BH Macro Limited
Interim Unaudited Financial Statements 2012

INTERIM UNAUDITED
FINANCIAL STATEMENTS
30 June 2012

Contents

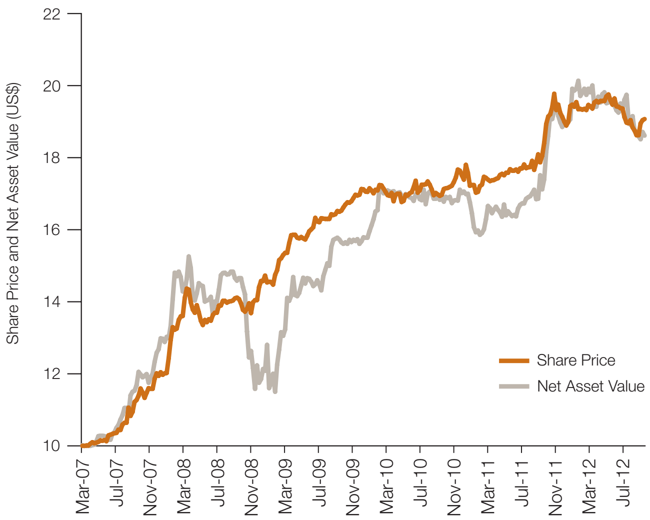
Chairman's Statement

In the first half of 2012, financial markets followed a disappointingly similar pattern to that experienced in 2011 – an initially positive start, giving way to a subsequent relapse.

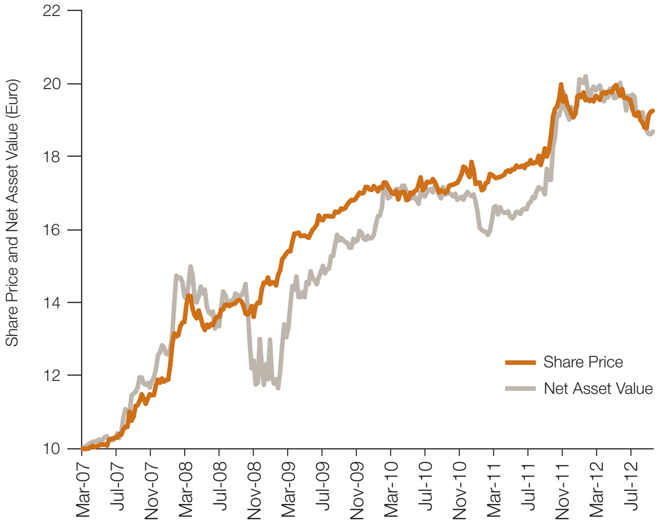
In the early months of 2012, tensions in the eurozone appeared to have abated somewhat, helped by the European Central Bank's provision of term liquidity to banks, and a more positive prospect developed of growth resuming in the global economy. But by the second quarter, concerns within the eurozone re-emerged in the wake of weakness in the Spanish banking sector and uncertainty over elections in Greece. In addition, growth in the US appeared less assured with the prospect of a fiscal cliff at the end of the year (as a result of expiring Bush tax cuts and the failure of the budgetary super-committee to reach an agreement on a deficit reduction plan). It also became increasingly apparent that China and India were experiencing a slowdown, and the UK moved back into recession. As equities gave up their earlier gains, activity in all the main markets became subdued and range-bound, lacking any sustainable sense of direction.

Against this backdrop, BH Macro Limited (the "Company") recorded a modest gain in net asset value ("NAV") of 0.79% (in the sterling share class) in the first quarter of the year, but experienced a NAV decline in the difficult trading conditions of the second quarter, ending the half year with a decline in NAV of 3.58% (in the sterling share class). Disciplined risk management served to limit the downside, and positive performance in July partly reversed this decline. On a longer perspective, the Company has continued to achieve strong returns with low volatility. Over the five years since its launch in 2007, the Company has nearly doubled its NAV and has achieved an annualised rate of return of 12.46%, with an annualised Sharpe ratio of 1.65.

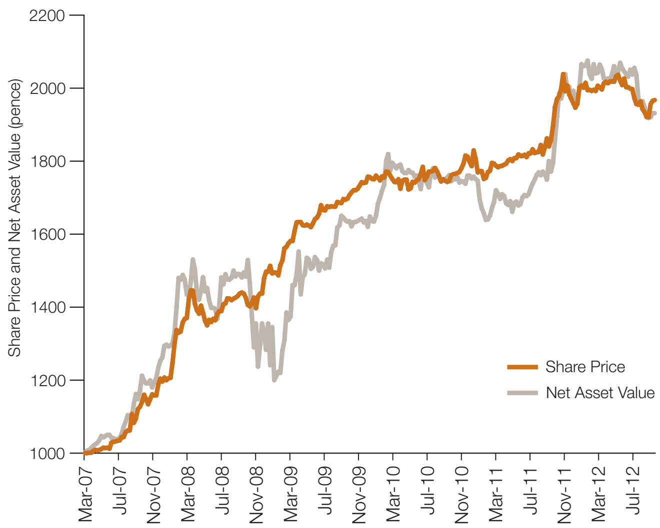
US Dollar shares
Share Price vs Net Asset Value



Euro shares
Share Price vs Net Asset Value



Sterling shares
Share Price vs Net Asset Value



Source: Brevan Howard, as at 2 August 2012. Based on published NAV data, which may be estimated.

Chairman's Statement continued

In line with its stated purpose, the Company invests all its assets (net of minimal working capital) in Brevan Howard Master Fund Limited (the "Master Fund"). The Master Fund's stated objective has been, and remains, to seek to generate consistent long-term appreciation through active leveraged trading and investment on a global basis. The directionless and largely range-bound trading conditions described above presented few opportunities for the Master Fund to pursue structural strategies during the reporting period; and tactical trading remained constrained by the extent to which market movements were driven by inherently uncertain political developments rather than by underlying macroeconomic trends.

The Company remains a substantial entity, with NAV totalling $1.98 billion at the end of June 2012, making it the largest single-manager hedge fund listed on the London Stock Exchange. With the Company's shares trading through the half year at generally close to NAV, it has not proved necessary to undertake market purchases, authority for which was renewed at the Company's AGM in June. However, in line with the provision for shareholders to be offered, at the Board's discretion, a partial return of capital each year of up to the amount of the previous year's gain in NAV, the Company offered a return in 2012 of approximately 40% of the Company's NAV growth in 2011 (between 12-13% across the share classes). The offer was effected in June 2012. Given that the share price has remained close to NAV, it was not surprising that shareholders elected to take up only approximately US$2.7million[1] across the share classes, equal to approximately 3% of the return on offer. The Board remains alert to the need to be ready to undertake discount management actions where necessary so that as far as possible the share prices properly reflect the Company's underlying performance. Trading in the shares continues to provide a liquid secondary market for investors. The shares have maintained their place in the FTSE 250 and the Company has maintained its listings in Dubai and Bermuda.

The Board maintains regular dialogue with the Company's Manager, Brevan Howard Capital Management LP (the "Manager"), to monitor the Master Fund's trading strategies and risk exposures and to satisfy itself that the Manager's analytical, trading and risk management capabilities are being maintained to a high standard. The Board holds extended discussions with the Manager at each of its quarterly Board meetings, supplemented with additional communications with the Manager at intervals during the year. In addition, later this year the Board intends to visit Geneva in order to review Brevan Howard's investment management operations there, as it did last year. From all these contacts, the Board continues to believe that the Master Fund's operations remain of the highest standard.

The Company and its Manager have strengthened the Company's communications and investor relations efforts. Regular communication is maintained with shareholders, and presentations are made to keep analysts, financial journalists and the wider investment community informed of the Company's progress. Up-to-date performance information is provided through NAV data published monthly on a definitive basis and weekly on an estimated basis, as well as through monthly risk reports and shareholder reports. All these reports and further information about the Company are available on its website (www.bhmacro.com).

The Directors take their responsibility for safeguarding the interests of shareholders very seriously and believe that the Company observes high standards of corporate governance. The Board, which is independent of the Brevan Howard group, holds quarterly scheduled meetings and meets ad hoc on other occasions as necessary. The work of the Board is assisted by the Audit Committee and the Management Engagement Committee. The Board meets all of the provisions of the Association of Investment Companies' Code of Corporate Governance that are relevant to a company that has no executive management: the details are described below in the Directors' Report. The Board also remains committed to implementing the recommendations of the Davies Report on women on boards, if possible within the timescales proposed in that Report. At the AGM in June, the Company's Memorandum and Articles were amended to reflect changes brought about by the implementation of The Companies (Guernsey) Law, 2008.

In the first half of 2012, subdued trading conditions in the financial markets limited the opportunities for macroeconomic trading. However, the Board is confident that the Master Fund continues to have the capability to deliver positive performance over time and that the Company's investment in the Master Fund offers the prospect for shareholders to achieve sustainable non-correlated returns while preserving capital.

Ian Plenderleith
Chairman

22 August 2012

1 At 31 May 2012 exchange rates

Board Members

The Directors of the Company, all of whom are non-executive, are listed below:

Ian Plenderleith (Chairman), age 68
Ian Plenderleith retired at the end of 2005 after a three-year term as Deputy Governor of the South African Reserve Bank. He served on the Bank's Monetary Policy Committee and was responsible for money, capital and foreign exchange market operations and for international banking relationships. He previously worked for over 35 years at the Bank of England in London, where he was most recently Executive Director responsible for the Bank's financial market operations and a member of the Bank's Monetary Policy Committee. He has also worked at the International Monetary Fund in Washington DC and served on the Board of the European Investment Bank and on various international committees at the Bank for International Settlements. Mr Plenderleith holds an MA from Christ Church, Oxford University, and an MBA from Columbia Business School, New York. Mr Plenderleith is a non-executive director of Morgan Stanley International and BMCE Bank International in London and of Sanlam in South Africa. He is also Chairman of the Governors of Reed's School in Surrey and serves on the Council of the British Museum Friends. Mr Plenderleith has held the role of chairman since 2007.

Huw Evans, age 54
Huw Evans is Guernsey resident and qualified as a Chartered Accountant with KPMG (then Peat Marwick Mitchell) in 1983. He subsequently worked for three years in the Corporate Finance department of Schroders before joining Phoenix Securities Limited in 1986. Over the next twelve years he advised a wide range of companies in financial services and other sectors on mergers and acquisitions and more general corporate strategy. Since moving to Guernsey in 2005, he has acted as a professional non-executive Director of Guernsey-based funds. BH Macro Limited is the only quoted fund on whose Board he currently sits. He holds an MA in Biochemistry from Cambridge University. Mr Evans was appointed to the Board in 2010.

Anthony Hall, age 73
Anthony Hall is Guernsey resident and has 50 years experience in the financial services industry. He worked for Barclays Bank between 1955 and 1970 and between 1970 and 1976 he held positions with N.M. Rothschild, Guernsey; Bank of London & Montreal, Nassau; and Italian International Bank (CI) Limited, Guernsey. In 1976 he was appointed as Managing Director of Rea Brothers (Guernsey) Limited and between 1988 and 1995 he served as joint CEO and managing director of Rea Brothers Group Plc. He served as Chairman of Rea Brothers (Guernsey) Limited from 1995 to 1996. He was founder Deputy Chairman of the Guernsey International Business Association and was Chairman of the Association of Guernsey Banks in 1994. In addition to being a director of the Company, Mr Hall is currently a director of a number of Guernsey based investment funds including amongst others Stratton Street PCC Limited. Mr Hall was appointed to the Board in 2007.

Christopher Legge, (Senior Independent Director), age 57
Christopher Legge is Guernsey resident and has over 25 years experience in the financial services industry. He qualified in London in 1980 with Pannell Kerr Forster and subsequently moved to Guernsey in 1983 to work for Ernst & Young, progressing from audit manager to Managing Partner in the Channel Islands. Mr Legge retired from Ernst & Young in 2003 and currently holds a number of directorships in the financial sector including, among others Ashmore Global Opportunities Limited, Goldman Sachs Dynamic Opportunities Limited and Third Point Offshore Investors Limited. Mr Legge is an FCA and holds a BA (Hons) in Economics from the University of Manchester. Mr Legge was appointed to the Board in 2007.

Talmai Morgan, age 59
Talmai Morgan is Guernsey resident and qualified as a barrister in 1976. He moved to Guernsey in 1988 where he worked for Barings and then for the Bank of Bermuda as Managing Director of Bermuda Trust (Guernsey) Limited. From January 1999 to June 2004, he was Director of Fiduciary Services and Enforcement at the Guernsey Financial Services Commission (Guernsey's financial regulatory agency) where he was responsible for the design and subsequent implementation of Guernsey's law relating to the regulation of fiduciaries, administration businesses and company directors. He was also involved in the international working groups of the Financial Action Task Force and the Offshore Group of Banking Supervisors. From July 2004 to May 2005, he was Chief Executive of Guernsey Finance which is the official body for the promotion of the Guernsey finance industry. Mr Morgan holds a MA in Economics and Law from Cambridge University. Mr. Morgan is Chairman of the Listed Hedge Fund Forum of the Association of Investment Companies. In addition to being a director of the Company, Mr Morgan is a Director of a number of listed investment funds including, amongst others, BH Global Limited, Goldman Sachs Dynamic Opportunities Limited, John Laing Infrastructure Fund Limited, NB Distressed Debt Investment Fund Limited, NB Private Equity Partners Limited, Real Estate Credit Investments Limited, Signet Global Fixed Income Strategies Limited and Sherborne Investors (Guernsey) A Limited. Mr. Morgan was appointed to the Board in 2007.

Stephen Stonberg, age 44
Stephen Stonberg is a resident of the United States. Prior to January 2011, Mr Stonberg worked for Brevan Howard entities in both London and New York. He joined Brevan Howard Asset Management LLP in London in September 2006 as Head of Business Development and subsequently became a Partner in April 2007. In February 2009 he relocated from London to New York to run North American marketing for Brevan Howard US Asset Management LP. From January to December 2010 he was the CEO of Brevan Howard US LLC, a member of the Financial Industry Regulatory Authority, Inc (FINRA). Prior to joining Brevan Howard, Mr Stonberg worked for JPMorgan (2001-2006) as managing director and Global Head of Strategy and Business Development for the Investment Banking Division (2003-2006)

Board Members continued

and as managing director and Head of Credit Derivative Marketing EMEA (2001-2003). Previously, Mr Stonberg worked at Deutsche Bank (1996-2001) as managing director of Global Credit Derivatives. Mr Stonberg holds an MBA from Harvard Business School (1994) and a Bachelor's Degree in Economics from Columbia University (1989). He is currently a non-executive director of Coalition Development Limited. Mr Stonberg is a non-executive director of BH Global Limited a FTSE 250 listed company and BH Credit Catalysts Limited. Mr Stonberg was appointed to the Board in 2007.

Directors' Report

30 June 2012

The Directors submit their Report together with the Company's Interim Unaudited Statement of Assets and Liabilities, Interim Unaudited Statement of Operations, Interim Unaudited Statement of Changes in Net Assets, Interim Unaudited Statement of Cash Flows and the related notes for the period ended 30 June 2012. The Directors' Report together with the Interim Unaudited Financial Statements (the "Financial Statements") and their related notes give a true and fair view of the financial position of the Company. They have been prepared properly, in conformity with accounting principles generally accepted in the United States of America ("US GAAP"), are in accordance with any relevant enactment for the time being in force and are in agreement with the accounting records.

The Company

The Company is a limited liability closed-ended investment company incorporated in Guernsey on 17 January 2007.

The Company was admitted to a Secondary Listing (Chapter 14) on the Official List of the London Stock Exchange on 14 March 2007. On 11 March 2008, the Company migrated from the Secondary Listing to a Primary Listing pursuant to Chapter 15 of the Listing Rules of the UK Listing Authority. As a result of changes to the UK Listing Regime, the Company's Primary Listing became a Premium Listing with effect from 6 April 2010.

As of 20 October 2008 the Company obtained a Secondary Listing on the Bermuda Stock Exchange and with effect from 11 November 2008, the US Dollar Shares of the Company were admitted to a Secondary Listing on NASDAQ Dubai.

The proceeds from the original issue of shares on listing amounted to approximately US$1.1 billion. On 26 October 2007 the Company issued further shares in a cash placing amounting to approximately US$0.1 billion.

The Company is a member of the Association of Investment Companies.

Investment objective and policy

The Company is organised as a feeder fund that invests all of its assets (net of short-term working capital requirements) directly in the Master Fund managed by the Brevan Howard group, a hedge fund in the form of a Cayman Islands open-ended investment company, which has as its investment objective the generation of consistent long-term appreciation through active leveraged trading and investment on a global basis.

The Master Fund has flexibility to invest in a wide range of instruments including, but not limited to, debt securities and obligations (which may be below investment grade), bank loans, listed and unlisted equities, other collective investment schemes, currencies, commodities, futures, options, warrants, swaps and other derivative instruments. The underlying philosophy is to construct strategies, often contingent in nature, with superior risk/return profiles, whose outcome will often be crystallised by an expected event occurring within a pre-determined period of time.

The Company may employ leverage for the purposes of financing share purchases or buy backs, satisfying working capital requirements or financing further investment into the Master Fund, subject to an aggregate borrowing limit of 20% of the Company's net asset value, calculated as at the time of borrowing. Borrowing by the Company is in addition to leverage at the Master Fund level, which has no limit on its own leverage.

Results and dividends

The results for the period are set out in the Unaudited Statement of Operations on page 16. The Directors do not recommend the payment of a dividend.

Share capital

The number of shares in issue at the period end is disclosed in Note 5 to the Financial Statements.

Going concern

After making enquiries and given the nature of the Company and its investment, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these Financial Statements and, after due consideration, the Directors consider that the Company is able to continue for the foreseeable future.

The Board

The Board of Directors has overall responsibility for safeguarding the Company's assets, for the determination of the investment policy of the Company, for reviewing the performance of the service providers and for the Company's activities. The Directors, all of whom are non-executive, are listed on pages 3, 4 and on the inside back cover. The board has considered the independence of each Director. Stephen Stonberg and Talmai Morgan are not independent of the Manager for the purposes of LR15.2.12-A.

The Articles provide that, unless otherwise determined by ordinary resolution, the number of Directors shall not be less than two. The Company's policy on Directors' Remuneration, together with details of the remuneration of each Director who served during the period, is detailed in the Directors' Remuneration Report on page 11.

The Board meets at least four times a year and between these formal meetings there is regular contact with the Manager and the Secretary. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company and should be brought to the attention of the Directors. The Directors also have access to the Administrator and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

Directors' Report continued

30 June 2012

Directors

For each Director, the tables below set out the number of Board and Audit Committee meetings they were entitled to attend during the six month period ended 30 June 2012 and the number of such meetings attended by each Director.

Scheduled Board Meetings	Held	Attended
Ian Plenderleith	2	2
Huw Evans	2	2
Anthony Hall	2	2
Christopher Legge	2	2
Talmai Morgan	2	2
Stephen Stonberg	2	2

Audit Committee Meetings	Held	Attended
Huw Evans	2	2
Anthony Hall	2	2
Christopher Legge	2	2

Management Engagement Committee Meetings

The Management Engagement Committee held its last meeting on 29 September 2011 and will meet again later this year.

Directors' interests

During 2010 Stephen Stonberg was a partner of Brevan Howard Asset Management LLP and CEO of Brevan Howard US LLC. As of 1 January 2011 Stephen Stonberg resigned from these positions, but remains as a Director of the Company.

Talmai Morgan and Stephen Stonberg are both non-executive Directors of BH Global Limited. BH Global Limited is managed by Brevan Howard Capital Management LP, the Company's Manager, and is a feeder fund for the Brevan Howard Global Opportunities Master Fund Limited which invests, amongst other investments, in the Master Fund.

Stephen Stonberg is also a non-executive Director of BH Credit Catalysts Limited. BH Credit Catalysts Limited is managed by Brevan Howard Capital Management LP, the Company's Manager, and is a feeder fund for the Brevan Howard Credit Catalysts Master Fund Limited into which the Master Fund invests.

Further Directors' interests are disclosed on pages 3 and 4.

The Directors had the following interests in the Company, held either directly or beneficially:

			US Dollar Shares
	30.06.12	31.12.11	30.06.11
Ian Plenderleith	Nil	Nil	Nil
Huw Evans	Nil	Nil	Nil
Anthony Hall	Nil	Nil	Nil
Christopher Legge	Nil	Nil	Nil
Talmai Morgan	Nil	Nil	Nil
Stephen Stonberg	Nil	Nil	Nil

			Euro Shares
	30.06.12	31.12.11	30.06.11
Ian Plenderleith	Nil	Nil	Nil
Huw Evans	Nil	Nil	Nil
Anthony Hall	Nil	Nil	6,500
Christopher Legge	Nil	Nil	Nil
Talmai Morgan	Nil	Nil	Nil
Stephen Stonberg	Nil	Nil	Nil

			Sterling Shares
	30.06.12	31.12.11	30.06.11
Ian Plenderleith	Nil	Nil	Nil
Huw Evans	710	710	710
Anthony Hall	15,738	15,738	10,000
Christopher Legge	Nil	Nil	Nil
Talmai Morgan	1,200	Nil	Nil
Stephen Stonberg	5,676	5,676	5,676

Directors' indemnity

Directors' and officers' liability insurance cover is in place in respect of the Directors. The Directors entered into indemnity agreements with the Company which provide for, subject to the provisions of The Companies (Guernsey) Law, 2008, an indemnity for Directors in respect of costs which they may incur relating to the defence of proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court. The agreement does not provide for any indemnification for liability which attaches to the Directors in connection with any negligence, unfavourable judgements, breach of duty or trust in relation to the Company.

Corporate governance

To comply with the UK Listing Regime the Company must comply with the requirements of the UK Corporate Governance Code.

The Guernsey Financial Services Commission ("GFSC") issued a new Code of Corporate Governance (the "GFSC Code") which came into effect on 1 January 2012. The GFSC Code replaces the existing GFSC guidance, "Guidance on Corporate Governance in the Finance Sector". The GFSC Code provides a framework that applies to all entities licensed by the GFSC or which are registered or authorised as a collective investment scheme. Companies reporting against the UK Corporate Governance Code or the Association of Investment Companies Code of Corporate Governance are deemed to comply with the GFSC Code.

The Board of the Company has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Company has adopted a policy that the composition of the Board of Directors is at all times such that (i) a majority of the Directors are independent of the Manager and any company in the same group as the Manager; (ii) the Chairman of the Board of Directors is free from any conflicts of interest and is independent of the Manager and of any company in the same group as the Manager; and (iii) no more than one director, partner, employee or professional adviser to the Manager or any company in the same group as the Manager may be a Director of the Company at any one time.

The Company has also adopted a Code of Directors' dealings in shares, which is based on the Model Code for Directors' dealings contained in the London Stock Exchange's Listing Rules.

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee at its meetings and annually by the Board. The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be a Nomination Committee or a Remuneration Committee as anticipated by the AIC Code. The Board as a whole fulfils the functions of the Nomination and Remuneration Committees, although the Board has included a separate Remuneration Report on page 11 of these Financial Statements. For new appointments to the Board, nominations are sought from the Directors and from other relevant parties and candidates are then interviewed by an ad hoc committee of independent Directors. The Directors were appointed for an initial term of three years and Section 20.3 of the Company's Articles requires all of the Directors to retire at each Annual General Meeting. This is in line with the AIC Code.

On 18 June 2012, the Annual General Meeting of the Company, Shareholders re-elected all the Directors of the Company.

The Board has given careful consideration to the recommendations of the Davies Report on women on boards. As recommended in the Davies Report, the Board has reviewed its composition and believes that it has available an appropriate range of skills and experience. In order to extend its diversity, the Board is committed to implementing the recommendations of the Davies Report, if possible within the timescales proposed in the Davies Report, and to that end will ensure that women candidates are considered when appointments to the Board are under consideration – as indeed has always been its practice.

The Board, of which Ian Plenderleith is Chairman, consists solely of non-executive Directors. Christopher Legge is the Senior Independent Director of the Board. As at the 30 June 2012, all the Directors, except Stephen Stonberg and Talmai Morgan, are considered by the Board to be independent of the Company's Manager.

The Board has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. An induction programme has been prepared for any future Director appointments.

The Board, Audit Committee and Management Engagement Committee undertake an evaluation of their own performance and that of individual Directors on an annual basis. In order to review their effectiveness, the Board and its Committees carry out a process of formal self-appraisal. The Board and Committees consider how they function as a whole and also review the individual performance of their members. This process is conducted by the respective Chairman reviewing the Directors' performance, contribution and commitment to the Company. Christopher Legge as Senior Independent Director takes the lead in reviewing the performance of the Chairman. The Chairman also has responsibility for assessing the individual Board members' training requirements.

In accordance with the AIC Code which requires external evaluation of the Board every three years, the Board commissioned an external evaluation of its performance in October 2011. The report of the evaluation confirmed that the Company observes a high standard of Corporate Governance and the Board intends to repeat the exercise every three years.

The Terms of Reference of both the Audit Committee and Management Engagement Committee are available from the Administrator.

Directors' Report continued

30 June 2012

Anti-bribery and corruption policy

The Board has adopted a formal Anti-bribery and Corruption Policy. The policy applies to the Company and to each of its Directors. Further, the policy is shared with each of the Company's service providers.

Audit Committee

The Company has established an Audit Committee with formal duties and responsibilities. This Committee meets formally at least twice a year and each meeting is attended by the independent Auditor and Administrator. The Audit Committee comprises Huw Evans, Anthony Hall and Christopher Legge. Christopher Legge is the Chairman of the Audit Committee.

The table on page 6 sets out the number of Audit Committee meetings held during the period ended 30 June 2012 and the number of such meetings attended by each committee member.

The Audit Committee reviews and recommends to the Board the Financial Statements of the Company and is the forum through which the Independent Auditor reports to the Board of Directors. The objectivity of the independent Auditor is reviewed by the Audit Committee which also reviews the terms under which the independent Auditor is appointed to perform non-audit services. The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the independent Auditor, with particular regard to non-audit fees. The Audit Committee considers KPMG Channel Islands Limited to be independent of the Company.

The Audit Committee has requested and received SOC 1 (formerly SAS 70) or equivalent reports from the Manager and the Administrator to enable it to fulfil its duties under its terms of reference.

The Audit Committee has reviewed the need for an internal audit function. The Audit Committee considers the systems and procedures employed by the Manager and the Administrator, including their internal audit functions, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Appointment to the Audit Committee is for a period up to three years which may be extended for two further three year periods provided that the majority of the Audit Committee remain independent of the Manager. Anthony Hall and Christopher Legge are currently serving their second term of three years. Huw Evans is currently serving his first term.

A member of the Audit Committee is available to attend each Annual General Meeting to respond to any shareholder questions on the activities of the Audit Committee.

Auditor's remuneration

The tables below summarise the remuneration paid to KPMG Channel Islands Limited and to other KPMG affiliates for audit and non-audit services during the six month period ended 30 June 2012, the year ended 31 December 2011, and the six month period ended 30 June 2011.

	Period ended 30.06.12	Year ended 31.12.11	Period ended 30.06.11
KPMG Channel Islands Limited			
– Annual audit	–	£22,300	–
– Auditor's interim review	£8,500	£8,500	£8,500
Other KPMG affiliates			
– German tax services	–	£22,553	–
– US tax services	–	£12,346	–

The Audit Committee has established pre-approval policies and procedures for the engagement of KPMG to provide audit, assurance and tax services.

Management Engagement Committee

The Board has established a Management Engagement Committee with formal duties and responsibilities. These duties and responsibilities include the regular review of the performance of and contractual arrangements with the Manager and other service providers and the preparation of the Committee's annual opinion as to the Manager's services.

The principal contents of the Manager's contract and notice period are contained in note 4 to the Financial Statements.

The Management Engagement Committee meets formally at least once a year and comprises Ian Plenderleith, Anthony Hall and Christopher Legge. Anthony Hall is the Chairman of the Management Engagement Committee.

The Board continuously monitors the performance of the Manager and a review of the Manager is conducted by the Management Engagement Committee annually.

The Manager has wide experience in managing and administering fund vehicles and has access to extensive investment management resources. At its meeting of 28 September 2011, the Management Engagement Committee concluded that the continued appointment of the Manager on the terms agreed would be in the interests of the Company's shareholders as a whole. At the date of this report the Board continued to be of the same opinion.

Relations with shareholders

The Board welcomes shareholders' views and places great importance on communication with the Company's shareholders. The Board receives regular reports on the views of shareholders and the Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors of the Company. The Manager provides weekly estimates of NAV and a month end NAV, and the Manager provides a monthly newsletter and a risk report. These are published via RNS and are also available on the Company's website.

The Manager maintains regular dialogue with institutional shareholders, the feedback from which is reported to the Board. In addition, Board members are available to respond to shareholders' questions at Annual General Meetings. Shareholders who wish to communicate with the Board should contact the Administrator in the first instance, whose contact details can be found on the Company's website.

Significant shareholders

As at 30 June 2012, the following had significant shareholdings in the Company:

	Total shares held	% holding in class
Significant shareholders		
US Dollar shares		
Chase Nominees Limited	4,854,695	16.28
Goldman Sachs Securities (Nominees) Limited	3,360,294	11.27
Vidacos Nominees Limited	3,226,597	10.82
Nortrust Nominees Limited	2,859,276	9.59
Lynchwood Nominees Limited	2,394,573	8.03
Morston Nominees Limited	2,005,912	6.73
Enhanced Investing Corporation (Cayman) II Limited	1,745,030	5.85
State Street Nominees Limited	1,282,672	4.30
Euroclear Nominees Limited	1,225,072	4.11
HSBC Global Custody Nominee (UK) Limited	1,215,731	4.08
The Bank of New York (Nominees) Limited	1,179,121	3.95
Euro shares		
Nordea Bank Danmark A/S	2,555,910	30.42
Lynchwood Nominees Limited	828,393	9.86
HSBC Global Custody Nominee (UK) Limited	821,268	9.78
Euroclear Nominees Limited	814,970	9.70
Vidacos Nominees Limited	470,415	5.60
Computershare Investor Services Plc	420,958	5.01
Securities Services Nominees Limited	398,293	4.74
Aurora Nominees Limited	391,352	4.66
Sterling shares		
Chase Nominees Limited	9,189,531	22.54
HSBC Global Custody Nominee (UK) Limited	4,862,011	11.92
Nutraco Nominees Limited	3,005,196	7.37
Lynchwood Nominees Limited	2,785,087	6.83
Nortrust Nominees Limited	2,634,703	6.46
State Street Nominees Limited	2,111,685	5.18

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Christopher Legge
Director

22 August 2012

Statement of Directors' Responsibility in Respect of the Interim Unaudited Financial Statements

We confirm to the best of our knowledge that:

- these Interim Unaudited Financial Statements have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America; and
- these Interim Unaudited Financial Statements include information detailed in the Chairman's Statement, the Directors' Report, the Manager's Report and the notes to the Interim Unaudited Financial Statements, which provides a fair view of the information required by:-

(a) DTR 4.2.7 of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on these Interim Unaudited Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8 of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Audited Financial Statements that could materially affect the financial position or performance of the Company.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Christopher Legge
Director

22 August 2012

Directors' Remuneration Report

30 June 2012

Introduction

An ordinary resolution for the approval of the annual remuneration report will be put to the shareholders at the Annual General Meeting to be held in 2013.

Remuneration policy

All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities, as are the Chairmen of the Audit Committee and the Management Engagement Committee. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to directors of comparable companies.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Directors hold office until they retire or cease to be a director in accordance with the Articles of Incorporation, by operation of law or until they resign. The Directors were appointed for an initial term of three years and Section 20.3 of the Company's Articles requires all of the Directors to retire at each Annual General Meeting. This is in line with the AIC Code. On 18 June 2012, the Annual General Meeting of the Company, shareholders re-elected all the Directors. Director appointments can also be terminated in accordance with the Articles. Should shareholders vote against a Director standing for re-election, the Director affected will not be entitled to any compensation. There are no set notice periods and a Director may resign by notice in writing to the Board at any time.

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No other remuneration or compensation was paid or payable by the Company during the period to any of the Directors apart from the reimbursement of allowable expenses.

Directors' fees

The Company's Articles limit the fees payable to Directors in aggregate to £400,000 per annum. From 1 April 2012, annual fees were increased to £162,000 for the Chairman, £36,000 for Chairmen of both the Audit Committee and the Management Engagement Committee and £33,000 for all other Directors.

The fees payable by the Company in respect of each of the Directors who served during the six month period ended 30 June 2012, the year ended 31 December 2011, and the six month period ended 30 June 2011, were as follows:

	Period ended 30.06.12 £	Year ended 31.12.11 £	Period ended 30.06.11 £
Ian Plenderleith	78,000	150,000	75,000
Huw Evans	15,750	30,000	15,000
Anthony Hall	17,250	33,000	16,500
Christopher Legge	17,250	33,000	16,500
Talmai Morgan	15,750	30,000	15,000
Stephen Stonberg	15,750	30,000	15,000
Total	159,750	306,000	153,000

Performance graphs

The graphs shown on pages 1 and 2 detail the share price returns over the period.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Christopher Legge
Director

22 August 2012

Manager's Report

Brevan Howard Capital Management LP is the Manager of the Company and of the Master Fund.

Performance review

The Net Asset Value of the Company ended the first half of 2012 down approximately 3.6% across the three share classes. The month-by-month NAV performance of each currency class of the Company since it commenced operations in March 2007 is set out below:

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)							(3.66)

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)							(3.75)

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	6.85	(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)							(3.58)

Source: The Company's NAV data is provided by the Company's administrator, Northern Trust International Fund Administration Services (Guernsey) Limited. Monthly 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 the Company.

Shares in the Company do not necessarily trade at a price equal to the prevailing NAV per Share.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

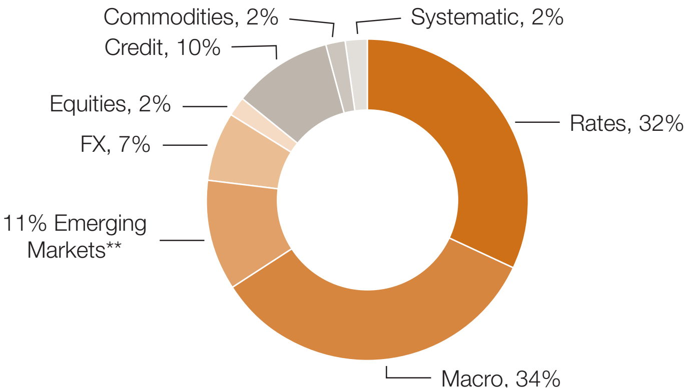
The Master Fund posted a moderate loss in the first half of 2012 arising from a variety of trades across various asset classes, as opposed to being driven by one or two larger themes. Rates trading was the main detractor over the period, followed by equities, commodities and FX. These losses were partially offset by gains in credit trading.

The Master Fund's trading in European rates was successful; it traded from the long side and caught the general rally, as well as employing curve steepening trades. The Master Fund generated further gains in credit trading, in which it ran a moderate long tilt and also profited from long-short trading. However, the Master Fund incurred small losses in several other areas. There were a few short themes in rates trading which were unsuccessful in the second quarter's fixed income rally. Equities trading, which was more tactical than structural (having traded both long and short over the period), also suffered losses. FX trading was marginally down, as trading the euro currency from the short side proved challenging. Finally, a modest loss was incurred in commodities trading, as a long tilt in energy detracted from performance.

While still early in the second half of the year, the Manager has made a positive start as the more bearish positioning that was established in June has worked well in July. The Master Fund successfully capitalised on the correction in the first few weeks of July yet did not give up gains when the market rallied back up late in the month.

The investment profile by strategy group (% of capital allocation) of the Master Fund as at 30 June 2012 is shown below:

Strategy Group Exposure (% of capital allocation*)



Source: Brevan Howard, as at 30 June 2012

* Capital allocations are subject to change.
** Emerging Markets consists of Fixed Income, FX and Credit.

Commentary and Outlook
2012 started off on a relatively positive tone for markets, compared to the very negative and unstable backdrop seen in the second half of 2011. As we entered 2012, the ECB had taken the significant action of offering 3-year Long Term Refinancing Operations ("LTROs") to banks, significantly reducing the risk of an extreme market shock. Furthermore, many forecasters were optimistic that economies outside of Europe would generate moderate but positive growth. As such, the first couple months of the year witnessed a market rally and a reduction in volatility levels. However, as economic data began to indicate further downshifting in the pace of economic activity, particularly in the US which had been one of the stronger economies on a relative basis, markets became increasingly unstable. Concern over economic fundamentals was further compounded by political uncertainty associated with the Greek elections, eurozone summit and the bailout of Spanish banks. These economic and political concerns translated into an increase in volatility and a market sell-off during April and May. In June, the outcomes of the Greek elections, eurozone summit and Spanish bank bailout were generally more positive than expected, which triggered a market rally.

It appears that the global economy has found itself in another "soft patch", similar to that experienced in both 2010 and 2011. What remains uncertain is how long this "soft patch" will last and whether it will be followed by a continuation of the modest but positive trend growth that the global economy has generally seen over the past few years. The outlook for Europe remains uncertain, and global asset markets continue to be highly correlated with any flare-up of risk in Europe.

Markets continue to face many cross-currents, both fundamental and political in nature, however the Manager remains confident in the Master Fund's ability to profit from both tactical and more structural macro trading activity in this turbulent trading environment.

Brevan Howard wishes to thank shareholders once again for their continued support.

Gunther Thumann
Signed on behalf of Brevan Howard Capital Management LP, acting by its sole general partner,
Brevan Howard Capital Management Limited.

22 August 2012

Independent Review Report to BH Macro Limited

We have been engaged by the Company to review the Interim Unaudited Financial Statements included in the Interim Report for the six month period to 30 June 2012 which comprises the Unaudited Statement of Assets and Liabilities, the Unaudited Statement of Operations, the Unaudited Statement of Changes in Net Assets, the Unaudited Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Interim Unaudited Financial Statements.

This Report is made solely to the Company in accordance with the terms of our engagement letter dated 4 July 2012 to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this Report, or for the conclusions we have reached.

Directors' responsibilities

The Interim Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the DTR of the UK FSA.

As disclosed in note 3, the Annual Audited Financial Statements of the Company are prepared in conformity with accounting principles generally accepted in the United States of America and applicable law. The Interim Unaudited Financial Statements have been prepared following the same basis as the most recent Annual Audited Financial Statements.

Our responsibility

Our responsibility is to express to the Company a conclusion on the Interim Unaudited Financial Statements included in the Interim Report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practice Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Unaudited Financial Statements included in the Interim Report for the six month period to 30 June 2012 are not prepared, in all material respects, in conformity with accounting principles generally accepted in the United States of America and the DTR of the UK FSA.

Lee C Clark
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants

22 August 2012

Unaudited Statement of Assets and Liabilities

As at 30 June 2012

	30.06.12 (Unaudited) US$'000	31.12.11 (Audited) US$'000	30.06.11 (Unaudited) US$'000
Assets			
Investment in the Master Fund (cost 30 June 2012: US$666,191,603; 31 December 2011: US$687,460,833; 30 June 2011: US$763,894,411)	1,982,892	2,039,783	1,951,510
Amounts due from the Master Fund	–	–	2,254
Prepaid expenses	145	54	107
Cash and bank balances denominated in US Dollars	2,318	1,816	1,015
Cash and bank balances denominated in Euro	1,158	660	88
Cash and bank balances denominated in Sterling	2,876	4,052	142
Total assets	**1,989,389**	**2,046,365**	**1,955,116**
Liabilities			
Performance fees payable (note 4)	41	1,740	11,090
Management fees payable (note 4)	2,980	3,300	2,932
Redemptions payable (note 5)	2,731	–	–
Accrued expenses and other liabilities	70	72	106
Directors' fees payable	121	119	120
Administration fees payable (note 4)	90	93	88
Total liabilities	**6,033**	**5,324**	**14,336**
Net assets	**1,983,356**	**2,041,041**	**1,940,780**
Number of shares in issue (note 5)			
US Dollar shares	29,815,569	30,428,658	31,255,686
Euro shares	8,400,751	9,467,331	12,767,685
Sterling shares	40,772,967	39,634,764	36,330,595
Net asset value per share (notes 7 and 9)			
US Dollar shares	US$18.61	US$19.31	US$17.65
Euro shares	€18.77	€19.50	€17.76
Sterling shares	£19.20	£19.92	£18.18

See accompanying notes to the Interim Unaudited Financial Statements.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Christopher Legge
Director

22 August 2012

Unaudited Statement of Operations

For the period from 1 January 2012 to 30 June 2012

	01.01.12 to 30.06.12 (Unaudited) US$'000	01.01.11 to 31.12.11 (Audited) US$'000	01.01.11 to 30.06.11 (Unaudited) US$'000
Net investment income/(expense) allocated from the Master Fund			
Interest	20,212	57,125	31,541
Dividend income (net of withholding tax of: 30 June 2012: US$20,632; 31 December 2011: US$116,634; 30 June 2011: US$13,522)	321	343	207
Expenses	(19,197)	(52,075)	(32,108)
Net investment income/(expense) allocated from the Master Fund	**1,336**	**5,393**	**(360)**
Company income			
Foreign exchange gains (note 3)	19,998	–	69,426
Total Company income	**19,998**	**–**	**69,426**
Company expenses			
Performance fees (note 4)	502	56,946	11,295
Management fees (note 4)	18,891	37,064	17,355
Other expenses	354	799	339
Directors' fees	243	491	243
Administration fees (note 4)	183	364	173
Foreign exchange losses (note 3)	–	14,184	–
Total Company expenses	**20,173**	**109,848**	**29,405**
Net investment gain/(loss)	**1,161**	**(104,455)**	**39,661**
Net realised and unrealised gains and losses on investments allocated from the Master Fund			
Net realised gain on investments	28,328	458,430	112,616
Net unrealised loss on investments	(84,473)	(136,612)	(35,175)
Net realised and unrealised (loss)/gain on investments allocated from the Master Fund	**(56,145)**	**321,818**	**77,441**
Net (decrease)/increase in net assets resulting from operations	**(54,984)**	**217,363**	**117,102**

See accompanying notes to the Interim Unaudited Financial Statements.

Unaudited Statement of Changes in Net Assets

For the period from 1 January 2012 to 30 June 2012

	01.01.12 to 30.06.12 (Unaudited) US$'000	01.01.11 to 31.12.11 (Audited) US$'000	01.01.11 to 30.06.11 (Unaudited) US$'000
Net increase/(decrease) in net assets resulting from operations			
Net investment gain/(loss)	1,161	(104,455)	39,661
Net realised gain on investments allocated from the Master Fund	28,328	458,430	112,616
Net unrealised loss on investments allocated from the Master Fund	(84,473)	(136,612)	(35,175)
	(54,984)	**217,363**	**117,102**
Share capital transactions			
Partial capital return			
US Dollar shares	(1,306)	–	–
Euro shares	(763)	–	–
Sterling shares	(632)	–	–
	(2,701)	**–**	**–**
Net (decrease)/increase in net assets	**(57,685)**	**217,363**	**117,102**
Net assets at the beginning of the period/year	**2,041,041**	**1,823,678**	**1,823,678**
Net assets at the end of the period/year	**1,983,356**	**2,041,041**	**1,940,780**

See accompanying notes to the Interim Unaudited Financial Statements.

Unaudited Statement of Cash Flows

For the period from 1 January 2012 to 30 June 2012

	01.01.12 to 30.06.12 (Unaudited) US$'000	01.01.11 to 31.12.11 (Audited) US$'000	01.01.11 to 30.06.11 (Unaudited) US$'000
Cash flows from operating activities			
Net (decrease)/increase in net assets resulting from operations	(54,984)	217,363	117,102
Adjustments to reconcile net (income)/expense to net cash (used in)/provided by operating activities:			
Net investment (income)/expense allocated from the Master Fund	(1,336)	(5,393)	360
Net realised gain on investments allocated from the Master Fund	(28,328)	(458,430)	(112,616)
Net unrealised loss on investments allocated from the Master Fund	84,473	136,612	35,175
Purchase of investment in the Master Fund	(3,149)	–	–
Proceeds from sale of investment in the Master Fund	25,259	97,178	16,677
Foreign exchange (gains)/losses	(19,998)	14,184	(69,426)
Increase in prepaid expenses	(91)	(18)	(71)
(Decrease)/increase in performance fees payable	(1,699)	1,193	10,543
(Decrease)/increase in management fees payable	(320)	516	148
Decrease in accrued expenses and other liabilities	(2)	(36)	(2)
Increase in directors' fees payable	2	13	14
(Decrease)/increase in administration fees payable	(3)	10	5
Net cash (used in)/provided by operating activities	**(176)**	**3,192**	**(2,091)**
Change in cash	**(176)**	**3,192**	**(2,091)**
Cash, beginning of the period/year	**6,528**	**3,336**	**3,336**
Cash, end of the period/year	**6,352**	**6,528**	**1,245**

Cash, end of the period/year			
Cash and bank balances denominated in US Dollars	2,318	1,816	1,015
Cash and bank balances denominated in Euro	1,158	660	88
Cash and bank balances denominated in Sterling	2,876	4,052	142
	6,352	**6,528**	**1,245**

See accompanying notes to the Interim Unaudited Financial Statements.

Notes to the Interim Unaudited Financial Statements

For the period from 1 January 2012 to 30 June 2012

1. The Company

The Company is a limited liability closed-ended investment company incorporated in Guernsey on 17 January 2007 for an unlimited period, with registration number 46235.

The Company was admitted to a Secondary Listing (Chapter 14) on the Official List of the London Stock Exchange on 14 March 2007. On 11 March 2008, the Company migrated from the Secondary Listing to a Primary Listing pursuant to Chapter 15 of the Listing Rules of the UK Listing Authority. As a result of changes to the UK Listing Regime, the Company's Primary Listing became a Premium Listing with effect from 6 April 2010.

As of 20 October 2008 the Company obtained a Secondary Listing on the Bermuda Stock Exchange and with effect from 11 November 2008, the US Dollar shares of the Company were admitted to a Secondary Listing on NASDAQ Dubai.

The Company offers multiple classes of ordinary shares, which differ in terms of currency of issue. To date, ordinary shares have been issued in US Dollar, Euro and Sterling.

2. Organisation

The Company is organised as a feeder fund and seeks to achieve its investment objective by investing all of its investable assets, net of short-term working capital requirements, in the ordinary US Dollar, Euro and Sterling denominated Class B shares issued by the Master Fund.

The Master Fund is an open-ended investment company with limited liability formed under the laws of the Cayman Islands on 22 January 2003. The investment objective of the Master Fund is to generate consistent long-term appreciation through active leveraged trading and investment on a global basis. The Master Fund employs a combination of investment strategies that focus primarily on economic change and monetary policy and market inefficiencies. The underlying philosophy is to construct strategies, often contingent in nature with superior risk/return profiles, whose outcome will often be crystallised by an expected event occurring within a pre-determined period of time. New trading strategies will be added as investment opportunities present themselves.

At the date of these Financial Statements, there were two other feeder funds in operation in addition to the Company that invest all of their assets (net of working capital) in the Master Fund.

The Manager

Brevan Howard Capital Management LP (the "Manager") is the Manager of the Company. The Manager is a Jersey limited partnership, the general partner of which is Brevan Howard Capital Management Limited, a Jersey limited company (the "General Partner"). The General Partner is regulated in the conduct of fund services business by the Jersey Financial Services Commission pursuant to the Financial Services (Jersey) Law 1998 and the Orders made thereunder.

The Manager also manages the Master Fund and in that capacity, as at the date of these Financial Statements, has delegated the function of investment management of the Master Fund to Brevan Howard Asset Management LLP, Brevan Howard (Hong Kong) Limited, Brevan Howard (Israel) Limited, Brevan Howard Investments Products Limited, DW Investment Management LP, and BH-DG Systematic Trading LLP.

3. Significant accounting policies

The Annual Audited Financial Statements, which give a true and fair view, are prepared in conformity with accounting principles generally accepted in the United States of America and comply with the Companies (Guernsey) Law, 2008. The accompanying Interim Unaudited Financial Statements have been prepared following the same accounting methods of computation as the most recent Annual Audited Financial Statements. The functional and reporting currency of the Company is US Dollars.

The following are the significant accounting policies adopted by the Company:

Valuation of investments

The Company records its investment in the Master Fund at fair value. At 30 June 2012 the Company's US Dollar, Euro and Sterling capital accounts represented 2.12%, 0.73% and 4.73% respectively of the Master Fund's capital (at 31 December 2011: 2.31%, 0.94% and 4.75% and at 30 June 2011: 2.28%, 1.35% and 4.50%).

Fair value measurement

Accounting Standards Codification ("ASC") Topic 820 defines fair value as the price that the Company would receive upon selling a security in an orderly transaction to an independent buyer in the principal or most advantageous market of the security.

ASC 820 establishes a three-level hierarchy to maximise the use of observable market data and minimise the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2012 to 30 June 2012

3. Significant accounting policies (continued)

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgement.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgement by the Company's Directors. The Directors consider observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Directors' perceived risk of that instrument.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Directors' own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Directors use prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The valuation and classification of securities held by the Master Fund is discussed in the notes to the Master Fund's Interim Unaudited Financial Statements which are available on the Company's website, www.bhmacro.com.

Income and expenses

The Company records monthly its proportionate share of the Master Fund's income, expenses and realised and unrealised gains and losses. In addition, the Company accrues its own income and expenses.

Use of estimates

The preparation of Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of those Financial Statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Share issue expenses

During 2007, share issue expenses of US$42,220,026 (the "Offer Costs") were borne by the Manager and are payable by the Company to the Manager should the management agreement terminate for certain grounds in whole or with respect to any class of share during the period ending on the seventh anniversary of admission, being 14 March 2014.

Pursuant to the terms of the Management Agreement dated 13 February 2009, the Company must repay to the Manager a fraction of these Offer Costs for every US Dollar by which repurchases, redemptions or cancellations of the Company's shares reduce the Current US Dollar NAV of the Company below its NAV at the time of the Company's listing, being US$1,080,740,459. The Current US Dollar NAV is calculated using the exchange rates ruling at the time of the Company's listing.

The amount of these Offer Costs to be repaid for every US Dollar by which the Company's NAV is reduced will be US$0.0391, being the figure obtained by dividing the Offer Costs by the NAV of the Company at the time of its listing.

The Directors consider the likelihood of this contingent liability crystallising as remote and hence no provision has been made within these Financial Statements.

The Directors confirm there are no other contingent liabilities that require disclosure or provision.

Leverage

The Manager has discretion, subject to the prior approval of a majority of the independent Directors, to employ leverage for and on behalf of the Company by way of borrowings to effect share purchases or share buy-backs, to satisfy working capital requirements and to finance further investments in the Master Fund.

The Company may borrow up to 20% of its NAV, calculated as at the time of borrowing. Additional borrowing over 20% of NAV may only occur if approved by an ordinary resolution of the shareholders.

3. Significant accounting policies (continued)

Foreign exchange

Investment securities and other assets and liabilities of the Sterling and Euro share classes are translated into US Dollars, the Company's reporting currency, using exchange rates at the reporting date. Transactions reported in the Unaudited Statement of Operations are translated into US Dollar amounts at the date of such transactions. The share capital and other capital reserve accounts are translated at the historic rate ruling at the date of the transaction. Exchange differences arising on translation are included in the Unaudited Statement of Operations. This adjustment has no effect on the value of net assets allocated to the individual share classes.

Treasury shares

Where the Company purchases its own share capital, the consideration paid, which includes any directly attributable costs, is recognised as a deduction from equity shareholders' funds through the Company's reserves.

When such shares are subsequently sold or reissued to the market, any consideration received, net of any directly attributable incremental transaction costs, is recognised as an increase in equity shareholders' funds through the Share capital account. Where the Company cancels treasury shares, no further adjustment is required to the Share capital account of the Company at the time of cancellation. Shares held in treasury are excluded from calculations when determining NAV per share as detailed in note 7 or in the Financial Highlights in note 9.

4. Management, performance and administration agreements

Management and performance fee

The Company has entered into a management agreement with the Manager to manage the Company's investment portfolio. The Manager receives a management fee of 1/12 of 2% (or a pro rata proportion thereof) per month of the closing NAV (before deduction of that month's management fee and before making any deduction for any accrued performance fee) as at the last valuation day in each month, payable monthly in arrears. The investment in the Class B shares of the Master Fund is not subject to management fees. During the period ended 30 June 2012, US$18,890,881 (31 December 2011: US$37,064,476 and 30 June 2011: US$17,355,262) was charged by the Manager as management fees. At 30 June 2012, US$2,980,293 (31 December 2011: US$3,299,673 and 30 June 2011: US$2,931,759) of the fee remained outstanding.

The Manager is also entitled to an annual performance fee for each share class. The performance fee is equal to 20% of the appreciation in the NAV per share of that class during that calculation period which is above the base NAV per share of that class. The base NAV per share is the greater of the NAV per share of the relevant class at the time of issue of such share and the highest NAV per share achieved as at the end of any previous calculation period. The Manager will be paid an estimated performance fee on the last day of the calculation period. Within 15 business days following the end of the calculation period, any difference between the actual performance fee and the estimated amount will be paid to or refunded by the Manager, as appropriate. The investment in the Class B shares of the Master Fund is not subject to performance fees.

The portion of any performance fee accrued in respect of a class of shares that relates to the portion of shares of the relevant class which are redeemed, repurchased or cancelled during the calculation period will crystallise and shall be paid to the Manager as at the date of redemption, repurchase or cancellation. Where a portion of any performance fee accrued in respect of a class of shares crystallises as a result of the conversion of shares of that class into shares of another class, that portion of the performance fee shall be paid to the Manager at the same time as any performance fees in respect of the entire relevant calculation period. During the period ended 30 June 2012, US$502,051 (31 December 2011: US$56,946,364 and 30 June 2011: US$11,295,357) was earned by the Manager as performance fees. At 30 June 2012 US$40,956 (31 December 2011: US$1,739,705 and 30 June 2011: US$11,090,174) of the fee remained outstanding.

The Master Fund may hold investments in other funds managed by the Manager. To ensure that shareholders of the Company are not subject to two tiers of fees, the fees paid to the Manager as outlined above are reduced by the Company's share of any fees paid to the Manager by the underlying Master Fund investments, managed by the Manager.

The management agreement may be terminated by either party giving the other party not less than 24 months written notice. In certain circumstances the Company will be obliged to pay compensation to the Manager of the aggregate management fees which would otherwise have been payable during the 24 months following the date of such notice and the aggregate of any accrued performance fee in respect of the current Calculation Period. Compensation is not payable if more than 24 months notice of termination is given.

Administration fee

The Company has appointed Northern Trust International Fund Administration Services (Guernsey) Limited as Administrator, Registrar and Corporate Secretary. The Administrator is paid fees based on the NAV of the Company, payable quarterly. The fee is at a rate of 0.015% of the average month end NAV of the Company, subject to a minimum fee of £67,500 per annum. In addition to the NAV based fee the Administrator is also entitled to an annual fee of £36,000 for certain additional administration services. The Administrator is entitled to be reimbursed out-of-pocket expenses incurred in the course of carrying out its duties as Administrator.

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2012 to 30 June 2012

5. Share capital

Issued and authorised share capital

The Company has the authority to issue an unlimited number of ordinary shares with no par value and an unlimited number of shares with a par value. Shares may be divided into at least three classes denominated in US Dollars, Euros and Sterling. Further issue of shares may be made in accordance with the Articles. Shares may be issued in differing currency classes of ordinary redeemable shares including C shares. The treasury shares have arisen as a result of the discount management programme as described in note 8.

For the period from 1 January 2012 to 30 June 2012

	US Dollar shares	Euro shares	Sterling shares
Number of ordinary shares			
In issue at 1 January 2012	**30,428,658**	**9,467,331**	**39,634,764**
Share conversions	(541,618)	(1,033,100)	1,159,941
Partial capital return	(71,471)	(33,480)	(21,738)
In issue at 30 June 2012	**29,815,569**	**8,400,751**	**40,772,967**
Number of treasury shares			
In issue at 1 January 2012	**3,058,476**	**972,013**	**877,595**
Shares cancelled	–	(450,000)	–
In issue at 30 June 2012	**3,058,476**	**522,013**	**877,595**
Percentage of class	**9.30%**	**5.85%**	**2.11%**

For the year from 1 January 2011 to 31 December 2011

	US Dollar shares	Euro shares	Sterling shares
Number of ordinary shares			
In issue at 1 January 2011	**31,841,026**	**14,780,360**	**34,283,784**
Share conversions	(1,412,368)	(5,313,029)	5,350,980
In issue at 31 December 2011	**30,428,658**	**9,467,331**	**39,634,764**
Number of treasury shares			
In issue at 1 January 2011	**3,438,476**	**1,572,013**	**877,595**
Shares cancelled	(380,000)	(600,000)	–
In issue at 31 December 2011	**3,058,476**	**972,013**	**877,595**
Percentage of class	**9.13%**	**9.31%**	**2.17%**

For the period from 1 January 2011 to 30 June 2011

	US Dollar shares	Euro shares	Sterling shares
Number of ordinary shares			
In issue at 1 January 2011	**31,841,026**	**14,780,360**	**34,283,784**
Share conversions	(585,340)	(2,012,675)	2,046,811
In issue at 30 June 2011	**31,255,686**	**12,767,685**	**36,330,595**
Number of treasury shares			
In issue at 1 January 2011	**3,438,476**	**1,572,013**	**877,595**
Shares cancelled	–	(350,000)	–
In issue at 30 June 2011	**3,438,476**	**1,222,013**	**877,595**
Percentage of class	**9.91%**	**8.74%**	**2.36%**

Share capital account	US Dollar shares US$'000	Euro shares €'000	Sterling shares £'000	Company Total US$'000
At 31 December 2011	53,883	31,754	17,188	133,549
At 30 June 2012	**53,883**	**31,754**	**17,188**	**133,549**

5. Share capital (continued)

Share classes
In respect of each class of shares a separate class account has been established in the books of the Company. An amount equal to the aggregate proceeds of issue of each share class has been credited to the relevant class account. Any increase or decrease in the NAV of the Master Fund US Dollar shares, Master Fund Euro shares and Master Fund Sterling shares as calculated by the Master Fund is allocated to the relevant class account in the Company. Each class account is allocated those costs, pre-paid expenses, losses, dividends, profits, gains and income which the Directors determine in their sole discretion relate to a particular class.

Voting rights of shares
Ordinary shares carry the right to vote at general meetings of the Company and to receive any dividends, attributable to the ordinary shares as a class, declared by the Company and, in a winding-up will be entitled to receive, by way of capital, any surplus assets of the Company attributable to the ordinary shares as a class in proportion to their holdings remaining after settlement of any outstanding liabilities of the Company.

As prescribed in the Company's Articles, the different classes of ordinary shares have different values attributable to their votes. The attributed values have been calculated on the basis of the Weighted Voting Calculation (as described in the Articles) which takes into account the prevailing exchange rates on the date of initial issue of ordinary shares. Currently, on a vote, a single US Dollar ordinary share has 0.7606 votes, a single Euro ordinary share has one vote and a single Sterling ordinary share has 1.4710 votes.

Treasury shares do not have any voting rights.

Repurchase of ordinary shares
The Directors have been granted authority to purchase in the market up to 14.99% of each class of shares and they intend to seek annual renewal of this authority from shareholders which was last granted on 18 June 2012. The Directors may, at their discretion, utilise this share repurchase authority to address any imbalance between the supply of and demand for shares.

Under the Company's Articles, shareholders of a class of shares also have the ability to call for repurchase of that class of shares in certain circumstances. See note 8 for further details.

Further issue of shares
As approved by the shareholders at the Annual General Meeting held on 18 June 2012, the Directors have the power to issue further shares in respect of 10,118,498 US Dollar shares, 2,955,442 Euro shares and 13,387,992 Sterling shares respectively. This power expires fifteen months after the passing of the resolution or on the conclusion of the next Annual General Meeting of the Company, whichever is earlier, unless such power is varied, revoked or renewed prior to that Meeting by a special resolution of the Company in general meeting.

Distributions
The Master Fund has not previously paid dividends to its investors and does not expect to do so in the future. Therefore, the Directors of the Company do not expect to declare any dividends. This does not prevent the Directors of the Company from declaring a dividend at any time in the future if the Directors consider payment of a dividend to be appropriate in the circumstances. If the Directors declare a dividend, such dividend will be paid on a per class basis.

Treasury shares are not entitled to distributions.

Annual redemption offer
Once in every calendar year the Directors may, in their absolute discretion, determine that the Company shall make an offer to redeem such number of shares of the Company in issue as they may determine provided that the maximum amount distributed does not exceed 100% of the increase in NAV of the Company in the prior calendar year.

The Directors shall, in their absolute discretion, determine the particular class or classes of shares in respect of which an Annual Redemption Offer will be made, the timetable for that Annual Redemption Offer and the price at which the shares of each relevant class will be redeemed.

Whether a partial return of capital is made in any particular year and, if so, the amount of the return, may depend, among other things, on prevailing market conditions, the ability of the Company to liquidate its investments to fund the capital return, the success of prior capital returns and applicable legal, regulatory and tax considerations.

Shareholders will be able to decide at that time whether to elect to participate in the capital return on the basis of the then prevailing market conditions.

The Company announced an offer for a partial return of capital to the shareholders of each class of approximately 40% of the gain in NAV in 2011, which was effected in June 2012.

On 29 June 2012 the following number of each share class of shares were redeemed and cancelled pursuant to the 2012 partial capital return:

- 71,471 US Dollar shares at a redemption price of $18.2688 equalling a gross redemption of US$1,305,689;
- 33,480 Euro shares at a redemption price of €18.4320 equalling a gross redemption of €617,103;
- 21,738 Sterling shares at a redemption price of £18.8448 equalling a gross redemption of £409,648.

Share conversion scheme
The Company has implemented a Share Conversion Scheme. The scheme provides shareholders with the ability to convert some or all of their ordinary shares in the Company of one class into ordinary shares of another class. Shareholders are able to convert ordinary shares on the last business day of every month. Each conversion will be based on the NAV (note 7) of the shares of the class to be converted.

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2012 to 30 June 2012

6. Taxation

Overview

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

Uncertain tax positions

The Company recognises the tax benefits of uncertain tax positions only where the position is more-likely-than-not (i.e. greater than 50%) to be sustained assuming examination by a tax authority based on the technical merits of the position. In evaluating whether a tax position has met the recognition threshold, the Company must presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognise in the Company's Financial Statements. Income tax and related interest and penalties would be recognised by the Company as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold.

The Company analyses all open tax years for all major taxing jurisdictions. Open tax years are those that are open for examination by taxing authorities, as defined by the Statute of Limitations in each jurisdiction. The Company identifies its major tax jurisdictions as the Cayman Islands and foreign jurisdictions where the Company makes significant investments. The Company has no examinations by tax authorities in progress.

The Directors have analysed the Company's tax positions, and have concluded that no liability for unrecognised tax benefits should be recorded related to uncertain tax positions. Further, the Directors are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognised tax benefits will significantly change in the next twelve months.

Foreign Account Tax Compliance Act

It is anticipated that with effect from 1 January 2013 the Foreign Account Tax Compliance Act (FATCA) will become effective. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. The Board is in discussion with the Company's service providers to ensure that the Company will comply with the Act's requirements.

7. Publication and calculation of net asset value

The NAV of the Company is equal to the value of its total assets less its total liabilities. The NAV per share of each class will be calculated by dividing the NAV of the relevant class account by the number of shares of the relevant class in issue on that day.

The Company publishes the NAV per share for each class of shares as calculated by the Administrator based in part on information provided by the Master Fund, monthly in arrears, as at each month-end.

The Company also publishes an estimate of the NAV per share for each class of shares as calculated by the Administrator based in part on information provided by the Master Fund, weekly in arrears.

8. Discount management programme

The Company's discount management programme includes the ability to make market purchases of shares and the obligation to propose class closure resolutions if, in any fixed discount management period (1 January to 31 December each year), the average daily closing market price of the relevant class of shares during such period is 10% or more below the average NAV per share of the relevant class taken over the 12 monthly NAV Determination Dates in that fixed discount management period, as described more fully in the Company's principal documents.

In the event a class closure resolution is proposed, shareholders in that class have the following options available to them:

(i) to redeem all or some of their shares at NAV per share less the costs and expenses of the class closure vote and other outstanding costs and expenses of the Company attributable to the relevant class (including any redemption fees and repayment of Offer Costs as described in note 3);

(ii) subject to certain limitations, to convert all or some of their shares into shares of another class, assuming that other class does not also pass a class closure resolution; or

(iii) subject to the class continuing, to remain in the class.

These provisions are disclosed in more detail in the Company's Articles.

The Annual Redemption Offer described in note 5 which enables a partial return of capital is also part of the discount management programme.

The discount management measures will be funded by partial redemptions of the Company's investment in the Master Fund.

During the period the Company did not make use of its ability to make market purchases of its shares.

The total number of shares held in treasury at 30 June 2012 are as disclosed in note 5.

9. Financial highlights

The following tables include selected data for a single ordinary share of each of the ordinary share classes in issue at the period end and other performance information derived from the Financial Statements.

The per share amounts and ratios which are shown reflect the income and expenses of the Company for each class of ordinary share.

9. Financial highlights (continued)

	30.06.12 US Dollar shares US$	30.06.12 Euro shares €	30.06.12 Sterling shares £
Per share operating performance			
Net asset value at beginning of the period	**19.31**	**19.50**	**19.92**
Income from investment operations			
Net investment loss*	(0.17)	(0.19)	(0.18)
Net realised and unrealised gain on investment	(0.53)	(0.54)	(0.54)
Other capital items**	–	–	–
Total return*	**(0.70)**	**(0.73)**	**(0.72)**
Net asset value, end of the period	**18.61**	**18.77**	**19.20**

Total return before performance fee	(3.66%)	(3.75%)	(3.53%)
Performance fee	–	–	(0.05%)
Total return after performance fee	**(3.66%)**	**(3.75%)**	**(3.58%)**

Total return reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per ordinary share during the period from 1 January 2012 to 30 June 2012. An individual shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	30.06.12 US Dollar shares US$'000	30.06.12 Euro shares €'000	30.06.12 Sterling shares £'000
Supplemental data			
Net asset value, end of the period	**554,784**	**157,720**	**783,084**
Average net asset value for the period	**582,695**	**174,552**	**797,157**

	30.06.12 US Dollar shares	30.06.12 Euro shares	30.06.12 Sterling shares
Ratio to average net assets			
Operating expenses			
Company expenses***	0.95%	0.95%	0.95%
Master Fund expenses****	0.44%	0.44%	0.44%
Master Fund interest expense*****	0.49%	0.48%	0.49%
Performance fee	–	0.01%	0.04%
	1.88%	**1.88%**	**1.92%**
Net investment loss before performance fees*	**(0.88%)**	**(0.88%)**	**(0.89%)**
Net investment loss after performance fees*	**(0.88%)**	**(0.89%)**	**(0.93%)**

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2012 to 30 June 2012

9. Financial highlights (continued)

	31.12.11 US Dollar shares US$	31.12.11 Euro shares €	31.12.11 Sterling shares £
Per share operating performance			
Net asset value at beginning of the year	**17.24**	**17.29**	**17.73**
Income from investment operations			
Net investment loss*	(0.84)	(1.09)	(0.79)
Net realised and unrealised gain on investment	2.97	4.02	2.81
Other capital items**	(0.06)	(0.72)	0.17
Total return*	**2.07**	**2.21**	**2.19**
Net asset value, end of the year	**19.31**	**19.50**	**19.92**
Total return before performance fee	15.02%	16.77%	15.17%
Performance fee	(2.98%)	(3.93%)	(2.83%)
Total return after performance fee	**12.04%**	**12.84%**	**12.34%**

Total return reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per ordinary share during the year from 1 January 2011 to 31 December 2011. An individual shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	31.12.11 US Dollar shares US$'000	31.12.11 Euro shares €'000	31.12.11 Sterling shares £'000
Supplemental data			
Net asset value, end of the year	**587,654**	**184,658**	**789,461**
Average net asset value for the year	**569,504**	**227,154**	**688,001**

	31.12.11 US Dollar shares	31.12.11 Euro shares	31.12.11 Sterling shares
Ratio to average net assets			
Operating expenses			
Company expenses***	1.95%	1.91%	1.96%
Master Fund expenses****	1.08%	1.07%	1.09%
Master Fund interest expense*****	1.55%	1.58%	1.52%
Performance fee	2.79%	2.88%	2.90%
	7.37%	**7.44%**	**7.47%**
Net investment loss before performance fees*	**(1.68%)**	**(1.65%)**	**(1.67%)**
Net investment loss after performance fees*	**(4.47%)**	**(4.53%)**	**(4.57%)**

9. Financial highlights (continued)

	30.06.11 US Dollar shares US$	30.06.11 Euro shares €	30.06.11 Sterling shares £
Per share operating performance			
Net asset value at beginning of the period	**17.24**	**17.29**	**17.73**
Income from investment operations			
Net investment loss*	(0.28)	(0.30)	(0.27)
Net realised and unrealised gain on investment	0.69	0.81	0.71
Other capital items**	–	(0.04)	0.01
Total return*	**0.41**	**0.47**	**0.45**
Net asset value, end of the period	**17.65**	**17.76**	**18.18**
Total return before performance fee	2.92%	3.33%	3.15%
Performance fee	(0.54%)	(0.61%)	(0.61%)
Total return after performance fee	**2.38%**	**2.72%**	**2.54%**

Total return reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per ordinary share during the period from 1 January 2011 to 30 June 2011. An individual shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	30.06.11 US Dollar shares US$'000	30.06.11 Euro shares €'000	30.06.11 Sterling shares £'000
Supplemental data			
Net asset value, end of the period	**551,732**	**226,810**	**660,353**
Average net asset value for the period	**552,284**	**239,577**	**639,442**

	30.06.11 US Dollar shares	30.06.11 Euro shares	30.06.11 Sterling shares
Ratio to average net assets			
Operating expenses			
Company expenses***	0.94%	0.92%	0.95%
Master Fund expenses****	0.62%	0.60%	0.62%
Master Fund interest expense*****	1.06%	1.03%	1.06%
Performance fee	0.54%	0.61%	0.61%
	3.16%	**3.16%**	**3.24%**
Net investment loss before performance fees*	**(0.96%)**	**(0.94%)**	**(0.96%)**
Net investment loss after performance fees*	**(1.50%)**	**(1.55%)**	**(1.57%)**

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2012 to 30 June 2012

9. Financial highlights (continued)

Notes:

* **The net investment loss figures disclosed above, in the Directors' opinion and in accordance with the Company's investment objectives, do not reflect the Company's overall performance. Considering the investment objectives of the Company, the Directors consider that the total return of the Company is a true reflection of the Company's overall performance during the period/year.**

** Included in other capital items are the discounts and premiums on conversions between share classes and on the sale of treasury shares as well as the partial capital return effected 29 June 2012 compared to the NAV per share at the beginning of the period/year.

*** Company expenses are as disclosed in the Audited Statement of Operations excluding the performance fee.

**** Master Fund expenses are the operating expenses of the Master Fund excluding the interest and dividend expenses of the Master Fund.

***** Master Fund interest expense includes interest and dividend expenses on investments sold short.

10. Related party transactions

Parties are considered to be related if any one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

Management and performance fees are disclosed in note 4.

Directors' fees are disclosed in the Directors' Remuneration Report on page 11.

Directors' interests are disclosed in the Directors' Report on page 6 and also the Board Members section on pages 3 and 4.

11. Subsequent events

The Directors have evaluated subsequent events up to 22 August 2012, which is the date that the Financial Statements were available to be issued, and have concluded there are no further items that require disclosure or adjustment to the Financial Statements.

Historic Performance Summary

As at 30 June 2012

	30.06.12 US$'000	31.12.11 US$'000	31.12.10 US$'000	31.12.09 US$'000	31.12.08 US$'000
Net (decrease)/increase in net assets resulting from operations	**(54,984)**	**217,363**	**(40,173)**	**342,882**	**152,032**
Total assets	**1,992,145**	**2,046,365**	**1,827,306**	**1,863,160**	**1,643,056**
Total liabilities	**(8,789)**	**(5,324)**	**(3,628)**	**(3,509)**	**(2,936)**
Net assets	**1,983,356**	**2,041,041**	**1,823,678**	**1,859,651**	**1,640,120**
Number of shares in issue					
US Dollar shares	29,815,569	30,428,658	31,841,026	40,728,777	54,992,632
Euro shares	8,400,751	9,467,331	14,780,360	17,280,342	21,470,815
Sterling shares	40,772,967	39,634,764	34,283,784	26,356,443	19,075,361
Net asset value per share					
US Dollar shares	US$18.61	US$19.31	US$17.24	US$17.08	US$14.47
Euro shares	€18.77	€19.50	€17.29	€17.13	€14.47
Sterling shares	£19.20	£19.92	£17.73	£17.55	£14.87

Notes

Notes

Notes

Company Information

Directors

Ian Plenderleith (Chairman)*

Huw Evans*

Anthony Hall*

Christopher Legge (Senior Independent Director)*

Talmai Morgan

Stephen Stonberg

(All Directors are non-executive)

* These Directors are independent for the purpose of Listing Rule 15.2.12-A

Registered Office

Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands GY1 3QL

Manager

Brevan Howard Capital Management LP
4th floor
One Esplanade
St. Helier
Jersey
Channel Islands JE2 3QA

For the latest information
www.bhmacro.com

Administrator, Registrar and Corporate Secretary

Northern Trust International Fund
Administration Services (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands GY1 3QL

Independent Auditor

KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey
Channel Islands GY1 4AN

CREST Service Provider

Computershare Investor Services (Jersey) Limited
Ordnance House
31 Pier Road
St Helier
Jersey
Channel Islands JE4 8PW

Legal Advisors (Guernsey Law)

Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey
Channel Islands GY1 4BZ

Legal Advisors (UK and US Law)

Freshfields Bruckhaus Deringer
65 Fleet Street
London EC4Y 1HS

Corporate Broker

JPMorgan Cazenove Limited
25 Bank Street
Canary Wharf
London E14 5JP

Designed and produced by Fin International