

14 October 2019

Dear Shareholder

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

Following the payment of the final FY19 dividend of 4.0 cents per share, the pre-tax NTA of the Alternatives Fund decreased by 1.1 cents per share, or 1%, to \$1.1164 per share in September.

Overall, the Alternatives Fund had a strong month +3.44% driven by the recognition of the sale of the student accommodation portfolio at a level above the current carrying value combined with a further increase in the Water Fund and the quarterly revaluation of the Strategic Australian Agriculture Fund.

During the month, the Alternatives Fund continued its on-market share buy-back program and acquired an additional 301,637 shares at an average price of \$0.7752 representing a 31% discount to September's pre-tax NTA. The buy-back will recommence following lodgement of this report.

We look forward to bringing you our next regular update in relation to October 2019. Before then, and before the Annual General Meeting on 13 November, we will provide you with a further shareholder update.

Yours faithfully



Michael Cottier
Independent Non-Executive Chair

BLUE SKY ALTERNATIVES ACCESS FUND LIMITED

Post PO Box 15515, Brisbane QLD 4002
Phone +61 7 3505 6222
Email investorservices@blueskyalternativesfund.com.au

ADDRESS

Suite A, Level 10
241 Adelaide Street
Brisbane QLD 4000

ACN 168 941 704

blueskyfunds.com.au/alternativesfund

Monthly Update

September 2019

Net Tangible Assets – as at 30 September 2019¹

Net Tangible Assets (NTA) per share (pre-tax)	\$1.1164
Net Tangible Assets (NTA) per share (post-tax)	\$1.0903

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	\$42.26	(\$0.55)	19.2%
Venture Capital	\$14.18	\$0.43	6.4%
Subtotal	\$56.44	(\$0.12)	25.6%
Real Assets			
Water Fund	\$55.25	\$0.61	25.0%
Strategic Australian Agriculture Fund	\$25.69	\$1.04	11.7%
Other Real Assets	\$8.58	(\$0.08)	3.9%
Subtotal	\$89.52	\$1.57	40.6%
Private Real Estate			
Residential Development	\$1.23	(\$1.75)	0.6%
Student Accommodation ³	\$34.18	\$3.93	15.5%
Other Real Estate	\$16.85	\$0.19	7.6%
Subtotal	\$52.26	\$2.37	23.7%
Cash⁴	\$22.22	(\$6.40)	10.1%
Grand Total	\$220.44	(\$2.58)	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. The student accommodation portfolio has been sold with proceeds pending. Please refer to the detailed explanation on page 2.

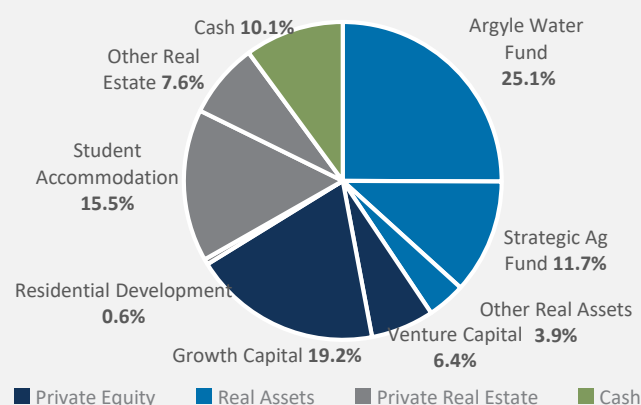
4. Includes capital to fund the remaining \$2.88 million of the \$25.0 million commitment to the Strategic Australian Agriculture Fund, which can be called at any time prior to July 2020.

Fund Performance⁵

Period	Pre-Tax	Post-Tax
1 month	3.44%	2.91%
3 months	2.82%	2.63%
6 months	5.05%	4.91%
12 months	6.79%	6.85%
3 year	7.17%	7.31%
Since inception (per annum)	8.22%	7.76%
Since inception (total) (compounding)	51.89%	48.48%

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

Sector Weightings



Note: Total allocation to the Argyle Water Fund (including through the Strategic Australian Agriculture Fund) is 30.5% 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

BSAF 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 or appointed US investment managers.

Summary

The pre-tax NTA of the Alternatives Fund decreased by 1.1 cents per share, or 1.0% in September to \$1.1164 per share driven by the payment of the final FY19 dividend of 4.0 cents per share. This was largely offset by a 3.44% increase to the portfolio resulting from the sale of the student accommodation portfolio, at a level above the current carrying value; combined with a further increase in the Argyle Water Fund and the quarterly revaluation of the Strategic Australian Agriculture Fund.

Investment Performance

Argyle Water Fund

The carrying value of the Alternatives Fund's investment in the Argyle Water Fund ('Water Fund') increased by 1.1% in September due to further valuation gains in the underlying water entitlements across the southern Murray-Darling Basin. Winter-Spring rainfall continued to be extremely low; river inflows have been in the lowest 5th percentile of historical records and drought conditions prevail. Consequently, irrigation water supplies are scarce. The markets for water allocations are working to ration supply to those with the highest value crop enterprises, including almonds, citrus, olives, table and wine grapes. Annual Summer crop production – rice, corn and cotton – is expected to be at record low levels. The Water Fund does not engage in buying water allocations that compete against irrigator farmers. Argyle Investment Management, the manager of the Water Fund, is widely regarded as a responsible manager of investments in the market having created mechanisms for farmer irrigators to access new capital, long term water leases, forward contracts for water supplies and access to surplus water storage capacity in order to conserve and carry water over from year to year to supplement their crop enterprise requirements across the climate cycle.

Agriculture Assets

The Premium Beef Development Fund is being wound up and is expected to be completed by December 2019 and realise, or marginally exceed, the current holding value. Faced with the risk of extended drought conditions and unsustainable feeding costs, the shareholders unanimously agreed to exit the business via an orderly sales process. The Angus breeding enterprise is being sold to an integrated beef producer located in northern Victoria and the herd's 2018 F1 Wagyu progeny are being sold once they reach feedlot entry weights.

Growth Capital Portfolio

The Growth Capital portfolio declined by 1.29% in the month of September with one asset reflecting weaker sales information. In addition, regular foreign exchange movements worked against the US investments. Discussions continue in relation to the sale of two assets and updates will be provided as outcomes become more certain.

Venture Capital Portfolio

The Venture Capital portfolio increased by 3.15% with some minor foreign exchange rate movements on investments.

Student Accommodation Portfolio

The Alternatives Fund invested \$24.5 million across eight funds in the Aтира student accommodation portfolio. As announced on 2 October 2019, the settlement of the sale of all of the interests in the Aтира student accommodation portfolio in which the Alternatives Fund invested has occurred.

Exit proceeds of \$34.2 million have been confirmed and are expected to be distributed progressively over the quarter, the first tranche of which the investment manager has indicated will be in October. Exit proceeds represent a 13.0% increase in the carrying value of the portfolio at 30 June (\$30.3 million). In addition, and pursuant to the Company's Management Services Agreement, the Alternatives Fund is entitled to receive rebates on performance fees payable to the underlying investment manager on specific assets. These will be rebated to the Alternatives Fund once received. The impact of this is to increase the effective return on the Aтира portfolio to 17% (\$35.6 million).

Residential Development Portfolio

The investment (\$2.0 million) in the residential development at 19 Railway Terrace Milton, Brisbane has now been exited. Final proceeds of \$1.6 million consistent with the current carrying value were received during September.

Distributions

During September no distributions were received by the Alternatives Fund.

The Alternatives Fund accrued distributions from the following funds in respect of the September quarter:

- **Darra Industrial Income Fund** ~ a 2.6% quarterly distribution.
- **Revesby Industrial Income Fund** ~ a 1.8% quarterly distribution.

For more information

Phone: +61 7 3505 6203

Website: www.blueskyfunds.com.au/alternativesfund

Email: investorservices@blueskyalternativesfund.com.au

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.

Quarterly Report

September 2019

BAF Unit Price Summary - Closed Ended Funds⁶

The following table provides a summary of the carrying values for the Alternatives Fund's portfolio.

Unit price band ⁷	# of funds	Weighted average months held	% of portfolio	Funds within band
≤ \$1.00 ⁸	20	40	23%	9 Growth Capital funds 3 Venture Capital funds 2 Real Assets funds 3 Residential Development funds 2 Student Accommodation funds 1 Other Real Estate fund
>\$1.00 - \$1.20	9	30	38%	3 Growth Capital funds 1 Real Assets fund 2 Student Accommodation funds 3 Other Real Estate funds
>\$1.20 - \$1.40	4	38	15%	2 Growth Capital funds 2 Student Accommodation funds
>\$1.40	7	43	20%	1 Growth Capital fund 3 Venture Capital funds 1 Real Assets Fund 2 Student Accommodation fund

6. Excludes the Blue Sky Water Fund which is marked to market monthly. Excludes the Duke Street Kangaroo Point Trust and Blue Sky Agriculture Fund as they are in the process of exiting.

7. Reflects current holding value of investment trust unit price for every \$1.00 allocated.

8. Under BAF's Investment Valuation Policy, new investments are typically held at less than or equal to \$1.00 less deployment costs for at least the first 12 months.

Quarterly Report

September 2019

BAF Exit Register – Open & Closed Ended Funds

No	Asset Class	Fund	Investment Date	Exit date	Investment	Exit value v holding value	Total proceeds (including yield, franking credits + fee rebates)	IRR	MM
1	Various	Investments fully exited pre FY18 (aggregated)	From Jun-14	To Jun-17	\$25.0m	n/a	\$31.6m	16%	1.2x
2	Private Equity	HPS	Dec-14	Jun-17 ⁹	\$3.5m	28%	\$7.1m	34%	2.0x
3	Private Real Estate	Grantson Street Windsor	Aug-14	Jun-17 ⁹	\$1.0m	4%	\$1.7m	22%	1.7x
4	Private Real Estate	Logan Road Greenslopes	Aug-14	Jun-17 ⁹	\$1.0m	-24%	\$1.1m	4%	1.1x
5	Private Real Estate	Duke Street Kangaroo Point	Sep-14	Oct-17	\$2.0m	n/a ¹⁰	\$2.4m	7% (to date)	1.2x (to date)
6	Private Equity	Early Learning Fund	Jun-14	Jun-18	\$4.0m	-17%	\$4.7m	4%	1.2x
7	Private Real Estate	Retirement Living – Corinda	Jun-16	Oct-18	\$3.0m	-20%	\$4.1m	16%	1.4x
8	Private Real Estate	Retirement Living – Maroochydore	Dec-16	Oct-18	\$3.0m	-7%	\$3.7m	13%	1.2x
9	Private Real Estate	Retirement Living – Middle Ridge	Dec-16	Oct-18	\$3.0m	25%	\$4.1m	20%	1.4x
10	Private Real Estate	Retirement Living – Lutwyche	Jun-17	Oct-18	\$2.5m	5%	\$2.8m	12%	1.1x
11	Private Real Estate	Retirement Living – Bilinga	Nov-17	Oct-18	\$3.0m	1%	\$3.3m	12%	1.1x
12	Real Assets	Agriculture Fund	Jun-14	Dec-18	\$4.4m	0% ¹⁰	\$6.8m	11% (to date)	1.5x (to date)
13	Private Real Estate	19 Railway Terrace Milton Trust	Sep-15	Sep-19	\$2.0m	0%	\$1.7m	-5%	0.8x
Weighted Average (excluding partially exited funds)						2%		17%	1.2x

Note: values may not add due to rounding.

9. Date initial exit proceeds were received.

10. Partially exited.

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September 2019

Portfolio Summary

Fund name	Amount invested ¹¹	Date invested ¹²	% allocated capital	Date of last independent valuation review ^{13, 14}	Description
Private Equity					
Growth Capital					
Wild Breads Fund	2,000,000	Jun-14	1.2%	Jun-19	Holds equity in Wild Breads Pty Ltd, a business in the artisan and specialty bread category.
Origo Education Fund	1,500,000	Jun-15	0.9%	Jun-19	Holds equity in Origo Education, an Australian business providing digital and print education instructional materials in the United States, Australia, Canada and New Zealand.
Hotels Fund	6,000,000	Jun-15	3.5%	Jun-19	Holds equity in the GM Hotels, a portfolio of freehold and leasehold hotels in South Australia.
Aquila Fund	4,000,000	Dec-15	2.3%	Jun-19	Holds equity in Aquila, an Australian retail business focusing on the men's footwear and smart casual fashion segment.
Digital Outdoor Advertising Fund	2,110,595	Feb-16	1.2%	Jun-19	Holds equity in a US-based business which constructs, owns and operates a network of digital billboards in a US metropolitan market.
QFS Fund	6,000,000	Dec-16	3.5%	Jun-19	Holds equity in Quality Food Services, a Queensland-based food and beverage wholesale and distribution business.
SMG Fund	2,500,000	Dec-16	1.4%	Jun-19	Holds equity in Shopper Media Group Pty Ltd, an out-of-home advertising business.
Wild Breads RCPS Fund	767,888	Apr-17	0.4%	Jun-19	A fund providing follow-on expansion capital into Wild Breads Pty Ltd.
Tourism Fund	3,000,000	May-17	1.7%	Jun-19	Holds equity in Active Adventures, a multi-national adventure tourism business based in Queenstown, New Zealand.
Better Medical Fund	3,000,000	May-17	1.7%	Jun-19	Holds equity in Better Medical, a group of general practice medical clinics.
Sunfresh Fund	3,000,000	Jun-17	1.7%	May-18	Holds equity in Sunfresh Salads, a food manufacturing business based in Adelaide. Asset review is pending and expected for Dec-19.
SMG Fund II	699,386	Oct-17	0.4%	Jun-19	A fund providing follow-on expansion capital into Shopper Media Group.
Energy Storage Fund	5,000,000	Nov-17	2.9%	Jun-19	Holds equity in esVolta, a battery storage developer based in the United States.
IT Consulting Fund	4,000,000	Dec-17	2.3%	Jun-19	Holds equity in Digital Lifecycle Group, an IT services and consulting company that supports enterprise and government clients in Australia.

Quarterly Report

September 2019

Portfolio Summary

Fund name	Amount invested ¹¹	Date invested ¹²	% allocated capital	Date of last independent valuation review ^{13, 14}	Description
Birch & Waite Fund	4,000,000	Dec-17	2.3%	Jun-19	Holds equity in Birch & Waite, a Sydney-based manufacturer of premium condiments, desserts and beverages.
Total Growth Capital	47,577,869		27.5%		
Venture Capital					
VC2014 Fund	4,000,000	Jun-14	2.3%	Jun-19	A fund invested in a diversified portfolio of 9 venture capital co-investments.
Shoes of Prey	1,000,000	Oct-15	0.6%	Jun-18	Holds equity in Shoes of Prey, a fashion footwear company that has developed a unique platform enabling customised women's footwear to be manufactured and sold 'on demand'. Asset marked at nil, no independent review performed.
Vinomofo Fund	3,000,000	Dec-15	1.7%	Jun-19	Holds equity in Vinomofo, an Australian online wine retailer.
aCommerce Fund	1,305,664	Jul-16	0.8%	Jun-19	Has an interest in aCommerce, a provider of outsourced e-commerce solutions in South East Asia.
aCommerce Fund 2	2,500,000	Nov-16	1.4%	Jun-19	A fund providing follow-on capital into aCommerce.
aCommerce Fund 3	1,144,501	Nov-17	0.7%	Jun-19	A fund providing follow-on capital into aCommerce.
Total Venture Capital	12,950,165		7.5%		
Total Private Equity	60,528,034		35.0%		
Real Assets					
Water Rights					
Water Fund	34,076,692	Jun-14	19.7%	August-19	A fund to invest in a regionally diversified portfolio of Australian Water Entitlements. Asset review is independently performed monthly.
Total Water Rights	34,076,692		19.7%		
Other Real Assets					
Agriculture Fund II	4,000,000	Oct-15	2.3%	Jun-19	Holds the freehold property and business assets comprising Hillston Citrus, an irrigated citrus orchard near Hillston in NSW.
Premium Beef Development Fund	2,000,000	Dec-16	1.1%	Jun-19	A fund to invest in certain elements of Australia's premium beef value chain.
Strategic Australian Agricultural Fund	25,000,000	Jun-17	14.5%	Jun-19	A fund to acquire and manage a diversified portfolio of Australian agricultural assets and Water Entitlements.

Quarterly Report

September 2019

Portfolio Summary

Fund name	Amount invested ¹¹	Date invested ¹²	% allocated capital	Date of last independent valuation review ^{13, 14}	Description
Solar Fund	2,234,761	Sep-17	1.3%	Jun-19	A fund that has developed and is operating a solar farm located in western Queensland.
Total Other Real Assets	33,234,761		19.2%		
Total Real Assets	67,311,453		38.9%		
Private Real Estate					
Residential Development Investments¹⁵					
Flora Street Greenslopes Trust	1,000,000	Jun-15	0.6%	Jun-18	A residential development of 107 apartments (15 one bedroom, 84 two bedroom and 8 three bedroom) in the South Brisbane suburb of Greenslopes.
Wellington Road East Brisbane Trust	2,000,000	Sep-15	1.2%	Jun-18	A residential development of 71 apartments (17 one bedroom, 46 two bedroom and 8 three bedroom) in the Brisbane suburb of East Brisbane.
Wellington Road East Brisbane Trust II	1,000,000	Nov-15	0.6%	Jun-18	The second stage of the Wellington Road East Brisbane development, consisting of 75 apartments (17 one bedroom, 50 two bedroom and 8 three bedroom).
Total Residential Developments	4,000,000		2.3%		

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September 2019

Portfolio Summary

Fund name	Amount invested ¹¹	Date invested ¹²	% allocated capital	Date of last independent valuation review ^{13, 14}	Description
Student Accommodation Investments¹⁶					
Student Accommodation Fund	1,500,000	Dec-14	0.9%	Jun-19	A social accommodation development project consisting of a 12 storey, purpose-built, 309 bed student accommodation building in the Brisbane suburb of Woolloongabba.
Student Accommodation Fund II	5,000,000	Mar-15	2.9%	Jun-19	A social accommodation development project consisting of a purpose-built, 874 bed student accommodation building in South Brisbane.
Student Accommodation Fund III	6,000,000	Jun-15	3.5%	Jun-19	A project to develop and operate a purpose-built, 771-bed student accommodation precinct on La Trobe Street in the Melbourne CBD in close proximity to six university campuses.
Student Accommodation Fund IV	3,500,000	Jun-15	2.0%	Jun-19	A social accommodation project to develop and operate a 448-bed purpose-built student accommodation facility in the West End of Adelaide.
Student Accommodation Fund V	3,000,000	Nov-15	1.7%	Jun-19	A project to develop and operate a purpose-built, 576-bed student accommodation precinct on Peel Street, North Melbourne opposite the University of Melbourne Parkville Campus.
Student Accommodation Fund VI	2,500,000	May-16	1.4%	Jun-19	A project to develop and operate a purpose-built, 532-bed student accommodation precinct on in the Brisbane suburb of Toowong, a short distance from the University of Queensland.
Student Accommodation Fund VII	2,500,000	Dec-16	1.4%	Jun-19	A project to develop and operate a purpose-built, 541-bed student accommodation precinct on A'Beckett Street in Melbourne, bordering RMIT and within walking distance to The University of Melbourne.
La Trobe Street Fund	517,627	Sep-17	0.3%	n/a	Provides further funding for the LaTrobe Street student accommodation project.
Total Student Accommodation	24,517,627		14.2%		

¹⁶ The sale of the Student Accommodation portfolio settled in September 2019.

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September 2019

Portfolio Summary

Fund name	Amount invested ¹¹	Date invested ¹²	% allocated capital	Date of last independent valuation review ^{13, 14}	Description
Other Real Estate Investments					
Industrial					
Darra Industrial Income Fund	2,000,000	Dec-14	1.2%	Jun-19	Holds the freehold title to a single-tenant industrial manufacturing, distribution and office facility in the Brisbane suburb of Darra. The asset is leased to Wild Breads Pty Ltd.
Revesby Industrial Income Fund	2,500,000	Dec-17	1.4%	Jun-19	Holds the freehold title to an industrial facility in Revesby, NSW. The asset is leased to Birch & Waite Foods Pty Ltd.
International					
Cove Property Group 2 Rector Street Trust	6,974,473	Feb-16	4.0%	Jun-19	A trust to acquire, reposition and lease a 26-storey building at 2 Rector Street in the Financial District, Manhattan, New York.
Cove Property Group 441 Ninth Avenue Trust	5,000,000	Nov-16	2.9%	Jun-19	A trust to acquire and redevelop an existing eight storey building at 441 Ninth Avenue, Manhattan, New York.
Total Other Real Estate	16,474,473		9.5%		
Total Private Real Estate	44,992,100		26.0%		
Total capital deployed	172,831,587		100.00%		

11. Total capital deployed or committed to date, inclusive of follow-on investments.

12. Date of initial investment.

13. Independent valuation reviews are subject to reviews by the Board, the Audit & Risk Committee and independent auditors.

14. Where the last valuation date reflects 'n/a', there has been no revaluation of the underlying asset as less than 12 months has passed since the initial investment date, or the asset is valued at nil.

15. Flora Street Greenslopes Trust, Wellington Road East Brisbane Trust, Wellington Road East Brisbane Trust II and the Agriculture Fund are largely exited or are contracted for sale. No further independent review is required.

For more information

Phone: +61 7 3505 6222

Website: www.blueskyfunds.com.au/alternativesfund

Email: investorservices@blueskyalternativesfund.com.au

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Quarterly Report

September 2019



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