

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 August 31, 2017

Fund Net Performance ⁽¹⁾⁽²⁾	MTD	QTD	YTD	ITD	ITD STATISTICS			
					St Dev.	Beta	Alpha	Sharpe
BXDMSIU	0.37%	1.40%	5.73%	2.88%	3.47%	-	-	0.74
MSCI World TR Index	0.19%	2.62%	13.93%	6.88%	11.38%	0.17	2.00%	0.58
Barclays Gbl Agg Index	0.99%	2.69%	7.22%	1.23%	5.31%	(0.08)	3.83%	0.18

Monthly Net Performance⁽¹⁾

	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%	0.37%					5.73%

Investment approach

The Fund's investment objective is to seek capital appreciation. The Fund seeks this objective by allocating its assets among a variety of discretionary sub-advisers with experience managing non-traditional or "alternative" investment strategies. Blackstone is responsible for selecting the strategies, for identifying and retaining sub-advisers, and for determining the amount of Fund assets to allocate to each strategy and to each sub-adviser. Blackstone may also manage a portion of the Fund's assets directly.

Fund highlights

Fund Assets (Mn)	\$2,003.80
NAV per Share	\$10.88
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

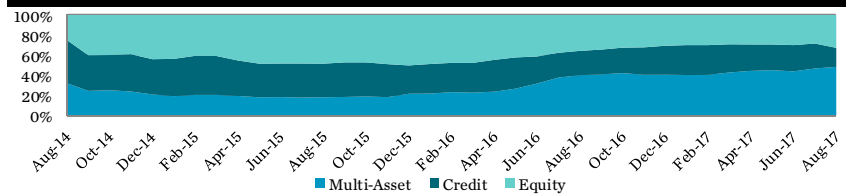
Fund Terms – Share Class I (USD) Acc.⁽⁴⁾

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

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

	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⁽³⁾



Portfolio Allocation⁽³⁾

SUB-ADVISOR	STRATEGY	SUB-STRATEGY	ALLOCATION
GSIS	Fundamental	Equity (Long/Short)	34%
HealthCor	Fundamental	Equity (Long/Short)	
Cerebellum ⁽⁷⁾	Quantitative	Equity (Market Neutral)	
Two Sigma Advisers	Quantitative	Equity (Market Neutral)	
FT Alpha Parity	Quantitative	Multi-Asset (Macro Systematic)	46%
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 ⁽⁸⁾	Multi-Strategy	Multi-Asset (Multi-Strategy)	
DE Shaw	Multi-Strategy	Multi-Asset (Multi-Strategy)	
Chatham	Opportunistic Trading	Credit	20%
Cerberus ⁽⁷⁾	Opportunistic Trading	Credit (MBS/ABS)	
Bayview	Fundamental	Credit (MBS/ABS)	
Caspian	Fundamental	Credit	
Good Hill	Fundamental	Credit (MBS/ABS)	
Sorin	Fundamental	Credit (MBS/ABS)	
Waterfall	Fundamental	Credit (MBS/ABS)	

(1) Fund performance is shown net of all fees and expenses. Past performance may not be a reliable guide to future performance. The value of Fund shares may go down as well as up and there can be no assurance that the Fund will achieve its investment objectives or avoid significant losses. Performance is estimated and unaudited for 2017. Net performance for the Fund as well as indices is from 9/10/14 to 8/31/17 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. 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.

(5) 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.

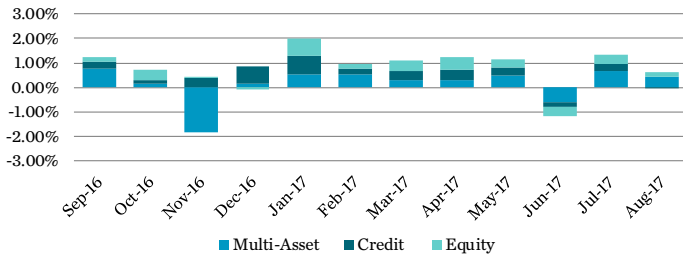
(6) Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.

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

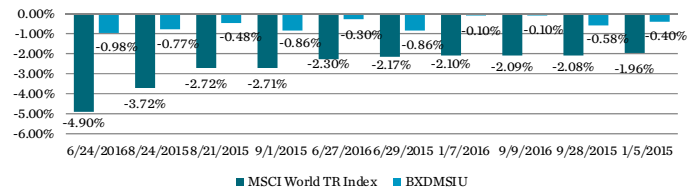
Performance Summary

Sub-Strategy Performance ⁽¹⁾	Allocation at ⁽⁵⁾ 8/31/2017		MTD		QTD		YTD		ITD Cumulative Performance	
	Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution
Equity	34.45%	0.60%	0.20%	0.20%	1.83%	0.57%	6.72%	2.43%	13.78%	5.68%
Credit	19.75%	(0.09%)	(0.01%)	(0.01%)	1.10%	0.30%	8.29%	2.69%	18.66%	5.89%
Multi-Asset	45.80%	0.91%	0.43%	0.43%	2.42%	1.09%	5.33%	2.65%	12.83%	4.23%
Expenses and Other			(0.24%)	(0.24%)		(0.57%)		(2.04%)		(7.00%)
Net Return ⁽²⁾			0.37%	0.37%		1.40%		5.73%		8.80%

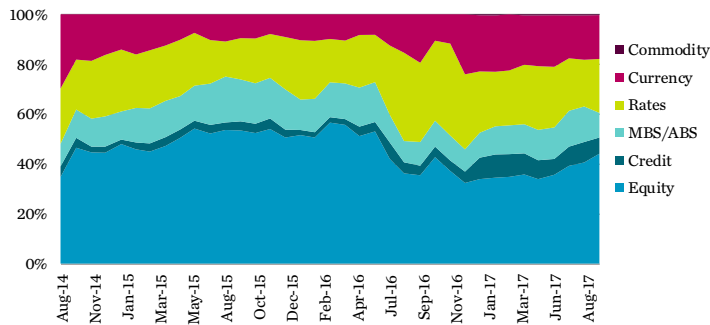
Trailing 12 months performance contribution by Sub-Strategy⁽³⁾



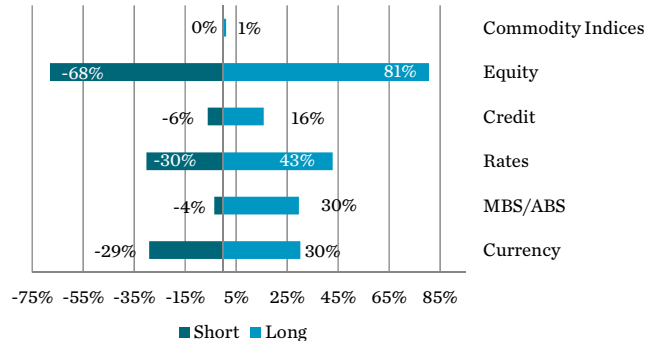
Downside Protection: Worst 10 Days for MSCI World vs BXDMS Fund Since Inception⁽⁶⁾⁽⁸⁾



Asset Class Gross Historical Exposure⁽⁴⁾⁽⁵⁾⁽⁷⁾



Asset Class Exposure⁽⁴⁾



Fund Geographic Exposure⁽⁴⁾

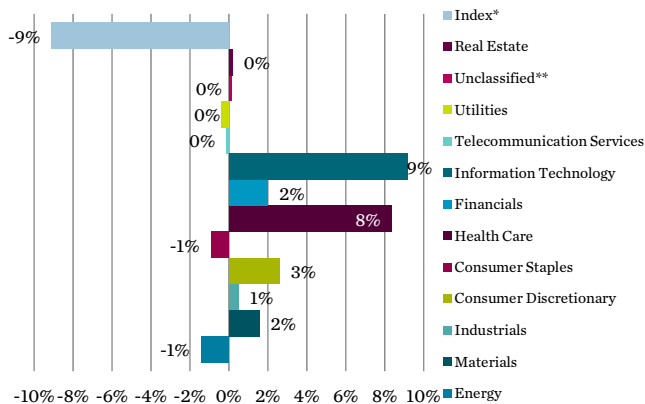
Region	Long	Short	Net
US/Canada	120.68%	79.50%	41.18%
Latin America/Caribbean	6.92%	1.69%	5.23%
Core Europe	33.29%	25.63%	7.66%
Peripheral Europe	3.69%	1.02%	2.67%
Middle East/Africa	1.30%	1.22%	0.08%
China/HK/Taiwan	1.77%	3.10%	-1.33%
Asia general	16.35%	10.44%	5.91%
Japan	16.18%	14.38%	1.81%
Total	200.18%	136.97%	63.21%

Currency Exposure⁽⁴⁾

Region	Long	Short	Net
US/Canada	3.28%	5.40%	-2.12%
Latin America	1.89%	0.89%	0.99%
Core Europe	7.32%	16.36%	-9.03%
Peripheral Europe	0.46%	0.11%	0.35%
Middle East/Africa	0.81%	0.24%	0.57%
China/HK/Taiwan	0.56%	2.59%	-2.04%
Asia general	11.50%	1.93%	9.57%
Japan	4.34%	1.58%	2.76%
Total	30.16%	29.11%	1.05%

- 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 8/31/17 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%.

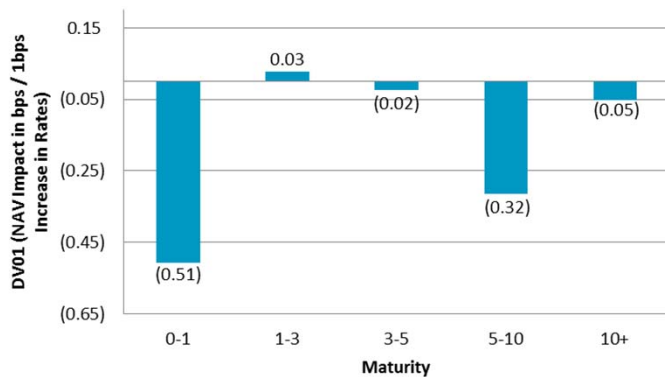
Equity Exposure – Net Sector Breakdown⁽¹⁾



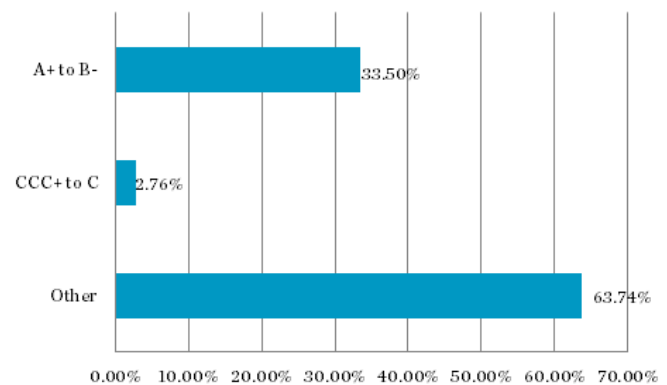
Equity Exposure – Sector Breakdown⁽¹⁾

	Long	Short	Net
Energy	1.22%	2.63%	-1.41%
Materials	2.64%	1.09%	1.55%
Industrials	3.83%	3.32%	0.51%
Consumer Discretionary	8.43%	5.85%	2.59%
Consumer Staples	1.53%	2.44%	-0.92%
Health Care	15.74%	7.41%	8.33%
Financials	4.12%	2.11%	2.00%
Real Estate	0.63%	0.44%	0.18%
Information Technology	14.32%	5.14%	9.18%
Telecommunication Services	0.13%	0.25%	-0.12%
Utilities	1.31%	1.68%	-0.37%
Index*	26.59%	35.67%	-9.08%
Unclassified**	0.16%	0.03%	0.13%
Total	80.65%	68.06%	12.59%

Fixed Income Interest Rate Sensitivity⁽²⁾



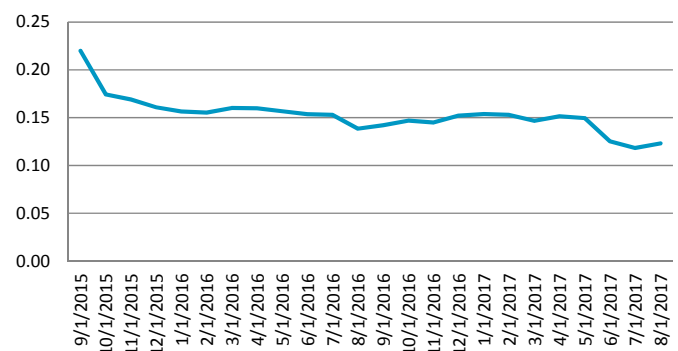
Fixed Income Ratings⁽¹⁾



VaR Analysis⁽³⁾

Date	VaR
8/31/17	2.92%

12 months rolling beta against MSCI World⁽⁴⁾



- (1) In the case of non-interest rate instruments, exposure data represents the delta adjusted market value. In the case of interest rate products, exposure data is represented by the 10-year equivalent instrument. Positions of unknown type (if any) are excluded from exposure data. Data is obtained from State Street Fund Services (Ireland) Limited, the administrator for the Fund. The Fund does not guarantee the accuracy of such data. Using the higher Standard & Poor's ("S&P's") and/or Moody's Investor Service ("Moody's") ratings.
- (2) Dv01 represents the estimated change in NAV for the fund, expressed in basis points, for a 1 basis point increase in interest rates across each of the maturity ranges shown. Fixed income instruments are typically held across a number of different currencies.
- (3) Value at Risk ("VaR") is calculated at a 99% confidence level for a one month holding period (20 business days) using a model based on historical Fund data. Please see the Glossary of Terms for a further explanation of VaR.
- (4) Betas are calculated using the MSCI World TR index. The calculated betas use returns daily returns for BXDMS Share Class I Acc from 9/11/2014-8/31/2017. The volatility of the index presented may be materially different from that of the performance of the fund. In addition, the index employs different investment guidelines and criteria than the fund; as a result, the holdings in the fund may differ significantly from the securities that comprise the index. The performance of the index has not been selected to represent an appropriate benchmark to compare to the performance of the fund, but rather is disclosed to allow for comparison of the fund's performance to that of a well-known and widely recognized index. A summary of the investment guidelines for the index presented is available upon request.

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

**Underlying instruments do not have a corresponding GICS sector assignment

August Market Commentary

August proved to be a busy month with a number of events layering questions onto already uncertain markets. While second quarter GDP was revised higher to 3% from 2.6%¹, August job growth came in soft with 156,000 jobs added in August, anchoring unemployment within the range it has occupied since April². This data suggests a continuation of the “low and slow” growth environment experienced throughout the current economic recovery, potentially leaving markets vulnerable to external factors.

As central bank influence on asset prices has grown in recent years, so, too, has the attention given to the Federal Reserve Bank of Kansas City’s annual economic policy symposium. With central bankers and leading economists convening in Jackson Hole in August, markets were eager for clues from Federal Reserve (“Fed”) Chairwoman Janet Yellen and European Central Bank (“ECB”) President Mario Draghi on when and at what pace their respective central banks may tighten monetary policy. Expectations have been that the Fed will discontinue reinvesting bond maturity proceeds and the ECB will discontinue monthly bond purchases relatively soon, despite inflation levels in both regions below the targeted 2%. Currently, \$344 billion of US Treasury holdings on the Fed’s balance sheet are due to mature within one year³, and the ECB purchases bonds at a pace of €60 billion per month⁴. A termination or reduction of these programs could remove significant support from credit markets; however, Yellen and Draghi offered little information regarding future policy actions in their comments from Jackson Hole.

Adding to market uncertainty, U.S. politicians commenced their August recess with a host of unresolved issues facing them. Among the agenda items were unsettled healthcare reform plans, vague tax reform plans, and the prospect of a government shutdown if the debt limit is not increased by September 29th⁵. Some congressional Republicans have indicated a desire to make an increase in the debt ceiling conditional upon broader tax reform. We are watching this closely as such a provision could delay any resolution of the looming crisis, and history teaches us that delays in addressing government funding may prove costly. A similar scenario in 2011 resulted in the loss of the U.S.’s AAA rating from Standard & Poor’s.

Congress’s impending fiscal battle is compounded by the added stresses of Hurricane Harvey. The devastating damage inflicted throughout southern Texas and Louisiana raises questions about the impending expiry of the National Flood Insurance Program on September 30th, which is currently estimated to only have \$1.7 billion available to pay claims⁶. The more recent damage incurred in Florida from Hurricane Irma is set to exacerbate these funding issues, with the extent of the damage still to be determined. Investors and consumers may experience wide-ranging impacts related to the storms’ destructive paths. We may not be able to quantify these impacts any time soon, but the early indications suggest material financial impairment to municipalities, insurers, and energy providers, among others.

Such events offer a reminder to investors of the importance of discipline and diversification. External factors, whether they be political impasse or natural disasters, have the ability to disrupt markets. These exogenous shocks, and the impossibility to predict them, lay bare the potential benefits of hedged investments and diversifying exposures. Actively managed vehicles such as BXDMS aim to dampen volatility and can act as ballasts to higher beta strategies within an investor’s portfolio.

Review of August Fund Performance⁷

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 BAIA⁸). In July, the Fund’s Class I share class⁹ returned 0.37%¹⁰ net of fees and expenses versus 0.31% and 0.19% for the S&P 500 and MSCI World indices, respectively, and versus 0.99% for the Barclays Global Aggregate Bond Index.

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1. Source: Bureau of Economic Analysis, August 30, 2017.
 2. Source: Bureau of Labor Statistics, September 1, 2017.
 3. Source: Federal Reserve statistical release dated August 24, 2017.
 4. Source: The Financial Times, “How the ECB’s purchases have changed European bond markets,” February 8, 2017.
 5. Source: Secretary of the Treasury, Letter to The Honorable Paul D. Ryan, dated July 28, 2017.
 6. Source: The Wall Street Journal, “Tropical Storm Harvey Leaves Congress With a Pair of Financial Challenges,” August 28, 2017.
 7. 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.
 8. BAIA manages a portion of the Fund’s assets directly. Such investments presently include allocations to BAIA’s systematic premia trading strategy, a short-only fundamental equity strategy (advised by Gracian Capital on a non-discretionary basis), and may include other opportunistic trades in the future. BAIA’s fees on directly managed assets are not reduced by a payment to a sub-adviser.
 9. For a summary of Fund performance of other share classes, please refer to the Fund’s website: <http://www.blackstone.com/bxdms>
 10. Performance is shown net of the Gross Expense Ratio less waived expenses for Class I shares (USD). Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance data above. Information is estimated and unaudited.

Equity Strategies

Equity strategies contributed to positive performance in August. Increased dispersion among sectors and individual equities offered a favorable environment for stock pickers. Equity sub-advisers demonstrated proficiencies in delivering alpha without significant exposure to prevailing market beta, particularly sub-advisers employing quantitative strategies. Conversely, healthcare exposures adversely impacted the Fund's returns despite positive performance for the broader sector¹¹. Reduced revenue guidance and personnel moves hurt certain biotech exposures. As discussed in the above market commentary, as artificial market support lessens and market volatility begins to normalize, we anticipate that alpha generation, not market beta, may drive investor returns. The Fund's hedged positions seek to provide investors access to equity exposure without the volatility associated with traditional equity beta.

Credit Strategies

Credit strategies were marginally negative in August, as weakness in credit risk transfer bonds ("CRTs") outweighed relative strength across MBS/ABS strategies. The Fund's exposure to CRTs gave back some of the strong gains we have seen in recent months. The market's perceived increase in the likelihood of international conflict drove investors to seek shelter in safe haven assets, withdrawing funds from CRTs, particularly less-seasoned issuances. These losses were balanced by a tailwind from other asset-backed and mortgage-backed exposures with positive carry.

Multi-Asset Strategies

Multi-Asset strategies led gains and provided support to the portfolio across several sub-strategies. As fears of a nuclear threat from North Korea intensified, Multi-Strategy sub-advisers' exposures to gold and other safe haven assets rallied. Short equity positioning was also accretive, as sub-advisers targeted specific retail sector exposures. The continued evolution of this sector has created few winners and many losers, as traditional retail companies have struggled to keep pace with consumers' massive shift to e-commerce. Exposures to certain emerging markets such as Argentina rallied on the back of political catalysts, boosting Global Macro strategies. These gains were tempered, however, by losses resulting from portfolio positioning in anticipation of the Federal Reserve's normalization of monetary policy. Such exposures included long U.S. Dollar and short U.S. equities relative to other markets.

11. Source: S&P 500 Health Care TR Index.

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. 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)

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