PORTFOLIO ADVANTAGE

ARSN 102 913 815

FINANCIAL REPORT

30 JUNE 2010

PORTFOLIO ADVANTAGE
ARSN 102 913 815
Annual Financial Report – 30 June 2010

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This financial report covers the financial statements of Portfolio Advantage as an individual scheme. The financial report is presented in the Australian currency.

Portfolio Advantage is a registered managed investment scheme, domiciled in Australia.
Its registered office and principal place of business is:

Portfolio Advantage
Level 17, 101 Collins Street
Melbourne, VIC 3000

A description of the nature of the scheme's operations and its principal activities is included in the review of operations and activities in the Directors Report on pages 1-2, which is not part of this financial report.

The financial report was authorised for issue by the directors of Goldman Sachs & Partners Australia Managed Funds Limited (formerly known as Goldman Sachs JBWere Managed Funds Limited), the responsible entity for the scheme, on 23 September 2010. The responsible entity has the power to amend and reissue the financial report.

PORTFOLIO ADVANTAGE
ARSN 102 913 815

DIRECTORS' REPORT

The Directors of Goldman Sachs & Partners Australia Managed Funds Limited (ABN 63 005 885 567), the responsible entity ("Responsible Entity") of Portfolio Advantage (ARSN 102 913 815) ("the Scheme"), present their report together with the financial report of the Scheme for the financial year ended 30 June 2010.

Directors

The names of the directors of the Responsible Entity during or since the end of the financial year are:

S C Fitzgerald
G W McGregor
R E Male
I R Ward-Ambler

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia.

The Scheme's principal activities during the course of the financial period was to receive directions from members on the monies invested through the Scheme on their behalf by the Responsible Entity for the purchase of accessible investments including managed investments, in accordance with the investment objectives and guidelines set out in the Scheme's Product Disclosure Statement, and in accordance with the provisions of the Scheme's constitution. Scheme members may also receive capital and income distributions on accessible investments they purchase, hold or sell through the Scheme. There has been no significant change in the activities of the Scheme during the year.

The Scheme did not have any employees during the financial year.

Review of Operations

Results

The results of the operations of the Scheme are disclosed in the Statement of Comprehensive Income of these financial statements. The net profit from ordinary activities for the financial year ended 30 June 2010 was $Nil (2009: $Nil).

Distributions

The Scheme is an investor directed portfolio service like (IDPS-like) scheme under Class Order 02/296 of the Corporations Act 2001 as amended by class orders 04/608, 04/735 and 07/480. Members have full entitlement to the net income arising from accessible investments within their investment portfolio.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the scheme in 2010.

Matters subsequent to the end of the financial period

On 02 August 2010, as part of firm-wide rebranding process, the Responsible Entity has officially changed its legal entity name to Goldman Sachs & Partners Australia Managed Funds Limited (formerly known as Goldman Sachs JBWere Managed Funds Limited).

DIRECTORS' REPORT (cont')

Matters subsequent to the end of the financial period (cont')

Except as disclosed in the financial report, the Directors are not aware of any other matters or circumstances that has arisen since 30 June 2010 and not otherwise dealt with in the report that have significantly, or may significantly affect:

(i) the operations of the Scheme in future financial periods, or
(ii) the results of those operations in future financial periods, or
(iii) the state of affairs of the Scheme in future financial periods.

Indemnification of Officers of the Responsible Entity and Auditors

During the financial period, the Responsible Entity paid a premium in respect of a contract insuring the directors of the Responsible Entity, the Responsible Entity secretary and all executive officers of the Responsible Entity against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of the insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity against a liability incurred as such an officer or auditor.

Scheme Information in the Financial Report

Fees paid to the Responsible Entity and its associates out of the Scheme property during the financial year are disclosed in the financial statements.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Likely Development and Expected Results of Operations

In the opinion of the Directors of the Responsible Entity, it would be prejudicial to the interests of the Scheme to provide information required by subsection 299(1)(e) of the Corporations Act 2001.

Environmental regulation

The Responsible Entity has assessed whether there are any particular or significant environmental regulations which apply to the Scheme and has determined that there are none.

Signed in accordance with a resolution of the directors of the Responsible Entity.

On behalf of the Directors

S C Fitzgerald

Date: 23 September 2010

Director
Goldman Sachs & Partners Australia Managed Funds Limited
ABN 63 005 885 567

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Auditor's Independence Declaration

As lead auditor for the audit of Portfolio Advantage for the year ended 30 June 2010, I declare that 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.

This declaration is in respect of Portfolio Advantage during the period.

JF Power
Partner
PricewaterhouseCoopers

Melbourne
23 September 2010

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PORTFOLIO ADVANTAGE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	30/06/10 $	30/06/09 $
Revenue from continuing operations	180,663	182,310
Expenses - fees	180,663	182,310
Income before income tax	0	0
Income tax expense	0	0
Net Income	0	0
Other comprehensive income	0	0
Total comprehensive income	0	0

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

PORTFOLIO ADVANTAGE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	30/06/10 $	30/06/09 $
Assets		
Receivables	0	0
Total Assets	0	0
Liabilities		
Payables	0	0
Total Liabilities	0	0
NET ASSETS	0	0
TOTAL EQUITY	0	0

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

PORTFOLIO ADVANTAGE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	30/06/10 $	30/06/09 $
Total equity at the beginning of the financial year	0	0
Profit for the year	0	0
Total recognised income and expense for the period	0	0
Transactions with equity holders in their capacity as equity holders	0	0
Total equity at the end of the financial year	0	0

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

PORTFOLIO ADVANTAGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	30/06/10 $	30/06/09 $
Cash flow from operating activities			
Fees received		180,663	182,310
Responsible entity fees paid		(180,663)	(182,310)
Net cash inflow / (outflow) from operating activities	7	0	0
Net cash increase / (decrease) in cash and cash equivalents		0	0
Cash and cash equivalents at the beginning of the financial period		0	0
Cash and cash equivalents at the end of the financial period		0	0

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

1. Summary of Significant Accounting Policies

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

The principal accounting policies adopted are stated to assist in a general understanding of these accounts.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standard, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Scheme, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(b) Income Tax

The Scheme is not liable for income tax.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue and expenses are recognised in the Statement of Comprehensive Income on an accrual basis of accounting.

(d) Cash and cash equivalents

For the purpose of the statement cash flows, cash includes cash on hand, deposits held at call with banks and authorised financial institutions and investments in money market instruments, all net of bank overdrafts.

(e) Receivables

Receivables include fee income and other amounts not received and are recognised initially at fair value. Fee income is recognised in accordance with the terms of the contract.

(f) Payables

These amounts represent liabilities for goods and services prior to the end of the period which remain unpaid. These amounts are unsecured.

2. Financial risk management

(a) Credit risk

The Scheme has no significant concentrations of credit risk. The Scheme has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Scheme has policies that limit the amount of credit exposure to any one financial institution.

(b) Market risk

Market risk is the risk that the value of the Scheme's investment portfolio will fluctuate as a result of changes in market prices. The risk is managed by ensuring that all activities are transacted in accordance with instructions, overall investment strategy and within approved limits.

(c) Liquidity risk

Liquidity risk is the risk that the scheme will be unable to meet current or future foreseeable cash or collateral requirements without affecting routine transactions and its financial position. Many failures of financial institutions have occurred in large part due to insufficient liquidity resulting from adverse circumstances.

The principle objective is to enable our core businesses to continue to generate revenues, even under adverse circumstances. Critical to meeting this objective are our policies and processes for managing liquidity risk.

3. Segment Information

The scheme operates solely in the industry of providing an investor directed portfolio service in Australia.

4. Related Party Transactions

The key management personnel of the Funds are the Responsible Entity (Goldman Sachs Managed Funds Limited) and its Directors as outlined below:

S C Fitzgerald
R E Male
G W McGregor
I R Ward-Ambler

All transactions with related parties are conducted on normal commercial terms and conditions.

Key management personnel unit holdings

The key management personnel of the Responsible Entity are not members of the scheme.

Key management personnel remuneration

Key management personnel are paid by the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include any amounts directly attributable to key management personnel remuneration.

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

5. Auditor's Remuneration

The Responsible Entity will pay PricewaterhouseCoopers an audit fee $10,036 (2009: $9,650) for the Scheme.

6. Commitments and Contingent Liabilities

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2010.

7. Reconciliations of profit to net cash inflow from operating activities

	30/06/10 $	30/06/09 $
Profit for the year	0	0
Changes in operating assets and liabilities	0	0
Net cash flow from operating activities	0	0

8. Events occurring after the balance sheet date

On 02 August 2010, as part of firm-wide rebranding process, the Responsible Entity has officially changed its legal entity name to Goldman Sachs & Partners Australia Managed Funds Limited (formerly known as Goldman Sachs JBWere Managed Funds Limited).

Except as disclosed in the financial report, no other matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

(i) the operations of the Scheme in future financial periods, or
(ii) the results of those operations in future financial periods, or
(iii) the state of affairs of the Scheme in future financial periods.

9. Capital Risk Management

The responsible entity, Goldman Sachs & Partners Australia Managed Funds Limited, actively monitors capital bases, as part of its general management of risks impacting the businesses it manages to ensure the existence of sufficient capital.

As the scheme does not have a capital base, there is no requirement to manage that risk.

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Directors' Declaration

In the Director's opinion:

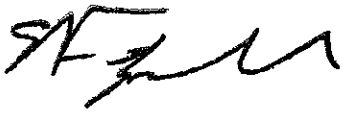
(a) the financial statements and notes set out on pages 4 to 10 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the scheme's financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the scheme will be able to pay its debts as and when they become due and payable.

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



S C Fitzgerald
Director
Goldman Sachs & Partners Australia Managed Funds Limited
ABN 63 005 885 567

Date: 23 September 2010

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Independent auditor's report to the members of Portfolio Advantage

Report on the financial report

We have audited the accompanying financial report of Portfolio Advantage (the registered scheme), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Goldman Sachs & Partners Australia Managed Funds Limited (formerly known as Goldman Sachs JBWere Managed Funds Limited) (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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Independent auditor's report to the members of Portfolio Advantage (continued)

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's opinion

In our opinion:

(a) the financial report of Portfolio Advantage is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the registered scheme's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the registered scheme's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

JF Power
Partner

Melbourne
23 September 2010