MONTHLY UPDATE
OCTOBER 2015

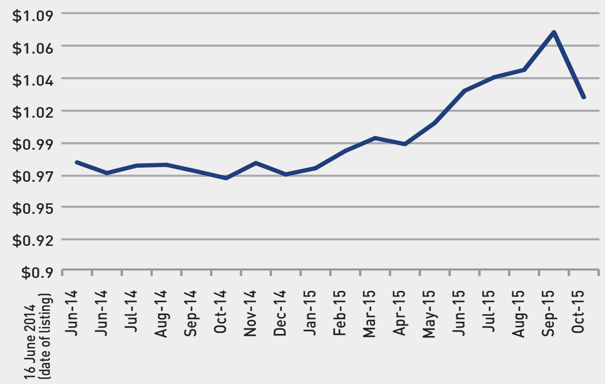
BlueSky Alternatives Access Fund

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

Net Tangible Assets (NTA) per share (pre tax)	$1.0472
Net Tangible Assets (NTA) per share (post tax)	$1.0277

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 $1.0327 per share if all of the BAFO options had been exercised on 31 October 2015.
2. NTA includes the impact of a 3.0 cents per share, fully-franked dividend accrued in October and paid in November.

NET TANGIBLE ASSETS – SINCE INCEPTION[2]

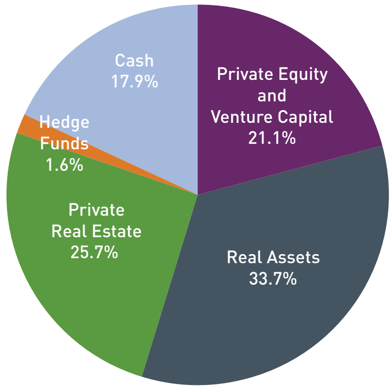


FUND PERFORMANCE[4]

Period	Pre-Tax	Post-Tax
1 month	-0.80%	-0.48%
3 months	3.31%	2.69%
6 months	10.11%	7.82%
12 months	14.28%	10.63%

4. Includes NTA growth, dividends and franking credits.

SECTOR WEIGHTINGS



PORTFOLIO VALUATION[3]

	Current value ($'m)	% of Portfolio
PRIVATE EQUITY AND VENTURE CAPITAL		
Private Equity	$20.38	17.1%
Venture Capital	$4.72	4.0%
Subtotal	**$25.10**	**21.1%**
REAL ASSETS		
Water Fund	$29.96	25.1%
Other Real Assets	$10.24	8.6%
Subtotal	**$40.20**	**33.7%**
PRIVATE REAL ESTATE		
Residential Development	$12.53	10.5%
Commercial Asset Management	$15.73	13.2%
Residential Asset Management	$2.34	2.0%
Subtotal	**$30.60**	**25.7%**
HEDGE FUNDS		
SRA Alliance Fund (Diversified Quant)	$1.96	1.6%
Subtotal	**$1.96**	**1.6%**
Cash	$21.31	17.9%
GRAND TOTAL	**$119.17**	**100.0%**

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.

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 $1.35 billion in assets under management and an eight year track record of generating overall returns to investors in its funds of 15.4% p.a. (net of fees, since inception).[5]

5. 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

During October, the Alternatives Fund raised equity of $26.6 million as a result of BAFO option holders exercising their options, bringing the total number of options exercised by the end of October to 28.8 million of the 60.4 million issued on IPO in June 2014.[6]

Of the capital raised, the Alternatives Fund invested $5.0 million into two new opportunities, one in the Real Assets asset class and the other in Venture Capital. A further $4.5 million was also allocated as follow-on investments into two existing Student Accommodation projects.

- Blue Sky Agriculture Fund II

  During October, the Alternatives Fund invested $4.0 million into the Blue Sky Agriculture Fund II ('Agriculture Fund II'). This fund builds on a change of land use theme, investing in the transition of agricultural land and water use in the Southern Murray Darling basin from a low margin domestic crop to a higher margin export focused crop.

  The Agriculture Fund II has acquired an irrigated citrus orchard in the Griffith region, NSW. The property consists of a parcel of irrigated agricultural land and water entitlements which will be expanded and re-developed by a highly experienced, well regarded industry leading agribusiness team.

  The Alternatives Fund anticipates a 7 year investment term in the Agriculture Fund II.

- Blue Sky Private Equity Shoes of Prey Fund

  During October, $1.0 million was deployed into the Blue Sky Private Equity Shoes of Prey Fund.

  Shoes of Prey is a rapidly growing fashion footwear company that has developed a unique platform enabling customised women's footwear to be manufactured and sold 'on demand'. With a significant global market opportunity in women's footwear, along with fashion industry dynamics that enable nimble, innovative manufacturers to deliver to consumers 'the exact product they want, when they want it', Shoes of Prey is well positioned to become a disruptive market leader and to win market share from previously dominant manufacturing giants.

  With Blue Sky leading a funding syndicate containing several Tier 1 US venture funds, the Alternatives Fund expects this investment to deliver strong capital growth over an investment period of up to 5 years.

- Blue Sky Student Accommodation Fund III

  On initial investment into the Blue Sky Student Accommodation Fund III in June 2015, the Alternatives Fund secured an option to deploy up to a further $3.5 million into this fund, subject to sufficient capital being raised from the exercise of BAFO options and a review of the project's progress.

  The Alternatives Fund deployed a second and final tranche of $3.5 million into the Blue Sky Student Accommodation Fund III during October, taking up this option in full and bringing total invested capital to $6.0 million.

  This fund has acquired a site on LaTrobe Street in the Melbourne CBD which it will develop into a 789-bed purpose-built tertiary student accommodation precinct. The project is located within walking distance of both University of Melbourne and RMIT University, as well as the 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 Alternatives Fund anticipates a 3-7 year hold, where an initial development phase will be followed by an operating period commencing in 2H 2018.

- Blue Sky Student Accommodation Fund IV

  On initial investment into the Blue Sky Student Accommodation Fund IV in June 2015, the Alternatives Fund secured an option to deploy up to a further $2.5 million into this fund, subject to sufficient capital being raised from the exercise of BAFO options and a review of the project's progress. During October, the Alternatives Fund exercised $1.0 million of this option, with an expectation that the remaining $1.5 million allocation will be taken up prior to year-end should no material adverse events arise.

  The Blue Sky Student Accommodation Fund IV will develop a quality, purpose built student accommodation facility of approximately 400 beds in the West End of Adelaide.

  The property is conveniently located close to 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.

  The Alternatives Fund anticipates a 3-7 year investment horizon, where an initial development phase will be followed by an operating period commencing in 1H 2018.

6. Figures have been rounded.

BlueSky Alternatives Access Fund

MONTHLY UPDATE
OCTOBER 2015

INVESTMENT PERFORMANCE - EXISTING INVESTMENTS

The post-tax NTA of the Alternatives Fund decreased by $0.0480 per share or -4.46% in October. The decrease was driven by a number of factors:

- Exercise of BAFO Options

  As detailed above, a number of BAFO option holders exercised their BAFO options in October, in order to participate in the fully franked, 3.0 cents per share final dividend for FY15, which was paid in early November. As a result of this option exercise, the Alternatives Fund's capital increased by $26.6 million.

  With this new capital being raised at an 8.6% discount to September's NTA (option exercise price is $0.9827 whilst post-tax NTA was $1.0757 as at 30 September 2015), shareholders were diluted by approximately 2.3 cents in October. However, with the strong gains from the portfolio already offsetting more than half of this dilution and a pipeline of opportunities to rapidly deploy capital raised over the remainder of 2015, the Alternatives Fund expects to continue delivering positive, uncorrelated returns to shareholders.

- FY15 Final Dividend - $0.03 per share fully-franked

  With the Ex-Dividend Date and Dividend Record Date falling in October, at month end the Alternatives Fund accrued a provision for the total cost of the dividend. The dividend was subsequently paid on 6 November 2015.

- Water Fund

  The Alternatives Fund's investment in the Blue Sky Water Fund increased in value by 4.2% in October 2015. Strong gains in capital values account for the majority of this month's performance, with market supply and demand fundamentals continuing to put upward pressure on entitlement prices. Structural changes to farming enterprises underpin this trend, while short term climate cycles remain secondary drivers to movements in the price of water entitlements.

  Conversely, the price of water allocations display a high degree of sensitivity to short term climatic conditions. The Murray Darling Basin has experienced two dry years and now faces another dry summer and prolonged El Niño conditions. Accordingly, market prices for the Water Fund's annual income generating assets, water allocations, have appreciated further in October. Water allocations will continue to be sold down over the peak irrigation period in the coming months.

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

  The Alternatives Fund's investment in the Diversified Quant Fund returned -5.5% in October.

  The largest contribution to losses was a bearish view which expected the declines in global equities markets through the September quarter to continue in October. However, many equities markets experienced some of their strongest months in recent years with 10%+ gains recorded in Germany, Japan, and US tech stocks. Commodities prices also rallied off their lows which contributed to an appreciation in resources-linked currencies such as the Australian and Canadian dollars, further contributing to the portfolio's losses.

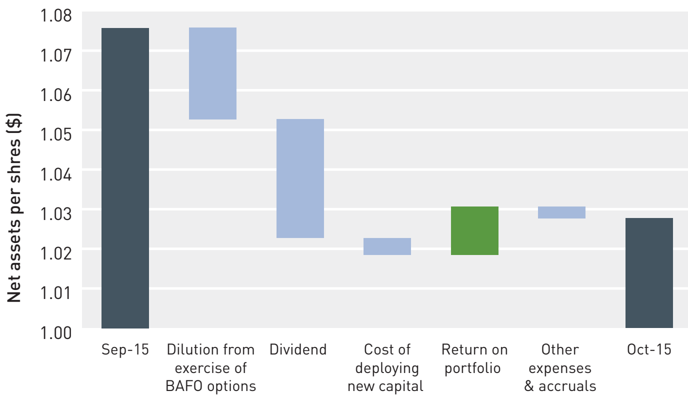
  In November the Diversified Quant portfolio has reversed its strong bearish bias in equities markets to bullish, but has maintained its bearish bias to interest rates and currencies.

- Blue Sky Hospital Pharmacy Services Fund

  The value of the Alternatives Fund's investment in the Hospital Pharmacy Services Fund increased by 10.8% in October.

  The business's earnings have continued to grow strongly since investment, partially driven by winning a national contract to supply a specialist day clinic group which represents upside to our investment case, and solidifies it's place as a market leader.

The chart below highlights the key drivers for this month's performance.



SUMMARY OF CURRENT INVESTMENTS

Fund name	Amount invested[7]	Date invested[8]	% allocated capital	Target IRR[9]	Anticipated exit[10]	Description
PRIVATE EQUITY & VENTURE CAPITAL						
PRIVATE EQUITY						
Early Learning Fund	4,000,000	Jun-14	4.3%		CY16 - CY17	Holds equity in Foundation Early Learning Limited, a premium Australian child care operator.
Wild Breads Fund	2,000,000	Jun-14	2.2%		CY17 - CY18	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	3.0%		CY16 - CY17	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	3.8%		CY19 - CY20	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	1.6%		CY19 - CY20	Holds 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	6,000,000	Jun-15	6.5%		CY19 - CY20	Holds equity in GM Hotels, a portfolio of three freehold and seven long-term leasehold pubs in South Australia.
Total Private Equity	**19,800,000**		**21.4%**	**25.0% - 30.0%**		
VENTURE CAPITAL						
VC2014 Fund LP	4,000,000	Jun-14	4.3%		CY20	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.
Shoes of Prey Fund	1,000,000	Oct-15	1.1%		CY20	To hold equity in Shoes of Prey, a rapidly growing fashion footwear company that has developed a unique platform enabling customised women's footwear to be manufactured and sold 'on demand'.
Total Venture Capital	**5,000,000**		**5.4%**	**30.0%**		
Total Private Equity & Venture Capital	**24,800,000**		**26.8%**			

7. Total capital deployed to date, inclusive of follow-on investments and net of capital returned.
8. Date of initial investment.
9. 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.
10. 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[7]	Date invested[8]	% allocated capital	Target IRR[9]	Anticipated exit[10]	Description
REAL ASSETS						
WATER RIGHTS						
Water Fund	24,000,000	Jun-14	26.0%		Open-ended	Invests in a diversified portfolio of agricultural water entitlements, largely in the Southern Murray-Darling Basin.
Total Water Rights	**24,000,000**		**26.0%**	**10.0% - 14.0%**		
OTHER REAL ASSETS						
Agriculture Fund	4,365,000	Jun-14	4.7%		CY20	Holds equity in Gundaline Pty Ltd, the owner and operator of a large-scale irrigated cropping business east of Hay in NSW.
Agriculture Fund II	4,000,000	Oct-15	4.3%		CY22	Holds the freehold property and business assets comprising Hillston Citrus, an irrigated citrus orchard near Hillston in NSW.
Water Utilities Australia Fund II	2,500,000	Oct-14	2.7%		CY18	Holds equity in Water Utilities Group, which owns and operates a portfolio of high-quality water infrastructure assets.
Total Other Real Assets	**10,865,000**		**11.8%**	**15.0%**		
Total Real Assets	**34,865,000**		**37.7%**			
PRIVATE REAL ESTATE						
RESIDENTIAL DEVELOPMENT INVESTMENTS						
Regina Street Greenslopes Trust	1,000,000	Jun-14	1.1%		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	1.1%		1H FY17	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	1.1%		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	1.1%		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.

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SUMMARY OF CURRENT INVESTMENTS (CONT.)

Fund name	Amount invested[7]	Date invested[8]	% allocated capital	Target IRR[9]	Anticipated exit[10]	Description
Main Street Kangaroo Point Trust	2,000,000	Aug-14	2.2%		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.
Grantson Street Windsor Trust	1,000,000	Aug-14	1.1%		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 Street Kangaroo Point Trust	2,000,000	Sep-14	2.2%		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	1.1%		1H FY18	A residential development of 112 apartments (30 one-bedroom and 82 two-bedroom) in the South Brisbane suburb of Greenslopes.
19 Railway Terrace Milton Trust	1,250,000	Sep-15	1.4%		1H FY18	A residential development of 82 apartments (11 one-bedroom, 65 two-bedroom and 6 three-bedroom) in the Brisbane suburb of Milton.
Wellington Road East Brisbane Trust	750,000	Sep-15	0.8%		1H FY18	A residential development of 71 apartments (17 one-bedroom, 46 two-bedroom and 8 three-bedroom) in the suburb of East Brisbane.
Total Residential Development investments	**12,000,000**		**13.0%**	**20.0% - 25.0%**		
COMMERCIAL ASSET MANAGEMENT INVESTMENTS						
Darra Industrial Income Fund	2,000,000	Dec-14	2.2%		CY18	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	1.6%		CY20	A social infrastructure 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	5.4%		CY20 - CY21	A social infrastructure development project consisting of a purpose-built, 733 bed student accommodation building in South Brisbane.
Student Accommodation Fund III	6,000,000	Jun-15	6.5%		CY22	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	2,000,000	Jun-15	2.2%		CY22	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	**16,500,000**		**17.9%**	**13.0% - 18.0%**		

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SUMMARY OF CURRENT INVESTMENTS (CONT.)

Fund name	Amount invested[7]	Date invested[8]	% allocated capital	Target IRR[9]	Anticipated exit[10]	Description
RESIDENTIAL ASSET MANAGEMENT INVESTMENTS						
Management Rights Income Fund IV	2,200,000	Oct-14	2.4%		CY17	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**		**2.4%**	**12.0% - 16.0%**		
Total Private Real Estate	**30,700,000**		**33.2%**			
HEDGE FUNDS						
SRA Alliance Fund (Diversified Quant)	2,015,200	Jun-14	2.2%		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	**2,015,200**		**2.2%**	**Cash + 6.0% - 10.0%**		
Total portfolio	**92,380,200**		**100.0%**			

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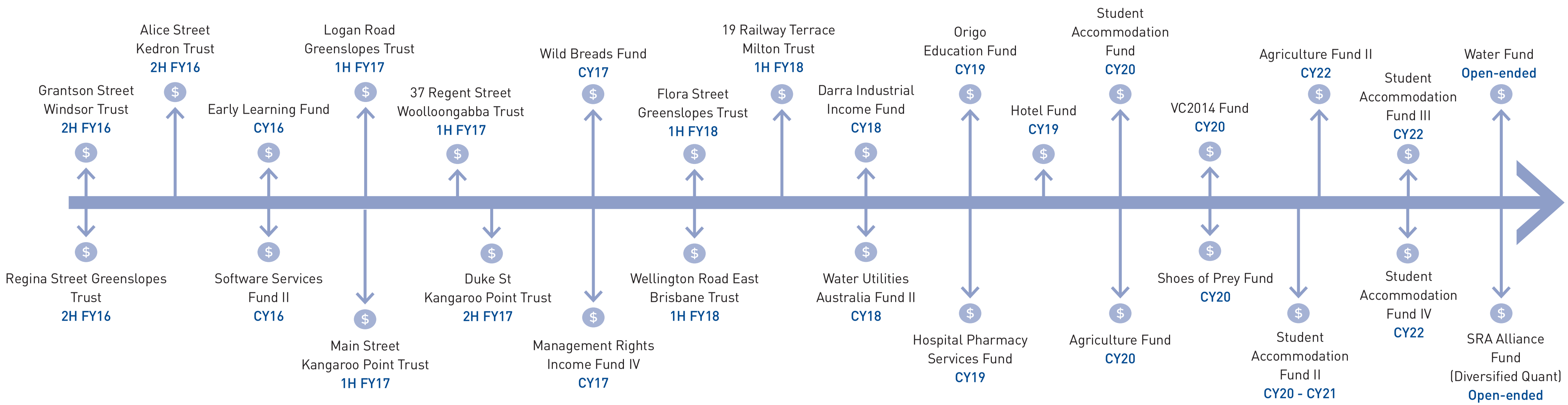
TIMELINE – EXIT HORIZON FOR ALL INVESTMENTS[10]



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