

# Prime Rate US Dollar 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 Dollar 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

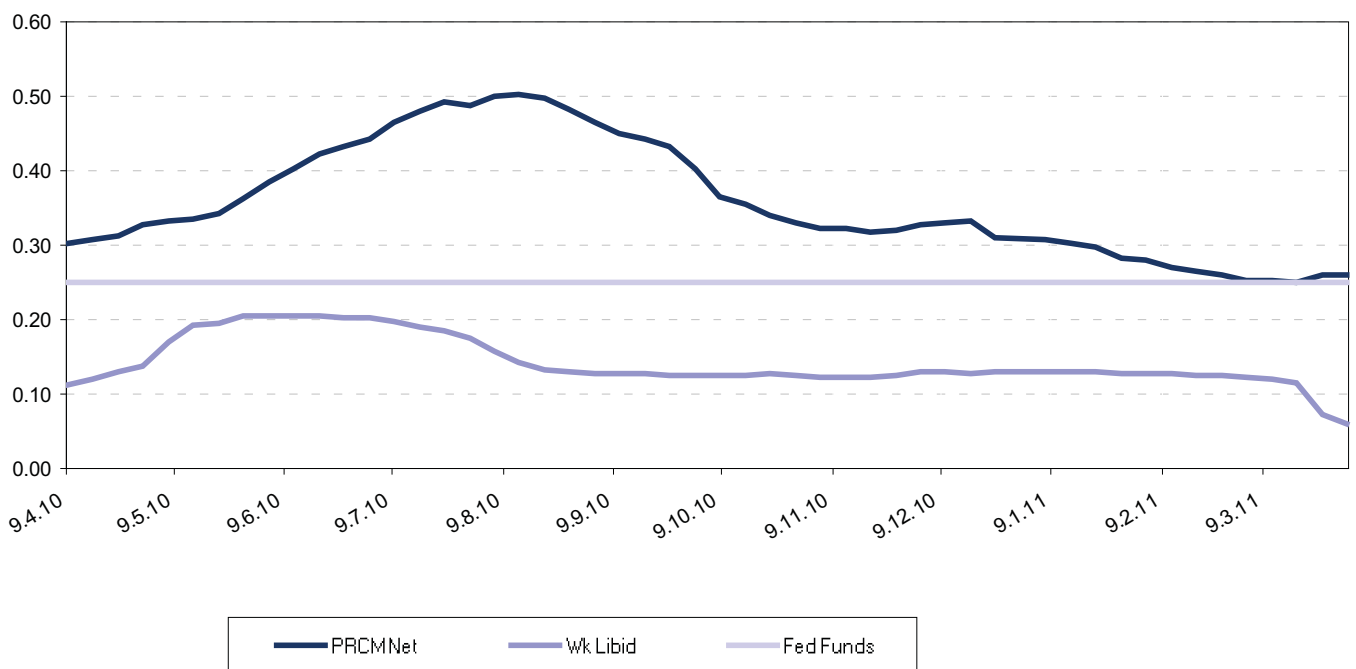
In the USA as well, low official interest rates remained unchanged throughout the year. But unlike its European peers, US rates show no signs of increasing in the foreseeable future. However, whilst 3 month LIBID began and ended the year April 2010 to March 2011 around 0.18% pa, it actually reached a high of 0.414%pa in mid June 2010. This pattern was repeated in other periods, with 1 week LIBID opening and closing around 0.10% pa, but dealing at 0.21% pa in late May 2010.

However, this can be explained mainly not by any belief that rates were likely to rise, but by arbitrage opportunities which gave global investors opportunities to borrow US Dollars to swap into their local currencies at cheaper rates than were available to them domestically.

The fund continued to focus on liquidity and security, investing in top quality names for up to 3 months. At the end of March 2011 the fund's weighted average maturity was 31.89 days, with 35% of the fund maturing within 8 days.

At the end of March 2011 the fund had assets of US\$372m. Despite the fund's conservative investment criteria it maintained its strong performance with consistent top decile performance against its peers.

## Money Market and MMF Net Returns USD



## Fund Details

<b>Domicile</b>	UK
<b>Structure</b>	OEIC UCITS III
<b>Dealing Cut Off</b>	3.00pm London time
<b>Liquidity</b>	Same day
<b>Currency</b>	US Dollar
<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 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 US Dollar 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

Barclays call account*	9.53%
Lloyds Bank call account*	7.73%
KBC Bank call account*	4.87%
Banque Generale du Luxembourg commercial paper 10/6/2011	4.16%
Credit Agricole commercial paper 26/4/2011	4.03%
Shizuoka 0.33% certificate of deposit 18/5/2011	4.03%
Aviva commercial paper 25/5/2011	3.76%
FMS Wertmanagement commercial paper 14/6/2011	3.50%
ABN AMRO commercial paper 19/4/2011	3.23%
Société Générale certificate of deposit 12/4/2011	3.23%

## 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	0.0008
2010	Share class 2 - income	1.0000	1.0000	0.0041
2009	Share class 2 - income	1.0000	1.0000	0.0106
2008	Share class 2 - income*	1.0000	1.0000	0.0137
2011	Share class 3 - income†	1.0000	1.0000	0.0007
2010	Share class 3 - income	1.0000	1.0000	0.0038
2009	Share class 3 - income	1.0000	1.0000	0.0096
2008	Share class 3 - income**	1.0000	1.0000	0.0121
2011	Share class 4 - income†	1.0000	1.0000	0.0006
2010	Share class 4 - income	1.0000	1.0000	0.0032
2009	Share class 4 - income***	1.0000	1.0000	0.0059
2011	Share class 8 - accumulation†	1.0049	1.0042	0.0007
2010	Share class 8 - accumulation	1.0042	1.0005	0.0038
2009	Share class 8 - accumulation****	1.0005	1.0000	0.0005

\* from 4 August 2008  
\*\* from 18 August 2008  
\*\*\* from 19 March 2009  
\*\*\*\* from 13 November 2009  
† to 31 March 2011

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 8 - accumulation
31.03.2011	0.07%	0.12%	0.17%	0.12%
31.03.2010	0.06%	0.11%	0.16%	0.11%

The total expense ratio is the annualised ratio of the share classes' total operating cost for the period to their average daily net asset value.  
\*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.prim-rate.co.uk](http://www.prim-rate.co.uk)

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

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