

3 December 2018

**Blue Sky Alternatives Access Fund Limited (ASX: BAF) (BAF)
Update on Wilson Asset Management International Pty Limited (WAM) Proposal**

The BAF board has received the attached letter from WAM in respect of WAM's proposal to be appointed as manager of BAF.

As previously announced, the newly constituted board of BAF is working towards finalising BAF's investment manager arrangements. As part of that process the BAF board will have due regard to this latest correspondence received from WAM.

For more information, please contact:

Leyya Taylor
Company Secretary
Blue Sky Alternatives Access Fund Limited

Telephone: (07) 3270 7500
Email: ltaylor@blueskyfunds.com.au
Website: blueskyfunds.com.au/alternativesfund

Michael Cottier
Chairman, BlueSky Alternatives Access Fund Limited
Suite 22.02, Level 22, Australia Square
264-278 George Street
Sydney NSW 2000

3 December 2018

Dear Mr Cottier,

Wilson Asset Management is committed to managing BAF

I am writing to reconfirm Wilson Asset Management's intention to execute the proposal we have provided to the Blue Sky Alternative Access Fund Limited (BAF) Board of Directors, following the decision by Pinnacle Investment Management Group Limited (ASX: PNI) to withdraw its proposal to manage BAF. We would like to thank Paul Masi for guiding BAF through a very challenging period, and for the energy and countless hours he has committed to BAF over four years, as well as acknowledging Peter Wade and Andrew Champion for their contributions. We would also like to congratulate you on your appointment as Chairman, and Kym Evans and John Baillie on their appointments as Independent Directors.

We believe that our proposal to reposition Blue Sky Alternatives Access Fund Limited (BAF) as a multi-manager diversified alternatives fund would deliver significant benefits to shareholders. Our proposal will provide BAF shareholders with:

1. a strong independent investment and management team and independent Board;
2. superior growth potential and access to our specialisation in listed investment companies (LICs); and
3. a renewed focus on alternative assets.

1. A strong independent investment and management team and independent Board

Wilson Asset Management will utilise an investment committee and its highly experienced investment professionals to assist in the deployment of the multi-manager mandate and will provide shareholder engagement, marketing, finance and administration services for the company.

Under my guidance as Chief Investment Officer, we would look to utilise Adrian Siew in the investment team of Wilson Asset Management to oversee the management of the underlying BAF investment portfolio. Mr Siew has over 22 years' experience in investment markets, specialising in private equity and alternative asset classes.

We would also look to appoint Andy Smith to the investment committee tasked with the oversight of the investment portfolio of BAF. We believe Mr Smith is the most experienced alternative asset manager currently available in Australia. Mr Smith has over 30 years' direct experience in alternative asset investment markets who previously worked as a strategic advisor in the area of alternative assets, private equity and private debt for Sovereign Wealth Funds (including the Future Fund and NZ Super) and other LP institutions.

Under our proposal, Mr Siew and I would also be appointed to the Board. With the three independent Directors, our proposal would deliver an independent Board of Directors.

2. Superior growth potential and Wilson Asset Management's specialisation in listed investment companies

Wilson Asset Management is responsible for over \$3.0 billion in shareholder capital on behalf of almost 80,000 retail and wholesale investors across six LICs and one wholesale unit trust. Wilson Asset Management also created and is the lead supporter of two listed philanthropic wealth creation vehicles that are highly diversified funds of funds, Future Generation Investment Company Limited (FGX) and Future Generation Global Investment Company Limited (FGG). Wilson Asset Management employs 11 highly experienced investment professionals with combined experience of more than 140 years. Wilson Asset Management is a specialist LIC manager with a strong track record of engaging with shareholders and marketing the LICs for which it is the investment manager.

We believe we have the ability to return the BAF share price to a premium to its underlying net tangible asset (NTA) value and then grow the company. We have successfully grown the Future Generation fund of fund LICs (FGX and FGG) from nothing to over \$1 billion in only four years. WAM Capital Limited, Wilson Asset Management's oldest LIC, has also successfully grown from approximately \$20 million in assets to a market capitalisation of over \$1.6 billion over the past 19 years.



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3. A renewed focus on alternative assets

Our investment approach would focus on:

- preserving core elements of current unique product attributes across the portfolio;
- expanding the mandate to allocate the portfolio across a select list of alternative asset managers that represent the best of each associated industry/asset category; and
- where applicable, introduce private market investment classes, including debt and infrastructure.

We look forward to engaging with you and your fellow Directors further with regard to our proposal, as well as with Blue Sky Alternative Investments Limited (ASX: BLA), and its subsidiary, BSAAF Management Pty Ltd (BSAAF), the current investment manager. If you have any questions or queries, please contact me on (02) 9247 6755 or Chief Financial Officer, Jesse Hamilton on (02) 9258 4953 or 0401 944 807.

Yours sincerely,

Geoff Wilson AO
Chairman