

BH MACRO LIMITED



ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS 2018

31 December 2018

Brevan Howard Capital Management LP, the manager and commodity pool operator of BH Macro Limited, has filed a claim of exemption with the Commodity Futures Trading Commission in respect of BH Macro Limited pursuant to Section 4.7 of the CFTC regulations.

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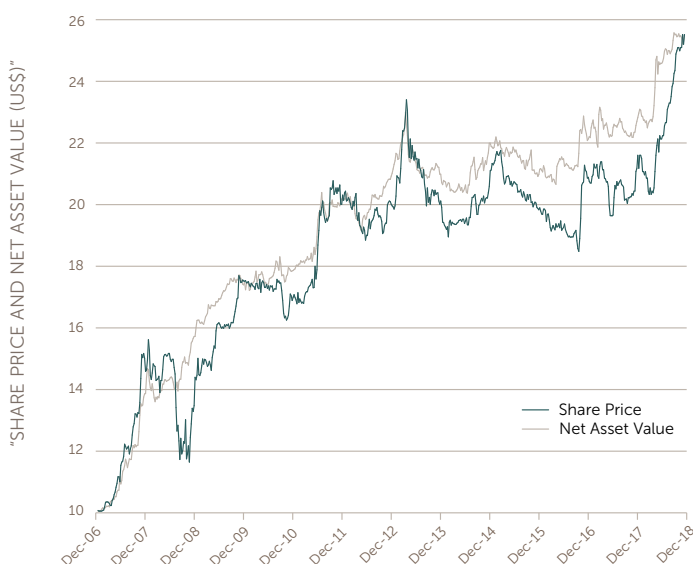
CHAIRMAN'S STATEMENT

In the year to 31 December 2018, the Net Asset Value ("NAV") per US Dollar share in the Company increased by 14.16% and the NAV per Sterling share increased by 12.43%. The share price total return on a US Dollar share was 24.21% over the year and on a Sterling share was 18.25%. These figures are in marked contrast to the S&P500 which declined by 6.24% over the year and the FTSE100 by 12.48%.

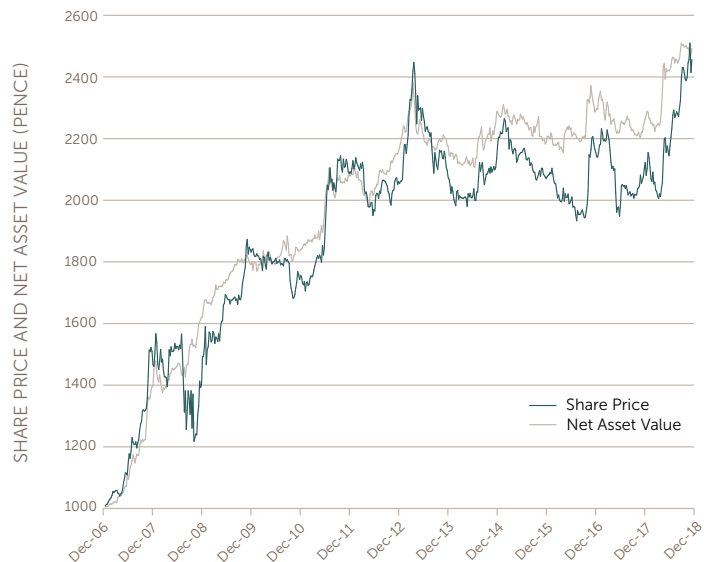
The Company's NAV performance is directly related to the performance of Brevan Howard Master Fund Limited (the "Master Fund") into which the Company invests substantially all of its assets. The past performance of the Master Fund and the Company has shown correlation with market volatility. Following the financial crisis, for quite some time volatility was at an all-time low and there were few opportunities for the Master Fund's macro-directional trading focus. However, in 2018 that finally changed.

A brief correction at the beginning of the year showed what the Master Fund can do when volatility returns and the Company posted a 2.54% increase in NAV per share (US Dollar shares) and 2.36% (Sterling shares) in January 2018. In May, the Master Fund produced its largest monthly return in several years and the Company's NAV per share increased by 8.41% (US Dollar shares) and 8.19% (Sterling shares) following significant turbulence in the foreign exchange and fixed interest markets after the surprise formation of a coalition government in Italy. Although the second half of the year did not feature any further spectacular movements, performance was consistently positive, while both the S&P 500 and the FTSE 100 indices were falling. The Company's performance also compares favourably to the HFRI Macro (Total) Index, which experienced a decline of -3.99% in 2018.

USD SHARES SHARE PRICE VS NET ASSET VALUE



STERLING SHARES SHARE PRICE VS NET ASSET VALUE



Since the Federal Reserve last hiked rates in December 2018, its position has become increasingly more dovish and, as a result, there has been less volatility in markets so far this year. NAV performance of both the Company's Sterling and US dollar shares has been flat; however demand from investors for both classes of share has remained robust and the discount to NAV at which the shares traded in 2018 has reduced significantly.

As part of the Tender Offer which completed in May 2017, the Board committed to hold a discontinuation vote for either class of share if that class traded at an average discount of 8% or more to the monthly NAV over the whole of 2018. There were times during the year when it looked as though discontinuation votes would be triggered. However, following the very strong performance of the Company in the first half of the year, and as the equity markets stumbled in the second half, the Board was gratified to see the discounts narrowing substantially. As a result, the average monthly discount at which the Company's shares traded in relation to monthly NAV during 2018 was 7.22% for the US Dollar class and 7.42% for the Sterling class and, consequently, no discontinuation votes will be held in 2019.

As described at the time of the Tender Offer, the following changes to the Management Agreement and the terms of the Company's investment in the Master Fund will be effective from 1 April 2019:

- The notice period for termination of the Management Agreement without cause by either the Company or the Manager will be reduced from 24 months to three months.

CHAIRMAN'S STATEMENT CONTINUED

- The Company will be permitted to redeem its investment in the Master Fund to finance share buy-backs.

In addition, the Company's class closure provisions and annual partial capital return will be reinstated and applicable in respect of the twelve month periods ending on 31 December 2019 and thereafter, except that the relevant trigger for the class closure provisions will be an eight per cent. discount to the net asset value of the relevant class of shares over the relevant period, instead of the previous ten per cent. threshold.

Prior to the Tender Offer, the Company used share buy-backs as one mechanism to reduce the discount at which the shares traded to NAV. If the discounts at which the Company's shares trade to NAV were again to widen substantially in the future, it would be the Board's intention to resume this process.

During 2018, the Manager continued to implement a number of significant changes to its internal structure. On the trading side, the Manager launched a number of separate funds, either supporting individual traders or groups of traders who had been managing money for the Master Fund. Through its investment into these new funds, the Master Fund continues to access the expertise of these traders. This new approach increases the ability of the Manager to retain its key traders at a time when the market for such individuals is very competitive. The Manager also restructured its middle and back office operations into a separately constituted and regulated entity which is now offering its services to select third party clients as well as in respect of the Master Fund and the other funds managed by the Manager.

Against this background, the Board has continued its regular dialogue with the Manager, reviewing the Master Fund's trading strategies and risk exposures and satisfying itself that the Manager's analytical, trading and risk management capabilities continue to be maintained at a high standard.

The Company and its Manager have continued to pursue an active programme for public communication and investor relations. There was particular interest from the press following the Company's performance in May and the Manager and the Company's other advisers actively engaged with existing and potential shareholders in the second half of the year. Up-to-date performance information is provided through NAV data published monthly on a definitive basis and weekly on an estimated basis, as well as through monthly risk reports and shareholder reports. All these reports and further information about the Company are available on its website (www.bhmacro.com) which was upgraded during the year.

The Board is independent of the Brevan Howard group. The Directors are very closely focused on safeguarding the interests of Shareholders and believe that the Company observes high standards of corporate governance. In early 2018 the Board commissioned an external evaluation of its performance which confirmed that the Board works in a collegiate, harmonious and effective manner.

Although I have been Chairman of the Company for less than two years, I was originally appointed to the Board in 2010 and I will not therefore be standing for re-election at the Annual General Meeting in June. I am very pleased that Colin Maltby has agreed to succeed me as Chairman. The Board instigated a recruitment process to identify a new Director in early 2019, with the professional assistance of Cornforth Consulting Limited and we anticipate finalising an appointment prior to the Company's Annual General Meeting.

I have commented before that the Board recognises that the performance of the Master Fund will be important in justifying the future of the Company. There are now clear signs that investors are focusing closely on the global political and economic uncertainties lying ahead. The benign investment environment which has prevailed for a number of years appears, finally, to have come to an end and the increased volatility arising from this should present further opportunities for the Master Fund's macro-trading strategies.

The events of the past year support the hypothesis that the Company's investment in the Master Fund provides a listed vehicle whose performance is uncorrelated with other asset classes. Through the narrowing of the discount in the second half of 2018, shareholders have demonstrated that they find the shares in the Company a valuable tool for portfolio diversification and I would like to take this opportunity to thank them for this continuing support.

Huw Evans
Chairman

25 March 2019

BOARD MEMBERS

The Directors of the Company, all of whom are non-executive, are listed below:

Huw Evans, (Chairman), age 60

Huw Evans is Guernsey resident and qualified as a Chartered Accountant with KPMG (then Peat Marwick Mitchell) in 1983. He subsequently worked for three years in the Corporate Finance department of Schroders before joining Phoenix Securities Limited in 1986. Over the next twelve years he advised a wide range of companies in financial services and other sectors on mergers and acquisitions and more general corporate strategy. Since moving to Guernsey in 2005, he has acted as a professional non-executive Director of a number of Guernsey-based companies and funds. He holds an MA in Biochemistry from Cambridge University. Mr Evans was appointed to the Board in 2010 and was appointed Chairman on 23 June 2017.

John Le Poidevin, age 48

John Le Poidevin is Guernsey resident and has over 25 years' business experience. Mr Le Poidevin is a graduate of Exeter University and Harvard Business School, a Fellow of the Institute of Chartered Accountants in England and Wales and a former partner of BDO LLP in London where, as Head of Consumer Markets, he developed an extensive breadth of experience and knowledge of listed businesses in the UK and overseas. He is an experienced non-executive who sits on several plc boards and chairs a number of Audit Committees. He therefore brings a wealth of relevant experience in terms of corporate governance, audit, risk management and financial reporting. Mr Le Poidevin was appointed to the Board in June 2016.

Colin Maltby, (Senior Independent Director), age 68

Colin Maltby is a resident of Switzerland. His career in investment management began in 1975 with NM Rothschild & Sons and included 15 years with the Kleinwort Benson Group, of which he was a Group Chief Executive at the time of its acquisition by Dresdner Bank AG in 1995. Mr Maltby was Chief Executive of Kleinwort Benson Investment Management from 1988 to 1995, Chief Investment Officer of Equitas Limited from its formation in 1996, and Head of Investments at BP from August 2000 to June 2007. He has served as a non-executive Director of various public companies and agencies and as an adviser to numerous institutional investors, including pension funds and insurance companies, and to private equity and venture capital funds in both Europe and the United States. He holds a Double First Class Honours degree in Physics from the University of Oxford and also studied at the Stanford University Graduate School of Business. He is a Fellow of Wolfson College, Oxford and of the Royal Society of Arts and a member of the Institut National Genevois. Mr Maltby was appointed to the Board in June 2015.

Claire Whittet, age 63

Claire Whittet is Guernsey resident and has 40 years' experience in the financial services industry. After obtaining a MA (Hons) in Geography from the University of Edinburgh, Mrs Whittet joined the Bank of Scotland for 19 years and undertook a wide variety of roles. She moved to Guernsey in 1996 and was Global Head of Private Client Credit for Bank of Bermuda before joining Rothschild & Co Bank International Limited in 2003, initially as Director of Lending and latterly as Managing Director and Co-Head until May 2016 when she became a Non-Executive Director. She is an ACIB member of the Chartered Institute of Bankers in Scotland, a Chartered Banker, a member of the Chartered Insurance Institute and holds an IoD Director's Diploma in Company Direction. She is a Non-Executive Director of a number of investment funds. Mrs Whittet was appointed to the Board in June 2014.

DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

The following summarises the Directors' directorships in other public companies:

	EXCHANGE
HUW EVANS	
Standard Life Investments Property Income Trust Limited	London
VinaCapital Vietnam Opportunity Fund Limited	London
JOHN LE POIDEVIN	
International Public Partnerships Limited	London
Safecharge International Group Limited	London (AIM)
Stride Gaming Plc	London (AIM)
COLIN MALTBY	
BBGI SICAV SA	London
Ocean Wilsons Holdings Limited	London and Bermuda
CLAIRE WHITTET	
Eurocastle Investment Limited	Euronext
International Public Partnerships Limited	London
Riverstone Energy Limited	London
Third Point Offshore Investors Limited	London
TwentyFour Select Monthly Income Fund Limited	London

DIRECTORS' REPORT

31 December 2018

The Directors submit their Report together with the Company's Audited Statement of Assets and Liabilities, Audited Statement of Operations, Audited Statement of Changes in Net Assets, Audited Statement of Cash Flows and the related notes for the year ended 31 December 2018. The Directors' Report together with the Audited Financial Statements and their related notes (the "Financial Statements") give a true and fair view of the financial position of the Company. They have been prepared properly, in conformity with United States Generally Accepted Accounting Principles ("US GAAP") and are in agreement with the accounting records.

THE COMPANY

BH Macro Limited is a limited liability closed-ended investment company incorporated in Guernsey on 17 January 2007.

The Company was admitted to the Official List of the London Stock Exchange ("LSE") in 2007. It had maintained Secondary listings on the Bermuda Stock Exchange and NASDAQ Dubai since 2008, but it de-listed from these two stock exchanges on 30 September 2017 and 31 December 2017, respectively.

Following a tender offer which completed in April 2017, 48% of shares by value were tendered at 96% of NAV for the relevant class and were cancelled. This, in turn, led to the Company closing the Euro share class, cancelling its listing and converting the remaining Euro shares into Sterling class shares on 29 June 2017. Currently, ordinary shares are issued in US Dollars and Sterling.

INVESTMENT OBJECTIVE AND POLICY

The Company is organised as a feeder fund that invests all of its assets (net of short-term working capital requirements) directly in Brevan Howard Master Fund Limited (the "Master Fund"), a hedge fund in the form of a Cayman Islands open-ended investment company, which has as its investment objective the generation of consistent long-term appreciation through active leveraged trading and investment on a global basis. The Master Fund is managed by Brevan Howard Capital Management LP, the Company's Manager.

The Master Fund has flexibility to invest in a wide range of instruments including, but not limited to, debt securities and obligations (which may be below investment grade), bank loans, listed and unlisted equities, other collective investment schemes, currencies, commodities, futures, options, warrants, swaps and other derivative instruments. The underlying philosophy is to construct strategies, often contingent in nature, with superior risk/return profiles, whose outcome will often be crystallised by an expected event occurring within a pre-determined period of time.

The Master Fund employs a combination of investment strategies that focus primarily on economic change and monetary policy and market inefficiencies.

The Company may employ leverage for the purposes of financing share purchases or buy backs, satisfying working capital requirements or financing further investment into the Master Fund, subject to an aggregate borrowing limit of 20% of the Company's NAV, calculated as at the time of borrowing. Borrowing by the Company is in addition to leverage at the Master Fund level, which has no limit on its own leverage.

RESULTS AND DIVIDENDS

The results for the year are set out in the Audited Statement of Operations on page 25. The Directors do not recommend the payment of a dividend.

SHARE CAPITAL

The number of shares in issue at the year end is disclosed in note 5 of the Notes to the Audited Financial Statements.

VIABILITY STATEMENT

The investment objective of the Company is to seek to generate consistent long-term capital appreciation through an investment policy of investing all of its assets (net of funds required for its short-term working capital) in the Master Fund.

The Directors have assessed the viability of the Company over the period to 31 December 2021. The viability statement covers a period of three years, which the Directors consider sufficient given the inherent uncertainty of the investment world and the specific risks to which the Company is exposed.

The continuation of the Company in its present form is dependent on the Management Agreement remaining in place. The Management Agreement is currently terminable on two years' notice by either party. Following the implementation of the Tender Offer and associated structural changes, the notice period of the Management Agreement will reduce to three months with effect from 1 April 2019. To ensure that the Company maintains a constructive and informed relationship with the Manager, the Directors meet regularly with the Manager to review the Master Fund's performance, and through the Management Engagement Committee, they review the Company's relationship with the Manager and the Manager's performance and effectiveness. The Directors currently know of no reason why either the Company or the Manager might serve notice of termination of the Management Agreement over the period of this viability statement.

DIRECTORS' REPORT CONTINUED

VIABILITY STATEMENT (CONTINUED)

The Company's assets exceed its liabilities by a considerable margin. Further, the majority of the Company's most significant expenses, being the fees owing to the Manager and to the Company's administrator, fluctuate by reference to the Company's investment performance and NAV. The Company is able to meet its expenses by redeeming shares in the Master Fund as necessary.

The Company's investment performance depends upon the performance of the Master Fund and the Manager as manager of the Master Fund. The Directors, in assessing the viability of the Company, pay particular attention to the risks facing the Master Fund. The Manager operates a risk management framework, which is intended to identify, measure, monitor, report and where appropriate, mitigate key risks identified by it or its affiliates in respect of the Master Fund.

From 1 April 2019, in the event that there is downward pressure on the Company's share prices, the Company would be able to consider resuming active discount management actions, including share buybacks, so that as far as possible the share prices would more closely reflect the Company's underlying performance; such actions should help to mitigate the risk of class closure resolutions being triggered after that date. Refer to note 8 for details of the Company's discount management programme.

The Directors have carried out a robust assessment of the risks and, on the assumption that the risks are managed or mitigated in the ways noted above, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

GOING CONCERN

The Directors, having considered the principal risks to which the Company is exposed which are listed on pages 10 and 11 and on the assumption that these are managed or mitigated as noted, are not aware of any material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern and, accordingly, consider that it is appropriate that the Company continues to adopt the going concern basis of accounting for these Audited Financial Statements.

THE BOARD

The Board of Directors has overall responsibility for safeguarding the Company's assets, for the determination of the investment policy of the Company, for reviewing the performance of the service providers and for the Company's activities. The Directors, all of whom are non-executive, are listed on page 3.

The Articles provide that, unless otherwise determined by ordinary resolution, the number of Directors shall not be less than two. The Company's policy on Directors' Remuneration, together with details of the remuneration of each Director who served during the year, is detailed in the Directors' Remuneration Report on page 14.

The Board meets at least four times a year and between these formal meetings there is regular contact with the Manager and the Administrator. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company are brought to the attention of the Directors. The Directors also have access to the Administrator and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

For each Director, the tables below set out the number of Board, Audit Committee and Management Engagement Committee meetings they were entitled to attend during the year ended 31 December 2018 and the number of such meetings attended by each Director.

SCHEDULED BOARD MEETINGS	HELD	ATTENDED
Huw Evans	5	5
John Le Poidevin	5	5
Colin Maltby	5	5
Claire Whittet	5	5

AUDIT COMMITTEE MEETINGS	HELD	ATTENDED
John Le Poidevin	4	4
Colin Maltby	4	4
Claire Whittet	4	4

MANAGEMENT ENGAGEMENT COMMITTEE MEETINGS	HELD	ATTENDED
Claire Whittet	1	1
Huw Evans	1	1
John Le Poidevin	1	1
Colin Maltby	1	1

In addition to these scheduled meetings, eleven ad hoc committee meetings were held during the year ended 31 December 2018, which were attended by those Directors available at the time.

THE BOARD (CONTINUED)

The Board has reviewed the composition, structure and diversity of the Board, succession planning, the independence of the Directors and whether each of the Directors has sufficient time available to discharge their duties effectively. The Board confirms that it believes that it has an appropriate mix of skills and backgrounds, that all of the Directors are considered to be independent in accordance with the provisions of the AIC Code and that all Directors have the time available to discharge their duties effectively.

Notwithstanding that the Directors sit on the boards of a number of other listed investment companies, the Board notes that each appointment is non-executive and that listed investment companies generally have a lower level of complexity and time commitment than trading companies. Furthermore, the Board notes that attendance of all Board and committee meetings during the year is high and that each Director has always shown the time commitment necessary to discharge fully and effectively their duties as a Director. Accordingly, the Board recommends that Shareholders vote in favour of the re-election of all those current Directors who are standing for re-election at the next Annual General Meeting ("AGM").

DIRECTORS' INTERESTS

The Directors had the following interests in the Company, held either directly or beneficially:

	US DOLLAR SHARES	
	31.12.18	31.12.17
Huw Evans	Nil	Nil
John Le Poidevin*	Nil	Nil
Colin Maltby	Nil	Nil
Claire Whittet	Nil	Nil

	STERLING SHARES	
	31.12.18	31.12.17
Huw Evans	5,270	3,337
John Le Poidevin*	Nil	Nil
Colin Maltby	Nil	Nil
Claire Whittet	Nil	Nil

* Although John Le Poidevin held no shares in the Company throughout the year ended 31 December 2018, he purchased 3,222 Sterling class shares on 22 January 2019.

DIRECTORS' INDEMNITY

Directors' and officers' liability insurance cover is in place in respect of the Directors.

The Directors entered into indemnity agreements with the Company which provide for, subject to the provisions of the Companies (Guernsey) Law, 2008, an indemnity for Directors in respect of costs which they may incur relating to the defence of proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court. The agreement does not provide for any indemnification for liability which attaches to the Directors in connection with any negligence, unfavourable judgements and breach of duty or trust in relation to the Company.

CORPORATE GOVERNANCE

To comply with the UK Listing Regime, the Company must comply with the requirements of the UK Corporate Governance Code. The Company is also required to comply with the Code of Corporate Governance issued by the Guernsey Financial Services Commission.

The Company is a member of the Association of Investment Companies (the "AIC") and by complying with the AIC Code is deemed to comply with both the UK Corporate Governance Code and the Guernsey Code of Corporate Governance. The AIC also published a Corporate Governance Guide for Investment Companies ("AIC Guide"), which was in effect during the year.

The AIC updated its Code on 5 February 2019 to reflect revised Principles and Provisions included in the UK Corporate Governance Code which was revised in 2018. These changes apply to financial years beginning on or after 1 January 2019 and the Directors intend to report on the Company's compliance with the changes in the Annual Report for the year ending 31 December 2019.

To ensure ongoing compliance with the principles and the recommendations of the AIC Code, the Board receives and reviews a report from the Secretary, at each quarterly meeting, identifying whether the Company is in compliance and recommending any changes that are necessary.

DIRECTORS' REPORT CONTINUED

CORPORATE GOVERNANCE (CONTINUED)

During 2018, the Company has complied with the requirements of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function
- whistle-blowing policy

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company with a Board formed exclusively of non-executive Directors. The Company has therefore not reported further in respect of these provisions. The Company does not have employees, hence no whistle-blowing policy is necessary. However, the Directors have satisfied themselves that the Company's service providers have appropriate whistle-blowing policies and procedures and seek regular confirmation from the service providers that nothing has arisen under those policies and procedures which should be brought to the attention of the Board.

The Company has adopted a policy that the composition of the Board of Directors is at all times such that (i) a majority of the Directors are independent of the Manager and any company in the same group as the Manager (the "Manager's Group"); (ii) the Chairman of the Board of Directors is free from any conflicts of interest and is independent of the Manager's Group; and (iii) no more than one director, partner, employee or professional adviser to the Manager's Group may be a Director of the Company at any one time.

The Company has adopted a Code of Directors' dealings in securities.

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee and by the Board at their meetings. The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

In view of its non-executive and independent nature, the Board considers that it is not necessary for there to be a Nomination Committee or a Remuneration Committee as anticipated by the AIC Code. The Board as a whole fulfils the functions of the Nomination and Remuneration Committees, although the Board has included a separate Remuneration Report on page 14 of these Audited Financial Statements. The Board has adopted a Nomination Policy covering procedures for nominations to the Board and to Board committees.

For new appointments to the Board, nominations are sought from the Directors and from other relevant parties and candidates are then interviewed by the Directors. The Board is currently seeking a new Director and is utilising the services of an independent, specialist company, Cornforth Consulting Ltd. The current Board has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. An induction programme is provided for newly-appointed Directors.

In line with the AIC Code, Section 21.3 of the Company's Articles requires all Directors to retire at each Annual General Meeting. At the Annual General Meeting of the Company on 21 June 2018, Shareholders re-elected all the Directors of the Company.

The Board regularly reviews its composition and believes that the current appointments provide an appropriate range of skill, experience and diversity.

The Board, Audit Committee and Management Engagement Committee undertake an evaluation of their own performance and that of individual Directors on an annual basis. In order to review their effectiveness, the Board and its Committees carry out a process of formal self-appraisal. The Board and Committees consider how they function as a whole and also review the individual performance of their members. This process is conducted by the respective Chairman reviewing the Directors' performance, contribution and commitment to the Company.

Colin Maltby, as Senior Independent Director, has taken the lead in reviewing the performance of the Chairman. The Chairman also has responsibility for assessing the individual Board members' training requirements.

The most recent external evaluation of the Board's performance was completed in February 2018. The evaluation confirmed that the Board works in a collegiate, harmonious and effective manner and made a number of recommendations for the medium term structure of the Board which will be adopted.

CORPORATE GOVERNANCE (CONTINUED)

The Board needs to ensure that the annual Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy. In seeking to achieve this, the Directors have set out the Company's investment objective and policy and have explained how the Board and its delegated Committees operate and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Annual Report, the Board has sought to provide further information to enable Shareholders to better understand the Company's business and financial performance.

POLICY TO COMBAT FRAUD, BRIBERY AND CORRUPTION

The Board has adopted a formal policy to combat fraud, bribery and corruption. The policy applies to the Company and to each of its Directors. Further, the policy is shared with each of the Company's service providers.

In respect of the UK Criminal Finances Act 2017 which introduced a new Corporate Criminal Offence of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that it is committed to preventing the facilitation of tax evasion and takes all reasonable steps to do so.

ONGOING CHARGES

Ongoing charges for the years ended 31 December 2018 and 31 December 2017 have been prepared in accordance with the AIC's recommended methodology.

The following table presents the Ongoing Charges for each share class:

31.12.18

	US DOLLAR SHARES	STERLING SHARES
Company – Ongoing Charges	0.62%	0.64%
Master Fund – Ongoing Charges	0.64%	0.64%
Performance fee	1.06%	1.21%
Ongoing Charges plus performance fee	2.32%	2.49%

31.12.17

	US DOLLAR SHARES	*EURO SHARES	STERLING SHARES
Company – Ongoing Charges	1.46%	1.76%	1.19%
Master Fund – Ongoing Charges	0.65%	0.66%	0.65%
Performance fee	0.00%	0.00%	0.00%
Ongoing Charges plus performance fee	2.11%	2.42%	1.84%

* The Euro Share class closed on 29 June 2017.

The Master Fund's Ongoing Charges represent the portion of the Master Fund's operating expenses which have been allocated to the Company. The Company invests substantially all of its investable assets in ordinary US Dollar and Sterling denominated Class B shares issued by the Master Fund. It also invested in Euro shares issued by the Master Fund until the closure of the Company's Euro share class in June 2017. These shares are not subject to management fees and performance fees within the Master Fund. The Master Fund's operating expenses include an operational services fee payable to the Manager of 1/12 of 0.5% per month of the NAV.

PERFORMANCE GRAPHS

The graphs shown on page 1 detail the performance of the Company's NAV and share prices over the year.

AUDIT COMMITTEE

The Company's Audit Committee conducts formal meetings at least three times a year for the purpose, amongst others, of considering the appointment, independence, effectiveness of the audit and remuneration of the auditors and to review and recommend the annual statutory accounts and interim report to the Board of Directors. Full details of its function and activities are set out in the Report of the Audit Committee.

MANAGEMENT ENGAGEMENT COMMITTEE

The Board has established a Management Engagement Committee with formal duties and responsibilities. The Management Engagement Committee meets formally at least once a year and comprises Huw Evans, Colin Maltby, Claire Whittet and John Le Poidevin. Claire Whittet is the Chair of the Management Engagement Committee.

DIRECTORS' REPORT CONTINUED

MANAGEMENT ENGAGEMENT COMMITTEE (CONTINUED)

The function of the Management Engagement Committee is to ensure that the Company's Management Agreement is competitive and reasonable for the Shareholders, along with the Company's agreements with all other third party service providers (other than the Independent Auditors). The Terms of Reference of the Management Engagement Committee are available from the Administrator.

The principal contents of the Manager's contract and notice period are contained in note 4 to the Financial Statements.

The Board continuously monitors the performance of the Manager and a review of the Manager is conducted by the Management Engagement Committee annually.

The Manager has wide experience in managing and administering investment companies and has access to extensive investment management resources.

At its meeting on 11 September 2018, the Management Engagement Committee concluded that the continued appointment of the Manager on the terms agreed was in the interests of the Company's Shareholders as a whole. At the date of this report, the Board continues to be of the same opinion.

INTERNAL CONTROLS

Responsibility for the establishment and maintenance of an appropriate system of internal control rests with the Board and to achieve this, a process has been established which seeks to:

- Review the risks faced by the Company and the controls in place to address those risks;
- Identify and report changes in the risk environment;
- Identify and report changes in the operational controls;
- Identify and report on the effectiveness of controls and errors arising; and
- Ensure no override of controls by its service providers, the Manager and Administrator.

A report is tabled and discussed at each Audit Committee meeting, and reviewed once a year by the Board, setting out the Company's risk exposure and the effectiveness of its risk management and internal control systems. The Board believes

that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

The Board has delegated the management of the Company, the administration, corporate secretarial and registrar functions including the independent calculation of the Company's NAV and the production of the Annual Report and Financial Statements, which are independently audited. Whilst the Board delegates these functions, it remains responsible for the functions it delegates and for the systems of internal control. Formal contractual agreements have been put in place between the Company and the providers of these services. On an ongoing basis, Board reports are provided at each quarterly Board meeting from the Manager, Administrator and Company Secretary and Registrar. A representative from the Manager is asked to attend these meetings.

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management functions are delegated to the Manager, Administrator and Company Secretary and Registrar which have their own internal audit and risk assessment functions.

Further reports are received from the Administrator in respect of compliance, London Stock Exchange continuing obligations and other matters. The reports were reviewed by the Board. No material adverse findings were identified in these reports.

PACKAGED RETAIL AND INSURANCE BASED INVESTMENT PRODUCTS ("PRIIPS")

The Company is subject to European Union Regulation (2017/653) ("the Regulation") which deems it to be a PRIIP. In accordance with the requirements of the Regulation, the Manager published the latest standardised three-page Key Information Document ("KID") on the Company on 3 December 2018. The KID is available on the Company's website www.bhmacro.com and will be updated at least every 12 months.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The Board is satisfied that by using the Company's risk matrix in establishing the Company's system of internal controls, while monitoring the Company's investment objective and policy, the Board has carried out a robust assessment of the principal risks and uncertainties facing the Company. The principal risks and uncertainties which have been identified and the steps which are taken by the Board to mitigate them are as follows:

- **Investment Risks:** The Company is exposed to the risk that its portfolio fails to perform in line with the Company's objectives if it is inappropriately invested or markets move adversely. The Board reviews reports from the Manager, which has total discretion over portfolio allocation, at each quarterly Board meeting, paying particular attention to this allocation and to the performance and volatility of underlying investments;
- **Operational Risks:** The Company is exposed to the risks arising from any failure of systems and controls in the operations of the Manager or the Administrator. The Board receives reports annually from the Manager and Administrator on their internal controls;
- **Accounting, Legal and Regulatory Risks:** The Company is exposed to risk if it fails to comply with the regulations of the UK Listing Authority or if it fails to maintain accurate accounting records. The Administrator provides the Board with regular reports on changes in regulations and accounting requirements; and
- **Financial Risks:** The financial risks faced by the Company include market, credit and liquidity risk. These risks and the controls in place to mitigate them are reviewed at each quarterly Board meeting.
- **Brexit Risk:** Whilst noting that the Company is based in Guernsey and that it invests substantially all of its assets into a Caymanian master fund, the Company may nevertheless be exposed to risks arising from the UK's departure from the European Union. In conjunction with the Manager; the Board will monitor the potential impact on the Company and on the Company's performance. In the event of a "No Deal Brexit" the Board will seek to ensure that all agreements remain compliant.

INTERNATIONAL TAX REPORTING

For purposes of the US Foreign Account Tax Compliance Act, the Company registered with the US Internal Revenue Services ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number (5QHZVI.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which was adopted by Guernsey and came into effect on 1 January 2016. The CRS replaced the intergovernmental agreement between the UK and Guernsey to improve international tax compliance that had previously applied in respect of 2014 and 2015. The Company made its latest report for CRS to the Director of Income Tax on 29 June 2018.

RELATIONS WITH SHAREHOLDERS

The Board welcomes Shareholders' views and places great importance on communication with the Company's Shareholders. The Board receives regular reports on the views of Shareholders and the Chairman and other Directors are available to meet Shareholders, with a number of such meetings taking place during the year. The Annual General Meeting of the Company provides a forum for Shareholders to meet and discuss issues with the Directors of the Company. The Company provides weekly unaudited estimates of NAV, month end unaudited estimates and unaudited final NAVs. The Company also provides a monthly newsletter. These are published via RNS and are also available on the Company's website. Risk reports of the Master Fund are also available on the Company's website.

The Manager maintains regular dialogue with institutional Shareholders, the feedback from which is reported to the Board. Shareholders who wish to communicate with the Board should contact the Administrator in the first instance.

Having reviewed the Financial Conduct Authority's restrictions on the retail distribution of non-mainstream pooled investments, the Company, after taking legal advice, announced on 15 January 2014 that it is outside the scope of those restrictions, so that its shares can continue to be recommended by UK authorised persons to ordinary retail investors.

SIGNIFICANT SHAREHOLDERS

As at 31 December 2018, the following Shareholders had significant shareholdings in the Company:

	TOTAL SHARES HELD	% HOLDING IN CLASS
SIGNIFICANT SHAREHOLDERS		
US DOLLAR SHARES		
Vidacos Nominees Limited	888,111	33.32%
Hero Nominees Limited	452,255	16.97%
The Bank of New York (Nominees) Limited	232,381	8.72%
HSBC Global Custody Nominee (UK) Limited	203,297	7.63%
Luna Nominees Limited	154,937	5.81%
Pershing Nominees Limited	117,074	4.39%
Euroclear Nominees Limited	104,312	3.91%

DIRECTORS' REPORT CONTINUED

SIGNIFICANT SHAREHOLDERS (CONTINUED)

	TOTAL SHARES HELD	% HOLDING IN CLASS
SIGNIFICANT SHAREHOLDERS		
STERLING SHARES		
Ferlim Nominees Limited	2,657,162	18.80%
Rathbone Nominees Limited	1,335,428	9.45%
Pershing Nominees Limited	1,025,917	7.26%
HSBC Global Custody Nominee (UK) Limited	1,005,038	7.11%
Harewood Nominees Limited	871,358	6.16%
Nortrust Nominees Limited	599,917	4.24%
Smith & Williamson Nominees Limited	584,893	4.14%
BNY (OCS) Nominees Limited	529,027	3.74%
The Bank of New York (Nominees) Limited	442,242	3.13%

Signed on behalf of the Board by:

Huw Evans
Chairman

John Le Poidevin
Director

25 March 2019

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they elected to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America and applicable law.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's Independent Auditor is unaware, and each has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant information and to establish that the Company's Independent Auditor is aware of that information;
- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Chairman's Statement, Directors' Report and Manager's Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

We consider the annual report and audited financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board by:

Huw Evans
Chairman

John Le Poidevin
Director

25 March 2019

DIRECTORS' REMUNERATION REPORT

31 December 2018

INTRODUCTION

An ordinary resolution for the approval of the Directors' Remuneration Report will be put to the Shareholders at the Annual General Meeting to be held in June 2019.

REMUNERATION POLICY

All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate Directors of a quality required to run the Company successfully. The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities, as are the Chairs of the Audit Committee, the Management Engagement Committee and the Senior Independent Director. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to Directors of comparable companies.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. The Directors were appointed to the Board for an initial term of three years and Section 21.3 of the Company's Articles requires, as does the AIC Code, that all of the Directors retire at each Annual General Meeting. At the Annual General Meeting of the Company on 21 June 2018, Shareholders re-elected all the Directors. Director appointments can also be terminated in accordance with the Articles. Should Shareholders vote against a Director standing for re-election, the Director affected will not be entitled to any compensation. There are no set notice periods and a Director may resign by notice in writing to the Board at any time.

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally.

No other remuneration or compensation was paid or payable by the Company during the year to any of the Directors apart from the reimbursement of allowable expenses.

DIRECTORS' FEES

The Company's Articles limit the fees payable to Directors in aggregate to £400,000 per annum. Changes to the annual fees were made at the Board meeting held on 23 June 2017. Effective from 1 July 2017, the annual fees are £65,000 for the Chairman, £47,500 for Chair of the Audit Committee, £45,000 for each of the Chair of the Management Engagement Committee and the Senior Independent Director.

The fees payable by the Company in respect of each of the Directors who served during the year ended 31 December 2018 and the year ended 31 December 2017, were as follows:

	YEAR ENDED 31.12.18 £	YEAR ENDED 31.12.17 £
Huw Evans	65,000	51,250
Ian Plenderleith*	N/A	*79,611
John Le Poidevin	47,500	40,750
Colin Maltby	45,000	39,500
Claire Whittet	45,000	41,250
TOTAL	202,500	252,361

* Ian Plenderleith served as Chairman at a fee of £167,000 pa until his retirement from the Board on 23 June 2017.

Signed on behalf of the Board by:

Huw Evans
Chairman

John Le Poidevin
Director

25 March 2019

REPORT OF THE AUDIT COMMITTEE

31 December 2018

On the following pages, we present the Audit Committee's (the "Committee") Report for 2018, setting out the Committee's structure and composition, principal duties and key activities during the year. As in previous years, the Committee has reviewed the Company's financial reporting, the independence and effectiveness of the Independent Auditor and the internal control and risk management systems of the service providers.

STRUCTURE AND COMPOSITION

The Committee is chaired by John Le Poidevin and its other members are Colin Maltby and Claire Whittet.

Appointment to the Committee is for a period up to three years which may be extended for two further three year periods provided that the majority of the Committee remains independent of the Manager. Claire Whittet is currently serving her second term and John Le Poidevin and Colin Maltby are each serving their first term.

The Committee conducts formal meetings at least three times a year. The table in the Directors' Report sets out the number of Committee meetings held during the year ended 31 December 2018 and the number of such meetings attended by each committee member. The Independent Auditor is invited to attend those meetings at which the annual and interim reports are considered. The Independent Auditor and the Committee will meet together without representatives of either the Administrator or Manager being present if the Committee considers this to be necessary.

PRINCIPAL DUTIES

The role of the Committee includes:

- monitoring the integrity of the published Financial Statements of the Company;
- reviewing and reporting to the Board on the significant issues and judgements made in the preparation of the Company's published Financial Statements, (having regard to matters communicated by the Independent Auditor), significant financial returns to regulators and other financial information;
- monitoring and reviewing the quality and effectiveness of the Independent Auditor and their independence;
- considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration to the Company's Independent Auditor; and

- monitoring and reviewing the internal control and risk management systems of the service providers.

The complete details of the Committee's formal duties and responsibilities are set out in the Committee's Terms of Reference, which can be obtained from the Company's Administrator.

The independence and objectivity of the Independent Auditor is reviewed by the Committee, which also reviews the terms under which the Independent Auditor is appointed to perform non-audit services, which includes consideration of the 2016 Financial Reporting Council Ethical Standard. The Committee has also established policies and procedures for the engagement of the auditor to provide audit, assurance and other services. The services which the Independent Auditor may not provide are any which:

- places them in a position to audit their own work;
- creates a mutuality of interest;
- results in the Independent Auditor functioning as a manager or employee of the Company; or
- puts the Independent Auditor in the role of advocate of the Company.

INDEPENDENT AUDITOR

The audit and any non-audit fees proposed by the Independent Auditor each year are reviewed by the Committee taking into account the Company's structure, operations and other requirements during the period and the Committee makes recommendations to the Board.

KPMG Channel Islands Limited ("KPMG CI") has been the Company's Independent Auditor from the date of the initial listing on the London Stock Exchange. The external audit was most recently tendered for the year ended 31 December 2016, where KPMG CI was re-appointed as auditor following the completion of the tender process.

REPORT OF THE AUDIT COMMITTEE CONTINUED

KEY ACTIVITIES IN 2018

The following sections discuss the assessment made by the Committee during the year:

Significant Financial Statement Issues

The Committee's review of the interim and annual Financial Statements focused on the following area:

The Company's investment in the Master Fund had a fair value of US\$500.6 million as at 31 December 2018 and represents substantially all the net assets of the Company. The valuation of the investment is determined in accordance with the Accounting Policies set out in note 3 to the Audited Financial Statements. The Financial Statements of the Master Fund for the year ended 31 December 2018 were audited by KPMG Cayman who issued an unqualified audit opinion dated 22 March 2019. The Audit Committee has reviewed the Financial Statements of the Master Fund and the Accounting Policies and determined the fair value of the investment as at 31 December 2018 is reasonable.

This matter was discussed during the planning and final stage of the audit and there was no significant divergence of views between the Committee and the Independent Auditor.

The Committee has carried out a robust assessment of the risks to the Company in the context of making the viability statement in these Financial Statements. Furthermore, the Committee has concluded it appropriate to continue to prepare the Financial Statements on the going concern basis of accounting.

Effectiveness of the Audit

The Committee held formal meetings with KPMG CI during the course of the year: 1) before the start of the audit to discuss formal planning, to discuss any potential issues and to agree the scope that would be covered; and 2) after the audit work was concluded to discuss the significant issues including those stated above.

The Committee considered the effectiveness and independence of KPMG CI by using a number of measures, including but not limited to:

- Reviewing the audit plan presented to them before the start of the audit;
- Reviewing and challenging the audit findings report including variations from the original plan;
- Reviewing any changes in audit personnel; and
- Requesting feedback from both the Manager and the Administrator.

Further to the above, during the year, the Committee performed a specific evaluation of the performance of the Independent Auditor. This was supported by the results of questionnaires completed by the Committee covering areas such as the quality of the audit team, business understanding, audit approach and management. This questionnaire was part of the process by which the Committee assessed the effectiveness of the audit. There were no significant adverse findings from the 2018 evaluation.

Audit fees and Safeguards on Non-Audit Services

The table below summarises the remuneration paid by the Company to KPMG CI for audit and non-audit services during the years ended 31 December 2018 and 31 December 2017.

	YEAR ENDED 31.12.18 £	YEAR ENDED 31.12.17 £
Annual audit	30,000	28,000
Interim review	15,000	8,800
Specified procedures relating to the 31 March 2017 Tender offer	–	10,000

The Audit Committee has examined the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the Independent Auditor, with particular regard to non-audit fees, and considers KPMG CI, as Independent Auditor, to be independent of the Company. Further, the Committee has obtained KPMG CI's confirmation that the services provided by other KPMG member firms to the wider Brevan Howard organisation do not prejudice its independence.

Internal Control

The Audit Committee has also reviewed the need for an internal audit function. The Committee has concluded that the systems and procedures employed by the Manager and the Administrator, including their own internal audit functions, currently provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The Committee examined externally prepared assessments of the control environment in place at the Manager and the Administrator, with the Manager providing an International Standard on Assurance Engagements ("ISAE 3402") report and the Administrator providing a Service Organisation Control ("SOC1") report. No significant findings have been noted during the year.

CONCLUSION AND RECOMMENDATION

After reviewing various reports such as the operational and risk management framework and performance reports from the Manager and Administrator, consulting where necessary with KPMG CI, and assessing the significant Financial Statement issues noted in the Report of the Audit Committee, the Committee is satisfied that the Financial Statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised and challenged and are sufficiently robust. At the request of the Board, the Audit Committee considered and was satisfied that the 2018 Annual Report and Audited Financial Statements are fair, balanced and understandable and provide the necessary information for Shareholders to assess the Company's performance, business model and strategy.

The Independent Auditor reported to the Committee that no unadjusted material misstatements were found in the course of its work. Furthermore, both the Manager and the Administrator confirmed to the Committee that they were not aware of any unadjusted material misstatements including matters relating to the presentation of the Financial Statements. The Committee confirms that it is satisfied that the Independent Auditor has fulfilled its responsibilities with diligence and professional scepticism.

Consequent to the review process on the effectiveness of the independent audit and the review of audit and non-audit services, the Committee has recommended that KPMG CI be reappointed for the coming financial year.

For any questions on the activities of the Committee not addressed in the foregoing, a member of the Audit Committee remains available to attend each Annual General Meeting to respond to such questions.

John Le Poidevin
Audit Committee Chairman

25 March 2019

MANAGER'S REPORT

Brevan Howard Capital Management LP is the Manager of the Company and of Brevan Howard Master Fund Limited (the "Master Fund"). The Company invests all of its assets (net of short-term working capital) in the ordinary shares of the Master Fund.

PERFORMANCE REVIEW

The NAV per share of the USD shares of the Company appreciated by 14.16% in 2018, while the NAV per share of the GBP shares appreciated by 12.43%.

The month-by-month NAV performance of each currency class of the Company since it commenced operations in 2007 is set out below.

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	0.47	14.16

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	6.85	(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	(0.08)	(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	0.31	12.43

Source: Fund NAV data is provided by the administrator of the Fund, International Fund Services (Ireland) Limited ("IFS"). BH Macro Limited ("BHM") NAV and NAV per Share data is provided by BHM's administrator, Northern Trust International Fund Administration Services (Guernsey) Limited. BHM NAV per Share % Monthly Change is calculated by the Manager ("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. The Company'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 the Company on 27 January 2017 had completed on 1 April 2017.

NAV performance is provided for information purposes only. Shares in the Company do not necessarily trade at a price equal to the prevailing NAV per Share.

Data as at 31 December 2018

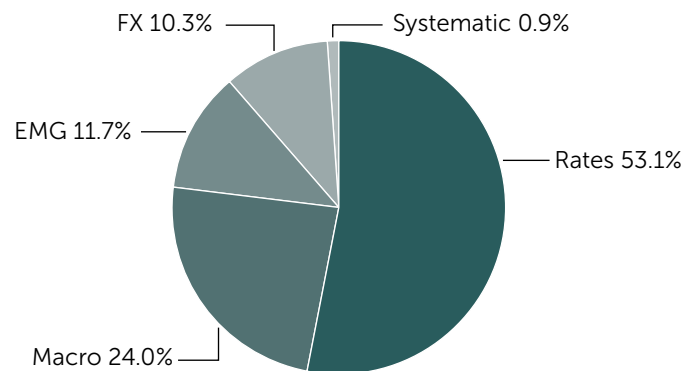
PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

The Master Fund generated positive returns each quarter across a wide range of strategies, with solid contributions from US, European and UK interest rate trading together with developed and emerging market FX trading. At the start of 2018, the Master Fund was positioned for an increase in the level of US rates and a steepening of the US yield curve. As the market moved towards pricing a greater degree of tightening by the Federal Reserve, these positions generated early gains. Over this period, the Master Fund also generated gains from short-dated basis-trading of US interest rates, as well as from tactical positioning in UK rates as opportunities in those areas improved in line with the increase in market volatility and uncertainty around the direction of policy rates. Heading into the Italian elections in March, the Master Fund was positioned for an increase in political stress, however the market's initially muted response to the elections resulted in small losses for these positions.

Through April and May, the market fully repriced the probability of a rate move by the Bank of England which eventually elected not to hike interest rates at its May meeting. This change in market pricing also created good opportunity for the Master Fund to profit. Furthermore, as the market started to focus on a series of policy proposals from the incoming Italian government, levels of stress across European markets increased. Positions across a variety of European interest rate swap and bond markets as well as FX, credit and equity markets generated strong gains.

As 2018 progressed, the directional and yield curve positioning in US interest rates became more tactical, with these strategies generating positive returns each quarter. US interest rate basis-trading also generated positive returns in each quarter. During the second half of the year, good opportunities for FX trading existed across a broad range of developed and emerging markets resulting in positive returns being generated every month. As an example, the Master Fund was able to profit through option volatility strategies from the sharp moves in the Turkish Lira.

STRATEGY GROUP EXPOSURE (% OF CAPITAL ALLOCATION*)



Source: Brevan Howard Capital Management LP, as at 31 December 2018. Data may not sum to 100% due to rounding.

* Capital allocations are subject to change.

The above strategies are categorised as follows:

"Systematic": rules-based futures trading

"Rates": developed interest rates markets

"Macro": multi-asset global markets, mainly directional (for the Fund, the majority of risk in this category is in rates)

"EMG": global emerging markets

"FX": global FX forwards and options

COMMENTARY AND OUTLOOK

2018 began with a globally synchronised expansion that generated considerable optimism among investors. By the end of the year, the global outlook had frayed with overall financial returns turning in their worst performance since the crisis in 2008. The US was the best performing major economy. Driven by easy fiscal policy and accommodative monetary policy, the US economy surprised on the upside, growing approximately 3% with nearly 2% core personal consumption expenditures inflation. In response, the Federal Reserve delivered four rate hikes, bringing the top-end of the policy range to 2.5%.

MANAGER'S REPORT CONTINUED

COMMENTARY AND OUTLOOK (CONTINUED)

Higher US interest rates and the appreciation in the US dollar caused ripples abroad, especially in vulnerable emerging market economies with their own idiosyncratic problems like Argentina and Turkey. Among the other major economies, Euro area growth and inflation undershot expectations. Nevertheless, the ECB ended the expansion of its balance sheet. Political uncertainty in Europe remains high, dominated by populist movements in various countries and the unresolved Brexit negotiations. In China and Japan, growth was uneven and inflation generally disappointed while the monetary and fiscal response was tempered.

The outlook going forward is considerably more uncertain given the tightening in financial conditions in Q4, weaker global growth, and policy-related headwinds from trade disputes. Looking forward, the crosscurrents in the outlook will probably persist in 2019, making for an unsettled macro environment.

Brevan Howard wishes to thank shareholders once again for their continued support.

Brevan Howard Capital Management LP,
acting by its sole general partner,
Brevan Howard Capital Management Limited.

25 March 2019



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BH MACRO LIMITED

OUR OPINION IS UNMODIFIED

We have audited the financial statements of BH Macro Limited (the "Company"), which comprise the Audited Statement of Assets and Liabilities as at 31 December 2018, the Audited Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2018, and of the Company's financial performance and the Company's cash flows for the year then ended;
- are prepared in conformity with U.S. generally accepted accounting principles; and
- comply with the Companies (Guernsey) Law, 2008.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

KEY AUDIT MATTERS: OUR ASSESSMENT OF THE RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2017):

THE RISK	OUR RESPONSE
<p><i>Valuation of Investment in Brevan Howard Master Fund Limited (the "Master Fund")</i></p> <p><i>\$500,567,000; (2017: \$464,663,000)</i></p>	<p>Basis: The Company, which is a multi-class feeder fund, had invested 100.05% (2017: 99.9%) of its net assets at 31 December 2018 into the ordinary US Dollar and Sterling denominated Class B Shares issued by the Master Fund, which is an open ended investment company.</p> <p>Risk: The valuation of the Company's Investment in the Master Fund, given it represents the majority of the net assets of the Company, is a significant area of our audit.</p>
<p><i>Refer to page 16 of the report of the Audit Committee and note 3 accounting policy</i></p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtained an independent confirmation from the administrator of the Master Fund of the net asset value per share for both the US Dollar and Sterling Class B shares • Reviewed the audit work performed by the auditor of the Master Fund, to gain insight over the work performed on the significant elements of the Master Fund's net asset value; and held discussions on key audit findings with the auditor of the Master Fund • Examined the Master Fund's coterminous audited financial statements to corroborate the net asset value per share of both the US Dollar and Sterling Class B shares <p>We also considered the Company's investment valuation policies as disclosed in note 3 to the financial statements for conformity with United States generally accepted accounting principles</p>



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BH MACRO LIMITED CONTINUED

OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the financial statements as a whole was set at \$14,957,000, determined with reference to a benchmark of Net Assets of \$500,303,000, of which it represents approximately 3% (2017: 3%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$747,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of key audit matters and the associated audit procedures performed in those areas as detailed above.

WE HAVE NOTHING TO REPORT ON GOING CONCERN

We are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in note 3 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in this respect.

WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

DISCLOSURES OF PRINCIPAL RISKS AND LONGER- TERM VIABILITY

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement (pages 5 and 6) that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;

- the Principal Risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (pages 5 and 6) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the 2016 UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report to you in these respects.

WE HAVE NOTHING TO REPORT ON OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.



RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

THE PURPOSE OF THIS REPORT AND RESTRICTIONS ON ITS USE BY PERSONS OTHER THAN THE COMPANY'S MEMBERS AS A BODY

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Barry Ryan
for and on behalf of KPMG CHANNEL ISLANDS LIMITED
CHARTERED ACCOUNTANTS AND RECOGNISED
AUDITORS, GUERNSEY

25 March 2019

AUDITED STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2018

	31.12.18 US\$'000	31.12.17 US\$'000
ASSETS		
Investment in the Master Fund	500,567	464,663
Prepaid expenses	64	44
Cash and bank balances denominated in US Dollars	750	189
Cash and bank balances denominated in Sterling	4,926	891
TOTAL ASSETS	506,307	465,787
LIABILITIES		
Performance fees payable (note 4)	5,684	–
Management fees payable (note 4)	203	197
Accrued expenses and other liabilities	93	169
Directors' fees payable	–	70
Administration fees payable (note 4)	24	33
TOTAL LIABILITIES	6,004	469
NET ASSETS	500,303	465,318
NUMBER OF SHARES IN ISSUE (NOTE 5)		
US Dollar shares	2,664,541	2,782,034
Sterling shares	14,136,242	14,046,048
NET ASSET VALUE PER SHARE (NOTES 7 AND 9)		
US Dollar shares	US\$24.67	US\$21.62
Sterling shares	£24.13	£21.47

See accompanying Notes to the Audited Financial Statements.

Signed on behalf of the Board by:

Huw Evans
Chairman

John Le Poidevin
Director

25 March 2019

AUDITED STATEMENT OF OPERATIONS

For the year ended 31 December 2018

	01.01.18 TO 31.12.18 US\$'000	01.01.17 TO 31.12.17 US\$'000
NET INVESTMENT LOSS ALLOCATED FROM THE MASTER FUND		
Interest income	7,298	1,190
Dividend and other income (net of withholding tax: 31 December 2018: US\$25,995; 31 December 2017: US\$19,017)	1,621	62
Expenses	(13,809)	(12,274)
Net investment loss allocated from the Master Fund	(4,890)	(11,022)
COMPANY INCOME		
Fixed deposit income	–	2
Foreign exchange gains (note 3)	–	50,659
TOTAL COMPANY INCOME	–	50,661
COMPANY EXPENSES		
Performance fees (note 4)	5,904	–
Management fees (note 4)	2,355	14,369
Other expenses	476	1,575
Directors' fees	269	326
Administration fees (note 4)	94	141
Foreign exchange losses (note 3)	23,246	–
TOTAL COMPANY EXPENSES	32,344	16,411
NET INVESTMENT (LOSS)/GAIN	(37,234)	23,228
NET REALISED AND UNREALISED GAIN/(LOSS) ON INVESTMENTS ALLOCATED FROM THE MASTER FUND		
Net realised gain on investments	72,315	11,279
Net unrealised loss on investments	(96)	(29,782)
NET REALISED AND UNREALISED GAIN/(LOSS) ON INVESTMENTS ALLOCATED FROM THE MASTER FUND	72,219	(18,503)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	34,985	4,725

See accompanying Notes to the Audited Financial Statements.

AUDITED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2018

	01.01.18 TO 31.12.18 US\$'000	01.01.17 TO 31.12.17 US\$'000
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		
Net investment (loss)/gain	(37,234)	23,228
Net realised gain on investments allocated from the Master Fund	72,315	11,279
Net unrealised loss on investments allocated from the Master Fund	(96)	(29,782)
	34,985	4,725
TENDER OFFER		
US Dollar shares	–	(140,757)
Euro shares	–	(13,908)
Sterling shares	–	(249,585)
TOTAL SHARE CAPITAL TRANSACTIONS	–	(404,250)
NET INCREASE/(DECREASE) IN NET ASSETS	34,985	(399,525)
NET ASSETS AT THE BEGINNING OF THE YEAR	465,318	864,843
NET ASSETS AT THE END OF THE YEAR	500,303	465,318

See accompanying Notes to the Audited Financial Statements.

AUDITED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	01.01.18 TO 31.12.18 US\$'000	01.01.17 TO 31.12.17 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets resulting from operations	34,985	4,725
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Net investment loss allocated from the Master Fund	4,890	11,022
Net realised gain on investments allocated from the Master Fund	(72,315)	(11,279)
Net unrealised loss on investments allocated from the Master Fund	96	29,782
Purchase of investment in the Master Fund	–	(17,341)
Proceeds from sale of investment in the Master Fund	7,982	414,331
Foreign exchange losses/(gains)	23,246	(50,659)
(Increase)/decrease in prepaid expenses	(20)	32
Increase/(decrease) in performance fees payable	5,684	(318)
Increase/(decrease) in management fees payable	6	(1,189)
(Decrease)/increase in accrued expenses and other liabilities	(76)	114
Decrease in Directors' fees payable	(70)	(25)
Decrease in administration fees payable	(9)	(9)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,399	379,186
CASH FLOWS FROM FINANCING ACTIVITIES		
Tender offer	–	(404,250)
NET CASH USED IN FINANCING ACTIVITIES	–	(404,250)
CHANGE IN CASH	4,399	(25,064)
CASH, BEGINNING OF THE YEAR	1,080	18,903
Effect of exchange rate fluctuations	197	7,241
CASH, END OF THE YEAR	5,676	1,080
CASH, END OF THE YEAR		
Cash and bank balances denominated in US Dollars	750	189
Cash and bank balances denominated in Sterling ¹	4,926	891
	5,676	1,080
¹ Cash and bank balances in Sterling (GBP'000)	3,868	664

See accompanying Notes to the Audited Financial Statements.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. THE COMPANY

BH Macro Limited (the "Company") is a limited liability closed-ended investment company incorporated in Guernsey on 17 January 2007.

The Company was admitted to the Official List of the London Stock Exchange ("LSE") in 2007. It had maintained Secondary listings on the Bermuda Stock Exchange and NASDAQ Dubai since 2008, but it de-listed from these two stock exchanges on 30 September 2017 and 31 December 2017, respectively.

Following a tender offer which completed in April 2017, 48% of shares by value being tendered at 96% of NAV for the relevant class were cancelled. This, in turn, led to the Company closing the Euro share class, cancelling its listing and converting the remaining Euro shares into Sterling class shares on 29 June 2017. Currently, ordinary shares are issued in US Dollars and Sterling.

2. ORGANISATION

The Company is organised as a feeder fund and seeks to achieve its investment objective by investing all of its investable assets, net of short-term working capital requirements, in the ordinary US Dollar, Euro (up to the point of closure) and Sterling denominated Class B shares issued by Brevan Howard Master Fund Limited (the "Master Fund") and, as such, the Company is directly and materially affected by the performance and actions of the Master Fund.

The Master Fund is an open-ended investment company with limited liability formed under the laws of the Cayman Islands on 22 January 2003. The investment objective of the Master Fund is to generate consistent long-term appreciation through active leveraged trading and investment on a global basis. The Master Fund employs a combination of investment strategies that focus primarily on economic change and monetary policy and market inefficiencies. The underlying philosophy is to construct strategies, often contingent in nature with superior risk/return profiles, whose outcome will often be crystallised by an expected event occurring within a pre-determined period of time. New trading strategies will be added as investment opportunities present themselves.

As such the Audited Financial Statements of the Company should be read in conjunction with the Audited Financial Statements of the Master Fund which can be found on the Company's website, www.bhmacro.com.

At the date of these Audited Financial Statements, there were two other feeder funds in operation in addition to the Company that invest all of their assets (net of working capital) in the Master Fund. Furthermore, Brevan Howard Multi-Strategy Master

Fund Limited, another fund managed by the Manager, invests some of its assets in the Master Fund as at the date of these Financial Statements.

Off-Balance Sheet, market and credit risks of the Master Fund's investments and activities are discussed in the notes to the Master Fund's Audited Financial Statements. The Company's investment in the Master Fund exposes it to various types of risk, which are associated with the financial instruments and markets in which the Brevan Howard underlying funds invest.

Market risk represents the potential loss in value of financial instruments caused by movements in market factors including, but not limited to, market liquidity, investor sentiment and foreign exchange rates.

The Manager

Brevan Howard Capital Management LP (the "Manager") is the manager of the Company. The Manager is a Jersey Limited Partnership, the general partner of which is Brevan Howard Capital Management Limited, a Jersey Limited Company (the "General Partner"). The General Partner is regulated in the conduct of fund services business by the Jersey Financial Services Commission pursuant to the Financial Services (Jersey) Law 1998 and the Orders made thereunder.

The Manager also manages the Master Fund and in that capacity, as at the date of these Financial Statements, has delegated the function of investment management of the Master Fund to Brevan Howard Asset Management LLP, Brevan Howard (Hong Kong) Limited, Brevan Howard Investment Products Limited, Brevan Howard US Investment Management LP, Brevan Howard Private Limited, DW Partners, LP and BH-DG Systematic Trading LLP.

3. SIGNIFICANT ACCOUNTING POLICIES

The Annual Audited Financial Statements, which give a true and fair view, are prepared in conformity with United States Generally Accepted Accounting Principles and comply with the Companies (Guernsey) Law, 2008. The functional and reporting currency of the Company is US Dollars.

As further described in the Directors' Report, these Audited Financial Statements have been prepared using the going concern basis of accounting.

The Company is an Investment Entity which has applied the provisions of Accounting Standards Codification ("ASC") 946.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following are the significant accounting policies adopted by the Company:

Valuation of investments

The Company records its investment in the Master Fund at fair value. Fair value is determined as the Company's proportionate share of the Master Fund's capital, which approximates fair value. At 31 December 2018, the Company is the sole investor in the Master Fund's ordinary US Dollar and Sterling Class B shares as disclosed below. Within the table below, the investment in each share class in the Master Fund is included, with the overall total investment shown in the Audited Statement of Assets and Liabilities.

	PERCENTAGE OF MASTER FUND'S CAPITAL	NAV PER SHARE (CLASS B)	SHARES HELD IN THE MASTER FUND (CLASS B)	INVESTMENT IN MASTER FUND CCY '000	INVESTMENT IN MASTER FUND US\$'000
31 DECEMBER 2018					
US Dollar	2.69%	\$3,234.22	20,315	\$65,704	65,704
Sterling	17.81%	£3,321.41	102,785	£341,390	434,863
					500,567
31 DECEMBER 2017					
US Dollar	1.25%	\$2,786.39	21,536	\$60,007	60,007
Sterling	8.40%	£2,901.80	103,788	£301,173	404,656
					464,663

ASC Topic 820 defines fair value as the price that the Company would receive upon selling a security in an orderly transaction to an independent buyer in the principal or most advantageous market of the security.

The valuation and classification of securities held by the Master Fund is discussed in the notes to the Master Fund's Audited Financial Statements which are available on the Company's website, www.bhmacro.com. The Board has noted that the changes in trading structure of the Master Fund which took place during the year and are referred to in the Chairman's Statement has resulted in a significant increase in the figure for Investment in Affiliated Funds disclosed in the Master Fund's accounts.

Income and expenses

The Company records monthly its proportionate share of the Master Fund's income, expenses and realised and unrealised gains and losses. In addition, the Company accrues its own income and expenses.

Use of estimates

The preparation of Financial Statements in conformity with United States Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of those Financial Statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Leverage

The Manager has discretion, subject to the prior approval of a majority of the independent Directors, to employ leverage for and on behalf of the Company by way of borrowings to effect share purchases or share buy-backs, to satisfy working capital requirements and to finance further investments in the Master Fund.

The Company may borrow up to 20% of its NAV, calculated as at the time of borrowing. Additional borrowing over 20% of NAV may only occur if approved by an ordinary resolution of the Shareholders.

NOTES TO THE AUDITED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign exchange

Investment securities and other assets and liabilities of the Sterling share class and, up until its closure, the Euro share class, are, or were, translated into US Dollars, the Company's reporting currency, using exchange rates at the reporting date. Transactions reported in the Audited Statement of Operations are translated into US Dollar amounts at the date of such transactions. The share capital and other capital reserve accounts are translated at the historic rate ruling at the date of the transaction. Exchange differences arising on translation are included in the Audited Statement of Operations. This adjustment has no effect on the value of net assets allocated to the individual share classes.

Cash and bank balances

Cash and bank balances comprise demand deposits.

Allocation of results of the Master Fund

Net realised and unrealised gains/losses of the Master Fund are allocated to the Company's share classes based upon the percentage ownership of the equivalent Master Fund class.

Treasury shares

Where the Company has purchased its own share capital, the consideration paid, which includes any directly attributable costs, has been recognised as a deduction from equity Shareholders' funds through the Company's reserves.

If such shares were to be subsequently sold or reissued to the market, any consideration received, net of any directly attributable incremental transaction costs, would be recognised as an increase in equity Shareholders' funds through the share capital account. Where the Company cancels treasury shares, no further adjustment is required to the share capital account of the Company at the time of cancellation. Shares held in treasury are excluded from calculations when determining NAV per share as detailed in note 7 and in the Financial Highlights in note 9.

Refer to note 8 for details of changes to the purchases by the Company of its share capital.

4. MANAGEMENT, PERFORMANCE AND ADMINISTRATION AGREEMENTS

Management and performance fee

The Company has entered into a management agreement with the Manager to manage the Company's investment portfolio. The management fee charged by the Company is reduced by the Company's share of management fees incurred by the Master Fund through any underlying investments of the Master Fund that share the same Manager as the Company.

The investment in the Class B shares of the Master Fund is not subject to management fees, but is subject to an operational services fee payable to the Manager of 1/12 of 0.5% per month of the NAV.

The Manager does not charge the Company a management fee in respect of any increase in the NAV of each class of shares above the NAV at 3 October 2016 resulting from performance or any own share purchases or redemptions. The Company's investment in the Master Fund also does not bear an operational services fee in respect of performance related growth in its investment in the Master Fund.

The following changes were made to the Company's structure and Management Agreement with effect from 1 April 2017:

- the management fee was reduced to 1/12 of 0.5% per month of the NAV (previously 1/12 of 2%);
- the investment in the Class B shares of the Master Fund remains subject to an operational services fee of 1/12 of 0.5% per month of the NAV; and
- the management fee and operational services fee concession described above will continue to apply in respect of performance related growth in the Company's NAV for each class of share in excess of its level on 1 April 2017 as if the Tender Offer had completed on that date.

During the year ended 31 December 2018, US\$2,354,588 (31 December 2017: US\$14,368,940) was earned by the Manager as net management fees. At 31 December 2018, US\$203,414 (31 December 2017: US\$197,034) of the fee remained outstanding.

In the prior year, the Management fee charge included a balance of US\$8,350,050 which was incurred in accordance with the terms of the Tender Offer that concluded on 25 April 2017. There was no additional charge in the current year. Under the terms of the Tender Offer, the Manager was entitled to a fee of 2% of the NAV of the shares tendered, instead of 4% that would have been payable had the Company served notice of termination of the management agreement between the Company and the Manager on less than 24 months' notice.

4. MANAGEMENT, PERFORMANCE AND ADMINISTRATION AGREEMENTS (CONTINUED)

The Manager is also entitled to an annual performance fee for both share classes. The performance fee is equal to 20% of the appreciation in the NAV per share of that class during that calculation period which is above the base NAV per share of that class, other than that arising to the remaining shares of the relevant class from any repurchase, redemption or cancellation of any share in the calculation period. The base NAV per share is the greater of the NAV per share of the relevant class at the time of issue of such share and the highest NAV per share achieved as at the end of any previous calculation period.

The Manager will be paid an estimated performance fee on the business day preceding the last business day of each calculation period. Within 5 business days of the publication of the final NAV of each class of shares as at the end of the calculation period, any difference between the actual performance fee and the estimated amount will be paid to or refunded by the Manager, as appropriate. Any accrued performance fee in respect of shares which are converted into another share class prior to the date on which the performance fee would otherwise have become payable in respect of those shares will crystallise and become payable on the date of such conversion. The performance fee is accrued on an ongoing basis and is reflected in the Company's published NAV. During the year ended 31 December 2018, US\$5,903,616 (31 December 2017: US\$Nil) was earned by the Manager as performance fees. At 31 December 2018, US\$5,683,990 (31 December 2017: US\$Nil) of the fee remained outstanding.

The Master Fund may hold investments in other funds managed by the Manager. To ensure that Shareholders of the Company are not subject to two tiers of fees, the fees paid to the Manager as outlined above are reduced by the Company's share of any fees paid to the Manager by the underlying Master Fund investments, managed by the Manager.

The Management Agreement may be terminated by either party giving the other party not less than 24 months' written notice. In certain circumstances the Company will be obliged to pay compensation to the Manager of the aggregate management fees which would otherwise have been payable during the 24 months following the date of such notice and the aggregate of any accrued performance fee in respect of the current Calculation Period. Compensation is not payable if more than 24 months' notice of termination is given.

Under the terms of the Tender Offer, the notice period for termination of the Management Agreement without cause by both the Company and the Manager will be reduced from 24 months to three months, with effect from 1 April 2019.

Administration fee

The Company has appointed Northern Trust International Fund Administration Services (Guernsey) Limited as Administrator and Corporate Secretary. The Administrator is paid fees based on the NAV of the Company, payable quarterly in arrears. The fee is at a rate of 0.015% of the average month end NAV of the Company, subject to a minimum fee of £67,500 per annum. In addition to the NAV based fee, the Administrator is also entitled to an annual fee of £6,000 (31 December 2017: £36,000) for certain additional administration services. The Administrator is entitled to be reimbursed for out-of-pocket expenses incurred in the course of carrying out its duties as Administrator. During the year ended 31 December 2018, US\$94,382 (31 December 2017: US\$140,721) was earned by the Administrator as administration fees. The amounts outstanding are disclosed on the Audited Statement of Assets and Liabilities.

5. SHARE CAPITAL

Issued and authorised share capital

The Company has the power to issue an unlimited number of ordinary shares with no par value and an unlimited number of shares with a par value. Shares may be divided into at least two classes denominated in US Dollar and Sterling, following the Euro share class closure. Further issue of shares may be made in accordance with the Articles. Shares may be issued in differing currency classes of ordinary redeemable shares including C shares. The treasury shares have arisen as a result of the discount management programme as described in note 8. The tables on the following page show the movement in ordinary and treasury shares.

NOTES TO THE AUDITED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2018

5. SHARE CAPITAL (CONTINUED)

For the year ended 31 December 2018

	US DOLLAR SHARES	EURO SHARES*	STERLING SHARES
NUMBER OF ORDINARY SHARES			
In issue at 1 January 2018	2,782,034	–	14,046,048
Share conversions	(117,493)	–	90,194
In issue at 31 December 2018	2,664,541	–	14,136,242
NUMBER OF TREASURY SHARES			
In issue at 1 January 2018 and 31 December 2018	331,228	–	1,450,652
Percentage of class	11.06%	–	9.31%

For the year ended to 31 December 2017

	US DOLLAR SHARES	EURO SHARES*	STERLING SHARES
NUMBER OF ORDINARY SHARES			
In issue at 1 January 2017	9,975,524	1,514,872	22,371,669
Share conversions	(261,016)	(890,769)	954,079
Tender offer shares transferred to treasury (note 8)	(6,932,474)	(624,103)	(9,279,700)
In issue at 31 December 2017	2,782,034	–	14,046,048
NUMBER OF TREASURY SHARES			
In issue at 1 January 2017	1,406,228	271,854	2,650,652
Tender offer shares transferred to treasury (note 8)	6,932,474	624,103	9,279,700
Shares cancelled	(1,075,000)	(271,854)	(1,200,000)
Tender offer shares cancelled (note 8)	(6,932,474)	(624,103)	(9,279,700)
In issue at 31 December 2017	331,228	–	1,450,652
Percentage of class	10.64%	–	9.36%

* The Euro share class closed on 29 June 2017.

Share classes

In respect of each class of shares a separate class account has been established in the books of the Company. An amount equal to the aggregate proceeds of issue of each share class has been credited to the relevant class account. Any increase or decrease in the NAV of the Master Fund US Dollar shares and Master Fund Sterling shares as calculated by the Master Fund is allocated to the relevant class account in the Company. Each class account is allocated those costs, prepaid expenses, losses, dividends, profits, gains and income which the Directors determine in their sole discretion relate to a particular class.

Voting rights of shares

Ordinary shares carry the right to vote at general meetings of the Company and to receive any dividends attributable to the ordinary shares as a class declared by the Company and, in a winding-up will be entitled to receive, by way of capital, any surplus assets of the Company attributable to the ordinary shares as a class in proportion to their holdings remaining after settlement of any outstanding liabilities of the Company.

5. SHARE CAPITAL (CONTINUED)

As prescribed in the Company's Articles, the different classes of ordinary shares have different values attributable to their votes. The attributed values have been calculated on the basis of the Weighted Voting Calculation (as described in the Articles) which takes into account the prevailing exchange rates on the date of initial issue of ordinary shares. On a vote, a single US Dollar ordinary share has 0.7606 votes and a single Sterling ordinary share has 1.4710 votes.

Treasury shares do not have any voting rights.

Repurchase of ordinary shares

Under the Company's Articles, Shareholders of a class of shares have the ability to call for repurchase of that class of shares in certain circumstances. See note 8 for further details.

Further issue of shares

As approved by the Shareholders at the Annual General Meeting held on 21 June 2018, the Directors have the power to issue further shares totalling 919,366 US Dollar shares and 4,687,366 Sterling shares, respectively. This power expires fifteen months after the passing of the resolution or on the conclusion of the next Annual General Meeting of the Company, whichever is earlier, unless such power is varied, revoked or renewed prior to that Meeting by a resolution of the Company in general meeting.

Distributions

The Master Fund has not previously paid dividends to its investors. This does not prevent the Directors of the Company from declaring a dividend at any time in the future if the Directors consider payment of a dividend to be appropriate in the circumstances. If the Directors declare a dividend, such dividend will be paid on a per class basis.

As announced on 15 January 2014, the Company intends to be operated in such a manner to ensure that its shares are not categorised as non-mainstream pooled investments. This may mean that the Company may pay dividends in respect of any income that it receives or is deemed to receive for UK tax purposes so that it would qualify as an investment trust if it were UK tax-resident.

Further, the Company will first apply any such income in payment of its management and performance fees.

Treasury shares are not entitled to distributions.

Share conversion scheme

The Company has implemented a Share Conversion Scheme. The scheme provides Shareholders with the ability to convert some or all of their ordinary shares in the Company of one class into ordinary shares of the other class. Shareholders are able to convert ordinary shares on the last business day of every month. Each conversion will be based on the NAV (note 7) of the shares of the class to be converted.

6. TAXATION

Overview

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

Uncertain tax positions

The Company recognises the tax benefits of uncertain tax positions only where the position is more-likely-than-not (i.e. greater than 50%), to be sustained assuming examination by a tax authority based on the technical merits of the position. In evaluating whether a tax position has met the recognition threshold, the Company must presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognise in the Company's Audited Financial Statements. Income tax and related interest and penalties would be recognised by the Company as tax expense in the Audited Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold.

The Company analyses all open tax years for all major taxing jurisdictions. Open tax years are those that are open for examination by taxing authorities, as defined by the Statute of Limitations in each jurisdiction. The Company identifies its major tax jurisdictions as the Cayman Islands and foreign jurisdictions where the Company makes significant investments. The Company has no examinations by tax authorities in progress.

The Directors have analysed the Company's tax positions, and have concluded that no liability for unrecognised tax benefits should be recorded related to uncertain tax positions. Further, the Directors are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognised tax benefits will significantly change in the next twelve months.

NOTES TO THE AUDITED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2018

7. PUBLICATION AND CALCULATION OF NET ASSET VALUE ("NAV")

The NAV of the Company is equal to the value of its total assets less its total liabilities. The NAV per share of each class will be calculated by dividing the NAV of the relevant class account by the number of shares of the relevant class in issue on that day.

The Company publishes the NAV per share for each class of shares as calculated by the Administrator based in part on information provided by the Master Fund, monthly in arrears, as at each month-end.

The Company also publishes an estimate of the NAV per share for each class of shares as calculated by the Administrator based in part on information provided by the Master Fund, weekly in arrears.

8. DISCOUNT MANAGEMENT PROGRAMME

The Company has previously implemented a number of methods in order to seek to manage any discount to NAV at which the Company's shares trade.

Market purchases

Until October 2016, the Company regularly utilised its ability to make market purchases of its shares as part of the discount management programme. The purchase of these shares was funded by the Company redeeming underlying shares in the Master Fund. The number of shares held in treasury as at 31 December 2018 is disclosed in note 5.

However, following the completion of the Tender Offer in April 2017, the Company has not been permitted to redeem its investment in the Master Fund to finance own-share purchases before 1 April 2019. Once this date has passed, if the discounts at which the Company's shares trade to NAV were again to widen substantially, it would be the Board's intention to resume market purchases of shares.

Tender offer

On 29 November 2016, the Company announced a tender offer to acquire up to 100% of each class of the Company's issued shares at a price equivalent to 96% of NAV for the relevant class.

This Tender Offer was approved by Shareholders at meetings in February and March 2017 and Shareholders holding 52% of the Company's shares by prevailing NAV chose to remain invested in the Company, with the remaining 48% of shares by value being tendered for purchase at 96% of NAV. The acquisition of shares pursuant to the Tender Offer was completed on 25 April 2017. Shares purchased in the tender were cancelled.

Annual offer of partial return of capital

Under the Company's Articles of Incorporation, once in every calendar year the Directors had discretion to determine that the Company make an offer of a partial return of capital in respect of such number of shares of the Company in issue as they determined, provided that the maximum amount distributed did not exceed 100% of the increase in NAV of the Company in the prior calendar year.

The Directors had discretion to determine the particular class or classes of shares in respect of which a partial return of capital would be made, the timetable for that partial return of capital and the price at which the shares of each relevant class were returned.

The decision to make a partial return of capital in any particular year and the amount of the return depended, among other things, on prevailing market conditions, the ability of the Company to liquidate its investments to fund the capital return, the success of prior capital returns and applicable legal, regulatory and tax considerations.

As part of the Tender Offer that completed in April 2017, the annual partial capital return provisions were disapplied but will now be reinstated for the year ending 31 December 2019.

Class closure resolutions

If in the period from 1 January 2018 to 31 December 2018, any class of shares had traded at an average discount at or in excess of 8% of the monthly NAV, the Company would have held a vote of the relevant class to discontinue that class. The average discounts to NAV for the Sterling and US Dollar shares for that period were 7.42% and 7.22% respectively and consequently no discontinuation vote will be held in 2019.

The Company's class closure provisions set out in the Articles of Incorporation will now be reinstated in respect of the twelve month period ending on 31 December 2019 and thereafter, except that the relevant trigger for the class closure provisions will be 8% discount to the net asset value of the relevant class of shares over the relevant period, instead of the previous 10% threshold in place prior to 1 January 2018.

The arrangements are described more fully in the Company's principal documents which were approved at the EGM on 24 February 2017.

9. FINANCIAL HIGHLIGHTS

The following tables include selected data for a single ordinary share of each of the ordinary share classes in issue at 31 December 2018 and other performance information derived from the Financial Statements.

The per share amounts and ratios which are shown reflect the income and expenses of the Company for each class of ordinary share.

	31.12.18 US DOLLAR SHARES US\$	31.12.18 EURO SHARES [^] €	31.12.18 STERLING SHARES £
PER SHARE OPERATING PERFORMANCE			
Net asset value at the beginning of the year	21.62	–	21.47
INCOME FROM INVESTMENT OPERATIONS			
Net investment loss*	(0.63)	–	(0.66)
Net realised and unrealised gain on investment	3.75	–	3.31
Other capital items**	(0.07)	–	0.01
Total gain	3.05	–	2.66
Net asset value, end of the year	24.67	–	24.13
Total income before performance fee	15.32%	–	13.73%
Performance fee	(1.16%)	–	(1.30%)
Total gain after performance fee	14.16%	–	12.43%

Total return reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per ordinary share during the year from 1 January 2018 to 31 December 2018. An individual Shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	31.12.18 US DOLLAR SHARES US\$'000	31.12.18 EURO SHARES [^] €'000	31.12.18 STERLING SHARES £'000
SUPPLEMENTAL DATA			
Net asset value, end of the year	65,745	–	341,151
Average net asset value for the year	63,940	–	325,195

	31.12.18 US DOLLAR SHARES	31.12.18 EURO SHARES [^]	31.12.18 STERLING SHARES
RATIO TO AVERAGE NET ASSETS			
Operating expenses			
Company expenses***	0.62%	–	0.65%
Master Fund expenses****	1.62%	–	1.64%
Master Fund interest expense*****	1.15%	–	1.14%
Performance fee	1.06%	–	1.21%
	4.45%	–	4.64%

Net investment loss before performance fee*	(1.62%)	–	(1.63%)
Net investment loss after performance fees*	(2.68%)	–	(2.84%)

NOTES TO THE AUDITED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2018

9. FINANCIAL HIGHLIGHTS (CONTINUED)

	31.12.17 US DOLLAR SHARES US\$	31.12.17 EURO SHARES [^] €	31.12.17 STERLING SHARES £
PER SHARE OPERATING PERFORMANCE			
Net asset value at beginning of the year/period	21.68	21.87	22.44
INCOME FROM INVESTMENT OPERATIONS			
Net investment loss*	(1.80)	(1.03)	(1.01)
Net realised and unrealised loss on investment	(0.71)	(0.74)	(0.83)
Other capital items**	2.45	1.10	0.87
Total return	(0.06)	(0.67)	(0.97)
Net asset value, end of the year/period	21.62	21.20	21.47
Total loss before performance fee	(0.30%)	(3.07%)	(4.35%)
Total loss after performance fee	(0.30%)	(3.07%)	(4.35%)

Total return reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per ordinary share during the year from 1 January 2017 to 31 December 2017. An individual shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	31.12.17 US DOLLAR SHARES US\$'000	31.12.17 EURO SHARES ^{^^} €'000	31.12.17 STERLING SHARES £'000
SUPPLEMENTAL DATA			
Net asset value, end of the year/period	60,136	–	301,565
Average net asset value for the year/period	99,784	21,875	348,983

	31.12.17 US DOLLAR SHARES	31.12.17 EURO SHARES	31.12.17 STERLING SHARES
RATIO TO AVERAGE NET ASSETS			
Operating expenses			
Company expenses***	4.52%	2.25%	2.52%
Master Fund expenses****	1.41%	0.53%	1.31%
Master Fund interest expense*****	1.19%	1.48%	0.74%
	7.12%	4.26%	4.57%
Net investment loss before performance fee*	(6.98%)	(4.28%)	(4.33%)
Net investment loss after performance fees*	(6.98%)	(4.28%)	(4.33%)

9. FINANCIAL HIGHLIGHTS (CONTINUED)

Notes

* The net investment loss figures disclosed above, does not include net realised and unrealised gains/losses on investments allocated from the Master Fund.

** Included in other capital items are the discounts and premiums on conversions between share classes and on the sale of treasury shares as well as any partial capital return effected in the relevant year as compared to the NAV per share at the beginning of the year.

*** Company expenses are as disclosed in the Statement of Operations excluding the performance fee and foreign exchange gains/losses.

**** Master Fund expenses are the operating expenses of the Master Fund excluding the interest and dividend expenses of the Master Fund.

***** Master Fund interest expense includes interest and dividend expenses on investments sold short.

^ Net asset value and returns on the Euro share class have been calculated up to 31 May 2017, which was the NAV date preceding the conversion of shares to the Sterling share class.

^^ The average Euro share class net asset value for the year is calculated based on published NAVs from the start of the year up to the Euro share class closure.

10. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

Management and performance fees are disclosed in note 4.

The Company's Articles limit the fees payable to Directors in aggregate to £400,000 per annum. Changes to the annual fees were made at the Board meeting held on 23 June 2017. Effective from 1 July 2017, the annual fees are £65,000 for the Chairman, £47,500 for Chair of the Audit Committee, £45,000 for each of the Chair of the Management Engagement Committee and the Senior Independent Director.

As at 31 December 2018, Huw Evans held 5,270 shares (31 December 2017: 3,337 shares) in the Sterling share class.

On 22 January 2019, John Le Poidevin purchased 3,222 Sterling class shares.

11. SUBSEQUENT EVENTS

The Directors have evaluated subsequent events up to 25 March 2019, which is the date that the Audited Financial Statements were available to be issued, and have concluded there are no further items that require disclosure or adjustment to the Audited Financial Statements.

HISTORIC PERFORMANCE SUMMARY

As at 31 December 2018

	31.12.18 US\$'000	31.12.17 US\$'000	31.12.16 US\$'000	31.12.15 US\$'000	31.12.14 US\$'000
Net increase/(decrease) in net assets resulting from operations	34,985	4,725	(150,245)	(91,220)	(122,858)
Total assets	506,307	465,787	866,740	1,499,648	1,768,337
Total liabilities	(6,004)	(469)	(1,897)	(4,755)	(5,519)
Net assets	500,303	465,318	864,843	1,494,893	1,762,818

NUMBER OF SHARES IN ISSUE

US Dollar shares	2,664,541	2,782,034	9,975,524	17,202,974	18,332,029
Euro shares	–	–	1,514,872	4,163,208	5,112,916
Sterling shares	14,136,242	14,046,048	22,371,669	33,427,871	37,717,793

NET ASSET VALUE PER SHARE

US Dollar shares	US\$24.67	US\$21.62	US\$21.68	US\$20.33	US\$20.62
Euro shares	–	–	€21.87	€20.56	€20.72
Sterling shares	£24.13	£21.47	£22.44	£21.21	£21.40

AFFIRMATION OF THE COMMODITY POOL OPERATOR

31 December 2018

To the best of my knowledge and belief, the information detailed in this Annual Report and these Audited Financial Statements is accurate and complete.

By:



Name: Jonathan Wrigley

Title: Group Head of Finance and Authorised Signatory

Brevan Howard Capital Management Limited as general partner of Brevan Howard Capital Management LP, the manager and commodity pool operator of BH Macro Limited

25 March 2019

NOTES

COMPANY INFORMATION

Directors

Huw Evans
John Le Poidevin
Colin Maltby
Claire Whittet

All Directors are non-executive and independent for the purpose of Listing Rule 15.2.12-A

Registered Office

PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands GY1 3QL

Manager

Brevan Howard Capital Management LP
6th Floor
37 Esplanade
St Helier
Jersey
Channel Islands JE2 3QA

Administrator and Corporate Secretary

Northern Trust International Fund
Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands GY1 3QL

Independent Auditor

KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St Peter Port
Guernsey
Channel Islands GY1 1WR

Registrar and CREST Service Provider

Computershare Investor Services (Guernsey) Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey GY1 1DB

Legal Advisors (Guernsey Law)

Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey
Channel Islands GY1 4BZ

Legal Advisors (UK Law)

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London EC1A 2FG

Corporate Broker

JPMorgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Tax Adviser

Deloitte LLP
PO Box 137
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
Channel Islands GY1 3HW

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