

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Blue Sky Alternatives Access Fund Limited

ABN / ARBN:

47 168 941 704

Financial year ended:

30 June 2017

Our corporate governance statement² for the above period above can be found at:³

☐ These pages of our annual report:

☒ This URL on our website:

<http://blueskyfunds.com.au/alternatives-fund-shareholder/>

The Corporate Governance Statement is accurate and up to date as at 15 August 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 15 August 2017

Name of Director or Secretary authorising
lodgement: Jane Prior

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ at http://blueskyfunds.com.au/alternatives-fund-shareholder/	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	... the fact that we have a diversity policy that complies with paragraph (a): ☐ in our Corporate Governance Statement OR ☐ at [insert location] ... and a copy of our diversity policy or a summary of it: ☐ at [insert location] ... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: ☐ in our Corporate Governance Statement OR ☐ at [insert location] ... and the information referred to in paragraphs (c)(1) or (2): ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and the information referred to in paragraph (b): ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): ☐ in our Corporate Governance Statement OR ☐ at [insert location] ... and the information referred to in paragraph (b): ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☒ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] ... the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and a copy of the charter of the committee: ☒ at http://blueskyfunds.com.au/alternatives-fund-shareholder/ ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☒ in the Director's Report contained in the Company's Annual Financial Report for the year ended 30 June 2017. [If the entity complies with paragraph (b):] ... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	... our board skills matrix: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and, where applicable, the information referred to in paragraph (b): ☐ in our Corporate Governance Statement OR ☐ at [insert location] ... and the length of service of each director: ☐ in our Corporate Governance Statement OR ☒ in the Director's Report contained in the Company's Annual Financial Report for the year ended 30 June 2017.	☐ an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☒ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): ☐ in our Corporate Governance Statement OR ☐ at [insert location] ... and a copy of the charter of the committee: ☐ at [insert location] ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☐ at [insert location] [If the entity complies with paragraph (b):] ... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☒ an explanation why that is so in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: ☒ at http://blueskyfunds.com.au/alternatives-fund-shareholder/	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and a copy of the charter of the committee: ☒ at http://blueskyfunds.com.au/alternatives-fund-shareholder/ ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☒ in the Director's Report contained in the Company's Annual Financial Report for the year ended 30 June 2017. [If the entity complies with paragraph (b):] ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and that such a review has taken place in the reporting period covered by this Appendix 4G: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: ☐ in our Corporate Governance Statement OR ☐ at [insert location] [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement OR ☐ at [insert location] ... and a copy of the charter of the committee: ☒ at http://blueskyfunds.com.au/alternatives-fund-shareholder/ ... and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement OR ☒ in the Director's Report contained in the Company's Annual Financial Report for the year ended 30 June 2017. [If the entity complies with paragraph (b):] ... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement OR ☒ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR ☐ we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	... the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	... the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement OR ☐ at [insert location]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Statement

Blue Sky Alternatives Access Fund Limited

ACN 168 941 704

Approved and adopted by the Board on **14 August 2017**.

Corporate Governance Statement

The Board of Directors of Blue Sky Alternatives Access Fund Limited ACN 168 941 704 ("**Company**") is responsible for the Company's overall corporate governance, including adopting the appropriate policies and procedures to ensure that the Company is properly managed to protect and enhance shareholder interests and that Directors fulfill their functions effectively and responsibly. At the date of this report, the Company does not have any employees.

The objective of the Board is to create and deliver long-term shareholder value by investing the Company's capital in a diversified portfolio of alternative assets. The Board intends for the Company to provide shareholders of all demographics the ability to invest in a diversified portfolio of alternative assets through an accessible and liquid listed structure.

The Company has engaged BSAAF Management Pty Ltd ("**Manager**") to manage the Company's portfolio of investments pursuant to a Management Services Agreement ("**Agreement**") dated 6 May 2014.

Under the Agreement, the Board and the Manager have created a framework for managing the Company, including adopting relevant internal controls and a risk management process which they believe are appropriate for the Company's business. The main corporate policies and practices adopted by the Company are summarised below. Other elements of the Company's corporate governance are controlled by and undertaken in accordance with its Constitution.

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

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, respect, trust and openness among and between Board members, the Manager and external stakeholders.

Principle 1 – Lay solid foundations for management and oversight

The Board has adopted a Charter to provide a framework for its effective operation. The Charter is available for review on the Company's website (<http://blueskyfunds.com.au/alternatives-fund-shareholder/>). The Board's roles and responsibilities as set out in the Charter include:

- the overall corporate governance of the Company (including its strategic direction and goals for management and monitoring the achievement of those goals);
- reviewing and overseeing the operation of systems of risk management and internal compliance and control;
- monitoring the Manager's implementation of the investment strategy;
- overseeing the Manager's monitoring of the performance of major investment and treasury functions; and
- approving and monitoring financial and other reporting.

The Board delegates certain functions and responsibilities to the Manager under the Agreement to permit the Company to deliver on the strategic direction and goals determined by the Board. Under the Agreement, the Manager also provides or procures the provision of administrative support services reasonably required by the Company to conduct its business.

The Company ensures that it:

- undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election, as a director; and
- provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director in the relevant Notice of Meeting.

Non-Executive Directors receive formal letters of appointment setting out the key terms, conditions and expectations of the engagement. Executive Directors are employees of the Blue Sky Group and provide services to the Company in accordance with the terms of the Agreement.

Directors have access to, and may rely upon fellow Directors and the senior management of the Manager as well as external advisers. Directors and Board Committees may seek independent professional advice at the Company's expense in the performance of their duties.

In accordance with the Board Charter, the Company Secretary is directly accountable to the Board, through the Chair, on all corporate governance matters and is also responsible for:

- monitoring the Board Charter, this Corporate Governance Statement and any Committee Charters to ensure they are followed; and
- coordinating the timely completion and dispatch of Board materials including agendas, briefing materials and draft minutes.

Responsibility for ensuring that the performance of each Director is reviewed and assessed each year falls to the Nomination and Remuneration Committee under the Nomination and Remuneration Committee Charter. The Board is ultimately responsible for reviewing the performance of all Directors each year with the Chair to determine the evaluation criteria and process to be followed in each case.

The Board recognises that regular reviews of its effectiveness and performance are key to the improvement of the governance of the Company. The Board reviews and evaluates:

- its own performance, including against the requirements of the Board Charter;
- the performance of its Committees; and
- the performance of individual Directors

on a bi-annual basis against both measurable and qualitative indicators. The Board presently conducts a performance evaluation in March and September each year.

Principle 2 — Structure the Board to add value

The Board is currently made up of five Directors: a non-independent executive chairman two independent non-executive directors and two non-independent executive directors. The Board believes that, having regard to the Company's size and nature and the input of the independent non-executive directors, this is currently the most efficient structure.

While the Board does not currently comprise of a majority of independent Directors (as recommended by Recommendation 2.4 of the ASX Corporate Governance Principles and Recommendations), the Board is structured such that it comprises Directors from a variety of business and professional backgrounds who bring a range of commercial, operational and financial skills and experience relevant to the Company and the industry in which it operates. The Board considers that the current Board composition has a suitable level of independence, a proper understanding of, and competence to deal with, the current and emerging issues of the Company, and can effectively review and challenge the performance of the Company. A complete listing of the Directors, along with their biographical details is provided on the Company's website.

The Board does not have an independent chairman (as recommended by Recommendation 2.5 of the ASX Corporate Governance Principles and Recommendations). The Board considers this departure from the ASX Corporate Governance Principles and Recommendations is appropriate given the nature of the Company and given that there is strong independence through the Board Committees. The Chair of each Committee is an independent and non-executive Director other than the Board Chair. The majority of each Committee are independent and non-executive Directors.

The Board has established a joint Nomination and Remuneration Committee comprising three members, a majority of whom are independent directors and an independent non-executive Chair. The Nomination and Remuneration Committee Charter is available on the Company's website.

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

The objectives of the Nomination and Remuneration Committee include to:

- review and assess the desirable competencies of the Board;
- oversee the selection and appointment practices for Directors; and
- develop and determine appropriate remuneration policies.

In overseeing the selection and appointment practices of the Board and assessing the desirable competencies of the Board, the Nomination and Remuneration Committee is to periodically assess the appropriate mix of skills, experience and expertise required on the Board and assess the extent to which the required skills and experience are presently represented. The Committee has not prepared a matrix setting out the skills of the existing Board since the Company was listed in June 2014 (a departure from Recommendation 2.2 of the ASX Corporate Governance Principles and Recommendations). Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with the Principle to be materially detrimental to the Company.

Directors are given an induction briefing by the Company Secretary and an induction pack containing an information pack about the Company and its business, Board and Committee Charters and Group policies. New Directors also meet with the Manager to gain an insight into the Company's business and operations.

Directors are also encouraged to attend appropriate training and professional development courses to update and enhance their skills and knowledge. The Directors also have access to the Company Secretary for all Board and governance-related issues and the appointment and removal of the Company Secretary is determined by the Board.

Principle 3 — Act ethically and responsibly

Code of Conduct

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

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

- act in good faith in the best interests of the Company and for a proper purpose;
- exercise a reasonable degree of care and diligence;
- avoid any potential conflict of interest or duty; and
- have regard not only to the interests of shareholders but (in appropriate circumstances) the interests of other third parties including creditors, regulators and the community.

Securities Trading Policy

The Company has adopted a Securities Trading Policy for dealing in its securities. The Policy imposes certain restrictions on Directors' and representatives of the Manager trading in the securities of the Company. The restrictions have been imposed to prevent inadvertent contraventions of the insider trading provisions of the Act.

The Securities Trading Policy seeks to ensure that Directors:

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

The key aspects of the Securities Trading Policy are:

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

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

Diversity Policy

The Company values the diversity of its Directors and is committed to gender diversity which has been and continues to be a priority for the Company. At present, the Company does not have any women on its Board however, Jane Prior is Company Secretary.

The Board has not established a policy concerning diversity. This departure from Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations is considered appropriate given the current nature and size of the Company and the Board does not consider the departure to be materially detrimental to the Company.

Principle 4 — Safeguard integrity in corporate reporting

The role of the Audit and Risk Committee is to advise on the establishment and maintenance of a framework of internal controls for the Company's management and to assist the Board to ensure the quality and reliability of financial information prepared for use by the Board.

The present Audit and Risk Committee comprises three members, a majority of whom are independent non-executive directors and an independent non-executive Chair. The primary role of the Audit and Risk Committee is to:

- monitor the establishment of an appropriate internal control framework, including information systems, and its operation and considering enhancements;
- monitor compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Company Secretary in relation to those requirements;
- appoint and encourage effective relationships with, and communication between, the Board, and the Company's external auditor in order to ensure the integrity of the audit process;
- review the nomination, performance and independence of the external auditors, including recommendations to the Board for the appointment or removal of any external auditor;
- review financial statements and other financial information to be distributed externally;
- prepare and recommend for approval to the Board this Corporate Governance Statement; and
- review external audit reports and monitoring, where major deficiencies or breakdowns in controls or procedures have been identified, remedial action taken by management.

The Audit and Risk Committee Charter is available on the Company's website.

The Board considers the fact that the Audit and Risk Committee is not made up of only non-executive independent directors (a departure from Recommendation 4.1 of the ASX Corporate Governance Principles and Recommendations) as appropriate given the nature and size of the Company.

As the Company is in a growth phase and given the size, scale and nature of the Company's business, the Board believes that the current Audit and Risk Committee is of a sufficient size, independence, and technical expertise to discharge its mandate effectively.

The external auditors, Company Secretary and representatives of the Manager attend meetings of the Audit and Risk Committee by invitation. The Company has a policy that its external auditing firm must be independent. The Audit and Risk Committee will review and assess the independence of the external auditor on an ongoing basis.

The Company's external auditor attends the Company's AGM and is available to answer any question which shareholders may have about the conduct of the external audit for the relevant financial year and the content of the Financial Report.

The Board ensures that the declarations provided in relation to the annual and half-yearly financial statements, in accordance with sections 295A and 303(4) of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 5 — Make timely and balanced disclosure

The Company is committed to observing its disclosure obligations under the *Corporation Act 2001* ("Act") and the Listing Rules of the ASX, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.

The Company has adopted a Continuous Disclosure Policy which establishes procedures and protocols aimed at ensuring that Directors are aware of and fulfill their obligations in relation to the timely disclosure of information that is 'price sensitive', in the sense that a reasonable person would expect the information to have a material effect on the price or value of the Company's securities. Pursuant to the Continuous Disclosure Policy, the Company will immediately notify the market, by announcing to the ASX, any such information (subject to applicable exceptions).

The aim of the Continuous Disclosure Policy is to:

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

The Company's Continuous Disclosure Policy is available at the Company's website.

Principle 6 — Respect the rights of security holders

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

The Company has adopted a Shareholder Communications Policy. The Shareholder Communications Policy is designed to ensure that shareholders are kept fully up to date in relation to major developments and activities of the Company and to encourage them to attend and participate at general meetings.

The Shareholder Communications Policy is available on the Company's website as are links to recent announcements, presentations (where applicable) and past and current reports to shareholders. The Board aims to ensure that the shareholders, on behalf of whom they act, are informed of information necessary to assess the performance of the Directors.

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

Shareholders are given the opportunity to receive communications from, and send communications to, the Company and its share registry electronically and new shareholders are advised of this option in the Welcome Pack issued by the share registry to new shareholders.

The Directors and representatives of the Manager attend the Company's AGMs and are available to answer questions.

Principle 7 — Recognise and manage risk

The Company's approach to risk management is formalised in the Risk Management Policy. The Board reviews the Risk Management Policy at least once a year. The Board and the Manager have identified the key risks faced by the Company and will constantly seek to identify, monitor and mitigate risk. Internal controls will be monitored on a continuous basis and, wherever possible, improved.

In accordance with the existing Risk Management Policy, the Board has delegated oversight of the Company's risk management program to the Audit and Risk Committee and the management of the Company's risk management program has been conferred upon the Manager. As noted above, the Board considers the fact that the committee is not made up of a majority of independent directors (a departure from Recommendation 7.1 of the ASX Corporate Governance Principles and Recommendations) as appropriate given the nature and size of the Company.

The Company is not subject to any particular or significant economic or social sustainability risks. The Company is subject to a range of economic risks. Unfavourable economic movements (globally or locally) can impact the returns on the funds that the Company invests in. These risks include macro-economic risks, currency fluctuations, interest rates, government policy (including fiscal and monetary policy and taxation), changes in debt or equity markets and many other factors to the extent that these factors can reduce the Company's investment performance or NTA.

It is the responsibility of the Board and the Manager to constantly assess these risks and their potential impact on the NTA and share price. The Company manages these risk through regular updates from the Manager and regular reporting of historic and anticipated performance of the funds.

Principle 8 — Remunerate fairly and responsibly

As noted above, the Board has established a joint Nomination and Remuneration Committee comprising three members, a majority of whom are independent directors and an independent and non-executive Chair. The Nomination and Remuneration Committee Charter is available on the Company's website.

The Nomination and Remuneration Committee is responsible for determining the appropriate remuneration of the Directors. The non-executive director's remuneration is reviewed annually based on an anticipated extent of services to be rendered. The Board's Remuneration Policy has been developed to ensure that remuneration packages properly reflect each person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Nomination and Remuneration Committee, in consultation with the Board, is also responsible for determining the appropriate remuneration to be paid to the Manager. The Manager is currently remunerated by payment of a Management Fee calculated as a percentage of the Net Asset Value as well as a Performance Fee payable at the end of each financial year based on the performance of the Company's portfolio of investments during that year.

The Company has no current policy on performance based remuneration given the early stage of the Company's growth. The Board will defer consideration of such policies until an appropriate future time.