

Blue Sky Alternatives Access Fund Limited ABN 47 168 941 704

Appendix 4E Preliminary final report

For the year ended 30 June 2015

The following information sets out the requirements of Appendix 4E, with the stipulated information either provided below or cross-referenced to the 2015 Annual Financial Report, which is attached.

1. Details of the reporting period and the prior corresponding period

Current period: 1 July 2014 to 30 June 2015

Prior corresponding period: 4 April 2014 to 30 June 2014

2. Results for announcement to the market

Key information	2015 \$'000	2014 \$'000	Movement \$'000	Movement (%)	
Revenue from ordinary activities	7,582	1,083	6,499	600	Up
Profit/(loss) from ordinary activities after tax attributable to members	4,670	(495)	5,165	1,043	Up
Net profit/(loss) for the period attributable to members	4,670	(495)	5,165	1,043	Up

Details of Dividend

On 21 August 2015, the Directors resolved to pay a final fully franked dividend of 3 cents per share in relation to the 2015 financial year. The record date for this dividend will be 22 October 2015 and the payment date will be 6 November 2015.

3. Statement of Comprehensive Income with notes to the statement

Refer 2015 Annual Financial Report attached:

- 3.1. Statement of Comprehensive Income
- 3.2. Notes to the Statement of Comprehensive Income

4. Statement of Financial Position with notes to the statement

Refer 2015 Annual Financial Report attached:

- 4.1. Statement of Financial Position
- 4.2. Notes to the Statement of Financial Position

5. Statement of Cash Flows with notes to the statement

Refer 2015 Annual Financial Report attached:

- 5.1. Statement of Cash Flows
- 5.2. Notes to the Statement of Cash flows

6. Statement of Changes in Equity

Refer 2015 Annual Financial Report attached:

- 6.1 Statement of Changes in Equity
- 6.2 Notes to the Statement of Changes in Equity

7. Dividends

Refer 2015 Annual Financial Report attached:

- 7.1 Refer to the Directors' Report in the Annual Financial Report

8. Dividend reinvestment plan

The Company's Dividend Reinvestment Plan ("DRP") will apply to the dividend referred to in Item 2 with the Market Price used to determine a participant's entitlement under the DRP to be calculated over the 5 trading days commencing on 26 October 2015 and ending on 30 October 2015. The final date to elect to participate in the DRP will be 23 October 2015. A complete copy of the DRP Rules can be found on the Company's website www.blueskyfunds.com.au/alternatives-fund/.

9. Net tangible assets

Net tangible assets	As at 30 June 2015	As at 30 June 2014
Net tangible asset backing per share ¹	\$1.0324	\$0.9715

¹ Under the Listing Rules NTA backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interest etc).

10. Entities over which control has been gained or lost during the period

Not applicable

11. Details of Associates and Joint Venture entities

Not applicable

12. Any other significant information needed by an investor to make an informed assessment of the Group's financial performance and financial position

No significant changes in the state of affairs occurred during the period

13. For foreign entities, which set of accounting standards is used in compiling this report

Not applicable

14. Commentary on the results

Refer 2015 Annual Financial Report attached:

14.1. Directors' Report – Operating and Financial Review

15. Status of audit

These financial statements have been audited and an unqualified opinion has been issued

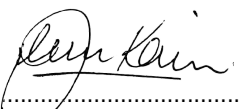
16. Dispute or qualification if not yet audited

Not applicable

17. Dispute or qualification if audited

Not applicable

Signed:


.....
John Kain
Chair

Date: 24 August 2015



Blue Sky Alternatives Access Fund Limited

ABN 47 168 941 704

Annual Financial Report for the year ended 30 June 2015

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

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The Directors present their report for Blue Sky Alternatives Access Fund Limited (the 'Company' or 'the Alternatives Fund') for the financial year ended 30 June 2015.

Directors

The names of the Company's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire financial year unless otherwise stated.

- John Kain (Chair)
- Alexander McNab
- Andrew Champion
- Philip Hennessy
- Paul Masi

About the Company

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

- Real assets;
- Private real estate;
- Private equity and venture capital; 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 ('Manager') 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 Alternative Investments Limited ('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

Deployment of capital

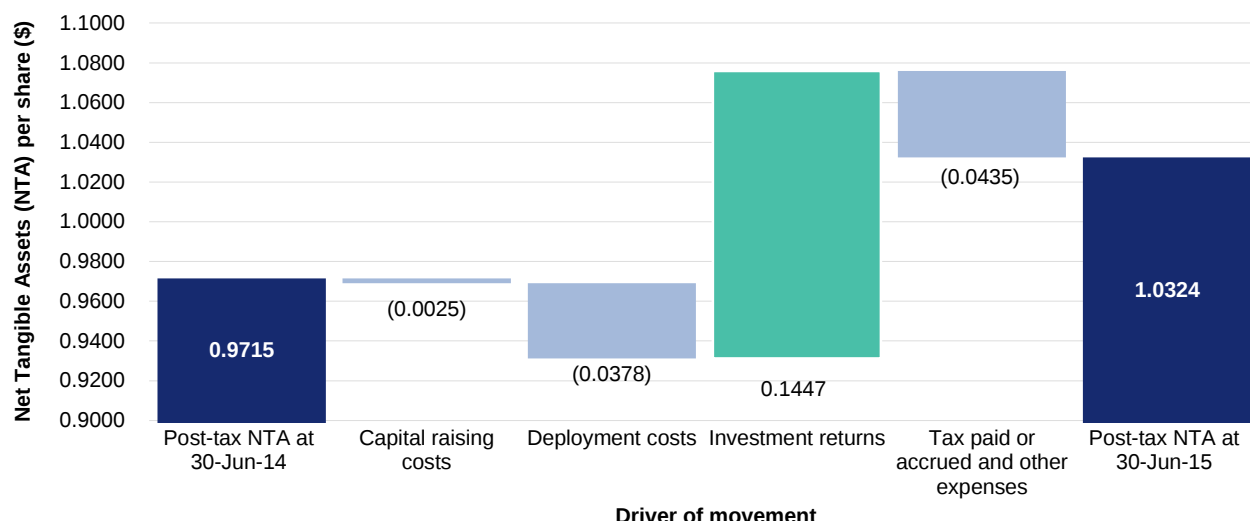
The Directors are pleased to report that approximately \$43 million was deployed in FY15, and over \$84 million has been deployed since the Alternatives Fund's Initial Public Offering ('IPO') in May 2014. As a result of these investments, the Alternatives Fund has a well-diversified portfolio of alternative investments, with allocations at 30 June 2015 as follows:

- 39.3% in real assets;
- 26.8% in private real estate;
- 25.9% in private equity and venture capital; and
- 5.6% in hedge funds.

Investment performance

The profit from ordinary activities after income tax amounted to \$4.67 million in FY15.

The Alternatives Fund's post-tax net tangible asset ('NTA') backing per share increased by 6.3% over the course of FY15, rising from \$0.9715 per share at 30 June 2014 to \$1.0324 per share at 30 June 2015. This was a pleasing result, driven by 15% returns from the investment portfolio. Refer to the graph on the following page for further information.



An excellent year for the Blue Sky Water Fund (returning 24% on the Alternatives Fund's investment), continued growth in private equity assets and a steady stream of income and capital growth from private real estate investments were the material contributors to investment performance.

Over time, we expect the return profile of the Alternative's Fund's NTA to align itself to the 15.4% overall investment performance¹ of funds managed by Blue Sky Alternative Investments Limited ('Blue Sky') and that deployment costs will have a reduced impact on movements in NTA.

Successful Entitlement Offer

With a pipeline of compelling investment opportunities presenting themselves in the final quarter of FY15, the Alternatives Fund launched an Entitlement Offer in April 2015 and successfully raised a further \$20.1 million from the public markets.

The majority of this capital was deployed into the Water Fund and six other investments before the end of June 2015.

Strong pipeline to deploy capital raised from exercise of options

In FY16, the Alternatives Fund's key investment themes will centre on a continuation of Australia's low interest rate environment, low inflation, yield compression, and a quest for opportunities demonstrating low correlation to equities markets and bonds, yield commensurate with the investment risk taken, and backed by tangible assets. This is already leading to a strong pipeline of further investments in healthcare, student accommodation, water, agriculture and education.

Dividends

On 21 August 2015, the Directors resolved to pay a final fully franked dividend of 3 cents per share in relation to the 2015 financial year. The record date for this dividend will be 22 October 2015 and the payment date will be 6 November 2015.

The Company did not pay a dividend in respect of the previous financial year.

Earnings per share

	30 June 2015	30 June 2014
	Cents	Cents
Basic and diluted earnings per share	7.43	(1)

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 financial year.

¹ Equity weighted, net of fees since inception to 30 June 2015.

Matters subsequent to the end of the financial year

There are no matters subsequent to the end of the financial year 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.

Information on Directors

John Kain (appointed 4 April 2014)
Non-independent non-executive Chair

John 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 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 Chair 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
Interests in shares:	500,000 shares
Interests in options:	500,000 options

Alexander McNab (appointed 4 April 2014)
Non-independent executive Director

Alexander joined Blue Sky in 2009 as a partner in Blue Sky's private equity business. He is now Blue Sky's Chief Investment Officer, sitting on the investment committees of all of Blue Sky's investing businesses. Alexander is also the lead portfolio manager for the Alternatives Fund.

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. Alexander is a member of the Audit and Risk Committee of the Company.

Other current Directorships of listed entities:	Blue Sky Alternatives Investments Limited (Appointed 23 September 2011)
Former Directorships of listed entities (in the last 3 years):	Commstrat Limited (Appointed 15 February 2011)
Interests in shares:	500,000 shares
Interests in options:	500,000 options

Andrew Champion (appointed 4 April 2014)
Non-independent executive Director

Andrew has over 20 years of 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.

Other current Directorships of listed entities:	None
Former Directorships of listed entities (in the last 3 years):	None
Interests in shares:	350,000 shares
Interests in options:	350,000 options

Philip Hennessy (appointed 15 April 2014)
Independent non-executive Director

Philip stood down as Queensland Chair 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 reorganisation across a variety of industries including construction, real estate, mining, manufacturing, professional services, hospitality, tourism, agriculture and financial services.

He has served as a Chair 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 (Chair) and the Remuneration and Nomination Committee of the Company.

Other current Directorships of listed entities:	Collection House Limited (Appointed 22 August 2013) Metro Mining Limited (Appointed 30 September 2014)
Former Directorships of listed entities (in the last 3 years):	None
Interests in shares:	66,667 shares
Interests in options:	50,000 options

Paul Masi (appointed 16 April 2014)
Independent non-executive Director

Paul has over 35 years of experience in financial services and investment banking.

Paul is currently non-executive Chair of Shaw and Partners Limited (trading as Shaw Stockbroking), President and non-executive Chair of the Cerebral Palsy Alliance and a non-executive Director of The Girls and Boys Brigade.

Previously Paul was Managing Director and CEO of Austock Group Limited, and CEO of Bank of America Merrill Lynch Limited in Australia.

Paul holds a Bachelor of Economics from Macquarie University and has completed the AGSM Accelerated Management Program. Paul is a member of the Audit and Risk Committee and the Chair of 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):	None
Interests in shares:	225,000 shares
Interests in options:	150,000 options

Shareholdings and optionholdings of Directors

Refer to pages 7 and 8 of the Remuneration Report and Note 8 for a summary of the shares and options held by the Directors.

Joint Company Secretaries

Jane Prior is a 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. Jane is currently on maternity leave.

David Mitchell is also a Company Secretary. David previously worked at HWL Ebsworth Lawyers where he advised on a range of banking and finance, funds management and other financial services matters. Prior to his time at HWL Ebsworth, David worked in Tax & Legal Services at PwC. David holds a Bachelor of Economics and a Bachelor of Laws from the University of Queensland and is admitted as a solicitor of the Supreme Court of QLD. David 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 for the year ended 30 June 2015 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	12	12	2	2	1	1
Philip Hennessy	12	12	2	2	1	1
Paul Masi	12	12	2	2	1	1
Andrew Champion	12	12	n/a	n/a	1	1
Alexander McNab	12	12	2	2	n/a	n/a

A = Number of meetings attended
B = Number of meetings held during the year

Shares under option

As at 30 June 2015, there are 60,366,300 ordinary shares of the Company under option.

Insurance and indemnification of officers

The Company maintains Directors & Officers Insurance and has Deeds of Access and Indemnity for each Director. During the year, the Company paid premiums in respect of Directors and Officers 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 Directors and Officers liability insurance contract, as such disclosure is prohibited under the terms of the contract.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 21 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, 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 21 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 year.

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.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the 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
Chair

24 August 2015
Brisbane

Blue Sky Alternatives Access Fund Limited
Remuneration Report (Audited)
For the year ended 30 June 2015

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 Chair of the Company, John Kain, will receive \$60,000 per annum, in recognition of additional duties. These amounts are exclusive of Goods and Services Tax ('GST') and compulsory Superannuation where applicable. 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 where appropriate. 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 subject to ongoing performance monitoring and regular performance reviews.

Details of remuneration

The Directors' remuneration, inclusive of GST and compulsory Superannuation where applicable, incurred during the current and prior period, is as follows:

Director	Position	Year ended 30 June 2015 \$	Period from 4 April to 30 June 2014 \$
John Kain	Chair	66,000	14,301
Philip Hennessy	Director	43,800	8,329
Paul Masi	Director	44,000	8,219
Alexander McNab	Director	-	-
Andrew Champion	Director	-	-
		153,800	30,849

The Manager (BSAAF Management Pty Limited) 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 2015 financial year, the Company incurred \$811,822 (2014: \$27,432) of management fees, inclusive of the net impact of GST, payable to the Manager. Refer to Note 7 for further information.

Shareholdings of Directors

As at 30 June 2015, 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	16,667	-	66,667
Paul Masi	150,000	75,000	-	225,000
Alexander McNab	500,000	-	-	500,000
Andrew Champion	350,000	-	-	350,000

Blue Sky Alternatives Access Fund Limited
Remuneration Report (Audited)
For the year ended 30 June 2015

Optionholdings of Directors

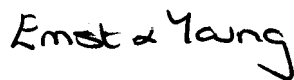
As at 30 June 2015, options issued by the Company and held by the Directors and their related entities are set out below. These options were issued in accordance with the Company's offer documents on Initial Public Offering, whereby all investors received, for no additional consideration, one option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

In accordance with section 12.11(d) of the replacement prospectus lodged with ASIC on 13 May 2014 and using the formula set out in ASX Listing Rule 6.22, the exercise price of the options was reduced from \$1.00 to 98.27 cents as of 17 April 2015, being the record date of the entitlement offer announced on 13 April 2015. All other terms of the options, including their expiry date of 16 December 2015, remain unchanged.

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 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 year ended 30 June 2015, 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.



Ernst & Young



Paula McLuskie
Partner
Brisbane
24 August 2015

The Company's Corporate Governance Statement is available at the following internet address:

<http://www.blueskyfunds.com.au/blue-sky-funds/alternatives-fund/#governance>

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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

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.

Blue Sky Alternatives Access Fund Limited
Statement of Comprehensive Income
For the year ended 30 June 2015

		Year ended 30 June 2015 \$'000	Period from 4 April to 30 June 2014 \$'000
	Notes		
Net gains/(losses) on financial assets held at fair value through profit and loss	5	3,354	(1,696)
Rebates	6	3,264	1,014
Dividend and trust distribution income		756	-
Interest income		208	69
Management fees	7	(812)	(28)
Director fees	8	(149)	(31)
Other expenses		(392)	(35)
Profit/(loss) before income tax		6,229	(707)
Income tax benefit/(expense)	9	(1,559)	212
Profit/(loss) after income tax		4,670	(495)
Other comprehensive income		-	-
Total comprehensive income		4,670	(495)
Earnings per share		Cents	Cents
Basic earnings per share (profit/(loss) per share)	20	7.43	(1)
Diluted earnings per share (profit/(loss) per share)	20	7.43	(1)

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

Blue Sky Alternatives Access Fund Limited
Statement of Financial Position
As at 30 June 2015

		30 June 2015	As at 30 June 2014
	Notes	\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	10	2,018	20,815
Trade and other receivables		42	5
Other current assets	11	1,126	88
Financial assets held at fair value through profit and loss	12	1,817	-
Total current assets		5,003	20,908
Non-current assets			
Financial assets held at fair value through profit and loss	12	81,256	39,969
Other non-current assets	13	442	-
Deferred tax assets	14	-	738
Total non-current assets		81,698	40,707
Total assets		86,701	61,615
Liabilities			
Current liabilities			
Trade and other payables	15	2,419	2,947
Deferred rebates	16	443	-
Total current liabilities		2,862	2,947
Non-current liabilities			
Deferred tax liabilities	14	677	-
Total non-current liabilities		677	-
Total liabilities		3,539	2,947
Net assets		83,162	58,668
Shareholders' Equity			
Issued shares and options	17	78,987	59,163
Retained profits/(accumulated losses)	18	4,175	(495)
Total shareholders' equity		83,162	58,668

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

Blue Sky Alternatives Access Fund Limited
Statement of Changes in Equity
For the year ended 30 June 2015

		Share capital	Share option reserve	Retained profits/(accumulated losses)	Total shareholders' equity
	Notes	\$'000	\$'000	\$'000	\$'000
Balance on date of registration (4 April 2014)		-	-	-	-
Total comprehensive income for the period	18	-	-	(495)	(495)
Subtotal		-	-	(495)	(495)
Transactions with equity holders in their capacity as equity holders:					
Shares and options issued during the period	17	58,580	1,812	-	60,392
Fundraising costs (net of tax)		(1,229)	-	-	(1,229)
Subtotal		57,351	1,812	-	59,163
Balance as at 30 June 2014		57,351	1,812	(495)	58,668

		Share capital	Share option reserve	Retained profits/(accumulated losses)	Total shareholders' equity
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2014		57,351	1,812	(495)	58,668
Total comprehensive income for the year	18	-	-	4,670	4,670
Subtotal		57,351	1,812	4,175	63,338
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	17	20,157	-	-	20,157
Fundraising costs (net of tax)		(333)	-	-	(333)
Subtotal		19,824	-	-	19,824
Balance as at 30 June 2015		77,175	1,812	4,175	83,162

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

Blue Sky Alternatives Access Fund Limited
Statement of Cash Flows
For the year ended 30 June 2015

		Year ended 30 June 2015 \$'000	Period from 4 April to 30 June 2014 \$'000
	Notes		
Cash flows from operating activities			
Rebates of transaction costs and fees (inclusive of GST)		3,049	1,116
Dividends and trust distributions received		737	-
Payments to suppliers (inclusive of GST)		(1,979)	-
Interest received		208	69
Net cash from operating activities	22	2,015	1,185
Cash flows from investing activities			
Payments for financial assets held at fair value through profit and loss		(43,500)	(38,865)
Proceeds from disposal of financial assets held at fair value through profit and loss		2,500	-
Proceeds from capital returned on financial assets held at fair value through profit and loss		450	-
Net cash used in investing activities		(40,550)	(38,865)
Cash flows from financing activities			
Proceeds from issue of shares		20,132	60,392
Proceeds from exercise of options		25	-
Fundraising costs (inclusive of GST)		(419)	(1,897)
Net cash from financing activities		19,738	58,495
Net increase/(decrease) in cash and cash equivalents		(18,797)	20,815
Cash and cash equivalents at the beginning of the financial year		20,815	-
Cash and cash equivalents at the end of the financial year	10	2,018	20,815

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

1. General Information

Blue Sky Alternatives Access Fund Limited (the 'Company') is a listed public company domiciled in Australia. The address of the Company's registered office is Suite 1808, Level 18 Australia Square, 264-278 George Street, Sydney NSW 2000. The financial statements of the Company are for the year ended 30 June 2015. 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. Of significance, the Company has continued to apply AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures. As a result, the Company is defined as an investment entity.

(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 24 August 2015.

(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) *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.

(iii) *Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement of 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 the determination of the fair value of investments and are disclosed in Note 5 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 in which they arise in accordance with the policies described in Note 5.

Dividend and trust distribution income is included in the Statement of Comprehensive Income in the year in which it is received or when the right to receive payment is established.

(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.

2. Significant accounting policies (continued)

(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 expenses in the Statement of Comprehensive Income as incurred. Information regarding Directors' remuneration is provided in the Remuneration Report on page 7 and in Note 8.

(d) Income tax

The income tax expense or benefit 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 financial year. 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 financial year 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.

2. Significant accounting policies (continued)

(h) Prepayments

The Company recognises costs incurred in advance for which a benefit is expected to be derived in the future as prepayments. The year over which the prepayment is expensed is determined by the year 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 financial year. As a result, the Company is required to consolidate these investees from the date that control was obtained. However, the Company meets the definition of an investment entity under AASB 10 Consolidated Financial Statements. 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 the Standard, the investments in these investees have been accounted for in accordance with AASB 139 Financial Instruments at fair value through the profit or loss.

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 financial year. As a result, the Company is required to account for the investments using the equity method from the date that significant influence was obtained. However, as a result of the guidance provided in AASB 10 Consolidated Financial Statements, the Company has applied the Venture Capital Organisation exemption in AASB 128. 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 Financial Instruments at fair value through the profit or loss.

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 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.

2. Significant accounting policies (continued)

Note 5 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.

(j) 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.

(k) Deferred rebates

Rebates are deferred and recorded as a liability when the services to which the rebates relate have not yet been performed at the reporting date.

(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) 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.

(n) 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 during the financial year.

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 financial year.

(o) 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.

(p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting year 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 and on the following page:

(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.

2. Significant accounting policies (continued)

(ii) AASB 15 Revenue from Contracts with Customers

AASB 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 effective for the period from 1 January 2018.

The core principle of AASB 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 both 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.

3. Financial Risk Management

The Company's activities expose it to a variety of financial risks including market risk (including currency risk, price 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 considers a number of matters in overall risk management including 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) Currency 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 held at fair value through profit and loss.

The Company seeks to manage and constrain price risk by diversification of the investment portfolio across multiple investments and industry sectors. The portfolio is maintained by the Manager (refer Note 8 – 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 2015, and for the prior period, is below:

	2015	2014
	%	%
Unlisted private equity and venture capital funds	25.9	20.5
Unlisted real assets funds	39.3	32.7
Unlisted hedge funds	5.6	12.9
Unlisted real estate funds	26.8	2.9
Cash and cash equivalents	2.4	31.0
	100.0	100.0

3. Financial Risk Management (continued)

Investments representing over 5% of the trading portfolio at 30 June 2015, and for the prior period, is below:

	2015	2014
	%	%
Blue Sky Private Equity Early Learning Fund	5.0	6.3
Blue Sky Water Fund	32.0	25.8
Blue Sky Agriculture Fund	5.3	6.9
SRA Alliance Fund (Diversified Quant)	5.6	12.9
Blue Sky VC2014 Fund LP ¹	-	6.7
Blue Sky Student Accommodation Fund No.2	5.7	-
	53.6	58.6

¹ The Company still has an investment in this fund at 30 June 2015. However, the value of the investment is less than 5% of the trading portfolio at 30 June 2015.

(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.

(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 2015.

(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 shareholder value.

4. 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 investments. 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 and loss.

5. Fair Value Measurement

The Company classifies the fair value measurements of financial assets and liabilities using the three level fair value hierarchy set out below:

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.

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.

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 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 below presents the financial assets (by class) measured and recognised at fair value according to the fair value hierarchy at 30 June 2015, and for the prior period:

As at 30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Unlisted private equity funds	-	-	18,323	18,323
Unlisted venture capital funds	-	-	3,787	3,787
Unlisted hedge funds	-	-	4,733	4,733
Unlisted real assets funds	-	-	33,422	33,422
Unlisted real estate funds	-	-	22,808	22,808
Total financial assets	-	-	83,073	83,073
As at 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Unlisted private equity funds	-	-	8,005	8,005
Unlisted venture capital funds	-	-	3,861	3,861
Unlisted hedge funds	-	-	7,490	7,490
Unlisted real assets funds	-	-	18,948	18,948
Unlisted real estate funds	-	-	1,665	1,665
Total financial assets	-	-	39,969	39,969

There have been no transfers between any of the three levels in the hierarchy during the year.

The fair values of the investments in 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:

5. Fair Value Measurement (continued)

(i) *Private Equity and Venture Capital*

The assets held within each Private Equity and Venture Capital fund are reviewed by an independent third party at least annually. In addition, at the end of each month BSAAF Management Pty Ltd (the 'Manager') (or a related party thereof) is responsible for reviewing the value of each Private Equity and Venture Capital asset. In the event that the Manager believes there may have been a material change in the value of a Private Equity or Venture Capital asset in between the annual independent valuation reviews, an interim valuation is performed by the Manager. The above mentioned valuations are adopted by the Manager when calculating the unit price for each Private Equity and Venture Capital fund. A discount for illiquidity of the units is also incorporated into the valuation. However, it is possible that on disposal of investments not done in an orderly manner, the amount received could be less than the carrying amount at 30 June 2015. Given each Private Equity and Venture Capital fund does not have an observable market price, these funds are recorded as Level 3 investments.

During the year ended 30 June 2015, three of the assets held within Private Equity funds were revalued following a review by an independent third party. The Manager has used an earnings based multiple as the valuation approach, incorporating a combination of year-to-date and forecast earnings. The earnings multiples applied have been referenced to comparable trading entities, recent comparable transaction multiples and third party independent analysis.

For all other Private Equity and Venture Capital funds in which the company has invested, the only significant assets held within the funds are either cash or a recently completed investment. In the case of a recently completed investment, the Manager has determined that the fair value of the investment at 30 June 2015 is equal to the completion amount paid in relation to the transaction. However, inherently this assumes a forecast earnings and an earnings multiple to determine the valuation and therefore the completion amount paid.

The valuations require the Manager to make certain assumptions regarding model inputs, with the key assumptions being the forecast earnings used and earnings multiples to apply. In relation to the forecast earnings used, the weighted average earnings of which is \$6,640,000 at 30 June 2015, a 10% increase/(decrease), which could arise as a result of a change in market conditions for the relevant business, would result in an increase/(decrease) of approximately \$1,153,000 in the fair value of the Private Equity and Venture Capital investments. In relation to the earnings multiples applied, an increase/(decrease) in the earnings multiples of one, within the range of multiples used of between five and seven times earnings, would result in an increase/(decrease) of approximately \$624,000 in the fair value of the Private Equity and Venture Capital investments.

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 fair value sensitivity analysis was not performed and is not available as a comparison to the values outlined above.

(ii) *Hedge Funds*

The assets held within 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 which is reviewed and approved by the Manager. Given each Hedge fund does not have an observable market price (in contrast to the assets held within each Hedge fund), Hedge funds are recorded as Level 3 investments.

The assets held within the Hedge fund in which the Company invested are a portfolio of futures across bonds, interest rate, currency, commodity and equity markets. These assets are revalued regularly based on observable market prices quoted on a number of trading platforms and exchanges.

As such, the Manager has made no significant assumptions regarding fair value as the value of the underlying assets have quoted prices in active markets. A discount for illiquidity has been incorporated into the valuation. However, it is possible that on disposal of investments not done in an orderly manner, the amount received could be less than the carrying amount at 30 June 2015. A 10% increase/(decrease) in the value of the assets held within the Hedge fund, the value of which is \$4,732,910 at 30 June 2015, in which the Company invested, which could arise as a result of changes to the quoted prices of the assets, would result in an increase/(decrease) of \$473,000 (2014: \$749,000) in the fair value of the Hedge fund investment.

5. Fair Value Measurement (continued)

(iii) Real Assets - Water Fund

The assets held within the Water fund are valued by an independent third party based on quoted prices for similar assets in the Australian water entitlements market. These valuations are used by the Water fund's third party administrator to determine a unit price which is reviewed and approved by the Manager. Given the Water fund does not have an observable market price, the Water fund is recorded as a Level 3 investment.

As such, the Manager has made no significant assumptions regarding fair value as the value of the underlying assets have observable market prices. A discount for illiquidity has been incorporated into the valuation. However, it is possible that on disposal of investments not done in an orderly manner, the amount received could be less than the carrying amount at 30 June 2015. A 10% increase/(decrease) in the value of the assets held within the Water fund, the value of which is \$27,220,182 at 30 June 2015, which could arise as a result of changes to the price of the assets, would result in an increase/(decrease) of \$2,722,000 (2014: \$1,492,500) in the fair value of the Company's Water fund investment.

(iv) Real Assets (Excluding Water Fund)

The assets held within all Real Assets funds (excluding the Water fund) are valued using the same approach as outlined for the Private Equity and Venture Capital funds. As such, investments in Real Assets (excluding the Water fund) are recorded as Level 3 investments. A discount for illiquidity of the units is also incorporated into the valuation. However, it is possible that on disposal of investments not done in an orderly manner, the amount received could be less than the carrying amount at 30 June 2015.

During the year ended 30 June 2015, two of the assets held within Real Assets funds (excluding the Water fund) were revalued following a review by an independent third party. The Manager used a discounted cash flow approach to value one of the assets, incorporating a combination of year-to-date and forecast cash flows. The Manager valued the second asset using the market value of net assets approach, incorporating valuation reports received from independent valuation agents.

The valuations require the Manager to make certain assumptions regarding model inputs, and where appropriate are derived using comparable market, industry and transaction data, discount rates and terminal yields. Key assumptions to the fair value calculations include discount rates and the market value of key operating assets, including land, buildings, plant and equipment, water entitlements and water supply agreements. In relation to the value of the underlying assets, the net asset value of which is in the range of \$26,000,000 to \$32,000,000 at 30 June 2015, a 10% increase/(decrease), which could arise as a result of a change in market conditions for the relevant business or asset, would result in an increase/(decrease) of approximately \$453,000 (2014: \$391,000) in the fair value of the Real Assets (excluding the Water Fund) investments. In relation to discount rates used, a 1% increase/(decrease), within the range of rates used of between 8% and 10%, would result in an increase/(decrease) of approximately \$342,000 in the fair value of the Real Assets (excluding the Water Fund) investments.

A fair value sensitivity analysis was not performed and is not available in relation to the 2014 year with regard to discount rates used given completion had not occurred for the asset reliant on this assumption as at 30 June 2014.

(v) Private Real Estate

The value of each Private Real Estate fund is determined by the Manager and reviewed 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 of the project to support a revaluation. These valuations are adopted by the Manager when calculating a unit price for each Private Real Estate fund. Given the Private Real Estate funds do not have an observable market price, the investments in the funds are recorded as a Level 3 investment. A discount for illiquidity of the units is also incorporated into the valuation. However, it is possible that on disposal of investments not done in an orderly manner, the amount received could be less than the carrying amount at 30 June 2015.

5. Fair Value Measurement (continued)

During the year ended 30 June 2015, three Private Real Estate funds were revalued following a review by an independent third party. The valuations require the Manager to make certain assumptions regarding model inputs, with the key assumptions being the market value of the underlying asset or project and discount rates to apply. In relation to the market value of underlying assets, the value of which is in the range of \$9,000,000 to \$11,000,000, a 10% increase/(decrease), which could arise as a result of a change in market conditions for the relevant asset or project, would result in an increase/(decrease) of approximately \$372,000 in the fair value of the Private Real Estate investments. In relation to discount rates used, a 1% increase/(decrease), within the range of rates used of between 10% and 18%, would result in an increase/(decrease) of approximately \$81,000 in the fair value of the Private Real Estate Investments.

As at 30 June 2014, the key asset held within these funds was cash. Accordingly, a fair value sensitivity analysis was not performed and is not available as a comparison to the values outlined above.

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

	Unlisted private equity funds \$'000	Unlisted venture capital funds \$'000	Unlisted hedge funds \$'000	Unlisted real assets funds \$'000	Unlisted real estate funds \$'000	Total \$'000
Balance at 1 July 2014	8,005	3,861	7,490	18,948	1,665	39,969
Purchase/(disposal) of financial assets held at fair value through profit and loss	9,000	-	(2,500)	11,050	22,200	39,750
Net unrealised gain/(loss) recognised in statement during the year	1,318	(74)	(257)	3,424	(1,057)	3,354
Balance at 30 June 2015	18,323	3,787	4,733	33,422	22,808	83,073
	Unlisted private equity funds \$'000	Unlisted venture capital funds \$'000	Unlisted hedge funds \$'000	Unlisted real assets funds \$'000	Unlisted real estate funds \$'000	Total \$'000
Balance at 1 April 2014	-	-	-	-	-	-
Purchase of financial assets held at fair value through profit and loss	8,800	4,000	7,500	19,365	2,000	41,665
Net unrealised gain/(loss) recognised in statement during the period	(795)	(139)	(10)	(417)	(335)	(1,696)
Balance at 30 June 2014	8,005	3,861	7,490	18,948	1,665	39,969

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

6. Rebates

	Year ended 30 June 2015 \$'000	Period from 4 April to 30 June 2014 \$'000
Rebates of transaction costs and fees (refer to Note 7 and Note 8 for further details)	3,264	1,014
Total rebates	3,264	1,014

7. Management fees

The Company has outsourced its investment management function to the Manager. 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 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 financial year, the Company incurred \$811,822 (2014: \$27,432) of management fees, inclusive of the net impact of GST.

(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.

(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).

7. Management fees (continued)

No performance fees were recognised during the financial year ended 30 June 2015 (2014: nil).

(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 Manager on behalf of the Company 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. For the financial year ended 30 June 2015, \$3,264,036 (2014: \$1,014,660) (excluding GST) of fees have been rebated to the Company (refer 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.

8. 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 Optionholdings of Directors below and on the following page);
- (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, inclusive of GST and compulsory Superannuation where applicable, incurred during the current and prior period, is as follows:

Director	Position	Year ended 30 June 2015 \$'000	Period from 4 April to 30 June 2014 \$'000
John Kain	Chair	66	15
Philip Hennessy	Director	44	8
Paul Masi	Director	44	8
Alexander McNab	Director	-	-
Andrew Champion	Director	-	-
		154	31

Shareholdings of Directors

As at 30 June 2015, 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	16,667	-	66,667
Paul Masi	150,000	75,000	-	225,000
Alexander McNab	500,000	-	-	500,000
Andrew Champion	350,000	-	-	350,000

Optionholdings of Directors

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

8. Related party transactions (continued)

In accordance with section 12.11(d) of the replacement prospectus lodged with ASIC on 13 May 2014 and using the formula set out in ASX Listing Rule 6.22, the exercise price of the options was reduced from \$1.00 to 98.27 cents as of 17 April 2015, being the record date of the entitlement offer announced on 13 April 2015. All other terms of the options, including their expiry date of 16 December 2015, remain unchanged.

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

9. Income tax (benefit)/expense

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

	Year ended 30 June 2015	Period from 4 April to 30 June 2014
	\$'000	\$'000
Income tax (benefit)/expense is attributable to:		
Current tax	(34)	(65)
Deferred tax	1,593	(147)
Aggregate income tax (benefit)/expense	1,559	(212)

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

	Year ended 30 June 2015	Period from 4 April to 30 June 2014
	\$'000	\$'000
Profit/(loss) from continuing operations before income tax	6,229	(707)
Tax at the Australian tax rate of 30%	1,869	(212)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	(310)	-
Income tax (benefit)/expense	1,559	(212)
The applicable weighted average effective tax rates are as follows:	25%	30%

10. Cash and cash equivalents

	As at 30 June 2015	30 June 2014
	\$'000	\$'000
Cash at bank	2,018	20,815
Total cash and cash equivalents	2,018	20,815

As at 30 June 2015, monies held on trust was nil (2014: \$37,327) as referred to in Note 15.

11. Other current assets

	As at 30 June 2015	30 June 2014
	\$'000	\$'000
Prepayments	161	88
Accrued performance fee rebates	965	-
Total other current assets	1,126	88

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

	As at	
	30 June 2015	30 June 2014
	\$'000	\$'000
<i>Current Assets - Financial assets held at fair value through profit and loss</i>		
Unlisted real estate funds	1,817	-
Subtotal	1,817	-
<i>Non-Current assets - Financial assets held at fair value through profit and loss</i>		
Unlisted private equity funds	18,323	8,005
Unlisted venture capital funds	3,787	3,861
Unlisted hedge funds	4,733	7,490
Unlisted real asset funds	33,422	18,948
Unlisted real estate funds	20,991	1,665
Subtotal	81,256	39,969
Total financial assets held at fair value through profit and loss	83,073	39,969

13. Other non-current assets

	As at	
	30 June 2015	30 June 2014
	\$'000	\$'000
Accrued performance fee rebates	442	-
Total other current assets	442	-

14. Deferred tax assets

	As at	
	30 June 2015	30 June 2014
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Net unrealised losses of investments	822	364
Equity raising costs	440	421
Other temporary differences	18	11
Tax losses	99	65
Total deferred tax assets	1,379	861
Offset against deferred tax liability	(1,379)	(123)
Deferred tax asset reflected in the statement of financial position	-	738
	\$'000	\$'000
<i>Movements:</i>		
Opening balance	861	-
Credited/(charged) to profit or loss	340	269
Credited/(charged) to equity	144	526
Tax losses	34	66
Closing balance	1,379	861

14. Deferred tax assets (continued)

	As at	
	30 June 2015	30 June 2014
	\$'000	\$'000
<i>Deferred tax liabilities</i>		
The balance comprises temporary differences attributable to:		
Net unrealised gains of investments	1,573	-
Accrued rebates	422	-
Rebate income	61	123
Total deferred tax liabilities	2,056	123
Offset against deferred tax assets	(1,379)	(123)
Deferred tax liability reflected in the statement of financial position	677	-
	\$'000	\$'000
<i>Movements:</i>		
Opening balance	123	-
Credited/(charged) to profit or loss	1,933	123
Credited/(charged) to equity	-	-
Closing balance	2,056	123

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.

15. Current trade and other payables

	As at	
	30 June 2015	30 June 2014
	\$'000	\$'000
Trade payables	69	-
Money held on trust	-	37
Uncalled capital – Blue Sky VC2014 Fund LP	2,000	2,800
Other payables	118	16
Accrued expenses	232	94
Total trade and other payables	2,419	2,947

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 the end of financial year.

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 2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Uncalled capital	2,000	-	-	-	-	2,000
Trade and other payables	-	187	-	-	-	187
Total	2,000	187	-	-	-	2,187

15. Current trade and other payables (continued)

Contractual maturities of financial liabilities						Total contractual undiscounted cash flows
At 30 June 2014	At call \$'000	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	\$'000
Uncalled capital	2,800	-	-	-	-	2,800
Trade and other payables	-	54	-	-	-	54
Total	2,800	54	-	-	-	2,854

16. Deferred rebates

	As at 30 June 2015 \$'000	30 June 2014 \$'000
Deferred rebates	443	-
Total deferred rebates	443	-

17. Authorised and issued shares and options

Movements in share capital during the financial year are set out below:

	Number of shares	\$'000
Opening balance as at 1 July 2014	60,391,801	59,163
Entitlement Offer issue during the financial year	20,131,934	20,132
Options exercised during the financial year	25,500	25
Less costs directly attributable to the Entitlement Offer issue:		
	Gross (net of GST) \$'000	Deferred tax asset \$'000
Fundraising costs:		Net \$'000
Joint lead manager and broker fees	(366)	110
Other offer fees	(111)	34
	(477)	144
Closing balance at 30 June 2015		78,987

On 16 June 2014, as part of the IPO, the Company issued options to acquire ordinary shares in the Company with an expiry date of on or before 16 December 2015.

In accordance with section 12.11(d) of the replacement prospectus lodged with ASIC on 13 May 2014 and using the formula set out in ASX Listing Rule 6.22, the exercise price of the options was reduced from \$1.00 to 98.27 cents as of 17 April 2015, being the record date of the entitlement offer announced on 13 April 2015. All other terms of the options, including their expiry date of 16 December 2015, remain unchanged.

A total of 25,500 options have been exercised and allotted for a total consideration of \$25,413.

17. Authorised and issued shares and options (continued)

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

	Number of shares	\$'000
Opening balance, on registration at 4 April 2014	1	-
Ordinary shares issue during the period	60,391,800	58,580
Options issued during the period	60,391,800	1,812
Less costs directly attributable to the issue of ordinary shares:		
	Gross (net of GST)	Deferred tax asset
	\$'000	\$'000
		Net
		\$'000
Fundraising costs:		
Joint lead manager and broker fees	(665)	199
Other offer fees	(1,090)	327
	(1,755)	526
Closing balance at 30 June 2014		59,163

18. Retained profits/(accumulated losses)

	As at 30 June 2015	30 June 2014
	\$'000	\$'000
Retained profits/(accumulated losses) at the beginning of the financial year	(495)	-
Profit/(loss) after income tax at the end of the financial year	4,670	(495)
Retained profits/(accumulated losses) at the end of the financial year	4,175	(495)

19. Equity - dividends

	As at 30 June 2015	30 June 2014
	\$'000	\$'000
<i>Franking credits</i>		
Franking credits available at the reporting date based on a tax rate of 30%	211	-
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	-	-
Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date based on a tax rate of 30%	-	-
Franking credits available for subsequent financial years based on a tax rate of 30%	211	-
Franking credits that will be used from the payment of dividends declared subsequent to the reporting date based on a tax rate of 30%	(1,036)	-
	(825)	-

In relation to the above Franking credit deficit, it is anticipated that this will be brought back to at least nil on or before 30 June 2016.

20. Earnings per share

	Year ended 30 June 2015 \$'000	Period from 4 April to 30 June 2014 \$'000
Profit/(loss) after income tax	4,670	(495)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	62,827,505	60,391,801
Weighted average number of ordinary shares and ordinary shares under option used in calculating diluted earnings per share	62,827,505	60,391,801
	Cents	Cents
Basic earnings per share	7.43	(1)
Diluted earnings per share	7.43	(1)

At 30 June 2015, the Company had 60,366,300 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.

21. Remuneration of auditors

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

	Year ended 30 June 2015	Period from 4 April to 30 June 2014
<i>Audit services</i>		
Audit and review of financial report	65,000	25,000
<i>Other services</i>		
Accounting, due diligence and taxation advice	23,000	111,100
Total auditors' remuneration	88,000	136,100

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

	Year ended 30 June 2015 \$'000	Period from 4 April to 30 June 2014 \$'000
Profit/(loss) after income tax expense for the year	4,670	(495)
<i>Non-cash adjustments to reconcile profit after tax to net cash flows from operations:</i>		
Gains on financial assets held at fair value through profit and loss	(3,354)	1,696
<i>Changes in Assets and Liabilities during the financial year</i>		
(Increase)/Decrease in trade and other receivables	(37)	-
(Increase)/Decrease in other operating assets	(1,480)	(88)
Increase/(Decrease) in trade and other payables	214	284
Increase/(Decrease) in deferred tax assets	1,559	(212)
Increase/(Decrease) in deferred rebates	443	-
Net cash inflow (outflow) from operating activities	2,015	1,185

23. Events occurring after the reporting date

On 21 August 2015, the Directors resolved to pay a final fully franked dividend of 3 cents per share in relation to the 2015 financial year. The record date for this dividend will be 22 October 2015 and the payment date will be 6 November 2015. The Company's Dividend Reinvestment Plan ("DRP") will apply to the final dividend with the Market Price used to determine a participant's entitlement under the DRP to be calculated over the 5 trading days commencing on 26 October 2015 and ending on 30 October 2015. The final date to elect to participate in the DRP will be 23 October 2015. A complete copy of the DRP Rules can be found on the Company's website www.blueskyfunds.com.au/alternatives-fund/.

Other than the above, there are no other events occurring after the reporting date.

Blue Sky Alternatives Access Fund Limited
Directors' Declaration
For the year ended 30 June 2015

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 12 to 33, are in accordance with the *Corporation Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the entity's financial position as at 30 June 2015 and of the performance for the year 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



John Kain
Chair

24 August 2015
Brisbane

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 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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.

Opinion

In our opinion:

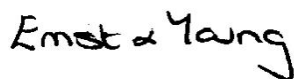
- a. The financial report of Blue Sky Alternatives Access Fund Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii complying with 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 year ended 30 June 2015. 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 year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Paula McLuskie
Partner
Brisbane
24 August 2015

The Shareholder information set out below was applicable as at 30 June 2015.

A. Distribution of equity securities

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

Holding	Ordinary shares
1 – 1000	11,282
1,001 – 5,000	702,139
5,001 – 10,000	2,434,521
10,001 – 100,000	42,563,707
100,001 and over	34,837,586
	<u>80,549,235</u>

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
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,126,154	8.85%
BLUE SKY ALTERNATIVE INVESTMENTS LIMITED	5,000,000	6.21%
NAVIGATOR AUSTRALIA LTD	2,345,394	2.91%
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,020,100	1.27%
BAHRAIN INVESTMENTS PTY LTD	1,000,000	1.24%
MR JOHN ALFRED CLAREBROUGH & MRS PAMELA JUDITH CLAREBROUGH	1,000,000	1.24%
NATIONAL NOMINEES LIMITED	946,666	1.18%
MR JOHN ALFRED CLAREBROUGH	825,000	1.02%
ADCOCK PRIVATE EQUITY PTY LTD	650,000	0.81%
SHAW STOCKBROKING LIMITED	620,778	0.77%
THE RALI FOUNDATION PTY LTD	500,000	0.62%
MALCOLM HOLDINGS PTY LIMITED	500,000	0.62%
DOCHART HOLDINGS PTY LIMITED	500,000	0.62%
EMERALD HILL NOMINEES PTY LTD	500,000	0.62%
THE AGED & DISABLED PERSONS HOSTEL & WELFARE ASSOCIATION	384,741	0.48%
SHAW STOCKBROKING LIMITED	350,000	0.43%
ADCOCK GROUP SUPER PTY LTD	350,000	0.43%
MR ANDREW FRANK CHAMPION	350,000	0.43%
MRS PAULINE ANN VINTON	300,000	0.37%
TROPICAL WORLD PTY LTD	300,000	0.37%

C. Substantial holders

Substantial holders in the Company are set out below:

Name	Number held	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,126,154	8.85%
BLUE SKY ALTERNATIVE INVESTMENTS LIMITED	5,000,000	6.21%
	<u>12,126,154</u>	<u>15.06%</u>

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.

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
Alexander McNab
Andrew Champion
Philip Hennessy
Paul Masi

Joint Company Secretaries

Jane Prior
David Mitchell

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