

Prime Rate Sterling Liquidity Fund

30 September 2009

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 6 months since March 2009 have proved much calmer than the preceding twelve months. The market continued to be heavily influenced by government action both in the markets through quantitative easing and through their shareholdings in major UK banks. The overwhelming theme has been very low cash rates which have focused investors minds on their cash balances.

The fund has continued to operate within very conservative limits. These include; no holdings in asset backed securities, and a maximum maturity limit of three months for issuers rated A-1+ (plus some strong A-1) and 1 month for issuers rated A-1. The fund continued to focus on liquidity and security, investing in top quality

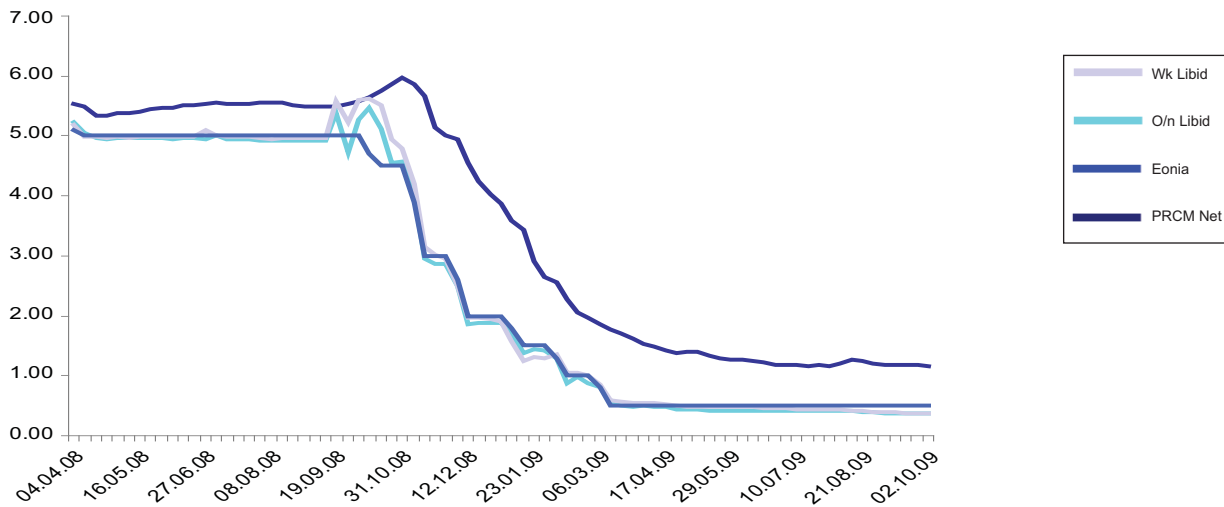
names for up to 3 months. At the end of September the fund's weighted average maturity was 18.27 days, with just over 50% of the fund maturing within 8 days.

Base rates remained at 0.5% throughout the period. LIBOR rates and day to day cash rates however continued to fall slightly throughout the period, with overnight LIBID and one week LIBID ending the period at 38 basis points. Term rates also fell, with the one month rate ending the period at 0.503% and three month rates ending at 0.54%. This was despite improving asset markets and housing figures. The IMF warned that the UK faced credit constraints caused by modest commercial bank lending and the need to fund UK government

debt. At the end of the period there still seemed to be little appetite to push up period interbank rates as banks used the refinancing provided by the central bank to obviate the need to bid up for funds in the marketplace.

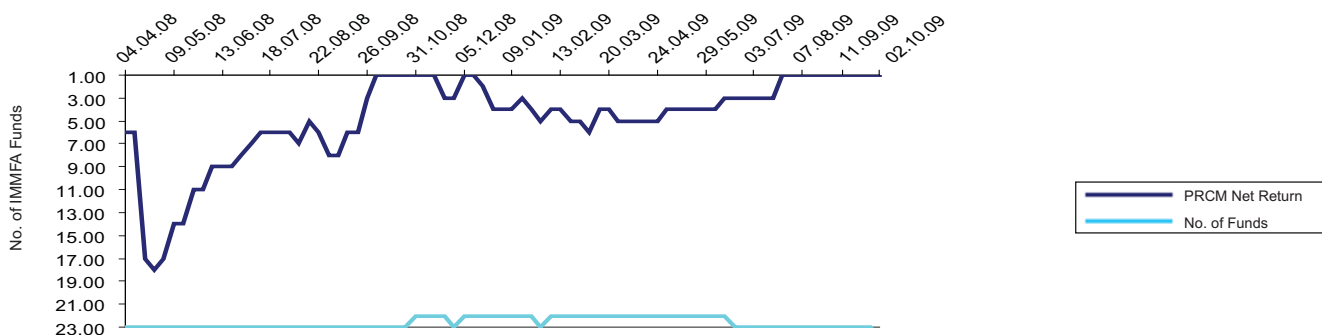
At the end of September 2009 the fund had assets of £557m with 123 investors, the largest of which was the Isle of Man feeder fund. The Isle of Man fund itself had 18 investors. Despite the fund's conservative investment criteria it maintained its strong performance with consistent top quartile performance against its peers. Performance is shown below both against money market rates and against the IMMFA fund universe.

Money Market and MMF Net Returns GBP



Sources: Prime Rate Capital Management LLP, Bloomberg Net returns are for Share Class 3

PRCM Ranking within IMMFA



Sources: Prime Rate Capital Management LLP, iMoneyNet

Fund Details

Domicile	UK
Structure	OEIC UCITS III
Dealing Cut Off	1.30pm London time
Liquidity	Same day
Currency	GBP
CIO	Dennis Gepp
Portfolio Mgr	Gary Skedge
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 Skedge
(Portfolio Manager) joined PRCM in September 2007. He co-managed HSBC's AAA rated liquidity and enhanced cash

funds from 2006 to 2007.

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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 as at 30 September 2009 % of Fund

Clydesdale Bank Call Account	7.95%
AIB Call Account	7.80%
Ulster Bank Call Account	7.54%
Bank of Ireland IOM Call Account	5.42%
Bank of Ireland IOM Call Account	4.26%
Stadshypotek Commercial Paper 26/11/2009	3.85%
Bank of Scotland Call Account	3.69%
Barclays Bank 1.2Y Certificate of Deposit 1/10/2009	3.59%
Cater Allen Call Account	3.59%
Pohjola Bank Commercial Paper 28/10/2009	3.59%

Fund Performance

Calendar year	Share class	Highest share price £	Lowest share price £	Net revenue per share £
2008	Share class 2 - income*	1.0000	1.0000	0.0410
2009	Share class 2 - income+	1.0000	1.0000	0.0125
2008	Share class 3 - income**	1.0000	1.0000	0.0351
2009	Share class 3 - income+	1.0000	1.0000	0.0120
2009	Share class 4 - income***	1.0000	1.0000	0.0089
2009	Share class 5 - income****	1.0000	1.0000	0.0027
2008	Share class 7 - income*****	1.0000	1.0000	0.0169
2009	Share class 7 - income+	1.0000	1.0000	0.0059
2009	Share class 8 - accumulation*****	1.0114	1.0000	0.0114
2008	Share class 9 - accumulation*****	1.0000	1.0000	0.0003
2009	Share class 9 - accumulation+	1.0110	1.0001	0.0105
2009	Share class 11 - accumulation*****	1.0017	1.0000	0.0017

* from 31 March 2008

** from 7 May 2008

*** from 6 February 2009 to 30 September 2009

**** from 3 July 2009 to 30 September 2009

***** from 1 September 2008

***** from 9 January 2009 to 30 September 2009

***** from 29 December 2008

***** from 13 July 2009 to 30 September 2009

+ to 30 September 2009

The sub fund accrues distributions on a daily basis and funds are paid out on a monthly basis on or about the first working day of the following month.

Total Expense Ratio

As at	Share class 2 - income*	Share class 3 - income	Share class 4 - income	Share class 5 - income	Share class 7 - income	Share class 8 - accumulation	Share class 9 - accumulation	Share class 11 - accumulation
31.03.2009	0.09%	0.14%	0.14%	-	0.34%	0.14%	0.34%	-
30.09.2009	0.06%	0.11%	0.16%	0.21%	0.31%	0.11%	0.31%	0.51%

* Investment may only be made into Share class 2 - income when specifically offered by Prime Rate Capital Management LLP.

Portfolio Turnover

	Six months to 30.09.2009	Year to 31.03.2009
Total purchases for the period	£1,562,105,193	£1,666,720,220
Total maturities and sales for the period	£1,338,487,769	£681,233,895
Portfolio Turnover Rate	416%	1,015%

The Portfolio Turnover Rate (PTR) gives an indication of how much the Fund's investments have changed during the relevant period.

Contact Details

For a copy of the Prospectus, Simplified Prospectus, information on portfolio holdings, copies of the long form reports 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.prim-rate.co.uk

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