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# BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT  
JULY 2020

**OVERVIEW****Manager:**Brevan Howard Capital  
Management LP ("BHCM")**Administrator:**Northern Trust International Fund  
Administration Services  
(Guernsey) Limited ("Northern  
Trust")**Corporate Broker:**

J.P. Morgan Cazenove

**Listing:**London Stock Exchange  
(Premium Listing)

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

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

BHM was admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange on 14 March 2007.

**PERFORMANCE ATTRIBUTION**

Performance contribution (%) by asset class for BHM USD Shares (net of fees and expenses)

The information in this section has been provided to BHM by BHCM. Based on performance data for each period provided by BHM's administrator, Northern Trust. Figures rounded to two decimal places

Performance attribution (%) by underlying component for BHMF

The information in this section has been provided to BHM by BHCM. Derived from data calculated by BHCM, based on total performance data for each period provided by BHMF's administrator, International Fund Services (Ireland) Limited ("IFS") and risk data provided by BHCM

See notes for definitions of underlying components

Data estimated as at 31 July 2020

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

	Rates	FX	Commodity	Credit	Equity	Discount Management	Total
July 2020*	0.17	0.43	1.09	0.10	0.04	0.00	1.83
Q1	19.04	0.12	0.26	1.62	2.11	0.00	23.22
Q2	-0.27	-2.18	0.70	0.82	-0.16	0.10	-1.01
QTD*	0.17	0.43	1.09	0.10	0.04	0.00	1.83
YTD*	18.92	-1.65	2.06	2.56	1.98	0.10	24.20

\* Calculated on the basis of estimated performance data.

**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

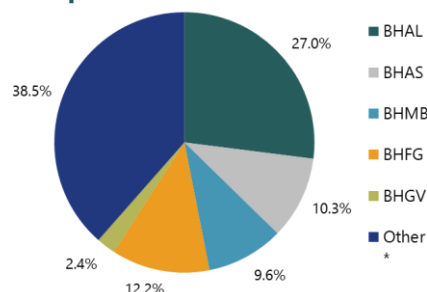
"FX": FX forwards and options

"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

**Component Parts of the Fund**

	Return		Attribution	
	MTD	YTD	MTD	YTD
<b>Brevan Howard Alpha Strategies Master Fund Limited (BHAL)</b>	0.23%	14.18%	0.06%	3.97%
<b>Brevan Howard AS Macro Master Fund Limited (BHAS)</b>	2.29%	19.05%	0.23%	2.00%
<b>Brevan Howard MB Macro Master Fund Limited (BHMB)</b>	0.60%	12.71%	0.06%	1.13%
<b>Brevan Howard FG Macro Master Fund Limited (BHFG)</b>	9.73%	64.54%	1.08%	5.67%
<b>Brevan Howard Global Volatility Master Fund Limited (BHGV)</b>	0.36%	41.32%	0.01%	0.89%
<b>Other*</b>	2.01%	42.54%	0.81%	17.06%

The performance figures listed above, other than the performance figures for "Other", represent the actual returns of Class X Shares in each underlying fund in which the Fund invests. The Class X Shares in each underlying fund do not charge any performance or management fees. Management, performance and other fees and expenses are payable by BHM. BHM's investment in the Fund is subject to an operational services fee.

\* The performance figures listed for "Other" represent returns from (i) direct capital allocations to individual traders, (ii) treasury trades placed for BHMF, (i) and (ii) each represented gross of all performance fees, management fees and the operational services fee (however net of all other fees and expenses payable by the Fund), and (iii) actual returns of Class X Shares in Brevan Howard AH Master Fund Limited (see above paragraph for fee characteristics of Class X Shares in underlying funds).

## PERFORMANCE REVIEW

The information in this section has been provided to BHM by BHCM. Derived from data calculated by BHCM, based on total performance data for each period provided by the Fund's administrator (IFS) and risk data provided by BHCM.

### BH Macro Limited – performance overview

The NAV per share of BHM's USD shares appreciated by 1.83%\* and the NAV per share of BHM's GBP shares appreciated by 1.73%\* in July 2020. Commodity and FX trading made the majority of the gains in July with small additional positive contributions from each of rates, credit and equity trading. Long positioning in precious metals and a gold miner equity index were the largest contributors. FX trading saw gains in both G10 and emerging markets predominantly from a USD weaker theme. Overall rates trading made small net gains with positive contributions from inflation trading and interest rates volatility whilst USD Libor RV trades detracted. Small additional gains came from tactical long positions in EM sovereign credit.

#### BHAL

Commodity trading, FX and interest rate trading each showed gains in July with tactical short US equity trades detracting. Long positioning in precious metals as well as long positioning in inflation protection bonds in the US and Europe drove the gains. In FX the overall theme of USD weakness led to gains across G10 and emerging markets with EUR strength the largest contributor.

#### BHAS

About half of the gains were realised through FX trading through optionalised shorts in USD, expressed in different currency pairs. Another quarter of the positive performance came from long inflation exposure, mainly via French inflation linkers and to a lesser extent US break-even trading. Commodities accounted for the bulk of the remaining gains, most notably optionalised long gold and silver positions. In rates, trading resulted in a marginal positive performance as well, where some losses in USD rates were more than offset by gains in EUR interest rates.

#### BHMB

Gains in July came predominantly from FX trading with small additional gains in interest rate trading equally offset by losses in equity trading. The majority of FX gains came through a combination of outright long positions and long volatility positions in JPY as well as long positioning in EUR. Small net overall gains in interest rate trading came mostly from received positions in Korea and New Zealand while long positioning in Chinese interest rates detracted. Small losses were generated from a net short bias to equity markets.

#### BHFG

The majority of the gains for the month of July were due to long positions in precious metals and also gold miner equities. There were some gains from short USD positions vs EUR and Asian currencies. There were small losses on US rates steepening trades which was partially offset by gains in tactical rates trades.

#### BHGV

Volatilities traded mainly sideways in July. Equity implied volatilities were slowly decreasing as realised volatility stayed low and markets moved higher. The big theme of July was the broad weakening of USD FX. This supported some FX volatilities but the levels still remained very low. Interest rate volatility market was quiet as the realised volatility stayed subdued. There were no major changes in the portfolio.

#### Other\*\*

Gains from a combination of risk-on positions including EM sovereign credit and tactical long positioning in the S&P as well as gains coming from long positions in precious metals.

\* Estimated as at 31 July 2020.

\*\* Please see section "Performance Attribution".

**NAV PERFORMANCE****BH Macro Limited NAV  
per Share**

Monthly performance in % terms;  
net of fees and expenses

Source: Fund NAV data is provided by the administrator of the Fund, IFS. BHM NAV and NAV per Share data is provided by BHM's administrator, Northern Trust. BHM NAV per Share % Monthly Change is calculated by BHCM.

USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2007</b>			0.10	0.90	0.15	2.29	2.56	3.11	5.92	0.03	2.96	0.75	<b>20.27</b>
<b>2008</b>	9.89	6.70	-2.79	-2.48	0.77	2.75	1.13	0.75	-3.13	2.76	3.75	-0.68	<b>20.32</b>
<b>2009</b>	5.06	2.78	1.17	0.13	3.14	-0.86	1.36	0.71	1.55	1.07	0.37	0.37	<b>18.04</b>
<b>2010</b>	-0.27	-1.50	0.04	1.45	0.32	1.38	-2.01	1.21	1.50	-0.33	-0.33	-0.49	<b>0.91</b>
<b>2011</b>	0.65	0.53	0.75	0.49	0.55	-0.58	2.19	6.18	0.40	-0.76	1.68	-0.47	<b>12.04</b>
<b>2012</b>	0.90	0.25	-0.40	-0.43	-1.77	-2.23	2.36	1.02	1.99	-0.36	0.92	1.66	<b>3.86</b>
<b>2013</b>	1.01	2.32	0.34	3.45	-0.10	-3.05	-0.83	-1.55	0.03	-0.55	1.35	0.40	<b>2.70</b>
<b>2014</b>	-1.36	-1.10	-0.40	-0.81	-0.08	-0.06	0.85	0.01	3.96	-1.73	1.00	-0.05	<b>0.11</b>
<b>2015</b>	3.14	-0.60	0.36	-1.28	0.93	-1.01	0.32	-0.78	-0.64	-0.59	2.36	-3.48	<b>-1.42</b>
<b>2016</b>	0.71	0.73	-1.77	-0.82	-0.28	3.61	-0.99	-0.17	-0.37	0.77	5.02	0.19	<b>6.63</b>
<b>2017</b>	-1.47	1.91	-2.84	3.84	-0.60	-1.39	1.54	0.19	-0.78	-0.84	0.20	0.11	<b>-0.30</b>
<b>2018</b>	2.54	-0.38	-1.54	1.07	8.41	-0.57	0.91	0.90	0.14	1.32	0.38	0.47	<b>14.16</b>
<b>2019</b>	0.67	-0.70	2.45	-0.49	3.55	3.97	-0.66	1.12	-1.89	0.65	-1.17	1.68	<b>9.38</b>
<b>2020</b>	-1.25	5.39	18.40	0.34	-0.82	-0.54	1.83*						<b>24.20*</b>

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2007</b>			0.11	0.83	0.17	2.28	2.55	3.26	5.92	0.04	3.08	0.89	<b>20.67</b>
<b>2008</b>	10.18	6.86	-2.61	-2.33	0.95	2.91	1.33	1.21	-2.99	2.84	4.23	-0.67	<b>23.25</b>
<b>2009</b>	5.19	2.86	1.18	0.05	3.03	-0.90	1.36	0.66	1.55	1.02	0.40	0.40	<b>18.00</b>
<b>2010</b>	-0.23	-1.54	0.06	1.45	0.36	1.39	-1.96	1.23	1.42	-0.35	-0.30	-0.45	<b>1.03</b>
<b>2011</b>	0.66	0.52	0.78	0.51	0.59	-0.56	2.22	6.24	0.39	-0.73	1.71	-0.46	<b>12.34</b>
<b>2012</b>	0.90	0.27	-0.37	-0.41	-1.80	-2.19	2.38	1.01	1.95	-0.35	0.94	1.66	<b>3.94</b>
<b>2013</b>	1.03	2.43	0.40	3.42	-0.08	-2.95	-0.80	-1.51	0.06	-0.55	1.36	0.41	<b>3.09</b>
<b>2014</b>	-1.35	-1.10	-0.34	-0.91	-0.18	-0.09	0.82	0.04	4.29	-1.70	0.96	-0.04	<b>0.26</b>
<b>2015</b>	3.26	-0.58	0.38	-1.20	0.97	-0.93	0.37	-0.74	-0.63	-0.49	2.27	-3.39	<b>-0.86</b>
<b>2016</b>	0.60	0.70	-1.78	-0.82	-0.30	3.31	-0.99	-0.10	-0.68	0.80	5.05	0.05	<b>5.79</b>
<b>2017</b>	-1.54	1.86	-2.95	0.59	-0.68	-1.48	1.47	0.09	-0.79	-0.96	0.09	-0.06	<b>-4.35</b>
<b>2018</b>	2.36	-0.51	-1.68	1.01	8.19	-0.66	0.82	0.79	0.04	1.17	0.26	0.31	<b>12.43</b>
<b>2019</b>	0.52	-0.88	2.43	-0.60	3.53	3.82	-0.78	1.00	-1.94	0.47	-1.22	1.52	<b>7.98</b>
<b>2020</b>	-1.42	5.49	18.31	0.19	-0.85	-0.53	1.73*						<b>23.69*</b>

BHM NAV data is unaudited and net of all investment management and all other fees and expenses payable by BHM. In addition, the Fund is subject to an operational services fee.

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

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

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

\* Estimated as at 31 July 2020.

PAST PERFORMANCE IS NOT  
INDICATIVE OF FUTURE RESULTS

**ASSETS AND NAV  
PER SHARE**

Data estimated as at 31 July 2020

Source: Share data is provided by BHM's administrator, Northern Trust.

	NAV per Share	USD MM
<b>USD Shares</b>	\$33.52	84.0
<b>GBP Shares</b>	£32.23	624.7
<b>BH Macro Limited</b>		708.6

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## MANAGER'S MARKET REVIEW AND OUTLOOK

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

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### US

The labour market posted another unexpectedly solid gain in July. Nevertheless, the unemployment rate at 10.2% is still above the peak reached in the prior recession. High-frequency measures of economic activity have moved sideways after the big jump seen after reopening. As Chairman Powell noted, the course of the economic recovery will be importantly influenced by the success in fighting the coronavirus pandemic. In Washington, negotiations on additional fiscal stimulus were at an impasse with the White House and Congressional Democrats more than \$1 trillion apart on topline spending.

### UK

The Bank of England left both interest rates and the size of its asset purchase programme unchanged at the August meeting; moreover, its review into negative rates suggests that a policy shift in this direction is not imminent. In the Bank's estimation, output fell by 21% q/q in the second quarter whilst a strong recovery in the second half of the year and into 2021 remains vulnerable to rising unemployment as government support schemes are unwound. Although lockdown measures have been broadly relaxed across the economy, the expected reopening on 1 August for some recreational businesses was postponed due to a spike in new COVID-19 cases.

### EMU

EMU GDP contracted 12.1% q/q in Q2, a slightly smaller contraction than the ECB's 13% q/q forecast, but a staggering double-digit contraction nonetheless. In July, the EMU Composite PMI continued its rebound, rising from 48.5 to 54.9, to its highest level in two years, although a "V" in the PMI, while identifying a rebound in activity growth, does not necessarily identify a "V" in GDP levels. Most importantly, a resurgence of coronavirus cases in the EMU is materialising and should it continue will limit the extent of the recovery of both the EMU PMI and GDP growth in H2. Overall, depressed output, deflationary pressures, labour market dislocations, rising public debts and an increasing second-wave of coronavirus cases remain formidable risks.

### Japan

Japan's real GDP fell 2.2% (annual rate) in the second quarter after dropping 7.2% in Q1. Western core prices edged up in May and June, but even so, the year-on-year rate is still only 0.3%. The Bank of Japan left policy unchanged even as it revised down its forecast. It still expects a sharp rebound in 2021.

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**NOTES**

Acronym	Fund name	Type	Primary area of focus
BHAL	Brevan Howard Alpha Strategies Master Fund Limited	Multi PM Fund	Relative value ("RV") and directional strategies in developed and emerging fixed income and FX markets
BHAS	Brevan Howard AS Macro Master Fund Limited	Single PM Fund	Macro / RV strategies in developed market interest rate markets
BHMB	Brevan Howard MB Macro Master Fund Limited	Single PM Fund	Macro / RV strategies in Asia-focused interest rate and FX markets
BHFG	Brevan Howard FG Macro Master Fund Limited	Single PM Fund	Multi-asset class macro trading
BHGV	Brevan Howard Global Volatility Master Fund Limited	Opportunistic Fund	Long volatility in multiple asset classes
Other*	N/A	Multi PM: Capital allocations to various trading strategies or individual traders that are not part of the funds listed above.	Multi-asset class macro, systematic and RV trading

\* Please see section "Performance Attribution".

**ENQUIRIES**

**The Company Secretary**  
**Northern Trust International Fund Administration Services (Guernsey) Limited**

bhfa@ntrs.com

+44 (0) 1481 745736

## IMPORTANT LEGAL INFORMATION AND DISCLAIMER

Brevan Howard Capital Management LP ("BHCM") has supplied certain information herein regarding BHM, BHMF and the funds which BHMF invests, or has invested, in (together the "Funds").

The material relating to the Funds included in this report is provided for information purposes only, does not constitute an invitation or offer to subscribe for or purchase shares in the Funds and is not intended to constitute "marketing" of the Funds as such term is understood for the purposes of the Alternative Investment Fund Managers Directive as it has been implemented in states of the European Economic Area. This material is not intended to provide a sufficient basis on which to make an investment decision. Information and opinions presented in this material relating to the Funds have been obtained or derived from sources believed to be reliable, but none of the Funds or BHCM make any representation as to their accuracy or completeness. Any estimates may be subject to error and significant fluctuation, especially during periods of high market volatility or disruption. Any estimates should be taken as indicative values only and no reliance should be placed on them. Estimated results, performance or achievements may materially differ from any actual results, performance or achievements. Except as required by applicable law, the Funds and BHCM expressly disclaim any obligations to update or revise such estimates to reflect any change in expectations, new information, subsequent events or otherwise.

Tax treatment depends on the individual circumstances of each investor in BHM and may be subject to change in the future. Returns may increase or decrease as a result of currency fluctuations.

You should note that, if you invest in BHM, your capital will be at risk and you may therefore lose some or all of any amount that you choose to invest. This material is not intended to constitute, and should not be construed as, investment advice. All investments are subject to risk. You are advised to seek expert legal, financial, tax and other professional advice before making any investment decisions.

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

## Risk Factors

Acquiring shares in BHM may expose an investor to a significant risk of losing all of the amount invested. Any person who is in any doubt about investing in BHM (and therefore gaining exposure to BHMF and the investment funds in which BHMF invests (together with BHMF "the Underlying Funds")) should consult an authorised person specialising in advising on such investments. Any person acquiring shares in BHM must be able to bear the risks involved. These include the following:

- The Underlying Funds are speculative and involve substantial risk.
- The Underlying Funds will be leveraged and will engage in speculative investment practices that may increase the risk of investment loss. The Underlying Funds may invest in illiquid securities.
- Past results of each Underlying Fund's investment manager(s) are not necessarily indicative of future performance of that Underlying Fund, and that Underlying Fund's performance may be volatile.
- An investor could lose all or a substantial amount of his or her investment.
- An investment manager may have total investment and trading authority over an Underlying Fund and each Underlying Fund is dependent upon the services of its investment manager(s).
- Investments in the Underlying Funds are subject to restrictions on withdrawal or redemption and should be considered illiquid.
- The investment managers' incentive compensation, fees and expenses may offset an Underlying Fund's trading and investment profits.
- No Underlying Fund is required to provide periodic pricing or valuation information to investors with respect to individual investments.
- The Underlying Funds are not subject to the same regulatory requirements as mutual funds.
- A portion of the trades executed for the Underlying Funds may take place on foreign markets.
- The Underlying Funds are subject to conflicts of interest.
- Each Underlying Fund is dependent on the services of certain key personnel, and, were certain or all of them to become unavailable, an Underlying Fund may prematurely terminate.
- Each Underlying Fund's managers will receive performance-based compensation. Such compensation may give such managers an incentive to make riskier investments than they otherwise would.
- An Underlying Fund may make investments in securities of issuers in emerging markets. Investment in emerging markets involve particular risks, such as less strict market regulation, increased likelihood of severe inflation, unstable currencies, war, expropriation of property, limitations on foreign investments, increased market volatility, less favourable or unstable tax provisions, illiquid markets and social and political upheaval.

The above summary risk factors do not purport to be a complete description of the relevant risks of an investment in shares in BHM or the Underlying Funds and therefore reference should be made to publicly available documents and information.