

PRIME RATE US DOLLAR LIQUIDITY FUND

FOR PROFESSIONAL INVESTORS ONLY

MONTHLY UPDATE DECEMBER 2011

Standard & Poors AAAm rated 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 US 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

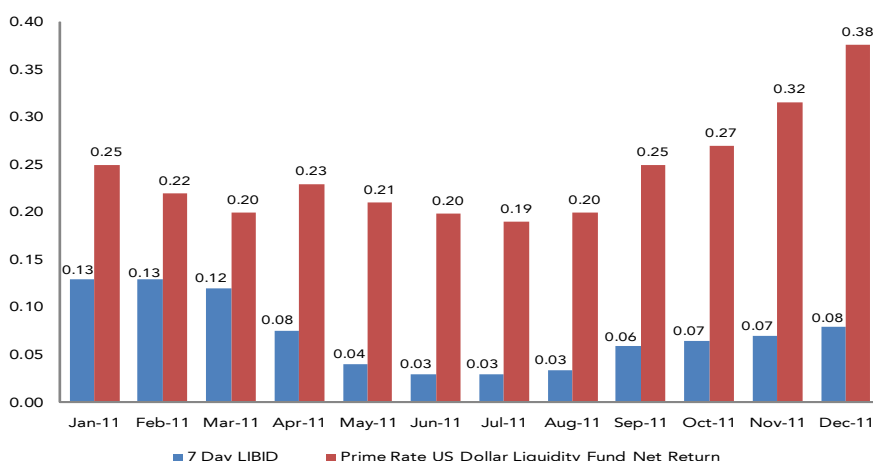
With Europe in the spotlight for some time now, the US have carried on with their QE2 programme and steadily market perception seems to have tentatively brought the US back into favour. With slow take-up of Euro-based Sovereign issuance, investors seem to be taking solace in US banks (having little direct exposure to the most distressed European countries) and US Treasuries are seen at present as a favourable, albeit low yielding (6mth Treasuries currently offered at 0.05%) option.

Reported year end statistics seem to be backing up the more positive market sentiment on the US. The latest unemployment rate fell to its lowest level for 2.5 years at the end of November (at 8.6%), and consumer confidence rose to 58.6% in December from 56% in November (which was the highest level since July 2011). The most recent positive news from the US was manufacturing activity, which hit a 6-month high during December at 53.9%, up from 52.7% (any value above 50, is viewed as expansion within a sector).

The last Federal Open Market Committee ("FOMC") meeting in December left base rates unchanged, as expected. The FOMC recognises that the US economy has been expanding moderately and will ease off any further measures for the time being to kick start the economy. Bernanke has stood firm over Europe, telling Congress that the Fed will not be a party to any bail out and potential contagion spreading to the US economy remains a risk factor.

US Dollar LIBOR rates continued to tick up throughout the month with the 3 month rate at the close of 2011 increasing to 58bps compared to the previous month end level of 52bps. Despite the offer of three-month tenders of US Dollar liquidity to the market until further notice (from the beginning of December), we continue to take advantage of higher issuance levels in the market and remain a top decile performer.

ANNUALISED MONTHLY RETURNS



FUND DETAILS

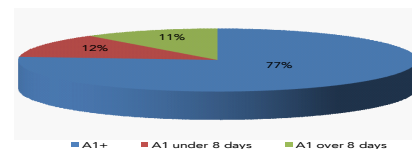
Annualised Monthly Returns (Net) - DECEMBER 2011

Fund Return	0.38	Fed Fund	0.25
1 Yr Rolling Return	0.24	WAM	25.92
7 Day LIBID	0.08	Benchmark	7 day US\$ LIBID

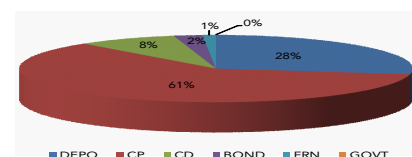
Sources: 7 Day LIBID: Bloomberg. Fund: Prime Rate Capital Management LLP. Fund returns are shown annualised on an actual/365 day count basis. They are net of fees and charges for share class 4. US\$ LIBID and Fed Funds are shown annualised on an actual/360 day count basis.

Fitch AAAMmf rated

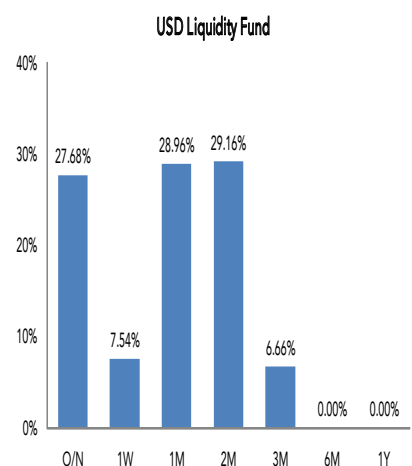
CREDIT RATING SHORT TERM S&P



ASSET TYPE



MATURITY PROFILE



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CAPITAL MANAGEMENT

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TOP 10 PORTFOLIO HOLDINGS (excluding overnight deposits)

ISSUER	MATURITY	% HOLDING
FMS Wertmanagement	28 Feb 12	4.20%
RBS NV	23 Feb 12	4.20%
Caisse d'Amortissement	23 Feb 12	4.20%
NRW Bank	15 Feb 12	3.85%
Nationwide BS	08 Feb 12	3.51%
Erste Abwicklungsanstalt	06 Jan 12	3.50%
DBS	09 Jan 12	3.50%
SNCF	23 Jan 12	3.50%
BCEE Luxembourg	29 Feb 12	3.50%
L-Bank BW Foerderbank	24 Jan 12	3.50%

SHARE CLASS DETAILS

Class	ISIN	SEDOL	Dividend	Management Fee	Min Initial Investment
4	GB00B2R5TQ07	B2R5TQ0	Distributing	15 bps	\$5,000,000

PRIME RATE CAPITAL MANAGEMENT LLP

Prime Rate Capital Management LLP is the first independent, specialist provider of AAA-rated liquidity funds, known as Qualifying Money Market Funds, serving the corporate and institutional market. Prime Rate offers independent, specialist liquidity fund products on a wholesale, competitive basis for a variety of corporate and institutional investors, to distribute to their client base, often under a 'whitelabelling' arrangement, or to use in the management of their own liquidity. Federated Investors, Inc agreed to purchase Prime Rate in December 2011.

CONTACT DETAILS

For a copy of the Prospectus, Simplified Prospectus, information on portfolio holdings or other matters, please contact us on (0)20 3206 7262, or email us on contact@prime-rate.co.uk. Alternatively please see the information on our website at www.prime-rate.co.uk

DISCLAIMER

This document is issued by Prime Rate Capital Management LLP of One Vine Street, London, W1J 0AH, a limited liability partnership registered in England OC327292 which is authorised and regulated by the Financial Services Authority with FSA reference number 469674. Past performance is no guarantee of future performance and the value of investments and income from them may fall as well as rise and investors may not get back the amount originally invested. Tax assumptions are subject to statutory change and the value of tax reliefs will depend on individual circumstances. This material is not to be regarded as an offer or invitation to buy or sell an investment in the Prime Rate Cash Management Fund nor does it solicit any such offer or invitation. Applications to invest must only be made on the basis of the offer document relating to the investment, which is only available to Eligible Counterparties and Professional Clients.

FUND INFORMATION

Domicile	UK
Structure	OEIC UCITS III
Inception Date	04 August 2008
Dealing Cut Off	3.00pm London time
Liquidity	Same Day
Currency	USD
CIO	Dennis Gepp
Portfolio Manager	Gary Skedge
Benchmark	7 day US\$ 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 SENIOR PORTFOLIO MANAGER



Joined PRCM in September 2007. He co-managed HSBC's AAA rated liquidity and enhanced cash funds from 2006 to 2007.

FURTHER INFORMATION

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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.

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