

# Prime Rate Sterling Liquidity Fund

31 March 2011

## 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

Despite periodic suggestions that inflationary pressures would lead to an increase in official rates, base rate remained unchanged at 0.5% throughout the year. However 3 month LIBOR increased from its low of 0.647% pa on 1 April 2010 to a high of 0.818% pa on 31 March 2011. On the other hand, the one week LIBID increased over the same period from 0.414% to 0.465% pa. The MPC stoically maintained the status quo, despite a string of letters to the exchequer. The General Election in May saw the first peace time coalition for many years as the Liberal Democrats joined the Conservatives and embarked on a package of austerity measures designed to expedite a return to a robust economy.

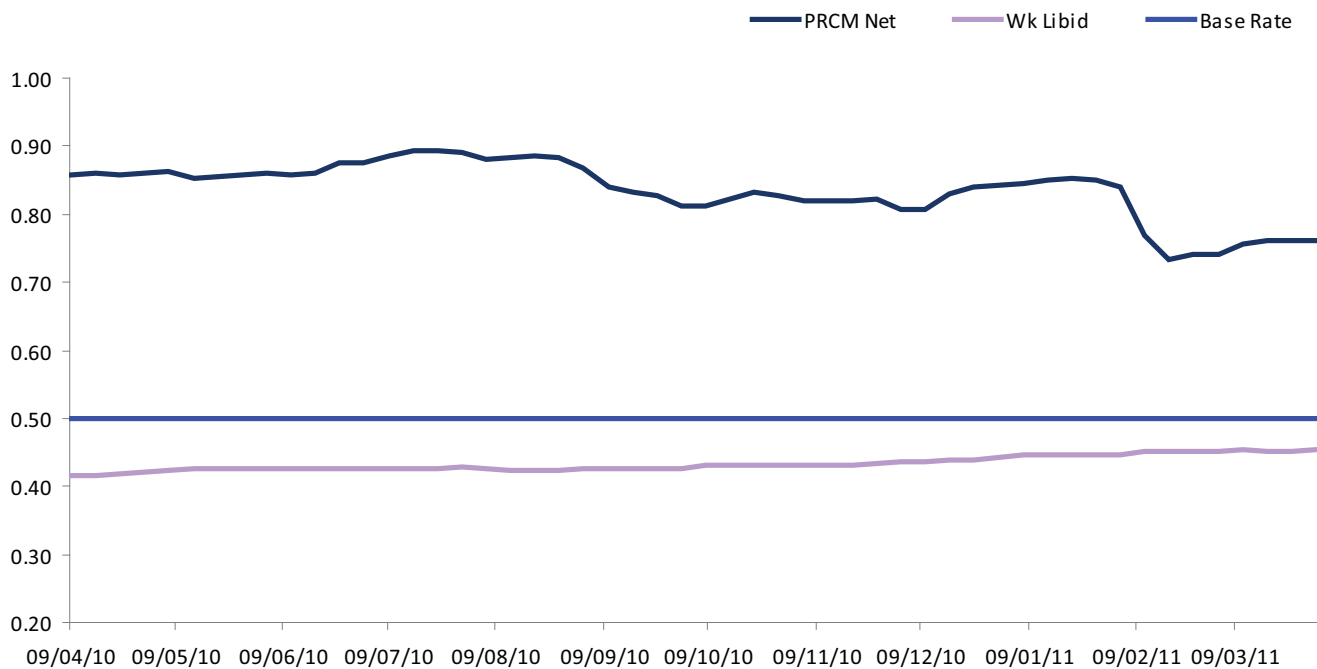
At the end of March 2011 the fund's weighted average maturity was 31.08 days, with around 43% of the fund maturing within 8 days. It held assets in excess of £1.75bn with 490 accounts. Despite the fund's conservative investment criteria it maintained its strong performance and in fact was the top performing IMMFA fund throughout the year.

Prime Rate was delighted that the Sterling fund won the following awards for the year to December 2010 in the i-money net awards.

- Top Manager Award (of 18) for highest gross return for 2010 for GBP funds over £1bn

- Prime Rate Sterling Liquidity Fund/Class 3 was also presented with an Award (of 50) for the Highest Net Return for 2010.

## Money Market and MMF Net Returns GBP



## Fund Details

<b>Domicile</b>	UK
<b>Structure</b>	OEIC UCITS III
<b>Dealing Cut Off</b>	1.30pm London time
<b>Liquidity</b>	Same day
<b>Currency</b>	GBP
<b>CIO</b>	Dennis Gepp
<b>Portfolio Mgr</b>	Gary Skedge
<b>Benchmark</b>	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 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 as at 31 March 2011 % of Fund

Lloyds call account*	9.48%
Royal Bank of Scotland Commercial Paper 31/12/2010	8.59%
KBC Bank call account*	4.83%
Alliance & Leicester call account*	4.79%
Barclays call account	4.09%
Cater Allen call account*	3.36%
Rabobank 5% Floating Rate Notes 25/6/2011	2.90%
BNP 0.75% Certificate of Deposit 20/6/2011	2.85%
LBK Baden-Wurt Commercial Paper 10/6/2011	2.56%
NRW Bank Commercial Paper 9/5/2011	2.56%

## Fund Performance

Calendar year	Share class	Highest share price £	Lowest share price £	Net revenue per share £
2011	Share class 2 - income†	1.0000	1.0000	0.0021
2010	Share class 2 - income	1.0000	1.0000	0.0090
2009	Share class 2 - income*	1.0000	1.0000	0.0152
2011	Share class 3 - income†	1.0000	1.0000	0.0019
2010	Share class 3 - income	1.0000	1.0000	0.0087
2009	Share class 3 - income	1.0000	1.0000	0.0145
2008	Share class 3 - income**	1.0000	1.0000	0.0351
2011	Share class 4 - income†	1.0000	1.0000	0.0018
2010	Share class 4 - income	1.0000	1.0000	0.0081
2009	Share class 4 - income***	1.0000	1.0000	0.0115
2011	Share class 5 - income†	1.0000	1.0000	0.0017
2010	Share class 5 - income	1.0000	1.0000	0.0075
2009	Share class 5 - income****	1.0000	1.0000	0.0049
2011	Share class 7 - income†	1.0000	1.0000	0.0015
2010	Share class 7 - income	1.0000	1.0000	0.0060
2009	Share class 7 - income	1.0000	1.0000	0.0079
2008	Share class 7 - income*****	1.0001	1.0000	0.0169
2011	Share class 8 - accumulation†	1.0247	1.0227	0.0020
2010	Share class 8 - accumulation	1.0227	1.0140	0.0087
2009	Share class 8 - accumulation*****	1.0141	1.0000	0.0139
2011	Share class 9 - accumulation†	1.0213	1.0198	0.0015
2010	Share class 9 - accumulation	1.0198	1.0131	0.0066
2009	Share class 9 - accumulation	1.0131	1.0004	0.0126
2008	Share class 9 - accumulation*****	1.0003	1.0000	0.0003
2011	Share class 11 - accumulation†	1.0089	1.0079	0.0010
2010	Share class 11 - accumulation	1.0079	1.0033	0.0047
2009	Share class 11 - accumulation*****	1.0033	1.0000	0.0033

\* from 31 March 2008      \*\*\*\*\* from 9 January 2009  
 \*\* from 7 May 2008      \*\*\*\*\* from 29 December 2008  
 \*\*\* from 6 February 2009      \*\*\*\*\* from 13 July 2009  
 \*\*\*\* from 3 July 2009      † to 31 March 2011  
 \*\*\*\*\* from 1 September 2008

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
31.03.2011	0.05%	0.10%	0.15%	0.21%	0.30%	0.10%	0.30%	0.50%
31.03.2010	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.

## 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](mailto:contact@prime-rate.co.uk).

Alternatively please see the information on our web site at [www.prime-rate.co.uk](http://www.prime-rate.co.uk)

\* The long form report and accounts are available free of charge per COLL 4.5.14

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