

Blackstone Alternative Investment Funds plc
(an umbrella fund with segregated liability between sub-funds)
(the “Company”)

Annual report on the implementation of the Shareholder Rights Directive Engagement Policy of the Company (the “Policy”) for the year to 30 June 2021 (the “Period”) pursuant to Chapter 8B 1110G(4) of the European Union (Shareholders Rights) Regulations 2020 (the “Regulations”)

1. Introduction

The Policy was adopted by the Company on 18 June 2019 following the enactment of the Revised Shareholder Rights Directive (“SRD II”) which required asset managers to develop and publicly disclose an engagement policy that describes how they integrate shareholder engagement in their investment strategy. SRD II and the Regulations require that the Company discloses on an annual basis how the Policy has been implemented. Defined terms have the meaning given to them in the Policy, which is available at www.bxdms.com the (“Fund Website”).

2. Implementation of the Policy during the Period

The Company’s activities (including those conducted by Blackstone Alternative Investment Advisors LLC (the “Investment Manager”) acting as investment manager on behalf of the Company) during the Period were conducted in line with the Policy. In particular, the Company has monitored investee companies’ approach towards matters such as:

- business strategy;
- financial and non-financial performance and risk;
- capital structure; and
- social, environmental impact and corporate governance

having regard to, among other things, the Investment Strategy of the Blackstone Diversified Multi-Strategy Fund (the “Fund”) and the nature and size of the Fund’s exposure to investee companies.

3. Exercise of voting rights and other rights attached to shares¹

The Company has adopted a policy in relation to the exercise of voting rights (the “Voting Rights Policy”), and this policy was adhered to during the Period. The Investment Manager exercises voting rights on behalf of the Company in accordance with the Voting Rights Policy. The Company has hired Institutional Shareholder Services Inc. (“ISS”) to provide research and recommendations in accordance with ISS’ benchmark proxy voting guidelines and sustainability proxy voting guidelines (the “ISS Policy”) adopted by the Company.

The Investment Manager has delegated proxy voting authority relating to portfolio holdings of the Company with respect to assets allocated to an investment adviser appointed by the Investment Manager, (a “Sub-Adviser”), to the Sub-Adviser (a “Voting Sub-Adviser” and collectively, (the “Voting Sub-Advisers”), to be exercised in accordance with the proxy voting policies adopted by the Voting Sub-Adviser. For any assets that carry voting rights not allocated to a Sub-Adviser, proxy voting

¹ Chapter 8B 1110(G)(3)(d) and 1110(G)(4) of the Regulations.

authority has been delegated to the Investment Manager who will exercise its voting rights in accordance with the ISS Policy.

See **Appendix A** for a summary of voteable items during the Period.

4. **Disclosure to institutional investors**²

In order to comply with its obligations under the Regulations, the Investment Manager is disclosing the following details in respect of the investment arrangements in place with institutional investors during the Period. For the purposes of SRD II, institutional investors are life assurance companies authorised under the EU's Solvency II Directive³ and occupational pension schemes falling within the scope of the EU's Directive on Institutions for Occupational Retirement Provision⁴ (the "Institutional Investors").

4.1 ***How the Investment Strategy and its implementation complies with the investment arrangement and contributes to the medium to long-term performance of the assets of the Institutional Investor or of the Fund***

The assets of each Institutional Investor that invests in the Fund are represented by a direct or indirect interest in shares of the Fund. The net asset value of the shares of the Fund is determined by the performance of the Investment Strategy of the Fund.

The Investment Strategy of the Fund is suitable for investors seeking capital appreciation over a full market cycle and who are prepared to accept a moderate level of volatility. The Investment Manager currently considers that a full market cycle is approximately five years but, given that market cycles are not static, this may change over time.

The Investment Manager allocates the Fund's assets among several discretionary and non-discretionary investment sub-advisers with experience managing and/or advising non-traditional or "alternative" investment strategies. The Investment Manager also manages a portion of the Fund's assets directly.

Details of the performance of the Fund are available at the Fund Website.

4.2 ***Key material medium to long-term risks associated with the investments, portfolio composition, turnover and turnover costs, and the Company's policy on securities lending and how it is applied to fulfil engagement activities, if applicable, particularly at the time of the general meeting of the investee companies***

Key material medium to long-term risks associated with the investments

The Fund invests in a wide range of assets, which may include equity securities (shares), debt securities (bonds) and financial instruments that derive their value from other underlying instruments ("FDI"). The Fund's investments may be located anywhere in the world, may have any market capitalization and may belong to any industry sector. The Fund may use FDI for investment or non-hedging purposes as well as for hedging purposes (e.g., to reduce risk or generate additional income). For full

² Chapter 8B 1110(I) and 1110(J) of the Regulations.

³ Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

⁴ Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs).

investment objective and policy details, see the “Investment Objectives and Policies” section in the supplement for the Fund (the “Supplement”).

In the normal course of business, the Fund may engage in investment activity that is subject to certain inherent risks, such as market price risk, interest rate risk, credit and counterparty risk, foreign investment risk, and liquidity risk. Additional risks associated with each type of investment are described within the disclosures on the relevant investment type, as well as in the disclosures on financial derivative instruments and efficient portfolio management in the Prospectus and Supplement. Risks associated with the investments are also disclosed in the section entitled “Risk Factors” in the Supplement and under “Principle Risks” in the annual report and financial statements and the interim financial statements (the “**Periodic Reports**”) of the Fund. Copies of the foregoing documents are available on the Fund Website.

Portfolio composition, turnover and turnover costs

Details of the portfolio composition together with a summary of the material portfolio changes and associated costs are available in the Periodic Reports and monthly fact cards of the Fund available on the Fund Website.

Policy on securities lending and how it is applied to fulfil engagement activities, if applicable, particularly at the time of the general meeting of the investee companies

Details of the Fund’s use of securities lending are set out in the Prospectus in the sections entitled “Investment Techniques and Instruments”, “Repurchase Agreements, Reverse Repurchase Agreements and Stocklending Agreements” and “Securities Financing Transactions Regulation Disclosure”. Any engagement activities undertaken by the Fund relating to securities lending during the Period were conducted in accordance with the Policy, including, where relevant, in relation to voting activity of the Fund at general meetings of the investee companies.

4.3 ***Whether investment decisions have been made based on evaluation of medium to long-term performance of the investee company, including non-financial performance***

Investment decisions by the Company during the Period were based on a variety of factors as described in the Supplement and the Policy which may include an evaluation of the medium to long-term performance of an investee company, including an evaluation of the non-financial performance of the investee company.

4.4 ***Whether conflicts of interests have arisen in connection with engagements activities and how the Company has dealt with them***

Disclosures in relation to conflicts of issues relevant to the Fund (including in connection with any engagement activities pursuant to the Policy) are set out in the section entitled “Conflicts of Interest and Best Execution” of the Prospectus and the Periodic Reports which are available on the Fund Website and, where relevant, the Form ADV of the Investment Manager which is available at <https://adviserinfo.sec.gov>.

Appendix A

Blackstone Alternative Investment Funds plc

Annual report on the implementation of the Shareholder Rights Directive Engagement Policy of the Company

Period: 01 July 2020 – 30 June 2021

Meeting Overview

Category	Number	Percentage
Number of votable meetings	94	
Number of meetings voted	90	95.74%
Number of meetings with at least 1 vote Against, Withhold or Abstain	30	31.91%

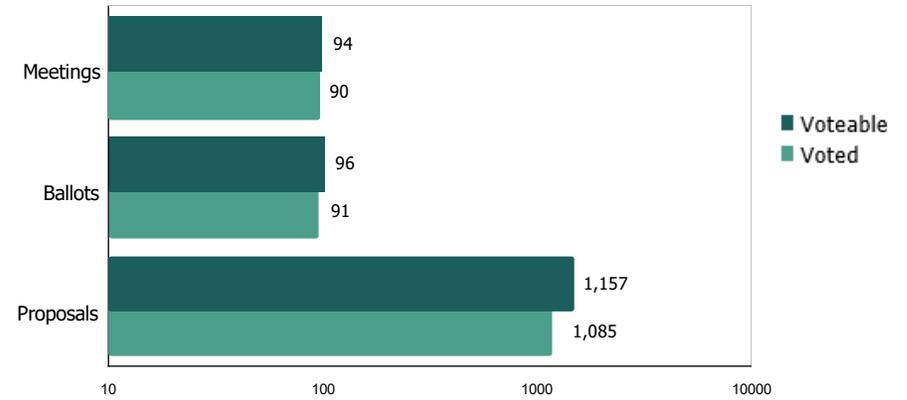
Ballot Overview

Category	Number	Percentage
Number of votable ballots	96	
Number of ballots voted	91	94.79%

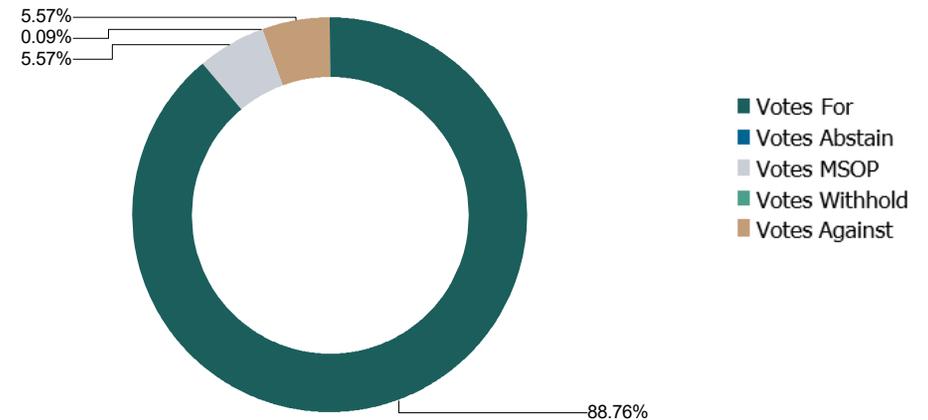
Proposal Overview

Category	Number	Percentage
Number of votable items	1,157	
Number of items voted	1,085	93.78%
Number of votes FOR	1,019	93.92%
Number of votes AGAINST	64	5.90%
Number of votes ABSTAIN	0	0.00%
Number of votes WITHHOLD	1	0.09%
Number of votes on MSOP	64	5.90%
Number of votes One Year	1	0.09%
Number of votes Two Years	0	0.00%
Number of votes Three Years	0	0.00%
Number of votes With Policy	1,062	97.88%
Number of votes Against Policy	23	2.12%
Number of votes With Mgmt	1,018	93.82%
Number of votes Against Mgmt	67	6.18%
Number of votes on Shareholder Proposals	17	1.57%

Voting Statistics

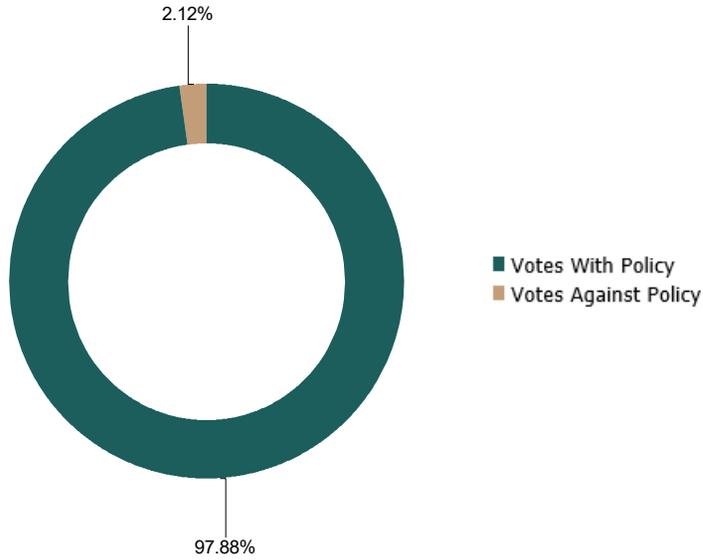


Vote Cast Statistics

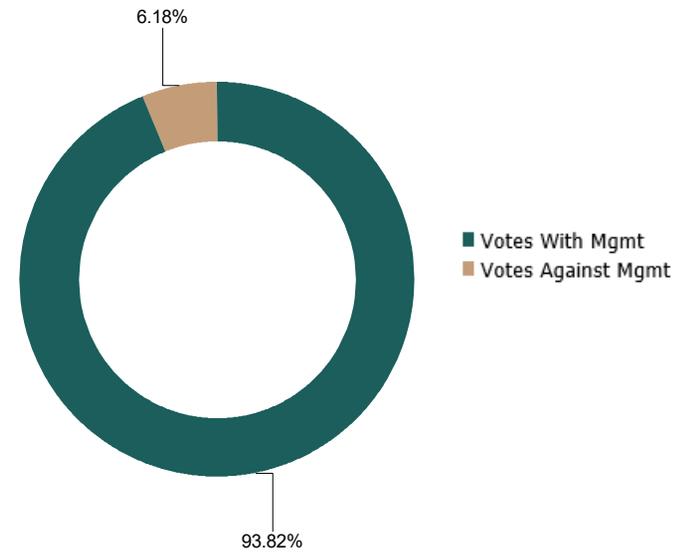


Note: Instructions of Do Not Vote are not considered voted, and in cases of different votes submitted across ballots for a given meeting, votes cast are distinctly counted by type per proposal where total votes submitted by type may be higher than unique proposals voted.

Vote Alignment with Policy



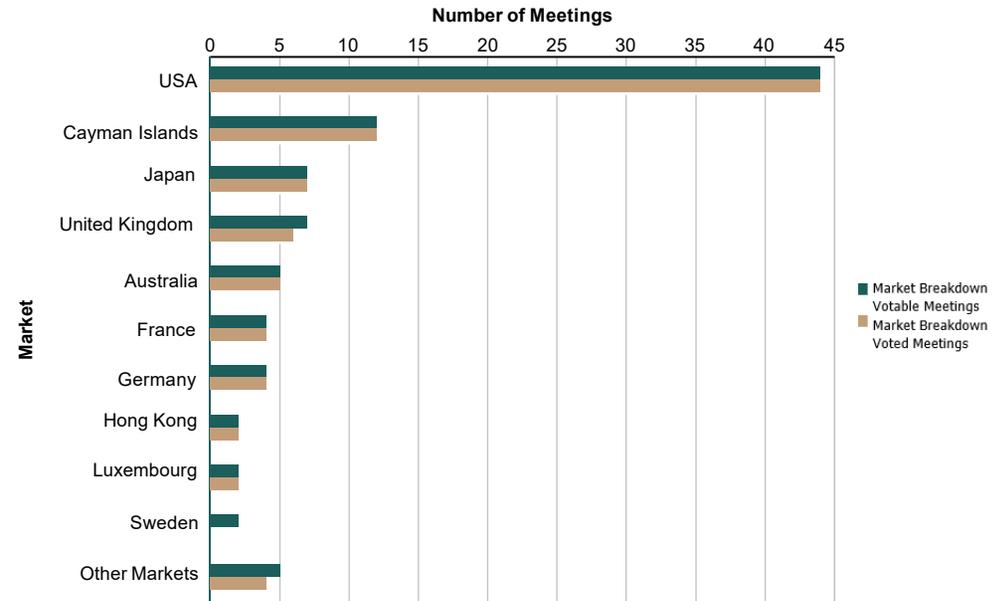
Vote Alignment with Management



Market Breakdown

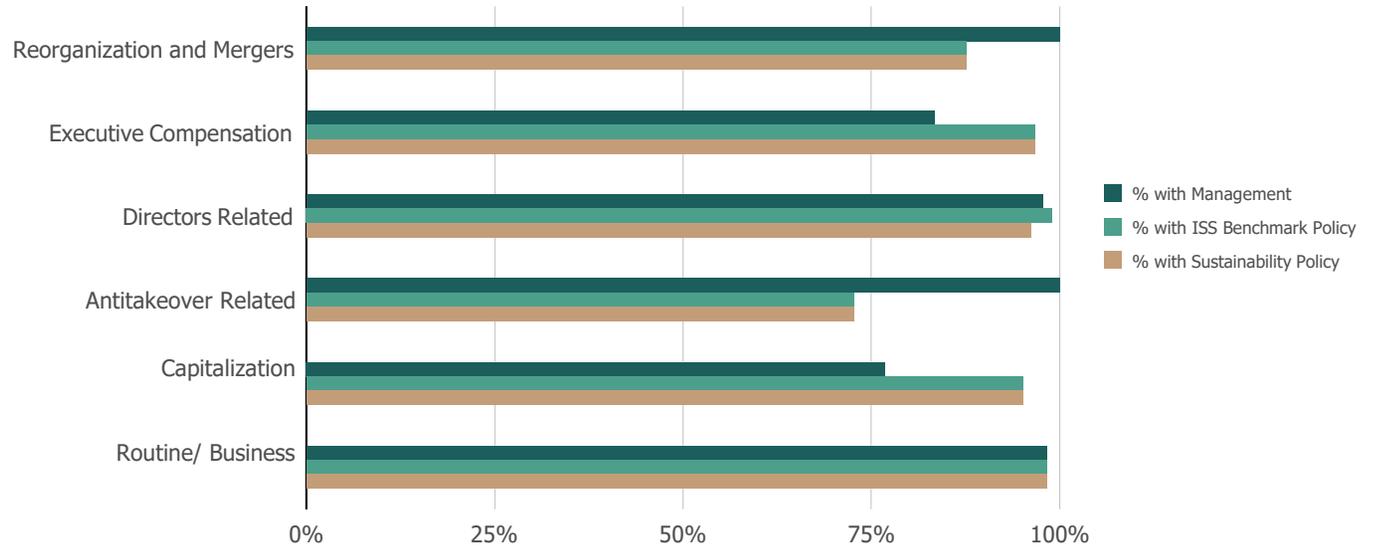
Market	Votable Meetings	Voted Meetings	Percentage
USA	44	44	100.00%
Cayman Islands	12	12	100.00%
Japan	7	7	100.00%
United Kingdom	7	6	85.71%
Australia	5	5	100.00%
France	4	4	100.00%
Germany	4	4	100.00%
Hong Kong	2	2	100.00%
Luxembourg	2	2	100.00%
Sweden	2	0	0.00%
China	1	1	100.00%
Italy	1	1	100.00%
Netherlands	1	1	100.00%
Norway	1	0	0.00%
Switzerland	1	1	100.00%

Market Voting Statistics



Votes Cast on Management Proposal Categories

- Comparing votes cast to management, ISS Benchmark Policy and the Sustainability Policy recommendations across the major proposal categories provides insight into the positioning of votes on proposals submitted by management against these benchmarks.



Votes Cast on Shareholder Proposal Categories

- Votes cast on shareholder proposals, in opposition to management, reflect Blackstone Alternative Investment Funds support for proposals submitted by shareholders.

