

## Accessing a broad range of alternative investment strategies

### Summary of fund allocations

Alternative beta strategies	Description	Public equity	Corp bonds	Govt bonds + rates	F/X	Comm	Vol
Equity	<b>Emerging markets factor:</b> Long emerging market equities (MSCI EM Index) vs. short developed market equities (MSCI EAFE Index) to provide market-neutral exposure to emerging markets	●					
	<b>Event driven:</b> Strategy designed to exploit mispricing due to corporate events, such as bankruptcy, merger, acquisition or spinoff, to capitalize on price inefficiencies	●					
	<b>Low volatility factor:</b> Strategy designed to monetize the premium of being long low-volatility stocks and short high-volatility stocks	●					
	<b>Sector dividend basket:</b> Strategy goes long high-paying dividend stocks and short low-paying dividend stocks within yield-oriented sectors	●					
	<b>Size factor:</b> Long Russell 2000 vs. short Russell 1000 to deliver market-neutral exposure to size	●					
	<b>Sustainable dividend value:</b> Strategy designed to take advantage of the return premium and potential increased demand of companies expected to pay dividends into the foreseeable future	●					
	<b>Value factor:</b> Long value vs. short growth to provide market-neutral exposure to value	●					
Macro	<b>Multi-factor bond:</b> Duration-neutral strategy that goes long and short across G4 (U.S., Europe, U.K. and Japan) bond markets using carry, momentum and value factors			●			
	<b>Multi-factor commodity:</b> Strategy blends carry, curve, seasonal and mean reversion strategies to invest in commodities					●	
	<b>Multi-factor currency:</b> Strategy that seeks to monetize trend, value and carry factors in currency markets				●		
	<b>Volatility carry:</b> Strategy designed to take advantage of the downward-sloping part of the rate volatility curve to generate carry and a market hedge			●			●
Technical trading	<b>Bond breakout momentum:</b> Strategy designed to monetize short-term interest rate momentum by taking long or short positions in U.S. and European rate markets			●			
	<b>Currency mean reversion:</b> Strategy designed to monetize the tendency for currencies to mean revert over short periods of time				●		
	<b>Currency rebalancing:</b> Strategy aims to exploit the supply and demand imbalance caused by the hedging behavior of foreign investors who invest in the U.S. equity market	●			●		
	<b>Equity intraday momentum:</b> Strategy designed to monetize intraday U.S. stock market momentum	●					
	<b>Equity mean reversion:</b> Strategy designed to monetize the tendency for U.S. equities to mean revert over short periods of time	●					
	<b>Multi-asset trend following:</b> Strategy designed to take a long or short position to capture price trends across assets	●			●		
	<b>VIX/Equity correlation:</b> Strategy designed to monetize the changes in the relationship between the S&P 500 and VIX over short periods of time, especially during stress	●					●
<b>Active hedge fund managers</b>							
Credit long/short	<b>MidOcean:</b> <sup>1</sup> Strategy designed to capture current income and growth from three primary pockets of inefficiencies in the credit market: callable bonds, short-dated credit and crossover credit		●				
Equity long/short	<b>Chilton:</b> <sup>2</sup> Strategy designed to focus on high-quality companies with attractive business models and growth potential at reasonable valuations	●					

1 MidOcean Credit Fund Management, L.P. (“MidOcean”) serves as an underlying manager to FS Multi-Strategy Alternatives Fund’s assets directly. Such investments managed by MidOcean presently include allocations to the Fund’s event driven category through long/short credit strategy.

2 Chilton Investment Company, LLC (“Chilton”) serves as an underlying manager to FS Multi-Strategy Alternatives Fund’s assets directly. Such investments managed by Chilton presently include allocations to the Fund’s equity hedge category through long/short equity strategy.

#### GLOSSARY OF CATEGORIES

**Equity:** Investing in stocks to generate returns less sensitive to market direction based on specific factors (e.g., size, quality). **Macro:** Investing in bonds, currencies and commodities to generate risk-adjusted returns through specific factors (e.g., value, carry). **Technical trading:** Investing across asset classes to profit from price trends and trading patterns while cushioning against market downturns. **Volatility:** Investing across asset classes to capture a premium or spread based on changes in implied, realized or expected volatility.

#### GLOSSARY OF TERMS

**Alpha** measures excess return relative to expected returns based on the fund’s degree of beta. A positive alpha indicates the portfolio is earning excess returns. A negative alpha indicates the portfolio is lagging in returns. **Beta** measures the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. **Callable bond** is a bond that an issuer may redeem before it reaches the stated maturity date. **COMM** refers to commodities, such as agriculture, energy and metals. **Crossover credit** is a bond assigned a split rating that places it on the cusp between being investment grade and non-investment grade. **Duration** is a measure of how sensitive a fixed income investment’s price is to a change in interest rates and is expressed as a number of years. **F/X** refers to currencies, such as the dollar (\$), euro (€), pound (£) and yen (¥). **Short-dated credit** is a revolving line of credit with a term of one year or less. **VIX**, the CBOE Volatility Index, is a real-time market index that represents the market’s expectation of 30-day forward-looking volatility. **VOL** refers to market volatility or asset price movement.

#### INDEX DEFINITIONS

**MSCI EAFE Index** is an equity index that captures large and mid-cap representation across 21 developed markets, including countries in Europe, Australasia and the Far East (EAFE) and excluding the U.S. and Canada. **MSCI EM Index** captures large and mid-cap representation across 26 emerging markets (EM) countries. **Russell 1000 Index** is an index of approximately 1,000 of the largest companies in the U.S. equity market. **Russell 2000 Index** is an index measuring the performance of approximately 2,000 of the smallest-cap U.S. companies in the **Russell 3000 Index**, which is made up of 3,000 of the largest U.S. stocks.

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**An investment in FS Multi-Strategy Alternatives Fund (the “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](http://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.