

BH MACRO LIMITED



INTERIM REPORT AND UNAUDITED FINANCIAL
STATEMENTS 2019

30 June 2019

Contents

1	Chairman's Statement
4	Board Members
5	Disclosure of Directorships in Public Companies Listed on Recognised Stock Exchanges
6	Directors' Report
13	Statement of Directors' Responsibility in Respect of the Interim Report and Unaudited Financial Statements
14	Directors' Remuneration Report
15	Manager's Report
19	Independent Review Report to BH Macro Limited
20	Unaudited Statement of Assets and Liabilities
21	Unaudited Statement of Operations
22	Unaudited Statement of Changes in Net Assets
23	Unaudited Statement of Cash Flows
24	Notes to the Interim Unaudited Financial Statements
35	Historic Performance Summary
	IBC Company Information



CHAIRMAN'S STATEMENT

I am delighted to present to Shareholders my first report as the new Chairman of your Company, my predecessor Huw Evans having retired from the Board in June 2019 after serving nine years as an independent Director.

Over the first half of 2019, the Net Asset Value ("NAV") per Sterling share in the Company increased by 9.04% and the NAV per US dollar share increased by 9.72%. The share price total return on a Sterling share was 16.70% over the period and on a US dollar share was 13.82%.

The Company's performance is directly related to the performance of Brevan Howard Master Fund Limited (the "Master Fund") into which the Company invests substantially all its assets. In the first six months of 2019 the Master Fund has maintained the strong performance seen in 2018, against a background in which market conditions have offered favourable opportunities for its macro rates trading focus.

The past performance of the Master Fund and the Company has shown correlation with market volatility. In particular, volatility or unstable expectations in foreign exchange and interest rate markets can provide fertile environments for the Manager's trading strategies. After several years of calm and therefore relatively unfruitful conditions, a change of market regime was signalled first in November 2016, following the unexpected result of the US Presidential Election, and has developed further during 2018 and the first half of 2019. Fluctuating expectations for US dollar interest rates, both short- and long-term, uncertainty in Sterling markets over the consequences of Brexit, political and economic stresses in the Eurozone and in several important emerging economies have all contributed to an environment of greater opportunity for the Master Fund and the Company. As the market environment changes, the Company offers Shareholders the opportunity to benefit from the Master Fund's long-term track record of preserving capital and achieving positive returns.

As part of the tender offer which completed in May 2017, the Board agreed that the Company would not engage in market purchases of its own shares before 1 April 2019, but 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. In the event, 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 were to 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 became effective from 1 April 2019:

- The notice period for termination of the Management Agreement without cause by either the Company or the Manager has been reduced from 24 months to three months.
- The Company is once again permitted to redeem its investment in the Master Fund to finance any future share buy-backs.

In addition, the Company's class closure provisions and annual partial capital return have been reinstated and are 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 8% discount to the net asset value of the relevant class of shares over the relevant period, instead of the previous 10% threshold. The average discount at which the Company's shares traded in relation to monthly NAV during the first six months of 2019 was 2.92% for the US Dollar class and 2.47% for the Sterling class.

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. For much of 2019 to date, the Company's shares have traded at a premium or minimal discount to NAV. However, if the Company's shares were again to trade at wide or volatile discounts to NAV in the future, it would be the Board's intention to consider resuming this process.

During 2018, the Manager implemented several significant changes to its internal structure. On the trading side, the Manager launched a number of separate funds, 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.

CHAIRMAN'S STATEMENT CONTINUED

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. We remain reassured that these continuing developments in the Manager's operations have no negative implications for the Manager's core activities or the services which the Manager provides to your Company.

The Company and its Manager have continued to pursue an active programme for public communication and investor relations. There has been particular interest from the press following the Company's strong performance in 2018.

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).

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 2018 the Board commissioned an external evaluation of its performance which confirmed that the Board works in a collegiate, harmonious and effective manner.

In anticipation of Huw Evans' decision not to seek re-election to the Board this year, the Board instigated a recruitment process in early 2019, to identify a new Director, with the professional assistance of Cornforth Consulting Limited. I am delighted that Richard Horlick was able to join us in May and was re-elected as a non-executive Director at the recent AGM. Richard brings exceptional experience of and insights into global investment markets and the investment management industry. Huw Evans brought to the Board wisdom, sound judgment and, latterly as Chairman, clear leadership and guidance through times of change. It gives me pleasure to thank him for his contributions to his colleagues and to Shareholders.

The Board recognises that the performance of the Master Fund will continue to 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 several 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.

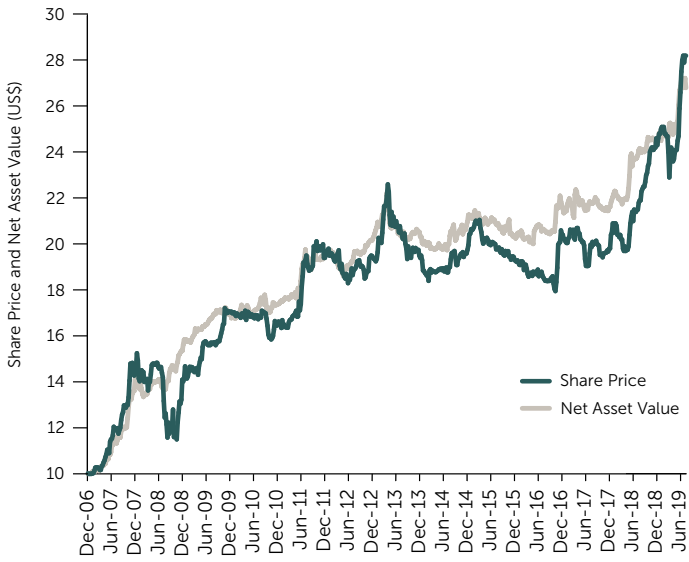
Shareholders will be aware that the United Kingdom is scheduled to leave the European Union on 31 October and that as matters currently stand there is no agreement governing the withdrawal or the future relationship between the UK and the EU. Such is the uncertainty still surrounding the outcome that the consequent risks and potential opportunities for the Company are extremely difficult to assess. Since the Company does not operate directly within the EU and invests substantially all of its assets into a Cayman master fund, it may be that the impact of Brexit will be felt principally through the consequences for the London financial markets, in which the Master Fund is a participant and where the Company's shares are traded on the London Stock Exchange.

The events of the past year support the hypothesis that the Company's investment in the Master Fund provides a listed vehicle whose performance has low correlation with other asset classes. Through the narrowing of the discount in the second half of 2018 and the subsequent emergence of a premium valuation, 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.

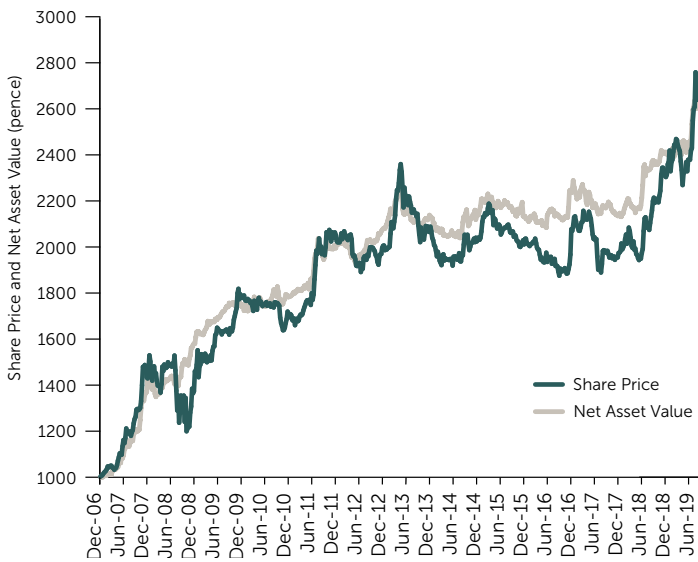
Colin Maltby
Chairman

22 August 2019

US DOLLAR SHARES
SHARE PRICE VS NET ASSET VALUE



STERLING SHARES
SHARE PRICE VS NET ASSET VALUE



BOARD MEMBERS

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

Colin Maltby, (appointed Chairman on 20 June 2019), 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.

Richard Horlick, age 60 (appointed 1 May 2019)

Richard Horlick is UK resident. He is currently the non-executive chairman of CCLA Investment Management which manages £8bn of assets for over 38,000 charities and church and local authority funds. He has served on a number of closed end fund boards most recently Pacific Assets Trusts Plc from December 2005 until June 2014 and Tau Capital Plc from May 2007 to January 2014. He was a partner and non-executive chairman of Pensato Capital LLP until its successful sale to RWC Partners in 2017. He has had a long and distinguished career in investment management graduating from Cambridge University in 1980 with an MA in Modern History. After 3 years in the corporate finance department of Samuel Montagu he joined Newton Investment Management in January 1984 where he became a Director and portfolio manager. In 1994 he joined Fidelity International as President of their institutional business outside the US and in 2001 became President and CEO of Fidelity Management Trust Company in Boston which was the Trust Bank for the US Fidelity Mutual fund range and responsible for their defined benefit pension business. In 2003 he joined Schroders Plc as a main board director and head of investment worldwide. In January 2006 he established Spencer House Capital Management with Lord Jacob Rothschild. In addition he has been a business angel investing in a wide range of private companies.

John Le Poidevin, age 49

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.

Claire Whittet, age 64

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
JOHN LE POIDEVIN	
International Public Partnerships Limited	London
Episode Inc.	Euronext Dublin
Stride Gaming Plc	London (AIM)
COLIN MALTBY	
BBGI SICAV SA	London
Ocean Wilsons Holdings Limited	London and Bermuda
CLAIRE WHITTET	
Eurocastle Investment Limited	Euronext Amsterdam
International Public Partnerships Limited	London
Riverstone Energy Limited	London
Third Point Offshore Investors Limited	London
TwentyFour Select Monthly Income Fund Limited	London

DIRECTORS' REPORT

30 June 2019

The Directors submit their Interim Report together with the BH Macro Limited (the "Company") Interim Unaudited Statement of Assets and Liabilities, Interim Unaudited Statement of Operations, Interim Unaudited Statement of Changes in Net Assets, Interim Unaudited Statement of Cash Flows and the related notes for the period ended 30 June 2019. The Directors' Report together with the Interim Unaudited 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 which was incorporated in Guernsey on 17 January 2007 and then admitted to the Official List of the London Stock Exchange ("LSE") later that year.

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 Unaudited Statement of Operations on page 21. The Directors do not recommend the payment of a dividend.

SHARE CAPITAL

The number of shares in issue at the period end is disclosed in note 5 of the Notes to the Interim Unaudited Financial Statements.

GOING CONCERN

The Directors, having considered the Principal Risks and Uncertainties to which the Company is exposed which are listed on page 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 Interim Unaudited 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 4.

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 period, 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.

THE BOARD (CONTINUED)

For each Director, the tables below set out the number of Board and Audit Committee meetings they were entitled to attend during the period ended 30 June 2019 and the number of such meetings attended by each Director.

SCHEDULED BOARD MEETINGS	HELD	ATTENDED
Colin Maltby	2	2
Huw Evans	*2	2
Richard Horlick	*1	1
John Le Poidevin	2	2
Claire Whittet	2	2

AUDIT COMMITTEE MEETINGS	HELD	ATTENDED
John Le Poidevin	2	2
Richard Horlick	*1	1
Colin Maltby	*2	2
Claire Whittet	2	2

* Indicates the meetings held during their membership of the relevant Board or Committee during the period ended 30 June 2019.

In addition to these scheduled meetings, seven ad hoc committee meetings were held during the period ended 30 June 2019, which were attended by those Directors available at the time.

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 some of 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 period is high and that each Director has always shown the time commitment necessary to discharge fully and effectively their duties as a Director.

DIRECTORS' INTERESTS

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

	US DOLLAR SHARES		
	30.06.19	31.12.18	30.06.18
Colin Maltby	500	Nil	Nil
Huw Evans	N/A	Nil	Nil
Richard Horlick	Nil	N/A	N/A
John Le Poidevin	Nil	Nil	Nil
Claire Whittet	Nil	Nil	Nil

	STERLING SHARES		
	30.06.19	31.12.18	30.06.18
Colin Maltby	3,000	Nil	Nil
Huw Evans	N/A	5,270	5,270
Richard Horlick	Nil	N/A	N/A
John Le Poidevin	3,222	Nil	Nil
Claire Whittet	Nil	Nil	Nil

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.

DIRECTORS' REPORT CONTINUED

CORPORATE GOVERNANCE (CONTINUED)

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 period.

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.

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; and
- 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 Interim Unaudited 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 utilised the services of an independent, specialist company, Cornforth Consulting Ltd prior to appointing Richard Horlick. 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 20 June 2019, Shareholders re-elected all the Directors of the Company, with the exception of Huw Evans, who did not put himself forward for re-election.

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

CORPORATE GOVERNANCE (CONTINUED)

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.

Following the retirement of Huw Evans and the appointment of Colin Maltby as Chairman, Claire Whittet has replaced Colin Maltby as Senior Independent Director and will take the lead in evaluating the performance of the new Chairman.

The most recent external evaluation of the Board's performance was completed in February 2018 and is scheduled to take place every three years. 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 have been adopted.

The Board needs to ensure that the 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 Interim 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 six month period ended 30 June 2019, year ended 31 December 2018 and six month period ended 30 June 2018 have been prepared in accordance with the AIC's recommended methodology.

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

30.06.19

	US DOLLAR SHARES	STERLING SHARES
Company – Ongoing Charges	0.59%	0.60%
Master Fund – Ongoing Charges	0.61%	0.61%
Performance fees	2.27%	2.20%
Ongoing Charges plus performance fees	3.47%	3.41%

31.12.18

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

30.06.18

	US DOLLAR SHARES	STERLING SHARES
Company – Ongoing Charges	0.63%	0.69%
Master Fund – Ongoing Charges	0.65%	0.65%
Performance fees	0.02%	0.35%
Ongoing Charges plus performance fees	1.29%	1.69%

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. 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.

DIRECTORS' REPORT CONTINUED

PERFORMANCE GRAPHS

The graphs shown on page 3 detail the performance of the Company's NAV and share prices over the period.

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. It is chaired by John Le Poidevin and comprises Richard Horlick, who was appointed on 1 May 2019 and Claire Whittet. Colin Maltby was a member of the Audit Committee until 20 June 2019.

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, is chaired by Claire Whittet and comprises all members of the Board.

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 Interim Unaudited 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 Documents ("KIDs") on the Company on 4 June 2019. The KIDs are available on the Company's website www.bhmacro.com and are 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;
- **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; and
- **Brexit Risk:** Whilst noting that the Company is based in Guernsey and that it invests substantially all of its assets into a Cayman master fund, the Company may nevertheless be exposed to risks arising from the UK's departure from the

European Union. The Board will continue, in conjunction with the Manager and the Administrator, to monitor any potential impacts on the Company, and will seek to maintain compliance with all relevant regulatory requirements.

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 28 June 2019.

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.

DIRECTORS' REPORT CONTINUED

SIGNIFICANT SHAREHOLDERS

As at 30 June 2019, the following Shareholders had significant shareholdings in the Company:

	TOTAL SHARES HELD	% HOLDING IN CLASS
SIGNIFICANT SHAREHOLDERS		
US DOLLAR SHARES		
Vidacos Nominees Limited	769,370	32.16%
Hero Nominees Limited	458,720	19.18%
The Bank of New York (Nominees) Limited	230,868	9.65%
Luna Nominees Limited	151,980	6.35%
Pershing Nominees Limited	119,354	4.99%
Euroclear Nominees Limited	106,812	4.47%

	TOTAL SHARES HELD	% HOLDING IN CLASS
SIGNIFICANT SHAREHOLDERS		
STERLING SHARES		
Ferlim Nominees Limited	2,599,261	18.11%
Rathbone Nominees Limited	1,349,911	9.40%
HSBC Global Custody Nominee (UK) Limited	1,214,000	8.46%
Pershing Nominees Limited	1,078,239	7.51%
Harewood Nominees Limited	771,301	5.37%
Smith & Williamson Nominees Limited	674,781	4.70%
Nortrust Nominees Limited	609,759	4.25%
Securities Services Nominees Limited	572,626	3.99%
The Bank of New York (Nominees) Limited	450,818	3.14%

Signed on behalf of the Board by:

Colin Maltby
Chairman

John Le Poidevin
Director

22 August 2019

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS

We confirm to the best of our knowledge that:

- these Interim Unaudited Financial Statements have been prepared in conformity with United States Generally Accepted Accounting Principles and give a true and fair view of the assets, liabilities, financial position and profit or loss; and
- these Interim Unaudited Financial Statements include information detailed in the Chairman's Statement, the Directors' Report, the Manager's Report and the Notes to the Interim Unaudited Financial Statements, which provides a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on these Interim Unaudited Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last Annual Audited Financial Statements that could materially affect the financial position or performance of the Company.

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

Signed on behalf of the Board by:

Colin Maltby
Chairman

John Le Poidevin
Director

22 August 2019

DIRECTORS' REMUNERATION REPORT

30 June 2019

INTRODUCTION

An ordinary resolution for the approval of the Directors' Remuneration Report was passed by the Shareholders at the Annual General Meeting held on 20 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 20 June 2019, Shareholders re-elected all the Directors, with the exception of Huw Evans, who did not put himself forward for re-election. 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. The annual fees are £65,000 for Colin Maltby, the Chairman, £47,500 for John Le Poidevin, the Chair of the Audit Committee, £47,500 for Claire Whittet, as Chair of the Management Engagement Committee and the Senior Independent Director and £40,000 for all other Directors.

The fees payable by the Company in respect of each of the Directors who served during the period ended 30 June 2019, the year ended 31 December 2018 and the period ended 30 June 2018, were as follows:

	PERIOD ENDED 30.06.19 £	YEAR ENDED 31.12.18 £	PERIOD ENDED 30.06.18 £
Colin Maltby	23,104	45,000	22,500
Huw Evans*	*30,714	65,000	32,500
Richard Horlick**	**6,703	N/A	N/A
John Le Poidevin	23,750	47,500	23,750
Claire Whittet	22,575	45,000	22,500
TOTAL	106,846	202,500	101,250

* Huw Evans served as Chairman at a fee of £65,000 pa until his retirement from the Board on 20 June 2019.

**Richard Horlick was appointed on 1 May 2019 at a fee of £40,000 pa.

Signed on behalf of the Board by:

Colin Maltby
Chairman

John Le Poidevin
Director

22 August 2019

MANAGER'S REPORT

Brevan Howard Capital Management LP ("BHCM" or the "Manager") is the Manager of BH Macro Limited ("BHM" or 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 9.72% in the first half of the year, while the NAV per share of the GBP shares appreciated by 9.04%.

The month-by-month NAV performance of the USD and GBP currency classes 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
2019	0.67	(0.70)	2.45	(0.49)	3.55	3.97							9.72

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
2019	0.52	(0.88)	2.43	(0.60)	3.53	3.82							9.04

Source: Master Fund NAV data is provided by the administrator of the Master Fund, International Fund Services (Ireland) Limited ("IFS"). The Company's NAV and NAV per Share data is provided by the Company's administrator, Northern Trust International Fund Administration Services (Guernsey) Limited. Company NAV per Share % Monthly Change is calculated by the Manager. Company NAV data is unaudited and net of all investment management and all other fees and expenses payable by the Company. In addition, the Master 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 Master 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.

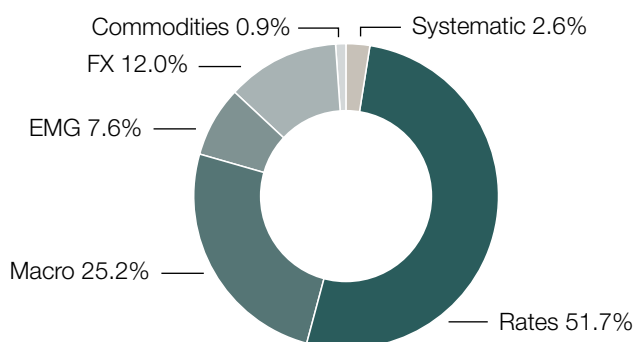
Data as at 30 June 2019.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

MANAGER'S REPORT CONTINUED

The Master Fund's main exposures at the start of 2019 consisted of yield curve and long directional positions, combined with long volatility in US and European interest rate markets. The Master Fund had further, smaller interest rate exposures across a wide range of markets. In FX, the Master Fund started the year short the US Dollar and the Euro vs a basket of currencies. Interest rate trading drove returns over the first half of the year, particularly as the opportunity set in US rates continued to develop with uncertainty around the future path of Federal Reserve Board policy. Directional and yield curve trading strategies in European, UK as well as across a wide range of emerging market interest rates also contributed to returns. FX trading detracted somewhat due to Euro related trading strategies.

Strategy Group Exposure (% of capital allocation*)



Source: Brevan Howard Capital Management LP, as at 30 June 2019. 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 Master Fund, the majority of risk in this category is in rates)

“EMG”: global emerging markets

“FX”: global FX forwards and options

“Commodities”: liquid commodity futures and options

PERFORMANCE REVIEW (CONTINUED)

Quarterly and semi-annual contribution (%) to the performance of BHM USD Shares (net of fees and expenses) by asset class*

	RATES	FX	COMMODITY	CREDIT	EQUITY	DISCOUNT MANAGEMENT	TOTAL
Q1 2019	3.16	(0.68)	0.05	(0.03)	(0.09)	0.00	2.41
Q2 2019	9.14	(1.79)	0.25	(0.04)	(0.29)	0.00	7.14
YTD 2019	12.59	(2.46)	0.30	(0.07)	(0.38)	0.00	9.72

* Data as at 30 June 2019

Quarterly and semi-annual figures are calculated by BHCM as at 30 June 2019, based on performance data for each period provided by BHM's administrator, Northern Trust. Figures rounded to two decimal places.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

Methodology and Definition of Contribution to Performance:

Attribution by asset class is produced at the instrument level, with adjustments made based on risk estimates.

The above asset classes are categorised as follows:

"Rates": interest rates markets

"FX": FX forwards and options

"Commodity": commodity futures and options

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

"Equity": equity markets including indices and other derivatives

"Discount Management": buyback activity for discount management purposes

COMMENTARY AND OUTLOOK

At the beginning of 2019, investors were struggling to digest a slowdown in the global economy, renewed trade tensions, and tighter monetary policy in the US. Over the course of the first half of the year, the global economy showed little improvement and trade tensions intensified. Partly as a result, the Federal Reserve Board pointed to the desirability of easier monetary policy in order to address the increased downside risks.

Risk assets generally rallied on the promise of lower interest rates, offering the prospect that the slowdown may be temporary. Nevertheless, there are considerable challenges going forward. Trade wars between the US and China do not appear like they will be resolved anytime soon. Although the direct impact of the resulting tariffs should be manageable, business sentiment, especially in manufacturing, has suffered with uncertain prospects for recovery.

MANAGER'S REPORT CONTINUED

COMMENTARY AND OUTLOOK (CONTINUED)

Growth in the developed world was uneven with Germany and Italy recording declines in real GDP and China slowing notably. The US stood out in terms of headline real GDP growth, but that masked declines in business fixed investment. Meanwhile inflation has been weak almost everywhere. In the eleventh year of the expansion, major economies like the US and Euro area have consistently failed to achieve their inflation targets. Policy makers at the Federal Reserve Board and the European Central Bank appear more committed to easing in order to extend the expansion and achieve their inflation mandates. Investors are looking for rate cuts in the US and Euro area in the second half of the year, and have already seen cuts in various open economies like Australia, New Zealand, and South Korea.

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.

22 August 2019

INDEPENDENT REVIEW REPORT TO BH MACRO LIMITED

CONCLUSION

We have been engaged by BH Macro Limited (the "Company") to review the Interim Unaudited Financial Statements in the Interim Report for the six months ended 30 June 2019 of the Company which comprises the Unaudited Statement of Assets and Liabilities, the Unaudited Statement of Operations, the Unaudited Statement of Changes in Net Assets, the Unaudited Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements for the period ended 30 June 2019 do not give a true and fair view of the financial position of the Company as at 30 June 2019 and of its financial performance and its cash flows for the six month period then ended in conformity with U.S generally accepted accounting principles and the Disclosure Guidance and Transparency Rules (the "DTR") of the UK's Financial Conduct Authority (the "UK FCA").

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the Interim Report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited interim financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DIRECTORS' RESPONSIBILITIES

The Interim Report and Unaudited Financial Statements are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the Interim Report and Unaudited Financial Statements in accordance with the DTR of the UK FCA.

The Interim Unaudited Financial Statements included in this Interim Report have been prepared in conformity with U.S generally accepted accounting principles.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the Interim Unaudited Financial Statements included in this Interim Report based on our review.

THE PURPOSE OF OUR REVIEW WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Barry Ryan

for and on behalf of KPMG CHANNEL ISLANDS LIMITED
CHARTERED ACCOUNTANTS, GUERNSEY

22 August 2019

UNAUDITED STATEMENT OF ASSETS AND LIABILITIES

As at 30 June 2019

	30.06.19 (UNAUDITED) US\$'000	31.12.18 (AUDITED) US\$'000	30.06.18 (UNAUDITED) US\$'000
ASSETS			
Investment in the Master Fund	556,516	500,567	499,195
Master Fund redemption proceeds receivable	–	–	100
Prepaid expenses	87	64	95
Cash and bank balances denominated in US Dollars	140	750	94
Cash and bank balances denominated in Sterling	511	4,926	949
TOTAL ASSETS	557,254	506,307	500,433
LIABILITIES			
Performance fees payable (note 4)	11,389	5,684	1,481
Management fees payable (note 4)	187	203	193
Accrued expenses and other liabilities	119	93	151
Directors' fees payable	29	–	–
Administration fees payable (note 4)	23	24	24
TOTAL LIABILITIES	11,747	6,004	1,849
NET ASSETS	545,507	500,303	498,584
NUMBER OF SHARES IN ISSUE (NOTE 5)			
US Dollar shares	2,391,955	2,664,541	2,739,468
Sterling shares	14,353,937	14,136,242	14,077,945
NET ASSET VALUE PER SHARE (NOTES 7 AND 9)			
US Dollar shares	US\$27.07	US\$24.67	US\$23.68
Sterling shares	£26.32	£24.13	£23.33

See accompanying Notes to the Interim Unaudited Financial Statements.

Signed on behalf of the Board by:

Colin Maltby
Chairman

John Le Poidevin
Director

22 August 2019

UNAUDITED STATEMENT OF OPERATIONS

For the period from 1 January 2019 to 30 June 2019

	01.01.19 30.06.19 (UNAUDITED) US\$'000	01.01.18 31.12.18 (AUDITED) US\$'000	01.01.18 30.06.18 (UNAUDITED) US\$'000
NET INVESTMENT LOSS ALLOCATED FROM THE MASTER FUND			
Interest income	11,740	7,298	2,007
Dividend and other income (net of withholding tax: 30 June 2019: US\$11,223; 31 December 2018: US\$25,955; 30 June 2018: US\$17,643)	1,972	1,621	3
Expenses	(15,603)	(13,809)	(8,946)
NET INVESTMENT LOSS ALLOCATED FROM THE MASTER FUND	(1,891)	(4,890)	(6,936)
COMPANY INCOME			
Fixed deposit income	1	–	–
TOTAL COMPANY INCOME	1	–	–
COMPANY EXPENSES			
Performance fees (note 4)	11,551	5,904	1,531
Management fees (note 4)	1,142	2,355	1,190
Other expenses	231	476	268
Directors' fees	138	269	135
Administration fees (note 4)	47	94	46
Foreign exchange losses (note 3)	1,074	23,246	8,249
TOTAL COMPANY EXPENSES	14,183	32,344	11,419
NET INVESTMENT LOSS	(16,073)	(37,234)	(18,355)
NET REALISED AND UNREALISED GAIN ON INVESTMENTS ALLOCATED FROM THE MASTER FUND			
Net realised gain on investments	54	72,315	6,681
Net unrealised gain/(loss) on investments	61,223	(96)	44,940
NET REALISED AND UNREALISED GAIN ON INVESTMENTS ALLOCATED FROM THE MASTER FUND	61,277	72,219	51,621
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	45,204	34,985	33,266

See accompanying Notes to the Interim Unaudited Financial Statements.

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS

For the period from 1 January 2019 to 30 June 2019

	01.01.19 30.06.19 (UNAUDITED) US\$'000	01.01.18 31.12.18 (AUDITED) US\$'000	01.01.18 30.06.18 (UNAUDITED) US\$'000
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS			
Net investment loss	(16,073)	(37,234)	(18,355)
Net realised gain on investments allocated from the Master Fund	54	72,315	6,681
Net unrealised gain/(loss) on investments allocated from the Master Fund	61,223	(96)	44,940
	45,204	34,985	33,266
NET INCREASE IN NET ASSETS	45,204	34,985	33,266
NET ASSETS AT THE BEGINNING OF THE PERIOD/YEAR	500,303	465,318	465,318
NET ASSETS AT THE END OF THE PERIOD/YEAR	545,507	500,303	498,584

See accompanying Notes to the Interim Unaudited Financial Statements.

UNAUDITED STATEMENT OF CASH FLOWS

For the period from 1 January 2019 to 30 June 2019

	01.01.19 30.06.19 (UNAUDITED) US\$'000	01.01.18 31.12.18 (AUDITED) US\$'000	01.01.18 30.06.18 (UNAUDITED) US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net increase in net assets resulting from operations	45,204	34,985	33,266
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	1,891	4,890	6,936
Net realised gain on investments allocated from the Master Fund	(54)	(72,315)	(6,681)
Net unrealised (gain)/loss on investments allocated from the Master Fund	(61,223)	96	(44,940)
Increase in Master Fund redemption proceeds receivable	–	–	(100)
Proceeds from sale of investment in the Master Fund	2,237	7,982	1,739
Foreign exchange losses	1,074	23,246	8,249
Increase in prepaid expenses	(23)	(20)	(51)
Increase in performance fees payable	5,705	5,684	1,481
(Decrease)/increase in management fees payable	(16)	6	(4)
Increase/(decrease) in accrued expenses and other liabilities	26	(76)	(18)
Increase/(decrease) in Directors' fees payable	29	(70)	(70)
Decrease in administration fees payable	(1)	(9)	(9)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(5,151)	4,399	(202)
CHANGE IN CASH	(5,151)	4,399	(202)
CASH, BEGINNING OF THE PERIOD/YEAR	5,676	1,080	1,080
Effect of exchange rate fluctuations	126	197	165
CASH, END OF THE PERIOD/YEAR	651	5,676	1,043
CASH, END OF THE PERIOD/YEAR			
Cash and bank balances denominated in US Dollars	140	750	94
Cash and bank balances denominated in Sterling ¹	511	4,926	949
	651	5,676	1,043
¹ Cash and bank balances in Sterling (GBP'000)	403	3,868	719

See accompanying Notes to the Interim Unaudited Financial Statements.

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

1. THE COMPANY

BH Macro Limited is a limited liability closed-ended investment company which was incorporated in Guernsey on 17 January 2007 and then admitted to the Official List of the London Stock Exchange ("LSE") later that year.

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

At the date of these Interim Unaudited 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 Interim Unaudited 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 most recent 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. These Interim Unaudited Financial Statements have been prepared following the same accounting policies and methods of computation as the most recent Annual Audited Financial Statements. The functional and reporting currency of the Company is US Dollars.

As further described in the Directors' Report, these Interim Unaudited 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 30 June 2019, 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 Interim Unaudited 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
30 JUNE 2019					
US Dollar	2.59%	\$3,638.71	18,179	\$66,148	66,148
Sterling	19.21%	£3,708.11	103,903	£385,282	490,368
					556,516
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
30 JUNE 2018					
US Dollar	1.95%	\$3,063.81	21,129	\$64,734	64,734
Sterling	13.06%	£3,175.61	103,626	£329,075	434,461
					499,195

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 Interim Unaudited 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 2018 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.

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Foreign exchange

Investment securities and other assets and liabilities of the Sterling share class are translated into US Dollars, the Company's reporting currency, using exchange rates at the reporting date. Transactions reported in the Unaudited 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 Unaudited 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 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 management fee charged is 1/12 of 0.5% per month of the NAV. 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 in excess of its level on 1 April 2017, as if the Company's 2017 tender offer had completed on that date, 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.

During the period ended 30 June 2019, US\$1,142,073 (31 December 2018: US\$2,354,588 and 30 June 2018: US\$1,190,736) was earned by the Manager as net management fees. At 30 June 2019, US\$186,656 (31 December 2018: US\$203,414 and 30 June 2018: US\$193,118) of the fee remained outstanding.

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.

4. MANAGEMENT, PERFORMANCE AND ADMINISTRATION AGREEMENTS (CONTINUED)

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 period ended 30 June 2019, US\$11,551,492 (31 December 2018: US\$5,903,616 and 30 June 2018: US\$1,530,947) was earned by the Manager as performance fees. At 30 June 2019, US\$11,389,377 (31 December 2018: US\$5,683,990 and 30 June 2018: US\$1,480,830) 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 3 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 3 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 3 months' notice of termination is given.

The notice period for termination of the Management Agreement without cause by both the Company and the Manager was 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 2018 and 30 June 2018: £6,000) 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 period ended 30 June 2019, US\$47,171 (31 December 2018: US\$94,382 and 30 June 2018: US\$46,444) was earned by the Administrator as administration fees. The amounts outstanding are disclosed on the Unaudited 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. 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 subsequent tables show the movement in ordinary and treasury shares.

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

5. SHARE CAPITAL (CONTINUED)

For the period from 1 January 2019 to 30 June 2019

	US DOLLAR SHARES	STERLING SHARES
NUMBER OF ORDINARY SHARES		
In issue at 1 January 2019	2,664,541	14,136,242
Share conversions	(272,586)	217,695
IN ISSUE AT 30 JUNE 2019	2,391,955	14,353,937
NUMBER OF TREASURY SHARES		
In issue at 1 January 2019 and 30 June 2019	331,228	1,450,652
Percentage of class	12.16%	9.18%

For the year ended to 31 December 2018

	US DOLLAR 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 period from 1 January 2018 to 30 June 2018

	US DOLLAR SHARES	STERLING SHARES
NUMBER OF ORDINARY SHARES		
In issue at 1 January 2018	2,782,034	14,046,048
Share conversions	(42,566)	31,897
In issue at 30 June 2018	2,739,468	14,077,945
NUMBER OF TREASURY SHARES		
In issue at 1 January 2018 and 30 June 2018	331,228	1,450,652
Percentage of class	10.79%	9.34%

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.

5. SHARE CAPITAL (CONTINUED)

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.

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 20 June 2019, the Directors have the power to issue further shares totalling 867,004 US Dollar shares and 5,068,228 Sterling shares, respectively and, as described in the Company's announcement on 4 June 2019, shall limit the use of authority in respect of the Sterling shares to 4,727,417 Sterling shares. 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 Interim Unaudited Financial Statements. Income tax and related interest and penalties would be recognised by the Company as tax expense in the Unaudited 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: Guernsey; the Cayman Islands; and foreign jurisdictions where the Company makes significant investments. The Company has no examinations by tax authorities in progress.

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

6. TAXATION (CONTINUED)

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.

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 30 June 2019 is disclosed in note 5.

However, following the completion of the Tender Offer in April 2017, the Company was not permitted to redeem its investment in the Master Fund to finance own-share purchases before 1 April 2019. For much of the period since that date, the Company's shares have traded at a premium or minimal discount to NAV. However, if the Company's shares were again to trade at wide or volatile discounts to NAV in the future, it would be the Board's intention to consider resuming market purchases of shares.

Annual offer of partial return of capital

Under the Company's Articles of Incorporation, once in every calendar year the Directors have 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 have 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.

Annual offer of partial return of capital

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 have now been reinstated for the year ending 31 December 2019.

Class closure resolutions

If in the year 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 (prior to 1 January 2018, a threshold of 10% applied in respect of the Company's class closure provisions), 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 year 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 have now been reinstated in respect of the twelve month period ending on 31 December 2019 and thereafter.

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 30 June 2019 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.

	30.06.19 US DOLLAR SHARES US\$	30.06.19 STERLING SHARES £
PER SHARE OPERATING PERFORMANCE		
Net asset value at beginning of the period	24.67	24.13
INCOME FROM INVESTMENT OPERATIONS		
Net investment loss*	(0.74)	(0.71)
Net realised and unrealised gain on investment	3.25	2.89
Other capital items**	(0.11)	0.01
TOTAL GAIN	2.40	2.19
NET ASSET VALUE, END OF THE PERIOD		
	27.07	26.32
Total income before performance fees	12.10%	11.40%
Performance fees	(2.31%)	(2.28%)
TOTAL GAIN AFTER PERFORMANCE FEES	9.79%	9.12%

An individual Shareholder's return may vary from these returns based on the timing of their purchase or sale of shares. All figures contained herein in respect of the period ended 30 June 2019 are not annualised.

	30.06.19 US DOLLAR SHARES US\$'000	30.06.19 STERLING SHARES £'000
SUPPLEMENTAL DATA		
Net asset value, end of the period	64,757	377,726
Average net asset value for the period	66,350	352,439

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

9. FINANCIAL HIGHLIGHTS (CONTINUED)

	30.06.19 US DOLLAR SHARES	30.06.19 STERLING SHARES
RATIO TO AVERAGE NET ASSETS		
Operating expenses		
Company expenses***	0.30%	0.30%
Master Fund expenses****	1.17%	1.19%
Master Fund interest expenses*****	1.80%	1.80%
Performance fees	2.27%	2.20%
	5.54%	5.49%
Net investment loss before performance fees*	(0.66%)	(0.66%)
Net investment loss after performance fees*	(2.93%)	(2.86%)
	31.12.18 US DOLLAR SHARES US\$	31.12.18 STERLING SHARES £
PER SHARE OPERATING PERFORMANCE		
Net asset value at 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 gain before performance fees	15.32%	13.73%
Performance fees	(1.16%)	(1.30%)
TOTAL GAIN AFTER PERFORMANCE FEES	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 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

9. FINANCIAL HIGHLIGHTS (CONTINUED)

	31.12.18 US DOLLAR 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 expenses*****	1.15%	1.14%
Performance fees	1.06%	1.21%
	4.45%	4.64%
Net investment loss before performance fees*	(1.62%)	(1.63%)
Net investment loss after performance fees*	(2.68%)	(2.84%)
	30.06.18 US DOLLAR SHARES US\$	30.06.18 STERLING SHARES £
PER SHARE OPERATING PERFORMANCE		
Net asset value at beginning of the period	21.62	21.47
INCOME FROM INVESTMENT OPERATIONS		
Net investment loss*	(0.39)	(0.47)
Net realised and unrealised gain on investment	2.45	2.33
Other capital items**	–	–
TOTAL GAIN	2.06	1.86
NET ASSET VALUE, END OF THE PERIOD	23.68	23.33
Total gain before performance fees	9.63%	9.07%
Performance fees	(0.05%)	(0.37%)
TOTAL GAIN AFTER PERFORMANCE FEES	9.58%	8.70%

An individual Shareholder's return may vary from these returns based on the timing of their purchase or sale of shares. All figures contained herein in respect of the period ended 30 June 2018 are not annualised.

	30.06.18 US DOLLAR SHARES US\$'000	30.06.18 STERLING SHARES £'000
SUPPLEMENTAL DATA		
Net asset value, end of the period	64,882	328,499
Average net asset value for the period	62,728	313,433

NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

9. FINANCIAL HIGHLIGHTS (CONTINUED)

	30.06.18 US DOLLAR SHARES	30.06.18 STERLING SHARES
RATIO TO AVERAGE NET ASSETS		
Operating expenses		
Company expenses***	0.31%	0.34%
Master Fund expenses****	0.96%	0.97%
Master Fund interest expenses*****	0.85%	0.86%
Performance fees	0.02%	0.36%
	2.14%	2.53%
Net investment loss before performance fee*	(1.71%)	(1.75%)
Net investment loss after performance fees*	(1.73%)	(2.11%)

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 Unaudited 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 expenses include interest and dividend expenses on investments sold short.

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. The annual fees are £65,000 for Colin Maltby, the Chairman, £47,500 for John Le Poidevin, the Chair of the Audit Committee, £47,500 for Claire Whittet, as Chair of the Management Engagement Committee and the Senior Independent Director and £40,000 for all other Directors.

11. SUBSEQUENT EVENTS

The Directors have evaluated subsequent events up to 22 August 2019, which is the date that the Interim Unaudited Financial Statements were available to be issued, and have concluded there are no further items that require disclosure or adjustment to the Interim Unaudited Financial Statements.

HISTORIC PERFORMANCE SUMMARY

As at 30 June 2019

	30.06.19 US\$'000	31.12.18 US\$'000	31.12.17 US\$'000	31.12.16 US\$'000	31.12.15 US\$'000
Net increase/(decrease) in net assets resulting from operations	45,204	34,985	4,725	(150,245)	(91,220)
TOTAL ASSETS	557,254	506,307	465,787	866,740	1,499,648
TOTAL LIABILITIES	(11,747)	(6,004)	(469)	(1,897)	(4,755)
NET ASSETS	545,507	500,303	465,318	864,843	1,494,893
NUMBER OF SHARES IN ISSUE					
US Dollar shares	2,391,955	2,664,541	2,782,034	9,975,524	17,202,974
Euro shares	–	–	–	1,514,872	4,163,208
Sterling shares	14,353,937	14,136,242	14,046,048	22,371,669	33,427,871
NET ASSET VALUE PER SHARE					
US Dollar shares	US\$27.07	US\$24.67	US\$21.62	US\$21.68	US\$20.33
Euro shares	–	–	–	€21.87	€20.56
Sterling shares	£26.32	£24.13	£21.47	£22.44	£21.21

NOTES

COMPANY INFORMATION

Directors

Colin Maltby (Chairman, from 20 June 2019)

Huw Evans (Chairman and Director, until his retirement on 20 June 2019)

Richard Horlick (appointed 1 May 2019)

John Le Poidevin

Claire Whittet

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

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Administrator and Corporate Secretary

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Administration Services (Guernsey) Limited
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Independent Auditor

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