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 Reporting Purposes Only

As of March 31, 2020

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)	$1,776.60
NAV per Share	¥869.54
Currency	JPY
Fund Inception Date	August 11, 2014
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	IE00BTFR4S46

Fund terms – share class I (JPY) acc.(2)

Minimum Initial Investment (Mn)	¥500
Management Fee	1.40%
Performance Fee(3)	15.00%
Other Expenses(4)	Capped 0.45%

Investment committee

Name	Years at Blackstone
Gideon Berger	18 Years
Raymond Chan	< 1 Year
Min Htoo	3 Years
Robert Jordan	9 Years
Ian Morris	10 Years
Alberto Santulin	17 Years
Stephen Sullens	19 Years

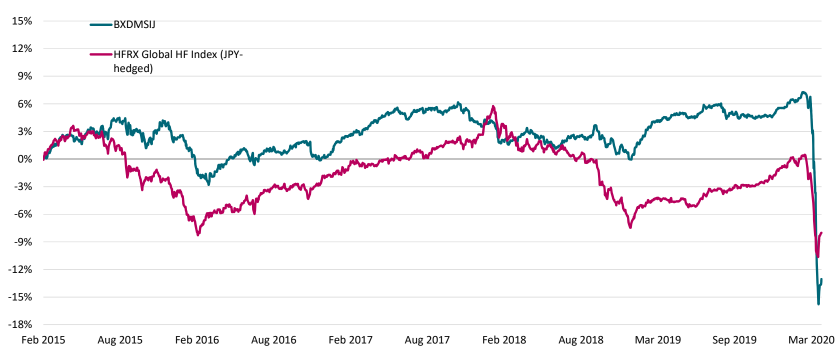
Fund net performance(1)

					ITD STATISTICS			
Fund Net Performance	**MTD**	**QTD**	**YTD**	**ITD**	**St. Dev.**	**Beta**	**Alpha**	**Sharpe**
BXDMSIJ	(17.62%)	(17.60%)	(17.60%)	(2.67%)	4.89%	-	-	(0.51)
HFRX Global HF Index (JPY-hedged)	(5.97%)	(7.22%)	(7.22%)	(1.61%)	3.62%	0.71	(1.38%)	(0.40)
Barclays Glbl Agg (JPY-hedged)	(2.33%)	(0.72%)	(0.72%)	0.74%	4.97%	0.06	(2.38%)	0.18
MSCI World TR (JPY-hedged)	(13.25%)	(21.24%)	(21.24%)	3.07%	15.12%	0.19	(3.08%)	0.21

12 month performance periods – to last quarter end(1)

	3/31/19 - 3/31/20	3/31/18 - 3/31/19	3/31/17 - 3/31/18	3/31/16 - 3/31/17	3/31/15 - 3/31/16
BXDMSIJ	(16.73%)	1.96%	(1.15%)	4.53%	(3.32%)
HFRX Global HF Index (JPY-hedged)	(3.46%)	(5.76%)	1.66%	5.26%	(7.67%)
Barclays Glbl Agg (JPY-hedged)	2.00%	(2.90%)	5.38%	(2.77%)	4.22%
MSCI World TR (JPY-hedged)	(11.77%)	1.97%	12.50%	14.42%	(3.22%)

Alternative strategies cumulative net performance



(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. Certain recent performance is estimated and unaudited. Net performance for the Fund as well as indices is from 2/2/2015 to 3/31/2020 and is annualized. 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 and uses the local currency rate.

(2) The above terms are summarised and qualified in their entirety by the more detailed information set forth in the BXDMS prospectus and supplement.

(3) 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.

(4) 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.

None of the indices presented are benchmarks or targets for the Fund. Indices are unmanaged and investors cannot invest in an index. Please see end of document for additional disclosures regarding indices presented.

Additional information and current performance data is available at **www.bxdms.com.**

Sub-adviser allocations(4)(5)

Manager	Strategy	Sub-strategy	Classification
Active Sub-Advisers			
HealthCor	Equity Hedge	Equity Long Short	Equity
Endeavour	Equity Hedge	Equity Market Neutral	Equity
Two Sigma Advisers	Equity Hedge	Equity Market Neutral	Equity
Bayview	Relative Value	Fixed Income - Asset Backed	Credit
BRESSA(5)	Relative Value	Fixed Income - Asset Backed	Credit
EJF	Relative Value	Fixed Income - Asset Backed	Credit
Good Hill	Relative Value	Fixed Income - Asset Backed	Credit
GSO DFM(5)	Relative Value	Fixed Income - Asset Backed	Credit
Shelter Growth	Relative Value	Fixed Income - Asset Backed	Credit
Caspian	Event Driven	Distressed/Restructuring	Credit
Sage Rock	Event Driven	Multi-Strategy	Multi-Asset
Magnetar(5)	Event Driven	Risk Arbitrage	Multi-Asset
Emso	Macro	Discretionary Thematic	Multi-Asset
NWI	Macro	Discretionary Thematic	Multi-Asset
D.E. Shaw	Multi-Strategy	N/A	Multi-Asset
BAIA-Direct(6)	Multi-Strategy	N/A	Multi-Asset
Inactive Sub-Advisers (7)			
Cerberus	Relative Value	Fixed Income - Asset Backed	Inactive
Waterfall	Relative Value	Fixed Income - Asset Backed	Inactive
H2O	Macro	Discretionary Thematic	Inactive
IPM	Macro	Systematic Diversified	Inactive

Performance summary(1)(2)(3)(4)

	Allocation at	MTD		QTD		YTD		ITD Cumulative Performance	
Sub-Strategy Performance	3/31/2020	Return	Attribution	Return	Attribution	Return	Attribution	Return	Attribution
Equity	15.89%	0.90%	0.14%	1.49%	0.35%	1.49%	0.35%	16.53%	6.44%
Credit	50.20%	(23.36%)	(12.19%)	(22.73%)	(11.77%)	(22.73%)	(11.77%)	9.01%	0.03%
Multi-Asset	33.90%	(12.33%)	(4.94%)	(12.26%)	(4.93%)	(12.26%)	(4.93%)	5.69%	1.49%
Hedging Expenses			(0.14%)		(0.47%)		(0.47%)		(10.21%)
Cash, Expenses & Other			(0.50%)		(0.79%)		(0.79%)		(10.81%)
Net Return			(17.62%)		(17.60%)		(17.60%)		(13.05%)

Monthly net performance(2)

	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%	0.83%	(0.98%)	0.97%	(0.55%)	0.96%	0.45%	(1.67%)	0.55%	**(1.75%)**
2017	1.54%	0.62%	0.63%	0.87%	0.75%	(0.91%)	0.90%	0.26%	(0.37%)	0.62%	(1.37%)	(0.80%)	**2.73%**
2018	0.01%	(1.37%)	0.29%	0.59%	(1.36%)	(0.32%)	1.03%	0.07%	1.18%	(1.95%)	(0.24%)	(0.81%)	**(2.89%)**
2019	2.64%	0.84%	0.36%	0.57%	(0.44%)	0.98%	0.30%	(1.02%)	(0.09%)	(0.05%)	0.04%	0.80%	**4.97%**
2020	0.68%	(0.66%)	(17.62%)	-	-	-	-	-	-	-	-	-	**(17.60%)**

(1) Sub-strategy performance is shown gross of all fees and expenses. Certain recent performance is estimated and unaudited.

(2) 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. Certain recent performance is estimated and unaudited. Net performance for the Fund as well as indices is from 2/2/2015 to 3/31/2020 and is annualized. ITD net return is cumulative not annualized.

(3) 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.

(4) 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.

(5) Blackstone and its affiliates have financial interests in asset managers. Any allocation by Blackstone to a subsidiary or other affiliate benefits The Blackstone Group Inc. and any redemption or reduction of such allocation would be detrimental to The Blackstone Group Inc., creating potential conflicts of interest in allocation decisions. For a discussion of this and other conflicts, please see the Additional Disclosure section at the end of this document.

(6) BAIA manages a portion of the Fund's assets directly. Such investments presently include opportunistic trades and hedging. BAIA's fees on directly managed assets are typically not reduced by a payment to a sub-adviser.

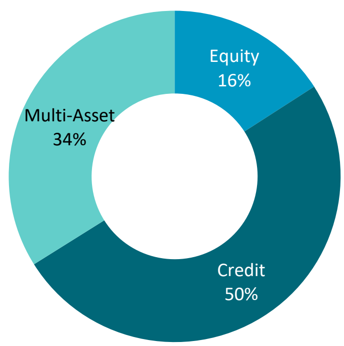
(7) Sub-adviser is not currently managing any Fund assets. Allocations may change at any time without notice.

Blackstone Diversified Multi-Strategy Fund (BXDMS)

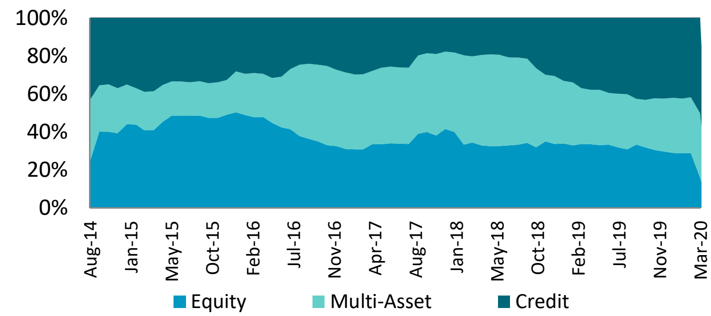
Blackstone

As of March 31, 2020

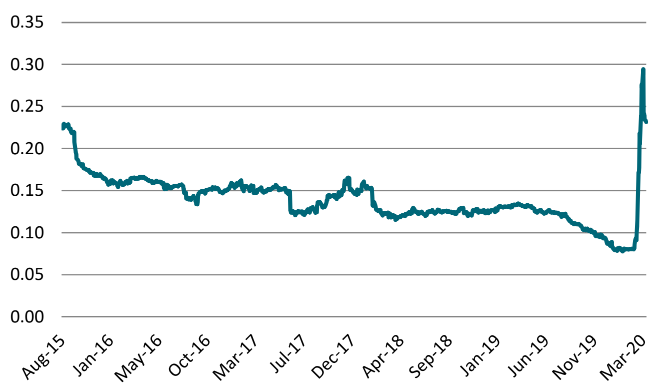
Portfolio allocations[1]



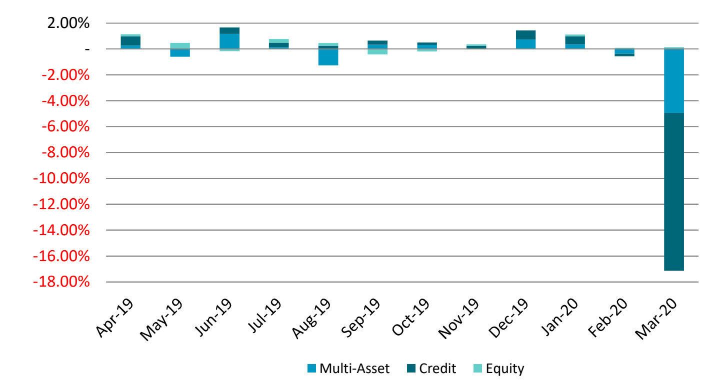
Asset allocation by sub-strategy[1]



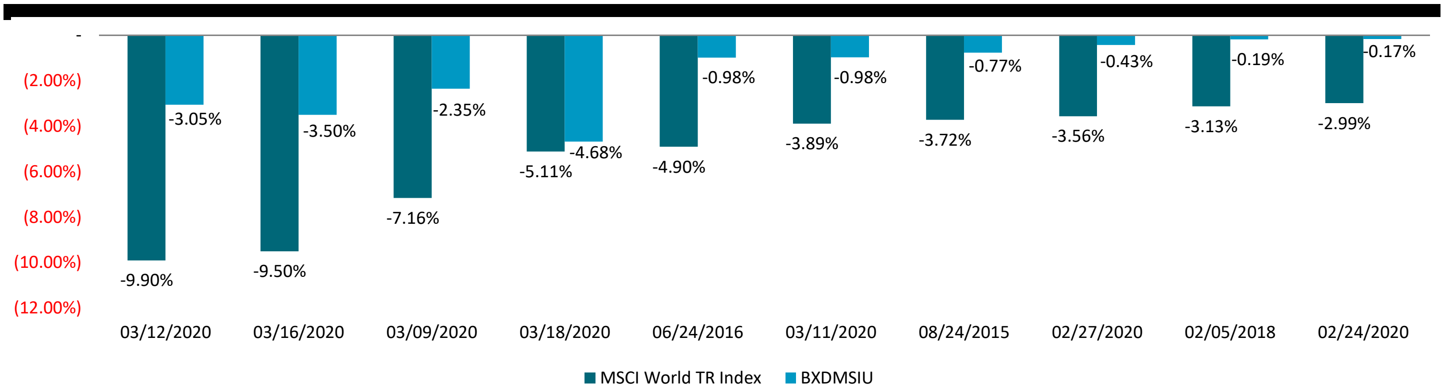
12 months rolling beta against MSCI World[3][4]



Trailing 12 months performance contribution by sub-strategy[2]



BXDMS performance on worst 10 days for MSCI World since inception[3]



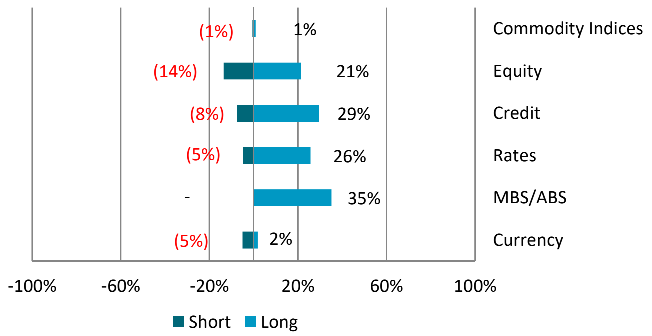
(1) The portfolio allocations in the table/chart reflect allocations as of the date of the report. The Fund may shift allocations among sub-advisers, strategies and sub-strategies at any time. Further, Blackstone, on behalf of the Fund, may determine to not employ one or more of the above-referenced 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.

(2) 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.

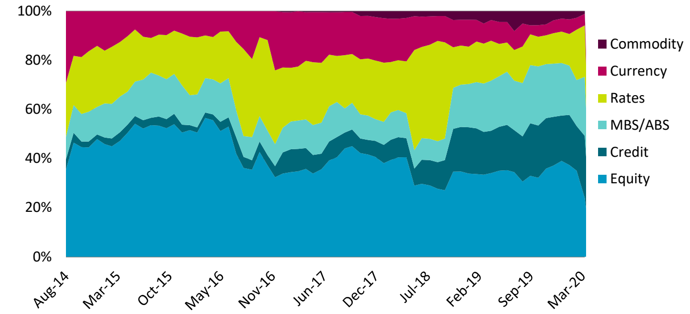
(3) Because of the broadly diversified and low beta nature of the portfolio, BXDMS is not expected to participate in the full upside of broader equity markets. The average daily return for BXDMSIU for the 10 best MSCI World TR days is 0.27%, while the average return of MSCI World TR for the 10 best MSCI World TR days was 4.14%. **The indices presented MSCI World is indicative and presented for illustrative purposes only. The MSCI World is not benchmark or target for the Fund. Please see Important Disclosure Information.**

(4) Betas are calculated using the MSCI World TR index. The calculated betas use returns daily returns for BXDMS Share Class I Acc from 9/11/2014-3/31/2020. 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.

Asset class exposure[1]



Asset class gross historical exposure[1]



Fund geographic exposure[1]

Region	Long	Short	Net
US/Canada	92.31%	(22.19%)	70.12%
Core Europe	3.77%	(5.79%)	(2.02%)
Peripheral Europe	3.83%	(0.51%)	3.32%
Lat. Am./Caribbean	10.15%	(0.32%)	9.83%
Middle East/Africa	3.00%	(1.32%)	1.68%
Japan	0.26%	(0.38%)	(0.13%)
Asia general	0.64%	(0.53%)	0.12%
China/HK/Taiwan	0.55%	(0.45%)	0.10%
Total	**114.51%**	**(31.49%)**	**83.02%**

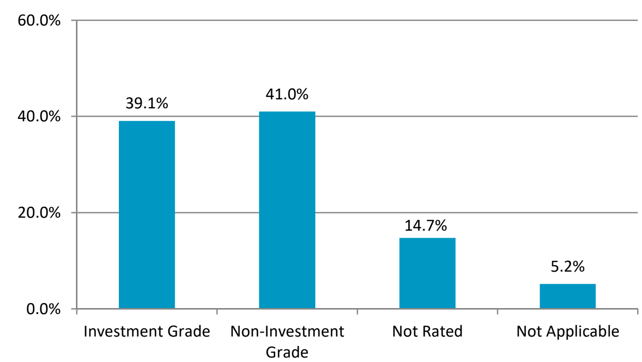
Currency exposure[1][2]

Region	Long	Short	Net
US/Canada	0.83%	(0.01%)	0.82%
Core Europe	0.40%	(4.28%)	(3.88%)
Peripheral Europe	0.00%	(0.21%)	(0.21%)
Lat. Am./Caribbean	0.00%	(0.00%)	(0.00%)
Middle East/Africa	0.00%	(0.00%)	0.00%
Japan	0.05%	(0.34%)	(0.29%)
Asia general	0.32%	(0.18%)	0.14%
China/HK/Taiwan	0.21%	-	0.21%
Total	**1.82%**	**(5.03%)**	**(3.21%)**

Equity exposure – sector breakdown[1]

Equity Sector	Long	Short	Net
Energy	0.27%	(0.30%)	(0.03%)
Materials	0.19%	(0.26%)	(0.07%)
Industrials	1.39%	(0.61%)	0.78%
Consumer Discretionary	2.27%	(1.37%)	0.91%
Consumer Staples	0.28%	(0.30%)	(0.02%)
Health Care	5.01%	(1.48%)	3.54%
Financials	4.40%	(4.30%)	0.10%
Real Estate	0.63%	(0.31%)	0.32%
Information Technology	4.51%	(1.99%)	2.52%
Communication Services	0.73%	(0.77%)	(0.04%)
Utilities	0.44%	(0.19%)	0.25%
Index*	0.74%	(1.63%)	(0.89%)
Unclassified**	0.51%	(0.00%)	0.51%
Total	**21.38%**	**(13.50%)**	**7.87%**

Fixed income ratings[1][3]



VaR analysis[4]

Date	VaR
3/31/2020	3.21%

(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 the Fund's administrator. Blackstone does not guarantee the accuracy of such data. Please see important Disclosure Regarding Exposure at the end of this presentation.

(2) Exposure figures reflect the aggregate value of the Fund's currency-related derivative instruments. The market value of these instruments will change based on fluctuations in currency exchange rates. Typically, the Fund has other holdings that are also sensitive to currency exchange rates (e.g., physical currency and/or equity and fixed investments that are denominated in a currency). As the value of these other holdings are not reflected in the above exposure figures, the table does not reflect the Fund's total currency exposure.

(3) Ratings are presented as an equally weighted composite of rating provided by the following rating agencies: Standard & Poor's ("S&P"), Moody's Investor Service, Fitch, Kroll Bond Rating Agency, and Morningstar. Please note that other ratings agencies may provide ratings for securities currently represented as "Not Rated" or may offer ratings that vary from those for securities currently represented as "Investment Grade" or "Non-Investment Grade." Investment grade is a rating of a bond that has a relatively low risk of default. Investment grade are bonds rated above BBB- for S&P and non-investment grade is below Investment grade to D. Ratings may not be applicable for credit indices, TBAs and certain other securities.

(4) Value at Risk ("VaR") is calculated at a 99% confidence level for a one month holding period (20 business days) using a model based on historical Fund data. Please see the Glossary of Terms for a further explanation of VaR.

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

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

Important Disclosures Regarding Exposure: Exposure data presented herein does not consider the impact of delta on option positions (unless noted otherwise). Instead, exposures represent the market value of each underlying instrument. Positions of unknown type (if any) are excluded from exposure data. There is no attempt in this report to differentiate between or adjust for shorter versus longer duration rates trades. Instead, they are shown only by market value of exposure. Given that exposure data is based on fund holdings, it excludes unsettled trades. Position level data is obtained from the Fund's administrator. Blackstone does not guarantee the accuracy of such data.

Blackstone Diversified Multi-Strategy Fund (BXDMS)

Blackstone

As of March 31, 2020

Fund Net Performance[1,2]

	As of March 31, 2020					*Inception to Date Statistics*			
	MTD	**QTD**	**YTD**	**1 Yr**	**ITD**	**St. Dev.**	**Beta**	**Alpha**	**Sharpe**
BXDMSIU	**(17.22%)**	**(17.00%)**	**(17.00%)**	**(14.54%)**	**(0.88%)**	**4.75%**			**(0.40)**
HFRX Global HF Index	(5.88%)	(6.85%)	(6.85%)	(1.39%)	(0.68%)	3.70%	0.70	(0.64%)	(0.46)
Barclays Global Agg Index	(2.24%)	(0.33%)	(0.33%)	4.20%	1.65%	5.05%	0.04	(1.93%)	0.12
MSCI World Index	(13.17%)	(20.93%)	(20.93%)	(9.87%)	3.72%	15.16%	0.19	(2.42%)	0.18

Q1 2020 Market Commentary

Important Note: *People around the world are feeling the impact of the COVID-19 pandemic. Above all else, we hope that everyone is taking every precaution to stay safe and remain healthy. This is an unprecedented time for us all, and if you have any questions, please do not hesitate to reach out to your Blackstone client service representative.*

A once-in-a-century viral pandemic has led to one of the fastest contractions in global economic activity in history. Unlike previous end-of-cycle events that have typically been driven by a buildup of untenable macroeconomic imbalances, this slowdown differs materially in that it has been caused by a global, government-mandated cessation of certain economic activity in an attempt to combat a major health crisis. Going into this downturn, consumer balance sheets were generally strong, home loan-to-value ratios had fallen largely as a result of price appreciation, and banks were much less levered as a result of regulatory restrictions imposed after the Global Financial Crisis ("GFC"). While the reaction to the pandemic has impacted both the supply and demand sides of the economic equation, it is the pace of the drawdown, exacerbated by the flooding of global oil markets with Saudi and Russian supply, which we believe led to record-breaking losses across financial markets:

- U.S. equal-weighted equities experienced their largest quarterly drawdown since 1990 and a 22-day drop into bear market territory—the fastest such drop in history, while mid- and small-cap indices witnessed their biggest quarterly drawdowns ever[3]
- 10-year treasury yields fell to as low as 54bps—a 134bps drop in response to the expected economic fallout[4]
- Investment grade and high-yield credit experienced peak-to-trough declines of 14.7% and 21.4%, respectively—their largest drawdowns since September 2008[5]
- Structured credit markets suffered losses between 30-50% at a significantly faster rate than during the GFC[6]

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[1] Performance is presented through March 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 March 31, 2020. Measures of beta or alpha of BXDMS are to the respective index. Please see the end of this document for additional disclosures regarding indices presented.

[3] Source: Bloomberg. Equity performance is measured by the S&P 500 Equal Weight Index (QTD: -26.7%), Mid-Cap by the S&P 400 Index (QTD: -29.70%), and Small-Cap by the S&P 600 Index (QTD: -32.65%).

[4] Source: Federal Reserve Bank of St. Louis. Treasury yields reference U.S. 10-year Notes during the first quarter of 2020. During this period, the highest closing yield was 188bps on January 2nd, while the lowest rate was 54bps on March 9th. As of March 31st, the end of the quarter, the closing yield was 70bps.

[5] Source: Bloomberg. Investment Grade Credit is measured by the J.P. Morgan Investment Grade Credit Index during its peak-to-trough period (March 6th – March 20th). The index returned -3.43% QTD. High-Yield Credit is measured by the J.P. Morgan US High-Yield Credit Index during its peak-to-trough period (February 20th – March 23rd). The index returned -14.30% QTD.

- Oil fell 66.5% to levels not seen in over 19 years[7]
- Emerging markets high-yield sovereign debt fell 28.7% in less than a month—its fastest drawdown on record[8]
- Mortgage REITs lost 63.6% of their value—their greatest fall since and at a much faster rate than during the GFC[9]

In the midst of a historic quarter for financial market drawdowns, the Blackstone Diversified Multi-Strategy Fund (the "Fund" or "BXDMS") Class I share class was down 17.0% on the quarter.

The extent of the impact of a global slowdown in consumption and production as a result of protective actions taken in response to COVID-19 is difficult to predict with accuracy, and the economic consequences of such a feedback loop are just beginning to come into focus. While February saw the lowest U.S. unemployment rate in recent history[10], the number of Americans filing for unemployment benefits jumped to 3.28 million for the week ending March 21st, more than 11x those of the prior week, more than 3x consensus expectations, and the highest absolute figure since the series began in 1967[11]. A record 6.65 million initial jobless claims followed in the week ending March 28th, again exceeding analyst expectations[12]. Unfortunately, initial economic impact has not been limited to the U.S.—a recent report projected the year-over-year change in real GDP for the United Kingdom to be -6.5% in 2020, which would make it the third largest annual economic contraction since 1900 and significantly larger than the -4.2% contraction faced in the aftermath of the GFC in 2009 (which was then the largest since World War II)[13].

The government response to this threat has been broad. Central banks have largely revisited the monetary policy playbook adopted in response to the GFC to support the efficient functioning of capital markets and they have generally exceeded expectations in the speed of their action. In the U.S., the Federal Reserve ("Fed") cut its benchmark interest rate to the zero lower-bound from 1.50% at the start of the month. The Fed has also supported liquidity in international funding markets, treasuries, mortgages, asset-backed securities, money markets (commercial paper) and repurchase agreements, in part by pledging to purchase hundreds of billions of treasuries, mortgage-backed-securities, and investment grade bonds as the buyer of last resort. In terms of fiscal policy, lawmakers have reached across the aisle to bring together a $2 trillion relief package known as the Coronavirus Aid, Relief, and Economic Security Act ("CARES"), which aims to provide financial support for individuals, corporations, and the broader public health system. U.S. lawmakers are already constructing the next phase of this response, signaling a similar open-ended posture to that demonstrated by the Fed. Many government institutions around the globe are rolling out similar measures to support the healthy functioning of financial markets. These include a €750 billion Pandemic Purchasing program by the European Central Bank ("ECB"), rate cuts and emergency spending provisions by the United Kingdom, and wide-scale lending through zero interest rate facilities for low-income countries by the International Monetary Fund ("IMF"), among many other country-specific efforts. These fiscal and monetary policy responses are large and have historically been helpful in mitigating the impact of any potential economic slowdown.

Whereas some asset classes have reacted to the threat imposed by COVID-19 as we might have expected, we believe there are opportunities wherein prices have either under- or overshot fundamental values. These dislocations present opportunities to re-underwrite existing portfolio risk and potentially capitalize on mispriced risk. Some of these include:

- **Loans and Collateralized Loan Obligations ("CLOs")[14]:** Leveraged loans sold off nearly 21% between January 26th to March 23rd, as $11 billion of capital left the asset class[15]. This was comparable to high-yield credit, which dropped 21% in the same period despite being lower in the capital structure[5]. Additionally, we note that BBB

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[6] Source: Bloomberg. Structured Credit Markets are represented by CMBX BBB- CDSI S12 PRC Corp ("CMBX"), which returned -46.57% during its peak-to-trough period (February 12th – March 24th). CMBX returned -32.53% QTD.
[7] Source: Bloomberg. Oil is measured by the Active WTI Crude Oil Futures Contract ("CL1 COMB Comdty"), which returned -66.46% during the quarter.
[8] Source: Bloomberg. Emerging Markets High-Yield Sovereign Debt is measured by the JP Morgan EMBI Global Diversified High-Yield Index ("JPGCHY") during its peak-to-trough period (February 21st – March 23rd). JPGCHY returned -22.44% QTD.
[9] Source: Bloomberg. Mortgage REITS are represented by BBREIT Mortgage Index ("BBREMGT"), during its peak-to-trough period (February 20th – March 23rd). BBREMGT returned -57.77% QTD.
[10] Source: U.S. Bureau of Labor Statistics.
[11] Source: Trading Economics: United States Initial Jobless Claims.
[12] Source: Federal Reserve Bank of St. Louis Economic Research: Weekly Initial Claims (as of March 28th, 2020).
[13] Source: Deutsche Bank Research – "800 Years of Large Economic Contractions" (March 30th, 2020).
[14] All ratings are based on Standard & Poor's credit ratings. Other ratings agencies may provide ratings for securities that vary from those for securities represented as "Investment Grade" or "Non-Investment Grade." Investment grade is a rating of a bond that has a relatively low risk of default. Investment grade are bonds rated above BBB- for S&P.
[15] Source: Bloomberg. Leveraged loans are represented by the S&P/LSTA U.S. Leveraged Loan 100 Index ("SPBDAL"), which returned -20.71% during its peak-to-trough period (January 26th – March 23rd). The index returned -13.05% QTD.

CLOs that had traded at $95 at the beginning of March now trade at $65. While we anticipate credit events, particularly for lower-quality issues, on balance a typical 2.0 BBB CLO (the "2.0" designates vintages created post-GFC) can withstand ~37% of cumulative defaults, assuming a 50% recovery rate, before principal impairment. Of note, less than 1% of BBB CLOs and 2% of BB CLOs suffered principal impairment through the GFC. We believe strong credit selection will make a significant difference in navigating opportunities in this market.

- **Residential and Commercial Mortgage-Backed Securities:** In the second half of March, we saw a significant sell-off in residential and commercial mortgage-backed securities ("RMBS" and "CMBS," respectively), with a number of assets marking down between 30 – 50% during this time. We believe this was largely the result of forced selling by mutual funds facing daily investor redemptions and leveraged holders needing to post collateral to their lenders as the price of these securities fell. The closest historical parallel to this drawdown is the peak-to-trough decline in RMBS and CMBS in 2008; however, that occurred over a period of more than five months[16]. Our view is that current pricing implies losses that exceed GFC-era mortgage stress, despite the loans in question being originated and underwritten to higher standards than were required prior to the GFC. Additionally, we believe that in select asset classes, such as credit risk transfer ("CRT") bonds, there are potentially large-scale buying opportunities if one is constructive on the fundamental risk in mortgages and has the patience to withstand pricing pressure.

- **Emerging Market Sovereign Bonds:** At the OPEC+ meeting on March 8th, Saudi Arabia and Russia failed to agree on expanding production cuts. Instead, they flooded the market with oil and sent global prices plummeting, negatively impacting a number of emerging market ("EM") assets. Material outflows from retail investors likely exacerbated the drawdown, with peak outflows of more than $4 billion per day contributing to extreme pricing pressure. In total, approximately $40 billion has flowed out of EM debt markets in the last few weeks[17], but the selling has been indiscriminate, in our view failing to differentiate between countries' relative ability and willingness to pay their debts given the strength of their balance sheets and other fundamentals. While there is likely to be an impact on GDP caused by both oil price declines and the COVID-19 pandemic, we believe that some of the price declines in EM sovereign bonds represent opportunities to capture additional value.

Each of the examples above highlights an area of the marketplace where we have observed security prices diverge significantly from what we believe to be their fundamental value, many times driven and amplified by what we believe to be technical selling pressure. It is important to note that there are several ways that investors can lose money in this environment, some of which include a deterioration in the underlying economic fundamentals of an investment and forced selling of assets regardless of underlying fundamentals (e.g., to generate liquidity). It is our view that many of the sellers in the aforementioned examples fall squarely in the second category, which we believe will result in buying opportunities for investors who can afford to be liquidity providers[18].

While BXDMS has suffered losses to date, our sub-advisers continue to re-underwrite their positions and we are encouraged by their belief in the dislocation between market prices and fundamental values of the instruments that they own. The Fund maintains an unconstrained investment mandate with no target weights to any particular asset class, and we are committed to managing our investors' assets prudently during these historic and unprecedented times. We are positioning the Fund to be able to provide liquidity for investors who need it in this environment while also working to capture some of the dislocated opportunities that we believe have a high probability of recovery.

[16] Source: Bloomberg. We use On-the-run CRT M2 securities as a comparable proxy for RMBS pricing. During the GFC peak-to-trough period (July 3rd, 2008 – December 5th, 2008), CRT M2 returned -47.16% over a period of 245 days. During the March 2020 peak-to-trough period (March 2nd – March 26th), CRT M2 returned -37.72% over a period of 24 days. CRT M2's ultimately returned -39.50% during the first quarter of 2020 (January 1st – March 31st).
[17] Source: Credit Suisse Research. Figures cited represent retail fund flows from both ETFs and Active funds in the Emerging Markets Debt space.
[18] This reflects the current opinions of BAIA as of the date appearing in this material only and is not intended to be a prediction of how any financial markets will perform in the future. This information is intended only as an example for discussion purposes. Certain information is stale. Actual pricing is subject to market volatility and changes daily. **There can be no assurance that any opportunity described herein will be available or, if executed will be profitable or that the Fund or a Sub-Adviser will avoid significant losses.**

Review of Q1 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[19]). In Q1, the Fund's Class I share class returned -17.00%[1] net of fees and expenses versus -6.85% for the HFRX Global Hedge Fund Index, -0.33% for the Barclays Global Aggregate Bond Index, and -20.93% for the MSCI World Index[20].

The Fund entered Q1 2020 conservatively positioned, with (i) low beta to equities, (ii) an over-allocation to securities backed by agency mortgages and commercial real estate, predicated on our view of stronger fundamentals relative to those of corporate credit, (iii) balanced, diversifying exposures, and (iv) ample sources of liquidity. While our deliberate defensive positioning and diversification mitigated market risk in January and February, our allocations to certain Credit and Multi-Asset exposures ultimately detracted from performance in March largely due to the broad-based market action described in the Market Commentary above.

Equity Strategies[20,21]

Against a materially negative global equity market backdrop, the Fund's Equity strategies (+1.49%) contributed positive performance during the quarter and outperformed the broader hedged equity universe as measured by the HFRX Equity Market Neutral Index, which was down -7.80%[22]. Our quantitative Equity Market Neutral sub-strategy generated gains as increased volatility and the large market dislocation created opportunities to exploit mispricing in technical factors. These gains were partially offset by Equity Long/Short sub-strategies, which were impacted by the broad-based stock market de-risking, and both healthcare- and financials-focused exposures detracted from performance. Since mid-2017 we have hedged out residual equity beta in this portion of the portfolio via a short S&P futures position, which also helped to mitigate losses throughout the quarter.

Credit Strategies[20,21]

Credit strategies (-22.73%) were a large detractor for the quarter. Over the past few years, we have reduced corporate credit risk in favor of structured credit. Prior to the COVID-19 outbreak, we had observed the fundamental strength of the U.S. consumer relative to global corporations, and BXDMS increased allocations to collateralized securities such as RMBS and CMBS accordingly. Our credit portfolio is composed of what we believe to be high quality exposure to predominantly residential and commercial mortgages, with smaller exposure to loans and corporate credit. However, in the second half of March we began to see forced unwinding from a variety of market participants, particularly in mortgages and other Fixed Income-Asset Backed exposures.

Against this backdrop, our exposure to RMBS and CMBS securities resulted in negative performance attribution. Driven by similar dynamics, our exposure to CRT bonds also contributed negatively to performance for the month. Finally, our exposure to debt securities tied to financial institutions suffered as well. For reasons described in the above Market Commentary, we maintain conviction in these exposures. We believe that the underlying collateral and fundamental value is still sound, and that there is the potential for price recovery for certain high-quality credits once market conditions eventually normalize.

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[19] BAIA manages a portion of the Fund's assets directly. Such investments include 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.

[20] **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.**

[21] 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 contribution is shown gross of all fees and expenses. Performance is estimated and unaudited.

[22] For the period from the Fund's inception on Sept. 10, 2014 through Mar. 31, 2020, the HFRX Equity Market Neutral Index had an annualized return of -1.81%.

Multi-Asset Strategies[20,21]

Multi-Asset strategies (-12.26%) also detracted from performance during the quarter. Within this part of our portfolio, we have focused on allocating to sub-advisers that we believe are differentiated and exposures that we believe could provide diversifying properties to balance the rest of our portfolio[23]. While we like the risk/return profile that we have underwritten for certain of our EM credit exposures, particularly in sovereign and quasi-sovereign bonds, recent developments such as plummeting oil prices and the subsequent wave of retail outflows from the sector, resulted in a material drawdown. This adversely affected some of our Discretionary Thematic sub-strategies.

We recently reduced our allocation to a risk parity strategy. As a reminder, risk parity strategies typically allocate capital across multiple asset classes by equalizing the risk contributions of each. While this can provide a meaningful source of diversification when negative correlations hold between these asset classes, the strategy can come under pressure when cross-asset correlations increase, as we saw during March. While our exposure to this strategy was one of our strongest performers in 2019, the current market environment has ultimately turned it into one of the larger detractors this quarter.

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 first quarter of 2020, we terminated one existing sub-adviser.

Q1 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.

Terminations and redemptions 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.

[23] The Fund may shift allocations among strategies and sub-strategies at any time. Accordingly, the exposures are presented for illustrative purposes only and should not be viewed as predictive of the ongoing composition of the Fund's portfolio, which may change at any time.

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, 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 is available upon request. Please contact your BAAM representative for further information.

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.
- 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 **S&P 500 Equal Weight:** This index is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance. **S&P 400 Mid-Cap Index:** Market-capitalization-weighted index that includes 400 U.S. publicly traded companies with midrange market capitalization. Designed to provides investors with a benchmark for mid-sized companies. The index covers over 7% of the U.S. equity market, and seeks to remain an accurate measure of mid-sized companies, reflecting the risk and return characteristics of the broader mid-cap universe on an on-going basis. **S&P 600 Small-Cap Index:** The S&P 600 is an index of small-cap stocks managed by Standard and Poor's. It tracks a broad range of small-sized companies that meet specific liquidity and stability requirements. **10Yr Treasuries:** The 10-year Treasury note is a debt obligation issued by the United States government with a maturity of 10 years upon initial issuance. **J.P. Morgan Investment Grade Credit Index:** Seeks to track the investment results of an index composed of U.S. dollar-denominated, investment grade corporate bonds. **J.P. Morgan US High-Yield Credit Index:** Seeks to track the investment results of an index composed of U.S. dollar-denominated, high-yield corporate bonds. **CMBX BBB- CDSI S12 PRC Corp:** CMBX Indexes are a group of indexes that track the commercial mortgage-backed securities (CMBS) market. The indexes represent 25 tranches of CMBS, each with a different a credit rating. With respect to the BBB- CMBX Index, the required tranche is rated BBB-. **JP Morgan EMBI Global Diversified High-Yield Index:** A sub-index of the JPMorgan EMBI Global Diversified Index ("EMBI") including below investment grade securities. EMBI is comprised of USD denominated Brady bonds, Eurobonds and Traded loans issued by sovereign and quasi sovereign entities. Limits the weights of the index countries by only including a specified portion of those countries' eligible current face amounts of debt outstanding. This provides a more even distribution of weights within the countries in the index. **BBREIT Mortgage Index:** Capitalization-weighted index of infinite life Mortgage REITs having a market capitalization of $15 million or greater. **Active WTI Crude Oil Futures Contract ("CL1 COMB Commodity Index"):** Tracks the price return of Crude Oil futures. **HFRX Equity Market Neutral Index:** Strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short. **CRT M2s:** On-the-run tranches of M2 tranches of Credit Risk Transfer Bonds. S&P/LSTA U.S. Leveraged Loan 100 Index: This index is designed to reflect the performance of the largest facilities in the leveraged loan market.

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. Index data is obtained from unaffiliated third parties and is subject to subsequent adjustments. Blackstone makes no assurances as to the accuracy or completeness thereof.

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.