Henderson
GLOBAL INVESTORS

ANNUAL SHORT REPORT

For the year ended
31 December 2013

Henderson Money Market Unit Trust

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Short Report
For the year ended 31 December 2013

Fund Manager

Angus Teatherton

Investment objective and policy

To aim to achieve a high level of return in line with money market rates, with a high degree of capital security.

The Fund will invest principally in short term deposits and other money market instruments.

Risk and reward profile

The Fund currently has 1 type of unit class in issue. Accumulation units. The risk and reward profile is as follows:

Typically Lower potential risk/reward — Typically Higher potential risk/reward

Lower Risk — Higher Risk

1	2	3	4	5	6	7

The Synthetic Risk and Reward Indicator (SRRI) is calculated based on historical volatility over a rolling 5 year period, it is reviewed monthly and updated if volatility has changed materially to cause a movement in the SRRI level. The SRRI is an indicator and may not accurately reflect future volatility and market conditions.

The value of an investment in the Fund can go up or down. When you sell your units, they may be worth less than you paid for them.

The risk/reward rating above is based on medium-term volatility. In the future, the Fund's actual volatility could be higher or lower and its rated risk/reward level could change.

The lowest category does not mean risk free.

The Fund's risk level reflects the following:

- As a category, bank deposits and money market instruments are less volatile than shares;
- Fluctuations in exchange rates may cause the value of your investment to rise or fall.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events which could amplify everyday risk and trigger other risks such as:

Counterparty risk The Fund could lose money if an entity with which it interacts becomes unwilling or unable to meet its obligations to the Fund.

Focus risk The Fund's value may fall where it has concentrated exposure to an issuer or type of security that is heavily affected by an adverse event.

Liquidity risk Certain securities could become hard to value or sell at a desired time and price.

Management risk Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

The full list of the Fund's risks are contained in the "Risk Factors" section of the Fund's prospectus.

Fund Manager's commentary

Highlights

- The UK base rate remained unchanged at 0.50% throughout the period.
- The Bank of England (BoE) maintained its asset-purchase programme at £375bn.
- The UK government lost its coveted AAA credit rating when both Fitch and Moody's cut their ratings by one notch.
- The UK economic outlook continues to improve, and inflation has finally begun to fall, although it still remains above target.
- Mark Carney began his tenure as the governor of the BoE.

Market review

UK economic data for the start of the year was disappointing, with weaker-than-forecast figures across most sectors; this prompted three members of the Bank of England (BoE)'s Monetary Policy Committee (MPC), including the then governor, Mervyn King, to vote for an increase in the asset purchase programme. As the year progressed, the economic outlook slowly began to improve: so much so that at the press conference for his final inflation report Mr King was able to deliver a cautiously optimistic assessment of the economy. For the first time since the financial crisis hit, the MPC revised up its gross domestic product (GDP) forecast and lowered its inflation forecast.

In his first inflation report, new governor Mark Carney outlined the BoE's new forward guidance on monetary policy. The MPC has committed not to raise the bank rate until the unemployment rate has fallen to 7%, subject to three provisos, or 'knock-outs', concerning both price and financial stability. The governor emphasised that 7% unemployment is not a target but more of a 'way station' that would prompt the MPC to reconsider monetary policy; its predictions were for the unemployment rate to meet its target in around three years' time. By the publication of the November inflation report, the BoE had revised up its growth forecasts to 1.6% for 2013 and to 2.8% for 2014. Of greater importance was that the MPC brought forward its projection of the unemployment rate falling to 7% by a year, to the third quarter of 2015. Mr Carney was at pains to emphasise, however, that this was not a commitment to raise the bank rate, but that when the jobless rate reached this target, the MPC would evaluate the appropriateness of its policy stance.

European markets started the year in buoyant mood, but suffered a major setback after the Cypriot bailout programme was announced; the fallout from this fiasco prompted the European Central Bank (ECB) to cut rates. Towards the end of the year, weakening inflation in the European Union prompted the ECB to cut rates again. This meant that the refinance rate ended the year at 0.25%, with the marginal-lending-facility rate at 0.75%, while the deposit-facility rate remained unchanged at zero.

Against a background of improving economic data, the US Federal Reserve (Fed) began to discuss the timing of a possible reduction (tapering) in its monthly asset-purchase programme. Initially, the market expected tapering to be announced after the Federal Open Market Committee (FOMC) meeting in September. Faced with the problems of the US budget negotiations and weaker economic numbers, however, the Fed surprised investors by leaving the rate of bond-buying unchanged. The Fed eventually announced a reduction in the asset-purchase programme after December's FOMC meeting, again catching the market off guard.

Fund activity

Sterling Libor rates continued to drift lower in the first half of the year, eventually stopping in May; during that month, it became noticeable that banks were being forced to pay a higher rate to attract deposits. The Fund took advantage of this by increasing its weighted asset maturity. As the year progressed, the improving UK economic outlook prompted the money markets to price in an interest-rate rise almost two years earlier than the BoE had indicated; this caused several members of the MPC to point out that the economic outlook remained uncertain and could not be relied on to produce a sustained cyclical upswing. With this uncertainty in the money markets, the Fund adopted a slightly more defensive posture and took the opportunity to improve its credit profile.

Outlook

The adoption of forward guidance by the BoE has coincided with an improvement in the UK's economic outlook, making the bank's initial unemployment target and predictions look precarious. Recent comments by members of the MPC have made it clear that they intend to keep rates unchanged for several years, however. It is therefore quite likely that the money markets will continue to push for higher rates sooner than the BoE would like. This means that we could see a period of volatility, especially if the economy continues to improve.

Performance summary

	31 Dec 12 - 31 Dec 13 %	31 Dec 11 - 31 Dec 12 %	31 Dec 10 - 31 Dec 11 %	31 Dec 09 - 31 Dec 10 %	31 Dec 08 - 31 Dec 09 %
Henderson Money Market Unit Trust	0.2	0.6	0.4	0.4	1.2
MStar Money Market Sector	0.2	0.5	0.0	0.3	1.0

Source : Morningstar - mid to mid, net revenue reinvested net of fees, GBP.

Please remember that past performance is not a guide to future performance. The value of an investment and the revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Summary of Fund performance

Unit class	Net asset value* 2013 p	Net asset value* 2012 p	Net asset value % change
Accumulation	144.20	143.94	0.18

*The net asset value is calculated as at close of business on the last business day of the accounting period. The investments are valued at fair value which is generally deemed to be the bid market price.

Net revenue distribution

Unit class	2013 p	2012 p
Accumulation units	0.36	0.72

Total interest distributions for the period ended 31 December 2013, comparison is for the same period last year.

Fund facts

Accounting dates	Payment dates
30 June, 31 December	31 August, last day of February

Ongoing charge figure

	2013 %	2012 %
Accumulation units	0.32*	0.33

The annualised ongoing charge figure (OCF) of the Fund is the ratio of the total ongoing charges to the average net asset value for twelve months.

The OCF is calculated in accordance with guidelines issued by the Committee of European Securities Regulators (CESR).

From 10 August 2013 the General Administration Charge (GAC) decreased:
* from 0.06% to 0.045%.

Performance record

Calendar year	Net revenue (pence per unit)	Highest price (pence per unit)	Lowest price (pence per unit)
Accumulation units			
2009	1.83	142.05	140.37
2010	1.03	142.50	142.10
2011	0.44	143.12	142.50
2012	0.76	143.94	143.13
2013	0.54	144.21+	143.94+
2014	0.14*	-	-

* to 28 February 2014
\+ to 31 December 2013

Past performance is not a guide to future performance.

Major holdings

as at 2013	%
Barclays Bank 0.9% 27/01/2014	4.95
Australia and New Zealand Bank 0.5% 22/04/2014	4.25
Nationwide Building Society 0.52% 23/01/2014	4.24
Crédit Agricole	3.60
Deutsche Bank 0.805% 14/04/2014	3.54
Riyad Bank	3.54
ABN Amro Bank 0.63% 07/04/2014	2.83
Commerzbank 0.65% 27/02/2014	2.83
National Australia Bank 0.52% 17/04/2014	2.83
Standard Chartered Bank 0.6% 16/04/2014	2.83

Major holdings

as at 2012	%
Santander UK Call	7.43
Riyad Bank	5.26
Barclays Bank 1.5% 21/05/2013	3.96
HSBC Bank 1.25% 25/04/2013	3.96
Rabobank Nederland 1.4% 15/05/2013	3.96
Clydesdale Bank 1% 25/02/2013	3.95
Standard Chartered Bank 0.9% 25/01/2013	3.94
UBS 0.55% 04/02/2013	3.94
DNB Norbank 0.57% 24/01/2013	3.29
Skandinaviska Enskilda Banken 1.28% 01/08/2013	2.64

Asset allocation

as at 2013	%
Certificates of deposits	92.33
Sterling cash deposits	7.21
Net other assets	0.46
Total	**100.00**

Asset allocation

as at 2012	%
Certificates of deposits	86.45
Sterling cash deposits	12.69
Net other assets	0.86
Total	**100.00**

Report and accounts

This document is a short report of the Henderson Money Market Unit Trust for the year ended 31 December 2013.

Copies of the annual and half yearly long form report and financial statements of this Fund are available on our website www.henderson.com or contact investor services on the telephone number provided.

Other information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the year it covers and the results of those activities at the end of the year.

Risk warning

Please remember that past performance is not a guide to future performance. The value of an investment and the revenue from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Issued by:
Henderson Investment Funds Limited
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Member of the IMA and authorised and regulated by the Financial Conduct Authority.
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Changes of address - regulatory requirements

FCA regulation requires us to send this report mailing to the address held on file on the accounting date of 31 December 2013. If you have confirmed a change of address with us since that date we will ensure all future correspondence will be sent to your new address.

Online valuations

You can value your Henderson Money Market Unit Trust at any time by logging on to www.henderson.com. Select 'Personal Investor' and then access 'Valuations' from the Tools Menu. Simply select the fund you hold and enter the appropriate number of shares.

Any questions?

Further information about the activities and performance of the fund for this and previous periods can be obtained from the Investment Manager. If you have any questions please call our Client Services Team on 0800 832 832 or email support@henderson.com.

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