BREVAN **HOWARD**

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT: JUNE 2012

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

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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 FSA (the "FSA 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 FSA Rules.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT: JUNE 2012

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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: $1,983mm[1,2]

1. Estimated as at 29 June 2012 by BHM's administrator, Northern Trust.

2. This figure is net of the 2012 capital return.

Summary Information

BH Macro Limited NAV per share (estimated as at 29 June 2012)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	554.8	$18.61
EUR Shares	200.2	€18.78
GBP Shares	1,228.5	£19.21

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	0.25	-0.40	-0.43	-1.77	-2.22*							-3.65*

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	0.91	0.25	-0.39	-0.46	-1.89	-2.19*							-3.74*

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	0.90	0.27	-0.37	-0.41	-1.80	-2.18*							-3.57*

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 29 June 2012.

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ASC 820 Asset Valuation Categorisation*

Brevan Howard Master Fund Limited

Unaudited Estimates as at 29 June 2012

	% of Gross Market Value
Level 1	54
Level 2	46
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.

Manager Review: June 2012

Assets Under Management

Brevan Howard's assets under management increased during the first half of 2012, as detailed below:

	30 Dec 11	30 June 12
AUM	US$34.2bn	US$36.7bn

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New Fund Launches

In March 2012, Brevan Howard launched the Brevan Howard Credit Value Master Fund Limited ("BHCV"), a fund that seeks to take advantage of opportunities in trading illiquid securities below intrinsic value, arising from recent market dislocations in structured credit securities and the continued deleveraging and selling from banks. The investment manager of BHCV is DW Investment Management, LP, based in New York (the same investment manager as for Brevan Howard Credit Catalysts Master Fund Limited).

In May 2012, Brevan Howard launched the Brevan Howard CMBS Master Fund Limited ("BHCMBS"). This fund invests in all types and tranches of commercial mortgage backed securities; it does not take positions in other types of asset-backed securities. The investment manager for BHCMBS is Brevan Howard Investment Products Limited.

Partial Capital Return

In June 2012, BHM conducted its annual partial capital return. The return is part of BHM's annual discount management programme and it permits the directors, at their sole discretion, to return to shareholders on a pro-rata basis a proportion (up to 100%) of BHM's prior calendar year NAV returns at a small discount to the prevailing NAV. In June 2012, BHM offered to return an amount equivalent to 40% of its 2011 NAV return at a 4% discount to the 31 May 2012 NAV. Given that BHM's shares were trading at or around par at the time the capital return was offered, only a small number of tenders for redemption were received and a nominal amount of capital returned to shareholders.

New Investment Managers

Sao Paulo, Brazil

In May 2012, Brevan Howard commenced trading activities in its Sao Paulo office, Brevan Howard Assessoria De Negócios E Administradora De Carteiras Ltda ("BHADN"). BHADN is registered as an Asset Manager with the CVM (the Security and Exchange Commission of Brazil) and advises on a small capital allocation from Brevan Howard Master Fund Limited.

New York, US

In June 2012, Brevan Howard established a new US based investment manager, Brevan Howard US Investment Management LP ("BHUSIM"). BHUSIM, located in New York, is registered as an investment adviser under Section 203(c) of the Investment Adviser Act of 1940 and from August 2012 will trade a capital allocation from Brevan Howard Master Fund Limited.

Fund Performance Review

During the month, the Fund incurred losses predominantly in interest rates trading, mainly from directional positions and volatility positions, and in FX macro trading. Further small additional losses were suffered in equity macro 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
June	-0.91	-1.53	0.00	0.34	-0.03	-0.02	0.00	-0.07	-2.22
Q1	-0.42	0.27	0.01	0.22	-0.09	0.16	0.57	0.02	0.75
QTD	-1.68	-2.20	0.05	-0.18	-0.13	-0.13	-0.02	-0.07	-4.36
YTD	-2.10	-1.95	0.06	0.04	-0.22	0.03	0.55	-0.05	-3.65

Monthly and annual figures are estimated by Brevan Howard as at 29 June 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

US

The economic recovery came to a virtual standstill during June, in the face of domestic and foreign headwinds. Job creation has slowed to a pace that is insufficient to apply downward pressure on the unemployment rate, which is little changed since the beginning of the year. The message from the labour market is broadly corroborated by indicators of aggregate demand, which point to GDP growth of less than 2% in the second quarter.

Household consumption and sentiment have weakened. Manufacturing output has slowed and the forward-looking surveys indicate a contraction in the coming months. While business and housing investment have been positives, the economy needs the private sector to grow at an above-trend pace in order to offset the drags from the government and export sectors.

Headline and core inflation have rolled over. Compared with 2011, both measures of inflation are below the Federal Reserve's 2% inflation target. Over a longer period, the Fed can take comfort from the fact that inflation has been, as one policy maker remarked recently, "the dog that didn't bark". The Fed has expanded its balance sheet by more than 300% since 2008 and inflation has averaged at less than 2% (annual rate) over the same period.

At the last Federal Open Market Committee ("FOMC") meeting, the Fed took the decision to extend its maturity extension programme ("Operation Twist 2") until the end of 2012. In addition, the FOMC laid down a new marker for additional easing, saying that it is prepared to take further action to promote a sustained improvement in labour market conditions. Arguably, the FOMC's threshold for further easing cannot be far off – with the unemployment rate stuck at 8.2%, below-trend GDP growth, receding inflation, and looming downside risks from the fiscal cliff and European woes.

EMU

Following a first quarter of flat real GDP in the euro area, the indicators for the second quarter point to renewed weakening of growth and increasing uncertainty. The euro area composite PMI index has been in the territory which signals economic contraction for nine out of the last ten months, suggesting that a rapid recovery is not in sight. Overall, the risks to the economic outlook remain to the downside, fuelled also by ongoing financial market tensions, especially in the periphery. In line with the slowdown in economic growth, the unemployment rate in the single currency area increased to a new all-time high level in May, reaching 11.1%.

On the back of decelerating economic activity and falling energy prices, and despite increases in taxes and administered prices in the countries undergoing fiscal adjustment programmes, HICP inflation in the euro area has fallen to 2.4%, from 2.7% at the beginning of the year. The May money and credit data for the euro area, released by the ECB, revealed that the annual growth rate of loans to firms and households slowed further, although with some variation between countries.

On the political front, the euro area summit on 28-29 June saw those countries facing acute bond market stress (Spain and Italy) claiming victory. However, once the dust had settled, the details of the communiqué revealed that little had changed from the original conditions under which the EFSF/ESM were already able to intervene in member states' bond markets. The summit also clarified that the EUR100bn support to be extended to Spain for bank recapitalisation purposes will not have a seniority status vis-à-vis other creditors of the Spanish sovereign. The euro area leaders also made some progress on the banking union issue. Common supervision will be handled "with ECB involvement" and there is a possibility that, after a common supervisory body has been established, ESM funds could be used to recapitalise banks which have been identified by the common supervisory body as requiring additional capital.

In its regular policy meeting in the first week of July, the ECB decided to cut its main interest rates by 25bp, bringing the main refinancing rate to 0.75% and the deposit rate to zero. Apart from the standard interest rate measures, the ECB did not add to the set of temporary non-standard measures already in place, but reiterated that on 22 June 2012 it had taken further measures to increase collateral availability for counterparties (by relaxing its rating requirements for ABS collateral). Commenting on the outcome of the euro area summit, the ECB welcomed the euro area leaders' decisions to take action to address financial market tensions, restore confidence and revive growth.

UK

Manufacturing surveys plummeted sharply in May and recovered only partially in June. Construction and services indicators shifted down markedly. The UK is unlikely to diverge too far from the euro area, given its close trade and financial links. As such, the renewed worries over the future of the euro area and the ongoing slowing of euro area growth are taking their toll on the UK. The UK labour market held up surprisingly well in the first half of 2012, but this resilience is unlikely to last. The most resilient sectors of the economy remain those which are more domestically-oriented; housing remains stable (although at low levels), and car and retail sales have been marginally improving despite low confidence readings. However, this improvement seems fragile. Fiscal austerity, together with household and bank deleveraging, continue to represent substantial headwinds to growth. A return to above-trend growth is unlikely until these forces start to abate meaningfully. Net new bank lending to households and firms has been zero for more than three years now. Money growth has started to pick up marginally, although it remains subdued. Inflation continues to fall, even a little faster than expected. It now seems more likely that inflation will fall back close to target in the coming quarters.

The combination of a weakening growth outlook and a lower inflation outlook paved the way for further monetary stimulus. In June, the BoE announced a series of further liquidity measures to assist the banks: a recommendation for the FSA to lower liquidity requirements, a launch of monthly LTROs (called Extended Collateral Term Repos) of 6-month maturity and a "funding for lending" scheme that provides below-market-rate multi-year financing against loan collateral on the condition that new loans are extended. In addition to these measures, the BoE announced £50bn of additional quantitative easing in July. The fact that it was a modest £50bn rather than a more aggressive £75bn reflects, in our view, the fact that the simultaneous introduction of so many other stimulus measures reduced the need for additional easing at the margin. On the fiscal side, last year's weak growth is starting to take its toll on the budget deficit, which is off track relative to earlier official forecasts. At some stage, this may challenge the government's "stick with the plan" austerity policy.

Japan

The momentum of the Japanese economy continues to moderate as the global slowdown is taking its toll on foreign demand for Japanese goods and the fiscal impulse is diminishing. Industrial production fell by 3.1% month-on-month in May, approximately in line with expectations, and is poised to contract in the second quarter after a robust expansion in the first quarter. In June, the composite PMI fell by a further point, to below the 50 threshold (49.1) for the first time since November 2011. The fall in June stemmed from a moderation both in manufacturing (down from 50.7 and 49.9) and in services (from 49.8 to 49.3). In particular, export orders fell from 48.2 to 47.5, a low figure showing substantial deterioration of foreign demand. In May, actual exports fell by 2.7%, after a still strong expansion in April. Surveys other than the PMI confirm the ongoing slowdown, with the exception of the quarterly Tankan survey (which tends to lag monthly data). In particular, the Economic Watchers survey (which surveys over 2000 workers, including small business owners) reported that the diffusion index of business confidence in the current economy fell sharply in June, from 47.2 to 43.8, the lowest level since May 2011 (the aftermath of the earthquake). Nevertheless, the job market recorded an improvement in May as the unemployment rate fell from 4.6% to 4.4% and the job-to-applicant ratio increased from 0.79 to 0.81. Deflation in the CPI excluding food and energy worsened again, from -0.3% to -0.6% year-on-year, although to levels less worrying than a few months ago. The Bank of Japan further eased monetary conditions, but only marginally and did not prevent a renewed appreciation of the Japanese yen.

China

There is evidence to suggest that economic activity is bottoming out in China. Second quarter GDP saw a sequential expansion at a rate slightly higher than that in the first quarter, although still lower than our estimated 7%. The easing of monetary conditions is helping domestic demand, while external demand is still weakening. In June, actual industrial production trends continued to moderate and the official manufacturing PMI fell by 0.2 points to 50.2, the lowest level since November 2011 (details were weaker than the headline number). However, the non-manufacturing PMI rose 1.5 points to 56.7, due to the rising PMI in services (up 2.1 points to 56.3) and, in particular, in the property sector (up 9.9 points to 58.2). Construction activity, however, continued to slow, down 1.1 points to 58.1. Other data for the month of June – for both retail sales in volume terms and for fixed asset investments – revealed some improvement in domestic demand.

CPI inflation eased sharply in June – from 3.0% to 2.2% – on seasonal declines in food prices and a base effect, while year-on-year PPI deflation continued (from -1.4% to -2.1%). However, property prices started rising again in June for the first time since August 2011, which is likely to cause some concern to the Chinese government. Despite the People's Bank of China ("PBOC") injecting liquidity through open market operations since June, interbank liquidity has eased slowly. Responding to lower inflation and slower economic activity, the PBOC again cut the level of official rates in early July, by a quarter of a point. Both credit formation and money growth improved in June relative to May. M2 accelerated in June from 13.2% to 13.6% year-on-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.