

BREVAN HOWARD

BH MACRO LIMITED
MONTHLY SHAREHOLDER REPORT
AUGUST 2010

ADV02277 CONFIDENTIAL DO NOT COPY OR DISTRIBUTE

Your attention is drawn to the disclaimer at the beginning and end of this document
© Brevan Howard Asset Management LLP (2010). All Rights Reserved.

Important Legal Information and Disclaimer

BH Macro Limited ("the Fund"), is a feeder fund investing in the Brevan Howard Master Fund Limited ("BHMF"). Brevan Howard Asset Management LLP ("BHAM") has supplied the information herein regarding BHMF's performance and outlook. BHAM is authorised and regulated by the Financial Services Authority.

This material constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 (the "Act") and the handbook of rules and guidance issued from time to time by the FSA (the "FSA Rules"). The material relating to the Fund and BHMF 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 BHMF 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.

Tax treatment depends on the individual circumstances of each investor in the Fund and may be subject to change in future. Returns may increase or decrease as a result of currency fluctuations. You should note that, if you invest in the Fund, your capital will be at risk and you may therefore lose some or all of any amount that you choose to invest. This material is not intended to constitute, and should not be construed as, investment advice. Potential investors in the Fund should seek their own independent financial advice. BHAM neither provides investment advice to, nor receives and transmits orders from, investors in the Fund nor does it carry on any other activities with or for such investors that constitute "MiFID or equivalent third country business" for the purposes of the FSA Rules.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS

Summary information

BH Macro Limited NAV per share (estimated as at 31 August 2010)

Shares Class	NAV (USD mm)	NAV per Share
USD Shares	588.7	\$17.18
EUR Shares	343.9	€17.25
GBP Shares	869.7	1767p

BH Macro Limited NAV per Share % Monthly Change

USD Shares	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	1.20*					0.56*

EUR Shares	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	1.24*					0.70*

GBP Shares	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	1.22*					0.71*

Source: Underlying BHMf NAV data is provided by the Administrator of BHMf, 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 is calculated 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. In addition, BHMf is subject to an operational services fee of 50bps per annum.

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.

* Estimated as at 31 August 2010

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

FAS 157 Asset Valuation Categorisation*

Brevan Howard Master Fund Limited ("BHMf")

Unaudited Estimates as at 31 August 2010

	% of NAV (Gross Market Value)
Level 1	57
Level 2	43
Level 3	0

Source: BHAM

* These estimates are unaudited and have been calculated by BHAM using the same methodology as that used for the 2009 audited financial statements of BHMf. These estimates are subject to change.

Level 1: This represents the level of assets in the portfolio which are priced using unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

T +44 (0)20 7022 6250 www.bhmacro.com

Level 2: This represents the level of assets in the portfolio which are priced using either (i) quoted prices that are identical or similar in markets that are not active or (ii) model-derived valuations for which all significant inputs are observable, either directly or indirectly in active markets;

Level 3: This represents the level of assets in the portfolio which are priced or valued using inputs that are both significant to the fair value measurement and are not observable directly or indirectly in an active market.

Performance Review

During the month, BHMf made profits in swap spreads and LIBOR / overnight rate spread trading. Gains in interest rate directional positioning were offset by losses in curve trading. Further gains were made in FX directional trades. Smaller gains were also made in interest rate volatility, credit and commodities trading.

Monthly contribution (%) to performance of BH Macro Limited USD Shares by asset class

	Total	Macro	Rates	FX	EMG	Equity	Commodity	Credit	Systematic
August 2010	1.20	-0.19	1.14	0.04	0.08	-0.02	0.03	0.10	0.03

Source: BHAM

Methodology and definition of Monthly Contribution to Performance:

Attribution is approximate and has been derived by allocating each trader book in BHMf to a single category. In cases where a trader book has activity in more than one category, the most relevant category has been selected.

The above asset classes are categorised as follows:

“**Macro**”: multi-asset global markets, mainly directional (for BHMf, 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

Market Review and Outlook

Market Commentary

US

In August, activity data deteriorated at a more rapid pace and across a broader range of sectors than we had been anticipating. In particular, after the expiration of the home buyer tax credit the housing sector has collapsed with new and existing home sales slumping to multi-decade lows and new construction falling back substantially. The housing sector is in its fifth year of recession with no sign of a bottom yet. For the consumer, retail sales have been flat in nominal terms since March 2010 and overall, real spending has risen only moderately. Finally, the strongest sectors related to capital expenditures and manufacturing appear to have peaked. Forward-looking indicators such as orders for capital goods and manufacturing products point to less growth in the second half of the year. In summary, the weakest sectors were extremely poor, the strongest sectors have slowed, and everything in between has shown signs of fatigue.

Since the beginning of the year, we have been warning that growth was poised to slow as inventories added less to growth, fiscal policy turned into a net drag, and

asset prices stagnated. We anticipated that a slowdown to trend-like growth was practically baked in the cake. In August, the downbeat indicators suggested that growth fell below 2% in the middle of the year. At this sluggish pace, the US economy will fail to significantly impact the yawning slack created by the recession and signals that the unemployment rate will begin to edge up and core inflation should continue to recede. In an alarming development, real interest rates appear to be rising as market-based measures of forward inflation compensation retreat.

In terms of policy, the Federal Reserve has experienced further surprises than we have as a result of their more optimistic outlook. At the last Federal Open Market Committee (FOMC) meeting, the Federal Reserve took a small step towards further policy accommodation as the shrinkage of the balance sheet was brought to a halt by the reinvestment of maturing MBS in longer-term Treasury securities. As policymakers come to grips with their failure on both parts of the so-called dual mandate for growth and inflation, we believe that they will come to share our view that more stimulus is necessary. However, the exact form of this stimulus is still an open question. In an important address at the end of the month, Chairman Ben Bernanke appeared to rank the available options as further large-scale asset purchases, probably in the form of longer-term Treasury securities, and more dovish policy commitment language, i.e. lower for even longer. In our view, it is a matter of 'when' not 'if' the Federal Reserve acts.

EMU

In August, the release of Q2 2010 GDP data for the EMU confirmed the strength of the recovery in the first half of the year. The EMU largely benefited from the combined effects of the government stimulus, the inventory rebuilding and the weakening of the euro. Nevertheless, the GDP release which showed Germany expanding by 2.2% q/q and Greece contracting by 1.5% q/q re-emphasised the extent of the macroeconomic divergences within the EMU. After being almost neglected for the first ten years of the EMU's life, macroeconomic divergences have restrained policy actions and will continue to do so in the years to come.

Moving into the final part of this year, the debt overhang in certain EMU countries, the ongoing fiscal consolidation, and the impaired banking sector will all be headwinds for the economy. Furthermore, the inventory cycle will turn from being supportive to being a burden. In such an environment, market concerns about the sustainability of the fiscal position in some countries may re-emerge given that the growth slowdown will make it increasingly challenging to achieve the fiscal targets. Despite the European Central Bank (ECB) becoming increasingly constructive about the growth outlook, its strategy of normalisation of liquidity provisions has been paused to help support the banking system of the weaker EMU economies.

UK

The easing of activity indicators continued in August, while credit remains stagnant. The housing market lost steam as still subdued demand is now matched by increasing supply. Activity indicators are consistent with a recovery which is losing steam, with little chances of taking up the slack in the economy. Although some of the slowing may be noise as recoveries rarely move along a smooth path, most of the softening is probably due to the fact that the economy still faces severe headwinds from public and private sector deleveraging, while upside pressures on growth from the inventory cycle and external demand have largely passed. The fact that the

T +44 (0)20 7022 6250 www.bhmacro.com

moderation in domestic growth coincides with a slowing in global growth indicates that the prospects of an export-driven recovery have dissipated.

As inflation begins to fall back from its peak earlier in the year, the subdued wage growth, public sector job cuts and the lack of progress in taking up the slack in the labour market means that policy options for further stimulus are likely to be considered more seriously again.

Japan

Overall, the recovery in Japan is still ongoing, although at a slower pace than in the Q2 2009 to Q1 2010 period. Contrary to the previous quarters, the sectors of the economy which are more dependent on domestic demand appear to be more resilient. Indeed, the sectors with higher exposure to exports are suffering from the combination of softening global demand and the strengthening of the yen. In particular, IP has been slowing steeply and the Manufacturing PMI showed a significant drop.

Deflationary pressures have eased only slightly and remain relatively severe. The Bank of Japan has eased policy again, but this measure was considered as insufficient by financial markets, which have continued to boost the yen amid rising risk aversion.

China

In August, the Manufacturing PMI rebounded from the contraction levels recorded in July 2010. Although the level of the Manufacturing PMI was still subdued, details showed encouraging signs. Orders improved and inventories fell, inducing an improvement of the forward-looking order/inventories ratio. The HSBC Non-Manufacturing PMI also improved somewhat on a seasonally-adjusted basis. Current information also shows that auto sales and property sales recovered marginally from the July 2010 dip. Although overall economic activity remains relatively soft in Q3 2010, the risks of a hard landing in China appear minimal for now given the ability of policy to provide a floor.

On the inflation front, food prices increased further from the elevated levels recorded in July 2010 and are likely to exert upward pressures on the overall CPI in the near term. Policy-wise, no easing is in sight in either the property sector or energy-intensive industries. Meanwhile, China has made more steps to promote the renminbi internationalisation process by allowing exporters to retain their FX proceeds overseas and allowing foreign banks to invest their renminbi proceeds in China's onshore bond market on a trail program.

Enquiries

Northern Trust International Fund Administration Services (Guernsey) Limited
Harry Rouillard +44 (0) 1481 74 5315

Important Legal Information and Disclaimer

This material has been prepared by Brevan Howard Asset Management LLP ("BHAM"). BHAM is authorised and regulated by the Financial Services Authority of the United Kingdom (the "FSA"). BHAM may provide you with further data or material but makes no representation that such further data or material will be calculated or produced on the same basis, or in the same format, as this material. BHAM has used reasonable skill and care in the preparation of this material from sources BHAM believes to be reliable but BHAM and its affiliates give no warranties, representations or undertakings, express or implied, as to the accuracy or completeness of this information, and BHAM and its affiliates accept no liability for the accuracy or completeness of any such information. This material has been provided specifically for the use of the intended recipient only and must be treated as proprietary and confidential. It may not be passed on, nor reproduced in any form, in whole or in part, under any circumstances without express written consent from BHAM.

This material is provided for information purposes only and does not constitute an invitation or offer to subscribe for or purchase any of the products or services mentioned nor is it intended to constitute, or be construed as, investment advice. Any such offer may only be made by means of delivery of the relevant approved prospectus or offering memorandum (the "Prospectus"). The Prospectus must be received and reviewed prior to any investment decision. The material provided is not intended to provide a sufficient basis on which to make an investment decision. Potential investors in any products referred to in this material or to which this material relates (each a "Fund" and, collectively, the "Funds") should seek their own independent financial, legal and taxation advice. Interests in the Funds have not been and will not be registered under any securities laws of the United States of America or any of its territories or possessions or areas subject to its jurisdiction, and may not be offered for sale or sold to nationals or residents thereof except pursuant to an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the "Securities Act"), and any applicable state laws.

The Funds are only available to persons to whom such products may lawfully be promoted in any jurisdiction. In the United Kingdom, this material is directed only at, and made available only to, professional clients and eligible counterparties (as defined in the FSA's Handbook of Rules and Guidance (the "FSA Rules")). This material is only provided to United States persons that are "accredited investors" as defined in Regulation D under the Securities Act and "qualified purchasers" as defined in the U.S. Investment Company Act of 1940, as amended (the "Company Act"), and the rules promulgated thereunder. Any Funds and services described in this material are only available to such persons and the information herein should not be relied on or acted on by any other person. This material is not intended for use by, or directed at, retail customers (as defined in the FSA Rules). BHAM neither provides investment advice to, nor receives and transmits orders from, investors in any Funds nor does it carry on any other activities with or for such investors that constitute "MiFID or equivalent third country business" for the purposes of the FSA Rules.

An investment in the Funds is speculative and involves a high degree of risk, which each investor must carefully consider. BHAM and its affiliates give no representations, warranties or undertakings that any indicative performance or return will be achieved in the future or that the investment objectives and policies from time to time of the Funds will be met. Past results are not indicative of future results. The value of investments and the income therefrom can go down as well as up, and an investor could lose all or a substantial amount of his or her investment. While the Funds are subject to market risks common to other types of investments, including market volatility, the Funds employ certain trading techniques, such as the use of leverage and other speculative investment practices that may increase the risk of investment loss. The Funds' managers will receive performance-based compensation. Such compensation may give such managers an incentive to make riskier investments than they otherwise would. The Funds' managers are subject to other conflicts of interest described in the applicable Prospectus. Investments in the Funds are subject to periodic liquidity, which may be suspended under certain conditions, as well as restrictions on transfer. There is no secondary market for interests in the Funds, and none is expected to develop. Therefore, any person subscribing for an investment must be able to bear the risks involved and must meet the suitability requirements set forth in the relevant Fund's Prospectus. Some or all alternative investment programs may not be suitable for certain investors. Returns generated from an investment in a Fund may not adequately compensate investors for the business and financial risks assumed.

Other risks associated with the Fund's investments include, but are not limited to, the fact that the Funds: can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; may involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as investment funds registered under the Company Act; often charge higher fees and the high fees may offset the fund's trading profits; may have a no operating history or a limited operating history; can have performance that is volatile; invest in instruments that have been subject to periods of excessive volatility in the past, and such periods can be expected to recur; may have a fund manager who has total trading authority over the fund and the use of a single adviser applying generally similar trading programs could mean a lack of diversification, and consequentially, higher risk; and may effect a substantial portion of its trades on non-US exchanges.

The text and statistical data or any portion thereof contained in this presentation may not be permanently stored in a computer, published, rewritten for broadcast or publication or redistributed in any medium, except with the express written permission of BHAM. BHAM will not be liable for any inaccuracies, errors or omissions in the material or in the transmission or delivery of all or any part thereof or for any damage arising from any of the foregoing. References to indices are included to show the general trends in the relevant markets, and are not intended to imply that the Funds were comparable to these indices in either composition or risk.

Brevan Howard US LLC, a Delaware limited liability company (the "Placement Agent") acts as non-exclusive placement agent with respect to the sale of the Interests to certain investors in the Funds, and may provide such investors with marketing and other materials on behalf of Brevan Howard and the Funds. The Placement Agent is registered as a broker-dealer under the U.S. Securities Exchange Act of 1934, as amended, and under various States' securities laws, and is a member of the Financial Industry Regulatory Authority, Inc. The Placement Agent is not an affiliate of BHAM.