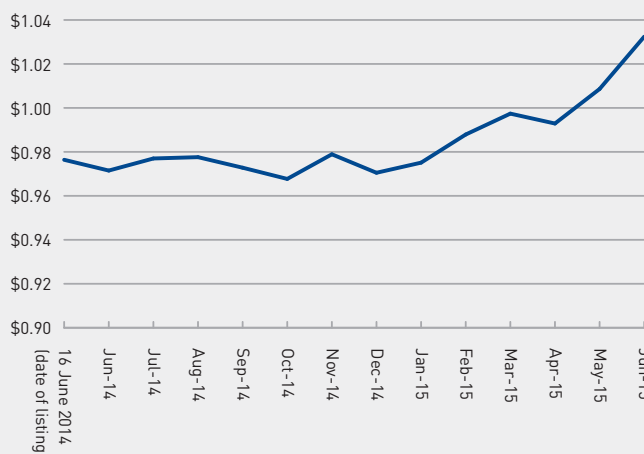


NET TANGIBLE ASSETS – AS AT 30 JUNE 2015¹

Net Tangible Assets (NTA) per share (pre tax)	\$1.0408
Net Tangible Assets (NTA) per share (post tax)	\$1.0324

1. NTA figures in this report are unaudited and no adjustments have been made for future exercises of the BAFO options (exercise price \$0.9827 per option). The pre-tax NTA would be approximately \$1.0159 per share if all of the BAFO options had been exercised on 30 June 2015.

NET TANGIBLE ASSETS – SINCE INCEPTION



PORTFOLIO VALUATION²

	Current value (\$'m)	% of Portfolio
PRIVATE EQUITY AND VENTURE CAPITAL		
Private Equity	\$18.32	21.5%
Venture Capital	\$3.79	4.4%
Subtotal	\$22.11	25.9%
REAL ASSETS		
Water Fund	\$27.22	32.0%
Other Real Assets	\$6.20	7.3%
Subtotal	\$33.42	39.3%
PRIVATE REAL ESTATE		
Residential Development	\$8.99	10.6%
Commercial Asset Management	\$11.44	13.4%
Residential Asset Management	\$2.38	2.8%
Subtotal	\$22.81	26.8%
HEDGE FUNDS		
SRA Alliance Fund (Diversified Quant)	\$4.73	5.6%
Subtotal	\$4.73	5.6%
Cash	\$2.02	2.4%
GRAND TOTAL	\$85.09	100.0%

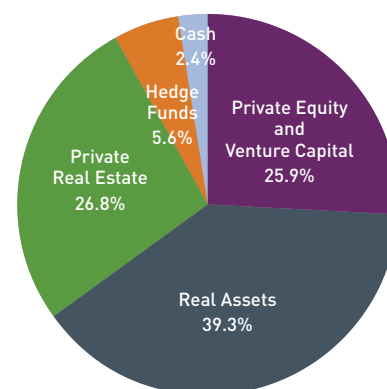
2. Figures in this report are unaudited. The current value for each investment in the table above is consistent with the Alternatives Fund's investment valuation policy, which may be found at blueskyfunds.com.au/alternativesfund. Note that the total value of the investment portfolio will not directly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

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FUND NTA PERFORMANCE

Period	Pre-Tax	Post-Tax
1 month	3.04%	2.37%
3 months	4.47%	3.51%
6 months	8.67%	6.38%
12 months	8.51%	6.28%

SECTOR WEIGHTINGS



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 \$1 billion in assets under management and an eight year track record of generating overall returns to investors in its funds of 15.3% p.a. (net of fees, since inception).³

3. 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.

FURTHER INFORMATION

Portfolio manager: Alexander McNab

Portfolio manager contact: amcnab@blueskyfunds.com.au

Website: blueskyfunds.com.au/alternativesfund

Investor enquiries: investorservices@alternativesfund.com.au

Phone: +61 7 3270 7500

NEW INVESTMENTS

In June 2015 the Alternatives Fund allocated \$12.5 million to six new private real estate and private equity investments. As a result of these new investments, the capital raised in the Alternatives Fund's May 2015 entitlements offer has largely been deployed.

A summary of the new investments is as follows:

- **Blue Sky Hotel Fund**

The Alternatives Fund has allocated \$4.0 million to the Blue Sky Hotel Fund ('Hotel Fund'). The Hotel Fund will acquire a majority stake in a portfolio of three freehold and seven long term leasehold hotels in the greater Adelaide area.

The Hotel Fund's high quality asset base, defensive and predictable earnings base and strong free cash conversion, coupled with an appropriate level of gearing at favourable terms, is expected to deliver the Alternatives Fund with regular returns through the payment of a quarterly yield. The Hotel Fund is targeting a cash distribution of 12% - 14% per annum, paid quarterly with an annual top up and commencing in March 2016.

The Alternatives Fund anticipates an investment term of 5+ years in the Hotel Fund.

- **Blue Sky Private Equity Origo Education Fund**

The Alternatives Fund has allocated \$1.5 million to the Blue Sky Private Equity Origo Education Fund ('Origo Fund'). The Origo Fund will acquire a minority equity stake in Origo Education ('Origo'), a rapidly growing Australian business providing digital and print education instructional materials into the United States of America, Australia, Canada and New Zealand.

Origo has a long history in the Australian market supplying education materials to public and independent schools. Origo has had a growing presence in the US since 2011, substantially due to the success of their highly regarded core mathematics program for schools, Stepping Stones, which has been sold into a number of the top 50 school districts in the US, including Hawaii, Texas and New Mexico.

Origo is planning to capitalise on major contract wins in the US by investing in the business' US based sales force. The Origo Fund's expansion capital will be used to fund the employment, training and deployment of new sales force members and professional learning team members.

Origo's scalable business model and significant traction in a large, global market generates the potential for outsized returns. The Origo Fund's manager expects this investment to produce an IRR (net of fees and expenses, but before tax) of over 30% per annum, delivered primarily through capital growth.

- **Blue Sky Student Accommodation Fund II**

The Alternatives Fund has invested a second tranche of \$2.5 million into the Blue Sky Student Accommodation Fund II. The project consists of the development of a premium 733 bed purpose built student accommodation facility in the heart of the education and recreation hub of South Bank, Brisbane.

The project is expected to be attractive to students from all major tertiary institutions of Brisbane with TAFE (South Bank campus, c.17,000 students) located directly opposite the site and both the Queensland University of Technology (Gardens Point campus) and Griffith University (South Bank campus) within easy walking distance. Brisbane's public transport network links the facility with other tertiary institutions such as the University of Queensland.

The Fund manager's target IRR for the project is 15.0% - 18.0% (net of fees and expenses, but before tax), consisting of a period of capital growth during development, followed by an operating period (opening 2H 2017) with a targeted initial cash yield of 8.0% - 9.0% per annum increasing to 13.0% in the fourth year of operations.

- **Blue Sky Student Accommodation Fund III**

The Alternatives Fund has allocated \$2.5 million to the Blue Sky Student Accommodation Fund III, which will develop and operate a 789-bed tertiary student accommodation development on LaTrobe Street, Melbourne.

The project is located within walking distance of both University of Melbourne and RMIT University, as well as Melbourne city campuses of four smaller Universities. It will take advantage of the large concentration of student numbers in and around Melbourne. Additionally, the Project locality affords ease of access to a multitude of eateries, retail shopping precincts, entertainment and green space amenity and is proximate to key local infrastructure.

The Fund manager's target IRR for the project is 15.0% - 18.0% (net of fees and expenses, but before tax), consisting of a period of capital growth during development, followed by an operating period (from 2H 2018) with a targeted initial cash yield of 6.0% per annum increasing to 14.0% in the fourth year of operations.

- **Blue Sky Student Accommodation Fund IV**

The Alternatives Fund has allocated \$1.0 million to the Blue Sky Student Accommodation Fund IV which will develop and operate a quality purpose built student accommodation facility of approximately 400 beds in the West End of Adelaide.

The property is conveniently located for the University of South Australia (City West campus) and University of Adelaide (North Terrace campus), and is also ideally positioned to take full advantage of the new \$3 billion South Australia Health and Biomedical Precinct being developed in the Adelaide's West End.

The Fund manager's target IRR for the project is 15.0% - 18.0% (net of fees and expenses, but before tax), consisting of a period of capital growth during development, followed by an operating period with a targeted initial cash yield of 9.0% per annum increasing to 13.0%+ in the third year of operations.

- **Flora Street Greenslopes Trust**

The Alternatives Fund has allocated \$1.0 million to the Flora Street Greenslopes Trust which will construct a 112 apartment residential apartment development in the South Brisbane suburb of Greenslopes.

Utilising a mix of one and two bedroom apartments over two low-rise towers, the project is located approximately 4 kilometres from Brisbane City and is bordered by Woolloongabba which is one of the largest employment nodes outside of the CBD. The suburb and direct surroundings includes the Greenslopes Private Hospital as well as the Princess Alexandra Hospital, the Stones Corner shopping and restaurant precinct, a bus and train interchange and the newly developed Boggo Road Urban Village.

The project will seek to take advantage of continuing momentum in the South-East Queensland residential property market, with the Fund manager's feasibility studies targeting an IRR of circa 20% per annum over a 2.5 – 3 year investment period.

INVESTMENT PERFORMANCE – EXISTING INVESTMENTS

The post-tax NTA of the Alternatives Fund increased by \$0.0239 per share or 2.37% in June. Some larger changes that affected the NTA were:

- **Early Learning Fund**

The value of the Alternatives Fund's units in the Early Learning Fund has increased since the asset was last revalued in November 2014. This increase was recognised in June through a 7.37% valuation uplift as the business continues to successfully execute its childcare centre acquisition strategy and grow its consolidated earnings base.

In addition, participants in the childcare sector saw a broad uplift in valuations following strong support for the childcare sector in the 2015 Federal Budget.

- **Wild Breads Fund**

The value of the Alternatives Fund's units in the Wild Breads Fund has increased since investment in mid-2014 and has been recognised in June by a 14.63% valuation uplift. Since investment, construction of Wild Breads' second manufacturing facility has proceeded as expected and is on schedule for commissioning in late 2015. The business continues to refine and improve its product range and has successfully fulfilled its first orders of frozen par-baked products into the Asian market.

Looking forward, completion of the new manufacturing facility and consequent significant increase in production capacity is expected to unlock further value for investors and reduce overall risk.

- **Water Fund**

The Alternatives Fund's investment in the Water Fund increased by 2.97% in June, producing a gain of over 25.0% for the 2014/15 Water Year. The Water Fund is expected to pay a distribution to the Alternatives Fund in July equivalent to 2.0% of the Water Fund's Net Asset Value to all unitholders as at 30 June 2015.

Blue Sky has long held the view that water entitlements in the southern Murray Darling Basin ('MDB') were fundamentally undervalued, and we continue to anticipate the southern MDB will witness further appreciation.

- **Blue Sky Agriculture Fund**

The value of the Alternatives Fund's units in the Agriculture Fund increased by 15.68% in June as the appreciation in value since investment in mid-2014 was recognised. The increase was driven by Gundaline having successfully completed a number of key milestones since investment in mid-2014, including:

- The Stage One 338 hectare land development completed, in production and producing at above budget yields;
- The 2014/15 cotton crop is picked with early ginning data confirming good quality and yields above expectations underlining the land use change and margin expansion opportunity;
- The Stage Two 1,471 hectare land development program completed before schedule and on budget ready for 2015/16 summer crop production; and
- Despite drier conditions irrigation water supplies continue to be met via a flexible combination of the farm's own bore supplies and additional Murrumbidgee River water allocations purchased on-market and forward as required.

- **Water Utilities Australia Fund II**

The Alternatives Fund received a 16.7 cent capital distribution from the Water Utilities Australia Fund II in June following the successful optimisation of the business's capital structure. Further, an above-budget trading performance in FY15 and the implementation of a new growth strategy which will see one of Water Utilities Group's assets, the Willunga Basin Water Company, expand into new agricultural irrigation markets drove a 6.62% uplift in the value of the Alternatives Fund's units in June.

- **Duke Street Kangaroo Point Trust**

After Blue Sky's Development Application (DA) for the property was granted, by the Brisbane City Council, multiple unsolicited offers from third party purchasers were received. Although still under negotiation, the quantum of the offers received provide attractive returns to investors in a shorter time than anticipated at investment.

As such, the intention of the trust changed from developing on the land, to selling the land. Accordingly, the value of the Alternative Fund's units in the Duke Street Kangaroo Point Trust increased by 36.24% in June as the value of the underlying assets was reassessed to a function of the offers received and expected sales price.

Should a satisfactory sale agreement not be reached, Blue Sky will revert to developing the project with only minor delays to the original program and no impact on expected returns.

- **Management Rights Income Fund IV**

With occupancy rates remaining above 98.5% and active marketing strategies driving growth in the number of apartments managed by Blue Sky, an independent valuation saw a 30.17% uplift in the value of the Alternatives Fund's units in the Management Rights Income Fund IV. This uplift follows a 5% special dividend received in May that brings the total annualised cash yield to 15.0%. The valuation reflects the demonstrated strong yield profile of this investment (10% per annum, pre-tax) and growth in value of the management rights business.

- **SRA Alliance Fund (Diversified Quant) (formerly IS 16Q)**

The SRA Alliance Fund (Diversified Quant) returned -4.4% in June. US wheat (-1.1%) and corn (-0.9%) were the greatest contributors to the losses, as their established downtrend in recent months reversed sharply (25% and 18% price rises, respectively). Equities positions were net neutral for the month, but contributed -1.4% as the largest short positions in US small and mid-caps were the two best-performing equities markets in the portfolio. All asset classes suffered losses, with small contributions (less than -0.5%) in interest rates, currencies and VIX futures.

In July the 16Q portfolio has increased its bearish bias, by increasing its small short position in equities, and increasing its short position in the Australian dollar to 57%. The interest rate flattening positions that have been in place for well over a year have largely been removed. The key positions from which the portfolio will benefit from are reductions in the prices of the Australian dollar, US natural gas, and US small and mid-cap stocks.

SUMMARY OF CURRENT INVESTMENTS

Fund name	Amount invested	Date invested	% allocated capital	Target IRR ⁵	Anticipated exit ⁶	Description
PRIVATE EQUITY & VENTURE CAPITAL						
PRIVATE EQUITY						
Early Learning Fund	4,000,000	Jun-14	4.9%		2016 - 2017	Holds equity in Foundation Early Learning Limited, a premium Australian child care operator.
Wild Breads Fund	2,000,000	Jun-14	2.4%		2017 - 2018	Holds equity in Wild Breads Pty Ltd, a leading business in the rapidly growing artisan and specialty bread category in Australia.
Software Services Fund II	2,800,000	Jun-14	3.4%		2016 - 2017	Holds equity in Readify Pty Ltd, a leading Australian IT-services company focused on application development and platform deployment in the Microsoft environment.
Hospital Pharmacy Services Fund	3,500,000	Dec-14	4.3%		2019 - 2020	Holds equity in Hospital Pharmacy Services Pty Ltd, Australia's largest outsourced hospital and oncology pharmacy business.
Origo Education Fund	1,500,000	Jun-15	1.8%		2019 - 2020	To hold equity in Origo Education, a rapidly growing Australian business providing digital and print education instructional materials to in the United States of America, Australia, Canada and New Zealand.
Hotel Fund	4,000,000	Jun-15	4.9%		2019 - 2020	To hold equity in the GM Hotels, a portfolio of three freehold and seven long-term leasehold hotels in South Australia.
Total Private Equity	17,800,000		21.7%	25.0% - 30.0%		
VENTURE CAPITAL						
VC2014 Fund LP	4,000,000	Jun-14	4.9%		2020	A fund to invest in a diversified portfolio of venture capital investments, the first being Parcel Point, logistics software developer and operator of Australia's largest network of consumer parcel collection points outside of Australia Post.
Total Venture Capital	4,000,000		4.9%	30.0%		
Total Private Equity & Venture Capital	21,800,000		26.6%			

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SUMMARY OF CURRENT INVESTMENTS (CONT.)

Fund name	Amount invested	Date invested	% allocated capital	Target IRR ⁵	Anticipated exit ⁶	Description
REAL ASSETS:						
WATER RIGHTS						
Water Fund	24,000,000	Jun-14	29.3%		Open-ended	Invests in a diversified portfolio of agricultural water entitlements, largely in the Southern Murray-Darling Basin.
Total Water Rights	24,000,000		29.3%	10.0% - 14.0%		
OTHER REAL ASSETS						
Agriculture Fund	4,365,000	Jun-14	5.3%		2020	Holds 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 II	2,500,000	Oct-14	3.1%		2018	Holds equity in Water Utilities Group, which owns and operates a portfolio of high-quality water infrastructure assets.
Total Other Real Assets	6,865,000		8.4%	15.0%		
Total Real Assets	30,865,000		37.7%			
PRIVATE REAL ESTATE:						
RESIDENTIAL DEVELOPMENT INVESTMENTS						
Regina Street Greenslopes Trust	1,000,000	Jun-14	1.2%		2H FY16	A residential development of 61 apartments (29 one bedroom and 32 two bedroom) in the South Brisbane suburb of Greenslopes.
37 Regent Street Woolloongabba Trust	1,000,000	Jun-14	1.2%		1F FY16	A residential development of 44 apartments (9 one bedroom and 35 two bedroom) in the South Brisbane suburb of Woolloongabba.
Alice Street Kedron Trust	1,000,000	Jul-14	1.2%		2H FY16	A residential development of 38 apartments (5 one bedroom and 33 two bedroom) in the North Brisbane suburb of Kedron.
Logan Road Greenslopes Trust	1,000,000	Aug-14	1.2%		1H FY17	A residential development of 53 apartments (12 one bedroom, 36 two bedroom and 5 three bedroom) in the South Brisbane suburb of Greenslopes.
Main Street Kangaroo Point Trust	2,000,000	Aug-14	2.4%		1H FY17	A residential development of 104 apartments (25 one bedroom, 71 two bedroom and 8 three bedroom) in the Central Brisbane suburb of Kangaroo Point.

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SUMMARY OF CURRENT INVESTMENTS (CONT.)

Fund name	Amount invested	Date invested	% allocated capital	Target IRR ⁵	Anticipated exit ⁶	Description
Granston Street Windsor Trust	1,000,000	Aug-14	1.2%		2H FY16	A residential development of 65 apartments (2 one bedroom, 49 two bedroom and 14 three bedroom) in the North Brisbane suburb of Windsor.
Duke St Kangaroo Point Trust	2,000,000	Sep-14	2.4%		1H FY16	A residential development of a 82 apartments (28 one bedroom, 50 two bedroom and 4 three bedroom) in the Central Brisbane suburb of Kangaroo Point.
Flora Street Greenslopes Trust	1,000,000	Jun-15	1.2%		1H FY18	A residential development of 112 apartments (30 one-bedroom and 82 two-bedroom) in South Brisbane suburb of Greenslopes.
Total Residential Development investments	10,000,000		12.2%	20.0% - 25.0%		
COMMERCIAL ASSET MANAGEMENT INVESTMENTS						
Darra Industrial Income Fund	2,000,000	Dec-14	2.4%		2018	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.
Student Accommodation Fund	1,500,000	Dec-14	1.8%		2020	A social accommodation development project consisting of a 12 storey, purpose-built, 283 bed student accommodation building in the Brisbane suburb of Woolloongabba.
Student Accommodation Fund II	5,000,000	Mar-15	6.1%		2020 - 2021	A social accommodation development project consisting of a purpose-built, 733 bed student accommodation building in South Brisbane.
Student Accommodation Fund III	2,500,000	Jun-15	3.1%		2022	A project to develop and operate a purpose-built, 789-bed student accommodation precinct on La Trobe street in the Melbourne CBD and in close proximity to six university campuses.
Student Accommodation Fund IV	1,000,000	Jun-15	1.2%		2022	A social accommodation project to develop and operate a 400 bed purpose-built student accommodation facility in the West End of Adelaide.
Total Commercial Asset Management Investments	12,000,000		14.6%	13.0% - 18.0%		
RESIDENTIAL ASSET MANAGEMENT INVESTMENTS						
Management Rights Income Fund IV	2,200,000	Oct-14	2.7%		2017	Management rights for the 3 tower, 788 apartment 'Southport Central' precinct on the Gold Coast, plus the freehold title to the manager's office.

5. These figures represent the Manager's general expectations as to the returns the relevant asset class can generate over time. These figures are not intended to represent a forecast or guidance and do not take into account the performance to date of the existing portfolio of investments or the Manager's view on the likely future performance of any one or more specific assets.

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SUMMARY OF CURRENT INVESTMENTS (CONT.)

Total Residential Asset Management investments	2,200,000	2.7%	12.0% - 16.0%
Total Private Real Estate	24,200,000	29.5%	

Fund name	Amount invested	Date invested	% allocated capital	Target IRR ⁵	Anticipated exit ⁶	Description
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SRA Alliance Fund (Diversified Quant) ⁷	5,079,864	Jun-14	6.2%		Open-ended	A portfolio of quantitative trading strategies, diversified across currency, commodity, equity and interest rate markets, utilising derivatives and short selling in its strategy execution.
Total Hedge Funds	5,079,864		6.2%	Cash + 6.0% - 10.0%		

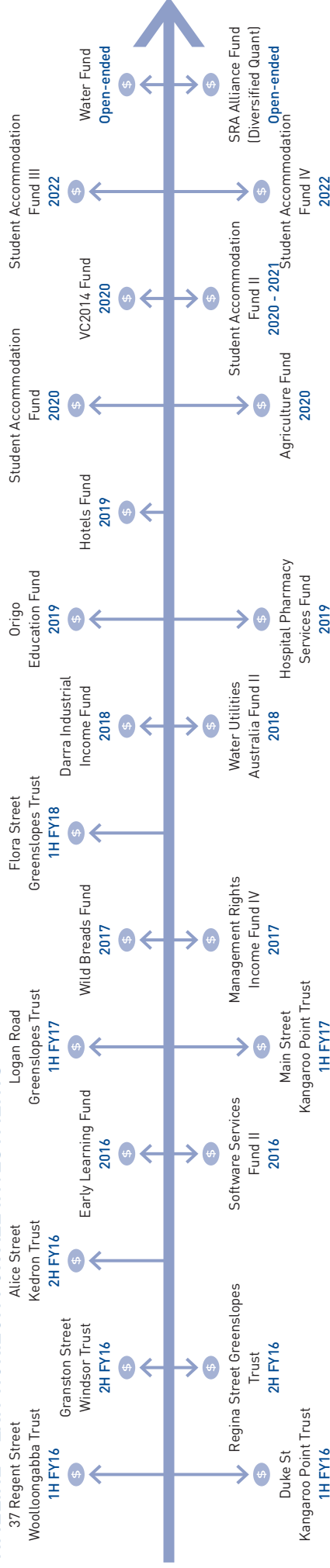
Total portfolio	81,944,864		100.0%			
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5. These figures represent the Manager's general expectations as to the returns the relevant asset class can generate over time. These figures are not intended to represent a forecast or guidance and do not take into account the performance to date of the existing portfolio of investments or the Manager's view on the likely future performance of any one or more specific assets.

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7. Formerly known as the SRA Alliance Fund (IS 160 sub-trust).

TIMELINE – EXIT HORIZON FOR ALL INVESTMENTS⁶



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