Blackstone Diversified Multi-Strategy Fund

(BXDMSCU: Class C (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

Blackstone

As of May 31, 2018

Fund Net Performance[(1)(2)]	MTD	QTD	YTD	ITD	*ITD STATISTICS* St Dev.	Beta	Alpha	Sharpe
BXDMSCU	(1.10%)	(0.30%)	(1.00%)	(1.20%)	2.62%	-	-	(0.99)
MSCI World TR Index	0.72%	2.01%	0.77%	11.53%	9.34%	0.14	(2.89%)	1.08
Barclays Glbl Agg Index	(0.76%)	(2.35%)	(1.02%)	1.65%	3.98%	0.02	(1.30%)	0.06

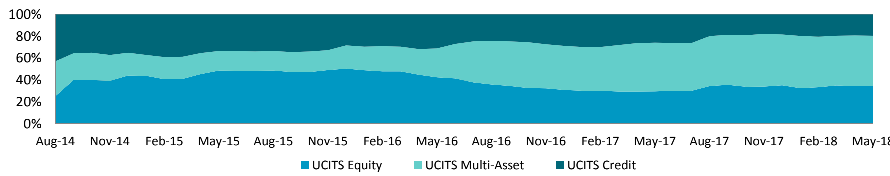
1 Month Performance Periods – To Last Month End[(1)]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	-	-	-	-	-	-	1.00%	0.40%	(0.30%)	0.69%	(1.28%)	(0.70%)	**(0.20%)**
2018	0.10%	(1.30%)	0.51%	0.81%	(1.10%)	-	-	-	-	-	-	-	**(1.00%)**

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.

Asset Allocation by Sub-Strategy[(3)]



Fund highlights

Fund Assets (Mn)	$2,227.79
NAV per Share	$9.88
Currency	USD
Fund Inception Date	August 11, 2014
Share Class Inception Date	June 29, 2017
Investment Manager	Blackstone Alternative Investment Advisors LLC
Subscriptions	Daily
Redemptions	Daily
Distributing/Accumulating	Accumulating
Cut-off	3pm (Ireland)
Bloomberg Ticker	BXDMSCU ID
ISIN	IE00BYNJFF17

Portfolio Allocation[(3)(9)]

SUB-ADVISOR	STRATEGY	SUB-STRATEGY	ALLOCATION
HealthCor	Fundamental	Equity (Long/Short)	*30%*
Endeavour	Fundamental	Equity (Market Neutral)	
Cerebellum[(7)]	Quantitative	Equity (Market Neutral)	
Two Sigma Advisers	Quantitative	Equity (Market Neutral)	
IPM	Quantitative	Multi-Asset (Macro Systematic)	*50%*
Emso	Global Macro	Multi-Asset (Macro EM-Credit)	
GSA	Global Macro	Multi-Asset (Macro Systematic)	
H20	Global Macro	Multi-Asset (Discretionary Thematic)	
NWI	Global Macro	Multi-Asset (Discretionary Thematic)	
BAIA-Direct[(8)]	Multi-Strategy	Multi-Asset (Multi-Strategy)	
DE Shaw	Multi-Strategy	Multi-Asset (Multi-Strategy)	
Magnetar	Event Driven	Risk Arbitrage	
Cerberus[(7)]	Opportunistic Trading	Credit (MBS/ABS)	*20%*
Bayview	Fundamental	Credit (MBS/ABS)	
Caspian	Fundamental	Credit	
Good Hill	Fundamental	Credit (MBS/ABS)	
Sorin	Fundamental	Credit (MBS/ABS)	
Waterfall[(7)]	Fundamental	Credit (MBS/ABS)	

Fund Terms – Share Class C (USD) Dis.[(4)]

Minimum Initial Investment	$1,000
Management Fee	1.75%
Performance Fee[(5)]	15.00%
Other Expenses[(6)]	Capped 0.45%

(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. Net performance for the Fund as well as indices is from 6/29/17 to 5/31/2018 and is cumulative.

(2) 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 BXDMSCU 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.

(3) 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. BXDMSCU launched on 6/29/17, prior allocations are for the share class with the longest track record, BXDMSKE.

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

(5) 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.

(6) 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.

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

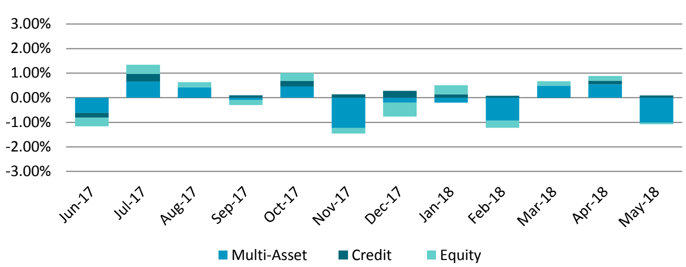
(8) BAIA manages a portion of the Fund's assets directly. Such investments presently include allocations to BAIA's systematic a risk premia trading strategy, a short-only fundamental equity strategy (advised by Gracian Capital on a non-discretionary basis), and may also include opportunistic trades. BAIA's fees on directly managed assets are typically not reduced by a payment to a sub-adviser.

(9) 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.

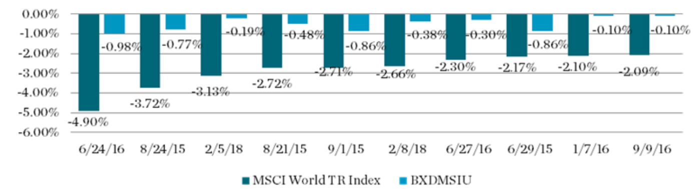
Performance Summary

Sub-Strategy Performance [1]	Allocation at [5] 5/31/2018	MTD Return	MTD Attribution	QTD Return	QTD Attribution	YTD Return	YTD Attribution	ITD Cumulative Performance Return	ITD Cumulative Performance Attribution
Equity	30.49%	(0.17%)	(0.06%)	0.35%	0.12%	1.12%	0.37%	1.21%	0.26%
Credit	19.39%	0.43%	0.10%	1.08%	0.24%	2.07%	0.45%	6.95%	1.50%
Multi-Asset	50.12%	(1.70%)	(1.02%)	(0.73%)	(0.46%)	(2.04%)	(1.09%)	(1.62%)	(0.94%)
Expenses and Other			(0.12%)		(0.20%)		(0.73%)		(2.02%)
Net Return [2]			(1.10%)		(0.30%)		(1.00%)		(1.20%)

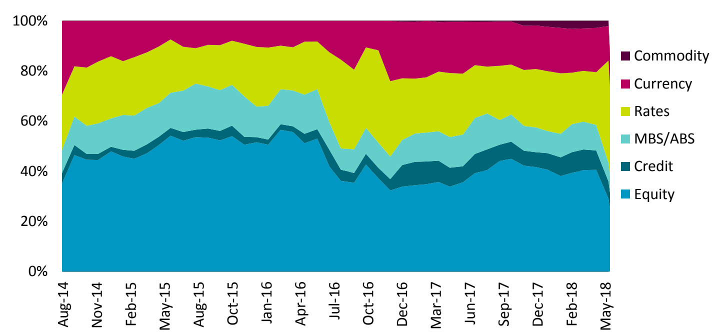
Performance Contribution by Sub-Strategy[3]



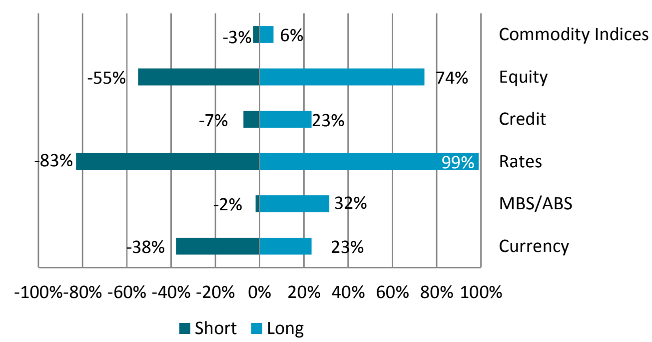
Downside Protection: Worst 10 Days for MSCI World vs BXDMS Fund Since Inception[6][8]



Asset Class Gross Historical Exposure[4][5][7]



Asset Class Exposure[4]



Fund Geographic Exposure[4]

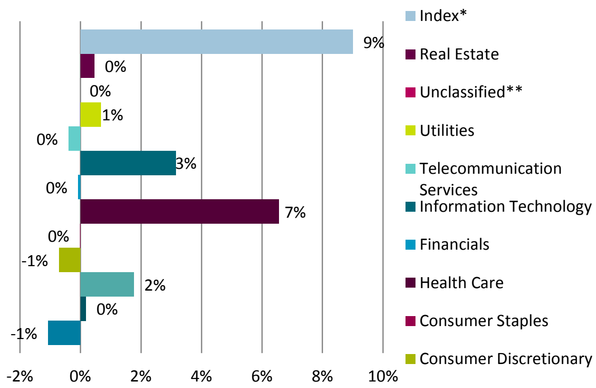
Region	Long	Short	Net
US/Canada	132.01%	87.88%	44.13%
Latin America/Caribbean	5.75%	1.93%	3.82%
Core Europe	75.45%	63.47%	11.98%
Peripheral Europe	3.98%	0.85%	3.13%
Middle East/Africa	3.33%	2.33%	0.99%
China/HK/Taiwan	0.75%	2.77%	-2.03%
Asia general	26.71%	22.82%	3.89%
Japan	10.19%	5.62%	4.56%
Total	**258.16%**	**187.68%**	**70.48%**

Currency Exposure[4]

Region	Long	Short	Net
US/Canada	4.92%	3.25%	1.67%
Latin America	0.65%	1.25%	-0.60%
Core Europe	11.29%	24.11%	-12.82%
Peripheral Europe	0.10%	0.49%	-0.39%
Middle East/Africa	0.17%	1.36%	-1.18%
China/HK/Taiwan	0.11%	1.08%	-0.97%
Asia general	3.35%	4.10%	-0.75%
Japan	2.85%	2.19%	0.67%
Total	**23.45%**	**37.84%**	**-14.39%**

(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. Net performance for the Fund as well as indices is from 6/29/2017 to 5/31/2018 and is cumulative. 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. In the case of non-interest rate instruments, exposure data represents the delta adjusted market value.
(4) 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.
(5) Sub-strategy allocations exclude exposures to Fund level cash, hedging and expenses and are adjusted pro-rata to equal 100%.
(6) 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.
(7) Information prior to the inception of this share class is for BXDMSKE.
(8) 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%.

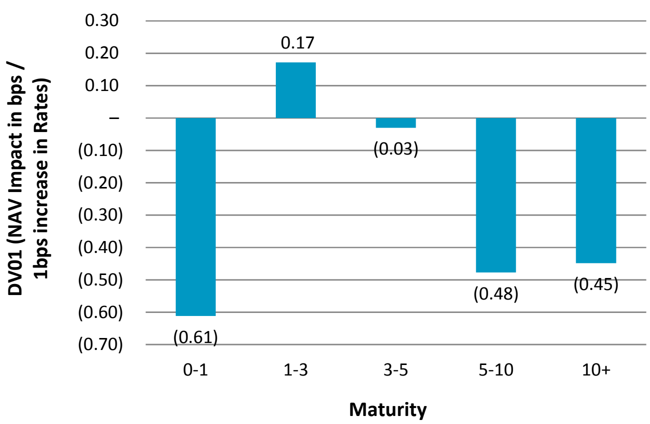
Equity Exposure – Net Sector Breakdown(1)



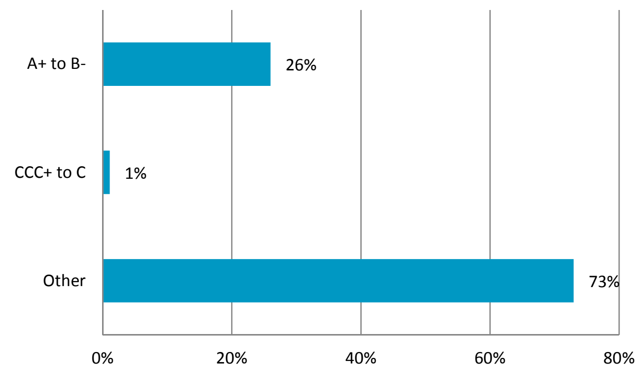
Equity Exposure – Sector Breakdown(1)

	Long	Short	Net
Energy	2.50%	3.57%	-1.07%
Materials	1.53%	1.35%	0.18%
Industrials	4.62%	2.86%	1.76%
Consumer Discretionary	6.81%	7.52%	-0.71%
Consumer Staples	2.15%	2.16%	-0.01%
Health Care	14.19%	7.64%	6.56%
Financials	7.22%	7.30%	-0.08%
Real Estate	1.27%	0.82%	0.46%
Information Technology	8.87%	5.71%	3.15%
Telecommunication Services	0.39%	0.78%	-0.39%
Utilities	1.38%	0.72%	0.67%
Index*	23.51%	14.52%	8.99%
Unclassified**	0.00%	0.00%	0.000%
Total	**74.45%**	**54.94%**	**19.51%**

Fixed Income Interest Rate Sensitivity(2)



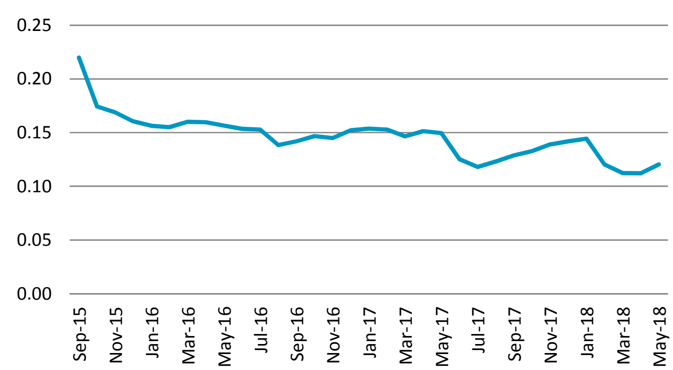
Fixed Income Ratings(1)



VaR Analysis(3)

Date	VaR
5/31/18	2.77%

12 months rolling beta against MSCI World(4)



(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) Dv01 represents the estimated change in NAV for the fund, expressed in basis points, for a 1 basis point increase in interest rates across each of the maturity ranges shown. Fixed income instruments are typically held across a number of different currencies.

(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.

(4) Betas are calculated using the MSCI World TR index. The calculated betas use returns daily returns for BXDMS Share Class I Acc from 9/11/2014-5/31/2018. 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.

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

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

May Market Commentary

Things looked shaky for a while as U.S.-led trade spats threatened to turn into full scale trade wars. But the stock market has calmed down and regained its footing, at least for now. It could be wishful thinking, but perhaps, the thinking goes, even if U.S. trade relations get worse before they get better with China, NAFTA and Europe, everyone will eventually take a deep breath, understand where their collective interests lie, and so limit the damage.

In May, the U.S. dollar continued to strengthen, giving the currency a two-month winning streak. While we believe the dollar may continue to rise in the short-term, we are mindful of potential medium-term risks. Prior to April 2018, the dollar had been on a sinking trend for sixteen months. That overall weakness made sense last year as the Fed was unexpectedly dovish as inflation surprised to the downside. But its continuing downward trend from late 2017 and into 2018 cannot be explained by interest rate differentials anymore. Indeed, the Fed pivoted to an unexpectedly hawkish stance over the past few months, so rate differentials in favor of the U.S. should have pushed the dollar up. Although sentiment on the dollar may be improving for now, there is still the mystery of what drove its broader decline before that, and it's important to understand because those forces could easily come back and drive market sentiment again. So what happened?

While stocks benefited from corporate tax cuts and strong earnings, the dollar sank on the dreaded twin deficits: expected $1 trillion per annum federal government budget deficits, coupled with a current account deficit of 2.5% of GDP and climbing in an era of trade tensions. Twin deficits suggest the U.S. is vulnerable not only from global imbalances, but domestic ones too. U.S. protectionism aims to fix the global half of the problem, while tax cuts, it's proponents suggest, will boost tax revenues via supply side growth, fixing the domestic half of the problem[1].

It is virtually certain that the U.S. will not be running trade surpluses anytime in the next few years, even if the U.S. extracts concessions from trading partners that reduce the deficit a bit. So here's the bottom line: any market regime shift that, for whatever reason, demands that the U.S. reduce its net foreign debt must either come through foreign asset outperformance (in local currency terms), a lower dollar (so as to deliver foreign asset outperformance via currency gains), or some combination of the two. We believe it is likely the dollar would take the brunt of the adjustment.

Forecasting currencies is notoriously difficult and there are signs that the dollar is finding some stabilization around current levels after a poor run and, as mentioned, may be ready for at least a short-run rebound. However, we do view the longer-term dollar dynamics as a risk worth monitoring, and on the margin as having an impact on our asset allocation to opportunities outside the U.S., if and when it overlaps with attractive themes and the right high-quality managers.

Global macro strategies may be an obvious beneficiary, including currency trading, as are various emerging market themes, including some with unhedged currency exposure. In addition, Europe's domestic recovery with still-loose monetary conditions is providing opportunities in domestic-oriented event plays that are significantly sheltered from global forces too. Meanwhile, all things the same, a soft dollar tends to also provide a tailwind for oil prices and other commodities, which may influence other asset classes. Because of this, we have added to Macro strategies that seek to capture dislocations in select emerging and developed

[1] U.S. trade deficits are an outcome of the complex relationships that determine domestic saving and domestic investment (the difference being equal to the trade deficit). It is either a reflection of deficient domestic saving (perhaps exacerbated by large budget deficits) or excessive investment. Most observers think the former. Luckily, there still appears to be a global savings glut (ex-U.S.) that provides the U.S. with a steady flow of funds to comfortably fund the trade deficit for now.

markets. We also continue to favor Event Driven strategies that seek to systematically capture the deal risk premium inherent in M&A transactions across the globe.

Review of May 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 May, the Fund's Class I (USD) share class returned -1.12%[3] net of fees and expenses versus 2.41% and 0.72% for the S&P 500 and MSCI World indices, respectively and versus -0.76% for the Barclays Global Aggregate Bond Index[4].

Equity Strategies

Equity strategies ended the month of May in negative territory. Although broad-based indices posted positive performance, there was wide dispersion amongst sectors, with Information Technology and Industrials generating gains while Healthcare was relatively flat and Financials were down. Despite a tough backdrop for Financials broadly, the Fund's exposure to the sector generated positive performance during the month as select bank exposures rallied on the continuation of the theme of U.S. banking consolidation. These gains, however, were partially offset by weakness in the Fund's Healthcare exposures. Long exposure to Medtech detracted, as did certain Healthcare sector-specific hedges. Short exposure to Real Estate and Energy also generated losses amidst the broader market rally.

Credit Strategies

Credit strategies contributed positive performance for the month with Credit (MBS/ABS) sub-strategies leading gains. Credit Risk Transfer bonds continued to be a source of strength for the portfolio and experienced gains in May as the credit quality of certain exposures improved. Other mortgage-backed and asset-backed securities benefited from spread tightening and positive carry. These gains were partially offset by weakness in certain structured credit hedges. As described in last month's commentary, we believe in the long-term value of having hedged exposure across our book in order to isolate the credit risk that we want while simultaneously neutralizing broad market risk.

Multi-Asset Strategies

None of the indices presented herein are benchmarks or targets for the Fund.

[2] BAIA manages a portion of the Fund's assets directly. Such investments presently include allocations to BAIA's systematic risk premia trading strategy, a short-only fundamental equity strategy (advised by Gracian Capital on a non-discretionary basis), and may include other opportunistic trades in the future. BAIA's fees on directly managed assets are not reduced by a payment to a sub-adviser.

[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.blackstone.com/bxdms.

[4] Indices are provided for illustrative purposes only. They have not been selected to represent appropriate benchmarks 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.

Multi-Asset strategies, in aggregate, were the Fund's largest detractor in May. Earlier, we talked about strength in the U.S dollar in recent weeks. This dynamic has hurt many emerging market ("EM") currencies because a stronger dollar makes it harder for EM countries to repay USD-denominated debt. In a climate of a resurgent dollar, EM countries with current account deficits, high dollar-denominated debt, political uncertainty and dependency on oil tend to suffer. Some of our Multi-Strategy and Global Macro strategies were adversely affected by this dynamic. Elsewhere, within Global Macro strategies, the Fund's exposure to a quasi-sovereign entity detracted due to changes in senior management as well as a supply chain disruption. Additionally, targeted short equity exposure declined as certain e-commerce and online travel companies saw their shares spike on the back of better-than-expected first quarter earnings releases. These losses were partially offset by gains in certain Multi-Strategy and Event Driven strategies. Long exposure to U.S. equity indices and short exposure to the euro generated positive returns during the month. Furthermore, speculation that China may provide regulatory approval for several mergers in the semiconductor sector also boosted returns.

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.blackstone.com/BXDMS. ***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. or 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. or 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.*
  - *BAAM, an affiliate of BAIA, has entered into a joint venture with NWI to create Blackstone NWI Asset Management L.L.C. ("BNAM"), an emerging markets asset manager. BNAM, BAAM and NWI share certain personnel and infrastructure.*
  - *Blackstone is in the process of onboarding 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 BAAM 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.

VaR: A statistical technique used to measure and quantify the level of financial risk within a firm or investment portfolio over a specific time frame. Value at risk is used by risk managers in order to measure and control the level of risk which the firm undertakes. The risk manager's job is to ensure that risks are not taken beyond the level at which the firm can absorb the losses of a probable worst outcome.

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: 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: 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.

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.blackstone.com/BXDMS