BlueSky
Alternatives Access Fund

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INITIAL DEPLOYMENT

JULY 2014

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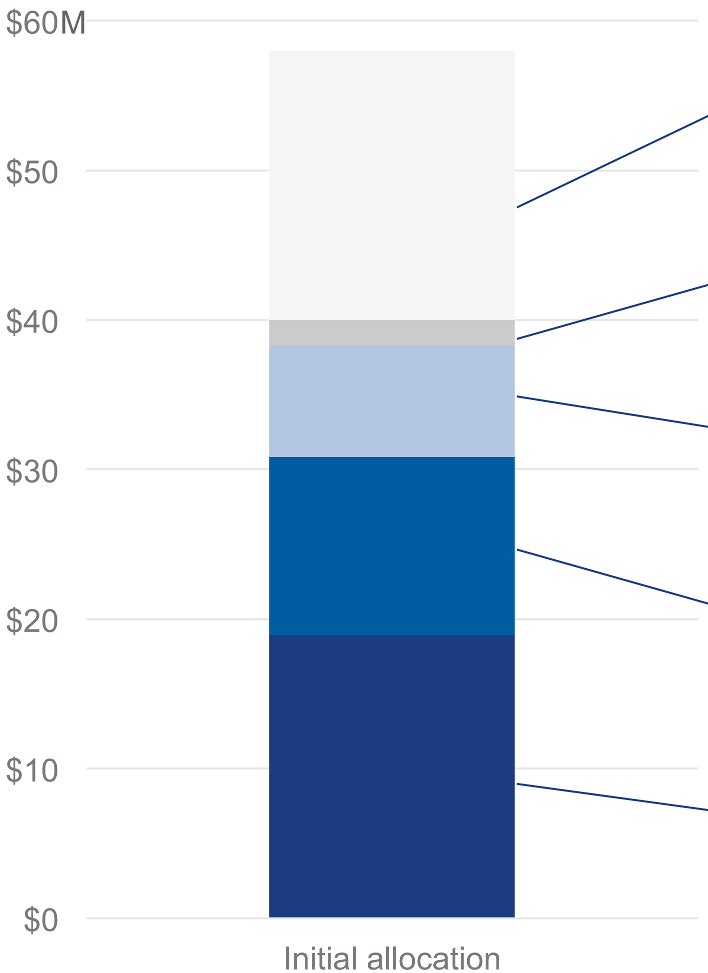
BLUE SKY ALTERNATIVES ACCESS FUND

ABOUT THE ALTERNATIVES FUND	Blue Sky Alternatives Access Fund Limited (‘Alternatives Fund’ or ‘BSAAF’) is a listed investment company that invests in a diverse range of alternative assets including: • Private equity and venture capital; • Real assets; • Private real estate; and • Hedge funds. The Alternatives Fund is the only listed investment company on the Australian Securities Exchange (‘ASX’) that allows investors to make a strategic allocation to a diverse portfolio of directly managed alternative assets. The Alternatives Fund is listed on the ASX under the code BAF, with options in the Alternatives Fund trading under the code BAFO.
OBJECTIVES OF THE ALTERNATIVES FUND	The primary objectives of the Alternatives Fund are to: • Deliver long term absolute returns to shareholders, comprised of both capital appreciation and a dividend yield (franked to either 100% or the maximum extent possible); • Provide investors with access to a diverse range of alternative assets; and • Provide investors with the ability to invest in alternative assets through an ASX listed structure that is more readily accessible and liquid than is typical for many alternative assets.
MANAGER OF THE ALTERNATIVES FUND	BSAAF Management Pty Limited (‘Manager’) is the manager of the Alternatives Fund. All investments made by the Manager on behalf of the Alternatives Fund are directly managed by wholly owned subsidiaries of Blue Sky Alternative Investments Limited (ASX: BLA) (‘Blue Sky’). Blue Sky has in excess of $600 million in assets under management and an eight year track record of generating overall returns to investors in its funds of 13.9% p.a. (net of fees, since inception).

ALTERNATIVES FUND: INITIAL DEPLOYMENT



Unallocated capital provides BSAAF with flexibility to invest in new alternative investment opportunities

Private real estate contributes to portfolio returns (16.7% p.a. since inception[1]) with a different set of risk drivers to listed equities; currently focused on residential development

Hedge fund allocation contributes liquidity, low correlation with listed equities and a strong historic return profile in targeted portfolio (15.0% p.a. since inception[2])

Private equity and venture capital contribute potential for returns (16.3% p.a. since inception[1]); likely to be least liquid and most correlated asset class in the portfolio

Real assets (primarily water entitlements) contributes high expected returns (15.6% for FY14 and 9.7% p.a. since inception[2]) with low correlations to listed equities and relatively high levels of underlying liquidity

Note: Past performance is not a reliable indicator of future performance. Historical returns reflect the historical performance of Blue Sky funds only and do not relate to the past or future performance of the Alternatives Fund, and should not be relied upon as an indicator of future performance of the Alternatives Fund. Historical returns include a mix of realised and unrealised returns.

(1) To 28 February 2014

(2) To 30 June 2014

ALTERNATIVES FUND: REAL ASSETS

BlueSky Alternatives Access Fund

Blue Sky Water Fund *$15m allocation*	• Established to invest in a diversified portfolio of **agricultural water entitlements**, largely in the Southern Murray-Darling Basin • **Strong potential returns**, based on **yield** (as the investment manager sells water allocations each year) and **capital growth** as water moves to higher value uses • Underlying assets are **relatively liquid**, and returns are likely to be **uncorrelated** with listed equities
Blue Sky Agriculture Fund *$4.4m allocation*	• Established to invest in Gundaline Pty Ltd, the owner and operator of a **large scale irrigated cropping business** east of Hay in NSW • Provides exposure to a potential **step change in capital values** as the property is converted from low-value to high-value cropping • In addition, Gundaline benefits from access to **secure water supply** (through groundwater entitlements) and is run by a **strong management team** with a track record of value creation

ALTERNATIVES FUND: PRIVATE EQUITY AND VENTURE CAPITAL (1 of 2)

BlueSky Alternatives Access Fund

Foundation Early Learning	• Foundation Early Learning ('FEL') is a **premium child care operator** which manages 40 child care centres; Blue Sky Private Equity has provided **expansion capital** which will be used to acquire 15 established centres • The child care sector is an **attractive industry** in which to invest due to supportive demographic trends and the industry's consolidation; the FEL team have a **strong track record** of delivering value creation in the space • **BSAAF has committed $4.0m to the Blue Sky Private Equity Early Learning Fund, the vehicle providing expansion capital to Foundation Early Learning;** the Early Learning Fund will hold 62.46% of the shares in FEL
readify code for success	• Readify is a leading Australian **IT-services company** focused on **application development** and **platform deployment** in the Microsoft environment • Readify has a strong **track record** of profitability and growth, an **income generating** profile, and **favourable market dynamics** in its target markets (particularly those focused on the cloud and mobility) • **BSAAF has committed $2.8m to the Blue Sky Private Equity Software Services Fund II, the vehicle providing expansion capital to Readify; the** Software Services Fund II will hold 17.78% of the shares in Readify

ALTERNATIVES FUND: PRIVATE EQUITY AND VENTURE CAPITAL (2 of 2)

BlueSky
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wildbreads	• Wild Breads is a leading business in the rapidly growing **artisan and specialty bread** category in Australia. • BSAAF's investment in Wild Breads is underpinned by **strong growth** in the artisan specialty breads category, combined with Wild Breads' **pipeline of sales opportunities** and **cost leadership** position (to be reinforced by investment in new production facilities) • **BSAAF has committed $2.0m to the Blue Sky Private Equity Wild Breads Fund, the vehicle providing expansion capital to Wild Breads;** the Wild Breads Fund will hold 66.62% of the shares in Wild Breads
BlueSky Alternative Thinking	• Blue Sky VC 2014 Fund LP ('VC 2014') was established to invest in a **diversified portfolio of venture capital** opportunities; VC 2014 has not yet made any investments • Venture capital is an **attractive investment opportunity** for BSAAF given the **scarcity of competitive capital** in the market and **Blue Sky's track record** of commercialising early stage companies. • **BSAAF has committed $4.0m to the VC 2014, of a total VC 2014 fund size of $30m; 30% of BSAAF's capital commitment was drawn upfront and the remainder will be called when required to fund new investments**

ALTERNATIVES FUND: PRIVATE REAL ESTATE EXPOSURE

BlueSky Alternatives Access Fund

- BSAAF currently has **deployed $2m** across two **residential development** projects
  - 61 apartment complex in Greenslopes (4km from Brisbane CBD)
  - 44 apartment complex in Woolloongabba (3km from Brisbane CBD)

- Both projects involve **attractive product** that is expected to meet market demand at **price points** likely to generate **strong investment returns**

- Blue Sky's **track record** of developing similar projects in similar locations helps to **mitigate project risk**

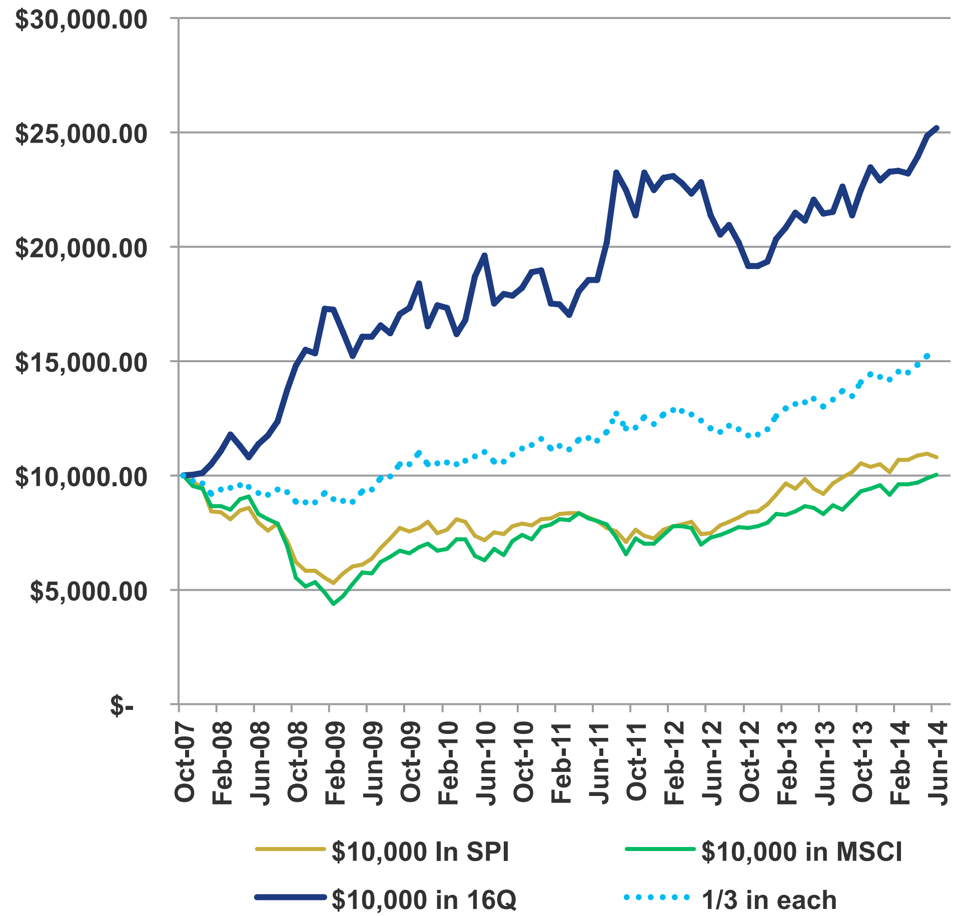
ALTERNATIVES FUND: HEDGE FUND

Hedge fund exposure

- The Alternatives Fund invested $7.5 million in the Blue Sky Investment Science IS 16Q product
- IS 16Q product is a portfolio of quantitative trading strategies, diversified across highly liquid currency, commodity, equity and interest rate markets
- Blue Sky uses a quantitative method for allocating exposures (and risks) to the underlying strategies

Return profile since inception[1]

- 15.02% per annum compound returns
- 17.3% volatility
- -0.5 correlation to ASX 200, providing diversification benefits



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(1) To 30 June 2014

ALTERNATIVES FUND: LOOKING FORWARD

BlueSky Alternatives Access Fund

- 30% of the Alternatives Fund is yet to be committed, providing flexibility to invest in additional alternative asset opportunities
    - Current allocations to real assets, hedge funds and venture capital broadly consistent with overall portfolio objectives
    - Additional capital likely to be deployed into private equity and private real estate

- NTA movements will largely be a function of movements in underlying alternative asset funds
    - Liquid asset classes (hedge fund and water fund) are valued monthly, and will drive NTA movements early in the life of the Alternatives Fund
    - Illiquid asset classes (such as private equity and private real estate) are revalued less frequently, and will make a greater contribution to NTA movements in later months

SUMMARY

BlueSky
Alternatives
Access Fund

- ✓ Blue Sky Alternatives Access Fund provides investors with a diversified exposure to investments with a different return profile to traditional listed equities and fixed income.

- ✓ The fund has deployed almost 70% of initial capital across a broad range of investments in the four key alternative asset classes:

  - ✓ Private equity and venture capital
  - ✓ Hedge funds
  - ✓ Real assets
  - ✓ Private real estate

- ✓ The Manager continues to see a strong pipeline of investment opportunity in which to deploy currently uncommitted capital.

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