BREVAN HOWARD

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT:
SEPTEMBER 2017

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BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT: SEPTEMBER 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)

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: $469 mm[1]

1. As at 29 September 2017. Source: BHM's administrator, Northern Trust.

Summary Information

BH Macro Limited NAV per Share (Calculated as at 29 September 2017)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	61.4	$21.73
GBP Shares	407.3	£21.67

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	1.54	0.19	-0.78				0.24

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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	1.47	0.09	-0.79				-3.46

*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 services 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 29 September 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 29 September 2017

	% of Gross Market Value*
Level 1	82.1
Level 2	12.9
Level 3	0.0
At NAV	5.0

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	86.6
Level 2	13.4
Level 3	0.0

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.

FX trading was the main detractor as the USD strengthened against various crosses including the euro. Gains from short positioning in US interest rates were offset by losses in yield curve trading as well as from relative value trading of European government bonds. Small losses from tactical positioning of commodity and equity indices were largely offset by gains from emerging market trading.

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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 29 September 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 29 September 2017

2017	Rates	FX	Commodity	Credit	Equity	Tender Offer	Total
September 2017	-0.08	-0.52	-0.16	0.02	-0.04	0.00	-0.78
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
Q3 2017	-0.52	1.55	0.00	0.09	-0.18	0.00	0.94
YTD 2017	-2.07	-2.04	-0.14	0.35	-0.20	4.46	0.24

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 29 September 2017

2017	Macro	Systematic	Rates	FX	Equity	Credit	EMG	Commodity	Tender Offer	Total
September 2017	-0.58	-0.02	-0.15	-0.06	-0.00	0.01	0.01	-0.00	0.00	-0.78
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
Q3 2017	0.82	0.05	-0.24	0.03	-0.00	0.06	0.21	-0.00	0.00	0.94
YTD 2017	-4.08	-0.06	-0.25	-0.47	-0.00	0.42	0.39	-0.00	4.46	0.24

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.

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Manager's Market Review and Outlook

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

US

The impact of the hurricanes that hit the US in September has made it difficult to assess the underlying strength of the economy. Payroll employment fell in September, but the unemployment rate, which should be unaffected by the weather because of the way the data is collected, dropped to a new cycle low of 4.2%, even as the participation rate moved up. At the same time, average hourly earnings rose strongly, bringing the y/y increase to a business cycle high of 2.9%. The jump in wages corroborates the message of tighter resource utilisation in the low unemployment rate.

The hurricanes also appear to have impacted the data on aggregate demand. Motor vehicle sales benefited from replacement demand but retail sales may have been held back by the widespread disruptions to life and property. Nevertheless, tracking estimates of Q3 real GDP growth point to above-trend growth and the momentum appears to be well-maintained into Q4, which should see rebuilding begin to add to growth. The business sector looks especially healthy. Capital expenditures are growing briskly and expectations for further increases are elevated. Various national and regional surveys of manufacturing activity are at, or near, business cycle highs. If anything, the business sector looks more “mid-cycle” than “late-cycle”, even though the expansion has entered its ninth year.

Inflation remains stuck in a low gear, reflecting tame energy inflation and core inflation depressed mostly by a variety of idiosyncratic declines. The latest Consumer Price Index (“CPI”) report bounced back after five months of downside surprises. It remains to be seen whether tightening labor markets, higher import prices, and tentative signs of stabilisation in measures of inflation expectations, will lead to higher inflation going forward.

The Federal Reserve (“Fed”) began normalising its balance sheet in October without disrupting financial markets. With balance sheet run-off in the background, the Fed’s leadership appears comfortable balancing the various risks to the outlook by continuing a path of gradual rate hikes. Elsewhere in Washington, lawmakers turned their attention to fleshing out the details of the so-called “Big 6’s” blueprint for tax reform. The blueprint was long on goals and short on details or how to pay for tax cuts. In the coming months, Congress will have to make some hard choices about how to turn the blueprint into legislation. As seen with efforts to reform health care, the strong desire among the Republican Party to make changes does not necessarily translate into legislative success.

UK

Although economic activity in the UK has remained relatively soft, the labour market has continued to improve: GDP grew 0.3% q/q in Q2, unchanged from the pace seen in Q1 (which was revised up 0.1ppts to 0.3%). Consumption was particularly weak in Q2, reflecting the decline in real incomes. Recent data remains relatively weak; the Index of Services (“IoS”) fell 0.2% m/m in July pointing to another soft GDP print in Q3. Meanwhile, the composite Purchasing Managers’ Index (“PMI”) has been relatively stable in recent months, most recently recording 54.1 in September, suggesting that the current pace of growth should be consistent with recent trends, at or slightly below, potential growth. This month there was a large fall in the construction PMI, pointing towards downside risks in business investment. The outlook for the consumer was a little more mixed; consumer confidence ticked up slightly in September and retail sales have improved in recent months. However, the moderation in house price growth and slowing in consumer credit growth may weigh on consumer spending going forward. In general, the depreciation in sterling compared to its level in June 2016 should support growth. However, the uncertainty around Brexit may limit sterling’s influence on growth, especially if companies boost margins rather than production. Hence, the weakness of the currency may not prove as stimulative as previous instances of sterling depreciation.

Meanwhile, employment has continued to grow at a moderate pace of 1.2% y/y as of July. This has been enough for the unemployment rate to continue its downtrend, reaching 4.3% in July, the lowest rate since 1975. Inflation rose 0.3ppts to 2.9% y/y in August. Consumer inflation has been trending upwards since the referendum vote on the membership of the European Union, on account of the lower exchange rate. Indicators of domestically generated inflation remain relatively modest; wage inflation was unchanged at 2.1% 3m/12m in July. The weakness in wages has occurred despite record low levels of the unemployment rate. However, there are some signs that there may be a pick-up in wages on the horizon; both the Recruitment and Employment Confederation's JobsOutlook survey and the Bank of England's labour market tightness survey suggest some potential for higher wage growth. The mix of high consumer inflation and modest wage inflation has led to a deterioration in real wages, which has weighed down consumption in the first half of 2017. As wages strengthen, and the influence of the exchange rate on consumer prices wanes, real wages should eventually recover in the second half of the year.

At the Bank of England's Monetary Policy Committee ("MPC") meeting in September, seven members voted to keep the current policy rate unchanged at 0.25% (there was one more voter compared to the previous meeting as Sir David Ramsden joined the MPC), whilst there were still two members who voted for a 25 basis point ("bp") increase in the policy rate. However, the majority of the MPC judged that "if the economy continues to follow a path consistent with the prospect of a continued erosion of slack and a gradual rise in inflationary pressure, then some withdrawal of monetary stimulus is likely to be appropriate over the coming months in order to return inflation sustainably to target", suggesting that the MPC may raise the policy rate by 25bps as soon as November. The lessening in the trade-off between high inflation and ample slack (due primarily to a further fall in the unemployment rate) had made it harder to justify an overshoot in the inflation target as was forecasted in the August Inflation Report, even though economic activity has been lacklustre in the first half of the year. In addition, the Governor of the Bank of England Mark Carney argued in a speech that the disinflationary influences from the Brexit vote had been deferred, whilst most of the inflationary channels linked to a lower supply shock (also as a result of Brexit vote) had begun to appear. Meanwhile, the first phase of the Brexit negotiations (which include the Exit Bill, Citizen Rights and the Irish border) are still ongoing. The European Parliament recently voted that there has been insufficient progress in Brexit negotiations, which effectively stalls the start of the second phase of negotiations regarding the future relationship of the UK and the European Union.

EMU

After a relatively soft start to Q3, in August EMU activity rebounded, although retail sales remained weak. Industrial production grew strongly by 1.4% m/m (0.1% in July) led by Germany (+3% m/m) and car registrations increased in the four main economies. However, retail sales fell by another 0.5% m/m, thus compounding the drop recorded in July (-0.3% m/m). In September, business surveys indicate a strong end for the quarter, the EMU Composite PMI rose by a full point to 56.7, thus approaching the cyclical highs recorded in the spring. Inflation is less encouraging than activity, the growth rate of the Harmonised Index of Consumer Prices ("HICP") stood in September at 1.5% y/y, a touch below consensus forecasts, while core inflation fell from 1.2% y/y to 1.1% y/y, also below market expectations. Indeed, the dynamics of core inflation do not signal, for the time being, the self-sustained recovery envisaged by the European Central Bank ("ECB"). Moreover, the effects of the recent appreciation of the euro are already visible in the renewed drop of import prices.

China

Activity data was mixed in September. The official PMI was stronger at 52.4 in September versus 51.7 for August, but the Caixin PMI was weaker at 51.0 for September versus 51.6 in August. Fixed Asset Investment growth was recorded at 7.5% for September, slightly worse than the 7.7% expected. Industrial production growth was stronger at 6.6% for September. Retail sales also strengthened and printed 10.3% y/y for September. Inflation fell to 1.6% from 1.8% in August. Producer prices were again higher than the prior month printing 6.9%. On the external side, export data improved to 8.1% y/y for September and imports rose to be 18.7% y/y, up from 13.3%. The seven day repo rate on average was 3.38% for September compared to 2.99% for August.

Japan

Prime Minister Shinzo Abe's gambit to call lower house snap elections paid off. His Liberal Democratic Party ("LDP") appears to have lost only a handful of seats. However, the number of total seats shrunk, so the share may have actually improved. The result is at the higher end of optimistic scenarios. Along with a small coalition partner, Prime Minister Abe has a two-thirds supermajority in the lower house. He already retains a great advantage in the upper house. Given the electoral success, Prime Minister Abe has consolidated his control within the party, and hence, should have a free reign to implement his agenda.

There are two easily identifiable implications for investors. Governor of the Bank of Japan ("BoJ") Haruhiko Kuroda's term ends in April. Given the opportunity, it is expected that the Prime Minister would reappoint him and keep the current policy regime in place. The current regime has successfully stabilised inflation but, has so far, been incapable of shifting inflation expectations upward to sustain inflation at 2%. The BoJ now appears out of ideas to shock expectations. A strong depreciation in the yen is not likely to happen soon given the relatively strong performance of the real economy in Japan, and a lack of dollar strength. Hence, if Japan is to see additional inflation it will have to be achieved by moving up the Phillips curve. Indeed, the BoJ assumes that tight labour markets will soon lead to wage gains that are passed through to prices. However, with the relationship between the level of economic activity and price inflation rather flat, progress is likely to be slow at best. The combination of BoJ optimism and a flat Phillips curve suggests no further accommodation despite weak inflation. Moreover, it appears that the likely alternative to Governor Kuroda would be a more conservative monetary policy, which would be even less capable of pushing up inflation expectations.

The other major economic policy consideration is the planned consumption tax hike. October 2019 is far enough in the future that its status has little impact on current activity and inflation expectations. Nonetheless, it needs to be kept in mind that the Government has in the past underestimated the fallout from tax increases. In past cases the economy slowed more severely than predicted. Prime Minister Abe has announced his intention to keep the planned tax hike in place in order to put Government finances on a more sustainable basis.

As has been the case for a while, current economic activity remains solid. The Tankan Survey indicates improved conditions, index levels in the latest release are at their highest levels since before the financial crisis. Other surveys, such as the Shoko-Chukin Survey of small and medium-sized industries and the Economy Watchers Survey remained solid. Industrial production has been trending up for a year. The latest GDP figures are a bit stale, nonetheless, suggesting solid, above-trend, growth.

Enquiries

The Company Secretary
Northern Trust International Fund Administration Services (Guernsey) Limited
bhfa@ntrs.com
+44 (0) 1481 745736

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.