

BREVAN HOWARD

BH MACRO LIMITED

**MONTHLY SHAREHOLDER REPORT:
NOVEMBER 2018**

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BH Macro Limited Overview

Manager: BH Macro Limited (“BHM”) is a closed-ended investment company, registered and incorporated in Guernsey on 17 January 2007 (Registration Number: 46235).

Brevan Howard
Capital Management
LP (“BHCM”)

BHM invests all of its assets (net of short-term working capital) in the ordinary shares of Brevan Howard Master Fund Limited (the “Fund”).

Administrator:

Northern Trust
International Fund
Administration
Services (Guernsey)
Limited (“Northern
Trust”)

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.

Corporate Broker:

J.P. Morgan
Cazenove

Total Assets: \$499 mm¹

1. As at 30 November 2018. Source: BHM's administrator, Northern Trust.

Listing:

London Stock
Exchange (Premium
Listing)

Summary Information

BH Macro Limited NAV per Share (Calculated as at 30 November 2018)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	65.5	\$24.56
GBP Shares	433.9	£24.06

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	-0.83	-1.55	0.03	-0.55	1.35	0.40	2.70
2014	-1.36	-1.10	-0.40	-0.81	-0.08	-0.06	0.85	0.01	3.96	-1.73	1.00	-0.05	0.11
2015	3.14	-0.60	0.36	-1.28	0.93	-1.01	0.32	-0.78	-0.64	-0.59	2.36	-3.48	-1.42
2016	0.71	0.73	-1.77	-0.82	-0.28	3.61	-0.99	-0.17	-0.37	0.77	5.02	0.19	6.63
2017	-1.47	1.91	-2.84	3.84	-0.60	-1.39	1.54	0.19	-0.78	-0.84	0.20	0.11	-0.30
2018	2.54	-0.38	-1.54	1.07	8.41	-0.57	0.91	0.90	0.14	1.32	0.38		13.62

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	-0.80	-1.51	0.06	-0.55	1.36	0.41	3.09
2014	-1.35	-1.10	-0.34	-0.91	-0.18	-0.09	0.82	0.04	4.29	-1.70	0.96	-0.04	0.26
2015	3.26	-0.58	0.38	-1.20	0.97	-0.93	0.37	-0.74	-0.63	-0.49	2.27	-3.39	-0.86
2016	0.60	0.70	-1.78	-0.82	-0.30	3.31	-0.99	-0.10	-0.68	0.80	5.05	0.05	5.79
2017	-1.54	1.86	-2.95	0.59	-0.68	-1.48	1.47	0.09	-0.79	-0.96	0.09	-0.06	-4.35
2018	2.36	-0.51	-1.68	1.01	8.19	-0.66	0.82	0.79	0.04	1.17	0.26		12.08

Source: Fund NAV data is provided by the administrator of the Fund, International Fund Services (Ireland) Limited ("IFS"). BHM NAV and NAV per Share data is provided by BHM's administrator, Northern Trust. BHM NAV per Share % Monthly Change is calculated by BHCM. BHM NAV data is unaudited and net of all investment management and all other fees and expenses payable by BHM. In addition, the Fund is subject to an operational services fee.

With effect from 1 April 2017, the management fee is 0.5% per annum. BHM's investment in the Fund is subject to an operational services fee of 0.5% per annum.

No management fee or operational services fee is charged in respect of performance related growth of NAV for each class of share in excess of its level on 1 April 2017 as if the tender offer commenced by BHM on 27 January 2017 had completed on 1 April 2017.

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.

Data as at 30 November 2018

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

**ASC 820 Asset Valuation
Categorisation on a non look-through basis***

Brevan Howard Master Fund Limited

Unaudited as at 30 November 2018

	% of Gross Market Value*
Level 1	15.9
Level 2	14.4
Level 3	0.1
At NAV	69.6

Source: BHCM

* This data is unaudited and has been calculated by BHCM using the same methodology as that used in the most recent audited financial statements of the Fund. The relative size of each category is subject to change. Sum may not total 100% due to rounding.

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.

At NAV: This represents the level of assets in the portfolio that are invested in other Brevan Howard funds and priced or valued at NAV.

**ASC 820 Asset Valuation
Categorisation on a look-through basis***

	% of Gross Market Value*
Level 1	72.1
Level 2	27.8
Level 3	0.1

Source: BHCM

* This data reflects the combined ASC 820 levels of the Fund and the underlying allocations in which the Fund is invested, proportional to each of the underlying allocation's weighting in the Fund's portfolio. The data is unaudited and has been calculated by BHCM using the same methodology as that used in the most recent audited financial statements of the Fund and any underlying funds (as the case may be). The relative size of each category is subject to change. Sum may not total 100% due to rounding.

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.

Performance Review

The information in this section has been provided to BHM by BHCM.

In November, trading strategies in FX were positive overall, with gains from tactical trading of GBP as well as some EM currency pairs being partially offset by small losses in other currencies including JPY and EUR. Interest rate trading was slightly negative overall, with gains in volatility positions and basis trading strategies being offset by directional and relative value trading strategies.

The performance review and attributions are derived from data calculated by BHCM, based on total performance data for each period provided by the Fund's administrator (IFS) and risk data provided by BHCM, as at 30 November 2018.

Performance by Asset Class**Monthly, quarterly and annual contribution (%) to the performance of BHM USD Shares (net of fees and expenses) by asset class as at 30 November 2018**

2018	Rates	FX	Commodity	Credit	Equity	Total
November 2018	-0.10	0.47	0.07	0.05	-0.10	0.38
Q1 2018	0.93	-0.20	0.01	-0.06	-0.07	0.58
Q2 2018	8.54	0.46	-0.02	0.02	-0.02	8.94
Q3 2018	1.70	0.89	-0.06	-0.23	-0.35	1.95
QTD 2018	0.37	1.07	0.03	0.01	0.22	1.71
YTD 2018	11.83	2.23	-0.03	-0.26	-0.22	13.62

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Methodology and Definition of Contribution to Performance:

Attribution by asset class is produced at the instrument level, with adjustments made based on risk estimates. The above asset classes are categorised as follows:

"Rates": interest rates markets

"FX": FX forwards and options

"Commodity": commodity futures and options

"Credit": corporate and asset-backed indices, bonds and CDS

"Equity": equity markets including indices and other derivatives

Performance by Strategy Group**Monthly, quarterly and annual contribution (%) to the performance of BHM USD Shares (net of fees and expenses) by strategy group as at 30 November 2018**

2018	Macro	Systematic	Rates	FX	Equity	Credit	EMG	Commodity	Total
November 2018	-0.27	-0.02	0.50	0.15	-0.00	0.01	0.00	-0.00	0.38
Q1 2018	0.87	0.02	-0.46	-0.09	-0.00	-0.03	0.28	-0.00	0.58
Q2 2018	4.29	0.05	2.91	0.34	-0.00	-0.06	1.33	-0.00	8.94
Q3 2018	-1.09	0.02	2.10	0.58	-0.00	0.00	0.35	-0.00	1.95
QTD 2018	-0.60	-0.10	1.59	0.22	-0.00	0.03	0.57	-0.00	1.71
YTD 2018	3.43	-0.01	6.26	1.04	-0.01	-0.05	2.54	-0.00	13.62

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Methodology and Definition of Contribution to Performance:

Strategy Group 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)

“**Systematic**”: rules-based futures trading
“**Rates**”: developed interest rates markets
“**FX**”: global FX forwards and options
“**Equity**”: global equity markets including indices and other derivatives
“**Credit**”: corporate and asset-backed indices, bonds and CDS
“**EMG**”: global emerging markets
“**Commodity**”: liquid commodity futures and options

Manager's Market Review and Outlook The information in this section has been provided to BHM by BHCM

US

The macro data were solid in November. Real GDP growth is tracking near 3% at an annual rate in the current quarter and the labour market slowed only a little in the latest release. Headline inflation is following energy prices down but core inflation is maintaining its momentum. While financial markets are grappling with a number of prominent risks, the Federal Reserve delivered its final rate hike of the year in December. The Fed pointed to “some further” rate hikes in 2019, although the timing and pace will be data-dependent. Elsewhere in Washington, partisan battles on a range of issues heated up in the wake of the midterm elections which saw Democrats take control of the House.

UK

The focus in UK markets continues to be on Brexit. More recently, 48 letters from Conservative MPs triggered a vote of confidence on Prime Minister Theresa May's leadership of the Conservative Party, which caused the pound to temporarily fall below 1.25 against the dollar, the lowest level since April 2017. However, the Prime Minister successfully fended off the leadership challenge winning 200 (against 117) votes from Conservative MPs. However, PM May only won the vote after announcing she would not lead the Conservative Party at the next scheduled general election in 2022. Furthermore, despite PM May's win, the vote still signals that there is not enough parliamentary support for PM May's current Brexit deal (or any Brexit outcome for that matter), which is why she had delayed the Brexit vote in parliament in the first place. The parliament vote is now expected to take place before 21 January 2019 as PM May attempts to negotiate an improved deal with the EU. Meanwhile, the Brexit-induced uncertainty has caused economic activity to moderate, with surveys suggesting GDP should grow around 0.2% q/q in Q4. The uncertainty has also caused the market to price out expectations of a Bank of England rate hike; a full rate hike is now only priced in by early 2020, compared to autumn-2019 priced a month prior. This is despite the fact that wage inflation (which is reflective of underlying inflationary pressure) has continued to pick up, reaching a rate of 3.3% y/y (the fastest pace since 2008) and the labour market continues to perform well, with unemployment remaining at a near-decade low of 4.1%.

EMU

Following disappointing GDP data for the EMU in Q3, the Composite PMI fell further in November, to its lowest level since the end of 2014. This outcome continues to dismantle the enduring recovery scenario envisaged by both the consensus and European Central Bank (“ECB”), together with further slowdown and a combination of domestic weakness (reflecting weak potential growth) and weaker global demand. Regarding consumer prices, EMU headline inflation fell to 2.0% y/y in November, from 2.2% in October, and EMU Core inflation also fell to 1.0% from 1.1%, confirming that underlying inflation remains subdued and shows little sign of a ‘self-sustaining’ convergence process to target. Indeed, with the exception of wages (which are responding with the usual lag to past growth) incoming data since June have suggested the opposite, with the slowdown in activity not appearing to signal a convincing end to the inertia in Core inflation going forward.

Nonetheless, the ECB confirmed it would end net quantitative easing purchases at the end of December. The 2019 ECB GDP growth forecast of 1.7% (versus 1.8% in September) seems optimistic, based on a quarterly profile of 0.5% q/q on average. However, while keeping a balanced growth assessment of risks, the Council acknowledged that “the balance of risks is moving to the downside”. Despite some meaningful downwards revision to Core inflation, the Core inflation projections appear optimistic too, and are envisaged to rise from just 1.0% in 2018 to 1.4% in 2019, 1.6% in 2020 and 1.8% in 2021. The ECB intends to reinvest principal payments for “an extended period of time past the date when it [the Governing Council] starts raising the key ECB interest rates...”; likely to try and temper the tightening impact of the decision to end net purchases. However, the rate forward guidance remained unchanged, with Mario Draghi expecting rates to remain at their present levels “at least through the summer of 2019, and in any case for as long as necessary...”.

Japan

Japanese real GDP fell at an annual rate of 2.5% in Q3, with reversals from Q2 in private consumption, investment and exports. Q4 data so far have been mixed but do not corroborate further weakness. Import prices jumped in October, following two weaker months. The Economy Watchers Survey strengthened. The services Markit Purchasing Managers' Index (“PMI”) was flat in November at a relatively high level, while the manufacturing PMI edged down.

Inflation data continue to disappoint. Western core prices (Consumer Price Index excluding all food and energy) edged up 0.1% in October, but have risen a mere 0.4% over the last twelve months. Tokyo prices were flat in November. Various factors influencing the inflation outlook appear to have improved somewhat on balance, though not uniformly. Consumer inflation expectations have increased 0.3 pp over the last two months to its highest level in three years. Wage data do not show a consistent acceleration, but the pace of gains did step up, and the y/y growth rate in contractual earnings is at the high end of the range. The yen-dollar exchange rate has been range bound in the last 2-1/2 months, though the most recent data are at the stronger end of the range. With the decline in real GDP in Q3, the Cabinet Office’s estimate of the output gap fell back to neutral.

The Bank of Japan (“BoJ”) has been relatively quiet this month. Governor Kuroda denied some market commentary that the recent slowing in the pace of bond buying represents a stealth tightening. BoJ policy is to control the ten year Japanese Government Bond rate at about zero. The policy has tended to be implemented both by public announcements to set market expectations and bond buying. A stealth tightening would seem to be counter-productive; it would invite speculation, which would be inimical to its goals. Moreover, the proof is in the interest rate, which has edged down of late. BoJ policy is not to buy more bonds than necessary to control rates.

Enquiries

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Important Legal Information and Disclaimer

BH Macro Limited ("BHM") is a feeder fund investing in Brevan Howard Master Fund Limited (the "Fund"). Brevan Howard Capital Management LP ("BHCM") has supplied certain information herein regarding BHM's and the Fund's performance and outlook.

The material relating to BHM and the Fund included in this report is provided for information purposes only, does not constitute an invitation or offer to subscribe for or purchase shares in BHM or the Fund and is not intended to constitute "marketing" of either BHM or the Fund as such term is understood for the purposes of the Alternative Investment Fund Managers Directive as it has been implemented in states of the European Economic Area. 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 to be reliable, but none of BHM, the Fund or BHCM make any 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 BHCM expressly disclaim any obligations to update or revise such estimates to reflect any change in expectations, new information, subsequent events or otherwise.

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. All investments are subject to risk. You are advised to seek expert legal, financial, tax and other professional advice before making any investment decisions.

THE VALUE OF INVESTMENTS CAN GO DOWN AS WELL AS UP. YOU MAY NOT GET BACK THE AMOUNT ORIGINALLY INVESTED AND YOU MAY LOSE ALL OF YOUR INVESTMENT. PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS.

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 gaining exposure to the Fund) should consult an authorised person specialising in advising on such investments. Any person acquiring shares in BHM must be able to bear the risks involved. These include 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 Fund's 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.
- 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 and its investment managers are 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 of BHM or the Fund and therefore reference should be made to publicly available documents and information.