

Henderson

Money Market

Unit Trust

Short Report

for the year ended 31 December 2012

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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.

Synthetic 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:



The value of an investment in the Fund can go up and down. When you sell your units, they may be worth less than what 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 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 (base rate) remained unchanged at 0.50% throughout the year under review
- The Bank of England's (BoE) asset purchase programme was increased by £100 billion (bn) to £375bn
- UK economic activity remained weak whilst inflation remained stubbornly above target
- The European Central Bank (ECB) cut rates by 0.25% with the deposit facility rate, the rate the ECB pays commercial banks for overnight deposits, falling to zero
- Chancellor George Osborne, surprisingly appointed the current Governor of the Bank of Canada Mark Carney, as the person to replace Mervyn King as the head of the Bank of England.

Market review

At the beginning of the year, money market rates and yields on sovereign debt began to fall as the ECB's three-year unlimited longer-term refinancing operations (LTRO) facility started to filter down to the markets. The February meeting of the Bank of England's Monetary Policy Committee (MPC) saw them announce an increase of £50bn in its asset purchase programme (QE), as they judged that the weak near-term growth outlook and associated downward pressures from economic slack justified a further easing in monetary policy.

The optimism of the first quarter initially continued into the second, but slowly began to dissipate, so much so that that several members of the MPC began to show growing concern about the outlook for the UK economy. This pessimism was confirmed when, at their annual Mansion House speeches, Chancellor George Osborne and Governor Mervyn King announced that the Bank of England would launch two new policy initiatives. The first would provide funding for lending to the non-financial sector at sub-market rates; the second was the relaunch of the Extended Collateral Term Repo (ECTR) facility, which would allow banks to access liquidity against a wide range of collateral for six months at a minimum rate of Bank Rate plus 25 basis points (bp). The following month the BoE's MPC voted to increase the asset purchase scheme by £50bn to £375bn; however, this decision was not unanimous with two members preferring to wait and see the outcome of the new measures. This split decision highlighted a difference of opinion that has appeared within the MPC, where some members have started to question the effectiveness of further quantitative easing.

After the third quarter's surprisingly strong gross domestic product (GDP) growth figure of 0.9%, the fourth quarter's economic data has been disappointing with generally weaker activity and rising inflation. This sentiment was mirrored by the Bank of England's November Inflation Report where the MPC expects inflation to be higher and more persistent than it did three months ago and the growth outlook to remain weak with downside risks persisting. Following the Chancellor's Autumn Statement, in which he announced a marked deterioration in the public finances, with the government expected to borrow £52.5bn more over the next five years than was forecast in March, the rating agency Standard & Poor's (S&P) put the UK on negative outlook. The Fitch rating agency who

already had the UK on negative watch, noted that the government's failure to meet its debt target 'weakens the creditability' of the UK's AAA rating; a formal review will take place after the March 2013 Budget.

In Europe Spain has been the focus of attention after they had to bail out a number of domestic banks and several regional governments. Following the announcement of bailouts Spanish, and to a lesser extent Italian government bond yields, soared. It took a speech from the ECB president in which he said the ECB will do "whatever it takes within its mandate" to preserve the euro, and "believe me, it will be enough", for Spanish and Italian bond yields to fall, which they did dramatically. Two months later the ECB launched a new policy tool – the Outright Monetary Transactions (OMT), which essentially will buy up to three-year government bonds in unlimited amounts in the secondary market; however, the programme will only be activated on the request by an individual country for assistance. Since the introduction of the OMT, Spain has been playing a game of cat and mouse with the market as to when or if they will seek financial aid from the European Union (EU).

Fund activity

Over the year under review money markets had experienced an improvement in confidence and, therefore, liquidity. With this in mind and with market rates falling continuously over the year, the fund increased its weighted asset maturity profile by selectively increasing the tenor of some of its fixed rate assets up to one year. The fund maintained its exposure to Spain via an instant access call account held with Santander UK.

Outlook

Sterling money market rates appear to have bottomed with 3-month Libor and the Bank Rate at a similar level; the last time this occurred was over three years ago. The MPC have debated the merits of lowering the Bank Rate but have concluded it may cause more damage than good to the financial sector. With this in mind as well as the continued weakening outlook for the UK economy, it is likely that money market rates will remain at these lower levels for some considerable time. Therefore, the fund is likely to return to a more defensive posture, especially with the possibility for further sovereign downgrades by the rating agencies and its knock-on effect to the financial sector.

Discrete annual performance

	1 Jan 12- 31 Dec 12 %	1 Jan 11- 31 Dec 11 %	1 Jan 10- 31 Dec 10 %	1 Jan 09- 31 Dec 09 %	1 Jan 08- 31 Dec 08 %
Henderson Money Market Unit Trust	0.6	0.4	0.4	1.2	4.0
MStar Money Market Sector	0.5	0.0	0.3	1.0	2.3

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

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.

Summary of Fund performance

Unit class	Net asset value 2012 p	Net asset value 2011 p	Net asset value % change
Accumulation units	143.94	143.12	0.57

Performance record

Calendar year	Net revenue per unit p	Highest price per unit p	Lowest price per unit p
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	0.32*	-	-

* to 28 February 2013

+to 31 December 2012

Net revenue distribution

Unit class	2012 p	2011 p
Accumulation units	0.72	0.64

Total interest distribution for the year ended 31 December 2012, 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*

	2012	TER
	%	2011
		%
Accumulation units	0.33	0.37

The 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 total expense ratio (TER) of the Fund is the ratio of the Fund's total operating costs to its average net assets for twelve months.

*The OCF replaces the TER. It is calculated 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 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
DNBA Norbank 0.57% 24/01/2013	3.29
Skandinaviska Enskilda Banken 1.28% 01/08/2013	2.64

*A related party to the Fund.

Major holdings

as at 2011	%
Santander UK Call	15.06
KBC Bank	14.26
Royal Bank of Scotland FRCD*	5.00
Standard Chartered Bank 1% 06/01/2012	4.37
Australia & New Zealand Bank 0.9% 10/02/2012	3.75
Den Danske Bank 0.83% 03/01/2012	3.75
United Overseas Bank 0.97% 15/02/2012	3.75
HSBC Bank 1.12% 21/05/2012	3.74
ING Bank 1.005% 16/02/2012	3.12
UBS 1.0% 22/02/2012	3.12

Asset allocation

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

Asset allocation

as at 2011	%
Certificates of deposits	69.57
Sterling cash deposits	29.32
Net other assets	1.11
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 2012.

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.

Issued by:

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Member of the IMA and authorised and regulated
by the Financial Services Authority.
Registered in England No 2678531

Trustee

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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.

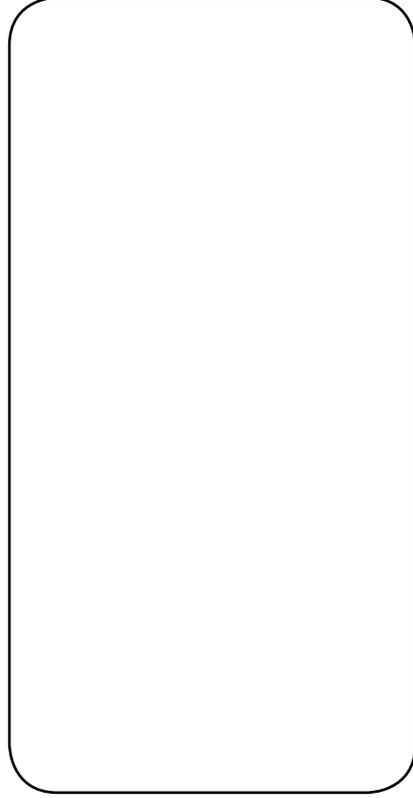
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Changes of address - regulatory requirements

FSA regulation requires us to send this report mailing to the address held on file on the accounting date of 31 December 2012. 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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