

# 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 July 31, 2017

Fund Net Performance <sup>(1)(2)</sup>	MTD	QTD	YTD	ITD	ITD STATISTICS			
					St Dev.	Beta	Alpha	Sharpe
BXDMSIU	1.03%	1.03%	5.34%	2.83%	3.50%	-	-	0.73
MSCI World TR Index	2.42%	2.42%	13.71%	7.02%	11.50%	0.17	1.93%	0.59
Barclays Gbl Agg Index	1.68%	1.68%	6.16%	0.92%	5.32%	(0.08)	3.77%	0.12

## 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%	0.84%	(0.74%)	1.03%						5.34%

## 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)	\$1,960.92
NAV per Share	\$10.84
Currency	USD
Fund Inception Date	August 11, 2014
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

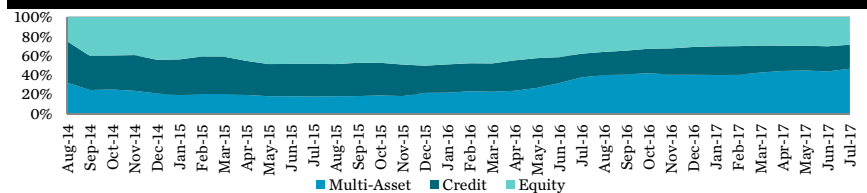
## Fund Terms – Share Class I (USD) Acc. <sup>(4)</sup>

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>

	6/30/2012-6/30/2013	6/30/2013-6/30/2014	6/30/2014-6/30/2015	6/30/2015-6/30/2016	6/30/2016-6/30/2017
BXDMSIU	N/A	N/A	N/A	(1.65%)	5.71%
MSCI World TR	N/A	N/A	N/A	(2.19%)	18.86%
Barclays Gbl Agg Index	N/A	N/A	N/A	8.87%	(2.18%)

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



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

SUB-ADVISOR	STRATEGY	SUB-STRATEGY	ALLOCATION
GSIS	Fundamental	Equity (Long/Short)	29%
HealthCor	Fundamental	Equity (Long/Short)	
Cerebellum <sup>(7)</sup>	Quantitative	Equity (Market Neutral)	
Two Sigma Advisers	Quantitative	Equity (Market Neutral)	
FT Alpha Parity	Quantitative	Multi-Asset (Macro Systematic)	47%
IPM	Quantitative	Multi-Asset (Macro Systematic)	
Emso	Global Macro	Multi-Asset (Macro EM-Credit)	
GSA	Global Macro	Multi-Asset (Macro Systematic)	
H20	Global Macro	Multi-Asset (Discretionary Thematic)	
BAIA-Direct <sup>(8)</sup>	Multi-Strategy	Multi-Asset (Multi-Strategy)	
DE Shaw	Multi-Strategy	Multi-Asset (Multi-Strategy)	
Chatham	Opportunistic Trading	Credit	25%
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 7/31/17 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 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.

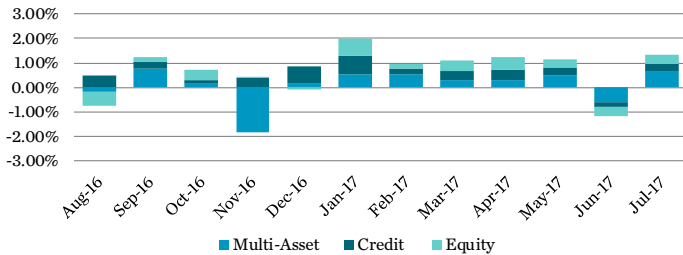
(7) Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.

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

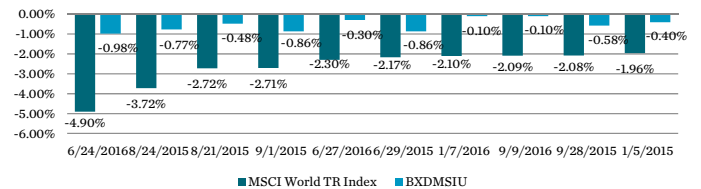
## Performance Summary

Sub-Strategy Performance <sup>(1)</sup>	Allocation at 7/31/2017 <sup>(5)</sup>	MTD		QTD		YTD		ITD Cumulative Performance	
		Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution
Equity	28.60%	1.22%	0.37%	1.22%	0.37%	6.08%	2.23%	13.10%	5.47%
Credit	24.83%	1.19%	0.31%	1.19%	0.31%	8.39%	2.71%	18.76%	5.91%
Multi-Asset	46.57%	1.50%	0.66%	1.50%	0.66%	4.37%	2.20%	11.81%	3.77%
Expenses and Other			(0.32%)		(0.32%)		(1.79%)		(6.74%)
Net Return <sup>(2)</sup>			1.03%		1.03%		5.34%		8.40%

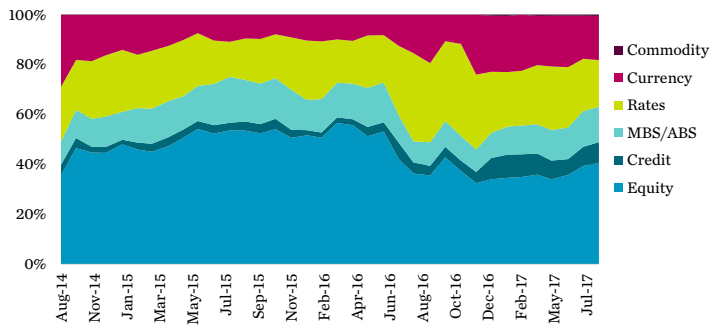
### Trailing 12 months performance contribution by Sub-Strategy<sup>(3)</sup>



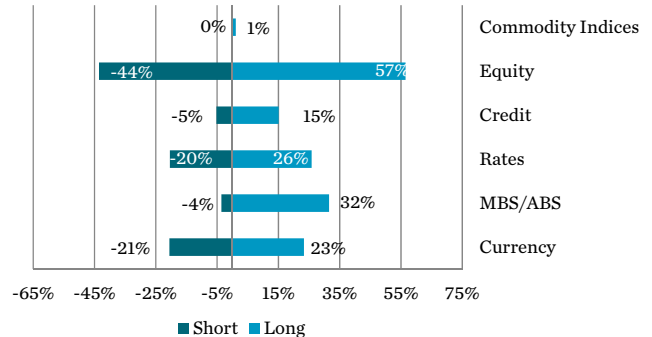
### Downside Protection: Worst 10 Days for MSCI World vs BXDMS Fund Since Inception<sup>(6)(8)</sup>



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



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



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

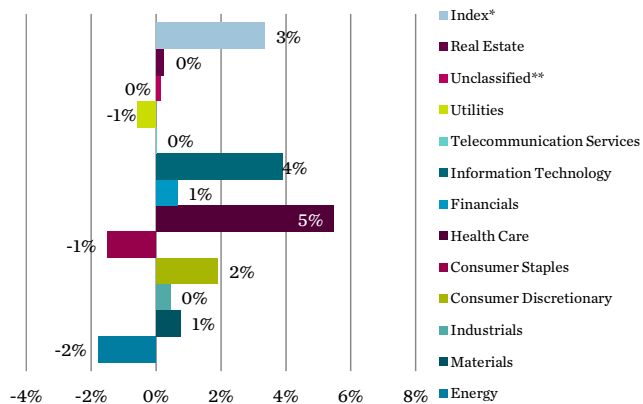
Region	Long	Short	Net
US/Canada	96.77%	54.56%	42.21%
Latin America/Caribbean	6.90%	1.67%	5.22%
Core Europe	21.78%	18.41%	3.37%
Peripheral Europe	6.62%	2.10%	4.52%
Middle East/Africa	1.62%	1.43%	0.19%
China/HK/Taiwan	1.78%	0.73%	1.05%
Asia general	12.14%	2.65%	9.49%
Japan	5.79%	11.81%	-6.02%
<b>Total</b>	<b>153.39%</b>	<b>93.36%</b>	<b>60.03%</b>

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

Region	Long	Short	Net
US/Canada	2.33%	4.44%	-2.11%
Latin America	1.77%	0.81%	0.97%
Core Europe	5.10%	9.58%	-4.48%
Peripheral Europe	0.55%	0.38%	0.16%
Middle East/Africa	0.96%	0.26%	0.70%
China/HK/Taiwan	0.59%	0.33%	0.26%
Asia general	9.22%	1.69%	7.53%
Japan	2.79%	3.10%	-0.31%
<b>Total</b>	<b>23.31%</b>	<b>20.59%</b>	<b>2.72%</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 7/31/17 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%.

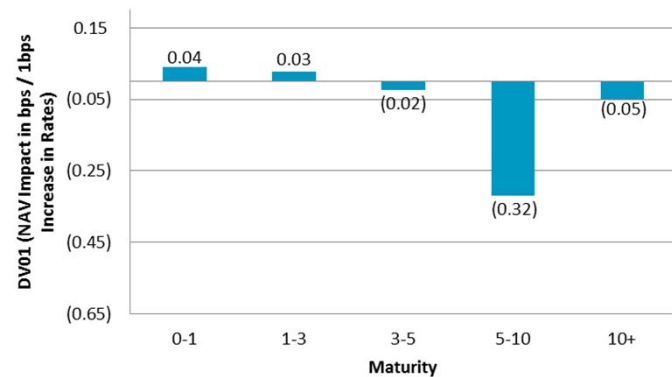
## Equity Exposure – Net Sector Breakdown<sup>(1)</sup>



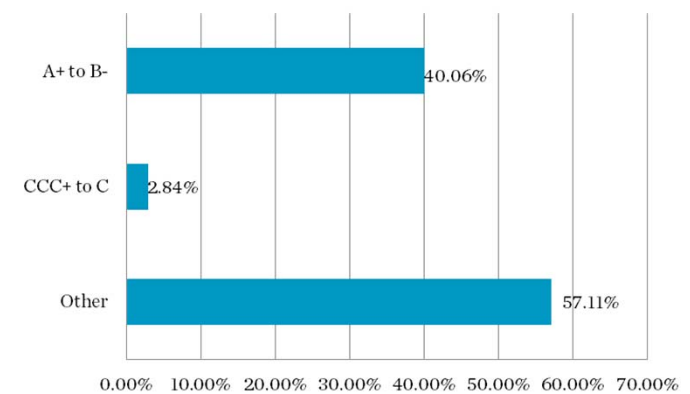
## Equity Exposure – Sector Breakdown<sup>(1)</sup>

	Long	Short	Net
Energy	0.64%	2.41%	-1.77%
Materials	1.77%	1.02%	0.75%
Industrials	3.13%	2.70%	0.43%
Consumer Discretionary	7.01%	5.11%	1.90%
Consumer Staples	1.18%	2.67%	-1.49%
Health Care	12.48%	7.01%	5.47%
Financials	2.30%	1.63%	0.67%
Real Estate	0.61%	0.35%	0.25%
Information Technology	8.77%	4.86%	3.91%
Telecommunication Services	0.20%	0.19%	0.00%
Utilities	1.23%	1.79%	-0.57%
Index*	17.06%	13.72%	3.34%
Unclassified**	0.14%	0.00%	0.14%
<b>Total</b>	<b>56.52%</b>	<b>43.47%</b>	<b>13.05%</b>

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



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



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

Date	VaR
7/31/17	1.94%

- (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

## July Market Commentary

Since last November's presidential election, U.S. equity markets have soared, despite many voices expressing concern about rich valuations as price-to-earnings ratios swelled to levels materially exceeding historical averages. But in the first quarter, we saw earnings increase 15% for the S&P 500, and in July, it was reported that such earnings for the second quarter grew an estimated 11%<sup>(1)</sup>. Indeed, with over half of the S&P 500 reporting second quarter results, almost three quarters beat analysts' expectations<sup>(2)</sup>. This may suggest that fundamentals and valuations are beginning to converge, or at any rate, fundamentals are starting to catch up. Put another way, perhaps U.S. equities' rise over the past three quarters began with exuberant expectation of new administration policy changes, but, as policy initiatives fizzled out or ran up against obstacles, the justification for the U.S. equity market's steady upward march shifted to anticipation of rising corporate earnings.

July bore this out, with the S&P 500 rising 2.1% on earnings, led by the telecommunications and information technology sectors, in spite of ongoing Washington gridlock. Late in the month, Senate Republicans yet again snatched defeat from the jaws of victory in the latest episode of the GOP's seemingly Sisyphean efforts to reform the U.S. healthcare system, as a slimmed-down Obamacare repeal vote narrowly failed. This failure does not bode well for the next items on the legislative docket, and while tax reform is said to be more likely to generate consensus, one can't help but wonder if it too will turn into another fruitless exercise in herding cats. Nevertheless, the prospect of approximately \$3 trillion in repatriations is certainly a large incentive – in fact, about six times larger than the last repatriation in 2004 – and even if no other reforms were achieved, such a significant flood of capital coming back stateside would likely result in special dividends and share buybacks, which would be a positive outcome for markets.

With the market chugging ahead in spite of political dampers, have we any reason for concern these last weeks of summer vacation? The Chicago Board Options Exchange ("CBOE") Volatility Index ("VIX"), a widely-watched proxy for market volatility, sank below 10% for the second half of July and hit record lows for the 27-year-old index. While many take this to indicate that volatility *will* be low going forward, it is important to realize that the so-called "Fear Gauge" only represents what *investors expect* volatility will be in the future. While prognosticating sudden spikes in volatility with exactitude is certainly a fool's errand, it is possible to read a low VIX to indicate possible investor overconfidence in the market's steady upward plod, despite growing sector dispersion and diminishing correlations between stocks, plus other signposts of potential turbulence that might merit greater caution.

One particular cause for elevated concern is North Korea's ongoing missile testing. July was punctuated at both ends by Intercontinental Ballistic Missile ("ICBM") tests by the rogue state, and the missiles tested are believed to be capable of reaching major U.S. metropolitan areas. Despite sanctions and increasingly forceful warnings, there appear to be no signs of de-escalation. Further escalation could trigger volatile market moves in either direction, as history has shown. While we do not presume to make dire forecasts, it is certainly worth considering such scenarios as reminders of the importance of diversified and hedged investment strategies to help protect capital in the event of market volatility.

### Review of July Fund Performance<sup>(3)</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 allocating assets among a variety of investment sub-advisers, each with experience managing non-traditional or "alternative" investment strategies or by managing assets directly (via BAIA<sup>(4)</sup>). In July, the Fund's Class I share class<sup>(5)</sup> returned 1.03%<sup>(6)</sup> net of fees and expenses versus 2.06% and 2.42% for the S&P 500 and MSCI World indices, respectively, and versus 1.68% for the Barclays Global Aggregate Bond Index.

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1. Source: Thomson Reuters, as of 31 July 2017
  2. Source: Factset, as of 1 August 2017
  3. 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.
  4. 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.
  5. For a summary of Fund performance of other share classes, please refer to the Fund's website: <http://www.blackstone.com/bxdms>
  6. 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.

## Equity Strategies

Equity strategies were the largest contributor to performance during July, as the Fund's sub-advisers took advantage of relative strength in telecom and information technology sectors. Amidst Congress' failure to pass the 'skinny repeal' of the Affordable Care Act, healthcare proved to be a relatively weak sector performer during the month. Despite this backdrop, certain of the Fund's healthcare exposures generated strong gains. Multiple shorts in the information technology sector detracted from performance as the sector surged over 4%<sup>(7)</sup> during the month, despite paring losses in the last few days of trading. One interesting phenomenon we have been monitoring recently is the correlation between equity and fixed income markets. Over the past weeks, the 14-week trailing correlation between the S&P 500 Index and U.S. Treasuries turned positive, reaching +36% recently versus an 8-year average of -44%<sup>(8)</sup>. These periods where the "natural" diversification benefits of stocks and bonds deteriorates can pose serious risks to traditional 60/40 portfolios, and present a potential opportunity for hedged investment strategies, such as BXDMS, that seek to protect capital and generate alpha.

## Credit Strategies

Credit strategies ended the month with positive performance, as the high yield market posted its strongest return since February with metals, mining and energy related credits recovering and yields reaching 3 year lows. The Fund continued to benefit from meaningful exposure to government-sponsored enterprise credit risk transfer bonds, which we described in detail in our April commentary. Additional gains came from real estate exposures via positions in agency and commercial mortgage-backed securities, while corporate credit exposures detracted from performance on the margin. Smaller exposures in senior secured and senior unsecured corporate bonds also contributed to performance as multiple positive catalysts in July caused the bonds to trade higher.

## Multi-Asset Strategies

Multi-Asset strategies also produced positive performance in July, with gains coming from across the Fund's sub-advisers. Performance across Systematic Diversified sub-strategies was driven by long fixed income positioning across UK, Euro, French and Canadian government bonds. Currencies also bolstered performance, with long Euro exposures generating net gains. Single name equity exposure presented headwinds, as several names traded down during the month, detracting from performance. Positive developments in Brazil, Egypt and Mexico helped emerging markets focused sub-advisers, with long quasi-sovereign debt and local rates exposures in Brazil rallying. Exposure to Egyptian T-bills continued to perform well in July, driven by carry and currency appreciation. Long exposure to Argentine local bonds detracted from performance. The position was negatively impacted by the sell-off in the Argentine Peso, as markets continue to price in a higher probability of ex-president Cristina Kirchner securing a victory in the upcoming senate election.

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7. S&P 500 Information Technology TR Index.

8. Bloomberg, as of 4 August 2017

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

**All investors should consider the investment objectives, risks, charges and expenses of Blackstone Diversified Multi-Strategy Fund (BXDMS) before investing. The Key Investor Information Document (‘KIID’), Prospectus and Supplement contain this and other information about BXDMS and are available on the Blackstone website at [www.blackstone.com/BXDMS](http://www.blackstone.com/BXDMS). All KIIDs are available in English, and certain share class specific KIIDs are available in French, German, Dutch, Danish, Finnish, Swedish, Norwegian, Spanish and Italian as indicated on the Blackstone website. All investors are urged to carefully read the Prospectus, Supplement and KIID in their entirety before investing.**

#### **Glossary of Terms:**

**Beta:** A measure of the volatility, or systemic risk, of a security or a portfolio in comparison to the market as a whole.

**Standard Deviation:** A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is calculated as the square root of variance.

**Alpha:** A risk-adjusted performance measure that represents the average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio’s beta and the average market return.

**Sharpe Ratio:** A ratio to measure risk-adjusted performance. The Sharpe Ratio is calculated by subtracting the risk-free rate – such as that of the 10-year U.S. Treasury bond – from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. The greater a portfolio’s Sharpe Ratio, the better its risk-adjusted performance has been.

**Delta:** The ratio comparing the change in the price of the underlying asset to the corresponding change in the price of a derivative.

**Gross Exposure:** Reflects the aggregate of long and synthetic short investment positions in relation to the net asset value. For example, if BXDMS has 60% long exposure and 50% synthetic short exposure to a particular asset class, then BXDMS has 110% gross exposure to that asset class. The gross exposure is one indication of the level of leverage in a portfolio.

**Net Exposure:** This is the difference between long and synthetic short investment positions in relation to the net asset value. For example, if BXDMS has 60% long exposure and 50% synthetic short exposure to a particular asset class, then BXDMS is 10% net exposure to that asset class.

**Long:** A long position occurs when an individual owns securities.

**Synthetic Short:** Short selling an underlying security through the use of derivatives. Synthetic Short positions can generate returns when the price of the underlying security declines.

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

#### **Glossary of Indices:**

Market indices obtained through Bloomberg. Indices are presented are indicative and for illustrative purposes only, are unmanaged and investors cannot invest in an index. The volatility of the indices presented may be materially different from that of the performance of BXDMS. In addition, the indices employ different investment guidelines and criteria than BXDMS; as a result, the holdings in BXDMS may differ significantly from the securities that comprise the indices. The performance of the indices has not been selected to represent an appropriate benchmark to compare to the performance of BXDMS, but rather is disclosed to allow for comparison of BXDMS performance to that of well-known and widely recognized indices. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.

**Barclays Global Aggregate Bond Index (EUR-Hedged):** provides a broad-based measure of the global investment grade fixed-rate debt markets. It is comprised of the U.S. Aggregate, Pan- European Aggregate, and the Asian-Pacific Aggregate Indexes.

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

#### **Important Disclosure:**

Blackstone has agreed to waive its fees and/or reimburse expenses of the Fund so that “Other Expenses” will not exceed 0.45% (annualized). For this purpose, “Other Expenses” includes all expenses incurred in the business of the Fund other than (i) establishment expenses relating to the Fund; (ii) investment management fees; (iii) Performance Fees or Additional Performance Fees; (iv) distributor fees; (v) Eligible Collective Investment Scheme fees and expenses, (vi) brokerage and trading costs, (vii) interest payments, (viii) taxes, and (ix) extraordinary expenses. Blackstone may terminate or modify this arrangement at any time in its sole discretion upon 30 days’ notice in writing to the Fund’s shareholders.

#### **Important Risks:**

There can be no assurance that BXDMS will achieve its investment objective. It should be appreciated that the value of Shares may go down as well as up. An investment in a Fund involves investment risks, including possible loss of the entire amount invested. The capital return and income of BXDMS is based on the capital appreciation and income on the investments it holds, less expenses incurred. Therefore, the Fund’s return may be expected to fluctuate in response to changes in such capital appreciation or income. The following is a summary description of certain principal risks of investing in BXDMS:

- General economic and market conditions can affect the price and volatility of investments.
- The success of the Fund depends upon BAlA’s skill in determining the Fund’s allocation to alternative investment strategies and in selecting the best mix of sub-advisers. There can be no guarantee that sub-advisers will stick to the Investment strategy for which they were selected, or that these strategies will be successful.
- Sub-advisers may make investment decisions which conflict with each other; for example, sub-advisers may hold economically offsetting positions or may purchase or sell the same security at the same time without aggregating their transactions. This may result in unnecessary brokerage and other expenses and the Fund may incur losses as a result.
- Some of the sub-advisers selected may hold only a small number of investments, or assets that move closely in line with assets held by other sub-advisers.
- The Fund’s investments will include shares, bonds and FDI. Each of these will be exposed to the risks specific to the type of asset in question. In particular, the use of FDI may result in substantial gains or losses that are greater in magnitude than the original amount invested.
- The Fund may invest in countries with a weak legal or financial framework where it can be hard to enforce ownership rights or repatriate funds.
- The Fund may invest in currencies other than its base currency. The success of measures to protect the Fund or a Class against currency movements cannot be certain.
- Changes in exchange rates may have an adverse effect on the value price or income of the product.
- The Fund may invest in FDI that derive their value from other assets in the expectation of making a profit if the price of the assets falls; theoretically, this could result in an infinite loss.
- The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.
- Low trading volumes, lack of buyers, large positions or legal restrictions may limit or prevent the Fund from selling particular assets quickly and/or at desirable prices.

For further information on the risks faced by the Fund, see “Risk Factors” in the Prospectus and Supplement for the Fund, available from [www.blackstone.com/BXDMS](http://www.blackstone.com/BXDMS)