

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Blue Sky Alternative Investments Limited

ABN/ARBN

73 136 866 236

Financial year ended

30 June 2014

Our corporate governance statement for the above period above can be found at this URL on our website: <http://blueskyfunds.com.au/board-of-directors/corporate-governance/>

The Corporate Governance Statement is accurate and up to date as at 26 August 2014 and has been approved by the board.

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

Date here: 26 August 2014



Sign here: Company Secretary

Print name: Jane Prior

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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p> <p>... 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):</p> <p><input checked="" type="checkbox"/> at this location: http://blueskyfunds.com.au/board-of-directors/corporate-governance/</p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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.	<p>... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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.	<p>... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.5	<p>A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a): <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p> <p>... and a copy of our diversity policy or a summary of it: <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p> <p>... 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: <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2): <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a): ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: _____ <i>Insert location here</i></p> <p>... and the information referred to in paragraph (b): ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: _____ <i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a): ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: _____ <i>Insert location here</i></p> <p>... and the information referred to in paragraph (b): ✓ in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: _____ <i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at this location:</p> <p>http://blueskyfunds.com.au/board-of-directors/corporate-governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>in our Directors' Report, which is contained in the Annual Consolidated Financial Statements for the period ending 30 June 2014</p> <p>_____</p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p>✓ an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... our board skills matrix:</p> <p>✓ in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... where applicable, the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... the length of service of each director:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p>✓ at this location:</p> <p>in our Directors' Report, which is contained in the Annual Consolidated Financial Statements for the period ending 30 June 2014</p> <p>_____</p>	<p>✓ an explanation why that is so in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p>✓ an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> 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: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: _____ <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u>			
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: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at this location: http://blueskyfunds.com.au/board-of-directors/corporate-governance/	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u>			
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	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: _____ ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this location: http://blueskyfunds.com.au/board-of-directors/corporate-governance/	<input checked="" type="checkbox"/> 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
	<p>number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(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.</p>	<p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>in our Directors' Report, which is contained in the Annual Consolidated Financial Statements for the period ending 30 June 2014</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	
4.2	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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 <input type="checkbox"/> at this location: <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> 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: <input type="checkbox"/> in our Corporate Governance Statement OR ✓ at this location: http://blueskyfunds.com.au/board-of-directors/corporate-governance/	<input type="checkbox"/> 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 this location: http://blueskyfunds.com.au/board-of-directors/corporate-governance/	<input type="checkbox"/> 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 <input type="checkbox"/> at this location: <i>Insert location here</i>	<input type="checkbox"/> 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 <input type="checkbox"/> at this location: <i>Insert location here</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<u>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</u>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>[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):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this location: http://blueskyfunds.com.au/board-of-directors/corporate-governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at this location:</p> <p>in our Directors' Report, which is contained in the Annual Consolidated Financial Statements for the period ending 30 June 2014</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p>	<input checked="" type="checkbox"/> 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<input type="checkbox"/> at this location: <hr/> <i>Insert location here</i>	
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that we follow this recommendation: ✓ in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: <input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p> <p>[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</p> <p><input type="checkbox"/> at this location: <hr/> <i>Insert location here</i></p>	<input type="checkbox"/> 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
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.	<p>... 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:</p> <p>✓ in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p>✓ at this location:</p> <p>http://blueskyfunds.com.au/board-of-directors/corporate-governance/</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>in our Directors' Report, which is contained in the Annual Consolidated Financial Statements for the period ending 30 June 2014</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... 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</p>	<p>✓ an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<p>executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	
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.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>in our Remuneration Report, which is contained in the Annual Consolidated Financial Statements for the period ending 30 June 2014</p> <p>_____</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p>✓ at this location:</p> <p>in our Remuneration Report, which is contained in the Annual Consolidated Financial Statements for the period ending 30 June 2014</p> <p>_____</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<u>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</u>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Blue Sky Alternative Investments Limited

ACN 136 866 236

Corporate Governance Statement

Approved by the Board on 26 August 2014.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Blue Sky Alternative Investments Limited ACN 136 866 236 ('Company') is responsible for the Company's overall corporate governance, including adopting the appropriate policies and procedures designed to ensure that the Company is properly managed to protect and enhance shareholder interests and that Directors, management and employees fulfill their functions effectively and responsibly.

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

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

The objective of the Board is to create and deliver long-term shareholder value through a range of diversified but inter-related alternative investment management activities. While each area of the Company's and the entities it controls ('Group') business activities holds significant value and makes a substantial contribution towards achieving the Board's objective, management of the synergies arising from the interrelations between the various business activities is critical to achieving the objective of creating and delivering long-term shareholder value.

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, management, employees, customers and suppliers.

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 on the Company's website at blueskyfunds.com.au. The Board's role and responsibilities, as set out in its Charter, include to:

- take and fulfill an effective leadership role in relation to the Company;
- oversee the development and implementation of an appropriate strategy for the Company;
- ensure corporate accountability to the shareholders of the Company;
- oversee the Company's control and accountability systems;
- review and oversee the operation of systems of risk management and internal compliance and control; and
- appoint and oversee the performance of, and determine the remuneration of, the Managing Director.

The Company:

- 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.

Directors receive formal letters of engagement setting out the key terms, conditions and expectations of the engagement.

The Board delegates functions to the Company's Managing Director and senior management to deliver the strategic direction and goals determined by the Board.

Directors have direct access to, and may rely upon, the Managing Director and the senior management 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.

Principle 2 — Structure the Board to add value

The Board is currently made up of four Directors: a non-independent non-executive chairman and three non-independent executive directors. The Board believes that, having regard to the Company's size, the significant economic interests of the Directors in the Company and the management input of the non-independent 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 2.5 of the ASX Corporate Governance Principles and Recommendations) or have an independent chairman (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 proper understanding of, and competence to deal with, the current and emerging issues of the business of the Company, and can effectively review and challenge the performance of the Company.

The Chairman, John Kain is not considered an independent chairman. The Board considers this departure from Recommendation 2.5 of the ASX Corporate Governance Principles and Recommendations is appropriate given that John Kain's non-executive capacity and his role as legal advisor means that he still brings an independent mind to governance, management and operational issues.

The Board separates the roles of Chairman and Managing Director.

A complete listing of the Directors, along with their biographical details is provided on the Company's website at blueskyfunds.com.au/people.

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;
- the performance of individual Directors; and
- the performance of the Managing Director and the senior management team,

on an annual basis against both measurable and qualitative indicators. Performance evaluations were undertaken in the relevant reporting period.

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

Directors are also encouraged to attend appropriate training and professional development courses to update and enhance their skills and knowledge and the Company Secretary regularly organises governance and other continuing education sessions for the Board.

The Board is provided with the information it needs to discharge its responsibilities effectively. 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. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters.

The Board has established a Nomination and Remuneration Committee with the full Board carrying out these functions. The Nomination and Remuneration Committee Charter is available on the Company's website at blueskyfunds.com.au. The Board considers this departure from Recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations as appropriate given the nature and size of the Company and given the full Board considers the matters and issues that would fall to a Nomination and Remuneration Committee. The full Board ensures that the performance of the Board is reviewed annually and that appropriate steps are taken for selection and appointment of appropriate candidates to the Board. Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with the Recommendation to be materially detrimental to the Company.

The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate Nomination and Remuneration Committee.

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

The objectives of the Board acting in this capacity include to:

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

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

Principle 3 — Act ethically and responsibly

Code of Conduct

The Company has adopted a formal Code of Conduct to guide Directors and senior management in the performance of their duties. The Code of Conduct is available on the Company's website at blueskyfunds.com.au. 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 with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company and, where possible, to act in accordance with the interests of shareholders, staff, clients and all other stakeholders in the Company;
- perform the functions of office and exercise the powers attached to that office with a degree of care and diligence that a reasonable person would exercise if he or she were a Director in the same circumstances; and
- not give preference to personal interests or to the interests of any associate or other person, where to do so would be in conflict with the interests of the Company.

The Code of Conduct policy requires all Directors, management and employees to at all times:

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

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

Share Trading Policy

The Company has adopted a Share Trading Policy for dealing in securities. The Share Trading Policy seeks to ensure that Directors and senior employees:

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

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

The Company has adopted a policy that imposes certain restrictions on Directors and employees trading in the securities of the Company. The restrictions have been imposed to prevent inadvertent contraventions of the insider trading provisions of the Act.

The key aspects of the Share Trading Policy are:

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

Diversity Policy

The Company recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. The Company believes its diverse workforce is the key to its continued growth, improved productivity and performance.

The Company values and embraces the diversity of its employees and is committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated. While the Group is committed to fostering diversity at all levels, gender diversity has been and continues to be a priority for the Group. The Company does not have any women on its Board however Jane Prior does hold a senior executive position and 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 assist the Board in discharging its obligations with respect to ensuring the correctness and reliability of financial information prepared for use by the Board and the integrity of the Company's internal controls affecting the preparation and provision of that financial information in determining policies or for inclusion in the Financial Report.

The composition of the Audit and Risk Committee includes all members of the Board with the exception of the Managing Director. The primary role of the Audit and Risk Committee is to:

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

Members of senior management and the external auditors 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.

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

- monitoring and making recommendations to the Board on the effectiveness of the Company's internal and external audit function;
- making recommendations to the Board regarding:
 - the scope of internal and external audit, and the development of audit plans;
 - the process for putting the external audit function out to tender at least once in every three years;
 - the appointment of the external auditors; and
 - any exceptions or qualifications reported, or recommendations made, by the external auditor in the auditor's opinion and management letter;
- directly overseeing the external audit tender process, and including at least two of the members of the Audit and Risk Committee on the interview panel for the tender;

- reviewing the form and content of representation letter/s provided by the external auditors and management representation letters provided by management to the external auditors;
- monitoring implementation of any actions required by the Board to be taken by management to address any exceptions or qualifications reported, or recommendations made, by the external auditor;
- liaising with the external auditors, including at least two meetings each year with the auditors, including a portion of the meeting in absence of all management, in relation to the preparation of the audited accounts of the Company;
- reviewing and making recommendations to the Board in relation to accounting policies, or changes, or required changes, to the major accounting policies of the Company, and monitoring compliance by management with all approved accounting policies; and
- evaluating the adequacy and effectiveness of internal financial and other controls used by the Company.

The Board receives assurances from the Group CEO and the Group CFO 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.

Recommendation 4.1 of the ASX Corporate Governance Council's Principles and Recommendations provides that the Audit and Risk Committee is to:

- have at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
- be chaired by an independent director who is not chair of the Board.

Accordingly, the composition of the current Audit and Risk Committee does not satisfy the Recommendation.

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 Audit and Risk Committee Charter is available on the Company's website at blueskyfunds.com.au.

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 and management are aware of and fulfill their obligations in relation to the timely disclosure of material price sensitive information. The Company's Continuous Disclosure Policy is available at the Company's website at blueskyfunds.com.au.

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

The aims of the Continuous Disclosure Policy are to:

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

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

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

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

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

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

The Managing Director reports to the Board monthly on material business risks. The Managing Director provides an annual written report to the Board summarising the effectiveness of the Company's risk management. The Board reviews the Risk Management Policy at least once a year and a review of the Risk Management Policy was undertaken during the relevant reporting period.

Given the current size and operations of the Company, the Board considers it in the shareholders' interest for the Board as a whole to oversee and manage formal risk management policies formulated by the Board from time to time.

The Group is not subject to any particular or significant economic or social sustainability risks. The Group is subject to a range of economic risks. Unfavourable economic movements (globally or locally) can impact the ability of the Group to raise capital as well as the returns on the funds that it manages. 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 reduce a fund's investment performance or AUM, they may also reduce the Group's revenue, profitability and/or share value.

It is the responsibility of the Board and senior management of the Group to constantly assess these risks and their potential impact on the Group and the funds it manages. These risks are managed through regular investment committee meetings within each asset class, regular reporting of historic and anticipated performance of the funds it manages as well as through the Group's regular board meetings. The Company's Compliance Officer and Legal Counsel are responsible for the overall implementations of and monitoring of internal controls.

Principle 8 — Remunerate fairly and responsibly

The full Board carries out the Remuneration Committee function and is responsible for determining the appropriate remuneration of the executive directors. The non-executive director's remuneration is also reviewed on an annual basis based on anticipated extent of services to be rendered. Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with the ASX Corporate Governance Principle to be materially detrimental to the Company. 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 Board has agreed that the best policy to ensure this result is to offer each member of the senior management team a fixed remuneration package reflecting the person's duties and responsibilities. This policy has been developed in light of the fact that each member of the senior management team are also shareholders of the Company. The Board has also endorsed a policy of contributing 25% of all performance fees realised by individual investment management entities to a performance bonus pool for its respective staff with the physical payment being made when the performance fees are realized. The Board has discretion on the amount of bonus to be paid, if any. There is no constructive obligation to pay these amounts.

The Company has implemented an Employee Share Option Plan ('ESOP'). Any director, employee or consultant of the Company who is determined by the Board to be eligible may participate in the ESOP. Non-executive directors may receive options under the ESOP. The Board considers this departure from Recommendation 8.3 of the ASX Corporate Governance Principles and Recommendations is appropriate as, in some limited circumstances, it may be appropriate to align the long-term interests of non-executive directors with those of shareholders by the issue of options.

Other than as disclosed above, 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.