

FEDERATED SHORT-TERM STERLING PRIME FUND

Class 11 Shares

Standard & Poor's AAAM rated • Fitch AAAMmf rated • Moody's Aaa-mf rated

Monthly Update December 2014

FUND OBJECTIVE

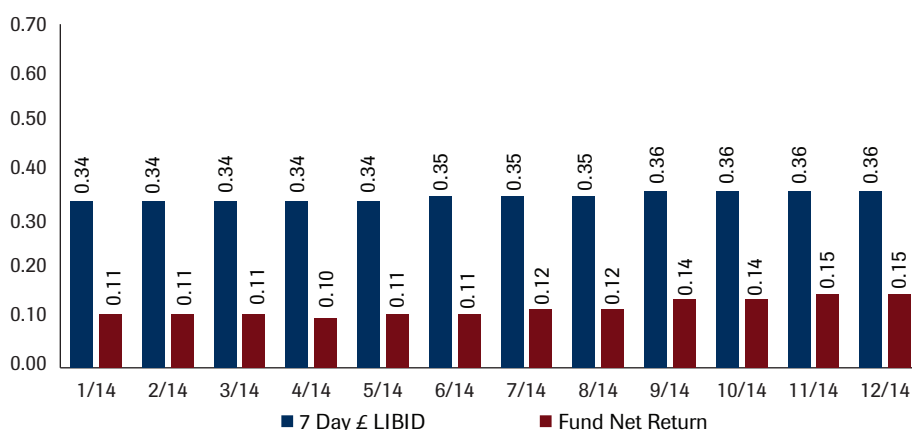
The Fund aims to provide capital stability and income through investment in short-term fixed income and variable rate securities. The Fund will invest in high quality, liquid securities from both within and outside the UK, aiming to achieve capital preservation with money market returns. The Fund is a European Securities and Market Authority ("ESMA") Short-Term Money Market Fund.

INVESTMENT MANAGER'S REPORT

The Bank of England left official rates unchanged again at 0.50%, with the same 7-2 vote in favour at the latest Monetary Policy Committee meeting. This followed another soft inflation figure. November's reading came in at a 12-year low, with CPI slowing to 1% from a previous 1.30%. The main components were the ongoing easing in motor-fuel prices with year-on-year prices falling 5.90%. Food prices also fell down 1.70%, and those of miscellaneous goods declined -0.80%, with the prospect of further falls remaining. Crude oil is trading below \$50 a barrel and food prices showed no signs of bottoming out. Inflation forecasts continue to be cut with the possibility of a low of 0.60% CPI on the horizon. This is obviously good news for the consumer, and with average earnings increasing 1.60% in October, real-time earnings should continue to increase. Forecasters returned their rate-hike target to the first quarter of 2016 on the prospects of easing inflation levels.

Weaker-than-forecasted industrial and manufacturing figures for October have since been followed by lower PMI figures into construction and service sectors. Although these remain significantly above 50.0, the 55.8 PMI service figure for December was below the 58.6 reading of November. This could result in a negative growth figure of -0.20% for the fourth quarter of 2014. Indeed, official growth figures showed that Chancellor Osborne's 3.00% annual target will likely be cut, as third-quarter figures coming in at 2.60% and 0.70% for annual and quarterly readings, respectively.

ANNUALISED MONTHLY RETURNS (%)



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.

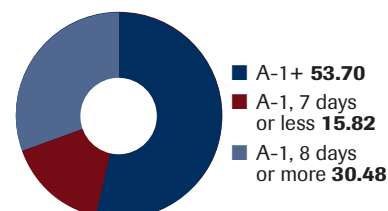
FUND DETAILS

Annualised Monthly Returns (Net)			
Fund Return	0.15	Base Rate	0.50
1 Yr Rolling Return	0.10	WAM	53.83
7 Day £ LIBID	0.36	Benchmark	7 Day £ LIBID

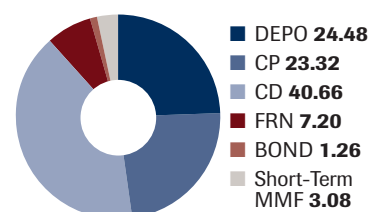
Sources: 7 Day £ LIBID: Bloomberg. Fund: Federated Investors (UK) LLP.
All returns are shown annualised on an actual/365 day count basis.
Fund returns are net of fees and charges for share class 2.

For Professional Investors Only.

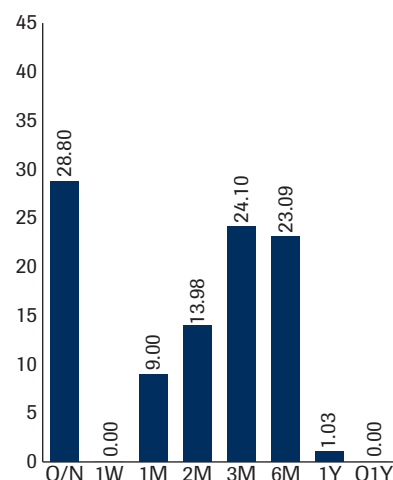
CREDIT RATING (%) SHORT-TERM S&P



ASSET TYPE (%)



MATURITY PROFILE (%)



Federated®

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TOP 10 PORTFOLIO HOLDINGS (excluding overnight deposits)

ISSUER	MATURITY	% HOLDING
Bank Nederlandse Gemeenten	20-Apr-15	3.38
Sumitomo Mitsui Banking Corp.	16-Jan-15	3.08
ING Bank N.V.	2-Feb-15	2.46
DZ Bank AG Deutsche Zentral-Genossenschaftsbank	2-Feb-15	2.46
BNP Paribas SA	12-Mar-15	2.16
DZ Bank AG Deutsche Zentral-Genossenschaftsbank	1-Apr-15	2.16
Svenska Handelsbanken, Stockholm	31-Mar-15	2.16
Credit Agricole Corporate and Investment Bank	10-Feb-15	2.16
Nordea Bank AB	9-Feb-15	2.16
DNB Bank ASA	4-Mar-15	2.15

SHARE CLASS DETAILS

Class	ISIN	SEDOL	Dividend	Ongoing Charges	Min Initial Investment
11	GB00B3K45854	B3K4585	Accumulating	40bps	£250,000

The ongoing charges figure is based on the annual management charge and the running costs for the Fund for the 12 month period ending 28 July 2014. It excludes portfolio transaction costs. The ongoing charge figure may vary from year to year.

FEDERATED INVESTORS (UK) LLP

Federated Investors (UK) LLP offers 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. Originally established in 2007 under the name Prime Rate Capital Management LLP, as an independent, UK-domiciled specialist provider of AAA-rated liquidity funds (known as Qualifying Money Market Funds), it was acquired on 13 April 2012 by Federated Investors, Inc., one of the largest investment managers in the U.S. On 23 September 2013 it was renamed Federated Investors (UK) LLP.

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@FederatedInvestors.co.uk. Alternatively please see the information on our website at FederatedInvestors.co.uk.

IMPORTANT INFORMATION

This document is issued by Federated Investors (UK) 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 Conduct Authority with FCA 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 (1/15)

FUND INFORMATION

Domicile	UK
Structure	OEIC UCITS
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	£1624.3 m

DENNIS GEPP

Chief Investment Officer, Cash



Dennis Gepp joined the company in 2007 from Brown Shipley & Co Ltd, where he was Treasurer since 1992. During the previous 19 years he held senior positions in the Treasury departments of four other International Investment Banks. He was on the Board of IMMFA from 2011-2014 and has been a member of IMMFA's investment committee since 2007.

GARY SKEDGE

Senior Portfolio Manager



Gary Skedge joined the company in 2007 from HSBC Investments, where he co-managed their AAA-rated funds. He has 24 years experience of the banking and investment management sector.

FURTHER INFORMATION

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The Federated Short-Term Sterling Prime Fund is a sub fund of the umbrella fund, Federated Cash Management Funds which is an OEIC governed by UK law and authorised by the FCA. 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 Investors (UK) LLP, Liberty House, 222 Regent Street, London, W1B 5TR.



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