

FEDERATED PRIME RATE STERLING LIQUIDITY FUND - Class 11 Shares

FOR PROFESSIONAL INVESTORS ONLY

MONTHLY UPDATE OCTOBER 2012

Standard & Poor's AAAm rated

Fitch AAAmf rated

FUND OBJECTIVE

The investment objective of the Fund is to maximise 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

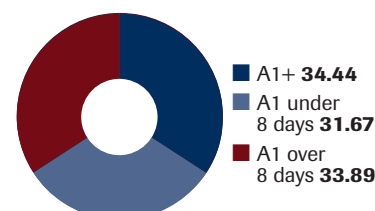
A flood of good figures for the UK economy for the month of October puts the MPC committee in a difficult position for November's rate-setting meeting. As the latest round of quantitative easing matures, the minutes from October's meeting showed some division on future policy. Although unanimous agreement was reached on the present asset purchase scheme, further programmes could hinder overall recovery.

UK GDP for the third quarter beat economist's expectations of 0.60% with a reading of 1.00%. Obviously, abnormal factors were included in this with the London Olympics adding 0.20% to the total. Despite this, it was still the biggest quarterly rise since 2007. The unemployment rate also fell to 7.90% (from 8.10%) with employment growing by 212,000 compared to the previous three months (again with the Olympics effect). UK retail sales also rose for September to 0.60%.

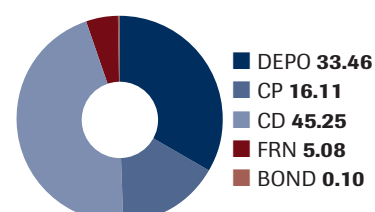
On the downside, despite UK inflation hitting year-on-year 2.20 %, real time earnings are still suffering, especially with power companies implementing higher prices. UK housing prices are still falling (outside London) with Nationwide reporting an 11.00% fall from the height of the boom in housing prices.

Wholesale prices on banking debt and corporate issue continued to decline together with £ Libor rates, with the six months declining from 0.83% to 0.71% and three months from 0.59% to 0.53%.

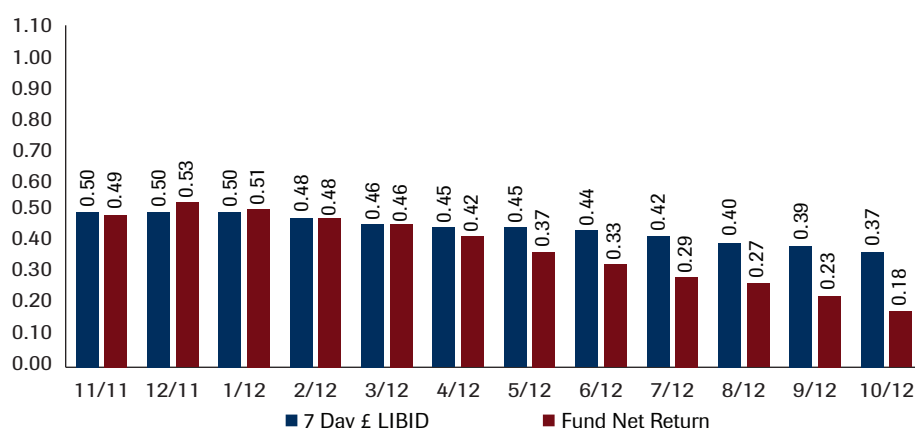
CREDIT RATING (%) SHORT TERM S&P



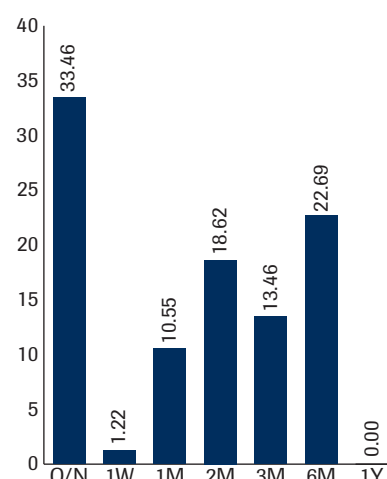
ASSET TYPE (%)



ANNUALISED MONTHLY RETURNS (%)



MATURITY PROFILE (%)



FUND DETAILS

Annualised Monthly Returns (Net)			
Fund Return	0.18	Base Rate	0.50
1 Yr Rolling Return	0.39	WAM	47.39
7 Day £ LIBID	0.37	Benchmark	7 Day £ LIBID

Sources: 7 Day £ LIBID: Bloomberg. Fund: Federated Prime Rate Capital Management LLP. All returns are shown annualised on an actual/365 day count basis. Fund returns are net of fees and charges for share class 11.

IMMFA
INSTITUTIONAL MONEY MARKET FUNDS ASSOCIATION

MONTHLY UPDATE OCTOBER 2012

Federated

PRIME RATE
CAPITAL MANAGEMENT

FEDERATED PRIME RATE STERLING LIQUIDITY FUND - Class 11 Shares

FOR PROFESSIONAL INVESTORS ONLY

MONTHLY UPDATE OCTOBER 2012

Standard & Poor's AAAm rated

Fitch AAAMmf rated

TOP 10 PORTFOLIO HOLDINGS (excluding overnight deposits)

ISSUER	MATURITY	% HOLDING
Rabobank Nederland NV	14-Dec-12	4.19
Deutsche Bank AG	12-Feb-13	3.99
Erste Abwicklungsanstalt	27-Mar-13	3.18
DZ Bank AG Deutsche Zentral-Genossenschaftsbank (London)	19-Feb-13	2.98
Caisse des Depots	13-Nov-12	2.78
Mizuho Corporate Bank Ltd.	28-Jan-13	2.59
Mizuho Corporate Bank Ltd.	3-Dec-12	2.39
Societe Generale SA	15-Nov-12	2.27
Sumitomo Mitsui Banking Corp. (smbcep)	10-Dec-12	2.19
FMS Wertmanagement	25-Mar-13	2.19

SHARE CLASS DETAILS

Class	ISIN	SEDOL	Dividend	Management Fee	Min Initial Investment
11	GB00B3K45854	B3K4585	Accumulating	50bps	£250,000

FEDERATED PRIME RATE CAPITAL MANAGEMENT LLP

Prime Rate Capital Management LLP was established in 2007 as an independent, UK-domiciled specialist provider of AAA-rated liquidity funds, known as Qualifying Money Market Funds, serving the corporate and institutional market. On 13 April 2012, Federated Investors, Inc., one of the largest investment managers in the United States, acquired the firm, which will now operate as Federated Prime Rate Capital Management LLP. Federated Prime Rate Capital Management will continue to offer liquidity fund products on a wholesale, competitive basis for a variety of corporate and institutional investors, to distribute to their client base or use in the management of their own liquidity.

CONTACT DETAILS

For a copy of the Prospectus, Key Investor Information Document, information on portfolio holdings or other matters, please contact us on +44 (0) 20 7618 2600, or email us on info@prime-rate.co.uk. Alternatively please see the information on our website at prime-rate.co.uk.

DISCLAIMER

This document is issued by Federated Prime Rate Capital Management LLP of Liberty House, 222 Regent Street, London, W1B 5TR, 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 (yield) from them may fall as well as rise and investors may not get back the amount originally invested. Although the fund will attempt to maintain a stable net asset value per share, there is no assurance it will be able to do so. Shares of money market funds are not bank deposits and are not guaranteed by any government agency or other entity. For detailed information on the specific risks of investment, please refer to the fund's prospectus. Tax assumptions are subject to statutory change and the value of tax reliefs will depend on individual circumstances. Portfolio holdings are as of the date indicated, are subject to change, are not indicative of future holdings, and should not be viewed as a recommendation, investment advice or suitability of any investment. Fund credit ratings are based on an evaluation of several factors, including credit quality, diversification, and maturity of assets in the portfolio, as well as management strength and operational capabilities. Ratings of funds and their portfolio holdings are subject to change and do not remove market risks. 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.

G44548-18 (11/12)

FUND INFORMATION

Domicile	UK
Structure	OEIC UCITS IV
Launch Date	13 July 2009
Dealing Cut Off	1.30pm London time
Liquidity	Same Day
Currency	GBP
CIO, Cash	Dennis Gepp
Portfolio Manager	Gary Skedge
Benchmark	7 Day £ LIBID
Fund Volume	£2,488.9 m

DENNIS GEPP CHIEF INVESTMENT OFFICER, CASH



Gepp was responsible for the management of treasury departments of UK and international banks from 1973 until becoming a founding member of PRCM in 2007. He joined Federated in 2012.

GARY SKEDGE SENIOR PORTFOLIO MANAGER



Skedge co-managed HSBC's AAA rated liquidity and enhanced cash funds from 2006 to 2007, when he joined PRCM in September 2007. He joined Federated in 2012.

FURTHER INFORMATION

Federated Prime Rate
Capital Management LLP

Liberty House, 222 Regent Street
London, W1B 5TR

Phone +44 (0) 20 7618 2600

Fax +44 (0) 20 7618 2629

Email info@prime-rate.co.uk

Website prime-rate.co.uk

The Federated Prime Rate Sterling Liquidity Fund is a sub fund of the umbrella fund, Federated 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 Key Investor Information Document, which are available in English free of charge from the Investment Manager, Federated Prime Rate Capital Management LLP, Liberty House, 222 Regent Street, London, W1B 5TR.

MONTHLY UPDATE OCTOBER 2012