

## INVESTMENT PERFORMANCE OF FUNDS

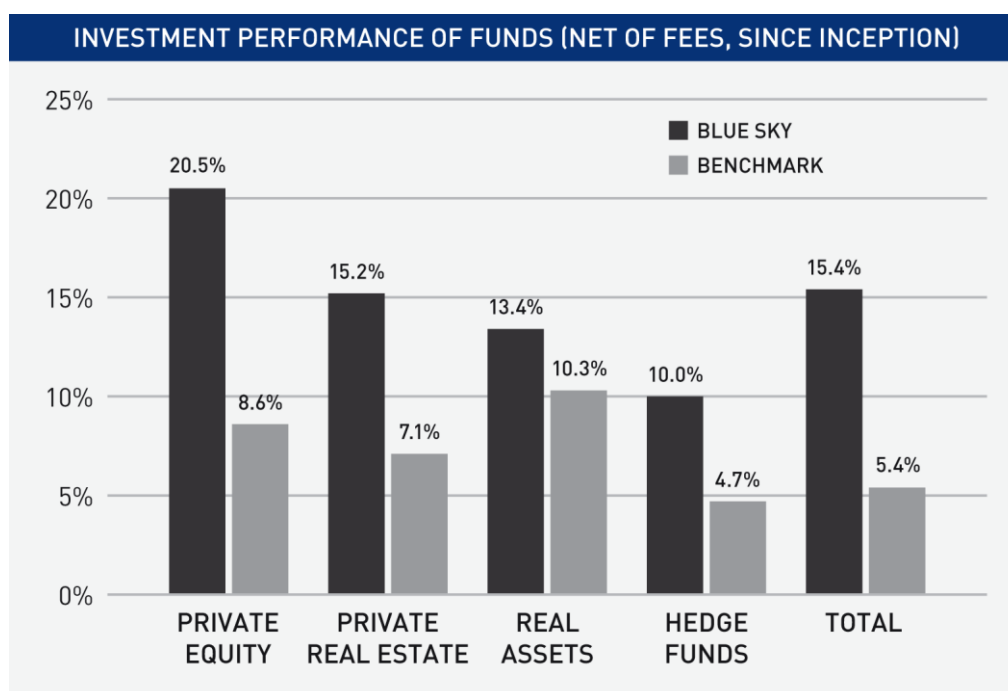
**24 August 2015**

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 **15.4% p.a. net of fees** on an equity-weighted basis to 30 June 2015.

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>The Blue Sky Water Fund is valued monthly by an independent third party fund administrator.</li> <li>Other Real Assets investments are valued on the same basis as outlined below for Private Equity investments.</li> </ul>	<ul style="list-style-type: none"> <li>Chant West - Unlisted Infrastructure performance over 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>Average of Chant West – Private Equity performance over 7 years and 10 years.<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 valuation 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>2</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. Benchmarks from Chant West's previous media release (20 January 2015) used as these asset classes were not available for inclusion in Chant West's 20 July 2015 media release.

2. Published 20 July 2015.

For further enquiries, please contact:

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