

22 September 2008

Dear Shareholder

In recent days we have received a number of enquiries from shareholders in the Henderson Liquid Assets Fund (Sterling Portfolio) ("HLAF" or "the Fund") who are naturally concerned about recent market events and how these may have impacted on our Money Market Fund.

As you will be aware, we publish data concerning HLAF in our monthly factsheet and on the Henderson Global Investors website –

<http://www.henderson.com/sites/henderson/institutional/productsandcapabilities/cashinvestment.aspx> - which is regularly updated.

To ensure that all investors have been given the same level of information about the Fund, at this time of general uncertainty about financial markets and products, we are now writing to all shareholders.

Please find attached an interim holdings report for HLAF as at Friday 19 September 2008. This interim report will also be available on our website (link address above).

In view of the unprecedented and fast moving market events we also wish to highlight the following points in respect of HLAF:

- Under the terms of the current prospectus and supplement the Fund cannot enter into FX or derivative transactions and therefore the Fund does not have any counterparty exposure to Lehmans or any other US investment bank.
- Under the current investments strategy, Fund holdings are limited to banks and building societies (see attached interim holdings report) and therefore as AIG is not a bank, the fund cannot have any exposure to that entity
- In terms of US banks, the Fund's current exposure is limited to certificates of deposit issued by Citibank NA, although Bank of America NA, JP Morgan Chase Bank NA and The Bank of New York Mellon remain available on the current counterparty list. The Fund does not have any deposits with or counterparty exposure to Merrill Lynch. Washington Mutual has never appeared on the HLAF counterparty list and Wachovia Bank was removed some time ago.
- UK Building Society exposure – HLAF continues to invest in building societies, although as a sector they now only account for some 14% of the current portfolio. We continue to be vigilant in this sector of the market.
- The Fund has not had any holdings in Bradford & Bingley or Northern Rock this year.
- The Fund continues to hold certificates of deposit issued by Alliance & Leicester plc and Bank of Scotland plc (part of the HBOS group), although the exposure on these two names will have to be amalgamated with Banco Santander SA and Lloyds TSB Bank plc respectively, assuming the current offers are completed.

HLLAF has received an Aaa/MR1+ rating from Moody's and an AAA/VVR1+ rating from Fitch and they are both monitoring the fund on a daily basis. As you will have noticed, HLLAF maintains an almost uniquely conservative investment strategy for a money market fund by limiting counterparty exposure solely to banks with a retail deposit base and building societies. All such entities are themselves regulated and, although it is not an absolute given, there are good grounds to expect general central bank support, as part of maintaining the general banking infrastructure in the relevant jurisdictions. We consider that this additional safety net is a useful feature to have and recent events, we think, have vindicated our approach. This strategy also considerably boosts the general level of liquidity of the Fund as some 95% of the Fund should be capable of being liquidated on a same day basis in reasonably normal market conditions. We are keeping overnight liquidity of the Fund to at least 15% of the Fund to further strengthen liquidity in these testing times.

We consider that our approach provides investors with a very well diversified suite of bank and building society deposits - something that most investors would find very difficult to replicate themselves. So, although investments in money market funds are not guaranteed, investors benefit from the inherent security, liquidity and diversification that these funds provide.

Money market funds currently hold more than \$4 trillion in assets globally for a wide range of individual and institutional investors and are considered a staple product throughout the cash world.

We continue to see normal investment activity in respect of the Fund, but we are always happy to discuss our portfolio management strategy and any other matter concerning security and liquidity with existing or prospective investors.

Should you have any additional questions, please contact either myself, Laurie Jaques (laurie.jaques@henderson.com) or visit our website.

Yours Sincerely



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