BlueSky Alternatives Access Fund

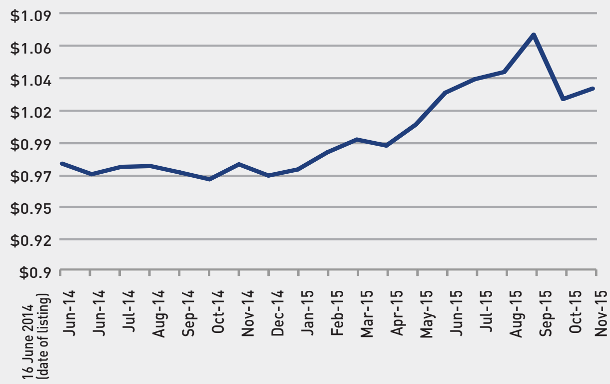
MONTHLY UPDATE
NOVEMBER 2015

NET TANGIBLE ASSETS – AS AT 30 NOVEMBER 2015[1]

Net Tangible Assets (NTA) per share (pre tax)	$1.0579
Net Tangible Assets (NTA) per share (post tax)	$1.0355

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 $1.0414 per share if all of the BAFO options had been exercised on 30 November 2015.

NET TANGIBLE ASSETS – SINCE INCEPTION[2]



PORTFOLIO VALUATION[2]

	Current value ($'m)	% of Portfolio
PRIVATE EQUITY AND VENTURE CAPITAL		
Private Equity	$20.78	17.6%
Venture Capital	$4.72	4.0%
Subtotal	**$25.50**	**21.6%**
REAL ASSETS		
Water Fund	$30.74	26.1%
Other Real Assets	$10.22	8.7%
Subtotal	**$40.96**	**34.8%**
PRIVATE REAL ESTATE		
Residential Development	$16.39	13.9%
Commercial Asset Management	$18.55	15.7%
Residential Asset Management	$2.34	2.0%
Subtotal	**$37.28**	**31.6%**
HEDGE FUNDS		
SRA Alliance Fund (Diversified Quant)	$2.01	1.7%
Subtotal	**$2.01**	**1.7%**
Cash	$12.10	10.3%
GRAND TOTAL	**$117.85**	**100.0%**

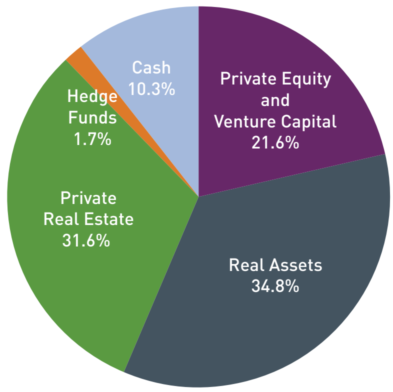
2. Figures in this report are unaudited. The current value for each investment in the table above is consistent with the Alternatives Fund's investment valuation policy, which may be found at blueskyfunds.com.au/alternativesfund. Note that the total value of the investment portfolio will not directly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

FUND PERFORMANCE[3]

Period	Pre-Tax	Post-Tax
1 month	0.98%	0.73%
3 months	3.55%	2.91%
6 months	8.97%	6.92%
12 months	13.49%	10.16%

3. Includes NTA growth, dividends and franking credits.

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 $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).[4]

4. 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 November, the Alternatives Fund invested $5.0 million into three new Private Real Estate opportunities. A further $2.0 million was also allocated as follow-on investments into two existing Residential Development projects.

- **Wellington Road East Brisbane Trust II**

  The Alternatives Fund invested $1.0 million into the Wellington Road East Brisbane Trust II ('Wellington Road Trust II') during November.

  The Wellington Road Trust II will construct the second stage of Blue Sky's two-tower, 146 apartment residential development project in the suburb of East Brisbane. The Alternatives Fund is also invested in the trust that will construct the first stage of this project (Wellington Road East Brisbane Trust I, invested September 2015), which brings the Alternatives Fund's total investment in this development to $3.0 million.

  The second stage of the Wellington Road development will construct a 75 apartment tower, utilising a mix of one, two and three bedroom apartments. The project is located approximately 2.5 kilometres from Brisbane City and will enjoy a combination of river and city views. With nearby public transport corridors linking the area to the city, ready access to major tertiary institutions and several major shopping centres within 15 minutes' drive, feasibility studies target an IRR of circa 20% per annum over a 2.5 – 3 year investment period.

- **High Street Lutwyche Trust**

  The Alternatives Fund invested $1.0 million into the High Street Lutwyche Trust ('Lutwyche Trust') during November.

  The Lutwyche Trust will construct a 59 apartment residential development project in the North Brisbane suburb of Lutwyche. Utilising a mix of one, two and three bedroom apartments the project is located approximately 5 kilometres from Brisbane CBD and will enjoy city views. In close proximity to major transport corridors and infrastructure linking the site to employment nodes such as the CBD, Royal Brisbane Hospital and Brisbane Airport, feasibility studies target an IRR of circa 20% per annum over a 2 - 2.5 year investment period.

- **Blue Sky Student Accommodation Fund 5**

  The Alternatives Fund has allocated $3.0 million to the Blue Sky Student Accommodation Fund 5 which will develop and operate a purpose built student accommodation facility of approximately 175 beds in North Melbourne.

  The property is ideally located immediately opposite the University of Melbourne Parkville Campus (circa 50,000 enrolments) and is a short walk from Melbourne City campuses for RMIT and several other smaller tertiary institutions.

  Overall target IRR for the project is 15.0% - 18.0%, consisting of a period of capital growth during development, followed by an operating period which targets a regular cash yield to investors of circa 9.0% per annum in the first year of operation, growing to 12.0%+ in year three.

- **19 Railway Terrace Milton Trust**

  On initial investment into the 19 Railway Terrace Milton Trust ('Milton Trust') in September 2015, the Alternatives Fund secured an option to deploy up to a further $0.75 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 November, the Alternatives Fund exercised this option in full, bringing the total investment in the project to $2.0 million.

  The Milton Trust will construct a 82 apartment residential development project in the Brisbane suburb of Milton. Utilising a mix of one, two and three bedroom apartments with ground floor commercial space, the project is located approximately 1.5 kilometres from Brisbane City and adjoins the suburbs of Rosalie, Bardon and Auchenflower.

  The project is targeting an IRR of circa 20% per annum over a 2.5 – 3 year investment period, in accordance with the Fund manager's feasibility studies.

- **Wellington Road East Brisbane Trust I**

  On initial investment into the Wellington Road East Brisbane Trust I ('Wellington Road Trust I') in September 2015, the Alternatives Fund secured an option to deploy up to a further $1.25 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 November, the Alternatives Fund exercised this option in full, bringing the total investment in the project to $2.0 million.

  The Wellington Road Trust I will construct a 71 apartment residential development project in the suburb of East Brisbane. Utilising a mix of one, two and three bedroom apartments the project is located approximately 2.5 kilometres from Brisbane City and will enjoy a combination of river and city views. With nearby public transport corridors linking the area to the city, ready access to major tertiary institutions and several major shopping centres within 15 minutes' drive, feasibility studies target 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 $0.0078 per share or 0.76% in November. The increase was driven by:

- **Water Fund**

  The southern Murray-Darling Basin water entitlement market continued to strengthen throughout November contributing to a 2.6% increase in the Alternatives Fund's investment in the Blue Sky Water Fund. During the month, the Water Fund took the opportunity to sell a greater proportion of annual water allocation volumes, with resultant income contributing approximately 1.2% of the total monthly gain, with the remaining 1.4% coming from the growth in the value of the Fund's entitlements.

- **Blue Sky Private Equity Wild Breads Fund**

  Construction of Wild Breads' new manufacturing facility has now reached practical completion, representing a significant milestone for the business and Blue Sky's investment. Whilst Wild Breads continues testing its new equipment and conducting initial production runs, it expects to be in a position to begin selling product baked in the new facility during January 2016. Accordingly, an interim valuation has resulted in a 21% uplift in the value of the Alternatives Fund's investment and a reduction in overall risk.

  Looking forward, the gradual ramp-up in utilisation of the new facility and scaling of the Wild Breads business is expected to unlock further value for investors.

SUMMARY OF CURRENT INVESTMENTS

Fund name	Amount invested[5]	Date invested[6]	% allocated capital	Target IRR[7]	Anticipated exit[8]	Description
PRIVATE EQUITY & VENTURE CAPITAL						
PRIVATE EQUITY						
Early Learning Fund	4,000,000	Jun-14	4.0%		CY16 - CY17	Holds equity in Foundation Early Learning Limited, a premium Australian child care operator.
Wild Breads Fund	2,000,000	Jun-14	2.0%		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	2.8%		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	3.5%		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	1.5%		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	6.0%		CY19 - CY20	Holds equity in the GM Hotels, a portfolio of three freehold and seven long-term leasehold hotels in South Australia.
Total Private Equity	**19,800,000**		**19.9%**	**25.0% - 30.0%**		
VENTURE CAPITAL						
VC2014 Fund LP	4,000,000	Jun-14	4.0%		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	1.0%		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**		**5.0%**	**30.0%**		
Total Private Equity & Venture Capital	**24,800,000**		**25.0%**			

5. Total capital deployed to date, inclusive of follow-on investments and net of capital returned.
6. Date of initial investment.
7. 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.
8. 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[5]	Date invested[6]	% allocated capital	Target IRR[7]	Anticipated exit[8]	Description
REAL ASSETS						
WATER RIGHTS						
Water Fund	24,000,000	Jun-14	24.1%		Open-ended	Invests in a diversified portfolio of agriculutral water entitlements, largely in the Southern Murray-Darling Basin.
Total Water Rights	**24,000,000**		**24.1%**	**10.0% - 14.0%**		
OTHER REAL ASSETS						
Agriculture Fund	4,365,000	Jun-14	4.4%		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	4.0%		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	2.5%		CY18	Hold equity in Water Utilities Group, which owns and operates a portfolio of high-quality water infrastructure assets.
Total Other Real Assets	**10,865,000**		**10.9%**	**15.0%**		
Total Real Assets	**34,865,000**		**35.1%**			
PRIVATE REAL ESTATE						
RESIDENTIAL DEVELOPMENT INVESTMENTS						
Regina Street Greenslopes Trust	1,000,000	Jun-14	1.0%		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	1.0%		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	1.0%		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	1.0%		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.

5. Total capital deployed to date, inclusive of follow-on investments and net of capital returned.
6. Date of initial investment.
7. 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.
8. 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[5]	Date invested[6]	% allocated capital	Target IRR[7]	Anticipated exit[8]	Description
Main Street Kangaroo Point Trust	2,000,000	Aug-14	2.0%		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	1.0%		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	2.0%		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	1.0%		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	2,000,000	Sep-15	2.0%		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	2,000,000	Sep-15	2.0%		1H FY18	A residential development of 71 apartments (17 one bedroom, 46 two bedroom and 8 three bedroom) in the Brisbane suburb of East Brisbane.
Wellington Road East Brisbane Trust II	1,000,000	Nov-15	1.0%		2H FY18	The second stage of the Wellington Road East Brisbane development, consisting of 75 apartments (17 one bedroom, 50 two bedroom and 8 three bedroom).
High Street Lutwyche Trust	1,000,000	Nov-15	1.0%		2H FY18	A residential development of 59 apartments (14 one bedroom, 44 two bedroom and 1 three bedroom) in the North Brisbane suburb of Lutwyche.
Total Residential Development investments	**16,000,000**		**16.1%**	**20.0% - 25.0%**		
COMMERCIAL ASSET MANAGEMENT INVESTMENTS						
Darra Industrial Income Fund	2,000,000	Dec-14	2.0%		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	1.5%		CY20	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	5.0%		CY20 - CY21	A social accommodation development project consisting of a purpose-built, 733 bed student accommodation building in South Brisbane.
Student Accommodation Fund III	6,000,000	Jun-15	6.0%		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.

6. Total capital deployed to date, inclusive of follow-on investments and net of capital returned.
7. Date of initial investment.
8. 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.
9. 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[5]	Date invested[6]	% allocated capital	Target IRR[7]	Anticipated exit[8]	Description
Student Accommodation Fund IV	2,000,000	Jun-15	2.0%		CY22	A social accommodation project to develop and operate a 400 bed purpose-built student accommodation facility in the West End of Adelaide.
Student Accommodation Fund 5	3,000,000	Nov-15	3.0%		CY22	A project to develop and operate a purpose-built, 175-bed student accommodation precinct on Peel Street, North Melbourne opposite the University of Melbourne Parkville Campus.
Total Commercial Asset Management Investments	**19,500,000**		**19.6%**	**13.0% - 18.0%**		
RESIDENTIAL ASSET MANAGEMENT INVESTMENTS						
Management Rights Income Fund IV	2,200,000	Oct-14	2.2%		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**		**2.2%**	**12.0% - 16.0%**		
Total Private Real Estate	**37,700,000**		**37.9%**			
HEDGE FUNDS						
SRA Alliance Fund (Diversified Quant)	2,015,200	Jun-14	2.0%		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**		**2.0%**	**Cash + 6.0% - 10.0%**		
Total portfolio	**99,380,200**		**100.0%**			

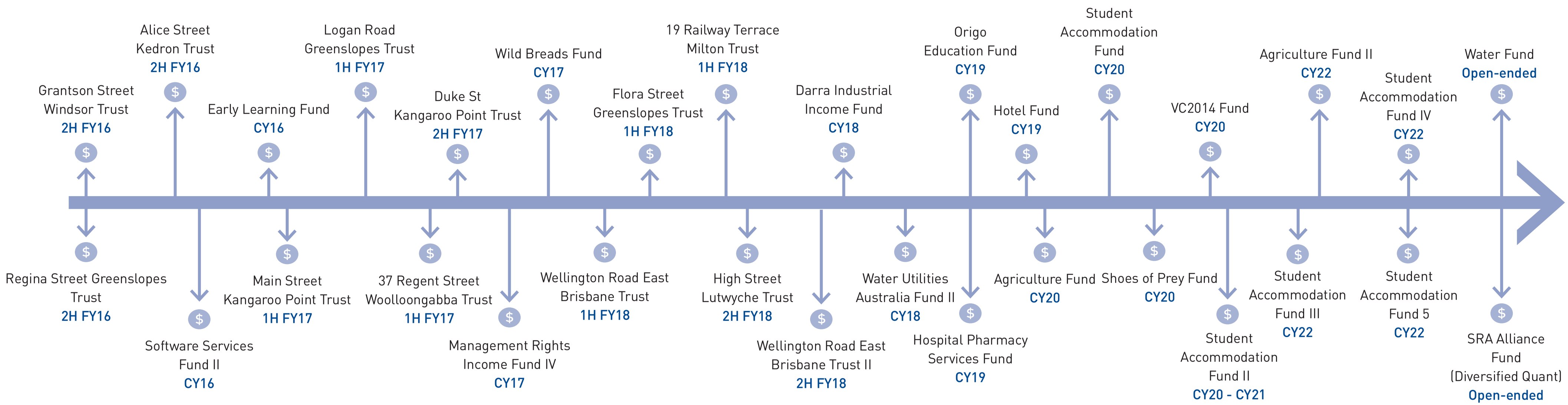
5. Total capital deployed to date, inclusive of follow-on investments and net of capital returned.

6. Date of initial investment.

7. 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.

8. 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.

TIMELINE – EXIT HORIZON FOR ALL INVESTMENTS[8]



8. 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.