

14 March 2019

Dear Shareholder

**Blue Sky Alternatives Access Fund Limited (ASX: BAF) (the 'Alternatives Fund') – Net Tangible Assets ('NTA') per share for February 2019**

The pre-tax NTA of the Alternatives Fund decreased by 0.9 cents per share, or -0.8%, to \$1.1216 per share in February.

During the month, the Alternatives Fund continued the share buyback program and acquired an additional 390,015 shares at an average price of \$0.8453 representing a 25% discount to February's pre-tax NTA. The buyback will recommence following lodgement of this report.

The Alternatives Fund has also declared an interim dividend of 1.0 cent per share franked to 65% at the Company's tax rate of 27.5%. The Record Date for this dividend was 8 March 2019, with the payment date scheduled for 22 March 2019. The Company has suspended its Dividend Reinvestment Plan for this dividend due to the ongoing share price discount to NTA.

The Board is pleased to report that there has been more substantial progress on the manager transition this month with legal documentation well advanced. There have been constructive three way discussions held recently between senior representatives of BLA, Wilson Asset Management (International) Pty Limited and BAF. We look forward to providing shareholders with a further update when available in due course.

Yours faithfully



**Michael Cottier**  
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.

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# Monthly Update

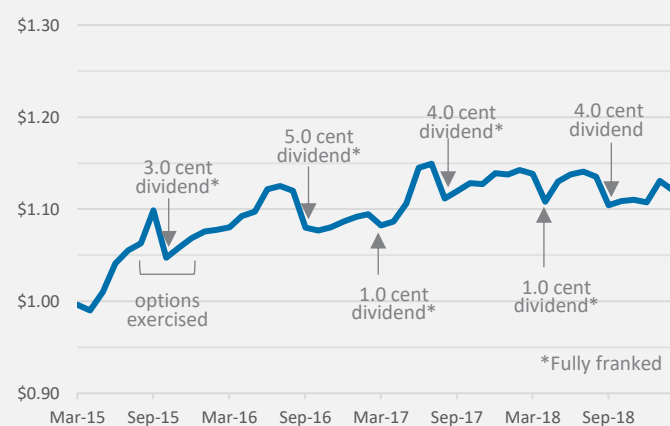
February 2019

## Net Tangible Assets – as at 28 February 2019<sup>1</sup>

Net Tangible Assets (NTA) per share (pre-tax)	\$1.1216
Net Tangible Assets (NTA) per share (post-tax)	\$1.0962

1. NTA figures in this report are unaudited.

## Pre-Tax Net Tangible Assets - Since Inception



Source: Blue Sky Alternatives Access Fund, 2019

## Portfolio Valuation<sup>2</sup>

	Current value (\$'m)	+/- Prior Month	% of Portfolio
<b>Private Equity</b>			
Growth Capital	\$46.39	(\$1.98)	20.7%
Venture Capital	\$12.25	-	5.5%
<b>Subtotal</b>	<b>\$58.64</b>	<b>(\$1.98)</b>	<b>26.2%</b>
<b>Real Assets</b>			
Water Fund	\$51.21	\$1.03	22.8%
Strategic Australian Agriculture Fund	\$22.99	-	10.3%
Other Real Assets	\$9.11	-	4.1%
<b>Subtotal</b>	<b>\$83.31</b>	<b>\$1.03</b>	<b>37.2%</b>
<b>Private Real Estate</b>			
Residential Development	\$3.32	-	1.5%
Student Accommodation	\$28.98	(\$0.14)	12.9%
Other Real Estate	\$16.25	-	7.2%
<b>Subtotal</b>	<b>\$48.55</b>	<b>(\$0.14)</b>	<b>21.7%</b>
<b>Cash<sup>3</sup></b>	<b>\$33.55</b>	<b>(\$0.42)</b>	<b>15.0%</b>
<b>Grand Total</b>	<b>\$224.05</b>	<b>(\$1.51)</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 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.

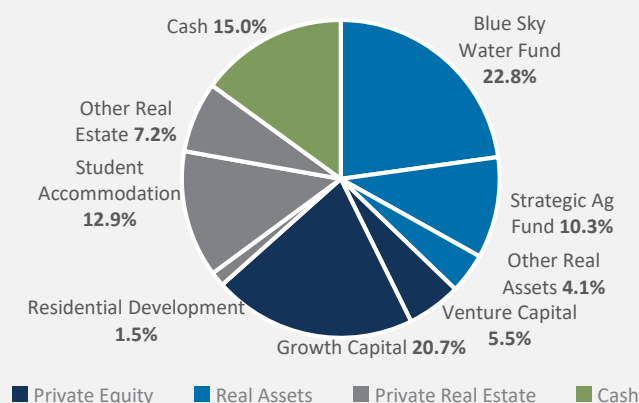
3. Includes capital to fund the remaining \$4.75 million of the \$25.0 million commitment to the Strategic Australian Agriculture Fund, which can be called at any time prior to July 2020.

## Fund Performance<sup>4</sup>

Period	Pre-Tax	Post-Tax
1 month	(0.81%)	(0.27%)
3 months	1.02%	1.10%
6 months	3.27%	3.11%
12 months	3.90%	3.98%
Since inception (per annum)	8.13%	7.60%
Since inception (total) (compounding)	44.45%	41.14%

4. Includes NTA growth, dividends and franking credits.

## Sector Weightings



Blue Sky Alternatives Access Fund, 2019

Note: Total allocation to the Blue Sky Water Fund (including through the Strategic Australian Agriculture Fund) is 26.9% of the Portfolio.

## About the Alternatives Fund

Blue Sky Alternatives Access Fund Limited ACN 168 941 704 ('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 ACN 168 923 279 ('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 ACN 136 866 236 (ASX: BLA) ('Blue Sky').

## Summary

The pre-tax NTA of the Alternatives Fund decreased by 0.9 cents per share, or 0.8% in February to \$1.1216 per share.

## Investment Performance

### Blue Sky Water Fund

The carrying value of the Alternatives Fund's investment in the Blue Sky Water Fund increased again in February as persistent hot and dry conditions across the Southern Murray Darling Basin provided price support for the fund's portfolio of water securities.

### Other investment performance

During the month, the Alternatives Fund recorded fair value adjustments against three Growth Capital funds and one Student Accommodation Fund, which reduced NTA by approximately 1.02 cents per share, including the consequential impact to accrued fee rebates (aggregate 16% decline in carrying value). The fair value adjustments were identified, together with other proposed adjustments, during the Company's half-year review process. However, in aggregate the adjustments were not considered material to the interim financial statements and have been recorded in January and February NTA. As at the end of February, the Board has now reflected in NTA all of the proposed valuation adjustments that were identified as part of the half-year review process.

These four assets adjusted this month will be independently reviewed during 4Q FY19 in accordance with the Company's Investment Valuation Policy, with the carrying value re-assessed at that time.

## Realised Investments

### Retirement Living Projects

As foreshadowed at the time of the initial exit distributions in August 2018, five Retirement Living funds in which the Alternatives Fund was invested retained small cash reserves to cover final transaction and wind-up costs. After these funds were wound up in February, final small cash distributions were paid to fund investors.

The aggregate return on invested capital is 1.25x producing an IRR of 16% before tax and inclusive of fees rebates.\*

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

## Distributions

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

- *Blue Sky Strategic Australian Agriculture Fund* ~ a 1.3% periodic distribution
- *Blue Sky Darra Industrial Income Fund* ~ a 2.5% quarterly distribution; and
- *Blue Sky Revesby Industrial Income Fund* ~ a 1.75% quarterly distribution.

**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.