

## INVESTMENT PERFORMANCE OF FUNDS

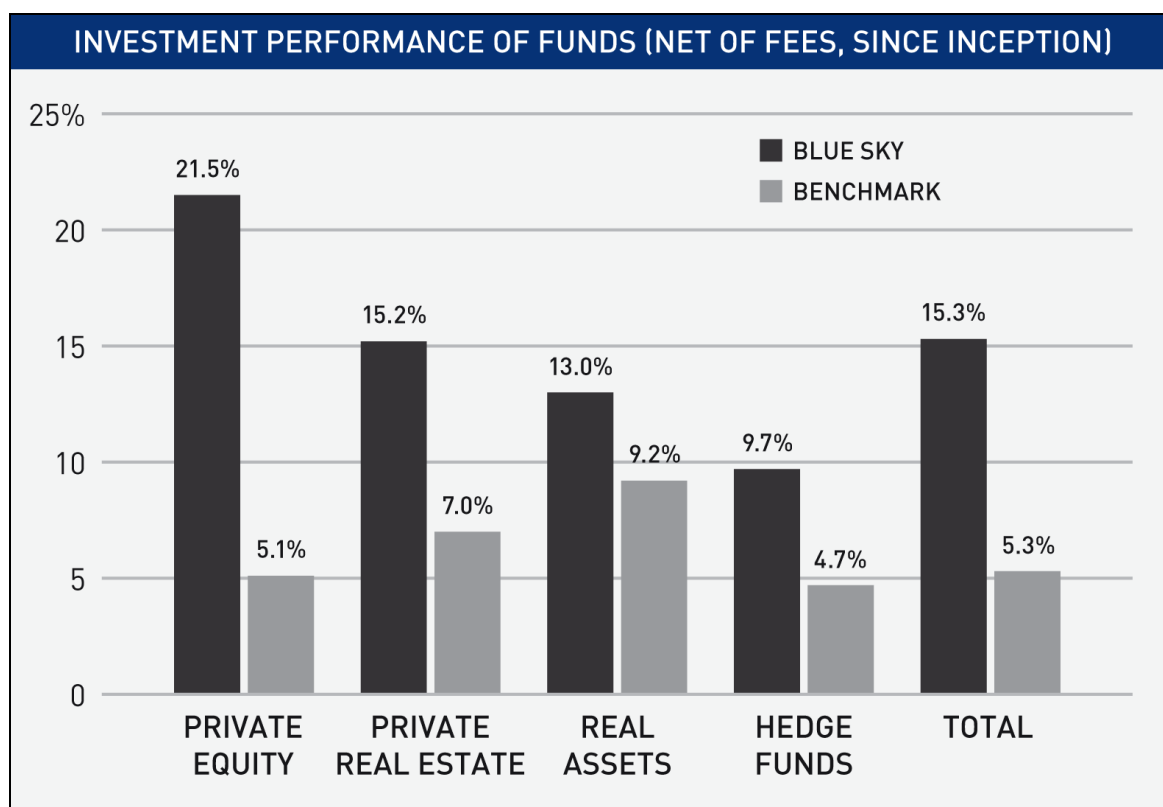
**16 March 2015**

The Board of Blue Sky Alternative Investments Limited (ASX: BLA) (Blue Sky) provides the following update on the investment performance of funds and investments managed by the company on behalf of investors.

Blue Sky is exposed to the investment performance of these funds through the generation of performance fees and equity owned by the company in those funds. In addition, this investment performance represents the collective investment track record of Blue Sky's investment managers which plays an important role in the company's ability to increase Assets Under Management (AUM).

Since inception in July 2006, the company has generated an internal rate of return (IRR) across its funds of **15.3% p.a. net of fees** on an equity-weighted basis to 31 December 2014.

The Board of Directors acknowledges the investment performance of the company's funds is an important driver of value and will continue to provide this update every six months following the completion of half yearly reviews of the investment portfolio.



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## Notes to investment returns:

Fund	Basis of valuation	Benchmark
<b>Hedge Funds</b> (inception: Feb 2006)	<ul style="list-style-type: none"> <li>Valued daily by an independent third party fund administrator.</li> </ul>	<ul style="list-style-type: none"> <li>Average of Chant West - Hedge Fund performance over 7 years and 10 years.<sup>1</sup></li> </ul>
<b>Real Assets</b> (inception: Aug 2012)	<ul style="list-style-type: none"> <li>Valued monthly by an independent third party fund administrator.</li> </ul>	<ul style="list-style-type: none"> <li>Average of Chant West - Unlisted Infrastructure performance over 1 and 3 years.<sup>2</sup></li> </ul>
<b>Private Equity</b> (inception: Oct 2006)	<ul style="list-style-type: none"> <li>Realised investments valued on the basis of cash returns to investors.</li> <li>Unrealised investments valued: <ul style="list-style-type: none"> <li>At least annually by an independent third party valuer (after the end of each financial year) for those investments where Blue Sky is likely to earn a performance fee; and</li> <li>Otherwise based on half yearly management review.</li> </ul> </li> <li>Investments in the first eighteen months of the investment period are held at cost (and not included in reported returns) unless there has been a material change in valuation.</li> </ul>	<ul style="list-style-type: none"> <li>Chant West – Private Equity performance over 7 years (10 year data not available).<sup>2</sup></li> </ul>
<b>Private Real Estate</b> (inception: Jan 2007)	<ul style="list-style-type: none"> <li>Realised investments valued on the basis of cash returns to investors.</li> <li>Unrealised investments based on management estimates, with reference to the latest third party feasibility study for each investment.</li> <li>Investments in the first eighteen months of the investment period are typically held at cost (and not included in reported returns) unless there has been a material change in valuation.</li> </ul>	<ul style="list-style-type: none"> <li>Average of Chant West – Australian Unlisted Property performance over 7 years and 10 years.<sup>1</sup></li> </ul>
<b>Overall</b> (inception: Jul 2006)		<ul style="list-style-type: none"> <li>ASX200 accumulation index since July 2006.</li> </ul>

1. Published 20 January 2015

2. Benchmarks from Chant West's previous media release (22 July 2014) used as these asset classes were not available for inclusion in Chant West's 20 January 2015 media release.

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