

13 September 2019

Dear Shareholder

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

The pre-tax NTA of the Alternatives Fund decreased by 1.0 cent per share, or 0.9%, to \$1.1275 per share in August.

During the month, the Alternatives Fund continued its on-market share buy-back program and acquired an additional 72,673 shares at an average price of \$0.7784 representing a 31% discount to August's pre-tax NTA. The buyback will recommence following lodgement of this report.

The Board is pleased to report that it has declared a final dividend for FY19 of 4.0 cents per share, this brings total dividends paid for FY19 to 5.0 cents per share. The dividend will be franked to 65% at a corporate tax rate of 27.5%. The final dividend is payable to shareholders who were registered at 5pm on Wednesday, 11 September 2019 and is due to be paid on Wednesday, 25 September 2019.

The Alternatives Fund's Dividend Reinvestment Plan has been deferred in relation to this most recent dividend due to the current share price discount to NTA.

Following the completion of a thorough valuation and audit process, the Manager and Board have written down investments by \$4.8 million. This was partially offset by \$3.1 million in uplift mainly driven by the Water Fund. Over the period 1 July 2019 to 31 August 2019, the net movement in the value of the portfolio was an overall write down of \$1.7 million.

In determining the valuation adjustments including the fair value provision reflected in this NTA report, the Board has taken into account both the valuations of the external valuer and the valuation review work of the external auditor.

Further to the announcement of 21 August 2019, the Board has continued to progress the appointment of a replacement manager. The selected candidates have presented their proposals and the Board is currently considering those with the intention to select one to enter into a period of due diligence.

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

August 2019

Net Tangible Assets – as at 31 August 2019¹

Net Tangible Assets (NTA) per share (pre-tax)	\$1.1275
Net Tangible Assets (NTA) per share (post-tax)	\$1.1079

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	\$42.81	(\$3.51)	19.2%
Venture Capital	\$13.75	\$0.89	6.2%
Subtotal	\$56.56	(\$2.62)	25.4%
Real Assets			
Water Fund	\$54.64	\$1.15	24.5%
Strategic Australian Agriculture Fund	\$24.65	(\$0.13)	11.0%
Other Real Assets	\$8.66	(\$0.62)	3.9%
Subtotal	\$87.95	\$0.44	39.4%
Private Real Estate			
Residential Development	\$2.98	-	1.3%
Student Accommodation	\$30.25	-	13.6%
Other Real Estate	\$16.66	\$0.04	7.5%
Subtotal	\$49.89	\$0.10	22.4%
Cash³	\$28.62	(\$0.98)	12.8%
Grand Total	\$223.02	\$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.

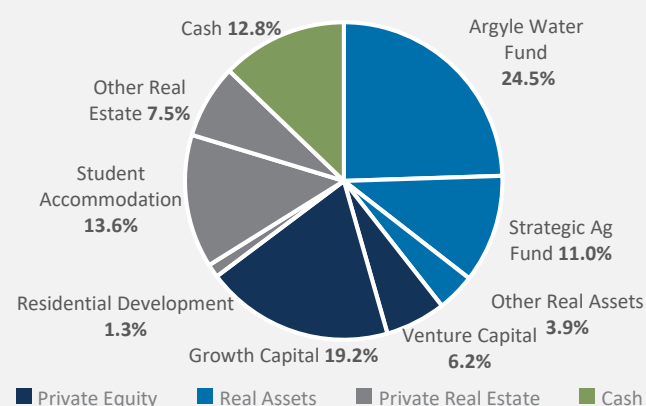
3. Includes capital to fund the remaining \$3.25 million of the \$25.0 million commitment to the Strategic Australian Agriculture Fund, which can be called at any time prior to July 2020.

Fund Performance⁴

Period	Pre-Tax	Post-Tax
1 month	(0.92%)	(0.57%)
3 months	1.27%	1.37%
6 months	1.65%	2.23%
12 months	4.98%	5.40%
3 year	6.95%	7.36%
Since inception (per annum)	7.65%	7.29%
Since inception (total) (compounding)	46.84%	44.28%

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

Sector Weightings



Note: Total allocation to the Argyle Water Fund (formerly the Blue Sky Water Fund) (including through the Strategic Australian Agriculture Fund) is 29.6% 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: BLA) ('Blue Sky') or Australian Alternative Asset Partners Pte. Ltd.

Summary

The pre-tax NTA of the Alternatives Fund decreased by 1.0 cent per share, or (0.9%) in August to \$1.1275 per share.

During the month, the Alternatives Fund made a provision for fair value adjustments in relation to ten funds in the portfolio (three upwards movements and seven downwards movements), which overall reduced NTA by 1.73 cents per share (pre-tax). The fair value adjustments were identified during the Alternatives Fund's year end valuation and audit process.

Investment Performance

Argyle Water Fund

The carrying value of the Alternatives Fund's investment in the Argyle Water Fund ('Water Fund') increased by 2.2% in August. The Water Fund is principally invested in Water Entitlements in the southern Murray-Darling Basin. This region, along with almost the entire eastern half of Australia, has been in the grip of what is now the worst drought in Australia's recorded rainfall history since the 1890s.

For the 2019/20 season, Argyle Investment Management Pty Limited has sold almost all the water allocated to the Water Fund either via forward contracts struck in February 2019 for delivery in October 2019, or in spot market sales since July 2019.

Growth Capital Portfolio

The Growth Capital portfolio was impacted by the provision for fair value adjustments.

Venture Capital Portfolio

The Venture Capital portfolio was impacted by the provision for fair value adjustments.

Student Accommodation Portfolio

As announced on 6 September 2019, a binding agreement was executed to sell all of the interests in the Atira student accommodation portfolio. The Alternatives Fund has invested \$24.5 million across eight funds in the Atira student accommodation portfolio since December 2014. Whilst final sale proceeds will depend on completion price adjustments and various retentions, it is anticipated that an aggregate return on invested capital of 1.4706x (including distributions received to date) will be received and an IRR of 10.80%, before tax and inclusive of fee rebates.

The sale is unconditional with settlement expected on 30 September 2019. The exit proceeds of approximately \$35.4 million will represent a 17% increase above the aggregate carrying value of \$30.3 million.

In addition, a further \$1.8 million may be received by the Alternatives Fund in post-completion receipts from the sale, however, the outcome and timing of this component is uncertain. Shareholders will be kept informed of these potential additional payments in future monthly NTA reports.

Distributions

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

- **SMG Fund II** ~ a 13.3% capital distribution.
- **Darra Industrial Income Fund** ~ a 2.6% quarterly distribution.
- **Revesby Industrial Income Fund** ~ a 1.8% quarterly distribution.
- **Blue Sky Private Equity QFS Fund** ~ a 0.5% distribution (excluding franking credits).
- **Hotel Fund** ~ a 2.0% semi-annual distribution.

The Alternatives Fund did not accrue any additional amounts for September.

Other Matters

Independent Valuations

As previously highlighted, the Manager rotated the primary independent valuer of the Alternatives Fund's assets during the calendar year to maintain independence. Final asset valuations and reviews were concluded during August with the Manager bringing to account a broad range of valuation adjustments to reflect the external review. The provision for fair value adjustments was made at the direction of the Board.

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.