

BH Macro Limited

Monthly Shareholder Report

31 July 2008

www.bhmacro.com

Disclaimer / Important information

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PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS

Summary information

BH Macro Limited NAVs per share** (as at 31 July 2008)

Shares Class	NAV* (USD mm)	NAV* per Share
USD Shares	754.71	\$14.00
EUR Shares	557.17	€13.94
GBP Shares	461.13	1423p

BH Macro Limited NAV per Share**% Monthly Change

USD	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	1.14*						16.43*

EUR	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*						17.18*

GBP	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	6.86	-2.61	-2.33	0.95	2.91	1.34*						17.93*

*Data for July 2008 is estimated

**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.

Source: Underlying BHM NAV data is provided by the Administrator of BHM, 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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July 2008 Performance review

In July, Brevan Howard Master Fund Limited (the "BHMF") made profits in fixed income directional and emerging markets trades. BHMF lost money in volatility trades, fixed income relative value, FX, commodities and equities trades.

Outlook

US

In recent months, the US economy has faced the triple threat of high and rising inflation, recession, and financial crisis. In July, the landscape changed in a meaningful way: inflation risks receded and the outlook for growth and financial markets worsened.

The sizable drop in energy and commodity prices eased inflation fears. In BHAM's view, these fears were exaggerated given a widening output gap, tighter financial conditions and the absence of pricing power. Reasonable observers could disagree since headline prices were increasing at their fastest pace since the early 1990s, a development which threatened the stability of inflation expectations. However, BHAM believes headline inflation should peak in the coming months and decline quickly thereafter.

Growth in the second quarter was disappointing after netting out the impact of the tax rebates which temporarily boosted consumption spending. The economy continues to labour under the weight of falling house prices, credit constraints and high energy prices. The only bright spot has been trade. But trade appears poised to provide less impetus going forward now that the exchange value of the dollar has stabilized and the US's major trading partners confront their own slowdowns.

Financial markets have been especially fragile. The US Treasury had to put together a last-minute plan to rescue Fannie Mae and Freddie Mac and the Fed broadened its arsenal of liquidity tools. As recently as last month, some financial market participants had been saying the financial crisis was close to being finished. Such pronouncements appear to have been too optimistic, to say the least. BHAM anticipates that the strains will persist and may worsen.

Europe

As expected, in July the ECB hiked policy rates by 25 basis points to 4.25%. With the July move, the ECB intended to signal to market participants its strong commitment to prevent an upward drift of long-term inflation expectations and the materialization of second-round effects amid the commodity shock. Further developments in the course of the month may start to ease the ECB's inflation concerns. Importantly oil prices declined by almost \$20 and activity data largely undershot the ECB's and market expectations. Available surveys gave a distinct sense of a corporate sector preparing for a prolonged slowdown: rising inventories amid declining orders as well as lower levels of hiring. The evidence on the consumer side was even clearer: sentiment was at an historical low as purchasing power was eroded by high inflation and the labour market started to deteriorate. Retail sales tanked across the euro-area. BHAM believes that the ECB will likely be on hold for some time.

UK

In July, the UK economic outlook continued to deteriorate. The construction sector had been leading this downturn, but the weakness has spread to all major sectors (retail, manufacturing, services) of the economy. The housing market continued to

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weaken sharply, both in prices and turnover. Along with the weakening of the major sectors of the economy, the labour market is now easing, as unemployment is rising, vacancies fall and wage inflation is about stable. Headline inflation increased further, as food and energy prices rose sharply. Pricing surveys of firms suggest that there might be further pass-through of high commodity prices through the production chain. Near-term inflation expectation surveys remain elevated, but medium-term expectations are reassuringly stable and break-even inflation rates fell back. The Bank of England balanced out the upside risks stemming from high headline inflation with the downside risks from lower credit availability and weaker activity, keeping policy rates unchanged. BHAM believes this will remain the policy for some time.

Japan

In Japan, economic data released in July depicted a continuation of the severe cyclical downturn. External demand is falling, as shown by a sharp drop in June exports. In particular, the abrupt fall of sales of Japanese product in Europe, corroborates the indications of economic slowdown that we detect in both the euro-area and in the UK. At the same time, Japanese domestic demand was hurt by the significant deterioration in the terms of trade, which has affected both consumer spending and investments in capital equipment. Moreover, the weakening of the labour market and the slowdown of nominal wages to almost nil eroded the purchasing power of Japanese workers. As such, despite the rise of inflation towards the upper-end of the Bank of Japan's tolerance band, BHAM believes the central bank is firmly on hold.

Enquiries

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