

BH Macro Limited

Monthly Shareholder Report

31 August 2007

www.bhmacro.com

Disclaimer / Important information

BH Macro Limited (the "Fund"), is a feeder fund investing in the Brevan Howard Master Fund Limited (the "Master Fund"). Brevan Howard Asset Management LLP ("BHAM") has supplied the following information regarding the Master Fund's August 2007 performance and outlook.

The material relating to the Fund and the Master Fund included in this report has been prepared by BHAM and is provided for information purposes only and does not constitute an invitation or offer to subscribe for or purchase shares in the Fund. This material is not intended to provide a sufficient basis on which to make an investment decision. Information and opinions presented in this material relating to the Fund and the Master Fund have been obtained or derived from sources believed by BHAM to be reliable, but BHAM makes no representation as to their accuracy or completeness. Estimated results, performance or achievements may materially differ from any actual results, performance or achievements. Except as required by applicable law, the Fund and BHAM expressly disclaim any obligations to update or revise such estimates to reflect any change in expectations, new information, subsequent events or otherwise. All investments are subject to risk. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decisions. BHAM is authorised and regulated by the Financial Services Authority.

Summary information

BH Macro Limited NAVs per share* (as at 31 August 2007)

Shares Class	NAV* (USD mm)	NAV* per Share
USD Shares	512.1	\$10.94
EUR Shares	413.0	€10.89
GBP Shares	277.9	1094p

BH Macro Limited NAV per Share* % Monthly Change

2007	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
USD	-	-	0.10	0.90	0.15	2.29	2.56	3.14					9.45
EUR	-	-	0.05	0.70	0.02	2.26	2.43	3.12					8.85
GBP	-	-	0.11	0.83	0.17	2.28	2.55	3.20					9.45

* NAV performance is provided for information purposes only. Shares in BH Macro Limited do not necessarily trade at a price equal to the prevailing NAV per Share. Data for August 2007 are estimated.

Source: Underlying Master Fund NAV data is provided by the Administrator of the Master Fund, International Fund Services (Ireland) Limited. BH Macro Limited NAV and NAV per Share data is provided by the Fund's Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited. BH Macro Limited NAV per Share % Monthly Change calculations made by BHAM.

BH Macro Limited 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 BH Macro Limited. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

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BH Macro Limited is a closed-ended investment company registered and incorporated in Guernsey on 17 January 2007 (Registration Number: 46235) with its registered office at Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL, Channel Islands.

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Performance review

The Master Fund was positioned to profit from the increase in volatility in Fixed Income and FX and also from directional and curve trades in interest rates. Additionally, the Master Fund made smaller gains from tactical shorts in credit markets, where spreads widened, and from FX trading.

Equities, Emerging Markets and Commodities trades detracted from performance.

Although the Master Fund has been well positioned to profit from the market activity over the past few months, BHAM's main focus during this period, as ever, has been to mitigate risk and as such BHAM has taken steps to improve further the liquidity of the Master Fund. During August BHAM reduced the balance sheet of the Master Fund by about half to limit gross exposure and to ensure that it is ready for any further market distress. Additionally, BHAM has extended its funding terms and currently have less than 5% of the Master Fund's positions rolling overnight, meaning it has only very limited exposure to struggling money markets. Finally, the Master Fund's cash level is the highest for the year.

Outlook

US

In recent months, global capital markets have dramatically re-evaluated risk and the Fed has shifted to an easing bias. The Master Fund has been well positioned for these developments.

For several months, BHAM has anticipated a long and deep housing recession, a slowing labour market and modest disinflation. The data in August were consistent with these themes: turnover in the market for new and existing homes is dropping and inventories remain near historic highs; the unemployment rate ticked up to 4.6%; core inflation remained inside the Fed's implicit comfort zone for the second month in a row.

During the month the US curve steepened, risk spreads widened and the stock market struggled; while stress in the money markets compelled the Fed to inject more liquidity into the financial system. It remains to be seen whether turmoil in money markets is the over-reaction that often accompanies investors' reassessment of the macro environment or a sign of deeper troubles.

The Master Fund is positioned for a steepening of the curve.

Europe

On 2nd August, the ECB announced its intention to raise rates in early September to 4.25%. Since then however, there has been a broad re-evaluation of risk and a significant reduction of liquidity in money markets. The ECB injected liquidity into the money markets several times during the month and in light of recent events held rates steady at its September meeting.

August data highlight that the euro area has been decelerating quite substantially in recent months. At the same time, euro area inflation remains close to the ECB objective and it is likely to accelerate above it in the coming months.

UK

Given the widespread turmoil in global capital markets, the BoE adopted a "wait-and-see" strategy with no MPC member voting for a policy change at its August

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meeting. During the month, the BoE did not intervene in the money markets but encouraged banks to use the discount window in order to finance their liquidity needs.

The July CPI inflation number was below the BoE target of 2% and undershot expectations. If confirmed, this will affect the outlook for the BoE and increases the probability that the UK policy interest rate has peaked.

Furthermore, recent stress in UK building societies means that there is little possibility of further UK rate hikes in the immediate future.

The Master Fund is long the short end and positioned for a steepening of the curve.

Japan

The BoJ kept the overnight rate on hold at 0.5% in August due to turbulence in the international financial system and weaker-than-expected domestic economic data.

July data suggest that economic growth is faltering: export growth and retail sales figures were weak and industrial production fell. A run of weak data culminated in the downward revision of Q2 GDP growth from 0.1% to -0.3%. Additionally, deflation is persisting with core consumer prices falling 0.1% in July.

The slowdown of growth and continuation of deflation, in combination with recent market volatility and uncertainty, has reduced the probability of a hike in the overnight rate in September.

The Master Fund has limited exposure to Japanese interest rates.

Positioning

The following table broadly summarises the Master Fund's positioning as at the end of August:

Fixed income: long USD 0-2 year, long GBP short end
Fixed income: curve steepener in USD & GBP
Fixed income options: long vega in USD, EUR and GBP curves
FX: long vega from straddles across a range of currency pairs
Equity: flat
Commodities: moderate longs in Energy

Enquiries

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