Blackstone Diversified Multi-Strategy Fund (BXDMS)

Blackstone

As of December 31, 2020

Fund Net Performance[1,2]

	As of December 31, 2020						*Inception to Date Statistics*			
	MTD	**QTD**	**YTD**	**1 Yr**	**5 Yr**	**ITD**	**St. Dev.**	**Beta**	**Alpha**	**Sharpe**
BXDMS	**2.89%**	**4.70%**	**(6.80%)**	**(6.80%)**	**0.65%**	**1.06%**	**4.72%**			**0.03**
HFRX Global HF Index	2.45%	5.11%	6.81%	6.81%	3.29%	1.58%	3.58%	0.70	(0.24%)	0.19
Barclays Global Agg Index	1.34%	3.28%	9.20%	9.20%	4.79%	2.89%	4.81%	0.05	0.15%	0.41
MSCI World Index	4.27%	14.07%	16.50%	16.50%	12.81%	9.84%	15.53%	0.17	(1.31%)	0.57

[1] Performance is presented through December 31, 2020 for the Fund's Class I (USD) Accumulating share class (BXDMSIU). Net performance is net of the Expense Ratio less waived expenses. Performance data quoted represents past performance and does not guarantee future results. Statistics above are calculated using daily performance and are annualized. 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. Information is estimated and unaudited. Additional information and performance data current to the most recent month-end is available at www.bxdms.com.

[2] Inception to Date statistics are as of BXDMSIU inception on September 10, 2014 through December 31, 2020. Measures of beta or alpha of BXDSMIU are to the respective index. Please see the end of this document for additional disclosures regarding indices presented.

Q4 2020 Market Commentary

Global appetite for risk assets increased broadly over the fourth quarter as uncertainty surrounding the U.S. Presidential Election, effectiveness of a COVID-19 vaccine, and fiscal stimulus resolved. Despite ending the year with over 86 million global cases of the novel coronavirus, markets looked through a second wave of infections in the fall to price a robust economic recovery in 2021. From its bottom on March 23, 2020, the S&P 500 Index returned 68%, closing at a record high and increasing 16.3% for the year. In Q4, U.S. equities experienced a large rotation from beneficiaries of low and falling real yields to beneficiaries of an economic recovery. Large cap and growth leaders gave way to small cap and value. Value stocks in fact rose by 16% over the last three months, marking their best quarter since 2009, and small-cap stocks returned 24%, erasing their underperformance for the calendar year.[3] Further, credit instruments continued their rebound. As central banks took unprecedented action to provide significant monetary and fiscal stimulus throughout the crisis, historically low levels of U.S. treasury yields forced investors to look elsewhere for meaningful sources of income. We observed broad appreciation of credit instruments throughout the quarter, with U.S. High Yield bonds recovering over 90% of their spread widening from March. Residential and commercial mortgage backed securities and emerging market debt also appreciated meaningfully on the quarter.

Against this backdrop, BXDMS was up 4.70% on the quarter.[4] The Fund aims to deliver diversified risk-adjusted returns over a market cycle by providing access to hedge fund strategies with lower exposure to equity risk, a mandate we believe the Fund largely achieved in the fourth quarter.[5] In Q4, BXDMS captured 23.0% of the MSCI World's upside and

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[3] Value stocks refers to MSCI World Value Index; Small-cap stocks refers to MSCI World Small Cap Index.

[4] Past performance is not be a reliable guide to future performance. Net performance is net of the Expense Ratio less waived expenses. The value of BXDMS 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. Statistics are calculated using daily performance and are annualized. Performance is estimated and unaudited.

[5] The Fund may shift allocations among sub-advisers, strategies and sub-strategies at any time.

just 9.5% of its downside and has exhibited an equity beta between 0.11 and 0.17 with an average of 0.13.[6] As a result, BXDMS delivered 2.9% of returns in excess of its equity exposure in Q4.

Throughout the recovery over the last three quarters, the investment team has been active in tailoring the portfolio for market conditions to come. As global financial markets entered the crisis last March, we re-underwrote risk across the portfolio, added where we saw opportunity, and trimmed where we saw less attractive risk/reward. We also leveraged our industry relationships and COVID-19 induced disruption to access previously unavailable capacity in key hedge fund strategies. In the last three quarters, we've added 5 new strategies, including diversifiers and tail hedges. These actions collectively resulted in new, alpha-generative exposures and deliberate allocation shifts. The Fund has gained 12.3% over the last three quarters, recovering most of the losses experienced in Q1 and ending the year down -6.80%.[7]

Looking forward, we are focused on three themes that we believe will shape 2021: 1) investors' search for yield, 2) the global recovery, and 3) the need for diversification. First, as discussed in previous notes, we believe tailwinds from falling discount rates will subside while global front-end yields remain low. In fact, we've already observed steepening in yield curves from a repricing of global growth and inflation expectations. As such, we expect investors will move out the risk spectrum in search of carry. In this environment, we expect our emerging market debt and securitized credit allocations to continue to outperform. Second, we remain focused on including high conviction exposure to global recovery themes. Over the long run, we believe a re-rating in REITS may deliver recovery exposure. More immediately, we believe our Special Purpose Acquisition Companies ("SPACs") strategy provides asymmetric exposure to innovation and growth, while monetizing mispricings in a rapidly growing market. In fact, we think SPACs represent a secular shift in the landscape for public listings, and that increased investor interest has led to a period of elevated returns and liquidity. Finally, we continue to use the Blackstone sourcing engine to identify what we believe to be high quality diversifiers. Our allocations to commodities and higher-frequency futures strategies this year are good examples of this commitment.

Review of Q4 2020 Fund Performance

The investment objective of the Blackstone Diversified Multi-Strategy 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 and by managing assets directly (via BAIA[8]). In Q4, the Fund's Class I (USD) Accumulating share class returned 4.70%[1] net of fees and expenses versus 5.11% for the HFRX Global Hedge Fund Index, 3.28% for the Barclays Global Aggregate Bond Index, and 14.07% for the MSCI World Index.[9]

Equity Strategies[10]

Equity strategies (+0.10%) remained relatively flat during the quarter. Exposure to Chinese equities implemented by BAIA were the leading contributor of gains, driven by robust Chinese growth and declining U.S. Dollar throughout the quarter.

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[6] The calculated betas use daily returns for BXDMS from 10/1/2020-12/31/2020. The indices referenced above are not benchmarks or targets for the Fund. Please see Important Disclosure Information.

[7] Past performance is not be a reliable guide to future performance. Net performance is net of the Expense Ratio less waived expenses. The value of BXDMS 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. Statistics are calculated using daily performance and are annualized. Performance is estimated and unaudited.

[8] BAIA manages a portion of the Fund's assets directly. Such investments presently include allocations to structured notes providing exposure to investment portfolios managed by Bayforest Capital Limited and Trailstone Management Corp, opportunistic trades and hedging. BAIA allocations are subject to change and BAIA's fees on directly managed assets are not reduced by a payment to a sub-adviser.

[9] **Indices are provided for illustrative purposes only. They have not been selected to represent benchmarks or targets for the Fund, but rather are disclosed to allow for comparison of the Fund's performance to that of well-known and widely recognized indices. Please see end of document for additional disclosures regarding indices presented.**

[10] Past performance may not be a reliable guide to future performance. The value of BXDMS 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. Sub-strategy performance is shown gross of all fees and expenses and is calculated using daily performance. Performance attribution represents the contribution of each sub-strategy to the Fund's total return. Performance is estimated and unaudited.

Equity Long Short sub-strategies were slight detractors. In this portion of the portfolio, gains were generated from exposure to a biopharmaceutical company following the approval of its coronavirus vaccine, but were more than offset by negative contributions from short biotechnology positions as prices in the sector climbed higher throughout the fourth quarter.

Equity Market Neutral sub-strategies suffered slight losses in the fourth quarter. The Fund's exposure to quantitative investment strategies faced headwinds in November associated with a large factor rotation that impacted growth and momentum stocks. However, exposure to REITS helped to offset the losses, as the increased probability of a post-vaccine world led to considerable price appreciation in COVID-impacted sectors, including travel, entertainment, and retail stores.

Credit Strategies[10]

Credit strategies (+2.07%) were a large contributor to Fund performance in Q4 and benefited from positive returns generated by each sub-adviser. The U.S. Federal Reserve's commitment to a "lower-for-longer" interest rate environment continued to provide tailwinds for Fixed Income – Asset Backed sub-strategies, as bids for high-yielding securitized credit remained strong and facilitated continued spread tightening. Sub-advisers of these strategies noted that recoveries in securities backed by residential mortgages were supported by rising home prices and stable delinquency rates, whereas price appreciation in securities backed by commercial mortgages was aided by declining, though still elevated, delinquency rates.

Distressed/Restructuring sub-strategies also generated gains in the fourth quarter. Profits in this portion of the portfolio were bolstered by exposure to the bonds of a stressed cruise line company, which appreciated on positive news related to the development of a COVID-19 vaccine, as well as the bonds of a utility company, after it made progress in restructuring its existing debt. Losses came from exposure to loans to a broadcasting company operating TV and a radio station.

Multi-Asset Strategies[10]

Multi-Asset strategies (+3.22%) were the largest contributor to Fund performance for the quarter. Discretionary Thematic sub-strategies were accretive to performance and benefited from gains resulting from exposure to emerging market sovereign bonds. These exposures continued to benefit from price appreciation supported by increased demand and persistent low rates as the U.S. Federal Reserve's policy remained unchanged, with no rate-hikes projected until the end of 2023. Detractors included exposure to the sovereign bonds of a South American country, which were impacted by the government's diminished foreign exchange reserves, as it continues to grapple with economic turmoil in the wake of the pandemic.

Multi-Strategy sub-strategies also produced gains. Exposure to strategies focused on SPACs benefited from widespread acceptance of these vehicles as a means of accessing public capital markets, in which they claimed over 50% of the IPO market in 2020.[11] Leading contributors to performance within this strategy included a business combination in the mobile gaming space. Hedging exposures were a mild detractor in the quarter as risk assets rebounded significantly following a volatile September and October.

Risk Arbitrage strategies also contributed positively to Fund performance, as the landscape for mergers and acquisitions improved throughout the quarter. Exposure to business combinations in the cinema and entertainment space produced profits, but were partially offset by losses that resulted from exposure to deals involving pairs of energy and utility companies.

Sub-Advisers and Strategies Added/Removed

At Blackstone, we believe that managing the optimal mix of strategies across the portfolio and adjusting it over time are key to generating returns in different market environments. Over the course of the fourth quarter of 2020, we added one new sub-adviser:

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[11] Source: SPAC Analytics. As of December 31, 2020.

1. **Nephila (Nephila Capital Limited):** Nephila is among the largest asset manager in the insurance linked securities ("ILS") space, managing ~$11 billion of assets invested in catastrophe ("CAT") risk, weather risk, and related insurance- and reinsurance-linked securities. Nephila leverages its proprietary models, systems, and industry relationships to find investment opportunities across various instrument types in the reinsurance market.

Additions and terminations are normal events in our investment process and result from our dynamic evaluation of the top-down assessment of the opportunity set for specific investment strategies as well as the bottom-up evaluation of a sub-adviser's ability to deliver alpha in a given environment.

Review of 2020 Full Year Fund Performance

For the full year 2020, the Fund's Class I (USD) accumulating share class returned -6.80%[1] net of fees and expenses versus 6.81% for the HFRX Global Hedge Fund Index, 9.20% for the Barclays Global Aggregate Bond Index and 16.50% for the MSCI World index[12].

Equity Strategies[10]

Equity strategies (+1.00%) contributed positively in 2020, as gains generated by Equity Market Neutral sub-strategies were partially offset by losses from Equity Long Short sub-strategies. The Fund's exposure to quantitative investment strategies benefited performance, as sub-advisers successfully monetized bouts of market volatility and overcame losses experienced during a handful of large factor rotations throughout the year. However, losses came from exposure to Healthcare as positive developments in COVID-19 vaccines in Q4 prompted a wave of market exuberance that squeezed short positions and more than offset the rebound in prices following the first quarter selloff.

Credit Strategies[10]

Credit strategies (-4.87%) were the largest detractor from Fund performance for the year, with significant pain felt by Fixed Income – Asset Backed sub-strategies. Rapid, adverse price action driven by technical selling pressures in late March resulted in mark-to-market losses for the Fund's exposure to structured credit. Within this portion of the portfolio, losses were incurred from exposure across both residential and commercial mortgages as investors were forced to raise cash. Prices of these securities subsequently rebounded as capital returned to markets and spreads tightened from historically wide levels, however, we observed greater stabilization in the prices of securities backed by residential mortgage and corporate loans than commercial mortgages, as the government shutdown continued to weigh on corporate revenues. While the market dislocation presented challenges, it also introduced opportunities for sub-advisers to purchase assets at prices that they believed to be discounts to fundamental value. As market risk increased in the second half of the year and investors sought available sources of yield, the Fund benefited from exposure to bonds and loans it acquired when a rising number of companies showed signs of stress.

Multi-Asset Strategies[10]

Multi-Asset strategies (+0.34%) were a slightly positive contributor to Fund profits in 2020, led by the performance of Discretionary Thematic sub-strategies. After suffering a material drawdown in the first quarter, the Fund's exposure to emerging market sovereign bonds was ultimately accretive to full-year performance, due in part to an uptick in the market's appetite for risk and yield. Multi-strategy sub-strategies detracted from performance, as losses suffered by risk parity exposures linked to a spike in cross-asset correlations at the end of Q1 more than offset gains from exposure to SPACs, which benefited from the growing prevalence of these initial public offering vehicles offering a faster and cheaper path to public markets. Finally, Merger Arbitrage sub-strategies contributed slightly positive performance for the year. After facing losses related to a multiple standard deviation move in deal spreads in March, sub-advisers benefited from perceived declines in the risk of deal breaks throughout the remainder of the calendar year.

Sub-Advisers and Strategies Added/Removed

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[12] **Indices are provided for illustrative purposes only. They have not been selected to represent benchmarks or targets for the Fund, but rather are disclosed to allow for comparison of the Fund's performance to that of well-known and widely recognized indices. Please see end of document for additional disclosures regarding indices presented.**

At Blackstone, we believe that managing the optimal mix of strategies across the portfolio and adjusting it over time are key to generating returns in different market environments. Over the course of 2020, we added five new sub-advisers and terminated two existing sub-advisers:

2020 Sub-Adviser Additions:[13]

1. **Futures Commodity Trader:** The Manager is a multi-asset quantitative research firm that combines real-time statistical inference analytics with deep market expertise. The Manager's strategy invests across asset classes, with a focus on trading futures on commodity indices, equity indices, interest rate and foreign exchange contracts. The strategy relies solely on quantitative analysis to build signals that are translated to financial instrument orders. The end-to-end process is entirely systematic and aims to capture perceived market inefficiencies.
2. **Commodity-Energy Trader:** The Manager is a global energy trader and risk manager, which operates across North American and European energy markets. The Manager seeks to capture opportunities arising from the disruption in energy markets by leveraging its energy market experience and predictive modelling platform.
3. **Seiga (Seiga Asset Management Limited):** Seiga is a Pan-Asia fundamental long short equity manager focused on deploying capital within a concentrated portfolio of high-conviction mid/large-cap ideas. Seiga seeks to take advantage of mispricings from market inefficiencies throughout Japan and China, with a focus on consumer, industrials, and technology sectors.
4. **Jasper (Jasper Capital Hong Kong Limited):** Jasper is a quantitative equity manager focused on the China A Shares market. The strategy is primarily centered on extracting signals at the shorter-term time horizon to generate alpha from the structural inefficiencies and trading constraints that are characteristic of the market.
5. **Nephila (Nephila Capital Limited):** Nephila is the largest asset manager in the insurance linked securities ("ILS") space, managing ~$11 billion of assets invested in catastrophe ("CAT") risk, weather risk, and related insurance- and reinsurance-linked securities. Nephila leverages its proprietary models, systems, and industry relationships to find the best relative opportunities across instrument types in the reinsurance market.

2020 Sub-Adviser Terminations:

1. **GSA (GSA Capital Partners LLP):** GSA has been an inactive sub-adviser since September 2018, and we have mutually agreed to remove them from the Fund's sub-adviser roster.
2. **H2O (H2O AM LLP):** H20 has been an inactive sub-adviser since June 2018, and we have mutually agreed to remove them from the Fund's sub-adviser roster.

Additions and terminations are normal events in our investment process and result from our dynamic evaluation of the top-down assessment of the opportunity set for specific investment strategies as well as the bottom-up evaluation of a sub-adviser's ability to deliver alpha in a given environment.

Opinions expressed reflect the current opinions of BAIA as of the date of this material only and are based on BAIA's opinions of the current market environment, which is subject to change. Certain information contained in the Materials discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice. Certain of the information provided herein has been obtained from or derived from sources outside Blackstone. BAIA does not guarantee the accuracy or completeness of such information.

[13] Please refer to the Fund's Prospectus for a full list of Sub-Advisers.

Important Disclosure Information

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.Bxdms.com.** ***All KIIDs are available in English, and certain share class specific KIIDs are available in French, German, Greek, 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.***

Please note that additional details concerning the Fund's performance, liquidity and asset class exposures are available upon request. Please contact your BAAM representative for further information.

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.
- The Fund's investments will include shares, bonds and FDI. Certain investment techniques and FDI may increase the adverse impact to the Fund. In particular, there is a risk of infinite loss when using an FDI that derives its value from other assets decreasing.
- BAIA and sub-advisers have conflicts of interest that could interfere with their management of the Fund, including the allocation of time and investment opportunities.
- 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. Sub-advisers may make investment or hedging decisions which conflict or offset with other sub-advisers
- Increased legal, tax and other regulatory developments may adversely impact the ability of BAIA and the sub-advisers to utilize certain investment techniques or invest in certain assets.
- The Fund may invest in countries or through over investment funds that are subject to a weak legal or financial framework, as a result of which 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.
- The Fund is dependent on BAIA, sub-advisers and other service providers for certain investment management, operational and financial support services. A deficiency in any of these services may have an adverse impact on the Fund.
- 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.bxdms.com.

Conflicts of Interest:

Blackstone and the Sub-Advisers have conflicts of interest that could interfere with their management of the Fund. These conflicts, which are disclosed in the Fund's Statement of Additional Information, include, without limitation:

- **Selection of Sub-Advisers.** Blackstone compensates the Sub-Advisers out of the management fee it receives from the Fund. This could create an incentive for Blackstone to select Sub-Advisers with lower fee rates.
- **Financial Interests in Sub-Advisers and Service Providers.** Blackstone, the Sub-Advisers, and their affiliates have financial interests in asset managers and financial service providers. Allocating to an affiliate (or hiring such entity as a service provider) benefits The Blackstone Group Inc. and the relevant Sub-Adviser and redemptions from an affiliate (or terminating such entity as a service provider) would be detrimental to The Blackstone Group Inc. and the relevant Sub-Adviser. For example:
  - Blackstone Strategic Capital Advisors L.L.C. ("BSCA"), an affiliate of BAIA, manages certain funds (the "BSCA Funds") that acquire equity interests in established alternative asset managers (the "Strategic Capital Managers"). One of the Strategic Capital Managers in which the BSCA Funds have a minority interest is Magnetar Capital Partners L.P., a control affiliate of Magnetar Asset Management LLC, a sub-adviser for the Fund. The Fund will not participate in any of the economic arrangements between the BSCA Funds and any Strategic Capital Manager with which the Fund invests.
  - Real Estate Special Situations Advisors L.L.C. ("BRESSA"), an affiliate of BAIA and an indirect wholly-owned subsidiary of The Blackstone Group Inc., serves as a Sub-Advisor Sub-Adviser. BRESSA invests primarily in liquid, commercial and residential real estate-related debt instruments.
  - GSO / Blackstone Debt Funds Management LLC ("GSO DFM"), an affiliate of BAIA and an indirect wholly-owned subsidiary of The Blackstone Group Inc., serves as a Sub-Adviser. GSO DFM invests primarily in below investment grade corporate credit.
  - Blackstone utilizes technology offered by Arcesium LLC ("Arcesium") to provide certain middle- and back-office services and technology to the Fund. The parent company of a Sub-Adviser owns a controlling, majority interest in Arcesium and Blackstone Alternative Asset Management L.P. owns a non-controlling, minority interest in Arcesium.
- **Other Activities of Blackstone or the Sub-Advisers.** The activities in which Blackstone, the Sub-Advisers, or their affiliates are involved in on behalf of other accounts may create conflicts of interest or limit the flexibility that the Fund may otherwise have to participate in certain investments. For example, if Blackstone or a Sub-Adviser comes into possession of material non-public information with respect to a company, then Blackstone or the relevant Sub-Adviser generally will be restricted from investing in securities issued by that company. Further, Blackstone generally will be restricted from investing in portfolio companies of its affiliated private equity business.
- **Allocation of Investment Opportunities.** Blackstone and the Sub-Advisers (or their affiliates) manage other accounts and have other clients with investment objectives and strategies that are similar to, or overlap with, the investment objective and strategy of the fund, creating potential conflicts of interest in

investment and allocation decisions. These conflicts of interest are exacerbated to the extent that the other clients are proprietary or pay higher fees or performance-based fees.

Glossary of Indices:

Market indices obtained through Bloomberg. HFR Indices obtained through HFR Asset Management. **MSCI World Index TR:** Market capitalization weighted index designed to provide a broad measure of large and mid-cap equity performance across 23 developed markets countries. **HFRX Global Hedge Fund Index:** Designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies falling within four principal strategies: equity hedge, event driven, macro/CTA, and relative value arbitrage. Strategies are asset weighted based on the distribution of assets in the hedge fund industry. **Barclays Global Aggregate Bond Index TR:** Flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. **Morningstar Multialternative Category:** Represents the average performance of mutual funds categorized as "multialternative" funds by Morningstar, Inc. These funds use a combination of alternative strategies such as taking long and short positions in equity and debt, trading futures, or using convertible arbitrage, among others. **S&P 500 TR:** Market capitalization-weighted index that includes 500 stocks representing all major industries. The index is a proxy of the performance of the broad U.S. economy through changes in aggregate market value

Index Comparison: The Fund is actively managed and uses the MSCI World Total Return Index, Barclays Global Aggregate Index and HFRX Global Hedge Fund Index for performance comparison purposes only. While a proportion of the Fund's assets may be components of and have similar weightings to one or more of the referenced indices, BAIA and the sub-advisers may use their discretion to invest a significant proportion of the Fund in assets which are not included in, or with different weightings to, the indices. There is no guarantee that the Fund's performance will match or exceed any reference index. Indices are presented are indicative and for illustrative purposes only, are unmanaged and investors cannot invest in an index. Index data for USD denominated share classes is obtained from unaffiliated third parties and is subject to subsequent adjustments. The calculation methodology for non-USD denominated share classes estimates hedging cost using the short-term interest rate differentials between the local currency and the Fund base currency. Indices are unmanaged and investors cannot invest in an index.

Glossary of Terms:

Gross Exposure: Reflects the aggregate of long and short investment positions in relation to the net asset value. The gross exposure is one indication of the level of leverage in a portfolio. **Net Exposure:** This is the difference between long and short investment positions in relation to the net asset value. The gross exposure is one indication of the level of leverage in a portfolio. **Long Exposure:** A long position occurs when an individual owns securities**.** **Short Exposure:** Short selling a security not actually owned at the time of sale. Short positions can also generate returns when the price of a security declines. **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. **Beta***:* A measure of the volatility, or systemic risk, of a security or a portfolio in comparison to the market as a whole. **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. **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**.** **Delta:** The ratio comparing the change in the price of the underlying asset to the corresponding change in the price of a derivative. **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. **Basis points (BPS):** Refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.