BlueSky
Alternatives
Access Fund

MONTHLY UPDATE

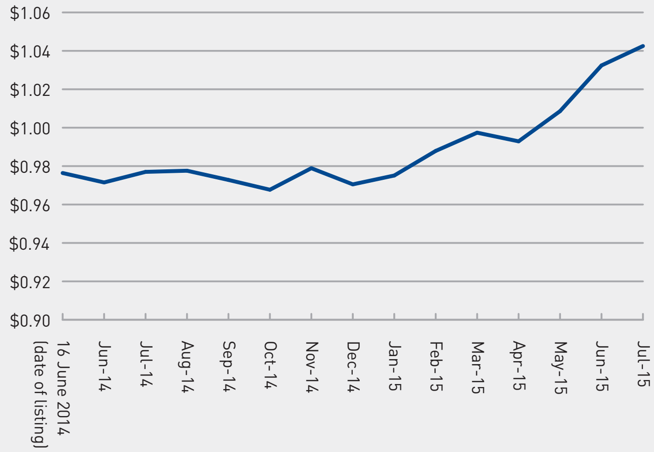
JULY 2015

NET TANGIBLE ASSETS – AS AT 31 JULY 2015[1]

Net Tangible Assets (NTA) per share (pre tax)	$1.0552
Net Tangible Assets (NTA) per share (post tax)	$1.0425

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 $1.0242 per share if all of the BAFO options had been exercised on 31 July 2015.

NET TANGIBLE ASSETS – SINCE INCEPTION



PORTFOLIO VALUATION[2]

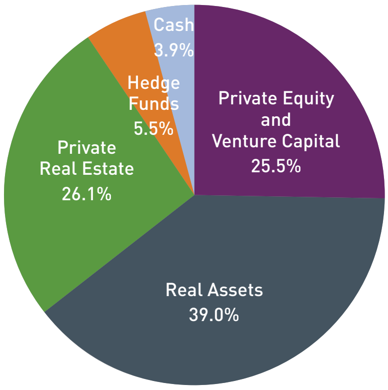
	Current value ($'m)	% of Portfolio
PRIVATE EQUITY AND VENTURE CAPITAL		
Private Equity	$18.31	21.1%
Venture Capital	$3.81	4.4%
Subtotal	**$22.12**	**25.5%**
REAL ASSETS		
Water Fund	$27.64	31.8%
Other Real Assets	$6.20	7.2%
Subtotal	**$33.84**	**39.0%**
PRIVATE REAL ESTATE		
Residential Development	$8.87	10.2%
Commercial Asset Management	$11.43	13.2%
Residential Asset Management	$2.38	2.7%
Subtotal	**$22.68**	**26.1%**
HEDGE FUNDS		
SRA Alliance Fund (Diversified Quant)	$4.79	5.5%
Subtotal	**$4.79**	**5.5%**
Cash	$3.42	3.9%
GRAND TOTAL	**$86.85**	**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.

FUND NTA PERFORMANCE

Period	Pre-Tax	Post-Tax
1 month	1.38%	0.97%
3 months	6.59%	4.99%
6 months	9.41%	6.91%
12 months	9.11%	6.71%

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

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Phone: +61 7 3270 7500

NEW INVESTMENTS

The Alternatives Fund made no new investments in July 2015.

INVESTMENT PERFORMANCE – EXISTING INVESTMENTS

The post-tax NTA of the Alternatives Fund increased by $0.0101 per share or 0.97% in July. Material changes that affected NTA were:

- Water Fund

  The Alternatives Fund's investment in the Water Fund increased by 3.55% in July (before payment of the distribution mentioned below), extending the investment's run of 14 consecutive positive monthly returns since investment. The Water Fund paid a 2.0% unfranked distribution in July, representing a distribution of some of the Water Fund's income from the year ending 30 June 2015.

  In July, the Water Fund received its first allocations for the 2015/16 season, with prices opening briefly at $150/ML and immediately rising to $200/ML following below average rainfall in the southern Murray Darling Basin through July. With a developing theme of low water availability from El Nino conditions, these allocations will be progressively sold to primary producers over the next several months as the season and annual rainfall forecasts develop, in turn generating a large portion of the Water Fund's annual income.

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

  The Diversified Quant (formerly known as IS 16Q) fund returned 1.3% in July. The largest position in the portfolio, a short strategy for Australian dollars, positively contributed to the portfolio's performance as the currency depreciated 5.3% against the US dollar. However, the gain was partly offset by other currencies also depreciating versus the USD as well as falling prices across some commodities.

  In August the Diversified Quant portfolio has maintained its bearish bias, preserving its short position in the Australian dollar. Other key positions from which the portfolio will benefit from are reductions in interest rates, particularly in the US and Australia, and in prices of the Australian dollar, oil, natural gas, and US small and mid cap stocks.

SUMMARY OF CURRENT INVESTMENTS

Fund name	Amount invested[4]	Date invested[5]	% allocated capital	Target IRR[6]	Anticipated exit[7]	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%**			

4. Total capital deployed to date, inclusive of follow-on investments and net of capital returned.
5. Date of initial investment.
6. 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.
7. These dates reflect the most recent information provided to the Manager by the manager of the relevant fund. An exit in this context generally refers to a disposal of the underlying fund assets by the fund's manager rather than the disposal by the Alternatives Fund of its investment (for which there is typically no secondary market or redemption mechanism). These dates are subject to change at the discretion of the relevant fund's manager taking into account factors including investment performance and prevailing market conditions.

SUMMARY OF CURRENT INVESTMENTS (CONT.)

Fund name	Amount invested[4]	Date invested[5]	% allocated capital	Target IRR[6]	Anticipated exit[7]	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	2,802,500	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	**6,447,500**		**8.4%**	**15.0%**		
Total Real Assets	**30,447,500**		**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%		1H FY17	A residential development of 44 apartments (9 one bedroom and 35 two bedroom) in the South Brisbane suburb of Wolloongabba.
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[4]	Date invested[5]	% allocated capital	Target IRR[6]	Anticipated exit[7]	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%		2H FY17	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.
Total Residential Asset Management investments	**2,200,000**		**2.7%**	**12.0% - 16.0%**		
Total Private Real Estate	**24,200,000**		**29.5%**			

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SUMMARY OF CURRENT INVESTMENTS (CONT.)

Fund name	Amount invested[4]	Date invested[5]	% allocated capital	Target IRR[6]	Anticipated exit[7]	Description
HEDGE FUNDS:						
SRA Alliance Fund (Diversified Quant)[6]	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	**81,527,364**		**100.0%**			

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TIMELINE – EXIT HORIZON FOR ALL INVESTMENTS[7]