BREVAN HOWARD

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT:
JUNE 2017

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MONTHLY SHAREHOLDER REPORT: JUNE 2017

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: $452 mm[1]

1. As at 30 June 2017. Source: BHM's administrator, Northern Trust.

Summary Information

BH Macro Limited NAV per Share (Calculated as at 30 June 2017)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	61.3	$21.53
GBP Shares	390.9	£21.50

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	-0.17	-0.37	0.77	5.02	0.19	6.63
2017	-1.47	1.91	-2.84	3.84	-0.60	-1.39							-0.69

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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	0.16	-0.56	0.59	5.37	0.03	6.37
2017	-1.62	1.85	-3.04	0.54	-0.76*								-3.07

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	-0.10	-0.68	0.80	5.05	0.05	5.79
2017	-1.54	1.86	-2.95	0.59	-0.68	-1.48							-4.19

*As previously announced by the Company, the Company determined that all remaining shares in the Euro share class be converted into Sterling shares effective as of 29 June 2017 and all Euro shares held by the Company in treasury were cancelled on that date. The Euro share class has been closed and its listing has been cancelled.

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 and all other fees and expenses payable by BHM. In addition, the Fund is subject to an operational services fee.

With effect from 1 April 2017, the management fee is 0.5% per annum. BHM's investment in the Fund is subject to an operational service fee of 0.5% per annum.

No management fee or operational services fee is charged in respect of performance related growth of NAV for each class of share in excess of its level on 1 April 2017 as if the tender offer commenced by BHM on 27 January 2017 had completed on 1 April 2017.

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 30 June 2017

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

ASC 820 Asset Valuation Categorisation on a non look-through basis*

Brevan Howard Master Fund Limited

Unaudited as at 30 June 2017

	% of Gross Market Value*
Level 1	73.5
Level 2	16.3
Level 3	0.1
At NAV	10.1

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. The relative size of each category is subject to change. Sum may not total 100% due to rounding.

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.

ASC 820 Asset Valuation Categorisation on a look-through basis*

	% of Gross Market Value*
Level 1	84.7
Level 2	15.2
Level 3	0.1

Source: BHCM

* This data reflects the combined ASC 820 levels of the Fund and the underlying allocations in which the Fund is invested, proportional to each of the underlying allocation's weighting in the Fund's portfolio. The 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 and any underlying funds (as the case may be). The relative size of each category is subject to change. Sum may not total 100% due to rounding.

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 were incurred in interest rate trading from directional and relative value positioning in European rates and sovereign bond markets as well as to a lesser extent from directional trading of Canadian interest rates. Further smaller losses were incurred in FX trading of GBP, JPY and EUR as well as from long positioning in crude oil and gold. Small gains were made in directional trading of US interest rates as well as from FX trading in Scandinavian and other currency pairs.

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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 30 June 2017.

Performance by Asset Class

Monthly, quarterly and annual contribution (%) to the performance of BHM USD Shares (net of fees and expenses) by asset class as at 30 June 2017

2017	Rates	FX	Commodity	Credit	Equity	Tender Offer	Total
June 2017	-0.97	-0.20	-0.10	0.00	-0.12	0.00	-1.39
Q1 2017	0.25	-3.06	-0.01	0.28	0.12	0.00	-2.44
Q2 2017	-1.81	-0.48	-0.14	-0.02	-0.14	4.46	1.79
YTD 2017	-1.56	-3.53	-0.15	0.26	-0.02	4.46	-0.69

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

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
"**Tender Offer**": repurchases under the tender offer launched on 27 January 2017.

Performance by Strategy Group

Monthly, quarterly and annual contribution (%) to the performance of BHM USD Shares (net of fees and expenses) by strategy group as at 30 June 2017

2017	Macro	Systematic	Rates	FX	Equity	Credit	EMG	Commodity	Tender Offer	Total
June 2017	-1.05	-0.02	-0.35	-0.02	-0.00	0.01	0.05	-0.00	0.00	-1.39
Q1 2017	-2.29	-0.03	-0.18	-0.51	-0.00	0.35	0.23	-0.00	0.00	-2.44
Q2 2017	-2.64	-0.08	0.17	0.01	-0.00	0.01	-0.05	-0.00	4.46	1.79
YTD 2017	-4.87	-0.11	-0.01	-0.50	-0.00	0.36	0.17	-0.00	4.46	-0.69

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

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
"**Tender Offer**": repurchases under the tender offer launched on 27 January 2017.

Manager's Market Review and Outlook

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

US

The labour market remained strong in June while inflation remained weak. Job creation accelerated in June bringing the average monthly increase this year to 190,000, a pace which promises to keep the labour market strong. The unemployment rate ticked up to 4.4%, a little below most estimates of the long-run sustainable rate. Wage gains were modest, rising 0.15% bringing the y/y change to 2.5%. That rate of increase may be consistent with subdued productivity gains, but the question remains whether better outturns should be expected if the economy is operating with no more slack.

By contrast with the strength in the labour market, core inflation disappointed again. Although some of the internal details were stronger, pronounced declines in volatile categories like airfares and lodging kept the y/y change in core Consumer Price Index ("CPI") inflation at 1.7%, a notable slowing of 0.5 percentage points from the beginning of the year.

GDP growth was revised up to 1.4% (annual rate) in the first quarter and is consistently tracking above 2% in the current quarter, making for the same sort of dull slightly above-trend growth that has characterised the whole expansion. The household sector appears to be late-cycle in so far as consumption is slowing but still above trend, especially auto sales which have settled into a new lower range of 16.5 million units at an annual rate. Meanwhile, the business sector has more life. Sentiment is healthy, surveys are constructive, and business investment has firmed.

Washington is busy this summer. The Senate is grappling with health care legislation and the House is trying to pass a fiscal year 2018 budget that would set the stage for tax cuts. Must-pass legislation on the debt limit and Government funding looms in September. The White House is developing its tax, deregulation and trade plans.

UK

Even as more signs of a gradual slowdown in the domestic economy emerged over the past month, the labour market so far seems to be unperturbed: Q1 GDP growth was revised down to 0.2% q/q from its initial estimate of 0.3% q/q, and Q2 looks set to print in a similar range. House prices continued to slow in y/y terms on the Halifax and Rightmove metrics. Retail sales resumed their downward trend, slowing to 0.9% y/y in May, while Industrial Production ("IP") was down 0.3% y/y. While weaker Sterling, compared to its level 18 months ago, should have boosted IP, it's possible that the uncertainty around Brexit and the future trading relationship between the UK and the EU has encouraged firms to boost margins rather than expand production. Hence, the weakness of the currency may not prove as stimulative as previous instances of Sterling depreciation.

Inflation remains broadly on the rise, despite a downtick in June, as the past depreciation of the currency continues to feed through to consumer prices. Headline and core inflation moved up to 2.9% y/y and 2.6% y/y respectively in May, compared to 1.6% y/y at the end of last year. Headline inflation was last this high in 2013 and core inflation hit the highest level since 2012. At a time of subdued wage growth, the rise in inflation has proved a substantial drag on real incomes, which, in turn, have started to weigh on consumption. So far, the rise in inflation has not led to the emergence of second-round effects: inflation expectations remain in line with their historical ranges. Wage growth slipped to 1.8% 3m/12m in the latest release and has overall been weaker than one might have expected given the low level of the unemployment rate. Indeed, the unemployment rate declined to 4.5% in May, the lowest level since 1975. This dichotomy between low unemployment – at levels normally associated with a tight labour market – and subdued wage growth as well as differences in views about the permanence of current above-target inflation may explain the range of views on the Bank of

England's Monetary Policy Committee ("MPC"). For three members of the Committee – Kristin Forbes, Michael Saunders and Ian McCafferty – the time was already ripe at the June meeting for the removal of part of the stimulus injected last August, resulting in a 5-3 vote to keep rates unchanged. The three hawks argued that slack in the labour market had continued to diminish and weaker consumption looked to be offset by growth in business investment and net trade, warranting a 25bps rate hike. It was Kristin Forbes' last meeting and she has been succeeded by LSE economist Silvana Tenreyro. However, even some of the more dovish-leaning members of the MPC have acknowledged that a removal of stimulus may be appropriate soon.

After an unexpected election upset for Prime Minister Theresa May, in which she lost her absolute majority in Parliament, the Conservative Party entered into a confidence and supply arrangement with the Northern Irish Democratic Unionist Party ("DUP"). So far, the Government's position on Brexit has not changed from before the election, ruling out continued membership of the single market or customs union, but calls for a softening of the Government's Brexit stance have intensified. The clearest consequence of the election and subsequent events is an emerging consensus for less austerity and greater preparedness for tax rises.

EU

The June composite Purchasing Managers' Index ("PMI") (56.3) was slightly lower than in April-May (56.8, the strongest level since April 2011) although the IFO business climate index (115.1 in June) hit another new high since the pan-German series began in the early 1990s. Overall, the EMU composite PMI improved in Q2 (+1pt to 56.6), suggesting EMU Q2 GDP growth could be even stronger than the 0.6% q/q (1.9% y/y) growth rate recorded in Q1. The strengthening recovery has allowed the euro area unemployment rate to decline to 9.3%, now down 0.9pp from a year ago and the lowest since the same rate in March 2009. However, as recognised by the European Central Bank ("ECB"), there is still a high degree of labour market slack over and above that suggested by the unemployment rate, accounting for subdued wage growth and underlying inflation. Euro area negotiated wage growth edged up only slightly in Q1 2017 to 1.5% y/y from 1.4% y/y in Q4 2016, after averaging just 1.4% for the whole of 2016 - the slowest annual growth rate since 1991. Euro area headline Harmonised Index of Consumer Prices ("HICP") inflation eased slightly further to 1.3% y/y in June from 1.4% y/y in May, even as core inflation rebounded to 1.1% y/y in June from 0.9% y/y in May. A slight upward trend in core inflation is now discernible.

Since the dovish June press conference, ECB President Draghi's Sintra speech (28 June) triggered a bond market sell-off. The elements of novelty within Draghi's speech were the increased confidence that the low inflation period can be temporary and the notion that the ECB can accompany the recovery by changing the parameters of its policy, though with the aim of keeping the stance unchanged rather than tightening it (i.e. tapering QE, but with no hint of a rate hike). The latest account of the 7-8 June meeting also suggested some discussion of removal of the quantitative easing ("QE") bias, on top of the rate easing bias (which was indeed removed). However, the future removal of the QE bias was linked to confidence in the translation of the economic expansion into a further improvement of the inflation outlook, which suggests that the time is not ripe as of yet for its removal. Furthermore, this view is also supported by ECB acknowledgment that even small changes in wording could translate into unwarranted tightening of financial conditions, a notion which was likely strengthened following the market reaction to Draghi's Sintra speech. Overall, the ECB's recent communication can be viewed as just a step of the gradual process towards an exit, rather than any outright hawkish step.

China

Activity data improved in June. The official PMI was stronger at 51.7 versus 51.2 for May, and the Caixin PMI also improved from 49.6 for May to 50.4 in June. Fixed Asset Investment growth recorded was 8.6% for June which was slightly higher than the 8.5% expected. IP growth was strong, recording 7.6% for June, significantly higher than the 6.5% expectation. Retail sales continued to improve and printed 11.0% y/y for June. Inflation was subdued at an unchanged 1.5%, likewise producer prices remained unchanged from the prior month. On the external side export data improved further to 11.3% y/y for June and imports had further gains in June to be 17.2% y/y up from 14.8%. The seven day repo rate on average was 3.37% for June compared to 3.34% for May.

Japan

The dynamics of Japanese monetary policy are becoming more interesting after a subdued period. For example, at the end of the first week of July, the Bank of Japan ("BoJ") announced its willingness to buy an unlimited amount of 5 to 10 year Japanese Government Bonds ("JGBs") at 0.11%. JGB rates had begun to rise in sympathy with rising rates around the world, and the BoJ's announcement merely unmasked what was implied by its yield-curve control policy of "around zero". The yen depreciated a little over 1% against the dollar that week and longer rates fell slightly.

Recent economic trends have continued to persist. The real economy continues to firm. The quarterly Tankan survey index improved with manufacturing indices at or exceeding previous highs for the cycle. Non-Manufacturing indices weren't quite as strong but still towards the top of their ranges. The Shoko-Chukin monthly survey of small and medium-sized enterprises improved in July and appears to be in a rising trend after falling a little over a year ago. The Economy Watchers survey has been more volatile, but it too improved in the most recent report. The diffusion index at the 50-par line is at its best level for the year. Industrial production moved down in May after a pop in April but even then remains inside an upward-sloping channel.

The news on inflation continues to disappoint. Prices excluding all food and energy ticked up in May. Even so, they remain slightly below the level seen a year ago. Tokyo prices, which also moved up in May, fell back in June. Neither inflation rate shows any inclination to lift off zero, let alone approach the BoJ's two-percent target. Consumer inflation expectations have been a little better. They rose in April, which by itself isn't particularly special as there appears to be a tendency for them to firm at the start of the fiscal year. However, subsequently they retained that higher level, which was last seen two years ago when they were declining from a much higher level in 2014.

There are likely to be additional, more stringent market tests of the BoJ's resolve to come. As the gap between the BoJ's accommodative policy and the rest-of-the-world's increasingly less accommodative policy widens, long-term Japanese rates and the yen will come under greater pressure. It's a race between inflation and inflation expectations on the one hand and political pressure from actors who may find the stepped up pace of bond buying in the face of a weakening yen too unpalatable. Consequently, investors have to pay some attention to Prime Minister Abe's political standing. One might be tempted to brush off the drubbing Abe's Liberal Democratic Party took in the Tokyo municipal assembly as somewhat idiosyncratic. However, at the same time his approval poll figures have dropped to their lowest level since he took office. Some have suggested that in response the Government will be more inclined to boost Government spending, which could bring things to a head more quickly. At the same time, it suggests a more tenuous grip on power and the need to tread more carefully.

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.