

13 September 2018

Dear Shareholder

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

The Alternatives Fund reports a pre-tax NTA decrease to \$1.1351 per share in August, a decline of - 0.5%.

The movement was primarily due to adjustments to NTA which were adopted in the FY18 financial statements in relation to the carrying value of four closed-ended investment funds, as detailed in the FY18 annual report. A positive return for the Blue Sky Water Fund partially offset the other adjustments.

On 24 August 2018 it was announced that a binding agreement had been entered into to sell the interests in five retirement living projects in which BAF invested \$14.5 million over the period since June 2016. Whilst final sale proceeds will depend on completion price adjustments, the Alternatives Fund anticipates an aggregate return on invested capital of 1.25x and an IRR of 15%, before tax and inclusive of fee rebates.* These exit proceeds also represent a 1.0% discount to aggregate carrying value as at 31 July 2018.

We are pleased to have declared a final dividend in relation to FY18 of 4.0 cents per share, franked to 65%. The dividend will be paid to eligible shareholders on 24 September 2018, and brings total dividends for FY18 to 5.0 cents per share. The Fund's Dividend Reinvestment Plan has been suspended for this dividend due to the current share price discount to NTA.

The Company's Board has continued the share buyback program throughout August and acquired an additional 873,092 shares at a weighted average 20.0% discount to NTA.

The Board remains committed to delivering optimal outcomes for shareholders for FY19 and continues to actively progress a range of strategic alternatives. The Board looks forward to announcing any recommended outcomes to shareholders as soon as this process is completed.

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

Yours faithfully



Andrew Champion
Executive Chairman

** Before fees and tax on BAF's portfolio as a whole.*

Important note

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.

BLUE SKY ALTERNATIVES ACCESS FUND LIMITED

Address Suite 22.02, Level 22, Australia Square
264-278 George Street, Sydney NSW 2000
Post PO Box H318, Australia Square NSW 1215
Phone 02 8282 0400
Email investorservices@blueskyalternativesfund.com.au

blueskyfunds.com.au/alternativesfund

Monthly Update

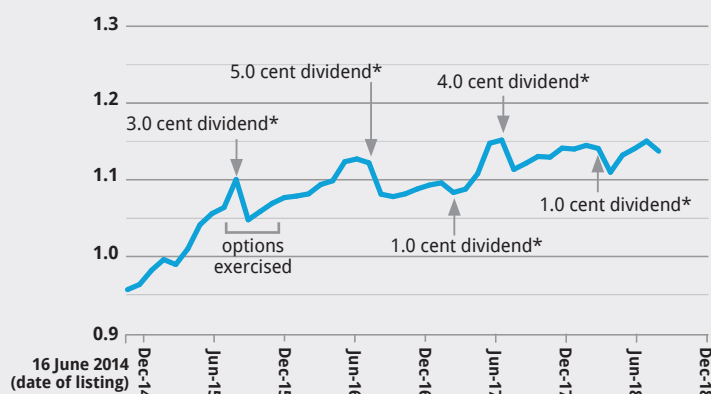
August 2018

Net Tangible Assets - as at 31 August 2018¹

Net Tangible Assets (NTA) per share (pre-tax)	\$1.1351
Net Tangible Assets (NTA) per share (post-tax)	\$1.1123

1. NTA figures in this report are unaudited.

Pre-Tax Net Tangible Assets - Since Inception



* Fully franked.

Portfolio Valuation²

	Current value (\$'m)	% of Portfolio
Private Equity		
Growth Capital	\$48.36	20.6%
Venture Capital	\$12.80	5.5%
Subtotal	\$61.16	26.1%
Real Assets		
Water Fund	\$45.76	19.5%
Strategic Australian Agriculture Fund	\$13.37	5.7%
Other Real Assets	\$15.53	6.6%
Subtotal	\$74.66	31.8%
Private Real Estate		
Residential Development	\$3.79	1.6%
Retirement Living	\$16.75	7.1%
Student Accommodation	\$32.52	13.9%
Other Real Estate	\$15.78	6.7%
Subtotal	\$68.84	29.3%
Cash³	\$29.90	12.8%
Grand Total	\$234.56	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.

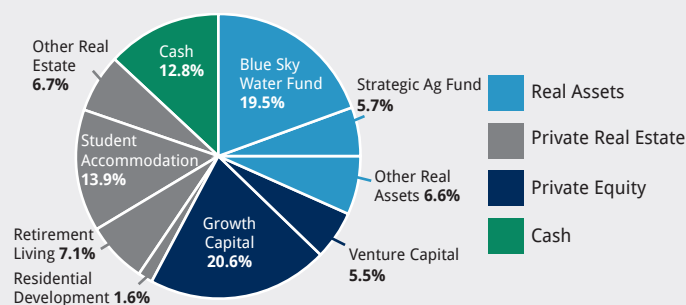
3. Includes capital to fund the remaining \$2.25 million of the \$15.0 million commitment to the Strategic Australian Agriculture Fund, which is to be called progressively over a three year investment period commencing in July 2017.

Fund Performance⁴

Period	Pre-Tax	Post-Tax
1 month	(0.50%)	(0.41%)
3 months	0.45%	0.31%
6 months	0.60%	0.85%
12 months	3.39%	3.70%
Since inception (per annum)	8.29%	7.74%
Since inception (total) (compounding)	39.87%	36.89%

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 21.6% 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').

Monthly Update

July 2018

The Alternatives Fund reports a decline in NTA of 0.5 cents per share, or 0.5%, to \$1.1351 in August. The decline was a result of the post-balance date adjustments made to the Alternatives Fund's financial statements for the year ended 30 June 2018, as detailed in the FY18 annual report. A positive return for the Blue Sky Water Fund partially offset the other adjustments.

Dividend

The Alternatives Fund is pleased to report that during August it declared a 4.0 cents per share final dividend in relation to FY18. The dividend will be franked to 65% at a 27.5% corporate tax rate. The record date for the dividend was 10 September 2018 and will be paid to eligible shareholders on 24 September 2018.

This brings total dividends paid for FY18 to 5.0 cents per share, including the 1.0 cent fully franked interim dividend paid in March 2018. The Fund's Dividend Reinvestment Plan has been deferred in relation to this most recent dividend due to the current share price discount to NTA.

Investment Performance

Blue Sky Water Fund

The carrying value of the Alternatives Fund's investment in the Blue Sky Water Fund increased by 0.8%⁵ in August as a result of the marked to market gains on the Fund's underlying portfolio of Water Entitlements.

5. 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.

Post-balance date adjustments to FY18 financial statements

Adjustments to NTA were adopted in the FY18 financial statements in relation to the carrying value of four closed-ended investment funds. In total this resulted in a 0.7% reduction in pre-tax NTA for 30 June 2018, from \$1.1377 per share in the June NTA report to \$1.1299 per share in the FY18 Financial Statements.

The carrying value of venture capital investments Shoes of Prey and THR1VE (to which BAF has an investment via VC2014) were both written down following receipt of additional information in relation to their liquidity profile. In addition, Student Accommodation Fund 4 and 441 Ninth Avenue within the private real estate portfolio were reduced and increased respectively following the receipt of finalised independent valuations.

Retirement Living portfolio

As announced on 24 August 2018, the Alternatives Fund's investment in five retirement living projects have been contracted for sale. Once settled, this sale is expected to result in an aggregate 15% IRR and 1.25x return on invested capital to BAF across these funds⁶, representing a 1% discount to aggregate carrying value. This secures the Alternatives Fund's exit from all its investments in retirement living, and carrying values have been adjusted in August to reflect the expected final exit price.⁷

6. Returns are before tax, inclusive of rebates and before management and performance fees on BAF's portfolio.

7. Exit proceeds are subject to final completion adjustments.

Distributions

During August, the Alternatives Fund received cash distributions from the following funds:

- Blue Sky Hotel Fund ~ a 3.0% regular quarterly distribution;;
- Blue Sky Private Equity Better Medical Fund ~ a 0.6% periodic distribution; and
- Blue Sky Private Equity Tourism Fund ~ a 2.5% ad-hoc distribution.

With the exception of the latter, these distributions had been previously accrued in NTA.

Share buyback - update

The Company's board has continued the share buyback program throughout August and acquired an additional 873,092 shares at a 20.0% discount to NTA. The buyback will recommence following lodgment of this report.

Further Information

Chairman Andrew Champion

Investor Enquiries investorservices@blueskyalternativesfund.com.au

Phone +61 7 3270 7500

Registered office

Suite 22.02, Level 22 Australia Square
264-278 George Street,
Sydney NSW 2000
PO Box H318, Australia Square NSW 1215

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