

13 April 2016

Dear Shareholder

Blue Sky Alternatives Access Fund Limited (ASX:BAF) – Net Tangible Assets ('NTA') per share increase for March 2016

BAF is pleased to release its NTA report for the month ended 31 March 2016, with a pre-tax NTA increase to \$1.0804 per share, a gain of 0.26% for the month.

Valuation uplifts were achieved on the carrying value of several Private Equity and Private Real Estate investments during the month. These were partially offset by a negative performance in March from losses on the Alternatives Fund's Hedge Funds allocation.

- **Blue Sky Private Equity Hospital Pharmacy Services Fund** – HPS has continued to perform well and the uplift in earnings it has achieved as well as positive developments in relation to several of its strategic initiatives has resulted in a 13% valuation uplift
- **Residential Development Projects** – delivery of apartment sales and construction milestones has led to carrying value uplifts of 5.0-6.7% across three projects
- **Hedge Funds** – a reversal in equities markets through March led to a negative performance of -5.7% from the Alternatives Fund's Hedge Fund allocation.

During the month, Blue Sky's Private Real Estate team announced a funding joint venture with a division of Goldman Sachs, a leading global investment bank, which will see Goldman Sachs co-invest alongside BAF and other direct investors in the Student Accommodation Funds II, III, IV and V. We view this joint venture as a strong validation of the investment case supporting the \$19 million BAF has allocated to student accommodation projects, as well as a good example of the value of BAF's first right to secure a co-investment position in Blue Sky's new opportunity pipeline.

BAF 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.

Yours faithfully,



Andrew Champion
Executive Director

Important note

BSAAF Management Pty Ltd ABN 82 168 923 279 has prepared the information in this document. 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.

BSAAF MANAGEMENT PTY LTD

Post PO Box 15515, Brisbane QLD 4002
Phone +61 7 3270 7500
Fax +61 7 3270 7599
Email investorservices@blueskyfunds.com.au

HEAD OFFICE

Level 46
111 Eagle Street
Brisbane QLD 4000

ABN 82 168 923 279

blueskyfunds.com.au

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NET TANGIBLE ASSETS – AS AT 31 MARCH 2016¹

Net Tangible Assets (NTA) per share (pre tax)	\$1.0804
Net Tangible Assets (NTA) per share (post tax)	\$1.0529

1. NTA figures in this report are unaudited.

NET TANGIBLE ASSETS – SINCE INCEPTION²



PORTFOLIO VALUATION²

	Current value (\$'m)	% of Portfolio
PRIVATE EQUITY AND VENTURE CAPITAL		
Private Equity	\$26.74	19.6%
Venture Capital	\$7.47	5.5%
Subtotal	\$34.21	25.1%
REAL ASSETS		
Water Fund	\$31.81	23.3%
Other Real Assets	\$10.14	7.4%
Subtotal	\$41.95	30.7%
PRIVATE REAL ESTATE		
Residential Development	\$17.58	12.9%
Social and Commercial Asset Management	\$27.78	20.3%
Residential Asset Management	\$2.29	1.7%
Subtotal	\$47.66	34.9%
HEDGE FUNDS		
Hedge Funds	\$10.08	7.4%
Subtotal	\$10.08	7.4%
Cash	\$2.58	1.9%
GRAND TOTAL	\$136.49	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, which may be 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.

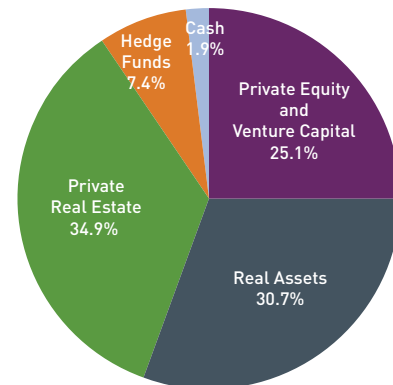
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FUND PERFORMANCE³

Period	Pre-Tax	Post-Tax
1 month	0.25%	0.23%
3 months	1.09%	0.84%
6 months	2.23%	1.86%
12 months	12.75%	9.86%

3. Includes NTA growth, dividends and franking credits.

SECTOR WEIGHTINGS



ABOUT THE ALTERNATIVES FUND

Blue Sky Alternatives Access Fund Limited ('Alternatives Fund') is a listed investment company that invests in a diverse range of alternative assets including:

- Private equity and venture capital;
- Real assets;
- Private real estate; and
- Hedge funds.

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

The primary objectives of the Alternatives Fund are to:

- Deliver long term absolute returns to shareholders, comprised of both capital appreciation and a dividend yield (franked to either 100% or the maximum extent possible);
- Provide investors with access to a diverse range of alternative assets; and
- 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 (ASX:BLA) ('Blue Sky').

Blue Sky has in excess of \$1.70 billion in assets under management and an eight year track record of generating overall returns to investors in its funds of 16.9% p.a. (net of fees, since inception).⁴

4. Overall returns to investors in Blue Sky managed funds are equity weighted. For more details, please refer to BLA's regular ASX announcements on the investment performance of its funds. Please also note that past performance is not a reliable indicator of future performance.

FURTHER INFORMATION

Executive Director: Andrew Champion

Executive Director Contact: achampion@blueskyfunds.com.au

Website: blueskyfunds.com.au/alternativesfund

Investor enquiries: investorservices@alternativesfund.com.au

Phone: +61 7 3270 7500

INVESTMENT PERFORMANCE

The pre-tax NTA of the Alternatives Fund increased by \$0.0028 per share or 0.26% in March to \$1.0804. Gains from a Private Equity investment and several Private Real Estate investments were partially offset by losses on the Alternatives Fund's Hedge Funds portfolio, leading to a minor overall increase in NTA.

- **Blue Sky Private Equity Hospital Pharmacy Services Fund**

The carrying value of the Alternatives Fund's investment in the Hospital Pharmacy Services Fund increased by 13% in March. HPS is Australia's largest outsourced hospital and oncology pharmacy services business.

The business has continued to scale earnings and deliver on its key strategic initiatives.

- **Residential Development Investments**

Three residential development projects achieved valuation uplifts in March. These projects have continued to deliver on sales targets and construction milestones with no adverse changes to the originally forecast returns.

Regina Street Greenslopes Trust – this 61 apartment development in South Brisbane (known as Cedar, Greenslopes) has achieved a 5.0% uplift

37 Regent Street Woolloongabba Trust – this 44 apartment development in South Brisbane (known as Empire, Woolloongabba) has achieved a 4.2% uplift

Main Street Kangaroo Point Trust – this 104 apartment development in East Brisbane (known as The Establishment, Kangaroo Point) has achieved a 6.7% uplift.

- **Hedge Funds**

The Alternatives Fund's investment in the Diversified Quant Fund returned -5.9% in March, with the Alternatives Fund's investment in the Dynamic Macro Fund returning -5.5%.

A sharp rebound in equities markets during late February and throughout March drove losses across positions with exposure to equities and interest rates. Further, some reversals in commodities markets also contributed to performance for the month.

We note that, despite losses this month, the Alternatives Fund's allocation to Hedge Funds has returned +1.4% for the March 2016 quarter.

NEW INVESTMENTS

The Alternatives Fund made no new investments in March.

UPDATE ON OTHER EXISTING INVESTMENTS

- **Blue Sky Enters Student Accommodation Joint Venture**

Blue Sky Private Real Estate has announced a funding joint venture with a subsidiary of Goldman Sachs, a leading global investment firm, which will co-invest alongside the Alternatives Fund, and other direct investors, in Student Accommodation Funds II, III, IV and V.

The Manager views this joint venture as a strong validation of the investment case supporting the \$19 million allocated to student accommodation projects, as well as a good example of the value of the Alternatives Fund's first right to secure a co-investment position in Blue Sky's new opportunity pipeline. We expect this joint venture to assist the Manager to further develop the student accommodation pipeline, which should result in more opportunities for the Alternatives Fund in due course.

DISTRIBUTIONS

The Alternatives Fund accrued the March quarter distribution from the Blue Sky Private Equity Hotels Fund, and received two distributions from its Real Estate investments, being the Management Rights Income Fund IV and Darra Industrial Income Fund.

SUMMARY OF CURRENT INVESTMENTS

Fund name	Amount invested ⁵	Date invested ⁶	% allocated capital	Target IRR ⁷	Anticipated exit ⁸	Description
PRIVATE EQUITY & VENTURE CAPITAL						
PRIVATE EQUITY						
Early Learning Fund	4,000,000	Jun-14	3.2%		CY16 - CY17	Holds equity in Foundation Early Learning Limited, a premium Australian child care operator.
Wild Breads Fund	2,000,000	Jun-14	1.6%		CY17 - CY18	Holds equity in Wild Breads Pty Ltd, a leading business in the rapidly growing artisan and specialty bread category in Australia.
Readify 2 Fund	2,800,000	Jun-14	2.2%		CY16 - CY17	Holds equity in Readify Pty Ltd, a leading Australian IT-services company focused on application development and platform deployment in the Microsoft environment.
Hospital Pharmacy Services Fund	3,500,000	Dec-14	2.8%		CY19 - CY20	Holds equity in Hospital Pharmacy Services Pty Ltd, Australia's largest outsourced hospital and oncology pharmacy business.
Origo Education Fund	1,500,000	Jun-15	1.2%		CY19 - CY20	Holds equity in Origo Education, a rapidly growing Australian business providing digital and print education instructional materials to in the United States of America, Australia, Canada and New Zealand.
Hotels Fund	6,000,000	Jun-15	4.8%		CY19 - CY20	Holds equity in the GM Hotels, a portfolio of three freehold and seven long-term leasehold hotels in South Australia.
Retail Fund ⁹	4,000,000	Dec-15	3.2%		CY19 - CY20	To hold equity in a branded Australian retail business.
Digital Outdoor Advertising Fund ⁹	2,110,595	Feb-16	1.7%		CY20 - CY21	To hold equity in a US-based business which will contract, own and operate a network of digital billboards in a major US metropolitan market.
Total Private Equity	25,910,595		20.7%		25.0% - 30.0%	

5. Total capital deployed to date, inclusive of follow-on investments and net of capital returned.

6. Date of initial investment.

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9. Confidentiality restrictions in force at the time of this report prohibit release of certain transaction details, including the name of the business invested in. Further information will be provided in future reports.

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Fund name	Amount invested ⁵	Date invested ⁶	% allocated capital	Target IRR ⁷	Anticipated exit ⁸	Description
VENTURE CAPITAL						
VC2014 Fund	4,000,000	Jun-14	3.2%		CY20	A fund to invest in a diversified portfolio of venture capital investments, including Parcel Point/ Fluent Retail, Shoes of Prey, THRIVE and Eloquii.
Shoes of Prey Fund	1,000,000	Oct-15	0.8%		CY20	Holds equity in Shoes of Prey, a rapidly growing fashion footwear company that has developed a unique platform enabling customised women's footwear to be manufactured and sold 'on demand'.
Vinomofu Fund	3,000,000	Dec-15	2.4%		CY19 - CY20	Holds equity in Vinomofu, Australia's leading pure-play online wine retailer.
Total Venture Capital	8,000,000		6.4%	30.0%		
Total Private Equity & Venture Capital	33,910,595		27.1%			
REAL ASSETS						
WATER RIGHTS						
Water Fund	24,000,000	Jun-14	19.2%		Open-ended	Invests in a diversified portfolio of agricultural water entitlements, largely in the Southern Murray-Darling Basin.
Total Water Rights	24,000,000		19.2%	10.0% - 14.0%		
OTHER REAL ASSETS						
Agriculture Fund	4,365,000	Jun-14	3.5%		CY20	Holds equity in Gundaline Pty Ltd, the owner and operator of a large-scale irrigated cropping business east of Hay in NSW.
Agriculture Fund II	4,000,000	Oct-15	3.2%		CY22	Holds the freehold property and business assets comprising Hillston Citrus, an irrigated citrus orchard near Hillston in NSW.
Water Utilities Australia Fund II	2,500,000	Oct-14	2.0%		CY18	Holds equity in Water Utilities Group, which owns and operates a portfolio of high-quality water infrastructure assets.
Total Other Real Assets	10,865,000		8.7%	15.0%		
Total Real Assets	34,865,000		27.9%			

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SUMMARY OF CURRENT INVESTMENTS (CONT.)

Fund name	Amount invested ⁵	Date invested ⁶	% allocated capital	Target IRR ⁷	Anticipated exit ⁸	Description
PRIVATE REAL ESTATE						
RESIDENTIAL DEVELOPMENT INVESTMENTS						
Regina Street Greenslopes Trust	1,000,000	Jun-14	0.8%		1H FY17	A residential development of 61 apartments (29 one bedroom and 32 two bedroom) in the South Brisbane suburb of Greenslopes.
37 Regent Street Woolloongabba Trust	1,000,000	Jun-14	0.8%		1H FY17	A residential development of 44 apartments (9 one bedroom and 35 two bedroom) in the South Brisbane suburb of Woolloongabba.
Alice Street Kedron Trust	1,000,000	Jul-14	0.8%		2H FY16	A residential development of 38 apartments (5 one bedroom and 33 two bedroom) in the North Brisbane suburb of Kedron.
Logan Road Greenslopes Trust	1,000,000	Aug-14	0.8%		1H FY17	A residential development of 53 apartments (12 one bedroom, 36 two bedroom and 5 three bedroom) in the South Brisbane suburb of Greenslopes.
Main Street Kangaroo Point Trust	2,000,000	Aug-14	1.6%		2H FY17	A residential development of 105 apartments (25 one bedroom, 72 two bedroom and 8 three bedroom) in the Central Brisbane suburb of Kangaroo Point.
Grantson Street Windsor Trust	1,000,000	Aug-14	0.8%		1H FY17	A residential development of 65 apartments (2 one bedroom, 49 two bedroom and 14 three bedroom) in the North Brisbane suburb of Windsor.
Duke Street Kangaroo Point Trust	2,000,000	Sep-14	1.6%		2H FY17	A residential development of 82 apartments (28 one bedroom, 50 two bedroom and 4 three bedroom) in the Central Brisbane suburb of Kangaroo Point.
Flora Street Greenslopes Trust	1,000,000	Jun-15	0.8%		1H FY18	A residential development of 112 apartments (30 one bedroom and 82 two bedroom) in the South Brisbane suburb of Greenslopes.
19 Railway Terrace Milton Trust	2,000,000	Sep-15	1.6%		1H FY18	A residential development of 82 apartments (11 one bedroom, 65 two bedroom and 6 three bedroom) in the Brisbane suburb of Milton.
Wellington Road East Brisbane Trust	2,000,000	Sep-15	1.6%		1H FY18	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	0.8%		2H FY18	The second stage of the Wellington Road East Brisbane development, consisting of 75 apartments (17 one bedroom, 50 two bedroom and 8 three bedroom).
High Street Lutwyche Trust	1,000,000	Nov-15	0.8%		2H FY18	A residential development of 59 apartments (14 one bedroom, 44 two bedroom and 1 three bedroom) in the North Brisbane suburb of Lutwyche.
Total Residential Development investments	16,000,000		12.8%	20.0% - 25.0%		

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6. Date of initial investment.

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SUMMARY OF CURRENT INVESTMENTS (CONT.)

Fund name	Amount invested ⁵	Date invested ⁶	% allocated capital	Target IRR ⁷	Anticipated exit ⁸	Description
SOCIAL AND COMMERCIAL ASSET MANAGEMENT INVESTMENTS						
Darra Industrial Income Fund	2,000,000	Dec-14	1.6%		CY20 - CY22	To hold the freehold title to a 3,479m ² single-tenant industrial manufacturing, distribution and office facility sited on a 7,254m ² land holding in the Brisbane suburb of Darra.
Student Accommodation Fund	1,500,000	Dec-14	1.2%		CY20 - CY22	A project to develop and operate a purpose-built, 286 bed student accommodation precinct in the Brisbane suburb of Woolloongabba, close to several large tertiary education institutions.
Student Accommodation Fund II	5,000,000	Mar-15	4.0%		CY20 - CY22	A project to develop and operate a purpose-built, 733 bed student accommodation precinct in the Brisbane suburb of South Brisbane, close to several large tertiary education institutions.
Student Accommodation Fund III	6,000,000	Jun-15	4.8%		CY20 - CY22	A project to develop and operate a purpose-built, 789-bed student accommodation precinct on La Trobe Street in the Melbourne CBD and in close proximity to six university campuses.
Student Accommodation Fund IV	3,500,000	Jun-15	2.8%		CY20 - CY22	A project to develop and operate a purpose-built, 415 bed student accommodation precinct on Waymouth Street in Adelaide's West End, close to Uni SA, Adelaide Uni and a new \$3b health and biomedical precinct.
Student Accommodation Fund V	3,000,000	Nov-15	2.4%		CY20 - CY22	A project to develop and operate a purpose-built, 175-bed student accommodation precinct on Peel Street, North Melbourne opposite the University of Melbourne Parkville Campus.
Cove Property Group 2 Rector Street Trust	6,974,473	Feb-16	5.6%		CY23	A trust to acquire, reposition and lease up a 26 storey building at 2 Rector Street in the Financial District, Manhattan, New York.
Total Social and Commercial Asset Management Investments	27,974,473		22.4%	13.0% - 18.0%		
RESIDENTIAL ASSET MANAGEMENT INVESTMENTS						
Management Rights Income Fund IV	2,200,000	Oct-14	1.8%		CY17	Management rights for the 3 tower, 788 apartment 'Southport Central' precinct on the Gold Coast, plus the freehold title to the manager's office.
Total Residential Asset Management investments	2,200,000		1.8%	12.0% - 16.0%		
Total Private Real Estate	46,174,473		36.9%			

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Fund name	Amount invested ⁵	Date invested ⁶	% allocated capital	Target IRR ⁷	Anticipated exit ⁸	Description
HEDGE FUNDS						
Alliance Fund (Diversified Quant)	5,015,200	Jun-14	4.0%		Open-ended	A portfolio of quantitative trading strategies, diversified across currency, commodity, equity and interest rate markets, utilising derivatives and short selling in its strategy execution and a quantitative method of allocating risk.
Alliance Fund (Dynamic Macro)	5,000,000	Dec-15	4.0%		Open-ended	A portfolio of quantitative trading strategies, diversified across currency, commodity, equity and interest rate markets, utilising derivatives and short selling in its strategy execution and an econometric method of allocating risk.
Total Hedge Funds	10,015,200		8.0%	Cash + 6.0% - 10.0%		
Total portfolio	124,965,269		100.0%			

5. Total capital deployed to date, inclusive of follow-on investments and net of capital returned.

6. Date of initial investment.

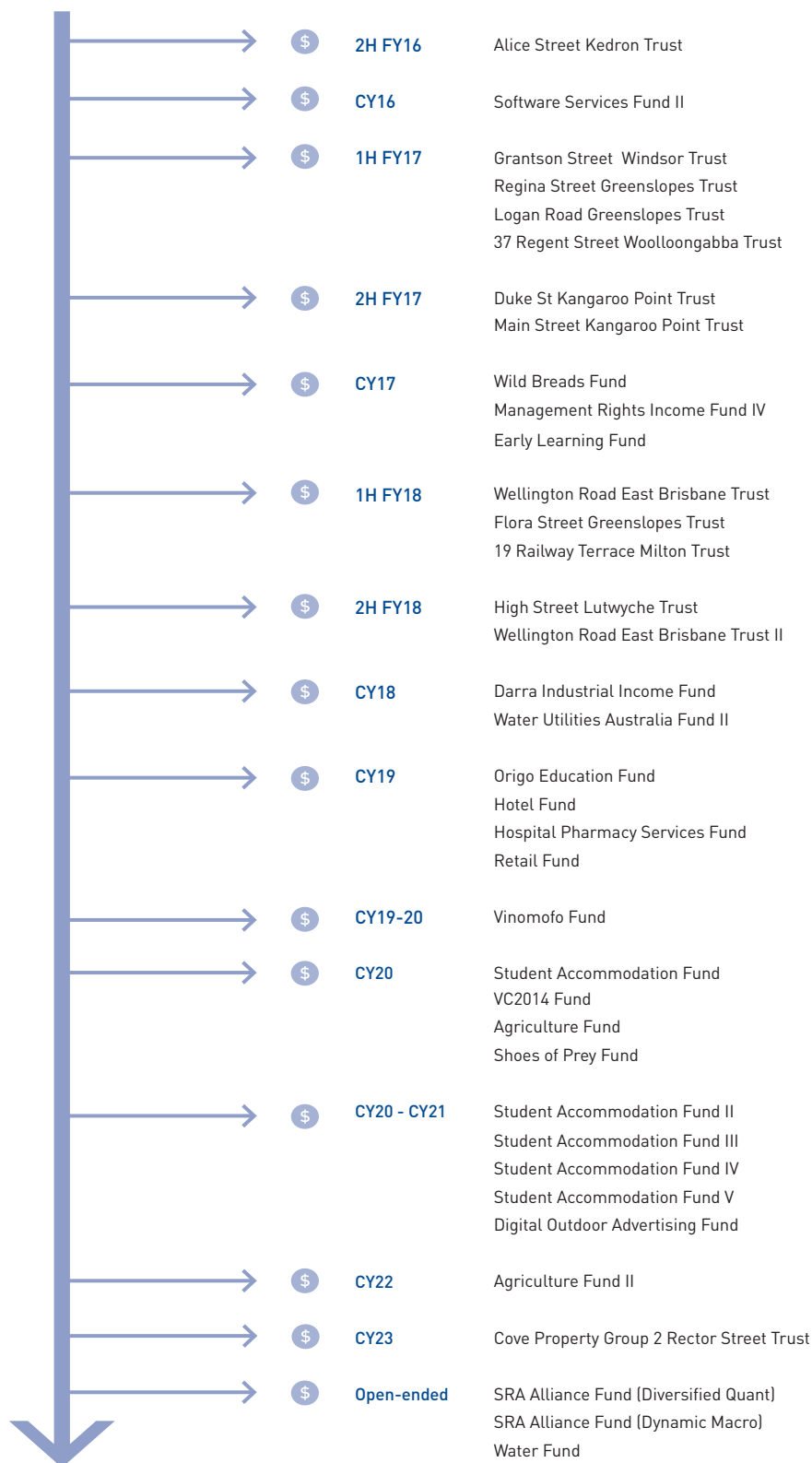
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TIMELINE - EXIT HORIZON FOR ALL INVESTMENTS⁸

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⁸ These dates reflect the most recent information provided to the Manager by the manager of the relevant fund. An exit in this context generally refers to a disposal of the underlying fund assets by the fund's manager rather than the disposal by the Alternatives Fund of its investment (for which there is typically no secondary market or redemption mechanism). These dates are subject to change at the discretion of the relevant fund's manager taking into account factors including investment performance and prevailing market conditions.

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