

Prime Rate US Dollar Liquidity Fund

30 September 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

When the FOMC announce that US rates will not increase for 2 years, the expectation is that circumstances needed to re-stimulate the US economy are some way away. Yet in a world where the USA can see its rating reduced by Standard and Poor's, such pronouncements do not preclude the market from pushing interbank rates up. As such 3 month LIBOR, which started the period at 0.30%, fell back to just 0.245% in mid June, increased from then on to a high of 0.375% by the 30th September.

The increase in LIBOR rates can partially be attributed to the action of US Money Market Funds which withdrew significant amounts

from Eurozone banks by the expedient of not renewing maturities, with the resulting cash being reinvested in US Treasuries and agencies. The switch over was considerably less appreciable in Europe, although a move from Eurozone banks to Sovereigns quasi-sovereigns and supra nationals was the norm.

The affect on the PRCM USD liquidity fund has been an increase in securities issued by higher rated entities, but accompanied by further increases in fund yield.

The fund continued to focus on liquidity and security, investing in top quality names for up to 4 months.

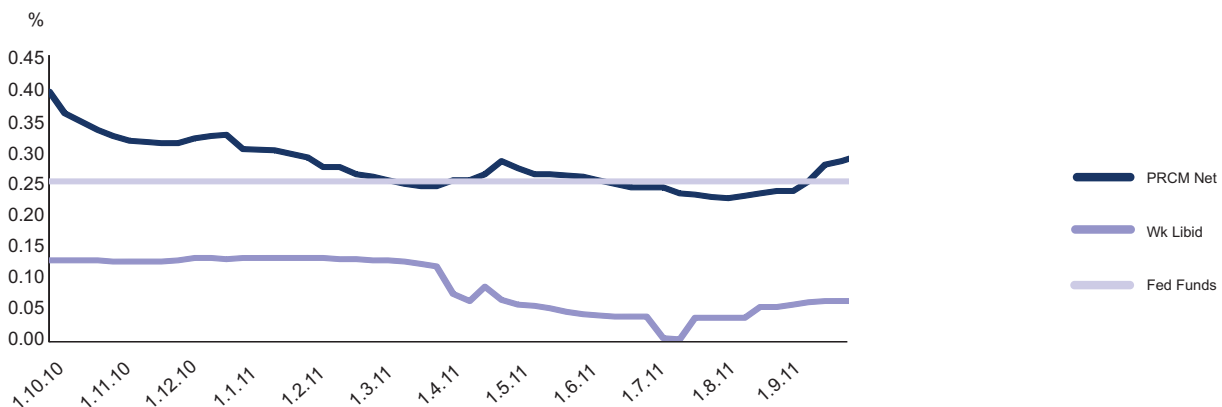
At the end of September the fund's weighted average maturity was 33.41 days, with just over 40% of the fund maturing within 8 days.

At the end of September 2011 the fund had assets of US\$335m with 61 investors, including the Isle of Man feeder fund with 16% of the fund. The Isle of Man fund itself had 35 investors. Despite the fund's conservative investment criteria it maintained its strong performance with consistent top decile performance against its peers. Performance is shown below both against money market rates and against the IMMFA fund universe.

US Dollar Liquidity Fund

	September 2011	2011 YTD	2010	2009
Prime Rate Yield	0.30	0.27	0.37	1.00
IMMFA Average Yield	0.09	0.12	0.18	0.47
Position v Peer Group	1	1	2	2
Peer Group Universe	21	20	22	21

Money Market and MMF Net Returns USD



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

Fund Details

Domicile	UK
Structure	OEIC UCITS III
Dealing Cut Off	3.00pm London time
Liquidity	Same day
Currency	US Dollar
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 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 30 September 2011 % of Fund

Lloyds USD call account	9.23%
Barclays USD call account	9.18%
Wells Fargo call account	5.91%
KBC Bank call account	4.78%
Nederlandse Waterschapsbank Commercial Paper 3/11/2011	4.18%
FMS Wertmanagement Commercial Paper 28/11/2011	4.03%
Bank Nederlandse Commercial Paper 7/11/2011	4.02%
Nationwide International call account	3.93%
L'Agence Centrale Commercial Paper 25/11/2011	3.88%
ABN Amro Certificate of Deposit 16/11/2011	3.59%

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	0.0024
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	0.0020
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	0.0018
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†	1.0062	1.0042	0.0020
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 30 September 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
30.09.2011	0.06%	0.11%	0.16%	0.11%
31.03.2011	0.07%	0.12%	0.17%	0.12%

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.
Alternatively please see the information on our web site at 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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