

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 14.9% 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.

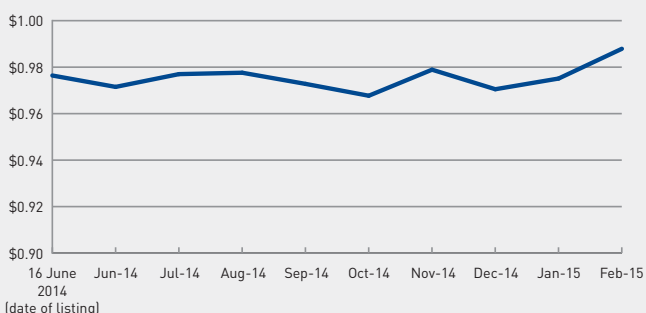
NET TANGIBLE ASSETS – AS AT 28 FEBRUARY 2015²

Net Tangible Assets (NTA) per share (pre tax)³ \$0.9827

Net Tangible Assets (NTA) per share (post tax) \$0.9879

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 0.9913 per share if all of the BAFO options had been exercised on 28 February 2015.
3. The pre-tax NTA per share is lower than the post-tax NTA per share due to the net Deferred Tax Asset (DTA) position of the company. The net DTA relates to future tax benefits to be received in relation to the retained losses of the company since inception and costs associated with listing on the ASX.

NET TANGIBLE ASSETS – SINCE INCEPTION

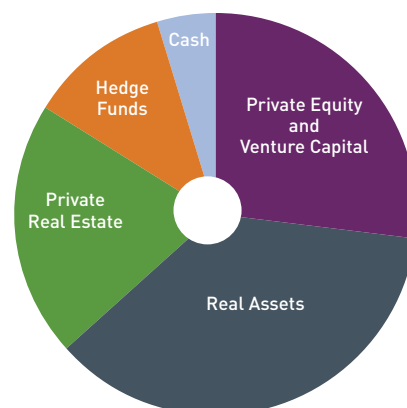


SUMMARY OF INVESTMENT PORTFOLIO⁴

	Current Value (\$M)	% of Portfolio
PRIVATE EQUITY AND VENTURE CAPITAL		
Private Equity investment(s)	\$12.92	20.9%
Venture Capital investment(s)	\$3.84	6.2%
Subtotal	\$16.76	27.1%
REAL ASSETS		
Water Fund	\$16.28	26.3%
Other Real Assets	\$6.17	10.0%
Subtotal	\$22.45	36.3%
PRIVATE REAL ESTATE		
Residential Development investment(s)	\$7.57	12.3%
Residential Asset Management investment(s)	\$1.88	3.0%
Commercial Asset Management investment(s)	\$3.23	5.2%
Subtotal	\$12.68	20.5%
HEDGE FUNDS		
SRA Alliance Fund (IS 16Q)	\$7.08	11.5%
Subtotal	\$7.08	11.5%
Cash	\$2.82	4.6%
GRAND TOTAL	\$61.79	100%

4. 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:

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NEW INVESTMENTS

The Alternatives Fund made no new investments in February and is now fully deployed.

INVESTMENT PERFORMANCE – EXISTING INVESTMENTS

The post-tax NTA of the Alternatives Fund increased by \$0.0128 in February. Material⁵ changes that affected the NTA were:

- **Private equity and venture capital:** The value of the Alternatives Fund's units in the Blue Sky Private Equity Software Services Fund II (which holds shares in Readify Pty Ltd ('Readify')) increased by 41.19% in February. Under the Alternatives Fund's valuation policy (available on our website) private equity assets must be valued annually, and more frequently if it is considered that value has changed to an extent that would be material to the Alternatives Fund's NTA. In the case of Readify, strong trading momentum and industry conditions have led to a valuation uplift. Preparation is currently underway for a potential IPO of shares in Readify. Accordingly, the manager of the underlying fund has elected to process a revaluation which the Alternatives Fund has adopted.
- **Real assets:** The value of the Alternatives Fund's units in the Blue Sky Water Fund increased by 0.65% in February. The Water Fund's managers are now positioning the portfolio to take advantage of forecasts for the new water year as they are released by the Bureau of Meteorology and the relevant water authorities in the coming months. We remain enthusiastic about medium and long term prospects for the Australian water market and expect water to remain a core holding for the Alternatives Fund for the foreseeable future.
- **Private real estate:** There were no material changes to the value of the Alternatives Fund's investments in private real estate in February. Residential development projects are revalued when four key criteria are met (purchase of land becomes unconditional, pre-sales reach a level sufficient to secure debt funding, a fixed-price construction contract is signed and senior debt is secured). None of the Alternatives Fund's investments met all of these criteria in February. We expect projects to begin meeting these criteria towards the end of FY15, requiring revaluation at that point.
- **Hedge funds:** The Alternatives Fund's allocation to Hedge Funds fell 2.92% in February. Profits coming from long positions in equities partially offset losses from other asset classes including commodities, currencies and interest rates. The surge in most international equities markets was supported by the successful deferral of the Greek bond default whilst short positions in natural gas, crude oil and copper suffered as prices for these commodities rebounded off their lows. Comments from US Federal Reserve Chair Janet Yellen hinted at rising interest rates in 2015 which subsequently drove early losses on the Hedge Fund's interest rate positions. By the end of the month rates had generally reversed this move and the loss was largely recovered.

INVESTMENTS REALISED

There were no investments realised in February.

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

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.

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 Fund LP	To hold a diversified portfolio of venture capital investments.
Hospital Pharmacy Services Fund	To hold equity in a market leading provider of outsourced pharmacy services to hospitals, oncology clinics and correctional facilities in Australia.
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.
Water Utilities Australia Fund 2	To hold equity in the Water Utilities Group, which owns and operates a portfolio of high-quality water infrastructure assets.
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 residential development consisting of 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 a 53 apartment complex (comprising 12 one bedroom, 36 two bedroom and 5 three bedroom apartments) and 650m ² of ground floor commercial space in the Brisbane suburb of Greenslopes.
Grantson Street Windsor Trust	A residential development consisting of a 65 apartment complex (comprising 2 one bedroom, 49 two bedroom and 14 three bedroom apartments) in the Brisbane suburb of Windsor.

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PRIVATE REAL ESTATE	
Duke Street Kangaroo Point Trust	A residential development consisting of a 82 apartment complex (comprising 28 one bedroom, 50 two bedroom and 4 three bedroom apartments) in the Brisbane suburb of Kangaroo Point.
Management Rights Income Fund 4	Management rights for the 3 tower, 788 apartment 'Southport Central' precinct on the Gold Coast, plus the freehold title to the manager's office.
Student Accommodation Fund	A social accommodation development project consisting of a 12 storey, purpose-built, 283 bed student accommodation building in the Brisbane suburb of Woolloongabba.
Darra Industrial Income Fund	To hold the freehold title to a 3,479m ² single-tenant industrial manufacturing, distribution and office facility sited on a 7,254m ² land holding in the Brisbane suburb of Darra.
HEDGE FUNDS	
SRA Alliance Fund (IS 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.