

# Blackstone Diversified Multi-Strategy Fund

Blackstone

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

As of April 30, 2017

Fund Net Performance <sup>(1)(2)</sup>	MTD	QTD	YTD	ITD	ITD STATISTICS			
					St Dev.	Beta	Alpha	Sharpe
BXDMSIU	0.94%	0.94%	4.18%	2.68%	3.60%	-	-	0.70
MSCI World TR Index	1.53%	1.53%	8.16%	5.70%	11.89%	0.17	2.13%	0.47
Barclays Gbl Agg Index	1.13%	1.13%	2.91%	(0.18%)	5.41%	(0.09)	3.60%	(0.06)

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	-	-	-	-	-	-	-	-	(0.10%)	0.60%	(0.20%)	(0.20%)	0.10%
2015	0.40%	1.39%	1.18%	(0.39%)	1.27%	(0.77%)	1.84%	(0.76%)	(1.05%)	0.68%	0.67%	(1.05%)	3.40%
2016	(1.93%)	(2.56%)	1.31%	1.30%	0.89%	(0.88%)	0.99%	(0.39%)	0.98%	0.58%	(1.45%)	0.68%	(0.58%)
2017	1.65%	0.67%	0.85%	0.94%									4.18%

## 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)	\$1,617.53
NAV per Share	\$10.72
Currency	USD
Share Class Inception Date	September 10, 2014
Investment Manager	Blackstone Alternative Investment Advisors LLC
Subscriptions	Daily
Redemptions	Daily
Distributing/Accumulating	Accumulating
Cut-off	3pm (Ireland)
Bloomberg Ticker	BXDMSIU ID
ISIN	IE00BN8SY379

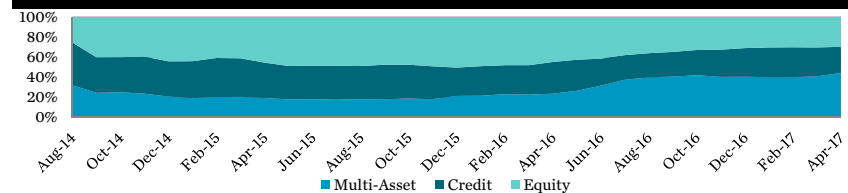
## Fund Terms – Share Class I (USD) Acc.<sup>(4)</sup>

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

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

	3/31/2012-3/31/2013	3/31/2013-3/31/2014	3/31/2014-3/31/2015	3/31/2015-3/31/2016	3/31/2016-3/31/2017
BXDMSIU	N/A	N/A	N/A	(2.81%)	5.99%
MSCI World TR	N/A	N/A	N/A	(2.90%)	15.43%
Barclays Gbl Agg Index	N/A	N/A	N/A	4.57%	(1.90%)

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



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

SUB-ADVISOR	STRATEGY	SUB-STRATEGY	ALLOCATION
GSIS	Fundamental	Equity (Long/Short)	30%
HealthCor	Fundamental	Equity (Long/Short)	
Cerebellum <sup>(7)</sup>	Quantitative	Equity (Market Neutral)	
Two Sigma Advisers	Quantitative	Equity (Market Neutral)	44%
Alpha Parity	Quantitative	Multi-Asset (Macro Systematic)	
IPM	Quantitative	Multi-Asset (Macro Systematic)	
Emso	Global Macro	Multi-Asset (Macro EM-Credit)	
GSA Trend	Global Macro	Multi-Asset (Macro Systematic)	
BAIA-Direct <sup>(8)</sup>	Multi-Strategy	Multi-Asset (Multi-Strategy)	
DE Shaw	Multi-Strategy	Multi-Asset (Multi-Strategy)	26%
Chatham	Opportunistic Trading	Credit	
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)	

(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 9/10/14 to 4/30/17 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 BXDMSIU compared to the specific indices. Standard deviation and Sharpe calculations are annualized. All Inception to Date Statistics are calculated using daily performance since Inception.

(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. BXDMSIU launched September 10, 2014, 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.

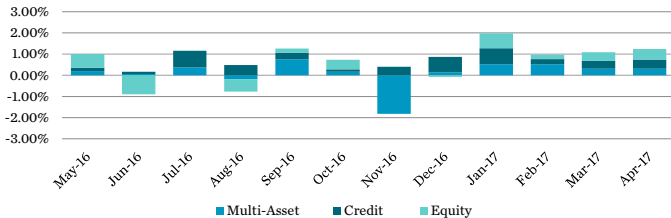
(7) Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.

(8) BAIA manages a portion of the Fund's assets directly. Such assets include allocations to a risk premia trading strategy and may also include opportunistic trades. BAIA's fees on directly managed assets are not reduced by a payment to a sub-adviser.

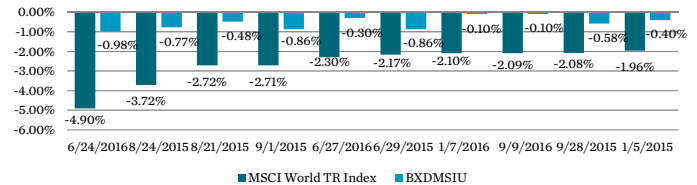
## Performance Summary

Sub-Strategy Performance <sup>(1)</sup>	Allocation at <sup>(5)</sup> 4/28/2017	MTD		QTD		YTD		ITD Cumulative Performance	
		Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution
Equity	29.54%	1.48%	0.50%	1.48%	0.50%	4.93%	1.84%	11.87%	5.08%
Credit	26.22%	1.35%	0.43%	1.35%	0.43%	5.15%	1.81%	15.21%	5.00%
Multi-Asset	44.23%	0.58%	0.31%	0.58%	0.31%	3.24%	1.67%	10.60%	3.23%
Expenses and Other			(0.30%)		(0.30%)		(1.15%)		(6.11%)
Net Return <sup>(2)</sup>			0.94%		0.94%		4.18%		7.20%

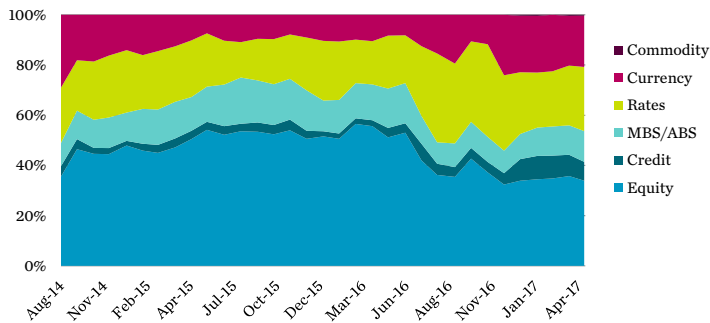
### Trailing 12 months performance contribution by Sub-Strategy<sup>(3)</sup>



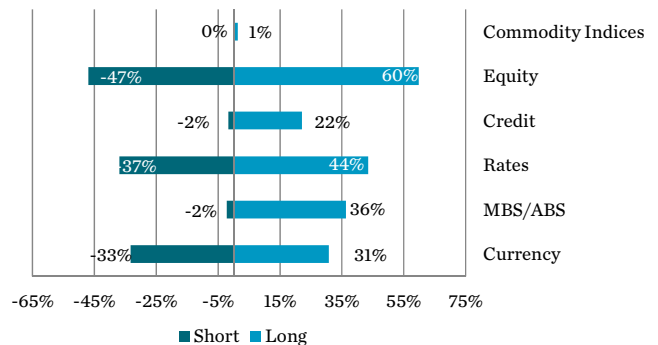
### Downside Protection: Worst 10 Days for MSCI World vs BXDMS Fund Since Inception<sup>(6)(8)</sup>



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



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



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

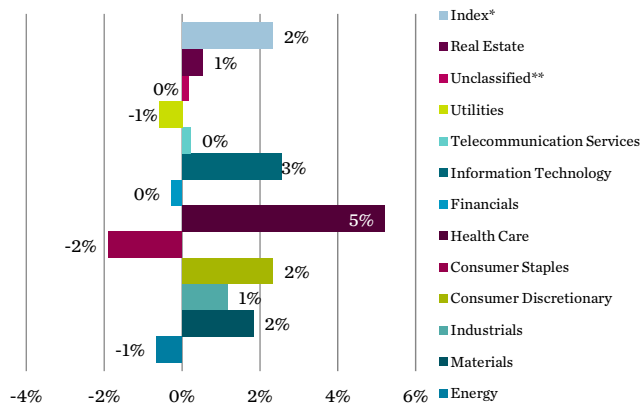
Region	Long	Short	Net
US/Canada	106.26%	55.32%	50.94%
Latin America/Caribbean	9.93%	2.22%	7.71%
Core Europe	41.71%	40.92%	0.79%
Peripheral Europe	6.80%	3.24%	3.56%
Middle East/Africa	3.53%	2.03%	1.50%
China/HK/Taiwan	2.15%	1.33%	0.82%
Asia general	13.38%	6.73%	6.65%
Japan	10.12%	9.17%	0.94%
<b>Total</b>	<b>193.88%</b>	<b>120.96%</b>	<b>72.92%</b>

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

Region	Long	Short	Net
US/Canada	1.28%	6.97%	-5.69%
Latin America	3.95%	0.63%	3.32%
Core Europe	7.51%	19.30%	-11.79%
Peripheral Europe	1.77%	0.93%	0.84%
Middle East/Africa	2.74%	0.78%	1.96%
China/HK/Taiwan	1.79%	0.43%	1.35%
Asia general	5.02%	3.33%	1.68%
Japan	6.71%	0.97%	5.74%
<b>Total</b>	<b>30.76%</b>	<b>33.33%</b>	<b>-2.57%</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. Net performance for the Fund as well as indices is from 9/10/14 to 4/30/17 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%.

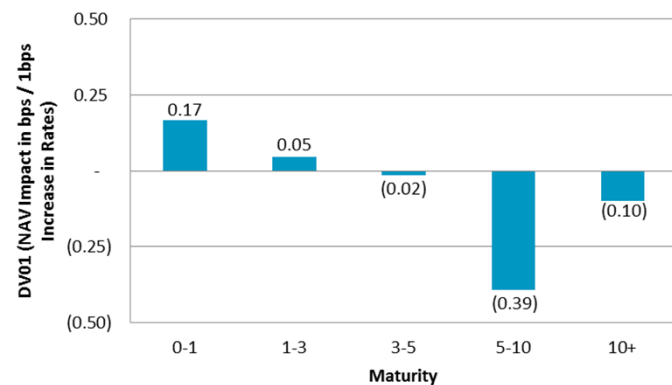
## Equity Exposure – Net Sector Breakdown<sup>(1)</sup>



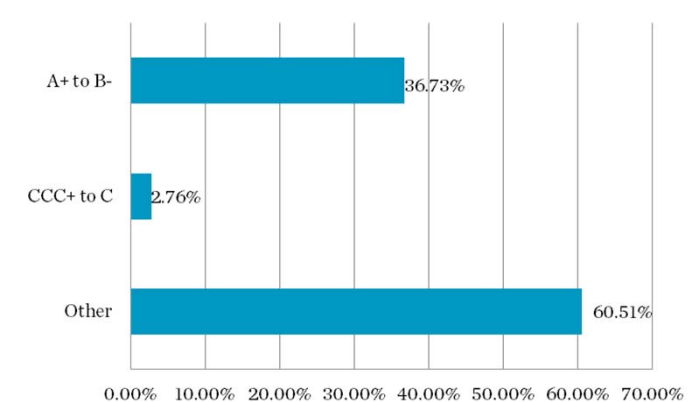
## Equity Exposure – Sector Breakdown<sup>(1)</sup>

	Long	Short	Net
Energy	0.54%	1.20%	-0.65%
Materials	2.68%	0.85%	1.83%
Industrials	2.22%	1.05%	1.17%
Consumer Discretionary	7.13%	4.80%	2.33%
Consumer Staples	0.93%	2.83%	-1.89%
Health Care	13.00%	7.80%	5.20%
Financials	2.15%	2.42%	-0.27%
Real Estate	0.55%	0.01%	0.54%
Information Technology	7.56%	4.99%	2.57%
Telecommunication Services	0.37%	0.15%	0.23%
Utilities	1.10%	1.69%	-0.59%
Index*	21.43%	19.11%	2.32%
Unclassified**	0.17%	0.00%	0.17%
<b>Total</b>	<b>59.84%</b>	<b>46.90%</b>	<b>12.94%</b>

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



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



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

Date	VaR
4/30/17	2.01%

- (1) In the case of non-interest rate instruments, exposure data represents the delta adjusted market value. In the case of interest rate products, exposure data is represented by the 10-year equivalent instrument. Positions of unknown type (if any) are excluded from exposure data. Data is obtained from State Street Fund Services (Ireland) Limited, the administrator for the Fund. The Fund does not guarantee the accuracy of such data. Using the higher Standard & Poor's ("S&P's") and/or Moody's Investor Service ("Moody's") ratings.
- (2) 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.

\*Comprised of index futures, options on index futures, ETFs, and ETF options  
 \*\*Underlying instruments do not have a corresponding GICS sector assignment

## April Market Commentary

The end of April marked the completion of President Trump's first 100 days in office, a noteworthy period that is widely viewed as an important milestone in an administration's progress towards achieving its stated goals. For those keeping score, President Trump's first 100 days saw more executive orders enacted than any president's since Harry Truman and more bills signed into law than his last two predecessors combined during their respective first 100 days. Still, some of those executive orders and bills were controversial, and there has been mixed reaction to other proposed legislation such as the White House's one-page tax reform plan that laid out proposed tax cuts without any explanation as to how they would be funded.

Many investors have been optimistic about the U.S. economy post-election, but over the past few months, there has been a divergence between 'soft data' (confidence indicators) and 'hard' data (more concrete quantitative measures of economic health). While soft data measures, such as consumer confidence, small business confidence and CEO sentiment, have spiked in recent months, hard data metrics like consumer spending, home sales, and GDP growth have remained uninspiring, suggesting some discrepancy between expectation and reality. We believe that, at some point, the hard and soft data may realign, with economic growth and spending experiencing a boom or confidence waning.

The current economic expansion—approaching eight years—is among the longest on record. The cyclically-adjusted price/earnings (“CAPE”) ratio is at its highest level since the late 1990s<sup>1</sup>, and historical data shows that future equity market returns tend to drop as the CAPE ratio rises, leaving us to believe there is the potential for lower returns going forward. Additionally, both investment grade and high yield credit spreads are near their tightest levels since the Great Financial Crisis, suggesting lower returns for credit may be on the horizon as well. Couple these valuation dynamics with geopolitical threats in the Middle East and North Korea, upcoming U.K. and German elections and a massive deleveraging of the Chinese shadow banking system weighing on Chinese stocks and bonds, and we are potentially in the crosshairs of a major risk-off event in public markets. Therefore, we remain cautious of long-only exposure to traditional stocks and bonds and continue to espouse the value proposition of alternative investments. In spite of uncertainty as to what the rest of 2017 holds, we remain confident in investment strategies that are both diversified and hedged by nature, and that offer alpha generation potential through active security selection and strategic asset allocation.

### Review of Fund Performance<sup>2</sup>

The investment objective of Blackstone Diversified Multi-Strategy Fund (the “Fund”) is to seek capital appreciation. The Fund aims to achieve its objective by managing assets directly<sup>3</sup> or by allocating assets among a variety of investment sub-advisers, each with experience managing non-traditional or “alternative” investment strategies. In April, the Fund's Class I share class<sup>4</sup> returned 0.94%<sup>5</sup> net of fees and expenses versus 1.53% and 1.13% for the MSCI World and Barclays Global Aggregate Bond indices, respectively.

### Equity Strategies

Equity strategies were the largest contributor to performance with Quantitative strategies leading gains. April was a strong month across model types and trading horizons. Within Fundamental strategies, exposure to managed care traded up after a provider announced plans to pull back further from state insurance exchanges and continues to grow its Medicare market share. Additionally, exposure to surgical medtech rallied after Q1 earnings and sales beat street estimates, and long exposures to certain telecom, software and electronics names also contributed to performance. While we do have exposure across multiple sectors, healthcare remains our largest overweight on the belief that increased sub-sector dispersion could lead to trading opportunities. We are optimistic about the opportunity for the Fund's Equity strategies as we are seeing diversity of ideas and lower levels of crowding across equity managers on the broader Blackstone platform.

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1. Source: Prof. Robert Shiller (<http://www.econ.yale.edu/~shiller/data.htm>). As of April 2017.
  2. The volatility of the indices presented may be materially different from that of the performance of the fund. In addition, the 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 the 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 the Fund's performance to that of well-known and widely recognized indices. A summary of the investment guidelines for the indices presented are available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.
  3. Blackstone Alternative Investment Advisors (“BAIA”), the Fund's investment advisor, manages a portion of the Fund's assets directly. Such assets include allocations to a risk premia trading strategy and may also include opportunistic trades. BAIA's fees on directly managed assets are not reduced by a payment to a sub-advisor.
  4. For a summary of Fund performance of other share classes, please refer to the Fund's website: <http://www.blackstone.com/bxdms>
  5. 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. Information is estimated and unaudited. Past performance is not necessarily indicative of future results. There can be no assurance that the Fund will achieve its objective or avoid significant losses.

## ***Credit Strategies***

Structured credit strategies were materially positive while corporate, distressed and restructuring strategies were relatively flat. Exposures to government-sponsored enterprise (“GSE”) credit risk transfer (“CRT”) bonds continue to be a big driver of performance in this part of the portfolio. CRT bonds are U.S. residential mortgage debentures that are unsecured obligations of the GSEs (in this case, Fannie Mae and Freddie Mac). If you’ll recall, as home prices declined during the Great Financial Crisis, the GSEs suffered major losses as loans that they had guaranteed began to default. The U.S. Treasury subsequently offered the GSEs financial support, which was funded by U.S. taxpayers. Post-crisis, in an effort to ease the burden on taxpayers of another future bailout, regulators mandated that Fannie Mae and Freddie Mac transfer the credit risk to private sector investors. We believe that CRT bonds offer an attractive investment opportunity in U.S. residential real estate for three primary reasons: 1) higher underwriting standards for GSE mortgages post-crisis haven’t been adequately reflected in the bonds’ prices, 2) systematic issuance leads to opportunities to acquire the bonds relatively cheaply in stressed markets (whereas corporate issuers might delay issuance in certain market environments, GSEs are forced to issue every month), and 3) floating-rate coupons make these securities less interest rate sensitive.

Outside of CRT exposure, we saw gains in exposures to commercial real estate debt as underlying fundamentals improved, and exposure to a Canadian paper manufacturer that exports to the U.S. was up after a NAFTA board asked the U.S. Commerce Department to look into removing a heavy import tariff.

## ***Multi-Asset Strategies***

Multi-Asset strategies were mixed but still ended the month in positive territory with Macro Systematic strategies leading gains. Long developed market currency exposures continued to drive positive performance, while short exposure to the GBP detracted after Prime Minister Theresa May announced a surprise early election in hopes of potentially strengthening the pro-Brexit Conservative contingency in Parliament. Within Multi-Strategy, gains from long exposure to equities, high-yield credit and commercial mortgage-backed securities were partially offset by losses from short exposures to certain G10 currencies. Additionally, long exposure to a Mexican media company detracted after it missed Q1 sales and EBITDA estimates. Short exposures, including exposures in a software company and a technology company, detracted after they reported stronger-than-expected EPS growth and upside guidance. Finally, stronger domestic fundamentals in Argentina boosted some of the country’s sovereign bonds, and exposure to certain Greek sovereign bonds also performed well as investors became increasingly hopeful that an agreement between Greece and its lenders would be reached soon. If so, it would mark a key milestone that would unlock the disbursement of funds that would prevent Greece from a default on its July payments.

We added GSA Capital Partners LLP (“GSA”) as a new sub-adviser effective April 26, 2017. GSA delivers a model-driven trend following strategy that aims to closely track CTA returns and generate trend exposure. Trend following strategies typically pursue a goal of producing long-term uncorrelated returns to traditional markets with meaningful downside protection.

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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. BAAM 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)