BREVAN HOWARD

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT:
MAY 2013

BMANL20130531 CONFIDENTIAL DO NOT COPY OR DISTRIBUTE

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").

The material relating to BHM and the Fund included in this report has been prepared by Brevan Howard and is provided for information purposes only and does not constitute an invitation or offer to subscribe for or purchase shares in BHM or 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 BHM and the Fund have been obtained or derived from sources believed by Brevan Howard to be reliable, but Brevan Howard makes no representation as to their accuracy or completeness. Any estimates may be subject to error and significant fluctuation, especially during periods of high market volatility or disruption. Any estimates should be taken as indicative values only and no reliance should be placed on them. Estimated results, performance or achievements may materially differ from any actual results, performance or achievements. Except as required by applicable law, BHM, the Fund and Brevan Howard 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.

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

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT: MAY 2013

T +44 (0)20 7022 6250 www.bhmacro.com

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: $2,197 mm[1,2]

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

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

NAV per Share

BH Macro Limited NAV per share (estimated as at 31 May 2013)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	610.9	$21.48
EUR Shares	195.8	€21.62
GBP Shares	1,390.5	£22.21

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	-2.23	2.36	1.02	1.99	-0.36	0.92	1.66	3.86
2013	1.01	2.32	0.34	3.45	-0.17*								7.10*

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	-2.20	2.40	0.97	1.94	-0.38	0.90	1.63	3.63
2013	0.97	2.38	0.31	3.34	-0.17*								6.98*

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT: MAY 2013

BREVAN HOWARD

T +44 (0)20 7022 6250 www.bhmacro.com

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	-2.19	2.38	1.01	1.95	-0.35	0.94	1.66	3.94
2013	1.03	2.43	0.40	3.42	-0.15*								7.28*

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 May 2013.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

ASC 820 Asset Valuation Categorisation*

Brevan Howard Master Fund Limited

Unaudited Estimates as at 31 May 2013

	% of Gross Market Value*
Level 1	62
Level 2	38
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.

BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT: MAY 2013

BREVAN HOWARD

T +44 (0)20 7022 6250 www.bhmacro.com

Performance Review

During the month, the Fund generated gains mainly in macro FX trading and to a lesser extent in interest rates volatility trading and in USD interest rates trading. Losses were suffered mainly in European interest rates 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
May	0.46	-0.38	0.08	-0.33	0.01	-0.03	0.08	-0.06	-0.17
Q1 2013	2.90	0.22	0.06	0.11	0.07	0.07	0.25	0.02	3.71
QTD	3.18	0.13	-0.01	-0.20	0.04	-0.14	0.31	-0.02	3.28
2013 YTD	6.18	0.36	0.05	-0.10	0.10	-0.08	0.56	0.00	7.10

Monthly, quarter-to-date and year-to-date figures are estimated by Brevan Howard as at 31 May 2013, based on performance data for each period provided by the Fund's administrator, International Fund 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

Market Commentary

US

Federal Reserve officials hinted in May about slowing the pace of asset purchases. The time frame was variously described as "in the coming months", "the next three or four months" and "in the next few meetings". This timing puts the focus on the Federal Reserve's September meeting, which was sooner than investors had anticipated. Combined with evident disappointments coming from policy makers in Japan and the eurozone, the recalibration of expectations about global monetary policy unsettled markets, severely in some cases.

Apart from the volatility in financial markets, the economy has advanced at a trend-like pace in the first half of the year. Real consumption spending appears to be rising at a steady, if modest, pace in the current quarter, after having risen briskly in the first quarter. Business investment looks tepid but housing investment is growing at a double-digit rate. The external sector is set to subtract from growth because of weak demand for US exports. Reduced government outlays continue to exert a drag on growth.

The resilience of private demand growth in the face of substantial fiscal tightening may signal greater underlying strength in the economy or perhaps a more delayed impact. If the former is the case, then the economy should gradually strengthen as the year progresses; if the latter, then the economy would falter.

The most encouraging news has been in the labour market, where payroll employment has averaged nearly 200,000 per month over the last six months. Although the unemployment rate ticked up to 7.6% in May, the participation rate rose for the first time this year. That is a positive signal that more people are looking for work.

Core inflation of 1.1% on a year-over-year basis is near record lows, a potential cause for alarm. Much of the decline in inflation seems to reflect the pass-through of lower energy and commodity prices. If that interpretation is correct, then core inflation should stabilise once the price shocks are reflected in lower prices for goods and services such as clothing and airfares.

EMU

Data released in May showed that industrial activity and sentiment in the euro area surprised mostly to the upside, while disinflationary trends are becoming more entrenched. The Composite EMU Manufacturing PMI bounced in May, to its highest level since February 2012, though it remains subpar. This month, the improvement of the PMI concerned the periphery even more than the core. Still, the output gap is large and growing: the euro area jobless rate climbed to 12.2%, as the rise in joblessness was broad-based, spreading to Germany. In May, euro area HICP (Harmonised Index of Consumer Prices) inflation rebounded slightly from the low 1.2% year-on-year reached in April, due to the unwinding of the early Easter effect, with core inflation remaining slightly above 1%. Broad money aggregates have been showing moderate acceleration over the past few months. However, this has still failed to translate to bank lending where the dynamics have weakened further, particularly on the corporate lending side.

The ECB decided to leave interest rates unchanged in its June policy meeting. The introductory statement contained similar dovish elements to May's statement, but in the press conference following the meeting, President Draghi took a surprisingly more hawkish tone, which unsettled financial markets. The ECB has gradually distanced itself from initiatives to support bank lending directly and has instead focused its effort on an Asset Quality Review which it intends to perform on banks which are due to enter the Single Supervisory Mechanism. By clearing a bank's balance sheets from problematic assets, the ECB hopes to stimulate bank lending on a sustainable basis.

German Chancellor Merkel and French President Hollande held a Summit meeting and issued a written statement summarising their agreements. The statement acknowledged that any bank recapitalisations that involve legacy assets would have to be done using national resources (and first private resources before resorting to public funds). The two leaders also indicated that at a later stage, independent bank resolution could be organised under the umbrella of the European Stability Mechanism. The statement also re-introduced some aspects of the van Rompuy initiatives from last year, signalling that limited joint liabilities could be possible in association with contracts that govern the implementation of structural reform in individual member states.

The EU Commission also announced revisions to the stability programme fiscal targets, granting Spain, France and the Netherlands extra time to hit the targets. Italy, which has announced it intends to stick with the current targets, was removed from the EU excessive deficit procedure, which opens the door for Italy to qualify for EU structural investment funds. The Italian government also announced that it intends to repay up to €40 bn in arrears to the private sector in the current year as well as next year.

UK

Activity data over the past month has continued to improve. Business surveys have moved up further across all major sectors, and it appears as if second quarter GDP growth will be as strong or stronger than the first quarter. The housing recovery, which was just tentative at the start of the year, is gaining momentum: price indicators, especially activity indicators, are picking up sharply from low levels. Despite these buoyant near-term indicators, it is difficult to see how momentum can improve much further than it has already in the second half of 2013: real wage growth remains negative, fiscal austerity continues, and the desired export-led recovery continues to be undermined by weakness in euro area growth. We expect that the UK's growth performance will therefore remain somewhere between the US (growth around trend) and the euro area (recession). There is no sustainable basis yet for expecting the UK's growth performance to return to trend, let alone above trend.

Despite the weakness of the economy, core CPI remains somewhat resilient. However, the downward pressure from spare capacity on prices is abundantly clear in the labour market, where already subdued wage inflation has fallen further. Wages have stagnated in most sectors, in other words, zero nominal wage growth.

The Bank of England's QE programme has been on hold for the past year. Further easing has been attempted via the Funding for Lending Scheme launched last summer, and extended earlier this year. The impact on bank funding costs and on loan rates has been marked, but the impact on lending volumes remains patchy. Net new mortgage lending and corporate lending remains close to zero. Only household unsecured credit has shown some signs of improvement. The government's Help to Buy scheme, launched on 1 April this year, has reportedly been successful in boosting purchases of new build properties. While the UK's growth momentum is improving, the outlook remains below what incoming Governor Carney has called "escape velocity". Furthermore, weakening underlying inflation pressure creates even more room for additional policy actions. We expect new policy initiatives to centre on guidance on future policy rates, as well as further initiatives to restore UK banks to health.

Japan

Abe and the Bank of Japan ("BoJ") face their first significant challenge to their attempt to shift expectations from Japan's deflationary equilibrium. After topping out on 22 May - marked by US Federal Reserve Chairman Bernanke's suggestion that the Federal Reserve could slow its pace of asset purchases - the yen began to appreciate against the dollar, the Nikkei swooned, and long-term yields shifted up notably. The last three weeks did not wipe out earlier gains, but these adjustments affect inflation forecasts and raise questions over the government's ability to easily shift expectations.

At its latest meeting in June, the BoJ shrugged off the sharp market moves. Although it discussed extending the length of its fixed-rate operations and considered increasing its bond purchases, the BoJ chose to stand put, arguing that markets are likely to stabilise with the economic recovery. The immediate market response was negative. We do not think that the June meeting sets a fixed precedent of inaction, but it does show that the definition of doing "whatever it takes" is not necessarily the monetary-policy equivalent of the use of overwhelming force. Along with earlier missteps over the details of its government bond purchases, we believe that the BoJ has room for improvement in its communications with the markets over its intermediary goals and reaction function.

Against the complicated interplay between markets and policymakers, the economy shows ongoing improvement. First quarter real GDP growth was revised up 0.1% (quarterly rate) to 1.0%. Industrial production rose 1.7% in April, its fifth consecutive increase. Tokyo core prices rose again in May, and inflation expectations in the May Consumer Confidence Survey held onto April gains. Core inflation moved up 0.1% on a seasonally adjusted basis in April, with bigger gains outside of food and energy (core inflation in Japan excludes only the volatile fresh foods category). Some of the run up in prices is not anticipated to be sustained in the coming months as sharp increases in items such as motor vehicle insurance charges represent one-off adjustments at the start of the fiscal year. Even so, the underlying trend appears to have shifted upwards.

China

In China, the majority of May economic data disappointed market expectations, but the information was mixed. The HSBC manufacturing PMI fell below 50 for the first time since October 2012, while the official manufacturing PMI showed an unseasonal rise. Foreign trade growth slowed sharply, which was largely due to the correction on inflated data and a high base effect. May new credit was lower than that of April and below consensus estimates but, when adjusted for seasonality, it showed some acceleration on a sequential basis. Intellectual property slowed, but both retail sales and fixed asset investments also showed some improvement on a sequential basis. Overall, growth remains subdued, but it shows some signs of stabilisation at low levels, albeit weaker than embodied in consensus forecasts.

Inflation continues to decelerate. In May, CPI inflation eased due to a sharp decline in vegetable prices, while PPI deflation accelerated. Property prices in the 70 cities continued to rise in May, although at a slower pace.

On the policy front, China's Premier Li has said that current growth is at a reasonable level, especially the employment situation. Li also stated that China should utilise the existing stock of money and credit, thus suggesting that further monetary easing is unlikely, as the money stock is already high. This helps explain why the People's Bank of China has taken no action despite the interbank money market liquidity being tight since late May.

Enquiries

Northern Trust International Fund Administration Services (Guernsey) Limited
Harry Rouillard +44 (0) 1481 74 5315

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.