BREVAN HOWARD

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT:
MARCH 2016

YOUR ATTENTION IS DRAWN TO THE DISCLAIMER AT THE END OF THIS DOCUMENT

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT: MARCH 2016

BREVAN HOWARD

www.bhmacro.com

BH Macro Limited

Manager:

Brevan Howard Capital Management LP ("BHCM")

Administrator:

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

Corporate Broker:

J.P. Morgan Cazenove

Listings:

London Stock Exchange (Premium Listing)

NASDAQ Dubai - USD Class (Secondary listing)

Bermuda Stock Exchange (Secondary listing)

Overview

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

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

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.

Total Assets: $1,337 mm[1]

1. As at 31 March 2016. Source: BHM's administrator, Northern Trust.

Summary Information

BH Macro Limited NAV per Share (as at 31 March 2016)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	308.4	$20.25
EUR Shares	80.4	€20.46
GBP Shares	948.1	£21.10

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	-1.81*										-0.39*

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	-1.60*										-0.46*

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	-1.82*										-0.54*

Source: Fund NAV data is provided by the administrator of the Fund, International Fund Services (Ireland) Limited. 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.

*Based on estimated NAVs as at 31 March 2016

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

ASC 820 Asset Valuation Categorisation*

Brevan Howard Master Fund Limited

Unaudited estimates as at 31 March 2016

	% of Gross Market Value*
Level 1	72.1
Level 2	27.7
Level 3	0.2

Source: BHCM

* These estimates are unaudited and have been calculated by BHCM using the same methodology as that used in the most recent audited financial statements of the Fund. These estimates are subject to change.

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.

Performance Review

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

Losses in March were fairly evenly split between FX and interest rate trading, with smaller gains from credit trading being offset by losses in equity. Interest rate losses came predominately from long positions in Europe, with further losses from Japanese directional and volatility trading. Smaller gains in NZD, BRL, MXN and TRY interest rate trading were offset by losses in US and European volatility positions. FX trading generated an overall loss, driven primarily by short positioning in EUR as well as to a much lesser degree losses in KRW & GBP which were partially offset by gains in commodity linked currencies, such as AUD, CAD, MXN, NOK and BRL. Credit gains from European credit indices were offset by losses from directional equity positioning in the US and Europe as well as losses in equity volatility trading.

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 (International Fund Services (Ireland) Limited) and risk data provided by BHCM, as at 31 March 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	Total
March 2016	-1.07	-0.96	0.04	0.29	-0.30	0.19	**-1.81**
Q1 2016	1.14	-0.84	-0.14	0.03	-1.14	0.57	**-0.39**
YTD 2016	1.14	-0.84	-0.14	0.03	-1.14	0.57	**-0.39**

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.
*Based on estimated NAVs as at 31 March 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": buyback activity for discount management purposes

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	Total
March 2016	-1.40	-0.02	-0.64	-0.03	-0.00	-0.10	0.19	-0.00	0.19	**-1.81**
Q1 2016	-1.12	0.01	0.54	-0.02	-0.01	-0.36	-0.00	-0.00	0.57	**-0.39**
YTD 2016	-1.12	0.01	0.54	-0.02	-0.01	-0.36	-0.00	-0.00	0.57	**-0.39**

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.
*Based on estimated NAVs as at 31 March 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**": buyback activity for discount management purposes

Manager's Market Review and Outlook

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

Market Commentary

US

Growth appears to have been disappointing in the first quarter. Consumption outlays have slowed and business investment is at a standstill. Growth was also weak in the first quarter of the last two years, but that could be attributed to obvious transitory factors, for instance bad weather. The somewhat puzzling pattern of consumption spending coupled with a lack of pick up in business investment, creates the worry that a combination of financial market volatility and the global slowdown may be impacting the key parts of aggregate demand. At this point, the best scenario is that the lull is temporary given the robust labour market, which is creating jobs at a brisk pace, bringing in workers from out of the labour force, and driving income growth.

Wage and price inflation have been scrutinised for signs that they are moving up. The evidence is mixed. After surging in January, average hourly earnings slowed in the last two months leaving the year-over-year gain stuck in the middle of the 2%-2.5% range that has prevailed for the last year. The news about price inflation has been punchier. While headline prices have been pushed down and then back up by developments in energy markets, the underlying trend in core Personal Consumption Expenditures (“PCE”) inflation looks to have firmed. The combination of favourable base effects and an especially robust increase in core inflation in January has brought the year-over-year rate to 1.7% for the last two months. That is close to the Federal Reserve’s 2% inflation target, an encouraging sign that would point to a healthier economy and perhaps a faster pace of interest rate increases. However, some caution is appropriate since the upside surprises have been driven importantly by volatile prices, such as apparel, that may fall in the coming months. Given that the economy is at or near full employment, any news about inflation takes on outsized importance in shaping the prospects for monetary policy.

After having been stung by markedly tighter financial conditions during the first quarter, Federal Reserve (“Fed”) policy makers decided not to raise interest rates in March. In a notably dovish move, the majority of them pointed to two rate hikes in 2016 and a lower longer-term neutral interest rate. Following the meeting, Chair Yellen in a major speech at the New York Economic Club highlighted some of the reasons for the Fed’s cautious approach which included headwinds to the recovery and the asymmetric risks posed by the zero lower bound on nominal interest rates. The difficulties experienced by the European Central Bank and Bank of Japan with negative rates only underline the Fed’s cautious approach.

EMU

February data suggests euro area activity accelerated slightly in Q1 relative to the previous quarter, supported by domestic demand. Construction was buoyant spurred by unseasonable warm weather and consumer spending was brisk as indicated by both retail sales, growing at a 3.8% pace in February on a 3m/3m annualised metric, and car registrations, mainly due to the steep drop in energy prices. Industrial production (“IP”) growth moderated in February after overshooting in January. German IP fell by 0.5% m/m following a downward revision to 2.3% m/m expansion, looking forward it should moderate further, indicated by available business surveys. In addition, consumer confidence is deteriorating, the European Commission survey indicator fell to -9.7 in March from -5.7 at the end of 2015, and the impact of the terrorist attacks in Brussels in March could dent it further. The EMU labour market continues to send positive signals, due to the extremely low potential growth rate. Even the current, modest rate of expansion is enough to lower the unemployment rate, which fell to 10.3% in February (the lowest level since September 2011). The common currency labour market still has a long way to go in order to return to pre-crisis levels of employment and the amount of slack remains ample. Accordingly, price pressures remain muted. The euro zone Harmonised Index of Consumer Prices ("HICP") inflation rate remained in negative territory for a second consecutive month at -0.1% y/y in March, up slightly from -0.2% y/y in the previous month, still far away from the ECB's definition of price stability. Core inflation (which excludes volatile items including energy and food), rose to 1.0% y/y in March from 0.8% in February although only because of a temporary effect due to the early timing of Easter this year, and it is poised to fall back in April. In general, underlying price pressures remain extremely weak, as highlighted by the steeper fall of producer price inflation, and are poised to slow further under the impact of the recent appreciation of the Euro on import prices.

The measures of monetary policy easing announced in March by the ECB have failed to ease financial conditions, although the impact on credit conditions is still unclear. Since the March ECB policy easing, the Euro has risen while equity prices have generally fallen, especially in the periphery. Government bond yields have dropped in the core, while in the weakest countries of the periphery they are showing renewed upward tensions. Long-term inflation expectations expressed by financial markets have in general fallen back towards all-time lows, as council members are struggling to convince markets that they would be willing and able to ease monetary conditions enough to boost inflation towards the central bank target. The ECB's accommodative policy is also facing increased criticism from the German public opinion and financial lobbies. Renewed financial and political tensions are emerging in the periphery; from Greece, where there is a struggle on how to proceed between the IMF and Germany as the public finance targets set seem out of reach, to Portugal, Spain and even Italy.

UK

The UK economy grew solidly in 2015, however 2016 is proving more challenging due to the uncertainty created by the EU referendum, an unforgiving global environment and on-going fiscal austerity. The latest estimate of Q4 GDP was revised up by 0.1 percentage points to 0.6% q/q, due to an upward revision to services output, demonstrating that UK private domestic demand remained resilient in earlier months. Looking forward, business surveys continue to point towards moderation in the manufacturing sector. Although the recent depreciation of Sterling (approximately 10% against the dollar in the last 6 months) may provide some support, it is unlikely to be enough to offset the drag from modest external demand, as well as the uncertainty caused by the referendum. Surveys on the services industry have also deteriorated in recent months. Although the services Purchasing Manager's Index ("PMI") ticked up one point in March to 53.7, it is still more than five points below the level of a year ago. Retailing and general consumption has continued to do well, supported by persistently high consumer confidence, increasing consumer lending and a further fall in the savings rate. Mortgage approvals had picked up in recent months as individuals sought to buy properties ahead of the additional 3% stamp-duty tax on secondary homes that came into effect in April. However, some surveys suggest this recent flurry has started to unwind and it's possible the housing market will cool in the coming months. House prices continue to rise at a pace of around 7% y/y, broadly in line with recent history. The unemployment rate declined 0.5 percentage points in the period from June 2015 to November 2015 and has since been unchanged at 5.1%. In that same period, employment grew at a very high pace of 2.5% annualised but surveys indicate it has since lost momentum. Despite the tightening in the labour market, wage inflation fell from a peak of 3% down to 2% in November, and has since stabilised. Overall, wage inflation remains well below the 4% pace experienced before the crisis. Headline inflation remains subdued at 0.3% y/y and it continues to be pushed down by low energy prices. Core inflation (which excludes volatile items like energy prices) also remains muted, recording 1.2% y/y in February.

Whatever the outcome on 23 June (the referendum date), the uncertainty may delay both investment and hiring, stinting growth in the 2nd and possibly 3rd quarters of 2016. The Bank of England's ("BoE") Monetary Policy Committee ("MPC") voted again unanimously to keep rates unchanged (at 0.5%) at its latest meeting in March. Given the lack of inflation in both Consumer Price Index ("CPI") and wages, the BoE is not yet under any pressure to vote for an interest rate hike. In addition, it will be difficult for the BoE to give clear guidance regarding monetary policy just ahead of the referendum.

China

China activity data in March showed signs of a near-term gradual turnaround. Both the official and the Caixin PMIs improved notably, recording the strongest reading since mid-2015. Industrial Production ("IP") growth peaked from the extremely subdued levels recorded in the first two months of the year. On the demand side, the support seems to be provided by infrastructure investments and housing activity, both spurred by a renewed large increase in credit formation. Exports are not contributing to the cyclical pick up, as global demand remains subdued. The People's Bank of China has maintained a relatively accommodative monetary policy stance; cutting the required reserve ratio by 50bps in February while keeping the 7-day repo rate stable at around 2.3%. However, the transmission mechanism from interbank market rates to economic growth is less clear. FX reserves in March increased by about US$10bn, slightly more than market expectations.

Japan

According to press reports, the Bank of Japan ("BoJ") will likely debate easing monetary policy at its upcoming meeting at the end of April. The economic backdrop supports that supposition. Survey data on economic activity have either deteriorated or moved sideways at subpar levels. The index of actual conditions for all enterprises in the quarterly Tankan surveys declined in the first quarter, though the level remains in the range seen over the last few years. The index of expected conditions also moved down but barely above zero - the index is currently at the bottom of the range seen recently. February data in the economy watchers survey dropped sharply to its lowest level in over five years, excluding a brief pothole due to the introduction of the consumption tax. The Shoko-Chukin index of small and medium-sized businesses slipped in April. It has generally drifted sideways in the past year. Industrial production fell noticeably in February to its lowest level in over three years.

Inflation-related data didn't fare much better. National consumer prices excluding food and energy (western-core price index) moved up 0.2% on a seasonally adjusted basis in February, following a 0.1% decline in January. The six-month annualised rate at 0.4%, is half the 12-month change. The seasonally adjusted Tokyo western core rate was flat in March. The yen has appreciated 7-8% against the US dollar in the last three months, pointing to further downward pressure on inflation. Consumer inflation expectations appear to continue to deteriorate.

At the same time, the Government appears to be wrestling with a decision on whether to raise the consumption tax next year. Prime Minister Abe indicated that there are no plans to delay the hike barring some big external shock. However, according to press reports, at the same time the administration is actively considering plans to support consumption in the event that VAT is raised, such as cutting income taxes. When VAT was raised in 2014, increased Government spending plans to help cushion the blow were inadequate. It's likely that any fiscal offsets this time are akin to a consumption subsidy or tax cut, rather than increased Government spending. Despite these plans, some analysts suspect that a delay is still possible. The Prime Minister was right when he said a month ago that following through with the tax hike involved politics; it's probably tied to a decision to call lower-house snap elections. A definitive decision is expected towards the end of May.

Enquiries

Northern Trust International Fund Administration Services (Guernsey) Limited

Harry Rouillard +44 (0) 1481 74 5315

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.