BlueSky
Alternatives Access Fund

BLUE SKY ALTERNATIVES ACCESS FUND LIMITED

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Blue Sky Alternatives Access Fund Limited (ASX: BAF) ('BAF')

Update on BAF Board composition and AGM resolutions

At this year's Annual General Meeting ('AGM') on 29 November 2018, Blue Sky Alternatives Access Fund Limited (ASX: BAF) ('Company' or 'BAF') is seeking shareholder approval for an increase in the total aggregate remuneration it may pay to its Non-Executive Directors in any financial year (Resolution 5). The proposed increase is from $140,000 per annum to $250,000 per annum. Shareholders should refer to the Notice of Meeting for the AGM which has been previously dispatched to shareholders for details regarding this resolution (and other resolutions to be considered at the AGM). This update sets out some additional information as to why the Board is seeking shareholder approval to increase this cap.

Commitment to a majority independent Board and Non-Executive Chair

On 30 April 2018, the Company announced a commitment to transition the Board to a majority of Independent Non-Executive Directors and the appointment of a Non-Executive Director to the Chair role. Since that time:

1. Peter Wade, an additional Independent Non-Executive Director, has been appointed, thereby taking the number of Independent Non-Executive Directors to three;
2. the number of Executive Directors has decreased from three to one; and
3. the Chair role has been transitioned from an Executive Director to Non-Executive Director Paul Masi.

Accordingly, the Company's Board is now composed of a majority of Independent Non-Executive Directors. Both Peter Wade and Paul Masi will be standing for re-election at the AGM in accordance with the Company's constitution and the ASX Listing Rules. A short bio on Peter Wade has been included at the end of this announcement.

Further, as previously announced on 5 November, Andrew Champion has decided and announced, in consultation with the BAF Independent Non-Executive Directors, not to stand for re-election as a director at the upcoming AGM. Accordingly, the Board wish to advise that they are withdrawing Resolution 2 (Re-Election of Andrew Champion as Director) from the Notice of Meeting for the AGM and will not put this resolution to shareholders at the AGM. The withdrawal of Resolution 2 will not affect the validity of the proxy form attached to the Notice of Meeting or any proxy votes already submitted. All other agenda items for the AGM remain unchanged.

As noted in the 5 November announcement, Mr Champion's decision not to stand for re-election reflects his commitment to the proposal by Alterum to be appointed as the Company's new manager, which is to be voted on by shareholders at the Extraordinary General Meeting ('EGM') to be held on 13 December 2018. As required by the company's constitution, Andrew Champion's retirement from office as an Executive Director will take effect at the conclusion of the AGM. Thereafter, the Company's board will be entirely composed of Independent Non-Executive Directors.

The appointment of a third Independent Non-Executive Director as well as the transition to a Non-Executive Chair have led to an increase in the Company's annual non-executive director fees from $114,975 p.a. to $191,625 p.a.

on a full year basis[1] – an amount that exceeds the current cap of $140,000 p.a. which was set prior to the Company's IPO in mid-2014. Accordingly, approval is being sought for a $250,000 p.a. annual limit on non-executive director remuneration in any one financial year.

It considering this resolution, shareholders may particularly note:

- **Executive directors not remunerated ~** Since IPO, Executive Directors have not received any remuneration from the Company;
- **Cap may not be fully utilised ~** As has been the case in prior years, the Company will not necessarily utilise the full amount of the cap in a particular year;
- **A cap above current requirements provides flexibility for further initiatives to enhance governance ~** An amount in excess of the total current remuneration requirement has been requested to provide flexibility to appoint additional independent non-executive directors, or vary non-executive director remuneration where it is deemed appropriate and in line with market practice at the time; and
- **Impact of not approving cap increase ~** Should shareholders not approve the increase in the director fee cap, one of the standing Independent Non-Executive Directors may need to retire at the conclusion of the AGM so that the Company will not breach the current $140,000 p.a. limit for FY19.

For further information on the above, please refer to the Company's prior ASX announcements and the Explanatory Memorandums accompanying the AGM and EGM Notices of Meetings which have been distributed to shareholders.

The Company looks forward to welcoming shareholders to its forthcoming AGM and EGM, and if you have any questions relating to the resolutions currently before you, please do not hesitate to contact the Company at investorservices@blueskyalternativesfund.com.au or on (07) 3270 7500.

About Peter Wade

Peter Wade has nearly 30 years' experience in senior positions within the wealth management and financial services industries. He is currently a Member of ASIC's Financial Services and Credit Panel whilst sharing his time across several other advisory roles and non-executive board positions in the private and not-for-profit sectors. Previously, Peter was Managing Director and Partner of Goldman Sachs JBWere, the Managing Director of Australasian Institutional Equities at JP Morgan and Executive Vice President of Institutional Banking & Markets at Commonwealth Bank. Peter holds a Bachelor of Economics & Politics from Monash University and has completed the Stanford Executive Program at Stanford University.

For more information, please contact:

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[1] As Independent Non-Executive Director Peter Wade was appointed part-way through the year on 6 October 2018, his annual remuneration will be pro-rated accordingly.