Blackstone Diversified Multi-Strategy Fund

Blackstone

(BXDMSAU: Class A (USD) Acc.) - A sub-fund of Blackstone Alternative Investment Funds plc, an umbrella fund established as a UCITS with segregated liability between sub funds
For Reporting Purposes Only

As of January 31, 2019

Investment approach

The Fund's investment objective is to seek capital appreciation. The Fund seeks this objective by allocating its assets among a variety of discretionary sub-advisers with experience managing non-traditional or "alternative" investment strategies. Blackstone is responsible for selecting the strategies, for identifying and retaining sub-advisers, and for determining the amount of Fund assets to allocate to each strategy and to each sub-adviser. Blackstone may also manage a portion of the Fund's assets directly.

Fund highlights

Fund Assets (Mn)	$1,851.44
NAV per Share	$10.64
Currency	USD
Fund Inception Date	August 11, 2014
Share Class Inception Date	April 29, 2016
Investment Manager	Blackstone Alternative Investment Advisors LLC
Subscriptions	Daily
Redemptions	Daily
Distributing/Accumulating	Accumulating
Cut-off	3pm (Ireland)
Bloomberg Ticker	BXDMSAU ID
ISIN	IE00BYXDVH76

Fund terms – share class A (USD) acc.[2]

Minimum Initial Investment (Mn)	$1,000
Management Fee	1.95%
Performance Fee[3]	15.00%
Other Expenses[4]	Capped 0.45%

Investment committee

Name	Years at Blackstone
Gideon Berger	17 Years
Min Htoo	2 Year
Robert Jordan	8 Years
Ian Morris	9 Years
Alberto Santulin	16 Years
Stephen Sullens	18 Years

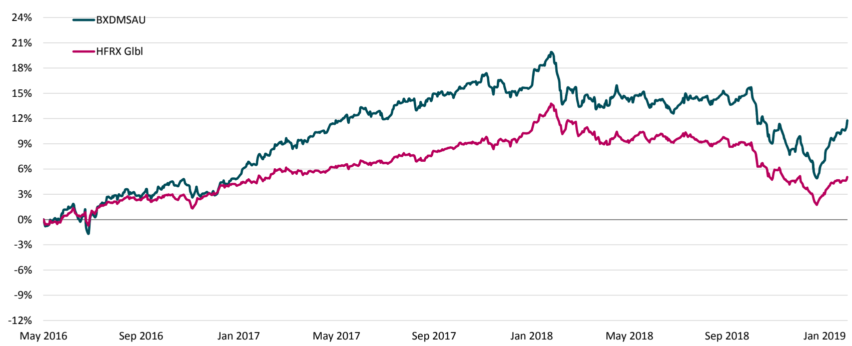
Fund net performance[1]

					ITD STATISTICS			
Fund Net Performance [(1)(2)]	**MTD**	**QTD**	**YTD**	**ITD**	**St Dev.**	**Beta**	**Alpha**	**Sharpe**
BXDMSAU	2.50%	2.50%	2.50%	2.27%	2.60%	-	-	0.40
MSCI World TR Index	7.81%	7.81%	7.81%	9.93%	10.51%	0.13	0.96%	0.83
Barclays Glbl Agg Index	1.52%	1.52%	1.52%	0.89%	4.50%	0.06	2.23%	(0.07)

12 month performance periods – to last quarter end[1]

	12/31/2013 - 12/31/2014	12/31/2014 - 12/31/2015	12/31/2015 - 12/30/2016	12/30/2016 - 12/29/2017	12/29/2017 - 12/31/2018
BXDMSAU	N/A	N/A	N/A	3.97%	(0.95%)
MSCI World TR Index	N/A	N/A	N/A	23.07%	(8.20%)
Barclays Glbl Agg Index	N/A	N/A	N/A	7.39%	(1.20%)

Alternative strategies cumulative net performance



(1) *Fund performance is shown net of all fees and expenses. Past performance may not be a reliable guide to future performance. The value of Fund shares may go down as well as up and there can be no assurance that the Fund will achieve its investment objectives or avoid significant losses. Performance is estimated and unaudited for 2018 and 2019. Net performance for the Fund as well as indices is from 4/29/16 to 1/31/19 and is annualized. The indices presented are indicative and for illustrative purposes only. The volatility of the indices presented may be materially different from that of the performance of the Fund. In addition, these indices employ different investment guidelines and criteria than the Fund; as a result, the holdings in the Fund may differ significantly from the securities that comprise the indices. The performance of these indices has not been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of Fund performance to that of well-known and widely recognized indices. A summary of the investment guidelines for these indices is available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends. Beta and Alpha represents BXDMSIU compared to the specific indices. Standard deviation and Sharpe calculations are annualized. All Inception to Date Statistics are calculated using daily performance since Inception and uses the local currency rate.*

None of the indices presented are benchmarks or targets for the Fund. Indices are unmanaged and investors cannot invest in an index. Please see end of document for additional disclosures regarding indices presented.

(2) The above terms are summarised and qualified in their entirety by the more detailed information set forth in the UCITS prospectus and supplement.

(3) The Fund will pay to Blackstone a performance fee equal to 15% of any returns the relevant class achieves above any losses carried forward from previous periods. The Fund may also pay to Blackstone an additional performance fee equal to the amount of any performance fees owed by Blackstone to the sub-advisers. Any such additional performance fee will be deducted from Blackstone's performance fee before it is paid in subsequent quarterly performance periods. The performance fee together with any additional performance fee are subject to a cap of 4.95% of the NAV of the class.

(4) Blackstone has agreed to reimburse the Fund so that certain of the Fund's "Other Expenses" will not exceed 0.45% annually. Please see important disclosure information at the end of this document for further explanation.

Additional information and current performance data is available at **www.bxdms.com.**

Sub-adviser allocations[4][5]

Manager	Strategy	Sub-strategy	Classification
Active Sub-Advisors			
HealthCor	Equity Hedge	Equity Long Short	**Equity**
Endeavour	Equity Hedge	Equity Market Neutral	
Two Sigma Advisers	Equity Hedge	Equity Market Neutral	
Bayview	Relative Value	Fixed Income - Asset Backed	**Credit**
EJF	Relative Value	Fixed Income - Asset Backed	
Good Hill	Relative Value	Fixed Income - Asset Backed	
Sorin	Relative Value	Fixed Income - Asset Backed	
Caspian	Event Driven	Distressed/Restructuring	
Magnetar[5]	Event Driven	Risk Arbitrage	**Multi-Asset**
Emso	Macro	Discretionary Thematic	
NWI	Macro	Discretionary Thematic	
IPM	Macro	Systematic Diversified	
D.E. Shaw	Multi-Strategy	N/A	
BAIA-Direct[7]	Multi-Strategy	N/A	
Inactive Sub-Advisors [6]			
Cerberus	Relative Value	Fixed Income - Asset Backed	**Inactive**
Waterfall	Relative Value	Fixed Income - Asset Backed	
BRESSA[5]	Relative Value	Fixed Income - Asset Backed	
H2O	Macro	Discretionary Thematic	
GSA	Macro	Systematic Diversified	

Performance summary

	Allocation at [5]	MTD		QTD		YTD		ITD Cumulative Performance	
Sub-Strategy Performance [1]	1/31/2019	Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution
Equity	32.95%	0.24%	0.11%	0.24%	0.11%	0.24%	0.11%	6.94%	2.67%
Credit	33.96%	3.04%	1.34%	3.04%	1.34%	3.04%	1.34%	29.57%	8.09%
Multi-Asset	33.09%	3.96%	1.69%	3.96%	1.69%	3.96%	1.69%	8.32%	3.61%
Expenses and Other			(0.64%)		(0.64%)		(0.64%)		(7.97%)
Net Return [2]			2.50%		2.50%		2.50%		6.40%

Monthly net performance[2]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016	-	-	-	-	0.70%	(0.89%)	0.90%	(0.40%)	0.90%	0.49%	(1.47%)	0.60%	**0.80%**
2017	1.69%	0.68%	0.68%	0.96%	0.86%	(0.85%)	0.95%	0.38%	(0.28%)	0.66%	(1.22%)	(0.57%)	**3.97%**
2018	0.10%	(1.33%)	0.48%	0.67%	(1.15%)	(0.10%)	1.16%	0.19%	1.15%	(1.51%)	(0.00%)	(0.57%)	**(0.95%)**
2019	2.50%	-	-	-	-	-	-	-	-	-	-	-	**2.50%**

(1) Sub-strategy performance is shown gross of all fees and expenses. Performance is estimated and unaudited.

(2) Fund performance is shown net of all fees and expenses. Past performance may not be a reliable guide to future performance. The value of Fund shares may go down as well as up and there can be no assurance that the Fund will achieve its investment objectives or avoid significant losses. Performance is estimated and unaudited for 2018 and 2019. Net performance for the Fund as well as indices is from 4/29/16 to 1/31/19 and is annualized. ITD net return is cumulative not annualized.

(3) Performance contribution represents the contribution of each strategy or sub-strategy to the Fund's total return. Performance contribution is shown gross of all fees and expenses.

(4) The portfolio allocations in the table/chart reflect allocations as of the date of the report. The Fund may shift allocations among sub-advisers, strategies and sub-strategies at any time. Further, Blackstone, on behalf of the Fund, may determine to not employ one or more of the above-referenced sub-advisers, strategies or sub-strategies. Blackstone may also add new sub-advisers, strategies or sub-strategies. Accordingly, the allocations are presented for illustrative purposes only and should not be viewed as predictive of the ongoing composition of the Fund's portfolio (and its sub-advisers), which may change at any time. BXDMSAU launched April 29, 2016, prior allocations are for the share class with the longest track record, BXDMSKE.

(5) Blackstone and its affiliates have financial interests in asset managers. Any allocation by Blackstone to a subsidiary or other affiliate benefits The Blackstone Group L.P. and any redemption or reduction of such allocation would be detrimental to The Blackstone Group L.P., creating potential conflicts of interest in allocation decisions. For a discussion of this and other conflicts, please see the Additional Disclosure section at the end of this document.

(6) Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.

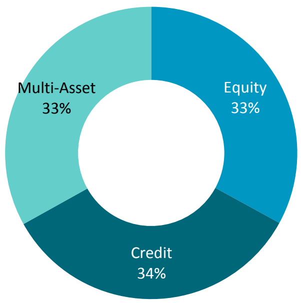
(7) BAIA manages a portion of the Fund's assets directly. Such investments presently include opportunistic trades and hedging. BAIA's fees on directly managed assets are typically not reduced by a payment to a sub-adviser.

Blackstone Diversified Multi-Strategy Fund (BXDMS)

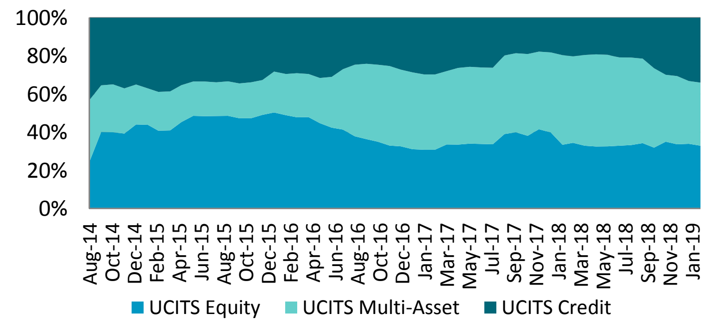
Blackstone

As of December 31, 2018

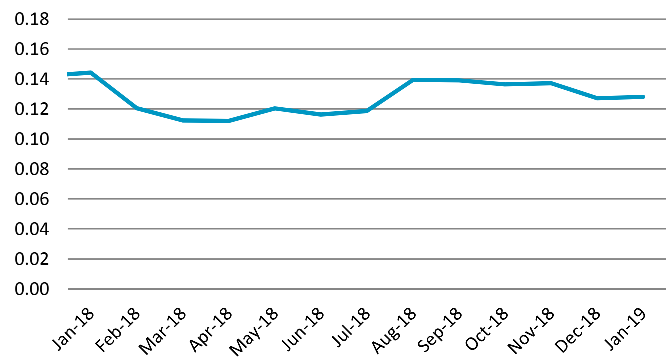
Portfolio allocations[1]



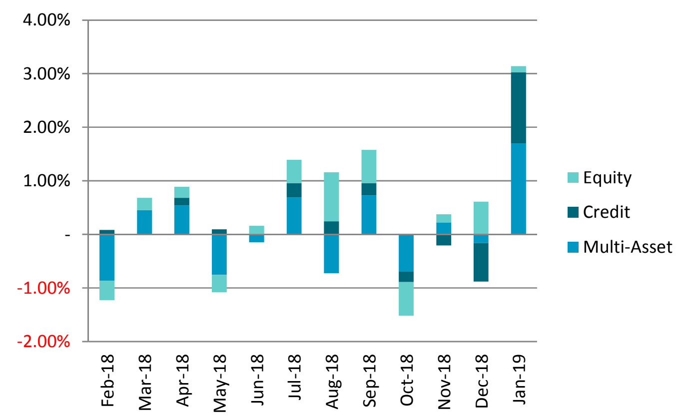
Asset allocation by sub-strategy[1]



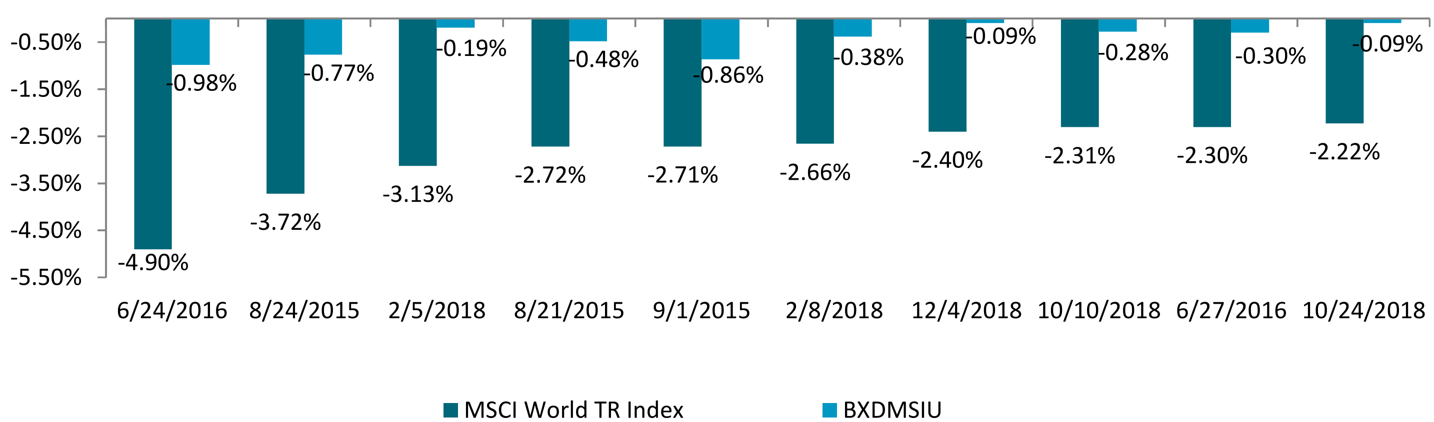
12 months rolling beta against MSCI World[2]



Trailing 12 months performance contribution by sub-strategy[2]



BXDMS performance on worst 10 days for MSCI World since inception[3]

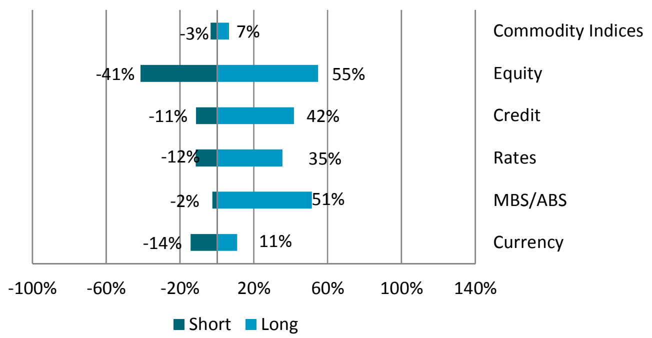


(1) The portfolio allocations in the table/chart reflect allocations as of the date of the report. The Fund may shift allocations among sub-advisers, strategies and sub-strategies at any time. Further, Blackstone, on behalf of the Fund, may determine to not employ one or more of the above-referenced sub-advisers, strategies or sub-strategies. Blackstone may also add new sub-advisers, strategies or sub-strategies. Accordingly, the allocations are presented for illustrative purposes only and should not be viewed as predictive of the ongoing composition of the Fund's portfolio (and its sub-advisers), which may change at any time.

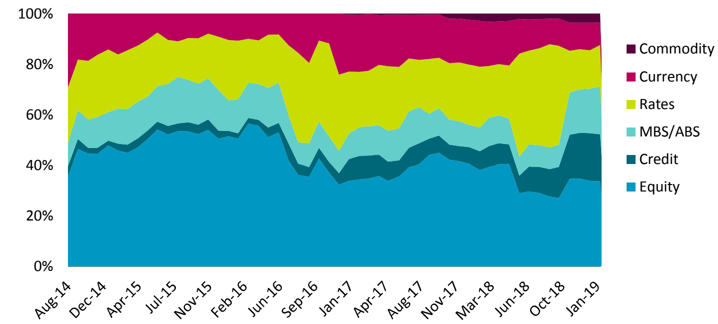
(2) Performance contribution represents the contribution of each strategy or sub-strategy to the Fund's total return. Performance contribution is shown gross of all fees and expenses.

(3) The indices presented are indicative and for illustrative purposes only. The volatility of the index presented may be materially different from that of the performance of the Fund. In addition, the index employs different investment guidelines and criteria than the Fund; as a result, the holdings in the Fund may differ significantly from the securities that comprise the index. The performance of the index has not been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of the Fund's performance to that of well-known and widely recognized index. A summary of the investment guidelines for the index presented is available upon request. Performance of the index reflects the reinvestment of dividends. Please see glossary of terms at the end of this presentation for index definitions. Please see the additional disclosure on the last page for additional index definitions. The average daily return for BXDMSIU for the 10 best MSCI World TR days is 0.34%, while the average return of MSCI World TR for the 10 best MSCI World TR days was 2.12%.

Asset class exposure(1)



Asset class gross historical exposure(1)



Fund geographic exposure(1)

Region	Long	Short	Net
US/Canada	147.61%	60.09%	87.51%
Latin America/Caribbean	9.73%	1.88%	7.85%
Core Europe	29.35%	10.42%	18.93%
Peripheral Europe	2.53%	0.36%	2.17%
Middle East/Africa	3.53%	1.64%	1.89%
China/HK/Taiwan	0.66%	2.85%	-2.20%
Asia general	5.01%	5.63%	-0.62%
Japan	2.70%	1.57%	1.12%
Total	**201.10%**	**84.44%**	**116.66%**

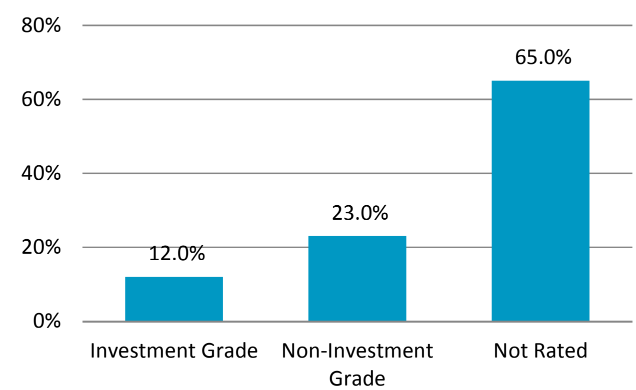
Currency exposure(1)

Region	Long	Short	Net
US/Canada	0.01%	3.85%	-3.84%
Latin America	0.56%	0.44%	0.12%
Core Europe	5.92%	7.84%	-1.91%
Peripheral Europe	0.20%	0.15%	0.06%
Middle East/Africa	0.00%	0.33%	-0.33%
China/HK/Taiwan	0.00%	0.25%	-0.25%
Asia general	3.25%	0.42%	2.83%
Japan	1.06%	0.95%	0.12%
Total	**11.00%**	**14.21%**	**-3.21%**

Equity exposure – sector breakdown(1)

	Long	Short	Net
Energy	1.86%	(2.88%)	(1.03%)
Materials	0.78%	(1.04%)	(0.25%)
Industrials	4.56%	(1.41%)	3.15%
Consumer Discretionary	6.21%	(5.71%)	0.50%
Consumer Staples	1.43%	(1.77%)	(0.34%)
Health Care	12.08%	(7.66%)	4.41%
Financials	6.64%	(7.82%)	(1.18%)
Real Estate	2.33%	(0.36%)	1.97%
Information Technology	10.33%	(5.09%)	5.24%
Communication Services	2.23%	(3.36%)	(1.13%)
Utilities	0.98%	(0.84%)	0.14%
Index*	5.12%	(3.45%)	1.67%
Unclassified**	0.26%	-	0.26%
Total	**54.80%**	**(41.39%)**	**13.42%**

Fixed income ratings(1)



VaR analysis(3)

Date	VaR
1/31/19	3.01%

(1) In the case of non-interest rate instruments, exposure data represents the delta adjusted market value. In the case of interest rate products, exposure data is represented by the 10-year equivalent instrument. Positions of unknown type (if any) are excluded from exposure data. Data is obtained from State Street Fund Services (Ireland) Limited, the administrator for the Fund. The Fund does not guarantee the accuracy of such data. Using the higher Standard & Poor's ("S&P's") and/or Moody's Investor Service ("Moody's") ratings.

(2) Betas are calculated using the MSCI World TR index. The calculated betas use returns daily returns for BXDMS Share Class I Acc from 9/10/2014-1/31/2019. The volatility of the index presented may be materially different from that of the performance of the fund. In addition, the index employs different investment guidelines and criteria than the fund; as a result, the holdings in the fund may differ significantly from the securities that comprise the index. The performance of the index has not been selected to represent an appropriate benchmark to compare to the performance of the fund, but rather is disclosed to allow for comparison of the fund's performance to that of a well-known and widely recognized index. A summary of the investment guidelines for the index presented is available upon request.

(3) Value at Risk ("VaR") is calculated at a 99% confidence level for a one month holding period (20 business days) using a model based on historical Fund data. Please see the Glossary of Terms for a further explanation of VaR.

*Comprised of index futures, options on index futures, ETFs, and ETF options

**Underlying instruments do not have a corresponding GICS sector assignment

Blackstone

January Market Commentary

Investors worldwide welcomed the market's January performance with a warm embrace after a chilling December left many unsure of its future prospects. In spite of a tumultuous end to 2018 and a historically-long, 35-day United States government shutdown that finally came to a conclusion on January 25th, the first month of 2019 ultimately produced the best opening result for the S&P 500 Index (+8.01%) since 1987.

Now, before we praise this month's result and proclaim it a saving grace for investors heading into the remainder of the year, it's important that we consider this outcome in the context of a longer time horizon. While January 2019 will undoubtedly have its place in history as a banner month for U.S. stock markets, many investors would likely rather forget the results of the trailing twelve months. Through January 31st, leading global stock and bond indices have delivered negative returns over the past year, in large part driven by a volatile December that was historic in its own right (the worst closing month for the S&P 500 since 1931).

The MSCI World Total Return Index, a measure of global equity markets, is down -6.06% in the last twelve months, compared to -1.29% for the Barclays Global Aggregate Bond Index. This result should raise alarms among investors, as bonds, often valued for their diversifying benefits within a portfolio, have failed to provide the safe haven that many investors look to them for. Here in the U.S., the results have been slightly more optimistic, but by no means noteworthy. The S&P 500 has fallen -2.26%, while the Barclays US Aggregate ticked up 2.25%, with nearly half of the bond returns coming in January (1.06%). So, while U.S. bond investors have experienced gains, growing concerns abound regarding their ability to reduce portfolio risk in the future.

Market volatility reached historic levels in 2018. In fact, the Financial Industry Regulatory Authority ("FINRA") recently issued a press release highlighting how heightened activity levels last year generated an unprecedented amount of market volume[1]. For those unfamiliar, FINRA is dedicated to investor protection and market integrity. In recent years, this mission has become increasingly demanding, as the regulator has worked to keep pace with the onslaught of electronic order and trade record data it receives from securities exchanges and broker-dealers. In 2018, FINRA processed 6.7 billion electronic records per day, representing an astounding 87% increase year-over-year. Among the 30 most active days of FINRA processing volume in history, all of them occurred in the fourth quarter, with 28 billion in December alone. To put this into perspective, heading into the start of last year, FINRA's all-time high daily processing volume was 75 billion records, which is 34 billion fewer than the December average.

While Blackstone does not claim to predict the future of global markets, we do recognize the importance of a broadly diversified portfolio. As this new secular shift continues to take shape, we maintain that alternative investment strategies may help in weathering volatile market conditions in the future.

Review of January Fund Performance

The investment objective of the Blackstone Diversified Multi-Strategy Fund (the "Fund" or "BXDMS") is to seek capital appreciation. The Fund aims to achieve its objective by allocating assets among a variety of investment sub-advisers, each with experience managing non-traditional or "alternative" investment strategies and by managing assets directly (via BAIA[2]). In January, the Fund's Class I share class returned 2.43%[3] net of fees and

[1] FINRA: http://www.finra.org/newsroom/2019/market-volatility-drives-finras-volume-new-record-2018

[2] BAIA manages a portion of the Fund's assets directly. Such investments include opportunistic trades and hedging. BAIA allocations are subject to change and BAIA's fees on directly managed assets are not reduced by a payment to a sub-adviser.

expenses versus 2.13% and 1.52% for the HFRX Global Hedge Fund and Barclays Global Aggregate Bond indices, respectively, and versus 8.01% and 7.81% for the S&P 500 and MSCI World indices, respectively[4].

Equity Strategies

Equity strategies (+0.24%)[4] contributed positively to performance in January, as global stock markets rebounded after a challenging close to 2018. The Fund's exposure to the Health Care sector was particularly accretive, as the sector broadly bounced back (the S&P 500 Health Care Total Return Index was up 4.84%) following a December sell-off that came on the back of a federal court decision to invalidate the Affordable Care Act. The late year downtick ultimately aided performance for the month, as the Fund took advantage of opportunities to add exposure to high conviction long names amid the dislocation and further benefited during the move upwards in January. Among them, one of the largest contributors was a global biopharmaceuticals company, whose stock price increased after a competitor announced a takeover bid.

Sub-strategies with exposure to the Financials sector also contributed positively for the month. As a reminder, the Fund employs a market-neutral approach to the sector, meaning that it seeks to profit from both price increases and decreases in the market while neutralizing systematic risk. The leading contributor to sector performance on the month was a long investment in a commercial bank, which has begun successfully diversifying its loan portfolio, while expanding its presence in highly sought after domestic client markets. On the downside, the Fund's biggest losers in the sector were index short positions used to hedge market risk.

Quantitative equity market-neutral sub-strategies detracted from performance on the month. Value signals, which identify stocks that are inexpensive as exhibited by a fundamental valuation method (i.e. price-to-earnings) performed well, while momentum, quality, earnings and low volatility signals all underperformed.

Credit Strategies

Credit strategies (+3.04%)[4] were a significant contributor to Fund performance in January. Similar to equity markets, fixed income reversed course in January following a difficult close to the calendar year. The Fund's investments in high yield credit and levered loans, more specifically, benefited from exposure to early rallies in each asset class, as their broader indices appreciated 4.57% and 2.55% for the month, respectively.

The Fund's exposure to Credit Risk Transfer bonds benefited from tightening spreads, as well as a new $714 million government agency offering throughout the month. This new issue provided sub-advisers an opportunity to sell seasoned 2015 and 2016 paper while adding newer, more longer-dated securities. Furthermore, tightening spreads also generated profits for the Fund's exposure to a synthetic index that tracks commercial mortgage-backed securities (CMBS), which appreciated over the course of the month.

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[3] Performance is shown net of the Gross Expense Ratio less waived expenses for Class I shares. Performance data quoted represents past performance and does not guarantee future results. 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 data above. Information is estimated and unaudited. For a summary of Fund performance of other share classes, please refer to the Fund's website: www.bxdms.com.

[4] **Indices are provided for illustrative purposes only. They have not been selected to represent appropriate benchmarks or targets for the Fund, but rather are disclosed to allow for comparison of the Fund's performance to that of well-known and widely recognized indices.** The indices may include holdings that are substantially different than investments held by the Fund and do not reflect the strategy of the Fund. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that may differ from the Fund. The indices do not reflect the deduction of fees or expenses. In the case of equity indices, performance of the indices reflects the reinvestment of dividends. Indices are unmanaged and investors cannot invest in indices.

Within corporate debt, the largest contributor was a position in a consumer finance company that reported annual earnings and highlighted a positive outlook for its prospects in 2019. The Fund also benefited from exposure to the bonds of an American utilities provider, which appreciated after banks reached an agreement to provide debtor-in-possession financing to facilitate the company's bankruptcy process. Long investments in a manufacturer in the life sciences space and a US telecommunications company also contributed positively, though gains were restricted by a decline in bond prices from a media company that has filed for Chapter 11.

Multi-Asset Strategies

Multi-Asset strategies (+3.96%)[4] were the largest contributor to Fund performance for the month. Risk premia strategies, which invest based on the view that investors are compensated for assuming certain risks, rather than fundamentally investing in specific assets, contributed positively. Among them, credit and inflation-oriented positions drove gains, with high yield credit positions in the US and Europe contributing profits.

Event-driven sub-strategies also contributed positively in January, as risk arbitrage pairings produced gains. These merger-linked strategies, which attempt to exploit pricing inefficiencies caused by corporate events by taking long positions in target companies and selling short acquirers, have benefited from heightened levels of acquisition activity to start the year. Top contributors within this sub-strategy included combinations of two North American energy companies, a pair of telecommunications providers and a financial services duo.

Discretionary thematic sub-strategies posted positive performance in the first month of the year, driven primarily by long exposure to emerging market sovereign debt. The Fund's investments in two Latin American and three Middle Eastern countries were responsible for driving gains, which exceeded the representative index's (EMBI was up over 4.41%) monthly advance despite a hedge on the Barclays US Aggregate Bond Index.

The Fund's exposure to currencies delivered slight gains, as profits from long positions in the GBP and AUD, as well as shorts in the CHF and USD, were subdued by losses on a short on the CAD. Additional losses came from the relative value equity book, as U.S., Hong Kong and Canadian equity markets moved against short positions.

Sub-Advisers and Strategies Added/Removed

At Blackstone, we believe that managing the optimal mix of strategies across the portfolio and adjusting it over time are key to generating returns in different market environments. In January, we added one new sub-adviser to our manager lineup.

January 2019 Sub-Adviser Additions:

1. Blackstone Real Estate Debt Special Situations Advisors L.L.C. ("BRESSA"): invests primarily in liquid, commercial and residential real estate-related debt instruments.

Sub-adviser additions are normal events in Blackstone's hedge fund investment process and result from our dynamic evaluation of the top down assessment of the opportunity set for hedge fund strategies as well as the bottom up evaluation of a manager's ability to deliver alpha in a given environment.

Opinions expressed reflect the current opinions of BAIA as of the date of this material only. Past performance may not be a reliable guide to future performance. The value of BXDMS shares may go down as well as up and there can be no assurance that the Fund will achieve its investment objectives or avoid significant losses. The Fund may shift allocations among sub-advisers, strategies and sub-strategies at any time. Certain of the information provided herein has been obtained from or derived from the Fund's sub-advisers. BAIA does not guarantee the accuracy or completeness of such information.

All investors should consider the investment objectives, risks, charges and expenses of Blackstone Diversified Multi-Strategy Fund (BXDMS) carefully before investing. The Key Investor Information Document ('KIID'), Prospectus and Supplement contain this and other information about BXDMS and are available on the Blackstone website at www.Bxdms.com. ***All KIIDs are available in English, and certain share class specific KIIDs are available in French, German, Dutch, Danish, Finnish, Swedish, Norwegian, Spanish and Italian as indicated on the Blackstone website. All investors are urged to carefully read the Prospectus, Supplement and KIID in their entirety before investing.***

Conflicts of Interest

Blackstone and the Sub-Advisers have conflicts of interest that could interfere with their management of the Fund. These conflicts, which are disclosed in the Fund's Statement of Additional Information, include, without limitation:

- ***Selection of Sub-Advisers.*** *Blackstone compensates the Sub-Advisers out of the management fee it receives from the Fund. This could create an incentive for Blackstone to select Sub-Advisers with lower fee rates.*
- ***Financial Interests in Sub-Advisers and Service Providers.*** *Blackstone, the Sub-Advisers, and their affiliates have financial interests in asset managers and financial service providers. Allocating to an affiliate (or hiring such entity as a service provider) benefits The Blackstone Group L.P. and the relevant Sub-Adviser and redemptions from an affiliate (or terminating such entity as a service provider) would be detrimental to The Blackstone Group L.P. and the relevant Sub-Adviser. For example:*
    - *Blackstone Strategic Capital Advisors L.L.C. ("BSCA"), an affiliate of BAIA, manages certain funds (the "BSCA Funds") that acquire equity interests in established alternative asset managers (the "Strategic Capital Managers"). One of the Strategic Capital Managers in which the BSCA Funds have a minority interest is Magnetar Capital Partners L.P., a control affiliate of Magnetar Asset Management LLC, a sub-adviser for the Fund. The Fund will not participate in any of the economic arrangements between the BSCA Funds and any Strategic Capital Manager with which the Fund invests.*
    - *Blackstone Real Estate Debt Special Situations Advisors L.L.C. ("BRESSA"), an affiliate of BAIA and an indirect wholly-owned subsidiary of The Blackstone Group L.P., serves as a Sub-Advisor Sub-Adviser. BRESSA invests primarily in liquid, commercial and residential real estate-related debt instruments.*
    - *Blackstone utilizes technology offered by Arcesium LLC ("Arcesium") to provide certain middle- and back-office services and technology to the Fund. The parent company of a Sub-Adviser owns a controlling, majority interest in Arcesium and Blackstone Alternative Asset Management L.P. owns a non-controlling, minority interest in Arcesium.*
- ***Other Activities of Blackstone or the Sub-Advisers.*** *The activities in which Blackstone, the Sub-Advisers, or their affiliates are involved in on behalf of other accounts may create conflicts of interest or limit the flexibility that the Fund may otherwise have to participate in certain investments. For example, if Blackstone or a Sub-Adviser comes into possession of material non-public information with respect to a company, then Blackstone or the relevant Sub-Adviser generally will be restricted from investing in securities issued by that company. Further, Blackstone generally will be restricted from investing in portfolio companies of its affiliated private equity business.*
- ***Allocation of Investment Opportunities.*** *Blackstone and the Sub-Advisers (or their affiliates) manage other accounts and have other clients with investment objectives and strategies that are similar to, or overlap with, the investment objective and strategy of the fund, creating potential conflicts of interest in investment and allocation decisions. These conflicts of interest are exacerbated to the extent that the other clients are proprietary or pay higher fees or performance-based fees.*

Glossary of Terms:

Beta: A measure of the volatility, or systemic risk, of a security or a portfolio in comparison to the market as a whole.
Standard Deviation: A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is calculated as the square root of variance.
Alpha: A risk-adjusted performance measure that represents the average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return.
Sharpe Ratio: A ratio to measure risk-adjusted performance. The Sharpe Ratio is calculated by subtracting the risk-free rate – such as that of the 10-year U.S. Treasury bond – from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. The greater a portfolio's Sharpe Ratio, the better its risk-adjusted performance has been.
Delta: The ratio comparing the change in the price of the underlying asset to the corresponding change in the price of a derivative.
Gross Exposure: Reflects the aggregate of long and synthetic short investment positions in relation to the net asset value. For example, if BXDMS has 60% long exposure and 50% synthetic short exposure to a particular asset class, then BXDMS has 110% gross exposure to that asset class. The gross exposure is one indication of the level of leverage in a portfolio.
Net Exposure: This is the difference between long and synthetic short investment positions in relation to the net asset value. For example, if BXDMS has 60% long exposure and 50% synthetic short exposure to a particular asset class, then BXDMS is 10% net exposure to that asset class.
Long: A long position occurs when an individual owns securities.
Synthetic Short: Short selling an underlying security through the use of derivatives. Synthetic Short positions can generate returns when the price of the underlying security declines.

Glossary of Indices:

Market indices obtained through Bloomberg. Indices are presented are indicative and for illustrative purposes only, are unmanaged and investors cannot invest in an index. The volatility of the indices presented may be materially different from that of the performance of BXDMS. In addition, the indices employ different investment guidelines and criteria than BXDMS; as a result, the holdings in BXDMS may differ significantly from the securities that comprise the indices. The performance of the indices has not been selected to represent an appropriate benchmark to compare to the performance of BXDMS, but rather is disclosed to allow for comparison of BXDMS performance to that of well-known and widely recognized indices. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.
Barclays Global Aggregate Bond Index (USD-Hedged): provides a broad-based measure of the global investment grade fixed-rate debt markets. It is comprised of the U.S. Aggregate, Pan-European Aggregate, and the Asian-Pacific Aggregate Indexes.
MSCI World Index (USD-Hedged): A market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI World is maintained by Morgan Stanley Capital International, and is comprised of stocks from 23 developed markets in the world.
HFRX Global Hedge Fund Index: HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry. The methodology is based on defined and predetermined rules and objective criteria to select and rebalance components to maximize representation of the Hedge Fund Universe.

Important Disclosure:

Blackstone has agreed to waive its fees and/or reimburse expenses of the Fund so that "Other Expenses" will not exceed 0.45% (annualized). For this purpose, "Other Expenses" includes all expenses incurred in the business of the Fund other than (i) establishment expenses relating to the Fund; (ii) investment management fees; (iii) Performance Fees or Additional Performance Fees; (iv) distributor fees; (v) Eligible Collective Investment Scheme fees and expenses, (vi) brokerage and trading costs, (vii) interest payments, (viii) taxes, and (ix) extraordinary expenses. Blackstone may terminate or modify this arrangement at any time in its sole discretion upon 30 days' notice in writing to the Fund's shareholders.

Important Risks:

There can be no assurance that BXDMS will achieve its investment objective. It should be appreciated that the value of Shares may go down as well as up. An investment in a Fund involves investment risks, including possible loss of the entire amount invested. The capital return and income of BXDMS is based on the capital appreciation and income on the investments it holds, less expenses incurred. Therefore, the Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income. The following is a summary description of certain principal risks of investing in BXDMS:

- General economic and market conditions can affect the price and volatility of investments.
- The success of the Fund depends upon BAIA's skill in determining the Fund's allocation to alternative investment strategies and in selecting the best mix of sub-advisers. There can be no guarantee that sub-advisers will stick to the Investment strategy for which they were selected, or that these strategies will be successful.
- Sub-advisers may make investment decisions which conflict with each other; for example, sub-advisers may hold economically offsetting positions or may purchase or sell the same security at the same time without aggregating their transactions. This may result in unnecessary brokerage and other expenses and the Fund may incur losses as a result.
- Some of the sub-advisers selected may hold only a small number of investments, or assets that move closely in line with assets held by other sub-advisers.
- The Fund's investments will include shares, bonds and FDI. Each of these will be exposed to the risks specific to the type of asset in question. In particular, the use of FDI may result in substantial gains or losses that are greater in magnitude than the original amount invested.
- The Fund may invest in countries with a weak legal or financial framework where it can be hard to enforce ownership rights or repatriate funds.
- The Fund may invest in currencies other than its base currency. The success of measures to protect the Fund or a Class against currency movements cannot be certain.
- Changes in exchange rates may have an adverse effect on the value price or income of the product.
- The Fund may invest in FDI that derive their value from other assets in the expectation of making a profit if the price of the assets falls; theoretically, this could result in an infinite loss.
- The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.
- Low trading volumes, lack of buyers, large positions or legal restrictions may limit or prevent the Fund from selling particular assets quickly and/or at desirable prices.

For further information on the risks faced by the Fund, see "Risk Factors" in the Prospectus and Supplement for the Fund, available from www.bxdms.com.