Blue Sky Alternatives Access Fund Limited ABN 47 168 941 704

Appendix 4E Preliminary final report

For the year ended 30 June 2017

The following information sets out the requirements of Appendix 4E, with the stipulated information either provided below or cross-referenced to the 2017 Annual Financial Report, which is attached.

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

Current period:	1 July 2016 to 30 June 2017
Prior corresponding period:	1 July 2015 to 30 June 2016

2. Results for announcement to the market

Key information	2017 $'000	2016 $'000	Movement $'000	Movement (%)
Revenue from ordinary activities	21,832	20,856	976	4.68
Profit from ordinary activities after tax attributable to members	13,027	13,496	(469)	(3.48)
Net profit for the period attributable to members	13,027	13,496	(469)	(3.48)

Details of dividend

On 14 August 2017, the Directors resolved to pay a fully franked final dividend of 4.0 cents per share in relation to the 2017 financial year. The record date for this dividend will be 28 August 2017 and the payment date will be 18 September 2017. The Company's Dividend Reinvestment Plan ('DRP') will apply to this dividend. A complete copy of the DRP Rules can be found on the Company's website http://blueskyfunds.com.au/alternatives-fund-shareholder/.

	Final	Interim
Dividend amount per security	4.00 cents	1.00 cent
Prior corresponding period (FY16)	5.00 cents	nil
Franked amount per security	100%	100%

3. Statement of Comprehensive Income with notes to the statement

Refer 2017 Annual Financial Report attached:

3.1. Statement of Comprehensive Income

3.2. Notes to the Statement of Comprehensive Income

4. Statement of Financial Position with notes to the statement

Refer 2017 Annual Financial Report attached:

4.1. Statement of Financial Position

4.2. Notes to the Statement of Financial Position

5. Statement of Cash Flows with notes to the statement

Refer 2017 Annual Financial Report attached:

5.1. Statement of Cash Flows

5.2. Notes to the Statement of Cash Flows

6. Statement of Changes in Equity

Refer 2017 Annual Financial Report attached:

6.1. Statement of Changes in Equity

6.2. Notes to the Statement of Changes in Equity

7. Dividend payment information

Payment Date	Type	Paid/Declared	Total Dividend	Amount per security	Franked amount per security
18/09/2017	Final	Declared	$6,845,867	4.00 cents	100%
17/03/2017	Interim	Paid	$1,710,344	1.00 cent	100%
20/09/2016	Final	Paid	$6,396,233	5.00 cents	100%

8. Dividend reinvestment plan

The Company's DRP will apply to the dividend resolved on 14 August 2017 with the Pricing Period for the Market Price to be the 5 trading days commencing on 30 August 2017 and ending on 5 September 2017. The final date to elect to participate in the DRP will be 29 August 2017. A complete copy of the DRP Rules can be found on the Company's website http://blueskyfunds.com.au/alternatives-fund-shareholder/.

9. After-tax net tangible assets

Net tangible assets (NTA)	As at 30 June 2017	As at 30 June 2016
Net tangible asset backing per share[1]	$1.1210	$1.0940

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

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

Not applicable

11. Details of Associates and Joint Venture entities

Not applicable

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

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

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

Not applicable

14. Commentary on the results

Refer 2017 Annual Financial Report attached

15. Status of audit

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

16. Dispute or qualification if not yet audited

Not applicable

17. Dispute or qualification if audited

Not applicable

Signed: ....
Andrew Champion
Chairman

Date: 14 August 2017

Blue Sky Alternatives Access Fund Limited

ABN 47 168 941 704

Annual Financial Report for the year ended 30 June 2017

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

The Directors present their report for Blue Sky Alternatives Access Fund Limited (the 'Company' or the 'Alternatives Fund') for the 2017 Financial Year ('FY17').

Directors

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

- Andrew Champion[1] Chairman
- Paul Masi Independent Director
- Michael Cottier Independent Director (appointed 17 February 2017)
- Lazarus Siapantas Executive Director
- Lachlan McMurdo Executive Director (appointed 20 September 2016)
- John Kain Chairman (resigned 18 November 2016)
- Philip Hennessy Independent Director (resigned 31 May 2017)

About the Company

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

- Private equity;
- Private real estate;
- Real assets; and
- Hedge funds.

The Alternatives Fund is the only listed investment company on the ASX that allows investors to make a strategic allocation to a diverse portfolio of directly managed alternative assets.

The Alternatives Fund is listed on the ASX trading under the code BAF.

BSAAF Management Pty Limited ('Manager') is the manager of the Alternatives Fund and is a wholly owned subsidiary of Blue Sky Alternative Investments Limited ('Blue Sky'). Blue Sky is listed on the ASX trading under the code BLA. All investments made by the Manager on behalf of the Alternatives Fund are directly managed by wholly owned subsidiaries of Blue Sky.

Objectives of the Company

The primary objectives of the Alternatives Fund are to:

- Deliver long term absolute returns to shareholders, through both growth in Net Tangible Assets ('NTA') and a dividend yield (franked to either 100% or the maximum extent possible);
- Provide investors with access to a diverse range of alternative assets; and
- Provide investors with the ability to invest in alternative assets through an ASX listed structure that is more readily accessible and liquid than other alternative assets.

Operating and Financial Review

Capital raised from H1 FY17 entitlement offer

On 11 November 2016, the Alternatives Fund announced the completion of a 1 for 3 non-renounceable entitlement offer and shortfall facility to raise approximately $47 million at a slight premium to NTA. Forty-eight percent of rights entitlements were taken up by existing shareholders and the shortfall facility was heavily oversubscribed and completed in one day. The most pleasing element of this capital raise was the strong demand from a wide range of financial planners nationally. The deployment of the offer proceeds has served to continue to deepen and diversify the Alternatives Fund's portfolio of alternative investments.

Deployment of capital and portfolio weighting

The Directors are pleased to report that approximately $56 million was deployed in FY17 in new and follow-on investments, increasing the total number of underlying investments in the portfolio by 11 (net of exits) during the financial year. Accordingly, the Alternatives Fund continues to maintain a well-diversified portfolio, with allocations at 30 June 2017 as follows:

[1] On 18 November 2016, Mr John Kain resigned as Director and Chairman of the Company and Mr Andrew Champion was appointed as Chairman.

Asset class	Weighting at 30 June 2017	Investments
Private equity	24.2%	$39.0m in 12 single asset growth capital funds $11.9m in 4 single asset venture capital funds and 1 multi-asset fund
Private real estate	36.9%	$38.8m in 8 purpose built student accommodation assets $14.7m in 5 retirement living projects $10.2m in 8 residential developments $11.8m in New York commercial real estate projects in joint venture with Cove Property Group $2.2m in one income-generating commercial property
Real assets	28.2%	$31.0m in the Blue Sky Water Fund $13.2m in 3 operating agribusiness assets $15.0m in the Blue Sky Strategic Australian Agriculture Fund*
Hedge funds	0%	-
Cash	10.7%	$22.5m*

*The Alternatives Fund made a $15.0 million commitment to the Blue Sky Strategic Australian Agricultural Fund in June 2017. The $15.0 million commitment will be called progressively over a three year period.

Increasingly the Alternatives Fund is co-investing alongside institutional capital in its cornerstone investment thematics, thereby giving its shareholders exposure to investment opportunities otherwise reserved for investors of significant scale.

Investment performance

The Company's portfolio delivered a pre-tax fund performance of 10.3% (including growth in NTA, dividends and franking credits) for FY17. Pre-tax NTA rose from $1.1216 per share at 30 June 2016 to $1.1452 per share at 30 June 2017, after paying fully franked dividends of 5.0 cents per share in November 2016 and 1.0 cent per share in March 2017.

Profit from ordinary activities after income tax amounted to $13.03 million in FY17 (2016: $13.50 million). Earnings per share ('EPS') for the period was 8.44 cents per share (2016: 12.17 cents per share), with 6.76 cents per share relating to H2 2017 (H2 2016: 4.94 cents per share).

FY17 delivered a number of realisations across private equity, private real estate and real assets, building further on the track record of exits which have delivered the Alternatives Fund a weighted average internal rate of return ('IRR') of 19.5% per annum since inception[2]. Proceeds from realisations and redemptions grew to $32.6m in FY17, up from $12.5m in FY16.

Outlook

We expect FY18 to deliver ongoing growth in income from investments as the portfolio matures. We also continue to maintain strong conviction around the medium to long term capital appreciation outlook across all of the Alternatives Fund cornerstone thematics, including water entitlements, strategic agricultural investments, purpose built student accommodation projects, retirement living development projects, growth capital and venture capital.

Dividends

On 14 August 2017, the Directors resolved to pay a fully franked final dividend of 4.0 cents per share in relation to the 2017 Financial Year. The record date for this dividend is 28 August 2017 and the payment date is 18 September 2017.

Earnings per share

	30 June 2017	30 June 2016
	Cents	**Cents**
Basic and diluted earnings per share	8.44	12.17

[2] The returns are equity-weighted composite IRR from realised investments and redemptions, inclusive of franking credits, and before management and performance fees. Past performance is not a reliable indicator of future performance.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

On 14 August 2017, the Directors resolved to pay a fully franked final dividend of 4.0 cents per share in relation to the 2017 financial year. The record date for this dividend will be 28 August 2017 and the payment date will be 18 September 2017. The Company's Dividend Reinvestment Plan ('DRP') will apply to the dividend resolved on 14 August 2017 with the Pricing Period for the Market Price to be the five trading days commencing on 30 August 2017 and ending on 5 September 2017. The final date to elect to participate in the DRP will be 29 August 2017. A complete copy of the DRP Rules can be found on the Company's website http://blueskyfunds.com.au/alternatives-fund-shareholder/.

Other than this matter, there are no other subsequent events.

Likely developments and expected results of operations

The Company does not expect a change in the nature of its operations and will continue its existing operations and explore new opportunities for growth in the future.

Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

Information on Directors

Andrew Champion (appointed 4 April 2014)
Chairman and Executive Director (appointed Chairman 18 November 2016)

Andrew has over 20 years of experience in corporate advice and finance and has been responsible for private equity and alternative assets coverage for two leading investment banks out of London and Sydney. He also has extensive experience in leading mergers and acquisitions ('M&A') and debt and equity funding for small and medium-sized enterprises ('SMEs') in Australia.

Having joined Blue Sky in January 2013, Andrew leads Blue Sky's Sydney office and is head of Blue Sky's capital market activities. Andrew is also the lead portfolio manager for the Alternatives Fund.

Andrew holds a Bachelor of Commerce and Bachelor of Laws and has been a member of Chartered Accountants Australia & New Zealand (CA ANZ) since 1994. Andrew is a member of the Audit and Risk Committee and the Nomination and Remuneration Committee of the Company.

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

Paul Masi (appointed 16 April 2014)
Independent Director

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

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

Previously Paul was Managing Director and Chief Executive Officer ('CEO') of Austock Group Limited, and CEO of Bank of America Merrill Lynch Limited in Australia.

Paul holds a Bachelor of Economics from Macquarie University and has completed the AGSM Accelerated Management Program. Paul is a member of the Audit and Risk Committee and the Chair of the Nomination and Remuneration Committee of the Company.

Other current Directorships of listed entities:	None
Former Directorships of listed entities (in the last 3 years):	None
Interest in shares:	500,001 shares

Michael Cottier (appointed 17 February 2017)
Independent Director

Between 2009 and 2014 Michael served as Chief Financial Officer ('CFO') of QSuper Group, where he was responsible for group-wide finance and governance functions.

Prior to joining QSuper, Michael spent seven years as CFO for QIC Limited. In that role Michael was responsible for group-wide finance and governance functions together with corporate advisory and human resources services.

Prior to this, Michael was Head of Finance and Tax at Suncorp Metway Ltd.

In these roles, Michael served as an Executive Director on over 40 Boards of QSuper, QIC and Suncorp Group subsidiary companies.

Michael holds a Bachelor of Business from the Queensland University of Technology and a Masters of Taxation from the University of Queensland. He is a Fellow of the Australian Institute of Company Directors, CA ANZ, Certified Practicing Accountant ('CPA') Australia and the Taxation Institute of Australia.

Other current Directorships of listed entities:	None
Former Directorships of listed entities (in the last 3 years):	None
Interest in shares:	None

Lazarus Siapantas (appointed 21 March 2016)
Executive Director

With more than 13 years of experience in the financial services industry, Lazarus' focus has been on distribution and capital raising for domestic and international asset managers across alternative investments, equities, currencies and bonds. Lazarus has extensive experience in dealing with boutique and private wealth businesses, multi-managers, private banks, foreign investment banks, high net worth and family office investors. Prior to working in funds management, Lazarus held compliance, investment committee and investment advisory roles for a privately owned Australian wealth management firm.

Lazarus joined Blue Sky in December 2013 establishing its Melbourne office and since that time has been responsible for building Blue Sky's presence across the Victorian and South Australian markets. Since its Initial Public Offering of Shares ('IPO') in May 2014, Lazarus has played a pivotal role in the growth of the Alternatives Fund. He is a Graduate Member of the Australian Institute of Company Directors.

Lazarus holds a Diploma in Financial Services (Financial Planning), Advanced Diploma in Financial Services (Financial Planning) and is a Graduate Member of the Australian Institute of Company Directors.

Other current Directorships of listed entities:	None
Former Directorships of listed entities (in the last 3 years):	None
Interests in shares:	40,000 shares

Lachlan McMurdo (appointed 30 September 2016)
Executive Director

Lachlan is an Investment Director in the private equity division of Blue Sky, where he is responsible for originating and executing growth capital transactions, as well as working with the management teams of investee businesses to deliver investor returns.

Lachlan holds directorships in a number of Blue Sky private equity businesses and since joining Blue Sky has led investments into several private equity portfolio companies, including Origo Education, Wild Breads and Sunfresh.

Prior to joining Blue Sky in 2012, Lachlan worked at Bain & Company, a global management consulting firm, where he consulted on a number of strategy, cost reduction and merger integration cases across a variety of industries including financial services, telecommunications and mining.

Lachlan holds a Bachelor of Commerce and a Bachelor of Economics from the University of Queensland.

Other current Directorships of listed entities:	None
Former Directorships of listed entities (in the last 3 years):	None
Interest in shares:	None

Company Secretary

Jane Prior

Jane holds a Bachelor of Arts and a Bachelor of Laws from the University of Queensland and is admitted as a solicitor of the Supreme Courts of QLD and NSW. Jane has worked in law firms in Brisbane and London, where she advised on fund establishments and investments as well as a range of joint venture, private equity and M&A transactions. Jane is also Company Secretary and in-house legal counsel of Blue Sky Alternative Investments Limited, a related party of the Company.

Meetings of Directors

The numbers of meetings of the Company's board of Directors and of each board committee held for the year ended 30 June 2017 and the numbers of meetings attended by each Director were:

	Full meetings of Directors		Meetings of committees			
			Audit and Risk		Remuneration and Nomination	
	A	B	A	B	A	B
John Kain[3]	8	9	1	1	-	-
Philip Hennessy[4]	15	17	4	4	2	2
Michael Cottier[5]	4	4	1	1	-	-
Paul Masi	17	18	4	4	2	2
Andrew Champion[3]	17	18	4	4	2	2
Lachlan McMurdo[6]	13	13	-	-	-	-
Lazarus Siapantas[7]	18	18	4[7]	4[7]	-	-

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the period

Insurance and indemnification of officers

The Company maintains Director's and Officer's insurance and has entered into a Deed of Access, Insurance and Indemnity with each Director. During the year, the Company paid premiums in respect of Director's and Officer's liability and for professional indemnity insurance contracts, for all Directors of the Company named in this report, as well as other Officers of the Company.

This policy insures persons who are Directors or Officers of the Company against certain liabilities incurred as such by a Director or Officer, while acting in that capacity, except where the liability arises out of conduct involving lack of good faith. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Director's and Officer's liability insurance contract, as such disclosure is prohibited under the terms of the contract.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor, Ernst & Young, are outlined in Note 18.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (the '*Act*').

The Directors are of the opinion that the services as disclosed in Note 18 to the Financial Report do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

[3] On 18 November 2016, Mr John Kain resigned as Director and Chairman of the Company and Mr Andrew Champion was appointed as Chairman.
[4] On 31 May 2017, Mr Phillip Hennessy resigned as a Director of the Company.
[5] On 17 February 2017, Mr Michael Cottier was appointed as a Director of the Company.
[6] On 20 September 2016, Mr Lachlan McMurdo was appointed as a Director of the Company.
[7] On 11 May 2017, Mr Lazarus Siapantas resigned as member of the Audit and Risk Committee.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount) and which have not arisen from the auditor's negligence or wrongful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the end of FY17.

Officers of the Company who are former audit partners of Ernst & Young

There are no Officers of the Company who are former audit partners of Ernst & Young.

Rounding

The amounts contained in this report and in the Financial Report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in the Financial/Directors' Report) Instrument 2016/191. The Company is an entity to which Instrument 2016/191 applies.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Act* is set out on page 10.

The remuneration report details the nature and amount of remuneration of each Director of the Company in accordance with the *Corporations Act 2001*.

Remuneration policy and framework

The Directors have agreed that each independent director is to receive $50,000 per annum and Michael Cottier is to receive an additional $5,000 per annum for his services as chair of the Audit and Risk Committee. These amounts are exclusive of compulsory superannuation where applicable. The Executive Directors do not receive any remuneration from the Company. At 30 June 2017, Andrew Champion, Lachlan McMurdo and Lazarus Siapantus were Executive Directors of the Company.

Under the ASX Listing Rules, the maximum fees payable to Directors may not be increased without approval from the Company at a general meeting. Directors will seek approval from time to time as appropriate. Entitled Directors receive a superannuation guarantee contribution as required by law, which is currently 9.5%, and do not receive any retirement benefits or long service leave. All remuneration paid to Directors is valued at the cost to the Company and expensed where appropriate. At present, no employee share or option arrangements are in existence for the Company's Directors. As the Company does not pay performance based fees to the Directors, nor provide share or option schemes to Directors, remuneration is not explicitly linked to the Company's performance.

Notwithstanding this, the Board members are subject to ongoing performance monitoring and regular performance reviews.

Details of remuneration

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

Director	Position	Year ended 30 June 2017 $	Year ended 30 June 2016 $
John Kain[8]	Chairman/Resigned	35,131	66,000
Philip Hennessy[9]	Director/Resigned	55,206	43,800
Paul Masi	Director	54,749	44,000
Michael Cottier[10]	Director	22,226	-
Andrew Champion[8]	Chairman	-	-
Lazarus Siapantas	Director	-	-
Lachlan McMurdo[11]	Director	-	-
		167,312	**153,800**

The Company has a Board, but no employees. All operational and administrative duties are performed by the Manager. The Company only remunerates Independent Directors. During the 2017 Financial Year, the Executive Directors were employees of Blue Sky. Refer to Note 6 of the Financial Report for further information regarding fees charged by the Manager to the Company.

Shareholdings of Directors

As at 30 June 2017, shares issued by the Company and held by the Directors and their related entities are set out below:

Director	Opening balance (Number of shares)	Net number of shares acquired	Net number of shares disposed	Closing balance (Number of shares)
John Kain[8]	514,285	-	(514,285)	-
Philip Hennessy[9]	116,667	38,889	-	155,556
Paul Masi	375,000	125,001	-	500,001
Michael Cottier[10]	-	-	-	-
Andrew Champion[8]	350,000	-	-	350,000
Lazarus Siapantas	26,667	13,333	-	40,000
Lachlan McMurdo[11]	-	-	-	-

[8] On 18 November 2016, Mr John Kain resigned as Director and Chairman of the Company and Mr Andrew Champion was appointed as Chairman.

[9] On 31 May 2017, Mr Phillip Hennessy resigned as a Director of the Company.

[10] On 17 February 2017, Mr Michael Cottier was appointed as a Director of the Company.

[11] On 20 September 2016, Mr Lachlan McMurdo was appointed as a Director of the Company.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Act*.

On behalf of the Directors:

Andrew Champion
Chairman
14 August 2017
Sydney

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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

As lead auditor for the audit of Blue Sky Alternatives Access Fund Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Ernst & Young

P McLuskie

Paula McLuskie
Partner
14 August 2017

The Company's Corporate Governance Statement is available on its website at:

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

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General information

The Financial Report covers Blue Sky Alternatives Access Fund Limited (the 'Company' or 'Alternatives Fund'). The Company was registered on 4 April 2014 and began trading on the Australian Securities Exchange on 16 June 2014.

The Financial Report is presented in Australian dollars, which is the Company's functional and presentation currency.

The Financial Report consists of the financial statements, notes to the financial statements and the Directors' Declaration.

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

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

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

	Notes	Year ended 30 June 2017 $'000	Year ended 30 June 2016 $'000
Net gains on financial assets held at fair value through profit and loss	4	11,872	12,109
Rebates	5	5,932	5,637
Dividend and trust distribution income	4	3,597	3,020
Interest income		431	90
Management fees	6	(2,126)	(1,494)
Performance fees	6	(1,162)	(1,285)
Directors fees	14	(167)	(154)
Other expenses		(649)	(514)
Profit before income tax		**17,728**	**17,409**
Income tax expense	9	(4,701)	(3,913)
Profit after income tax		**13,027**	**13,496**
Other comprehensive income		-	-
Total comprehensive income		**13,027**	**13,496**
Earnings per share		**Cents**	**Cents**
Basic earnings per share (profit per share)	7	8.44	12.17

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

	Notes	As at 30 June 2017 $'000	 30 June 2016 $'000
Assets			
Cash and cash equivalents	17	22,492	6,717
Trade and other receivables		2,919	1,776
Current tax receivable	9	260	-
Financial assets held at fair value through profit and loss	11	187,787	133,990
Other assets	15	4,289	3,549
Total assets		**217,747**	**146,032**
Liabilities			
Trade and other payables	16	19,855	1,626
Current tax payable	9	-	2,209
Deferred rebates	5	1,642	927
Deferred tax liabilities	9	4,393	1,315
Total liabilities		**25,890**	**6,077**
Net assets		**191,857**	**139,955**
Shareholders' equity			
Issued shares	13	172,539	125,558
Retained profits		19,318	14,397
Total shareholders' equity		**191,857**	**139,955**

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

Blue Sky Alternatives Access Fund Limited
Statement of Changes in Equity
For the year ended 30 June 2017

	Notes	Share capital $'000	Share option reserve $'000	Retained profits $'000	Total shareholders' equity $'000
Balance as at 1 July 2015		**77,175**	**1,812**	**4,175**	**83,162**
Total comprehensive income for the year		-	-	13,496	13,496
Subtotal		77,175	1,812	17,671	96,658
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	13	46,569	-	-	46,569
Transfer of share option reserve upon the forfeiture, exercise or expiry of share options		1,812	(1,812)	-	-
Fundraising costs (net of tax)	13	2	-	-	2
Dividends paid	12	-	-	(3,274)	(3,274)
Subtotal		48,383	(1,812)	(3,274)	43,297
Balance as at 30 June 2016		**125,558**	**-**	**14,397**	**139,955**

	Notes	Share capital $'000	Share option reserve $'000	Retained profits $'000	Total shareholders' equity $'000
Balance as at 1 July 2016		**125,558**	**-**	**14,397**	**139,955**
Total comprehensive income for the year		-	-	13,027	13,027
Subtotal		125,558	-	27,424	152,982
Transactions with equity holders in their capacity as equity holders:					
Shares issued during the year	13	47,573	-	-	47,573
Fundraising costs (net of tax)	13	(592)	-	-	(592)
Dividends paid	12	-	-	(8,106)	(8,106)
Subtotal		46,981	-	(8,106)	38,875
Balance as at 30 June 2017		**172,539**	**-**	**19,318**	**191,857**

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

	Notes	Year ended 30 June 2017 $'000	Year ended 30 June 2016 $'000
Cash flows from operating activities			
Rebates of transaction costs and fees (inclusive of GST)		4,894	4,082
Dividends and trust distributions received		3,501	2,026
Payments to suppliers (inclusive of GST)		(4,176)	(2,920)
Interest received		397	90
Income tax paid		(3,838)	(1,066)
Net cash from operating activities	17	**778**	**2,212**
Cash flows from investing activities			
Payments for financial assets held at fair value through profit and loss		(56,252)	(53,335)
Proceeds from disposal of financial assets held at fair value through profit and loss		32,627	12,527
Net cash used in investing activities		**(23,625)**	**(40,808)**
Cash flows from financing activities			
Proceeds from issue of shares		47,573	196
Proceeds from exercise of options		-	46,373
Fundraising costs (inclusive of GST)		(845)	-
Dividends paid		(8,106)	(3,274)
Net cash from financing activities		**38,622**	**43,295**
Net increase in cash and cash equivalents		**15,775**	**4,699**
Cash and cash equivalents at the beginning of the financial year		6,717	2,018
Cash and cash equivalents at the end of the financial year	17	**22,492**	**6,717**

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

Section 1: About this Report

Note 1. Basis of preparation

The Company invests in a diverse range of alternative assets, deriving revenue such as dividend and trust distribution income, and investment income from realised and unrealised gains and losses on investments held at fair value.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the Directors on 14 August 2017.

Compliance with International Financial Reporting Standards

The Financial Report of the Company also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

This Financial Report has been prepared on a going concern basis and under the historical cost convention except for assets and liabilities which are measured at fair value.

Rounding

The amounts contained in the Financial Report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in the Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which Instrument 2016/191 applies.

Note 2. New and amended accounting standards

The Australian Accounting Standards Board has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Directors have decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

Reference	Title	Summary	Application date of standard	Application date for the Company
AASB 15	Revenue from Contracts with Customers	AASB 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. AASB 15 Revenue from Contracts with Customers replaces current revenue recognition guidance in AASB 118 Revenue, AASB 111 Construction Contracts *and related interpretations*. AASB 15 is a significant change from the current revenue requirements and will involve more judgement and estimates. The Company has performed an assessment on its key contract with the Manager following the five step model outlined in the guidance released in relation to the new standard. Given the key inputs to the contract are dependent on the impact AASB 15 will have on the Manager and its related parties (where an assessment is currently being undertaken), the Company has yet to determine the quantitative impact of the new accounting standard.	1 January 2018	1 July 2018
AASB 9	Financial Instruments	AASB 9 contains new requirements for the classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 Financial Instruments: Recognition and Measurement. Under the new requirements the four current categories of financial assets will be replaced with two measurement categories: fair value and amortised cost, and financial assets will only be measured at amortised cost where very specific conditions are met. The Company has yet to perform an assessment of the impact as a result of complying with the new requirements.	1 January 2018	1 July 2018

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are the determination of the fair value of investments, which are disclosed in Note 11 of the Financial Statements.

Section 2: Results for the Year

Note 4. Investment income	**Year ended**	
	30 June 2017	**30 June 2016**
	$'000	**$'000**
Net gains on financial assets held at fair value through profit and loss	11,872	12,109
Dividend and trust distribution income	3,597	3,020
Total investment income	**15,469**	**15,129**

ACCOUNTING POLICY

Net gains on financial assets held at fair value through profit and loss

Profits and losses realised from the sale of investments and unrealised gains and losses on investments held at fair value are included in the Statement of Comprehensive Income in the year in which they arise in accordance with the policies described in Note 11.

Dividend and trust distribution income

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

Note 5. Rebates	**Year ended**	
(a) Rebate income	**30 June 2017**	**30 June 2016**
	$'000	**$'000**
Rebates of transaction costs and management and performance fees	5,932	5,637
Total rebate income	**5,932**	**5,637**

The Company derives rebate income in accordance with the management services agreement with the Manager. The management services agreement states the following in relation to fees charged by Blue Sky Entities[12]:

(i) The Manager must ensure the trustee, responsible entity or controlling entity (as applicable) of each Blue Sky Fund in which an Authorised Investment is made does not charge the Company any fees (whether management fees, performance fees or otherwise) in respect of the Authorised Investment. If any such fees are charged and paid by the Company the Manager must rebate such fees to the Company as soon as is practicable; and

(ii) The Company will be 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.

To the extent any fees are paid by the Company (either directly or indirectly) over and above the non-rebateable transaction costs and establishment fees, they will be rebated to the Company. For the 2017 Financial Year $5,932,163 (2016: $5,637,870) (excluding GST) of fees have been rebated to the Company. Performance fee rebates make up 44.57% (2016: 56.22%) of total rebates for the year.

[12] Capitalised terms refer to definitions provided in the Company's prospectus which is available on the Company's website and the ASX.

Note 5. Rebates (cont'd)

(b) Deferred rebates	**30 June 2017**	**30 June 2016**
	$'000	**$'000**
Deferred rebates[13]	1,642	927
Total deferred rebates	**1,642**	**927**

ACCOUNTING POLICY

Rebate income

Rebate income is recognised when it is received or when the right to receive payment is established.

Deferred rebates

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

Note 6. Management and performance fees

The Company has outsourced its investment management function to the Manager. The Manager is a wholly owned subsidiary of Blue Sky, a related party of the Company. A summary of the fees charged by the Manager is set out below.

(a) Management fees

The Manager is entitled to be paid a management fee equal to 1.20% (excluding GST) of the Portfolio Net Asset Value per annum. The management fee is accrued monthly and paid within 14 days of the monthly Portfolio Net Asset Value of the Company being disclosed on the ASX.

During the 2017 Financial Year, the Company incurred $2,125,548 (2016: $1,493,960) of management fees, inclusive of the net impact of GST.

(b) Performance fees

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

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

P = 17.5% x (A – B) x 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.

[13] Deferred rebates to be realised within 12 months are $1,475,055 (2016: $743,705) and greater than 12 months are $166,779 (2016: $183,847).

Note 6. Management and performance fees (cont'd)

(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 fair value of investment assets of the Portfolio (including cash).

(vii) "Financial Year" means the period beginning 1 July and ending 30 June for the relevant year.

For the 2017 Financial Year, the Company incurred $1,162,072 (2016: $1,285,464) (excluding GST) of performance fees.

Note 7. Earnings per share

	Year ended	
	30 June 2017	**30 June 2016**
	$'000	**$'000**
Profit after income tax	13,027	13,496
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	154,438,648	110,925,939
	Cents	**Cents**
Basic and Diluted earnings per share	8.44	12.17

ACCOUNTING POLICY

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares and potential ordinary shares (options) outstanding for the same financial year.

As the company did not have any outstanding options during the year, basic and diluted earning per share are the same.

Note 8. Operating segments

Although the Company invests across a number of alternative asset classes, the Company's financial statements are prepared on the basis that there is only one operating segment: Alternative Asset Investment. In assessing performance and determining the allocation of resources, the Directors (who are identified as the Chief Operating Decision Makers ('CODM')) use internal reports which consider the revenue from distributions, interest and other returns from the Company's investment portfolio as a whole.

ACCOUNTING POLICY

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to the segment and assessing its performance.

Note 9. Taxation

(a) Reconciliation of income tax expense

	Year ended 30 June 2017 $'000	Year ended 30 June 2016 $'000
Profit from continuing operations before income tax	17,728	17,409
Tax at the Australian tax rate of 30%	5,319	5,223
Tax effect amounts which are not taxable in calculating taxable income:		
Tax exempt income and losses	(75)	28
Franked distributions received and expected	(543)	(1,338)
Income tax expense	**4,701**	**3,913**
Represented by:		
Current tax	1,370	3,375
Deferred tax	3,331	538
Aggregate income tax expense	**4,701**	**3,913**

(b) Breakdown of deferred tax balances

	Deferred tax asset 30 June 2017 $'000	Deferred tax liability 30 June 2017 $'000	Deferred tax asset 30 June 2016 $'000	Deferred tax liability 30 June 2016 $'000
Net unrealised losses/(gains) on investments	1,300	(5,220)	777	(1,806)
Equity raising costs	369	-	300	-
Other temporary differences	361	-	395	-
Accrued rebates	-	(1,203)	-	(981)
Total	**2,030**	**(6,423)**	**1,472**	**(2,787)**
Set-off against deferred tax liabilities pursuant to set-off provisions	(2,030)	2,030	(1,472)	1,472
Net deferred tax balances	**-**	**(4,393)**	**-**	**(1,315)**

(c) Movements in deferred tax balances

	Opening balance $'000	Credited/ (Charged) to profit or loss $'000	Credited/ (Charged) to equity $'000	Tax losses $'000	Closing balance $'000
2017					
Deferred tax assets	1,472	305	253	-	2,030
Deferred tax liabilities	(2,787)	(3,636)	-	-	(6,423)
2016					
Deferred tax assets	1,379	193	(1)	(99)	1,472
Deferred tax liabilities	(2,056)	(731)	-	-	(2,787)

(d) Current tax receivable/(payable)

	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Provision for income tax receivable/(payable)	260	(2,209)
Total current income tax receivable/(payable)	**260**	**(2,209)**

Note 9. Income tax (cont'd)

ACCOUNTING POLICY

Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting financial year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting financial year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Goods and Services Tax ('GST')

Revenues and expenses are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis.

Section 3: Capital and Financial Risk Management

Note 10. Financial risk management

The Company's activities expose it to a variety of financial risks including market risk (e.g. currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors have implemented a risk management framework to mitigate these risks. The Board considers a number of matters in overall risk management including specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

The Company uses different methods to measure the different types of risk to which it is exposed. These methods are explained below and on the following pages.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Currency risk

To date, the Company is invested in nine (2016: four) assets which are either foreign currency denominated, or one or more assets of the investment trust are domiciled in an overseas jurisdiction. The Company has a foreign currency exposure totaling $24,132,372 (2016: $10,667,305). A 10% increase/(decrease) in the foreign currency exchange rate would result in an increase/(decrease) in the financial assets of $2,413,237 (2016: $1,066,730).

These investments represent 12.9% (2016: 7.0%) of the Company's investment portfolio and 12.6% (2016: 7.2%) of net assets, based on Australian dollar carrying values translated using the prevailing spot rate on 30 June 2017. As these assets are non-monetary assets, the foreign exchange risk is a component of price risk.

(ii) Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets held at fair value through profit and loss.

The Company seeks to manage and constrain price risk by diversification of the investment portfolio across multiple investments and industry sectors. The portfolio is maintained by the Manager (refer to Note 14 – Related party transactions) within a range of parameters governing the levels of acceptable exposure to investments and asset classes.

Note 10. Financial risk management (cont'd)

The Company's asset class allocation as at 30 June 2017, and for the prior period, is below:

	2017	2016
	%	%
Unlisted private equity funds	24.2	22.6
Unlisted private real estate funds	36.9	37.7
Unlisted real assets funds	28.2	31.1
Unlisted hedge funds	-	3.8
Cash and cash equivalents	10.7	4.8
	100.0	**100.0**

Investments representing over 5% of the trading portfolio at 30 June 2017, and for the prior period, is below:

	2017	2016
	%	%
Blue Sky Water Fund	14.8	22.0
Blue Sky Strategic Australian Agriculture Fund[14]	7.1	-
Blue Sky Student Accommodation Fund No.3	-	5.0
	21.9	**27.0**

(iii) Cash flow and fair value interest risk

The Company is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Company to fair value interest rate risk. As at 30 June 2017 the cash at bank balance was $22,491,956 (2016: $6,717,004).

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Company has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain funds in which the Company invests and by the impact on the valuation of certain assets that use interest rates as an input in their valuations.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk at balance date, excluding the value of any collateral or other security, is the carrying amount of assets held at fair value through profit and loss net of any provisions for impairment of those assets as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

None of these assets are over-due or considered to be impaired.

The Company's cash and cash equivalents are all held with a tier 1 regulated Australian Authorised Deposit-Taking Institution with a credit rating at the time of publication of AA- / Aa2.

There are no amounts of collateral held as security at 30 June 2017 (2016: nil).

[14] In June 2017, a $15.0 million commitment was made to the Blue Sky Strategic Australian Agriculture Fund. Capital calls on this commitment will be progressively made by the Fund over a three year period. Further information is provided in Note 16.

Note 10. Financial risk management (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Board and the Manager monitor the cash flow requirements in relation to the investing activities taking into account upcoming dividends, tax payments, investing activity and fund expenses.

The Company's inward cash flows depend upon the level of dividend, interest, rebates and distribution revenue received. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are the purchase of investments and dividends paid to shareholders, the level of both of these is managed by the Board and the Manager.

The Board and the Manager have implemented a minimum cash requirement that is monitored on a monthly basis.

Refer to Note 16 for a summary of contractual maturities of the Company's financial liabilities.

(d) Capital management

The Board and the Manager regularly ensure that the Company deploys its capital in an efficient manner into value creating investment strategies. The Company's primary objectives are to:

- Deliver long term absolute returns to shareholders, through both growth in Net Tangible Assets ('NTA') and a dividend yield (franked to either 100% or the maximum extent possible);
- Provide investors with access to a diverse range of alternative assets; and
- Provide investors with the ability to invest in alternative assets through an ASX listed structure that is more readily accessible and liquid than other alternative assets.

To achieve these objectives, the Board and Manager monitor the monthly NTA results, investment performance, the Company's expenses and daily share price movements.

On 26 May 2016, the Directors provided shareholders with guidance stating that the Company is committed to paying annual dividends targeting at least 4% of closing post-tax NTA for each financial year, franked to the highest extent possible, provided there is sufficient profit and cash flow to do so.

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company as disclosed in the Statement of Changes in Equity.

Note 11. Fair value measurement

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

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in active markets.

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

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

As at 30 June 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Unlisted growth capital funds	-	-	39,029	39,029
Unlisted venture capital funds	-	-	11,922	11,922
Unlisted private real estate funds	-	-	77,612	77,612
Unlisted real assets funds	-	-	59,224	59,224
Unlisted hedge funds	-	-	-	-
Total financial assets	**-**	**-**	**187,787**	**187,787**

Note 11. Fair value measurement (cont'd)

As at 30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Unlisted growth capital funds	-	-	24,518	24,518
Unlisted venture capital funds	-	-	7,380	7,380
Unlisted private real estate funds	-	-	52,970	52,970
Unlisted real assets funds	-	-	43,720	43,720
Unlisted hedge funds	-	-	5,402	5,402
Total financial assets	**-**	**-**	**133,990**	**133,990**

(i) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the fair value of water entitlements traded by the Blue Sky Water Fund is determined using quoted market prices or broker quotes for similar instruments;
- the fair value of unlisted equity investments in going concern enterprises (such as growth capital and venture capital-style investments) is determined using a capitalisation of earnings or revenue methodology, having regard to observable comparable transactions or quoted prices for similar enterprises;
- the fair value of investments in private real estate assets or projects, or unlisted equity investments in water infrastructure assets, is calculated as the present value of estimated future cash flows (discounted cash flow approach); and
- the fair value of mature income-producing real assets is measured using market prices for comparable assets in a similar geographic location.

(ii) Valuation process

Assets in the Company's investment portfolio are valued in accordance with the Company's published Investment Valuation Policy, a summary of which is provided below. This summary does not purport to be complete, and readers should refer to the full Investment Valuation Policy which is available on the Company's website.

The value of assets in the Company's investment portfolio which are investments in closed-ended funds (typically private equity, private real estate and real assets funds not including the Blue Sky Water Fund) are reviewed by the Manager (or a related party thereof) at the end of each month. These values are reviewed by a qualified independent expert at least annually. In the event that the Manager believes there may have been a material change in the value of an asset in between the annual independent valuation reviews, an interim valuation is performed by the Manager. These valuations are used by the Manager to determine the relevant fund's net tangible assets and a unit price for each fund. For the period from investment until an asset is initially revalued, it is held at fair value of consideration paid less transactions costs.

While a review from a qualified independent expert is required at least annually, the Board may request that they be performed more regularly in relation to one or more closed-ended fund investments. For example, where there has been a material change in the value of an investment which is likely to have a material impact on the net tangible assets of the Company, the Board may request an 'off-cycle' external review by a qualified independent expert to be performed.

The value of assets in the Company's investment portfolio which are investments in open-ended funds, such as the Blue Sky Water Fund, are subject to external valuation by a third party and unit price calculated by external fund administrators. These external valuations are conducted at a minimum at the end of each month and are used by the fund administrator to determine a unit price for each fund. The Company will adopt the valuation and unit price determined by the third party fund administrator at the end of each month, less any costs that would have been incurred by the Company on that date to exit any units it may hold (for example, a sell spread).

(iii) Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 30 June 2017 and 30 June 2016 are as shown on the following pages.

For the purposes of this analysis, the Company's financial assets have been grouped into classes according to investment theme. This is designed to facilitate the assessment of the impact of other indirect, macro-economic factors common between certain assets which may influence the significant unobservable inputs detailed.

Note 11. Fair value measurement (cont'd)

Sector	Valuation technique	Significant unobservable inputs	Range (weighted average)[15]	Sensitivity of the input to fair value
Healthcare, education and hospitality	Capitalisation of earnings or revenue	Operating earnings or revenue	2017: $7.0 million - $9.0 million 2016: $7.0 million - $9.0 million	10% (2016: 10%) increase / (decrease) in forecast operating earnings or revenue would result in an increase / (decrease) in fair value by $3,558,000 (2016: $2,601,000)
		Capitalisation multiple	2017: 6.0x – 8.0x 2016: 6.0x – 8.0x	1.0x (2016: 1.0x) increase / (decrease) in capitalisation multiple applied would result in an increase / (decrease) in fair value by $5,140,000 (2016: $3,662,000)
E-commerce & digital disruption	Capitalisation of earnings or revenue	Operating earnings or revenue	2017: $25.0 million - $28.0 million 2016: $20.0 million - $23.0 million	10% (2016: 10%) increase / (decrease) in forecast operating earnings or revenue would result in an increase / (decrease) in fair value by $878,000 (2016: $759,000)
		Capitalisation multiple	2017: 3.0x - 5.0x 2016: 3.0x - 5.0x	1.0x (2016: 1.0x) increase / (decrease) in capitalisation multiple applied would result in an increase / (decrease) in fair value by $3,258,000 (2016: $2,530,000)
Food & agriculture	Market approach*	Asset value	2017: $30.0 million - $34.0 million 2016: $30.0 million - $34.0 million	10% (2016: 10%) increase / (decrease) in the value of the assets would result in an increase / (decrease) of $4,445,000 (2016: $4,219,000)
	Discounted cash flow	Discount rate	2017: n.a.[16] 2016: 10% - 13%	30 June 2017: n.a. 30 June 2016: 1% increase / (decrease) in the range of discount rates used would result in an increase / (decrease) in fair value by $151,000
Apartment & retirement living	Discounted cash flow	Net asset value	2017: $2.0 million - $3.0 million 2016: $1.5 million - $2.0 million	10% (2016: 10%) increase / (decrease) in the value of the net asset would result in an increase / (decrease) of $1,263,000 (2016: $1,157,000)
		Discount rate for project risk	2017: 10% - 18% 2016: 10% - 18%	1% (2016: 1%) increase / (decrease) in the range of discount rates used would result in an increase / (decrease) of $255,000 (2016: $24,000)

[15] The ranges reflect the weighted average of both the high and low range of unobservable inputs and therefore the actual ranges of inputs for individual investments may be outside these ranges.
[16] The underlying asset has been disposed of as at 30 June 2017.

Note 11. Fair value measurement (cont'd)

Sector	Valuation technique	Significant unobservable inputs	Range (weighted average)[15]	Sensitivity of the input to fair value
Student accommodation	Discounted cash flow	Net asset value	2017: $21.0 million - $23.0 million 2016: $16.0 million - $18.0 million	10% (2016: 10%) increase / (decrease) in the value of the net asset would result in an increase / (decrease) of $472,000 (2016: $406,000)
		Market value of underlying asset or project discounted for project risk	2017[17]: n.a. 2016[17]: $25.0 million - $28.0 million	30 June 2017: n.a. 30 June 2016: 10% increase / (decrease) in the as if complete value, discounted for remaining project risk, would result in an increase / (decrease) of $1,850,000
		Discount rate	2017[17]: 11% - 14% 2016[17]: n.a.	1% (2016: n.a.) increase / (decrease) in the range of discount rates used would result in an increase / (decrease) of $1,827,000 (2016: n.a.)
Other	Market approach*	Net asset value	2017: $3.0 million to $5.0 million 2016: $2.0 million to $4.0 million	10% (2016: 10%) increase / (decrease) in the net asset value would result in an increase / (decrease) of $696,000 (2016: $432,000)
	Capitalisation of earnings or revenue	Operating earnings or revenue	2017[18]: $5.0 million - $7.0 million 2016[18]: $5.0 million - $7.0 million	10% (2016: 10%) increase / (decrease) in forecast operating earnings or revenue would result in an increase / (decrease) in fair value by $372,000 (2016: $385,000)
		Capitalisation multiple	2017[19]: 5.0x – 7.0x 2016[19]: 5.0x – 7.0x	1.0x (2016: 1.0x) increase / (decrease) in capitalisation multiple applied would result in an increase / (decrease) in fair value by $1,055,000 (2016: $1,026,000)
	Discounted cash flow	Discount rate	2017[20]: 7% - 9% 2016[20]: n.a.	1% (30 June 2016: n.a.) increase / (decrease) in the range of discount rates used would result in an increase / (decrease) in fair value by $360,000 (30 June 2016: n.a.)

*Underlying assets held within the Blue Sky Water Fund and Dynamic Macro Hedge Fund are valued by an independent third party valuer / third party fund administrator based on observable market prices. These valuations are used by the respective fund administrators of the Blue Sky Water Fund and Dynamic Macro Hedge Fund to determine a unit price which is reviewed and approved by the Manager. The Blue Sky Water Fund and Dynamic Macro Hedge Fund do not have observable market prices (in contrast to assets held within these Funds) and as a result, these funds are recorded as Level 3 investments.

17 Market value of underlying asset or project discounted for project risk sensitised at 30 June 2016; discount rate sensitised at 30 June 2017.

18 Weighted average revenue and EBITDA range.

19 Weighted average revenue and EBITDA multiple range.

20 Asset held at cost (implying a market approach) at 30 June 2016, and subsequently revalued using a discounted cash flow approach.

Note 11. Fair value measurement (cont'd)

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

For the year ended 30 June 2017	Unlisted growth capital funds $'000	Unlisted venture capital funds $'000	Unlisted hedge funds $'000	Unlisted real assets funds $'000	Unlisted private real estate funds $'000	Total $'000
Beginning balance	24,518	7,380	5,402	43,720	52,970	133,990
Purchase	19,018	3,806	-	27,000	24,729	74,553
(Disposal)	(7,167)	-	(5,146)	(11,721)	(8,594)	(32,629)
Net unrealised gain/(loss)	(257)	736	-	(1,852)	7,113	5,338
Net realised gain/(loss)	2,917	-	(256)	2,077	1,394	6,534
Ending balance	**39,029**	**11,922**	**-**	**59,224**	**77,612**	**187,787**

For the year ended 30 June 2016	Unlisted growth capital funds $'000	Unlisted venture capital funds $'000	Unlisted hedge funds $'000	Unlisted real assets funds $'000	Unlisted private real estate funds $'000	Total $'000
Beginning balance	18,323	3,787	4,733	33,422	22,808	83,073
Purchase	8,111	4,000	8,000	5,000	26,224	51,335
(Disposal)	(3,920)	-	(7,267)	-	(1,340)	(12,527)
Net unrealised gain/(loss)	1,785	(407)	401	5,298	5,108	12,185
Net realised gain/(loss)	219	-	(465)	-	170	(76)
Ending balance	**24,518**	**7,380**	**5,402**	**43,720**	**52,970**	**133,990**

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.

Financial assets held at fair value through profit and loss

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

	As at	
	30 June 2017	**30 June 2016**
	$'000	**$'000**
Within 12 months of the reporting period		
Unlisted growth capital funds	5,470	7,048
Unlisted real assets funds	6,542	-
Unlisted private real estate funds	5,145	12,643
Subtotal	17,157	19,691
More than 12 months of the reporting period		
Unlisted growth capital funds	33,559	17,470
Unlisted venture capital funds	11,922	7,380
Unlisted hedge funds	-	5,402
Unlisted real asset funds	52,682	43,720
Unlisted private real estate funds	72,467	40,327
Subtotal	170,630	114,299
Total financial assets held at fair value through profit and loss	**187,787**	**133,990**

Note 11. Fair value measurement (cont'd)

ACCOUNTING POLICY

AASB 10 Consolidated Financial Statements requires that the Company consolidate any investees that it is considered to control during the financial year from the date that control was obtained. However, as the Company meets the definition of an investment entity under AASB 10 and displays the typical characteristics of an investment entity specified in the Standard, the investments in any controlled investees have been accounted for in accordance with AASB 139 Financial Instruments at fair value through profit or loss.

Further, AASB 128 Investments in Associates and Joint Ventures requires that the Company account for any investments over which it is considered to have significant influence using the equity method, applied from the date that significant influence was obtained. However, as a result of the guidance provided in AASB 10 Consolidated Financial Statements, the Company has applied the Venture Capital Organisation exemption in AASB 128. As the Company satisfies the criteria required to be considered a venture capital organisation, the investments in any such investees have been accounted for in accordance with AASB 139 Financial Instruments at fair value through profit or loss.

Classification

Financial instruments at fair value through profit or loss upon initial recognition

These include financial assets that are held for trading purposes and which may be sold. These are investments in unlisted unit trusts.

Financial assets designated at fair value through profit or loss at inception, are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

Recognition and de-recognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date). Changes in the fair value of the financial assets or financial liabilities are recognised from this date.

Investments are de-recognised when the right to receive cash flows from the investments has expired or the Company has transferred substantially all risks and rewards of ownership.

Measurement – Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the Company measures a financial asset or liability at its fair value.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in the statement of comprehensive income within 'Net gains/(losses) on financial assets held at fair value through profit and loss' in the period in which they arise.

The fair value of each investment is calculated as the amount which could be expected to be received from the disposal of an asset in an orderly market.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Note 11 of the financial statements, 'Fair value measurement', provides additional information on how the Company measures its financial assets and liabilities in accordance with AASB 13 Fair Value Measurement.

Note 12. Dividends

Cash dividends to the equity holders	As at 30 June 2017 $'000	30 June 2016 $'000
Dividends on ordinary shares declared and paid:		
FY16 Final dividend: 5.0 cents per share fully franked (2015: 3.0 cents)	6,396	3,274
FY17 Interim dividend: 1.0 cent per share fully franked (2016: nil)	1,710	-
Total dividends on ordinary shares declared and paid	**8,106**	**3,274**
Proposed dividends on ordinary shares:		
FY17 Final dividend: 4.0 cents per share fully franked (2016: 5.0 cents)	**6,846**	**6,396**

Proposed dividends declared subsequent to year end are not recognised as a liability at 30 June 2017.

Franking account	As at 30 June 2017 $'000	30 June 2016 $'000
Balance as at the end of the financial year at 30%	1,460	199
Franking credits that will arise from the payment/(refund) of income tax	(260)	2,209
Franking credits available for subsequent financial years at 30%	1,200	2,408
Franking credits that will be used from the payment of dividends declared subsequent to the reporting date at 30%	(2,934)	(2,741)
Balance as at the end of the financial year at 30%	**(1,734)**	**(333)**

In relation to the above franking credit deficit, it is anticipated that this will be brought back to at least nil on or before 30 June 2018 as tax instalments are paid throughout FY18.

Note 13. Share capital

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

	Number of shares	$'000
Opening balance as at 1 July 2016 (net of fundraising costs)	127,924,870	125,558
Shares issued: Dividend Reinvestment Plan	462,530	538
Shares issued: Entitlement Offer	42,759,281	47,035
Total	**171,146,681**	**173,131**

Less costs directly attributable to shares issued:

	Gross (net of GST) $'000	Deferred tax asset $'000	Net $'000
Fundraising costs:			
Joint lead manager, broker fees and other expenses	(845)	253	(592)
	(845)	253	(592)
Closing balance at 30 June 2017			**172,539**

Note 13. Share capital (cont'd)

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

		Number of shares	$'000
Opening balance as at 1 July 2015 (net of fundraising costs)		80,549,235	78,987
Shares issued: Dividend Reinvestment Plan		186,645	196
Options exercised during the financial year		47,188,990	46,373
Total		127,924,870	125,556
Less costs directly attributable to shares issued and options exercised:			
	Gross (net of GST)	**Deferred tax asset**	**Net**
	$'000	**$'000**	**$'000**
Fundraising costs:			
Joint lead manager, broker fees and other expenses	3	(1)	2
	3	(1)	2
Closing balance at 30 June 2016			**125,558**

ACCOUNTING POLICY

Ordinary shares are classified as equity.

Incremental costs attributable to the issue of new shares or options are recognised as a deduction from equity, net of any tax effects.

Share option reserve

The share option reserve will be measured at the fair value of the Options at the date of issue. This reserve is adjusted, with a corresponding entry to share capital, on exercise of the Options. At the expiration of the Option period, the portion of the reserve relating to unexercised Options will be transferred to a capital reserve.

Section 4: Other

Note 14. Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions, and include:

(a) The compensation arrangements with the Directors (refer to Directors' Remuneration on the following page);

(b) The interests in the Company held directly or indirectly by the Directors (refer to Shareholdings of Directors on the following page);

(c) The Management Services Agreement between the Company and the Manager (refer to Note 6); and

(d) Investments in unlisted funds (refer to Note 11) managed by wholly owned subsidiaries of Blue Sky.

Note 14. Related party transactions (cont'd)

Directors' remuneration

The Directors' remuneration, inclusive of GST and compulsory superannuation where applicable, incurred during the current and prior period, is as set out on the following page:

Director	**Position**	**Year ended 30 June 2017 $'000**	**Year ended 30 June 2016 $'000**
John Kain[21]	Chairman/Resigned	35	66
Philip Hennessy[22]	Director/Resigned	55	44
Paul Masi	Director	55	44
Michael Cottier[23]	Director	22	-
Andrew Champion[21]	Chair	-	-
Lazarus Siapantas	Director	-	-
Lachlan McMurdo[24]	Director	-	-
		167	**154**

During the 2017 Financial Year, the Executive Directors were employees of Blue Sky and did not receive any remuneration from the Company. Andrew Champion, Lachlan McMurdo and Lazarus Siapantus were Executive Directors of the Company.

Shareholdings of Directors

As at 30 June 2017, shares issued by the Company and held by the Directors and their related entities are set out below:

Director	**Opening balance (number of shares)**	**Net number of shares acquired**	**Net number of shares disposed**	**Closing balance (number of shares)**
John Kain[21]	514,285	-	(514,285)	-
Philip Hennessy[22]	116,667	38,889	-	155,556
Paul Masi	375,000	125,001	-	500,001
Michael Cottier[23]	-	-	-	-
Andrew Champion[21]	350,000	-	-	350,000
Lazarus Siapantas	26,667	13,333	-	40,000
Lachlan McMurdo[24]	-	-	-	-

Note 15. Other assets

	As at	
	30 June 2017	**30 June 2016**
	$'000	**$'000**
Prepayments	277	278
Accrued performance fee rebates*	4,012	3,271
Total other assets	**4,289**	**3,549**

*Accrued performance fee rebates are anticipated to be received as follows: balances due within 12 months $667,884 (2016: $1,700,924) and greater than 12 months $3,343,634 (2016: $1,570,398)

ACCOUNTING POLICY

The Company recognises costs incurred in advance for which a benefit is expected to be derived in the future as prepayments. The year over which the prepayment is expensed is determined by the year of benefit covered by the prepayment.

21 On 18 November 2016, Mr John Kain resigned as Director and Chairman of the Company and Andrew Champion was appointed as Chairman.

22 On 31 May 2017, Mr Philip Hennessy resigned as a Director of the Company.

23 On 17 February 2017, Mr Michael Cottier was appointed as a Director of the Company.

24 On 20 September 2016, Mr Lachlan McMurdo was appointed as a Director of the Company.

Note 16. Trade and other payables

	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Trade payables	8	26
Uncalled capital commitments[25]	18,301	-
Other payables	150	139
Accrued expenses	1,396	1,461
Total trade and other payables	**19,855**	**1,626**

Maturities of financial liabilities

The below tables analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities at the end of the financial year.

The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities **At 30 June 2017**	**At call $'000**	**1 year or less $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total contractual undiscounted cash flows $'000**
Uncalled capital commitments	18,301	-	-	-	-	18,301
Trade and other payables	-	158	-	-	-	158
Total	**18,301**	**158**	**-**	**-**	**-**	**18,459**

Contractual maturities of financial liabilities **At 30 June 2016**	**At call $'000**	**1 year or less $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total contractual undiscounted cash flows $'000**
Trade and other payables	-	165	-	-	-	165
Total	**-**	**165**	**-**	**-**	**-**	**165**

ACCOUNTING POLICY

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

[25] Uncalled capital commitments represent contractual obligations on units issued for investments managed on a defined call structure. For the 2017 Financial Year, a $15.0 million commitment was made into the Blue Sky Strategic Australian Agriculture Fund and will be progressively called over a three year period. A further $3.3 million in uncalled capital commitments relate to other investments on a defined call structure and managed by wholly owned subsidiaries of Blue Sky.

Note 17. Notes to statement of cash flows

(a) Reconciliation of cash flows from operating activities

	Year ended	
	30 June 2017	**30 June 2016**
	$'000	**$'000**
Profit after income tax expense for the year	13,027	13,496
Non-cash adjustments to reconcile profit after tax to net cash flows from operations:		
Net gains on financial assets held at fair value through profit and loss	(11,872)	(12,109)
Changes in assets and liabilities during the financial year:		
(Increase)/decrease in trade and other receivables	(1,143)	(994)
(Increase)/decrease in other operating assets	(740)	(1,981)
Increase/(decrease) in trade and other payables[26]	(72)	1,207
Increase/(decrease) in income tax provision	(2,469)	2,211
Increase/(decrease) in deferred taxes	3,332	637
Increase/(decrease) in deferred rebates	715	(255)
Net cash from operating activities	**778**	**2,212**

(b) Cash and cash equivalents

	As at	
	30 June 2017	**30 June 2016**
	$'000	**$'000**
Cash at bank	22,492	6,717
Total Cash and cash equivalents	**22,492**	**6,717**

ACCOUNTING POLICY

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 18. Remuneration of auditors

	Year ended	
	30 June 2017	**30 June 2016**
Audit services – Ernst & Young		
Audit and review of financial report	121,000	74,800
Other services – Ernst & Young		
Accounting, due diligence and taxation advice	30,250	17,600
Total auditors' remuneration	**151,250**	**92,400**

Note 19. Events subsequent to reporting date

On 14 August 2017, the Directors resolved to pay a fully franked final dividend of 4.0 cents per share in relation to the 2017 Financial Year. The record date for this dividend will be 28 August 2017 and the payment date will be 18 September 2017. The Company's Dividend Reinvestment Plan ('DRP') will apply to the dividend resolved on 14 August 2017 with the Pricing Period for the Market Price to be the five trading days commencing on 30 August 2017 and ending on 5 September 2017. The final date to elect to participate in the DRP will be 29 August 2017. A complete copy of the DRP Rules can be found on the Company's website http://blueskyfunds.com.au/alternatives-fund-shareholder/.

Other than this matter, there are no other subsequent events.

[26] Excludes movements in uncalled capital commitments as these do not relate to cash flows from operating activities.

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 13 to 35, are in accordance with the *Corporation Act 2001(Cth)* and:

    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

    b. give a true and fair view of the entity's financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company;

2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

3. the Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Financial Officer and Managing Director of the Manager.

On behalf of the Directors

____

Andrew Champion
Chairman

14 August 2017
Sydney

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Independent auditor's report to the members of Blue Sky Alternatives Access Fund Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Blue Sky Alternatives Access Fund Limited (the Company) which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of the Company.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

Valuation of investments

Refer to note 11 of the financial report

Why significant	How our audit addressed the key audit matter
As the Company is an investment entity, all the investments held by the Company are recorded at fair value. The valuation process involves significant judgement as these investments are classified as "level three" securities in accordance with AASB 13 Fair Value Measurement, as there are no observable market inputs for valuation. The Company uses internal and external valuation specialists to assist in determining the appropriateness of fair value, as explained in note 11 of the financial report. Due to the significant judgement, the valuers generally provide a range of estimated values.	We assessed whether the Company met the criteria of an investment entity under Australian Accounting Standards. For a sample of investments we performed the following: ► Examined underlying financial reports of the investments where available ► Examined the internal valuations and the work of the external valuation experts engaged by the Company ► Assessed the competence and independence (where applicable) of the Company's internal and external valuation experts ► Where relevant, we involved our valuation specialists to assess the valuation methodology and key assumptions used in the valuation of the underlying investments including discount rates and multiples ► Agreed the forecasted and actual earnings used in the valuation to Board approved forecasts and actual results and checked the clerical accuracy of the calculation ► Assessed the reasonableness of forecasted earnings, including review of key assumptions and evaluated accuracy of forecasting by comparing previous forecasts to actuals ► We considered the adequacy of the valuation methods and principles disclosed in note 11 of the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report and the Corporate Governance Statement that are to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in page 8 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Blue Sky Alternatives Access Fund Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

P McLuskie

Paula McLuskie
Partner
Brisbane
14 August 2017