

# Blue Sky Alternatives Access Fund Limited ACN 168 941 704

## Appendix 4D Half-year Report

### for the half-year ended 31 December 2014

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

Current period: 1 July 2014 to 31 December 2014

Prior corresponding period: Not applicable

#### 2. Results for announcement to the market

Key information	6 months to 31 December 2014 \$'000
Revenue from ordinary activities	1,847
Profit/(loss) from ordinary activities after tax attributable to members	863
Net profit/(loss) for the period attributable to members	863

On 23 February 2015, the Directors resolved not to pay a dividend in relation to the current reporting period, being 1 July 2014 to 31 December 2014.

#### 3. Net tangible assets

Net tangible assets	As at 31 December 2014	As at 30 June 2014
Net tangible asset backing per share <sup>1</sup>	\$0.9857	\$0.9715

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

#### 4. Details of entities over which control has been gained or lost during the period

Not applicable.

**5. Details of Associates and Joint Venture entities**

Not applicable.

**6. Accounting standards used by foreign entities**

Not applicable.

**7. Audit**

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

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



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**Blue Sky Alternatives Access Fund Limited**

**ACN 168 941 704**

**Interim report for the half-year ended 31 December 2014**

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

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The Directors present their report for Blue Sky Alternatives Access Fund Limited (the 'Company' or 'the Alternatives Fund') for the half-year ended 31 December 2014.

## **Directors**

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

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

## **Principal Activities**

The principal activities of the Company during the period consisted of investment in alternative assets across four major alternative asset classes - Private Equity, Private Real Estate, Hedge Funds and Real Assets.

## **Operating and Financial Review**

The Company's objectives are to deliver long term absolute returns to shareholders, comprised of both capital appreciation and a dividend yield; to provide investors with access to a diverse range of alternative assets; and to provide investors with the ability to invest in alternative assets through an ASX listed structure that is more readily accessible and liquid than is typical for many alternative assets.

### *Investing activities*

The Company listed on the Australian Securities Exchange on 16 June 2014, having raised \$60.4 million in its initial public offering. At 31 December 2014, the Company had deployed the majority of funds raised into a diversified portfolio of alternative asset classes, as shown in the table below.

<b>Asset class</b>	<b>Value at 31 December 2014</b>	<b>% of portfolio</b>
	<b>\$'000</b>	
Private equity and venture capital	16,836	27
Hedge funds	7,061	11
Real assets	22,196	36
Private real estate	12,752	21
Cash	3,003	5
<b>Total<sup>1</sup></b>	<b>61,848</b>	<b>100</b>

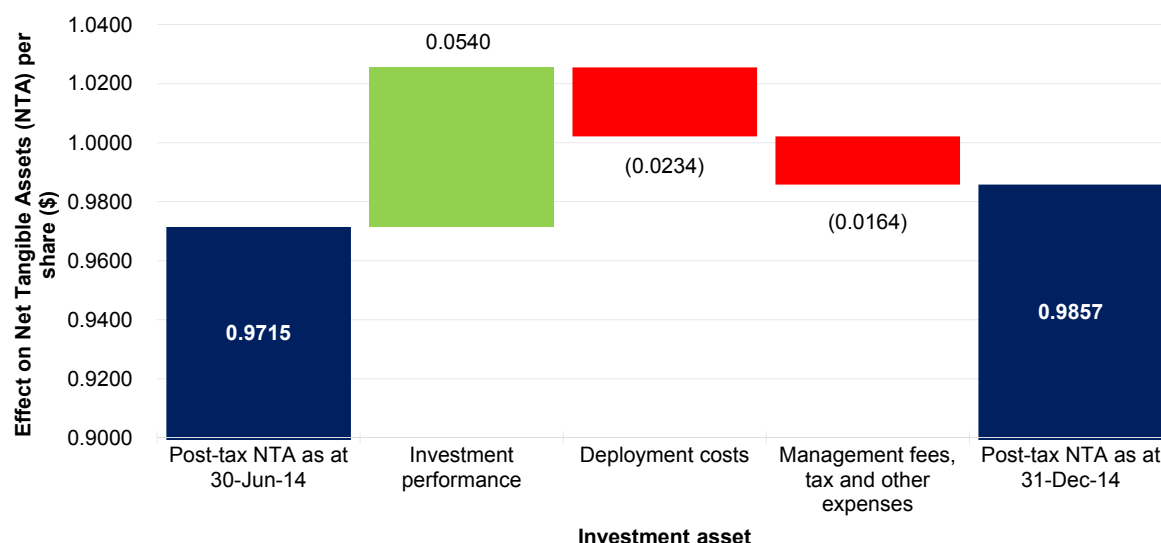
### *Investment performance*

Investment performance for the half-year to 31 December 2014 has been positive, with post-tax net tangible assets ('NTA') per share increasing from \$0.9715 at 30 June 2014 to \$0.9857 at 31 December 2014. This NTA movement, shown in the table on the following page, was a function of positive investment performance, partially offset by the costs of deploying capital (such as transaction costs and establishment fees) which are typically higher for alternative asset classes compared to traditional listed equities.

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<sup>1</sup> Please note that this number does not agree to the amount raised on initial public offering due to investment performance, management fees etc. Further, this number does not agree to the total assets on the Statement of Financial Position due to a number of assets not being included in the table above, such as deferred tax assets etc.

**Performance review for the half-year ended 31 December 2014**



Given the Company's funds are largely deployed, the Directors expect deployment costs to have a reduced impact on movements in NTA per share.

*Difference between NTA per monthly Australian Securities Exchange ('ASX') report and interim financial statements at 31 December 2014*

The difference between NTA for monthly ASX reporting purposes and NTA as reported in the interim financial statements is outlined below:

	31 December 2014 \$'000
NTA for monthly ASX reporting purposes	58,614
Impact of revaluation of a Private Equity investment	921
NTA per the financial statements	<u>59,535</u>

Since the Company lodged with the ASX its NTA report as at 31 December 2014, the Company has revalued one of its Private Equity investments for the purposes of the interim financial statements. This revaluation has been undertaken subsequently to take into account additional information relating to the performance of the Private Equity investment for the half-year ended 31 December 2014.

*The trend towards alternatives*

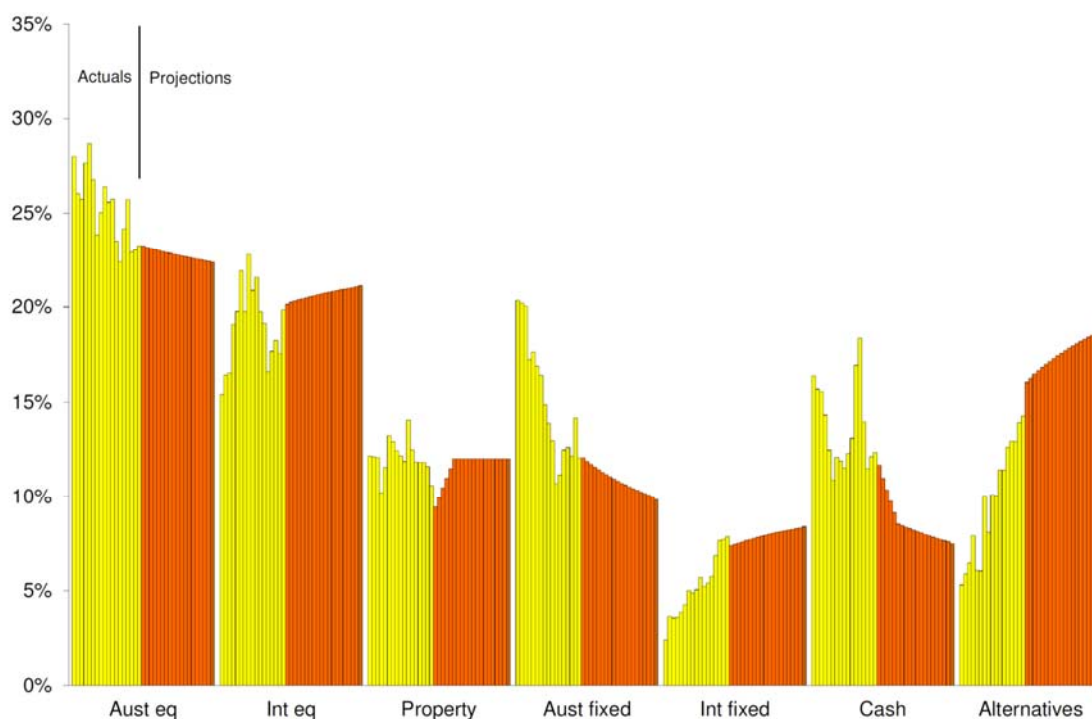
The Alternatives Fund is underpinned by a long term trend towards increased allocations to alternative assets. Rainmaker estimates that allocations to the alternatives segment represent approximately \$340 billion or 19% of the broader market<sup>2</sup>. Over the last 12 months, allocations to alternatives have increased by approximately 35%. The data from Rainmaker shown below reflects that this recent growth is part of a much longer term trend, with allocations to alternative assets in Australia having risen from approximately 5% in the late 1990s.

The Alternatives Fund provides a platform for retail and wholesale investors to gain a diversified exposure to alternative asset investment opportunities. The Company's strategy remains focused on producing strong investor returns so that it becomes the alternative asset 'fund of choice', especially for financial planners, private wealth advisors and self-managed super funds.

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<sup>2</sup> Source: Rainmaker Information, December 2014

Figure 1: Australian asset class segment shares 1997 – 2034 (Source: Rainmaker Information, December 2014)



### Rounding

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

### Auditor's Independence Declaration

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

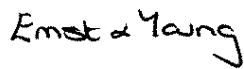
This report is made in accordance with a resolution of Directors.

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John Kain  
Chair  
23 February 2014  
Brisbane

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

In relation to our review of the financial report of Blue Sky Alternatives Access Funds Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Paula McLuskie  
Partner  
Brisbane  
23 February 2015



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### General information

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

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

The interim financial statements consist of the financial statements and notes to the financial statements.

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

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

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

**Blue Sky Alternatives Access Fund Limited**  
**Statement of Comprehensive Income**  
**For the half-year ended 31 December 2014**

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		<b>Half-year ended 31 December 2014 \$'000</b>
	<b>Notes</b>	
Interest income		166
Rebates	4	1,478
Dividend and trust distribution income		27
Net unrealised gains/(losses) on financial assets held at fair value through profit and loss		176
Director fees		(74)
Management fees	5	(383)
Other expenses		(158)
<b>Profit before income tax</b>		<b>1,232</b>
Income tax expense	6	(369)
<b>Profit after income tax</b>		<b>863</b>
<b>Other comprehensive income</b>		<b>-</b>
<b>Total comprehensive income</b>		<b>863</b>
<b>Earnings per share</b>		<b>Cents</b>
Basic earnings per share (profit/(loss) per share)	9	0.01
Diluted earnings per share (profit/(loss) per share)	9	0.01

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

Blue Sky Alternatives Access Fund Limited  
Statement of Financial Position  
As at 31 December 2014

		31 December 2014 \$'000	30 June 2014 \$'000
	Notes		
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,003	20,815
Trade and other receivables		39	5
Other current assets		412	88
<b>Total current assets</b>		<b>3,454</b>	<b>20,908</b>
<b>Non-current assets</b>			
Financial assets held at fair value through profit and loss	2	58,845	39,969
Deferred tax assets		369	738
<b>Total non-current assets</b>		<b>59,214</b>	<b>40,707</b>
<b>Total assets</b>		<b>62,668</b>	<b>61,615</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		2,932	2,947
Deferred revenue		201	-
<b>Total current liabilities</b>		<b>3,133</b>	<b>2,947</b>
<b>Total liabilities</b>		<b>3,133</b>	<b>2,947</b>
<b>Net assets</b>		<b>59,535</b>	<b>58,668</b>
<b>Shareholders' Equity</b>			
Issued shares and options	7	59,167	59,163
Retained profits/(accumulated losses)	8	368	(495)
<b>Total shareholders' equity</b>		<b>59,535</b>	<b>58,668</b>

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

Blue Sky Alternatives Access Fund Limited  
Statement of Changes in Equity  
For the half-year ended 31 December 2014

	Share capital	Share option reserve	Retained profits/(accumulated losses)	Total shareholders' equity
	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2014</b>	<b>57,351</b>	<b>1,812</b>	<b>(495)</b>	<b>58,668</b>
Total comprehensive income for the period	-	-	863	863
Subtotal	57,351	1,812	368	59,531
Transactions with equity holders in their capacity as equity holders:				
Shares and options issued during the period	4	-	-	4
Subtotal	4	-	-	4
<b>Balance as at 31 December 2014</b>	<b>57,355</b>	<b>1,812</b>	<b>368</b>	<b>59,535</b>

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

**Blue Sky Alternatives Access Fund Limited**  
**Statement of Cash Flows**  
**For the half-year ended 31 December 2014**

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	<b>Half-year ended 31 December 2014 \$'000</b>
<b>Cash flows from operating activities</b>	
Interest received	166
Dividends and trust distributions received	27
Other operating expenses paid	(334)
Rebates of transaction costs and establishment fees (inclusive of GST)	1,434
Investment management fees paid	(372)
<b>Net cash from operating activities</b>	<b>921</b>
<b>Cash flows from investing activities</b>	
Payments for financial assets at fair value through profit and loss	(18,700)
<b>Net cash used in investing activities</b>	<b>(18,700)</b>
<b>Cash flows from financing activities</b>	
Proceeds from exercise of options	4
Fundraising costs (inclusive of GST)	(37)
<b>Net cash used in financing activities</b>	<b>(33)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(17,812)</b>
Cash and cash equivalents at the beginning of the half-year	<b>20,815</b>
<b>Cash and cash equivalents as at 31 December 2014</b>	<b>3,003</b>

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

## 1. Summary of Significant Accounting Policies

These financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies applied in these interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended 30 June 2014. Of significance, the Company has continued to apply AASB 2013-5 (*Amendments to Australian Accounting Standards - Investment Entities*). As a result, the Company is defined as an investment entity.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. New standards and amendments to standards that are mandatory for the first time for the new financial year beginning 1 July 2014 have not affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

## 2. Fair Value Measurement

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

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

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

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

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

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

The table on the following page presents the financial assets (by class) measured and recognised at fair value according to the fair value hierarchy at 31 December 2014:

## 2. Fair Value Measurement (continued)

As at 31 December 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Unlisted private equity funds	-	-	12,991	12,991
Unlisted venture capital funds	-	-	3,845	3,845
Unlisted hedge funds	-	-	7,061	7,061
Unlisted real assets funds	-	-	22,196	22,196
Unlisted real estate funds	-	-	12,752	12,752
<b>Total financial assets</b>	-	-	<b>58,845</b>	<b>58,845</b>

As at 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial assets</b>				
Unlisted private equity funds	-	-	8,005	8,005
Unlisted venture capital funds	-	-	3,861	3,861
Unlisted hedge funds	-	-	7,490	7,490
Unlisted real assets funds	-	-	18,948	18,948
Unlisted real estate funds	-	-	1,665	1,665
<b>Total financial assets</b>	-	-	<b>39,969</b>	<b>39,969</b>

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

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

### (i) Private Equity and Venture Capital

The assets held within each Private Equity and Venture Capital fund are valued by an independent third party at least annually. In addition, at the end of each month BSAAF Management Pty Ltd (the 'Manager') (or a related party thereof) is responsible for valuing each Private Equity and Venture Capital asset. In the event that the Manager believes there may have been a material change in the value of a Private Equity or Venture Capital asset in between the annual independent valuations, an interim valuation is performed by the Manager. The above mentioned valuations are adopted by the Manager when calculating the unit price for each Private Equity and Venture Capital fund. A discount for illiquidity of the units is also incorporated into the valuation. Given each Private Equity and Venture Capital fund does not have an observable market price, these funds are recorded as Level 3 investments.

During the half-year ended 31 December 2014, two of the assets held within Private Equity funds were revalued as a result of the Manager's conviction that there had been a material change in value. The Manager has used an earnings based multiple as the valuation approach, incorporating a combination of year-to-date and forecast earnings. The earnings multiples applied have been referenced to comparable trading entities, recent comparable transaction multiples and third party independent analysis.

For all other Private Equity and Venture Capital funds in which the company has invested, the only significant assets held within the funds are either cash or a recently completed investment. In the case of a recently completed investment, the Manager has determined that the fair value of the investment at 31 December 2014 is equal to the completion amount paid in relation to the transaction. However, inherently this assumes a forecast earnings and an earnings multiple to determine the valuation and therefore the completion amount paid.

## 2. Fair Value Measurement (continued)

The valuations require the Manager to make certain assumptions regarding model inputs, with the key assumptions being the forecast earnings used and earnings multiples to apply. In relation to the forecast earnings used, a 10% increase/(decrease) would result in an increase/(decrease) of approximately \$970,000 in the fair value of the Private Equity and Venture Capital investments. In relation to the earnings multiples applied, an increase/(decrease) in the earnings multiples of one, within the range of multiples used of between five and seven times earnings, would result in an increase/(decrease) of approximately \$1,583,000 in the fair value of the Private Equity and Venture Capital investments.

### *(ii) Hedge Funds*

The assets held within each Hedge fund are valued by a third party fund administrator based on observable market prices. These valuations are used by the fund administrator to determine a unit price for each Hedge fund which is reviewed and approved by the Manager. Given each Hedge fund does not have an observable market price (in contrast to the assets held within each Hedge fund), Hedge funds are recorded as Level 3 investments.

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

As such, the Manager has made no significant assumptions regarding fair value as the value of the underlying assets have quoted prices in active markets. However, a discount for illiquidity has been incorporated into the valuation. A 10% increase/(decrease) in the value of the assets held within the Hedge fund in which the Company invested would result in an increase/(decrease) of \$706,050 in the fair value of the Hedge fund investment.

### *(iii) Real Assets - Water Fund*

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

As such, the Manager has made no significant assumptions regarding fair value as the value of the underlying assets have observable market prices. However, a discount for illiquidity has been incorporated into the valuation. A 10% increase/(decrease) in the value of the assets held within the Water fund would result in an increase/(decrease) of \$1,601,849 in the fair value of the Company's Water fund investment.

### *(iv) Real Assets (Excluding Water Fund)*

The assets held within all Real Assets funds (excluding the Water fund) are valued using the same approach as outlined for the Private Equity and Venture Capital funds. As such, investments in Real Assets (excluding the Water fund) are recorded as Level 3 investments.

For all Real Assets funds (excluding the Water fund), the only significant assets held within the funds are recently completed investments. In this regard, the Manager has determined that the fair value of the investments are equal to the completion amount paid in relation to the transactions at 31 December 2014. However, inherently this assumes a forecast earnings and an earnings multiple to determine the valuation and therefore the completion amount paid.



## 2. Fair Value Measurement (continued)

The valuations require the Manager to make certain assumptions regarding model inputs, with the key assumptions being the forecast earnings used and earnings multiples to apply. In relation to the forecast earnings used, a 10% increase/(decrease) would result in an increase/(decrease) of approximately \$618,000 in the fair value of the Real Asset funds (excluding the Water fund). In relation to the earnings multiples applied, an increase/(decrease) in the earnings multiples of one would result in an increase/(decrease) of approximately \$661,000 within the range of multiples used of between five and seven times earnings.

### (v) Private Real Estate

The value of each Private Real Estate fund is determined by the Manager and by an independent third party at least annually using a discounted cash flow methodology or another industry standard approach if applicable. Reference is made to a number of project development milestones when determining the value, including whether the purchase of land is unconditional, the level of pre-sales required in order to secure debt funding and the fixed price nature of construction contracts. The Company has adopted these milestones on the basis that, once they are met, there is a sufficient degree of certainty around the value of the project to support a revaluation. These valuations are adopted by the Manager when calculating a unit price for each Private Real Estate fund. Given the Private Real Estate funds do not have an observable market price, the investments in the funds are recorded as a Level 3 investment.

None of the Private Real Estate funds in which the Company invested had achieved all of the project development milestones mentioned above. In addition, the only significant assets held within these funds are either cash or land. In the case of land, the Manager has determined that the settlement amount paid in relation to the transaction is equal to the fair value at 31 December 2014.

As such, the Manager has made no significant assumptions regarding fair value and has incorporated a discount for illiquidity into the valuation.

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

	31 December 2014 \$'000	30 June 2014 \$'000
<b>Beginning of financial period</b>	39,969	-
Purchase of financial assets held at fair value through profit or loss	18,700	41,665
Net unrealised gain(loss) recognised in statement during the period	176	(1,696)
<b>End of financial period</b>	<b>58,845</b>	<b>39,969</b>

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

## 3. Segment Information

### Identification of reportable operating segments

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

The Company invests in different types of securities, as detailed in Note 2, recorded as financial assets held at fair value through profit or loss.

#### 4. Rebates

	Half-year ended 31 December 2014 \$'000
Rebates of transaction costs and establishment fees	1,478
<b>Total rebates</b>	<b>1,478</b>

The Company has earned \$1,478,392 in transaction cost and establishment fee rebates for the half-year ended 31 December 2014 from Blue Sky Alternative Investments Limited or a wholly owned subsidiary thereof. As per the Management Services Agreement between the Manager and the Company, no management or performance fees will be charged to the Company by Blue Sky Entities (other than by the Manager). To the extent any such fees are paid by the Company they will be rebated to the Company.

#### 5. Management fees

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

##### (a) Management fees

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

During the period, the Company incurred \$382,888 of management fees.

##### (b) Performance fees

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

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

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

Where:

P is the Performance Fee for the relevant month;

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

B is the Hurdle Return for the relevant month; and

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

- (ii) The Performance Fee for each month in a Financial Year will be aggregated (including any negative amounts carried forward) and paid annually in arrears if the aggregate performance fee for the Financial Year is a positive amount provided that:

(A) if the aggregate Performance Fee for a Financial Year is a negative amount, no Performance Fee shall be payable to the Manager in respect of that Financial Year, and the negative amount shall be carried forward to the following Financial Year; and

(B) any negative aggregate Performance Fee amounts from previous Financial Years that are not recouped in a Financial Year shall be carried forward to the following Financial Year.

## 5. Management fees (continued)

- (iii) "Investment Return" means the percentage by which the Portfolio Net Asset Value at the end of the last day of the relevant month exceeds or is less than the Portfolio Net Asset Value at the end of the last day of the month immediately prior to the relevant month, excluding any additions to or reductions in equity in the Company during the relevant month including dividend reinvestments, new equity issues, the exercise of share options, share buy-backs, payment of dividends and the payment of tax.
- (iv) "Hurdle Return" means, in respect of the relevant month, 8.0% on a per annum basis.
- (v) "Portfolio Net Asset Value" means the Portfolio Market Value reduced by any accrued but unpaid expenses of the Company, but not provisions for tax payable, and after subtracting any borrowings drawn down and adding back any borrowings repaid.
- (vi) "Portfolio Market Value" means the market value of all the assets of the Portfolio (including cash).

No performance fees were recognised during the half-year ended 31 December 2014.

### (c) Transaction fees

- (i) The Manager must procure that the trustee, responsible entity or controlling entity (as applicable) of each Blue Sky Fund Entity in which an Authorised Investment by the Manager on behalf of the Company is made does not charge the Company any fees (whether management fees, performance fees or otherwise) in respect of the Authorised Investment.
- (ii) To the extent any such transaction fees are paid by the Company (either directly or indirectly), they will be rebated to the Company. For the half-year ended 31 December 2014, \$1,478,392 (net of GST) of fees have been rebated to the Company (refer note 4).
- (iii) The Company is required to fund its pro-rata share of any transaction costs and establishment fees charged by a Blue Sky Entity to investors (excluding any capital raising and marketing fees) in a Blue Sky Fund Entity in which an Authorised Investment is made by the Manager on behalf of the Company.

## 6. Income tax expense

Income tax expense through profit or loss:

	Half-year ended 31 December 2014 \$'000
<i>Income tax expense is attributable to:</i>	
Current tax	31
Deferred tax	(400)
<b>Aggregate income tax (expense)/benefit</b>	<b>(369)</b>

## 7. Authorised and issued shares and options

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

	#	\$'000
Opening balance as at 1 July 2014	60,391,801	59,163
Ordinary shares issue during the period	-	-
Options exercised during this period	4,000	4
<b>Closing balance at 31 December 2014</b>	<b>60,395,801</b>	<b>59,167</b>

On 16 June 2014, as part of the IPO the Company issued options to acquire ordinary shares in the Company with an exercise price of \$1.00 and an expiry date of on or before 16 December 2015.

Since issue, a total of 4,000 options have been exercised and allotted for a total consideration of \$4,000.

## 8. Retained profits/(accumulated losses)

	Half-year ended 31 December 2014 \$'000	30 June 2014 \$'000
Retained profits/(accumulated losses) at the beginning of the financial year	(495)	-
Profit/(loss) after income tax benefit for the period	863	(495)
<b>Retained profits/(accumulated losses) at the end of the period</b>	<b>368</b>	<b>(495)</b>

## 9. Earnings per share

	Half-year ended 31 December 2014 \$'000
Profit/(loss) after income tax	863
	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	60,395,801
	<b>Cents</b>
Basic earnings per share	0.01
Diluted earnings per share	0.01

At 31 December 2014, the Company had 60,387,801 options over unissued ordinary shares on issue. Diluted earnings per share is equal to basic earnings per share as the dilution that would occur following the exercise of the options is anti-dilutive.

**10. Events occurring after the reporting date**

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

**Blue Sky Alternatives Access Fund Limited**  
**Directors' Declaration**  
**For the half-year ended 31 December 2014**

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

1. the financial statements and notes, as set out on pages 6 to 18:
  - a. comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b. give a true and fair view of the entity's financial position as at 31 December 2014 and of the performance for the half-year ended on that date;
2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



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John Kain  
Chair

23 February 2015  
Brisbane

To the members of Blue Sky Alternatives Access Fund Limited

## Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Blue Sky Alternatives Access Fund Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity.

## Directors' responsibility for the half-year financial report

The directors of the entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Blue Sky Alternatives Access Fund Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## Independence

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

## Conclusion

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

- a) Giving a true and fair view of the entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Ernst & Young*

Ernst & Young

*PMcLuskie*

Paula McLuskie  
Partner  
Brisbane  
23 February 2015