



ANNUAL SHORT REPORT

For the year ended
31 December 2016

Henderson
GLOBAL INVESTORS

Henderson Money Market Unit Trust

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Short Report

For the year ended 31 December 2016

Investment Fund Manager

Angus Teatheron

Investment objective and policy

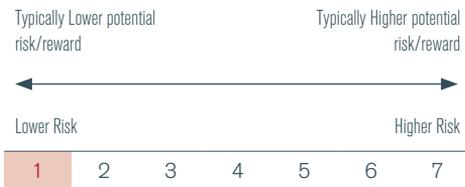
To aim to achieve a high level of return in line with money market rates, with a high degree of capital security.

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:



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.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events. Under normal market conditions the following risks may apply:

Counterparty risk The fund could lose money if a counterparty with which it transacts 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.

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 Warnings" section of the fund's Prospectus.

There have been no changes to the risk rating in the year.

The SRRI conforms to the ESMA guidelines for the calculation of the SRRI.

Investment review

Highlights

- David Cameron resigns after losing the referendum on whether or not the UK should remain a member of the EU; he is replaced by Theresa May.
- After seven years of an unchanged bank rate, the Bank of England (BoE) cuts the rate to 0.25%.
- The European Central Bank (ECB) cuts the deposit facility rate by 10 basis points to -0.40%.
- The ECB increases and extends its asset purchase programme in March; it is extended further in December, as inflation remains below target.
- The US Federal Reserve (Fed) raises rates by 0.25%.

The new year began with markets around the world selling off aggressively following a devaluation of the Chinese yuan due to weakening economic data. This caused global central banks to re-evaluate policy; for the BoE's Monetary Policy Committee (MPC), this meant a return to a unanimous 9-0 vote to keep policy unchanged.

For most of the first half of the year, markets were focused on the upcoming EU referendum, with the MPC being more and more concerned about the uncertainties of the underlying economics dynamics. Companies delayed investment decisions, which depressed near-term domestic growth. Following the UK's decision to leave the EU and the subsequent sell-off in sterling, BoE governor Mark Carney announced that the bank was ready to provide more than £250bn of additional liquidity to the markets; latterly, he said that in his opinion, the BoE would probably have to loosen policy.

In August, the BoE did ease policy, exceeding market expectations. The package comprised cutting the bank rate to 0.25%, an expansion of the asset purchase programme by £60bn, a new £10bn corporate bond purchase scheme and a Term Funding Scheme for banks. The accompanying inflation report saw the MPC significantly cut its 2017 GDP growth forecast, while inflation was projected to pick up faster than previously estimated, reaching 2.1% by the end of next year. In the following press conference, the governor said that the committee had acted to support the economy after the uncertainty caused by the EU referendum and that the MPC would cut rates further, if incoming data was consistent with forecasts.

The final quarter saw the UK economy continue to show signs of improvement, so much so that in November the MPC removed its easing bias and returned to a neutral stance after updating macroeconomic forecasts. The GDP growth prediction for 2017 was raised by 0.7% to 1.4%, while inflation expectations were raised to 2.8% for the same period. At the end of the review period, MPC member Ian McCafferty summed up the committee's views when he said there were limits to how much officials would tolerate above-target inflation, but any action must be weighed against its potential impact on the broader economy. He went on to state that the MPC is equally likely to tighten or ease policy in its next move.

The initial market reaction to Donald Trump winning the US presidential election was one of shock; however, the conciliatory nature of his acceptance speech steadied markets. Trump's election promises of fiscal stimulus and tax cuts and his subsequent deregulatory stance caused equity markets to rally. In December, the Fed unanimously voted to raise interest rates by 25 basis points, with the new federal funds rate target range at 0.50% to 0.75%. Surprisingly, despite growth, employment and inflation forecasts all being left basically unchanged, the Fed announced a more hawkish outlook for interest rates, with the median forecast of three hikes instead of two for 2017. In the subsequent press conference, Fed Chair Janet Yellen noted that some members had opted to front-load expectations of the fiscal stimulus promised by President-elect Trump.

With an increasingly dovish MPC, the first quarter saw the fund increase its weighted asset maturity (WAM) from 75 days to 99 days, although as the EU referendum approached, the fund adopted a more defensive posture. After Mark Carney's comments post-Brexit vote, the fund continued to increase its WAM by investing mainly in the six- to 12-month period. Towards the end of the year, concerns over year-end liquidity caused UK treasury bills to trade at negative interest rates; as such, the fund returned to a more cautious approach, ending the year with a WAM of 84 days.

With the BoE returning to a neutral policy stance, all eyes will be on the headline inflation figures. While several members have commented that they are willing to look through this data, it will be interesting to see if all the members of the MPC are comfortable in tolerating above-target inflation for too long. In addition, there are a number of European elections coming up in the next few months that could have implications for the euro, and possibly, the UK's Brexit negotiations.

Performance summary

	31 Dec 15 - 31 Dec 16	31 Dec 14 - 31 Dec 15	31 Dec 13 - 31 Dec 14	31 Dec 12 - 31 Dec 13	31 Dec 11 - 31 Dec 12
	%	%	%	%	%
Henderson Money Market Unit Trust	0.3	0.2	0.2	0.2	0.6
IA OE Money Market	0.3	0.2	0.2	0.2	0.4

Source: Morningstar, bid to bid and net of fees as at 12 noon valuation point, based on Accumulation units.
Benchmark values are as at close of business.

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.

Comparative tables

	Accumulation units		
	2016 (pence per unit)	2015 (pence per unit)	2014 (pence per unit)
Change in net assets per unit			
Opening net asset value per unit	144.85	144.50	144.20
Return before operating charges*	0.97	0.89	0.81
Operating charges	(0.45)	(0.45)	(0.45)
Return after operating charges*	0.52	0.44	0.36
Distributions on accumulation units	(0.48)	(0.43)	(0.32)
Retained distributions on accumulation units	0.38	0.34	0.26
Closing net asset value per unit	145.27	144.85	144.50
* after direct transaction costs of:	-	-	-

Performance

Return after charges	0.36%	0.30%	0.25%
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Other information

Closing net asset value (£'000s)	173,498	119,827	105,472
Closing number of units	119,427,751	82,724,967	72,993,043
Operating charges	0.31%	0.31%	0.31%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest unit price (pence)	145.28	144.85	144.51
Lowest unit price (pence)	144.85	144.50	144.22

Performance values are at close of business and may differ from the performance summary.

Operating charges

Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the unit class.

Fund facts

Accounting dates

30 June, 31 December

Payment dates

31 August, Last day of February

Ongoing charge figure

	2016 %	2015 %
Accumulation units	0.31	0.31

The annualised ongoing charge figure (OCF) of the fund is calculated as 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 European Securities and Markets Authority (ESMA).

Past performance is not a guide to future performance

Major holdings

as at 2016	%
Bank of America 0.50% 08/02/2017	2.59
Standard Chartered Bank 0.41% 19/04/2017	2.32
Bank of Tokyo Mitsubishi UFJ 0.51% 08/06/2017	2.31
National Bank of Abu Dhabi 0.49% 27/02/2017	2.30
Australia & New Zealand Banking 0% 14/03/2017	2.02
Lloyds Bank 0.86% 04/08/2017	2.02
Nordea Bank 0.34% 06/03/2017	2.02
Credit Agricole 0.46% 13/02/2017	1.74
Commonwealth Bank of Australia 0.545% 01/02/2017	1.73
BNP Paribas 0.48% 09/01/2017	1.73

Asset allocation

as at 2016	%
United Kingdom	20.08
France	11.54
Netherlands	8.94
Japan	7.49
Australia	6.92
Sweden	6.92
Switzerland	6.92
United States	5.76
Germany	4.61
Denmark	4.32
United Arab Emirates	4.32
Singapore	4.04
Canada	2.94
Norway	0.58
Other net assets	4.62
Total net assets	100.00

Major holdings

as at 2015	%
Standard Chartered Bank 0.77% 27/05/2016	3.35
Nordea Bank 0.60% 08/04/2016	3.34
BNP Paribas 0.70% 05/02/2016	2.92
Deutsche Bank 0.65% 05/02/2016	2.51
ING Bank 0.63% 01/02/2016	2.51
Bank of America 0.58% 06/01/2016	2.50
Credit Agricole 0.60% 23/03/2016	2.50
DNB 0.59% 29/02/2016	2.50
DZ Bank 0.62% 09/02/2016	2.50
Svenska Handelsbanken 0.55% 23/03/2016	2.50

Asset allocation

as at 2015	%
United Kingdom	20.05
France	14.19
Sweden	10.43
Netherlands	10.02
Singapore	7.09
Germany	6.68
United States	5.42
United Arab Emirates	5.01
Switzerland	4.60
Canada	4.59
Australia	3.34
Denmark	3.34
Japan	2.50
Norway	2.50
Other net assets	0.24
Total net assets	100.00

Report and accounts

This document is a short report of the Henderson Money Market Unit Trust for the year ended 31 December 2016.

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.

Issued by:

Authorised Fund Manager

Henderson Investment Funds Limited

Registered office:

201 Bishopsgate

London

EC2M 3AE

Member of the Investment Association and authorised and regulated by the Financial Conduct Authority.

Registered in England No 2678531

Unitholder Administrator

International Financial Data Services (UK) Limited

IFDS House

St Nicholas Lane

Basildon

Essex

SS15 5FS

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.

Trustee

National Westminster Bank Plc

135 Bishopsgate

London

EC2M 3UR

Auditor

PricewaterhouseCoopers LLP

141 Bothwell Street

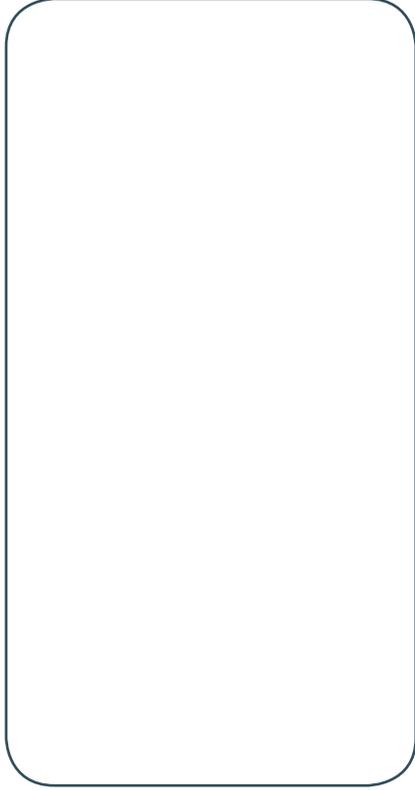
Glasgow

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Contact us

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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 2016. 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

Henderson Global Investors is the name under which Henderson Global Investors Limited (reg. no. 906355), Henderson Fund Management Limited (reg. no. 2607112), Henderson Investment Funds Limited (reg. no. 2678531), Henderson Investment Management Limited (reg. no. 1795354), AlphaGen Capital Limited (reg. no. 962757), Henderson Equity Partners Limited (reg. no.2606646), Gartmore Investment Limited (reg. no. 1508030) (each incorporated and registered in England and Wales with registered office at 201 Bishopsgate, London EC2M 3AE) are authorised and regulated by the Financial Conduct Authority to provide investment products and services. Telephone calls may be recorded and monitored. Ref:34V

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

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