

13 November 2018

Dear Shareholder

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

The Alternatives Fund reports a pre-tax NTA increase to \$1.1087 per share in October, a gain of 0.4%. The growth in NTA was primarily driven by a positive month for the Blue Sky Water Fund, partially offset by a reduction in carrying value of one Growth Capital investment.

The Company has continued its share buyback program throughout October and acquired an additional 1,961,645 shares at a weighted average 23% discount to October's pre-tax NTA.

During October, the Alternatives Fund received the proceeds from the previously announced sale of its investments in five retirement living projects. BAF invested \$14.5m across these five funds over the period since June 2016. The aggregate return on invested capital from these funds was 1.25x producing an IRR of 16%, before tax and inclusive of fee rebates.¹ This brings BAF's realised track record across 15 funds exited to date to a weighted-average IRR of 19% and 1.4x return on invested capital.¹

As foreshadowed in previous NTA reports, BAF recently completed a strategic review in relation to initiatives to deliver optimal shareholder outcomes. This review resulted in BAF's independent non-executive directors recommending a proposal for a new investment mandate to be managed by an affiliate of Pinnacle Investment Group Limited (ASX: PNI). A shareholder vote on the proposal will be held at an Extraordinary General Meeting ('EGM') on 13 December 2018. For further information on this proposal including a report by an independent expert, and for details of the EGM, please refer to BAF's recent ASX announcements.

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

Yours faithfully



Paul Masi
Independent Non-Executive Chair

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.

¹ Before fees and tax on BAF's portfolio as a whole.

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Monthly Update

October 2018

Net Tangible Assets – as at 31 October 2018¹

Net Tangible Assets (NTA) per share (pre-tax)	\$1.1087
Net Tangible Assets (NTA) per share (post-tax)	\$1.0827

1. NTA figures in this report are unaudited.

Pre-Tax Net Tangible Assets - Since Inception



Source: Blue Sky Alternatives Access Fund, 2018

Portfolio Valuation²

	Current value (\$'m)	% of Portfolio
Private Equity		
Growth Capital	\$46.64	20.7%
Venture Capital	\$12.83	5.7%
Subtotal	\$59.47	26.4%
Real Assets		
Water Fund	\$48.47	21.5%
Strategic Australian Agriculture Fund	\$13.56	6.0%
Other Real Assets	\$15.54	6.9%
Subtotal	\$77.57	34.4%
Private Real Estate		
Residential Development	\$3.79	1.7%
Student Accommodation	\$32.62	14.5%
Other Real Estate	\$15.73	7.0%
Subtotal	\$52.14	23.2%
Cash³	\$36.01	16.0%
Grand Total	\$225.19	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 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.

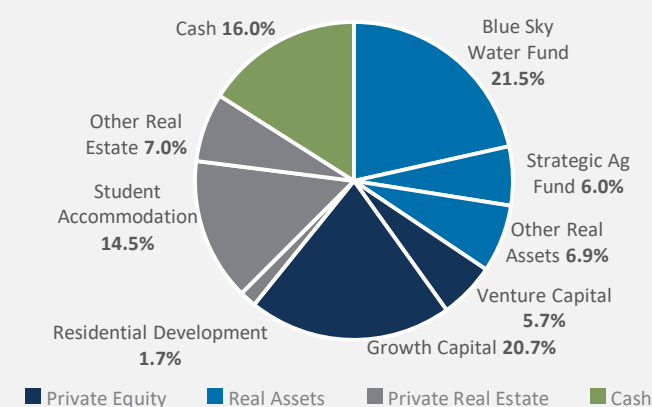
3. Includes capital to fund the remaining \$2.25 million of the \$15.0 million commitment to the Strategic Australian Agriculture Fund, which is to be called progressively over a three-year investment period commencing in July 2017.

Fund Performance⁴

Period	Pre-Tax	Post-Tax
1 month	0.38%	0.31%
3 months	1.58%	1.42%
6 months	4.57%	3.37%
12 months	3.99%	4.42%
Since inception (per annum)	8.48%	7.88%
Since inception (total) (compounding)	42.78%	39.40%

4. Includes NTA growth, dividends and franking credits.

Sector Weightings



Blue Sky Alternatives Access Fund, 2018

Note: Total allocation to the Blue Sky Water Fund (including through the Strategic Ag Fund) is 23.9% 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

- 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 access to a diverse range of alternative assets.
- 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').

Summary

The Alternatives Fund reports a pre-tax NTA increase of 0.4 cents per share, or 0.4% in October to \$1.1087 per share. The growth in NTA was primarily driven by a positive month for the Blue Sky Water Fund, partially offset by a reduction in carrying value of one Growth Capital investment.

Investment Performance

Blue Sky Water Fund

The carrying value of the Alternatives Fund's investment in the Blue Sky Water Fund increased by 3.3%⁵ in October 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.

Blue Sky Private Equity Wild Breads & Wild Breads RCPS Funds

Following a below-budget first-quarter sales performance combined with an outlook of sustained substantially higher flour prices (due to the drought) the carrying value of units in the Blue Sky Private Equity Wild Breads Fund and Wild Breads RCPS Fund has been materially reduced this month.

Realised Investments

Retirement Living Projects

During October, the Alternatives Fund received the proceeds from the previously announced sale of its investments in five retirement living projects; namely Corinda, Maroochydore, Middle Ridge, Lutwyche and North Kirra. BAF invested \$14.5m across these five funds over the period since June 2016. The aggregate return on invested capital is 1.25x producing an IRR of 16%, before tax and inclusive of fee rebates*. Each fund has retained a small cash reserve to cover final wind up costs, any surplus of which, along with receipt of any final tax credits, may result in a final small distribution in the near future.

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

Distributions

The Alternatives Fund received a regular 1.75% quarterly distribution from the Blue Sky Revesby Industrial Income Fund during the month. This distribution had been previously accrued in September NTA.

Other Matters

Update on share buyback

During October, the Alternatives Fund continued the share buyback program and acquired an additional 1,961,645 shares at an average price of \$0.85 representing a 23% discount to October's pre-tax NTA. The buyback will recommence following lodgement of this report.

For more information

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IMPORTANT NOTICE

The Manager has prepared the information in this announcement. This announcement has been prepared to provide 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.