

Blackstone Diversified Multi-Strategy Fund

Blackstone

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

As of June 30, 2016

Fund Net Performance ⁽¹⁾⁽²⁾	MTD	QTD	YTD	ITD	ITD STATISTICS			
					St Dev.	Beta	Alpha	Sharpe
BXDMSIJ	(0.98%)	0.99%	(2.41%)	0.07%	4.02%	-	-	(0.01)
MSCI World TR (JPY - Hedged)	(1.11%)	1.09%	0.79%	1.45%	14.09%	0.17	(0.34%)	0.10
Barclays Gbl Agg (JPY - Hedged)	2.88%	2.77%	8.72%	3.57%	5.37%	(0.18)	0.70%	0.65

Monthly Net Performance ⁽¹⁾⁽³⁾

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	-	1.36%	1.13%	(0.59%)	1.40%	(0.89%)	1.94%	(0.71%)	(1.20%)	0.66%	0.61%	(1.12%)	2.57%
2016	(2.08%)	(2.57%)	1.27%	1.15%	0.83%	(0.98%)							(2.41%)

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)	\$1,196.72
NAV per Share	¥1,000.96
Currency	JPY
Share Class Inception Date	February 2, 2015
Investment Manager	Blackstone Alternative Investment Advisors LLC
Subscriptions	Daily
Redemptions	Daily
Distributing/Accumulating	Accumulating
Cut-off	3pm (Ireland)
Bloomberg Ticker	BXDMSIJ ID
ISIN	IE00BTR4S46

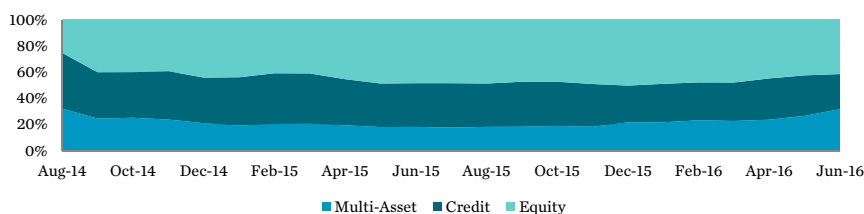
Fund Terms – Share Class I (JPY) Acc. ⁽⁵⁾

Minimum Initial Investment (Mn)	¥500
Management Fee	1.40%
Performance Fee ⁽⁶⁾	15.00%
Other Expenses ⁽⁷⁾	Capped 0.45%

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

	6/30/2011 - 6/30/2012	6/30/2012 - 6/30/2013	6/30/2013 - 6/30/2014	6/30/2014 - 6/30/2015	6/30/2015 - 6/30/2016
BXDMSIJ	N/A	N/A	N/A	N/A	(2.26%)
MSCI World TR (JPY-Hedged)	N/A	N/A	N/A	N/A	(2.51%)
Barclays Gbl Agg Index (JPY-Hedged)	N/A	N/A	N/A	N/A	8.52%

Asset Allocation by Sub-Strategy ⁽⁴⁾



Portfolio Allocation ⁽⁴⁾

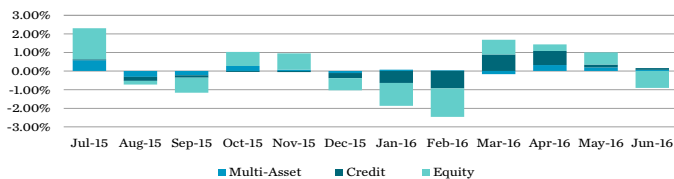
SUB-ADVISOR	STRATEGY	SUB-STRATEGY	ALLOCATION
Rail Splitter	Fundamental	Equity (Long/Short)	41%
GSIS	Fundamental	Equity (Long/Short)	
HealthCor	Fundamental	Equity (Long/Short)	
Wellington	Fundamental	Equity (Long/Short)	
Senfina ⁽⁸⁾	Fundamental	Equity (Market Neutral)	
Cerebellum ⁽⁹⁾	Quantitative	Equity (Market Neutral)	
Two Sigma Advisers	Quantitative	Equity (Market Neutral)	32%
Alpha Parity	Quantitative	Multi-Asset (Macro Systematic)	
IPM	Quantitative	Multi-Asset (Macro Systematic)	
Emso	Global Macro	Multi-Asset (Macro EM-Credit)	27%
BAlA-Direct ⁽¹⁰⁾	Multi-Strategy	Multi-Asset (Multi-Strategy)	
Chatham	Opportunistic Trading	Credit	
Cerberus	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 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 2016. Net performance for the Fund as well as indices is from 2/2/15 to 6/30/16 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 BXDMSIJ compared to the specific indices. Standard deviation and Sharpe calculations are annualized. All Inception to Date Statistics are calculated using daily performance since Inception.
- Performance is presented through June 30, 2016. Performance is estimated and unaudited for 2016. Net performance is net of all fees and expenses. 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 quoted. Additional information and current performance data is available at www.blackstone.com/bxdms. BXDMSIJ launched on February 2, 2015 and thus performance for February 2015 is limited to February 2 through February 28.
- The portfolio allocations in the table 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.
- 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.
- Blackstone Senfina Advisors L.L.C. "Senfina" is an indirect wholly-owned subsidiary of The Blackstone Group L.P., a publicly traded master limited partnership that has units that trade on the New York Stock Exchange under the symbol "BX." Senfina is an affiliate of BAlA, the Fund's investment adviser, on the basis that it is under common control with BAlA. The investment by BXDMS with Senfina benefits Blackstone and a withdrawal from Senfina would be detrimental to Blackstone.
- Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.
- BAlA manages a portion of the Fund's assets directly. Such assets ("BAlA-Direct") include allocations to a risk premia trading strategy and may also include collective investment schemes and/or opportunistic trades. BAlA's fees on directly managed assets are not reduced by a payment to a sub-adviser.

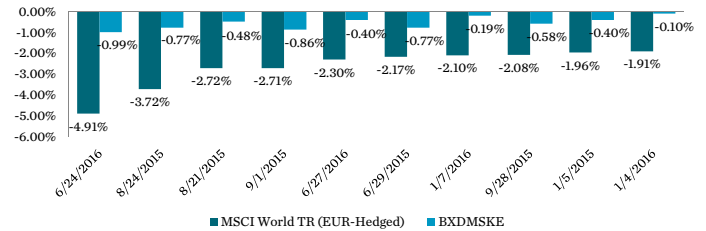
Performance Summary

Sub-Strategy Performance ⁽¹⁾	Allocation at ⁽⁵⁾		MTD		QTD		ITD Cumulative Performance	
	6/30/2016	Return	Attribution	Return	Attribution	Return	Attribution	
Equity	41.46%	(1.89%)	(0.90%)	0.19%	0.09%	3.98%	2.03%	
Credit	26.90%	0.31%	0.10%	3.20%	1.02%	0.85%	0.36%	
Multi-Asset	31.64%	0.08%	0.06%	2.16%	0.59%	6.74%	1.58%	
Expenses and Other					(0.70%)		(3.87%)	
Net Return ⁽²⁾			(0.98%)		0.99%		0.10%	

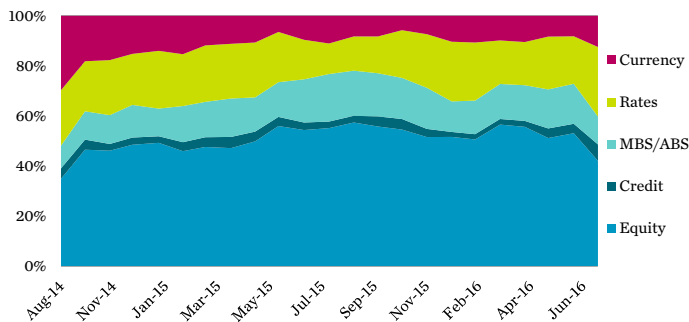
Trailing 12 months performance contribution by Sub-Strategy⁽³⁾



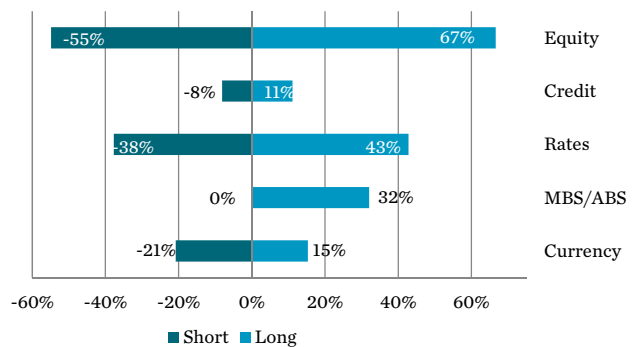
Downside Protection: Worst 10 Days for MSCI World vs BXDMS Fund Since Inception^{(2) (7) (8)}



Asset Class Gross Historical Exposure^{(4) (5) (6)}



Asset Class Exposure⁽⁴⁾



Fund Geographic Exposure⁽⁴⁾

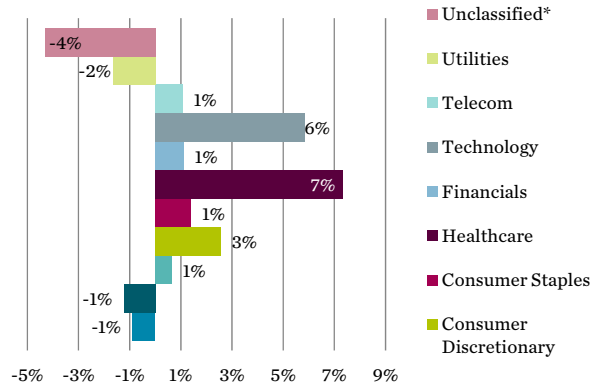
Region	Long	Short	Net
US/Canada	90.86%	69.83%	21.03%
Latin America/Caribbean	9.03%	1.19%	7.85%
Core Europe	38.47%	27.85%	10.62%
Peripheral Europe	11.75%	0.68%	11.07%
Middle East/Africa	1.31%	2.20%	-0.89%
China/HK/Taiwan	1.71%	1.08%	0.64%
Asia general	3.29%	11.82%	-8.54%
Japan	11.39%	6.62%	4.77%
Total	167.81%	121.27%	46.54%

Currency Exposure⁽⁴⁾

Region	Long	Short	Net
US/Canada	0.61%	1.65%	-1.05%
Latin America	0.80%	-	0.80%
Core Europe	5.60%	9.72%	-4.13%
Peripheral Europe	1.17%	0.59%	0.58%
Middle East/Africa	0.28%	1.21%	-0.94%
China/HK/Taiwan	0.01%	1.06%	-1.05%
Asia general	1.80%	4.21%	-2.40%
Japan	5.09%	2.11%	2.98%
Total	15.36%	20.56%	-5.20%

- 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 2016. Net performance for the Fund as well as indices is from 2/2/15 to 6/30/16 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%.
- BXDMSIJ launched on 2/2/15. Information prior to that date is for BXDMSKE, the BXDMS share class with the longest track record.
- 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 is for BXDMSKE, the BXDMS share class with the longest track record. MSCI World represents MSCI World (EUR-Hedged) to be consistent with BXDMSKE currency. Please see the additional disclosure on the last page for additional index definitions.

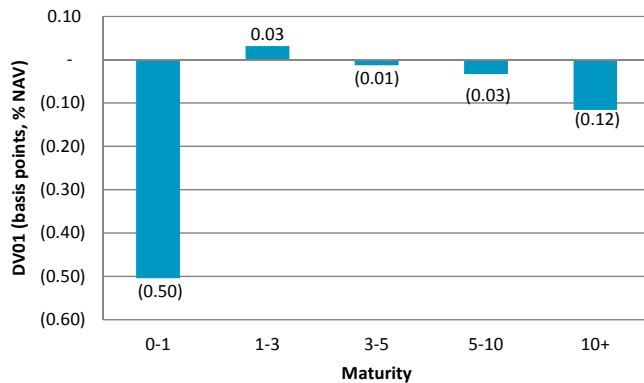
Equity Exposure – Net Sector Breakdown⁽¹⁾



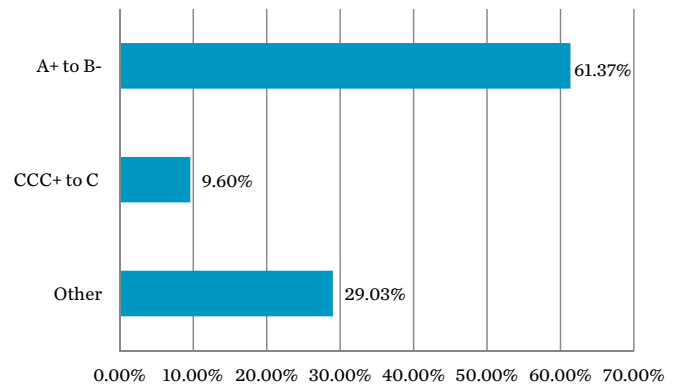
Equity Exposure – Sector Breakdown⁽¹⁾

	Long	Short	Net
Energy	0.94%	1.82%	-0.88%
Materials	1.87%	3.10%	-1.23%
Industrials	3.68%	3.05%	0.63%
Consumer Discretionary	10.06%	7.52%	2.54%
Consumer Staples	4.27%	2.89%	1.38%
Healthcare	15.45%	8.12%	7.33%
Financials	4.17%	3.08%	1.10%
Technology	10.87%	5.04%	5.83%
Telecom	1.64%	0.59%	1.05%
Utilities	0.06%	1.71%	-1.65%
Unclassified*	13.64%	17.94%	-4.30%
Total	66.65%	54.84%	11.81%

Fixed Income Interest Rate Sensitivity⁽²⁾



Fixed Income Ratings⁽¹⁾



VaR Analysis⁽³⁾

Date	VaR
6/30/16	1.99%

- (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 change in value of a security for a 1 basis point change in interest rates as a percentage of fund NAV.
- (3) Value at Risk ("VaR") is calculated at a 99% confidence level for a one month holding period (20 business days) using a model based on historical Fund data. Please see the Glossary of Terms for a further explanation of VaR.

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

June Market Commentary

The month of June was dominated by anticipation of the historic “Brexit” referendum and then the ensuing volatility once the results were announced. On June 23rd, United Kingdom voters made the historic decision to leave the European Union, with the “leave” campaign winning by a narrow margin of about 52% to 48%. In the days leading up to the referendum, markets were pricing in an overwhelmingly high probability that the “remain” camp would prevail, shocking markets when final results were tallied. On Friday, the day following the referendum, the value of the British pound (Sterling) plunged to 30-year lows, overnight market futures dropped significantly in major markets, gold rallied, and the MSCI ended the day down more than -4%. Treasury yields also fell sharply, with the 10-year U.S. Treasury note hitting an intraday low of 1.41%, its lowest since July 2012. The volatility continued after the weekend on Monday, with the MSCI dropping an additional -2.30%.

Despite the initial turbulence, markets proved to be quite resilient. Markets regained ground after Bank of England Governor Mark Carney assured markets that the Bank of England would provide emergency liquidity if required, as well as possibly cut rates and activate central bank swap lines with the Fed and other central banks. Structurally, Brexit will likely require some long-term downward adjustment to UK real GDP assumptions. Cyclically, however, the UK may do better than expected. The decline of Sterling is likely to boost exports and could also help housing and consumer credit. Although Brexit has weakened the near-term outlook for the UK and global economies, the long-term consequences remain unclear.

Review of Fund Performance

The investment objective of 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 with experience managing non-traditional or “alternative” investment strategies. In June, the Fund’s Class I (USD) share class returned -0.88%¹ net of fees and expenses versus -1.07% and 2.92% for the MSCI World and Barclays Global Aggregate Bond Index, respectively². **For a summary of Fund performance of the share class to which this report relates, please refer to the “Investment Summary” section of this report.**

Turning specifically to the Brexit developments, the Fund was positioned conservatively leading up to the Brexit referendum vote, both from a strategy allocation perspective as well as from a sub-adviser risk appetite perspective. This positioning helped protect capital and mitigate a significant amount of volatility that was seen during the two days following Brexit.

Equity Strategies

Equity strategies were the largest detractors of performance during the month, with both equity long/short and equity market neutral strategies generating losses. In the immediate aftermath of Brexit, Blackstone’s intentional tilt toward lower beta managers helped protect capital but also meant that the Fund did not participate as fully in the equity market snapback that occurred in the final days of the month. Both long and short exposures were challenged by a reemergence of the negative alpha story that has plagued equity-based alternative strategies in 2016, with gains in Consumer Discretionary and Materials not fully offsetting losses in Financials, Information Technology, Telecommunication Services, and Consumer Staples. Some European exposures also contributed to the negative performance by equity strategies during the month. Finally, the performance dispersion between top and bottom sectors has continued to be a headwind. Within the equity category, the Fund’s highest allocations are to Healthcare, Technology, and Consumer Discretionary, which have had mixed performance compared to more defensive sectors. Exposure to financials especially has also been a headwind, with several bank and insurance company names trading down.

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1. Performance is shown net of all fees and expenses for Share Class I (USD). Past performance may not be a reliable guide to future performance. The value of 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.
 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 wellknown 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.

Credit Strategies

Credit strategies contributed positively for the month. Overall, the US corporate credit market has had a mild reaction to the Brexit developments, though we have seen some spread widening. Within credit, the majority of the Fund's exposure is in structured credit, with an emphasis on strength of collateral. Over the last several months, however, Blackstone has increased the Fund's exposure to corporate credit, which generated gains and offset losses from asset backed strategies.

Multi-Asset Strategies

Multi-Asset strategies generated positive performance on the whole, while not all strategies were positive. Systematic diversified strategies benefitted from a variety of factor exposures depending on the sub-adviser's optimization strategy, though momentum and carry generated the majority of returns. Systematic strategies that do not include momentum offset some of those gains. Macro strategies also performed well as a result of continued outperformance in rate receivers in Latin American bonds and Greek sovereign positions.

Review of Fund Performance – Second Quarter

During the first quarter of 2016, the Fund's Class I share class1 returned 1.30% net of fees and expenses, versus 1.21% for the MSCI World Index, and 2.89% for the Barclays Global Aggregate Bond Index.

Equity strategies overall contributed positively, even though the Fund's equity market neutral strategies generated losses. Despite challenges in the second quarter, we believe equity market neutral strategies can be advantageous in volatile and uncertain markets and are maintaining allocations to these strategies. Looking at equity strategies broadly over the first half of the year, the Fund benefitted from reduced exposure to higher beta strategies, but suffered from overweight exposures to underperforming sectors, particularly financials and technology. Going forward, we maintain cautious views on equity markets and look to continue to reduce exposure to strategies with higher betas and market directionality.

Credit strategies also contributed gains in the second quarter, with corporate credit contributing significantly. Going into 2016, we have seen increased opportunities in corporate credit, an area we have been underweight for several years. The Fund's allocation to corporate credit strategies was approximately tripled over the first half of the year on the belief that increasing weakness due to forced sellers across the corporate credit spectrum would provide greater opportunities for liquidity providers to capture excess spread. At this point, we believe this opportunity has mostly played out. With rates as low as they are, attractive yields are especially hard to find.

Finally, the Fund's Multi-Asset strategies also generated positive returns for the quarter and continue to provide diversification to the portfolio with low betas to traditional asset classes such as equity and credit. On the macro side, positive developments in Argentina, Venezuela, and Greece have benefitted the Fund's exposures to sovereign high yield bonds in these regions. Local rates and FX exposures have also contributed positively. Systematic diversified strategies experienced gains across factor models, with momentum rallying in particular. Strategies that do not include momentum offset some gains. As we continue to reduce exposure to strategies with more market directionality, the multi-asset category is an area where we may look to add additional sub-advisers.

It has been a tumultuous first half of the year for markets, despite the MSCI ending in positive territory. Starting in January with the second Chinese currency depreciation, all the way through June with the culmination of Brexit, investors have experienced significant volatility. To the extent that events like the Brexit vote dominate markets and drive volatility higher, diversifying exposures such as the Fund seek to provide stability and downside protection within a portfolio, as well as take advantage of emerging dislocations that may create compelling investment opportunities.

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 (JPY-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 (JPY-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