

JAN 2021

# Brevan Howard Master Fund Limited

MONTHLY RISK REPORT

# Brevan Howard Master Fund Limited Risk Report

As at close of business on 29 January 2021

## Performance Summary

Brevan Howard Fund Limited ("BHFL") Class A USD Shares<sup>1</sup> - NAV Per Share % Change

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2003</b>				0.31	3.95	2.75	-1.77	-2.92	2.62	-1.75	-0.51	2.09	<b>4.62</b>
<b>2004</b>	2.76	0.56	2.70	2.41	0.68	1.66	1.01	-0.25	-0.53	1.29	1.11	0.38	<b>14.62</b>
<b>2005</b>	0.56	-0.01	2.31	-0.10	1.37	1.42	-0.31	0.85	2.33	-2.52	0.20	1.77	<b>8.03</b>
<b>2006</b>	3.68	1.79	2.98	2.86	-2.75	0.93	1.50	-1.96	0.30	1.00	0.59	-0.15	<b>11.10</b>
<b>2007</b>	1.99	0.74	1.13	0.89	0.15	2.32	2.60	3.16	5.97	0.15	2.97	0.77	<b>25.21</b>
<b>2008</b>	9.89	6.70	-2.79	-2.46	0.78	2.78	1.16	0.78	-3.16	2.78	3.76	-0.70	<b>20.43</b>
<b>2009</b>	5.11	3.07	1.18	0.09	3.24	-0.90	1.42	0.73	1.57	1.10	0.38	0.39	<b>18.65</b>
<b>2010</b>	-0.25	-1.51	0.05	1.47	0.33	1.39	-2.00	1.22	1.48	-0.32	-0.31	-0.48	<b>1.01</b>
<b>2011</b>	0.66	0.51	0.75	0.52	0.56	-0.57	2.21	6.19	0.40	-0.75	1.68	-0.46	<b>12.15</b>
<b>2012</b>	0.90	0.24	-0.39	-0.43	-1.76	-2.22	2.37	1.03	1.98	-0.36	0.92	1.68	<b>3.93</b>
<b>2013</b>	1.02	2.32	0.25	3.50	-0.09	-3.09	-0.82	-1.54	0.03	-0.54	1.35	0.42	<b>2.68</b>
<b>2014</b>	-1.35	-1.14	-0.43	-1.07	-0.25	-0.24	0.75	-0.12	4.40	-2.00	0.92	-0.12	<b>-0.79</b>
<b>2015</b>	3.33	-0.61	0.38	-1.30	0.95	-1.06	0.33	-0.96	-0.72	-0.68	2.44	-3.88	<b>-1.96</b>
<b>2016</b>	0.50	0.58	-1.98	-0.86	-0.29	0.94	-1.17	-0.20	-0.89	0.78	5.57	0.22	<b>3.03</b>
<b>2017</b>	-1.49	2.01	-2.91	-0.72	-0.70	-1.47	1.44	0.10	-0.88	-0.93	0.10	-0.00	<b>-5.40</b>
<b>2018</b>	2.42	-0.50	-1.65	0.96	7.92	-0.67	0.82	0.80	0.04	1.23	0.29	0.38	<b>12.40</b>
<b>2019</b>	0.60	-0.80	2.42	-0.56	3.49	3.90	-0.73	1.05	-1.97	0.57	-1.23	1.61	<b>8.49</b>
<b>2020</b>	-1.34	5.34	18.32	0.16	-0.90	-0.64	1.75	0.87	-1.21	-0.10	0.67	3.04	<b>27.41</b>
<b>2021</b>	1.05												<b>1.05</b>



### Performance Metrics<sup>1</sup>

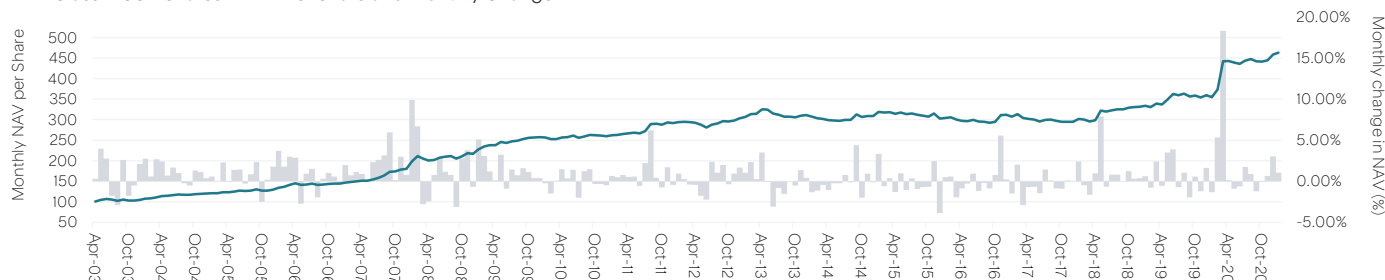
BHFL CLASS A USD SHARES	
MTD (%)	1.05
QTD (%)	1.05
YTD (%)	1.05
12M (%)	30.49
LTD <sup>2</sup> (%)	363.29
ARR <sup>3</sup> (%)	8.98
Risk <sup>4</sup> (%)	6.12
Sharpe <sup>5</sup> (X)	1.21

### PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

Data as at 29 January 2021. Data for January 2021 and YTD is calculated by Brevan Howard Asset Management LLP ("BHAM"), on the basis of estimated performance data from International Fund Services (Ireland) Limited ("IFS").

## Performance Graph

BHFL Class A USD Shares<sup>1</sup> - NAV Per Share and Monthly Change



### PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

Data as at 29 January 2021. Data for January 2021 is calculated by BHAM, on the basis of estimated performance data from IFS.

## Risk

### Securities Leverage

RATIO OF ABSOLUTE VALUE OF SECURITIES<sup>1</sup> TO NAV 0.5

<sup>1</sup>excluding derivatives and securities held by the Fund in underlying funds managed by Brevan Howard

### DV01 Summary (Change in Fund NAV for a 0.01% rise in rates)

CCY	3M	2Y	10Y+	TOTAL
<b>EUR</b>	0.00%	-0.02%	0.03%	<b>0.01%</b>
<b>USD</b>	0.01%	-0.02%	0.04%	<b>0.03%</b>
<b>JPY</b>	0.00%	0.00%	0.00%	<b>0.00%</b>
<b>GBP</b>	-0.02%	-0.05%	0.01%	<b>-0.05%</b>
<b>Other</b>	0.00%	-0.02%	0.00%	<b>-0.02%</b>
<b>Total</b>	0.00%	-0.11%	0.07%	<b>-0.04%</b>

### Historical Simulations (% NAV)

SCENARIO	PERIOD	PERFORMANCE
<b>Lehman</b>	15/09/08 - 20/11/08	14.4
<b>European Sovereign Crisis</b>	22/07/11 - 08/08/11	-1.9
<b>Taper Tantrum</b>	23/05/13 - 24/06/13	-0.7
<b>Jackson Hole Aug 2014</b>	25/08/14 - 30/09/14	0.5
<b>European QE 2015</b>	02/01/15 - 13/03/15	6.8
<b>China 2015</b>	31/07/15 - 30/09/15	-4.1
<b>Brexit 2016</b>	23/06/16 - 27/06/16	-2.4
<b>Trump Election</b>	07/11/16 - 15/12/16	5.1

### Total Exposure (% NAV)

IR VEGA <sup>7</sup>	0.34%
FX VEGA <sup>8</sup>	0.83%

### Net FX Delta Exposure (% NAV)<sup>6</sup>

REGION	DELTA
<b>Asia</b>	54%
<b>Europe</b>	0%
<b>Other</b>	18%
<b>USD</b>	-71%

### Other Asset Classes - Net Exposure (% NAV)<sup>9</sup>

CLASS	DELTA
<b>Equity</b>	20%
<b>Commodity</b>	5%
<b>Credit</b>	1%

**Sources and notes:** Performance Data: Unless otherwise indicated, monthly return data is provided by the fund's administrator, IFS. Return, assets, performance metric and performance chart data calculations estimated by BHAM. Risk Exposure Data: BHAM. **1.** Performance data is represented by the performance of BHFL Class A USD shares, net of all investment management fees (being (1) from inception until 31 December 2018, 2% annual management fee and 20% performance fee, and (2) from 1 January 2019 onwards, 1.5% annual management fee and 20% performance fee) and all other fees and expenses payable by BHFL and Brevan Howard Master Fund Limited ("BHMF"), including an operational services fee payable by BHMF of 0.5% per annum. **2.** Since inception (April 2003). **3.** ARR: Annualised Rate of Return, since inception. **4.** Risk: Annualised standard deviation of returns (based on daily data estimated by BHAM), since inception. **5.** Sharpe: Annualised excess return (over Federal Funds target rate) / annualised standard deviation of excess returns (based on daily data estimated by BHAM), since inception. **6.** Figures are rounded to the nearest whole number. Therefore in some instances the total may not equal 100% or 0% (as applicable). **7.** Change in BHMF NAV for a relative rise of 10% in implied normal yield volatility. **8.** Change in BHMF NAV for an absolute 1% rise in implied volatility. **9.** Equity & Commodity - net delta; Credit - net iTraxx Xover equivalent for EUR denominated positions, net CDX HY equivalent for all others (beta adjustments estimated by BHAM based on 2 years' risk history). Please note that prior to 31 August 2014, a different methodology for calculating net credit exposure was used. **Note:** Brevan Howard measures leverage according to three calculation methodologies: (i) the "Gross Method" (as required under the EU Alternative Investment Fund Managers Directive ("AIFMD")), (ii) the "Commitment Method" (as required under the AIFMD) and (iii) its own leverage calculation methodology (the "Manager's Method"). For further information, please see the BHMF AIFMD Leverage Report.

# Brevan Howard Master Fund Limited Risk Report

As at close of business on 29 January 2021

## Risk

(CONTINUED)

### Value at Risk ("VaR") by Product<sup>1</sup>

PRODUCT	VAR \$MM	% NAV	% TOTAL
IR	16.3	0.31%	18%
Vega	9.9	0.19%	11%
FX	27.4	0.52%	31%
Equity	23.2	0.44%	26%
Commodity	2.6	0.05%	3%
Credit	9.8	0.19%	11%
<b>Total</b>	<b>43.5</b>	<b>0.83%</b>	<b>100%</b>

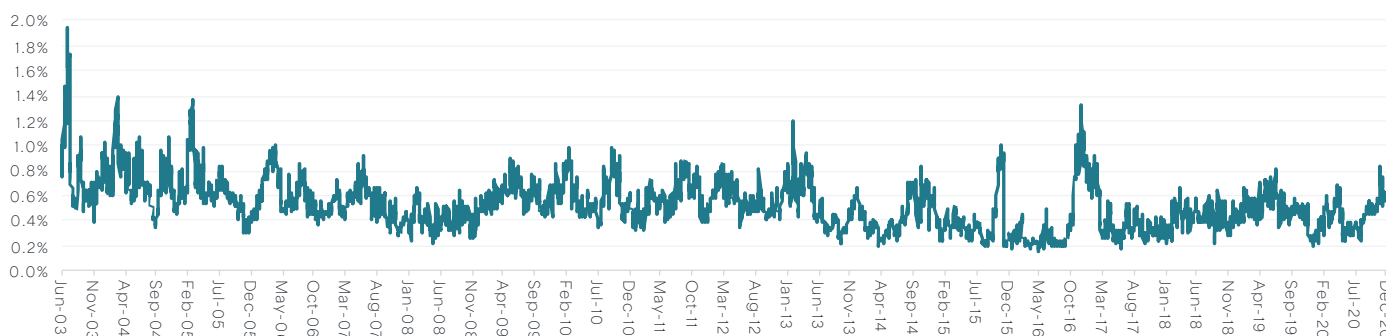
### IR VaR by Currency<sup>1</sup>

CURRENCY	IR VAR
EUR	0.06%
USD	0.06%
JPY	0.00%
GBP	0.01%
<b>VALUE AT RISK (% NAV)<sup>2</sup></b>	<b>0.83</b>

### Exposure by Geographic Region<sup>3,4</sup>

REGION	%
Americas	46%
Europe	26%
Asia	19%
Oceania	3%
Africa	1%
Multi-Region	5%
<b>Total</b>	<b>100%</b>

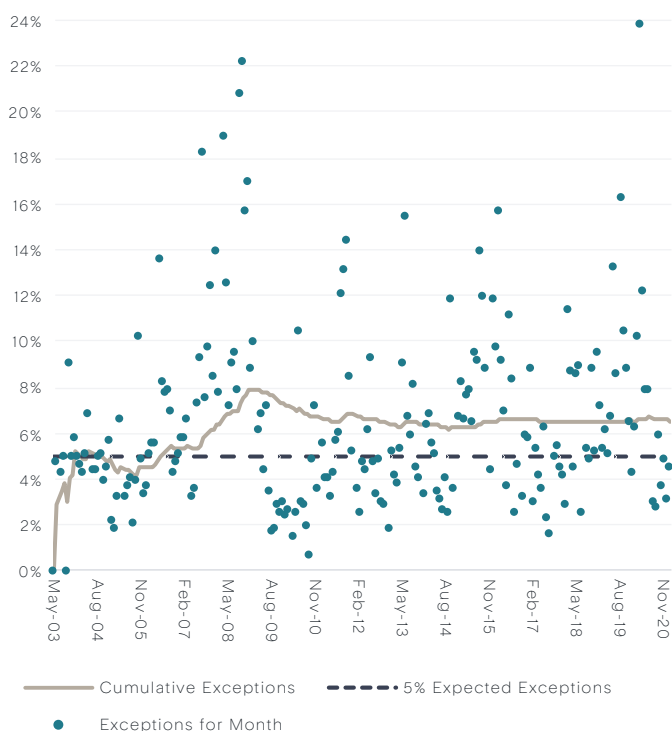
### BHMF VaR History (% NAV)



### VaR - Accuracy of VaR Methodology

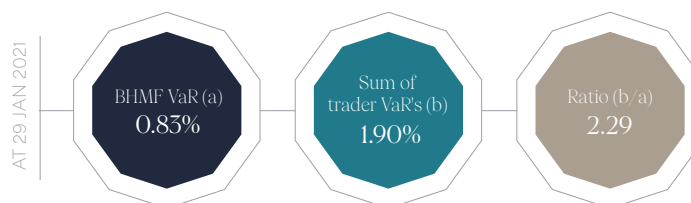
The VaR method is intended to describe the level of loss that would be exceeded no more than 5% of the time. The method uses historical market data from the last 2 years. The graph shows the actual incidence of losses that are greater than the estimated VaR ("VaR Exceptions"). During 2008, exception rate was greater than 5% because actual market moves were much more volatile than the historical data. The selection of different confidence intervals may achieve different results, including a higher incidence of exceptions which exceed the VaR calculation.

### % Exceptions (daily loss > VaR predicted)

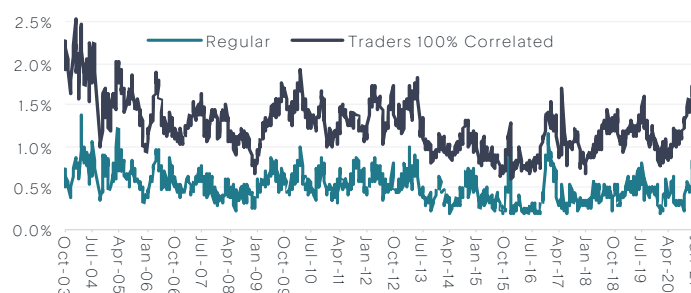


### VaR - Reliance on Beneficial Correlation Among Traders

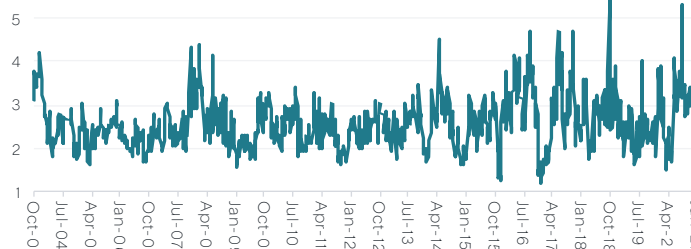
The VaR of BHMF takes account of beneficially low correlations among traders. To account for situations where these correlations change sharply BHMF calculates the VaR assuming all traders are 100% (fully) correlated.



### VaR as a % of NAV: Regular and Fully Correlated



### Ratio of Fully Correlated to Regular VaR



**Sources and notes:** Underlying data provided by the Administrator, IFS. Information derived using software provided by Murex and Risk Metrics. **1.** IR risks may exist for currencies other than those listed. **2.** Calculated using historical simulation based on a 1 day, 95% confidence interval. **3.** Geographical Exposure is based on VaR by region. **4.** Figures are rounded to the nearest whole number. Therefore in some instances the total may not equal 100% or 0% (as applicable). **Note:** Brevan Howard measures leverage according to three calculation methodologies: (i) the "Gross Method" (as required under the EU Alternative Investment Fund Managers Directive ("AIFMD")), (ii) the "Commitment Method" (as required under the AIFMD) and (iii) its own leverage calculation methodology (the "Manager's Method"). For further information, please see the BHMF AIFMD Leverage Report  
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## Brevan Howard Master Fund Limited Risk Report

As at close of business on 29 January 2021

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## Brevan Howard Master Fund Limited Risk Report

As at close of business on 29 January 2021

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### Additional information

The investment programmes of the Funds are speculative and will entail substantial risks. Interests may be subject to sudden and large falls in price or value and there could be a large loss on realisation which could equal the amount invested. As there is no recognised market for the interests, it may be difficult for an investor to see or realise the interests or to obtain reliable information about their value or the extent of the risks to which they are exposed. Changes in interest rates or exchange rates may have an adverse effect on the value, price or income of the interests. References to future returns are not promises or even estimates of actual returns an investor may achieve. Any forecasts and other material contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. BHAM and its affiliates give no representations, warranties or undertakings that any indicative performance or return will be achieved in the future or that the investment objectives and policies from time to time of the Funds will be met. **Past performance is no guarantee and is not indicative of future results.** The information herein reflects prevailing conditions and BHAM's judgements as at this date, all of which are subject to change. The portfolio characteristics and risk controls set forth are not static and may change over time. BHAM does not represent that the statistics, investment guidelines, capital allocation and limits disclosed herein will remain constant over time. The portfolio risk management process includes an effort to monitor and manage risk, but should not be confused with and does not imply low risk.

Brevan Howard understands the importance of maintaining market integrity and confidence in financial markets and has outlined its commitment and approach to the prevention of market abuse in the Brevan Howard Compliance Manual.

Brevan Howard has established a risk management framework which is intended to identify, measure, monitor, report, and where appropriate, mitigate key risks identified by the Funds' investment managers. Amongst other things, the risk management framework addresses portfolio risks (such as market, credit, liquidity, counterparty and funding risks), operational risks and outsourcing risks.

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- The Funds will be leveraged and will engage in speculative investment practices that may increase the risk of investment loss.
- The Funds will invest in illiquid and volatile securities.
- Investments in the Funds are subject to restrictions on transfer, withdrawal and redemption and should be considered illiquid.
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- Changes in interest rates or exchange rates may have an adverse effect on the value, price or income of interests in the Funds.
- A portion of the trades executed for the Funds may take place on markets outside the United States and the United Kingdom.
- The Funds are dependent on the services of certain key personnel, and if certain or all of them were to become unavailable, the Funds may prematurely terminate.
- The Funds' managers will receive performance-based compensation, which may give such managers an incentive to make riskier investments than they otherwise would and may offset the Funds' trading profits.
- The Funds' incentive and performance-based compensation, fees and expenses may offset their trading and investment profits.
- The Funds may involve complex tax structures and there may be delays in the provision of important tax information to investors.
- Returns generated from an investment in a Fund may not adequately compensate investors for the business and financial risks assumed.
- The Funds may make investments in securities of issuers in emerging markets. Investment in emerging markets involves 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 the Funds and therefore reference should be had to the prospectus or offering documents of the Funds and related offering documentation for a more detailed description of these and other relevant risks prior to making any investment.

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