

BREVAN HOWARD

BREVAN HOWARD MASTER FUND LIMITED

ANNUAL AUDITED CONSOLIDATED
FINANCIAL STATEMENTS 2021 (WITH INDEPENDENT
AUDITORS' REPORT THEREON)

31 December 2021

Brevan Howard Capital Management LP, the commodity pool operator of Brevan Howard Master Fund Limited, has filed a claim of exemption with the Commodity Futures Trading Commission ("CFTC") in respect of Brevan Howard Master Fund Limited pursuant to Section 4.7 of the CFTC regulations.

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	IBC Management and Administration



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Independent Auditors' Report to the Board of Directors and Shareholders

Opinion

We have audited the consolidated financial statements of Brevan Howard Master Fund Limited (the "Master Fund"), which comprise the consolidated statement of assets and liabilities, including the condensed schedule of investments as of December 31, 2021, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Master Fund as of December 31, 2021, and the results of its operations, and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are required to be independent of the Master Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter – Restriction on Use

This report is made solely to the Directors and Shareholders, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Directors and Shareholders those matters we are required to state to them in an auditors' report and for no other purpose. We do not accept or assume responsibility to anyone other than the Directors and Shareholders, for our audit work, for this report, or for the opinions we have formed.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting principles in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Master Fund's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.



Independent Auditors' Report to the Board of Directors and Shareholders (Continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Master Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Master Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A stylized, handwritten version of the KPMG logo in black ink. The letters are bold and slightly irregular, with a casual, sketchy appearance.

March 29, 2022

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

31 December 2021

	2021 US\$'000
ASSETS	
Investments, at fair value (cost: US\$9,193,420) (Note 2,3,4)	10,325,563
Investments purchased under agreements to resell (cost: US\$1,254,686) (Note 3,8,12)	1,233,580
Due from brokers (Note 2)	775,179
Dividends and interest receivable (Note 2)	12,299
Other assets	2,154
TOTAL ASSETS	12,348,775
LIABILITIES	
Investments sold short, at fair value (proceeds: US\$1,339,408) (Note 2,3,4)	1,411,011
Investments sold under agreements to repurchase (proceeds: US\$2,120,767) (Note 8,12)	2,104,885
Due to brokers (Note 2)	434,359
Redemptions payable (Note 2)	147,916
Dividends and interest payable	6,480
Accounts payable and accrued expenses (Note 5,6,7)	2,756
TOTAL LIABILITIES	4,107,407
Non-controlling interest (Note 2)	144,603
NET ASSETS (NOTE 9,13)	8,096,765
NET ASSET VALUE PER SHARE	
US Dollar Class A	US\$9,140.81
US Dollar Class A (Non-Restricted)	US\$1,005.02
US Dollar L.P. Class A	US\$8,182.44
US Dollar L.P. Class A (Non-Restricted)	US\$1,005.05
Euro Class A	€8,055.27
Euro Class A (Non-Restricted)	€999.95
Sterling Class A	£9,611.47
Sterling Class A (Non-Restricted)	£1,003.90
Yen Class A (Non-Restricted)	JPY10,032.90
Norwegian Krone Class A	NOK2,778.75
Canada Class A	CAD1,024.69
US Dollar Class B	US\$5,179.12
Sterling Class B	£5,196.52
US Dollar Class J	US\$143.46
US Dollar Class J (Non-Restricted)	US\$1,002.09
US Dollar L.P. Class J	US\$1,411.34
US Dollar L.P. Class J (Non-Restricted)	US\$1,002.12
US Dollar Class S	US\$101.13
US Dollar L.P. Class W	US\$1,830.90
US Dollar L.P. Class W (Non-Restricted)	US\$1,007.98
Euro Class W	€1,652.63
Sterling Class W	£1,750.09

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

See accompanying notes to the Consolidated Financial Statements.

Signed on behalf of the Board of Directors:

Karla Bodden
DIRECTOR
29 March 2022

Carol Reynolds
DIRECTOR

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS

31 December 2021

	FAIR VALUE US\$'000	% OF NET ASSETS
LONG PORTFOLIO		
Equities		
Australia (cost US\$479)		
Utilities	328	0.00
Brazil (cost US\$10,789)		
Basic Materials	11,217	0.14
Canada		
Industrial	1,740	0.02
Cayman Islands (cost US\$108,452)		
Communications	56,366	0.70
Consumer, Non-Cyclical	1,460	0.02
Financials	36,384	0.45
	94,210	1.17
China (cost US\$119,416)		
Energy	5,409	0.07
Financials	90,202	1.11
Industrial	14,988	0.19
	110,599	1.37
Cyprus (cost US\$289)		
Financials	1,072	0.01
Germany (cost US\$3,347)		
Technology	4,416	0.05
Greece (cost US\$72,890)		
Financials	80,626	1.00
Hong Kong (cost US\$7,923)		
Financials	7,955	0.10
Japan (cost US\$22,504)		
Communications	21,237	0.26
Russia (cost US\$4,433)		
Energy	4,475	0.06

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS CONTINUED

31 December 2021

	PRINCIPAL '000	DESCRIPTION	FAIR VALUE US\$'000	% OF NET ASSETS
LONG PORTFOLIO (CONTINUED)				
Turkey (cost US\$21,122)				
Financials			20,030	0.25
United States (cost US\$7,116)				
Financials			25,186	0.31
Technology			1,981	0.02
			27,167	0.33
TOTAL EQUITIES (COST US\$378,760)			385,072	4.76
Fixed income securities				
Argentina (cost US\$132,051)				
Government			148,365	1.83
Cayman Islands (cost US\$34,698)				
Financials			14,585	0.17
European Union (cost US\$40,107)				
Government			39,360	0.49
France (cost US\$152,723)				
Consumer, Cyclical			881	0.01
Government			143,848	1.78
			144,729	1.79
Germany (cost US\$342,949)				
Government			334,066	4.13
Ireland (cost US\$7,260)				
Mortgage Backed Securities			196	0.00
Italy (cost US\$412,460)				
Government			389,295	4.81
Japan (cost US\$577,228)				
Government				
	¥21,700,000	JTDB 0.00% 6 January 2022	188,459	2.32
	¥26,550,000	JTDB 0.00% 24 January 2022	230,592	2.85
	¥5,000,000	JTDB 0.00% 31 January 2022	43,427	0.54
	¥12,500,000	JTDB 0.00% 7 February 2022	108,570	1.34
			571,048	7.05

	PRINCIPAL '000	DESCRIPTION	FAIR VALUE US\$'000	% OF NET ASSETS
LONG PORTFOLIO (CONTINUED)				
Lebanon (cost US\$910)				
Government			777	0.01
Luxembourg (cost US\$10,055)				
Mortgage Backed Securities			481	0.01
Mexico (cost US\$20,837)				
Energy			19,118	0.24
Spain (cost US\$27,164)				
Government			24,802	0.31
Turkey (cost US\$28,824)				
Government			24,258	0.30
United Kingdom (cost US\$3,803)				
Mortgage Backed Securities			86	0.00
United States (cost US\$3,459,614)				
Asset Backed Securities			5,767	0.07
Government				
	US\$250,000	B 0.00% 24 February 2022	249,992	3.08
	US\$230,000	B 0.00% 3 March 2022	229,989	2.83
	US\$160,000	CMB 0.00% 11 January 2022	160,000	1.98
	US\$120,000	CMB 0.00% 25 January 2022	119,999	1.48
	US\$130,000	CMB 0.00% 1 February 2022	129,998	1.61
	US\$230,000	CMB 0.00% 22 March 2022	229,977	2.83
	US\$110,000	T 0.00% 13 January 2022	110,000	1.36
	US\$300,000	T 0.00% 20 January 2022	300,000	3.71
	US\$170,000	T 0.00% 3 February 2022	169,999	2.10
	US\$250,000	T 0.00% 10 February 2022	249,997	3.09
	US\$75,000	T 0.00% 10 March 2022	74,995	0.93
	US\$250,000	T 0.00% 17 March 2022	249,977	3.09
	US\$91,500	T 0.50% 30 November 2023	91,173	1.13
	US\$70,800	T 1.13% 15 May 2040	62,094	0.77
	US\$17,000	T 1.25% 30 November 2026	17,009	0.21
	US\$310,250	T 1.25% 30 September 2028	307,002	3.79
	US\$500,000	TII 0.13% 15 April 2022	577,234	7.13
Mortgage Backed Securities			134,545	1.66
			3,469,747	42.85
TOTAL FIXED INCOME SECURITIES (COST US\$5,250,754)			5,180,913	63.99

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS CONTINUED

31 December 2021

	FAIR VALUE US\$'000	% OF NET ASSETS
LONG PORTFOLIO (CONTINUED)		
Private placement		
Italy (cost US\$4,415)		
Financials	427	0.01
TOTAL PRIVATE PLACEMENT (COST US\$4,415)	427	0.01
Interest rate guarantee options (cost US\$2,370)		
	1,712	0.02
Forward rate agreements		
CZK	5,795	0.07
PLN	4,955	0.06
Other	1,950	0.02
	12,700	0.15
Interest rate swaps (proceeds (US\$2,948))		
BRL	12,826	0.16
EUR	7,944	0.10
GBP	5,717	0.07
PLN	13,351	0.16
USD	37,294	0.46
Other	4,031	0.05
	81,163	1.00
Credit default swap indexes – sell protection (cost US\$6,691)		
Europe	6,656	0.08
United States	440	0.01
	7,096	0.09
Credit default swap indexes – buy protection (cost US\$11,204)		
United States	13,654	0.17
Swaptions (cost US\$22,449)		
EUR	14,456	0.18
USD	38,928	0.48
	53,384	0.66
FX contracts		
GBP/USD	4,150	0.05
JPY/USD	8,847	0.11
Other	5,763	0.07
	18,760	0.23

	FAIR VALUE US\$'000	% OF NET ASSETS
LONG PORTFOLIO (CONTINUED)		
Exchange traded futures		
Brent Crude	5,807	0.07
Euro	17,757	0.22
Eurodollar	9,567	0.12
Other	15,123	0.19
	48,254	0.60
Exchange traded options (cost US\$33,132)		
Eurodollar	13,551	0.17
Other	937	0.01
	14,488	0.18
Commodity options (cost US\$19,921)		
Crude Oil	12,147	0.15
Other	6,712	0.08
	18,859	0.23
Equity options (cost US\$734)		
	18	0.00
FX options (cost US\$76,931)		
EUR/USD	57,726	0.72
USD/CNH	24,275	0.30
USD/JPY	8,271	0.10
Other	14,061	0.17
	104,333	1.29
Equity swaps		
	4,389	0.05
Investments in unconsolidated Affiliated Funds (cost US\$3,389,007)		
BH Digital Asset Fund Limited	153,186	1.89
Brevan Howard Alpha Strategies Master Fund Limited	2,199,443	27.16
Brevan Howard AS Macro Master Fund Limited	459,807	5.68
Brevan Howard Emerging Markets Strategies Master Fund Limited	2,390	0.03
Brevan Howard Equity Strategies Master Fund Limited	3,042	0.04
Brevan Howard FG Macro Master Fund Limited	595,742	7.36
Brevan Howard Fleet SP	37,488	0.46
Brevan Howard Global Volatility Master Fund Limited	317,780	3.92
Brevan Howard MB Macro Master Fund Limited	605,622	7.48
Brevan Howard Strategic Opportunities Fund Limited	3,758	0.05
WCG Strategies Fund Limited	2,083	0.03
	4,380,341	54.10
TOTAL INVESTMENTS, AT FAIR VALUE (COST US\$9,193,420)	10,325,563	127.53

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS CONTINUED

31 December 2021

	PRINCIPAL '000	DESCRIPTION	FAIR VALUE US\$'000	% OF NET ASSETS
LONG PORTFOLIO (CONTINUED)				
Investments purchased under agreements to resell				
France (cost US\$84,858)			84,891	1.05
Germany (cost US\$91,972)			89,679	1.11
Italy (cost US\$791,046)				
Barclays Bank PLC	€20,000	Maturity date 11 January 2022, interest at (0.65%)	29,632	0.37
Barclays Bank PLC	€122,500	Maturity date 13 January 2022, interest at (0.64%) – (0.67%)	172,242	2.13
Barclays Bank PLC	€150,000	Maturity date 18 January 2022, interest at (0.64%)	189,864	2.34
Barclays Bank PLC	€50,000	Maturity date 28 January 2022, interest at (0.70%)	83,303	1.03
Barclays Bank PLC	€38,089	Maturity date 19 January 2022, interest at (0.63%)	51,305	0.63
Barclays Bank PLC	€7,324	Maturity date 21 January 2022, interest at (0.65%) – (0.66%)	9,536	0.12
Other			239,411	2.96
			775,293	9.58
Portugal (cost US\$49,445)			47,023	0.58
Spain (cost US\$187,670)			187,001	2.31
United States (cost US\$49,695)			49,693	0.61
TOTAL INVESTMENTS PURCHASED UNDER AGREEMENTS TO RESELL (COST US\$1,254,686)			1,233,580	15.24
SHORT PORTFOLIO				
Fixed income securities				
France (proceeds (US\$86,463))				
Government			(79,515)	(0.98)
Germany (proceeds (US\$91,836))				
Government			(90,245)	(1.11)
Italy (proceeds (US\$795,092))				
Government				
	€(150,000)	BTPS 2.20% 1 June 2027	(186,141)	(2.30)
	€(47,324)	BTPS 2.45% 1 September 2050	(59,345)	(0.73)
	€(20,000)	BTPS 2.70% 1 March 2047	(26,401)	(0.33)
	€(125,000)	BTPS 2.80% 1 December 2028	(162,210)	(2.00)
	€(37,339)	BTPS 3.00% 1 August 2029	(49,293)	(0.61)
	€(20,000)	BTPS 3.25% 1 September 2046	(28,839)	(0.36)
	€(55,000)	BTPS 3.45% 1 March 2048	(82,290)	(1.02)
	€(70,000)	BTPS 3.85% 1 September 2049	(111,992)	(1.38)
	€(31,271)	BTPS 4.00% 1 February 2037	(47,428)	(0.59)
			(753,939)	(9.32)

	FAIR VALUE US\$'000	% OF NET ASSETS
SHORT PORTFOLIO (CONTINUED)		
Portugal (proceeds (US\$47,713))		
Government	(44,375)	(0.55)
Spain (proceeds (US\$184,677))		
Government	(179,432)	(2.22)
United States (proceeds (US\$47,829))		
Government	(51,943)	(0.63)
TOTAL FIXED INCOME SECURITIES (PROCEEDS (US\$1,253,610))	(1,199,449)	(14.81)
Interest rate guarantee options (proceeds (US\$357))	–	0.00
Forward rate agreements		
CZK	(6,179)	(0.08)
PLN	(5,110)	(0.06)
Other	(1,713)	(0.02)
	(13,002)	(0.16)
Interest rate swaps (proceeds (US\$3,227))		
AUD	(4,694)	(0.06)
EUR	(17,037)	(0.21)
GBP	(9,433)	(0.12)
USD	(23,811)	(0.29)
Other	(13,942)	(0.17)
	(68,917)	(0.85)
Credit default swap indexes – sell protection (proceeds (US\$1,445))		
United States	(1,353)	(0.02)
Credit default swap indexes – buy protection (proceeds (US\$3,092))		
Europe	(3,342)	(0.04)
Swaptions (proceeds (US\$4,730))		
USD	(8,553)	(0.11)
FX contracts		
EUR/USD	(9,777)	(0.12)
GBP/USD	(22,025)	(0.27)
JPY/USD	(5,107)	(0.06)
Other	(9,344)	(0.12)
	(46,253)	(0.57)

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS CONTINUED

31 December 2021

	FAIR VALUE US\$'000	% OF NET ASSETS
SHORT PORTFOLIO (CONTINUED)		
Exchange Traded Futures	(11,379)	(0.14)
Exchange Traded Options (proceeds (US\$30,027))		
Eurodollar	(9,258)	(0.11)
Other	(2,703)	(0.04)
	(11,961)	(0.15)
Commodity Options (proceeds (US\$15,762))		
Crude Oil	(8,114)	(0.10)
Other	(3,576)	(0.04)
	(11,690)	(0.14)
Equity Options (proceeds (US\$251))		
	(5)	(0.00)
FX Options (proceeds (US\$26,907))		
EUR/USD	(19,302)	(0.24)
Other	(11,057)	(0.14)
	(30,359)	(0.38)
Equity swaps	(4,748)	(0.06)
TOTAL INVESTMENTS SOLD SHORT, AT FAIR VALUE (PROCEEDS (US\$1,339,408))	(1,411,011)	(17.43)

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

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended 31 December 2021

	2021 US\$'000
INVESTMENT INCOME	
Interest income	32,822
Dividend income (net of withholding tax of US\$550)	5,202
Other income	5
TOTAL INVESTMENT INCOME	38,029
EXPENSES	
Interest expense	16,363
Operational services fee (Note 5)	33,032
Administration fee (Note 7)	3,922
Professional fees and other	2,751
Bank loan interest (Note 15)	2,133
Research charges (Note 14)	2,100
Dividend expense	643
Custody fees	607
Trade commissions	556
Execution fees and other transaction costs	6,166
TOTAL EXPENSES	68,273
NET INVESTMENT LOSS	(30,244)
NET REALISED AND CHANGE IN UNREALISED GAIN/(LOSS) ON INVESTMENTS	
Net realised gain on investments (Note 2)	419,429
Net change in unrealised loss on investments (Note 2)	(186,368)
NET REALISED AND CHANGE IN UNREALISED GAIN ON INVESTMENTS	233,061
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	202,817
NON-CONTROLLING INTEREST SHARE IN NET GAIN (NOTE 2)	(20,680)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	182,137

Withholding tax is presented in US\$'000.

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2021

	2021 US\$'000
OPERATIONS	
Net investment loss	(30,244)
Net realised gain on investments	419,429
Net change in unrealised loss on investments	(186,368)
Non-controlling interest share in net gain (Note 2)	(20,680)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	182,137
SHARE CAPITAL TRANSACTIONS	
Issue of shares	
US Dollar Class A	1,445,432
US Dollar Class A (Non-Restricted)	70,771
US Dollar L.P. Class A	916,943
US Dollar L.P. Class A (Non-Restricted)	347,994
Euro Class A	120,214
Euro Class A (Non-Restricted)	890
Sterling Class A	76,325
Yen Class A	56,478
Canada Class A	176,208
US Dollar Class B	28,879
Sterling Class B	546,032
US Dollar Class J	20,180
US Dollar Class J (Non-Restricted)	34,345
US Dollar L.P. Class J	16,500
US Dollar L.P. Class J (Non-Restricted)	19,150
US Dollar Class S	404,457
Sterling Class Z	5,080
Redemption of shares	
US Dollar Class A	(651,952)
US Dollar Class A (Non-Restricted)	(60,999)
US Dollar L.P. Class A	(38,752)
US Dollar L.P. Class A (Non-Restricted)	(8,573)
Euro Class A	(28,544)
Euro Class A (Non-Restricted)	(1,068)
Sterling Class A	(115,199)
Sterling Class A (Non-Restricted)	(510)
Yen Class A	(491)
Yen Class A (Non-Restricted)	(1,405)
Norwegian Krone Class A	(21)
Canada Class A	(2,494)
US Dollar Class B	(6,026)

	2021 US\$'000
Sterling Class B	(65,460)
US Dollar Class J	(388)
US Dollar Class J (Non-Restricted)	(250)
US Dollar L.P. Class J	(5,253)
US Dollar L.P. Class J (Non-Restricted)	(211)
US Dollar Class S	(4,565)
US Dollar L.P. Class W	(18)
US Dollar L.P. Class W (Non-Restricted)	(30)
Euro Class W	(591)
Sterling Class W	(1,363)
US Dollar Class Z	(24,407)
Euro Class Z	(1,058)
Sterling Class Z	(74,038)
NET INCREASE IN NET ASSETS RESULTING FROM SHARE CAPITAL TRANSACTIONS	3,192,212
NET INCREASE IN NET ASSETS	3,374,349
NET ASSETS – BEGINNING OF THE YEAR	4,722,416
NET ASSETS – END OF THE YEAR	8,096,765

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:	
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	182,137
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Proceeds from sales of securities	15,017,940
Purchases of securities	(19,216,319)
Proceeds from securities sold short	5,791,079
Payments to cover securities sold short	(5,712,652)
Proceeds from derivative contracts	1,365,553
Payments for derivative contracts	(1,202,961)
Net realised gain on investments	(222,350)
Net realised gain on derivative contracts	(214,952)
Net change in unrealised loss on investments	117,978
Net change in unrealised loss on derivative contracts	51,762
Increase in investments purchased under agreements to resell	(272,214)
Increase in investments sold under agreements to repurchase	1,600,025
Increase in dividends and interest receivable	(8,380)
Increase in other assets	(1,987)
Decrease in dividends and interest payable	(2,878)
Decrease in interest payable on credit facility	(465)
Increase in accounts payable and accrued expenses	770
NET CASH USED IN OPERATING ACTIVITIES	(2,727,914)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds on issue of shares	4,285,878
Payments on redemption of shares, net of change in redemptions payable	(1,195,784)
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,090,094
NET CHANGE IN CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS)	362,180
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS) – BEGINNING OF THE YEAR	(21,360)
CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS) – END OF THE YEAR	340,820
<i>Supplemental disclosure of cash flow information:</i>	
<i>Interest paid</i>	<i>35,678</i>
<i>Dividend paid</i>	<i>(294)</i>
<i>As of 31 December 2021, the amounts included in cash and cash equivalents (including restricted cash and cash equivalents) include the following:</i>	
Cash	–
Due from brokers – Restricted cash	79,277
Due from brokers – Non restricted cash	695,902
Due to brokers – Restricted cash	(128,459)
Due to brokers – Non restricted cash	(305,900)
TOTAL CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS)	340,820

See accompanying notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

1. ORGANISATION

Brevan Howard Master Fund Limited (the "Master Fund") is an exempted limited liability company which was incorporated under the Companies Act (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 Act 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.

The investments underlying this Master Fund do not take into account the EU criteria for environmentally sustainable economic activities.

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) BH-DG Systematic Trading LLP ("BH-DG"); (v) Brevan Howard US Investment Management, LP ("BHUSIM") and (vi) 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 has also appointed BHAM and BHIP to provide certain other ancillary services in respect of the Master Fund. With effect from 1 October 2021, BHAM has ceased to be responsible for the ancillary services, other than certain treasury and cash management, risk management and distribution services, that were provided by BHAM pursuant to the BHAM Services Agreement (and accordingly, has ceased to delegate to an affiliate of the Manager any such services). For the avoidance of doubt, BHAM will continue to be responsible for certain treasury and cash management, risk management and distribution services.

With effect from 1 October 2021, the Manager has appointed Coremont LLP (the "MBO Services Provider") (the previous delegate of BHAM) directly to provide those services and also treasury and cash management services pursuant to a services agreement dated 17 August 2021. The MBO Services Provider is an affiliate of the Manager.

Brevan Howard Capital Management Limited ("BHCML"), in its capacity as sole general partner of the Manager, has been appointed as the alternative investment fund manager ("AIFM") to the Master Fund for the purposes of AIFMD.

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"), BH Macro Limited and BH Alkout Fund 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 Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The 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 ("FASB") Accounting Standards Codification ("ASC") Topic 946, Financial Services – Investment Companies, in the preparation of its Consolidated Financial Statements. The Master Fund did not provide financial support to any related parties or investee entities during the current year.

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 31 December 2021:

- Brevan Howard TN Macro Master Fund Limited ("BTN"), a company incorporated with limited liability on 29 January 2019 under the laws of the Cayman Islands.

The Master Fund owns 76.04% of BTN as of 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

The 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 of the consolidated funds for the year end 31 December 2021.

	US\$'000
Non-controlling interest, beginning of the year	329,582
Subscription of non-controlling interest	76,579
Redemption of non-controlling interest	(68,562)
Transfer in of non-controlling interest*	115,906
Transfer out of non-controlling interest**	(329,582)
Non-controlling interest share in net gain	20,680
NON-CONTROLLING INTEREST, END OF THE YEAR	144,603

* Pertains to BTN which meets the consolidation criteria as of 31 December 2021.

**Pertains to Brevan Howard FG Macro Master Fund Limited ("BFG") which does not meet the consolidation criteria as of 31 December 2021.

Security transactions and valuation

Security transactions are accounted for on a trade date basis and are 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. Net realised and change in unrealised gains and losses at the reporting date are recorded in the Consolidated Statement of Operations.

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 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 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.

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 Consolidated Statement of Operations.

Expenses are recognised in the Consolidated Statement of Operations on an accruals basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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's 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 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 Consolidated Statement of Operations in the year 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.

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 have 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments (continued)

amount of the forward contract. The unrealised gains or losses at the reporting date are included in the 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 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 31 December 2021 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 Consolidated Statement of Assets and Liabilities.

DERIVATIVE CONTRACTS FOR TRADING ACTIVITIES	OPEN POSITIONS AT THE YEAR END	TRANSACTIONS DURING THE YEAR	VAR* US\$'000	DERIVATIVE ASSETS US\$'000	DERIVATIVE LIABILITIES US\$'000
Commodity Contracts	93	32,491	5,127	27,702	14,908
Credit Contracts	24	82	587	20,750	4,695
Equity Contracts	105	50,897	8,226	6,535	6,058
Foreign Exchange Contracts	1,355	19,092	10,612	123,267	77,055
Interest Rate Contracts	413	34,739	12,460	200,556	108,846
FAIR VALUE OF DERIVATIVE CONTRACTS				378,810	211,562

* 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\$377,248. Total VaR for the Master Fund and its Subsidiary, including derivatives, non-derivatives and investments in affiliated entities, is US\$46,778,650.

The following table sets forth by certain risk types the Master Fund and its Subsidiary's gains/(losses) related to derivative activities for the year ended 31 December 2021 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 loss on investments in the Consolidated Statement of Operations.

DERIVATIVE CONTRACTS FOR TRADING ACTIVITIES	REALISED GAIN/(LOSS) YEAR ENDED 31 DECEMBER 2021 US\$'000	CHANGE IN UNREALISED GAIN/(LOSS) YEAR ENDED 31 DECEMBER 2021 US\$'000
Commodity Contracts	44,355	6,102
Credit Contracts	(3,247)	2,697
Equity Contracts	61,531	(15,853)
Foreign Exchange Contracts	83,196	(116,131)
Interest Rate Contracts	29,117	71,423
TOTAL	214,952	(51,762)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Derivative financial instruments (continued)**

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.

The Master Fund and its Subsidiary enter into derivative contracts that meet the definition of a credit derivative as defined by ASC 815. These contracts are primarily written and purchased credit default swaps on single issuers, asset-backed securities, credit indexes and index or credit default swap index options ("CDO") tranches.

CREDIT SPREADS* ON UNDERLYING CONTRACTS (IN BASIS POINTS)	MAXIMUM PAYOUT/NOTIONAL AMOUNT BY PERIOD OF EXPIRATION			TOTAL US\$'000
	0-2 YEARS US\$'000	2-5 YEARS US\$'000	5 YEARS OR GREATER US\$'000	
Credit default swap indexes				
0-50	–	180,345	10,000	190,345
51-100	–	129,641	–	129,641
101-250	–	–	–	–
Greater than 250	–	–	–	–
TOTAL	–	309,986	10,000	319,986

CREDIT SPREADS* ON UNDERLYING CONTRACTS (IN BASIS POINTS)	MAXIMUM PAYOUT/NOTIONAL AMOUNT			WRITTEN CREDIT DERIVATIVE AT FAIR VALUE US\$'000
	WRITTEN CREDIT DERIVATIVE US\$'000	OFFSETTING PURCHASED CREDIT DERIVATIVE US\$'000	NET WRITTEN CREDIT DERIVATIVE US\$'000	
Credit default swap indexes				
0-50	190,345	10,000	180,345	2,806
51-100	129,641	–	129,641	2,937
101-250	–	–	–	–
Greater than 250	–	–	–	–
TOTAL	319,986	10,000	309,986	5,743

* The credit spreads on the underlying contracts are generally indicative of the current status of the underlying risk of the Master Fund and its Subsidiary having to perform. The spread also reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into a contract.

The Master Fund and its Subsidiary may execute these types of credit derivatives as it seeks to increase its total return or as a means of hedging credit exposure.

Period of expiration, contract type, maximum payout and fair value are indicators of payment/ performance risk. As a provider of credit protection, the Master Fund and its Subsidiary receive a stream of payments from the counterparty representing the premium on the contract in exchange for guaranteeing the principal payment on a reference security or obligation upon the issuer's default. Upon the occurrence of a specified credit event, as a seller of credit protection, the Master Fund and its Subsidiary is entitled to take possession of the defaulted underlying security and pay the buyer an amount equal to the notional amount of the swap. It may alternatively pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap reduced by the recovery value of the reference obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Consolidated Statement of Operations. Investments sold short are recorded as liabilities in the 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 Consolidated Statement of Operations.

Use of estimates

The preparation of 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 Consolidated Financial Statements and the reported amounts of income and expense during the reporting year. 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Due from and to brokers**

BALANCE DUE FROM BROKERS	US\$'000
Balance pledged as collateral	79,277
Balance unpledged	695,902
	775,179

Included in the balance pledged as collateral were US\$23,312,420 pledged to counterparties of OTC derivatives, US\$55,964,721 as initial margin related to the Master Fund's futures trading activities.

BALANCE DUE TO BROKERS	US\$'000
Balance held as collateral	128,459
Balance not held as collateral	305,900
	434,359

Included in the balance held as collateral were US\$105,979,357 held from counterparties of OTC derivatives and US\$22,479,652 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 year, based on the NAV of the Master Fund and its Subsidiary at year end, are included in redemptions payable as of 31 December 2021. 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 31 December 2021, the redemptions payable by the Master Fund and its Subsidiary amounted to US\$ 147,915,817.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 December 2021

3. FAIR VALUE MEASUREMENTS (CONTINUED)

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 31 December 2021:

Assets

FAIR VALUE MEASUREMENTS AT REPORTING DATE:	LEVEL 1: US\$'000	LEVEL 2: US\$'000	LEVEL 3: US\$'000	TOTAL US\$'000
Equity Securities	373,612	11,460	–	385,072
Private Placements	–	–	427	427
Fixed Income Securities:				
Asset Backed Securities	–	1,582	4,185	5,767
Corporate Debt Securities	–	34,584	–	34,584
Mortgage Backed Securities	–	134,768	541	135,309
Non-US Government Securities	1,502,418	173,400	–	1,675,818
US Government Securities	3,329,435	–	–	3,329,435
Derivatives:				
Commodity Contracts	16,909	10,793	–	27,702
Credit Contracts	–	20,750	–	20,750
Equity Contracts	2,122	4,413	–	6,535
Foreign Exchange Contracts	176	120,825	2,266	123,267
Interest Rate Contracts	46,655	153,901	–	200,556
SUBTOTAL	5,271,327	666,476	7,419	5,945,222
Investments purchased under agreements to resell:				
Non-US Government Securities	–	1,183,887	–	1,183,887
US Government Securities	–	49,693	–	49,693
TOTAL INVESTMENTS PURCHASED UNDER AGREEMENTS TO RESELL	–	1,233,580	–	1,233,580
Investments in unconsolidated Affiliated Funds measured at NAV*				4,380,341
TOTAL INVESTMENTS, AT FAIR VALUE AND INVESTMENTS PURCHASED UNDER AGREEMENTS TO RESELL				11,559,143

*Investments in unconsolidated Affiliated Funds as of 31 December 2021 are excluded from the fair value hierarchy leveling as the fair value of these investments were measured at NAV as a practical expedient.

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

FAIR VALUE MEASUREMENTS AT REPORTING DATE:	LEVEL 1: US\$'000	LEVEL 2: US\$'000	LEVEL 3: US\$'000	TOTAL US\$'000
Fixed Income Securities:				
Non-US Government Securities	1,147,506	–	–	1,147,506
US Government Securities	51,943	–	–	51,943
Derivatives:				
Commodity Contracts	5,307	9,568	33	14,908
Credit Contracts	–	4,695	–	4,695
Equity Contracts	1,305	4,753	–	6,058
Foreign Exchange Contracts	444	74,047	2,564	77,055
Interest Rate Contracts	9,631	99,215	–	108,846
SUBTOTAL	1,216,136	192,278	2,597	1,411,011
TOTAL INVESTMENTS SOLD SHORT, AT FAIR VALUE	1,216,136	192,278	2,597	1,411,011

The fair value of equities securities, exchange-traded funds, private placements and fixed income securities by industry type is presented in the Consolidated Condensed Schedule of Investments.

The Master Fund and its Subsidiary had no investments measured at fair value on a non-recurring basis during the year ended 31 December 2021.

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 within the Level 3 category of the fair value hierarchy during the year ended 31 December 2021:

Level 3**Assets**

INVESTMENTS	MORTGAGE BACKED SECURITIES US\$'000	COMMODITY CONTRACTS US\$'000	FOREIGN EXCHANGE CONTRACTS US\$'000
Purchases	38	5,251	7,556
Transfer in to Level 3	–	693	–
Transfer out of Level 3	(8)	–	(15,576)

Liabilities

INVESTMENTS	FOREIGN EXCHANGE CONTRACTS US\$'000
Transfer in to	1,163

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3. FAIR VALUE MEASUREMENTS (CONTINUED)

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 31 December 2021:

Assets

	FAIR VALUE US\$'000	VALUATION TECHNIQUE	UNOBSERVABLE INPUTS	RANGE
Private Placements	427	Discounted book value	Collateral valuation	N/A
Asset Backed Securities & Mortgage Backed Securities	4,726	Broker quote	Constant default rate/conditional prepayment rate/loss severity/discount rate	N/A
Foreign Exchange Contracts	2,266	Internal Model/ Counterparty valuation/ Broker quote	Volatility/correlation factors	4%-11%

Liabilities

	FAIR VALUE US\$'000	VALUATION TECHNIQUE	UNOBSERVABLE INPUTS	RANGE
Commodity Contracts	33	Internal model	Correlation factors	31%-32%
Foreign Exchange Contracts	2,564	Internal Model/ Counterparty valuation/ Broker quote	Volatility/correlation factors	4%-8%

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 rate/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 foreign exchange and commodity contracts are generally valued using an internal pricing model. The unobservable input implicit in the internal pricing model for significantly in-the-money or significantly out-of-the-money options is generally the volatility. An increase in volatility could result in a higher or lower fair value depending on the nature of the specific instrument. Certain level 3 foreign exchange contracts are valued by reference to counterparty valuations or single broker quotes. The unobservable input implicit in counterparty valuations or broker quotes is generally a correlation factor between two or more reference assets, the range of which is not transparent in these sources. An increase in the correlation factor could 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 collateral valuation. 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 31 December 2021, the Master Fund invested in 11 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 affiliated 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
BH Digital Asset Fund Limited	100.00	1.89	153,186	71,186	Monthly	Monthly
Brevan Howard AH Master Fund Limited*	0.00	0.00	–	(83,891)	–	–
Brevan Howard Alpha Strategies Master Fund Limited	33.90	27.16	2,199,443	126,020	3 months**	Monthly
Brevan Howard AS Macro Master Fund Limited	43.55	5.68	459,807	(30,775)	Monthly	Monthly
Brevan Howard Emerging Markets Strategies Master Fund Limited*	100.00	0.03	2,390	(17)	–	–
Brevan Howard Equity Strategies Master Fund Limited*	100.00	0.04	3,042	(98)	–	–
Brevan Howard FG Macro Master Fund Limited	49.91	7.36	595,742	(61,726)	3 months**	Monthly
Brevan Howard Fleet SP	100.00	0.46	37,488	1,047	Monthly	Monthly
Brevan Howard Global Volatility Master Fund Limited	43.80	3.92	317,780	(7,983)	Monthly	Monthly
Brevan Howard MB Macro Master Fund Limited	28.55	7.48	605,622	14,443	3 months**	Monthly
Brevan Howard Strategic Opportunities Fund Limited*	100.00	0.05	3,758	89	–	–
WCG Strategies Fund Limited*	100.00	0.03	2,083	323	–	–
		54.10	4,380,341	28,618		

* The normal trading operations of the above underlying funds have ceased prior to 31 December 2021.

** 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 31 December 2021, the above underlying funds were all domiciled in the Cayman Islands.

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

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

The Master Fund's share of the following underlying fund's investment issuers held by the underlying funds constitutes greater than 5% of the Master Fund's total net assets as of 31 December 2021.

The look through is performed considering the combined position of the Master Fund's direct holdings and the underlying funds' holdings.

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4. INVESTMENT IN UNDERLYING FUNDS (CONTINUED)

	PRINCIPAL '000	DESCRIPTION	UNDERLYING FUND'S FAIR VALUE US\$'000	MASTER FUND'S PROPORTIONATE SHARE US\$'000	% OF NET ASSETS
BREVAN HOWARD ALPHA STRATEGIES MASTER FUND LIMITED					
Long portfolio					
Fixed income securities					
United States					
Government	US\$1,419,000	TII 0.13% 15 April 2022	1,638,191	555,278	6.86
	US\$1,741,980	TII 0.13% 15 October 2026	1,918,585	650,320	8.00
Mortgage Backed Securities	US\$1,700,000	FNCL 3.00% 14 February 2022	1,757,375	595,677	7.36
TOTAL FIXED INCOME SECURITIES			5,314,151	1,801,275	22.22
TOTAL INVESTMENTS, AT FAIR VALUE			5,314,151	1,801,275	22.22
Short portfolio					
Fixed income securities					
United States					
Government	US\$1,354,000	T 1.13% 31 October 2026	(1,346,779)	(456,502)	(5.64)
TOTAL FIXED INCOME SECURITIES			(1,346,779)	(456,502)	(5.64)
TOTAL INVESTMENTS, SOLD SHORT AT FAIR VALUE			(1,346,779)	(456,502)	(5.64)

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 year to 31 December 2021 (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 not exceeding 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 year to 31 December 2021 as of the last valuation day in each month.

With effect from 1 July 2021, the Manager will, in respect of each month's operational services fee received by the Manager from the Master Fund, rebate to holders of each Class of Class A Shares, Class B Shares, Class E Shares, Class F Shares and each Series of Class L Shares an amount of the operational services fee attributable to each such Class and Series equal to 1/12 of 0.5 per cent multiplied by: (a) the lesser of: (i) the Net Asset Value of the Shares of the relevant Class or Series held by the Shareholder, and (ii) the Net Asset Value of the Shares of the relevant Class or Series held by the Shareholder as at 1 July 2021 (as reduced by the Net Asset Value of any such Shares redeemed after 1 July 2021, other than pursuant to currency exchanges as detailed below); less (b) the Rebate Base NAV.

The operational services fee for the year ended 31 December 2021 amounted to US\$33,031,741. The operational services fee payable as of 31 December 2021 is US\$198,085.

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 L shares, Class X shares and Class Y shares, neither of which were in issue during the year. At the year 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.

With effect from 1 July 2021, in place of the foregoing rebate, the Manager will, in respect of each month's Management Fee, rebate to holders of each Class of Class A Shares, Class B Shares, Class E Shares, Class F Shares and each Series of Class L Shares an amount of the Management Fee received in respect of such Shares equal to 1/12 of the percentage rate of Management Fee payable by that Class multiplied by: (a) the lesser of: (i) the Net Asset Value of the Shares of the relevant Class or Series held by the Shareholder, and (ii) (a) the Net Asset Value of the Shares of the relevant Class or Series held by the Shareholder as at 1 July 2021 (as reduced by the Net Asset Value of any such Shares redeemed after 1 July 2021, other than pursuant to currency exchanges as detailed below); less (b) the Rebate Base NAV.

At the year 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 BTN in respect of the Master Fund's investments in the Subsidiary. No performance fee was accrued for the year ended 31 December 2021.

As of 31 December 2021, 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
BH Digital Asset Fund Limited	153,185,541	100.00
Brevan Howard Alpha Strategies Master Fund Limited	2,199,443,117	33.90
Brevan Howard AS Macro Master Fund Limited	459,807,420	43.55
Brevan Howard Emerging Markets Strategies Master Fund Limited	2,389,570	100.00
Brevan Howard Equity Strategies Master Fund Limited	3,042,109	100.00
Brevan Howard FG Macro Master Fund Limited	595,742,129	49.91
Brevan Howard Fleet SP	37,488,484	100.00
Brevan Howard Global Volatility Master Fund Limited	317,780,345	43.80
Brevan Howard MB Macro Master Fund Limited	605,621,893	28.55
Brevan Howard Strategic Opportunities Fund Limited	3,757,276	100.00
Brevan Howard TN Macro Master Fund Limited	458,808,967	76.04
WCG Strategies Fund Limited	2,082,764	100.00

* BTN is a consolidated subsidiary of the Master Fund.

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.

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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 NAV* 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 NAV of the Relevant BH Funds.

The Administrator, International Fund Services (Ireland) Limited merged into State Street Fund Services (Ireland) Limited on 1 October 2021.

The administration fee for the Master Fund for the year ended 31 December 2021 amounted to US\$3,922,241. The administration fee payable by the Master Fund as of 31 December 2021 is US\$1,240,292.

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

Where the Master Fund and its Subsidiary has entered into reverse purchase agreements, the Master Fund and its Subsidiary entered into a corresponding short fixed income position, or repurchase agreement, where the collateral has been transferred to the counterparty to the agreement.

As of 31 December 2021, investments and related interest payable with a market value of US\$1,237,888,910 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\$2,128,343,806 were pledged by the Master Fund and its Subsidiary as collateral (investments sold under agreements to repurchase).

All agreements to repurchase mature by 28 January 2022 with interest rates ranging from (1.19%) to 0.64% and all agreements to resell mature by 28 January 2022 with interest rates ranging from (1.06%) to 0.71%.

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 31 December 2021 for investments sold under agreements to repurchase.

	2021					TOTAL US\$'000
	REMAINING CONTRACTUAL MATURITY OF THE AGREEMENTS					
	OVERNIGHT CONTINUOUS US\$'000	UP TO 30 DAYS US\$'000	30-90 DAYS US\$'000	GREATER THAN 90 DAYS US\$'000		
Repurchase agreements						
Non-US Government Securities	–	1,024,427	–	–	–	1,024,427
US Government Securities	–	1,123,122	–	–	–	1,123,122
TOTAL BORROWINGS	–	2,147,549	–	–	–	2,147,549
GROSS AMOUNT OF RECOGNISED LIABILITIES FOR REPURCHASE AGREEMENTS IN NOTE 12						2,147,549

Amounts related to agreements not included in offsetting disclosure in Note 12

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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 S, 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, Swedish Krona and Singapore Dollar 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.

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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 year-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 year-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 Master Fund may trade in New Issues. Pursuant to FINRA Rule 5130, Restricted Persons and Covered Investors may not participate fully in gains or losses from New Issues and, conversely, investors that are not Restricted Persons or Covered Investors may be allocated all, or a larger portion than their pro rata share, of the profits or losses relating to such New Issues offering. Profits and losses with respect to New Issues will generally be allocated to Non-Restricted Shares. However, the Feeder Fund and the Master Fund may apply certain "de minimis" exemptions pursuant to which a portion of any New Issue profits and losses may be allocated to Restricted Persons and/or Covered Investors.

New Issues in the past have on occasion experienced rapid, sometimes immediate, increases in market value following such offerings. In such cases, certain Restricted Persons or Covered Investors may not receive some or any of the gains from such investment. Conversely, New Issues may experience a decrease in market value following initial public offerings, in which case certain Shareholders who hold Non-Restricted Shares may receive more than their pro rata share of the losses from such investment. Shareholders will not be compensated in any respect for any such disproportionate allocations with respect to New Issues. Profits and losses with respect to New Issues will generally be allocated to Non-Restricted 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. 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. 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.

9. SHARE CAPITAL (CONTINUED)

	SHARES IN ISSUE AT BEGINNING OF THE YEAR	SHARES ISSUED DURING THE YEAR	SHARES TRANSFERRED IN DURING THE YEAR	SHARES TRANSFERRED OUT DURING THE YEAR	SHARES REDEEMED DURING THE YEAR	SHARES IN ISSUE AT END OF THE YEAR	ENDING NAV PER SHARE
US Dollar Class A	298,396	161,491	743	(185,015)	(72,001)	203,614	US\$9,140.81
US Dollar Class A (Non-Restricted)	–	71,738	1,291,440	(1,105)	(61,040)	1,301,033	US\$1,005.02
US Dollar L.P. Class A	21,853	113,174	–	(101,109)	(4,784)	29,134	US\$8,182.44
US Dollar L.P. Class A (Non-Restricted)	–	349,823	823,607	–	(8,629)	1,164,801	US\$1,005.05
Euro Class A	34,757	12,469	–	(14,051)	(3,078)	30,097	€8,055.27
Euro Class A (Non-Restricted)	–	769	112,947	(105)	(952)	112,659	€999.95
Sterling Class A	31,623	5,804	33,752	(9,428)	(8,765)	52,986	£9,611.47
Sterling Class A (Non-Restricted)	–	–	51,424	(46)	(386)	50,992	£1,003.90
Yen Class A	321,650	234,327	–	(553,930)	(2,047)	–	¥–
Yen Class A (Non-Restricted)	–	–	1,471,125	(1,026)	(16,147)	1,453,952	¥10,032.90
Norwegian Krone Class A	8,456	–	1	(1)	(64)	8,392	NOK 2,778.75
Canada Class A	–	225,000	5	(340)	(3,158)	221,507	CAD 1,024.69
US Dollar Class B	15,268	5,779	88	(1,494)	(1,200)	18,441	US\$5,179.12
Sterling Class B	100,072	77,726	1,095	(65)	(9,356)	169,472	£5,196.52
US Dollar Class J	43,865	141,948	–	(93,518)	(2,735)	89,560	US\$143.46
US Dollar Class J (Non-Restricted)	–	34,572	13,380	(16)	(257)	47,679	US\$1,002.09
US Dollar L.P. Class J	13,848	11,823	–	(7,918)	(3,743)	14,010	US\$1,411.34
US Dollar L.P. Class J (Non-Restricted)	–	19,290	11,132	–	(211)	30,211	US\$1,002.12
US Dollar Class S	–	4,044,564	–	–	(45,676)	3,998,888	US\$101.13
US Dollar L.P. Class W	2,933	–	–	(1,806)	(10)	1,117	US\$1,830.90
US Dollar L.P. Class W (Non-Restricted)	–	–	3,282	–	(30)	3,252	US\$1,007.98
Euro Class W	43,025	–	–	–	(314)	42,711	€1,652.63
Sterling Class W	67,141	–	–	–	(576)	66,565	£1,750.09
US Dollar Class Z	43,879	–	48,551	(1,106)	(91,324)	–	US\$–
Euro Class Z	3,701	–	–	–	(3,701)	–	€–
Sterling Class Z	227,499	14,327	824	(36,307)	(206,343)	–	£–

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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/ (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS US\$'000	ENDING NET ASSETS US\$'000
US Dollar Class A	2,618,570	1,445,432	6,651	(1,668,224)	(651,952)	110,722	1,861,199
US Dollar Class A (Non-Restricted)	–	70,771	1,291,439	(1,102)	(60,999)	7,454	1,307,563
US Dollar L.P. Class A	171,698	916,943	–	(823,582)	(38,752)	12,080	238,387
US Dollar L.P. Class A (Non-Restricted)	–	347,994	823,607	–	(8,573)	7,651	1,170,679
Euro Class A	331,767	120,214	–	(138,001)	(28,544)	(9,731)	275,705
Euro Class A (Non-Restricted)	–	890	137,569	(145)	(1,068)	(9,136)	128,110
Sterling Class A	399,738	76,325	427,495	(127,964)	(115,199)	29,443	689,838
Sterling Class A (Non-Restricted)	–	–	72,905	(74)	(510)	(2,980)	69,341
Yen Class A	80,037	56,478	–	(133,835)	(491)	(2,189)	–
Yen Class A (Non-Restricted)	–	–	133,769	(108)	(1,405)	(5,569)	126,687
Norwegian Krone Class A	2,638	–	–	–	(21)	27	2,644
Canada Class A	–	176,208	4	(339)	(2,494)	6,340	179,719
US Dollar Class B	75,797	28,879	681	(7,606)	(6,026)	3,784	95,509
Sterling Class B	682,833	546,032	7,606	(681)	(65,460)	22,578	1,192,908
US Dollar Class J	6,071	20,180	–	(13,399)	(388)	383	12,847
US Dollar Class J (Non-Restricted)	–	34,345	13,380	(22)	(250)	326	47,779
US Dollar L.P. Class J	18,860	16,500	–	(11,157)	(5,253)	822	19,772
US Dollar L.P. Class J (Non-Restricted)	–	19,150	11,132	–	(211)	203	30,274
US Dollar Class S	–	404,457	–	–	(4,565)	4,519	404,411
US Dollar L.P. Class W	5,130	–	–	(3,281)	(18)	215	2,046
US Dollar L.P. Class W (Non-Restricted)	–	–	3,282	–	(30)	26	3,278
Euro Class W	83,839	–	–	–	(591)	(2,978)	80,270
Sterling Class W	153,769	–	–	–	(1,363)	5,393	157,799
US Dollar Class Z	11,511	–	13,000	(292)	(24,407)	188	–
Euro Class Z	1,080	–	–	–	(1,058)	(22)	–
Sterling Class Z	79,078	5,080	292	(13,000)	(74,038)	2,588	–
	4,722,416	4,285,878	2,942,812	(2,942,812)	(1,093,666)	182,137	8,096,765

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 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 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 AND OTHER RISKS

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 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.

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 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 indexes underlying a contract may exceed the amount recognised in the 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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11. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND OTHER RISKS (CONTINUED)

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's holdings at the year 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 12.

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.

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.

The redemption terms of each Class are set out in the Master Fund's prospectus.

Market Events

Various effects of the COVID-19 outbreak may continue for an extended period of time, and may have an adverse impact on economic and market conditions. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual companies, are not known. The extent of the impact to the financial performance and the operations of the Master Fund and its Feeder Funds will depend on future developments, which are highly uncertain and cannot be predicted.

The Manager continues to monitor developments relating to COVID-19 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.

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 Consolidated Statement of Assets and Liabilities to enable users of the 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.

12. OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

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

As of 31 December 2021

Offsetting of financial assets and derivative assets:

	(I)	(II)	(III)=(I)-(II)	(IV)		(V)=(III)-(IV)
				GROSS AMOUNTS NOT OFFSET IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES		
	GROSS AMOUNTS OF RECOGNISED ASSETS US\$'000	GROSS AMOUNTS OFFSET IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000	NET AMOUNTS OF ASSETS PRESENTED IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000	FINANCIAL INSTRUMENTS US\$'000	CASH COLLATERAL HELD* US\$'000	NET AMOUNT** US\$'000
DESCRIPTION						
Derivatives	390,047	11,237	378,810	202,562	101,879	74,369
Reverse repurchase agreements	1,276,244	42,664	1,233,580	1,026,209	3,911	203,460
TOTAL	1,666,291	53,901	1,612,390	1,228,771	105,790	277,829

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

As of 31 December 2021

Offsetting of financial liabilities and derivative liabilities:

	(I)	(II)	(III)=(I)-(II)	(IV)		(V)=(III)-(IV)
				GROSS AMOUNTS NOT OFFSET IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES		
	GROSS AMOUNTS OF RECOGNISED LIABILITIES US\$'000	GROSS AMOUNTS OFFSET IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000	NET AMOUNTS OF LIABILITIES PRESENTED IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000	FINANCIAL INSTRUMENTS US\$'000	CASH COLLATERAL PLEDGED* US\$'000	NET AMOUNT** US\$'000
DESCRIPTION						
Derivatives	222,799	11,237	211,562	202,562	6,273	2,727
Repurchase agreements	2,147,549	42,664	2,104,885	1,026,209	692	1,077,984
TOTAL	2,370,348	53,901	2,316,447	1,228,771	6,965	1,080,711

* 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 Consolidated 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, respectively, as noted in the table above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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13. FINANCIAL HIGHLIGHTS

The following tables include selected data for share classes in issue during the year and other performance information derived from the Consolidated Financial Statements. The per share amounts and ratios which are shown reflect the consolidated income and expenses of the Master Fund for each class of permanent, fee paying, non-management shares.

PER SHARE OPERATING PERFORMANCE	US DOLLAR CLASS A US\$	US DOLLAR CLASS A (NON- RESTRICTED) US\$	EURO CLASS A €	EURO CLASS A (NON- RESTRICTED) €	STERLING CLASS A £	STERLING CLASS A (NON- RESTRICTED) £
Net asset value, beginning of the year	8,775.47	–	7,799.88	–	9,246.33	–
Net asset value of the shares issued during the year	–	1,000.00	–	1,000.00	–	1,000.00
INCOME FROM INVESTMENT OPERATIONS						
Net investment loss ⁽¹⁾	(45.11)	(1.40)	(40.20)	(1.41)	(43.32)	(0.94)
Net realised and unrealised gain on investments ⁽¹⁾	410.45	6.42	295.59	1.36	408.46	4.84
TOTAL INCOME FROM INVESTMENT OPERATIONS	365.34	5.02	255.39	(0.05)	365.14	3.90
Net asset value of the shares redeemed during the year	–	–	–	–	–	–
NET ASSET VALUE, END OF THE YEAR	9,140.81	1,005.02	8,055.27	999.95	9,611.47	1,003.90
TOTAL RETURN⁽²⁾	4.16%	0.50%	3.27%	0.00%	3.95%	0.39%

SUPPLEMENTAL DATA

Net assets as of 31 Dec 2021 ('000)	1,861,199	1,307,563	242,442	112,654	509,274	51,191
Average net assets for 2021 ⁽³⁾ ('000)	2,295,102	1,304,587	279,342	111,828	539,577	50,786
RATIO TO AVERAGE NET ASSETS						
Operating expenses	0.64%	0.61%	0.63%	0.62%	0.59%	0.31%
Interest expense	0.27%	0.11%	0.27%	0.12%	0.27%	0.07%
Trade commissions	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%
Execution fees and other transaction costs	0.09%	0.09%	0.09%	0.09%	0.09%	0.05%
TOTAL EXPENSES	1.01%	0.82%	1.00%	0.84%	0.96%	0.43%
Net investment loss	(0.54%)	(0.19%)	(0.74%)	(0.20%)	(0.66%)	(0.11%)

13. FINANCIAL HIGHLIGHTS (CONTINUED)

	YEN CLASS A ¥	YEN CLASS A (NON- RESTRICTED) ¥	NORWEGIAN KRONE CLASS A NOK	CANADA CLASS A CAD	US DOLLAR L.P. CLASS A US\$	US DOLLAR L.P. CLASS A (NON- RESTRICTED) US\$	US DOLLAR CLASS B US\$
PER SHARE OPERATING PERFORMANCE							
Net asset value, beginning of the year	25,684.84	–	2,670.42	–	7,856.88	–	4,963.82
Net asset value of the shares issued during the year	–	10,000.00	–	1,000.00	–	1,000.00	–
INCOME FROM INVESTMENT OPERATIONS							
Net investment loss ⁽¹⁾	(12.91)	(14.09)	(13.90)	(4.32)	(42.86)	(1.41)	(20.20)
Net realised and unrealised gain on investments ⁽¹⁾	897.33	46.99	122.23	29.01	368.42	6.46	235.50
TOTAL INCOME FROM INVESTMENT OPERATIONS	884.42	32.90	108.33	24.69	325.56	5.05	215.30
Net asset value of the shares redeemed during the year	(26,569.26)	–	–	–	–	–	–
NET ASSET VALUE, END OF THE YEAR	–	10,032.90	2,778.75	1,024.69	8,182.44	1,005.05	5,179.12
TOTAL RETURN⁽²⁾	3.44%	0.33%	4.06%	2.47%	4.14%	0.50%	4.34%
SUPPLEMENTAL DATA							
Net assets as of 31 Dec 2021 ('000)	–	14,587,349	23,319	226,977	238,387	1,170,679	95,509
Average net assets for 2021 ⁽³⁾ ('000)	10,197,961	14,518,944	23,211	226,457	329,119	923,625	83,029
RATIO TO AVERAGE NET ASSETS							
Operating expenses	0.68%	0.61%	0.63%	0.63%	0.66%	0.62%	0.52%
Interest expense	(0.14%)	0.12%	0.27%	0.25%	0.26%	0.11%	0.27%
Trade commissions	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Execution fees and other transaction costs	0.09%	0.09%	0.09%	0.09%	0.08%	0.09%	0.09%
TOTAL EXPENSES	0.64%	0.83%	1.00%	0.98%	1.01%	0.83%	0.89%
Net investment loss	(0.09%)	(0.20%)	(1.53%)	(0.65%)	(0.55%)	(0.18%)	(0.36%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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13. FINANCIAL HIGHLIGHTS (CONTINUED)

	STERLING CLASS B £	US DOLLAR CLASS J US\$	US DOLLAR CLASS J (NON- RESTRICTED) US\$	US DOLLAR L.P. CLASS J US\$	US DOLLAR L.P. CLASS J (NON- RESTRICTED) US\$	US DOLLAR CLASS S US\$	US DOLLAR L.P. CLASS W US\$
PER SHARE OPERATING PERFORMANCE							
Net asset value, beginning of the year	4,991.01	138.42	–	1,361.98	–	–	1,749.29
Net asset value of the shares issued during the year	–	–	1,000.00	–	1,000.00	100.00	–
INCOME FROM INVESTMENT OPERATIONS							
Net investment income/(loss) ⁽¹⁾	(18.35)	(1.43)	(4.33)	(14.28)	(4.32)	(0.26)	(0.18)
Net realised and unrealised gain on investments ⁽¹⁾	223.86	6.47	6.42	63.64	6.44	1.39	81.79
TOTAL INCOME FROM INVESTMENT OPERATIONS	205.51	5.04	2.09	49.36	2.12	1.13	81.61
Net asset value of the shares redeemed during the year	–	–	–	–	–	–	–
NET ASSET VALUE, END OF THE YEAR	5,196.52	143.46	1,002.09	1,411.34	1,002.12	101.13	1,830.90
TOTAL RETURN⁽²⁾	4.12%	3.64%	0.21%	3.62%	0.21%	1.13%	4.67%

SUPPLEMENTAL DATA							
Net assets as of 31 Dec 2021 ('000)	880,666	12,847	47,779	19,772	30,274	404,411	2,046
Average net assets for 2021 ⁽³⁾ ('000)	646,389	8,353	25,422	17,588	18,200	402,137	3,384
RATIO TO AVERAGE NET ASSETS							
Operating expenses	0.47%	1.12%	1.08%	1.17%	1.10%	0.61%	0.18%
Interest expense	0.27%	0.27%	0.12%	0.28%	0.12%	0.18%	0.27%
Trade commissions	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Execution fees and other transaction costs	0.09%	0.09%	0.09%	0.09%	0.09%	0.08%	0.09%
TOTAL EXPENSES	0.84%	1.49%	1.30%	1.55%	1.32%	0.88%	0.55%
Net investment loss	(0.37%)	(1.01%)	(0.67%)	(1.06%)	(0.67%)	(0.31%)	(0.09%)

13. FINANCIAL HIGHLIGHTS (CONTINUED)

	US DOLLAR L.P. CLASS W (NON- RESTRICTED) US\$	EURO CLASS W €	STERLING CLASS W £	US DOLLAR CLASS Z US\$	EURO CLASS Z €	STERLING CLASS Z £
PER SHARE OPERATING PERFORMANCE						
Net asset value, beginning of the year	–	1,592.25	1,675.21	262.37	238.32	254.24
Net asset value of the shares issued during the year	1,000.00	–	–	–	–	–
INCOME FROM INVESTMENT OPERATIONS						
Net investment income/(loss) ⁽¹⁾	1.50	(0.10)	(0.10)	0.24	0.28	0.29
Net realised and unrealised gain on investments ⁽¹⁾	6.48	60.48	74.98	4.04	2.36	3.49
TOTAL INCOME FROM INVESTMENT OPERATIONS	7.98	60.38	74.88	4.28	2.64	3.78
Net asset value of the shares redeemed during the year	–	–	–	(266.65)	(240.96)	(258.02)
NET ASSET VALUE, END OF THE YEAR	1,007.98	1,652.63	1,750.09	–	–	–
TOTAL RETURN⁽²⁾	0.80%	3.79%	4.47%	1.63%	1.11%	1.49%
SUPPLEMENTAL DATA						
Net assets as of 31 Dec 2021 ('000)	3,278	70,585	116,495	–	–	–
Average net assets for 2021 ⁽³⁾ ('000)	3,260	70,280	115,787	11,585	902	61,305
RATIO TO AVERAGE NET ASSETS						
Operating expenses	0.13%	0.13%	0.13%	0.19%	0.15%	0.15%
Interest expense	0.11%	0.27%	0.27%	0.07%	0.07%	0.07%
Trade commissions	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Execution fees and other transaction costs	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%
TOTAL EXPENSES	0.34%	0.50%	0.50%	0.36%	0.32%	0.32%
Net investment income/(loss)	0.31%	(0.03%)	(0.03%)	0.18%	0.19%	0.18%

(1) Net investment income/(loss) and net realised and change in unrealised gain on investments are determined using the average number of shares of each Class at the end of each month.

(2) Total return is indicative of the Class' performance as a whole.

(3) Average net assets are determined using the weighted average net assets of the Class measured at the end of each month.

Operating expenses are total expenses from the Consolidated Statement of Operations less interest and dividend expense, trade commissions, and execution fees and other transaction costs. Operating expenses, interest and dividend expense, trade commissions, execution fees and other transaction costs ratios are annualized for the Class A, Class A Non-Restricted, Class J Non-Restricted, Class S, Class W Non-Restricted and Class Z that were not existence for the full year. Net investment loss ratios are annualized for the total net investment loss amount. Total return has not been annualized. An individual shareholder's financial highlights may vary based on the timing of share capital transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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14. RELATED PARTY TRANSACTIONS

The Master Fund and its Subsidiary consider the Manager, the 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) BH-DG; (v) BHUSIM and (vi) 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 a minority, non-controlling interest in BH-DG.

The Manager has also appointed BHAM and BHIP to provide certain other ancillary services in respect of the Master Fund. With effect from 1 October 2021, BHAM has ceased to be responsible for the ancillary services, other than certain treasury and cash management, risk management and distribution services, that were provided by BHAM pursuant to the BHAM Services Agreement (and accordingly, has ceased to delegate to an affiliate of the Manager any such services). For the avoidance of doubt, BHAM will continue to be responsible for certain treasury and cash management, risk management and distribution services.

With effect from 1 October 2021, the Manager has appointed Coremont LLP (the "MBO Services Provider") (the previous delegate of BHAM) directly to provide those services and also treasury and cash management services pursuant to a services agreement dated 17 August 2021. The MBO Services Provider is an affiliate of the Manager.

The MBO Services Provider is a limited liability partnership incorporated in England and Wales in February 2018 and is authorised and regulated by the Financial Conduct Authority ("FCA"). The MBO Services Provider is an affiliate of the Manager.

The Manager will be responsible for the fees of the MBO Services Provider. In any event, neither the Feeder Funds nor the Master Fund will pay any such fees.

With effect from 1 December 2021, Dennis Hunter resigned as a director of the Master Fund and Carol Reynolds has been appointed as a director of the Master Fund.

The total directors' fees for the year ended 31 December 2021 amounted to US\$338,000, of which US\$57,663 was outstanding as of 31 December 2021.

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 31 December 2021, 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.

BH Global Limited ("BHG") was a Guernsey incorporated closed-ended investment company listed on the London Stock Exchange that invested 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.

BHG was placed into liquidation on 19 July 2021, as a result of the liquidation certain shareholders elected to receive BH Macro Limited shares. In consideration of the election of shares, assets to the value of £341,160,424 and US\$28,949,957 were transferred by BHG to BH Macro Limited, the transfer of assets occurred in tranches on 1 August 2021, 2 August 2021, and 30 August 2021.

BHMS held 0% (US\$Nil) of the net assets of the Master Fund as of 31 December 2021.

BH Alkout Fund Limited ("BHALKLTD") is a company incorporated with limited liability under the laws of the Cayman Islands that invests all of its assets in the Master Fund, Brevan Howard Alpha Strategies Master Fund ("BHAL"), Brevan Howard Alkout SP (a segregated portfolio of Brevan Howard Special Opportunities SPC) ("BT1") and such other master funds in which the BHALKLTD may invest from time to time. The Manager of the Master Fund is also the Manager of BHAL, BT1 and BHALKLTD.

On 16 September 2021, the directors of Brevan Howard AH Master Fund ("BAH") resolved that all the ordinary shares in BAH held by the Master Fund be compulsorily redeemed on 1 November 2021.

14. RELATED PARTY TRANSACTIONS (CONTINUED)

As of 31 December 2021, the Master Fund held investments in funds managed by the Manager as set out in Note 6 and below:

2021	OPENING CAPITAL US\$'000	SUBSCRIPTIONS US\$'000	REDEMPTIONS US\$'000	NET INCOME/ (LOSS) US\$'000	ENDING CAPITAL US\$'000
BH Digital Asset Fund Limited	-	100,000	(18,000)	71,186	153,186
Brevan Howard AH Master Fund Limited	424,620	247,300	(588,029)	(83,891)	-
Brevan Howard Alpha Strategies Master Fund Limited	1,313,423	760,000	-	126,020	2,199,443
Brevan Howard AS Macro Master Fund Limited	461,782	28,800	-	(30,775)	459,807
Brevan Howard Emerging Markets Strategies Master Fund Limited	2,407	-	-	(17)	2,390
Brevan Howard Equity Strategies Master Fund Limited	3,140	-	-	(98)	3,042
Brevan Howard FG Macro Master Fund Limited	564,168	93,300	-	(61,726)	595,742
Brevan Howard Fleet SP	-	36,441	-	1,047	37,488
Brevan Howard Global Volatility Master Fund Limited	95,363	230,400	-	(7,983)	317,780
Brevan Howard MB Macro Master Fund Limited	447,179	144,000	-	14,443	605,622
Brevan Howard Strategic Opportunities Fund Limited	3,669	-	-	89	3,758
WCG Strategies Fund Limited	1,760	-	-	323	2,083
	3,317,511	1,640,241	(606,029)	28,618	4,380,341

The Feeder Funds invest substantially all of their assets in the Master Fund. As of 31 December 2021, the Feeder Fund, the Partnership, BH Macro Limited and BH Alkout Fund Limited held 61.01%, 18.09%, 15.91% and 4.99% respectively of the net assets of the Master Fund.

During 2021, BH Macro Limited and BHMS had capital activities with the Master Fund as below:

2021	OPENING CAPITAL US\$'000	SUBSCRIPTIONS US\$'000	REDEMPTIONS US\$'000	NET INCOME/ (LOSS) US\$'000	ENDING CAPITAL US\$'000
BH Macro Limited	758,630	574,911	(71,486)	26,362	1,288,417
Brevan Howard Multi-Strategy Master Fund Limited	91,669	5,080	(99,503)	2,754	-

During 2020 and 2021, there were investments transferred to the Master Fund.

During 2020, the Master Fund paid cash to Brevan Howard Alpha Strategies Master Fund Limited ("BHAL") to buy investments at FMV. Accordingly, BHAL transferred investments of US\$2,825,734 at FMV to the Master Fund on 1 September 2020.

As of 31 December 2021, US\$2,470,717 of those investments transferred from BHAL during 2020 have been sold out and US\$355,017 of the investments were still on hand as of 31 December 2021.

On 1 August 2021, the Master Fund paid cash to BHMS to buy investments at FMV. Accordingly, BHMS transferred investments of US\$4,176,186 at FMV to the Master Fund. As of 31 December 2021, US\$3,653,498 of those investments transferred from BHMS during 2021 have been sold out and US\$522,688 of the investments were still on hand as of 31 December 2021.

On 1 November 2021, the Master Fund paid cash to Brevan Howard AH Master Fund Limited ("BAH") to buy investments at FMV. Accordingly, BAH transferred investments of US\$12,041,152 at FMV to the Master Fund. As of 31 December 2021, US\$3,334,935 of those investments transferred from BAH during 2021 have been sold out and US\$8,706,217 of the investments were still on hand as of 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31 December 2021

14. RELATED PARTY TRANSACTIONS (CONTINUED)

During 2021, there were investments transferred from the Master Fund.

On 1 January 2021, BHAL paid cash to the Master Fund to buy investments at FMV. Accordingly, the Master Fund transferred investments of US\$8,693,113 at FMV to BHAL. As a result of the transfer an unrealised gain of US\$4,338,697 became realised by the Master Fund.

On 1 March 2021, BMS paid cash to the Master Fund to buy investments at FMV. Accordingly, the Master Fund transferred investments of US\$1,354,697 at FMV to BMS. As a result of the transfer an unrealised gain of US\$1,356,264 became realised by the Master Fund.

The research charges ("Research Charges") for the Master Fund and its Subsidiary for the year ended 31 December 2021 amounted to US\$2,100,000. Research (as defined in the FCA Rules) ("Research") that the Manager and/or the Investment Managers receive from third parties in connection with the provision of services to the Master Fund and its Subsidiary and certain other investment funds, vehicles or accounts managed by the Manager and/or the Investment Managers that would benefit from the same research may be paid out of one or more research payment accounts (the "RPA") established by Manager and/or the Investment Managers. The Manager and/or the Investment Managers have determined that the purchase and use of Research benefits the Master Fund and its Subsidiary by enhancing the quality of the investment decisions which the Investment Managers are able to take on behalf of the Master Fund. The RPA is funded by monthly Research Charges paid by the Master Fund and its Subsidiary which are based on an annual Research budget determined by the Manager and/or the Investment Managers in accordance with its research policy and approved by the Board of Directors.

15. 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 2020, the line of credit was for borrowings of up to US\$300,000,000 until 1 July 2021, or such later anniversary thereof as the Borrower and Lender may agree. Effective 1 July 2021, the line of credit was increased to borrowings of up to US\$400,000,000 until 1 July 2022, or such later anniversary thereof as the Borrower and Lender may agree (the "Scheduled Termination Date").

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 31 December 2021, undrawn borrowings under the line of credit amounted to US\$400,000,000.

16. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The London Interbank Offered Rate ("LIBOR") may be eliminated or downgraded in quality in the near future. On 5 March 2021, LIBOR's regulator, the Financial Conduct Authority, and administrator, ICE Benchmark Administration, Limited, announced that the publication of the one-week and two-month USD LIBOR maturities and non-USD LIBOR maturities will cease immediately after 31 December 2021, with the remaining USD LIBOR maturities ceasing immediately after 30 June 2023. It is expected that a number of banks currently reporting information used to set LIBOR will stop doing so when their reporting commitments end. This will either end the publication of LIBOR immediately or degrade its quality such that it would no longer be a relevant metric to the Master Fund. Change in LIBOR could affect the interest rates of the Master Fund's LIBOR based investments and revolving credit facility. If LIBOR is no longer available, the Master Fund will pursue alternative interest rate calculations in its LIBOR based investments and revolving credit facility. However, if no alternative can be determined, the LIBOR rate component will no longer be used in determining the rates.

As of 31 December 2021, the potential effect of no longer using the LIBOR rate component to the Master Fund's interest rate would not have had a material effect on either rate, thus the discontinuation of LIBOR is not expected to have a material effect on the Consolidated Master Fund's Financial Statements.

17. SUBSEQUENT EVENTS

The Master Fund and its Subsidiary evaluated subsequent events through 29 March 2022.

Subsequent to Russia's invasion of Ukraine on 24 February 2022, global financial markets experienced substantial volatility. As a result of the invasion, sanctions were imposed on Russia and there is risk that further economic sanctions may be imposed. The Master Fund and its Subsidiary have no direct significant exposure to Russia, Ukraine or Belarus as of the date the Consolidated Financial Statements are available for issue.

The Manager will continue to monitor the situation and potential impact in line with existing risk oversight policies and procedures.

The Directors do not believe there is any financial impact to the Consolidated Financial Statements as at 31 December 2021 as a result of this subsequent event.

No other material events which would require to be disclosed or adjusted for in the Consolidated Financial Statements occurred after the year end.

AFFIRMATION OF THE COMMODITY POOL OPERATOR

31 December 2021

To the best of my knowledge and belief, the information detailed in these annual audited Consolidated Financial Statements is accurate and complete.

By:



Name: Jonathan Hughes

TITLE: CHIEF FINANCIAL OFFICER AND AUTHORISED SIGNATORY

Brevan Howard Capital Management Limited as general partner of Brevan Howard Capital Management LP, the Manager and commodity pool operator of Brevan Howard Master Fund Limited.

29 March 2022

NOTES

NOTES (CONTINUED)

MANAGEMENT AND ADMINISTRATION

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Carol Reynolds
Philippe Lespinard
Phil Schmitt
Risto Silander
James Vernon

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Administrator

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(from 1 October 2021)
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