BlueSky
Alternative Thinking

13 March 2018

Dear Shareholder

Blue Sky Alternatives Access Fund Limited (ASX:BAF) (the 'Alternatives Fund') – Net Tangible Assets ('NTA') per share for February 2018

The Alternatives Fund is pleased to report a pre-tax NTA increase to $1.1425 per share in February, a change of 0.4%. This movement was primarily driven by a 1.7% uplift in the carrying value of the Alternatives Fund's investment in the Blue Sky Water Fund, and yield from several Growth Capital funds.

Two further capital deployments were made in February, with $3.0 million invested into the Blue Sky Water Fund and a ~$1.7 million capital call paid into a fund developing the 'Hudson Commons' commercial property project in the Hudson Yards precinct in Manhattan, New York.

Further exit proceeds from the Logan Road, Greenslopes residential development project were also received during the month, as well as a number of other periodic distributions.

We look forward to bringing you our next investor update in relation to March 2018.

Yours faithfully

Andrew Champion
Executive Chairman

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

HEAD OFFICE

Level 46
111 Eagle Street
Brisbane QLD 4000

ABN 82 168 923 279

blueskyfunds.com.au

Monthly Update

February 2018

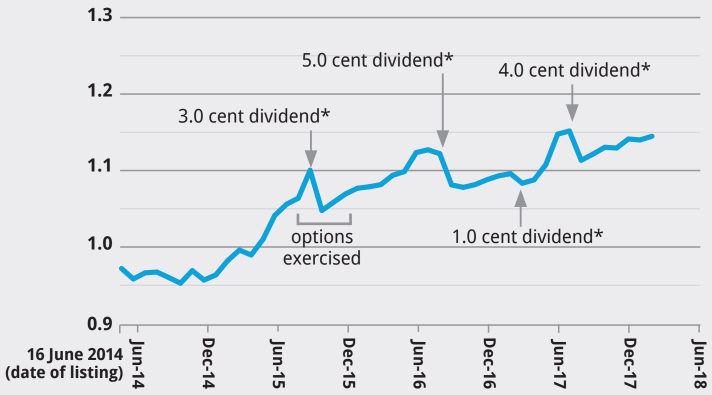
BlueSky Alternatives Access Fund

Net Tangible Assets - as at 28 February 2018[1]

Net Tangible Assets (NTA) per share (pre-tax)	$1.1425
Net Tangible Assets (NTA) per share (post-tax)	$1.1171

1. NTA figures in this report are unaudited.

Pre-Tax Net Tangible Assets - Since Inception



* Fully franked.

Portfolio Valuation[2]

	Current value ($'m)	% of Portfolio
Private Equity		
Growth Capital	$53.62	22.3%
Venture Capital	$13.23	5.5%
Subtotal	**$66.85**	**27.8%**
Real Assets		
Water Fund	$40.58	16.9%
Strategic Australian Agriculture Fund	$9.70	4.0%
Other Real Assets	$15.06	6.3%
Subtotal	**$65.34**	**27.2%**
Private Real Estate		
Residential Development	$5.43	2.2%
Retirement Living	$25.45	10.6%
Student Accommodation	$41.38	17.2%
Cove and Other Real Estate	$16.37	6.8%
Subtotal	**$88.63**	**36.8%**
Cash[3]	**$19.72**	**8.2%**
Grand Total	**$240.54**	**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.

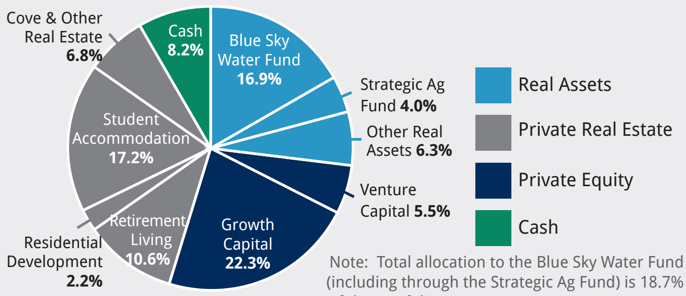
3. Includes capital to fund the remaining $5.25 million of the $15.0 million commitment to the Strategic Australian Agriculture Fund, which is to be called progressively over a three year investment period commencing in July 2017. It also includes a $4.0 milion accrued receivable for the return of application funds in relation to a Blue Sky Growth Capital fund investment which did not proceed. The Alternatives Fund received the return of application funds in early March.

Fund Performance[4]

Period	Pre-Tax	Post-Tax
1 month	0.41%	0.41%
3 months	1.34%	1.11%
6 months	2.77%	2.83%
12 months	11.19%	10.56%
Since inception (per annum)	9.31%	8.60%
Since inception (total)	39.03%	35.74%

4. Includes NTA growth, dividends and franking credits.

Sector Weightings



Note: Total allocation to the Blue Sky Water Fund (including through the Strategic Ag Fund) is 18.7% of the Portfolio.

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, real assets and private real estate.

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, driven by an increase in the Alternatives Fund's NTA over time and dividend income (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 over $4.0 billion in fee-earning assets under management and a twelve year track record of generating overall returns to investors in its funds of 15.0% p.a. (net of fees compounding since inception).[5]

5. Assets under management as at 9 March 2018. Overall returns to investors in Blue Sky managed funds are equity weighted to 31 December 2017. 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.

Monthly Update

BlueSky Alternatives Access Fund

February 2018

The pre-tax NTA of the Alternatives Fund increased by 0.5 cents per share, or 0.4%, to $1.1425 in February. The gain was the result of a strong month for the Blue Sky Water Fund and distributions from several Growth Capital investments.

Investment Performance

- **Blue Sky Water Fund**

  The Alternatives Fund's investment in the Blue Sky Water Fund increased 1.7%[6] in February, with demand for water entitlements continuing to increase. Temporary water allocation prices also climbed during the month as irrigators secured final water volume for their annual crops and carry over volume for next season.

6. The monthly return reported by the Alternatives Fund is on a post-tax basis and will differ to that separately reported by the Blue Sky Water Fund which is on a pre-tax basis.

Distributions

During February the Alternatives Fund received distributions from the following funds:

- Blue Sky Better Medical Fund – a 1.7% periodic distribution;
- Blue Sky Strategic Agriculture Fund – a 0.5% interim distribution;
- Blue Sky Hotel Fund – a 2.1% quarterly distribution; and
- Blue Sky Sunfresh Fund – a 5.0% special distribution, paid following a strong summer trading period.

Realised Investments

Blue Sky Logan Road Greenslopes Trust

Further exit proceeds from the Logan Road, Greenslopes residential development project were received during the month, bringing the total return on invested capital to date to ~1.2x. A final distribution to investors in this fund is expected prior to the end of financial year.

New Investments

Blue Sky Water Fund

During February, the Alternatives Fund deployed the final $3.0 million of a total $7.0 million allocation to the Blue Sky Water Fund that was invested over Q1 2018. This brings the total exposure to the Water Fund to 18.7% of the portfolio (16.9% directly and an additional 1.8% through the Strategic Agriculture Fund on a look-through basis), maintaining agricultural water entitlements as a cornerstone thematic for the Alternatives Fund.

Blue Sky Cove Property Group 441 Ninth Avenue Fund

A further ~$1.7 million was invested into the Cove Property Group 441 Ninth Avenue Fund during the month, representing the remaining 35% of uncalled capital payable into this investment. Since the transaction completed, significant progress has occurred on the development which has been branded 'Hudson Commons'. Detailed design works, procurement of contracts, demolition, purchase of air rights, securing project financing and preparation of leasing materials are now complete. The project is tracking to investment case.

Update On Recent Investments

Growth Capital fund – primary healthcare

In December 2017, the Alternatives Fund deployed $4.0 million into a Blue Sky Growth Capital fund which was raising capital to invest in a primary healthcare business operating an established group of medical centres across Australia. Ultimately, this Growth Capital transaction did not proceed.

In February, the Alternatives Fund accrued a receivable for the return of its application funds, with the funds subsequently returned in early March.

Further Information

Chairman Andrew Champion
Email achampion@blueskyfunds.com.au
Investor Enquiries investorservices@blueskyalternativesfund.com.au
Phone +61 7 3270 7500

Head office

Level 46
111 Eagle Street
Brisbane QLD 4000
PO Box 15515, Brisbane QLD 4002

blueskyfunds.com.au