative Alpha Fund, Blackstone Alternative Alpha Fund II, Blackstone Real Estate Income Fund, Blackstone Real Estate Income Fund II, Blackstone Real Estate Income Trust, Inc., Blackstone Alternative Investment Funds, on behalf of its series Blackstone Alternative Multi-Strategy Fund, Blackstone Diversified Multi-Strategy Fund, a sub-fund of Blackstone Alternative Investment Funds plc, and the GSO Funds, consisting of Blackstone / GSO Senior Floating Rate Term Fund, Blackstone / GSO Long-Short Credit Income Fund, Blackstone / GSO Strategic Credit Fund, Blackstone / GSO Floating Rate Enhanced Income Fund and Blackstone / GSO Secured Lending Fund and Blackstone / GSO Floating Rate Enhanced Income Fund
What We Do	
How do Blackstone Registered Funds protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How do Blackstone Registered Funds collect my personal information?	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> ■ open an account or give us your income information ■ provide employment information or give us your contact information ■ tell us about your investment or retirement portfolio <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> ■ sharing for affiliates' everyday business purposes—information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.</p>
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account—unless you tell us otherwise.
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ Our affiliates include companies with a Blackstone name and financial companies such as GSO Capital Partners LP and Strategic Partners Fund Solutions.
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ Blackstone Registered Funds do not share with nonaffiliates so they can market to you.
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ■ Our joint marketing partners include financial services companies.
Other Important Information	
<p>California Residents—In accordance with California law, we will not share information we collect about California residents with nonaffiliates except as permitted by law, such as with the consent of the customer or to service the customer's accounts. We will also limit the sharing of information about you with our affiliates to the extent required by applicable California law.</p> <p>Vermont Residents—In accordance with Vermont law, we will not share information we collect about Vermont residents with nonaffiliates except as permitted by law, such as with the consent of the customer or to service the customer's accounts. We will not share creditworthiness information about Vermont residents among Blackstone Registered Funds' affiliates except with the authorization or consent of the Vermont resident.</p>	

GDPR PRIVACY STATEMENT

DATA PRIVACY NOTICE FOR INVESTORS

Why are you seeing this notice?

- This Data Privacy Notice applies to you to the extent that European Union (“EU”) data protection legislation applies to our processing of your Personal Data (defined below) or to the extent you are a resident of the EU or the European Economic Area (“EEA”). If this Data Privacy Notice applies to you, you have certain rights with respect to your Personal Data which are contained in this Data Privacy Notice.
- You may need to provide Personal Data to us as part of your investment into any of **Blackstone Alternative Alpha Fund, Blackstone Alternative Alpha Fund II, or Blackstone Alternative Multi-Strategy Fund** (together the “Funds”).
- We want you to understand how and why we use, store and otherwise process your Personal Data when you deal with us or our relevant affiliates.
- “**Personal Data**” has the meaning given in the EU data protection legislation and includes any information relating to an identifiable individual (such as name, address, date of birth or economic information).

Please read the information below carefully. It explains how and why Personal Data is processed by us.

Who is providing this notice?

The Fund is committed to protecting and respecting your privacy.

The Fund-related entities on whose behalf this privacy statement is made are: (i) the Funds, (ii) Blackstone Alternative Investment Advisors LLC, (iii) Blackstone Alternative Asset Management L.P., and (iv) their respective affiliates, and in each case such persons’ legal and other advisors and agents (together, the “**Fund Parties**”).

Where we use the terms “**we**”, “**us**” and “**our**” in this Data Privacy Notice, we are referring to the Fund and the Fund Parties.

When you provide us with your Personal Data, the Fund acts as a “**data controller**”. In simple terms, this means that:

- we “control” the Personal Data that you provide – including making sure that it is kept secure
- we make certain decisions on how to use and protect your Personal Data – but only to the extent that we have informed you about the use or are otherwise permitted by law

What Personal Data do we collect about you?

The types of Personal Data we collect and share depends on the product or service you have with us and the nature of your investment. This information can include or be related to:

- name, date of birth, country(ies) of citizenship, mailing and permanent address, email address, and telephone number
- photo identification, including passports, driving license, and other government-issued IDs
- bank and brokerage account information, including routing and account numbers
- national insurance number and tax identification number
- source of wealth, employment information, education history, number of dependents and income
- assets and liabilities
- investment strategy, experience, and activity

- risk tolerance and transaction history
- internet protocol address
- cookie identification
- information about your third-party representatives

The Personal Data collected about you will help us provide you with a better service and facilitate our business relationship.

- We may combine Personal Data that you provide to us with Personal Data that we collect from, or about you, in some circumstances.
- This will include Personal Data collected in an online or offline context.

Where do we obtain your Personal Data?

We collect, and have collected, Personal Data about you from a number of sources, including from you directly:

WHAT	HOW
Personal Data that you give us	<ul style="list-style-type: none"> • from the forms and any associated documentation that you complete when subscribing for an investment, shares and/or opening an account with us. This will include information about your name, address, date of birth, passport details or other national identifier, driving license, your national insurance or social security number and income, employment information and details about your investment or retirement portfolio(s) • when you provide it to us in correspondence and conversations • when you make transactions with respect to the Fund • when you purchase shares from us and/or tell us where to send money
Personal Data we obtain from others	<ul style="list-style-type: none"> • publicly available and accessible directories and sources • bankruptcy registers • tax authorities, including those that are based outside the United Kingdom and the EEA if you are subject to tax in another jurisdiction • governmental and competent regulatory authorities to whom we have regulatory obligations

Why do we process your Personal Data?

We process your Personal Data for the following reasons:

WHY	HOW
Contract	<p>It is necessary to perform our contract with you to:</p> <ul style="list-style-type: none"> • administer, manage and set up your investor account(s) to allow you to purchase your holding (of shares) in our funds • meet the resulting contractual obligations we have to you • facilitate the continuation or termination of the contractual relationship between you and the Fund • facilitate the transfer of funds, and administering and facilitating any other transaction, between you and the Fund
Compliance with law	<p>It is necessary for compliance with an applicable legal or regulatory obligation to which we are subject to:</p> <ul style="list-style-type: none"> • undertake our client and investor due diligence, and on-boarding checks • carry out verification, know your client (KYC), terrorist financing and anti-money laundering checks • verify the identity and addresses of our investors (and, if applicable their beneficial owners) • comply with requests from regulatory, governmental, tax and law enforcement authorities • surveillance and investigation

WHY	HOW
Our legitimate interests	<ul style="list-style-type: none"> • carry out audit checks • maintain statutory registers • prevent and detect fraud • comply with sanctions laws <hr/> <p>For our legitimate interests or those of a third party to:</p> <ul style="list-style-type: none"> • manage and administer your holding in any funds in which you are invested, and any related accounts on an ongoing basis • assess and process any applications or requests made by you • open, maintain or close accounts in connection with your investment in, or withdrawal from, the Fund • send updates, information and notices or otherwise correspond with you in connection with your investment in the Fund • address or investigate any complaints, claims, proceedings or disputes • provide you with, and inform you about, our investment products and services • monitor and improve our relationships with investors • comply with applicable regulatory obligations • manage our risk and operations • comply with our accounting and tax reporting requirements • comply with our audit requirements • assist with internal compliance with our policies and process • ensure appropriate group management and governance • keep our internal records • prepare reports on incidents / accidents • protect our business against fraud, breach of confidence, theft of proprietary materials, and other financial or business crimes (to the extent that this is not required of us by law) • analyse and manage commercial risks • seek professional advice, including legal advice • enable any actual or proposed, assignee or transferee, participant or sub-participant of the Fund's or • Fund vehicles' rights or obligations to evaluate proposed transactions • facilitate business asset transactions involving the • Fund or Fund-related vehicles • monitor communications to/from us using our systems • protect the security and integrity of our IT systems <p>We only rely on these interests where we have considered that, on balance, our legitimate interests are not overridden by your interests, fundamental rights or freedoms.</p>

Monitoring as described at (3) above

We monitor communications where the law requires us to do so. We will also monitor where we are required to do so to comply with our regulatory rules and practices and, where we are permitted to do so, to protect our business and the security of our systems.

Who we share your Personal Data with

We will share your Personal Data with the following persons for the following reasons:

WHO	WHY
Fund associates	<p>We share your Personal Data with our associates, related parties and members of our group. This is to:</p> <ul style="list-style-type: none"> • manage our relationship with you • the purposes set out in this Data Privacy Notice

WHO	WHY
Fund Managers, Depositories, Administrators, Custodians, Investment Advisers	<ul style="list-style-type: none"> • delivering the services you require • managing your investment • supporting and administering investment-related activities • complying with applicable investment laws and regulations <p>Fund and investment specific details of these third parties can be found in the relevant subscription documents you have been provided with</p>
Tax Authorities	<ul style="list-style-type: none"> • to comply with applicable laws and regulations • where required by EEA tax authorities (who, in turn, may share your Personal Data with foreign tax authorities) • where required by foreign tax authorities, including outside of the EEA
Service Providers	<ul style="list-style-type: none"> • delivering and facilitating the services needed to support our business relationship with you • supporting and administering investment-related activities
Our lawyers, auditors and other professional advisors	<ul style="list-style-type: none"> • providing you with investment-related services • to comply with applicable legal and regulatory requirements

In exceptional circumstances, we will share your Personal Data with:

- competent regulatory, prosecuting and other governmental agencies or litigation counterparties, in any country or territory
- organisations and agencies – where we are required to do so by law

Do you have to provide us with this Personal Data?

Unless otherwise indicated, you should assume that we require the Personal Data for business and/or compliance purposes.

Where we collect Personal Data from you that is purely voluntary and there are no implications for you if you do not wish to provide us with it, we will indicate as such.

Some of the Personal Data we request is necessary for us to perform our contract with you and if you do not wish to provide us with this Personal Data, it will affect our ability to provide our services to you and manage your investment.

Sending your Personal Data internationally

We will transfer your Personal Data to our group members, shareholders of the Fund and related parties, and to third party service providers outside of the EEA, which do not have similarly strict data protection and privacy laws.

Where we transfer Personal Data to other members of our group, or our service providers, we have put in place data transfer agreements and safeguards using European Commission approved terms.

Please contact us if you would like to know more about these agreements or receive a copy of them. Please see below for our contact details.

Consent – and your right to withdraw it

We do not generally rely on obtaining your consent to process your Personal Data. If we do, you have the right to withdraw this consent at any time.

Please contact us or send us an email at GDPRqueries@blackstone.com at any time if you wish to do so.

Retention and deletion of your Personal Data

We keep your Personal Data for as long as it is required by us for our legitimate business purposes, to perform our contractual obligations, or where longer, such longer period as is required by law or regulatory obligations which apply to us.

- We will generally retain Personal Data about you throughout the life cycle of any investment you are involved in
- Some Personal Data will be retained after your relationship with us ends As a general principle, we do not retain your Personal Data for longer than we need it.

We will usually delete your Personal Data (at the latest) after you cease to be an investor in any investment vehicle related to the Fund and there is no longer any legal or regulatory requirement or other legitimate business purpose for retaining your Personal Data.

Your rights

You have certain data protection rights, including:

- the right to access your Personal Data
- the right to restrict the use of your Personal Data
- the right to have incomplete or inaccurate Personal Data corrected
- the right to ask us to stop processing your Personal Data
- the right to require us to delete your Personal Data in some limited circumstances

From 25 May 2018, you also have the right in some circumstances to request for us to “port” your Personal Data in a portable, re-usable format to other organisations (where this is possible).

Concerns or queries

We take your concerns very seriously. We encourage you to bring it to our attention if you have any concerns about our processing your Personal Data.

This Data Privacy Notice was drafted with simplicity and clarity in mind. We are, of course, happy to provide any further information or explanation needed. Our contact details are below.

If you want to make a complaint, you can also contact the body regulating data protection in your country, where you live or work, or the location where the data protection issue arose. A list of the EU data protection authorities is available by clicking this link:

http://ec.europa.eu/newsroom/article29/item-detail.cfm?item_id=612080.

Contact us

Please contact us if you have any questions about this Data Privacy Notice or the Personal Data we hold about you. Contact us by **email** at GDPRqueries@blackstone.com.

Contact us in **writing** using the address below:

Address	The Blackstone Group Attn: Legal and Compliance 345 Park Avenue New York, NY 10154
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Changes to this Data Privacy Notice

We keep this Data Privacy Notice under regular review.

This Data Privacy Notice was last updated January 2019.

Blackstone Alternative Alpha Master Fund and Subsidiary
Consolidated Statement of Assets and Liabilities
As of September 30, 2019 (Unaudited)

Assets:

Investments in Investee Funds, at fair value (Cost \$415,616,145)	\$491,430,479
Cash	9,419,714
Receivable from investments sold	59,558,793
Receivable for shares issued to feeder funds	403,000
Prepaid expenses	26,568
Interest receivable	13,972
Other assets	1,375
	<hr/>
Total assets	560,853,901

Liabilities:

Payable for shares repurchased	58,198,142
Payable to Investment Manager	2,316,445
Management fees payable	1,764,614
Accrued expenses and other liabilities	625,424
	<hr/>
Total liabilities	62,904,625
	<hr/>
Net assets	\$497,949,276
	<hr/> <hr/>

Components of Net Assets:

Paid-in capital	\$456,851,050
Total Accumulated Earnings	41,098,226
	<hr/>
Net assets	\$497,949,276
	<hr/> <hr/>

Net Asset Value:

Net assets	\$497,949,276
Shares of beneficial interests outstanding, no par value, unlimited shares authorized	439,150
	<hr/>
Net asset value per share	\$ 1,133.89
	<hr/> <hr/>

See accompanying Notes to Consolidated Financial Statements.

Blackstone Alternative Alpha Master Fund and Subsidiary
Consolidated Schedule of Investments
September 30, 2019 (Unaudited)

	<u>Shares</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Percentage of Total Net Assets</u>	<u>First Acquisition Date</u>	<u>Redemptions Permitted⁽¹⁾</u>	<u>Redemption Notification Period⁽¹⁾</u>
Investments in Investee Funds:							
Equity^(a)							
Viking Global Equities III Ltd. ⁽²⁾	14,890	\$ 43,330,000	\$ 56,848,288	11.42%	4/1/2012	Annually	45 Days
Shearwater Onshore, LLC		39,318,175	42,214,081	8.48%	8/1/2014	Annually	60 Days
Coatue Qualified Partners, L.P.		24,942,270	37,029,562	7.44%	12/1/2013	Quarterly	45 Days
York European Opportunities Fund, L.P.		34,854,803	33,925,406	6.81%	8/1/2018	Quarterly	45 Days
Soroban Opportunities Cayman Fund Ltd. ⁽²⁾	19,378	25,550,651	32,475,245	6.52%	9/1/2014	Quarterly	60 Days
SRS Partners US, LP		30,000,000	31,619,534	6.35%	7/1/2018	Quarterly	60 Days
Glenview Institutional Partners, L.P.		26,238,103	30,552,221	6.14%	4/1/2012	Quarterly	45 Days
Steellmill Fund, Ltd. ⁽²⁾	23,489	25,000,000	23,804,574	4.78%	2/1/2019	Quarterly	90 Days
Southpoint Qualified Fund LP		11,912,745	13,902,341	2.79%	6/1/2012	Quarterly	60 Days
Visium Balanced Offshore Fund, Ltd. ⁽²⁾	18	35,959	14,582	—	4/1/2012	Non- Redeemable	Non- Redeemable
Total		<u>261,182,706</u>	<u>302,385,834</u>	<u>60.73%</u>			
Multi-Category^(b)							
Elliott International Limited ⁽²⁾	35,878	38,075,921	50,727,209	10.19%	7/1/2012	Quarterly – Semi- annually	60 Days
Magnetar Constellation Fund, Ltd. ⁽²⁾	21,189	26,109,095	33,488,522	6.72%	4/1/2012	Quarterly	90 Days
Total		<u>64,185,016</u>	<u>84,215,731</u>	<u>16.91%</u>			
Global Macro^(c)							
Autonomy Global Macro Fund Limited ⁽²⁾	240,195	25,292,081	31,738,878	6.37%	7/1/2015	Monthly	60 Days

See accompanying Notes to Consolidated Financial Statements.

Blackstone Alternative Alpha Master Fund and Subsidiary Consolidated Schedule of Investments (Continued) September 30, 2019 (Unaudited)

	Shares	Cost	Fair Value	Percentage of Total Net Assets	First Acquisition Date	Redemptions Permitted ⁽¹⁾	Redemption Notification Period ⁽¹⁾
Relative Value⁽⁴⁾							
Renaissance Institutional Diversified Alpha Fund International L.P. ⁽²⁾		\$ 29,406,342	\$32,755,438	6.58%	5/1/2014	Monthly	60 Days
Interest Rate- Driven⁽⁶⁾							
Element Capital Feeder Fund Limited ⁽²⁾	13,968	21,050,000	25,067,573	5.03%	3/1/2017	Quarterly	90 Days
Rokos Global Macro Fund Limited ⁽²⁾	126,749	14,500,000	15,267,025	3.07%	1/1/2019	Monthly	90 Days
Total		<u>35,550,000</u>	<u>40,334,598</u>	<u>8.10%</u>			
Total Investments in Investee Funds⁽³⁾⁽⁴⁾		<u>\$415,616,145</u>	<u>\$491,430,479</u>	<u>98.69%</u>			
Other assets, less liabilities			<u>6,518,797</u>	<u>1.31%</u>			
Total Net Assets			<u><u>\$497,949,276</u></u>	<u><u>100.00%</u></u>			

Percentage of total net assets represents each respective investment in Investee Fund at fair value as compared to total net assets.

The Consolidated Master Fund (as defined herein) is not able to obtain information about certain specific investments held by the Investee Funds due to lack of available data.

Investee Funds are organized in the United States, unless otherwise noted. Investee Funds are non-income producing securities.

Investee Funds are restricted securities per Rule §210.12-12.8 of Regulation S-X.

- (1) Reflects general redemption terms for each Investee Fund. See Note 4 in the Notes to the Consolidated Financial Statements for Major Investment Strategies disclosure.
- (2) Investee Fund is organized in a non-U.S. offshore jurisdiction.
- (3) The total cost of Investee Funds organized in the United States is \$167,266,096 with a fair value of \$189,243,145.
- (4) The total cost of Investee Funds organized in non-U.S. offshore jurisdictions is \$248,350,049 with a fair value of \$302,187,334.

See accompanying Notes to Consolidated Financial Statements.

Blackstone Alternative Alpha Master Fund and Subsidiary
Consolidated Schedule of Investments (Continued)
September 30, 2019 (Unaudited)

- (a) The Equity strategy generally includes equity-focused Investee Funds with strategies using a bottom-up analysis that do not actively trade exposures, strategies focusing on shorter-term dynamics and appreciation for market technicals, strategies based on top-down thematic/macro views and strategies using technically driven statistical arbitrage with fundamental quantitative long/short.
- (b) The Multi-Category strategy generally includes Investee Funds that invest across multiple strategies.
- (c) The Global Macro strategy generally includes global macro-focused Investee Funds with discretionary, directional and inter-country exposure to commodities, equities, interest rates and currencies.
- (d) The Relative Value strategy generally includes relative value-focused Investee Funds with a focus on long/short managers with fundamentally hedged products or otherwise low net exposure.
- (e) The Interest Rate-Driven strategy generally includes Investee Funds with relative value trades across global fixed income markets, intra-country trades, yield curve trades, basis trades, on the run vs. off the run trades, cash vs. derivative trades and volatility arbitrage in fixed income.

Blackstone Alternative Alpha Master Fund and Subsidiary
Consolidated Statement of Operations
For the Six Months Ended September 30, 2019 (Unaudited)

Net Investment Loss:

Income:

Interest	\$ 213,179
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Expenses:

Management fees	3,767,763
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Insurance	170,000
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Administration	165,328
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Commitment fees	142,079
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Risk monitoring	121,494
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Legal	118,578
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Professional	79,599
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Transfer agent fees	44,638
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Custody	38,880
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Trustee	34,087
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Other	36,531
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Total expenses	<u>4,718,977</u>
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Net Investment Loss	<u>(4,505,798)</u>
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Realized and Unrealized Gain from Investments:

Net realized gain from investments in Investee Funds	23,703,228
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Net change in unrealized depreciation from investments in Investee Funds	<u>(23,188,630)</u>
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Realized and Unrealized Gain from Investments	<u>514,598</u>
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Net Decrease in Net Assets resulting from Operations	<u><u>\$ (3,991,200)</u></u>
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Blackstone Alternative Alpha Master Fund and Subsidiary Consolidated Statements of Changes in Net Assets

	For the Six Months Ended September 30, 2019 (Unaudited)	For the Year Ended March 31, 2019
Increase (Decrease) in Net Assets:		
Operations:		
Net investment loss	\$ (4,505,798)	\$ (10,912,681)
Net realized gain from investments in Investee Funds	23,703,228	44,748,790
Net change in unrealized depreciation from investments in Investee Funds	(23,188,630)	(33,458,493)
Net (decrease)/increase in net assets resulting from operations	<u>(3,991,200)</u>	<u>377,616</u>
Distributions to shareholders	<u>—</u>	<u>(32,848,208)</u>
Capital Transactions:		
Shareholder subscriptions	4,708,000	19,382,134
Shareholder redemptions	(137,245,235)	(154,294,057)
Reinvestment of distributions	—	32,848,208
Net decrease in net assets from capital transactions	<u>(132,537,235)</u>	<u>(102,063,715)</u>
Net Assets:		
Total decrease in net assets	(136,528,435)	(134,534,307)
Beginning of period	634,477,711	769,012,018
End of period	<u>\$ 497,949,276</u>	<u>\$ 634,477,711</u>
Accumulated net investment loss	<u>\$ (22,016,501)</u>	<u>\$ (17,510,703)</u>
Share Transactions:		
Beginning of period	554,182	640,352
Shares issued	4,067	16,714
Shares redeemed	(119,099)	(133,246)
Shares reinvested	—	30,362
End of period	<u>439,150</u>	<u>554,182</u>

See accompanying Notes to Consolidated Financial Statements.

Blackstone Alternative Alpha Master Fund and Subsidiary
Consolidated Statement of Cash Flows
For the Six Months Ended September 30, 2019 (Unaudited)

Cash Flows from Operating Activities:

Net decrease in net assets resulting from operations \$ (3,991,200)

Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:

Net realized gain from investments in Investee Funds	(23,703,228)
Net change in unrealized depreciation from investments in Investee Funds	23,188,630
Purchase of investments in Investee Funds	(118,388)
Proceeds from redemptions of investments in Investee Funds	138,958,944
Increase in receivable from investments sold	(23,269,503)
Increase in receivable for shares issued to feeder funds	(402,880)
Increase in prepaid expenses	(26,568)
Decrease in interest receivable	14,648
Increase in other assets	(1,375)
Increase in payable to Investment Manager	761,797
Decrease in management fees payable	(338,312)
Decrease in accrued expenses and other liabilities	(69,343)
Decrease in commitment fees payable	(69,875)

Net cash provided by operating activities	110,933,347
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Cash Flows from Financing Activities:

Proceeds from shareholder subscriptions	4,708,000
Payments for shareholder redemptions of shares and payable for shares repurchased	(122,113,233)

Net cash used in financing activities	(117,405,233)
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Net change in cash	(6,471,886)
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Cash, beginning of period	15,891,600
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Cash, end of period	\$ 9,419,714
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Blackstone Alternative Alpha Master Fund and Subsidiary

Consolidated Financial Highlights

	For the Six Months Ended September 30, 2019 (Unaudited)	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018	For the Year Ended March 31, 2017	For the Year Ended March 31, 2016
Per Share Operating Performance:					
Net Asset Value, Beginning of Period	\$1,144.89	\$1,200.92	\$1,190.72	\$1,073.77	\$1,234.31
Income/(loss) from Investment Operations:					
Net investment loss ¹	(8.62)	(17.85)	(16.20)	(14.16)	(15.48)
Net realized and unrealized gain/(loss) from investments	(2.38)	17.08	74.00	133.39	(114.95)
Net income/(loss) from investment operations	(11.00)	(0.77)	57.80	119.23	(130.43)
Distributions to shareholders from ordinary income	—	(5.52)	(19.10)	(2.28)	—
Distributions to shareholders from net realized capital gains	—	(49.74)	(28.50)	—	(30.11)
Net Asset Value, end of period	<u>\$1,133.89</u>	<u>\$1,144.89</u>	<u>\$1,200.92</u>	<u>\$1,190.72</u>	<u>\$1,073.77</u>
Financial Ratios: ²					
Expenses to average net assets	<u>1.56%</u>	<u>1.57%</u>	<u>1.48%</u>	<u>1.46%</u>	<u>1.45%</u>
Net investment loss to average net assets	<u>(1.49)%</u>	<u>(1.50)%</u>	<u>(1.33)%</u>	<u>(1.25)%</u>	<u>(1.33)%</u>
Portfolio turnover	<u>0.02%</u>	<u>32.69%</u>	<u>2.47%</u>	<u>13.15%</u>	<u>8.97%</u>
Total return	<u>(0.96)%³</u>	<u>0.20%</u>	<u>4.90%</u>	<u>11.11%</u>	<u>(10.70)%</u>
Net assets, end of period (000s)	<u>\$ 497,949</u>	<u>\$ 634,478</u>	<u>\$ 769,012</u>	<u>\$ 863,662</u>	<u>\$ 944,402</u>

¹ Calculated using average shares outstanding during the period.

² Financial ratios have been annualized.

³ Total return has not been annualized.

The financial ratios represent the expenses and net investment loss to average monthly net assets for the period. The ratios do not reflect the Consolidated Master Fund's share of the income and expenses of the underlying Investee Funds.

Blackstone Alternative Alpha Master Fund and Subsidiary Notes to Consolidated Financial Statements September 30, 2019 (Unaudited)

1. Organization

Blackstone Alternative Alpha Master Fund (the “Master Fund”), a Massachusetts business trust registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a continuously offered, non-diversified, closed-end management investment company, commenced operations on April 1, 2012. Blackstone Alternative Alpha Fund and Blackstone Alternative Alpha Fund II (the “Feeder Funds”) invest substantially all of their assets in the Master Fund. The Master Fund’s investment objective is to seek to earn attractive long-term risk-adjusted returns.

The Master Fund owns 100% of the shareholder interest of Blackstone Alternative Alpha Sub Fund I Ltd. (the “Intermediate Fund”), an exempted company incorporated under the laws of the Cayman Islands on March 14, 2012 for the purpose of facilitating the implementation of the Master Fund’s investment objectives. The Consolidated Financial Statements include the financial statements of the Master Fund and the Intermediate Fund (collectively, the “Consolidated Master Fund”).

The investment manager of the Consolidated Master Fund and the Feeder Funds is Blackstone Alternative Asset Management L.P. (“BAAM” or the “Investment Manager”), a registered investment adviser under the Investment Advisers Act of 1940, as amended. Each of the Master Fund, the Feeder Funds and the Intermediate Fund is a commodity pool subject to regulation by the Commodity Futures Trading Commission (“CFTC”). BAAM, the commodity pool operator of the Master Fund, the Feeder Funds and the Intermediate Fund, is registered with the CFTC, but has claimed relief under Rule 4.12(c)(3) of the Commodity Exchange Act, with respect to the Master Fund and the Feeder Funds, and Rule 4.7, with respect to the Intermediate Fund, from certain disclosure, reporting and recordkeeping requirements otherwise applicable to commodity pools. The Board of Trustees (the “Board” and each member a “Trustee”) of the Master Fund supervises the conduct of the Consolidated Master Fund’s and the Feeder Funds’ affairs and, pursuant to their respective investment management agreements, has engaged BAAM to manage the Consolidated Master Fund’s and Feeder Funds’ day-to-day investment activities.

Capitalized terms used, but not defined herein, shall have the meaning assigned to them in the registration statement of the Master Fund.

2. Basis of Presentation

The Consolidated Master Fund’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and are stated in U.S. dollars.

The Master Fund is an investment company in accordance with Accounting Standards Codification 946, *Financial Services—Investment Companies* (“ASC 946”), which defines investment companies and prescribes specialized accounting and reporting requirements for investment companies. The Master Fund follows the accounting and reporting guidance in Topic 946, as described in Financial Accounting Standard Board (“FASB”) Accounting Standards Update No. 2013-08.

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates and these differences could be material.

Consolidation

The Fund consolidates its investment in the Intermediate Fund. Accordingly, the consolidated financial statements include the assets and liabilities and the results of operations of the Intermediate Fund. All material intercompany balances and transactions have been eliminated.

Blackstone Alternative Alpha Master Fund and Subsidiary

Notes to Consolidated Financial Statements, (Continued)

September 30, 2019 (Unaudited)

3. Significant Accounting Policies

Fair Value Measurements

Valuation Process

The valuation of the Consolidated Master Fund's investments is reviewed monthly by the valuation committee ("Valuation Committee"). The Valuation Committee is delegated by the Board with the administration and oversight of the Consolidated Master Fund's valuation policies and procedures. The Valuation Committee determines the fair value of investments in accordance with the current fair value guidance and as described below. In the event the Valuation Committee determines, in its discretion and based on its own due diligence and investment monitoring procedures, that the valuation of any investment determined, as set forth below, does not represent fair value, the Valuation Committee will value such investments at fair value in accordance with procedures adopted in good faith and approved by the Board, as may be amended from time to time.

Investments in Investee Funds

The fair value of investments in investment partnerships, managed funds, and other investment funds ("Investee Fund") is generally determined using the reported net asset value per share of the Investee Fund, or its equivalent ("NAV"), as a practical expedient for fair value if the reported NAV of the Investee Fund is calculated in a manner consistent with the measurement principles applied to investment companies, in accordance with ASC 946. In order to use the practical expedient, the Investment Manager has internal processes to independently evaluate the fair value measurement process utilized by the underlying Investee Fund to calculate the Investee Fund's NAV in accordance with ASC 946. Such internal processes include the evaluation of the Investee Fund's process and related internal controls in place to estimate the fair value of its underlying investments that are included in the NAV calculation, performing ongoing operational due diligence, review of the Investee Fund's audited financial statements, and ongoing monitoring of other relevant qualitative and quantitative factors. The fair value of one of the Fund's investments is valued in good faith by the Investment Manager and is classified as Level 3 of the fair value hierarchy. As of period-end, the fair value of the investment was \$14,582, which is considered a transfer into Level 3, with no purchases or sales during the period.

The fair value of investments in Investee Funds is reported net of management fees and incentive allocations/fees. The Investee Funds' management fees and incentive allocations/fees are reflected in realized and unrealized gain from investments in the Consolidated Statement of Operations.

Due to the inherent uncertainty of these estimates, these values may differ from the values that would have been used had a ready market for these investments existed and the differences could be material.

The investments in Investee Funds may involve varying degrees of interest rate risk, credit risk, foreign exchange risk, and market, industry or geographic concentration risk. While the Investment Manager monitors and attempts to manage these risks, the varying degrees of transparency into and potential illiquidity of the financial instruments held by the Investee Funds may hinder the Investment Manager's ability to effectively manage and mitigate these risks.

Fair Value of Financial Instruments

The fair value of the Consolidated Master Fund's assets and liabilities which qualify as Financial Instruments under the existing accounting guidance for Financial Instruments approximates the carrying amounts presented in the Consolidated Statement of Assets and Liabilities due to their short term nature.

Blackstone Alternative Alpha Master Fund and Subsidiary

Notes to Consolidated Financial Statements, (Continued)

September 30, 2019 (Unaudited)

Investment Transactions and Related Investment Income and Expenses

Investment transactions are accounted for on a trade date basis. Income and expenses, including interest, are recorded on an accrual basis.

The net realized gains or losses from investments in Investee Funds are recorded when the Consolidated Master Fund redeems or partially redeems its interest in the Investee Funds or receives distributions in excess of return of capital. Realized gains and losses from redemptions of investments are calculated using the first-in, first-out cost basis methodology.

Cash

At September 30, 2019, the Consolidated Master Fund had \$9,419,714 of cash held at a major U.S. bank.

Contingencies

Under the Master Fund's Amended and Restated Declaration of Trust ("Declaration of Trust"), the Master Fund's officers and Trustees are indemnified against certain liabilities that may arise out of the performance of their duties to the Master Fund. Additionally, in the normal course of business, the Consolidated Master Fund enters into contracts that contain a variety of representations and indemnifications. The Consolidated Master Fund's maximum exposure under these arrangements is unknown. To date, the Consolidated Master Fund has not had claims or losses pursuant to these contracts, although there is no assurance that it will not incur losses in connection with these indemnifications in the future.

Income Taxes

The Master Fund's policy is to qualify each year as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986 applicable to regulated investment companies and to distribute substantially all of its investment company taxable income and net long-term capital gains to its shareholders. Therefore, no federal income tax provision is expected to be required. The Master Fund files U.S. federal and various state and local tax returns.

Management of the Master Fund has evaluated the tax positions taken or expected to be taken in the course of preparing the Master Fund's tax returns for the current open tax years ended October 31, 2016, October 31, 2017 and October 31, 2018 and has concluded, as of September 30, 2019, that no provision for income tax would be required in the Master Fund's financial statements. The Master Fund's federal and state income and federal excise tax returns for the current open tax years are subject to examination by the Internal Revenue Service and state taxing authorities.

The Intermediate Fund is a controlled foreign corporation ("CFC") for U.S. income tax purposes. As a wholly-owned CFC, the Intermediate Fund's net income and capital gains, to the extent of its earnings and profits, are included in the Master Fund's investment company taxable income.

For the current open tax years and for all major jurisdictions, management of the Intermediate Fund has concluded that there are no significant uncertain tax positions that would require recognition in the Master Fund's financial statements. Management is also not aware of any tax positions for which it is reasonably possible that the total amounts of uncertain unrecognized tax benefits will significantly change in the next twelve months. As a result, no income tax liability or expense, including interest and penalties, has been recorded within these consolidated financial statements.

Blackstone Alternative Alpha Master Fund and Subsidiary

Notes to Consolidated Financial Statements, (Continued)

September 30, 2019 (Unaudited)

Dividends and Distributions to Shareholders

Dividends from net investment income and distributions of capital gains, if any, are declared and paid at least annually. Dividends and capital gain distributions paid by the Master Fund will be reinvested in additional Shares (defined below) of the Master Fund unless a shareholder elects not to reinvest in Shares or is otherwise ineligible. Shares purchased by reinvestment will be issued at their net asset value on the ex-dividend date.

Borrowings Under Credit Facility

The Master Fund has a secured revolving borrowing facility (the “Facility”) with borrowing capacity of \$43,500,000 (the “Maximum Principal Amount”). Borrowings under the Facility are used primarily for bridge financing purposes and are secured by the assets of the Master Fund. Under the terms of the agreement, the Maximum Principal Amount may be increased or decreased upon mutual written consent of the Master Fund and the lender. Outstanding borrowings bear interest at a rate equal to 3-month LIBOR plus 1.00% per annum (3.09% at September 30, 2019). A commitment fee is charged in the amount of 0.65% per annum on the total commitment amount of the Facility. Outstanding borrowings and accrued interest are due no later than December 31, 2019, the expiration date of the Facility, at which time the Master Fund and the lender can agree to extend the existing agreement. At September 30, 2019, the Master Fund had no outstanding borrowings under the Facility.

The Master Fund had no borrowings under the Facility during the period ended September 30, 2019.

Restricted Securities

The Master Fund may purchase securities which are considered restricted. Restricted securities are securities that cannot be offered for public sale without first being registered under the Securities Act of 1933, as amended, or are subject to contractual restrictions on public sales. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. The Master Fund will not incur any registration costs upon such resales. The Master Fund cannot demand registration of restricted securities. The Master Fund’s restricted securities, like other securities, are priced in accordance with the Valuation Procedures. Restricted securities are identified in the Consolidated Schedule of Investments.

Recent Accounting Pronouncements and Regulatory Updates

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurements (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* to streamline disclosure requirements. The guidance is effective January 1, 2020, and the Fund has early adopted the amendments, as is permitted, for the period ended September 30, 2019. The new standard eliminated the requirements to disclose Level 1 and Level 2 transfers, policy of timing of transfers and valuation process for Level 3 fair value measurements. In addition, the guidance modified disclosure requirements for the timing of the liquidation of an underlying Investee Fund’s assets, for restrictions from redemption from an underlying Investee Fund, and for non-public companies, the Level 3 rollforward. The modifications to disclosure requirements for the timing of liquidation of an underlying Investee Fund’s assets and for when redemption restrictions from an underlying Investee Fund might lapse did not impact the Fund as those disclosures had already been provided in prior years.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)—Restricted Cash*. The new guidance is intended to change the presentation of restricted cash on the statement of cash flows. The new standard affects all entities that have restricted cash or restricted cash equivalents and are required to

Blackstone Alternative Alpha Master Fund and Subsidiary

Notes to Consolidated Financial Statements, (Continued)

September 30, 2019 (Unaudited)

present a statement of cash flows under Topic 230. The new guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those years. Early adoption is permitted. The adoption of this standard does not have a material impact on the consolidated financial statements.

4. Investments

Major Investment Strategies

Investments in Investee Funds that are non-redeemable or subject to other restrictions such as a lockup at the measurement date or have the ability to limit the individual amount of investor redemptions shall be classified as having a redemption restriction.

The following table summarizes investments in Investee Funds, by investment strategy, the unfunded commitment of each strategy (if applicable), and the amount of the investment in Investee Fund that cannot be redeemed because of redemption restrictions put in place by the Investee Fund.

Investments in Investee Funds by Strategy	Unfunded Commitment \$	Non-Redeemable Investments (A)		Other Restricted Investments (B)		Investments Subject to No Restrictions	Total \$
		Amount \$	Redemption Restriction Commencement Date	Amount \$	Redemption Restriction Term	Amount \$	
Equity	—	14,582	June 2016	115,026,682	12 months-48 months	187,344,570	302,385,834
Multi-Category	—	—	—	33,488,522	24 months	50,727,209	84,215,731
Global Macro	—	—	—	31,738,878	10 months	—	31,738,878
Relative Value	—	—	—	—	—	32,755,438	32,755,438
Interest Rate-Driven	—	—	—	40,334,598	12 months	—	40,334,598
Total	—	14,582	—	220,588,680	—	270,827,217	491,430,479

(A) Investments in Investee Funds cannot currently be redeemed and the remaining redemption restriction period is not known. The date the redemption restriction commenced is disclosed.

(B) Investments subject to other restrictions include investments in Investee Funds that are subject to a lockup at the measurement date and/or have the ability to limit the individual amount of investor redemptions. The redemption restriction term is based on the restriction period (or range of restriction periods) for Investee Funds as defined in each respective Investee Fund's governing legal agreement, without consideration of the length of time elapsed from the date of the investments in the Investee Funds. The Consolidated Master Fund's investment in a particular Investee Fund classified within the strategies above may be comprised of investments with differing liquidity terms or investments which were made at differing points in time.

Blackstone Alternative Alpha Master Fund and Subsidiary

Notes to Consolidated Financial Statements, (Continued)

September 30, 2019 (Unaudited)

Purchases and sales of investments (inclusive of non-cash activity) for the period ended September 30, 2019 were \$118,388 and \$138,958,944 respectively.

Fair Value Hierarchy

Fair value guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The hierarchy established under the fair value guidance gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Level 1—Quoted prices are available in active markets for identical investments as of the measurement date. Quoted prices for these investments are not adjusted.

Level 2—Quoted prices are available in markets that are not active or model inputs are based on inputs that are either directly or indirectly observable as of the measurement date.

Level 3—Pricing inputs are unobservable for the investment and include instances where there is little, if any, market activity for the investment.

The fair value hierarchy is not meant to be indicative of the classification of investments held in the underlying portfolio of the Investee Fund.

5. Fund Terms

Issuance of Shares

The Master Fund is authorized to issue an unlimited number of shares of beneficial interest (“Shares”). The Master Fund will issue Shares as of the first business day of the month or at such other times as determined by the Board upon receipt of an initial or additional application for Shares. The Fund reserves the right to reject, in whole or in part, any applications for subscriptions of Shares. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Master Fund’s Declaration of Trust.

Repurchase of Shares

The Master Fund from time to time may offer to repurchase a portion of its outstanding Shares pursuant to written tenders by shareholders. Repurchases will be made only at such times and on such terms as may be determined by the Board, in its complete and exclusive discretion. In determining whether the Master Fund should repurchase Shares from shareholders pursuant to written tenders, the Master Fund’s Board will consider the Investment Manager’s recommendations, among other factors. The Investment Manager expects to recommend quarterly repurchases.

6. Related Party Transactions

Blackstone Holdings Finance Co. L.L.C. (“FINCO”), an affiliate of the Fund, pays expenses on behalf of the Fund. The Fund reimburses FINCO for such expenses paid on behalf of the Fund. FINCO does not charge any fees for providing such administrative services. As of September 30, 2019, the amount outstanding is \$2,316,445.

Blackstone Alternative Alpha Master Fund and Subsidiary

Notes to Consolidated Financial Statements, (Continued)

September 30, 2019 (Unaudited)

Management Fee

The Master Fund pays the Investment Manager a management fee (the “Management Fee”) quarterly in arrears (accrued on a monthly basis), equal to 1.25% (annualized) of the Master Fund’s net asset value at the end of such month before giving effect to the payment of the management fee or any purchases or repurchases of Master Fund shares or any distributions by the Master Fund. The Management Fee for any period less than a full quarter is pro-rated.

Expense Payments

The Investment Manager pays expenses on behalf of the Consolidated Master Fund and is subsequently reimbursed for such payments. As of September 30, 2019, the Consolidated Master Fund had \$2,316,445 payable to the Investment Manager recorded in the Consolidated Statement of Assets and Liabilities.

7. Financial Instruments and Off-Balance Sheet Risk

In the normal course of business, the Investee Funds may enter into certain financial instrument transactions which may result in off-balance sheet market risk and credit risk. The Consolidated Master Fund’s market risk is also impacted by an Investee Fund’s exposure to interest rate risk, foreign exchange risk, and industry or geographic concentration risk. The Investee Funds invest in these instruments for trading and hedging purposes. The Consolidated Master Fund is indirectly subject to certain risks arising from investments made by the Investee Funds.

Market Risk

Market risk is the risk of potential adverse changes to the value of financial instruments because of changes in market conditions such as interest and currency rate movements. The Consolidated Master Fund is exposed to market risk indirectly as a result of the types of investments entered into by the Investee Funds. The Consolidated Master Fund actively monitors its exposure to market risk.

Investee Funds may invest in entities that trade or may invest directly in interest rate swaps, credit default swaps, exchange-traded and over-the-counter options, futures transactions, forward transactions, and securities sold, not yet purchased.

Credit Risk

Credit risk arises from the potential inability of counterparties to perform their obligations under the terms of a contract. The Consolidated Master Fund is indirectly exposed to credit risk related to the amount of accounting loss that the Investee Funds would incur if a counterparty fails to perform its obligations under contractual terms and if the Investee Funds fail to perform under their respective agreements.

8. Income Taxes

The primary difference between book and tax appreciation/depreciation of Investee Funds is attributable to adjustments to the tax basis of Investee Funds based on allocation of income and distributions from Investee Funds and the realization for tax purposes of financial statement unrealized gain/loss. In addition, the cost of Investee Funds for federal income tax purposes is adjusted for items of taxable income allocated to the Master Fund from the Investee Funds. As of September 30, 2019, the aggregate cost of Investee Funds and

Blackstone Alternative Alpha Master Fund and Subsidiary
Notes to Consolidated Financial Statements, (Continued)
September 30, 2019 (Unaudited)

the composition of unrealized appreciation and depreciation on Investee Funds for federal income tax purposes are noted below.

Federal tax cost of investments in Investee Funds	<u>\$470,989,987</u>
Gross unrealized appreciation	22,636,317
Gross unrealized depreciation	<u>(2,195,824)</u>
Net unrealized appreciation	<u>\$ 20,440,493</u>

9. Subsequent Events

The Investment Manager has evaluated the impact of subsequent events through the date of financial statement issuance, and determined there were no subsequent events outside the normal course of business requiring adjustment to or disclosure in the financial statements.

Blackstone Alternative Alpha Master Fund and Subsidiary

Supplemental Information

September 30, 2019 (Unaudited)

Management of the Fund

The Consolidated Master Fund's operations are managed by the Investment Manager under the direction and oversight of the Board of Trustees. A majority of the Trustees are not "interested persons" (as defined in the 1940 Act) of the Consolidated Master Fund or the Investment Manager, (the "Independent Trustees"). The Consolidated Master Fund's Trustees and officers are subject to removal or replacement in accordance with Massachusetts law and the Master Fund's Declaration of Trust. The Consolidated Master Fund's Board of Trustees also serves as the board of trustees of the Feeder Funds.

Compensation for Trustees

Each of the Independent Trustees is paid by the Fund Complex (as defined below) at a rate of \$150,000 per fiscal year in the aggregate for his or her services to the Fund Complex including the Subsidiaries. Mr. Coates (a Trustee being treated as an "interested person" (as defined in the 1940 Act) of the Fund due to his employment by Envestnet, Inc., which conducts business with certain Investee Funds and may conduct business with the Investment Adviser and its affiliates in the future) is paid by the Fund Complex at a rate of \$129,000 per fiscal year in the aggregate for his services to the Fund Complex (excluding the Subsidiaries). The Chairpersons of the Board of Trustees and the Audit Committee are paid by the Fund Complex an additional \$35,000 and \$15,000, respectively, per fiscal year. These payments are allocated among the Fund and the other funds in the Fund Complex on the basis of assets under management. The Fund Complex pays for the Trustees' travel expenses related to the Board meetings. The Trustees do not receive any pension or retirement benefits from the Fund Complex.

The following table sets forth information covering the total compensation paid by the Fund during semi-annual period ended September 30, 2019 to the persons who served as Trustees of the Fund during such period. The officers of the Fund did not receive compensation from the Fund during the semi-annual period ended September 30, 2019.

Name of Independent Trustee	Aggregate Compensation From the BAAF Funds	Total Compensation From the Fund Complex ¹
John M. Brown	\$6,012	\$92,500
Peter M. Gilbert	\$4,729	\$75,000
Paul J. Lawler	\$4,729	\$75,000
Kristen M. Leopold	\$5,279	\$82,500
Name of Interested Trustee	Aggregate Compensation From the BAAF Funds	Total Compensation From the Fund Complex ¹
Frank J. Coates	\$4,729	\$64,500
Peter Koffler	None	None

¹ These amounts represent aggregate compensation for the services of each Trustee to each fund in the Fund Complex, for which each Trustee serves as trustee. For the purposes of this table, the "Fund Complex" consists of the BAAF Funds, Blackstone Alternative Multi-Strategy Fund, a series of Blackstone Alternative Investment Funds, and the Subsidiaries.

Blackstone Alternative Alpha Master Fund and Subsidiary

Supplemental Information

September 30, 2019 (Unaudited)

The following chart indicates the allocation of investments among the asset classes in the Consolidated Master Fund as of September 30, 2019.

<u>Assets Class⁽¹⁾</u>	<u>Fair Value</u>	<u>%</u>
Equity	\$302,385,834	61.53%
Multi-Category	84,215,731	17.14%
Interest Rate-Driven	40,334,598	8.21%
Relative Value	32,755,438	6.66%
Global Macro	31,738,878	6.46%
Total Investments	<u>\$491,430,479</u>	<u>100.00%</u>

⁽¹⁾ The complete list of investments included in the listed asset class categories is included in the Consolidated Schedule of Investments of the Consolidated Master Fund's financial statements.

Form N-PORT Filings

The Consolidated Master Fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year as an exhibit on Form N-PORT. The Consolidated Master Fund's Form N-PORT is available on the SEC's website at <http://www.sec.gov> within 60 days after the Consolidated Master Fund's first and third fiscal quarters. Holdings and allocations shown on any Form N-PORT are as of the date indicated in the filing and may not be representative of future investments. Holdings and allocations should not be considered research or investment advice and should not be relied upon in making investment decisions.

Proxy Voting Policies

The Master Fund and the Feeder Funds have delegated proxy voting responsibilities to the Investment Manager, subject to the Board's general oversight. A description of the policies and procedures used to vote proxies related to the Master Fund's and the Feeder Funds' portfolio securities, and information regarding how the Master Fund and Feeder Funds voted proxies relating to their portfolio securities during the most recent 12-month period ended June 30, will be available by August 31 of that year (1) without charge, upon request, by calling toll free, 1-855-890-7725 and (2) on the SEC's website at <http://www.sec.gov>.

Additional Information

The Master Fund's registration statement includes additional information about the Trustees of the Fund. The registration statement is available, without charge, upon request by calling 1-855-890-7725.

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Blackstone Alternative Alpha Fund
Blackstone Alternative Alpha Master Fund

Trustees

John M. Brown, Chairman
Frank J. Coates
Peter M. Gilbert
Paul J. Lawler
Kristen M. Leopold
Peter Koffler

Investment Manager

Blackstone Alternative Asset
Management L.P.
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New York, New York 10154

Administrator and Fund

Accounting Agent

State Street Bank and Trust Company
1 Lincoln Street
Boston, MA 02111

**Custodian for Blackstone Alternative
Alpha Fund**

State Street Bank and Trust Company
1 Lincoln Street
Boston, MA 02111

**Custodian for Blackstone Alternative
Alpha Master Fund**

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Transfer Agent

State Street Bank and Trust Company
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Officers

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Executive Officer
Arthur Liao, Treasurer and Principal
Financial and Accounting Officer
James Hannigan, Chief Legal Officer and
Chief Compliance Officer
Natasha Kulkarni, Secretary
Sherilene Sibadan, Anti-Money
Laundering Officer

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Accounting Firm**

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This report, including the financial information herein, is transmitted to the shareholders of Blackstone Alternative Alpha Fund for their information. It is not a prospectus or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.

You can request a copy of the Fund's prospectus and statement of additional information without charge by calling the Fund's transfer agent at 1-855-890-7725.