

14 August 2019

Dear Shareholder

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

The pre-tax NTA of the Alternatives Fund increased by 0.4 cents per share, or 0.3%, to \$1.1380 per share in July. The growth in NTA was largely driven by an increase in carrying values of a few assets across the portfolio in particular the Alternatives Fund's investment in water entitlements.

During the month, the Alternatives Fund continued its on-market share buy-back program and acquired an additional 106,682 shares at an average price of \$0.7676 representing a 33% discount to July's pre-tax NTA. The buyback will recommence following lodgement of this report.

The Board would like to acknowledge the significant volume of work undertaken by the Manager and all of the external valuers, in particular FTI Consulting to review all of the assets in the portfolio, including full valuations of selected investments. While there are several assets whose final valuations or reviews are currently outstanding, the Board has been pleased that many of the final asset valuations and reviews received from FTI Consulting have confirmed the carrying values of those assets. Due to changed valuation methodologies, the valuations of two assets in the Growth Capital portfolio differed significantly from their carrying values. Accordingly, the Manager and the Board have written down the carrying values of these investments to align to the mid-point of the FTI Consulting valuations. These write downs are reflected in the attached monthly report. Further valuation adjustments may be made as additional final valuations or reviews are received from FTI Consulting. In addition, the auditor Ernst & Young will be reviewing the valuations as part of their regular full year audit.

Consistent with the Board's announcement on 31 July 2019, please note that investments made by the Manager on behalf of the Alternatives Fund are now directly managed by wholly owned subsidiaries of Blue Sky Alternative Investments Limited (Administrators Appointed/Receivers and Managers Appointed) (ASX: BLA), or Australian Alternative Asset Partners Pte. Ltd, a subsidiary of funds managed by the Special Situations group of Oaktree Capital Management L.P.

We look forward to finalising the year-end financial statements and bringing you our next investor update in relation to August 2019, as well as a separate update on the management of BAF.

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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Net Tangible Assets – as at 31 July 2019¹

Net Tangible Assets (NTA) per share (pre-tax)	\$1.1380
Net Tangible Assets (NTA) per share (post-tax)	\$1.1142

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	\$46.32	(\$2.12)	20.5%
Venture Capital	\$12.86	\$0.83	5.7%
Subtotal	\$59.18	(\$1.29)	26.2%
Real Assets			
Water Fund	\$53.49	\$1.64	23.6%
Strategic Australian Agriculture Fund	\$24.78	-	11.0%
Other Real Assets	\$9.28	-	4.1%
Subtotal	\$87.55	\$1.64	38.7%
Private Real Estate			
Residential Development	\$2.98	-	1.3%
Student Accommodation	\$30.25	-	13.4%
Other Real Estate	\$16.62	\$0.10	7.3%
Subtotal	\$49.85	\$0.10	22.0%
Cash³	\$29.60	(\$0.09)	13.1%
Grand Total	\$226.18	\$0.36	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.

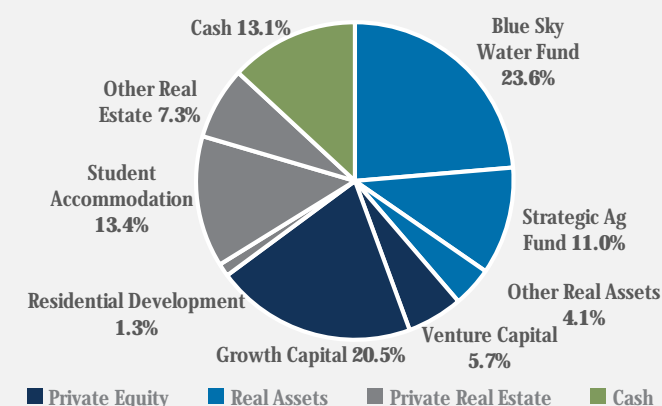
3. Includes capital to fund the remaining \$3.25 million of the \$25.0 million commitment to the Strategic Australian Agriculture Fund, which can be called at any time prior to July 2020.

Fund Performance⁴

Period	Pre-Tax	Post-Tax
1 month	0.32%	0.29%
3 months	2.06%	2.17%
6 months	1.77%	2.53%
12 months	5.43%	5.56%
3 year	7.12%	7.44%
Since inception (per annum)	7.97%	7.53%
Since inception (total) (compounding)	48.21%	45.10%

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 one of the only listed investment companies 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 (Administrators Appointed/Receivers and Managers Appointed) (ASX: BIA) ('Blue Sky') or Australian Alternative Asset Partners Pte. Ltd.

Summary

The pre-tax NTA of the Alternatives Fund increased by 0.4 cents per share, or 0.3% in July to \$1.1380 per share. As part of a comprehensive independent valuation review of investments; the majority of these valuations, both positive and negative, have been reflected in this month's results, with a number to be finalised and reflected in next month's NTA report and/or used in finalising the June 2019 audited annual financial statements. The growth in NTA was largely driven by an increase in carrying values of the Real Assets portfolio (Water Fund) and the Venture Capital portfolio offset by decreases in the Growth Capital portfolio.

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 3.2%⁵ in July. This was primarily the result of the commencement of a new Water Year (1 July 2019) and additional capital gains across the Water Fund's underlying portfolio of southern Murray-Darling Basin water entitlements. The Water Fund's holdings include a range of highly secure entitlements which were credited during July with new water allocation volumes for 2019/20. Irrigation water supplies remain scarce as drought conditions continue across much of eastern Australia. Permanent crop (almond, grapes, citrus) irrigators are currently securing their requirements for the 2019/20 Spring and Summer irrigation period and high water prices will discourage any annual crop plantings (rice, cotton). The Water Fund has sold the majority of the 2019/20 season water allocated to its portfolio to date, and otherwise leased up approximately 25% of its water entitlements to highly rated counterparties. Consequently, it remains well positioned to continue to pay distributions for 2019/20 similar to prior years.

As previously disclosed, the Water Fund has been managed by Blue Sky Water Partners Pty Limited ('BSWP') since inception. That entity was restructured from 30 July 2019 and renamed Argyle Investment Management Pty Limited ('Argyle'). The core management team at Argyle have been central to BSWP and the creation and on-going management of the Water Fund since 2010.

In response to a range of changes in the price and use of water over the past decade reflecting on-going water reforms under the Murray-Darling Basin Plan, the Australian Government recently announced a review of the Murray-Darling Basin water markets to be conducted by the ACCC over the coming 18 months. The ACCC has published annual reports on the Murray-Darling Basin water markets since 2010. Argyle welcomes this additional review which it anticipates will provide an independent assessment of the state of the various markets and validate the vital role of various participants including long-term investors like the Water Fund.

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.

Student Accommodation Portfolio

The Student Accommodation portfolio was independently reviewed during the month of July and the valuation assumptions and conclusions were in line with management. The portfolio sales process remains active with strong interest.

Growth Capital Portfolio

The Growth Capital portfolio decreased 4.4% in July. The main reason for the reduction was the adoption of a revised valuation methodology on one asset and the mark to observable prices on a further asset. Both assets were marked down by the investment manager to reflect these changes consistent with external valuation reviews and the valuation policy.

Venture Capital Portfolio

The Venture Capital portfolio increased 6.9% in July. The increase was driven by a strong return from one asset following solid top line revenue growth.

US Commercial Real Estate

The properties in New York, 2 Rector Street and 441 Ninth Ave, have both been independently valued through May and June. In the case of 2 Rector Street, there was an uplift in the valuation as additional leases have been signed in respect of the property and the overall occupancy of the building has increased. The 441 Ninth Ave project continues to progress well through construction with the premium of the valuation to project cost slightly reducing over the period resulting in a slight decrease to the carrying value. There have been some minor movements in the USD through this period which have also been brought to account.

Distributions

During July, the Alternatives Fund received distributions from the following fund:

- § *Blue Sky Darra Industrial Income Fund* ~ a 2.5% regular quarterly distribution.

The Alternatives Fund also accrued a distribution from the following fund in respect of the September quarter:

- § *Blue Sky SMG Fund* ~ a 3.7% distribution.

Other Matters

Independent Valuations

As previously reported, the Manager rotated the primary independent valuer of the Alternatives Fund's assets during the calendar year to maintain independence.