

FS Multi-Strategy Alternatives Fund

Designed to help navigate today's changing markets

Blending active hedge fund managers and rules-based strategies with the goal of providing absolute return with low correlation.

1 Institutional access

Take an institutional approach to generating returns independent of market performance

2 Diversification

Target returns with low correlation to traditional assets

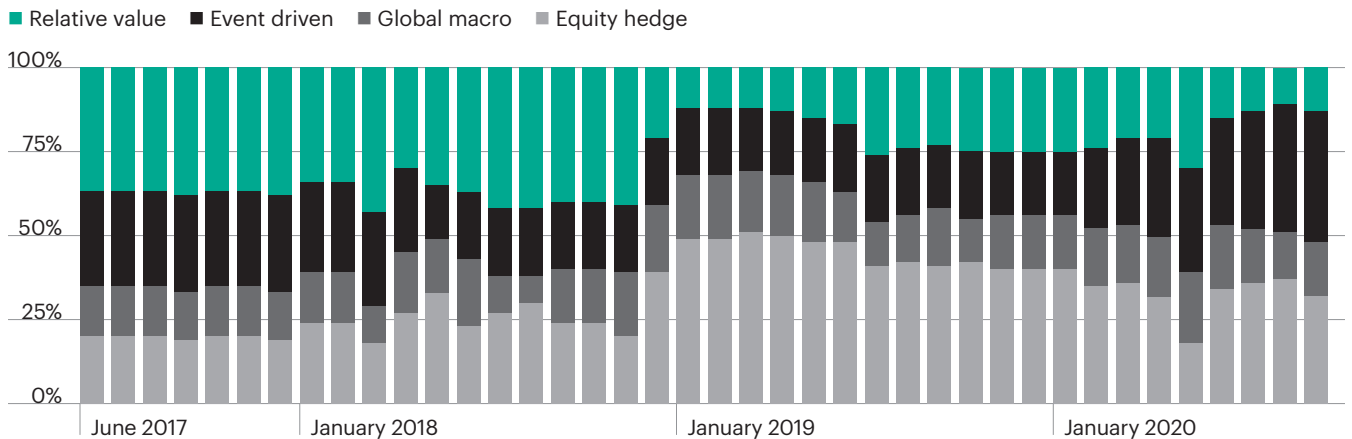
3 Volatility management

Focus on managing volatility to help lower a traditional portfolio's risk profile

1 An institutional approach to generating differentiated performance

The fund provides targeted exposure to alternative investment strategies across the four major hedge fund categories. We expect the underlying allocations will evolve over time as the market environment and opportunity set change.

HEDGE FUND CATEGORY ALLOCATION BY MONTH (6/2017-9/2020)



See page 3 for definitions of hedge fund categories.

Alternative beta providers may offer cost advantages over other traditional alternative asset managers, particularly as compared to the hedge fund managers and other private investment vehicles that have historically been used to access alternative investment strategies.

2 Target returns with low correlation to traditional assets

The fund's low correlation to the S&P 500 and the Barclays Agg has demonstrated how it may help diversify a traditional portfolio. The fund's low beta to the S&P 500 and the Barclays Agg further demonstrates its ability to generate returns that are not dependent on the performance of traditional investments.

	CORRELATION	BETA
S&P 500	+0.47	0.11
Barclays Agg	+0.26	0.32

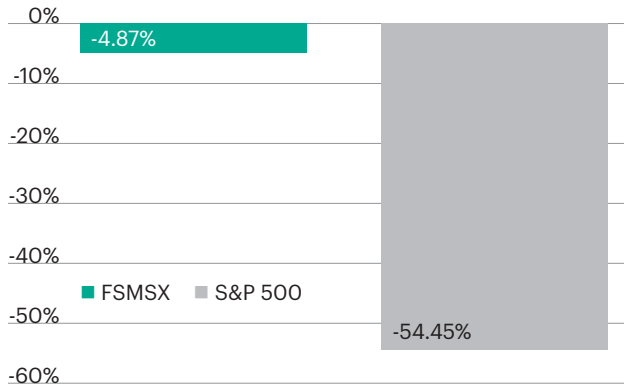
Data reflects period from May 16, 2017 to September 30, 2020.

3

Manage volatility of a traditional portfolio

FS Multi-Strategy Alternatives Fund’s low downside capture since its inception has helped to protect capital when equity market performance has been negative.

TOTAL RETURN DURING DOWN MONTHS



9%
Downside capture of S&P 500

Source: Bloomberg, FS Investments. Data shows the cumulative return during negative S&P 500 months since the fund’s launch in May 2017: February 2018, March 2018, October 2018, December 2018, May 2019, August 2019, January 2020, February 2020, March 2020 and September 2020.

In addition, FS Multi-Strategy Alternatives Fund’s low volatility since inception demonstrates how the fund may help lower a traditional portfolio’s risk profile.

3.84%

Standard deviation since inception

Total returns (as of 9/30/2020)	Inception date	QTD	YTD	1 year	3 year	Since inception
FSMSX (Class I)	5/16/2017	3.19%	-2.24%	-2.94%	0.94%	0.95%
Benchmarks						Since 5/16/2017
ICE BofAML U.S. 3-Month T-Bill Index	—	0.04%	0.64%	1.10%	1.69%	1.61%
S&P 500 Index	—	8.93%	5.57%	15.14%	12.28%	12.70%

The expense ratios for Class I Shares are 3.30% total annual fund operating expenses,¹ 1.97% total annual fund operating expenses (after expense reductions)² and 1.50% total annual fund operating expenses after expense reductions, excluding dividend and interest expenses.^{2,3} Performance data quoted represents past performance and is no guarantee of future results. Returns for time periods greater than one year are annualized. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost, and current performance may be lower or higher than the performance quoted. Please call 877-628-8575 or visit our website at www.fsinvestments.com for performance data current to the most recent month-end.

One cannot invest directly in an index. See the index definitions on the following page.

Portfolio applications

Core alternatives allocation to diversify a traditional portfolio

Equity complement to manage downside risks during periods of equity market drawdowns

Fixed income replacement for investors concerned about the low return potential of a traditional fixed income portfolio

Glossary of terms

Beta is a measure of an asset's or a portfolio's volatility, or systematic risk, in comparison to a benchmark or the market as a whole, reflecting the tendency of returns to respond to market swings.

Correlation is a statistical measure of the extent to which two securities move in relation to each other, often expressed via a coefficient ranging from +1 to -1.

Downside capture ratio shows whether and to what extent an investment has outperformed a broad benchmark during periods of market weakness. A downside capture ratio less than 100 means it lost less than the benchmark when benchmark returns were negative.

Equity hedge strategies attempt to profit by holding a combination of long and short positions on stock and limit market exposure.

Event driven strategies seek to discover and exploit pricing inefficiencies that precede or follow a corporate event, such as a bankruptcy, merger, acquisition or spinoff.

Global macro strategies seek to profit from market movements based on market trends, economic expectations or political events, usually by using futures instruments to place directional bets on the prices of stocks, bonds, currencies or commodities.

Relative value strategies attempt to monetize the price convergence or divergence of related securities by buying and selling related assets.

Standard deviation is a statistical measure of the dispersion of an asset's rate of return relative to its mean and is typically used to assess its historical volatility.

Index definitions

Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

ICE BofAML U.S. 3-Month Treasury Bill Index is composed of a single issue purchased at the beginning of the month and held for a full month. At the end of the month, that issue is sold and rolled into a newly selected issue.

S&P 500 Index is a market capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value.

1 The total annual fund operating expenses ratio calculation is a percentage of average net assets for the year ended December 31, 2019.

2 The total annual fund operating expenses after expense reductions, excluding dividend and interest expenses and total operating expenses (after expense reduction) ratios, are a percentage of average net assets for the year ended December 31, 2019 and are based on the expense limitation for such period. The expense limitation may be different in future years. The Adviser has entered into an expense limitation agreement with the fund under which it has agreed to waive or reduce its fees and to assume other expenses of the fund, if necessary, in an amount that limits ordinary operating expenses (exclusive of management fees, distribution or servicing fees, interest, taxes, brokerage fees and commissions, dividends and interest paid on short positions, acquired fund fees and expenses and extraordinary expenses (as determined in the sole discretion of the Adviser)) to not more than 0.25% of the average daily net assets for the fund at least until April 30, 2021. The fund may terminate the expense limitation agreement at any time. The expense limitation agreement permits the Adviser to recoup waived or reimbursed amounts within the three-year period, from the date of the waiver, after the Adviser bears the expense, provided total expenses, including such recoupment, do not exceed the annual expense limit in effect at the time of such waiver/reimbursement or recoupment.

3 The total annual fund operating expenses after expense reductions, excluding dividend and interest expenses ratio, do not include dividend expense on short sales of 0.19% and interest, commitment fees and other borrowing costs of 0.28%.

The indexes referenced herein are the exclusive property of each respective index provider and have been licensed for use by FS Investments. The index providers do not guarantee the accuracy and/or completeness of the indexes and accept no liability in connection with the use, accuracy or completeness of the data included therein. Inclusion of the indexes in these materials does not imply that the index providers endorse or express any opinion in respect of FS Investments. Visit www.fsinvestments.com/support/articles/index-disclaimers for more information.

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An investment in FS Multi-Strategy Alternatives Fund involves a high degree of risk and may be considered speculative. Investors are advised to consider the investment objectives, risks, and charges and expenses of the fund carefully before investing. The fund's prospectus contains this and other information about the fund. Investors may obtain a copy of the fund's prospectus free of charge at www.fsinvestments.com or by contacting FS Investments at 201 Rouse Blvd., Philadelphia, PA 19112 or by phone at 877-628-8575. Investors should read and carefully consider all information found in the fund's prospectus and other reports filed with the U.S. Securities and Exchange Commission before investing.

Investing in the fund involves risk, including the risk that a shareholder may receive little or no return on their investment or that a shareholder may lose part or all of their investment. The fund is subject to interest rate risk and will decline in value as interest rates rise. The fund may engage in leveraging and other speculative investment practices that may increase the risk of loss of investment, and accelerate the velocity of potential losses. In addition to the normal risks associated with investing, international and emerging markets may involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles or from social, economic, or political instability in other nations. The fund may invest in derivatives, which are often more volatile than other investments and may magnify the fund's gains or losses.

Diversification does not eliminate the risk of experiencing investment losses.

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