



Alternatives
Access Fund

ANNUAL REPORT

For the year ended 30 June 2014

Blue Sky Alternatives Access Fund Limited

ACN 168 941 704

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Chairman's Review

Dear Shareholders,

Blue Sky Alternatives Access Fund: 2014 result

It is a great pleasure to issue the first annual financial report for the Blue Sky Alternatives Access Fund Limited ('Alternatives Fund') since listing on 16 June 2014.

Alternative asset classes

Investors are increasingly becoming aware of the role that alternative asset classes play in a well-diversified portfolio. Alternative asset classes (such as private equity, hedge funds, private real estate and real assets) tend to have different risk, return and correlation characteristics to traditional asset classes such as equities and fixed income, and as a result have the potential to increase overall portfolio returns or reduce overall portfolio risk.

Increasing investor awareness of the role of alternatives is reflected in increasing allocations to alternatives. According to Rainmaker data, allocations to alternatives in Australia have grown from 5% in 1997 to over 17% today, still below the 22.4% average allocation by global institutional investors.¹

The Alternatives Fund

The Alternatives Fund listed on 16 June 2014 and is Australia's only Listed Investment Company that allows investors to make a strategic allocation to a diverse portfolio of directly managed alternative assets. The Alternatives Fund invests in alternative asset funds managed by Blue Sky Alternative Investments Limited ('Blue Sky') and, as a listed structure, provides investors with the additional benefits of liquidity and fees that are lower than other alternative asset funds.

In the period from listing to the close of the financial year, the Alternatives Fund had allocated almost 70% of the Alternatives Fund's capital as follows:

- 32.7% in real assets
- 20.5% in private equity and venture capital
- 12.9% in hedge funds
- 2.9% in private real estate.

Financial results

In the period since listing, the Alternatives Fund has recorded a net loss after tax of \$494,292. This operating loss reflected costs associated with allocating capital. The Board expects that operating results in future periods will more closely reflect the returns generated by the underlying investment portfolio.

The initial allocation of the Alternatives Fund represents an exposure to a diverse range of alternative assets, with the potential for strong returns uncorrelated to traditional asset classes, such as equities and fixed income.

I thank you for your support as a shareholder and I look forward to sharing our progress over the coming years.



John Kain
Chairman
Blue Sky Alternatives Access Fund Limited

¹ Russell Investments, 2012 Survey on Alternative Investing.

Directors' Report

The Directors present their report on Blue Sky Alternatives Access Fund Limited (the 'Company' or 'the Alternatives Fund') for the period ended 30 June 2014.

Directors

The Directors of the Company at any time from the date of registration up to the date of this report, unless stated otherwise, are:

- John Kain
- Philip Hennessy
- Paul Masi
- Andrew Champion
- Alexander McNab

About the Company

The Alternatives Fund is a listed investment company that invests in a diverse range of alternative assets including:

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

The Alternatives Fund is the only listed investment company on the ASX that allows investors to make a strategic allocation to a diverse portfolio of directly managed alternative assets.

The Alternatives Fund is listed on the ASX trading under the code BAF, with options in the Alternatives Fund trading under the code BAFO.

BSAAF Management Pty Limited (the 'Manager'), a 100% owned subsidiary of Blue Sky Alternative Investments Limited ('Blue Sky'), is the manager of the Alternatives Fund. All investments made by the Manager on behalf of the Alternatives Fund are directly managed by wholly owned subsidiaries of Blue Sky, which is listed on the ASX trading under the code BLA.

Objectives of the Company

The primary objectives of the Alternatives Fund are to:

- Deliver long term absolute returns to shareholders, comprised of both capital appreciation and a dividend yield (franked to either 100% or the maximum extent possible);
- Provide investors with access to a diverse range of alternative assets; and
- Provide investors with the ability to invest in alternative assets through an ASX listed structure that is more readily accessible and liquid than is typical for many alternative assets.

Operating and Financial Review

Information on the operations and financial position of the Company is contained on page 3 of this report.

The profit/(loss) from ordinary activities after income tax amounted to (\$494,292).

The net tangible asset backing for each ordinary share after tax as at 30 June 2014 amounted to 0.9715 cents per share.

Dividends

No dividend was declared or paid during the period.

Earnings per share

30 June 2014
\$

Basic and diluted earnings (cents per share)	(0.01)
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Significant changes in the state of affairs

There have been no significant changes, other than those noted above, in the state of affairs of the Company during the period.

Matters subsequent to the end of the financial year

There are no matters subsequent to the end of the reporting period that have significantly affected or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

Likely developments and expected results of operations

The Company does not expect a change in the nature of its operations and will continue its existing operations and explore new opportunities for growth in the future.

Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

Directors' Report

Information on directors

John Kain (appointed 4 April 2014)

Non-independent non-executive chairman

John Kain is a corporate lawyer with over 20 years of experience in corporate advisory, private equity and mergers and acquisitions. John is the managing director of Kain C+C Lawyers, a specialist legal consulting company working exclusively in corporate, commercial and mergers and acquisition law.

John is currently chairman of Blue Sky Alternative Investments Limited, chairman of a widely held private investment company and a member of the Financial Council of the Roman Catholic Archdiocese of Adelaide. He has also served on a number of boards, including as a director of public charitable trusts, as chairman of a Commonwealth government advisory panel and as director of a number of private companies. He is also a fellow of the Australian Institute of Company Directors.

John graduated from Adelaide University and was admitted to legal practice in South Australia in 1990. He was subsequently admitted to practice in England and in New South Wales. John is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee of the Company.

Other current directorships of listed entities:

Blue Sky Alternative Investments Limited (Appointed 1 July 2011)

Former directorships of listed entities (in the last 3 years): None

Philip Hennessy (appointed 15 April 2014)

Independent non-executive director

Philip Hennessy stood down as Queensland chairman of KPMG in February 2013 after 12 years in the role and retired from the partnership in July 2013.

Over the past 30 years Philip has been involved in corporate insolvency and reconstruction across a variety of industries including construction, real estate, mining, manufacturing, professional services, hospitality, tourism, agriculture and financial services.

He has served as a chairman and director on a number of government owned corporations focussed on water storage, treatment and transport services to industrial and mining customers and for household use, and also involving the construction of pipelines, dams and other infrastructure. Philip has also been a director of various not-for-profit organisations serving intellectually disabled women, children with chronic health issues, hospitals and education.

Philip is currently an independent company director and adviser to public, private and not for profit organisations. Philip is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee of the Company.

Other current directorships of listed entities:

Collection House Limited (appointed 22 August 2013)

Former directorships of listed entities (in the last 3 years): None

Paul Masi (appointed 16 April 2014)

Independent non-executive director

Paul Masi has over 30 years of experience in financial services and investment banking.

Paul was appointed to the board of Shaw Stockbroking on 1 August 2012 as an independent non-executive director. Prior to that appointment Paul was Managing Director and Chief Executive Officer of Austock Group Limited from March 2010 to April 2012. Prior to joining Austock Group, Paul was at Merrill Lynch which he joined in October 2000, becoming Co Country Head in 2002. In 2003, Paul transferred to Hong Kong to become Head of Equities and Equity Trading Asia Pacific for Merrill Lynch. In 2006 he returned to Australia as Chief Executive Officer of Merrill Lynch Australia and subsequently CEO of Bank of America Merrill Lynch Australia.

Paul holds a Bachelor of Economics from Macquarie University and has completed the AGSM Accelerated Management Program. Paul is a non-executive director of the Cerebral Palsy Alliance and the Girls and Boys Brigade. Paul is a member of the Audit and Risk Committee and the Remuneration and Nomination Committee of the Company.

Other current directorships of listed entities: None

Former directorships of listed entities (in the last 3 years):

Austock Group Limited (resigned 12 April 2012)

Alexander McNab (appointed 4 April 2014)

Non-independent executive director

Alexander McNab joined Blue Sky in 2009 as a partner in Blue Sky's private equity business. In that capacity, Alexander is responsible for sourcing potential investments, leading due diligence, negotiating and executing transactions and managing Blue Sky's portfolio of private equity investments.

Alexander also takes a broader investing role across Blue Sky, sitting on the board or investment committee of Blue Sky Venture Capital, Blue Sky Private Real Estate, Investment Science and Blue Sky Water Partners.

Prior to joining Blue Sky, Alexander spent eight years at Bain & Company, a global strategy consulting firm. During his time at Bain, Alexander formulated corporate and business unit strategies, led performance improvement projects and influenced management teams to drive results, working with clients across a range of industries, including financial services, telecommunications, retail, consumer products and technology.

Alexander holds a Masters of Business Administration (with Distinction) from INSEAD, and a Bachelor of Economics (First Class Honours) and Bachelor of Laws from the University of Queensland. He is a Graduate Member of the Australian Institute of Company Directors. Alex is a member of the Audit and Risk Committee of the Company.

Other current directorships of listed entities:

Blue Sky Alternative Investments Limited (appointed 23 September 2011), Commstrat Limited (appointed 15 February 2011)

Former directorships of listed entities (in the last 3 years): None

Directors' Report

Andrew Champion (appointed 4 April 2014)

Non-independent executive director

Andrew Champion has 20 years' experience in corporate advice and finance and has been responsible for private equity and alternative assets coverage for two leading investment banks out of London and Sydney. He also has extensive experience in leading M&A and debt and equity funding for SME's in Australia.

Having joined Blue Sky in January 2013, Andrew runs Blue Sky's Sydney office and is head of Blue Sky's capital market activities.

Andrew holds a Bachelor of Commerce and Bachelor of Laws and has been a member of the ICAA since 1994. Andrew is a member of the Remuneration and Nomination Committee of the Company.

Shareholding and option-holding of directors

Refer to Note 18 to the financial statements for a summary of the shares and options held by the Directors of the Company.

Company secretary

Jane Prior is Company Secretary. Jane was previously based at a London law firm where she advised on fund establishments and investments as well as a range of joint venture, venture capital, private equity and mergers and acquisitions transactions. Prior to her time in London, Jane worked at Brisbane-based law firm McCullough Robertson Lawyers. Jane has also worked as a judge's associate in the Supreme Court of Queensland.

Jane has a Bachelor of Arts/Law from the University of Queensland and was admitted as a solicitor in 2005. Jane is also company secretary and in-house legal counsel of Blue Sky Alternative Investments Limited, a related party of the Company.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the period ended 30 June 2014, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees			
			Audit and Risk		Remuneration and Nomination	
	A	B	A	B	A	B
John Kain	3	3	2	2	0	0
Philip Hennessy	3	3	2	2	0	0
Paul Masi	3	3	2	2	0	0
Andrew Champion	3	3	n/a	n/a	0	0
Alexander McNab	3	3	2	2	n/a	n/a

A = Number of meetings attended.

B = Number of meetings held during the period.

Shares under option

As at 30 June 2014, there are 60,391,800 ordinary shares of the Company under option.

Insurance and indemnification of officers and auditors

The Company maintains Directors & Officers Insurance and has Deeds of Access and Indemnity for each Director. During the period, the Company paid premiums in respect of Director's and Officer's liability and for professional indemnity insurance contracts, for all Directors of the Company named in this report, as well as other officers of the Company.

This policy insures persons who are Directors or Officers of the Company against certain liabilities incurred as such by a Director or Officer, while acting in that capacity, except where the liability arises out of conduct involving lack of good faith. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Director's and Officer's liability insurance contract, as such disclosure is prohibited under the terms of the contract.

Directors' Report

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 19 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (the 'Act').

The Directors are of the opinion that the services as disclosed in Note 19 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount) and which have not arisen from the auditor's negligence or wrongful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the financial period.

Officers of the Company who are former audit partners of Ernst & Young

There are no officers of the Company who are former audit partners of Ernst & Young.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Act is set out on page 9.

This report is made in accordance with a resolution of Directors, pursuant to section 298 (2)(a) of the Act.

On behalf of the Directors



John Kain
Chairman

26 August 2014
Brisbane

Remuneration Report (Audited)

The remuneration report details the nature and amount of remuneration of each Director of the Company in accordance with the *Corporations Act 2001*.

Remuneration policy and framework

The Directors have agreed that the independent Directors, Philip Hennessy and Paul Masi, are to receive \$40,000 per annum, and the chairman of the Company, John Kain, will receive \$60,000 per annum, in recognition of additional duties. The other Directors who are not independent will not receive any remuneration.

Under the ASX Listing Rules, the maximum fees payable to Directors may not be increased without approval from the Company at a general meeting. Directors will seek approval from time to time as appropriate. Entitled Directors receive a superannuation guarantee contribution required by the Government, which is currently 9.5%, and do not receive any retirement benefits or long service leave. All remuneration paid to Directors is valued at the cost to the Company and expensed. At present, no employee share or option arrangements are in existence for the Company's Directors. As the Company does not pay performance based fees to the Directors, nor provide share or option schemes to Directors, remuneration is not explicitly linked to the Company's performance.

Notwithstanding this, the Board members are to be subject to ongoing performance monitoring and regular performance reviews.

Details of remuneration

The Directors' remuneration payable for the period ending 30 June 2014 is as follows:

Director	Position	Directors' fees \$
John Kain	Chairman	14,301
Philip Hennessy	Director	8,329
Paul Masi	Director	8,219
Alexander McNab	Director	-
Andrew Champion	Director	-

The annual remuneration of the Directors is as follows:

Director	Position	Annual Directors' fees \$
John Kain	Chairman	60,000
Philip Hennessy	Director	40,000
Paul Masi	Director	40,000
Alexander McNab	Director	-
Andrew Champion	Director	-

The Manager will also be considered Key Management Personnel given it has the authority and responsibility for planning, directing and controlling the activities of the Company by virtue of the Management Services Agreement entered into on 6 May 2014. During the period, the Company incurred \$27,432 of management fees, payable to the Manager. Refer to Note 7 to the financial statements for further information.

Shareholdings of Directors

As at 30 June 2014, shares issued by the Company and held by the Directors and their related entities are set out below:

Director	Opening balance (Number of shares)	Net number of shares acquired	Net number of shares disposed	Closing balance (Number of shares)
John Kain	-	500,000	-	500,000
Philip Hennessy	-	50,000	-	50,000
Paul Masi	-	150,000	-	150,000
Alexander McNab	-	500,000	-	500,000
Andrew Champion	-	350,000	-	350,000

Option holdings of Directors

As at 30 June 2014, options issued by the Company and held by the Directors and their related entities are set out below. These options were issued in accordance with the Company's offer documents, whereby all investors received, for no additional consideration, one option for every one Share allotted, exercisable at \$1.00 on or before 16 December 2015.

Director	Opening balance (Number of options)	Net number of options acquired	Net number of options disposed	Closing balance (Number of options)
John Kain	-	500,000	-	500,000
Philip Hennessy	-	50,000	-	50,000
Paul Masi	-	150,000	-	150,000
Alexander McNab	-	500,000	-	500,000
Andrew Champion	-	350,000	-	350,000

Auditor's Independence Declaration



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Auditor's independence declaration to the directors of Blue Sky Alternatives Access Fund Limited

In relation to our audit of the financial report of Blue Sky Alternatives Access Fund Limited for the financial period ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'P McLuskie'.

Paula McLuskie
Partner
26 August 2014

Corporate Governance Statement

The Board of Directors of the Company is responsible for the Company's overall corporate governance, including adopting the appropriate policies and procedures designed to ensure that the Company is properly managed to protect and enhance shareholder interests and that Directors fulfill their functions effectively and responsibly. At the date of this Report, the Company does not have any employees.

The Board has created a framework for managing the Company, including adopting relevant internal controls and a risk management process which it believes are appropriate for the Company's business. The main corporate policies and practices adopted by the Company are summarised below. In addition, many governance elements are contained in the constitution of the Company.

The Board, in establishing its corporate governance principles, had regard to the ASX Corporate Governance Principles and Recommendations, and unless disclosed below all of the recommendations have been applied. The reasons for any departure from these principles and recommendations are explained below. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, respect, trust and openness among and between board members, BSAAF Management Pty Limited ACN 168 923 279 (or any equivalent manager) and shareholders.

Principle 1 – Lay solid foundations for management and oversight

The Board has adopted a Charter to provide a framework for its effective operation. The Board's role and responsibilities, as set out in its Charter, include to:

- take an effective leadership role in relation to the Company;
- monitor the implementation and execution of strategy for the Company and performance against financial targets;
- ensure corporate accountability to the shareholders of the Company;
- review and oversee the operation of systems of risk management and internal compliance and control;
- oversee the performance of the Manager.

The Company entered into a management services agreement with the Manager on 6 May 2014 with respect to the management of the Company's investment portfolio ('Management Agreement'). Under the Management Agreement, the Manager also provides or procures the provision of administrative support services reasonably required by the Company to conduct its business.

Issues of substance affecting the Company are considered by the Board with advice from external advisors as required. Directors and Board Committees may seek independent professional advice at the Company's expense in the performance of their duties.

Diversity Policy

The Board has not established a policy concerning diversity. This departure from Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations is considered appropriate given the current nature and size of the Company and the Board does not consider the departure to be materially detrimental to the Company. The Board values and embraces diversity and recognises the value contributed to the Company by appointing to the Board people with varying skills and experience.

Principle 2 – Structure the Board to add value

The Board is currently made up of five Directors: a non-independent non-executive chairman, two independent non-executive directors and two non-independent executive directors.

While the Board does not currently comprise of a majority of independent Directors (as recommended by Recommendation 2.4 of the ASX Corporate Governance Principles and Recommendations) or have an independent Chair (as recommended by Recommendation 2.5 of the ASX Corporate Governance Principles and Recommendations), the Board is structured such that it comprises Directors from a variety of business and professional backgrounds who bring a range of commercial, operational and financial skills and experience relevant to the Company and the industry in which it operates. The Board believes that the individuals on the Board can make quality, independent judgment in the best interests of the Company and other stakeholders.

A complete listing of the Directors for the period ended 30 June 2014, along with their biographical details is provided in the Directors' Report.

The Board has established a Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprises Paul Masi (as Chair), John Kain, Philip Hennessy and Andrew Champion.

The Board recognises that regular reviews of its effectiveness and performance are key to the improvement of the governance of the Company. The Board has determined, given the size of the Board and the Company, that it is not appropriate to disclose the performance evaluation of the Board, its committees and individual Directors. Rather than a formal review procedure, the Board has adopted a self-evaluation process to measure its own performance, which is overseen by the Nomination and Remuneration Committee.

The Board considers this departure from recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations is appropriate given the nature and size of the Company and given the full Board considers the matters and issues that would fall to a Nomination and Remuneration Committee. Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with the Principle to be materially detrimental to the Company.

The primary role of the Nomination and Remuneration Committee Charter is to assume responsibility for all matters relating to succession planning, recruitment and the appointment and remuneration of the Directors and any Managing Director, and overseeing succession planning, selection and appointment practices and remuneration packages for management and any employees of the Company.

Corporate Governance Statement

The objectives of the Committee include to:

- review, assess and make recommendations to the Board on the desirable competencies of the Board;
- assess the performance of the members of the Board;
- oversee the selection and appointment practices for Directors;
- develop succession plans for the Board and oversee the development of succession planning in relation to management; and
- assist the Board in developing and determining appropriate remuneration policies.

In making recommendations regarding the appointment of Directors, the Committee is to periodically assess the appropriate mix of skills, experience and expertise required on the Board and assess the extent to which the required skills and experience are represented on the Board.

Principle 3 – Act ethically and responsibly

Code of Conduct

The Company has adopted a formal Code of Conduct to guide Directors in the performance of their duties. The Code of Conduct has been designed with a view to ensuring the highest ethical and professional standards, as well as compliance with legal obligations, and therefore compliance with these guidelines.

The Code of Conduct sets out standards to which each Director and officer will adhere whilst conducting his/her duties. The Code of Conduct requires a Director, amongst other things, to:

- act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company and, where possible, to act in accordance with the interests of shareholders, staff, clients and all other stakeholders in the Company;
- perform the functions of office and exercise the powers attached to that office with a degree of care and diligence that a reasonable person would exercise if he or she were a Director in the same circumstances; and
- not give preference to personal interests or to the interests of any associate or other person, where to do so would be in conflict with the interests of the Company.

The Code of Conduct requires all Directors to at all times:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with both the letter and spirit of the law;
- encourage the reporting and investigation of unlawful and unethical behaviour; and
- comply with the securities trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure that the Board's core governance values are not compromised in any decisions the Board makes.

Securities Trading Policy

The Company has adopted a Securities Trading Policy for dealing in securities. The Securities Trading Policy seeks to ensure that Directors, executive officers and employees (if any) of the Company and any member of the Blue Sky group:

- are aware of the legal restrictions on securities trading (such as where they are aware of material price sensitive information that is not known to the market);
- cannot trade during certain closed periods, except in accordance with prior written clearance obtained in accordance with the policy; and
- report such dealings.

Directors and other shareholders are encouraged to be long term holders of the Company's shares.

The Company has adopted a policy that imposes certain restrictions on Directors, executive officers and employees (if any) of the Company and any member of the Blue Sky group trading in the securities of the Company. The restrictions have been imposed to prevent inadvertent contraventions of the insider trading provisions of the Act.

The key aspects of the Securities Trading Policy are:

- trading whilst in the possession of material price sensitive information is prohibited;
- Directors and executive officers are not permitted to trade during closed periods (half year (31 December) and full year (30 June) balance dates until the date of release to the ASX of the Appendix 4D Half Year Report or the Appendix 4E Full Year Report (as applicable)) unless exceptional circumstances exist and the Director or executive officer has received prior written clearance; and
- Directors and executive officers may trade outside the closed periods provided they have prior written clearance.

Principle 4 – Safeguard integrity in corporate reporting

The role of the Audit and Risk Committee is to assist the Board in discharging its obligations with respect to ensuring the correctness and reliability of financial information prepared for use by the Board and the integrity of the Company's internal controls affecting the preparation and provision of that financial information in determining policies for inclusion in the Financial Report.

The Audit and Risk Committee comprises Philip Hennessy (as Chair), John Kain, Paul Masi and Alexander McNab.

Corporate Governance Statement

The primary role of the Audit and Risk Committee is to:

- oversee the process of financial reporting, internal control, financial and non-financial risk management and compliance and external audit;
- monitor the Company's compliance with laws and regulations;
- appoint and encourage effective relationships with, and communication between, the Board and the Company's external auditor in order to ensure the integrity of the audit process; and
- evaluate the adequacy and effectiveness of processes and internal controls established to identify and manage areas of potential risk and to seek to safeguard the Company's assets.

Members of senior management of the Manager and the external auditors attend meetings of the Audit and Risk Committee by invitation. The Audit and Risk Committee will review and assess the independence of the external auditor on an ongoing basis.

The Company has a policy that its external auditing firm must be independent. The Audit and Risk Committee will review and assess the independence of the external auditor on an ongoing basis.

Other functions and responsibilities of the Audit and Risk Committee include:

- monitoring and making recommendations to the Board on the effectiveness of the Company's internal and external audit function;
- making recommendations to the Board regarding:
 - the scope of internal and external audit, and the development of audit plans;
 - the process for putting the external audit function out to tender as the Committee considers appropriate;
 - the appointment of the external auditors; and
 - any exceptions or qualifications reported, or recommendations made, by the external auditor in the auditor's opinion and management letter;
- directly overseeing the external audit tender process, and including at least two of the members of the Audit and Risk Committee on the interview panel for the tender;
- reviewing the form and content of the audit close report provided by the external auditors and management representation letters provided by management to the external auditors;
- monitoring implementation of any actions required by the Board to be taken by management to address any exceptions or qualifications reported, or recommendations made, by the external auditor;
- liaising with the external auditors, including at least two meetings each year with the auditors, including a portion of the meeting in absence of all management, in relation to the preparation of the audited accounts of the Company;
- reviewing and making recommendations to the Board in relation to accounting policies, or changes, or required changes, to the major accounting policies of the Company, and monitoring compliance by management with all approved accounting policies; and
- evaluating the adequacy and effectiveness of internal financial and other controls used by the Company.

Principle 5 – Make timely and balanced disclosure

The Company is committed to observing its disclosure obligations under the Act and the Listing Rules of the ASX, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities. The Company has adopted a Continuous Disclosure Policy which establishes procedures and protocols aimed at ensuring that Directors are aware of and fulfill their obligations in relation to the timely disclosure of material price sensitive information. The Company has put in place arrangements with the Manager to ensure that it promptly informs the Board of any matter that can reasonably be expected to have a material effect on the price or value of the Company's securities.

Pursuant to the Continuous Disclosure Policy, the Company will immediately notify the market, by announcing to the ASX, any information concerning the business of the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities (subject to applicable exceptions).

The aims of the Continuous Disclosure Policy are to:

- assess new information and co-ordinate any disclosure or releases to the ASX, or any advice required in relation to that information, in a timely manner;
- provide an audit trail of the decisions regarding disclosure to substantiate compliance with the Company's continuous disclosure obligations;
- report to the Board on continuous disclosure matters; and
- ensure that employees, consultants, associated entities and advisers of the Company understand the obligations to bring material information to the attention of the Company Secretary.

The Company Secretary is responsible for communications with the ASX including responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing information going to the ASX, shareholders and other interested parties.

Corporate Governance Statement

Principle 6 – Respect the rights of shareholders

The Board recognises the importance of communicating with shareholders regularly and clearly.

The Company has adopted a Shareholder Communications Policy. The Shareholder Communications Policy is designed to promote effective communication with shareholders and to encourage them to attend and participate at general meetings. The Shareholder Communications Policy is available on the Company's website as are links to recent announcements, presentations (where applicable) and past and current reports to shareholders.

The Board aims to ensure that the shareholders, on behalf of whom they act, are informed of information necessary to assess the performance of the Directors. Information on major developments affecting the Company is communicated to the shareholders through the annual and half yearly reports, general meetings and notices of the general meetings, and by general correspondence from the Board.

Shareholders will be encouraged to participate in the annual general meeting and other general meetings to ensure a high level of accountability and identification with the Company's strategies and goals. Important issues are presented to shareholders as single resolutions.

Principle 7 – Recognise and manage risk

The Company's approach to risk management is formalised in the Risk Management Policy.

The Board has identified the key risks faced by the Company and will constantly seek to identify, monitor and mitigate risk. Internal controls will be monitored on a continuous basis and, wherever possible, improved.

Oversight of the Company's risk management program has been conferred upon the Audit and Risk Committee and the management of the Company's risk management program has been conferred upon the Manager.

Principle 8 – Remunerate fairly and responsibly

The Board has established a Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprises Paul Masi (as Chair), John Kain, Philip Hennessy and Andrew Champion. The Nomination and Remuneration Committee is responsible for determining the appropriate remuneration of the Directors. At the date of this Report, the Company does not have any employees.

Financial Report – Contents

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General information

The financial report covers Blue Sky Alternatives Access Fund Limited (the 'Company'). The Company was registered on 4 April 2014 and began trading on the Australian Securities Exchange on 16 June 2014.

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the Directors' Declaration.

The Company is a publicly listed investment company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1808, Level 18 Australia Square
264-278 George Street
Sydney NSW 2000

A description of the nature of the Company's operations and its principal activities are included in the Directors' Report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of Directors, on the date that the Directors' Declaration was signed. The Directors have the power to amend and reissue the financial report.

Statement of Comprehensive Income

For the period ended 30 June 2014

		Period from 4 April to 30 June 2014
	Note	\$
Interest income		68,492
Net unrealised gains/(losses) on financial assets held at fair value through profit and loss	4	(1,695,989)
Rebate income	6	1,014,660
Director fees	18	(30,849)
Management fees	7	(27,432)
Other expenses		(35,015)
Profit/(loss) before income tax		(706,133)
Income tax benefit/(expense)	8	211,841
Profit/(loss) after income tax		(494,292)
Other comprehensive income		-
Total comprehensive income/(loss) attributable to shareholders of the Company		(494,292)
Earnings per share		Cents
Basic earnings per share (profit/(loss) per share)	17	(0.01)
Diluted earnings per share (profit/(loss) per share)	17	(0.01)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2014

		30 June 2014
	Note	\$
Assets		
Current assets		
Cash and cash equivalents	9	20,815,059
Trade and other receivables	10	5,000
Other current assets	11	88,223
Total current assets		20,908,282
Non-Current assets		
Financial assets held at fair value through profit and loss	12	39,969,011
Deferred tax assets	13	738,356
Total non-current assets		40,707,367
Total assets		61,615,649
Liabilities		
Current liabilities		
Trade and other payables	14	(2,946,677)
Total current liabilities		(2,946,677)
Total liabilities		(2,946,677)
Net assets		58,668,972
Shareholders' Equity		
Issued shares and options	15	59,163,264
Retained profits	16	(494,292)
Total shareholders' equity		58,668,972

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the period ended 30 June 2014

	Note	Share Capital	Share Option Reserve	Retained Profits	Total
		\$	\$	\$	\$
Balance on date of registration (4 April 2014)		1	-	-	1
Total comprehensive income					
for the period	16	-	-	(494,292)	(494,292)
Subtotal		1	-	(494,292)	(494,291)
Transactions with equity holders in their capacity as equity holders:					
Shares and options issued during the period	15	58,580,046	1,811,754	-	60,391,800
Fundraising costs (net of tax)	15	(1,228,537)	-	-	(1,228,537)
Subtotal		57,351,509	1,811,754	-	59,163,263
Balance as at 30 June 2014		57,351,510	1,811,754	(494,292)	58,668,972

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the period ended 30 June 2014

		Period from 4 April to 30 June 2014
	Note	\$
Cash flows from operating activities		
Interest income		68,492
Other operating expenses paid		(15)
Rebate of transaction costs and establishment fees (including GST)		1,116,125
Net cash from operating activities	20	1,184,602
Cash flows from investing activities		
Payments for financial assets at fair value through profit and loss		(38,865,000)
Net cash used in investing activities		(38,865,000)
Cash flows from financing activities		
Proceeds from share issue		60,391,800
Fundraising costs (including GST)		(1,896,344)
Net cash from financing activities		58,495,456
Net increase in cash and cash equivalents		20,815,058
Cash and cash equivalents at the date of registration		1
Cash and cash equivalents at the end of the year	9	20,815,059

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the period ended 30 June 2014

1. General information

Blue Sky Alternatives Access Fund Limited (the 'Company') is a listed public company domiciled in Australia. The address of Blue Sky Alternatives Access Fund Limited's registered office is Suite 1808, Level 18 Australia Square, 264-278 George Street, Sydney NSW 2000. The financial statements of Blue Sky Alternatives Access Fund Limited are for the period ended 30 June 2014. The Company invests in a diverse range of alternative assets, deriving revenue such as dividends and investment income such as gains on realisations of investments.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the entity Blue Sky Alternatives Access Fund Limited.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. Blue Sky Alternatives Access Fund Limited is a for-profit entity for the purpose of preparing the financial statements.

The Financial Statements were authorised for issue by the Directors on 26 August 2014

(i) Compliance with International Financial Reporting Standards

The financial statements of Blue Sky Alternatives Access Fund Limited also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

(ii) Early adoption of accounting standards by the Company

Blue Sky Alternatives Access Fund Limited has early adopted the following accounting standard:

AASB10 – Consolidated Financial Statements (and subsequent amendments thereto)

Early adoption of AASB 2013-5 (*Amendments to Australian Accounting Standards – Investment Entities*) is permitted and has been applied to the Company's Financial Statements for the period ended 30 June 2014. As a result, Blue Sky Alternatives Access Fund Limited is defined as an investment entity under AASB 2013-5. Refer to Note 2 (i) for further information regarding an investment entity.

There are no other new accounting standards and interpretations that are available for early adoption but not yet adopted at 30 June 2014 that would result in any material change in relation to the Financial Statements of the Company.

(iii) Historical cost convention

This financial report has been prepared on a going concern basis and under the historical cost convention except for assets and liabilities which are measured at fair value.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 of the Financial Statements.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Investment income

Profits and losses realised from the sale of investments and unrealised gains and losses on investments held at fair value are included in the Statement of Comprehensive Income in the year they are derived in accordance with the policies described in Note 4.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Rebate income

Rebate income is recognised when it is received or when the right to receive payment is established.

(iv) Other income

The Company recognises other income when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities. The Company bases its estimates on historical results, taking into consideration the type of transaction and the specifics of each arrangement.

(c) Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis, unless stated otherwise. Information regarding management fees is set out in Note 7. Directors' fees and related employment taxes are included as an expense in the Statement of Comprehensive Income as incurred. Information regarding the Directors' remuneration is provided in the Remuneration Report on page 8.

Notes to the Financial Statements

For the period ended 30 June 2014

2. Significant accounting policies (continued)

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

(e) Goods and services tax ('GST')

Revenues and expenses are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

(h) Prepayments

The Company recognises costs paid in advance for which a benefit is expected to be derived in the future as prepayments. The period over which the prepayment is expensed is determined by the period of benefit covered by the prepayment.

(i) Investments and other financial assets and liabilities

In accordance with AASB 10 *Consolidated Financial Statements*, the company is considered to control a number of its investees during the period. As a result, the Company is required to consolidate these investees from the date that control was obtained. However, the Company has early adopted AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities* from 4 April 2014. As a result and given the Company satisfies the criteria required to be considered an investment entity, as well as displays the typical characteristics of an investment entity specified in AASB 2013-5, the investments in these investees have been accounted for in accordance with AASB 139 *Financial Instruments* at fair value through the profit or loss.

(j) Share option reserve

The share option reserve will be measured at the fair value of the Options at the date of issue. This reserve is adjusted, with a corresponding entry to share capital, on exercise of the Options. At the expiration of the Option period, the portion of the reserve relating to unexercised Options will be transferred to a capital reserve.

In accordance with AASB 128 *Investments in Associates and Joint Ventures*, the company is considered to have significant influence over a number of its investees during the period. As a result, the Company is required to account for the investments using the equity method from the date that significant influence was obtained. The Company has applied the Venture Capital Organisation exemption in AASB 128 from 4 April 2014. As a result and given the Company satisfies the criteria required to be considered a venture capital organisation, the investments in these investees have been accounted for in accordance with AASB 139 at fair value through the profit or loss.

Notes to the Financial Statements

For the period ended 30 June 2014

Classification

Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are held for trading purposes and which may be sold. These are investments in unlisted unit trusts.

Financial assets designated at fair value through profit or loss at inception, are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

Recognition and de-recognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Investments are de-recognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Measurement – Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Company measures a financial asset or liability at its fair value.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in the statement of comprehensive income within 'Net unrealised gains/(losses) on financial assets held at fair value through profit and loss' in the period in which they arise.

The fair value of each investment is calculated as the amount which could be expected to be received from the disposal of an asset in an orderly market after deducting costs expected to be incurred in realising the proceeds of disposal.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Note 4 of the financial statements, 'Fair value measurement', provides additional information on how the Company measures its financial assets and liabilities in accordance with AASB 13 *Fair Value Measurement*.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Share capital

Ordinary shares are classified as equity.

Incremental costs attributable to the issue of new shares or options are recognised as a deduction from equity, net of any tax effects.

(m) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding for the period from the date of listing to balance date.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares and potential ordinary shares (options) outstanding for the same period.

(n) Operating segments

The Company operated in Australia only and the principal activity is investment.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period and have not been early adopted by the Company. The Directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

- (i) AASB 9 *Financial Instruments (2009 or 2010 version)*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* and AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* (effective from 1 January 2017).

AASB 9 *Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is not applicable until 1 January 2017 but is available for early adoption.

Notes to the Financial Statements

For the period ended 30 June 2014

2. Significant accounting policies (continued)

- (ii) *IFRS 15 Revenue from Contracts with Customers.* IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Directors are still evaluating the impact of these new standards but do not expect them to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss.

The de-recognition rules have not been changed from the previous requirements, and the Company does not apply hedge accounting.

The Company has not yet decided when to adopt AASB 9.

3. Financial risk management

The Company's activities expose it to a variety of financial risks including market risk (including price risk, currency risk, and interest rate risk), credit risk and liquidity risk.

The Board of Directors have implemented a risk management framework to mitigate these risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

The Company uses different methods to measure the different types of risk to which it is exposed. These methods are explained below.

(a) Market risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

The Company is not directly exposed to currency risk as all of its investments are quoted in Australian dollars.

(ii) Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the statement of financial position as financial assets at fair value through profit or loss.

The Company seeks to manage and constrain market risk by diversification of the investment portfolio across multiple investments and industry sectors. The portfolio is maintained by the Manager (refer note 18 – related party transactions) within a range of parameters governing the levels of acceptable exposure to investments and industry sectors.

The Company's investment sector as at 30 June 2014 is as below:

	2014 %
Unlisted private equity and venture capital funds	20.5
Unlisted real assets funds	32.7
Unlisted hedge funds	12.9
Unlisted real estate funds	2.9
Uncommitted capital	31.0
	100.0

Uncommitted capital is comprised of cash and cash equivalents less committed capital.

Investments representing over 5% of the trading portfolio at 30 June 2014 were:

	2014 %
Blue Sky Private Equity Early Learning Fund	6.3
Blue Sky VC2014 Fund LP	6.7
Blue Sky Water Fund	25.8
Blue Sky Agriculture Fund	6.9
SRA Alliance 16Q Fund	12.9
	58.6

(iii) Cash flow and fair value interest rate risk

The Company is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Company to fair value interest rate risk.

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Company has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain funds in which the Company invests and impact on the valuation of certain assets that use interest rates as an input in their valuations.

Notes to the Financial Statements

For the period ended 30 June 2014

(b) Credit risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

None of these assets are over-due or considered to be impaired.

The cash and cash equivalents are all held with one of Australia's leading financial institutions.

There are no amounts of collateral held as security at 30 June 2014.

(c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Board and the Manager monitor the cash-flow requirements in relation to the investing activities taking into account upcoming dividends, tax payments and investing activity.

The Company's inward cash flows depend upon the level of dividend, interest, rebates and distribution revenue received. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are the purchase of investments and dividends paid to shareholders, the level of both of these is managed by the Board and the Manager.

(d) Capital management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

4. Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other accounting standards. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities ('Level 1');
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly ('Level 2'); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) ('Level 3').

Fair value in an active market (level 1)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. To date, Level 1 inputs have not been available for use in valuing any of the unlisted funds in which the Company has an investment.

Fair value in an inactive market or active markets for similar assets or liabilities (level 2)

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in active markets. To date, Level 2 inputs have not been available for use in valuing any of the unlisted funds in which the Company has an investment.

Fair value in an unquoted market (Level 3)

Level 3 inputs are unobservable inputs for an asset or liability. Unobservable inputs have been used to measure fair value where relevant observable inputs and market data are not available.

In the absence of observable market prices, the Company values its investments using valuation methodologies applied on a consistent basis. For certain investments, limited market activity may exist. In this case, the Company's determination of fair value is then based on the best information available in the circumstances, and may incorporate the Company's own assumptions and involve a significant degree of judgement.

As the Company invests in unlisted funds, market prices are not readily observable for all investments made by the Company. The calculation of the fair value for the various asset classes is discussed below.

The table on the following page presents the financial assets and liabilities (by class) measured and recognised at fair value according to the fair value hierarchy at 30 June 2014:

Notes to the Financial Statements

For the period ended 30 June 2014

4. Fair value measurement (continued)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Unlisted private equity funds	-	-	8,005,283	8,005,283
Unlisted venture capital funds			3,860,667	3,860,667
Unlisted hedge funds	-	-	7,490,250	7,490,250
Unlisted real assets funds	-	-	18,947,501	18,947,501
Unlisted real estate funds	-	-	1,665,310	1,665,310
Total financial assets	-	-	39,969,011	39,969,011

The fair values of the above unlisted funds are calculated in accordance with the Blue Sky Alternatives Access Fund Limited Investment Valuation Policy (approved and adopted by the Board on 11 July 2014). This document sets out the Company's policy regarding the valuation of the Company's investments in each of the classes, as follows:

(i) Hedge Funds

The assets held by each Hedge Fund are valued by a third party fund administrator based on observable market prices. These valuations are used by the fund administrator to determine a unit price for each Hedge Fund. As each Hedge Fund does not have an observable market price (in contrast to the underlying assets within the Hedge Fund), Hedge Funds are recorded as Level 3 investments under AASB 13.

As at 30 June 2014, the only asset held by the Hedge Fund in which the Company invested, was cash. As such, a discount for illiquidity of the units has been incorporated into the valuation.

(ii) Real Assets – Water Fund

Assets held by the Water Fund are valued by a third party expert based on observable market prices in the Australian water entitlements market. These valuations are used by the Water Fund's third party administrator to calculate a unit price. As the Water Fund does not have an observable market price (in contrast to the underlying assets within the Water Fund), the Water Fund is recorded as a Level 3 investment under AASB 13.

As at 30 June 2014, the only asset held by the particular unit series of the Water Fund in which the Company invested, was cash. As such, a discount for illiquidity of the units has been incorporated into the valuation.

(iii) Private Equity and Venture Capital

The assets held within each Private Equity and Venture Capital Fund are valued by the Manager and by an independent third party at least annually. Valuations may be derived by reference to observable valuation measures for comparable companies or transactions (for example, multiplying a key performance metric of the investee company such as earnings before interest, tax, depreciation and amortisation ('EBITDA') by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted for differences between the investment and the referenced comparables, and in some instances by reference to option pricing models or other similar methods. Where a discounted cash flow method is used, a terminal value is derived by reference to EBITDA or price/earnings exit multiples. The above mentioned valuations are adopted by the Manager when calculating a unit price for each Private Equity and Venture Capital Fund. Given each Private Equity and Venture Capital Fund does not have an observable market price, these funds are recorded as Level 3 investments under AASB 13.

As at 30 June 2014, all of the Private Equity and Venture Capital Funds in which the Company invested had not completed on their underlying investments. Accordingly, the key asset held within these funds was cash. As such, a discount for illiquidity of the units has been incorporated into the valuation.

(iv) Real Assets (Excluding Water Fund)

All Real Assets investments (excluding the Water Fund) will be valued using the same approach as outlined for the Private Equity and Venture Capital investments. As a result, investments within Real Assets (excluding Water Fund) are recorded as Level 3 investments under AASB 13.

The Blue Sky Agriculture Fund, in which the Company has invested, completed on its underlying investment on 26 June 2014. Given the insignificant amount of time between 26 June 2014 and 30 June 2014, the Manager has determined that the completion amount paid in relation to the underlying transaction is equal to the fair value of the investment at 30 June 2014. In addition, a discount for illiquidity of the units has been incorporated into the valuation.

(v) Private Real Estate

The value of each Private Real Estate Fund is determined by the Manager and by an independent third party at least annually using a discounted cash flow methodology or another industry standard approach if applicable. Reference is made to a number of project development milestones when determining the value, including whether the purchase of land is unconditional, the level of pre-sales required in order to secure debt funding and the fixed price nature of construction contracts. The Company has adopted these milestones on the basis that, once they are met, there is a sufficient degree of certainty around the value. These valuations are adopted by the Manager when calculating a unit price for each Private Real Estate Fund.

As at 30 June 2014, all of the Private Real Estate Funds in which the Company invested had not achieved any of the project development milestones mentioned above. Accordingly, the key asset held within these funds was cash. As such, a discount for illiquidity of the units has been incorporated into the valuation.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy.

Notes to the Financial Statements

For the period ended 30 June 2014

	Unlisted private equity funds	Unlisted venture capital funds	Unlisted hedge funds	Unlisted real assets funds	Unlisted real estate funds	Total
	\$	\$	\$	\$	\$	\$
Balance at 4 April 2014	-	-	-	-	-	-
Purchase of financial assets held at fair value through profit or loss	8,800,000	4,000,000	7,500,000	19,365,000	2,000,000	41,665,000
Net unrealised gain(loss) recognised in statement during the period	(794,717)	(139,333)	(9,750)	(417,499)	(334,690)	(1,695,989)
Balance at 30 June 2014	8,005,283	3,860,667	7,490,250	18,947,501	1,665,310	39,969,011

Quantitative assumptions

The fair value of the above mentioned assets is derived by determining the value of the net assets of each fund in which the Company has invested. With the exception of the Blue Sky Agriculture Fund, the only significant assets held within the above mentioned funds is cash, noting that all liabilities are either insignificant or are representative of their fair value as have a maturity of less than 12 months from balance date. As such, there are no significant assumptions that have been used to derive the fair value of the above mentioned assets.

In relation to the Blue Sky Agriculture Fund, the significant asset held within this fund is represented by the cash paid on 26 June 2014 for the underlying investment. Given this transaction was at arm's length between independent parties and given the insignificant amount of time between the transaction completion date and balance date, there are no significant assumptions that have been used to derive the fair value of the above mentioned asset.

On the basis of the above, any change in assumptions will not have a material impact on the net profit after tax or equity of the Company.

5. Segment information

Identification of reportable operating segments

The Company has one operating segment: Alternative Asset Investment. It earns revenue from distribution income, interest income and other returns from the investment. This operating segment is based on the internal reports that are reviewed and used by the Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Company invests in different types of securities, as detailed in Note 12, recorded as financial assets held at fair value through profit or loss.

6. Rebate income

30 June 2014
\$

Rebates of transaction costs and establishment fees (refer to Note 7 and 18 for further details)	1,014,660
Total rebate income	1,014,660

7. Management fees

The Company has outsourced its investment management function to BSAAF Management Pty Ltd. BSAAF Management Pty Ltd is a wholly owned subsidiary of Blue Sky Alternative Investments Limited, a related party of the Company. A summary of the fees (GST exclusive) charged by the Manager is set out below.

(a) Management fees

The Manager is entitled to be paid a management fee equal to 1.20% of the Portfolio Net Asset Value per annum. The management fee is calculated and paid monthly within 14 days of the Portfolio Net Asset Value of the Company being calculated.

During the period, the Company incurred \$27,432 of management fees, payable to the Manager.

(b) Performance fees

At the end of each financial year, the Manager is entitled to receive a performance fee from the Company, the terms of which are outlined below.

- (i) The fee is calculated and accrued monthly using the following formula:

$$P = 17.5\% \times (A - B) \times C$$

Where:

P is the Performance Fee for the relevant month;

A is the Investment Return of the Portfolio for the relevant month;

B is the Hurdle Return for the relevant month; and

C is the Portfolio Net Asset Value at the end of the last day of the relevant month.

Notes to the Financial Statements

For the period ended 30 June 2014

7. Management fees (continued)

- (ii) The Performance Fee for each month in a Financial Year will be aggregated (including any negative amounts carried forward) and paid annually in arrears if the aggregate performance fee for the Financial Year is a positive amount provided that:
 - (A) if the aggregate Performance Fee for a Financial Year is a negative amount, no Performance Fee shall be payable to the Manager in respect of that Financial Year, and the negative amount shall be carried forward to the following Financial Year; and
 - (B) any negative aggregate Performance Fee amounts from previous Financial Years that are not recouped in a Financial Year shall be carried forward to the following Financial Year.
- (iii) "Investment Return" means the percentage by which the Portfolio Net Asset Value at the end of the last day of the relevant month exceeds or is less than the Portfolio Net Asset Value at the end of the last day of the month immediately prior to the relevant month, excluding any additions to or reductions in equity in the Company during the relevant month including dividend reinvestments, new equity issues, the exercise of share options, share buy-backs, payment of dividends and the payment of tax.
- (iv) "Hurdle Return" means, in respect of the relevant month, 8.0% on a per annum basis.
- (v) "Portfolio Net Asset Value" means the Portfolio Market Value reduced by any accrued but unpaid expenses of the Company, but not provisions for tax payable, and after subtracting any borrowings drawn down and adding back any borrowings repaid.
- (vi) "Portfolio Market Value" means the market value of all the assets of the Portfolio (including cash).

No performance fees were recognised during the period ended 30 June 2014.

(c) Transaction fees

- (i) The Manager must procure that the trustee, responsible entity or controlling entity (as applicable) of each Blue Sky Fund Entity in which an Authorised Investment by the Company on behalf of the Manager is made does not charge the Company any fees (whether management fees, performance fees or otherwise) in respect of the Authorised Investment.
- (ii) To the extent any such transaction fees are paid by the Company (either directly or indirectly), they will be rebated to the Company. As at 30 June 2014, \$1,014,660 (net GST) of fees have been rebated to the Company (refer to Note 6).
- (iii) The Company is required to fund its pro-rata share of any transaction costs and establishment fees charged by a Blue Sky Entity to investors (excluding any capital raising and marketing fees) in a Blue Sky Fund Entity in which an Authorised Investment is made by the Manager on behalf of the Company.

Notes to the Financial Statements

For the period ended 30 June 2014

8. Income tax (expense)/benefit

(a) Income tax (expense)/benefit through profit or loss:

30 June 2014
\$

Income tax expense is attributable to:

Current tax	65,124
Deferred tax	146,717
Aggregate income tax (expense)/benefit	211,841

(b) Numerical reconciliation of income tax (expense)/benefit to prima facie tax payable:

30 June 2014
\$

Profit/(loss) from continuing operations before income tax (benefit)/expense	(706,133)
Tax at the Australian tax rate of 30%	211,841
Income tax (expense)/benefit	211,841

The applicable weighted average effective tax rates are as follows: 30%

9. Cash and cash equivalents

30 June 2014
\$

Cash at bank	20,815,059
Total cash and cash equivalents	20,815,059

As at 30 June 2014, \$37,327 relates to money held on trust.

10. Trade and other receivables

30 June 2014
\$

Trade debtors	5,000
Total trade and other receivables	5,000

The Company has determined that no impairment is required.

11. Other current assets

30 June 2014
\$

Prepayments	88,223
Total other current assets	88,223

Notes to the Financial Statements

For the period ended 30 June 2014

12. Financial assets held at fair value through profit or loss

	30 June 2014 \$
Unlisted private equity funds	8,005,283
Unlisted venture capital funds	3,860,667
Unlisted hedge funds	7,490,250
Unlisted real asset funds	18,947,501
Unlisted real estate funds	1,665,310
Total financial assets held at fair value through profit or loss	39,969,011

13. Deferred tax assets

	30 June 2014 \$
The balance comprises temporary differences attributable to:	
Net unrealised losses of investments	363,806
Equity raising costs	421,313
Other temporary differences	10,399
Tax losses	65,124
Total deferred tax assets	860,642
Offset against deferred tax liability	(122,286)
Deferred tax asset reflected in the statement of financial position	738,356

Movements:

Opening balance	-
Credited/(charged) to profit or loss	269,003
Credited/(charged) to equity	526,515
Tax losses	65,124
Closing balance	860,642

Deferred tax liabilities

The balance comprises temporary differences attributable to:	
Rebate income	122,286
Total deferred tax liabilities	122,286
Offset against deferred tax assets	(122,286)
Deferred tax liability reflected in the statement of financial position	-

The Company has assessed that the deferred tax asset is reasonable and recoverable through the derivation of investment income from a combination of gains on realisations of investments and dividends.

Notes to the Financial Statements

For the period ended 30 June 2014

14. Current trade and other payables

	30 June 2014 \$
Money held on trust	37,327
Uncalled capital – Blue Sky VC2014 Fund LP	2,800,000
GST payable	16,068
Accrued expenses	93,282
Total trade and other payables	2,946,677

Maturities of financial liabilities

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities at period end date.

The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	At call	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flows
At 30 June 2014	\$	\$	\$	\$	\$	\$
Uncalled capital	2,800,000	-	-	-	-	2,800,000
All other payables	-	53,395	-	-	-	53,395
Total	2,800,000	53,395	-	-	-	2,853,395

15. Authorised and issued shares and options

Movements in share capital during the period are set out below:

	#	\$
Opening balance, on registration at 4 April 2014	1	1
Ordinary shares issue during the period (10 June 2014)	60,391,800	58,580,046
Options issued during the period (11 June 2014)	60,391,800	1,811,754

Less costs directly attributable to the issue of ordinary shares:

	Gross (net of GST)	Deferred tax asset	Net
	\$	\$	\$
Fundraising costs:			
Joint lead manager fees	(665,451)	199,635	(465,816)
Other offer fees	(1,089,601)	326,880	(762,721)
	(1,755,052)	526,515	(1,228,537)
Closing balance at 30 June 2014			59,163,264

Notes to the Financial Statements

For the period ended 30 June 2014

16. Retained profits

	30 June 2014 \$
Retained profits/(accumulated losses) at the beginning of the financial year	-
Profit/(loss) after income tax benefit for the year	(494,292)
Retained profits/(accumulated losses) at the end of the financial year	(494,292)

17. Earnings per share

	30 June 2014 \$
Profit/(loss) after income tax	(494,292)
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	60,391,801
	Cents
Basic earnings per share	(0.01)
Diluted earnings per share	(0.01)

At 30 June 2014, the Company has 60,391,800 options over unissued ordinary shares on issue. Diluted earnings per share is equal to basic earnings per share as the dilution that would occur following the exercise of the options is anti-dilutive.

18. Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions, and include:

- (a) The compensation arrangements with the Directors (refer to Directors' Remuneration below);
- (b) The interests in the Company held directly or indirectly by the Directors (refer to Shareholdings of Directors and Option holdings of Directors below);
- (c) The Management Agreement between the Company and the Manager (refer to Note 7); and
- (d) Investments in unlisted funds (refer to Note 12).

Directors' Remuneration

The Directors' remuneration payable for the period ending 30 June 2014 is as follows:

Director	Position	Independence	Directors' fees \$
John Kain	Chairman	Not independent	14,301
Philip Hennessy	Director	Independent	8,329
Paul Masi	Director	Independent	8,219
Alexander McNab	Director	Not independent	-
Andrew Champion	Director	Not independent	-
			30,849

Notes to the Financial Statements

For the period ended 30 June 2014

18. Related party transactions (continued)

The annual remuneration of the Directors is as follows:

Director	Position	Independence	Annual Directors' fees \$
John Kain	Chairman	Not independent	60,000
Philip Hennessy	Director	Independent	40,000
Paul Masi	Director	Independent	40,000
Alexander McNab	Director	Not independent	-
Andrew Champion	Director	Not independent	-

Shareholdings of Directors

As at 30 June 2014, shares issued by the Company and held by the Directors and their related entities are set out below:

Director	Opening balance (Number of shares)	Net number of shares acquired	Net number of shares disposed	Closing balance (Number of shares)
John Kain	-	500,000	-	500,000
Philip Hennessy	-	50,000	-	50,000
Paul Masi	-	150,000	-	150,000
Alexander McNab	-	500,000	-	500,000
Andrew Champion	-	350,000	-	350,000

Option holdings of Directors

As at 30 June 2014, options issued by the Company and held by the Directors and their related entities are set out below. These options were issued in accordance with the Company's offer documents, whereby all investors received, for no additional consideration, one option for every one Share allotted, exercisable at \$1.00 on or before 16 December 2015.

Director	Opening balance (Number of options)	Net number of options acquired	Net number of options disposed	Closing balance (Number of options)
John Kain	-	500,000	-	500,000
Philip Hennessy	-	50,000	-	50,000
Paul Masi	-	150,000	-	150,000
Alexander McNab	-	500,000	-	500,000
Andrew Champion	-	350,000	-	350,000

Related party investments

As disclosed in Note 7, the Manager of the Company, BSAAF Management Pty Limited, is a wholly owned subsidiary of Blue Sky Alternative Investments Limited. Blue Sky Alternative Investments Limited, through wholly owned subsidiaries, has ownership of units and/or acts as trustee to all the unlisted funds it manages.

As a result, Blue Sky Alternatives Access Fund Limited is a related party of Blue Sky Alternative Investments Limited and its wholly owned subsidiaries.

During the period, the Company incurred \$27,432 of management fees, payable to the Manager.

Notes to the Financial Statements

For the period ended 30 June 2014

18. Related party transactions (continued)

Related party investment income

As disclosed in Note 6, Blue Sky Alternatives Access Fund Limited has received \$1,014,660 in transaction fee and establishment cost rebates for the period ended 30 June 2014. These were paid from Blue Sky Alternative Investments Limited or a wholly owned subsidiary thereof, a related party of the Company. As per the management agreement, no management or performance fees will be charged to the Company by Blue Sky Entities (other than by the Manager). To the extent any such fees are paid by the Company they will be rebated to the Company.

19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company, and its related practices:

	30 June 2014 \$
Audit services	
Audit and review of financial report ¹	25,000
Other services	
Due diligence services on listing ²	111,100
Total auditors' remuneration	136,100

(1) Included in other expenses.

(2) Included in equity raising costs.

20. Reconciliation of profit after income tax to net cash from operating activities

	30 June 2014 \$
Profit/(loss) after income tax expense for the year	(494,292)
Non-cash adjustments to reconcile profit after tax to net cash flows from operation:	
Net (gains)/losses on fair value adjustments	1,695,989
Change in operating assets and liabilities	
Increase/(Decrease) in other provisions	101,464
Increase/(Decrease) in trade and other payables	93,282
(Increase)/Decrease in deferred tax assets	(211,841)
Net cash inflow (outflow) from operating activities	1,184,602

21. Events occurring after the reporting date

No matter or circumstance has arisen since the end of the period that has significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

No dividend was declared during the period.

Directors' Declaration

In accordance with a resolution of the Directors of the Company, the Directors declare that:

1. the financial statements and notes, as set out on pages 15 to 32, are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the period ended on that date of the Company;
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the Directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Financial Officer and Chief Operating Officer.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'John Kain', with a horizontal line drawn underneath the name.

John Kain
Chairman

26 August 2014
Brisbane

Independent Auditor's Report to the Members



Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
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Independent auditor's report to the members Blue Sky Alternatives Access Fund Limited

Report on the financial report

We have audited the accompanying financial report of Blue Sky Alternatives Access Fund Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Independent Auditor's Report to the Members



Opinion

In our opinion:

- a. the financial report of Blue Sky Alternatives Access Fund Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the period ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included on pages 7 and 8 of the directors' report for the period ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Blue Sky Alternatives Access Fund Limited for the period ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

PMuskie

Paula McLuskie
Partner
Brisbane
26 August 2014

Shareholder information

As at 30 September 2014

The Shareholder information set out below was applicable as at 30 September 2014.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary shares
1 - 1000	2,496
1,001 - 5,000	751,970
5,001 - 10,000	2,530,099
10,001 - 50,000	23,183,217
50,001 - 100,000	10,356,267
100,001 and over	23,571,752
	60,395,801

There were no holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
Blue Sky Alternative Investments Limited	5,000,000	8.28%
HSBC Custody Nominees (Australia) Ltd	3,795,104	6.28%
Navigator Australia Ltd	1,506,500	2.49%
Bahrain Investments Pty Ltd	1,000,000	1.66%
Mr John Alfred Clarebrough	750,000	1.24%
Mr John Alfred Clarebrough & Mrs Pamela Judith Clarebrough	750,000	1.24%
Adcock Private Equity Pty Ltd	650,000	1.08%
Sandhurst Trustees Ltd	630,100	1.04%
The Rali Foundation Pty Ltd	500,000	0.83%
Dochart Holdings Pty Limited	500,000	0.83%
Emerald Hill Nominees Pty Ltd	500,000	0.83%
The Aged & Disabled Persons Hostel & Welfare Association	350,000	0.58%
Adcock Group Super Pty Ltd	350,000	0.58%
Mr Andrew Frank Champion	350,000	0.58%
Mr Peter John Gilbank & Mrs Denise Gilbank	300,000	0.50%
Ron Hamer Pty Ltd	300,000	0.50%
Mrs Pauline Ann Vinton	300,000	0.50%
Mr Victor John Plummer	300,000	0.50%
National Nominees Limited	260,000	0.43%
Merriwee Pty Ltd	257,000	0.43%

Shareholder information

As at 30 September 2014

C. Substantial holders

Substantial holders in the Company are set out below:

Name	Number held	Percentage
Blue Sky Alternative Investments Limited	5,000,000	8.28%
	5,000,000	8.28%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary Share

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

An option will confer the right to attend general meetings of the Company and to receive reports to shareholders, but will not confer any right to vote or speak at any meeting.

E. Stock exchange listing

Quotation has been granted for all of the ordinary shares of the Company on all member exchanges of the ASX.

F. Unquoted securities

There are no unquoted shares on issue.

G. Securities subject to voluntary escrow

6,350,000 shares and 6,350,000 options are subject to voluntary escrow.

Corporate Directory

As at 30 June 2014

Registered Office

Blue Sky Alternatives Access Fund Limited

Suite 1808, Level 18 Australia Square
264-278 George Street
Sydney NSW 2000

www.blueskyfunds.com.au/alternativesfund

Directors

John Kain

Philip Hennessy

Paul Masi

Alexander McNab

Andrew Champion

Company Secretary

Jane Prior

Share Registry

Link Market Services Limited

Level 15
324 Queen Street
Brisbane QLD 4000

www.linkmarketservices.com.au

Auditor

Ernst & Young

Level 51, 111 Eagle Street
Brisbane QLD 4000

www.ey.com.au

Stock Exchange Listings

Blue Sky Alternatives Access Fund Limited shares are listed on the Australian Securities Exchange.

