

14 June 2019

Dear Shareholder

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

The pre-tax NTA of the Alternatives Fund decreased by 0.2 cents per share, or 0.1%, to \$1.1134 per share in May. This results from the payment of regular company tax instalments and the continuation of the on-market share buy-back program. The decrease in carrying value to one Real Assets investment was partially offset by the accrual of a declared distribution from the Blue Sky Water Fund.

The Alternatives Fund's on-market share buy-back program which commenced on 16 May 2018 concluded on 15 May 2019. A total of 12,842,148 shares were bought back over this period for a total consideration of \$10,785,038, implying an average price of \$0.8398 per share.

As previously announced, the Alternatives Fund refreshed its on-market share buy-back program from 16 May 2019. From commencement to 31 May 2019, the Alternatives Fund acquired an additional 381,970 shares at an average price of \$0.7284 representing a 35% discount to May's pre-tax NTA. The buyback will recommence following lodgement of this report.

We look forward to bringing you our next investor update in relation to June 2019.

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

May 2019

Net Tangible Assets – as at 31 May 2019¹

| | |
|--|----------|
| Net Tangible Assets (NTA) per share (pre-tax) | \$1.1134 |
| Net Tangible Assets (NTA) per share (post-tax) | \$1.0929 |

1. NTA figures in this report are unaudited.

Pre-Tax Net Tangible Assets



Source: Blue Sky Alternatives Access Fund, 2019

Portfolio Valuation²

| | Current value (\$'m) | +/- Prior Month | % of Portfolio |
|---------------------------------------|----------------------|-----------------|----------------|
| Private Equity | | | |
| Growth Capital | \$46.39 | - | 21.0% |
| Venture Capital | \$12.09 | - | 5.5% |
| Subtotal | \$58.48 | - | 26.5% |
| Real Assets | | | |
| Water Fund | \$51.96 | \$0.32 | 23.5% |
| Strategic Australian Agriculture Fund | \$24.89 | \$1.56 | 11.2% |
| Other Real Assets | \$8.67 | (\$0.32) | 3.9% |
| Subtotal | \$85.52 | \$1.56 | 38.6% |
| Private Real Estate | | | |
| Residential Development | \$3.07 | (\$0.13) | 1.4% |
| Student Accommodation | \$28.98 | - | 13.1% |
| Other Real Estate | \$16.24 | - | 7.3% |
| Subtotal | \$48.29 | (\$0.13) | 21.8% |
| Cash³ | \$29.04 | (\$0.63) | 13.1% |
| Grand Total | \$221.33 | (\$0.80) | 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.

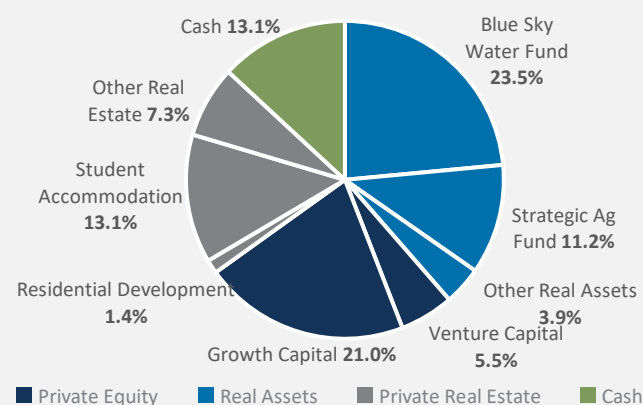
3. Includes capital to fund the remaining \$3.25 million of the \$25.0 million commitment to the Strategic Australian Agriculture Fund, which can be called at any time prior to July 2020.

Fund Performance⁴

| Period | Pre-Tax | Post-Tax |
|---------------------------------------|---------|----------|
| 1 month | (0.15%) | 0.22% |
| 3 months | 0.38% | 0.84% |
| 6 months | 1.40% | 1.95% |
| 12 months | 4.13% | 4.29% |
| Since inception (per annum) | 7.78% | 7.37% |
| Since inception (total) (compounding) | 45.00% | 42.33% |

4. Includes NTA growth, dividends, franking credits and the impact of the share buyback program.

Sector Weightings



Note: Total allocation to the Blue Sky Water Fund (including through the Strategic Australian Agriculture Fund) is 28.6% 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

BSAA 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 pre-tax NTA of the Alternatives Fund decreased by 0.2 cents per share, or 0.1% in May to \$1.1134 per share. This results from the payment of regular company tax instalments and the continuation of the on-market share buy-back program. The decrease in carrying value to one Real Assets investment was partially offset by the accrual of a declared distribution from the Blue Sky Water Fund.

Investment Performance

Blue Sky Water Fund

The carrying value of the Alternatives Fund's investment in the Blue Sky Water Fund ('Water Fund') increased by 1.0%⁵ in May as a result of the marked-to-market gains on the Water Fund's underlying portfolio of water entitlements. Back to back drought years have impacted water availability across the Murray-Darling Basin throughout 2018/19. Water availability for the 2019/20 irrigation year remains scarce awaiting Winter and Spring rainfall. The development of tree-nut, citrus and vine crops has significantly increased demand for permanent water year on year, as well as lifting the economic returns for the use of that consumptive water. The Water Fund continues to benefit from this trend to higher value water use.

The Water Fund declared a 1.07% fully franked dividend as at 31 May 2019. The distribution is scheduled to be paid in June.

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 Premium Beef Development Fund

The carrying value of the Alternatives Fund's investment in the Blue Sky Premium Beef Development Fund was decreased. Prolonged and severe drought across the vast majority of Australia's grazing lands resulted in widespread forced selling of cattle and consequently lower beef and cattle values. Throughout a severe drought in central Queensland until mid-March the operators of the cattle herd, '3DF1' managed to maintain herd scale by supplementary feeding. Beneficial rainfall, good pasture growth and a consequent recovery of cow and weaner weights is likely to positively impact the value of the investment by mid-year.

Investment Updates

Blue Sky Strategic Australian Agriculture Fund

A capital call was issued to all investors in the Blue Sky Strategic Australian Agriculture Fund ('Strat Ag Fund') during May. The capital call was equivalent to 6% of the Alternatives Fund's \$25.0 million commitment to the Strat Ag Fund. This instalment provides further capital for expansion works, new asset acquisition and contingency for follow-on investment capital requirements. The Alternatives Fund's uncalled capital totalling \$3.25 million (13%) can be called at any time prior to July 2020.

Blue Sky Student Accommodation Portfolio

A sale process has been launched for 100% of the Blue Sky and Goldman Sachs Student Accommodation portfolio in Australia. Further updates will be provided once the sale process is finalised.

Blue Sky Energy Storage Infrastructure Fund

Following faster than expected portfolio and sector growth, esVolta requires capital to fund construction and development costs associated with its contracted pipeline and a new capital raise is expected to be launched in June.

Distributions

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

- *Blue Sky Private Equity QFS Fund* ~ a 1.0% regular quarterly distribution; and
- *Duke Street Kangaroo Point Trust* ~ a 6.3% cash distribution.

As mentioned above, the Alternatives Fund has also accrued a distribution from the Water Fund, which is expected to be paid in June.

Other Matters

Blue Sky Alternative Investments Limited (ASX:BLA) Update

On 20 May 2019, Blue Sky Alternative Investments Limited ('Blue Sky') announced that Oaktree Capital Partners L.P. appointed advisory firm KordaMentha as Receivers and Managers of Blue Sky and Pilot Partners as Voluntary Administrators of Blue Sky. No external administrators have been appointed to BSAAF Management Pty Limited ('Manager') or any other subsidiary of Blue Sky. Please refer to Blue Sky's ASX Announcement for additional information.

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.

US Office Closure

Prior to the appointment of Receivers and Managers and Voluntary Administrators and as part of a strategic review of the Blue Sky business, Blue Sky had determined to close its New York office and oversee a controlled wind down of operations conducted through its North American subsidiary, Blue Sky Alternative Investments, LLC.

Arrangements are being made to ensure all Blue Sky's US-based investments are appropriately managed by US-based partners. This will provide continuity to investors across US-based investments and protect unitholders' interests. There will be no immediate impact to the Alternatives Fund's US-based investments; each will be managed via the existing investment partnerships created by Blue Sky including with Cove Property Group and Student Quarters. Further details on the wind down of the US business will be communicated in due course.

Cash Position

During May, the Alternatives Fund's Board directed for \$18.0 million of the Alternatives Fund's available cash balance to be invested across two short term deposits. These will mature in July and August 2019.