Blackstone Diversified Multi-Strategy Fund

(BXDMSIC: Class I (CHF) 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 October 31, 2017

Fund Net Performance [(1)(2)]	MTD	QTD	YTD	ITD	St. Dev.	Beta	Alpha	Sharpe
					ITD STATISTICS			
BXDMSIC	0.60%	0.60%	4.76%	0.50%	3.49%	-	-	0.03
MSCI World TR (CHF - Hedged)	1.79%	1.79%	17.39%	7.31%	11.17%	0.17	(1.44%)	0.62
Barclays Glbl Agg (CHF - Hedged)	(0.50%)	(0.50%)	4.63%	1.26%	5.34%	(0.06)	0.33%	0.16

Monthly Net Performance[(1)]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	-	-	-	(1.00%)	1.31%	(1.00%)	1.81%	(0.69%)	(1.39%)	0.71%	0.60%	(1.20%)	**(0.90%)**
2016	(2.12%)	(2.58%)	1.16%	1.15%	0.72%	(1.03%)	0.83%	(0.62%)	1.04%	0.41%	(1.84%)	0.52%	**(2.42%)**
2017	1.65%	0.61%	0.61%	0.80%	0.70%	(0.99%)	0.90%	0.20%	(0.40%)	0.60%			**4.76%**

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)	$1,993.07
NAV per Share	CHF 10.13
Currency	CHF
Fund Inception Date	August 11, 2014
Share Class Inception Date	April 8, 2015
Investment Manager	Blackstone Alternative Investment Advisors LLC
Subscriptions	Daily
Redemptions	Daily
Distributing/Accumulating	Accumulating
Cut-off	3pm (Ireland)
Bloomberg Ticker	BXDMSIC ID
ISIN	IE00BN8SY932

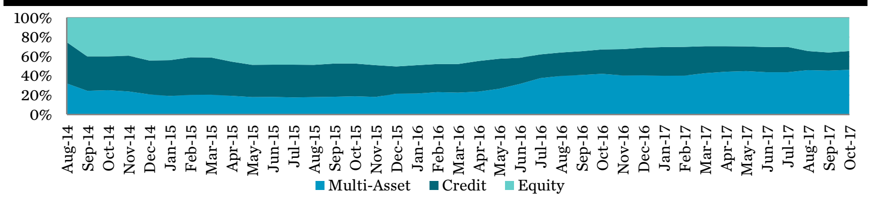
Fund Terms – Share Class I (CHF) Acc.[(4)]

Minimum Initial Investment (Mn)	CHF 5.00
Management Fee	1.40%
Performance Fee[(5)]	15.00%
Other Expenses[(6)]	Capped 0.45%

12 Month Performance Periods – To Last Quarter End[(1)(2)]

	9/30/2012-9/30/2013	9/30/2013-9/30/2014	9/30/2014-9/30/2015	9/30/2015-9/30/2016	9/30/2016-9/30/2017
BXDMSIC	N/A	N/A	N/A	(1.41%)	3.18%
MSCI World TR (CHF-Hedged)	N/A	N/A	N/A	10.94%	17.25%
Barclays Glbl Agg Index (CHF-Hedged)	N/A	N/A	N/A	7.78%	(2.56%)

Asset Allocation by Sub-Strategy[(3)]



Portfolio Allocation[(3)]

SUB-ADVISOR	STRATEGY	SUB-STRATEGY	ALLOCATION
GSIS	Fundamental	Equity (Long/Short)	*34%*
HealthCor	Fundamental	Equity (Long/Short)	
Cerebellum[(7)]	Quantitative	Equity (Market Neutral)	
Two Sigma Advisers	Quantitative	Equity (Market Neutral)	
IPM	Quantitative	Multi-Asset (Macro Systematic)	*46%*
Emso	Global Macro	Multi-Asset (Macro EM-Credit)	
GSA	Global Macro	Multi-Asset (Macro Systematic)	
H20	Global Macro	Multi-Asset (Discretionary Thematic)	
BAIA-Direct[(8)]	Multi-Strategy	Multi-Asset (Multi-Strategy)	
DE Shaw	Multi-Strategy	Multi-Asset (Multi-Strategy)	
Chatham	Opportunistic Trading	Credit	*19%*
Cerberus[(7)]	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)	

(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 2017. Net performance for the Fund as well as indices is from 4/8/15 to 10/31/17 and is annualized.

(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 BXDMSIC compared to the specific indices. Standard deviation and Sharpe calculations are annualized. All Inception to Date Statistics are calculated using daily performance since Inception.

(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. BXDMSIC launched April 8, 2015, 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.

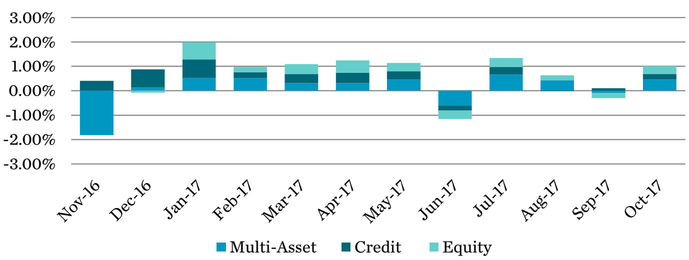
(7) Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.

(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.

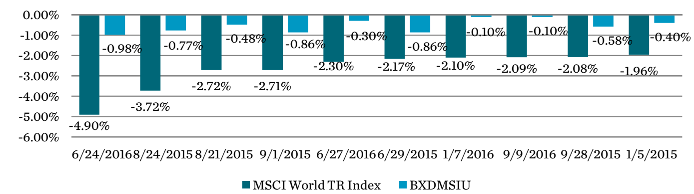
Performance Summary

Sub-Strategy Performance [1]	Allocation at [5] 10/31/2017	MTD Return	MTD Attribution	QTD Return	QTD Attribution	YTD Return	YTD Attribution	ITD Cumulative Performance Return	ITD Cumulative Performance Attribution
Equity	34.49%	1.03%	0.32%	1.03%	0.32%	6.93%	2.55%	6.93%	2.63%
Credit	19.29%	1.05%	0.23%	1.05%	0.23%	9.97%	3.03%	19.52%	5.50%
Multi-Asset	46.22%	0.91%	0.46%	0.91%	0.46%	6.04%	3.04%	6.83%	2.92%
Expenses and Other			(0.41%)		(0.41%)		(3.87%)		(9.75%)
Net Return [2]			0.60%		0.60%		4.76%		1.30%

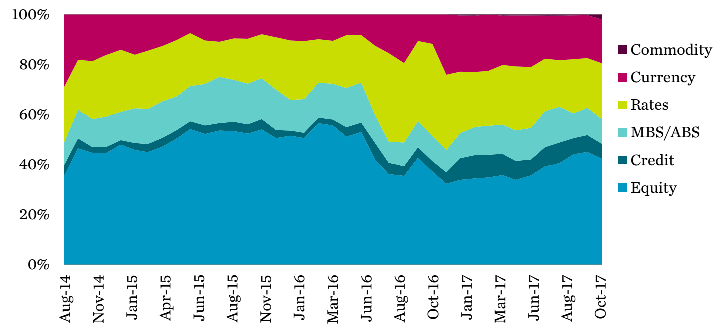
Trailing 12 Months Performance Contribution by Sub-Strategy[3]



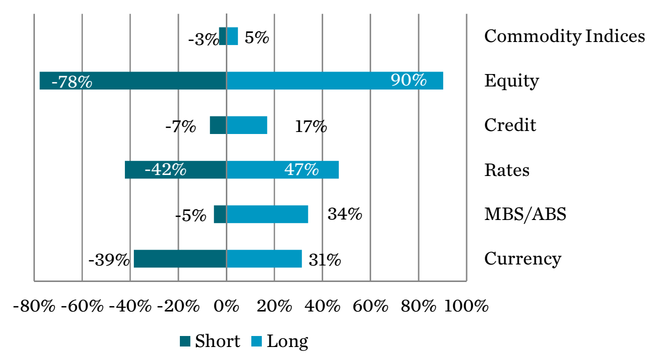
Downside Protection: Worst 10 Days for MSCI World vs BXDMS Fund Since Inception[6][8]



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



Asset Class Exposure[4]



Fund Geographic Exposure[4]

Region	Long	Short	Net
US/Canada	131.21%	102.85%	28.35%
Latin America/Caribbean	6.36%	2.41%	3.95%
Core Europe	50.42%	27.13%	23.29%
Peripheral Europe	4.10%	0.25%	3.85%
Middle East/Africa	0.84%	1.20%	-0.35%
China/HK/Taiwan	2.03%	4.28%	-2.25%
Asia general	14.49%	8.23%	6.26%
Japan	14.89%	27.16%	-12.27%
Total	**224.35%**	**173.53%**	**50.82%**

Currency Exposure[4]

Region	Long	Short	Net
US/Canada	4.94%	5.58%	-0.64%
Latin America	1.59%	1.46%	0.12%
Core Europe	9.10%	18.44%	-9.34%
Peripheral Europe	0.41%	-	0.41%
Middle East/Africa	0.61%	0.10%	0.52%
China/HK/Taiwan	0.53%	3.74%	-3.20%
Asia general	9.55%	5.53%	4.01%
Japan	4.70%	3.67%	1.03%
Total	**31.44%**	**38.52%**	**-7.08%**

(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 2017. Net performance for the Fund as well as indices is from 4/8/15 to 10/31/17 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) 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.

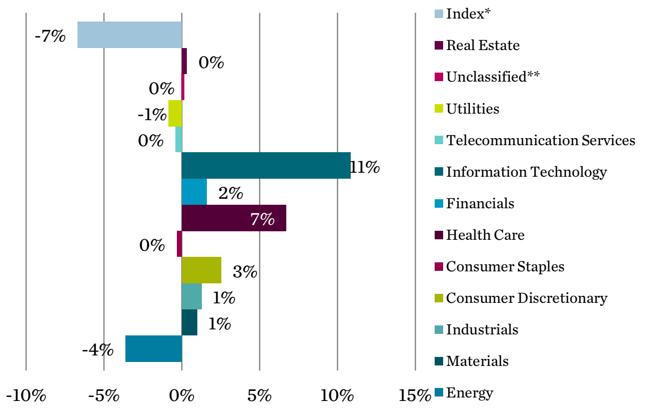
(5) Sub-strategy allocations exclude exposures to Fund level cash, hedging and expenses and are adjusted pro-rata to equal 100%.

(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 2.07%.

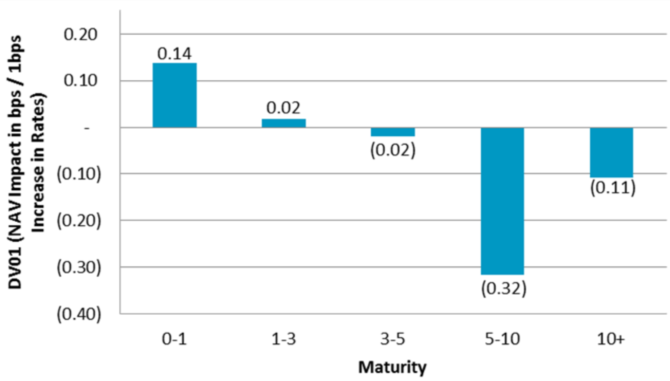
Equity Exposure – Net Sector Breakdown[(1)]



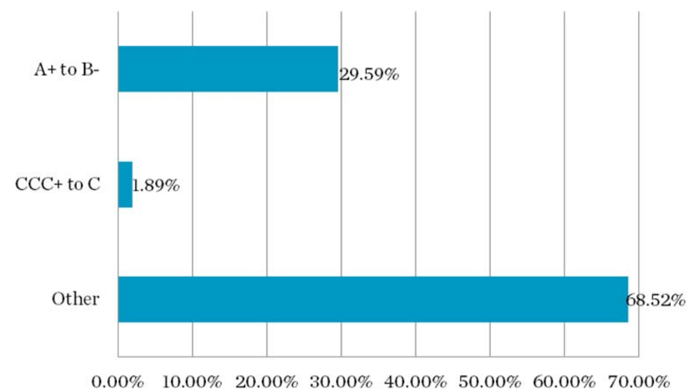
Equity Exposure – Sector Breakdown[(1)]

	Long	Short	Net
Energy	1.10%	4.70%	-3.60%
Materials	2.58%	1.60%	0.98%
Industrials	5.04%	3.79%	1.26%
Consumer Discretionary	10.28%	7.76%	2.52%
Consumer Staples	2.72%	3.04%	-0.32%
Health Care	15.06%	8.37%	6.69%
Financials	5.17%	3.57%	1.60%
Real Estate	0.86%	0.53%	0.33%
Information Technology	17.33%	6.49%	10.84%
Telecommunication Services	0.16%	0.56%	-0.41%
Utilities	0.79%	1.66%	-0.86%
Index*	29.02%	35.72%	-6.70%
Unclassified**	0.16%	0.00%	0.16%
Total	**90.26%**	**77.77%**	**12.49%**

Fixed Income Interest Rate Sensitivity[(2)]



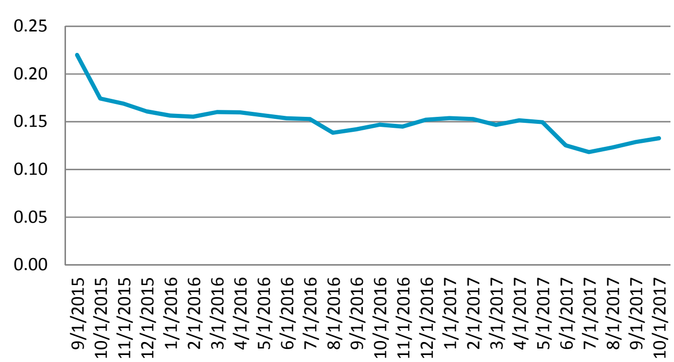
Fixed Income Ratings[(1)]



VaR Analysis[(3)]

Date	VaR
10/31/17	2.52%

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 9/11/2014-10/31/2017. 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

October Market Commentary

Halloween came and went, and investors still haven't spooked. The S&P 500 has gone just about a year without a correction of at least 5% – the longest such streak since 1928 – and it's been over a year since the index saw a pullback of over 2% in a day as volatility has hung around record lows. Consumer sentiment has yet again soared to new highs according to the latest surveys[1], and some 'hard' data has also shown signs of improvement: corporate earnings were poised to beat estimates towards the end of October, U.S. auto sales spiked in September, growth in new home sales surged to a 25-year high despite September's hurricanes[2], and the U.S. savings rate dropped to a 10-year low as consumer confidence translated into consumer spending[3].

Might this mean that the divergence between 'hard' and 'soft' data we've previously flagged is narrowing? We're not so sure. September auto sales were largely driven by the usual Labor Day sales as well as increased demand in Florida and Texas after hurricanes Irma and Harvey . Despite the uptick in new home sales, sales of existing homes – a much wider swath of the market – underwhelmed[5]. And as for corporate earnings, the Cyclically-Adjusted Price to Earnings ('CAPE') ratio, which we discussed last month and in previous months' commentaries, edged even higher in October, landing at 31.3x[6]. Recall that this metric seeks to give broader historical context to stocks' price to earnings ('P/E') ratio by weighing current prices against average earnings over the preceding ten years (adjusted for inflation). This method of tabulating the P/E ratio minimizes the effect of market cycles such that historical ratios can properly be compared. So how does October's 31.3x CAPE ratio stack up historically?

Consider the peak in 1929 before the Great Depression: the CAPE ratio hit just under 32.6x in September of that year before plunging to just under 5.6x in under three years. In December 1999, the ratio hit an all-time record of 44.2x before dropping to 21.2x in just over three years. It's certainly open to debate as to how similar or different market conditions are now relative to 1929 and 1999, and we don't pretend to be historians – accordingly, we don't intend to make any calamitous forecasts as to the future. Nevertheless, we reiterate our view that historically high equity valuations may suggest the onset of a low return environment, if not a market downturn. We have previously commented on the potential for diminished returns and increased volatility, so perhaps you're wondering when or if the winds will actually change. What catalyst could trigger a market reversal from its steady grind ever higher? Here are a couple of risks that could potentially rattle the market:

1. Military conflict with North Korea: After 8 consecutive months of missile tests, North Korea appeared to lay dormant in October. However, with the North Korea situation high on the agenda for President Trump's first visit to Asia in November, it's speculated that further saber-rattling could inflame tensions. At few other points in the last half-century has the situation become quite so strained, and over the past few months more than a few serious minds in the foreign policy world have broached real concerns about the potential outbreak of war, even if the probability of such remains fairly low. Such an event could trigger volatile market moves in either direction as historical examples indicate: the Dow plummeted over 30% in the first 6 months of World War I, and stocks suffered a major drawdown in the first couple weeks after the September 11th attacks in 2001; on the other hand, the Dow gained almost 60% over the three years of the Korean War, and after the U.S. invasion of Iraq, the S&P 500 closed out the year up over 30%[7]. Volatility in the context of the above mentioned valuations, however, seems more likely on the downside.

2. Republican failure to pass tax reform before a midterm election year: One big reason that equity markets have remained high, with investors relentlessly buying at every dip, may well be that investors maintain high hopes that the Republican-controlled Congress and White House will get around to passing some version of tax reform before the year is up. A lower, more internationally-competitive 20% corporate tax rate could juice corporate earnings, and massive capital repatriations incentivized by a tax-holiday could fuel special dividends and stock buybacks. So, with the market having priced in some probability of tax reform passing, the market may be in for a hit if the effort falls on its face as happened with the Obamacare repeal attempt.

So as you think about where the market is headed, we would suggest that you consider whether you are prepared for market volatility. For our part, we believe that alternative investment strategies may help in weathering volatile market conditions down the road. In actively allocating to a variety of strategies that are by nature hedged and diversified, the Blackstone Diversified Multi-Strategy Fund (the 'Fund') seeks capital appreciation with lower volatility relative to broader equity markets. If you, like us, are troubled by the potential for future market tumult, consider whether the Fund may potentially serve a helpful role in providing some downside protection against volatile market moves.

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1. Conference Board, https://www.conference-board.org/data/consumerconfidence.cfm; The University of Michigan, http://www.sca.isr.umich.edu/
2. Census Bureau (U.S. Department of Commerce), https://www.census.gov/construction/nrs/pdf/newressales.pdf; The Wall Street Journal, "New Home Sales Growth Surges to 25-Year High"
3. Bureau of Economic Analysis (U.S. Department of Commerce), https://www.bea.gov/newsreleases/national/pi/pinewsrelease.htm; The Wall Street Journal, "Americans Are Spending More, Saving Less"
4. The Wall Street Journal, "GM, Ford, Toyota Post Sharply Higher Sales in September"
5. National Association of Realtors, https://www.nar.realtor/newsroom/existing-home-sales-inch-07-percent-higher-in-september
6. Prof. Robert Shiller (http://www.econ.yale.edu/~shiller/data.htm). As of October 2017.
7. Carlson, Ben; "How Markets Overcame Past Geopolitical Crises", Bloomberg. 11 April 2017.

Review of October 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[8]). In October, the Fund's Class I share class[9] returned 0.74%[10] net of fees and expenses versus 2.33% and 1.92% for the S&P 500 and MSCI World indices, respectively, and versus -0.38% for the Barclays Global Aggregate Bond Index[11].

Equity Strategies

Equity strategies were contributors to this month's positive performance. Factor tailwinds drove performance within quantitative equity strategies: positive exposure to 'momentum' – a factor premised upon the tendency for assets' relative performance to continue for a certain period of time – and negative exposure to 'value' – a factor defined by systematic comparison of some measure of an asset's fundamental value to its price – led to gains in October. Among Equity Fundamental sub-strategies, performance was mixed. Positive sub-strategy performance can largely be attributed to October's tech rally; one exposure in particular jumped materially on positive earnings results from cloud computing. Meanwhile, financial and healthcare positions generated disparate performance: indications of trouble in consumer lending pressured the former, though some positive earnings news defrayed some losses. As for healthcare, performance benefitted from an FDA advisory committee vote in favor of a new treatment method as well as favorable positioning with respect to a speculated deal spanning pharma and insurance; hedges, however, led to offsetting losses.

Credit Strategies

Credit strategies generated gains in October, contributing positively to performance. Exposures to government-sponsored enterprise ("GSE") credit risk transfer ("CRT") bonds continue to be a significant performance driver in this segment of the portfolio. As you may recall from our April commentary, CRT bonds are U.S. residential mortgage debentures that are unsecured GSE obligations; in the wake of the Great Financial Crisis, regulators mandated that the relevant GSEs, Fannie Mae and Freddie Mac, sell off credit risk to the private sector. This exposure has performed well over the past year, and the trend continued in October as CRT spreads tightened across older vintages. This performance can be attributed to a couple of factors: first, as these bonds age and garner a track-record of steady payment, their market value increases according to their growing appearance of creditworthiness; second, certain slices of the pie have become recognized and rated by the National Association of Insurance Commissioners ('NAIC'), which in turn increases those slices' value in the marketplace as they are thereby more readily deemed to be creditworthy instruments. Gains among Credit strategies this month were slightly offset by small mark-to-market losses from media sector exposure.

Multi-Asset Strategies

In October, Multi-Asset strategies posted healthy returns, contributing positively to Fund performance. Among currency positions, short exposure to the Canadian dollar ('CAD') proved profitable as the CAD to USD rate weakened on dovish guidance from the Canadian central bank and lingering uncertainty about the fate of the North American Free Trade Agreement ('NAFTA') – negotiations concerning which, the leaders of Canada, Mexico, and the U.S. agreed mid-month to extend into spring of 2018. Long exposure to the Australian dollar and the Euro, meanwhile, detracted as the latter took a beating amid Catalonia's bid for independence from Spain and comments from European Central Bank President Mario Draghi suggesting the continuation of bond-buying stimulus.

Equity exposure to Japan and South Korea generated gains, due in part to October's relative calmness in the region as well as Japanese Prime Minister Shinzo Abe's landing a decisive electoral mandate to continue his economic agenda. Some Japanese exposure benefitted additionally from some positive analyst reports. Some European equity exposure, however, cut into gains as some single-name telecom and financial exposures traded down due to lackluster third quarter earnings, albeit moderated by positive utility exposure. Similarly, despite gains from some exposure to single-name U.S. retail companies, one such exposure detracted materially due to a short squeeze. In addition, exposure to Mexican media detracted on poor earnings and news of a management shakeup.

Within systematic strategies, short European fixed income exposure saw gains while long U.S. and Japanese 10-year bond exposures saw offsetting losses. In addition, Egyptian and Argentinian sovereign debt outperformed as the government of the former signaled strong commitment to financial stability and elections in the latter yielded a sweeping victory for President Macri's economically-minded reform coalition.

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8. 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.
9. For a summary of Fund performance of other share classes, please refer to the Fund's website: http://www.blackstone.com/bxdms
10. Performance is shown net of the Gross Expense Ratio less waived expenses for Class I shares (USD). 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.
11. 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.

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.***

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 (CHF-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 (CHF-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.

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