

Blue Sky Alternatives Access Fund Limited ABN 47 168 941 704

Appendix 4D Half-year report

For the half-year ended 31 December 2015

The following information sets out the requirements of Appendix 4D, with the stipulated information provided below.

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

Current period: 1 July 2015 to 31 December 2015

Prior corresponding period: 1 July 2014 to 31 December 2014

2. Results for announcement to the market

Key information	6 months to 31 December 2015 \$'000	6 months to 31 December 2014 \$'000	Movement \$'000	Movement (%)	
Revenue from ordinary activities	10,990	1,847	9,143	495	Up
Profit/(loss) from ordinary activities after tax attributable to members	7,060	863	6,197	718	Up
Net profit/(loss) for the period attributable to members	7,060	863	6,197	718	Up

Details of Dividend

On 19 February 2016, the Directors resolved not to pay a dividend in relation to the current reporting period, being 1 July 2015 to 31 December 2015.

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 was 22 October 2015 and the payment date was 6 November 2015. The Company's Dividend Reinvestment Plan ('DRP') applied to this dividend. A complete copy of the DRP Rules can be found on the Company's website www.blueskyfunds.com.au/alternatives-fund/.

3. Net tangible assets

Net tangible assets (NTA)	As at 31 December 2015	As at 31 December 2014
Net tangible asset backing per share (post tax) ¹	\$1.0438	\$0.9857

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).

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

Not applicable

5. Details of Associates and Joint Venture entities

Not applicable

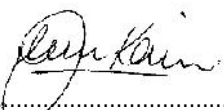
6. Accounting standards used by foreign entities

Not applicable

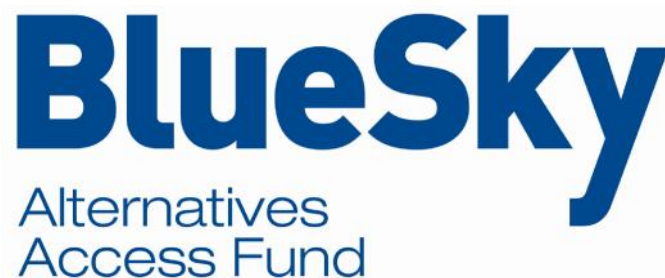
7. Audit

This report is based on accounts to which one of the following applies:

	The accounts have been audited. (refer attached financial statements)	√	The accounts have been subject to review. (refer attached financial statements)
	The accounts are in the process of being audited or subject to review.		The accounts have not yet been audited or reviewed.

Signed: 
.....
John Kain
Chair

Date: 19 February 2016



Blue Sky Alternatives Access Fund Limited

ABN 47 168 941 704

Interim report for the half-year ended 31 December 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 half-year ended 31 December 2015.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period 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.

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

Capital raised from exercise of options

On BAF's Initial Public Offering ('IPO') in May 2014, a total of 60.4 million BAF options were issued to shareholders who participated in the IPO. With these options expiring in December 2015, the Alternatives Fund raised approximately \$46.4 million from BAF option holders exercising their options prior to expiry. The Directors are pleased to report that the capital raised was largely deployed at 31 December 2015, building scale and further strengthening the Alternatives Fund's well-diversified portfolio of alternative investments. Asset allocations at 31 December 2015 are as follows:

- 30.6% in real assets;
- 29.8% in private real estate;
- 23.4% in private equity and venture capital;
- 7.3% in hedge funds; and
- 8.9% in cash.

Investment performance

The profit from ordinary activities after income tax amounted to \$7.06 million for the period ended 31 December 2015 (2014: \$0.86 million).

Gains were made across all asset classes in the Alternatives Fund's portfolio in 1H FY16, with many of the Company's early investments transitioning into the growth phase. The Blue Sky Water Fund was again a stand out, returning 16.1% in the six months to 31 December 2015. The Alternatives Fund's portfolio of private equity and private real estate assets also contributed strongly to investment performance.

The Alternatives Fund's net asset value per share after all fees and excluding tax increased by 2.7% over the six months to 31 December 2015, rising from \$1.0408 per share at 30 June 2015 to \$1.0684 per share at 31 December 2015, whilst also paying a fully franked 3.0 cents per share dividend in November 2015. This is a pleasing result in a period where the dilutive impact of the exercise of BAF options offset strong growth in the Alternatives Fund's net asset value per share. As previously stated these options expired in December 2015.

Consolidation and growth

Following deployment of the Alternatives Fund's remaining uncommitted capital in early 2016 we expect the portfolio to enter a period of higher annual net asset growth as the investments in the portfolio continue to mature. With Australia facing an environment of continued low interest rates, low inflation and yield compression, the Alternatives Fund enables investors of all types to include an allocation to alternatives in their portfolio through a diversified, low cost and more liquid structure.

Earnings per share

	Half-year ended	
	31 December 2015	31 December 2014
	Cents	Cents
Basic earnings per share	7.50	1.43
Diluted earnings per share	-	1.43

Significant changes in the state of affairs

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

Rounding

The amounts contained in this report and in the interim 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 3.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors



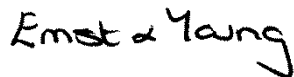
John Kain
Chair

19 February 2016
Brisbane

Auditor's independence declaration to the Directors of Blue Sky Alternative Access Fund Limited

As lead auditor for the review of Blue Sky Alternative Access Fund Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Paula McLuskie
Partner
19 February 2016

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General information

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

The interim 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 interim 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 half-year ended 31 December 2015

		Half-year ended	
		31 December 2015	31 December 2014
	Notes	\$'000	\$'000
Net gains/(losses) on financial assets held at fair value through profit and loss	4	7,280	176
Rebates	5	2,733	1,478
Dividend and trust distribution income		925	27
Interest income		52	166
Management fees	6	(641)	(383)
Performance fees	6	(499)	-
Directors' fees		(78)	(74)
Other expenses		(256)	(158)
Profit before income tax		9,516	1,232
Income tax expense	7	(2,456)	(369)
Profit after income tax		7,060	863
Other comprehensive income		-	-
Total comprehensive income		7,060	863
Earnings per share			
		Cents	Cents
Basic earnings per share (profit per share)		7.50	1.43
Diluted earnings per share (profit per share)		-	1.43

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 31 December 2015

		31 December 2015	As at	30 June 2015
	Notes	\$'000		\$'000
Assets				
Cash and cash equivalents	8	12,166		2,018
Trade and other receivables		552		42
Financial assets held at fair value through profit and loss	4,9	124,353		83,073
Other assets		2,321		1,568
Total assets		139,392		86,701
Liabilities				
Trade and other payables		1,990		2,419
Current tax payable		417		-
Deferred rebates		730		443
Deferred tax liabilities		2,723		677
Total liabilities		5,860		3,539
Net assets		133,532		83,162
Shareholders' Equity				
Issued shares and options	10	125,571		78,987
Retained profits		7,961		4,175
Total shareholders' equity		133,532		83,162

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 half-year ended 31 December 2015

	Notes	Share capital	Share option reserve	Retained profits	Total shareholders' equity
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2015		77,175	1,812	4,175	83,162
Total comprehensive income for the period		-	-	7,060	7,060
Subtotal		77,175	1,812	11,235	90,222
Transactions with equity holders in their capacity as equity holders:					
Shares and options issued during the period	10	46,569	-	-	46,569
Transfer of share option reserve upon the forfeiture or expiry of share options		1,812	(1,812)	-	-
Fundraising costs (net of tax)	10	15	-	-	15
Dividends paid	11	-	-	(3,274)	(3,274)
Subtotal		48,396	(1,812)	(3,274)	43,310
Balance as at 31 December 2015		125,571	-	7,961	133,532

	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 period	-	-	863	863
Subtotal	57,351	1,812	368	59,531
Transactions with equity holders in their capacity as equity holders:				
Shares and options issued during the period	4	-	-	4
Subtotal	4	-	-	4
Balance as at 31 December 2014	57,355	1,812	368	59,535

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 half-year ended 31 December 2015

		Half-year ended	
	Note	31 December 2015	31 December 2014
		\$'000	\$'000
Cash flows from operating activities			
Rebates of transaction costs and fees (inclusive of GST)		2,293	1,434
Dividends and trust distributions received		757	27
Payments to suppliers (inclusive of GST)		(1,355)	(706)
Interest received		52	166
Net cash from operating activities		1,747	921
Cash flows from investing activities			
Payments for financial assets held at fair value through profit and loss		(37,800)	(18,700)
Proceeds from disposal of financial assets held at fair value through profit and loss		3,000	-
Net cash used in investing activities		(34,800)	(18,700)
Cash flows from financing activities			
Proceeds from exercise of options		46,313	4
Proceeds from issue of shares (DRP)		196	-
Fundraising costs (inclusive of GST)		(34)	(37)
Dividends paid		(3,274)	-
Net cash from/(used in) financing activities		43,201	(33)
Net increase/(decrease) in cash and cash equivalents		10,148	(17,812)
Cash and cash equivalents at the beginning of the half-year		2,018	20,815
Cash and cash equivalents at the end of the half-year	8	12,166	3,003

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

1. General Information

The Company invests in a diverse range of alternative assets, deriving revenue such as dividend and trust distribution income, and investment income such as gains on disposals of investments.

2. Summary of Significant Accounting Policies

These financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Australian Securities Exchange Listing Rules*.

The accounting policies applied in these interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended 30 June 2015, with the exception of the adoption of a new reporting format as provided for under AASB 101 *Presentation of Financial Statements*. In this regard, the Company has adopted the liquidity method for the presentation of the Statement of Financial Position to more easily allow users to assess the liquidity and solvency position of the Company at various reporting dates. The new format applies to both current year and comparative results. In addition and of significance, the Company has continued to apply AASB 2013-5 (*Amendments to Australian Accounting Standards - Investment Entities*). As a result, the Company is defined as an investment entity.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. New standards and amendments to standards that are mandatory for the first time for the new financial year beginning 1 July 2015 have not affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

3. Segment Information

Identification of reportable operating segments

The Company has one operating segment: Alternative Asset Investment. It earns revenue from dividend and trust 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 9, recorded as financial assets held at fair value through profit and loss.

4. Fair Value Measurement

The table below presents the financial assets (by class) measured and recognised at fair value according to the fair value hierarchy. The different levels have been defined as follows:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: 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.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

As at 31 December 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Unlisted private equity funds	-	-	24,426	24,426
Unlisted venture capital funds	-	-	7,511	7,511
Unlisted hedge funds	-	-	9,946	9,946
Unlisted real assets funds	-	-	41,789	41,789
Unlisted real estate funds	-	-	40,681	40,681
Total financial assets	-	-	124,353	124,353

4. Fair Value Measurement (continued)

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

There have been no transfers between any of the three levels in the hierarchy during the half-year (2014: Nil).

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.

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 and subsequently updated on 25 January 2016). This document sets out the Company's policy regarding the valuation of the Company's investments in each of the classes, as follows:

(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 Blue Sky's management team is responsible for reviewing the value of each Private Equity and Venture Capital asset. In the event that the management team 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 management team. The above mentioned valuations are recommended for adoption to 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 performed in an orderly manner, the amount received by the Company could be less than the carrying amount at 31 December 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 half-year ended 31 December 2015, two of the assets held within Private Equity funds were revalued. Blue Sky's management team 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, a previously revalued investment or a recently completed investment. In the case of a recently completed investment, the management team has determined that the fair value of the investment at 31 December 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 Blue Sky's management team 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 \$7,401,000 at 31 December 2015 (2015: \$6,640,000), 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 \$1,379,000 (2015: \$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 nine times earnings, would result in an increase/(decrease) of approximately \$593,000 (2015: \$624,000) in the fair value of the Private Equity and Venture Capital investments.

4. Fair Value Measurement (continued)

(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 Blue Sky's management team and recommended for adoption to 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 funds 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, Blue Sky's management team 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 by the Company could be less than the carrying amount at 31 December 2015. A 10% increase/(decrease) in the value of the assets held within the Hedge funds, the value of which is \$9,946,320 at 31 December 2015 (2015: \$4,732,910), 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 \$995,000 (2015: \$473,000) in the fair value of the Hedge funds investment.

(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 Blue Sky's management team and recommended for adoption to 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, Blue Sky's management team 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 by the Company could be less than the carrying amount at 31 December 2015. A 10% increase/(decrease) in the value of the assets held within the Water fund, the value of which is \$31,602,973 at 31 December 2015 (2015: \$27,220,182), which could arise as a result of changes to the price of the assets, would result in an increase/(decrease) of \$3,160,000 (2015: \$2,722,000) 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 by the Company could be less than the carrying amount at 31 December 2015.

During the half-year ended 31 December 2015, none of the assets held within Real Assets funds (excluding the Water fund) were revalued. However, in previous valuations Blue Sky's management team used a discounted cash flow approach to value one of the assets, incorporating a combination of year-to-date and forecast cash flows. The management team also valued the other assets using the market value of net assets approach, incorporating valuation reports received from independent valuation agents.

The valuations require Blue Sky's management team 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 31 December 2015 (2015: \$26,000,000 to \$32,000,000), 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 (2015: \$453,000) 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 \$356,000 (2015: \$342,000) in the fair value of the Real Assets (excluding the Water Fund) investments.

4. Fair Value Measurement (continued)

(v) Private Real Estate

The value of each Private Real Estate fund is determined by Blue Sky's management team 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 management team 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 recommended for adoption to 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 by the Company could be less than the carrying amount at 31 December 2015.

During the half-year ended 31 December 2015, following a review by an independent third party, 10 Private Real Estate funds were revalued. The valuations require Blue Sky's management team 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 \$98,000,000 to \$120,000,000 (2015: \$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 \$1,956,000 (2015: \$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 7% and 21%, would result in an increase/(decrease) of approximately \$138,000 (2015: \$81,000) in the fair value of the Private Real Estate Investments.

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

Half-year ended 31 December 2015	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
Beginning balance	18,323	3,787	4,733	33,422	22,808	83,073
Purchase/(disposal)	6,000	4,000	5,000	4,000	15,000	34,000
Net unrealised gain/(loss)	103	(276)	278	4,367	2,873	7,345
Net realised gain/(loss)	-	-	(65)	-	-	(65)
Ending balance	24,426	7,511	9,946	41,789	40,681	124,353

Half-year ended 31 December 2014	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
Beginning balance	8,005	3,861	7,490	18,948	1,665	39,969
Purchase/(disposal)	3,500	-	-	2,500	12,700	18,700
Net unrealised gain/(loss)	1,486	(16)	(430)	749	(1,613)	176
Ending balance	12,991	3,845	7,060	22,197	12,752	58,845

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.

5. Rebates

	Half-year ended	
	31 December 2015	31 December 2014
	\$'000	\$'000
Rebates of transaction costs and fees (refer to Note 6(c) for further details)	2,733	1,478
Total rebates	2,733	1,478

6. Management and Performance 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 period, the Company incurred \$641,027 (2014: \$382,888) 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).

During the half-year ended 31 December 2015, the company accrued \$498,724 (2014: Nil) of performance fees.

6. Management and Performance fees (continued)

(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 half-year ended 31 December 2015, \$2,733,546 (2014: \$1,478,392) (excluding GST) of fees have been rebated to the Company (refer Note 5).
- (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.

7. Income tax expense

Income tax expense through profit or loss:

	Half-year ended	
	31 December 2015	31 December 2014
	\$'000	\$'000
Income tax expense is attributable to:		
Current tax	417	(31)
Deferred tax	2,039	400
Aggregate income tax expense	2,456	369

8. Cash and cash equivalents

	As at	
	31 December 2015	30 June 2015
	\$'000	\$'000
Cash at bank	12,166	2,018
Total cash and cash equivalents	12,166	2,018

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

The information below reflects expected realisation timeframes for financial assets held at fair value through profit and loss. However, unforeseen circumstances could result in timeframes changing.

	As at	
	31 December 2015	30 June 2015
	\$'000	\$'000
<i>Within 12 months of the reporting period</i>		
Unlisted private equity funds	7,885	-
Unlisted real estate funds	6,119	1,817
Subtotal	14,004	1,817
<i>More than 12 months of the reporting period</i>		
Unlisted private equity funds	16,541	18,323
Unlisted venture capital funds	7,511	3,787
Unlisted hedge funds	9,946	4,733
Unlisted real asset funds	41,789	33,422
Unlisted real estate funds	34,562	20,991
Subtotal	110,349	81,256
Total financial assets held at fair value through profit and loss	124,353	83,073

10. Authorised and issued shares and options

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

	Number of shares	\$'000
Opening balance as at 1 July 2015 (net of fundraising costs)	80,549,235	78,987
Shares issued: Dividend Reinvestment Plan	186,645	196
Options exercised during the half-year	47,188,990	46,373
Total	127,924,870	125,556

Less costs directly attributable to shares issued and options exercised:

	Gross (net of GST \$'000)	Deferred tax asset \$'000	Net \$'000
Fundraising costs:			
Joint lead manager and broker fees	56	(17)	39
Other offer fees	(34)	10	(24)
	22	(7)	15
Closing balance at 31 December 2015			125,571

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

	Number of shares	\$'000
Opening balance as at 1 July 2014	60,391,801	59,163
Shares issued during the period	20,131,934	20,132
Options exercised during the period	25,500	25
Total	80,549,235	79,320

Less costs directly attributable to shares issued and options exercised:

	Gross (net of GST \$'000)	Deferred tax asset \$'000	Net \$'000
Fundraising costs:			
Joint lead manager and broker fees	(366)	110	(256)
Other offer fees	(111)	34	(77)
	(477)	144	(333)
Closing balance at 30 June 2015			78,987

11. Dividends paid

	Half-year ended	
	31 December 2015	31 December 2014
	\$'000	\$'000
Cash dividends to the equity holders:		
Dividends on ordinary shares declared and paid:		
Final dividend in relation to the 2015 financial year: 3 cents per share fully franked (2014 financial year: nil)	3,274	-

12. Events occurring after the reporting date

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

Blue Sky Alternatives Access Fund Limited
Directors' Declaration
For the half-year ended 31 December 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 5 to 15:
 - a. comply with *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the entity's financial position as at 31 December 2015 and of the performance for the half-year ended on that date;
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.

On behalf of the Directors



John Kain
Chair

19 February 2016
Brisbane

To the members of Blue Sky Alternatives Access Fund Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Blue Sky Alternatives Access Fund Limited, which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity.

Directors' responsibility for the half-year financial report

The directors of the entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Blue Sky Alternatives Access Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

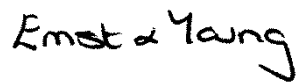
Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Blue Sky Alternatives Access Fund Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Paula McLuskie
Partner
Brisbane
19 February 2016