

12 May 2017

Dear Shareholder

**Blue Sky Alternatives Access Fund Limited (ASX:BAF) (the 'Alternatives Fund') – Net Tangible Assets ('NTA') per share for April 2017**

The Alternatives Fund is pleased to report a pre-tax NTA increase to \$1.0865 per share in April, a change of 0.4% for the month.

This movement is the net result of:

- *Company tax instalment* ~ the payment of a company tax instalment (which reduced pre-tax NTA, but had a neutral effect on post-tax NTA due to a matching reduction in previously accrued tax liabilities);
- *Wild Breads* ~ a consolidated 11.2% uplift across the Alternatives Fund's equity investments in Wild Breads;
- *aCommerce* ~ a 12.8% net gain across the Alternatives Fund's two private equity investments; and
- *Hillston Citrus* ~ a 9.5% increase in carrying value of this real assets investment.

Also during April, the Alternatives Fund:

- *Realised investments* ~ received further exit distributions from one residential development project;
- *Income yield* ~ accrued its first quarterly dividend from private equity portfolio company Quality Food Services; and
- *New investments* ~ deployed c. \$0.8 million into a fund which will provide follow-on expansion capital to Blue Sky Private Equity portfolio company Wild Breads.

In accordance with the Alternatives Fund's valuation policy, the holding value of a material portion of the portfolio will be subject to an annual independent review in May and June as part of its financial year end process. Key areas of focus will include the Alternatives Fund's closed-ended fund investments in Private Equity, Private Real Estate and Real Assets. Any resulting revaluations are expected to be included in NTA for the months of May and June.

We look forward to bringing you our next investor update in relation to May 2017.

Yours faithfully



**Andrew Champion**  
Executive Chairman

**Important note**

BSAAF Management Pty Ltd ABN 82 168 923 279 has prepared the information in this document. This document has been prepared for the purpose of providing general information only, without taking account of any particular investor's objectives, financial situation or needs. It is not an offer or invitation for subscription or purchase, or a recommendation of any financial product and is not intended to be relied upon by investors in making an investment decision. Past performance is not a reliable indicator of future performance.

**BSAAF MANAGEMENT PTY LTD**

**Post** PO Box 15515, Brisbane QLD 4002  
**Phone** +61 7 3270 7500  
**Fax** +61 7 3270 7599  
**Email** [investorservices@blueskyfunds.com.au](mailto:investorservices@blueskyfunds.com.au)

**HEAD OFFICE**

Level 46  
111 Eagle Street  
Brisbane QLD 4000

ABN 82 168 923 279

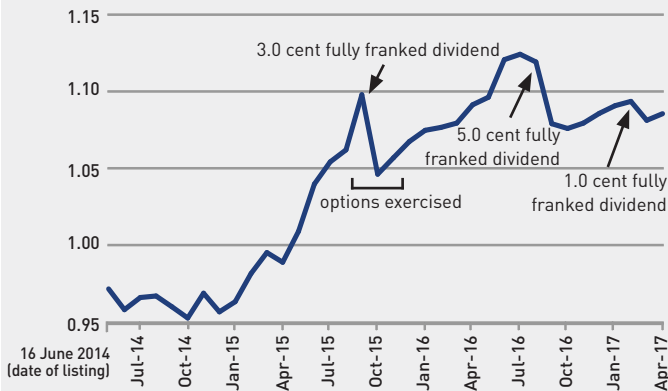
[blueskyfunds.com.au](http://blueskyfunds.com.au)

### NET TANGIBLE ASSETS – AS AT 30 APRIL 2017<sup>1</sup>

Net Tangible Assets (NTA) per share (pre-tax)	\$ 1.0865
Net Tangible Assets (NTA) per share (post-tax)	\$ 1.0775

1. NTA figures in this report are unaudited.

### PRE-TAX NET TANGIBLE ASSETS – SINCE INCEPTION



### PORTFOLIO VALUATION<sup>2</sup>

	Current value (\$'m)	% of Portfolio
<b>PRIVATE EQUITY AND VENTURE CAPITAL</b>		
Private Equity	\$35.25	19.1%
Venture Capital	\$11.81	6.4%
<b>Subtotal</b>	<b>\$47.06</b>	<b>25.5%</b>
<b>REAL ASSETS</b>		
Water Fund	\$41.73	22.6%
Other Real Assets	\$12.32	6.7%
<b>Subtotal</b>	<b>\$54.05</b>	<b>29.3%</b>
<b>PRIVATE REAL ESTATE</b>		
Residential Development Projects	\$11.61	6.3%
Retirement Living Projects	\$8.45	4.6%
Student Accommodation Projects	\$33.71	18.2%
Cove and Other Real Estate	\$14.57	7.9%
<b>Subtotal</b>	<b>\$68.34</b>	<b>37.0%</b>
Cash	\$15.21	8.2%
<b>GRAND TOTAL</b>	<b>\$184.66</b>	<b>100.0%</b>

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](http://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.

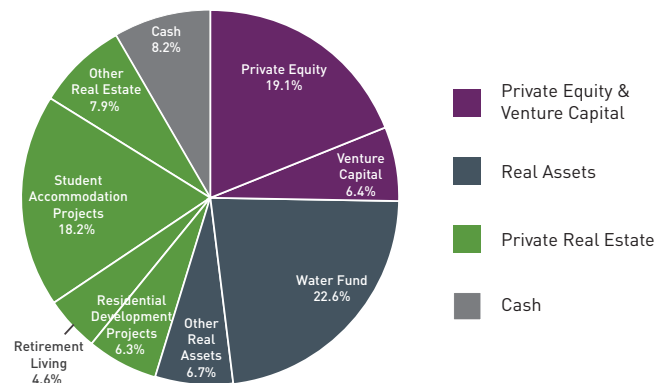
**Important Notice:** BSAAF Management Pty Ltd ACN 168 923 279 ('Manager') has prepared the information in this announcement. This announcement has been prepared for the purposes of providing general information only and does not constitute an offer, invitation, solicitation or recommendation with respect 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. Further, forward looking statements, including projections, guidance on future earnings, opinions and estimates in this announcement ('Forward Looking Statements') are based on assumptions and contingencies which are subject to change, as are statements about market and industry trends, which are based on interpretations of current market conditions. These statements are also subject to known and unknown risks and uncertainties many of which are outside the control of the Manager or the Alternatives Fund. Forward Looking Statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

### FUND PERFORMANCE<sup>3</sup>

Period	Pre-Tax	Post-Tax
1 month	0.39%	0.49%
3 months	0.83%	1.53%
6 months	2.22%	3.57%
12 months	7.44%	9.45%
Since inception (per annum)	8.30%	7.89%
Since inception (total)	25.76%	24.39%

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.

### 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 \$2.7 billion in fee-earning assets under management and a ten year track record of generating overall returns to investors in its funds of 16.4% p.a. (net of fees compounding since inception).<sup>4</sup>

4. Assets under management as at 31 December 2016. Overall returns to investors in Blue Sky managed funds are equity weighted to 31 December 2016. 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

**Chairman:** Andrew Champion

**Email contact:** [achampion@blueskyfunds.com.au](mailto:achampion@blueskyfunds.com.au)

**Website:** [blueskyfunds.com.au/alternativesfund](http://blueskyfunds.com.au/alternativesfund)

**Investor enquiries:** [investorservices@alternativesfund.com.au](mailto:investorservices@alternativesfund.com.au)

**Phone:** +61 7 3270 7500

The pre-tax NTA of the Alternatives Fund increased by 0.43 cents per share, or 0.4%, to \$1.0865 in April. This movement is the net result of a company tax payment (which reduced pre-tax NTA, but had a neutral effect on post-tax NTA due to a matching reduction in previously accrued tax liabilities), offset by uplifts in two private equity investments and a real assets investment.

The Alternatives Fund continued to receive exit distributions from a residential development fund during the month and also invested c. \$0.8 million in a new private equity fund.

### NEW INVESTMENTS

- **Wild Breads**

In April, the Alternatives Fund deployed c. \$0.8 million into a fund which provides follow-on expansion capital to Blue Sky Private Equity portfolio company Wild Breads. This allocation represents the Alternatives Fund's pro-rata share of a rights issue offered to existing Blue Sky Wild Breads investors.

Wild Breads is a leading business in the rapidly growing artisan and specialty bread category in Australia, which Blue Sky initially invested in mid-2014. Since this initial investment, the business has delivered on its expansion project to construct and commission an additional state-of-the-art manufacturing facility, and has also grown annual revenues by over 80%. Greater throughput and automation gains have generated considerable excess capacity in the second production line, leading the business to focus heavily on converting a strong pipeline of sales opportunities in domestic and export markets.

The present funding round will refinance the Wild Breads Convertible Note Fund with preference shares, and inject additional growth capital to execute on the aforementioned sales opportunities, accelerating the path to exit over an anticipated 12-18 month investment term. As a result of this investment, the Alternatives Fund will receive a return of the capital invested in the Wild Breads Convertible Note Fund, plus accrued interest (a total of c. \$0.8 million), in May 2017.

### INVESTMENT PERFORMANCE

- **Wild Breads**

Following the addition of new expansion capital into the business during the month, recent sales momentum and the realisation of operational efficiencies which have led to a step change in Wild Breads' earnings over the last quarter, an 11.2% consolidated net uplift in the carrying value of the Alternatives Fund's investments in Wild Breads was recognised in April.

- **aCommerce**

The Alternatives Fund's carrying value in private equity portfolio company aCommerce increased by 12.8% in April after the business continued to successfully scale its operations across Asia, consolidating on its entry into new markets and making progress on securing its next round of growth capital.

aCommerce is South East Asia's largest provider of outsourced e-commerce solutions, enabling global brands and retailers to rapidly access online markets in Thailand, Indonesia, Philippines, Malaysia and Singapore.

- **Blue Sky Agriculture Fund II**

The Blue Sky Agriculture Fund II holds the freehold property and business assets of an irrigated citrus orchard near Hillston in NSW, which it is transitioning from juicing varieties to fresh export varieties. With development progressing on schedule and showing promising results to date, as well as strong 2017-18 crop growth and gains on the property's water assets, the Alternatives Fund's carrying value in the Blue Sky Agriculture Fund II increased by 9.5%.

### REALISED INVESTMENTS

- **Regina Street Greenslopes Trust**

Additional exit proceeds were received from the Regina Street Greenslopes Trust during April, bringing returns to date from this fund to over 1.3x the Alternatives Fund's invested capital (inclusive of fee rebates). Remaining settlements continue to progress on schedule, with the fund expected to be fully exited prior to the end of the financial year with total returns in excess of 1.6x.

### UPDATE ON OTHER EXISTING INVESTMENTS

- **Residential Developments**

As detailed in previous NTA reports, a number of residential development projects have recently completed construction and are currently in the process of settling with apartment buyers and returning proceeds to investors, including the Alternatives Fund. An update on each of these projects is provided below:

- **Main Street Kangaroo Point Trust** ~ the project is now largely exited, with the Alternatives Fund receiving in excess of a 1.6x return on investment to date (inclusive of fee rebates). Additional profit distributions and fee rebates are expected prior to the end of the financial year, which will deliver a total return of approximately 1.9x invested capital.
- **Regina Street Greenslopes Trust** ~ see commentary in Realised Investments section above.
- **Grantson Street Windsor Trust** ~ initial capital and profit distributions are scheduled to commence in May. The project is currently on track to exit and deliver returns of approximately 1.7x invested capital (inclusive of fee rebates) in this financial year.
- **Logan Road Greenslopes Trust** ~ this project is on track to return 100% of the Alternatives Fund's capital prior to the end of the financial year, with profit distributions to commence in early FY18.

In accordance with the Alternatives Fund's Investment Valuation Policy, the holding value of a material portion of the portfolio will be subject to an annual independent review in May and June as part of its financial year end process.

Key areas of focus will include the Alternatives Fund's closed-ended fund investments in Private Equity, Private Real Estate and Real Assets. Any resulting revaluations are expected to be included in NTA for the months of May and June.

### DISTRIBUTIONS

- **Blue Sky Private Equity QFS Fund**

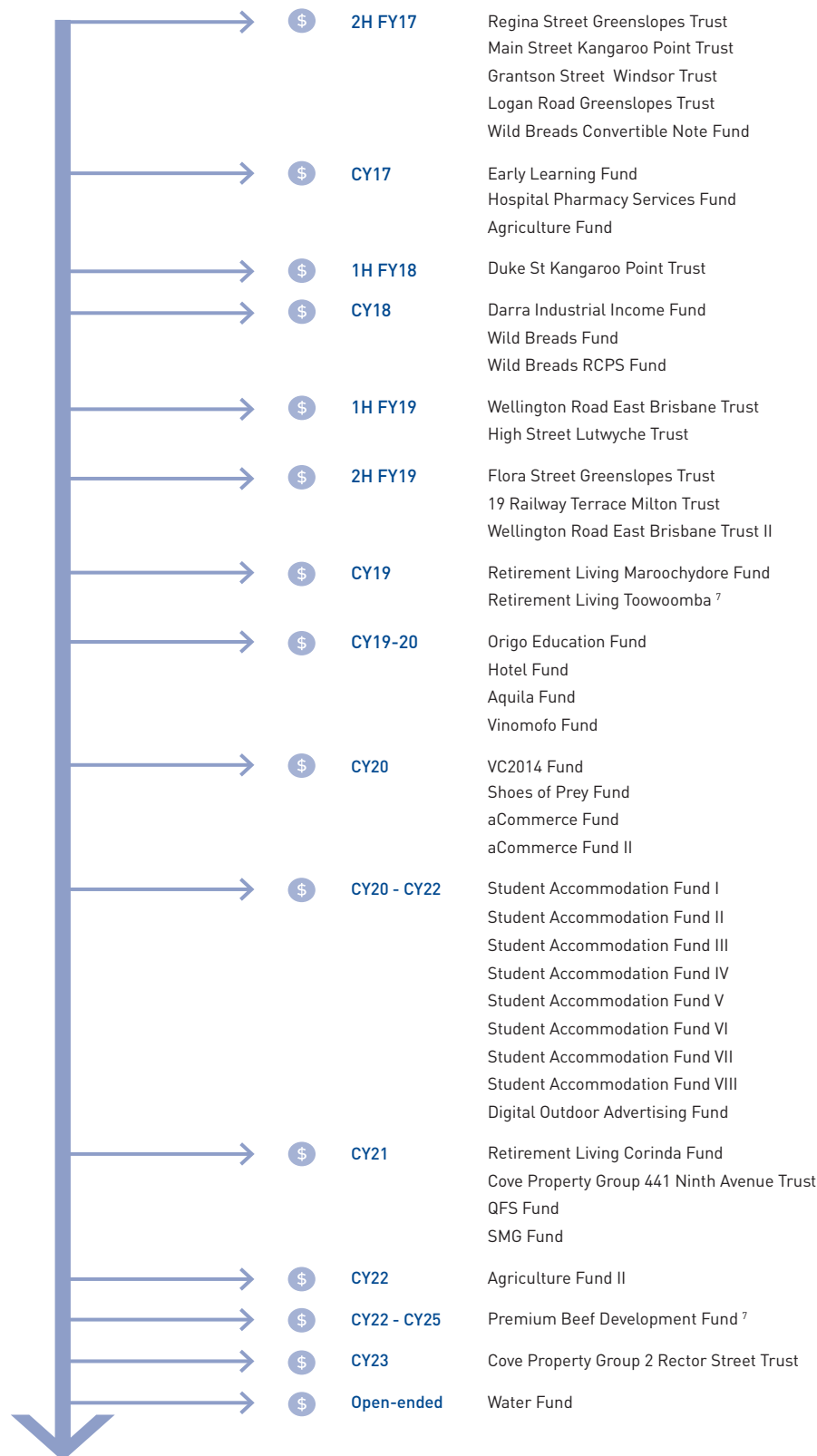
After investing \$6.0 million in the Blue Sky Private Equity QFS Fund in December 2016, the Alternatives Fund accrued its first cash yield from this fund during April. This distribution represents the initial quarterly instalment of a 3.5% p.a. fully franked dividend, which is scheduled to increase to a rate of 7.0% p.a. fully franked from FY18.

The QFS Fund holds equity in Quality Food Services, a Queensland-based food and beverage wholesale and distribution business.

- **Other accrued distributions**

During April, the Alternatives Fund received distributions from the Student Accommodation Fund I (2.5%) and Darra Industrial Income Fund (2.4%). These distributions, relating to the March 2017 quarter, had been accrued by the Alternatives Fund in last month's NTA.

### TIMELINE – EXIT HORIZON FOR ALL INVESTMENTS<sup>6</sup>



6. 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.

7. Confidentiality restrictions in force at the time of this report prohibit release of certain transaction details, including the name of the business invested in. Further information will be provided in future reports.

**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. Further, forward looking statements, including projections, guidance on future earnings, opinions and estimates in this announcement ('Forward Looking Statements') are based on assumptions and contingencies which are subject to change, as are statements about market and industry trends, which are based on interpretations of current market conditions. These statements are also subject to known and unknown risks and uncertainties many of which are outside the control of the Manager or the Alternatives Fund. Forward Looking Statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.