



# INTERIM SHORT REPORT

For the six months ended  
30 June 2017

Janus Henderson  
— INVESTORS —

**Henderson Money Market Unit Trust**

# Henderson Money Market Unit Trust

## Short Report

For the period ended 30 June 2017

### Investment Fund Manager

Angus Teatherton

### Investment objective and policy

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 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 share class appears at 1 out of 7. Share classes in higher categories have shown greater and/or more frequent variations in share price in the past 5 years than those in lower categories. The lowest category does not mean risk free.

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:

**Active management risk** Active management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

**Counterparty risk** The fund could lose money if a counterparty with which it trades becomes unwilling or unable to meet its obligations to the fund.

**Credit risk** The value of a bond or money market security may fall if the financial health of the issuer weakens, or the market believes it may weaken. This risk is greater the lower the credit quality of the bond.

**Derivatives risk** Derivatives use exposes the fund to risks different from, and potentially greater than, the risks associated with investing directly in securities and may therefore result in additional loss, which could be significantly greater than the cost of the derivative.

**Hedging risk** Measures designed to reduce the impact of certain risks may not be available or may be ineffective.

**Interest rate risk** When interest rates rise (or fall), the prices of different securities will be affected differently. In particular, bond values generally fall when interest rates rise. This risk is generally greater the longer the maturity of a bond investment.

**Liquidity risk** Any security could become hard to value or to sell at a desired time and price, increasing the risk of investment losses.

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

The full list of the fund's risks are contained in the "Risk Warnings" section of the fund's prospectus.

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

## Investment review

### Highlights

- UK headline inflation remained above the Bank of England's (BoE's) target for most of the review period.
- A snap general election backfired on the prime minister, leaving her position severely weakened.
- The European Central Bank (ECB) adjusted its forward guidance by removing the reference to the possibility of lower interest rates.
- Central banks around the world have turned more hawkish following a rise in inflationary pressures.

### Market review

The new year saw a slow but steady improvement in UK economic data as consumers continued to shake off their Brexit blues ('Brexit' refers to the process of the UK leaving the European Union). However, inflation began to climb, with February's headline figure breaching the BoE's 2% target. With the actual inflation rate and the bank's inflation forecast both rising, there was some deliberation by the Monetary Policy Committee (MPC) regarding its tolerance of above-target inflation, with some members noting they were 'closer to those limits'. The March BoE meeting saw the MPC keep monetary policy on hold; however, one member, Kristin Forbes, voted to increase the bank rate by 0.25%, citing her concerns about building inflationary pressures.

In April, Prime Minister Theresa May called a snap general election with the aim of consolidating her position within her own party and strengthening her hand in the upcoming Brexit negotiations. Initially, her position looked assured, following the Conservative Party winning a landslide victory in the local elections, with the pollsters predicting a similar result in June's general election. However, following an uninspiring election campaign by the Conservatives and May in particular, the outcome of the general election was a hung parliament.

With the Conservative Party trying to form a coalition alliance with the Democratic Unionist Party and the pending Brexit negotiating stance now in question, the market expected no change from the BoE in June. While the committee did leave policy unchanged, the big surprise was that the vote to maintain interest rates was 5-3, with Ian McCafferty and Michael Saunders joining Kristin Forbes in favour of a 25-basis-point increase. Recent economic data had been mixed,

with real earnings falling and consumer spending weakening, but inflation had accelerated faster than the BoE had predicted in May, with the rate landing at 2.9%. The minutes revealed that the three dissenters were concerned about the persistence of inflation and that the level of slack in the labour market appeared to have diminished. The majority preferred to wait and see the outcome of said slowing consumer spending and economic growth. Later in the month, the bank's chief economist, Andrew Haldane, was far more hawkish than usual when he stated that removing some stimulus would be prudent moving into the second half of the year, providing the data comes in broadly as expected. At the end of the review period, the markets had moved their pricing of a rate rise forward from the first quarter of 2019 to May 2018.

Against a background of improving economic data, the US Federal Reserve (Fed) increased interest rates by 0.25% at both their March and June meetings and began to be more forthright over plans to reduce the Fed's balance sheet, with September being pencilled in as a possible start date.

### Fund Activity

Although the headline inflation rate rose faster than expected by the BoE, money market rates started to ease; however, the lack of suitable issuance in the six- to 12-month period meant the fund could not increase its weighted asset maturity (WAM) as hoped; therefore, by the end of March, the fund's WAM was relatively unchanged at 85 days. With political uncertainty following the surprise announcement of an early general election and growing hawkishness from a number of MPC members, the fund reduced its WAM to end the review period at 76 days.

### Outlook

A number of economic surveys have highlighted a possible conundrum for the BoE. All noted that the weak pound provided a much-needed boost for exporters, with factory orders rising at a pace not seen since 1995; however, the inflationary pressures caused by a weak pound, affecting items such as food and energy prices, caused households to cut spending as their disposable income fell.

The MPC is split between those who are concerned over the inflationary outlook and those who prefer to wait and see how the economic slowdown plays out. However, whichever side prevails, interest rates are unlikely to rise by much in the next two years.

## Performance summary

Cumulative performance	Six months	One year	Five years	Since launch
	31 Dec 16-30 Jun 17	30 Jun 16-30 Jun 17	30 Jun 12-30 Jun 17	30 Nov 98-30 Jun 17
	%	%	%	%
Henderson Money Market Unit Trust	0.1	0.2	1.3	45.4
IA OE Money Market Sector	0.1	0.2	1.1	-#

Discrete performance	30 Jun 16-30 Jun 17	30 Jun 15-30 Jun 16	30 Jun 14-30 Jun 15	30 Jun 13-30 Jun 14	30 Jun 12-30 Jun 13
	%	%	%	%	%
	Henderson Money Market Unit Trust	0.2	0.3	0.2	0.2

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

# Benchmark return is not quoted as the trust inception date is earlier than the benchmark inception date.

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.

## Fund facts

Accounting dates	Payment dates
30 June, 31 December	31 August, Last day of February

### Ongoing charge figure

	30/06/17	31/12/16
	%	%
Accumulation units	0.31	0.31

The 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).

## Comparative tables for the six months ended 30 June 2017

	Accumulation units			
	Six months to 30/06/17 (pence per unit)	Year to 31/12/16 (pence per unit)	Year to 31/12/15 (pence per unit)	Year to 31/12/14 (pence per unit)
<b>Change in net assets per unit</b>				
Opening net asset value per unit	145.27	144.85	144.50	144.20
Return before operating charges*	0.30	0.97	0.89	0.81
Operating charges	(0.22)	(0.45)	(0.45)	(0.45)
Return after operating charges*	0.08	0.52	0.44	0.36
Distributions on accumulation units	(0.10)	(0.48)	(0.43)	(0.32)
Retained distributions on accumulation units <sup>^</sup>	0.10	0.38	0.34	0.26
Closing net asset value per unit	145.35	145.27	144.85	144.50
* after direct transaction costs of:	-	-	-	-
<b>Performance</b>				
Return after charges	0.06%	0.36%	0.30%	0.25%
<b>Other information</b>				
Closing net asset value (£000s)	181,763	173,498	119,827	105,472
Closing number of units	125,048,559	119,427,751	82,724,967	72,993,043
Operating charges (annualised)	0.31%	0.31%	0.31%	0.31%
Direct transaction costs	0.00%	0.00%	0.00%	0.00%
<b>Prices</b>				
Highest unit price (pence)	145.36	145.28	144.85	144.51
Lowest unit price (pence)	145.28	144.85	144.50	144.22

<sup>^</sup>Retained distributions prior to 6 April 2017 are net of 20% income tax.

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.

### Unit class launches and closures

There were no unit classes launched or closed in the period.

**Past performance is not a guide to future performance.**

## Major holdings

as at 30/06/17	%
Sumitomo Mitsui Banking 0.30% 18/08/2017	2.75
ING Bank 0.31% 07/08/2017	2.75
Bank of America 0.50% 18/08/2017	2.47
DZ Bank 0.22% 01/09/2017	2.47
Standard Chartered Bank 0.39% 07/08/2017	2.21
Credit Agricole 0.32% 10/08/2017	2.21
Bank of Nova Scotia 0.22% 18/09/2017	2.19
Lloyds Bank 0.86% 04/08/2017	1.93
Citibank 0.24% 04/08/2017	1.93
Nordea Bank 0.24% 06/09/2017	1.93

## Asset allocation

as at 30/06/17	%
United Kingdom	19.00
France	11.29
Netherlands	9.63
United States	9.35
Sweden	7.70
Japan	6.88
Germany	6.60
Canada	6.05
Switzerland	4.96
Singapore	4.95
United Arab Emirates	4.40
Denmark	3.85
Australia	1.65
Other net assets	3.69
<b>Total net assets</b>	<b>100.00</b>

## Major holdings

as at 31/12/16	%
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 31/12/16	%
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
<b>Total net assets</b>	<b>100.00</b>

## Report and accounts

This document is a short report of the Henderson Money Market Unit Trust for the six months ended 30 June 2017.

Copies of the annual and half yearly long form report and financial statements of this fund are available on our website [www.janushenderson.com](http://www.janushenderson.com) or contact investor services on the telephone number provided.

### Issued by:

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

### Trustee

National Westminster Bank Plc  
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 period it covers and the results of those activities at the end of the period.

## 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.

### Auditor

PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow  
G2 7EQ

### Unitholder Administrator

International Financial Data Services (UK) Limited  
IFDS House  
St Nicholas Lane  
Basildon  
Essex  
SS15 5FS

## Further information

### Unitholder enquiries

If you have any queries about your fund holding, either contact your professional adviser or telephone us on one of the numbers below:

For dealing enquiries including buying and selling units please telephone at local rate: **0845 608 8703**

The following line is also available:

Client Services: **0800 832 832**

or you can contact us via e-mail at [support@janushenderson.com](mailto:support@janushenderson.com)

We may record telephone calls for our mutual protection and to improve customer service.

### Online valuations

You can value your Henderson Money Market Fund at any time by logging on to [www.janushenderson.com](http://www.janushenderson.com). Select 'Personal Investor' and then access 'Valuations' from the Tools Menu. Simply select the fund you hold and enter the appropriate number of units.

### Important Information

Janus Henderson Investors is the name under which Janus Capital International Limited (reg no. 3594615), Henderson Global Investors Limited (reg. no. 906355), 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 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.

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