

BH Macro Limited

Monthly Shareholder Report

31 July 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 July 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* (as at 31 July 2007)

Shares Class	NAV* (USD mm)	NAV* per Share
USD Shares	489.3	\$10.61
EUR Shares	432.5	€10.55
GBP Shares	247.9	1060p

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	2.55						6.11
EUR	-	-	0.05	0.70	0.02	2.26	2.42						5.54
GBP	-	-	0.11	0.83	0.17	2.28	2.54						6.04

* 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 July 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 money from tactical shorts in credit markets, where spreads widened. Smaller gains were made in equity and FX trading.

Emerging market and commodities trades marginally detracted from performance.

Outlook

US

The recent turbulence in financial markets, caused by distress in the US subprime mortgage market and fears of a global "credit crunch", has obscured three key developments in the US. First, core inflation has returned inside the Fed's implicit comfort zone, although the Fed is cautious about prematurely declaring victory over inflation. Secondly, forward-looking indicators of housing point downwards. In particular, turnover in the market for new and existing homes is dropping and inventories remain near historic highs. Thirdly, the labour market is slowing, albeit marginally. Government and service-sector hiring remain strong but manufacturing and construction are a sizeable drag.

Considering these developments, BHAM believes the Fed will at some point adopt a neutral policy stance.

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

Europe

At its July meeting the ECB kept rates on hold and did not provide a clear indication about its future intentions.

July data suggest inflation was below recent market expectations, but well above the level which the ECB had predicted for July earlier in the year, suggesting that the euro area inflation outlook has deteriorated in recent months.

Activity data surprised on the down side and survey data points to some deceleration in the main euro area economies. Nonetheless, the overall picture remains consistent with the view that the euro area is developing at trend growth.

BHAM believes that the ECB will maintain a tightening bias for now, but that the market is over-discounting the speed at which rates will be raised. Consequently, the Master Fund is currently tactically long the very short end of the curve.

UK

The strength of the UK economy caused the BoE to raise the base rate to 5.75% in July, only two months after hiking the rate in May.

Q2 GDP data confirm that the economy is on a path of solid growth, which is broadly in line with the most recent BoE Inflation Report. CPI inflation is softening from the March peak and yearly growth declined to 2.4% in June due to the base effect and decline in utility prices.

BHAM expects the BoE to increase the base rate further in the coming months.

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The Master Fund is positioned for a steepening in the longer maturities.

Japan

Japan's economy continued to expand in Q2, albeit at a slower pace than Q1. The continuation of GDP growth in Q2 was driven by high levels of capital expenditure, private consumption and net exports. Furthermore, labour markets continued to tighten and total household income increased, which BHAM believes should support the expansion of private consumption during Q3 and Q4.

The aforementioned economic activity is in-line with the BoJ's forecasts and so BHAM would expect the BoJ to continue its policy of normalisation.

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 July:

Fixed income: long the EUR very short end, long USD 0-2 year
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: small long
Commodities: moderate longs in Energy & Metals

Enquiries

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