Henderson Global Investors

Henderson Liquid Assets Fund

Questions & Answers

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Why should you invest in the Henderson Liquid Assets Fund?

The Henderson Liquid Assets Fund is a pure cash fund that aims to provide an attractive rate of return by investing in short-term deposits, certificates of deposit and other money market instruments which are easily converted into cash.

The fund is made up of a diverse set of investments, with over 40 different banks and building societies, including names such as Barclays, RBS, ING and Nationwide.

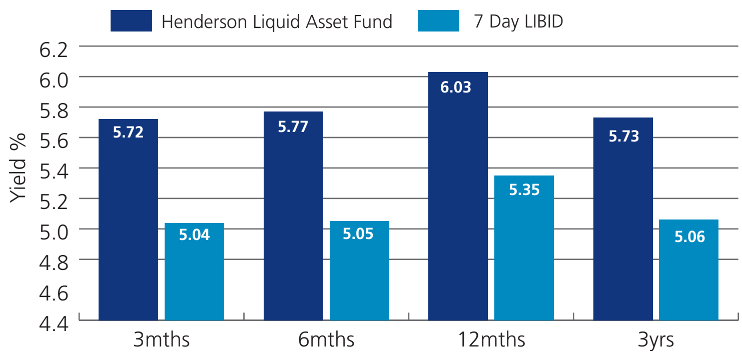
What differentiates the Henderson Liquid Assets Fund from other cash funds?

The key is a simple, but focused, approach to managing money, by managers that have long experience in the London money markets. The key investment tenets of the fund are **security, liquidity** and **performance**. This is the foundation for good, solid long-term returns. The fund's investment policy is to only invest directly into money market instruments issued by regulated financial institutions such as banks and building societies, and offers investors a more flexible approach compared to funds invested in floating rate notes.

What is the fund's performance objective?

The fund's objective is to outperform the 1 week LIBID rates over the longer-term (i.e. a full interest rate cycle) by making the most of yield and duration opportunities. The chart below demonstrates that since 2005, the fund has achieved consistent outperformance.

Henderson Liquid Assets Fund



Source, iMoneyNet and Russell Mellon Caps, data as at 30 Sep 2008. Data illustrates 'F' share class after TER.

How has performance fared since the summer's credit crunch?

The fund has comfortably outperformed its LIBID benchmark over the period, largely due to the positive returns from a number of longer-dated holdings purchased late in 2007. Credit issues and negative market sentiment in the banking sector forced market rates to highs of nearly 7.0%. Throughout the first quarter of 2008 the fund's yield has declined as many of those positions came to maturity. However we are experiencing another period of tightness in the money markets, which has presented a number of opportunities to reinvest at rates approaching 6%. These have bolstered the returns of the fund and continued to keep performance ahead of benchmark.

What is the fund's rating?

The fund is rated Aaa/MR1+ by Moody's and AAA/VR1+ by Fitch* – the highest ratings awarded to these types of money market investments.

A fund with a constant net asset value

The fund is run to a constant NAV, so the price of a share is always £1. The return on the investment is paid in the form of a monthly dividend, which can be paid in cash or reinvested in new shares. The fund has no exposure to sub-prime lending, structured investment vehicles or asset backed securities.

Does Henderson guarantee the share price of the fund will not drop?

No. There is no guarantee that the share price cannot fall below par. However, such a scenario is unlikely given the very conservative investment policy that currently applies. To date no Aaa/AAA rated fund run by an IMMFA* member has ever fallen below par.

Why is the fund based in Dublin?

Dublin is widely recognised as the leading centre for money market funds in Europe. A fund based in Dublin has notable tax advantages and is able to operate under UCITS III legislation.

What is the fund outlook for the rest of 2008?

We expect that recent fund purchases will help to maintain returns at or slightly above current levels, and we expect that benchmark rates will subside. If the same pattern that we saw in January is repeated in April then this reduction could take place in the first few days of the month and may deliver up to 0.25% of outperformance for the fund.

We have timed many of the investments to fall due in the weeks before the next quarter-end date, when we expect the money market tightening process to be repeated, and with banks looking to ensure they have the necessary term funding in place. Once the current spike in inflation is passed, we expect further base rate reductions from the Bank of England's Monetary Policy Committee, which should add to the fund's performance in the second half of the year. However, the need for term funding in the financial markets over the important quarter-end dates may well continue to drive market rates up every three months for the rest of the year, unless a radical change in the current credit conditions occurs.

** As at 30 September 2008*

*** The Institutional Money Market Funds Association (IMMFA) is a trade association. Most of the major fund managers offering Treasury-style money market funds are IMMFA members.*

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