BREVAN HOWARD

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT:
JULY 2013

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Your attention is drawn to the disclaimer at the beginning and end of this document

Important Legal Information and Disclaimer

BH Macro Limited ("BHM") is a feeder fund investing in Brevan Howard Master Fund Limited (the "Fund"). Brevan Howard Asset Management LLP ("BHAM") and Brevan Howard Capital Management LP (together with BHAM, "Brevan Howard") have supplied the information herein regarding BHM's and the Fund's performance and outlook. BHAM is authorised and regulated by the Financial Conduct Authority (the "FCA") in the United Kingdom.

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

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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 FCA Rules.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS

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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

BHM 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

$2,120 mm[1,2]

1. Estimated as at 31 July 2013 by BHM's administrator, Northern Trust.

2. This figure is net of the 2013 capital return.

Summary Information

BH Macro Limited NAV per Share (estimated as at 31 July 2013)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	573.3	$20.66
EUR Shares	189.1	€20.82
GBP Shares	1,357.8	£21.39

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	1.13	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	0.25	-0.40	-0.43	-1.77	-2.23	2.36	1.02	1.99	-0.36	0.92	1.66	3.86
2013	1.01	2.32	0.34	3.45	-0.10	-3.05	-0.86*						3.02*

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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	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	0.91	0.25	-0.39	-0.46	-1.89	-2.20	2.40	0.97	1.94	-0.38	0.90	1.63	3.63
2013	0.97	2.38	0.31	3.34	-0.10	-2.98	-0.85*						3.00*

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	1.33	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	0.90	0.27	-0.37	-0.41	-1.80	-2.19	2.38	1.01	1.95	-0.35	0.94	1.66	3.94
2013	1.03	2.43	0.40	3.42	-0.08	-2.95	-0.83*						3.32*

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 July 2013

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ASC 820 Asset Valuation Categorisation*

Brevan Howard Master Fund Limited

Unaudited Estimates as at 31 July 2013

	% of Gross Market Value*
Level 1	63
Level 2	37
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 suffered some losses mainly in FX and interest rates volatility trading. Small gains were generated in equities and interest rates directional trading.

Monthly, quarterly 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
July	-0.54	-0.33	-0.12	0.13	-0.03	0.07	-0.01	-0.03	-0.86
Q1 2013	2.90	0.22	0.06	0.11	0.07	0.07	0.25	0.02	3.71
Q2 2013	1.68	-0.33	-0.08	-1.00	-0.01	-0.13	0.17	-0.03	0.20
QTD	-0.54	-0.33	-0.12	0.13	-0.03	0.07	-0.01	-0.03	-0.86
2013 YTD	4.06	-0.44	-0.14	-0.76	0.03	0.01	0.41	-0.04	3.02

Monthly, quarter-to-date and year-to-date figures are estimated by Brevan Howard as at 31 July 2013, based on total performance data for each period provided by the Fund's administrator, International Financial Services (Ireland) Limited.

Methodology and Definition of Monthly 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

US

The US labour market continues to improve. Over the last six months, job gains have averaged 200,000 per month, despite a modestly disappointing figure last month. Over the same six-month period, the unemployment rate has declined half a percentage point to 7.4%. However, some aspects of the data paint a more sombre portrait with the employment-to-population ratio moving sideways, the participation rate trending down, and long-term unemployment remaining high. Nevertheless, the labour market has definitely improved compared with last year when the Federal Reserve (the "Fed") began QE3 in order to achieve a substantial improvement in the labour market.

The comprehensive revision to the national accounts provided the latest data on growth and inflation as well as revising historical data. Second-quarter GDP growth surprised on the upside compared with market expectations. However, the first half of the year proved to be a disappointment with the annual growth rate averaging 1.4%.

Some forward-looking indicators released in July suggest an improvement in the second half of the year. Auto sales are solid, manufacturing and non-manufacturing surveys of purchasing managers moved up noticeably, and, in a potentially important shift if sustained, the external sector looks brighter with exports picking up in June and survey

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data coming out of Europe almost uniformly stronger than expected.

Inflation has been worryingly low. Before the comprehensive revision, core PCE (personal consumption expenditure) inflation was flirting with the 1% level, a record low in the modern era. After the revision and combined with the biggest monthly increase in more than a year, the 12-month change in core PCE inflation is 1.2%. Inflation is still low but it appears to have approximately bottomed and should head back up slowly if growth improves.

The Fed is looking to moderate the monthly pace of asset purchases so long as the incoming data is broadly consistent with their outlook for a better second half of the year. At the same time, the Fed will be at pains to emphasize that the so-called tapering is not a tightening of policy. Forward guidance will be used to keep interest rates anchored to ensure that easy financial conditions prevail so long as the economy is below full employment and inflation is less than the Fed's 2% medium-run target.

EU

Since June, the sentiment indicators and data in the euro area have recovered. The recovery has been more evident in the domestic demand side, possibly supported by a relaxation of the fiscal stance in a number of member states and, to a lesser extent, also by recovering exports. The signs of recovery remain fragile however, and could be subject to a reversal in particular if credit growth remains persistently weak.

In July, the EMU manufacturing PMI rose from 48 to 50.3. The largest upward surprise was in Italy, where the PMI climbed from 49.1 to 50.4, well above the 49.7 consensus. The EMU composite PMI came in at 50.5, thus bouncing above the 50 threshold for the first time since August 2011. HICP (harmonised index of consumer prices) inflation remained stable at 1.6% y/y, up from the lows of 1.2% y/y in April. A further acceleration in food prices was offset by a downtick in core inflation, leaving the overall inflation rate unchanged in July. In contrast to the improved activity indicators, data on bank lending remains weak, suggesting that the recovery is not supported by new credit creation.

At the August policy meeting, the European Central Bank ("ECB") decided to leave interest rates unchanged. The most significant changes to the Introductory Statement concerned the assessment of the economic outlook, which was somewhat more positive than in July. In the press conference, President Draghi clarified that the improved sentiment indicators suggest that the baseline scenario for the ECB staff GDP projections for the second part of 2013 seems to be confirmed. Draghi sharpened the tone on the market interest rates, describing the rate hike expectations embedded in the money market rates as "unwarranted". This notwithstanding, the markets reacted negatively to the ECB's vague guidance. Forward yields crept further up, increasing the concern that market rates are getting out of line of the intended policy stance and tightening financing conditions further.

UK

Activity data over the past month continued to improve and second quarter GDP growth was confirmed at 0.6%, in line with expectations, but stronger than the 0.3% growth in the first quarter. Activity surveys have picked up even further heading into the third quarter. The housing market has been responding to the Funding for Lending Scheme - there is now renewed availability of higher LTV mortgages and an increase in the Government's Help to Buy equity loans for new housing. This should lead to a sustained recovery in residential investment from deeply depressed levels, and a pick-up in the retail sectors that are most closely related to residential investment. The improvement in EU growth has lessened one of the key UK headwinds, both via better exports and improved sentiment. Given how weak household income still is (negative real wage growth and zero employment growth), and given how much further household deleveraging needs to progress, the sustainability of the growth recovery is still uncertain. To be confident of a sustainable recovery, we would need to see stronger real wage growth first, probably in the context of a productivity improvement.

Against this background of an economic recovery whose sustainability is still uncertain, the Monetary Policy Committee ("MPC") did not add further monetary stimulus in August, rather they introduced a formal forward guidance framework for future interest rate policy. The MPC intends not to raise interest rates at least until the unemployment rate has fallen to 7%, unless various inflation and financial stability conditions "knock out" the rates guidance. The objective of the forward guidance framework is not to add fresh stimulus, but instead to make the existing stimulus more effective. It is intended to reduce uncertainty about the future path of interest rates, and in particular to avoid an unwanted premature tightening of financial conditions before slack in the economy has been sufficiently reduced. On current MPC forecasts, the unemployment rate is not expected to hit 7% until the third quarter of 2016, and the inflation and financial stability knock-outs have not previously been hit, so it seems unlikely they will be hit in the next few years. But there is considerable uncertainty about the unemployment rate forecast. With large swings in productivity in the past five years, the relationship between GDP and employment has been weaker than it has been in the past. A GDP recovery that is also accompanied by a strong productivity recovery (and therefore weak employment growth) will allow for a much slower removal of monetary stimulus than a GDP recovery with a weak productivity recovery. The unemployment rate path provides a concise summary statistic of this idea.

Japan

As was widely expected, Prime Minister Abe's ruling coalition won a majority in the upper house of parliament, giving it control of both chambers. Abe's Liberal Democrats and like-minded parties, however, did not win a sufficient margin to push through constitutional changes related to the military, likely postponing such a divisive fight for the foreseeable future. As such, Abe can concentrate on pushing through his so-called third arrow of structural economic reforms. Reform details to date have been scant. Even with respect to the Trans-Pacific Partnership, we have heard more about what exceptions the Government will try to negotiate than what changes to which Japan will agree to. Such conservativism probably reflects pre-election posturing, but with the returns now in, it is necessary that Abe begins to offer concrete proposals to maintain momentum and inspire market confidence.

Stock prices dropped sharply in the wake of election but subsequently recovered most of their losses and the political debate on postponing the consumption tax scheduled to rise in April 2014 has been rejoined. The Governor of the Bank of Japan added his views, arguing that growth "would not be greatly harmed" by going through with the proposed tax increases. We are sceptical that Japan could so easily sail through a consumption tax increase. Even so, a different mix of tax, spending levels and structural reforms to improve long-run growth prospects are needed to put government finances on a sustainable path. At this stage, it seems unlikely that Abe's administration will push through the legislation needed to delay implementation of at least the first round of tax hikes.

The latest inflation news was mixed. Fast rising electricity prices continue to flatter aggregate measures, and food prices excluding fresh food rose in the latest data. However, excluding food and energy, seasonally adjusted prices edged down nationwide in June and in the Tokyo Ku-area in July, slowing the progress in year-on-year rates for both measures. Reflation was always likely to be uneven, however. As such, it is necessary to keep an eye on some important fundamentals. On the one hand, the yen strengthened slightly following the dollar moved above 100 yen in early July. On the other hand, household inflation expectations have hung on to the big step up that occurred earlier in the year.

China

China's actual July activity data was better than expected, suggesting that China's GDP growth should accelerate in the third quarter after the slowdown in the first half of the year. July IP (industrial production) growth jumped from 8.9% y/y to 9.7% y/y, while both export and import growth rebounded to positive territory in July after falling into negative territory in June. Fixed-asset investment growth accelerated in July, boosted by both infrastructural and property investment. Retail sales growth slowed slightly on weaker auto sales, but it remained at a relatively high level. Construction activity picked up as well with newly started floor space jumping by 45% y/y.

July CPI growth stood at 2.7% y/y, as in June, while PPI deflation narrowed further, along a trend which is poised to continue in the coming months. Property price growth in 100 cities re-accelerated (up 0.87% m/m in July versus 0.77% m/m in June) after slowing slightly for three consecutive months. New bank loan dynamics were firm.

China's leaders have made it clear that the floor for GDP growth in 2013 is the 7.5% y/y target. The People's Bank of China has resumed its reverse repos in order to inject liquidity after a four month suspension in response to less capital inflow.

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.