

ABOUT THE ALTERNATIVES FUND

Blue Sky Alternatives Access Fund Limited ('Alternatives Fund') 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 \$700 million in assets under management and an eight year track record of generating overall returns to investors in its funds of 14.8% p.a. (net of fees, since inception).¹

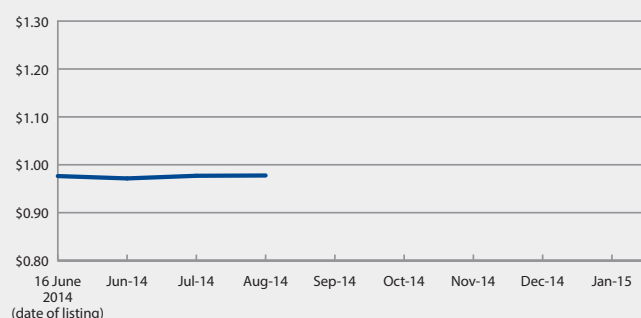
1. Overall returns to investors in Blue Sky managed funds are equity weighted. For more details, please refer to BLA's regular ASX announcements on the investment performance of its funds. Please also note that past performance is not a reliable indicator of future performance.

NET TANGIBLE ASSETS – AS AT 31 AUGUST 2014²

Net Tangible Assets (NTA) per share (pre tax)	\$0.9681
Net Tangible Assets (NTA) per share (post tax)	\$0.9776

2. NTA figures in this report are unaudited and no adjustments have been made for future exercises of the BAFO options (exercise price \$1.00 per option). The pre tax NTA would be approximately 0.9840 per share if all of the BAFO options had been exercised on 31 August 2014.

NET TANGIBLE ASSETS – SINCE INCEPTION

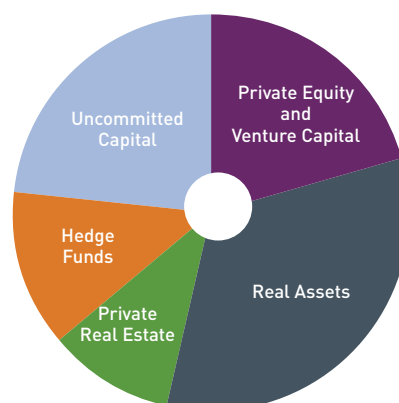


SUMMARY OF INVESTMENT PORTFOLIO³

	Current Value (\$M)	% of Portfolio
PRIVATE EQUITY AND VENTURE CAPITAL		
Private Equity investment(s)	\$8.19	14.0%
Venture Capital investment(s)	\$3.86	6.6%
Subtotal	\$12.05	20.6%
REAL ASSETS		
Blue Sky Water Fund	\$15.34	26.3%
Other Real Assets	\$3.96	6.8%
Subtotal	\$19.30	33.1%
PRIVATE REAL ESTATE		
Residential Development investment(s)	\$6.02	10.3%
Subtotal	\$6.02	10.3%
HEDGE FUNDS		
SRA Alliance 16Q Fund	\$7.55	12.9%
Subtotal	\$7.55	12.9%
Uncommitted Capital	\$13.47	23.1%
GRAND TOTAL	\$58.39	100%

3. Figures in this report are unaudited. The current value for each investment in the table above is consistent with the Alternatives Fund's investment valuation policy, which may be found at blueskyfunds.com.au/alternativesfund. Note that the total value of the investment portfolio will not directly reconcile to the NTA due to the impact of interest revenue, management fees, accrued performance fees, etc.

SECTOR WEIGHTINGS



FURTHER INFORMATION:

Website: blueskyfunds.com.au/alternativesfund

Investor enquiries: investorservices@alternativesfund.com.au

Phone: +61 7 3270 7500

NEW INVESTMENTS

The Alternatives Fund made the following new investments in the month of August:

Private Real Estate

The Alternatives Fund invested \$2.0 million in the Main Street Kangaroo Point Trust. The Main Street Kangaroo Point Trust was established to invest in a residential development in Kangaroo Point, Brisbane. The development consists of a 104 apartment complex (comprising 25 one bedroom, 71 two bedroom and 8 three bedroom apartments) in the Brisbane suburb of Kangaroo Point, which is 1.5km from the Brisbane CBD. The project site has views over the Brisbane CBD and surrounding suburbs.

The Alternatives Fund invested \$1.0 million in the Logan Road Greenslopes Trust. The Logan Road Greenslopes Trust was established to invest in a residential development in Greenslopes, Brisbane. The development consists of 53 apartments (comprising 12 one bedroom, 36 two bedroom and 5 three bedroom apartments) and 650 m2 of ground floor commercial space. The project is in Greenslopes, which is 4km from the Brisbane CBD.

The Alternatives Fund invested \$1.0 million in the Grantson Street Windsor Trust. The Grantson Street Windsor Trust was established to invest in a residential development in Windsor, Brisbane. The development consists of a 37 apartment complex (comprising 36 two bedroom and 1 three bedroom apartments) in the Brisbane suburb of Windsor, which is 3.5km from the Brisbane CBD. The project site has views over the Brisbane CBD and surrounding suburbs.

Each project's attractive location and price points are expected to fit well with market demand and generate strong returns, and Blue Sky's track record of developing very similar projects helps to mitigate risk.

INVESTMENT PERFORMANCE – EXISTING INVESTMENTS

The post-tax NTA of the Alternatives Fund increased by \$0.001 in the month of August. Material¹ changes that affected the NTA were:

- A 1.2% increase in the value of units held in the Blue Sky Water Fund. The Blue Sky Water Fund is subject to monthly revaluations, which resulted in a 1.2% uplift in August. This uplift is consistent with the Manager's conviction that increasing demand for food exports, combined with transition from low value to high value crops in the Murray-Darling Basin, will drive substantial increases in the value of water entitlements.
- Investments in the Main Street Kangaroo Point Trust, Logan Road Greenslopes Trust and Grantson Street Windsor Trust. These investments had a negative impact on the Alternatives Fund's NTA, as the Alternatives Fund bore its share of project establishment costs in the underlying development project (see 'New Investments' section for more details).

INVESTMENTS REALISED

There were no investments realised in the month of August.

1. Movements are considered material if they are greater than 5% of an asset sub-class or greater than \$100,000.

DESCRIPTION OF INVESTMENTS

INVESTMENT	DESCRIPTION
PRIVATE EQUITY AND VENTURE CAPITAL	
Early Learning Fund	To hold equity in Foundation Early Learning Limited, a premium Australian child care operator.
Wild Breads Fund	To hold equity in Wild Breads Pty Ltd, a leading business in the rapidly growing artisan and specialty bread category in Australia.
Software Services Fund II	To hold equity in Readify Pty Ltd, a leading Australian IT-services company focused on application development and platform deployment in the Microsoft environment.
VC2014	To hold a diversified portfolio of venture capital investments.
REAL ASSETS	
Water Fund	Invests in a diversified portfolio of agricultural water entitlements, largely in the Southern Murray-Darling Basin.
Agriculture Fund	To hold equity in Gundaline Pty Ltd, the owner and operator of a large scale irrigated cropping business east of Hay in NSW.
HEDGE FUNDS	
SRA Alliance Fund (16Q)	A portfolio of quantitative trading strategies, diversified across currency, commodity, equity and interest rate markets, utilising derivatives and short selling in its strategy execution.
PRIVATE REAL ESTATE	
Regina Street Greenslopes Trust	A residential development consisting of a 61 apartment complex (comprising 29 one bedroom and 32 two bedroom apartments) in the Brisbane suburb of Greenslopes.
37 Regent Street Woolloongabba Trust	A residential development consisting of a 44 apartment complex (comprising 9 one bedroom and 35 two bedroom apartments) in the Brisbane suburb of Woolloongabba.
Alice Street Kedron Trust	A 38 apartment complex (comprising 5 one bedroom and 33 two bedroom apartments) in the Brisbane suburb of Kedron, which is 8km from the Brisbane CBD.
Main Street Kangaroo Point Trust	A residential development consisting of a 104 apartment complex (comprising 25 one bedroom, 71 two bedroom and 8 three bedroom apartments) in the Brisbane suburb of Kangaroo Point.
Logan Road Greenslopes Trust	A residential development consisting of 53 apartments (comprising 12 one bedroom, 36 two bedroom and 5 three bedroom apartments) and 650 m2 of ground floor commercial space in the Brisbane suburb of Greenslopes.
Grantson Street Windsor Trust	A residential development consisting of a 37 apartment complex (comprising 36 two bedroom and 1 three bedroom apartments) in the Brisbane suburb of Windsor.

Important Notice: BSAAF Management Pty Ltd ACN 168 923 279 ('Manager') has prepared the information in this announcement. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in the Alternatives Fund nor does it constitute financial product or investment advice nor take into account your investment objectives, taxation situation, financial situation or needs. An investor must not act on the basis of any matter contained in this announcement in making an investment decision but must make its own assessment of the Alternatives Fund and conduct its own investigations and analysis. Past performance is not a reliable indicator of future performance.