BREVAN HOWARD

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT

FEBRUARY 2010

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PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS

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Summary information

BH Macro Limited NAVs per share (as at 26 February 2010)

Shares Class	NAV (USD mm)	NAV per Share
USD Shares	675.0	$16.78
EUR Shares	385.7	€16.82
GBP Shares	714.4	1724p

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											-1.77

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											-1.82

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											-1.76

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 are 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.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

FAS 157 Asset Valuation Categorisation[1]

Brevan Howard Master Fund Limited (the "Master Fund")

Unaudited Estimates as at 26 February 2010

	% of NAV (Gross Market Value)
Level 1	61
Level 2	39
Level 3	0

Source: BHAM

1These estimates are unaudited and have been calculated by BHAM using the same methodology as that used for the 2008 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;

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.

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Performance Review

During the month, Brevan Howard Master Fund Limited ("BHMF") incurred losses primarily in fixed income curve and directional exposures. Small losses also occurred in volatility strategies. Small profits were made in FX directional strategies in both developed market and emerging market currencies. Other strategies were largely flat for the month.

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

	Total	Macro	Rates	FX	EMG	Equity	Commodity	Credit	Systematic
February 2010	-1.50	-1.63	-0.24	0.27	0.08	0.08	-0.14	0.08	0.00

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

The following is a report from Brevan Howard Asset Management LLP, the principal investment manager of Brevan Howard Master Fund Limited:

Market Commentary

US

In February, heightened market volatility reinforced our concerns about the consequences of the gradual renormalisation of policy. We anticipate a challenging and volatile year and the first two months have already lived up to expectations.

The Q4 inventory-led expansion of real GDP seems to be a distant memory. With inventories increasingly becoming aligned with sales, we see growth returning to the 2% pace which is being signalled by final demand. Retail sales rose at the beginning of the year, however a number of other indicators hinted at the slowdown we have been anticipating. Orders for durable goods (excluding aircraft) fell and housing data was abysmal, with new home sales hitting a record low, existing home sales continuing to plunge and mortgage applications falling to a cycle low. Three years into the housing recession and we can only see the faint outlines of a bottom. The prior month's employment report pointed to the end of job losses. However, initial claims for unemployment insurance actually started rising again in February, even accounting for the impact of the snow storms that hit the East Coast.

During the month, perhaps the most remarkable news was related to inflation. Core CPI prices fell by more than at any time since the early 1980s. Given the already-low rate of inflation, such a fall is startling. Although some special factors pushed the core number down, other cuts of the data reinforced the impression that inflation is muted and the risk of deflation is underappreciated.

With full employment years away and inflation looking like it will fall further still, it seems that the Fed is comfortable with its extraordinarily easy monetary policy. Indeed, Chairman Bernanke reiterated the "lower for longer" outlook for interest rates at his semi-annual testimony. Nevertheless, much-improved financial markets mean that the Fed is planning on closing down its liquidity facilities, ending the TALF and winding down its purchases of MBS. In this sense, even with interest rates remaining at nearly zero, policy is not getting any easier and we remain attentive to the potential fallout in months to come.

Europe

In Europe, bad weather and calendar effects made activity data difficult to interpret around the turn of the year. However, survey indicators more closely linked with underlying tendencies of the economy continued to signal an ongoing, gradual improvement, despite some negative effects on confidence induced by the Greek crisis.

EMU

In the EMU, Q4 2009 GDP was surprisingly weak. Similarly, December 2009 IP data surprised on the downside and also seemed inconsistent with other evidence that suggested better underlying performance. In particular, labour market data in Germany was consistent with an improving underlying growth picture, as employment grew for the second consecutive month. EMU bank credit continued to expand for households, while for businesses it contracted at a slower rate than in previous months. Inflationary pressures remained subdued, with CPI inflation prints close to 1% in recent months. As the EMU recovery is being driven in part by the ongoing rebound in global trade, it is especially benefiting most export-oriented economies, thus contributing to the widening growth divergence within the EMU. At the key mid-March meeting the ECB made a further move in the direction of unwinding the remaining non-standard liquidity provisions, by indicating the return to the standard procedure of variable rate allotment for 3-month repo operations, while maintaining infinite allotment procedure for the 1-week and 1-month auctions until October 2010.

UK

In the UK, various activity indicators weakened in January, due to a combination of weather effects, the restoration of a higher VAT rate and the end of the housing stamp duty holiday. However, a number of indicators showed signs of renewed improvement in February, consistent with the idea that the January weakness was temporary and the gradual progress in underlying economic activity continued into the first quarter of this year. Evidence is beginning to accumulate that the weakness of sterling is benefiting the manufacturing sector. Housing data remains somewhat mixed: it seems that after an initial boost in prices driven by shortage of supply, increases in supply are starting to limit further price appreciation. CPI inflation jumped to 3.5% y/y as the January VAT hike was added to an already high underlying rate of price increases. The BoE announced a pause in asset purchases at its February meeting. Although the MPC marginally revised down the activity and inflation outlook, the minutes showed that the decision to pause QE was unanimous: while the recovery is still in its early stages, and its sustainability cannot be taken for granted, the MPC described the risks to medium-term inflation as broadly balanced. With a general election by May this year, politics remained high on market participants' agenda: a narrowing of the Conservative poll lead was accompanied by some renewed weakness in sterling, as the prospect of no clear majority in government raised questions about the fiscal consolidation path.

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Asia

In Asia, economic growth remains buoyant, although calendar effects generated by the Chinese New Year have, as usual, distorted some of the indicators released in the first two months of the year in a few countries in the region.

Japan

In Japan, growth has resumed its pace after a temporary pause in the third quarter of last year. The first release of Q4 2009 GDP indicated 3.8% q/q annualised expansion, following a flat reading in Q3. Moreover, encouraging signs have re-emerged since the beginning of this year from domestically-oriented surveys such as the Small Business survey and the Economic Watchers survey, suggesting that the weakness of the past months was temporary. Nevertheless, the main support for the Japanese economy remains external demand, stemming especially from its Asian neighbours. However, despite the cyclical acceleration, the level of activity remains largely lower than its potential. The size of the actual output gap continues to maintain elevated deflationary pressures. These pressures are compounded by the still-high level of the yen. The action put in place by the Bank of Japan has thus far been unable to offset these deflationary forces.

Asia Ex-Japan

In China, the February manufacturing PMI was weaker than expected, falling by about four points. An improper seasonal adjustment compounded the negative impact generated by bad weather and some genuine moderation induced by recent policy measures aiming at slowing credit and investment activity. Anecdotic indications on coastal port activity covering February showed robust export activity. Inflationary pressures are gradually building up, especially from rising food prices. In February, CPI inflation increased from 1.5% y/y to 2.7%. Moreover, a number of reports suggest labour shortages, which should translate into more sustained future wage dynamics. These dynamics, in turn, risk putting upward pressure especially on the prices of services and low-margin goods. Policy-wise, the annual NPC (National People's Congress) released its 2010 targets for GDP (8%), CPI (3%) and the fiscal budget (deficit to GDP at 2.8%). These targets are largely in line with market expectations. The Government focus is shifting from boosting growth last year to structural adjustments and quality of growth this year.

In the rest of the Asian region, the export cycle continues to plough ahead and is supporting the acceleration in domestic demand. Whilst higher capacity utilisation rates are predictably encouraging fixed investment spending, improving job markets and wages are boosting household consumption. With output in the smaller open countries of the region back to pre-crisis levels and the larger ones of India and Indonesia showing no loss of growth momentum, the process of 'fiscal and monetary policy normalisation' has tentatively begun. India and Singapore unveiled relatively tight budgets in February, whilst Malaysia raised its key benchmark policy rate in early March after China and India had increased the cash reserve ratios that banks had to maintain. The pace of future policy normalisation will depend on the degree of potential GDP slowdown in 2H 2010 (relative to 1H 2010) and the magnitude of any CNY-triggered regional FX adjustment. Property markets across the region, barring Korea, remain in ebullient mood, but regulatory measures, rather than monetary ones, are being used to check price appreciation.

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