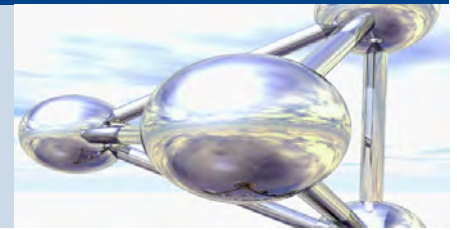


# PRIME RATE CLOSED END STERLING CASH FUND

A SEGREGATED ACCOUNT OF MATRIX STRUCTURED PRODUCTS



## Fund Performance

Prime Rate Closed End Sterling Cash Fund invests all of its assets, other than a small amount of cash, in the Class 8 Accumulation Shares of the Prime Rate Sterling Liquidity Fund. This Fund is managed by Prime Rate Capital Management LLP and was launched in March 2008.

## Monthly Details - Annualised Returns (net of fees)

Fund Return ( May ) Institutional Shares	5.38%	WAM	27.82 days
Fund Return (May) Retail Shares	5.28%	Benchmark	7 day £ LIBID
Base Rate (May)	5.00%	Standard & Poors Rating	AAA m rated
		Fitch	AAA V1+

**Source:** Prime Rate Capital Management LLP

## Investment Manager's Report

The MPC's decision to leave rates unchanged appeared to have been justified by the release of CPI at 3%, even though record highs in inflation in the energy and food sector may require a second letter in as many years from Mervyn King to the Chancellor!

Libor levels remained high as the three month rate increased to +85 basis points over a UK base rate of 5%. The lack of liquidity is taking its effect on the domestic market with mortgage approvals down 39% year on year and the Nationwide Building Society showing house prices falling at the fastest rate since 1991.

Although the IMF has urged central banks to start increasing official rates to ward off inflation, the Bank of England is aware both of lower production and retail sales and of rising unemployment, even though these are outside the MPC's remit. The market is no longer forecasting steep falls in rates and September short sterling contracts fell 65 points in May to a level of 5.97% suggesting the possibility of a base rate rise in the Autumn.

We continue to invest in quality issues and are targeting a WAM of 35 days. We are investing up to a maximum of 3 month maturities whilst continuing to avoid investing in asset backed securities.

**Source:** Prime Rate Capital Management LLP

## Portfolio Top 10 Holdings (excluding overnight deposits)

Clydesdale Bank	06/06/2008	4.21%
Swiss RE	30/06/2008	3.56%
Lloyds TSB	02/06/2008	3.53%
Abu Dhabi Comm Bank	02/06/2008	3.51%
Kookmin Bank	02/06/2008	3.51%
Dexia FP	29/08/2008	3.48%
Bank of Scotland	23/06/2008	3.35%
Barclays Bank	02/07/2008	3.20%
Abbey National	18/07/2008	3.19%
Nordea Bank	14/08/2008	3.17%

## Fund Objective

The investment objective of the Prime Rate Sterling Liquidity Fund in which the Closed End Fund invests 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.

## Information

Launch Date	1st July 2008
Minimum Inv	£50,000
Dealing	Monthly (Daily through a broker)
Domicile	Bermuda
Listed	Channel Islands
Initial Charge -	0%
Annual Charge - Retail	0.25%*
Annual Charge - Institutional	0.15%

\*Includes adviser trail commission.

## ISIN Numbers

Retail	To be announced
Institutional	To be announced

## Investment Manager

Prime Rate Capital Management LLP

## Prices Available at

[www.matrixgroup.co.uk/prices](http://www.matrixgroup.co.uk/prices)

## Brokerline

Matrix Sales and Prices 020 3206 7222

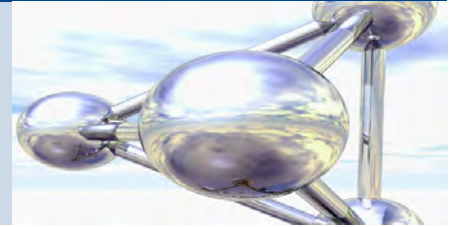
## Key Benefits

- Gains subject to Capital Gains Tax for UK Investors
- Monthly subscriptions at Net Asset Value
- Monthly matched bargain service, to match subscriptions and redemptions
- Facility for Investors to apply to the Company to repurchase their Shares for cancellation.
- Daily dealing facility may be available through a stockbroker
- No double charging of investment managers fees at the Prime Rate Sterling Liquidity Fund level.

MATRIX

# PRIME RATE CLOSED END STERLING CASH FUND

A SEGREGATED ACCOUNT OF MATRIX STRUCTURED PRODUCTS



## Share Price History

Published on our website

[www.matrixgroup.co.uk/investment\\_management/funds\\_of\\_hedge\\_funds/historic\\_prices\\_and\\_statistics](http://www.matrixgroup.co.uk/investment_management/funds_of_hedge_funds/historic_prices_and_statistics)

## Dealing Timetable for July / August 2008

For 1st July 2008 investments, completed application forms (located at the back of the Prospectus) and cleared monies to be received by the Administrator no later than: **27 June 2008**

For redemptions made via the matched bargain service, "Share Repurchase Forms", available from the Administrator, must be received by the Administrator no later than: **Not applicable**

Administrator issues Contract Notes for new subscriptions to investors which confirm the number of shares purchased. **2nd July 2008**

For 1st August 2008 investments, completed application forms (located at the back of the Prospectus) and cleared monies to be received by the Administrator no later than **29 July 2008**

*If subscribing by cheque, please ensure applications are received by the Administrator at least five working days prior to these deadlines*

## Important Notice

Issued by Matrix Money Management Limited, of One Vine Street, London, W1J 0AH, authorised and regulated by the Financial Services Authority number 190673. This product is an unregulated collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the Act). UK investors should be aware that the product is not covered by the Financial Services Compensation Scheme and the protections provided by the UK regulatory system will not apply. This document may only be issued in the United Kingdom to persons who are authorised to carry on investment business under the Act and to persons to whom Shares are permitted to be promoted in accordance with the Financial Services (Promotion of Unregulated Schemes) Regulations in 1991 as from time to time amended. Past performance is not a guide to future performance. The value of investments and income from them can go down as well as up and investors may not get back the amount originally invested. No representation or warranty stated or implied is made or given by any person as to the accuracy or completeness of the information contained in this document and no responsibility or liability is accepted for any such information or opinion. There is no guarantee that the secondary market will be liquid and that it will be possible to sell shares or the price at which a market will be made in the Shares. Accordingly the dealing price of the Shares may not necessarily reflect changes in the Net Asset Value per Share.

## SIPPs

Prime Rate Closed End Sterling Cash Fund is suitable for SIPP (Self Invested Pension Plan) investment. Listed below are just some of the providers who have confirmed that it can be held through their products, subject in some cases to certain criteria having been met.

## SIPP Providers

A J Bell  
Arbutnot  
Brewin Nominees  
Dentons Pension Management Ltd  
EBS Management plc  
Hornbuckle Mitchell  
IPM Personal Pension Trustees Ltd  
James Brearley  
James Hay Pensioner Trustees Ltd  
Killik & Co  
MC Trustees Ltd  
Michael J Field  
Nigel Sloam & Co  
PAL Trustees  
Pantheon  
Pointon York  
PPM Trustees Ltd  
Scottish Equitable  
Skandia  
SIPP Centre  
Suffolk Life Annuities  
Winterthur Trustees Ltd  
Wolanski & Co Trustees Ltd

## Wrap Providers

7 Investment Management  
Abbey  
Ascentric (Funds Direct)  
Transact

## UCITS / NURs Approved

## Registrars / Nominees:

RBC  
HSBC  
Capita  
Northern  
WAY Fund Managers  
Bank of New York  
State Street Nominees  
Pershing  
OMX  
Walpole St Andrew

## For Further Information:

### Matrix Money Management

phone: 020 7206 7222  
fax: 020 7206 7018  
email: [sales@matrixgroup.co.uk](mailto:sales@matrixgroup.co.uk)

## Shareholding & Application queries:

### Citi Fund Services

phone: ++353 (1) 637 6324  
fax: ++353 (1) 240 1607  
email: [matrix.funds@bisys.com](mailto:matrix.funds@bisys.com)