BREVAN HOWARD

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT: JANUARY 2012

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Tax treatment depends on the individual circumstances of each investor in BHM and may be subject to change in the future. Returns may increase or decrease as a result of currency fluctuations.

You should note that, if you invest in BHM, 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 BHM should seek their own independent financial advice. BHAM neither provides investment advice to, nor receives and transmits orders from, investors in the funds to which this material relates 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

BH MACRO LIMITED

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BREVAN HOWARD

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BH Macro Limited

Manager:

Brevan Howard Capital Management LP ("BHCM")

Administrator:
Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust")

Corporate Broker:
J.P. Morgan Securities Ltd.

Listings:
London Stock Exchange (Premium Listing)

NASDAQ Dubai - USD Class (Secondary listing)

Bermuda Stock Exchange (Secondary listing)

Overview:

BH Macro Limited ("BHM") is a closed-ended investment company, registered and incorporated in Guernsey on 17 January 2007 (Registration Number: 46235).

BHM invests all of its assets (net of short-term working capital) in the ordinary shares of Brevan Howard Master Fund Limited (the "Fund").

BHM was admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange on 14 March 2007.

Total Assets: $2,094mm[1]

1. Estimated as at 31 January 2012 by BHM's administrator, Northern Trust.

Summary Information

BH Macro Limited NAV per share (estimated as at 31 January 2012)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	594.2	$19.49
EUR Shares	241.2	€19.68
GBP Shares	1,258.4	£20.10

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	1.21	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*												0.90*

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	1.25	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	0.92*												0.92*

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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	1.23	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	0.91*												0.91*

Source: Fund NAV data is provided by the administrator of the Fund, International Fund Services (Ireland) Limited. BHM NAV and NAV per Share data is provided by BHM's administrator, Northern Trust. BHM NAV per Share % Monthly Change is calculated by Brevan Howard. BHM 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 BHM. In addition, the Fund is subject to an operational services fee of 50bps per annum.

NAV performance is provided for information purposes only. Shares in BHM do not necessarily trade at a price equal to the prevailing NAV per Share.

* Estimated as at 31 January 2012.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

ASC 820 Asset Valuation Categorisation*

Brevan Howard Master Fund Limited

Unaudited Estimates as at 31 January 2012

	% of Gross Market Value
Level 1	52
Level 2	48
Level 3	0

Source: Brevan Howard

* These estimates are unaudited and have been calculated by Brevan Howard using the same methodology as that used in the most recent audited financial statements of the Fund. 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, the Fund made profits mainly in interest rates trading and to a lesser extent in credit trading. Small losses were suffered in FX macro trading and in equity trading.

Monthly and annual contribution (%) to the performance of BHM USD Shares (net of fees and expenses) by strategy group

	Macro	Rates	FX	EMG	Equity	Commodity	Credit	Systematic	TOTAL
January	0.02	0.44	0.03	0.13	-0.10	0.11	0.25	0.01	0.90
QTD	0.02	0.44	0.03	0.13	-0.10	0.11	0.25	0.01	0.90
YTD	0.02	0.44	0.03	0.13	-0.10	0.11	0.25	0.01	0.90

Monthly and annual figures are estimated by Brevan Howard as at 31 January 2012, based on performance data for each period provided by the Fund's administrator, International Fund Services (Ireland) Limited.

Methodology and Definition of Monthly and Annual Contribution to Performance:

Attribution is approximate and has been derived by allocating each trader book in the Fund 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 strategies are categorised as follows:
"**Macro**": multi-asset global markets, mainly directional (for the 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

Market Review and Outlook

Market Commentary

US

The macroeconomic data continued to improve at the start of 2012. In January, jobs were created at the fastest pace since the second quarter of 2011 and the unemployment rate dropped to 8.3%. Financial markets and policymakers were buoyed by this positive news, but our enthusiasm is more tempered. To put the recent numbers into perspective, the economy needs to create 5.6 million jobs to reach the previous peak in employment, let alone absorb new entrants into the labour force. Nonetheless, the rapid improvement in the unemployment rate, which has declined by 0.2% in each of the last three months, is a surprise given the overall moderate pace of economic activity.

The US economy reported GDP growth of 2.8% in the fourth quarter of 2011 and appears to be on a similar trajectory in the first quarter of 2012. Household consumption and business fixed investment are advancing in a trend-like fashion. Housing is a relative bright spot in the macro picture, with both residential investment and turnover picking up, albeit from low levels. Meanwhile, exports are slowing along with global growth and the appreciation of the US dollar.

Inflation has been subdued recently. Over the last three months, headline prices have been approximately flat and core prices have risen by less than 2% annualised. Import, producer and commodity prices have all been relatively restrained. Actual data and

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market survey measures of inflation expectations have been at the lower end of the range of the last ten years.

The Federal Reserve implemented additional monetary policy easing in January via its new communications framework. After years of debate, the Fed agreed on an inflation target of 2%. The Fed chose not to adopt a formal employment target, given the difficulty in pinning down the long-run sustainable rate of unemployment. However, the Federal Open Market Committee's ("FOMC") forecasts indicate a range for the long-run sustainable unemployment rate of 5.2%–6.0%. In arguably its most innovative development, the Fed released information regarding the appropriate monetary policy measures which can be used to achieve this goal. Much attention was given to the FOMC's forecast that the federal funds rate would be held at or close to zero until at least 2014. This indicates that the Fed is prepared to keep real interest rates negative for at least the next three years. Whilst surprising at first glance, such an announcement is entirely consistent with widely accepted views and guidelines for optimal monetary policy. Indeed, in the press conference following the FOMC meeting, Chairman Bernanke remained sympathetic towards additional policy easing if the recovery continues to be modest.

EMU

EU leaders approved a “fiscal compact” in late January, which established a new governance structure for fiscal discipline in the EU. The pact was underwritten by all EU countries, with the exception of the UK and the Czech Republic. However, a comprehensive solution to the sovereign debt crisis, or a credible plan to revive the more fragile EU economies, remains elusive. The completion of the pact was widely considered as a success for Germany, with its policy of advocating tougher sanctions against fiscal slippages.

Data releases in January continue to point to the widening divergence between Germany and the rest of the euro area, especially the peripheral economies. The lending survey of the European Central Bank ("ECB") showed an overall tightening of lending standards in the EMU. This is particularly relevant for Italy, whereas Germany is the notable exception. Overall, credit growth slowed sharply for the euro area in December, which confirmed that, prior to the ECB's first 3-year LTRO operation, the euro area was drifting towards a credit crunch. The ECB LTRO helped to stem tensions in the government bond market, especially in Spain and in Italy.

In January, forward-looking activity indicators signalled some improvement in both the manufacturing and the service sectors. These green shoots are in line with more significant signs of recovery in activity in other parts of the world. The outlook for the European retail sector, however, remained particularly severe, especially in Italy, where both the retail PMI and car registrations plunged. The current disparity in credit conditions and employment developments between Germany and the rest of the euro area poses a considerable policy dilemma for the ECB in the months ahead.

UK

The data releases in January for the UK showed significant improvements. Although fourth quarter GDP contracted, there were signs of a steady improvement in December and January. The majority of activity surveys have improved over the last two months, consistent with improved growth momentum.

We believe that there are two drivers which are contributing to this improvement. Firstly, the LTRO operation in the euro area has averted a severe credit crunch by

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easing bank funding conditions. This has boosted confidence by reducing the risk of a sharp near-term collapse in lending and economic activity in the euro area, the UK's largest trading partner. Secondly, underlying UK inflation has eased since October (after the utility price hikes in September). This has improved real income growth, which should start to have a positive influence on consumption.

However, the overall picture is still one of a below-trend recovery, as fiscal austerity and household and bank deleveraging are substantial headwinds to growth. Government spending is now contracting outright and is at its weakest level since the 1950s. Net new bank lending to households and firms has been effectively zero for approximately three years now.

On a more positive note, the additional drag from high inflation on real income that prevailed in 2011 is now subsiding. Real wage growth is also likely to be close to zero in 2012, which is an improvement relative to the sharp real wage contraction in 2011. In addition, the risk of a further downturn driven by the European sovereign debt crisis has been mitigated for now.

However, the deeper balance of payments problems in the euro area remain unresolved and will not be resolved by liquidity assistance alone. Against this background of improvements in short-term news but a continued subdued medium-term outlook, the Bank of England remains concerned that a large and persistent output gap will ultimately push inflation below target during 2013. As such, the Bank of England has provided further policy stimulus in the form of additional purchases of government bonds.

Japan

In Japan, following a disappointing fourth quarter in 2011, during which GDP contracted by 2.3% quarter-on-quarter, the indications that activity was gathering pace at the end of last year and at the beginning of 2012 appear to be confirmed by both economic surveys and actual data. For example, in December, industrial production jumped by 4.0% month-on-month, beating market expectations.

Furthermore, and crucially, output projections for firms were solid for both January and February, indicating a strong expansion for the first quarter. Confirmation of a buoyant outlook for the first quarter of this year is also shown by the composite PMI, which climbed further above the 50 threshold, from 50.1 in December to 51.1 in January, the highest level since April 2010. Importantly, the improvement of the PMI stemmed from both manufacturing and business services. However, despite the jump in December, the level of Japanese industrial production remains more than 4% below the levels recorded before the tragic disasters in March 2011, while the indications from the labour market and consumer spending were more disappointing: retail spending expanded by only 0.3% in December, following a steep 2% fall in November; the unemployment rate ticked up to 4.6%, while the job-to-applicant ratio improved from 0.69 to 0.71.

China

In January, the underlying trends of the Chinese economy which are captured by the HSBC composite PMI improved somewhat, albeit remaining moderate. Orders improved from 49.4 to 50.8. Indications on the construction and property sectors, not captured by the survey, slowed. These data indications signal a stabilisation of growth dynamics, rather than a strong rebound in momentum. Sequential GDP growth could be even lower in the first quarter of 2012 than in the fourth quarter of 2011, dragged down by exports and the property sector. CPI inflation bounced back from 4.1% to 4.5% year-on-year, as raw food prices picked up strongly around Chinese New Year, but PPI inflation eased further, from 1.7% to 0.7% year-on-year, largely due to the combined effect of lower commodity prices and the favourable base effect.

Policy-wise, the People's Bank of China conducted reverse repo operations to inject liquidity into the banking system, but refrained from cutting the Reserve Requirement Ratio as expected by the market. The latest State Council meeting indicated that the tightening measures on the property market will continue and that China will approve additional new state projects to guarantee steady investment growth. M2 money supply growth slowed from 13.6% to 12.4%, disappointing expectations of a further pick up, possibly also partly due to the effect of the Chinese New Year. Overall, China is attempting to achieve a stable, but moderate growth rate of 8% this year.

Enquiries

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Risk Factors

Acquiring shares in BHM may expose an investor to a significant risk of losing all of the amount invested. Any person who is in any doubt about investing in BHM (and therefore the Fund) should consult an authorised person specialising in advising on such investments. Any person subscribing for shares in BHM must be able to bear the risks involved. These include, among others detailed in BHM's Prospectus, the following:

• The Fund is speculative and involves substantial risk.

• The Fund will be leveraged and will engage in speculative investment practices that may increase the risk of investment loss. The Fund may invest in illiquid securities.

• Past results of the Fund's investment managers are not necessarily indicative of future performance of the Fund, and the Fund's performance may be volatile.

• An investor could lose all or a substantial amount of his or her investment.

• The investment managers have total investment and trading authority over the Fund, and the Fund is dependent upon the services of the investment managers.

• Investments in the Fund are subject to restrictions on withdrawal or redemption and should be considered illiquid. There is no secondary market for investors' interests in the Fund and none is expected to develop.

• There are restrictions on transferring interests in the Fund.

• The investment managers' incentive compensation, fees and expenses may offset the Fund's trading and investment profits.

• The Fund is not required to provide periodic pricing or valuation information to investors with respect to individual investments.

• The Fund is not subject to the same regulatory requirements as mutual funds.

• A portion of the trades executed for the Fund may take place on foreign markets.

• The Fund is subject to conflicts of interest.

• The Fund is dependent on the services of certain key personnel, and, were certain or all of them to become unavailable, the Fund may prematurely terminate.

• The Fund's managers will receive performance-based compensation. Such compensation may give such managers an incentive to make riskier investments than they otherwise would.

• The Fund may make investments in securities of issuers in emerging markets. Investment in emerging markets involve particular risks, such as less strict market regulation, increased likelihood of severe inflation, unstable currencies, war, expropriation of property, limitations on foreign investments, increased market volatility, less favourable or unstable tax provisions, illiquid markets and social and political upheaval.

The above summary risk factors do not purport to be a complete description of the relevant risks of an investment in shares in BHM and therefore reference should be had to BHM's Prospectus and related offering documentation for a complete description of these and other relevant risks.