

BREVAN HOWARD

BH MACRO LIMITED
MONTHLY SHAREHOLDER REPORT:
JULY 2016

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BH Macro Limited Overview

Manager: BH Macro Limited ("BHM") is a closed-ended investment company, registered and incorporated in Guernsey on 17 January 2007 (Registration Number: 46235).

Brevan Howard
Capital Management
LP ("BHCM") BHM invests all of its assets (net of short-term working capital) in the ordinary shares of Brevan Howard Master Fund Limited (the "Fund").

Administrator: BHM was admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange on 14 March 2007.

Northern Trust
International Fund
Administration
Services (Guernsey)
Limited ("Northern
Trust")

Total Assets: \$925 mm¹

Corporate Broker:

1. As at 29 July 2016. Source: BHM's administrator, Northern Trust.

J.P. Morgan
Cazenove

Listings:

London Stock
Exchange (Premium
Listing)

NASDAQ Dubai -
USD Class
(Secondary listing)

Bermuda Stock
Exchange
(Secondary listing)

Summary Information

BH Macro Limited NAV per Share (Calculated as at 29 July 2016)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	226.0	\$20.56
EUR Shares	54.9	€20.71
GBP Shares	644.2	£21.35

BH Macro Limited NAV per Share % Monthly Change

USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007			0.10	0.90	0.15	2.29	2.56	3.11	5.92	0.03	2.96	0.75	20.27
2008	9.89	6.70	-2.79	-2.48	0.77	2.75	1.13	0.75	-3.13	2.76	3.75	-0.68	20.32
2009	5.06	2.78	1.17	0.13	3.14	-0.86	1.36	0.71	1.55	1.07	0.37	0.37	18.04
2010	-0.27	-1.50	0.04	1.45	0.32	1.38	-2.01	1.21	1.50	-0.33	-0.33	-0.49	0.91
2011	0.65	0.53	0.75	0.49	0.55	-0.58	2.19	6.18	0.40	-0.76	1.68	-0.47	12.04
2012	0.90	0.25	-0.40	-0.43	-1.77	-2.23	2.36	1.02	1.99	-0.36	0.92	1.66	3.86
2013	1.01	2.32	0.34	3.45	-0.10	-3.05	-0.83	-1.55	0.03	-0.55	1.35	0.40	2.70
2014	-1.36	-1.10	-0.40	-0.81	-0.08	-0.06	0.85	0.01	3.96	-1.73	1.00	-0.05	0.11
2015	3.14	-0.60	0.36	-1.28	0.93	-1.01	0.32	-0.78	-0.64	-0.59	2.36	-3.48	-1.42
2016	0.71	0.73	-1.77	-0.82	-0.28	3.61	-0.99						1.11

EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007			0.05	0.70	0.02	2.26	2.43	3.07	5.65	-0.08	2.85	0.69	18.95
2008	9.92	6.68	-2.62	-2.34	0.86	2.84	1.28	0.98	-3.30	2.79	3.91	-0.45	21.65
2009	5.38	2.67	1.32	0.14	3.12	-0.82	1.33	0.71	1.48	1.05	0.35	0.40	18.36
2010	-0.30	-1.52	0.03	1.48	0.37	1.39	-1.93	1.25	1.38	-0.35	-0.34	-0.46	0.93
2011	0.71	0.57	0.78	0.52	0.65	-0.49	2.31	6.29	0.42	-0.69	1.80	-0.54	12.84
2012	0.91	0.25	-0.39	-0.46	-1.89	-2.20	2.40	0.97	1.94	-0.38	0.90	1.63	3.63
2013	0.97	2.38	0.31	3.34	-0.10	-2.98	-0.82	-1.55	0.01	-0.53	1.34	0.37	2.62
2014	-1.40	-1.06	-0.44	-0.75	-0.16	-0.09	0.74	0.18	3.88	-1.80	0.94	-0.04	-0.11
2015	3.34	-0.61	0.40	-1.25	0.94	-0.94	0.28	-0.84	-0.67	-0.60	2.56	-3.22	-0.77
2016	0.38	0.78	-1.56	-0.88	-0.38	3.25	-0.77						0.73

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007			0.11	0.83	0.17	2.28	2.55	3.26	5.92	0.04	3.08	0.89	20.67
2008	10.18	6.86	-2.61	-2.33	0.95	2.91	1.33	1.21	-2.99	2.84	4.23	-0.67	23.25
2009	5.19	2.86	1.18	0.05	3.03	-0.90	1.36	0.66	1.55	1.02	0.40	0.40	18.00
2010	-0.23	-1.54	0.06	1.45	0.36	1.39	-1.96	1.23	1.42	-0.35	-0.30	-0.45	1.03
2011	0.66	0.52	0.78	0.51	0.59	-0.56	2.22	6.24	0.39	-0.73	1.71	-0.46	12.34
2012	0.90	0.27	-0.37	-0.41	-1.80	-2.19	2.38	1.01	1.95	-0.35	0.94	1.66	3.94
2013	1.03	2.43	0.40	3.42	-0.08	-2.95	-0.80	-1.51	0.06	-0.55	1.36	0.41	3.09
2014	-1.35	-1.10	-0.34	-0.91	-0.18	-0.09	0.82	0.04	4.29	-1.70	0.96	-0.04	0.26
2015	3.26	-0.58	0.38	-1.20	0.97	-0.93	0.37	-0.74	-0.63	-0.49	2.27	-3.39	-0.86
2016	0.60	0.70	-1.78	-0.82	-0.30	3.31	-0.99						0.63

Source: Fund NAV data is provided by the administrator of the Fund, International Fund Services (Ireland) Limited ("IFS"). BHM NAV and NAV per Share data is provided by BHM's administrator, Northern Trust. BHM NAV per Share % Monthly Change is calculated by BHCM. BHM NAV data is unaudited and net of all investment management fees (2% annual management fee and 20% performance fee) and all other fees and expenses payable by BHM. In addition, the Fund is subject to an operational services fee of 50bps per annum.

NAV performance is provided for information purposes only. Shares in BHM do not necessarily trade at a price equal to the prevailing NAV per Share.

Data as at 29 July 2016

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

**ASC 820 Asset
Valuation
Categorisation*****Brevan Howard Master Fund Limited**

Unaudited as at 29 July 2016

	% of Gross Market Value*
Level 1	73.4
Level 2	26.1
Level 3	0.2
At NAV	0.3

Source: BHCM

* This data is unaudited and has been calculated by BHCM using the same methodology as that used in the most recent audited financial statements of the Fund.

Level 1: This represents the level of assets in the portfolio which are priced using unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: This represents the level of assets in the portfolio which are priced using either (i) quoted prices that are identical or similar in markets that are not active or (ii) model-derived valuations for which all significant inputs are observable, either directly or indirectly in active markets.

Level 3: This represents the level of assets in the portfolio which are priced or valued using inputs that are both significant to the fair value measurement and are not observable directly or indirectly in an active market.

At NAV: This represents the level of assets in the portfolio that are invested in other Brevan Howard funds and priced or valued at NAV as calculated by IFS.

**Performance
Review**

The information in this section has been provided to BHM by BHCM.

Interest rate trading generated modest losses overall, predominantly driven by long directional positioning in US and Japanese rates as well as European swap spread and peripheral bond trading. Gains in short end US basis trading as well as interest rate volatility trading provided a partial offset. FX losses came from directional trading in a broad range of currency pairs; most notably JPY and EUR, and to a lesser degree emerging market currencies.

The performance review and attributions are derived from data calculated by BHCM, based on total performance data for each period provided by the Fund's administrator (IFS) and risk data provided by BHCM, as at 29 July 2016.

Performance by Asset Class

Monthly, quarterly and annual contribution (%) to the performance of BHM USD Shares (net of fees and expenses) by asset class*

2016	Rates	FX	Commodity	Credit	Equity	Discount Management & Tender Offer	Total
July 2016	-0.25	-0.84	-0.04	0.02	0.00	0.12	-0.99
Q1 2016	1.17	-0.82	-0.14	0.02	-1.14	0.57	-0.35
Q2 2016	0.01	-0.09	0.03	0.05	-0.39	2.90	2.47
QTD	-0.25	-0.84	-0.04	0.02	0.00	0.12	-0.99
YTD 2016	0.92	-1.74	-0.15	0.09	-1.52	3.61	1.11

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

*Data as at 29 July 2016

Methodology and Definition of Contribution to Performance:

Attribution by asset class is produced at the instrument level, with adjustments made based on risk estimates.

The above asset classes are categorised as follows:

“Rates”: interest rates markets

“FX”: FX forwards and options

“Commodity”: commodity futures and options

“Credit”: corporate and asset-backed indices, bonds and CDS

“Equity”: equity markets including indices and other derivatives

“Discount Management & Tender Offer”: buyback activity for discount management purposes and repurchases under the tender offer launched on 27 April 2016.

Performance by Strategy Group

Monthly, quarterly and annual contribution (%) to the performance of BHM USD Shares (net of fees and expenses) by strategy group*

2016	Macro	Systematic	Rates	FX	Equity	Credit	EMG	Commodity	Discount Management & Tender Offer	Total
July 2016	-0.77	0.00	-0.07	-0.13	-0.00	0.01	-0.15	-0.00	0.12	-0.99
Q1 2016	-1.10	0.01	0.56	-0.02	-0.01	-0.34	-0.02	-0.00	0.57	-0.35
Q2 2016	-0.44	-0.01	-0.24	0.01	-0.01	0.08	0.21	-0.00	2.90	2.47
QTD	-0.77	0.00	-0.07	-0.13	-0.00	0.01	-0.15	-0.00	0.12	-0.99
YTD 2016	-2.29	0.01	0.24	-0.14	-0.01	-0.25	0.04	-0.00	3.61	1.11

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

*Data as at 29 July 2016

Methodology and Definition of Contribution to Performance:

Strategy Group attribution is approximate and has been derived by allocating each trader book in the Fund to a single category. In cases where a trader book has activity in more than one category, the most relevant category has been selected.

The above strategies are categorised as follows:

“Macro”: multi-asset global markets, mainly directional (for the Fund, the majority of risk in this category is in rates)

“Systematic”: rules-based futures trading

“Rates”: developed interest rates markets

“FX”: global FX forwards and options

“Equity”: global equity markets including indices and other derivatives

“Credit”: corporate and asset-backed indices, bonds and CDS

“EMG”: global emerging markets

“Commodity”: liquid commodity futures and options

“Discount Management & Tender Offer”: buyback activity for discount management purposes and repurchases under the tender offer launched on 27 April 2016.

Manager's Market Review and Outlook The information in this section has been provided to BHM by BHCM
Market Commentary

US

Reassuring signs from the labour market allayed concerns about the downside risks to the economic expansion. Payroll employment surged in July by 255,000 bringing the average monthly gain over the last three months back up to 190,000. Although the unemployment rate was unchanged at 4.9%, the same as at the start of the year, other details in the report were generally solid.

At the same time, growth through the middle of the year looks moderate at best. After expanding at only 1.2% (annualised) in the second quarter, the available indicators about the third quarter point to an unspectacular bounce-back to above-trend growth. Consumption spending took a breather in July after setting a heady pace in the previous quarter. Business fixed investment intentions suggest a tepid outlook; however, inventory investment should add to growth for the first time in more than a year now that stocks appear to be better aligned with sales.

Price inflation has been quiescent. Headline inflation is stuck at around 1% and core inflation has been approximately 1.6% since the beginning of the year. Wage inflation is a little more evident, with average hourly earnings reaccelerating to a 2.6% rate over the last year. Given the weak readings on price inflation, nominal wage gains are translating into better real wage gains. With real income expanding, household wealth holding near record highs, and a favourable environment for borrowing, the fundamentals supporting consumption spending in the second half of the year are positive.

Following its July meeting, the Federal Reserve noted that near-term risks to the outlook have "diminished." However, following an ill-fated flirtation with calendar-based guidance after its April meeting, there was no hint about the timing of future actions. With the economy's neutral rate of interest significantly lower than in the past and no signs of inflation overheating, policy makers appear content to wait and see how the outlook shapes up in the second half of the year before making any decisions.

UK

Although growth was still resilient up to the end of Q2 2016, the UK faces considerable policy, and thus economic uncertainty, resulting from the referendum vote to leave the European Union. More recently, business surveys suggest that economic growth is likely to slow considerably, if not turn negative, in the coming quarters as the uncertainty caused by Brexit will likely cause investment, purchasing decisions and hiring to be postponed. The July Purchasing Managers' Index ("PMI") business survey fell to the lowest levels since the global financial crisis in 2009. The fall was widespread across the services, manufacturing and construction sectors. Current levels of the surveys are consistent with GDP contracting meaningfully. Surveys on retailing have also fallen markedly since the referendum and are now back down to average historical levels. In addition, consumer confidence fell 11pts in July (the sharpest monthly fall since 1989) also returning to historical average levels, pointing to more modest growth in retailing in the quarters ahead. The 7% depreciation in the trade-weighted exchange rate since the referendum will raise retail prices, consequently slowing demand for imported retail goods. The housing market appears to have softened as well. House prices have moderated in recent months, but have continued to increase. However, surveys on activity (which tend to be linked to prices) remain at very subdued levels.

Headline inflation remains subdued on account of low food and energy prices, only rising 0.4% y/y. Core inflation, which excludes volatile items such as food and energy, also remains

fairly modest growing 1.4% y/y, below the Bank of England's ("BoE") target of 2%. The BoE released its most recent economic projections alongside the August Inflation Report. Growth in Q4 2017 was revised down 1.5ppts to 0.8% y/y, whilst inflation was raised 0.2ppts to 2% y/y, supported by the sharp depreciation in the exchange rate. The unemployment rate was revised up by 0.7ppts to 5.6% in 2018. As a result, the Monetary Policy Committee ("MPC") lowered the policy interest rate by 25bps to 0.25%, and sought to increase the asset purchase facility by GBP70bn to GBP445bn in an attempt to bolster the economy. With Prime Minister Theresa May taking office and her newly appointed cabinet in place, concerns over Government leadership should be allayed. However, there remains little guidance as to when Article 50 (the legal process by which the UK will leave the EU) will be invoked. In addition, the new chancellor of the exchequer, Philip Hammond, has postponed making any changes to the budget until the Autumn Statement later in the year. As such, the lingering uncertainty over policy developments should keep economic activity subdued until clear policy guidance is given.

EMU

Survey data suggests that the UK's decision to leave the European Union has not yet had a major economic impact on the euro area economy. Although surveys showed declines in consumer and business confidence in the immediate aftermath of the vote, the falls were either small in magnitude or at least partially reversed in subsequent releases (e.g. Sentix investor confidence). The Composite PMI for the euro area ticked up to 53.2 in July from 53.1 in June, although, importantly, these dynamics are the result of some progress in core countries and deterioration in the more vulnerable periphery. However, the significant slowdown observed in the UK economy suggests caution as the effects on the EMU economy may simply be delayed. Moreover, hard data suggests that some moderation has actually occurred during Q2, with GDP growth slowing to 1.2% q/q (annualised) from 2.2% recorded in Q1. The European Banking Authority's stress results that were released on 29 July did highlight the undercapitalisation of parts of the European banking system that will need to be addressed. In particular, any turmoil in the Italian banking system could also negatively impact the outcome of Italy's constitutional referendum in November, to which Prime Minister Renzi has tied his political future.

The unemployment rate has extended its downward trend, reaching 10.1% in June, down nearly 1pp on the year, but still considerably above its pre-crisis average. Amid a still large output gap, extremely muted wage growth, lower NAIRU ("Non Accelerating Inflation Rate of Unemployment") and exchange rate dynamics, inflationary pressures remain largely absent beyond the base effects that are expected to raise headline inflation closer to its current core rate by the beginning of next year. Hence, the ECB has maintained its easing bias and may announce an extension of its asset purchase programme beyond March 2017 by the end of the year.

China

Activity data in China showed mixed signs in June and July. The July official manufacturing PMI came out weaker than market expectations, but the Caixin PMI rose sharply from its prior figure of 48.6 to 50.6. Such inconsistency is due to a sampling difference, geared towards small, export oriented firms for the Caixin survey. Actual Industrial Production ("IP") growth rose in June from 6.0% y/y to 6.2% y/y, but Fixed Asset Investment growth YTD continued to slow, from 9.6% y/y to 9% y/y, mainly due to private investments. Retail sales growth improved somewhat from its prior reading. Inflation in July fell from 1.9% to 1.8%, in line with expectations.

The People's Bank of China has maintained a neutral monetary policy stance so as to support a recovery; the 7-day repo rate has been stabilised at approximately 2.4% for the past month, while credit data was strong generally due to seasonality. Despite some

continued pay back from an exceptionally strong March, total social financing growth remained strong, at 10.9% y/y in June. Investments in infrastructure and investment by State Owned Enterprises, both a gauge of policy-driven growth, somewhat softened in June after strong growth since late 2015.

Japan

Policy packages announced around the start of August were disappointing. The Japanese Government introduced a ¥13.5 trillion package of fiscal measures, split between ¥7.5 trillion in spending and ¥6 trillion in loan guarantees. It estimates that the stimulus measures will push up real GDP by 1.3% in the near term. Recent history, however, suggests that the boost to aggregate demand will be attenuated. When the authorities tried to raise infrastructure spending around the time of the value-added tax hike, it proved difficult to ramp up construction given tight labour markets in that sector. Indeed, some early private-sector forecasts suggest that the fiscal impetus to the latest program will only be a fraction of the Government's estimate.

At its latest meeting, the Bank of Japan ("BoJ") made only small amendments to monetary accommodation. It raised its annual ETF purchases to ¥6 trillion, but that program remains relatively small. It chose not to increase its pace of Japanese Government Bonds purchases and left the 0.1% level of interest it charges on a portion of excess reserves that banks hold unchanged. Except for updating 2016 for the passage of time, board members left their inflation forecasts unchanged on balance. As in April, they continue to believe that monthly core inflation will immediately jump to a 0.15% monthly rate, despite the fact that prices excluding food and energy have changed little over the last six months. That outlook remains even harder to imagine than it did three months ago given the 4.2% appreciation in the yen against the dollar between the meetings. After the BoJ released the July statement, Governor Kuroda defended the efficacy of monetary policy. He denied that the Bank had reached the limits to further monetary stimulus, which some bank watchers had concluded after seeing the BoJ's only small adjustment to accommodation. The statement tried to soften the disappointment by saying that it would conduct a comprehensive review of its policy measures in order to reach 2% inflation at the earliest possible time.

The BoJ also announced two measures "to ensure smooth funding in foreign currencies by Japanese firms and financial institutions." The Bank doubled the size of its dollar lending program and established a new facility for lending securities to be pledged as collateral for dollar funding. While useful as a larger safety net in case of an emergency, they are unlikely to have a meaningful effect on economic activity outside of times of stress. Banks tend to eschew such programs normally to avoid the stigma of tapping central bank help.

Indicators of economic activity do not suggest any shift in the modest trajectory for economic activity. The Shoko-Chukin survey of small and medium-sized businesses slipped for August and remains at a subdued level. The Economy Watchers' survey also eased, though from a more depressed level. The Markit manufacturing survey improved slightly but remains below its par line. Despite its latest uptick, industrial production still appears to be trending down slightly.

Enquiries

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Important Legal Information and Disclaimer

BH Macro Limited ("BHM") is a feeder fund investing in Brevan Howard Master Fund Limited (the "Fund"). Brevan Howard Capital Management LP ("BHCM") has supplied certain information herein regarding BHM's and the Fund's performance and outlook.

The material relating to BHM and the Fund included in this report is provided for information purposes only, does not constitute an invitation or offer to subscribe for or purchase shares in BHM or the Fund and is not intended to constitute "marketing" of either BHM or the Fund as such term is understood for the purposes of the Alternative Investment Fund Managers Directive as it has been implemented in states of the European Economic Area. This material is not intended to provide a sufficient basis on which to make an investment decision. Information and opinions presented in this material relating to BHM and the Fund have been obtained or derived from sources believed to be reliable, but none of BHM, the Fund or BHCM make any representation as to their accuracy or completeness. Any estimates may be subject to error and significant fluctuation, especially during periods of high market volatility or disruption. Any estimates should be taken as indicative values only and no reliance should be placed on them. Estimated results, performance or achievements may materially differ from any actual results, performance or achievements. Except as required by applicable law, BHM, the Fund and BHCM expressly disclaim any obligations to update or revise such estimates to reflect any change in expectations, new information, subsequent events or otherwise.

Tax treatment depends on the individual circumstances of each investor in BHM and may be subject to change in the future. Returns may increase or decrease as a result of currency fluctuations.

You should note that, if you invest in BHM, your capital will be at risk and you may therefore lose some or all of any amount that you choose to invest. This material is not intended to constitute, and should not be construed as, investment advice. All investments are subject to risk. You are advised to seek expert legal, financial, tax and other professional advice before making any investment decisions.

THE VALUE OF INVESTMENTS CAN GO DOWN AS WELL AS UP. YOU MAY NOT GET BACK THE AMOUNT ORIGINALLY INVESTED AND YOU MAY LOSE ALL OF YOUR INVESTMENT. PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS.

Risk Factors

Acquiring shares in BHM may expose an investor to a significant risk of losing all of the amount invested. Any person who is in any doubt about investing in BHM (and therefore gaining exposure to the Fund) should consult an authorised person specialising in advising on such investments. Any person acquiring shares in BHM must be able to bear the risks involved. These include the following:

- The Fund is speculative and involves substantial risk.
- The Fund will be leveraged and will engage in speculative investment practices that may increase the risk of investment loss. The Fund may invest in illiquid securities.
- Past results of the Fund's investment managers are not necessarily indicative of future performance of the Fund, and the Fund's performance may be volatile.
- An investor could lose all or a substantial amount of his or her investment.
- The Fund's investment managers have total investment and trading authority over the Fund, and the Fund is dependent upon the services of the investment managers.
- Investments in the Fund are subject to restrictions on withdrawal or redemption and should be considered illiquid. There is no secondary market for investors' interests in the Fund and none is expected to develop.
- The investment managers' incentive compensation, fees and expenses may offset the Fund's trading and investment profits.
- The Fund is not required to provide periodic pricing or valuation information to investors with respect to individual investments.
- The Fund is not subject to the same regulatory requirements as mutual funds.
- A portion of the trades executed for the Fund may take place on foreign markets.
- The Fund and its investment managers are subject to conflicts of interest.
- The Fund is dependent on the services of certain key personnel, and, were certain or all of them to become unavailable, the Fund may prematurely terminate.
- The Fund's managers will receive performance-based compensation. Such compensation may give such managers an incentive to make riskier investments than they otherwise would.
- The Fund may make investments in securities of issuers in emerging markets. Investment in emerging markets involve particular risks, such as less strict market regulation, increased likelihood of severe inflation, unstable currencies, war, expropriation of property, limitations on foreign investments, increased market volatility, less favourable or unstable tax provisions, illiquid markets and social and political upheaval.

The above summary risk factors do not purport to be a complete description of the relevant risks of an investment in shares of BHM or the Fund and therefore reference should be made to publicly available documents and information.