

Prime Rate Sterling Liquidity Fund

For professional investors

31st May 2009

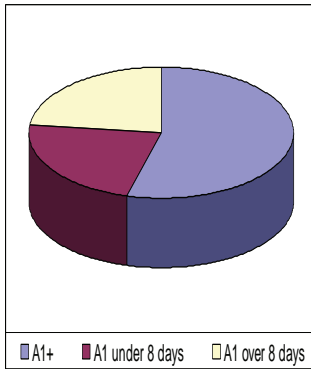
Standard & Poors

AAAm rated

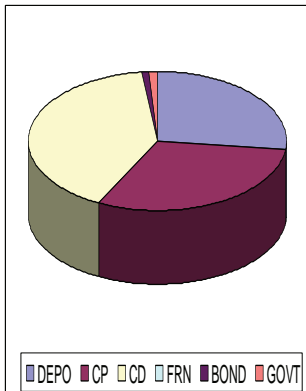
Fitch

AAA V1+

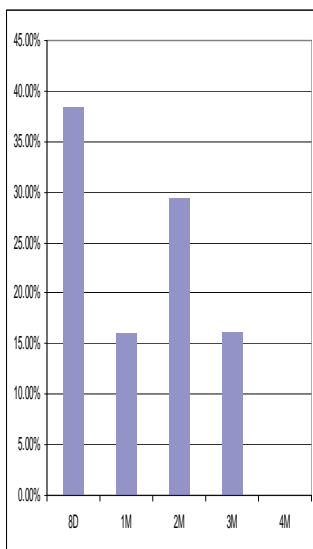
Credit Rating



Asset Type



Maturity Profile



Fund Objective

The investment objective of the fund is to maximise the current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high quality Sterling denominated short term debt and debt related instruments. The primary objective is to maintain the net asset value either constant at par (net of earnings) or at the value of the investors' initial capital plus earnings.

Investment Manager's Report

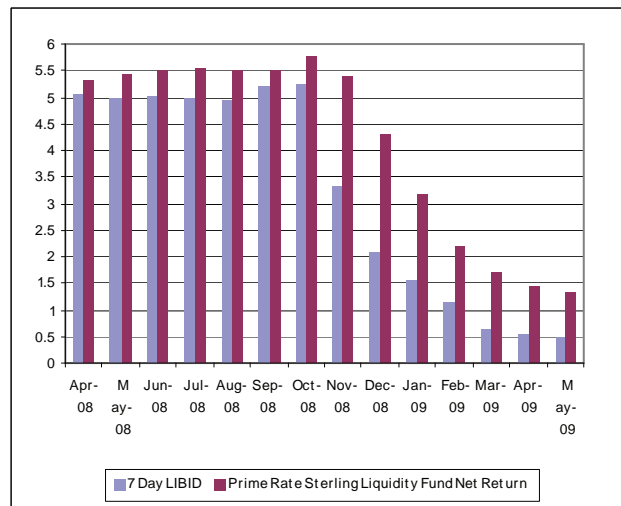
The green shoots of economic optimism have been seen mainly by estate agents who report a significant upturn in property sales including at the higher end of the market. Despite this inter-bank lending remains at severely reduced levels. However the build up of short term cash deposits in the coffers of the banks considered most credit-worthy or essential to the world's payments system, has seen a continued reduction in period LIBOR rates. This is due to the fact that cash rich banks are able to engage in longer term lending by using their 'cash bank', for which they are paying negligible rates to their clients.

On the other hand, those banks which are unable to access sufficient short dated deposits from their client base, are attempting to reduce their cash shortfalls by bidding for period deposits. This has meant that 'LIBOR' can be significantly different, perhaps by as much as 80 basis points, for banks which before the credit crunch would have been competing for deposits in liquid interbank market at rates which were normally within 5 basis points of one another.

While this situation continues, and there is little

evidence to suggest that it will soon be over, lower official LIBOR rates are possible, although the rates at which individual banks can attract funds will continue to diverge.

Your fund continues to concentrate on the credit quality and liquidity of the portfolio, while seeking to maximise returns by benefiting from the positive yield curve to invest in top quality names for up to 3 months.



Fund Details—annualised monthly returns (net)

Fund Return (May)	1.32%	WAM	31.41 days
Fund AER (May)	1.33%	Benchmark	7 day £ LIBID
Fund AEY (May)	1.33%		
7 Day LIBID (May)	0.48%		
Base Rate (May)	0.50%		

Sources: 7 Day LIBID: Bloomberg, Fund & Model Portfolio : Prime Rate Capital Management LLP

All returns are shown annualised on an actual/365 day count basis. Fund returns are net of fees and charges for share class 3.

Fund details

Domicile	UK
Structure	OEIC UCITS III
Inception Date	31st March 2008
Dealing Cut Off	1.30pm London time
Liquidity	Same day
Currency	GBP
CIO	Dennis Gepp
Portfolio Manager	Gary Skedje
Benchmark	7 day £ LIBID



Dennis Gepp (Chief Investment Officer) is a founding partner of PRCM. He was responsible for the management of treasury departments of UK and international banks from 1973 until he joined Prime Rate in 2007.



Gary Skedje (Portfolio Manager) joined PRCM in September 2007. He co-managed HSBC's AAA rated liquidity and enhanced cash funds from 2006 to 2007.

Prime Rate Capital Management LLP

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The Prime Rate Sterling Liquidity Fund is a sub fund of the umbrella fund, Prime Rate Cash Management Funds which is an OEIC governed by UK law and authorised by the FSA. Any investment in the funds is made subject to the terms of the Funds' Prospectus and relevant Simplified Prospectus, which are available from the Investment Manager, Prime Rate Capital Management LLP, One Vine Street, London W1J 0AH.

Portfolio Top 10 Holdings (excluding overnight deposits)

Totta Ireland plc	20-Aug-09	3.86%
Stadshypotek	21-Jul-09	3.62%
Nordea	24-Jul-09	3.62%
Pohjola Bank	05-Aug-09	3.62%
Foris Bank	19-Aug-09	3.62%
Generalitat Valenciana	16-Jun-09	3.38%
Banesto Finance	04-Jun-09	3.14%
Suncorp Metway (Govt G'tee)	07-Jul-09	3.14%
Calyon	01-Jun-09	2.41%
Societe Generale	04-Jun-09	2.41%

Share Class Details

Class	ISIN	SEDOL	Dividend	Management Fee	Minimum Initial Investment
3	GB00B2R5TF91	B2R5TF9	Distributing	10bps	£5,000,000

Prime Rate Capital Management LLP

Prime Rate Capital Management LLP is the first independent, specialist provider of AAA-rated liquidity funds, known as Qualifying Money Market Funds, serving the corporate and institutional market.

Prime Rate offers independent, specialist liquidity fund products on a wholesale, competitive basis for a variety of corporate and institutional investors, to distribute to their client base, often under a "white-labelling" arrangement, or to use in the management of their own liquidity.

Contact details

For a copy of the Prospectus, Simplified Prospectus, information on portfolio holdings or other matters, please contact us on (0)20 3206 7262, or e mail us on contact@prime-rate.co.uk.

Alternatively please see the information on our web site at www.prime-rate.co.uk

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