

BREVAN HOWARD

BREVAN HOWARD MASTER FUND LIMITED

INTERIM UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS

30 June 2020

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UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

30 June 2020

	2020 US\$'000
ASSETS	
Investments, at fair value (cost: US\$4,382,906) (Note 2,3,6)	5,178,360
Investments purchased under agreements to resell (cost: US\$1,165,033) (Note 8)	1,186,878
Cash (Note 2)	615
Due from brokers (Note 2)	346,412
Redemptions receivable from affiliated funds	105,000
Dividends and interest receivables (Note 2)	1,583
Other assets	164
TOTAL ASSETS	6,819,012
LIABILITIES	
Investments sold short, at fair value (proceeds: US\$1,298,653) (Note 2,3,6)	1,350,376
Investments sold under agreements to repurchase (proceeds: US\$438,401) (Note 8)	438,175
Due to brokers (Note 2)	798,863
Redemptions payable (Note 2)	131,044
Dividends and interest payable	8,476
Accounts payable and accrued expenses (Note 5,6,7)	935
TOTAL LIABILITIES	2,727,869
Non-controlling interest (Note 2)	230,526
NET ASSETS (NOTE 9)	3,860,617
NET ASSET VALUE PER SHARE	
US Dollar Class A	US\$8,212.21
US Dollar L.P. Class A	US\$7,356.23
Euro Class A	€7,342.58
Sterling Class A	£8,678.64
Yen Class A	¥24,114.85
Norwegian Krone Class A	NOK2,508.81
US Dollar Class B	US\$4,640.27
Sterling Class B	£4,679.89
US Dollar Class J	US\$129.86
US Dollar L.P. Class J	US\$1,278.39
US Dollar L.P. Class W	US\$1,633.73
Euro Class W	€1,495.15
Sterling Class W	£1,568.43
US Dollar Class Z	US\$244.91
Euro Class Z	€223.78
Sterling Class Z	£238.03

Cost and proceeds are presented in US\$'000.

See accompanying notes to the Interim Unaudited Consolidated Financial Statements.

Signed on behalf of the Board of Directors:

Dennis Hunter
Director

Karla Bodden
Director

20 August 2020

UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

For the period ended 30 June 2020

	2020 US\$'000
INVESTMENT INCOME	
Interest income	5,601
Dividend income (net of withholding tax of US\$61)	80
Other income	2
TOTAL INVESTMENT INCOME	5,683
EXPENSES	
Operational services fee (Note 5)	7,872
Interest expense	1,612
Professional fees and other	1,470
Bank loan interest (Note 14)	1,301
Administration fee (Note 7)	1,247
Trade commissions	837
Custody fees	147
Execution fees and other transaction costs	9,172
TOTAL EXPENSES	23,658
NET INVESTMENT LOSS	(17,975)
NET REALISED AND CHANGE IN UNREALISED GAIN ON INVESTMENTS	
Net realised gain on investments (Note 2)	447,934
Net change in unrealised gain on investments (Note 2)	397,393
NET REALISED AND CHANGE IN UNREALISED GAIN ON INVESTMENTS	845,327
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	827,352
NON-CONTROLLING INTEREST SHARE IN NET GAIN (NOTE 2)	(79,311)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	748,041

Withholding tax is presented in US\$'000.

See accompanying notes to the Interim Unaudited Consolidated Financial Statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the period ended 30 June 2020

	2020 US\$'000
OPERATIONS	
Net investment loss	(17,975)
Net realised gain on investments	447,934
Net change in unrealised gain on investments	397,393
Non-controlling interest share in net gain (Note 2)	(79,311)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	748,041
SHARE CAPITAL TRANSACTIONS	
Issue of shares	
US Dollar Class A	378,377
US Dollar L.P. Class A	16,214
Euro Class A	6,572
Sterling Class A	3,237
US Dollar Class B	2,750
Sterling Class B	14,021
US Dollar L.P. Class J	4,600
Redemption of shares	
US Dollar Class A	(203,164)
US Dollar L.P. Class A	(17,090)
Euro Class A	(2,598)
Sterling Class A	(14,703)
Yen Class A	(470)
US Dollar Class B	(125)
US Dollar Class J	(2)
US Dollar L.P. Class J	(53)
Sterling Class Z	(103,820)
NET INCREASE IN NET ASSETS RESULTING FROM SHARE CAPITAL TRANSACTIONS	83,746
NET INCREASE IN NET ASSETS	831,787
NET ASSETS – BEGINNING OF THE PERIOD	3,028,830
NET ASSETS – END OF THE PERIOD	3,860,617

See accompanying notes to the Interim Unaudited Consolidated Financial Statements.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2020

	2020 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	748,041
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Proceeds from sales of securities	5,503,873
Purchases of securities	(4,001,754)
Proceeds from securities sold short	1,711,562
Payments to cover securities sold short	(386,015)
Payments for derivative contracts	(1,188,626)
Proceeds from derivative contracts	1,518,554
Net realised gain on investments	(88,919)
Net realised gain on derivative contracts	(348,904)
Net change in unrealised gain on investments	(502,853)
Net change in unrealised loss on derivative contracts	93,079
Increase in redemptions receivable from affiliated funds	(105,000)
Decrease in investments purchased under agreements to resell	1,934,504
Decrease in investments sold under agreements to repurchase	(5,641,116)
Decrease in other receivable	34,164
Decrease in dividends and interest receivables	29,848
Decrease in other assets	1,072
Decrease in dividends and interest payable	(18,319)
Decrease in interest payable on credit facility	(276)
Decrease in accounts payable and accrued expenses	(1,022)
NET CASH USED IN OPERATING ACTIVITIES	(708,107)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds on issue of shares	425,771
Payments on redemption of shares, net of change in redemptions payable	(291,599)
NET CASH PROVIDED BY FINANCING ACTIVITIES	134,172
NET DECREASE IN CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS)	(573,935)
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS) – BEGINNING OF THE PERIOD	122,099
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS) – END OF THE PERIOD	(451,836)
<i>Supplemental disclosure of cash flow information:</i>	
<i>Interest paid</i>	1,817
<i>Dividend paid</i>	150

2020
US\$'000

As of 30 June 2020, the amounts included in cash and cash equivalents (including restricted cash and cash equivalents) include the following:

Cash	615
Due from brokers – Restricted cash	117,117
Due from brokers – Non restricted cash	229,295
Due to brokers – Restricted cash	(35,808)
Due to brokers – Non restricted cash	(763,055)
TOTAL CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS)	(451,836)

See accompanying notes to the Interim Unaudited Consolidated Financial Statements.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

1. ORGANISATION

Brevan Howard Master Fund Limited (the "Master Fund") is an exempted limited liability company which was incorporated under the Companies Law (as Revised) of the Cayman Islands on 22 January 2003 and commenced trading on 1 April 2003. The Master Fund was registered under the Mutual Funds Law of the Cayman Islands on 4 March 2003.

The Master Fund seeks to generate consistent long-term appreciation through active leveraged trading and investment on a global basis. The Master Fund's investment strategy is comprised of global investment strategies and a number of long and short strategies that may have directional risk.

Brevan Howard Capital Management LP (the "Manager"), acting through its sole general partner, Brevan Howard Capital Management Limited, has been appointed as manager of the Master Fund. The Manager is registered as a Commodity Pool Operator with the United States Commodity Futures Trading Commission in respect of the Master Fund.

The Manager has appointed each of: (i) Brevan Howard Asset Management LLP ("BHAM"); (ii) Brevan Howard Investment Products Limited ("BHIP"); (iii) Brevan Howard (Hong Kong) Limited ("BHKK"); (iv) DW Partners, LP ("DW"); (v) BH-DG Systematic Trading LLP ("BH-DG"); (vi) Brevan Howard US Investment Management, LP ("BHUSIM") and (vii) Brevan Howard Private Limited ("BHPL") as investment managers (the "Investment Managers") of the Master Fund's assets, in each case subject to risk oversight and treasury management by the Manager and/or one of its affiliates.

The Manager may in the future appoint affiliates of the Manager as Investment Managers in addition to, or in substitution for, the Investment Managers. The Manager and the Investment Managers (and/or their partners, members, directors, employees, related entities and connected persons and their respective partners, members, directors and employees) may subscribe, directly or indirectly, for shares or partnership interests in the Master Fund's feeder funds.

The feeder funds to the Master Fund are Brevan Howard Fund Limited (the "Feeder Fund"), Brevan Howard L.P. (the "Partnership") and BH Macro Limited (together the "Feeder Funds").

The registered office of the Master Fund is at the offices of Maples Corporate Services Limited, P.O. Box 309, Grand Cayman KY1-1104, Cayman Islands.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying Interim Unaudited Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Interim Unaudited Consolidated Financial Statements are presented in United States Dollars ("US\$" or "US Dollar") and have been rounded to the nearest US\$1,000.

For Financial Statements reporting purposes, the Master Fund is an investment company and follows the accounting and reporting guidance in the Financial Accounting Standards Board's Accounting Standards Codification Topic 946, *Financial Services – Investment Companies*, in the preparation of its Interim Unaudited Consolidated Financial Statements. The Master Fund did not provide financial support to any related parties or investee entities during the current period.

Basis of consolidation

In accordance with the accounting guidance in ASC 946-320, 946-323 and 946-810, the Master Fund carries all investments at fair value, with the exception of the investments detailed in the paragraph below.

The Master Fund has consolidated the following entity (the "Subsidiary") as of 30 June 2020:

- Brevan Howard FG Macro Master Fund Limited ("BFG"), a company incorporated with limited liability on 19 May 2017 under the laws of the Cayman Islands.

The Master Fund owns 65.38% of BFG as of 30 June 2020.

BHMF Investments II Limited, which was 100% held by the Master Fund, was dissolved with effect from 6 April 2020.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

The Interim Unaudited Consolidated Financial Statements include full consolidation of any owned subsidiary, except where the effect on the Master Fund's financial position and results of operations are immaterial. Transactions between the Master Fund and the Subsidiary have been eliminated on consolidation. The following table presents the changes in non-controlling interest for the period end 30 June 2020.

	US'000
Non-controlling interest, beginning of the period	1,010,648
Subscription of non-controlling interest	8,928
Redemption of non-controlling interest	(19,896)
Transfer out of non-controlling interest*	(848,465)
Non-controlling interest share in net gain	79,311
NON-CONTROLLING INTEREST, END OF THE PERIOD	230,526

* Pertains to Brevan Howard Alpha Strategies Master Fund Limited which does not meet the consolidation criteria as of 30 June 2020.

Security transactions and valuation

Security transactions are accounted for on a trade date basis measured at fair value.

Most positions of the Master Fund and its Subsidiary are priced at the same time each day. This provides reliable comparative pricing of positions which are traded in different markets. A snapshot of all markets (excluding Pacific Rim and Australasia) is made at 4:00 pm London time. Pacific Rim and Australasia positions are generally priced as at the local end-of-day mid market levels.

Instruments with directly observable prices are priced to independent external data sources (e.g. exchange traded futures, options, equities, government and corporate debt securities). Fair value estimates for financial instruments for which no or limited observable market data is available are based on judgments regarding current economic conditions, liquidity discounts, currency, credit, and interest rate risks, loss experience and other factors. These estimates involve significant uncertainties and judgments and cannot be determined with precision. As a result, such calculated fair value estimates may not be realisable in a current sale or immediate settlement of the instrument. In addition, changes in the underlying assumptions used in the fair value measurement technique, including discount rates, liquidity risks and estimates of future cash flows, could significantly affect these fair value estimates.

Some instruments may be priced using models in which some or all parameters are not directly driven by market-observable levels (e.g. unlisted securities, multifactored options or private placements).

Estimates of the fair value of Level 3 assets and liabilities of the Master Fund and its Subsidiary's financial instruments are disclosed in Note 3.

Investments in other funds are valued at the latest available reported Net Asset Value ("NAV") of the respective fund received from that fund's administrator. In some cases these may be unaudited NAVs.

Over-the-Counter ("OTC") swap, forward and option values are determined based on relevant market information on the underlying reference assets which may include credit spreads, credit event probabilities, index values, individual security values, forward interest rates, variable interest rates, volatility measures and forward currency rates.

Realised gains and losses on investments are calculated using the specific identification method. Realised and change in unrealised gains and losses at the reporting date are recorded in the Unaudited Consolidated Statement of Operations.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income and expense recognition

Interest income and expense including prime broker and International Swaps and Derivatives Association ("ISDA")/ International Security Market Association ("ISMA") interest is recognised in the Unaudited Consolidated Statement of Operations on an accruals basis over the lives of the respective debt securities.

Interest on bank loans is included in bank loan interest in the Unaudited Consolidated Statement of Operations.

Interest income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis over the lives of the respective debt securities. Dividends are recorded on the ex-dividend date.

Dividend income on long positions is recognised on the ex-dividend date and dividends declared on short positions existing on the record date are recognised on the ex-dividend date as an expense in the Unaudited Consolidated Statement of Operations.

Investments purchased under agreements to resell and investments sold under agreements to repurchase

The Master Fund and its Subsidiary enter into investments purchased under agreements to resell and investments sold under agreements to repurchase. These agreements are accounted for as collateralised financing transactions and are recorded at their contracted resell or repurchase amounts, which approximate fair value.

An affiliate of the Manager monitors the market value of the Master Fund and its Subsidiary's underlying contract amounts, including accrued interest, and requests or provides additional collateral where deemed appropriate. Interest on investments purchased under agreements to resell and investments sold under agreements to repurchase is accrued on a daily basis, and is recorded as interest income or interest expense, in the Unaudited Consolidated Statement of Operations.

Asset-backed securities

The Master Fund and its Subsidiary may invest in asset-backed securities. These securities include mortgage backed securities, collateralised obligations ("COs") and other asset-backed securities representing interests in pools of loans or other receivables. Mortgage backed securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit

card receivables, home equity loans, and student loans. The rate of pre-payments on underlying assets will affect the price and volatility of an asset backed security, and may have the effect of shortening or extending the effective duration of the security relative to what was anticipated at the time of purchase.

COs include Collateralised Bond Obligations, Collateralised Loan Obligations and other similarly structured securities. The risks of an investment in a CO depend largely on the type of the collateral securities and the class of the CO in which the Master Fund and its Subsidiary invest. COs carry additional risks including, but not limited to, (i) the possibility that distributions from collateral securities will not be sufficient to make interest or other payments, (ii) the quality of the collateral may decline in value or default, (iii) the Master Fund and its Subsidiary may invest in COs that are subordinate to other classes, and (iv) the complex structure of the security may result in disputes with the issuer or unexpected investment results.

Asset-backed securities with directly observable prices are priced to independent external data sources. Where such market prices are not readily available, fair values will be determined using commercial products which utilise valuation models that are consistent with market pricing models. The valuation models use discounted cash flow analysis which incorporate both observable and non-observable inputs disclosed in Note 3. Paydown gains and losses on asset-backed securities, if any, are recorded as realised gains or losses in the Unaudited Consolidated Statement of Operations.

Derivative financial instruments

The Master Fund and its Subsidiary use derivative financial instruments such as foreign exchange contracts, swaptions, options, futures contracts, forward rate agreements and swaps, which are recorded at fair value at the reporting date. Changes in fair values are included in net change in unrealised gain on investments in the Unaudited Consolidated Statement of Operations in the period in which the changes occur. The Master Fund and its Subsidiary generally record a realised gain or loss on the expiration, termination, or settlement of a derivative contract.

The fair value of derivative financial instruments at the reporting date generally reflects the amount that the Master Fund and its Subsidiary would receive or pay to terminate the contract at the reporting date. Many derivative financial instruments are exchange traded or are traded in the OTC market where market values are normally readily obtainable. Where such market prices are not readily available, fair values will be determined using commercial products which utilise valuation models that are consistent with market pricing methods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments (continued)

When the Master Fund and its Subsidiary purchase a put or call option, an amount, equal to the premium paid by the Master Fund and its Subsidiary, is recorded as an investment and is subsequently adjusted to the current fair value of the option purchased on the reporting date.

Premiums paid for purchasing options that expire unexercised are treated by the Master Fund and its Subsidiary on the expiration date as realised losses on investments. The difference between the premium and the amount received on writing an option to effect a closing transaction, including brokerage commissions, is also treated as a realised loss, or, if the premium is less than the amount received from the closing transaction, as a realised gain. If a call option is exercised, the premium is added to the cost of purchase of the underlying security or currency in determining whether the Master Fund and its Subsidiary has realised gains or losses. If a put option is exercised, the premium reduces the proceeds of the securities sold by the Master Fund and its Subsidiary.

Unrealised gains or losses on open foreign exchange contracts and forward rate agreements represent the Master Fund and its Subsidiary's net equity therein and is calculated as the present value of the difference between the contract date rate and the applicable forward rate at the reporting date, applied to the face amount of the forward contract. The unrealised gains or losses at the reporting date are included in the Unaudited Consolidated Statement of Assets and Liabilities.

Unrealised gains or losses on open futures contracts are calculated as the difference between the contract price at trade date and the contract's revaluation price. Any payments made to satisfy initial and variation margin are reflected as due to and due from broker balances in the Unaudited Consolidated Statement of Assets and Liabilities.

Unrealised gains or losses on swap agreements represent the cumulative fair value change since the last reporting date and are calculated as the present value of the future net cash flows to be received and paid under the agreement.

The following table sets forth the fair value of the Master Fund and its Subsidiary's derivative contracts by certain risk types as of 30 June 2020 in accordance with Derivatives and Hedging (ASC 815). The values in the table below exclude the effects of cash received or posted pursuant to derivative contracts, and therefore are not representative of the Master Fund and its Subsidiary's net exposure. The derivative assets and derivative liabilities are included in "Investments, at fair value" and "Investments sold short, at fair value", respectively, in the Unaudited Consolidated Statement of Assets and Liabilities.

DERIVATIVE CONTRACTS FOR TRADING ACTIVITIES	OPEN POSITIONS AT THE PERIOD END	TRANSACTIONS DURING THE PERIOD	VAR* US\$'000	DERIVATIVE ASSETS US\$'000	DERIVATIVE LIABILITIES US\$'000
Commodity Contracts	81	7,176	2,306	38,785	26,705
Credit Contracts	–	11	–	–	–
Equity Contracts	353	12,343	5,227	38,006	21,576
Foreign Exchange Contracts	592	4,684	1,106	41,485	49,644
Interest Rate Contracts	215	13,768	2,301	61,092	50,454
FAIR VALUE OF DERIVATIVE CONTRACTS				179,368	148,379

* Value at risk ("VaR") calculated using a two year historical simulation, based on a one day time horizon, at a 95% confidence interval. The VaR shown in the table above is for derivatives only, excluding treasury positions. Total VaR for the derivatives contracts above is US\$7,309,021. Total VaR for the Master Fund and its Subsidiary, including derivatives, non-derivatives and investments in affiliated entities, is US\$12,728,072.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments (continued)

The following table sets forth by certain risk types the Master Fund and its Subsidiary's gains/(losses) related to derivative activities for the period ended 30 June 2020 in accordance with ASC 815. These gains/(losses) should be considered in the context that derivative contracts may have been executed to economically hedge certain securities and accordingly, certain gains or losses on derivative contracts may offset certain gains or losses attributable to securities. These gains/(losses) are included in net realised gain and change in unrealised gain on investments in the Unaudited Consolidated Statement of Operations.

	REALISED GAIN PERIOD ENDED 30 JUNE 2020 US\$'000	CHANGE IN UNREALISED GAIN/(LOSS) PERIOD ENDED 30 JUNE 2020 US\$'000
DERIVATIVE CONTRACTS FOR TRADING ACTIVITIES		
Commodity Contracts	33,677	(2,478)
Credit Contracts	4,688	–
Equity Contracts	40,202	6,572
Foreign Exchange Contracts	45,700	(135,030)
Interest Rate Contracts	224,637	37,857
TOTAL	348,904	(93,079)

Foreign exchange contracts include foreign exchange futures, forwards, swaps, options and any other derivative contract in which the reference asset is a foreign exchange rate. Commodity contracts include commodity futures and options and any other derivative contract in which the reference asset is a commodity price or index. Credit contracts include credit default swaps, credit index options and any other derivative contract in which the reference asset is a credit event or other credit risk on an underlying entity, financial asset or a credit index. Equity contracts include equity futures, forwards, options, swaps, contracts for difference and any other derivative contract in which the reference asset is an equity price or index. Interest rate contracts include interest rate futures, forwards, swaps, options, caps and floors, swaptions, forward rate agreements and any other derivative contract in which the reference asset is an interest rate or debt security.

Investments sold short

The Master Fund and its Subsidiary may sell a security it does not own in anticipation of a decline in the market value of that security. When the Master Fund and its Subsidiary sell a security short, it must borrow the security and deliver it to the broker-dealer through which it made the short sale. The Master Fund and its Subsidiary are required to maintain collateral with the broker-dealer from which the security was borrowed. A gain, limited to the value at which the Master Fund and its Subsidiary sold the security short, or a loss, unlimited in size, will be recognised upon the termination of a short sale and recorded as a net realised gain or loss on investments in the Unaudited Consolidated Statement of Operations. Investments sold short are recorded as liabilities in the Unaudited Consolidated Statement of Assets and Liabilities.

Foreign currency translation

Investment securities and other assets and liabilities denominated in foreign currencies are translated into US Dollar amounts at prevailing exchange rates at the reporting date. Purchases and sales of investment securities in foreign currencies and income and expense items denominated in foreign currencies are translated into US Dollar amounts at the prevailing exchange rate on the respective dates of such transactions.

The Master Fund and its Subsidiary do not isolate that portion of the results of operations resulting from changes in currency exchange rates on investments from the fluctuations arising from changes in market prices of securities held. All foreign currency gains and losses are included in "Net realised and change in unrealised gain on investments" in the Unaudited Consolidated Statement of Operations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Use of estimates**

The preparation of Interim Unaudited Consolidated Financial Statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including the fair value of investments, and disclosure of contingent assets and liabilities at the date of the Interim Unaudited Consolidated Financial Statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates. In particular, valuation models used to determine the fair value of unlisted derivative instruments require the use of a number of assumptions.

Netting

Financial assets and liabilities are offset and the net amount presented in the Unaudited Consolidated Statement of Assets and Liabilities when, and only when, the Master Fund has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under US GAAP.

Amounts due from and to brokers are presented on a net basis, by counterparty, to the extent the Master Fund and its Subsidiary have the legal right to offset the recognised amounts and intends to settle on a net basis.

The Master Fund and its Subsidiary present OTC derivatives that are executed with the same counterparty under the same master netting agreement on a net basis when the criteria for the right of setoff are met.

Cash, cash equivalents and restricted cash

Cash consists of bank balances. Cash, including cash denominated in foreign currencies, represents cash deposits held at financial institutions. Cash equivalents include short-term, highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are typically held to meet short term liquidity requirements, rather than for investment purposes. Restricted cash is subject to a legal or contractual restriction by third parties as well as a restriction as to withdrawal or use, including restrictions that require the funds to be used for a specified purpose and restrictions that limit the purpose for which the funds can be used. The Master Fund considers cash pledged as collateral for securities sold short and cash collateral posted with counterparties for derivative contracts to be restricted cash. Foreign currency with a current value of US\$446 and an acquisition cost of US\$446 is included in cash.

Due from and to brokers

BALANCE DUE FROM BROKERS	US\$'000
Balance pledged as collateral	117,117
Balance unpledged	229,295
	346,412

Included in the balance pledged as collateral were US\$40,030,000 pledged to counterparties of OTC derivatives, US\$53,611,110 as initial margin related to the Master Fund's futures trading activities and US\$23,476,039 as collateral for other assets.

BALANCE DUE TO BROKERS	US\$'000
Balance held as collateral	35,808
Balance not held as collateral	763,055
	798,863

Included in the balance held as collateral were US\$31,247,592 held from counterparties of OTC derivatives and US\$4,559,986 as initial margin related to the Master Fund's futures trading activities.

Amounts due from brokers may be restricted if they serve as deposits for securities sold short.

Allocation of income and expenses between share classes

Income and expenses that are identifiable with a particular class are allocated to that class in computing its NAV.

Income and expenses that are common to all classes are allocated between classes at the end of each month in proportion to their monthly NAV balances as of the beginning of the month.

Redemptions payable

Redemptions are recognised as liabilities when the value of such redemptions are calculated at the requested redemption date. As a result, redemptions paid after the end of the period, based on the NAV of the Master Fund and its Subsidiary at period end, are included in redemptions payable as of 30 June 2020. Redemption notices received for which the dollar amount is not fixed remain in net assets until the NAV used to determine the redemption and share amounts are determined.

As of 30 June 2020, the redemptions payable by the Master Fund and its Subsidiary amounted to US\$131,043,955.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2020

3. FAIR VALUE MEASUREMENTS

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. the exit price).

The fair value hierarchy under Fair Value Measurements (Topic 820) prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices for instruments that are identical or similar in markets that are not active and model derived valuations for which all significant inputs are observable, either directly or indirectly in active markets; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurements and are unobservable.

Investments in private investment companies measured using NAV as a practical expedient are not categorised within the fair value hierarchy.

Investments in private investment companies are valued utilising the NAVs provided by the underlying private investment companies as a practical expedient. The Master Fund applies the practical expedient to its investments in private investment companies on an investment-by-investment basis, and consistently with the Master Fund's entire position in a particular investment, unless it is probable that the Master Fund will sell a portion of an investment at an amount different from the NAV of the investment.

The hierarchy requires the use of observable market data when available. As required by Topic 820, investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The following is a summary of the levels within the fair value hierarchy for the Master Fund and its Subsidiary's investments as of 30 June 2020:

3. FAIR VALUE MEASUREMENTS (CONTINUED)**Assets**

FAIR VALUE MEASUREMENTS AT REPORTING DATE:	LEVEL 1: US\$'000	LEVEL 2: US\$'000	LEVEL 3: US\$'000	TOTAL US\$'000
Equities	67,841	1,101	–	68,942
Private Placements	–	–	438	438
Fixed Income Securities:				
Asset Backed Securities	–	969	–	969
Mortgage Backed Securities	–	468,121	499	468,620
Non-US Government Debt	440,420	40,848	–	481,268
US Government Debt	1,589,863	–	–	1,589,863
Derivatives:				
Commodity Contracts	20,931	17,854	–	38,785
Equity Contracts	8,075	29,931	–	38,006
Foreign Exchange Contracts	1,752	39,733	–	41,485
Interest Rate Contracts	5,228	52,011	3,853	61,092
SUBTOTAL	2,134,110	650,568	4,790	2,789,468
Investments purchased under agreements to resell:				
Non-US Government Securities	–	1,186,878	–	1,186,878
TOTAL INVESTMENTS PURCHASED UNDER AGREEMENTS TO RESELL	–	1,186,878	–	1,186,878
Investments in unconsolidated Affiliate Funds measured at NAV*				2,388,892
TOTAL ASSETS				6,365,238

* Investments in unconsolidated Affiliate Funds as of 30 June 2020 are excluded from the fair value hierarchy leveling as the fair value of these investments were measured at NAV as a practical expedient.

Liabilities

FAIR VALUE MEASUREMENTS AT REPORTING DATE:	LEVEL 1: US\$'000	LEVEL 2: US\$'000	LEVEL 3: US\$'000	TOTAL US\$'000
Equities	7,342	–	–	7,342
Fixed Income Securities:				
Non-US Government Debt	1,194,655	–	–	1,194,655
Derivatives:				
Commodity Contracts	4,664	22,041	–	26,705
Equity Contracts	3,980	17,596	–	21,576
Foreign Exchange Contracts	41	49,603	–	49,644
Interest Rate Contracts	473	49,981	–	50,454
SUBTOTAL	1,211,155	139,221	–	1,350,376
TOTAL LIABILITIES	1,211,155	139,221	–	1,350,376

The Master Fund and its Subsidiary had no investments measured at fair value on a non-recurring basis during the period ended 30 June 2020.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2020

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Transfers in and transfers out of Level 3 have occurred due to the change in availability of observable market data.

The following table presents changes in assets classified in Level 3 of the fair value hierarchy during the period ended 30 June 2020 attributable to the following:

Level 3

Assets

INVESTMENTS	ASSET BACKED SECURITIES US\$'000	MORTGAGE BACKED SECURITIES US\$'000	DERIVATIVES US\$'000	TOTAL US\$'000
Purchases	–	–	4,407	4,407
Transfer in to Level 3	–	382	–	382
Transfer out of Level 3	(9)	–	–	(9)

The following table summarises the valuation methodology and significant unobservable inputs used for the Master Fund and its Subsidiary's investments that are categorised within Level 3 of the fair value hierarchy as of 30 June 2020:

	FAIR VALUE US\$'000	VALUATION TECHNIQUE	UNOBSERVABLE INPUTS	RANGE
Asset Backed Securities & Mortgage Backed Securities	499	Broker quote	Constant default rate/conditional prepayment rate/loss severity/diskont rate	N/A
Derivatives	3,853	Counterparty valuation/ Broker quote	Volatility surface	N/A
Private Placements	438	Discounted book value	Collateral valuation	N/A

The significant unobservable inputs used in the fair value measurements of Level 3 asset backed securities and mortgage backed securities are constant default rates, conditional prepayment rates, loss severity and discount rates. Increases in any of the constant default rates, loss severity or discount rates in isolation would result in a lower fair value for the asset, and vice versa. Increases in conditional prepayment rates could result in a higher or lower fair value depending on the quality of the securities.

Level 3 derivatives are valued by reference to counterparty valuations or single broker quotes. The unobservable inputs implicit in the credit contract counterparty valuations or broker quotes are a combination of constant default rates, conditional prepayment rates, loss severity, discount rates, deal loss and bond loss. Increases in any of the constant default rates, loss severity, discount rates, deal loss or bond loss in isolation would result in a lower fair value for the asset and vice versa. Increases in the conditional prepayment rates could result in a higher or lower fair value depending on the quality of the securities. The unobservable input in all other level 3 derivative contract counterparty valuations or broker quotes is generally the volatility surface. An increase in volatility would result in a higher or lower fair value depending on the nature of the specific instrument.

The significant unobservable input used in the fair value measurements of Level 3 private placements is the liquidity discount. The fair value of private placement positions is determined initially by reference to one or a combination of cost, any available market quote, Base Net Asset Value of underlying assets, any permanent diminution in value and realisation events. A liquidity discount may subsequently be applied to reflect the limited market for such assets. An increase in the liquidity discount would result in a lower fair value for the asset.

4. INVESTMENT IN UNDERLYING FUNDS

Investments in underlying funds are valued using NAV as a practical expedient, which is based on the latest NAV as calculated by the administrator of each fund. Due to the potential uncertainty of the valuation of the underlying funds, these values may differ significantly from the values that would have been used had an active secondary market for the investments existed, and such differences could be material. The Master Fund has the ability to liquidate its investments periodically, subject to the provisions of the respective investment offering memorandum. Certain funds in which the Master Fund invests may, in accordance with the terms of their respective governing documents, impose "gating" or similar limitations on the Master Fund's ability to affect redemptions/withdrawals.

As of 30 June 2020, the Master Fund invested in nine funds in addition to those which have been consolidated, all of which are related parties. All such investments are individually identified in the table below. These underlying funds may invest in debt and equity securities (both long and short), bond, commodity, equity, and interest rate futures and options, foreign exchange forwards and options, swaps, swaptions and other derivatives and securities in accordance with each investment fund's offering memorandum. The relationship between the Master Fund and all affiliate funds in which it is invested is disclosed in Note 6.

UNDERLYING FUNDS	% OF UNDERLYING FUNDS OWNERSHIP	% OF NET ASSETS	FAIR MARKET VALUE US\$'000	INCOME/LOSS US\$'000	NOTICE PERIOD	LIQUIDITY
Brevan Howard AH Master Fund Limited	18.86	12.28	474,330	320,825	3 months**	Monthly
Brevan Howard Alpha Strategies Master Fund Limited	37.10	26.91	1,038,915	48,223	3 months**	Monthly
Brevan Howard AS Macro Master Fund Limited	49.96	10.23	394,749	55,584	Monthly	Monthly
Brevan Howard Emerging Markets Strategies Master Fund Limited*	100.00	0.06	2,419	(8)	–	–
Brevan Howard Equity Strategies Master Fund Limited*	100.00	0.08	3,187	(42)	–	–
Brevan Howard Global Volatility Master Fund Limited	42.05	2.46	94,906	28,483	Monthly	Monthly
Brevan Howard MB Macro Master Fund Limited	31.21	9.71	374,937	33,472	3 months**	Monthly
Brevan Howard Strategic Opportunities Fund Limited*	100.00	0.10	3,684	93	–	–
WCG Strategies Fund Limited*	100.00	0.05	1,765	221	–	–
		61.88	2,388,892	486,851		

* The normal trading operations of the above underlying funds have ceased prior to 30 June 2020.

** Redemption forms are to be received on the fifth business day after the business day falling at least three months before the requested Redemption Day.

As of 30 June 2020, the above underlying funds were all domiciled in the Cayman Islands.

The extent of liability related to the Master Fund's investments in each underlying fund is limited to the Master Fund's capital balance in such fund.

The Master Fund invests in share classes of the underlying funds where no management fee or performance fee are charged.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2020

5. OPERATIONAL SERVICES FEE

The Manager has received from the Master Fund a fee not exceeding 1/12 of 0.5% per month of the NAV, prior to the deduction of management and performance fees, of the Master Fund for the period to 30 June 2020 (the "operational services fee") as at the last valuation day in each month (excluding for these purposes such part of the NAV of the Master Fund which is attributable to (i) any investments made in other investment funds managed by the Manager which also charge an operational services fee, or (ii) the Class Z shares in the Master Fund, or (iii) the Class W shares in the Master Fund and (iv) the Class J shares in the Master Fund). For certain share classes and series of interests of the Feeder Funds, the operational services fee is effectively capped at the level that a shareholder's holding, or limited partner's capital account would have borne as of 3 October 2016, adjusted as appropriate to reflect redemptions or withdrawals as appropriate from 3 October 2016 to 1 December 2016.

The Manager also receives from the Master Fund in respect of Class J shares an operational services fee of 1/12 of 1% per month of the NAV of the Class J shares in the Master Fund, prior to the deduction of management and performance fees, of the Master Fund for the period to 30 June 2020 as of the last valuation day in each month.

The operational services fee for the period ended 30 June 2020 amounted to US\$7,871,570. The operational services fee payable as of 30 June 2020 is US\$267,081.

6. MANAGEMENT AND PERFORMANCE FEES

The Manager receives a management fee of 1/12 of 2% (or a pro rata proportion thereof) per month of the NAV (before deduction of that month's management fee and before making any deduction for any accrued performance fee) as at the last valuation day in each month, payable monthly in arrears on Class X shares and Class Y shares, neither of which were in issue during the period. At the period end, no management fees are payable in respect of Class A shares, Class B shares, Class J shares, Class Z shares and Class W shares. Management fees are charged at the feeder level. The Manager does not receive any management fee from BFG in respect of the Master Fund's investments.

The Manager also receives a performance fee of 20% for Class X and Class Y shares, neither of which were in issue during the period.

At the period end, no performance fees are payable in respect of Class A shares, Class B shares, Class J shares, Class Z shares and Class W shares. The Manager does not receive any performance fee from BFG in respect of the Master Fund's investments in the Subsidiary. No performance fee was accrued for the period ended 30 June 2020. The performance fee payable by the Master Fund and its Subsidiary as of 30 June 2020 was US\$Nil.

As of 30 June 2020, the Master Fund held investments in the following entities (each an "underlying fund investment") managed by the Manager or one of its affiliates:

	US\$	% OF UNDERLYING FUNDS OWNERSHIP
Brevan Howard AH Master Fund Limited	474,330,542	18.86
Brevan Howard Alpha Strategies Master Fund Limited	1,038,914,731	37.10
Brevan Howard AS Macro Master Fund Limited	394,749,203	49.96
Brevan Howard Emerging Markets Strategies Master Fund Limited	2,419,428	100.00
Brevan Howard Equity Strategies Master Fund Limited	3,186,832	100.00
Brevan Howard FG Macro Master Fund Limited*	435,310,914	65.38
Brevan Howard Global Volatility Master Fund Limited	94,906,453	42.05
Brevan Howard MB Macro Master Fund Limited	374,937,030	31.21
Brevan Howard Strategic Opportunities Fund Limited	3,683,614	100.00
WCG Strategies Fund Limited	1,764,619	100.00

* Brevan Howard FG Macro Master Fund Limited is a consolidated subsidiary of the Master Fund.

6. MANAGEMENT AND PERFORMANCE FEES (CONTINUED)

The return on the Master Fund's investment in these investments is net of applicable performance and management fees. To ensure that the effective rate of management fee and/or performance fee that is ultimately borne by shareholders in the Master Fund or Feeder Funds (in relation to each underlying fund investment) is not greater than the rate of performance fee and/or management fee applicable to the class of share held by that investor, the Master Fund or Feeder Fund may reduce management and performance fees charged in relation to these investment holdings accordingly.

7. ADMINISTRATION FEE

Under the terms of the Administrative Services Agreement, dated 31 March 2016, as amended, between International Fund Services (Ireland) Limited ("IFS") and the Master Fund, IFS receives a fee based on the month end NAV of the Master Fund and its Subsidiary calculated and payable monthly in arrears.

IFS receives from the Master Fund a monthly administration fee, payable in arrears, of:

(A) a pro rata share (by assets under management subject to such fee) of 1/12 of the following percentages of the aggregate net asset value* of all fund entities (before deduction of any management fees, performance fees or other similar fees or expenses) managed by the Manager (including the Master Fund) and administered by the IFS (together, the "Relevant BH Funds"):

- (1) 0.16 per cent on the first US\$5 billion;
- (2) 0.14 per cent on the next US\$5 billion; and
- (3) 0.12 per cent on the balance; less

(B) the portion of such fee attributable to investments made by any Relevant BH Fund, directly or indirectly, in any other Relevant BH Fund (which, for the avoidance of doubt, includes: (1) investments by any Relevant BH Fund which is a feeder fund in a Relevant BH Fund which is a master fund; and (2) investments by any Relevant BH Fund which is a master fund in another such Relevant BH Fund).

* The assets of any Relevant BH Funds paying a minimum administration fee will not be included in the calculation of the aggregate Base Net Asset Value of the Relevant BH Funds.

The administration fee for the Master Fund for the period ended 30 June 2020 amounted to US\$1,246,840. The administration fee payable by the Master Fund as of 30 June 2020 is US\$442,147.

8. INVESTMENTS PURCHASED UNDER AGREEMENTS TO RESELL AND INVESTMENTS SOLD UNDER AGREEMENTS TO REPURCHASE

As of 30 June 2020, investments and related interest payable with a market value of US\$1,194,616,350 were pledged to the Master Fund and its Subsidiary as collateral (investments purchased under agreements to resell) and investments and related interest receivable with a market value of US\$452,089,535 were pledged by the Master Fund and its Subsidiary as collateral (investments sold under agreements to repurchase).

All agreements to repurchase mature by 29 July 2020 with interest rates ranging from (0.48%) to 1.7% and all agreements to resell mature by 8 September 2020 with interest rates ranging from (0.55%) to (0.48%).

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2020

8. INVESTMENTS PURCHASED UNDER AGREEMENTS TO RESELL AND INVESTMENTS SOLD UNDER AGREEMENTS TO REPURCHASE (CONTINUED)

The following table sets out the gross obligation of the Master Fund and its Subsidiary by class of collateral pledged as of 30 June 2020 for investments sold under agreements to repurchase.

	REMAINING CONTRACTUAL MATURITY OF THE AGREEMENTS				TOTAL US\$'000
	OVERNIGHT CONTINUOUS US\$'000	UP TO 30 DAYS US\$'000	30-90 DAYS US\$'000	GREATER THAN 90 DAYS US\$'000	
Repurchase agreements					
US Government Debt	–	65,097	–	–	65,097
Non-US Government Debt	–	373,078	–	–	373,078
TOTAL BORROWINGS	–	438,175	–	–	438,175
GROSS AMOUNT OF RECOGNISED LIABILITIES FOR REPURCHASE AGREEMENTS IN NOTE 12					438,175
Amounts related to agreements not included in offsetting disclosure in Note 12					–

9. SHARE CAPITAL

The Master Fund has an authorised share capital of:

- €100,000 divided into 10,000,000 Ordinary Shares of €0.01 par value each;
- US\$400,000 divided into 40,000,000 Ordinary Shares of US\$0.01 par value each;
- £100,000 divided into 10,000,000 Ordinary Shares of £0.01 par value each;
- ¥50,000,000 divided into 50,000,000 Ordinary Shares of ¥1.00 par value each;
- AUD400,000 divided into 40,000,000 Ordinary Shares of AUD0.01 par value each;
- BRL400,000 divided into 40,000,000 Ordinary Shares of BRL0.01 par value each;
- CAD400,000 divided into 40,000,000 Ordinary Shares of CAD0.01 par value each;
- CHF400,000 divided into 40,000,000 Ordinary Shares of CHF0.01 par value each;
- NOK400,000 divided into 40,000,000 Ordinary Shares of NOK0.01 par value each;
- SGD400,000 divided into 40,000,000 Ordinary Shares of SGD0.01 par value each; and
- SEK400,000 divided into 40,000,000 Ordinary Shares of SEK0.01 par value each.

All of the above may be issued as Class A, Class B, Class X, Class Y, Class J, Class Z and Class W shares in any number of series.

The Class A US Dollar share class is divided into two series of shares, relating to the Feeder Fund and the Partnership and may be issued as US\$ shares or Gold shares. These series commenced on 1 April 2003 and 1 February 2004 respectively. All Class A US Dollar, Euro, Sterling, Australian Dollar, Canadian Dollar, Brazilian Real, Norwegian Krone, Gold, Yen and Swedish Krona shares are held by the Feeder Fund, whilst all Class A US Dollar L.P. shares are held by the Partnership. All Class B US Dollar and Sterling shares are held by BH Macro Limited. The Class J US Dollar share class is divided into two series of shares, relating to the Feeder Fund and the Partnership. Class Z US Dollar, Euro, Sterling and Yen shares are held by Brevan Howard Multi- Strategy Master Fund Limited.

9. SHARE CAPITAL (CONTINUED)

The rights of the Class X shares are substantially the same as those set out in respect of Class A shares in the Feeder Fund save that no redemption fees are payable in respect of Class X shares. There were no Class X shares in issue at the period-end.

The rights of the Class Y shares are substantially the same as those set out in respect of Class B shares in the Feeder Fund save that no redemption fees are payable in respect of Class Y shares. There were no Class Y shares in issue at the period-end.

The rights of the Class J shares are substantially the same as those set out in respect of Class A shares in the Feeder Fund save that no redemption, management or performance fees are payable in respect of Class J shares.

The rights of the Class Z shares are substantially the same as those set out in respect of Class A shares in the Feeder Fund save that no redemption, operational services, management or performance fees are payable in respect of Class Z shares.

The rights of the Class W shares are substantially the same as those set out in respect of Class A shares in the Feeder Fund save that no redemption, operational services, management or performance fees are payable in respect of Class W shares.

The Feeder Funds subscribes for Master Fund Shares of the relevant class at such times as the directors may determine at the NAV per share of the relevant class of Master Fund Shares. Unless otherwise specifically stated herein, subscriptions taking place at the Master Fund level will generally be affected in a manner which corresponds to those taking place at the feeder fund level, save that subscriptions may be deemed automatically submitted or withdrawn by the Feeder Funds in order to give effect to the intended operation of the master-feeder structure.

The Feeder Funds may redeem ordinary shares of the relevant class in the Master Fund at such times as the directors may determine at the NAV per share of the relevant class of Master Fund Shares. Unless otherwise specifically stated herein, redemptions taking place at the Master Fund level will generally be effected in a manner which corresponds to those taking place at the feeder fund level, save that redemption requests may be deemed automatically submitted or withdrawn by the Feeder Funds in order to give effect to the intended operation of the master-feeder structure.

	SHARES IN ISSUE AT BEGINNING OF THE PERIOD	SHARES ISSUED DURING THE PERIOD	SHARES TRANSFERRED IN DURING THE PERIOD	SHARES TRANSFERRED OUT DURING THE PERIOD	SHARES REDEEMED DURING THE PERIOD	SHARES IN ISSUE AT END OF THE PERIOD	ENDING NAV PER SHARE
US Dollar Class A	152,055	54,253	62,521	(11)	(9,694)	259,124	US\$8,212.21
US Dollar L.P. Class A	19,991	2,338	–	–	(2,382)	19,947	US\$7,356.23
Euro Class A	24,031	804	–	(39)	(301)	24,495	€7,342.58
Sterling Class A	81,209	314	44	(46,859)	(1,413)	33,295	£8,678.64
Yen Class A	367,808	–	–	(637)	(1,614)	365,557	¥24,114.85
Norwegian Krone Class A	8,937	–	–	(1)	–	8,936	NOK 2,508.81
US Dollar Class B	18,082	583	149	(276)	(27)	18,511	US\$4,640.27
Sterling Class B	101,291	2,363	220	(116)	–	103,758	£4,679.89
US Dollar Class J	2,488	–	–	(6)	(11)	2,471	US\$129.86
US Dollar L.P. Class J	2,857	4,282	–	–	(34)	7,105	US\$1,278.39
US Dollar L.P. Class W	3,100	–	–	–	–	3,100	US\$1,633.73
Euro Class W	45,358	–	–	–	–	45,358	€1,495.15
Sterling Class W	70,917	–	–	–	–	70,917	£1,568.43
US Dollar Class Z	195,227	–	1,518	(11,204)	–	185,541	US\$244.91
Euro Class Z	3,701	–	–	–	–	3,701	€223.78
Sterling Class Z	800,464	–	9,121	(1,258)	(421,180)	387,147	£238.03

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2020

9. SHARE CAPITAL (CONTINUED)

	BEGINNING NET ASSETS US\$'000	AMOUNTS ISSUED US\$'000	AMOUNTS TRANSFERRED IN US\$'000	AMOUNTS TRANSFERRED OUT US\$'000	AMOUNTS REDEEMED US\$'000	NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS US\$'000	ENDING NET ASSETS US\$'000
US Dollar Class A	979,077	378,377	521,748	(91)	(203,164)	324,456	2,000,403
US Dollar L.P. Class A	115,359	16,214	–	–	(17,090)	30,776	145,259
Euro Class A	157,070	6,572	–	(287)	(2,598)	40,991	201,748
Sterling Class A	733,408	3,237	430	(521,674)	(14,703)	154,388	355,086
Yen Class A	64,669	–	–	(125)	(470)	17,512	81,586
Norwegian Krone Class A	1,985	–	–	–	–	339	2,324
US Dollar Class B	65,734	2,750	603	(1,296)	(125)	18,241	85,907
Sterling Class B	492,872	14,021	1,296	(603)	–	92,415	600,001
US Dollar Class J	254	–	–	(1)	(2)	69	320
US Dollar L.P. Class J	2,872	4,600	–	–	(53)	1,652	9,071
US Dollar L.P. Class W	3,962	–	–	–	–	1,102	5,064
Euro Class W	60,218	–	–	–	–	15,954	76,172
Sterling Class W	115,457	–	–	–	–	21,982	137,439
US Dollar Class Z	37,392	–	376	(2,766)	–	10,437	45,439
Euro Class Z	736	–	–	–	–	195	931
Sterling Class Z	197,765	–	2,766	(376)	(103,820)	17,532	113,867
	3,028,830	425,771	527,219	(527,219)	(342,025)	748,041	3,860,617

It is envisaged that no income or gains are to be distributed by way of dividend.

10. TAXES

Under current Cayman Islands laws, the Master Fund is not required to pay any taxes in the Cayman Islands on either income or capital gains. The Master Fund has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from any such taxes for a period of 20 years until 11 February 2023. The only taxes payable by the Master Fund on its income are withholding taxes applicable to certain income. Accordingly, no provision for taxes is recorded in these Interim Unaudited Consolidated Financial Statements.

Accounting for Income Taxes (ASC 740) establishes financial accounting and disclosure requirements for recognition and measurement of tax positions taken or expected to be taken on a tax return. The Manager has reviewed the Master Fund's tax positions for all open tax years and has concluded that no provision for income tax is required in the Master Fund's Interim Unaudited Consolidated Financial Statements.

The Master Fund is subject to potential examination by certain taxing authorities in various jurisdictions. The tax liability is also subject to ongoing interpretation of laws by taxing authorities. The tax years under potential examination vary by jurisdiction.

11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK OR CONCENTRATION OF CREDIT RISK

Derivative financial instruments may result in off-balance sheet market, credit and liquidity risk. Market risk is the possibility that future changes in market price may make a financial instrument less valuable or more onerous. If the markets should move against one or more positions that the Master Fund and its Subsidiary holds, the Master Fund and its Subsidiary could incur losses greater than the unrealised amounts recorded in the Unaudited Consolidated Statement of Assets and Liabilities. The principal credit risk is that the counterparty to the Master Fund and its Subsidiary will default and fail to fulfill the terms of the agreement.

11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK OR CONCENTRATION OF CREDIT RISK (CONTINUED)

Investments sold short have market risk to the extent that the Master Fund and its Subsidiary, in satisfying its obligation, may have to purchase securities to cover a short position at a higher value than that recorded in the Unaudited Consolidated Statement of Assets and Liabilities.

Futures contracts expose the Master Fund and its Subsidiary to credit, market and liquidity risks. The Master Fund and its Subsidiary are exposed to market risk such that changes in the market values of the securities or indices underlying a contract may exceed the amount recognised in the Unaudited Consolidated Statement of Assets and Liabilities. Liquidity risk represents the possibility that the Master Fund and its Subsidiary may not be able to rapidly adjust the size of its futures positions in times of high volatility and financial stress at a reasonable price.

Forward contracts expose the Master Fund and its Subsidiary to market and liquidity risks. The Master Fund and its Subsidiary are exposed to market risk to the extent that adverse changes occur in the value of the underlying asset. Liquidity risk represents the possibility that the Master Fund and its Subsidiary may not be able to rapidly adjust the size of its forwards positions in times of high volatility and financial stress at a reasonable price.

As a purchaser of an option contract, the Master Fund and its Subsidiary are subject to credit risk since the counterparty is obligated to make payments under the terms of the option contract if the Master Fund and its Subsidiary exercise the option. As a purchaser of an option contract, the Master Fund and its Subsidiary are only subject to market risk to the extent of the premium paid.

The Master Fund and its Subsidiary purchase both exchange-traded and OTC options. For exchange-traded option contracts, the stock exchange acts as the counterparty to specific transactions and therefore bears the risk of delivery to and from counterparties of specific positions. OTC option contracts are not guaranteed by any regulated stock exchange.

The Master Fund purchases OTC swaps and swaptions. OTC swaps and swaptions contracts are not guaranteed by any regulated stock exchange. The Master Fund is exposed to the credit risk of the counterparty defaulting and failing to fulfil the terms of the agreement.

The Master Fund and its Subsidiary invest in fixed income securities and bank loans. Until such investments are sold or mature, the Master Fund and its Subsidiary are exposed to credit

risk relating to whether the issuer will meet its obligation as it comes due.

Entering into credit default swap agreements and contracts for difference exposes the Master Fund and its Subsidiary to market risks equivalent to actually holding securities of the notional value but typically involve little capital commitment relative to the exposure achieved. The gains or losses of the Master Fund and its Subsidiary may therefore be significantly greater than this initial commitment.

In connection with investments sold under agreements to repurchase, it is the Master Fund and its Subsidiary's policy that their prime brokers take possession of the underlying collateral securities, thus exposing the Master Fund and its Subsidiary to credit risk and counterparty risk. If the seller defaults and the fair value of the collateral declines, realisation of the collateral by the Master Fund and its Subsidiary may be delayed or insufficient. The Master Fund and its Subsidiary minimise credit risk by monitoring credit exposure and collateral values, and by requiring additional collateral to be promptly deposited with or returned to the Master Fund and its Subsidiary when deemed necessary.

In accordance with ASC 815, the Master Fund and its Subsidiary records its trading-related derivative activities on a fair value basis (as described in Note 2).

Derivative assets and liabilities included in the table in Note 3 represent the fair value of the Master Fund and its Subsidiary holdings at the period end. These derivative assets and liabilities are not representative of the outstanding credit risk to the Master Fund and its Subsidiary due to the existence of master netting agreements.

The gross fair value of the Master Fund and its Subsidiary's derivative instruments are shown in Note 2.

The Master Fund and its Subsidiary maintain trading relationships with counterparties that include domestic and foreign brokers, dealers and financial institutions; these relationships could result in the concentration of the credit risk if counterparties fail to fulfill their obligations or the value of any collateral becomes inadequate.

The Manager and/or one of its affiliates have formulated credit review policies that attempt to control credit risk by following an established credit approval process, daily monitoring of net exposure to individual counterparties, requiring the segregation of collateral where possible, and using master netting agreements whenever possible.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2020

11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK OR CONCENTRATION OF CREDIT RISK (CONTINUED)

Liquidity risk

The Master Fund and its Subsidiary's investment portfolios are leveraged and are actively managed to ensure there is sufficient liquidity to meet collateral calls, shareholder redemption requests and trading and other liabilities as they become due.

The Master Fund and its Subsidiary seek to trade mainly in investments that are sufficiently liquid and readily realisable at close to fair value in order to meet any potential liquidity requirement. To this end, the Master Fund and its Subsidiary monitor the speed at which the portfolio can be liquidated under ordinary market conditions and further monitor liquidity by a number of additional measures. Deteriorating market conditions, however, may hamper the ability of the Master Fund and its Subsidiary to liquidate its investments in an orderly manner.

From time to time, market participants with which the Master Fund and its Subsidiary effect transactions might cease making markets or quoting prices in certain instruments, may only continue to do so in limited size, or may widen the spreads at which they are prepared to transact. In such instances, the Master Fund and its Subsidiary might be unable to enter into desired transactions, or close out existing transactions, at normal market levels, which might adversely affect its performance.

The Master Fund and its Subsidiary's liquidity risk is monitored on a daily basis by staff of the Investment Managers, independent of the portfolio management team, using measures of risk and unencumbered cash and cash equivalents, and includes an escalation process in circumstances where liquidity approaches tolerance levels.

The Master Fund may restrict redemptions in accordance with its Memorandum and Articles of Association of the Master Fund if the Master Fund receives requests for the redemption of shares on any Redemption Day representing in aggregate more than 10% of the total number of Ordinary Shares then in issue on a class by class basis.

12. OFFSETTING ASSETS AND LIABILITIES

The Master Fund and its Subsidiary are required to disclose the impact of offsetting assets and liabilities represented in the Unaudited Consolidated Statement of Assets and Liabilities to enable users of the Interim Unaudited Consolidated Financial Statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognised assets and liabilities. These recognised assets and liabilities are financial instruments and derivative instruments that are subject to either an enforceable master netting arrangement or a similar netting agreement in certain circumstances, for example in the event of default.

The following table provides disclosure regarding the potential effect of offsetting of recognised assets presented in the Unaudited Consolidated Statement of Assets and Liabilities:

As of 30 June 2020

Offsetting of financial assets and derivative assets:

	(I)	(II)	(III)=(I)-(II)	(IV)		(V)=(III)-(IV)
	GROSS AMOUNTS OF RECOGNISED ASSETS US\$'000	GROSS AMOUNTS OFFSET IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000	NET AMOUNTS OF ASSETS PRESENTED IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000	GROSS AMOUNTS NOT OFFSET IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES		NET AMOUNT** US\$'000
DESCRIPTION				FINANCIAL INSTRUMENTS US\$'000	CASH COLLATERAL HELD* US\$'000	
Derivatives	198,884	19,516	179,368	114,979	31,986	32,403
Reverse repurchase agreements	1,186,878	–	1,186,878	415,176	–	771,702
TOTAL	1,385,762	19,516	1,366,246	530,155	31,986	804,105

12. OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

The following table provides disclosure regarding the potential effect of offsetting of recognised liabilities presented in the Unaudited Consolidated Statement of Assets and Liabilities:

As of 30 June 2020

Offsetting of financial liabilities and derivative liabilities:

DESCRIPTION	(I)	(II)	(III)=(I)-(II)	(IV)		(V)=(III)-(IV)
	GROSS AMOUNTS OF RECOGNISED LIABILITIES US\$'000	GROSS AMOUNTS OFFSET IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000	NET AMOUNTS OF LIABILITIES PRESENTED IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000	GROSS AMOUNTS NOT OFFSET IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES	FINANCIAL INSTRUMENTS US\$'000	CASH COLLATERAL PLEDGED* US\$'000
Derivatives	167,895	19,516	148,379	114,979	32,510	890
Repurchase agreements	438,175	–	438,175	415,176	–	22,999
TOTAL	606,070	19,516	586,554	530,155	32,510	23,889

* Amounts related to master netting agreements and collateral agreements determined by the Master Fund to be legally enforceable in the event of default, but certain other criteria are not met in accordance with applicable offsetting accounting guidance. The collateral amounts may exceed the related net amounts of financial assets and liabilities presented in the Statement of Assets and Liabilities; if this is the case, the total amount reported is limited to the net amounts of financial assets and liabilities with that counterparty.

** Refer to Note 8 for details of balances held as collateral and pledged as collateral relating to Reverse Repurchase agreements and Repurchase agreements noted in the table above.

13. RELATED PARTY TRANSACTIONS

The Master Fund and its Subsidiary consider the Manager, Investment Managers, its principal owners, members of management, and members of their immediate families, as well as entities under common control, to be related parties to the Master Fund and its Subsidiary. Amounts due from and due to related parties are generally settled in the normal course of business.

Brevan Howard Capital Management LP acting through its sole general partner, Brevan Howard Capital Management Limited, is Manager of the Master Fund. The Manager has appointed each of: (i) BHAM; (ii) BHIP; (iii) BHHK; (iv) DW; (v) BH-DG; (vi) BHUSIM and (vii) BHPL as Investment Managers of the Master Fund's assets, in each case subject to risk oversight and treasury management by the Manager and/or one of its affiliates.

Each of BHAM, BHIP, BHHK, BHUSIM and BHPL are indirect subsidiaries of the Manager. In addition, the Manager indirectly holds minority, non-controlling interests in both BH-DG and DW.

The Manager has appointed both BHAM and BHIP to provide certain ancillary services in respect of the Master Fund. With the consent of the Manager, BHAM has delegated the provision of certain of these ancillary services in respect to the Master Fund to Coremont LLP, an indirect subsidiary of the Manager.

James Vernon is a director of the Master Fund. Mr. Vernon is also the chairman and a director of Brevan Howard Capital Management Limited, the sole general partner of the Manager.

As of 30 June 2020, the Manager, or a principal indirect owner of the Manager, indirectly held minority, non-controlling interests in certain external advisors which provide investment advice to BHIP, in its capacity as an investment manager of the Master Fund or an underlying fund.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2020

13. RELATED PARTY TRANSACTIONS (CONTINUED)

BH Global Limited ("BHG") is a Guernsey incorporated closed-ended investment company listed on the London Stock Exchange that invests all of its assets in Brevan Howard Multi-Strategy Master Fund Limited ("BHMS"), a Cayman incorporated limited liability company that is permitted to invest its assets in investment funds managed by the Manager or its affiliates, including the Master Fund. The Manager of the Master Fund is also the Manager of BHMS and BHG. BHMS held 4.15% (US\$160,235,794) of the net assets of the Master Fund through a holding of US Dollar, Euro and Sterling shares as of 30 June 2020.

As of 30 June 2020, the Master Fund held investments in funds managed by the Manager as set out in Note 6.

The Feeder Funds invest substantially all of their assets in the Master Fund. As of 30 June 2020, the Feeder Fund, the Partnership, and BH Macro Limited held 73.95%, 4.13% and 17.77% respectively of the net assets of the Master Fund.

During 2020, there were investments transferred to and from the Master Fund.

On 2 January 2020, the Master Fund paid cash to BHMS and Brevan Howard TN Macro Master Fund Limited ("BTN") to buy the investments at Fair Market Value ("FMV"). Accordingly, BHMS and BTN transferred investments of US\$1,126,182 and US\$1,495,193 respectively at FMV to the Master Fund on 2 January 2020. FMV was determined by the independently verified prices as sourced by the fund Administrator as per the normal valuation policies.

As of 30 June 2020, US\$1,014,472 of those investments transferred during 2020 have been sold out and US\$1,606,903 of the investments transferred during 2020 were still on hand as of 30 June 2020.

On 2 March 2020, BHMS paid cash to the Master Fund to buy investments at FMV. Accordingly, the Master Fund transferred investments of US\$1,697,250 at FMV to BHMS. As a result of the transfer an unrealised loss of US\$(1,785,401) became realised by the Master Fund on the investments sold.

14. COMMITMENTS AND CONTINGENCIES

The Master Fund (the "Borrower") entered into a revolving line of credit agreement with BNP Paribas Securities Services S.C.A. (the "Lender") from 1 July 2019 that provides for borrowings of up to US\$200,000,000 and the line of credit is available until 1 July 2020 or such later anniversary thereof as the Borrower and Lender may agree (the "Scheduled Termination Date").

Effective 1 July 2020, the line of credit was increased to borrowings of up to US\$300,000,000.

The line of credit is collateralised by shareholdings in other Brevan Howard funds held by the Master Fund, subject to certain conditions and haircuts.

Each loan drawn under the line of credit bears interest at a specified percentage above LIBOR. The Borrower is also obliged to pay to the Lender a fee on any undrawn amount.

The Borrower is obliged to repay each loan on the earlier of

- (i) The last business day of its term, and
- (ii) Scheduled Termination Date or any earlier date on which the credit agreement is terminated in accordance with its terms.

As of 30 June 2020, outstanding borrowings under the line of credit amounted to US\$Nil.

15. SIGNIFICANT EVENTS

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown.

The Manager is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

16. SUBSEQUENT EVENTS

BTN has paid cash to the Master Fund to buy investments at FMV as of 3 August 2020. Accordingly the Master Fund transferred investments of US\$360,059 at FMV to BTN on 3 August 2020.

The Master Fund and its Subsidiary evaluated subsequent events through 20 August 2020. No other material events which would require to be disclosed or adjusted for in the Interim Unaudited Consolidated Financial Statements occurred after the period end.

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