

BH Macro Limited
Interim Report and Unaudited Financial
Statements 2013

INTERIM REPORT AND UNAUDITED
FINANCIAL STATEMENTS
30 June 2013

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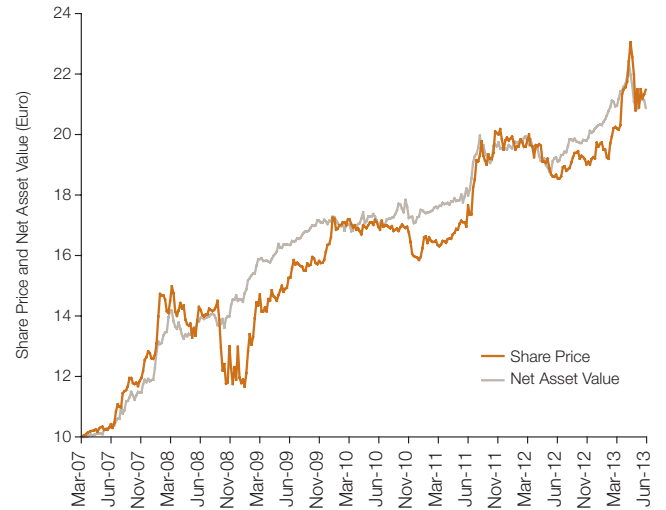


Chairman's Statement

The global economy as a whole showed more positive signs of sustainable recovery in the first half of 2013. But the picture was distinctly mixed. Greater momentum in the US economy and stimulative policy actions in Japan helped to offset the weak outlook in the eurozone, continuing uncertainty about the scale of slowdown in China and adverse headwinds in some of the major emerging market economies. This improved overall prospect propelled a strong rally in equity markets, which had begun late in 2012 and lasted through until mid-May 2013, and a strengthening of the US dollar. Both of these trends were suddenly reversed in May as new uncertainties entered the equation – notably, indications by the US Federal Reserve that it might begin “tapering” its monetary easing operations, which triggered a sharp rise in bond yields, and doubts about the prospects for underlying recovery in Japan. Though the underlying picture remains one of gradual recovery, the markets remain vulnerable to switchback changes in sentiment.

Against this background, BH Macro Limited (the “Company”) recorded a substantial gain in net asset value (“NAV”) through to mid-May, but saw part of the gain eroded during the markets’ switchback in the second half of May and in June, ending the half year with a gain in NAV of 4.19% over the six months (on its sterling shares). On a longer perspective, the Company has continued to achieve strong returns with low volatility. Over the six years since its launch in 2007, the Company has more than doubled its NAV (a gain of 116% on the sterling shares) and has achieved an annualised rate of return of 11.85% with an annualised Sharpe ratio of 1.82%. The Company thus continues to be successful in preserving shareholders’ capital and achieving a positive return, uncorrelated with other markets and with low volatility.

Euro shares
Share Price vs Net Asset Value



Sterling shares
Share Price vs Net Asset Value



US Dollar shares
Share Price vs Net Asset Value



Source: Brevan Howard, as at 26 July 2013. Based on published NAV data, which may be estimated.

Chairman's Statement *continued*

In line with its stated purpose, the Company invests all of its assets (net of minimal working capital) in the 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 capital appreciation through active leveraged trading and investment on a global basis. As explained more fully in the report by the Company's manager, Brevan Howard Capital Management LP (the "Manager"), performance in the first half of 2013 was primarily driven by trading positions that benefited from the stimulative policy action in Japan and long positions in the USD against the currencies of a number of slower growth countries.

The Company remains a substantial fund, with NAV totalling \$2.13 billion at the end of June 2013, making it the largest single-manager hedge fund listed on the London Stock Exchange. With the Company's shares trading through the year generally at a premium to NAV, no market purchases were undertaken; authority for such purchases was renewed at the Company's AGM in June 2013. However, in line with the provision for shareholders to be offered, at the Board's sole discretion, a partial return of capital of up to the amount of the previous year's gain in NAV, the Company offered a return in 2013 of 100% of the gain (of a little under 4%) in NAV in 2012. The offer was effected in March 2013. Given that the share prices had remained generally at a premium to NAV, it was not surprising that shareholder take-up was less than the amount on offer. The Board remains alert to the need to be ready to undertake discount or premium management actions where necessary so that as far as possible the share prices properly reflect the Company's underlying performance. The listing of the Company's shares on the Main Market of the London Stock Exchange continues to provide an active secondary market for shareholders to trade shares. The shares have also 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, to review 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 contact with the Manager at intervals during the year. One Board meeting a year is held in Brevan Howard's head office in Jersey in order to maintain first-hand contact with the Manager's team there. In addition, Directors will be visiting Switzerland later in the year for a review of Brevan Howard's trading office in Geneva and an annual meeting with senior Brevan Howard traders; and the Board plans to hold its quarterly board meeting in December 2013 in New York in order to be able to review Brevan Howard's increasingly important

US operations. From all these contacts, the Board continues to believe that the Master Fund's performance remains of the highest standard.

The Company and its Manager have continued to pursue an active programme for public communication and investor relations. 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. An extensive presentation for investors was held in London in April 2013, which attracted a full attendance and positive feedback. 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 are very closely focused on safeguarding the interests of shareholders 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 continues to meet 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.

There has been evidence in recent months that the global economy may be achieving a greater degree of stability after the upheavals of recent years and that some of the major economies are reaching towards a more sustainable momentum of recovery. Although, as noted in last year's Report, markets have, as a result generally been driven more by macroeconomic trends and less by political interventions, the capacity for markets to be seized by sudden switchbacks in sentiment has seemingly not lessened. In this environment, the Board believes that the Master Fund has the capability to continue to deliver positive performance over time and that the Company's investment in the Master Fund offers good prospects for shareholders to achieve sustainable returns while preserving capital.



Ian Plenderleith
Chairman

22 August 2013

Board Members

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

Ian Plenderleith (Chairman), age 69

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 36 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. Mr Plenderleith has held the role of chairman since 2007.

Huw Evans, age 55

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 a number of Guernsey-based companies and funds. BH Macro Limited and Standard Life Investment Property Income Trust Limited are the only quoted funds 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 74

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 58

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, Sherborne Investors (Guernsey) B 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.

Talmi Morgan, age 60

Talmi 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, DCG IRIS Limited, Global Fixed Income Realisation Limited, John Laing Infrastructure Fund Limited, NB Distressed Debt Investment Fund Limited, NB Private Equity Partners Limited, Real Estate Credit Investments PCC Limited, Sherborne Investors (Guernsey) A Limited and Sherborne Investors (Guernsey) B Limited. Mr Morgan was appointed to the Board in 2007.

Stephen Stonberg, age 45

Stephen Stonberg is a resident of the United States and has over 25 years experience in both Europe and the United States. From 2011 to 2013, he was a Managing Director at Credit Suisse Asset Management in New York. Prior to this, 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

Board Members continued

Strategy and Business Development for the Investment Banking Division (2003-2006) 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 2013

The Directors submit their Interim 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 2013. 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 ("LSE") 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 (the "AIC").

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 17. The Directors do not recommend the payment of a dividend.

The figures stated in note 9 of the Notes to the Interim Unaudited Financial Statements for Net Investment Losses are, in the Directors' opinion and in accordance with the Company's investment objectives, not the best reflection of the Company's overall performance. Considering the investment objectives of the Company, the Directors consider that the figures disclosed in note 9 for Total Returns are a better reflection of the Company's overall performance during the period.

Share capital

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

During the period, the Company announced an offer for a partial capital return to shareholders of an amount equal to 100% of the NAV growth during the 2012 calendar year for each class of its shares (less certain costs and provisions). The partial capital return allowed shareholders to elect to have shares redeemed at a price equal to the NAV for the relevant class of shares as at 31 December 2012, discounted by 4%. The record date for participation in the partial capital return was 31 January 2013. See note 5 for further details.

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 page 3 and on the inside back cover. The Board has considered the independence of each Director. Stephen Stonberg and Talmay Morgan are not independent of the Manager for the purposes of LR15.2.12-A.

Directors' Report *continued*

30 June 2013

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 12.

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

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 2013 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
Talmi 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 19 September 2012 and will meet again later this year.

Directors' interests

Talmi 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		
	30.06.13	31.12.12	30.06.12
Ian Plenderleith	Nil	Nil	Nil
Huw Evans	Nil	Nil	Nil
Anthony Hall	Nil	Nil	Nil
Christopher Legge	Nil	Nil	Nil
Talmi Morgan	Nil	Nil	Nil
Stephen Stonberg	Nil	Nil	Nil

	Euro Shares		
	30.06.13	31.12.12	30.06.12
Ian Plenderleith	Nil	Nil	Nil
Huw Evans	Nil	Nil	Nil
Anthony Hall	Nil	Nil	Nil
Christopher Legge	Nil	Nil	Nil
Talmi Morgan	Nil	Nil	Nil
Stephen Stonberg	Nil	Nil	Nil

	Sterling Shares		
	30.06.13	31.12.12	30.06.12
Ian Plenderleith	Nil	Nil	Nil
Huw Evans	710	710	710
Anthony Hall	15,738	15,738	15,738
Christopher Legge	Nil	Nil	Nil
Talmi Morgan	1,200	1,200	1,200
Stephen Stonberg	5,676	5,676	5,676

On 29 July 2013, 5,738 Sterling Shares held by Anthony Hall were converted into 9,017 USD Shares.

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's Code of Corporate Governance (the "GFSC Code") provides a framework that applies to all entities licensed by the Guernsey Financial Services Commission or which are registered or authorised as a collective investment scheme. Companies reporting against the UK Corporate Governance Code or the AIC Code of Corporate Governance are deemed to comply with the GFSC Code.

The UK Financial Reporting Council ("FRC") issued a revised UK Corporate Governance Code in September 2012 for reporting periods beginning on or after 1 October 2012. The AIC updated the AIC Code of Corporate Governance (including the Jersey and Guernsey editions) and its Guide to Corporate Governance in February 2013 to reflect the relevant changes to the FRC document. The Company has not early adopted these changes, however, full disclosures will be made in the 2013 Annual Report.

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 LSE's Listing Rules.

Ongoing charges for the six month period ended 30 June 2013, year ended 31 December 2012 and six month period ended 30 June 2012 have been prepared in accordance with the AIC's recommended methodology.

The following table presents the Ongoing Charges for each share class:

30.06.13

	US Dollar Shares	Euro Shares	Sterling Shares
Company – Ongoing Charges	1.96%	1.97%	1.97%
Master Fund – Ongoing Charges	0.61%	0.61%	0.61%
Performance fee	0.94%	0.95%	0.97%
Ongoing Charges plus performance fee	3.51%	3.53%	3.55%

31.12.12

	US Dollar Shares	Euro Shares	Sterling Shares
Company – Ongoing Charges	1.93%	1.92%	1.94%
Master Fund – Ongoing Charges	0.60%	0.59%	0.60%
Performance fee	0.86%	0.74%	0.94%
Ongoing Charges plus performance fee	3.39%	3.25%	3.48%

30.06.12

	US Dollar Shares	Euro Shares	Sterling Shares
Company – Ongoing Charges	1.91%	1.90%	1.91%
Master Fund – Ongoing Charges	0.61%	0.61%	0.61%
Performance fee	0.00%	0.01%	0.04%
Ongoing Charges plus performance fee	2.52%	2.52%	2.56%

Ongoing Charges for the Company and the Master Fund for the six month period ended 30 June 2013 and 30 June 2012 have been calculated on an annualised basis.

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.

Directors' Report *continued*

30 June 2013

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 12 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. In line with the AIC Code, as the Company is a FTSE 250 listed Company, Section 20.3 of the Company's Articles requires all Directors to retire at each Annual General Meeting. On 10 June 2013, 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 the current appointments provide 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 as part of its succession planning over future years.

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 30 June 2013, all the Directors, except Stephen Stonberg and Talmaj Morgan, are considered by the Board to be independent of the Company and 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. The Board has adopted a Nomination Policy covering procedures for nominations to the Board and to Board committees. 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 by Optimus Group Limited, 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.

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 six month period ended 30 June 2013 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.

After reviewing the presentations and reports from management, and consulting where necessary with the Independent Auditor, the Audit Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

The Audit Committee has received SOC 1 report from the Administrator to enable it to fulfil its duties under its terms of reference. The Manager is currently in the process of producing an equivalent report.

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 third term of three years. Huw Evans is currently serving his second 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 to 30 June 2013, the year ended 31 December 2012, and the six month period ended 30 June 2012.

	Period ended 30.06.13	Year ended 31.12.12	Period ended 30.06.12
KPMG Channel Islands Limited			
– Annual audit	–	£23,000	–
– Auditor's interim review	£8,500	£8,500	£8,500
Other KPMG affiliates			
– German tax services	–	£24,257	–
– US tax services	–	£11,761	–

The German and US tax services are provided in relation to the reporting requirements for that country.

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

German Tax Reporting

With effect from the year commencing 1 January 2014, the Company no longer intends to comply with the tax calculation and reporting requirements pursuant to section 5 of the German Investment Tax Act (Investmentsteuergesetz) due to lack of demand for the reporting.

Shareholders with any queries in relation to the above should contact the Administrator in the first instance, whose contact details can be found on the Company's website, www.bhmacro.com.

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 19 September 2012, 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.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. However, the States of Guernsey have announced that it has decided to enter into intergovernmental agreement with US Treasury in order to facilitate the requirements under the Act.

UK-Guernsey Intergovernmental Agreement

The States of Guernsey are in the process of finalising a draft intergovernmental agreement with the UK ("UK-Guernsey IGA") under which potentially mandatory disclosure requirements may be required in respect of Shareholders who have a UK connection. As at the date of this document details of the finalised terms and effective date of the UK-Guernsey IGA have yet to be announced. Once signed, the UK-Guernsey IGA would be subject to ratification by Guernsey's States of Deliberation and the relevant legislation would have to be introduced. Whereas the impact of the UK-Guernsey IGA on the Company and the Company's reporting responsibilities pursuant to the UK-Guernsey IGA are not currently known, the Board is monitoring implementation of the UK-Guernsey IGA with the assistance of its legal advisers and accountants.

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.

Directors' Report continued

30 June 2013

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.

Significant shareholders

As at 30 June 2013, the following had significant shareholdings in the Company:

	Total shares held	% holding in class
Significant shareholders		
US Dollar shares		
Chase Nominees Limited	4,830,832	17.33
Goldman Sachs Securities (Nominees) Limited	3,098,757	11.12
Vidacos Nominees Limited	3,028,391	10.86
Nortrust Nominees Limited	2,738,603	9.82
Lynchwood Nominees Limited	2,329,830	8.36
State Street Nominees Limited	1,771,328	6.35
Enhanced Investing Corporation (Cayman) II Limited	1,745,030	6.26
Morstan Nominees Limited	1,719,255	6.17
HSBC Global Custody Nominee (UK) Limited	837,179	3.00
Euro shares		
Nordea Bank Danmark A/S	1,927,808	28.18
BBHISL Nominees Limited	903,321	13.21
HSBC Global Custody Nominee (UK) Limited	655,715	9.59
Lynchwood Nominees Limited	533,934	7.81
Aurora Nominees Limited	412,215	6.03
Vidacos Nominees Limited	368,443	5.39
State Street Nominees Limited	311,618	4.56
Roy Nominees Limited	250,420	3.66
The Bank of New York (Nominees) Limited	233,615	3.42
Goodbody Stockbrokers Nominees Limited	226,704	3.31

	Total shares held	% holding in class
Significant shareholders		
Sterling shares		
Chase Nominees Limited	10,383,248	24.85
Nutraco Nominees Limited	3,740,051	8.95
HSBC Global Custody Nominee (UK) Limited	2,964,908	7.10
Lynchwood Nominees Limited	2,802,223	6.71
State Street Nominees Limited	2,379,568	5.70
Nortrust Nominees Limited	2,178,790	5.22
The Bank of New York (Nominees) Limited	1,302,172	3.12

Signed on behalf of the Board by:



Ian Plenderleith
Chairman

Christopher Legge
Director

22 August 2013

Statement of Directors' Responsibility in Respect of the Interim Report and 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 give a true and fair view of assets, liabilities, financial position and profit or loss, 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 4.2.7R 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 4.2.8R 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 2013

Directors' Remuneration Report

30 June 2013

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 2014.

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. Each Director was issued a new letter of appointment on 10 December 2012. 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. In line with the AIC Code, as the Company is a FTSE 250 listed Company, Section 20.3 of the Company's Articles requires all Directors to retire at each Annual General Meeting. On 10 June 2013, 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 2013, annual fees were increased to £167,000 for the Chairman, £37,500 for Chairmen of both the Audit Committee and the Management Engagement Committee and £34,000 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 2013, the year ended 31 December 2012, and the six month period ended 30 June 2012, were as follows:

	Period ended 30.06.13 £	Year ended 31.12.12 £	Period ended 30.06.12 £
Ian Plenderleith	82,250	159,000	78,000
Huw Evans	16,750	32,250	15,750
Anthony Hall	18,375	35,250	17,250
Christopher Legge	18,375	35,250	17,250
Talmai Morgan	16,750	32,250	15,750
Stephen Stonberg	16,750	32,250	15,750
Total	169,250	326,250	159,750

Performance graphs

The graphs shown on page 1 detail the share price returns over the period.

Signed on behalf of the Board by:



Ian Plenderleith
Chairman

Christopher Legge
Director

22 August 2013

Manager's Report

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

Performance review

The NAV of the USD share class appreciated by 3.91% in the first half of 2013, while the NAV of the Euro shares and the Sterling shares appreciated by 3.88% and 4.19% respectively in the first half of 2013.

The month-by-month NAV performance of each currency class of the Company since it commenced operations in 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)	2.36	1.02	1.99	(0.36)	0.92	1.66	3.86
2013	1.01	2.32	0.34	3.45	(0.10)	(3.05)							3.91

EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	–	–	0.05	0.70	0.02	2.26	2.43	3.07	5.65	(0.08)	2.85	0.69	18.95
2008	9.92	6.68	(2.62)	(2.34)	0.86	2.84	1.28	0.98	(3.30)	2.79	3.91	(0.45)	21.65
2009	5.38	2.67	1.32	0.14	3.12	(0.82)	1.33	0.71	1.48	1.05	0.35	0.40	18.36
2010	(0.30)	(1.52)	0.03	1.48	0.37	1.39	(1.93)	1.25	1.38	(0.35)	(0.34)	(0.46)	0.93
2011	0.71	0.57	0.78	0.52	0.65	(0.49)	2.31	6.29	0.42	(0.69)	1.80	(0.54)	12.84
2012	0.91	0.25	(0.39)	(0.46)	(1.89)	(2.20)	2.40	0.97	1.94	(0.38)	0.90	1.63	3.63
2013	0.97	2.38	0.31	3.34	(0.10)	(2.98)							3.88

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)	2.38	1.01	1.95	(0.35)	0.94	1.66	3.94
2013	1.03	2.43	0.40	3.42	(0.08)	(2.95)							4.19

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 gain of 3.91% for the first half of the year, with performance being driven mainly by positioning associated with three major themes amongst the traders. One of those themes and the largest contributor to performance in the first half of 2013 was bullish positioning in Japanese equity markets. The Master Fund's exposure here was somewhat tactical, as exposure varied considerably throughout the period from flat to fairly assertive long positions at times. The Master Fund's aggregate exposure in this theme was highly optionised as many traders expressed bullish views via options.

The second theme which was also a significant contributor to the first half of the year's performance was long positioning in the US dollar versus slower growth countries, which tended to be pursuing dovish monetary policies. Key currency shorts versus the US dollar long were GBP, CHF, EUR, JPY, AUD and CAD. During the first quarter, the JPY short position was a more dominant short position than the others, as Japan's Prime Minister Abe and the new heads of the Bank of Japan rolled out their aggressive monetary policy plans. However, in the second quarter the JPY short positioning was less dominant as the JPY had repriced quite significantly in a relatively short period of time and traders began to peel back the size of the short positions. Around the same time, short positions in European currencies (GBP, EUR and CHF) generally grew in size as many traders felt that the European Central Bank would take further actions to provide more accommodative monetary policy.

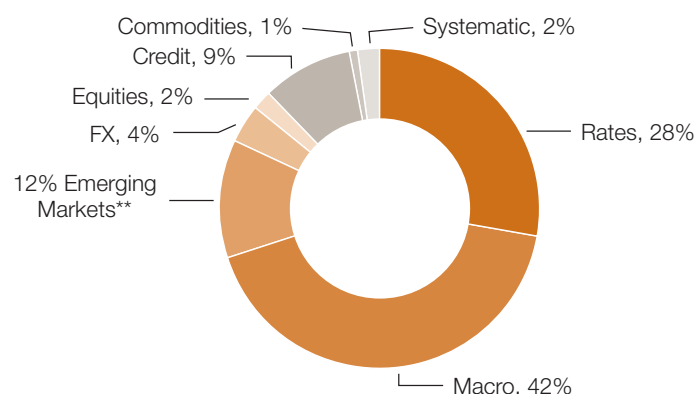
Manager's Report continued

The third major theme which impacted performance was long positioning in EUR rates, which was a fairly significant detractor for the period. Many traders felt that there would be no meaningful improvement in economic growth in Europe anytime soon and that the failure of the economy to improve would likely trigger a rate cut or perhaps multiple cuts from the European Central Bank. As such, many traders held long positions in rates. Unfortunately, the major selloff in the global bond markets in the second quarter negatively impacted these positions.

Commodities and credit trading did not have a significant impact on overall first half performance, as positioning in these areas was small relative to rates, FX and equities strategies. Commodities posted a small loss in the period while credit posted a small gain.

The investment profile by strategy group (% of capital allocation) of the Master Fund as at 30 June 2013 is shown below:

Strategy Group Exposure (% of capital allocation*)



Source: Brevan Howard, as at 30 June 2013. Data may not sum to 100% due to rounding.

* Capital allocations are subject to change.

** Emerging Markets consists of Fixed Income, FX and Credit.

The above strategies are categorised as follows:

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

“Rates”: developed interest rates markets

“FX”: global FX forwards and options

“EMG”: global emerging markets

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

“Commodity”: liquid commodity futures and options

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

“Systematic”: rules-based futures trading

Commentary and Outlook

In terms of current positioning, it is fairly similar to the first half of the year but just on somewhat smaller sizing, given the Master Fund gave up some gains in the second quarter. Many traders deem the above themes as still valid as there has not been a significant change in the economic backdrop over the past few months.

Looking forward, the macro trading opportunity set looks interesting; it appears that there is a multi-speed global economy with a mixed macro picture and active central banks. The positive growth in the US economy is expected to continue and should the growth pickup later in the year the Federal Reserve would be in a position to commence with a tapering/wind-down of their quantitative easing programme. A failure of the European economy to meaningfully improve may push the European Central Bank to provide additional monetary accommodation. Japan is expected to continue with their aggressive plan to stimulate growth and inflation in their economy. In respect to China, many are looking for more convincing signs that China has put a floor to their slowing growth rate and that a “hard-landing” has been avoided.

The view across emerging markets is mixed with some countries in good apparent economic shape with little perceived downside risk while others have deteriorating fundamentals. It is also unclear for how long the multi-speed world will continue; will weaker economies improve over time and appear more like the US, or will global growth deteriorate over time and US growth will look more like Europe. Such economic uncertainty coupled with very active central banks should provide many fruitful trading opportunities.

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

Brevan Howard Capital Management LP,
acting by its sole general partner,
Brevan Howard Capital Management Limited.

22 August 2013

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 2013 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 7 June 2013 to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). 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 FCA.

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 2013 do not give a true and fair view of the financial position of the Company as at 30 June 2013 and of its financial performance and its cash flows for the six month period then ended, in conformity with accounting principles generally accepted in the United States of America and the DTR of the UK FCA.

Lee C Clark

For and on behalf of KPMG Channel Islands Limited
Chartered Accountants

22 August 2013

Unaudited Statement of Assets and Liabilities

As at 30 June 2013

	30.06.13 (Unaudited) US\$'000	31.12.12 (Audited) US\$'000	30.06.12 (Unaudited) US\$'000
Assets			
Investment in the Master Fund	2,140,775	2,180,371	1,982,892
Purchase of investment paid in advance	13,953	–	–
Prepaid expenses	151	89	145
Cash and bank balances denominated in US Dollars	1,111	3,794	2,318
Cash and bank balances denominated in Euro	361	1,281	1,158
Cash and bank balances denominated in Sterling	2,574	8,863	2,876
Total assets	2,158,925	2,194,398	1,989,389
Liabilities			
Performance fees payable (note 4)	20,699	4,912	41
Management fees payable (note 4)	3,284	3,470	2,980
Redemptions payable (note 5)	–	–	2,731
Accrued expenses and other liabilities	149	110	70
Directors' fees payable	127	135	121
Administration fees payable (note 4)	96	96	90
Total liabilities	24,355	8,723	6,033
Net assets	2,134,570	2,185,675	1,983,356
Number of shares in issue (note 5)			
US Dollar shares	27,877,684	29,613,121	29,815,569
Euro shares	6,839,881	7,405,670	8,400,751
Sterling shares	41,778,807	41,675,441	40,772,967
Net asset value per share (notes 7 and 9)			
US Dollar shares	US\$20.84	US\$20.06	US\$18.61
Euro shares	€21.00	€20.21	€18.77
Sterling shares	£21.57	£20.70	£19.20

See accompanying notes to the Interim Unaudited Financial Statements.

Signed on behalf of the Board by:



Ian Plenderleith
Chairman

Christopher Legge
Director

22 August 2013

Unaudited Statement of Operations

For the period from 1 January 2013 to 30 June 2013

	01.01.13 to 30.06.13 (Unaudited) US\$'000	01.01.12 to 31.12.12 (Audited) US\$'000	01.01.12 to 30.06.12 (Unaudited) US\$'000
Net investment income allocated from the Master Fund			
Interest	31,008	41,129	20,212
Dividend income (net of withholding tax of: 30 June 2013: US\$57,522; 31 December 2012: US\$59,446; 30 June 2012: US\$20,632)	188	432	321
Expenses	(23,593)	(37,812)	(19,197)
Net investment income allocated from the Master Fund	7,603	3,749	1,336
Company income			
Foreign exchange gains (note 3)	–	66,868	19,998
Total Company income	–	66,868	19,998
Company expenses			
Performance fees (note 4)	20,968	18,777	502
Management fees (note 4)	20,317	38,561	18,891
Other expenses	453	923	354
Directors' fees	257	518	243
Administration fees (note 4)	192	371	183
Foreign exchange losses (note 3)	89,915	–	–
Total Company expenses	132,102	59,150	20,173
Net investment (loss)/gain	(124,499)	11,467	1,161
Net realised and unrealised gain/(loss) on investments allocated from the Master Fund			
Net realised gain on investments	164,746	163,261	28,328
Net unrealised loss on investments	(47,188)	(27,393)	(84,473)
Net realised and unrealised gain/(loss) on investments allocated from the Master Fund	117,558	135,868	(56,145)
Net (decrease)/increase in net assets resulting from operations	(6,941)	147,335	(54,984)

See accompanying notes to the Interim Unaudited Financial Statements.

Unaudited Statement of Changes in Net Assets

For the period from 1 January 2013 to 30 June 2013

	01.01.13 to 30.06.13 (Unaudited) US\$'000	01.01.12 to 31.12.12 (Audited) US\$'000	01.01.12 to 30.06.12 (Unaudited) US\$'000
Net (decrease)/increase in net assets resulting from operations			
Net investment (loss)/gain	(124,499)	11,467	1,161
Net realised gain on investments allocated from the Master Fund	164,746	163,261	28,328
Net unrealised loss on investments allocated from the Master Fund	(47,188)	(27,393)	(84,473)
	(6,941)	147,335	(54,984)
Share capital transactions			
<i>Partial capital return</i>			
US Dollar shares	(10,248)	(1,306)	(1,306)
Euro shares	(3,054)	(763)	(763)
Sterling shares	(30,862)	(632)	(632)
	(44,164)	(2,701)	(2,701)
Net (decrease)/increase in net assets	(51,105)	144,634	(57,685)
Net assets at the beginning of the period/year	2,185,675	2,041,041	2,041,041
Net assets at the end of the period/year	2,134,570	2,185,675	1,983,356

See accompanying notes to the Interim Unaudited Financial Statements.

Unaudited Statement of Cash Flows

For the period from 1 January 2013 to 30 June 2013

	01.01.13 to 30.06.13 (Unaudited) US\$'000	01.01.12 to 31.12.12 (Audited) US\$'000	01.01.12 to 30.06.12 (Unaudited) US\$'000
Cash flows from operating activities			
Net (decrease)/increase in net assets resulting from operations	(6,941)	147,335	(54,984)
Adjustments to reconcile net (decrease)/increase in net assets resulting from operations to net cash provided by/(used in) operating activities:			
Net investment income allocated from the Master Fund	(7,603)	(3,749)	(1,336)
Net realised gain on investments allocated from the Master Fund	(164,746)	(163,261)	(28,328)
Net unrealised loss on investments allocated from the Master Fund	47,188	27,393	84,473
Purchase of investment paid in advance	(13,953)	–	–
Purchase of investment in the Master Fund	–	(3,203)	(3,149)
Proceeds from sale of investment in the Master Fund	74,842	69,100	25,259
Foreign exchange losses/(gains)	89,915	(66,868)	(19,998)
Increase in prepaid expenses	(62)	(35)	(91)
Increase/(decrease) in performance fees payable	15,787	3,172	(1,699)
(Decrease)/increase in management fees payable	(186)	170	(320)
Increase/(decrease) in accrued expenses and other liabilities	39	38	(2)
(Decrease)/increase in directors' fees payable	(8)	16	2
Increase/(decrease) in administration fees payable	–	3	(3)
Net cash provided by/(used in) operating activities	34,272	10,111	(176)
Cash flows from financing activities			
Partial capital return	(44,164)	(2,701)	–
Net cash used in financing activities	(44,164)	(2,701)	–
Change in cash	(9,892)	7,410	(176)
Cash, beginning of the period/year	13,938	6,528	6,528
Cash, end of the period/year	4,046	13,938	6,352
Cash, end of the period/year			
Cash and bank balances denominated in US Dollars	1,111	3,794	2,318
Cash and bank balances denominated in Euro	361	1,281	1,158
Cash and bank balances denominated in Sterling	2,574	8,863	2,876
	4,046	13,938	6,352

See accompanying notes to the Interim Unaudited Financial Statements.

Notes to the Interim Unaudited Financial Statements

For the period from 1 January 2013 to 30 June 2013

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, and, as such, the Company is directly and materially affected by the performance and actions of 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.

Off-balance sheet, market and credit risks of the Master Fund's investments and activities are discussed in the notes to the Master Fund's Interim Unaudited Financial Statements. The Company's investment in the Master Fund exposes it to various types of risk, which are associated with the financial instruments and markets in which the Brevan Howard underlying funds invest. Market risk represents the potential loss in value of financial instruments caused by movements in market factors including, but not limited to, market liquidity, investor sentiment and foreign exchange rates.

The Company's Interim Unaudited Financial Statements should be read alongside the Interim Unaudited Financial Statements of the

Master Fund which can be found on the Company's website, www.bhmacro.com.

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 Investment Products Limited, Brevan Howard US Investment Management LP, 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 policies and 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. Fair value is determined as the Company's proportionate share of the Master Fund's capital. At 30 June 2013 the Company's US Dollar, Euro and Sterling capital accounts represented 2.12%, 0.68% and 5.02% respectively of the Master Fund's capital (at 31 December 2012: 2.48%, 0.83% and 5.84% and at 30 June 2012: 2.12%, 0.73% and 4.73%).

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.

3. Significant accounting policies (continued)

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.

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 and at 30 June 2013 stood at US\$2,513,799,724.

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.

Notes to the Interim Unaudited Financial Statements *continued*

For the period from 1 January 2013 to 30 June 2013

3. Significant accounting policies (continued)

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.

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.

Cash and Bank Balances

Cash and bank balances comprise cash on hand and demand deposits.

Allocation of results of the Master Fund

Net realised and unrealised gains/losses of the Master Fund are allocated on consolidation to the Company's share classes based upon the percentage ownership of the equivalent Master Fund class.

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, but is subject to an operational service fee payable to the Manager of 1/12 of 0.5% per month of the NAV. During the period ended 30 June 2013, US\$20,316,602 (31 December 2012: US\$38,561,011 and 30 June 2012: US\$18,890,881) was earned by the Manager as management fees. At 30 June 2013, US\$3,284,453 (31 December 2012: US\$3,470,086 and 30 June 2012: US\$2,980,293) 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 2013, US\$20,967,979 (31 December 2012: US\$18,777,034 and 30 June 2012: US\$502,051) was earned by the Manager as performance fees. At 30 June 2013 US\$20,699,176 (31 December 2012: US\$4,911,927 and 30 June 2012: US\$40,956) 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.

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, Euro 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 2013 to 30 June 2013

	US Dollar shares	Euro shares	Sterling shares
Number of ordinary shares			
In issue at 1 January 2013	29,613,121	7,405,670	41,675,441
Share conversions	(1,203,229)	(445,479)	1,126,050
Partial capital return	(532,208)	(120,310)	(1,022,684)
In issue at 30 June 2013	27,877,684	6,839,881	41,778,807
Number of treasury shares			
In issue at 1 January 2013	3,058,476	522,013	877,595
Shares cancelled	–	–	–
In issue at 30 June 2013	3,058,476	522,013	877,595
Percentage of class	9.89%	7.09%	2.06%

For the year from 1 January 2012 to 31 December 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	(744,066)	(2,028,181)	2,062,415
Partial capital return	(71,471)	(33,480)	(21,738)
In issue at 31 December 2012	29,613,121	7,405,670	41,675,441
Number of treasury shares			
In issue at 1 January 2012	3,058,476	972,013	877,595
Shares cancelled	–	(450,000)	–
In issue at 31 December 2012	3,058,476	522,013	877,595
Percentage of class	9.36%	6.58%	2.06%

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%

Share capital account	US Dollar shares US\$'000	Euro shares €'000	Sterling shares £'000	Company Total US\$'000
At 31 December 2012	53,883	31,754	17,188	133,549
At 30 June 2013	53,883	31,754	17,188	133,549

Notes to the Interim Unaudited Financial Statements *continued*

For the period from 1 January 2013 to 30 June 2013

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 10 June 2013. 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 10 June 2013, the Directors have the power to issue further shares in respect of 9,475,901 US Dollar shares, 2,363,276 Euro shares and 13,738,119 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 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.

During the period, the Company announced an offer for a partial capital return to shareholders of an amount equal to 100% of the NAV growth during the 2012 calendar year for each class of its shares (less certain costs and provisions). The partial capital return allowed shareholders to elect to have shares redeemed at a price equal to the NAV for the relevant class of shares as at 31 December 2012, discounted by 4%. The record date for participation in the partial capital return was 31 January 2013.

On 8 March 2013 the following number of each share class of shares were redeemed and cancelled pursuant to the partial capital return:

- 532,208 US Dollar shares at a redemption price of \$19.2557 equalling a gross redemption of \$10,248,038;
- 120,310 Euro shares at a redemption price of €19.4042 equalling a gross redemption of €2,334,519;
- 1,022,684 Sterling shares at a redemption price of £19.8744 equalling a gross redemption of £20,325,231.

5. Share capital (continued)

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.

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.

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 2013 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.

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2013 to 30 June 2013

9. Financial highlights (continued)

	30.06.13 US Dollar shares US\$	30.06.13 Euro shares €	30.06.13 Sterling shares £
Per share operating performance			
Net asset value at beginning of the period	20.06	20.21	20.70
Income from investment operations			
Net investment loss*	(0.35)	(0.34)	(0.33)
Net realised and unrealised gain on investment	1.15	1.20	1.15
Other capital items**	(0.02)	(0.07)	0.05
Total return*	0.78	0.79	0.87
Net asset value, end of the period	20.84	21.00	21.57
Total return before performance fee	4.93%	4.93%	5.22%
Performance fee	(1.00%)	(1.04%)	(1.01%)
Total return after performance fee	3.93%	3.89%	4.21%

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 2013 to 30 June 2013. An individual shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	30.06.13 US Dollar shares US\$'000	30.06.13 Euro shares €'000	30.06.13 Sterling shares £'000
Supplemental data			
Net asset value, end of the period	581,045	143,612	901,192
Average net asset value for the period	600,239	151,392	892,100
Ratio to average net assets			
Operating expenses			
Company expenses***	0.97%	0.98%	0.97%
Master Fund expenses****	0.50%	0.50%	0.50%
Master Fund interest expense*****	0.58%	0.58%	0.59%
Performance fee	0.94%	0.95%	0.97%
	2.99%	3.01%	3.03%
Net investment loss before performance fees*	(0.63%)	(0.63%)	(0.62%)
Net investment loss after performance fees*	(1.57%)	(1.58%)	(1.59%)

9. Financial highlights (continued)

	31.12.12 US Dollar shares US\$	31.12.12 Euro shares €	31.12.12 Sterling shares £
Per share operating performance			
Net asset value at beginning of the year	19.31	19.50	19.92
Income from investment operations			
Net investment loss*	(0.51)	(0.55)	(0.53)
Net realised and unrealised gain on investment	1.26	1.24	1.31
Other capital items**	–	0.02	–
Total return*	0.75	0.71	0.78
Net asset value, end of the year	20.06	20.21	20.70
Total return before performance fee	4.74%	4.45%	4.84%
Performance fee	(0.88%)	(0.82%)	(0.90%)
Total return after performance fee	3.86%	3.63%	3.94%

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 2012 to 31 December 2012. An individual shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	31.12.12 US Dollar shares US\$'000	31.12.12 Euro shares €'000	31.12.12 Sterling shares £'000
Supplemental data			
Net asset value, end of the year	593,980	149,689	862,788
Average net asset value for the year	582,310	164,437	813,795
Ratio to average net assets			
Operating expenses			
Company expenses***	1.93%	1.92%	1.94%
Master Fund expenses****	0.80%	0.80%	0.80%
Master Fund interest expense*****	1.01%	1.00%	1.01%
Performance fee	0.86%	0.74%	0.94%
	4.60%	4.46%	4.69%
Net investment loss before performance fees*	(1.75%)	(1.75%)	(1.76%)
Net investment loss after performance fees*	(2.61%)	(2.49%)	(2.70%)

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2013 to 30 June 2013

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
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%)

9. Financial highlights (continued)

Notes:

- * The net investment loss figures disclosed above, does not include net realised and unrealised gains/losses on investments allocated from the Master Fund.
- ** 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 any partial capital return effected in the relevant period as compared to the NAV per share at the beginning of the period/year.
- *** Company expenses are as disclosed in the Unaudited 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 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 12.

Directors' interests are disclosed in the Directors' Report on page 5 and also the Board Members section on page 3.

11. Subsequent events

The Directors have evaluated subsequent events up to 22 August 2013, 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 other than those listed below.

On 29 July 2013, 5,738 Sterling Shares held by Anthony Hall were converted into 9,017 USD Shares.

Historic Performance Summary

As at 30 June 2013

	30.06.13 US\$'000	31.12.12 US\$'000	31.12.11 US\$'000	31.12.10 US\$'000	31.12.09 US\$'000
Net (decrease)/increase in net assets resulting from operations	(6,941)	147,335	217,363	(40,173)	342,882
Total assets	2,158,925	2,194,398	2,046,365	1,827,306	1,863,160
Total liabilities	(24,355)	(8,723)	(5,324)	(3,628)	(3,509)
Net assets	2,134,570	2,185,675	2,041,041	1,823,678	1,859,651
Number of shares in issue					
US Dollar shares	27,877,684	29,613,121	30,428,658	31,841,026	40,728,777
Euro shares	6,839,881	7,405,670	9,467,331	14,780,360	17,280,342
Sterling shares	41,778,807	41,675,441	39,634,764	34,283,784	26,356,443
Net asset value per share					
US Dollar shares	US\$20.84	US\$20.06	US\$19.31	US\$17.24	US\$17.08
Euro shares	€21.00	€20.21	€19.50	€17.29	€17.13
Sterling shares	£21.57	£20.70	£19.92	£17.73	£17.55

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

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