

Blackstone Diversified Multi-Strategy Fund

Blackstone

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

As of April 30, 2016

Fund Net Performance ⁽¹⁾⁽²⁾	MTD	QTD	YTD	ITD	YTD STATISTICS			
					St Dev.	Beta	Alpha	Sharpe
BXDMSIJ	1.15%	1.15%	(2.26%)	0.20%	4.04%	-	-	0.03
MSCI World TR (JPY - Hedged)	1.61%	1.61%	1.31%	2.05%	13.45%	0.16	(0.27%)	0.15
Barclays Gbl Agg (JPY - Hedged)	1.29%	1.29%	7.16%	2.90%	5.50%	(0.19)	0.77%	0.51

Monthly Net Performance ⁽³⁾

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	-	1.36%	1.13%	(0.59%)	1.40%	(0.89%)	1.94%	(0.71%)	(1.20%)	0.66%	0.61%	(1.12%)	2.57%
2016	(2.08%)	(2.57%)	1.27%	1.15%									(2.26%)

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)	\$1,030.25
NAV per Share	¥1,002.53
Currency	JPY
Share Class Inception Date	February 2, 2015
Investment Manager	Blackstone Alternative Investment Advisors LLC
Subscriptions	Daily
Redemptions	Daily
Distributing/Accumulating	Accumulating
Cut-off	3pm (Ireland)
Bloomberg Ticker	BXDMSIJ ID
ISIN	IE00BTR4S46

Fund Terms – Share Class I (JPY) Acc. ⁽⁶⁾

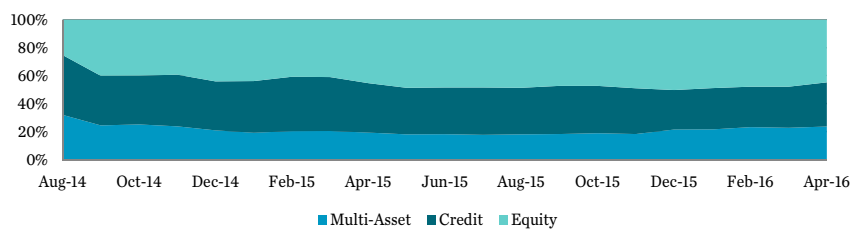
Minimum Initial Investment (Mn)	¥500
Management Fee	1.40%
Performance Fee ⁽⁷⁾	15.00%
Other Expenses ⁽⁸⁾	Capped 0.45%

The firm

Blackstone is the largest discretionary allocator to hedge funds in the world, with over **\$68B** in assets under management. ⁽⁴⁾

Blackstone Alternative Investment Advisors LLC currently manages approximately **\$5B** in daily liquidity alternative products. ⁽⁴⁾

Asset Allocation by Sub-Strategy ⁽⁵⁾



Portfolio Allocation ⁽⁵⁾

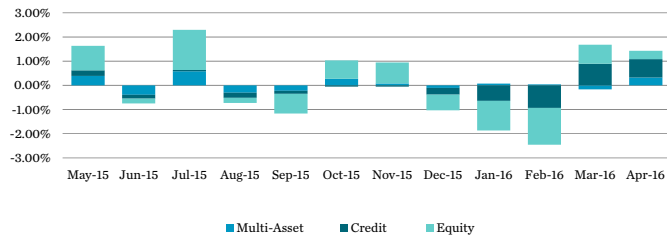
SUB-ADVISOR	STRATEGY	SUB-STRATEGY	ALLOCATION	
Rail Splitter	Fundamental	Equity (Long/Short)	45%	
GSIS	Fundamental	Equity (Long/Short)		
HealthCor	Fundamental	Equity (Long/Short)		
Wellington	Fundamental	Equity (Long/Short)		
Senfina ⁽⁹⁾	Fundamental	Equity (Market Neutral)		
Cerebellum ⁽¹⁰⁾	Quantitative	Equity (Market Neutral)		
Two Sigma Advisers	Quantitative	Equity (Market Neutral)		
Alpha Parity	Quantitative	Multi-Asset (Macro Systematic)		24%
IPM	Quantitative	Multi-Asset (Macro Systematic)		
Emso	Global Macro	Multi-Asset (Macro EM-Credit)		32%
Chatham	Opportunistic Trading	Credit		
Cerberus	Opportunistic Trading	Credit (MBS/ABS)		
Bayview	Fundamental	Credit (MBS/ABS)		
Caspian	Fundamental	Credit		
Good Hill	Fundamental	Credit (MBS/ABS)		
Sorin	Fundamental	Credit (MBS/ABS)		
Waterfall	Fundamental	Credit (MBS/ABS)		

- Fund performance is shown net of all fees and expenses. Past performance may not be a reliable guide to future performance. The value of Fund shares may go down as well as up and there can be no assurance that the Fund will achieve its investment objectives or avoid significant losses. Performance is estimated and unaudited for 2016. Net performance for the Fund as well as indices is from 2/2/15 to 4/30/16 and is annualized.
- The indices presented are indicative and for illustrative purposes only. The volatility of the indices presented may be materially different from that of the performance of the Fund. In addition, these indices employ different investment guidelines and criteria than the Fund; as a result, the holdings in the Fund may differ significantly from the securities that comprise the indices. The performance of these indices has not been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of Fund performance to that of well-known and widely recognized indices. A summary of the investment guidelines for these indices is available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends. Beta and Alpha represents BXDMSIJ compared to the specific indices. Standard deviation and Sharpe calculations are annualized. All Inception to Date Statistics are calculated using daily performance since Inception.
- Performance is presented through April 30, 2016. Net performance is net of all fees and expenses. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance data quoted. Additional information and current performance data is available at www.blackstone.com/bxdms. BXDMSIJ launched on February 2, 2015 and thus performance for February 2015 is limited to February 2 through February 28.
- Largest discretionary allocator to hedge funds source: InvestHedge Billion Dollar Club (as of December 2015) based on AUM. As of December 31, 2015. Liquid Alternatives AUM as of 3/31/2016. Liquid Alternatives are daily funds, AUM excluding Blackstone Multi-Manager Fund, which is in the process of liquidating.
- The portfolio allocations in the table reflect allocations as of the date of the report. The Fund may shift allocations among sub-advisers, strategies and sub-strategies at any time. Further, Blackstone, on behalf of the Fund, may determine to not employ one or more of the above-referenced sub-advisers, strategies or sub-strategies. Blackstone may also add new sub-advisers, strategies or sub-strategies. Accordingly, the allocations are presented for illustrative purposes only and should not be viewed as predictive of the ongoing composition of the Fund's portfolio (and its sub-advisers), which may change at any time.
- The above terms are summarised and qualified in their entirety by the more detailed information set forth in the UCITS prospectus and supplement.
- The Fund will pay to Blackstone a performance fee equal to 15% of any returns the relevant class achieves above any losses carried forward from previous periods. The Fund may also pay to Blackstone an additional performance fee equal to the amount of any performance fees owed by Blackstone to the sub-advisers. Any such additional performance fee will be deducted from Blackstone's performance fee before it is paid in subsequent quarterly performance periods. The performance fee together with any additional performance fee are subject to a cap of 4.95% of the NAV of the class.
- Blackstone has agreed to reimburse the Fund so that certain of the Fund's "Other Expenses" will not exceed 0.45% annually. Please see important disclosure information at the end of this document for further explanation.
- Blackstone Senfina Advisors L.L.C. "Senfina" is an indirect wholly-owned subsidiary of The Blackstone Group L.P., a publicly traded master limited partnership that has units that trade on the New York Stock Exchange under the symbol "BX." Senfina is an affiliate of BAlA, the Fund's investment adviser, on the basis that it is under common control with BAlA. The investment by BXDMS with Senfina benefits Blackstone and a withdrawal from Senfina would be detrimental to Blackstone.
- Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.

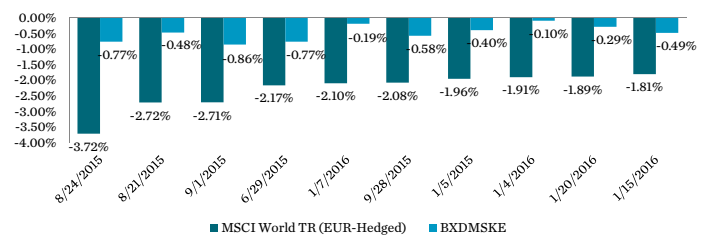
Performance Summary

Sub-Strategy Performance ⁽¹⁾	Allocation at ⁽⁵⁾		MTD		QTD		ITD Cumulative Performance	
	4/29/2016	Return	Attribution	Return	Attribution	Return	Attribution	
Equity	44.80%	0.72%	0.35%	0.72%	0.35%	4.53%	2.29%	
Credit	31.55%	2.40%	0.76%	2.40%	0.76%	0.07%	0.11%	
Multi-Asset	23.66%	1.34%	0.32%	1.34%	0.32%	5.88%	1.31%	
Expenses and Other			(0.28%)		(0.28%)		(3.45%)	
Net Return ⁽²⁾			1.15%		1.15%		0.25%	

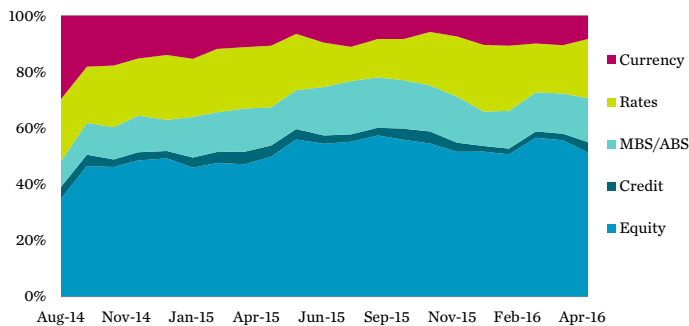
Trailing 12 months performance contribution by Sub-Strategy⁽³⁾



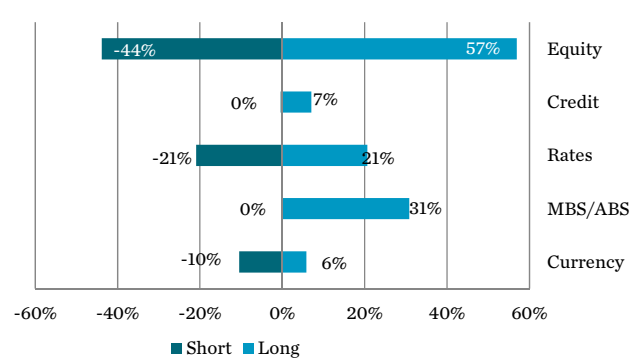
Downside Protection: Worst 10 Days for MSCI World vs BXDMS Fund Since Inception^{(2) (7) (8)}



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



Asset Class Exposure⁽⁴⁾



Fund Geographic Exposure⁽⁴⁾

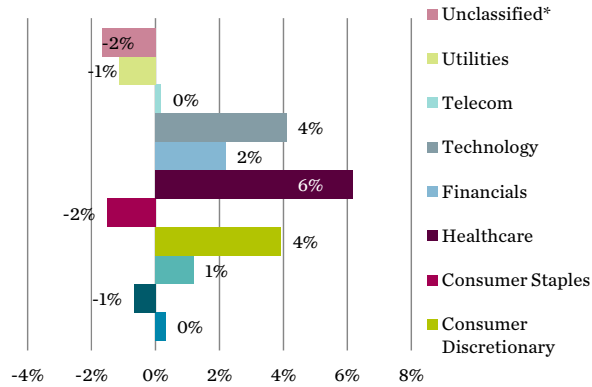
Region	Long	Short	Net
US/Canada	78.79%	48.69%	30.10%
Latin America/Caribbean	7.68%	0.29%	7.39%
Core Europe	19.83%	15.60%	4.23%
Peripheral Europe	4.89%	0.36%	4.54%
Middle East/Africa	2.44%	1.03%	1.41%
China/HK/Taiwan	1.65%	0.67%	0.98%
Asia general	1.50%	6.06%	-4.56%
Japan	4.50%	2.64%	1.86%
Total	121.29%	75.35%	45.94%

Currency Exposure⁽⁴⁾

Region	Long	Short	Net
US/Canada	1.22%	0.01%	1.21%
Latin America	0.63%	-	0.63%
Core Europe	0.85%	5.94%	-5.09%
Peripheral Europe	0.93%	0.14%	0.79%
Middle East/Africa	1.31%	0.99%	0.32%
China/HK/Taiwan	0.03%	0.65%	-0.63%
Asia general	0.01%	1.02%	-1.00%
Japan	0.90%	1.48%	-0.58%
Total	5.87%	10.22%	-4.35%

- Sub-strategy performance is shown gross of all fees and expenses. Performance is estimated and unaudited.
- Fund performance is shown net of all fees and expenses. Past performance may not be a reliable guide to future performance. The value of Fund shares may go down as well as up and there can be no assurance that the Fund will achieve its investment objectives or avoid significant losses. Performance is estimated and unaudited for 2016. Net performance for the Fund as well as indices is from 2/2/15 to 4/30/16 and is annualized. ITD net return is cumulative not annualized.
- Performance contribution represents the contribution of each strategy or sub-strategy to the Fund's total return. Performance contribution is shown gross of all fees and expenses.
- In the case of non-interest rate instruments, exposure data represents the delta adjusted market value. In the case of interest rate products, exposure data is represented by the 10-year equivalent instrument. Positions of unknown type (if any) are excluded from exposure data. Data is obtained from State Street Fund Services (Ireland) Limited, the administrator for the Fund. The Fund does not guarantee the accuracy of such data.
- Sub-strategy allocations exclude exposures to Fund level cash, hedging and expenses and are adjusted pro-rata to equal 100%.
- BXDMSIJ launched on 2/2/15. Information prior to that date is for BXDMSKE, the BXDMS share class with the longest track record.
- The indices presented are indicative and for illustrative purposes only. The volatility of the index presented may be materially different from that of the performance of the Fund. In addition, the index employs different investment guidelines and criteria than the Fund; as a result, the holdings in the Fund may differ significantly from the securities that comprise the index. The performance of the index has not been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of the Fund's performance to that of well-known and widely recognized index. A summary of the investment guidelines for the index presented is available upon request. Performance of the index reflects the reinvestment of dividends. Please see glossary of terms at the end of this presentation for index definitions.
- Information is for BXDMSKE, the BXDMS share class with the longest track record. MSCI World represents MSCI World (EUR-Hedged) to be consistent with BXDMSKE currency. Please see the additional disclosure on the last page for additional index definitions.

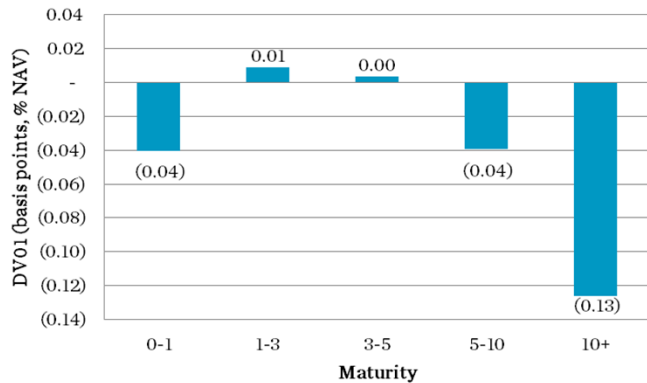
Equity Exposure – Net Sector Breakdown⁽¹⁾



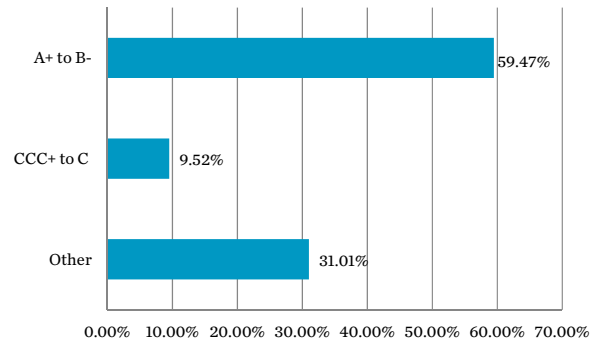
Equity Exposure – Sector Breakdown⁽¹⁾

	Long	Short	Net
Energy	1.43%	1.12%	0.31%
Materials	1.75%	2.44%	-0.69%
Industrials	3.53%	2.33%	1.20%
Consumer Discretionary	9.72%	5.79%	3.93%
Consumer Staples	0.95%	2.47%	-1.52%
Healthcare	12.90%	6.73%	6.17%
Financials	4.37%	2.18%	2.19%
Technology	8.78%	4.69%	4.09%
Telecom	0.99%	0.80%	0.18%
Utilities	0.02%	1.15%	-1.13%
Unclassified*	12.49%	14.16%	-1.67%
Total	56.93%	43.85%	13.08%

Fixed Income Interest Rate Sensitivity⁽²⁾



Fixed Income Ratings⁽¹⁾



VaR Analysis⁽³⁾

Date	VaR
4/30/16	2.56%

- (1) In the case of non-interest rate instruments, exposure data represents the delta adjusted market value. In the case of interest rate products, exposure data is represented by the 10-year equivalent instrument. Positions of unknown type (if any) are excluded from exposure data. Data is obtained from State Street Fund Services (Ireland) Limited, the administrator for the Fund. The Fund does not guarantee the accuracy of such data. Using the higher Standard & Poor's ("S&P's") and/or Moody's Investor Service ("Moody's") ratings.
- (2) Dv01 represents the change in value of a security for a 1 basis point change in interest rates as a percentage of fund NAV.
- (3) Value at Risk ("VaR") is calculated at a 99% confidence level for a one month holding period (20 business days) using a model based on historical Fund data. Please see the Glossary of Terms for a further explanation of VaR.

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

April Market Commentary

U.S. stocks ended the month of April slightly higher despite giving back some mid-month gains. While the rally from February lows may have erased some losses in investors' portfolios, it sparked questions about how much and for how long stocks can continue to climb. Company fundamentals certainly don't appear to be supporting this upward trajectory. In fact, April marked the start of Q1 earnings season in which some of the largest U.S. companies reported a drop in profits for yet another quarter.

The Federal Reserve appears to be in a holding pattern, as it once again left the target Fed Funds rate unchanged on April 27th. Conflicting economic signals are largely to blame. While steady job growth and an improving housing market typically indicate a strengthening U.S. economy, actual economic growth measures and weak corporate earnings suggest otherwise. The Federal Open Market Committee indicated that it expects inflation to remain low in the near term due, in part, to continued low energy prices, but to rise to 2% over the medium term "as the transitory effects of declines in energy and import prices dissipate and the labor market strengthens further." At Blackstone, we continue to be on the dovish side of the debate when it comes to the level of inflation and interest rates. After examining the core personal consumption expenditure (PCE) data ourselves, we concluded that with supply/demand-sensitive core PCE competitive prices generally being stable and profit margins declining against a backdrop of slow growth (despite strong job gains), core inflation trends will probably remain low.

In Europe, inflation remains at depressed levels, falling to an estimated -0.2%¹ in April, despite the European Central Bank's attempt to stimulate growth and inflation by implementing further stimulus measures a month earlier. Separately, discussions about Britain's upcoming mid-June vote on exiting the European Union seemed to spark a lot of fears about potential negative impacts to global trade. Although the polls suggest that the vote will be close, it's hard to predict what kind of impact this particular referendum outcome may have on markets. Google searches for the term "Brexit" have now outnumbered those for "Grexit" at their peak last summer suggesting that perhaps the market has already priced in this political risk².

Markets continue to fret about China. It has been widely reported that debt/GDP continues to rise sharply, and this might mean the economy collapses when its so-called credit bubble bursts. If it does, this would worsen the downside to both growth and inflation projections across the world. We believe that, while there will be inevitable bumps along the way as China transitions from investment-led to consumer-led growth, many of the negative headlines are consistent with the normal growing pains of a maturing economy.

At Blackstone, our top-down views on the global economy and markets, combined with robust scenario analysis, guide strategy research and portfolio construction. We believe that a deliberate, systematic approach to strategy selection is required to react to and capture the changing opportunity set. This requires forming a point of view on world economies, market fundamentals, techniques and strategies, and then refining that view to satisfy investment goals and restrictions. Having this informed top-down macro view gives us the confidence to rotate across alternative investment strategies and invest in specific niche areas when the relevant market opportunities arise.

Review of Fund Performance

The investment objective of Blackstone Diversified Multi-Strategy Fund (the "Fund") is to seek capital appreciation. The Fund aims to achieve its objective by allocating assets among a variety of investment sub-advisers with experience managing non-traditional or "alternative" investment strategies. In April, the Fund's Class I (USD) share class returned 1.30%³ net of fees and expenses versus 1.65% and 1.33% for the MSCI World and Barclays Global Aggregate Bond Index, respectively⁴. **For a summary of Fund performance of the share class to which this report relates, please refer to the "Investment Summary" section of this report.**

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- <http://appsso.eurostat.ec.europa.eu/nui/show.do>
 - <http://www.google.com/trends/explore?q=brexit#q=brexit%2C%20grexit&cmpt=q&tz=Etc%2FGMT%2B4>
 - 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.
 - The indices presented are indicative and for illustrative purposes only. The volatility of the indices presented may be materially different from that of the performance of the Fund. In addition, these indices employ different investment guidelines and criteria than the Fund; as a result, the holdings in the Fund may differ significantly from the securities that comprise the indices. The performance of these indices has not been selected to represent an appropriate benchmark to compare to the performance of the Fund, but rather is disclosed to allow for comparison of Fund performance to that of wellknown and widely recognized indices. A summary of the investment guidelines for these indices is available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.

Equity Strategies

Equity strategies contributed positively to performance in April, led by Equity Long/Short sub-strategies. After a challenging first quarter, healthcare stocks bounced back in April. Certain parts of the sector received a boost due to mergers and acquisitions heating up, an increase in new drugs in the pipeline and even U.S. Presidential candidate Hillary Clinton's speeches affirming her intention to support the Affordable Care Act. In fact, the Fund's healthcare exposure exhibited strong performance from both an alpha and absolute return perspective. Gains on the long side were led by biotech exposures that appreciated on strong acquisition interest as well as exposures to pharmaceutical companies. In addition, the short book was up on the month after the share prices of some stocks sold short declined on the back of weak earnings reports.

Outside of healthcare, financials stocks rallied in April on the back of several strong earnings reports. Long exposures to certain U.S. and U.K. banks as well as specialty finance companies contributed to performance. The Fund also experienced gains from long exposures to business services and specialized REITs, and short exposures to consumer discretionary and information technology sectors. The primary detractors for the month included long exposures to communications equipment and technology along with exposures to materials.

Within broader equity markets, we saw short interest decrease in some names, increase in others, but remain largely unchanged in aggregate. While there continued to be short squeezes in some high short interest names, the rallies were not nearly as extreme as those we experienced in February/March. From a fundamental stock-picking perspective, stock prices appeared to behave much more rationally to company-specific developments and news than they did in prior months, though there hasn't been a complete normalization yet.

Credit Strategies

Credit strategies were the strongest performers this month with the largest gains coming from some of the Fund's asset-backed exposures. The fundamentals of certain credit risk transfer exposures appear to remain strong and those exposures benefited from spread tightening during the month. Positive carry generated by other mortgage-backed and asset-backed exposures outweighed mark-to-market losses and certain idiosyncratic opportunities also contributed to performance. Additionally, the broader rally in high yield bonds, particularly in the printing/publishing and metals & mining sectors, drove gains. Negative attribution for the month was driven by select short commercial mortgage-backed exposures and hedges.

The current environment provides an interesting time to be investing in credit. Markets have presented opportunities in select areas of corporate and structured credit, and we believe that there could be significant opportunities in dislocated situations for sub-advisers with the appropriate expertise and mandate. We are looking at opportunities to deploy capital in the liquid credit space in the coming quarters and expect to further reduce the Fund's equity beta.

Multi-Asset Strategies

Multi-Asset strategies also ended the month in positive territory with Macro strategies providing the largest gains. A rebound in emerging markets helped boost exposures to sovereign high yield bonds in Argentina, Greece and Venezuela. Other gains came from Brazil and Russia fixed income exposures, while local rates and FX exposures were largely flat on the month. Systematic Diversified sub-strategies experienced gains in value factor models, specifically in FX. Exposures to certain developed market currencies also contributed. Fixed income and equity value strategies, along with broader momentum and carry factor models, detracted from performance. Certain equity and fixed income hedges also experienced losses.

On May 1st, Puerto Rico Governor Padilla warned of another default by the struggling U.S. territory after blocking a \$422 million debt payment in order to provide essential services in lieu of paying creditors. While the Fund currently does not have any exposure to Puerto Rican debt, we are monitoring the situation as it may present future opportunities.

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

Glossary of Terms:

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

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

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

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

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

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

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

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

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

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

Glossary of Indices:

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

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

MSCI World Index (JPY-Hedged): A market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. The MSCI World is maintained by Morgan Stanley Capital International, and is comprised of stocks from all the developed markets in the world.

Important Disclosure:

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

Important Risks:

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

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

For further information on the risks faced by the Fund, see "Risk Factors" in the Prospectus and Supplement for the Fund, available from www.blackstone.com/BXDMS