

# Blackstone Diversified Multi-Strategy Fund

(BXDMSIA: Class I (AUD) 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 January 31, 2018

Fund Net Performance <sup>(1)(2)</sup>	MTD	QTD	YTD	ITD	ITD STATISTICS			
					St Dev.	Beta	Alpha	Sharpe
BXDMSIA	0.10%	0.10%	0.10%	1.95%	3.35%	-	-	(0.07)
MSCI World TR (AUD-Hedged)	5.32%	5.32%	5.32%	14.06%	11.14%	0.15	(0.13%)	1.07
Barclays Gbl Agg (AUD-Hedged)	1.20%	1.20%	1.20%	5.44%	5.27%	(0.05)	2.25%	0.62

## Monthly Net Performance <sup>(1)</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	-	-	-	-	-	-	-	(0.40%)	(1.20%)	1.12%	0.70%	(0.90%)	(0.70%)
2016	(1.81%)	(2.36%)	1.47%	1.45%	1.02%	(0.81%)	1.12%	(0.30%)	1.01%	0.60%	(1.39%)	0.71%	0.60%
2017	1.70%	0.79%	0.88%	0.97%	0.96%	(0.76%)	0.96%	0.47%	(0.28%)	0.85%	(1.22%)	(0.47%)	4.90%
2018	0.10%												0.10%

## 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.

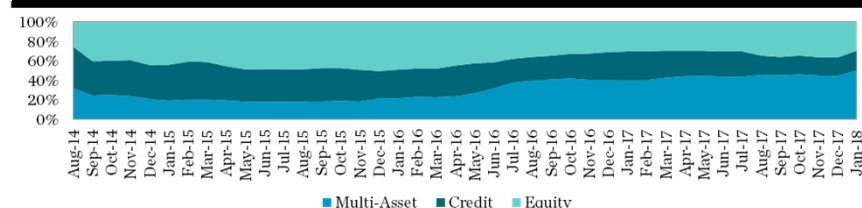
## Fund highlights

Fund Assets (Mn)	\$2,248.87
NAV per Share	AUD 10.49
Currency	AUD
Fund Inception Date	August 11, 2014
Share Class Inception Date	August 11, 2015
Investment Manager	Blackstone Alternative Investment Advisors LLC
Subscriptions	Daily
Redemptions	Daily
Distributing/Accumulating	Accumulating
Cut-off	3pm (Ireland)
Bloomberg Ticker	BXDMSIA ID
ISIN	IE00BTFR4T52

## 12 Month Performance Periods – To Last Quarter End <sup>(1)(2)</sup>

	12/31/2012-12/31/2013	12/31/2013-12/31/2014	12/31/2014-12/31/2015	12/31/2015-12/31/2016	12/31/2016-12/31/2017
BXDMSIA	N/A	N/A	N/A	0.60%	4.90%
MSCI World TR (AUD-Hedged)	N/A	N/A	N/A	10.64%	25.38%
Barclays Gbl Agg Index (AUD-Hedged)	N/A	N/A	N/A	5.01%	5.49%

## Asset Allocation by Sub-Strategy <sup>(3)</sup>



## Portfolio Allocation <sup>(3)</sup>

SUB-ADVISOR	STRATEGY	SUB-STRATEGY	ALLOCATION
GSIS	Fundamental	Equity (Long/Short)	32%
HealthCor	Fundamental	Equity (Long/Short)	
Endeavour	Fundamental	Equity (Long/Short)	
Cerebellum	Quantitative	Equity (Market Neutral)	
Two Sigma Advisers	Quantitative	Equity (Market Neutral)	
IPM	Quantitative	Multi-Asset (Macro Systematic)	
Emso	Global Macro	Multi-Asset (Macro EM-Credit)	
GSA	Global Macro	Multi-Asset (Macro Systematic)	
H2O	Global Macro	Multi-Asset (Discretionary Thematic)	
BAIA-Direct <sup>(6)</sup>	Multi-Strategy	Multi-Asset (Multi-Strategy)	
DE Shaw	Multi-Strategy	Multi-Asset (Multi-Strategy)	
Chatham	Opportunistic Trading	Credit	20%
Cerberus <sup>(7)</sup>	Opportunistic Trading	Credit (MBS/ABS)	
Bayview	Fundamental	Credit (MBS/ABS)	
Caspian	Fundamental	Credit	
Good Hill	Fundamental	Credit (MBS/ABS)	
Sorin	Fundamental	Credit (MBS/ABS)	
Waterfall	Fundamental	Credit (MBS/ABS)	

## Fund Terms – Share Class I (AUD) Acc. <sup>(4)</sup>

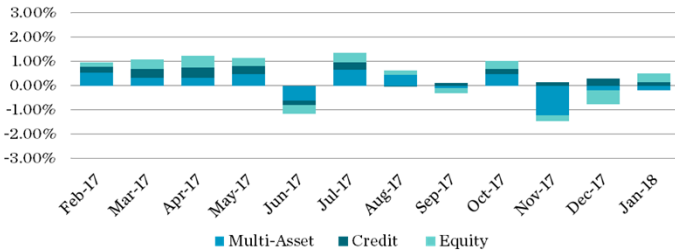
Minimum Initial Investment (Mn)	AUD 5.00
Management Fee	1.40%
Performance Fee <sup>(5)</sup>	15.00%
Other Expenses <sup>(6)</sup>	Capped 0.45%

- 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 2017 and 2018. Net performance for the Fund as well as indices is from 8/11/15 to 1/31/18 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 BXDMSIA 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.
- 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. BXDMSIA launched August 11, 2015, prior allocations for the share class with the longest track record, BXDMSIA.
- The above terms are summarised and qualified in their entirety by the more detailed information set forth in the UCITS prospectus and supplement.
- 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.
- 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.
- Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.
- 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.

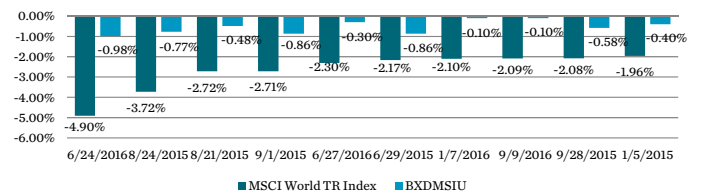
## Performance Summary

Sub-Strategy Performance <sup>(1)</sup>	Allocation at <sup>(5)</sup>		MTD		QTD		YTD		ITD Cumulative Performance	
	1/31/2018	Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution	
Equity	32.54%	1.14%	0.37%	1.14%	0.37%	1.14%	0.37%	12.93%	0.53%	
Credit	19.60%	0.68%	0.14%	0.68%	0.14%	0.68%	0.14%	24.96%	6.03%	
Multi-Asset	47.86%	(0.40%)	(0.20%)	(0.40%)	(0.20%)	(0.40%)	(0.20%)	7.09%	1.04%	
Hedging Expenses			0.00%		0.00%		0.00%		1.94%	
Expenses and Other			(0.22%)		(0.22%)		(0.22%)		(2.70%)	
Net Return <sup>(2)</sup>			0.10%		0.10%		0.10%		4.90%	

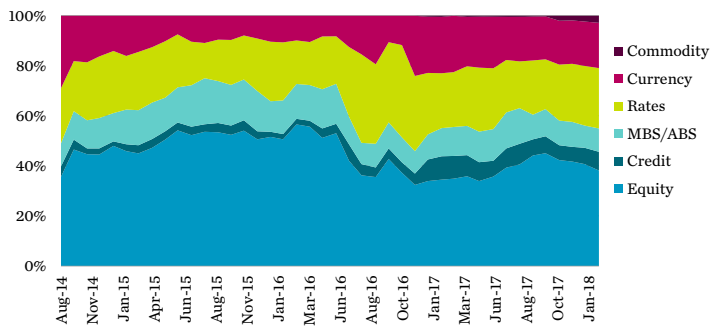
## Trailing 12 months performance contribution by Sub-Strategy<sup>(3)</sup>



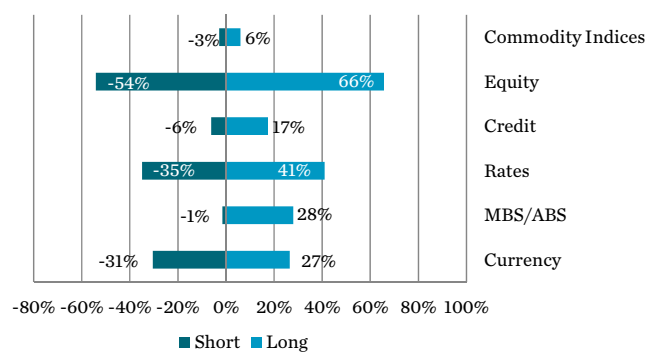
## Downside Protection: Worst 10 Days for MSCI World vs BXDMS Fund Since Inception<sup>(6)(8)</sup>



## Asset Class Gross Historical Exposure<sup>(4)(5)(7)</sup>



## Asset Class Exposure<sup>(4)</sup>



## Fund Geographic Exposure<sup>(4)</sup>

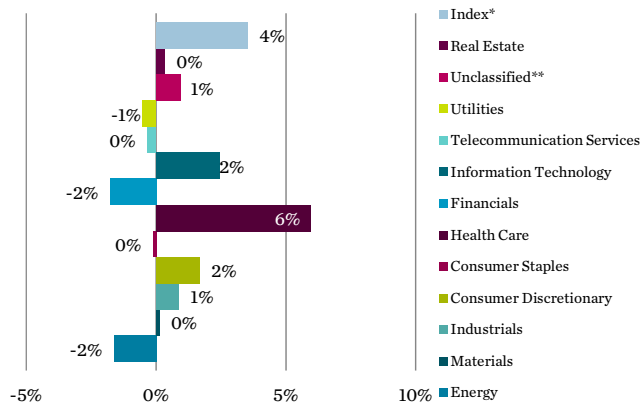
Region	Long	Short	Net
US/Canada	106.37%	71.80%	34.57%
Latin America/Caribbean	5.51%	0.92%	4.59%
Core Europe	38.68%	29.02%	9.66%
Peripheral Europe	4.03%	0.81%	3.22%
Middle East/Africa	2.42%	1.65%	0.78%
China/HK/Taiwan	1.25%	2.02%	-0.77%
Asia general	15.10%	8.05%	7.04%
Japan	11.28%	15.70%	-4.42%
<b>Total</b>	<b>184.64%</b>	<b>129.97%</b>	<b>54.67%</b>

## Currency Exposure<sup>(4)</sup>

Region	Long	Short	Net
US/Canada	2.94%	2.20%	0.74%
Latin America	1.25%	0.57%	0.68%
Core Europe	7.65%	19.52%	-11.87%
Peripheral Europe	0.61%	0.63%	-0.03%
Middle East/Africa	0.45%	0.68%	-0.22%
China/HK/Taiwan	0.50%	0.61%	-0.10%
Asia general	8.43%	4.56%	3.88%
Japan	4.70%	1.75%	2.95%
<b>Total</b>	<b>26.55%</b>	<b>30.51%</b>	<b>-3.97%</b>

- Sub-strategy performance is shown gross of all fees and expenses. Performance is estimated and unaudited.
- 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 2017 and 2018. Net performance for the Fund as well as indices is from 8/11/15 to 1/31/18 and is annualized. ITD net return is cumulative not annualized.
- 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. 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.
- Sub-strategy allocations exclude exposures to Fund level cash, hedging and expenses and are adjusted pro-rata to equal 100%.
- 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.
- Information prior to the inception of this share class is for BXDMSKE.
- 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 2.07%.

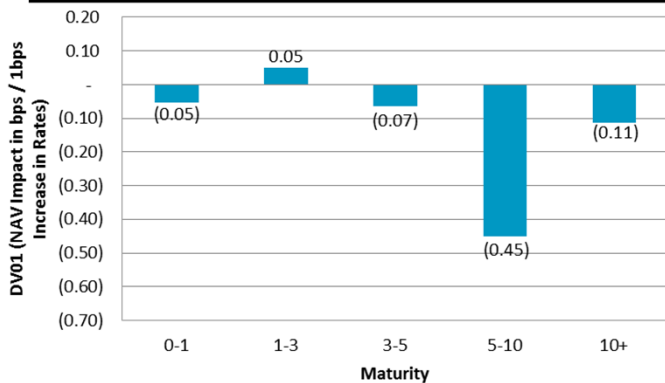
## Equity Exposure – Net Sector Breakdown<sup>(1)</sup>



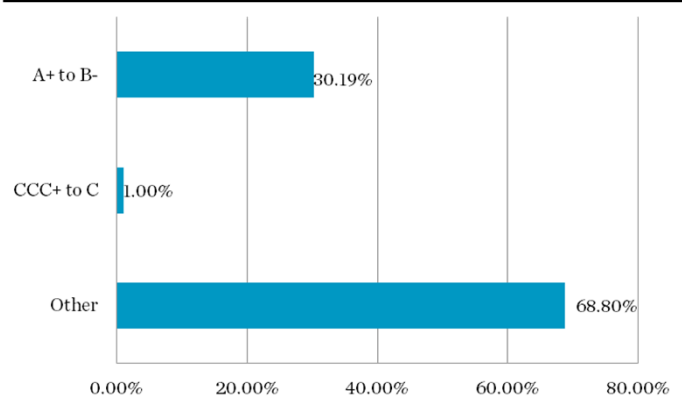
## Equity Exposure – Sector Breakdown<sup>(1)</sup>

	Long	Short	Net
Energy	1.48%	3.09%	-1.62%
Materials	1.55%	1.42%	0.14%
Industrials	4.04%	3.15%	0.89%
Consumer Discretionary	7.43%	5.73%	1.69%
Consumer Staples	1.91%	2.03%	-0.12%
Health Care	13.46%	7.50%	5.96%
Financials	4.23%	6.00%	-1.78%
Real Estate	0.91%	0.56%	0.35%
Information Technology	7.48%	5.01%	2.46%
Telecommunication Services	0.16%	0.50%	-0.34%
Utilities	0.47%	1.00%	-0.53%
Index*	21.67%	18.13%	3.55%
Unclassified**	0.96%	0.00%	0.96%
<b>Total</b>	<b>65.74%</b>	<b>54.13%</b>	<b>11.61%</b>

## Fixed Income Interest Rate Sensitivity<sup>(2)</sup>



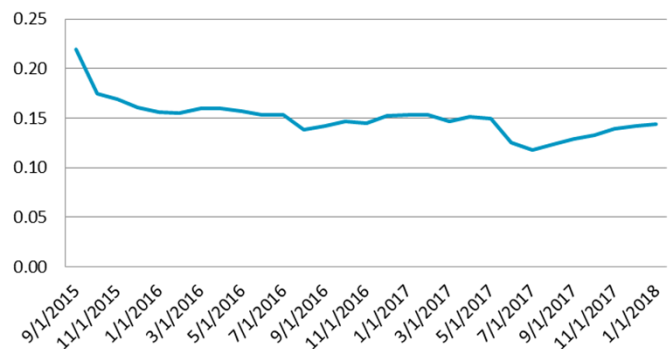
## Fixed Income Ratings<sup>(1)</sup>



## VaR Analysis<sup>(3)</sup>

Date	VaR
1/31/18	2.54%

## 12 months rolling beta against MSCI World<sup>(4)</sup>



- (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 9/11/2014-1/31/2018. 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

## January Market Commentary

The new year started with a bang as the S&P 500 posted its best start to the year since 1980 and the MSCI World had its best yearly start since 1994. In fact, stocks appeared to be largely unfazed by the brief U.S. government shutdown and turmoil over a controversial memo on the Russian investigation in Washington that dominated headlines in January. Additionally, disappointing sales from the U.S. auto industry and a sharp drop in new home building did little to bump the equity market rally off course. Some investors posit a favorable broader economic and policy backdrop has stocks primed to potentially continue their ascent, while others worry about the pace of the rally and whether corporate earnings will continue to match elevated expectations.

So does a strong January foretell a smooth climb over the rest of the year? When we look at the ten best January prints for the S&P 500 since 1950 (ranging from 5.8% in 1980 to 13.2% in 1987), full year performance for all ten of those years was positive. At the surface, this trend may appear to bode well for the balance of 2018, but as the popular adage goes: no pain, no gain. Indeed investors appear to have endured pain during each of these periods, with steep intra-year declines ranging from -6% to -34% and averaging -12%.

Blackstone's own Byron Wien mentioned in his recent "10 Surprises" webinar that, despite a generally positive outlook for global markets, there could be a material correction due to overly optimistic sentiment. As we turn the corner into February, the market sell-off of the first few days of the month has been a stark and powerful reminder of that possibility. While stocks have gone nearly two years without any major pockets of volatility, February 5th marked a significant departure from that trend. That day, the Cboe Volatility Index (commonly known as the "VIX" or "Wall Street fear gauge"), a barometer of 30-day implied volatility for the S&P 500 Index, spiked 116%—its largest one-day increase ever.

As frequent readers of our fund commentary know, we have been espousing the potential diversification and capital preservation merits of BXDMS for some time, and periods such as this underscore our story. From February 2nd to February 5th, when the S&P 500 and the MSCI World were down 6.2% and 5.0%, BXDMS protected capital and avoided approximately 92% and 91% of this downside<sup>1</sup>. In pursuing its investment objective, BXDMS seeks to avoid steep losses while maintaining diversified exposures that are less dependent on equity market movements.

### Review of January Fund Performance

The investment objective of the Blackstone Diversified Multi-Strategy Fund (the 'Fund') 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 or by managing assets directly (via BAIA<sup>2</sup>). In January, the Fund's Class I share class<sup>3</sup> returned 0.09% net of fees and expenses versus 5.73% and 5.30% for the S&P 500 and MSCI World indices, respectively, and versus 1.19% for the Barclays Global Aggregate Bond Index<sup>4</sup>.

A new financials-focused Equity manager, Endeavour, was added to the lineup at the end of January. Endeavour runs a portfolio designed to be beta neutral to equity markets and invests broadly across the financials sector including banks, insurance, specialty finance, asset managers and exchanges.

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1. S&P 500 Index is used as Blackstone believes it to be a broad measure of the US equities market performance. MSCI World Index is used as Blackstone believes it to be a measure of global equities market performance.
  2. BAIA manages a portion of the Fund's assets directly. Such investments presently include allocations to BAIA's systematic 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. For a summary of Fund performance of other share classes, please refer to the Fund's website: <http://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.

## Equity Strategies

Equity strategies were the largest contributor to performance in January, with most gains occurring during the first half of the month. Quantitative Equity Market Neutral sub-strategies were the best performers, as the continued outperformance of stocks experiencing momentum tailwinds boosted this part of the portfolio. Within Equity Long Short sub-strategies, exposure to stocks of a manufacturing company and a mobile phone parts supplier benefitted from Wall Street analyst upgrades. These gains were partially offset by losses driven by exposure to the healthcare sector. While the broader healthcare sector was up over 6%<sup>5</sup> in January, the Fund's short exposure to a medtech company that rallied materially after an earnings beat, as well as sector hedges designed to limit market exposure (in line with the Fund's current, low equity beta positioning), detracted from performance. Furthermore, long exposure to a telecommunications company that experienced management changes and a pharmaceutical company that announced shareholder lawsuits also weakened performance.

Effective as of January 16, 2018, GS Investment Strategies, LLC ("GSIS") no longer serves as a sub-adviser to the Fund. Sub-adviser and strategy additions and terminations 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.

## Credit Strategies

Within Credit, all sub-strategies experienced positive overall performance, with Fixed Income – Asset Backed strategies leading gains. Spread tightening in older vintages of credit risk transfer bonds was the largest driver of performance during the month. We continue to selectively purchase newer vintages of these securities, aiming to participate in newer, unrated vintages that have the potential to benefit from future positive ratings as borrowers pay down principal outstanding on the underlying mortgages. The portfolio also benefitted from exposure to loans and commercial and residential mortgage-backed securities.

## Multi-Asset Strategies

Multi-Asset strategies ended January with slightly negative performance. In a month with such strong, broad-based equity market performance, it should come as no surprise that some of the Fund's short exposures weighed on performance. Specifically, short exposure to a consumer technology company that rose after reports of strong holiday sales and a software company that rallied on the back of upgraded analyst price targets detracted from performance. Additionally, some of the Fund's systematic risk premia strategies ended the month down as the pursuit of "size premia" worked against us. We believe that, over the long term, investors can potentially be rewarded for favoring small cap stocks over large cap stocks, and they may be able to extract a premium due to illiquidity risks and business viability risks typically inherent in small cap stocks. On the positive front, long exposures to equities as well as long exposures to U.S., European and Japanese fixed income generated gains.

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5. Represents returns of the S&P 500 Health Care TR Index over the period 1/2/18 to 1/31/18.

Opinions expressed reflect the current opinions of BAIA as of the date of this material only and should not be the basis of any investment decisions. Past performance is not necessarily indicative of future results. There can be no assurance that the Fund or its underlying managers will achieve their investment objectives or avoid significant losses. The Fund is actively managed and allocations are subject to ongoing revision. Certain of the information provided herein has been obtained from or derived from BAIA's underlying managers. 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) 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](http://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.**

#### **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 (EUR-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 (EUR-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 all the developed markets in the world. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com))

#### **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 BAlA’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](http://www.blackstone.com/BXDMS)