BlueSky Alternatives Access Fund

Notice of Extraordinary General Meeting

Blue Sky Alternatives Access Fund Limited
ACN 168 941 704 (Company)

TUESDAY, 8 SEPTEMBER 2020
3:00 pm (Sydney time)

Via virtual meeting on https://agmlive.link/BAFEGM20

Notice of Extraordinary General Meeting

This notice of Extraordinary General Meeting is an important document and should be read in its entirety.

If you are unable to attend the Extraordinary General Meeting, please complete the enclosed Proxy Form and return it in accordance with the instructions set out in this notice.

The Extraordinary General Meeting of Blue Sky Alternatives Access Fund Limited (the **Company**) will be held on Tuesday, 8 September 2020 at 3:00 pm (Sydney time) virtually through an online platform at https://agmlive.link/BAFEGM20 (the **Meeting** or **EGM**).

IMPORTANT: The resolutions set out in this Notice of Extraordinary General Meeting (**Notice**) should be read in conjunction with the Explanatory Memorandum which follows.

Special Business

RESOLUTION 1 – APPROVAL TO TERMINATE EXISTING MANAGEMENT AGREEMENT AND ENTRY INTO A NEW MANAGEMENT AGREEMENT

To consider, and if thought fit, pass the following as an **ordinary** resolution:

> *"THAT, the Company be authorised to terminate the management services agreement between the Company and BSAAF Management Pty Ltd dated 6 May 2014 and enter into an investment management agreement with Wilson Asset Management (International) Pty Limited on the terms summarised in the explanatory memorandum accompanying the notice of meeting".*

RESOLUTION 2 – APPROVAL TO CHANGE COMPANY NAME AND CONSTITUTION

To consider, and if thought fit, pass the following as a **special** resolution on a poll:

> *"THAT, subject to Resolution 1 being passed:*
>
> *(a) the name of the Company be changed to WAM Alternative Assets Limited; and*
>
> *(b) all references in the Company's constitution to "Blue Sky Alternatives Access Fund Limited" be amended to "WAM Alternative Assets Limited" upon the change of the Company's name".*

By order of the Board

Michael Cottier
Chair

Date: 7 August 2020

Notes to Notice of Extraordinary General Meeting

Virtual participation

In accordance with the Corporations Act (as modified by the *Corporations (Coronavirus Economic Response) Determination (No. 1) 2020*), the Board has determined that Shareholders will only be able to participate in the Meeting through an online platform.

Shareholders who wish to participate in the Meeting may do so from their computer or mobile device by entering the following URL in their browser:

https://agmlive.link/BAFEGM20

and entering your full name, email address, contact number and company name (if applicable) for registration purposes.

Shareholders participating in the Meeting using the online platform will be able to cast direct votes between the commencement of the Meeting on Tuesday, 8 September 2020 at 3:00 pm (Sydney time), and the closure of voting as announced by the Chairman during the Meeting.

How to vote

The Board strongly encourages lodgement of proxy votes prior to the Meeting so the Meeting can be held in an efficient manner. You can complete the accompanying Proxy Form and return it in accordance with the instructions provided as soon as possible. Alternatively, you can lodge your votes online via the share registry's website at www.linkmarketservices.com.au or by email to vote@linkmarketservices.com.au.

If you are attending the Meeting virtually through the online platform at https://agmlive.link/BAFEGM20, to obtain a voting card or lodge a question, Shareholders will need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN). Proxyholders will need their proxy code, which Link Market Services will provide via email on the day prior to the EGM.

Voting entitlement

For the purpose of voting at the Meeting, persons holding fully paid ordinary shares in the capital of the Company at 3:00 pm (Sydney time) on Sunday, 6 September 2020 will be treated as shareholders of the Company. This means that if you are not the registered holder of a relevant share at that time, you will not be entitled to vote in respect of that share at the Meeting.

All resolutions at the Meeting will be conducted by poll.

Voting exclusions

For the purposes of the ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 1 by or on behalf of Wilson Asset Management (International) Pty Limited or any associates of Wilson Asset Management (International) Pty Limited.

However the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the direction given to the Chair to vote on the resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary providing the following conditions are met:
    - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
    - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

For the purpose of this voting exclusion, the relevant interpretation of associate is the interpretation in chapter 19 of the ASX Listing Rules.

Notes to Notice of Extraordinary General Meeting - continued

Voting by proxy

You may appoint any person to attend the Meeting and vote as your proxy, including the Chair. A proxy is not required to be a shareholder of the Company. A Proxy Form accompanies this Notice. Please provide the email address of your proxy so the share registry can forward the proxy code to your proxyholder to allow them to vote at the virtual meeting on your behalf.

How is the proxy to vote

Unless the proxy is required by law to vote, the proxy may decide whether or not to vote on any particular item of business. If the appointment of proxy directs the proxy to vote on an item of business in a particular way, the proxy may only vote on that item as directed. Any undirected proxies on a given resolution may be voted by the appointed proxy as they choose, subject to the voting exclusions described on the previous page.

Appointing more than one proxy

A shareholder entitled to cast two or more votes may appoint two proxies. If you appoint two proxies, you may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number of votes is specified, each proxy may exercise half of your votes (disregarding fractions).

How to appoint a proxy

You can appoint a proxy in the following ways:

- ONLINE: www.linkmarketservices.com.au

  Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgment facility, shareholders will need their 'Holder Identifier' (Security Holder Reference (SRN) or Holder Identification Number (HIN), as shown on the front of the Proxy Form).
- BY EMAIL: vote@linkmarketservices.com.au
- BY MAIL: Blue Sky Alternatives Access Fund Limited

  c/o Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235
- BY FAX: In Australia: (02) 9287 0309

  From outside Australia: +61 2 9287 0309
- BY HAND: Delivering it to

  Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

  or

  Level 12, 680 George Street
Sydney NSW 2000

To be valid, your proxy appointment must be made online or your Proxy Form must be received no later than 3:00 pm (Sydney time) on Sunday, 6 September 2020 (being 48 hours before the commencement of the Meeting).

If the Proxy Form is signed by an attorney, the power of attorney or a certified copy of it must be sent with the Proxy Form.

Chair's intention

The Chair intends to vote all valid undirected proxies received in favour of each resolution subject to the voting exclusions on the previous page.

If you have any queries on how to cast your votes please email the Company at investorservices@blueskyalternativesfund.com.au.

Explanatory Memorandum

This document relates to an Extraordinary General Meeting (EGM) of the Company at which the proposal to change the Company's investment manager is to be considered.

This Explanatory Memorandum forms part of the notice convening the EGM of the Company to be held on Tuesday, 8 September 2020 at 3:00 pm (Sydney time) virtually through an online platform at https://agmlive.link/BAFEGM20.

Information relevant to the business to be conducted at the EGM is provided in this Explanatory Memorandum.

You should read this Explanatory Memorandum in its entirety before making a decision in relation to the resolutions to be considered at the EGM.

Please refer to the Glossary in section 7 for definitions of terms used in this Explanatory Memorandum.

If you have any queries on the matters to be considered at the EGM please email the Company at investorservices@blueskyalternativesfund.com.au.

This is an important document and requires your immediate attention.

Shareholders should seek legal, financial or other professional advice specific to your circumstances.

Explanatory Memorandum - continued

1. OVERVIEW OF THE PROPOSAL

1.1 Overview

A summary of the key terms of the Proposal is as follows:

- The Company has finalised a new investment management agreement (**New Investment Management Agreement**) with Wilson Asset Management (International) Pty Limited (**Wilson Asset Management**). The New Investment Management Agreement will be effective from the Effective Date, subject to receiving shareholder approval at the EGM.
- The Company has also entered into a termination deed with BSAAF, Wilson Asset Management, certain Fund Level Managers and fund trustees (**Blue Sky Termination Deed**) governing the terms on which the Company and BSAAF have agreed to the mutual termination of the existing BSAAF management services agreement (**Blue Sky Management Agreement**) from the Effective Date.
- The Company, BSAAF and Wilson Asset Management have agreed on certain transitional service arrangements under a Transitional Services Agreement.
- The Company, Wilson Asset Management, and certain Fund Level Managers have agreed on ongoing arrangements in relation to existing investments by the Company in BLA managed funds (**Existing BLA Investments**).
- A new Investment Strategy will be implemented under the New Investment Management Agreement. The Investment Strategy is as agreed by the Company and Wilson Asset Management from time to time, being initially the current investment portfolio of alternative assets (being those asset classes that display different risk and return characteristics to traditional asset classes such as listed equities and bonds) and to invest in alternative assets including real assets, private equity, private real estate, debt, infrastructure, listed or unlisted securities, open or closed ended funds and hedge funds. The Investment Strategy includes the investment strategy set out in section 4.3 of this Explanatory Memorandum.

If the Proposal is implemented:

- Wilson Asset Management has proposed to the Board that Geoff Wilson and Adrian Siew be appointed to the Company's Board of Directors, and the Directors propose to resolve to appoint Geoff Wilson and Adrian Siew to the Board. At this stage, no other changes are being proposed to the Company's Board of Directors in connection with the Proposal; and
- the Company proposes to change its name to WAM Alternative Assets Limited, with a new ASX code: ASX:WMA to take effect from the Effective Date.

The purpose of this EGM is for the Company's Shareholders to vote on:

- the termination of BSAAF as existing investment manager, the entry by the Company into the Blue Sky Termination Deed, and the entry by the Company into the New Investment Management Agreement to appoint Wilson Asset Management as the new investment manager (**Resolution 1**); and
- the change of company name and corresponding changes to the Company's constitution (**Resolution 2**).

Resolution 1 is an ordinary resolution requiring approval by a majority (50%) of Shareholders voting at the meeting online or by proxy. Resolution 2 (change of name and constitution) is a special resolution requiring 75% approval from Shareholders voting at the meeting online or by proxy under the Corporations Act.

Resolution 2 is conditional on Resolution 1 being passed and Resolution 2 will only be put to the Meeting if Resolution 1 is approved.

Resolution 1 is not conditional on Resolution 2 being approved and if Resolution 1 is approved, the termination of BSAAF as manager and appointment of Wilson Asset Management as new manager will take place irrespective of whether Resolution 2 is passed.

Please refer to the following sections for more detail on the various aspects of the Proposal, including:

- a summary of the terms of the Blue Sky Termination Deed, Ongoing Arrangements and Transitional Services Agreement in section 2;
- a summary of the terms of the New Investment Management Agreement in section 3;
- details about Wilson Asset Management in section 4;
- a summary of the advantages and disadvantages of the Proposal in section 5; and
- details of the proposed resolutions to be considered at the EGM in section 6.

Explanatory Memorandum - continued

1.2 Why is the Board recommending the Proposal?

Your Board has constantly strived to produce the best result for Shareholders – implementing necessary changes to narrow the persistent discount between the Company's share price and its NTA, ensuring that Shareholders have the greatest opportunity to maximise their investment in the Company while at the same time ensuring liquidity.

After a comprehensive selection process which involved the Company receiving and evaluating proposals from various manager candidates in late 2019, the Board believes that a manager transition to Wilson Asset Management is the superior outcome for Shareholders.

Wilson Asset Management is a Sydney-based boutique funds management business with a track record of making a difference for shareholders and the community for more than 20 years. Wilson Asset Management is responsible for investing more than $3 billion on behalf of over 80,000 retail investors across six listed investment companies.

Wilson Asset Management has invested in highly experienced alternative asset professionals to expand its offering in this area. The Board believes new management under Wilson Asset Management will provide Shareholders with the opportunity to continue to gain access to a portfolio of alternative assets within an attractive structure managed by an experienced and specialised investment manager.

Accordingly, the Directors **unanimously recommend** that Shareholders **vote in favour** of the Resolutions at the Meeting to enable the implementation of the Proposal.

As part of the Company's ASX announcement on 14 October 2019, Directors indicated that the eventual EGM materials would include an independent expert's report. There is no regulatory requirement for an independent expert's report in relation to the Proposal. Following careful consideration of the matter since that announcement, including canvassing shareholder feedback at and in the lead up to the November 2019 annual general meeting, the Directors made the decision not to incur the cost of engaging an expert to prepare another independent expert's report. The Directors have considered the advantages and disadvantages of the Proposal in detail (as set out in section 5). The Directors believe their detailed consideration supports their recommendation in favour of the Proposal and the Directors do not consider that they require external assessment to further support the recommendation.

The proposed transition of manager away from BSAAF has had a relatively long history going back to 2018, including a previous November 2018 manager transition proposal that was issued to shareholders but was subsequently withdrawn and so did not proceed to a shareholder vote. That previous proposal was the subject of a formal notice of meeting with an accompanying explanatory memorandum and an independent expert's report by BDO Corporate Finance (QLD) Ltd that made an independent assessment of the arrangements contemplated by that previous 2018 proposal. That independent expert's report formed part of the 2018 Notice of Meeting released to the ASX on 9 November 2018, and concluded at that time that the advantages to Shareholders of that previous proposal outweighed its disadvantages.

Please note that the above-referenced 2018 independent expert's report did not assess the current Proposal.

1.3 Advantages and disadvantages of the Proposal

There are a number of advantages and disadvantages associated with the Proposal which should be considered by Shareholders. Refer to section 5 for more details regarding the advantages and disadvantages.

1.4 What will occur if the Proposal is implemented

If Resolution 1 is passed and the Proposal is implemented, on and from the Effective Date:

- BSAAF's appointment as investment manager for the Company under the terms of the Blue Sky Management Agreement will cease; and
- Wilson Asset Management will be appointed as investment manager under the terms of the New Investment Management Agreement.

If Resolution 2 is also passed, the Company's name will change from Blue Sky Alternatives Access Fund Limited to WAM Alternative Assets Limited and the Company's ASX code will change from "BAF" to "WMA" with effect from the Effective Date. Consequential minor amendments to the Company's constitution to reflect the new name will also take effect.

The Effective Date will occur as soon as practicable following the satisfaction of all conditions set out in section 2.2.

1.5 What will occur if the Proposal does not proceed

Implementation of the Proposal requires Resolution 1 to be approved by a majority of Shareholders voting at the EGM online or by proxy.

If the Proposal does not proceed, the Company will consider all other available options and:

- the Company may take action in respect of past alleged breaches of the Blue Sky Management Agreement;
- it is likely that while a material share price discount to NTA persists, the Board will continue its on-market share buy-back program and maintain its directive for no deployments or commitments of new capital to Existing BLA Investments; and
- it is likely that the Company will continue operating under the existing management arrangements with BSAAF, but most likely on a wind-down basis with investments realised in the usual course by managers of the underlying funds.

The Board maintains the view that a wind-down scenario would likely lead to sub-optimal outcomes for Shareholders, as:

- an orderly realisation of all existing assets in the portfolio is likely to take an extended period of time. There are restrictions on withdrawal of investments in certain underlying funds. In addition, many of the private market funds in which the Company is invested are engaged in investment strategies with a medium to long term investment case and therefore any disposal may take considerable time to execute; and
- the Company, having been established in 2014 as a co-investment fund for retail investors to access Blue Sky's predominantly wholesale and institutional investment strategies, does not have control over the timing of exits and realisations from underlying investments. In many cases, the Company's capital is significantly less than the capital contributed by other investors in the relevant underlying fund (and there are restrictions on the Company holding more than 50% of an underlying Blue Sky fund). The trustees of the underlying Blue Sky funds have respective fiduciary duties to act in the best interests of each fund's investors as a whole, which may not facilitate the Company's desire to accelerate the realisation of its portfolio in a wind-down scenario. The Company's manager may explore secondary sales of its units, but as a declared seller, this may lead to material discounts to fair value.

With the Company's portfolio in wind-down mode and no investment-grade rating, the Directors consider it unlikely that the current share price discount to NTA would close. In fact, it may deteriorate further; and there would be reduced economies of scale with respect to the ongoing listed investment company operating costs. Although management fees are calculated according to portfolio net asset value, a large proportion of the Company's operating expenses are largely fixed in nature. These include audit fees, Board fees, Board and company insurance, ASX listing fees, share registry costs, AGM costs, and other shareholder communications costs. Some of these expenses, including external audit and insurance, as well as other expenses such as legal fees, have increased significantly since 2018 as a result of the increased risk profile of the Company continuing to be associated with Blue Sky.

1.6 Alternatives to the Proposal considered by the Directors

In considering the Proposal, the Directors assessed alternative initiatives that were available to the Company, as well as the potential implications for Shareholders if any one or more of those initiatives were pursued.

The Directors considered the following:

- a new manager and new investment mandate. This included, as announced in August 2019, an extensive formal evaluation process to consider not only the proposal received from Wilson Asset Management but proposals from four other investment management firms. The outcome of that evaluation process was announced on 13 November 2019 when BSAAF and the Company reached a consensus on key commercial terms (on a without prejudice and without admissions basis) to facilitate a consensual transition of the Company's management rights to Wilson Asset Management; and
- an orderly wind-down of the Company's portfolio and return of capital to Shareholders (see section 1.5 above).

In addition, the Directors also considered:

- a mutually-agreed termination of the Blue Sky Management Agreement and subsequent internalisation of the management function; and
- broadening the investment mandate, but BSAAF remaining as the Company's investment manager.

A unilateral termination of the Blue Sky Management Agreement for breach by BSAAF was considered, but was the least preferred option. This would have involved an expensive, prolonged and uncertain legal process for Shareholders. There is a risk this option may have left the Company without any management resources or access to investment fund managers, and without valuation evidence which ultimately may have led to the Company's delisting for failure to lodge semi-annual or annual audited accounts.

As set out in section 1.2, the Board determined that each of the alternatives considered would have been likely to result in an outcome for Shareholders inferior to appointing Wilson Asset Management as the Company's replacement manager.

1.7 What should Shareholders do?

Before making a decision in relation to the Proposal and considering whether you wish to follow the Board's recommendations, you should:

- read this Explanatory Memorandum in full;
- consider your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- consult your legal, financial or other professional adviser if you believe that is necessary.

The information in this Explanatory Memorandum should be read in conjunction with the Company's other periodic and continuous disclosure announcements and other announcements to ASX which are available at www.asx.com.au.

If you have any questions regarding the matters set out in this Explanatory Memorandum (or elsewhere in the Notice) please email the Company at investorservices@blueskyalternativesfund.com.au.

2. BLUE SKY TERMINATION DEED AND ONGOING ARRANGEMENTS FOR EXISTING BLA INVESTMENTS

2.1 Background

The Company and Wilson Asset Management have entered into the Blue Sky Termination Deed with BSAAF, certain Fund Level Managers and fund trustees to set out their agreement in relation to the proposed mutual termination of the existing Blue Sky Management Agreement.

The Blue Sky Management Agreement was entered into on 6 May 2014 in advance of the Company's initial public offering and admission to the official list of the ASX. Under the terms of the Blue Sky Management Agreement, BSAAF was appointed as investment manager of the Company's portfolio for an initial term of 10 years.[1]

If the Proposal is implemented, the Blue Sky Management Agreement will be terminated and BSAAF's appointment as the investment manager to manage the Company's portfolio will cease from the Effective Date.

The Company and Wilson Asset Management have agreed to new arrangements with the Fund Level Managers and fund trustees with respect to the ongoing management of Existing BLA Investments (and it is a condition of the Termination Deed that ongoing arrangements are agreed in respect of BSESIF) (**Ongoing Arrangements**) within the current portfolio. These are set out in further detail in section 2.3.

Shareholder approval of the Proposal is a condition precedent to the Blue Sky Termination Deed and Ongoing Arrangements coming into effect.

If Resolution 1 is approved by Shareholders at the EGM and the other conditions to the Blue Sky Termination Deed are satisfied, the Blue Sky Termination Deed and Ongoing Arrangements will take effect on the Effective Date.

2.2 Blue Sky Termination Deed - summary of key terms

A summary of the key terms of the Blue Sky Termination Deed is set out below

Conditions	The termination of the Blue Sky Management Agreement will take effect subject to the satisfaction of the following conditions: ▪ Shareholders approving the Resolutions by the requisite majorities at the EGM; ▪ The Company, the Fund Level Managers and the Company's auditor agreeing an audit framework with respect to the audit of each Existing BLA Investment; ▪ The Company, BSAAF, Wilson Asset Management, the investment manager and trustee of BSESIF agreeing terms and entering into a deed relating to the management and performance fee arrangements to be implemented following the Effective Date in respect of BSESIF; and ▪ BSAAF, the Company and Wilson Asset Management agreeing on the outstanding management fees and outstanding rebates payable on the Effective Date (or the amount being determined by an independent third party reviewer).
Outstanding rebates and expenses	Under the Blue Sky Management Agreement, if any management or performance fees are charged to the Company at the underlying fund level, BSAAF must rebate such fees to the Company as soon as practicable. Accrued management fee rebates in relation to paid and unpaid fees at the fund level owing to the Company (other than those in respect of the Deferred Funds) will be offset against management fees and certain expenses owed by the Company to BSAAF.
Deferred management fee rebates	As at the Effective Date, certain funds (**Deferred Funds**) will owe the Company accrued management fee rebates. The amount of accrued management fee rebates will be calculated at the Effective Date. As at 30 June 2020, the amount owing in respect of the Deferred Funds was approximately $200,000. The payment of the accrued management fees for the Deferred Funds will be deferred and will be paid to the Company in cash by the fund managers of the Deferred Funds (**Deferred Fund Managers**) as and when the Deferred Fund Managers receive management fees or performance fees in cash from the Deferred Funds. The Deferred Fund Managers must pay these accrued management fees to the Company first before such accrued management fees may be retained by the respective Deferred Fund Manager.
Accrued Performance Fee Rebates	As a result of the termination of the Blue Sky Management Agreement and in accordance with its terms, BSAAF's obligation to procure the payment of performance fee rebates to the Company will also terminate. However, as the Water Fund Rebate crystallised on 30 June 2020, this rebate is payable to the Company. Consequently, on and from the Effective Date, any accrued performance fee rebates (being amounts accrued by the Company, but not crystallised, that relate to future performance fees that may have become payable under the Blue Sky Management Agreement), other than the Water Fund Rebate, will be extinguished. The extinguished accrued performance fee rebates total approximately $1.6 million, comprising less than 1% of the Company's NTA. However, the Company notes that the payment of these amounts was contingent on the successful exit of the underlying investments at their current valuations. The extinguished performance fee rebates may have been subject to future erosion of value if their underlying investments failed to achieve an 8% internal rate of return. Given the uncertainty on present and future asset values and investment realisation timelines, there was no certainty that these amounts would have been recovered. The extinguishment of these amounts has been reflected in the Company's 30 June 2020 NTA report, and will be reflected in the Company's annual financial statements for the financial year ended 30 June 2020. Argyle Investment Management Pty Ltd must pay the accrued performance fee rebate in respect of the Argyle Water Fund for the year ending 30 June 2020 to the Company on or before 30 September 2020.
Performance Fee Deficit	The portfolio performance fee deficit as at 31 December 2018 has been agreed at $2.86 million. This date was agreed as it was the date after which no deployments of new capital were made by the Company into Blue Sky funds. This deficit has been allocated against 11 underperforming funds (**Allocated Funds**) on a fund by fund basis. Any performance fee that would otherwise be payable by the Company in accordance with the terms of the offer documents relating to such Allocated Fund (**Accrued Performance Fees**) must be offset against the portion of the deficit allocated to the Allocated Fund. The Company will not be required to pay any performance fee in respect of that Allocated Fund until the allocated portion has been offset in full against the Accrued Performance Fees.

[1] A waiver to the operation of Listing Rule 15.16 was granted by the ASX prior to the Company's initial public offering permitting the Blue Sky Management Agreement to have a 10 year initial term, notwithstanding the requirement in Listing Rule 15.16(b) that fixed terms not exceed 5 years.

Release	With effect from the Effective Date: ▪ the Company and BSAAF will not have any further rights or obligations under the Blue Sky Management Agreement, except in relation to any information and records BSAAF is required to provide in accordance with the transitional services arrangements; and ▪ subject to certain exceptions (including negligence, wilful default or material breach of duty with respect to the management of the Company portfolio under the Blue Sky Management Agreement) the Company and BSAAF release the other from the existing contractual claims arising under the Blue Sky Management Agreement.

2.3 Ongoing Arrangements – summary of key terms

The Ongoing Arrangements relating to the funds and fund managers set out below will come into effect from the Effective Date.

Fund Level Manager	Existing BLA Investments to be covered by the Ongoing Arrangements
Argyle Investment Management Pty Ltd (**Argyle**)	▪ Argyle Water Fund; ▪ Agriculture Fund II; ▪ Strategic Australian Agricultural Fund; and ▪ Argyle Solar Fund.
FIP Holdings Pty Limited (**FIP Holdings**)	▪ Wild Breads Fund; ▪ Wild Breads RCPS Fund; ▪ Origo Education Fund; ▪ Hotels Fund; ▪ Aquila Fund; ▪ QFS Fund; ▪ SMG Fund; ▪ SMG Fund II; ▪ IT Consulting Fund; ▪ Tourism Fund; ▪ Sunfresh Fund; ▪ Shopper Media Group Fund; ▪ Better Medical Fund; and ▪ Birch & Waite Fund.
January Capital Pty Ltd (**January Capital**)	▪ VC2014 Fund LP; ▪ Shoes of Prey Fund; ▪ Vinomofo Fund; ▪ aCommerce Fund; ▪ aCommerce Fund 2; and ▪ aCommerce Fund 3.
BSPRE Investment Management Pty Ltd	▪ Blue Sky Student Accommodation Fund No. 1; ▪ Blue Sky Student Accommodation Fund No. 2; and ▪ Blue Sky Student Accommodation Fund No. 6.
RBP Partners, LLC	▪ Blue Sky Energy Storage Infrastructure Fund.

A summary of the key terms of the Ongoing Arrangements is set out below.

Fee Structure	The fees that the Company will be charged in respect of Existing BLA Investments which are subject to the Ongoing Arrangements comprise: ▪ a management fee, being the lower of a 1.2% management fee per annum, based on the carrying value of the Company's investment in the Existing BLA Investments as at the Effective Date, and any management fee set out in the relevant fund offer document; and ▪ a performance fee, which is the lower of a 17.5% performance fee in excess of an 8.0% IRR hurdle and the performance fees set out in the relevant fund offer document.
Fee step-down	If an Allocated Fund underperforms for a period of two consecutive years in the first five years following the Effective Date, the management fee that the underlying fund is able to charge the Company will be halved, falling to 0.6%.
Voting and transfer rights	If the Proposal is implemented, voting rights attaching to Existing BLA Investments will be exercised by Wilson Asset Management on behalf of the Company. For certain Existing BLA Investments, the Company has agreed to appoint the relevant Fund Level Manager (or its nominee) as its proxy in the event of any meeting called to consider the removal or replacement of that Fund Level Manager or the fund trustee. In respect of the Ongoing Arrangements applicable to January Capital and FIP Holdings, this obligation will apply for a period of five years from the Effective Date. If after the five year period (and where an Excluded Circumstance, as defined below, is not subsisting or there is no loss of key management personnel) the Company votes in favour of replacement of the relevant Fund Level Manager and the relevant Fund Level Manager is replaced, the Company will pay the relevant Fund Level Manager an amount equal to the fees that would have been payable to the relevant Fund Level Manager on the date of the relevant Fund Level Manager's removal. This obligation to appoint the relevant Fund Level Manager (or its nominee) as its proxy will not apply to certain Ongoing Arrangements in the event of certain excluded circumstances (**Excluded Circumstances**) including material breach, wilful default, negligence, insolvency or breach of fiduciary obligations by the relevant fund manager or fund trustee who is proposed to be removed or replaced. In respect of the Ongoing Arrangements applicable to Argyle, January Capital and FIP Holdings, the Company may transfer its interest in Existing BLA Investments, with the consent of the relevant Fund Level Manager. In respect of the Ongoing Arrangements applicable to January Capital and FIP Holdings, in the event of Excluded Circumstances or the loss of key management personnel, no transfer restrictions apply.
Argyle Water Fund	The Company has agreed not to request redemption of the Company's investment in the Argyle Water Fund for one year following the Effective Date, other than in Excluded Circumstances.
Information access	Fund Level Managers and fund trustees (as applicable) will provide Wilson Asset Management with information in relation to Existing BLA Investments reasonably required to prepare monthly NTA reports and other periodic accounts.

2.4 Transitional Services Agreement – summary of key terms

BSAAF and the Company have agreed that certain transitional services will continue to be provided by BSAAF (or its nominee) for a period of 60 days from the day after the date on which BSAAF lodges with BAF (and the ASX) the monthly NTA backing reports for the full calendar month in which the Effective Date occurs (the **Term**), including services required:

- for the preparation of the Company's monthly NTA backing reports during the Term;
- for the preparation of statements and accounts relating to GST and other taxes due and payable;
- to ensure all employees and directors of the Company continue to receive compensation during the transitional period; and

- to transfer documentation relevant to the Company and Portfolio records to Wilson Asset Management.

3. SUMMARY OF NEW INVESTMENT MANAGEMENT AGREEMENT

3.1 Background

The Company has finalised the New Investment Management Agreement with Wilson Asset Management governing the terms on which Wilson Asset Management will provide investment management services to the Company. Subject to Shareholders approving Resolution 1, the Company will enter into the New Investment Management Agreement which will be effective on and from the Effective Date.

3.2 New Investment Management Agreement – summary of key terms

A summary of the key terms of the New Investment Management Agreement is set out below.

Term	Summary
Parties	The Company and Wilson Asset Management (International) Pty Limited (**Manager**).
Services	The Manager must manage and supervise the Portfolio and all investments within the Portfolio. The Manager will also provide or procure the provision of administrative and company secretarial support services reasonably required by the Company to conduct its business.
Term	The term of the New Investment Management Agreement is initially five years, with automatic five year extensions, unless terminated earlier in accordance with its terms.
Investment Strategy	The investment strategy is as agreed by the Company and the Manager from time to time being initially the current investment portfolio of alternative assets (being those asset classes that display different risk and return characteristics to traditional asset classes such as listed equities and bonds) and to invest in alternative assets including real assets, private equity, private real estate, debt, infrastructure, listed or unlisted securities, open or closed ended funds and hedge funds. The Investment Strategy includes the investment strategy set out in section 4.3 of this Explanatory Memorandum.
Permitted Investments	The Manager is permitted to undertake investments on behalf of the Company in accordance with the Investment Strategy. If a proposed investment is not in accordance with the Investment Strategy, Board approval for the investment is required, or the Manager may seek approval from the Company to amend the Investment Strategy. The Company and the Manager have also agreed that the Manager must not deploy any funds of the Company to any Fund Level Managers or in respect of any Existing BLA Investments without first notifying the Company Investments that may be made by the Manager are limited to those specified in its AFSL or such other AFSL authorisations that the Manager may rely on from time to time.

Powers of the Manager	Subject to applicable law, any specified limits on the Manager's discretion and the obligation to liquidate the Portfolio to meet the Company's operating costs, dividend payments, capital returns, buybacks or other distributions, the Manager has absolute and unfettered discretion to manage the Portfolio in accordance with the Investment Strategy and to do all things considered necessary or desirable in relation to the Portfolio, including:
	▪ investigation, negotiation, acquisition, or disposal of every investment;
	▪ to sell, realise or deal with all or any of the investments or to vary, convert, exchange or add other investments;
	▪ if any investments are redeemed or the capital paid on it is wholly or partly repaid by the entity by which that investment was created or issued:
	    ▪ to convert that investment into some other investment; and
	    ▪ to accept repayment of the capital paid or advanced on the investment and any other monies payable in connection with that redemption or repayment;
	▪ subject to any Ongoing Arrangements, exercise rights attached to Portfolio securities, including voting, convening meetings and board appointments;
	▪ retain or sell any shares, debentures or other property received by the Company by way of bonus, or in satisfaction of a dividend in respect of any investments or from amalgamation or reconstruction of any entity;
	▪ to sell all or some of the rights to subscribe for new securities in an investment, to use all or part of the proceeds of the sale of such rights for the subscription for securities or to subscribe for securities pursuant to those rights;
	▪ accept cash, shares or other securities in return for a takeover offer; and
	▪ manage the Company's bonds, cash and cash equivalents.

Limits on discretions	The Manager must not knowingly do anything the Manager is prohibited from doing under applicable law and must not without the prior written consent of the Company: ▪ enter into derivative contracts to the extent that the effective exposure of the Company via the derivatives contracts exceeds 100% of the value of the Portfolio; ▪ engage in securities lending in relation to the Portfolio to the extent that the Portfolio's gross exposure exceeds 150% of the value of the Portfolio; or ▪ charge or encumber in any way (other than as arises by lien in the ordinary course of business or by statutory charge) any asset in the Portfolio.
Valuations	The Manager must arrange for calculation of the value of the Portfolio at least monthly or at such more frequent times as may be agreed between the Manager and the Company. The Manager may appoint an approved valuer (being a duly qualified person independent of both the Company and the Manager) to calculate the value of the Portfolio or the value of any individual Investment in accordance with the Company's valuation policy. The Company may, after prior discussion with the Manager, at its cost, request that the value of one or more particular Investments be determined by an approved valuer.

Management fee	In return for the performance of its duties as Manager of the Company, the Manager is entitled to be paid, and the Company must pay to the Manager, (which remuneration is to be retained for the use and benefit of the Manager) a management fee payable monthly in arrears (**Management Fee**) equivalent to 0.083333% per month (plus GST) or 1.0% per annum (plus GST) of the value of the Portfolio calculated on the last Business Day of each month. Where a capital return(s) is conducted by the Company (other than where a change of control has occurred and Shareholders vote in favour of a return of capital), that is not mutually agreed between the Manager and the Company, the value of the Portfolio used in the calculation of the Management Fee is to be increased by the value of the outflow(s) associated with all such capital returns during the term. For clarity, the payment of dividends does not constitute a return of capital. The Company must not return capital to Shareholders without first seeking the Manager's written agreement to the return of capital, with such agreement not to be unreasonably withheld.
Performance fee	No performance fees are payable under the New Investment Management Agreement as at the Effective Date. However, during the term of the agreement, the Manager may require the Board to call an extraordinary general meeting of Shareholders to consider an ordinary resolution to approve the introduction of a performance fee under the New Investment Management Agreement. If approved the performance fee mechanism would be an amendment to the agreement.

Expenses	The Company is liable for and must pay out of the Portfolio or reimburse the Manager for all reasonable fees, costs and expenses properly incurred in connection with the investment and management of the Portfolio of the Company or the research, acquisition, disposal or maintenance of any investment, including:
	▪ fees payable to any Licensed Market, ASIC or other regulatory body, the Company's share registrar and approved valuer;
	▪ all costs, custody fees, stamp duties, valuation costs, legal fees and other duties, taxes, fees, disbursements and expenses, research costs, travel costs, commissions and brokerage incurred by the Company or the Manager in connection with:
	    ▪ the research, acquisition management, valuation and negotiation of any investment or proposed investment;
	    ▪ any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any investment;
	    ▪ any costs incurred in managing foreign currencies;
	    ▪ any costs incurred in utilising research and information management systems;
	    ▪ the receipt of income or other entitlements from the investments of the Portfolio; and
	    ▪ the engagement of a custodian to hold an investment on behalf of the Company;
	▪ outgoings in relation to the Portfolio such as rates, levies, duties, taxes and insurance premiums;
	▪ marketing expenses including website and research reports; and
	▪ all accounting, valuation, investment committee and audit costs of the Company whether or not in relation to the Portfolio.
	Notwithstanding the above, the Manager must bear the cost of, and is not entitled to be reimbursed by the Company in respect of its internal labour costs and legal costs in connection with the performance of its obligations under the New Investment Management Agreement.

Delegations	The Manager may, with the prior approval of the Company (not to be unreasonably withheld), appoint or employ any person, including any related body corporate of the Manager, to be a sub-contractor for the Manager to perform any or all of the duties and obligations imposed on the Manager by the New Investment Management Agreement.

Termination	The Manager may terminate the New Investment Management Agreement at any time after the initial term by giving to the Company at least 6 months' written notice.
	The Company may remove the Manager and terminate the New Investment Management Agreement:
	▪ after the expiration of the initial 5 year term:
	    ▪ on delivery of 6 months' written notice; or
	    ▪ if, while the Company is an Investment Entity (as that term is defined in the ASX Listing Rules), the Shareholders resolve by ordinary resolution that the Manager should be removed as manager of the Portfolio, on delivery of three months' prior written notice;
	(If the Company terminates the New Investment Management Agreement in accordance with any of the above termination rights, it must pay to the Manager a fee equal to the aggregate Management Fees calculated for payment (whether paid or unpaid) in respect of the 12 month period up to the date of termination, in addition to any accrued but unpaid Management Fees.)

Termination for failure to meet Premium Target	▪ **Premium Target**: during the initial term, if the Company fails to meet the Premium Target on at least three occasions, the Board will propose a special resolution to Shareholders to approve the termination of the New Investment Management Agreement and the liquidation of the Company at the next general meeting of the Company after the fifth anniversary of the Effective Date;
	(If the Company terminates the New Investment Management Agreement in accordance with the above termination right, it must pay to the Manager any accrued but unpaid Management Fees up to the date of termination);
	▪ with immediate effect if:
	    ▪ an insolvency event occurs with respect to the Manager;
	    ▪ the Manager is in default or breach of its obligations under the New Investment Management Agreement in a material respect and such default or breach cannot be rectified; or
	    ▪ the Manager is in default or breach of its obligations under the New Investment Management Agreement in a material respect and fails to remedy that default or breach within 30 days after receiving notice of that default or breach.

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Removal of the Manager	The Company may remove the Manager by not less than six months' notice on the occurrence of any one of the following events: ▪ the Manager persistently fails to ensure that investments made on behalf of the Company are materially consistent with the Investment Strategy applicable at the time the investment is made; ▪ the Manager is in default or breach of its obligations under the New Investment Management Agreement in a material respect, such default or breach is rectifiable and is not rectified within 30 days after the Company has notified the Manager in writing to rectify the default or breach; or ▪ the Manager's AFSL is suspended for a period of no less than three months or cancelled at any time in accordance with Subdivision C, Division 4 of Part 7.6 of the Corporations Act. If the Manager is so removed the Manager may appoint a replacement investment manager provided such appointment takes place within the six-month notice period referred to above. The Manager must assign all its rights, title and interest in and to the New Investment Management Agreement to the replacement investment manager provided the replacement investment manager: ▪ holds a valid and current AFSL; ▪ undertakes to the Company to comply with all the obligations imposed on the Manager under the New Investment Management Agreement; and ▪ if appointed as a result of a breach by the Manager, rectifies the breach or default within the 30 day notice period. The effect of the assignment of the New Investment Management Agreement is the novation of the New Investment Management Agreement for the benefit of the replacement investment manager and the Company is deemed to have consented to that assignment. The Company may terminate the New Investment Management Agreement if a replacement manager has not been appointed within the six month notice period referred to above. If the replacement investment manager, having been so appointed is itself removed in the circumstances outlined above: ▪ it has no right to in turn appoint a replacement investment manager; and ▪ the Company may terminate the New Investment Management Agreement at the expiry of the 6 months' notice period referred to above.
Exclusivity	The Company exclusively appoints the Manager to manage the Portfolio (subject also to the Ongoing Arrangements). The Manager may from time-to-time perform similar investment and management services for itself and other persons similar to the services performed for the Company under the New Investment Management Agreement, provided the Manager does not prejudice or otherwise derogate its responsibilities specified in the New Investment Management Agreement.
Management of potential conflicts	The Manager must ensure that potential investments are allocated between the Portfolio and the assets of other persons it manages in accordance with any allocation policy that forms part of the Investment Strategy. The Manager may invest in, deal with or engage the services of the Manager's related bodies corporate engaged in separate business activities which are entitled to charge reasonable fees, brokerage and commissions, provided that they are in the ordinary course of the business and on arm's length terms.
Change of control	The Manager has no right to terminate the New Investment Management Agreement in the event of a change of control of the Company. The Company has no right to terminate the New Investment Management Agreement in the event of a change of control of the Manager, unless the transaction results in certain Fund Level Managers or their associates obtaining control of the Manager.

Force majeure	The obligations of the Company or Manager under the New Investment Management Agreement will be suspended to the extent that it is wholly or partially precluded from complying with its obligations under this agreement by force majeure. If after a period of 6 months the force majeure persists, the party affected by the force majeure will have the right in its sole discretion to terminate the New Investment Management Agreement on giving 30 days written notice of its intention to do so. Force majeure includes fire, storm, flood, earthquake, explosion, accident, act of the public enemy, war, rebellion, insurrection, sabotage, terrorist attack, labour dispute, labour shortage, transportation embargo or failure or delay in transportation, act of God, act (including laws, regulations, disapprovals or failure to approve) of any government or agency whether national, municipal or otherwise.
Company indemnity	The Company must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses) incurred in connection with the Manager or any of its officers, employees or agents acting under the New Investment Management Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, default, fraud or dishonesty of the Manager or its officers, agents or employees. This obligation continues after the termination of the New Investment Management Agreement.
Manager indemnity	The Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, default, fraud or dishonesty of the Manager or its officers, employees or agents. This obligation continues after the termination of the New Investment Management Agreement.
Manager liability	Subject to the Corporations Act, the ASX Listing Rules and the New Investment Management Agreement, the Manager will, in relation to all the powers, authorities and discretions vested in it, have absolute and uncontrolled discretion as to: ▪ whether or not to exercise them; and ▪ the manner or mode of, and time for, their exercise. In the absence of negligence, default, fraud or dishonesty, the Manager will not be in any way whatsoever responsible for any loss, costs, damages or inconvenience that may result from the exercise or failure to exercise those powers, authorities and discretions.
Assignment	The Manager may assign the New Investment Management Agreement to a third party with the prior consent in writing of the Company, which must not be unreasonably withheld or delayed. The Company may not withhold consent if the replacement investment manager utilises the Investment Strategy or engages either Geoff Wilson as a responsible investment manager or an authorised representative in a management capacity.
Amendment	The New Investment Management Agreement may only be altered by the agreement in writing of the Company and the Manager. The Company and the Manager may not materially amend the terms of the New Investment Management Agreement unless the Company has obtained shareholder approval for the material changes.

3.3 Comparison of New Investment Management Agreement terms against Blue Sky Management Agreement.

Term	Blue Sky Management Agreement	New Investment Management Agreement
Manager	BSAAF	Wilson Asset Management (International) Pty Limited
Initial term	10 years	5 years
Subsequent terms	Automatic renewal for successive five year terms unless terminated earlier in accordance with the terms of the agreement.	Automatic renewal for successive five year terms unless terminated earlier in accordance with the terms of the agreement.

Termination	After the initial term, the agreement can be terminated:
	▪ by ordinary resolution of Shareholders at a general meeting, with the termination taking effect 3 months' after the date of such resolution; or
	▪ by BSAAF on 3 months' notice to the Company.
	No equivalent termination right for failure to meet Premium Target.
		The Company may remove the Manager and terminate the New Investment Management Agreement:
		▪ after the expiration of the initial term:
		  ▪ on delivery of 6 months' written notice; or
		  ▪ if, while the Company is an Investment Entity (as that term is defined in the ASX Listing Rules), the Shareholders resolve by ordinary resolution that the Manager should be removed as manager of the Portfolio, on delivery of three months' prior written notice;
		▪ (**Failure to meet Premium Target**) during the initial term, if the Company fails to meet the Premium Target on at least three occasions, the Board will propose a special resolution to Shareholders to approve the termination of the New Investment Management Agreement and the liquidation of the Company at the next general meeting of the Company, after the fifth anniversary of the Effective Date.
		(See heading "Termination" under section 3.2 for further details)

Management fee	1.2% per annum of portfolio net asset value (plus GST).	Management fee payable monthly in arrears equivalent to 0.083333% per month (plus GST) or 1.0% per annum (plus GST) of the value of the Portfolio. (See heading "Fees payable to underlying funds and discontinuation of fee discounting" in section 5.2 for further commentary).
Performance fee	17.5% performance fee after investors have received an 8% return. Investor return will be determined on the movement in portfolio net asset value and distributions/ capital returns for the period.	No performance fees payable under the New Investment Management Agreement as at the Effective Date. Any performance fee proposed to be introduced would require approval by ordinary resolution of Shareholders.
Rebates	If management or performance fees are charged by a Blue Sky controlled entity to the Company, BSAAF must rebate those fees to the Company.	No rebates are payable for fees charged by a Blue Sky controlled entity to the Company, however, the Ongoing Arrangements include caps on the fees that may be charged (see section 2.3).
First right to invest in BLA managed assets	The Company has a first right to invest in up to 50% of any asset managed by BLA entities.	No equivalent right (see section 5.2 for further commentary).
Concentration of assets classes in portfolio	There is a limit of 40% of the total portfolio value which can be invested in a single asset class.	Wilson Asset Management has agreed to retain an equivalent 40% limit of the total portfolio value which can be invested in a single asset class. The New Investment Management Agreement is designed to facilitate an increase in diversification of asset classes of the portfolio (see section 5.1 for further commentary).

4 INFORMATION ABOUT WILSON ASSET MANAGEMENT

4.1 Introduction

This Section 4 provides an overview of Wilson Asset Management as well as Wilson Asset Management's intentions regarding the management of the Company's portfolio if the Proposal is implemented and Wilson Asset Management's appointment as investment manager becomes effective.

This section has been prepared by Wilson Asset Management, who have assumed responsibility for the accuracy and completeness of it. Neither the Company nor its directors, officers, employees or advisors assume any responsibility for the accuracy and completeness of the information in this section 4.

4.2 About Wilson Asset Management

Wilson Asset Management is a Sydney-based boutique funds management business with a track record of making a difference for shareholders and the community for more than 20 years. Wilson Asset Management is responsible for investing more than $3 billion on behalf of over 80,000 retail investors across six listed investment companies (**LICs**).

Wilson Asset Management employs 14 highly experienced investment professionals with combined experience of more than 170 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. The active engagement program includes:

- weekly investor updates from the Lead Portfolio Managers;
- regular investment insights and market updates;
- regular roundtables with financial advisers and their clients;
- monthly investment updates;
- semi-annual conference calls on the LICs;
- semi-annual presentations and lunches across all major cities and regional centres; and
- annual and interim result announcements.

Wilson Asset Management is the creator and lead supporter of Future Generation Australia and Future Generation Global; a passionate advocate for retail investors; and a member of the Pledge 1% movement. Wilson Asset Management staff are personally invested in the LICs it manages.

The alternative assets investment team will be led by a highly experienced portfolio manager with almost 20 years of experience in the financial industry in Europe, US and Australia. Specifically, the portfolio manager has spent the last 10 years identifying and executing investment strategies across multiple alternative asset classes in these geographic markets. The portfolio manager will commence with Wilson Asset Management shortly after the Effective Date. The team will also be staffed with one or two additional investment professionals going forward.

The alternative assets investment team will be supported by a dedicated investment committee which will comprise high-quality individuals with intimate knowledge of the private alternative space in Australia and offshore (**Investment Committee**). The

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primary function of the committee is to assist the investment team in implementing its investment strategy and to monitor its investment performance and risk assessment measures. The Investment Committee will be chaired by Geoff Wilson AO as the Chief Investment Officer and will include Adrian Siew and other alternative investments industry experts. The depth and breadth of experience and industry contacts of the investment committee members will benefit the Company as it strives to establish itself as the pre-eminent alternative asset manager in Australia.

Geoff Wilson has over 39 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997 and is the Chairman of WAM Capital Limited, WAM Leaders Limited, WAM Global Limited, WAM Microcap Limited, WAM Research Limited and WAM Active Limited. Geoff created Australia's first listed investment companies to deliver both investment and social returns, Future Generation Australia and Future Generation Global. Geoff is a Director of both Future Generation companies and holds a number of Directorships on commercial and non-profit entities. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Adrian Siew has over 24 years' experience in investment markets, specialising in private equity and alternative asset classes. During his career, he has taken up various roles, ranging from being a corporate investment advisor, sitting on the board of a few companies, including as the lead independent director of a company previously listed on the Singapore Stock Exchange, to being the principal investor of a leading private equity buyout fund. He started his career with Goldman Sachs European investment banking advisory team in London before moving to Hong Kong and Singapore. He also spent 11 years with The Carlyle Group in their private equity buy-out investment teams in Sydney and Singapore.

4.3 Authorised investments and investment strategy

The authorised investments and investment parameters that will apply under Wilson Asset Management's investment mandate will be similar to those currently applying to BSAAF under the existing Blue Sky Management Agreement with the following key exceptions:

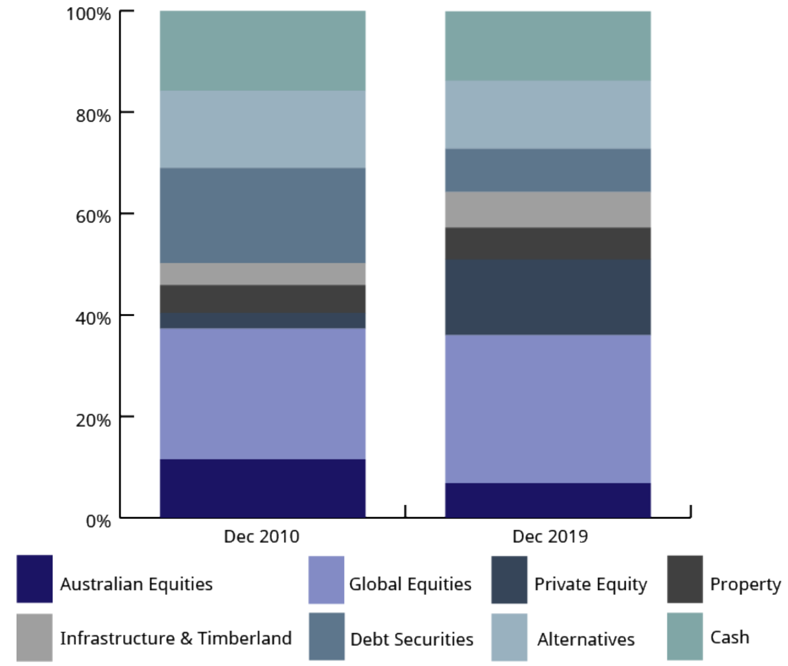
- the new mandate will allow investments in "best of breed" investment managers across a diversified portfolio of alternative private markets[2] assets;
- the current restrictions under the Blue Sky Management Agreement requiring investments in Blue Sky-managed investments only will no longer apply;
- the multi-manager mandate will provide shareholders with a balanced and a well-diversified portfolio of alternative private markets assets managed by the high quality investment management teams in their respective asset classes;
- the new mandate will be broadened for further diversification of asset classes to include private infrastructure, private debt and any other alternative private markets asset classes as recommended by Wilson Asset Management and approved by the Investment Committee and Board from time to time; and
- together with existing approved asset classes of real assets, private equity and private real estate WAM Alternative Assets Fund will represent a unique opportunity for investors to get exposure to a diversified portfolio of alternative private markets assets through a listed investment company structure.

There is a 40% limit of the total portfolio value which can be invested in a single asset class.

The alternative investment universe is a broadly defined asset category which in the case of the Company includes asset classes such as private real assets, private equity and private real estate, and with the revised mandate, will also include private infrastructure and private debt. These asset classes have been growing consistently over the years, as investors seek to diversify away from the more traditional listed equities and traded fixed income asset classes. Given the illiquid nature of those asset classes and a different valuation approach versus traditional asset classes, investors see them as less volatile asset classes with a smoother return profiles. Using Future Fund of Australia (an Australian Sovereign Wealth Fund) as a benchmark, it includes private equity, private real estate, private infrastructure and timberland which in aggregate accounts for 28.2% of its total portfolio (as of 31/12/2019). The size of that portfolio has more than doubled in the last 10 years.

[2] Alternative private markets term includes a broad range of strategies in unlisted real estate, unlisted infrastructure, real estate and infrastructure debt strategies, unlisted real assets strategies (such as agriculture, timber, water rights), private equity and private debt strategies.

Future Fund Portfolio* by Asset Category



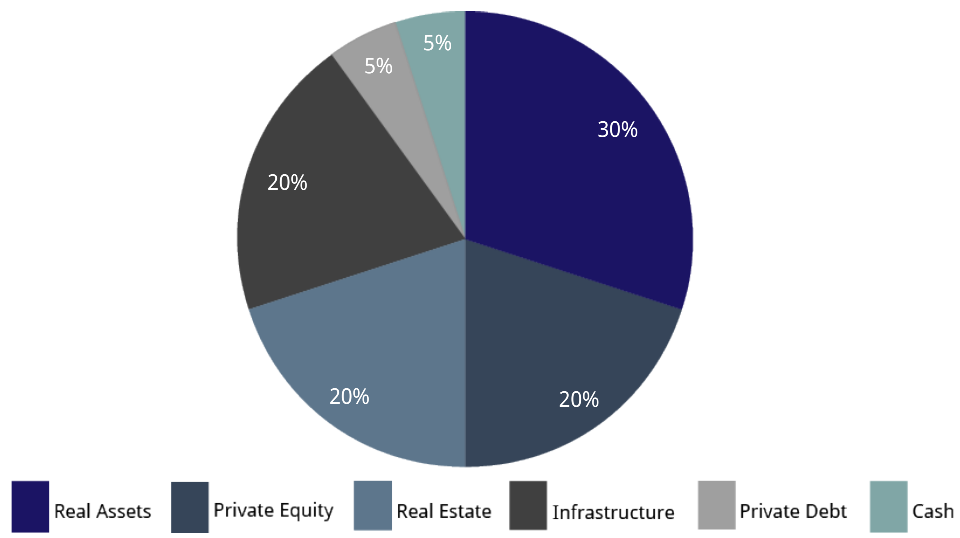
* Future Fund's definition of each asset class may differ from the Company's and direct comparisons may not be possible. Debt securities, for example, include both traded fixed income and private debt.

Given the unique characteristics of each asset class, they complement each other with their own unique set of returns, risks and yield profile.

	Target Returns	Risk Profile	Annual Income Yield
Private Equity	High teens to low 20s	High	Typically none
Private Real Assets	Teens	Low to Medium	Mid-single digit
Private Real Estate	High single digit to low teens	Low to Medium	Mid-single digit
Private Debt	High single digit to low teens	Low to Medium	Mid to high single digit
Private Infrastructure	High single digit	Low to Medium	Mid-single digit

The Company aims to deliver a well-diversified portfolio with meaningful exposure across multiple asset classes.

Target Asset Class Composition



The Company's investment objectives are to provide: capital growth over the medium-to-long term; deliver a stream of fully franked dividends; and preserve shareholders' capital.

The Board's intention is to pay fully franked dividends to Shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices. The Company's ability to generate franking credits is dependent upon the receipt of franked distributions and dividends from investments and the payment of tax. This is not intended to be a forecast. It is merely an indication of what the Company aims to achieve over the medium-to-long term. The Company may not be successful in meeting its objective. Any financial market turmoil or an inability by Wilson Asset Management to find and make profitable investments will likely have an adverse impact on achieving this objective. Returns are not guaranteed.

The alternative private markets typically have much longer investment horizon with each underlying investment normally held for no less than 3-5 years and in some cases longer. In the case of closed-ended funds, which account for the significant majority of alternative private markets funds, liquidity is typically only available to the investors when the underlying investment is realised at the end of investment terms which can range from 10 to 12 years with potential extension periods. An investment in the Company represents a unique proposition as it allows investors to have exposure to these illiquid investments through a listed investment company structure.

With a flexible "best-of-breed" manager mandate, the Company will be investing alongside high quality investment managers. These managers have well-established track record of creating value for investors with robust risk management systems in place. The Company will seek to build long term relationships with these managers by making primary funds investments and co-investing with them on specific transactions. These investments are normally only available to institutional and wholesale investors due to the large minimum ticket size requirements and tend to have a better fee structure compared to some offerings in the retail space. Through the Company, retail investors will have unprecedented access to participate in such investment opportunities.

5 FACTORS TO CONSIDER IN RELATION TO THE PROPOSAL

5.1 Advantages of the Proposal

The following are reasons why the Directors consider you may choose to vote in favour of the Resolutions to implement the Proposal.

Advantage	Description
Diversification of underlying investment managers	If the Proposal is implemented, the Company's new investment mandate will provide Shareholders with a higher level of management diversification through the transition from a mandate involving the investments of a single entity (i.e. BLA) to a multi-manager mandate. Over time, this is expected to involve an increasing proportion of investment managers and personnel that are independent of Blue Sky or former Blue Sky personnel. Allowing the use of a more diverse group of underlying managers may assist to diversify investment style and philosophy and/or reduce the operational risk associated with any one manager. By way of example, valuation risk associated with the underlying investments may be lower if the valuations are sourced from a diverse group of managers, each using a wider source of valuation professionals.
Retail exposure to private market alternative assets	At inception, the Company enabled retail investors to gain exposure to private market alternative assets that in many cases were only able to be invested in by wholesale or sophisticated investors. The Proposal will enable retail investors to maintain exposure to alternative assets that may otherwise only be available to wholesale or sophisticated investors.
Exposure to new classes of alternative assets	The Company will be in a position to pursue a broader investment strategy under the proposed investment mandate with Wilson Asset Management relative to current arrangements. Specifically, Wilson Asset Management intends to allocate funds to alternative asset classes to which the Company has historically had no exposure, including private debt and private/unlisted infrastructure. Wilson Asset Management has indicated that this broader strategy will be implemented in a way that enhances portfolio diversification, both by allocations to multiple investment managers they consider "best of breed" and across a greater number of private markets alternative asset classes.
Investment committee	There is no investment committee currently in operation making investment recommendations or decisions on behalf of the Company. This is because since end-December 2018 the Company has had in place a stop on all deployments into Blue-Sky-managed investments. The previous Blue Sky investment committee – which was not exclusive to the Company – comprised both the managing director and an executive director of Blue Sky and the then executive chair of the Company, who himself was at one time Blue Sky's eleventh largest shareholder. The Company's Board now comprises only non-executive directors, with a majority of independent directors. However, given that the Company is currently only able to invest in Blue Sky investments under the existing Blue Sky Management Agreement, there is a risk that misalignment of interests (or a perception of misalignment) exists between the available investment universe and the interests of Shareholders (for completeness, we note that the Company's Board has oversight of investments which includes supervision to mitigate any misalignment). A significant advantage of the Proposal is the re-introduction of a Company specific Investment Committee focussed exclusively on the Portfolio. The Investment Committee proposed for the Company will be chaired by Geoff Wilson and will include Adrian Siew and other alternative investments industry experts who are independent of Wilson Asset Management to minimise the risk of the Company having a misalignment of interest (or a perception of misalignment) with any underlying fund.
Reduced manager risk	In the Directors' view, it is preferable for a listed investment company to have a stable fund manager that is in a position to focus its attention on generating excess returns. Blue Sky was impacted by a number of events during FY2018 and since, that have resulted in significant market and operating disruptions that ultimately led to receivers and administrators being appointed to Blue Sky in 2019 and a subsequent restructuring. Ultimately, the Company's Board made the decision to cease deploying funds into Blue Sky investments and to temporarily withhold the payment of management fees. Wilson Asset Management has significant experience successfully managing listed investment companies, and will bring experienced alternative investment portfolio managers to both Investment Committee and the investment management of the Company. See further information in section 4. During the lengthy period of negotiation prior to this EGM, Wilson Asset Management has had the time and opportunity to develop a good working knowledge of the existing portfolio. Wilson Asset Management has also developed constructive working relationships with the Fund Level Managers. In summary, the Directors view the manager risk associated with Wilson Asset Management as reduced relative to the existing risk associated with BSAAF.
Expected improvement to investment pipeline	The potential returns that a manager is in a position to generate will depend, to at least some extent, on the investment mandate and the investment decisions which are able to be made by the fund. The pipeline of authorised investments that can be made by BSAAF at the current time is reduced relative to the period prior to March 2018. In any event, the Company has ceased deploying funds into Blue Sky investments and the Directors do not have any plans to recommence redeploying capital under existing arrangements, unless it is on the recommendation of Wilson Asset Management, and the Board accepts that recommendation. The investment pipeline available to Wilson Asset Management potentially encompasses a wider range of investments and is not dependent on the stability of an investment manager entity with a sole director, and wholly owned by Blue Sky, a company to which receivers and administrators have been appointed.
Arrangement with Wilson Asset Management is at arm's length	The Directors are of the view that the arrangements negotiated with Wilson Asset Management under the New Investment Management Agreement (including fee structure) are at arm's length. See further information on New Investment Management Agreement in section 3.2.

No performance fee payable	Under the terms of the New Investment Management Agreement, no performance fee will be payable to Wilson Asset Management as the Company's portfolio manager, which may be favourable to the Shareholders when compared with the terms of the Blue Sky Management Agreement, which includes a performance fee payable to BSAAF. However, the Directors note that performance fees will be payable in respect of the Existing BLA Investments including in accordance with the Ongoing Arrangements (see section 2.3). Under the New Investment Management Agreement, no performance fee can be introduced without the approval of the Shareholders.
Increased transparency between BAF and the manager	Under the current operations of the Blue Sky Management Agreement, complexities exist relating to certain expenses payable to BSAAF, which includes (but is not limited to) transactions regarding the payment and receipt of upfront establishment fees and transaction costs, and rebates of fees and expenses. If the Proposal is implemented, the Directors consider that there is likely to be increased transparency on fees paid to Wilson Asset Management and each of the Fund Level Managers relative to arrangements under the Blue Sky Management Agreement. In addition, the complicated management fees and performance fees rebates calculation and accounting, and credit risks and payment timing associated with those rebates is eliminated under the Proposal.
Change of name	The Directors believe that the association with Blue Sky has, since early 2018, resulted in negative market sentiment towards the Company. If approved, the new name, WAM Alternative Assets Limited, will reflect the Company becoming managed by the successful Wilson Asset Management group.

5.2 Disadvantages of the Proposal

The following are reasons why the Directors consider you may choose to vote against the Resolutions to implement the Proposal.

You may disagree with the conclusions of the Directors about the Proposal's benefits.

You may disagree with the conclusion of the Directors that the Proposal is in the best interests of Shareholders.

Disadvantage	Description
Investment mandate expanded beyond Blue Sky investments and additional manager exposure	Shareholders who invested in the Company to gain exposure to a portfolio of only Blue Sky related assets may be exposed to risks and returns under the New Investment Management Agreement and associated investment mandates that they did not initially expect or intend to be exposed to. By way of example, if the Proposal is implemented, the Company's new investment mandate will expose Shareholders to additional risks associated with different fund managers (under the multi- manager mandate) and investments in new classes of assets, such as private debt and infrastructure.
Fees payable to underlying funds and discontinuation of fee discounting	Under the Ongoing Arrangements in respect of Existing BLA Investments, the Company will be charged fees on a fund by fund basis (see section 2.3). Under the terms of the Blue Sky Management Agreement, rebate arrangements are in place that are designed to have the effect that the Company is not required to pay any management fees or performance fees to underlying managers, being Blue Sky entities or co-investment vehicles (notwithstanding that the Company is still required to pay its share of establishment fees and transaction costs for any new investments). Until those rebates are received by the Company, the Company has been subject to the payment of double management and performance fees at the fund level and in management fees paid to BSAAF. If the Proposal is implemented, the fees payable to Fund Level Managers will represent additional fees payable by the Company compared with those currently payable under the Blue Sky Management Agreement. However, in respect of the Existing BLA Investments that are subject to the Ongoing Arrangements, the Company has negotiated arrangements to ensure such management and performance fees are similar to those paid to BSAAF under the Blue Sky Management Agreement. Such fees will also be subject to the deferred rebate and performance fee deficit allocation as set out in section 2.2.
Loss of first right to invest in BLA managed assets	Under the New Investment Management Agreement, the Company will no longer have the first right to invest in up to 50% of any asset managed by BLA entities. This right will not exist if the Proposal is implemented, meaning that there is no guarantee that the Company will be able to invest in any new assets managed by BLA entities. Notwithstanding this, Directors consider that the pipeline of available investments in assets managed by BLA entities that can be made at the current time is likely to be reduced relative to the period prior to March 2018, and there is no guarantee that a suitable pipeline of investments would continue under the Blue Sky Management Agreement.
Limited experience in managing unlisted alternative assets	While Wilson Asset Management has extensive skills and experience in successfully managing listed investment companies, Wilson Asset Management has no track record and limited experience in investing in the alternative asset classes. However, Wilson Asset Management has invested in highly experienced alternative asset professionals to expand its offering in this area, and is continuing to hire in specialist expertise in this regard. Please refer to section 4.2 for more information about the proposed portfolio manager and the Investment Committee.

No performance incentives for Wilson Asset Management	It is common for investment managers to receive a performance fee on investment performance in circumstances where the return generated exceeds a pre-agreed benchmark. Under the New Investment Management Agreement, Wilson Asset Management has agreed to not receive a performance fee, unless a proposal to introduce one is put to and approved by the Shareholders. This is to avoid having an extra layer of performance fees at the Wilson Asset Management level. An appropriately structured performance fee may assist to align the interests of the manager and the underlying fund. By not having a performance fee, there is a risk that the alignment of interests is less than would otherwise have been the case. However, the termination for failure to meet Premium Target provisions of the New Investment Management Agreement are designed to assist to align the interests of the Manager and the Company's shareholders.

Termination fee payable	A termination fee is payable by the Company under the terms of the New Investment Management Agreement if certain conditions are met.
	The Company may remove the Manager and terminate the New Investment Management Agreement:
	▪ after the expiration of the initial term:
	    ▪ on delivery of 6 months' written notice; or
	    ▪ if, while the Company is an Investment Entity (as that term is defined in the Listing Rules), the Shareholders resolve by ordinary resolution that the Manager should be removed as manager of the Portfolio, on delivery of three months' prior written notice;
	(If the Company terminates the New Investment Management Agreement in accordance with any of the above termination rights, it must pay to the Manager a fee equal to the aggregate Management Fees calculated for payment (whether paid or unpaid) in respect of the 12 month period up to the date of termination, in addition to any accrued but unpaid Management Fees).
	Under the terms of the Blue Sky Management Agreement, no termination payment is applicable during the initial term, noting that an ASX waiver was granted for the initial term to be 10 years. If the ASX waiver had not been granted and the Blue Sky Management Agreement was lawfully terminated after an initial five year term, BSAAF would have been entitled to a termination payment at the termination date equal to 5% of the NTA backing of the Company (or in excess of 48 months of management fees), reduced by one sixtieth for each whole calendar month that had elapsed between the commencement of the extended term and the termination date and the Company would no longer be entitled to any management fee or performance fee rebates accrued after the termination.

5.3 BAF Directors' recommendation

Your Board has concluded that the advantages of the Proposal outweigh the disadvantages of the Proposal and that the Proposal is in the best interests of Shareholders.

In arriving at this conclusion the Directors have conducted an assessment of the Proposal as a whole, including the matters set out in this section 5.

In particular, the Directors believe that there is a compelling need for an investment vehicle like the Company which is publicly traded on the ASX and investing in a broad array of otherwise inaccessible alternate asset classes, like water entitlements. The Directors have strived to achieve an outcome which will allow Shareholders to continue to access an investment vehicle to invest in alternative investments with a potentially bright horizon. After protracted and complicated negotiations with many parties, the Directors believe that the termination of the existing Blue Sky Management Agreement and the appointment of Wilson Asset Management best achieves the desired outcome of a professionally managed, shareholder focussed alternative asset investment vehicle.

As previously announced, the Board has undertaken a number of strategic reviews of the Company's existing arrangements in response to events that have affected Blue Sky since early 2018. These events resulted in BLA experiencing significant market and operating disruption. In particular, BLA announced a number of material balance sheet write downs, removal of earnings guidance, cost saving initiatives (including a rationalisation of investment focus and distribution models), a review of BLA's future strategic direction, and changes to its board of directors and senior management. On 20 May 2019, BLA announced that Oaktree Capital Management, L.P. had enforced its rights under the convertible note facility entered into by Blue Sky, and appointed KordaMentha as Receivers and Managers of BLA and Pilot Partners as Voluntary Administrators of BLA. Both appointments were made pursuant to a security duly registered on the Personal Property and Securities Register.

These events have had consequential effects on the Company, including a sustained material unfavourable impact on the market for shares in the Company, with the Company's share price falling to a 20%+ discount to pre-tax NTA after BAF emerged from its initial trading halt. This followed an extended period where the Company's shares traded at a premium to NTA. This significant share price discount to NTA has persisted to the time of this Explanatory Memorandum being prepared.

The Directors have constantly strived to produce the best result for Shareholders – implementing necessary changes to narrow the persistent discount between the Company's share price and its NTA, ensuring that Shareholders have the greatest opportunity to maximise their investment in the Company while at the same time ensuring liquidity.

Since the initial buy-back program commenced in May 2018, a total of approximately 20.6 million shares have been bought back for a total investment of approximately $16.8 million. The acquisition of these shares occurred at an average discount to NTA of 27.7%.

After a comprehensive selection process which involved the Company receiving and evaluating proposals from a total of five manager candidates in late 2019, the Board continues to believe that a manager transition to Wilson Asset Management is the superior outcome for Shareholders.

The Directors have considered a range of relevant factors as set out in section 5, and believe the Proposal to transition the management of the Company to Wilson Asset Management under a new investment mandate, provides the most attractive opportunity at this time relative to the alternatives considered and currently available to address the ongoing share price discount to NTA. The Directors believe the Proposal is in the best interests of Shareholders.

The Directors note that the Proposal also preserves the unique elements of the Company's core product attributes, including:

- liquid access to sought-after private market opportunities typically only available to institutional and wholesale investors;
- a diversified portfolio of private market alternative assets;
- low total portfolio volatility;
- low correlation to traditional asset classes such as listed equities and fixed income; and
- opportunities to generate attractive absolute returns comprising both yield and capital gain.

Accordingly, the Directors **unanimously recommend** that Shareholders **vote in favour** of the Resolutions at the Meeting to enable the implementation of the Proposal.

While the Directors consider that the advantages of the Proposal outweigh the disadvantages, there can be no guarantee that Wilson Asset Management will achieve any particular investment return within the Portfolio or that the future performance of the Portfolio will match or exceed its past performance. No guarantee can be given concerning the future earnings of the Company or the earnings and capital appreciation of the Portfolio. Specifically, any manager (irrespective of whether it is associated with BLA or Wilson Asset Management) may make poor investment decisions resulting in the returns being inadequate to pay an annual dividend to Shareholders or provide capital appreciation.

In considering whether you wish to follow the Directors' recommendations, you should:

- read this Explanatory Memorandum in its entirety;
- consider your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- consult your legal, financial or other professional adviser if you believe that is necessary.

6 DETAILS OF THE RESOLUTIONS

6.1 Resolution 1 – Approval to terminate existing management agreement and entry into new management agreement

Resolution 1 seeks approval for the Company to terminate the Blue Sky Management Agreement to terminate BSAAF's appointment as investment manager and to enter into the New Investment Management Agreement with Wilson Asset Management, to appoint Wilson Asset Management as the Company's investment manager.

Resolution 1 must be passed as an ordinary resolution requiring approval by a majority (50%) of Shareholders voting at the meeting online or by proxy. If Resolution 1 is passed the termination and appointment will take effect from the Effective Date.

Resolution 1 will be conducted by poll.

A summary of the terms of the Blue Sky Termination Deed (in respect of the termination of BSAAF as investment manager) and the New Investment Management Agreement (in respect of the appointment of the new investment manager) is set out in sections 2 and 3 respectively.

ASX Guidance Note 26

As a listed investment company, the Company is subject to the ASX guidance in ASX *Guidance Note 26 Management Agreements*, which relevantly applies to the Company with regards to the Proposal as follows:

- as one of the conditions to listing on the official list of ASX at the time of the Company's initial public offering in 2014, the Company provided an undertaking in favour of ASX that it would obtain the approval of ordinary shareholders for any material changes to the Blue Sky Management Agreement; and
- in the case of listed entities, entry into a management agreement while listed is subject to the general requirement in ASX Listing Rule 12.5 that the entity's structure and operations continue to be appropriate for a listed entity. Whilst not mandatory, ASX does encourage listed entities who intend to enter into a management agreement after listing to obtain shareholder approval for the management agreement, where all material information about the management agreement has been included in the notice of meeting and the manager and its associates have been the subject of a voting exclusion statement, as a means of determining appropriateness.

In light of the above matters, the Directors do not wish to proceed with implementing the Proposal without obtaining shareholder approval in the manner contemplated by Resolution 1.

A voting exclusion will be applied in relation to any votes cast in favour of Resolution 1 by or on behalf of Wilson Asset Management or any associates of Wilson Asset Management.[3]

6.2 Resolution 2 – Approval to change Company name and Constitution

If Resolution 1 is approved, it is also proposed that the Company's name is changed to WAM Alternative Assets Limited. In addition, minor changes are required to be made to the Company's existing constitution to reflect the change in the Company's name.

To reflect the change in corporate name, it is intended that the Company's ASX ticker code is changed from "BAF" to "WMA".

The Board considers that the change of name represents the Company's new manager strategy and allows the Company to rebrand and signal to the market a separation from management of BSAAF (a Blue Sky subsidiary company). Further details of the rationale for the change of name is set out above in this Explanatory Memorandum.

Resolution 2 is a special resolution (pursuant to section 157(1) of the Corporations Act) and requires the approval of at least 75% of the votes cast by Shareholders entitled to vote online or by proxy. Resolution 2 will be conducted by poll.

Resolution 2 is conditional on Resolution 1 being approved and Resolution 2 will only be put to the meeting if Resolution 1 is approved. Resolution 1 is not conditional on Resolution 2 being approved and if Resolution 1 is approved, the termination of BSAAF as manager and appointment of Wilson Asset Management as new manager will take place irrespective whether Resolution 2 is passed.

If Resolution 2 is approved by the requisite majority, the name change will take effect from the Effective Date at the same time the termination and appointment of manager takes effect.

6.3 Recommendation of Directors

The Directors unanimously recommend that you vote in favour of the Resolutions to enable the Proposal to be implemented. Refer to section 1.2 and section 5 for more detail regarding the factors the Directors have considered when making this recommendation.

3 However the Company need not disregard a vote if it is cast by a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way, or it is cast by the Chair of the meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides, or it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, and the holder votes in accordance with the directions given by the beneficiary.

7 GLOSSARY

Accrued Performance Fees has the meaning under the heading "Performance Fee Deficit" in section 2.2.

AFSL means Australian Financial Services Licence.

Allocated Funds has the meaning under the heading "Performance Fee Deficit" in section 2.2.

ASX means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).

Blue Sky or BLA means Blue Sky Alternative Investments Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 136 866 236.

Blue Sky Alternatives Access Fund Limited or BAF or the Company means Blue Sky Alternatives Access Fund Limited ACN 168 941 704.

Blue Sky Management Agreement means the management services agreement between the Company and BSAAF dated 6 May 2014.

Blue Sky Termination Deed means the termination deed between the Company, BLA, BSAAF, AAAP Securities Limited, Wilson Asset Managers and certain Fund Level Managers dated 16 July 2020.

Board or Directors means the board of directors of Blue Sky Alternatives Access Fund Limited (being Michael Cottier, Kym Evans, John Baillie and Miles Staude).

BSAAF means BSAAF Management Pty Ltd ACN 168 923 279 (wholly owned subsidiary of BLA), the current manager under the Blue Sky Management Agreement.

BSESIF means the Blue Sky Energy Storage Infrastructure Fund.

Business Day means a day other than a Saturday or Sunday on which banks located in the Sydney metropolitan area are open for general banking business.

Chairman or Chair means the chairman of the Meeting.

Constitution means the constitution of the Company as amended from time to time.

Corporations Act means *Corporations Act 2001* (Cth).

Deferred Funds has the meaning under the heading "Deferred management fee rebates" in section 2.2.

Effective Date means the date that the Company and BSAAF each provide written notice that the conditions to the Blue Sky Termination Deed are satisfied.

EGM, Extraordinary General Meeting or Meeting means the extraordinary general meeting of Blue Sky Alternatives Access Fund Limited to be held pursuant to the Notice on Tuesday, 8 September 2020 at 3:00 pm (Sydney time) virtually through an online platform at https://agmlive.link/BAFEGM20.

Excluded Circumstances has the meaning under the heading "Voting and transfer rights" in section 2.3.

Existing BLA Investments mean existing investments by the Company in BLA managed funds.

Explanatory Memorandum means the explanatory memorandum to this Notice.

Fund Level Managers mean Argyle Investment Management Pty Ltd, January Capital GP Pty Ltd, BSPRE Investment Management Pty Ltd, Blue Sky Private Real Estate Pty Ltd, January Capital Pty Ltd, FIP Holdings Pty Ltd, Blue Sky Alternative Investments LLC, and the investment manager of BSESIF.

Investment Committee has the meaning under section 4.2.

Investment Strategy has the meaning under the heading "Investment Strategy" in section 3.2 and includes the investment strategy set out in section 4.3.

Licensed Market has the meaning given in Section 761A of the Corporations Act and includes any equivalent or similar stock markets located in jurisdictions outside of Australia.

Management Fee has the meaning under the heading "Management fee" in section 3.2.

New Investment Management Agreement means the investment management services agreement to be entered into between the Company and Wilson Asset Management (International) Pty Limited.

Notice means this notice of meeting including the Explanatory Memorandum and the Proxy Form.

NTA means net tangible assets.

Ongoing Arrangements means the new arrangements that the Company, Wilson Asset Management, BLA, BSAAF, the Fund Level Managers and fund trustees have agreed with respect to the ongoing management of Existing BLA Investments, and which will come into effect on the Effective Date.

Portfolio means, under the New Investment Management Agreement, all monies, investments or additions, which may from time to time be paid to or received or held by the Company or the Manager on behalf of the Company (whether or not pending investment) and any investments for the time being representing them, any income derived from them and any capital accretions to them regardless of how they arise.

Premium Target means where the volume weighted average price of the Company's shares over the relevant trading days during the month, exceeds the Company's pre-tax NTA lodged with the ASX.

Proposal means the proposal to terminate the Blue Sky Management Agreement and transition the management of the Company to Wilson Asset Management in accordance with the Termination Deed, Transitional Services Agreement and Ongoing Arrangements, entry by the Company into New Investment Management Agreement and change of Company name on the terms set out in this Notice.

Proxy Form means the proxy form attached to this Notice.

Resolution means a resolution for the consideration of Shareholders at the Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Transitional Services Agreement means the transitional services agreement between the Company, BSAAF and Wilson Asset Management dated 16 July 2020.

Wilson Asset Management or Manager means Wilson Asset Management (International) Pty Limited ACN 081 047 118.

Water Fund Rebate means the accrued performance fee rebate in respect of the Argyle Water Fund for the year ending 30 June 2020.

BlueSky
Alternatives
Access Fund

Blue Sky Alternatives Access Fund Limited

www.blueskyfunds.com.au/alternativesfund

BlueSky
Alternatives
Access Fund

ACN 168 941 704

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

EMAIL
vote@linkmarketservices.com.au

BY MAIL
Blue Sky Alternatives Access Fund Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
02 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: 1300 554 474

PROXY FORM

I/We being a member(s) of Blue Sky Alternatives Access Fund Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **3:00pm (Sydney time) on Tuesday, 8 September 2020** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at https://agmlive.link/BAFEGM20 (refer to details in the Virtual General Meeting Online Guide).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.
Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions	For	Against	Abstain*
1 Approval to terminate existing management agreement and entry into a new management agreement	☐	☐	☐
2 Approval to change company name and constitution	☐	☐	☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

SAMPLE

BAF PRX2001N

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting Virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **3:00pm (Sydney time) on Sunday, 6 September 2020,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE
www.linkmarketservices.com.au
Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

BY EMAIL
vote@linkmarketservices.com.au

BY MAIL
Blue Sky Alternatives Access Fund Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX
02 9287 0309

BY HAND
Delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)