

Henderson

Money Market

Unit Trust

Short Report

for the six months ended 30 June 2013

Henderson Money Market Unit Trust

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for the period ended 30 June 2013

Fund Manager

Angus Teatherton

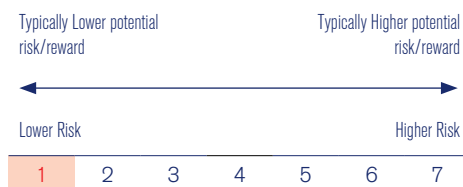
Investment objective and policy

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 unit class - accumulation. The risk and reward profile of the unit class is as follows:



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.

Manager's commentary

Highlights

- UK Bank rate remained unchanged at 0.50% throughout the period.
- Whilst improving, the UK economic outlook remained 'patchy'; however, inflation remained stubbornly above target.
- The UK government lost its coveted AAA credit rating when both Fitch and Moody's rating agencies cut their rating by one notch.

Market review

Although the FTSE had its best start to the year since 1989, UK economic data for the start of the year was disappointing, with weaker than forecast figures across most sectors. Whilst several members of the Bank of England's (BoE) Monetary Policy Committee (MPC) continued to debate the effectiveness of the asset purchase programme

(often known as quantitative easing or QE), the minutes of the February MPC meeting revealed that Mervyn King and Paul Fisher had joined David Miles in voting an additional £25bn of QE. King's vote was slightly surprising especially as he had earlier stated "there are limits to what can be achieved via general monetary stimulus".

At his final inflation report press conference in May, Mervyn King was able to deliver a cautiously optimistic assessment of the economy. For the first time since the financial crisis hit, the MPC had revised up its gross domestic product (GDP) forecast and lowered its inflation forecast. As if to back this up, the final reading of first quarter GDP was confirmed at 0.30%, slightly better than had been originally expected; however, revisions to past data indicated that the UK did not experience a recession at any time during 2012.

European markets had been buoyant at the beginning of the year with southern European bond yields falling to their lowest levels for almost a year (as prices increased). However, they suffered a major setback after details of the Cypriot bailout were announced. The one-off tax on all Cypriot depositors (including guaranteed deposits) was rejected by the Cypriot parliament who instead decided to restructure the banking system, introduce a haircut on all deposits over €100,000 and apply strict capital controls. To compound matters, the Dutch finance minister and chairman of the Eurogroup indicated that the model used to recapitalise the Cypriot banks could be replicated elsewhere; the European Central Bank (ECB) expressed disagreement with this, stating that Cyprus was a unique case.

At their meeting in May the ECB cut the refinancing rate by 0.25% to 0.50%, and the marginal lending rate by 0.50% to 1.00%, although the deposit rate was kept at zero; this action was widely expected and had very little impact on the market. Of greater significance was the market's reaction to a

subtle change in Federal Reserve (Fed) chairman Bernanke's responses in his Q&A session before the Congressional Joint Economic Committee, where he appeared to raise the possibility of the Fed tapering their asset purchase scheme. The fallout was exacerbated when the minutes of the June Federal Open Market Committee (FOMC) were not as dovish as had been expected, thus causing stock markets to sell-off further and bond yields to rise significantly; this was despite the fact that various members of the FOMC tried to calm the markets by stating that this action was very much data dependant.

Fund activity

Sterling Libor rates continued to drift lower over the review period, however, by May, rates appeared to have found a short-term base; at this time it became noticeable that banks were being forced to pay a higher rate to attract deposits. The Fund took advantage of this fact to increase its weighted asset maturity (WAM) and at the same time take the opportunity to improve the Fund's overall credit profile. The Fund has significantly reduced its exposure to Santander UK, after they amended the terms of the call account and lowered the interest rate that they were willing to pay.

Outlook

The arrival of Mark Carney as the new governor of the Bank of England has prompted a great deal of debate about whether the BoE will embark on further monetary easing. Mr Carney's view is that monetary policy is not "maxed out", and the support he expressed for Japan's new QE programme implies that he is likely to push for the committee to take fresh action to boost demand. Currently the MPC is split 6-3 against increasing QE, with the new governor in the minority. Unless economic recovery falters, it may be difficult for him to convince the majority of the MPC members, especially as several of them have questioned the effectiveness for further QE.

Discrete annual performance

	1 Jul 12- 30 Jun 13 %	1 Jul 11- 30 Jun 12 %	1 Jul 10- 30 Jun 11 %	1 Jul 09- 30 Jun 10 %	1 Jul 08- 30 Jun 09 %
Henderson Money Market Unit Trust	0.4	0.5	0.4	0.5	2.7
MStar Money Market Sector	0.2	0.2	0.3	1.2	0.3

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	144.08	143.94	0.10

*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.

Performance record

Calendar year	Net revenue (pence per unit)	Highest price (pence per unit)	Lowest price (pence per unit)
Accumulation units			
2008	5.35	140.35	135.04
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*	144.08+	143.94+

+ to 30 June

* to 30 August

Net revenue distribution

Unit class	2013 p	2012 p
Accumulation	0.22	0.40

Total interest distribution for the period ended 30 June 2013, comparison for the same period last year.

Fund facts

Accounting dates

30 June, 31 December

Payment dates

31 August, last day in February

Ongoing charge figure

	30/06/13	31/12/12
	%	%
Accumulation units	0.32	0.33

The ongoing charge figure (OCF) of the Fund is the ratio of the total annualised ongoing charges to the average net asset value for twelve months. The calculation is in accordance with guidelines issued by the Committee of European Securities Regulators (CESR) with the aim of ensuring a harmonised approach to the calculation of the OCF by all UCITS.

Past performance is not a guide to future performance.

Major holdings

as at 30/06/13	%
Barclays Bank 0.9% 27/01/2014	4.61
Credit Industriel 0.55% 15/10/2013	3.95
Commerzbank 0.54% 21/08/2013	3.95
Deutsche Bank 0.805% 14/04/2014	3.29
Riyad Bank	3.28
Standard Chartered Bank 0.9% 17/10/2013	2.63
Credit Suisse 0.75% 21/11/2013	2.63
Credit Agricole 0.64% 17/12/2013	2.63
Skandinaviska Enskilda Banken 1.28% 01/08/2013	2.63
Svenska Handelsbanken 1% 12/08/2013	2.63

Asset allocation

as at 30/06/13	%
Certificates of deposits	91.52
Sterling cash deposits	7.49
Net other assets	0.99
Total	100.00

Major holdings

as at 31/12/12	%
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 1.40% 15/03/2013	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 31/12/12	%
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 period ended 30 June 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 client services on the telephone number provided.

Issued by:

Henderson Investment Funds Limited
Registered office:
201 Bishopsgate,
London EC2M 3AE
Member of the IMA and authorised and regulated
by the Financial Conduct Authority.
Registered in England No 2678531

Trustee

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135 Bishopsgate
London EC2M 3UR

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 income 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.

Independent Auditor

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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 30 June 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.

Important Information

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Unless otherwise stated, all data is sourced by Henderson Global Investors.

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