

Blackstone Diversified Multi-Strategy Fund (BXDMS)

Blackstone

As of June 30, 2021

Q2 2021 Market Commentary

The Blackstone Diversified Multi-Strategy Fund (“BXDMS” or the “Fund”) seeks to deliver attractive risk-adjusted returns, with less market sensitivity and volatility than the broader equity markets, by investing in a diversified portfolio of alternative investment strategies. In providing access to proprietary information flow, portfolio allocation views, and investment opportunities, we attempt to monetize what we believe are Blackstone’s structural advantages as one of the largest alternative investors in the world. We consider BXDMS to be a core portfolio holding for investors looking to diversify away from traditional market risks and for investors looking to complement an equity-heavy portfolio with a lower-volatility diversifier that invests in alternatives strategies spanning equities, credit, and multi-asset macro and relative value.

Over the first half of this year, we believe the Fund has delivered on its objectives. BXDMS appreciated 5.05% year-to-date (YTD), 3.89% on the quarter, and 11.74% over the last 12 months¹. YTD, it outperformed the HFRX Global Hedge Fund Index by 1.31%, the Morningstar EAA Fund Multistrategy USD category by 2.05%, and the Barclays Global Aggregate bond index by 9.11%².

The nature of our returns is equally important as the magnitude of our returns. Over the last 12 months, we have managed BXDMS with less market sensitivity than the broader HFRX Global HF Index^{2,3}, more market-uncorrelated exposure⁴, and one quarter of the realized volatility of the MSCI World Index. Further, compared to our Morningstar category, BXDMS delivered more ‘alpha’—that is, returns over and above market exposure—than 93% of its peers⁵, and a higher Sharpe Ratio than 98% of the same peer set over the last 12 months. BXDMS returns have been favorably asymmetric as well. The Fund achieved a 1.8x Upside/Downside capture ratio versus the MSCI World, participating in 19% of the upside of global equities over the last 12 months and only 11% of the downside on average. In the 2nd quarter, those numbers were 21% of the upside and (1%) of the downside, which means that on average we made money when the MSCI World was down. Our daily returns over the last 12 months also underscore the Fund’s lower sensitivity to broader equity markets. For example, on days when the MSCI World was down, BXDMS was up or flat 54%

There can be no assurance that the Fund will achieve its goals or avoid losses. Diversification does not assure a profit nor protect against loss.

¹ Performance is presented through June 30, 2021. Returns are shown net of the Expense Ratio less waived expenses. Inception to date (ITD) returns for BXDMS are calculated on an annualized basis. **Performance data quoted represents past performance and does not guarantee future results.** The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance data quoted. Additional information and performance data current to the most recent month-end is available at www.bxdms.com.

² 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.

³ Market sensitivity represents beta measured to the MSCI World. For the period from 7/1/2020 to 6/30/2021 beta to the MSCI World for BXDMS and the HFRX Global HF Index category was, on average, 0.15 and 0.16, respectively.

⁴ Market uncorrelated exposure is measured as $1 - R^2$ of each return stream to the MSCI World. For the period 7/1/2020 to 6/30/2021 daily correlation to the MSCI World for BXDMS and the HFRX Global HF Index was 0.61 and 0.72 respectively, R^2 was 0.37 and 0.52 respectively, and hence $1 - R^2$, or the measure of idiosyncratic risk unexplained by the MSCI World, was 0.63 and 0.48 respectively.

⁵ Peers are represented by 44 funds in the Morningstar EAA Fund Multistrategy USD category that have return streams extending back to the beginning of the comparison period (7/1/2020). Includes each fund’s oldest share class only. Alpha is measured to the MSCI World.

of the time. Conversely, when the MSCI World was up, BXDMS was up or flat 84% of the time⁶. Our relatively muted market exposure, amplified uncorrelated risk taking, and return asymmetry are important features of our offering, which we believe are the result of our investment process.

We believe consistent performance over time reflects a multitude of decisions which are the result of an investment process that plays to an investor's structural advantages. In the past, we have spoken about finding managers with moats and think it is only fair to speak openly about our own. As the world's largest allocator to hedge funds⁷, we believe that Blackstone enjoys significant advantages that stem from its scale, its structuring abilities, and its strategy rotation insights. The Fund's recent performance is the result of our efforts over the last year to source what we believe to be a well-diversified set of alternative return streams that generally do not depend on broader market performance to generate excess returns. We believe our scale and depth of investor relationships directly enhance our ability to source hard-to-find exposures and enable us to be more diversified across many different sources of return. In fact, BXDMS has 15 strategies that are dedicated solely to Blackstone⁸. In our view, quality sources of return and diversification lead to attractive risk-adjusted returns and a positive investment experience over the long run.

In addition to this scale advantage, we believe our differentiated fund structure which combines multiple separately managed accounts, fund investments, opportunistic trades, and direct portfolio hedges, confers advantages in mandate customization, transparency, and risk and liquidity management. This framework has allowed us to efficiently onboard over 50 strategies over the Fund's life. Our flexibility in tailoring investment mandates plays directly into what we believe is our third structural advantage, namely our ability to apply Blackstone insights⁹ to rotate dynamically amongst strategies in an effort to manage risk and enhance returns. True uncorrelated alpha decays over time; thus, we feel it is imperative to search constantly for new strategies, evolve existing ones, and rotate from where opportunity has been to where we think it may be. Over the last 12 months, our dynamic asset allocation has contributed positive value to the portfolio. In a winner-take-most business, we believe our scale, compounded by our advantages in structure and strategy rotation, is a potential flywheel for risk-adjusted returns.

Structural advantages are great to have in theory, but how did our investment process play out in practice this year? Our sourcing, diversification, and dynamism worked as anticipated. With respect to sourcing, since the beginning of 2020 we onboarded 14 different sub-strategies that collectively contributed 1.61% of return attribution YTD¹⁰. Among these, we would like to highlight material winners and losers this quarter: Our China A-shares strategies, onboarded in late 2020, generated gains on the quarter and YTD, contributing 0.75% to total Fund performance this quarter and 0.88% on the year¹⁰. These strategies monetize market inefficiencies caused by the preponderance of retail participation and the demand for market-neutral investment strategies in the China A market, where shorting stocks is a challenge. Elsewhere, exposure to structured notes providing exposure to commodity strategies has delivered both significantly positive performance YTD and meaningful diversification compared to other risks that we have in the portfolio. Exposure to this strategy was uniquely enabled by our structuring and strategy sourcing abilities, providing exposure to hard-to-access managers. However, not all recent additions had a great quarter – statistical arbitrage strategies, which often deliver higher performance in more turbulent markets, detracted 0.16% from total Fund performance on the quarter,

⁶ Performance data quoted represents past performance and does not guarantee future results. Comparisons will differ, in some cases significantly, if the relative performance is measured over the course of a month, quarter, year or longer. 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. From 9/10/2014 to 6/30/2021, there were 778 days in which the MSCI World Index was down and 1019 days in which the MSCI World Index was up or flat. During this period, on days that the MSCI World was up, the average daily returns for the MSCI World and BXDMS were 0.55% and 0.08%, respectively.

⁷ Source: InvestHedge Billion Dollar Club (as of 12/31/2020) based on AUM.

⁸ Refers to the number of managers that currently do not sub-advise any mutual funds other than BXDMS or managers who provide a materially different strategy to other mutual funds that they sub-advise.

⁹ Subject to Blackstone's information walls.

¹⁰ Sub-strategy performance is shown gross of all fees and expenses. Performance attribution represents the contribution of each sub-strategy to the Fund's total return. Performance is estimated and unaudited.

suffering idiosyncratic losses in the relatively calm markets of May¹⁰. We believe our constant search for innovative and attractive alternative strategies is a competitive differentiator and look forward to announcing more strategies as opportunities arise.

With respect to diversification, our performance year to date has been broad based: 11 sub-strategies each contributed more than 0.20% to Fund performance while the Fund's remaining sub-strategies collectively detracted (0.43%) from the Fund's total return¹⁰. In addition to the strategies already highlighted, our discretionary thematic and equity market neutral strategies contributed positively, the first rebounding from a (0.47%) loss in the first quarter to contribute 1.31% in the second¹⁰. Within Equity Market Neutral sub-strategies, exposure to financials delivered a return of 4.59% on the quarter, 4.3% of which was delivered when Financials fell (3.0%) in June¹⁰. However also within our equity strategies, value-oriented exposure to Japanese equities rebounded modestly over the quarter but remained down on the year due to continued headwinds against both the value factor and Japanese equities as a whole. Turning from the structural diversification of our portfolio towards our active diversification, we have trimmed our tail risk hedge by 35% relative to a year ago and installed hedges and offsets for market exposures and inflation uncertainty. While we don't expect our hedges to significantly offset modest drawdowns, when the Fund experienced a 0.27% drawdown in the first half of May our active diversifiers offset 25% of that drawdown. Conversely, as broad risk-appetite rebounded into the end of the quarter our hedges and offsets ultimately detracted (0.01%) from Fund's total return on the year¹⁰. Overall, we believe diversified idiosyncratic returns, complemented by hedges and offsets, drove our performance, underscoring how the source of our returns are distinct from broader equity market risk.

Finally, our dynamic asset allocation has added value year-to-date. In prior quarterly letters we spoke about positioning for a search for yield in the front half of the year and then rotating towards absolute return strategies as the year progressed. We executed on that plan, reducing our allocation to credit strategies from 29% in December to 24% by the end of June. This proved accretive as our credit strategies returned 2.16% on the quarter while the total portfolio returned 3.89%¹⁰. Over the course of the quarter, we also made several moves that reflected changing risk reward in the alternatives space. For example, we took profit on the catastrophe bonds we bought in December at 8-9% yields, selling them at 5-6% yields before the hurricane season. We were also dynamic in our management of Special Purpose Acquisition Companies ("SPACs"). As the wave of capital that drove outsized gains in January-February broke in March-April, we added capital to tactically purchase SPACs trading below trust value and have since taken profits. While the market is more measured with respect to SPAC euphoria, and looks ahead with healthy respect to digesting the \$118bn¹¹ in capital raised over the first half of the year, we continue to believe that SPACs provide the potential for differentiated right-tail exposure and hence maintain a reduced allocation.

We believe that we have likely passed peak economic growth in the U.S., where both growth and the rate of change of growth were strongly positive. The next market regime may be dominated by positive economic growth with increasing uncertainty about the speed of growth and staying power of inflation. Market participants may expect an increased frequency of surprises in economic data prints, particularly around inflation and employment, which could shake market confidence and lead to periodic choppy markets. Thus, while we believe the longer-term trend for risk assets is likely positive, we believe the risk-adjusted return of these assets is likely less attractive than it has been for the last twelve months. With this backdrop, we continue to see the value in diversifying alternative strategies like BXDMS. Given the market environment, we seek to continue to build out our absolute return holdings, manage our relatively low exposure to equity market risk, and focus on developing strategies that seek to provide right-tail exposure as well as incorporating more strategies that may effectively offset portfolio drawdowns. Looking ahead to the second half of the year, we

¹¹ Source: Bloomberg. As of June 30, 2021.

believe that BXDMS is well-positioned to deliver against its objectives as we remain focused on maintaining a balanced portfolio, mitigating left tail risk, and capturing opportunistic dislocations¹².

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.

Fund Net Performance^{13,14}

	As of June 30, 2021						Inception to Date Statistics			
	MTD	QTD	YTD	1 Yr	5 Yr	ITD	St. Dev.	Beta	Alpha	Sharpe
BXDMS	0.72%	3.89%	5.05%	11.74%	2.04%	1.72%	4.64%			0.19
HFRX Global HF Index	0.38%	2.41%	3.73%	12.01%	4.22%	2.01%	3.54%	0.70	0.11%	0.33
Barclays Global Agg Index	(0.88%)	1.31%	(3.21%)	2.63%	2.34%	2.19%	4.71%	0.06	0.85%	0.29
MSCI World Index	1.52%	7.89%	13.33%	39.67%	15.44%	11.11%	15.27%	0.17	(0.84%)	0.67

12 Month Performance Periods – to Last Quarter End^{13,14}

	6/30/20 - 6/30/21	6/30/19 - 6/30/20	6/30/18 - 6/30/19	6/30/17 - 6/30/18	6/30/16 - 6/30/17
BXDMS	11.74%	(11.30%)	6.69%	(1.03%)	5.71%
HFRX Global HF Index	12.01%	3.09%	(1.95%)	2.47%	6.00%
Barclays Global Agg Index	2.63%	4.22%	5.85%	1.36%	(2.18%)
MSCI World Index	39.67%	3.40%	6.94%	11.70%	18.86%

¹² There can be no assurance that the Fund will achieve its goals or avoid losses. Diversification does not ensure a profit or guarantee against loss.

¹³ Performance is presented through June 30, 2021 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.

¹⁴ Inception to Date statistics are as of BXDMSIU inception on September 10, 2014 through June 30, 2021. Measures of beta or alpha of BXDMSIU are to the respective index. Please see the end of this document for additional disclosures regarding indices presented.

Key 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.

Important Disclosure Information

Blackstone Diversified Multi-Strategy Fund (BXDMS) is a sub-fund of Blackstone Alternative Investment Funds plc (the "Company"), an umbrella fund with segregated liability between sub funds. Blackstone Alternative Investment Funds plc is regulated by the Central Bank of Ireland. 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, Greek, 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.

No Assurance of Investment Return. Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. All returns include dividend and capital gain distributions. Information about the Fund, including the current Net Asset Value, is available on the Fund's website at www.bxdms.com.

In considering any investment performance information contained in the Materials, investors should bear in mind that past or estimated performance is not necessarily indicative of future results and there can be no assurance that a Fund will achieve comparable results, implement its investment strategy, achieve its objectives or avoid substantial losses or that any expected returns will be met. Investing in units of a UCITS does not have a guaranteed return. Past returns are not a guarantee for future returns.

Allocations: 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, strategies or sub-strategies. Blackstone may also add new 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.

Exposure: Exposure figures are shown as a percentage of Fund Net Asset Value. Explanatory notes regarding calculation of exposure: (a) exposure data represents market value except in the case of derivative instruments; (b) for options, exposure data represents the delta adjusted notional; (c) for interest-rate instruments, exposure data represents the notional of the 10-year equivalent instrument; and (d) for all other derivatives, exposure data represents notional value. Positions of unknown type (if any) are excluded from exposure data. Exposure data reflects fund holdings as of the relevant trade date and includes unsettled trades.

Index Comparison: Indices are provided for illustrative purposes only and have not been selected to represent appropriate benchmarks 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. The indices may include holdings that are substantially different than investments held by the Fund and do not reflect the strategy of the Fund. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that may differ from the Fund. The indices do not reflect the deduction of fees or expenses and you cannot invest directly into an index. 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. Indices are not investible products. Investors cannot invest directly in an index.

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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 Alliance Advisors L.L.C. ("BSAA"), an affiliate of BAIA, manages the Strategic Alliance Funds (the "SAF Funds") that provide seed capital to emerging alternative asset managers (the "SAF Managers") in exchange for a revenue share arrangement. Seiga Asset Management Limited, a SAF Manager, is a sub-adviser to the Fund. The revenue generated for BSAA related to the Fund's investment with a SAF Manager is rebated to the Fund. The Fund will not otherwise participate in any of the economic arrangements between the SAF Funds and any SAF Manager with which the Fund invests.
 - 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-Adviser. BRESSA invests primarily in liquid, commercial and residential real estate-related debt instruments.
 - Blackstone Liquid Credit Strategies LLC ("BX LCS"), an affiliate of BAIA and an indirect wholly owned subsidiary of The Blackstone Group Inc., serves as a Sub-Adviser. BX LCS 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 Asset Management, MSCI and Morningstar, as applicable. Indices are unmanaged and investors generally cannot invest in an index. S&P 500 Total Return Index: 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. Bloomberg Barclays Global Agg Bond Index: a flagship measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. HFRX Global Hedge Fund Index: is 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. MSCI World TR Index: a market capitalization weighted index designed to provide a broad measure of large and mid-cap equity performance across 23 developed markets countries. Morningstar EAA Fund Multistrategy USD Category: Morningstar categorization of UCITS funds that fall into the Multistrategy strategy bucket, are denominated in USD, and are based in Europe, Asia, and South Africa. UBS Pre-Announcement SPAC Basket: tracks the performance of the largest pre-announcement SPACs. New SPACs which meet minimum fund raising criteria will be added to the basket after they begin trading. SPACs will be removed from the basket following M&A announcements. Equal-weight basket created on March 3, 2021.

Glossary of Terms

Beta: A measure of the volatility, or systemic risk, of a security or a portfolio in comparison to the market as a whole. 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. More specifically, Jensen's Measure is used to calculate alpha. 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.

Regional Disclosures

Austria

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This document does not constitute a prospectus under any Danish law and has not been filed with or approved by the Danish Financial Supervisory Authority as this document has not been prepared in the context of either (i) a public offering of securities in Denmark within the meaning of the Danish Securities Trading Act or any Executive Orders issued pursuant thereto or (ii) an offering of a collective investment scheme comprised by the Danish Investment Association Act or any Executive Orders issued pursuant thereto. This document will only be directed to fewer than 150 natural or legal persons in Denmark, qualified investors as defined in section 2 of the Danish Prospectus Order no. 1257/2015 or Danish investors, who commit to acquire shares in Blackstone Diversified Multi Strategy Fund (the "Fund") for a total consideration of at least EUR 100,000 per investor for each single offer of interests in the Fund. This offering is subject to a minimum denomination of equivalent to at least EUR 100,000. Accordingly, this document may not be made available nor may the shares otherwise be marketed and offered for sale in Denmark other than in circumstances which are deemed not to be considered as marketing or an offer to the public in Denmark.

Finland

Blackstone Diversified Multi Strategy Fund (the "Fund") is registered for public distribution in Finland and the offering of shares in the Fund is permitted by the Finnish Financial Supervisory Authority (the "FIN-FSA") within the meaning of the Act on Common Funds (48/1999, as amended). Subscription for shares in the Fund is subject to the terms of the Key Investor Information Document ('KIID'), Prospectus and Supplement to the Prospectus available on the Blackstone website at www.blackstone.com/BXDMS. All investors are urged to carefully read the Prospectus, Supplement and KIID in their entirety before investing.

France

Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this UCITS, Blackstone Alternative Investment Funds plc, presents disproportionate communication on the consideration of non-financial criteria in its investment policy.

Germany

Blackstone Diversified Multi Strategy Fund (the "Fund") is a sub-fund of Blackstone Alternative Investment Funds plc ("BAIF plc"), an umbrella investment company established as a UCITS. An investor should abstain from investing in the Fund if the investor lacks sufficient experience, knowledge and expertise to properly assess the risks that an investment in the Fund incurs. Further information about the Fund can be obtained from the terms of the relevant Key Investor Information Document ('KIID'), Prospectus and Supplement to the Prospectus and the latest annual and half-yearly reports. These documents are available free of charge in English. The KIIDs are also available in German. These documents can be found, along with other information, such as share prices, on the Fund's website at www.blackstone.com/UCITS. An investor should make an investment in the Fund only after having read and understood the terms of the Key Investor Information Document ('KIID'), Prospectus and Supplement to the Prospectus and the latest annual and half-yearly reports. The Fund is exposed to significant risks. For further information on the risks faced by the Fund, see "Risk Factors" in the Prospectus and Supplement to the Prospectus for the Fund. Each potential investor is advised to consider possible tax consequences and to consult his own tax counsel.

Ireland

The distribution of this document and the offering or purchase of shares in Blackstone Diversified Multi Strategy Fund (the "Fund") is restricted to the individual to whom it is addressed. Accordingly, it may not be reproduced in whole or in part, nor may its contents be distributed in writing or orally to any third party and it may be read solely by the person to whom it is addressed and his/her professional advisers.

The shares will not be offered or sold by any person:

- (a) otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017, as amended; or
- (b) in any way which would require the publication of a prospectus under the Companies Act 2014, or any regulations adopted pursuant thereto; or
- (c) in Ireland except in all circumstances that will result in compliance with all applicable laws and regulations in Ireland.

Shares in the Fund will not in any event be marketed in Ireland except in accordance with the requirements of the Central Bank of Ireland.

Italy

The marketing of the shares of Blackstone Diversified Multi Strategy Fund, a sub-fund of Blackstone Alternative Investment Funds plc ("BAIF plc"), an umbrella investment company established as a UCITS, has been notified to CONSOB (Commissione Nazionale per le Società e la Borsa) pursuant to Article 42 of Legislative Decree no. 58 of 24 February 1998, as amended (the "Italian Financial Act"). In Italy this document is addressed only to qualified investors (investitori qualificati) pursuant to Article 100, first paragraph, letter a), of the Italian Financial Act, as implemented by Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended and by Article 26, first paragraph, letter d), of CONSOB Regulation No. 16190 of 29 October 2007, as amended.

Luxembourg

In relation to each member state of the EEA (each a "Member State") which has implemented Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) (the "AIFMD") (and for which transitional arrangements are not/ no longer available), this document may only be distributed and shares in the relevant fund may only be offered or placed in a Member State to the extent that: (1) the fund is permitted to be marketed to professional investors in the relevant Member State in accordance with AIFMD (as implemented into the local law/regulation of the relevant Member State); or (2) this document may otherwise be lawfully distributed and the shares may otherwise be lawfully offered or placed in that Member State (including at the exclusive initiative of the investor). In relation to each Member State of the EEA which, at the date of this document, has not implemented AIFMD, this document may only be distributed and shares may only be offered or placed to the extent that this document may be lawfully distributed and the shares may lawfully be offered or placed in that Member State (including at the initiative of the investor).

Norway

Blackstone Diversified Multi Strategy Fund is a sub-fund of Blackstone Alternative Investment Funds plc ("BAIF plc"), an umbrella investment company established as a UCITS and is registered in Norway pursuant to the UCITS Directive, as implemented in Norway. BAIF plc has notified the Norwegian Financial Supervisory Authority (Nw.: Finanstilsynet) in accordance with section 9-3 of the Norwegian Securities Funds Act of 2011 and the shares are permitted for marketing and selling in Norway. BAIF plc has represented and agreed that it has complied with all applicable provisions of the Norwegian Securities Funds Act of 2011 and the Norwegian Securities Trading Act of 2007 and other relevant Norwegian laws and regulations with respect to anything done by it in relation to the shares in, from or otherwise involving Norway. Each investor should carefully consider individual tax issues before investing in BAIF plc.

Spain

Blackstone Diversified Multi Strategy Fund (the "Fund") is authorised by the Spanish Comisión Nacional del Mercado de Valores (CNMV) and both the Fund and its management company, Blackstone Alternative Investment Funds plc ("BAIF plc"), are shown on its registers. Prior to a subscription, the Key Investor Information Documents ("KIIDs"), the marketing memorandum and the latest annual and semi-annual reports and, upon request, the rest of the official documentation of the Fund will be delivered to Spanish investors free of charge from the Fund's Spanish distributors. Such documents, including the net asset values, can be found at least at one of the Fund's Spanish distributors' websites.

Switzerland

Blackstone Diversified Multi Strategy Fund has appointed a duly licensed representative and a Swiss licensed bank as paying agent in Switzerland. In addition, in accordance with the Swiss Collective Investment Schemes Act (CISA), before the Shares will be distributed in Switzerland, the Prospectus, this Country Supplement, the key investor information documents relating to the Share distributed in Switzerland (the "KIIDs") and the articles of association relating to the Company will be submitted to the Swiss Financial Market Supervisory Authority FINMA for approval.

The representative of the Fund in Switzerland (the "Representative in Switzerland") is Société Générale, Paris, Zurich Branch, Talacker 50, P.O. Box 5070 1928, CH-8021 Zurich. The paying agent ("Paying Agent") of the Fund in Switzerland is Société Générale, Paris, Zurich Branch, Talacker 50, P.O. Box 5070 1928, CH-8021 Zurich.

Regarding the publication of performance data of the Fund, it should be noted that the historic performance does not represent an indicator for the current or future performance and, unless otherwise indicated, the performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

In respect of the distribution activity of the Shares in Switzerland, the place of performance and jurisdiction is at the registered office of the Representative in Switzerland.

Sweden

Blackstone Alternative Investment Funds plc (the "Company") and its sub-fund Blackstone Diversified Multi Strategy Fund (the "Fund") have been registered with Finansinspektionen (the Swedish Financial Supervisory Authority) under Chapter 1 Section 7 of the Swedish Securities Funds Act (Sw: lag (2004:46) om värdepappersfonder), which implies that the shares of the Fund may be marketed in Sweden. The Company has appointed Skandinaviska Enskilda Banken AB (the "Paying Agent") to (i) make payments to shareholders in Sweden, (ii) redeem shares in Sweden and (iii) distribute in Sweden the information that the Company and/or the Fund is required to supply under the laws of Ireland.

Past performance is no guarantee of a particular return in the future. The money invested in a fund can increase or decrease in value, and there is no guarantee that all of the capital you invest will be repaid.

U.K.

Blackstone Diversified Multi Strategy Fund has been established and is authorised as a UCITS (in accordance with the UCITS Directive) in Ireland and has been registered in the UK and is therefore a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). However, the promotion of the Fund and the distribution of this document in the United Kingdom is available only to certain investor types and is accordingly restricted by law.