

BH MACRO LIMITED



INTERIM REPORT AND UNAUDITED FINANCIAL  
STATEMENTS 2021

30 June 2021

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## CHAIR'S STATEMENT

I am delighted to present my first Interim Report to Shareholders as the new Chair of BH Macro Limited (your "Company") following the retirement of my predecessor, Colin Maltby, on 15 February 2021, who had served the Company for six years as an Independent Director and, latterly, as Chair.

Over the first half of 2021, the Net Asset Value ("NAV") per Sterling share in the Company increased by 1.21 percent and the NAV per US Dollar share increased by 1.31 percent. The share price total return on a Sterling share was -3.98 percent over the period and on a US Dollar share was -2.50 percent. The Company's NAV performance is directly related to the performance of Brevan Howard Master Fund Ltd (the "Master Fund") into which the Company invests substantially all of its assets. However, whilst in this interim period the NAV growth has been modest the Sterling share price and the US Dollar share price have seen a decline. Almost all of this is attributable to the fall in the share price between 21 January and 25 January when the Sterling shares fell 8.99 percent and the US Dollar shares fell 5.95 percent. This fall eliminated the premium in the share price and was precipitated by the receipt and publication of a letter from Brevan Howard Capital Management LP (the "Manager"), regarding proposed changes to the Management Agreement.

Few Shareholders will be unaware of the sequence of events and the degree of uncertainty that surrounded the Company for a short period of time, and in my statement I shall simply give a brief summary. The Company's Manager requested, having demonstrated that the Company had achieved the levels of return and risk diversification that were implicit at the time of the flotation, that the Board seek the approval of Shareholders to reverse substantially, but not entirely, the fee concessions that had been granted in earlier years. After extensive consultation with major Shareholders, the Company's Advisors, and the Manager, the Board recommended to Shareholders that the increase in fees should be put to a vote and accordingly at an EGM on 29 March 2021, 82.46 percent of voted share rights voted in favour of the changes. At the same time, a tender offer was put in place for those Shareholders who did not wish to suffer the fee increase and wanted an opportunity to exit the Company.

During the course of those consultations, it became clear that the liquidity in the shares remained a major concern for a number of substantial Shareholders. This issue had been raised in the past on numerous occasions by a number of Shareholders.

A potential solution was to enter into discussions with BH Global Limited ("BH Global"), a London listed Guernsey registered investment company also managed by the Manager and where there was a significant overlap in investment strategy.

Again, an extensive process of consultation and negotiation was entered into between the Board, the Shareholders, the Manager and the Company's Advisors. A similar process was undertaken by the board of BH Global under the chairmanship of Sir Michael Bunbury. Whilst this proposal was positively received by a large percentage of Shareholders, an obvious impediment to a combination was the considerable cost of the process as set out in the Directors' Report to effect this combination of BH Macro and BH Global which both entities would carry. It would have been difficult, if not impossible, to recommend to Shareholders such a process if it could diminish NAV. I am delighted to report that the Company's Manager, Brevan Howard Capital Management LP, offered a solution by which they effectively underwrote this cost such that should both boards and Shareholders wish to combine then the process would not diminish the NAV of BH Macro as the continuing entity. Fuller details of both the tender offer and the combination process are set out in the Directors' Report. The impact of this tender and combination is that BH Macro will be a substantially larger Company with hopefully greater liquidity in its shares.

The macro economic outlook remains confused with significant geopolitical tensions. The COVID-19 pandemic is yet to be resolved, vaccination programmes vary considerably across the globe, and the prospect of new variants remains. The unprecedented injection of liquidity coupled with the severe disruption to supply chains has led to inflationary pressures, currently regarded as transitory by most. While some economies are rebounding strongly, notably the USA and UK, the longer term outlook remains uncertain.

Against this background the investment strategy of the Company should provide diversification to other asset classes and the shares remain one of the few ways for the individual investor to acquire access to a long established macro-economic hedge fund.

I look forward to welcoming all the new Shareholders to BH Macro who have taken part in the combination with BH Global. We look forward with confidence to the future development and performance of the Company.

Richard Horlick  
Chair  
31 August 2021

# CHAIR'S STATEMENT CONTINUED

## STERLING SHARES SHARE PRICE VS NET ASSET VALUE



## US DOLLAR SHARES SHARE PRICE VS NET ASSET VALUE



## BOARD MEMBERS

The Directors of the Company, as at the date of signing, all of whom are non-executive, are listed below:

### **Richard Horlick (appointed Chair on 15 February 2021), age 62**

Richard Horlick is UK resident. He is currently the non-executive chairman of CCLA Investment Management which manages £11.5bn of assets for over 38,000 charities and church and local authority funds. He has served on a number of closed end fund boards most recently Pacific Assets Trusts Plc from December 2005 until June 2014 and Tau Capital Plc from May 2007 to January 2014. He was a partner and non-executive chairman of Pensato Capital LLP until its successful sale to RWC Partners in 2017. He has had a long and distinguished career in investment management graduating from Cambridge University in 1980 with an MA in Modern History. After 3 years in the corporate finance department of Samuel Montagu he joined Newton Investment Management in January 1984, where he became a Director and portfolio manager. In 1994, he joined Fidelity International as President of their institutional business outside the US and in 2001 became President and CEO of Fidelity Management Trust Company in Boston which was the Trust Bank for the US Fidelity Mutual fund range and responsible for their defined benefit pension business. In 2003, he joined Schroders Plc as a main board Director and head of investment worldwide. In January 2006, he established Spencer House Capital Management with Lord Jacob Rothschild. In addition, he has been a business angel investing in a wide range of private companies. He became a limited partner in CBE Capital Limited, a property development group.

### **Bronwyn Curtis, age 72**

Bronwyn Curtis is a UK resident and Senior Executive with 30 years leadership in finance, commodities, consulting and the media. She is currently chairman of JPMorgan Asia Growth and Income Plc and a non-executive Director of Pershing Square Holdings Plc, the Scottish American Investment Company Plc and the UK Office of Budget Responsibility. Her executive roles included Head of Global Research at HSBC Plc, Managing Editor and Head of European Broadcast at Bloomberg LP, Chief Economist of Nomura International, and Global Head of Foreign Exchange and Fixed Income Strategy at Deutsche Bank. She has also worked as a consultant for the World Bank and UNCTAD. Her other current appointments include trustee of the Centre for Economic and Policy Research, the Australia-UK Chamber of Commerce and The Times shadow MPC. She is a graduate of the London School of Economics and La Trobe University in Australia where she received a Doctor of Letters in 2017. Bronwyn was awarded an OBE in 2008 for her services to business economics. Mrs Curtis was appointed to the Board in January 2020.

### **John Le Poidevin, age 51**

John Le Poidevin is Guernsey resident and has over 25 years' business experience. Mr Le Poidevin is a graduate of Exeter University and Harvard Business School, a Fellow of the Institute of Chartered Accountants in England and Wales and a former partner of BDO LLP in London where, as Head of Consumer Markets, he developed an extensive breadth of experience and knowledge of listed businesses in the UK and overseas. He is an experienced non-executive who sits on several Plc boards and chairs a number of Audit Committees. He therefore brings a wealth of relevant experience in terms of corporate governance, audit, risk management and financial reporting. Mr Le Poidevin was appointed to the Board in June 2016.

### **Claire Whittet, age 66**

Claire Whittet is Guernsey resident and has over 40 years' experience in the financial services industry. After obtaining a MA (Hons) in Geography from the University of Edinburgh, Mrs Whittet joined the Bank of Scotland for 19 years and undertook a wide variety of roles. She moved to Guernsey in 1996 and was Global Head of Private Client Credit for Bank of Bermuda before joining Rothschild & Co Bank International Limited in 2003, initially as Director of Lending and latterly as Managing Director and Co-Head until May 2016 when she became a non-executive Director. She is an ACIB member of the Chartered Institute of Bankers in Scotland, a Chartered Banker, a member of the Chartered Insurance Institute and holds an IoD Director's Diploma in Company Direction. She is an experienced non-executive director of a number of listed investment and private equity funds one of which she chairs and a number of which she is Senior Independent Director. Mrs Whittet was appointed to the Board in June 2014.

## DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

The following summarises the Directors' directorships in other public companies:

	EXCHANGE
<b>RICHARD HORLICK</b>	
VH Global Sustainable Energy Opportunities Plc	London
<b>BRONWYN CURTIS</b>	
JPMorgan Asia Growth and Income Plc	London
Pershing Square Holdings Limited	London and Euronext Amsterdam
Scottish American Investment Company Plc	London
<b>JOHN LE POIDEVIN</b>	
International Public Partnerships Limited	London
TwentyFour Income Fund Limited	London
<b>CLAIRE WHITTET</b>	
Eurocastle Investment Limited	Euronext Amsterdam
International Public Partnerships Limited	London
Riverstone Energy Limited	London
Third Point Investors Limited	London
TwentyFour Select Monthly Income Fund Limited	London

# DIRECTORS' REPORT

30 June 2021

The Directors submit their Interim Report together with the BH Macro Limited (the "Company") Unaudited Statement of Assets and Liabilities, Unaudited Statement of Operations, Unaudited Statement of Changes in Net Assets, Unaudited Statement of Cash Flows and the related notes for the period ended 30 June 2021. The Directors' Report together with the Interim Unaudited Financial Statements and their related notes (the "Financial Statements") give a true and fair view of the financial position of the Company. They have been prepared properly, in conformity with United States Generally Accepted Accounting Principles ("US GAAP") and are in agreement with the accounting records.

## THE COMPANY

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

Currently, ordinary shares are issued in Sterling and US Dollars.

On 28 May 2021, the Company announced that it had agreed heads of terms with the Board of BH Global Limited and Brevan Howard Capital Management LP to combine BH Global Limited and the Company (the "Scheme" and the "Combination"). Under the Scheme, BH Global Limited's Shareholders were offered the option of exchanging their shares for shares of the same currency class of BH Macro Limited with the same value on the basis of the relative NAVs per share of the relevant class of each company on 31 July 2021 and/or to receive a cash payment equal to 97.8% of the NAV (in addition to an amount per share to offset the impact of the increase of the BH Global Limited management fee effective from 1 July 2021).

At an Extraordinary General Meeting ("EGM") and class meetings on 19 July 2021, BH Global Limited's Shareholders approved resolutions to enable the Combination to proceed.

With effect on 1 August 2021, BH Global Limited (in voluntary winding up), acting by Ernst & Young LLP (the "Liquidators"), in accordance with the Scheme, transferred to the Company a pool of assets (being shares in Brevan Howard Multi-Strategy Master Fund Limited and cash) attributable to the BH Global Limited shares to be exchanged for shares in the Company, to be applied by the Company for reinvestment in the Master Fund and towards the costs of the Combination. On 31 August 2021, the Company issued or sold from treasury a total of 10,148,066 Sterling shares and 825,362 US Dollar shares in consideration of the transfer of the pool of assets from BH Global Limited.

On 2 June 2021, the Company published a circular in respect of a tender offer for up to 40% of each class of its issued share capital at a price equivalent to 97.8% of the net asset value for the relevant class as at 30 June 2021.

The Tender Offer was funded by the redemption of such portion of the Company's investment in Brevan Howard Master Fund Limited (the "Master Fund") as was required to pay for the shares validly tendered in the Tender Offer. Shares validly tendered in the Tender Offer were not subject to the increase in the Company's management fee and the Master Fund's operational services fee approved by shareholders on 29 March 2021, which were effective from 1 July 2021.

At an EGM held on 23 June 2021, Shareholders approved the proposed Tender Offer, allowing for a maximum amount of 6,033,030 Sterling shares and 838,411 US Dollar shares to be repurchased by the Company. On 23 June 2021, the Company announced that 1,334,099 Sterling shares and 125,163 US Dollar shares had been validly tendered and were to be repurchased at a price of 97.8% of the NAV per share as at 30 June 2021. On 30 July 2021, the final Tender Offer price was confirmed as being £33.0389 per Sterling share and \$34.4646 per US Dollar share. The Tender Offer was completed on 6 August 2021.

In light of the Tender Offer and the Company's Combination with BH Global Limited, the Company suspended the ability for Shareholders to convert shares from one class to another in respect of the May, June and July 2021 share conversion dates.

## INVESTMENT OBJECTIVE AND POLICY

The Company is organised as a feeder fund that invests all of its assets (net of short-term working capital requirements) directly in Brevan Howard Master Fund Limited (the "Master Fund"), a hedge fund in the form of a Cayman Islands open-ended investment company, which has as its investment objective the generation of consistent long-term appreciation through active leveraged trading and investment on a global basis. The Master Fund is managed by Brevan Howard Capital Management LP, the Company's Manager.

The Master Fund has flexibility to invest in a wide range of instruments including, but not limited to, debt securities and obligations (which may be below investment grade), bank loans, listed and unlisted equities, other collective investment schemes, currencies, commodities, digital assets, futures, options, warrants, swaps and other derivative instruments. The underlying philosophy is to construct strategies, often contingent in nature, with superior risk/return profiles, whose outcome will often be crystallised by an expected event occurring within a pre-determined period of time.

## DIRECTORS' REPORT CONTINUED

### INVESTMENT OBJECTIVE AND POLICY (CONTINUED)

The Master Fund employs a combination of investment strategies that focus primarily on economic change and monetary policy and market inefficiencies.

The Company may employ leverage for the purposes of financing share purchases or buy backs, satisfying working capital requirements or financing further investment into the Master Fund, subject to an aggregate borrowing limit of 20% of the Company's NAV, calculated as at the time of borrowing. Borrowing by the Company is in addition to leverage at the Master Fund level, which has no limit on its own leverage.

### RESULTS AND DIVIDENDS

The results for the period are set out in the Unaudited Statement of Operations on page 21. The Directors do not recommend the payment of a dividend.

### SHARE CAPITAL

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

### GOING CONCERN

The Directors, having considered the Principal and Emerging Risks and Uncertainties to which the Company is exposed which are listed on page 11 and on the assumption that these are managed or mitigated as noted, are not aware of any material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern and, accordingly, consider that it is appropriate that the Company continues to adopt the going concern basis of accounting for these Interim Unaudited Financial Statements.

The Board continues to monitor the ongoing impacts of the COVID-19 pandemic and has concluded that the biggest threat to the Company with regards to this pandemic is the failure for a key service provider to maintain business continuity and resiliency while maintaining work from home and social distancing practices. The Board has assessed the measures in place by key service providers to produce business continuity and so far has not identified any significant issues that affect the Company. The financial position of the Company has not been negatively impacted by the pandemic either. For these reasons, the Board is confident that the outbreak of COVID-19 has not impacted the going concern assessment of the Company.

### THE BOARD

The Board of Directors has overall responsibility for safeguarding the Company's assets, for the determination of the investment policy of the Company, for reviewing the performance of the service providers and for the Company's activities. The Directors, all of whom are non-executive, are listed on page 3.

The Articles provide that, unless otherwise determined by ordinary resolution, the number of Directors shall not be less than two. The Company's policy on Directors' Remuneration, together with details of the remuneration of each Director who served during the period, is detailed in the Directors' Remuneration Report on page 14.

The Board meets at least four times a year and between these formal meetings, there is regular contact with the Manager and the Administrator. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company are brought to the attention of the Directors. The Directors also have access to the Administrator and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

For each Director, the tables below set out the number of Board and Audit Committee meetings they were entitled to attend during the period ended 30 June 2021 and the number of such meetings attended by each Director.

SCHEDULED BOARD MEETINGS	HELD	ATTENDED
Richard Horlick	5	5
Colin Maltby*	–	–
Bronwyn Curtis	5	5
John Le Poidevin	5	5
Claire Whittet	5	5

AUDIT COMMITTEE MEETINGS	HELD	ATTENDED
John Le Poidevin	1	1
Bronwyn Curtis	1	1
Claire Whittet	1	1

\* Colin Maltby retired prior to any of the scheduled board meetings being held.

In addition to these scheduled meetings, five ad-hoc committee meetings were held during the period ended 30 June 2021, which were attended by those Directors available at the time.

The Board has reviewed the composition, structure and diversity of the Board, succession planning, the independence of the Directors and whether each of the Directors has sufficient time available to discharge their duties effectively. The Board confirms that it believes that it has an appropriate mix of skills and backgrounds, that all of the Directors are considered to be independent in accordance with the provisions of the AIC Code and that all Directors have the time available to discharge their duties effectively.



## THE BOARD (CONTINUED)

The Chair's and Directors' tenures are limited to nine years, which is consistent with the principles listed in the UK Corporate Governance Code.

Notwithstanding that some of the Directors sit on the boards of a number of other listed investment companies, the Board notes that each appointment is non-executive and that listed investment companies generally have a lower level of complexity and time commitment than trading companies. Furthermore, the Board notes that attendance of all Board and Committee meetings during the period is high and that each Director has always shown the time commitment necessary to discharge fully and effectively their duties as a Director.

## DIRECTORS' INTERESTS

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

	STERLING SHARES		
	30.06.21	31.12.20	30.06.20
Richard Horlick	Nil	Nil	Nil
Colin Maltby*	N/A	3,500	3,500
Bronwyn Curtis	Nil	Nil	Nil
John Le Poidevin	3,222	3,222	3,222
Claire Whittet	Nil	Nil	Nil

	US DOLLAR SHARES		
	30.06.21	31.12.20	30.06.20
Richard Horlick	Nil	Nil	Nil
Colin Maltby*	N/A	1,000	1,000
Bronwyn Curtis	Nil	Nil	Nil
John Le Poidevin	Nil	Nil	Nil
Claire Whittet	Nil	Nil	Nil

\* Colin Maltby retired from the board on 15 February 2021

## DIRECTORS' INDEMNITY

Directors' and Officers' liability insurance cover is in place in respect of the Directors.

The Directors entered into indemnity agreements with the Company which provide for, subject to the provisions of the Companies (Guernsey) Law, 2008, an indemnity for Directors in respect of costs which they may incur relating to the defence of proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given

in their favour by the Court. The agreement does not provide for any indemnification for liability which attaches to the Directors in connection with any negligence, unfavourable judgements and breach of duty or trust in relation to the Company.

## CORPORATE GOVERNANCE

To comply with the UK Listing Regime, the Company must comply with the requirements of the UK Corporate Governance Code. The Company is also required to comply with the Code of Corporate Governance issued by the Guernsey Financial Services Commission.

The Company is a member of the Association of Investment Companies (the "AIC") and by complying with the AIC Code is deemed to comply with both the UK Corporate Governance Code and the Guernsey Code of Corporate Governance.

To ensure ongoing compliance with the principles and the recommendations of the AIC Code, the Board receives and reviews a report from the Secretary, at each quarterly meeting, identifying whether the Company is in compliance and recommending any changes that are necessary.

The Company has complied with the requirements of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration;
- the need for an internal audit function; and
- whistle-blowing policy.

For the reasons explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company with a Board formed exclusively of non-executive Directors. The Company has therefore not reported further in respect of these provisions. The Company does not have employees, hence no whistle-blowing policy is necessary. However, the Directors have satisfied themselves that the Company's service providers have appropriate whistle-blowing policies and procedures and seek regular confirmation from the service providers that nothing has arisen under those policies and procedures which should be brought to the attention of the Board.

## DIRECTORS' REPORT CONTINUED

### CORPORATE GOVERNANCE (CONTINUED)

The Company has adopted a policy that the composition of the Board of Directors is at all times such that (i) a majority of the Directors are independent of the Manager and any company in the same group as the Manager (the "Manager's Group"); (ii) the Chair of the Board of Directors is free from any conflicts of interest and is independent of the Manager's Group; and (iii) no more than one director, partner, employee or professional adviser to the Manager's Group may be a Director of the Company at any one time.

The Company has adopted a Code of Directors' dealings in securities.

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee and by the Board at their meetings. The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

In view of its non-executive and independent nature, the Board considers that it is not necessary for there to be a Nomination Committee or a Remuneration Committee as anticipated by the AIC Code. The Board as a whole fulfils the functions of the Nomination and Remuneration Committees, although the Board has included a separate Directors' Remuneration Report on page 14 of these Interim Unaudited Financial Statements. The Board has adopted a Nomination Policy covering procedures for nominations to the Board and to Board committees.

For new appointments to the Board, nominations are sought from the Directors and from other relevant parties and candidates are then interviewed by the Directors. The current Board has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. An induction programme is provided for newly-appointed Directors.

In line with the AIC Code, Section 21.3 of the Company's Articles requires all Directors to retire at each Annual General Meeting. At the Annual General Meeting of the Company on 25 June 2020, Shareholders re-elected all the Directors of the Company.

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

The Board, Audit Committee and Management Engagement Committee undertake an evaluation of their own performance and that of individual Directors on an annual basis. In order to review their effectiveness, the Board and its Committees carry out a process of formal self-appraisal. The Board and Committees consider how they function as a whole and also review the individual performance of their members. This process is conducted by the respective Chair reviewing the Directors' performance, contribution and commitment to the Company.

Claire Whittet has been Senior Independent Director since 20 June 2019 and takes the lead in evaluating the performance of the Chair.

### BOARD PERFORMANCE

The performance of the Board and that of each individual Director is externally evaluated every three years.

The most recent external evaluation of the Board's performance was completed in February 2018 and is scheduled to take place every three years. The last evaluation confirmed that the Board works in a collegiate, harmonious and effective manner and made a number of recommendations for the medium-term structure of the Board which have been adopted. Given the various matters that required shareholder votes in the first half of 2021, including the changes in the Management Agreement, and the Combination with BH Global Limited, the Board determined that it would defer an external evaluation of the Board to later in 2021, once shareholder approvals had been secured and any uncertainties as to the future of the Company had been removed. This external evaluation is now expected to take place in the second half of 2021.

The Board carries out an annual internal evaluation of its performance in years when an external evaluation is not taking place. There were no matters of note in the 2020 evaluation.

The Board needs to ensure that the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy. In seeking to achieve this, the Directors have set out the Company's investment objective and policy and have explained how the Board and its delegated Committees operate and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Interim Report, the Board has sought to provide further information to enable Shareholders to better understand the Company's business and financial performance.

## POLICY TO COMBAT FRAUD, BRIBERY AND CORRUPTION

The Board has adopted a formal policy to combat fraud, bribery and corruption. The policy applies to the Company and to each of its Directors. Further, the policy is shared with each of the Company's service providers.

In respect of the UK Criminal Finances Act 2017 which introduced a new Corporate Criminal Offence of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that it is committed to preventing the facilitation of tax evasion and takes all reasonable steps to do so.

## SOCIAL AND ENVIRONMENTAL ISSUES

The Board also keeps under review developments involving other social and environmental issues, such as Modern Slavery, and will report on those to the extent they are considered relevant to the Company's operations.

## ONGOING CHARGES

The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, performance fees, share issue or buyback costs and non-recurring legal and professional fees, expressed as a percentage of the average of the daily net assets during the period.

Ongoing charges for the six-month period ended 30 June 2021, year ended 31 December 2020 and six-month period ended 30 June 2020 have been prepared in accordance with the AIC's recommended methodology.

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

### 30.06.21

	STERLING SHARES	US DOLLAR SHARES
Company – Ongoing Charges	0.56%	0.55%
Master Fund – Ongoing Charges	0.69%	0.69%
Performance fees	0.30%	0.32%
Ongoing Charges plus performance fees	1.55%	1.56%

### 31.12.20

	STERLING SHARES	US DOLLAR SHARES
Company – Ongoing Charges	0.50%	0.49%
Master Fund – Ongoing Charges	0.63%	0.63%
Performance fees	5.68%	6.01%
Ongoing Charges plus performance fees	6.81%	7.13%

### 30.06.20

	STERLING SHARES	US DOLLAR SHARES
Company – Ongoing Charges	0.52%	0.50%
Master Fund – Ongoing Charges	0.60%	0.62%
Performance fees	4.58%	4.64%
Ongoing Charges plus performance fees	5.70%	5.76%

The Master Fund's Ongoing Charges represent the portion of the Master Fund's operating expenses which have been allocated to the Company. The Company invests substantially all of its investable assets in ordinary Sterling and US Dollar denominated Class B shares issued by the Master Fund. These shares are not subject to management fees and performance fees within the Master Fund. The Master Fund's operating expenses include an operational services fee payable to the Manager of 1/12 of 0.5% per month of the NAV.

## PERFORMANCE GRAPHS

The graphs shown on page 2 detail the performance of the Company's NAV and share prices over the period.

## AUDIT COMMITTEE

The Company's Audit Committee conducts formal meetings at least three times a year for the purpose, amongst others, of considering the appointment, independence, effectiveness of the audit and remuneration of the auditors and to review and recommend the annual statutory accounts and interim report to the Board of Directors. It is chaired by John Le Poidevin and comprises Bronwyn Curtis and Claire Whittet. Richard Horlick was a member of the Audit Committee until his appointment as Chair on 15 February 2021. The Terms of Reference of the Audit Committee are available from the Administrator.

## DIRECTORS' REPORT CONTINUED

### MANAGEMENT ENGAGEMENT COMMITTEE

The Board has established a Management Engagement Committee with formal duties and responsibilities. The Management Engagement Committee meets formally at least once a year, is chaired by Claire Whittet and comprises all members of the Board.

The function of the Management Engagement Committee is to ensure that the Company's Management Agreement is competitive and reasonable for the Shareholders, along with the Company's agreements with all other third party service providers (other than the Independent Auditors). The Management Engagement Committee also monitors the performance of all service providers on an annual basis and at the onset of COVID-19, before the Management Engagement Committee meeting, wrote to each service provider regarding their Business Continuity Plans and the effect of the pandemic on their working practices. To date, all services have proved to be robust and there has been no disruption to the Company. The Terms of Reference of the Management Engagement Committee are available from the Administrator.

The details of the Manager's fees and notice period are set out in note 4 to the Interim Unaudited Financial Statements.

The Board continuously monitors the performance of the Manager and a review of the Manager is conducted by the Management Engagement Committee annually.

The Manager has wide experience in managing and administering investment companies and has access to extensive investment management resources.

At its meeting on 3 September 2020, the Management Engagement Committee concluded that the continued appointment of the Manager, Administrator, UK and Guernsey Legal Advisers, Registrar and Corporate Broker on the terms agreed was in the interests of the Company's Shareholders as a whole. At the date of this report, the Board continues to be of the same opinion.

### INTERNAL CONTROLS

Responsibility for the establishment and maintenance of an appropriate system of internal control rests with the Board and to achieve this, a process has been established which seeks to:

- Review the risks faced by the Company and the controls in place to address those risks;
- Identify and report changes in the risk environment;
- Identify and report changes in the operational controls;

- Identify and report on the effectiveness of controls and errors arising; and
- Ensure no override of controls by its service providers, the Manager and Administrator.

A report is tabled and discussed at each Audit Committee meeting, and reviewed once a year by the Board, setting out the Company's risk exposure and the effectiveness of its risk management and internal control systems. The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

In order to recognise any new risks that could impact the Company and ensure that appropriate controls are in place to manage those risks, the Audit Committee undertakes a regular review of the Company's Risk Matrix. This review took place on two occasions during the period.

The Board has delegated the management of the Company, the administration, corporate secretarial and registrar functions including the independent calculation of the Company's NAV and the production of the Annual Report and Financial Statements, which are independently audited. Whilst the Board delegates these functions, it remains responsible for the functions it delegates and for the systems of internal control. Formal contractual agreements have been put in place between the Company and the providers of these services. On an ongoing basis, Board reports are provided at each quarterly Board meeting from the Manager, Administrator and Company Secretary and Registrar. A representative from the Manager is asked to attend these meetings.

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management functions are delegated to the Manager, Administrator and Company Secretary and Registrar which have their own internal audit and risk assessment functions.

Further reports are received from the Administrator in respect of compliance, London Stock Exchange continuing obligations and other matters. The reports were reviewed by the Board. No material adverse findings were identified in these reports.

## PACKAGED RETAIL AND INSURANCE BASED INVESTMENT PRODUCTS ("PRIIPS")

From 1 January 2021, the Company became subject to the UK version of Regulation (EU) No 1286/2014 on key information documents for PRIIPs, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time, including by the Packaged Retail and Insurance-based Investment Products (EU Exit) Regulations 2019, (the "UK PRIIPs Laws"), which superseded the EU regulation that previously applied to the Company. In accordance with the requirements of the UK PRIIPs Laws, the Manager published the latest standardised three-page Key Information Document ("KID") on the Company on 29 April 2021. The KID is available on the Company's website [www.bhmacro.com/regulatory-disclosures/](http://www.bhmacro.com/regulatory-disclosures/) and will be updated at least every 12 months.

The Company is not responsible for the information contained in the KID. The process for calculating the risks, cost and potential returns are prescribed by regulation. The figures in the KID may not reflect the expected returns for the Company and anticipated returns cannot be guaranteed.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The Board is satisfied that by using the Company's risk matrix in establishing the Company's system of internal controls, while monitoring the Company's investment objective and policy, the Board has carried out a robust assessment of the principal and emerging risks and uncertainties facing the Company. The principal and emerging risks and uncertainties which have been identified and the steps which are taken by the Board to mitigate them are as follows:

- **Investment Risks:** The Company is exposed to the risk that its portfolio fails to perform in line with the Company's objectives if it is inappropriately invested or markets move adversely. The Board reviews reports from the Manager, which has total discretion over portfolio allocation, at each quarterly Board meeting, paying particular attention to this allocation and to the performance and volatility of underlying investments;
- **Operational Risks:** The Company is exposed to the risks arising from any failure of systems and controls in the operations of the Manager or the Administrator, or from the unavailability of either the Administrator or Manager for whatever reason. The Board receives reports annually from the Manager and Administrator on their respective internal controls;
- **Accounting, Legal and Regulatory Risks:** The Company is exposed to risk if it fails to comply with the regulations of the UK Listing Authority or if it fails to maintain accurate accounting records. The Administrator provides the Board with regular reports on changes in regulations and accounting requirements;
- **Financial Risks:** The financial risks faced by the Company include market, credit and liquidity risk. These risks and the controls in place to mitigate them are reviewed at each quarterly Board meeting;
- **Brexit Risk:** Whilst noting that the Company is based in Guernsey and that it invests substantially all of its assets into a Caymanian master fund, the Company may nevertheless be exposed to risks arising from the UK's departure from the European Union and subsequent agreement reached between the UK and the European Union at the end of the Brexit transition period, which did not cover financial services. In conjunction with the Manager, the Board will monitor the potential impact on the Company and on the Company's performance; and
- **Coronavirus Risk:** Despite the reported increased impact of Coronavirus (COVID-19) on businesses, the Board continues to believe that this is not a major business risk for the Company. The Company uses a number of service providers for its day-to-day operations. These providers have established and regularly tested Business Resiliency Policies in place, to cover various possible scenarios whereby staff cannot turn up for work at the designated office and conduct business as usual (such as work from home facilities and/or different regions covering work for other regions).

## BOARD DIVERSITY

When appointing new directors and reviewing the Board composition, the Board considers, amongst other factors, diversity, balance of skills, knowledge, gender and experience. The Board however does not consider it appropriate to establish targets or quotas in this regard. As at the date of this report, the Board comprised two female and two male non-executive directors. The Company has no employees.

## INTERNATIONAL TAX REPORTING

For purposes of the US Foreign Account Tax Compliance Act, the Company registered with the US Internal Revenue Services ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number (5QHZVI.99999.SL.831), and can be found on the IRS FFI list.

## DIRECTORS' REPORT CONTINUED

### INTERNATIONAL TAX REPORTING (CONTINUED)

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which was adopted by Guernsey and came into effect on 1 January 2016. The CRS replaced the intergovernmental agreement between the UK and Guernsey to improve international tax compliance that had previously applied in respect of 2014 and 2015. The Company made its latest report for CRS to the Director of Income Tax on 28 June 2021.

### RELATIONS WITH SHAREHOLDERS

The Board welcomes Shareholders' views and places great importance on communication with the Company's Shareholders. The Board receives regular reports on the views of Shareholders and the Chair and other Directors are available to meet Shareholders, with a number of such meetings taking place during the period. Due to travel restrictions as a result of COVID-19, Shareholders were not able to attend the Annual General Meeting in 2020. The Company provides weekly unaudited estimates of NAV, month end unaudited estimates and unaudited final NAVs. The Company also provides a monthly newsletter. These are published via RNS and are also available on the Company's website. Risk reports of the Master Fund are also available on the Company's website.

The Manager maintains regular dialogue with institutional Shareholders, the feedback from which is reported to the Board. Shareholders who wish to communicate with the Board should contact the Administrator in the first instance.

Having reviewed the Financial Conduct Authority's restrictions on the retail distribution of non-mainstream pooled investments, the Company, after taking legal advice, announced on 15 January 2014 that it is outside the scope of those restrictions, so that its shares can continue to be recommended by UK authorised persons to ordinary retail investors.

Following the publication of the updated AIC Code in February 2019, when 20 per-cent or more of Shareholder votes have been cast against a Board recommendation for a resolution, the Company should explain, when announcing voting results, what actions it intends to take to consult Shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The Board should then provide a final summary in the Annual Report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the Board has taken and any actions or resolutions now proposed. During the period, no resolution recommended by the Board received more than 20% of votes against it.

### SIGNIFICANT SHAREHOLDERS

As at 30 June 2021, the following Shareholders had significant shareholdings in the Company:

	TOTAL SHARES HELD	% HOLDING IN CLASS
<b>SIGNIFICANT SHAREHOLDERS</b>		
<b>STERLING SHARES</b>		
Ferlim Nominees Limited	2,914,180	21.19%
Rathbone Nominees Limited	1,545,359	11.24%
Pershing Nominees Limited	904,068	6.57%
HSBC Global Custody Nominee (UK) Limited	861,912	6.27%
Lion Nominees Limited	822,375	5.98%
Vidacos Nominees Limited	532,370	3.87%
Nortrust Nominees Limited	516,236	3.75%
Smith & Williamson Nominees Limited	507,949	3.69%
Harewood Nominees Limited	504,185	3.67%

	TOTAL SHARES HELD	% HOLDING IN CLASS
<b>SIGNIFICANT SHAREHOLDERS</b>		
<b>US DOLLAR SHARES</b>		
Vidacos Nominees Limited	592,246	30.09%
Hero Nominees Limited	479,911	24.38%
Luna Nominees Limited	137,717	7.00%
Securities Services Nominees Limited	88,390	4.49%
Vestra Nominees Limited	83,710	4.25%
Investec Bank plc	65,815	3.34%

Signed on behalf of the Board by:

**Richard Horlick**  
Chair

**John Le Poidevin**  
Director

31 August 2021



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

We confirm to the best of our knowledge that:

- these Interim Unaudited Financial Statements have been prepared in conformity with United States Generally Accepted Accounting Principles and give a true and fair view of the assets, liabilities, financial position and profit or loss; and
- these Interim Unaudited Financial Statements include information detailed in the Chair's Statement, the Directors' Report, the Manager's Report and the Notes to the Interim Unaudited Financial Statements, which provides a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on these Interim Unaudited Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related-party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period and any changes in the related-party transactions described in the last Annual Audited Financial Statements that could materially affect the financial position or performance of the Company.

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

Signed on behalf of the Board by:

**Richard Horlick**  
Chair

**John Le Poidevin**  
Director

31 August 2021

# DIRECTORS' REMUNERATION REPORT

30 June 2021

## INTRODUCTION

An ordinary resolution for the approval of the Directors' Remuneration Report will be proposed to Shareholders at the Annual General Meeting, to be held on 24 September 2021.

## REMUNERATION POLICY

All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate Directors of a quality required to run the Company successfully. The Chair of the Board is paid a higher fee in recognition of his additional responsibilities, as are the Chairs of the Audit Committee, the Management Engagement Committee and the Senior Independent Director. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to Directors of comparable companies.

There are no long-term incentive schemes provided by the Company and no performance fees are paid to Directors.

No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. The Directors were appointed to the Board for an initial term of three years and Section 21.3 of the Company's Articles requires, as does the AIC Code, that all of the Directors retire at each Annual General Meeting. At the Annual General Meeting of the Company on 25 June 2020, Shareholders re-elected all the Directors. Director appointments can also be terminated in accordance with the Articles. Should Shareholders vote against a Director standing for re-election, the Director affected will not be entitled to any compensation. There are no set notice periods and a Director may resign by notice in writing to the Board at any time.

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally.

No other remuneration or compensation was paid or payable by the Company during the period to any of the Directors apart from the reimbursement of allowable expenses.

## DIRECTORS' FEES

The Company's Articles limit the fees payable to Directors in aggregate to £400,000 per annum. The annual Directors' fees are: £70,000 for Richard Horlick, the Chair; £55,000 for John Le Poidevin, the Chair of the Audit Committee; £50,000 for Claire Whittet, as Chair of the Management Engagement Committee and the Senior Independent Director and £45,000 for all other Directors.

Prior to his retirement from the Board on 15 February 2021, Colin Maltby served as Chair with an annual fee of £70,000. Richard Horlick's annual fee, prior to him becoming Chair, was £45,000.

The fees payable by the Company in respect of each of the Directors who served during the period ended 30 June 2021, the year ended 31 December 2020 and the period ended 30 June 2020, were as follows:

	PERIOD ENDED 30.06.21 £	YEAR ENDED 31.12.20 £	PERIOD ENDED 30.06.20 £
Richard Horlick*	*31,678	45,000	22,500
Colin Maltby**	**8,822	70,000	35,000
Bronwyn Curtis	22,500	45,000	22,500
John Le Poidevin	27,500	55,000	27,500
Claire Whittet	25,000	50,000	25,000
<b>TOTAL</b>	<b>115,500</b>	<b>265,000</b>	<b>132,500</b>

\* On 15 February 2021, Richard Horlick was appointed Chair at a fee of £70,000 p.a. Prior to that date, he served as a Director at a fee of £45,000 p.a.

\*\* Colin Maltby retired as Chair and Director on 15 February 2021 and was paid a fee of £70,000 p.a. until that date.

Signed on behalf of the Board by:

**Richard Horlick**  
Chair

**John Le Poidevin**  
Director

31 August 2021



## MANAGER'S REPORT

Brevan Howard Capital Management LP ("BHCM" or the "Manager") is the manager of BH Macro Limited (the "Company") and of Brevan Howard Master Fund Limited (the "Master Fund"). The Company invests all of its assets (net of short-term working capital) in the ordinary shares of the Master Fund.

### PERFORMANCE REVIEW

The NAV per share of the USD shares of the Company appreciated 1.31% during the first half of 2021, while the NAV per share of the GBP shares appreciated by 1.21%.

The month-by-month NAV performance of each currency class of the Company since it commenced operations in 2007 is set out below.

GBP	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2007	–	–	0.11	0.83	0.17	2.28	2.55	3.26	5.92	0.04	3.08	0.89	20.67
2008	10.18	6.85	(2.61)	(2.33)	0.95	2.91	1.33	1.21	(2.99)	2.84	4.23	(0.67)	23.25
2009	5.19	2.86	1.18	0.05	3.03	(0.90)	1.36	0.66	1.55	1.02	0.40	0.40	18.00
2010	(0.23)	(1.54)	0.06	1.45	0.36	1.39	(1.96)	1.23	1.42	(0.35)	(0.30)	(0.45)	1.03
2011	0.66	0.52	0.78	0.51	0.59	(0.56)	2.22	6.24	0.39	(0.73)	1.71	(0.46)	12.34
2012	0.90	0.27	(0.37)	(0.41)	(1.80)	(2.19)	2.38	1.01	1.95	(0.35)	0.94	1.66	3.94
2013	1.03	2.43	0.40	3.42	(0.08)	(2.95)	(0.80)	(1.51)	0.06	(0.55)	1.36	0.41	3.09
2014	(1.35)	(1.10)	(0.34)	(0.91)	(0.18)	(0.09)	0.82	0.04	4.29	(1.70)	0.96	(0.04)	0.26
2015	3.26	(0.58)	0.38	(1.20)	0.97	(0.93)	0.37	(0.74)	(0.63)	(0.49)	2.27	(3.39)	(0.86)
2016	0.60	0.70	(1.78)	(0.82)	(0.30)	3.31	(0.99)	(0.10)	(0.68)	0.80	5.05	0.05	5.79
2017	(1.54)	1.86	(2.95)	0.59	(0.68)	(1.48)	1.47	0.09	(0.79)	(0.96)	0.09	(0.06)	(4.35)
2018	2.36	(0.51)	(1.68)	1.01	8.19	(0.66)	0.82	0.79	0.04	1.17	0.26	0.31	12.43
2019	0.52	(0.88)	2.43	(0.60)	3.53	3.82	(0.78)	1.00	(1.94)	0.47	(1.22)	1.52	7.98
2020	(1.42)	5.49	18.31	0.19	(0.85)	(0.53)	1.74	0.94	(1.16)	(0.02)	0.75	3.04	28.09
2021	1.20	0.32	0.81	0.15	0.25	(1.50)							1.21

USD	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2007	–	–	0.10	0.90	0.15	2.29	2.56	3.11	5.92	0.03	2.96	0.75	20.27
2008	9.89	6.70	(2.79)	(2.48)	0.77	2.75	1.13	0.75	(3.13)	2.76	3.75	(0.68)	20.32
2009	5.06	2.78	1.17	0.13	3.14	(0.86)	1.36	0.71	1.55	1.07	0.37	0.37	18.04
2010	(0.27)	(1.50)	0.04	1.45	0.32	1.38	(2.01)	1.21	1.50	(0.33)	(0.33)	(0.49)	0.91
2011	0.65	0.53	0.75	0.49	0.55	(0.58)	2.19	6.18	0.40	(0.76)	1.68	(0.47)	12.04
2012	0.90	0.25	(0.40)	(0.43)	(1.77)	(2.23)	2.36	1.02	1.99	(0.36)	0.92	1.66	3.86
2013	1.01	2.32	0.34	3.45	(0.10)	(3.05)	(0.83)	(1.55)	0.03	(0.55)	1.35	0.40	2.70
2014	(1.36)	(1.10)	(0.40)	(0.81)	(0.08)	(0.06)	0.85	0.01	3.96	(1.73)	1.00	(0.05)	0.11
2015	3.14	(0.60)	0.36	(1.28)	0.93	(1.01)	0.32	(0.78)	(0.64)	(0.59)	2.36	(3.48)	(1.42)
2016	0.71	0.73	(1.77)	(0.82)	(0.28)	3.61	(0.99)	(0.17)	(0.37)	0.77	5.02	0.19	6.63
2017	(1.47)	1.91	(2.84)	3.84	(0.60)	(1.39)	1.54	0.19	(0.78)	(0.84)	0.20	0.11	(0.30)
2018	2.54	(0.38)	(1.54)	1.07	8.41	(0.57)	0.91	0.90	0.14	1.32	0.38	0.47	14.16
2019	0.67	(0.70)	2.45	(0.49)	3.55	3.97	(0.66)	1.12	(1.89)	0.65	(1.17)	1.68	9.38
2020	(1.25)	5.39	18.40	0.34	(0.82)	(0.54)	1.84	0.97	(1.11)	(0.01)	0.76	3.15	28.89
2021	1.21	0.31	0.85	0.16	0.26	(1.47)							1.31

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

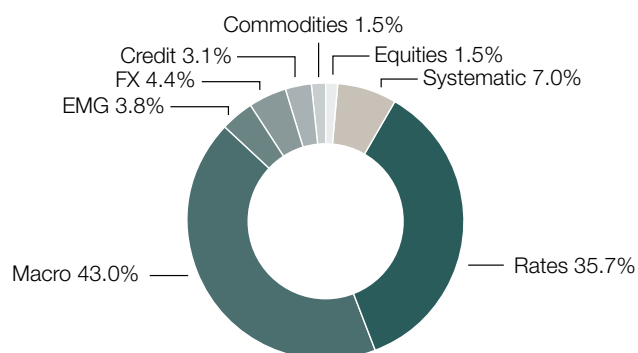
With effect from 1 April 2017 until 30 June 2021, the management fee was 0.5% per annum. The Company's investment in the Master Fund is subject to an operational services fee of 0.5% per annum. With effect from 1 April 2017 until 30 June 2021, no management fee or operational services fee was charged in respect of performance related growth of NAV for each class of share in excess of its level on 1 April 2017 as if the tender offer commenced by the Company on 27 January 2017 had completed on 1 April 2017.

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

Data as at 30 June 2021.

## MANAGER'S REPORT CONTINUED

### Strategy Group Exposure (% of capital allocation\*)



Source: BHCM, as at 30 June 2021. Data may not sum to 100% due to rounding.

\* Capital allocations are subject to change.

The above strategies are categorised as follows:

“Systematic”: rules-based futures trading

“Rates”: developed interest rates markets

“Macro”: multi-asset global markets, mainly directional (for the Master Fund, the majority of risk in this category is in rates)

“EMG”: global emerging markets

“FX”: global FX forwards and options

“Equities”: global equity markets including indices and other derivatives

“Commodities”: commodity futures and options

“Credit”: corporate and asset-backed indices, bonds and CDS

**PERFORMANCE REVIEW (CONTINUED)**

Quarterly and Annual contribution (%) to the performance of the Company's USD Shares (net of fees and expenses) by asset class\*

	RATES	FX	COMMODITY	CREDIT	EQUITY	DIGITAL ASSETS	TOTAL
Q1 2021	1.93	0.35	(0.29)	0.02	0.37	0.00	2.39
Q2 2021	(0.45)	(1.09)	0.53	0.18	0.13	(0.35)	(1.05)
YTD 2021	1.47	(0.75)	0.24	0.20	0.50	(0.35)	1.31

\* Data as at 30 June 2021.

Quarterly and YTD figures are calculated by BHCM as at 30 June 2021, based on performance data for each period provided by the Company's administrator, Northern Trust. Figures rounded to two decimal places.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

**Methodology and Definition of Contribution to Performance:**

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

The above asset classes are categorised as follows:

"Rates": interest rates markets

"FX": FX forwards and options

"Commodity": commodity futures and options

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

"Equity": equity markets including indices and other derivatives

"Digital Assets": crypto-currencies

**PERFORMANCE AND ECONOMIC OUTLOOK COMMENTARY**

At the start of the year, the Master Fund was positioned for a period of economic deflation in order to take advantage of the impact of unprecedented global fiscal and monetary support combined with the promise of reopening as COVID-19 vaccination programs gained traction. After the special election in Georgia produced effective Democratic party control of the Congress, the prospect of super-charged fiscal expansion in the US beginning with passage of the \$1.9 trillion American Rescue Plan resulted in the Master Fund being positioned for higher and steeper interest rate curves, higher breakeven inflation, a weakening of the US Dollar against a range of currencies that would benefit from global growth as well as higher commodity and equity prices. As a separate but related strategy, the Master Fund focused on the relative outperformance of the UK versus the Euro area, which lagged behind in terms of fiscal support, monetary policy easing, and vaccination. Broadly speaking these positions performed in the first quarter but were subtracted from by losses from an unexpected and presumably government-engineered depreciation in the Chinese Yuan and emerging market interest rate trading as well as precious metals which didn't follow the trend in other commodities.

In the second quarter, the differences across countries in terms of fiscal and monetary policy support and the pace of reopening became increasingly apparent. Despite robust growth in the US and upside surprises to inflation, global interest rate markets reversed course and unwound about half the dramatic sell-off seen in the first quarter. In concert, FX trends reversed course with the Euro rallying against Sterling and the US Dollar gaining against a range of currencies. As a result, much of the performance enjoyed in the first quarter was reversed.

## MANAGER'S REPORT CONTINUED

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### PERFORMANCE AND ECONOMIC OUTLOOK COMMENTARY (CONTINUED)

Moving into the second half of the year, the divergences are poised to increase. Emerging market central banks are raising rates to defend their currencies and combat inflationary pressures. Smaller developed market central banks are moving at various speeds to unwind quantitative easing and begin rate normalisation. The Federal Reserve, which had led the way in terms of inflation overshooting, will begin the debate about tapering quantitative easing and define an outcomes-based policy that could lead to lift-off as soon as the end of 2022 if the economy maintains its momentum or later if the economy suffers a setback from various downside risks like a renewed surge in COVID-19, a drop-off in fiscal support, or a global slowdown. Meanwhile, the Euro area has committed itself to further monetary policy easing as it adopts a symmetric 2% inflation target and an acceptance of ex-post inflation overshooting as fiscal policy easing is deployed.

### 2021 EGM VOTE AND COMBINATION WITH BH GLOBAL LIMITED

We are grateful to shareholders for giving Brevan Howard the opportunity to continue to manage the Company by approving changes to the management agreement at the EGM earlier this year. Following that EGM and the Company's announcement on 12 April 2021, we worked closely with the Company's Board and the Board and advisers of BH Global Limited in order to ensure that the combination of the companies could proceed smoothly and we underwrote the costs of the combination in order to ensure that no shareholder would be disadvantaged. The diligent efforts of the Board of the Company have been rewarded with a much enlarged Company, for the benefit of all shareholders.

We are confident that the Company is well placed to build on its successful track record of over 14 years and we thank shareholders, both continuing shareholders of the Company and new shareholders who have participated in the roll over from BH Global Limited, for their continued support.

Brevan Howard Capital Management LP,  
acting by its sole general partner,  
Brevan Howard Capital Management Limited.

31 August 2021



## INDEPENDENT REVIEW REPORT TO BH MACRO LIMITED

### CONCLUSION

We have been engaged by BH Macro Limited (the "Company") to review the financial statements in the half-yearly financial report for the six months ended 30 June 2021 of the Company which comprises the unaudited statement of assets and liabilities, the unaudited statement of operations, the unaudited statement of changes in net assets, the unaudited statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements for the period ended 30 June 2021 do not give a true and fair view of the financial position of the Company as at 30 June 2021 and of its financial performance and its cash flows for the six month period then ended in conformity with U.S. generally accepted accounting principles and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

### SCOPE OF REVIEW

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

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

### DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The financial statements included in this interim report have been prepared in conformity with U.S. generally accepted accounting principles.

### OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the financial statements in the half-yearly financial report based on our review.

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

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

**Simon Guilbert**

for and on behalf of KPMG Channel Islands Limited  
Chartered Accountants  
Guernsey

31 August 2021

# UNAUDITED STATEMENT OF ASSETS AND LIABILITIES

As at 30 June 2021

	30.06.21 (UNAUDITED) US\$'000	31.12.20 (AUDITED) US\$'000	30.06.20 (UNAUDITED) US\$'000
<b>ASSETS</b>			
Investment in the Master Fund	709,628	758,630	685,908
Share issue proceeds receivable	–	–	2,050
Master Fund redemption proceeds receivable	68,211	42,597	–
Prepaid expenses	112	36	74
Cash and bank balances denominated in Sterling	2,657	832	940
Cash and bank balances denominated in US Dollars	441	129	169
<b>TOTAL ASSETS</b>	<b>781,049</b>	<b>802,224</b>	<b>689,141</b>
<b>LIABILITIES</b>			
Performance fees payable (note 4)	2,344	40,468	28,347
Management fees payable (note 4)	640	422	189
Repurchases in respect of the tender offer payable	65,215	–	–
Legal and professional fees payable	1,467	–	–
Accrued expenses and other liabilities	166	102	122
Administration fees payable (note 4)	32	63	28
<b>TOTAL LIABILITIES</b>	<b>69,864</b>	<b>41,055</b>	<b>28,686</b>
<b>NET ASSETS</b>	<b>711,185</b>	<b>761,169</b>	<b>660,455</b>
<b>NUMBER OF SHARES IN ISSUE (NOTE 5)</b>			
Sterling shares	13,750,456	15,009,868	14,764,356
US Dollar shares	1,968,239	2,191,379	2,504,557
<b>NET ASSET VALUE PER SHARE (NOTES 7 AND 9)</b>			
Sterling shares	£33.78	£33.38	£31.68
US Dollar shares	US\$35.24	US\$34.78	US\$32.92

See accompanying Notes to the Interim Unaudited Financial Statements.

Signed on behalf of the Board by:

Richard Horlick  
Chair

John Le Poidevin  
Director

31 August 2021

## UNAUDITED STATEMENT OF OPERATIONS

For the period ended 30 June 2021

	01.01.21 30.06.21 (UNAUDITED) US\$'000	01.01.20 31.12.20 (AUDITED) US\$'000	01.01.20 30.06.20 (UNAUDITED) US\$'000
<b>NET INVESTMENT LOSS ALLOCATED FROM THE MASTER FUND</b>			
Interest income	1,628	1,987	737
Dividend and other income (net of withholding tax: 30 June 2021: \$24,654; 31 December 2020: US\$120,426; 30 June 2020: US\$52,917)	189	42	13
Expenses	(6,179)	(6,869)	(3,434)
<b>NET INVESTMENT LOSS ALLOCATED FROM THE MASTER FUND</b>	<b>(4,362)</b>	<b>(4,840)</b>	<b>(2,684)</b>
<b>COMPANY INCOME</b>			
Foreign exchange gains (note 3)	7,305	25,960	–
<b>TOTAL COMPANY INCOME</b>	<b>7,305</b>	<b>25,960</b>	<b>–</b>
<b>COMPANY EXPENSES</b>			
Performance fees (note 4)	2,350	38,531	29,029
Management fees (note 4)	1,273	2,381	1,151
Legal and professional fees	1,471	–	–
Other expenses	644	521	239
Directors' fees	161	343	157
Administration fees (note 4)	63	114	53
Foreign exchange losses (note 3)	–	–	35,867
<b>TOTAL COMPANY EXPENSES</b>	<b>5,962</b>	<b>41,890</b>	<b>66,496</b>
<b>NET INVESTMENT LOSS</b>	<b>(3,019)</b>	<b>(20,770)</b>	<b>(69,180)</b>
<b>NET REALISED AND UNREALISED GAIN ON INVESTMENTS ALLOCATED FROM THE MASTER FUND</b>			
Net realised gain on investments	25,643	91,072	61,798
Net unrealised (loss)/gain on investments	(7,393)	111,231	88,201
<b>NET REALISED AND UNREALISED GAIN ON INVESTMENTS ALLOCATED FROM THE MASTER FUND</b>	<b>18,250</b>	<b>202,303</b>	<b>149,999</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>15,231</b>	<b>181,533</b>	<b>80,819</b>

See accompanying Notes to the Interim Unaudited Financial Statements.

## UNAUDITED STATEMENT OF CHANGES IN NET ASSETS

For the period ended 30 June 2021

	01.01.21 30.06.21 (UNAUDITED) US\$'000	01.01.20 31.12.20 (AUDITED) US\$'000	01.01.20 30.06.20 (UNAUDITED) US\$'000
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>			
Net investment loss	(3,019)	(20,770)	(69,180)
Net realised gain on investments allocated from the Master Fund	25,643	91,072	61,798
Net unrealised (loss)/gain on investments allocated from the Master Fund	(7,393)	111,231	88,201
	<b>15,231</b>	<b>181,533</b>	<b>80,819</b>
<b>SHARE CAPITAL TRANSACTIONS</b>			
<b>PROCEEDS ON ISSUE OF SHARES FROM TREASURY (NOTE 5)</b>			
Sterling shares	–	17,098	17,098
US Dollar shares	–	2,773	2,773
<b>TENDER OFFER</b>			
US Dollar shares	(4,314)	–	–
Sterling shares	(60,901)	–	–
<b>TOTAL SHARE CAPITAL TRANSACTIONS</b>	<b>(65,215)</b>	<b>19,871</b>	<b>19,871</b>
<b>NET (DECREASE)/INCREASE IN NET ASSETS</b>	<b>(49,984)</b>	<b>201,404</b>	<b>100,690</b>
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD/YEAR</b>	<b>761,169</b>	<b>559,765</b>	<b>559,765</b>
<b>NET ASSETS AT THE END OF THE PERIOD/YEAR</b>	<b>711,185</b>	<b>761,169</b>	<b>660,455</b>

See accompanying Notes to the Interim Unaudited Financial Statements.



## UNAUDITED STATEMENT OF CASH FLOWS

For the period ended 30 June 2021

	01.01.21 30.06.21 (UNAUDITED) US\$'000	01.01.20 31.12.20 (AUDITED) US\$'000	01.01.20 30.06.20 (UNAUDITED) US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net increase in net assets resulting from operations	15,231	181,533	80,819
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:			
Net investment loss allocated from the Master Fund	4,362	4,840	2,684
Net realised gain on investments allocated from the Master Fund	(25,643)	(91,072)	(61,798)
Net unrealised loss/(gain) on investments allocated from the Master Fund	7,393	(111,231)	(88,201)
Purchase of investment in the Master Fund	–	(18,477)	(5,338)
Proceeds from sale of investment in the Master Fund	44,546	12,349	125
Foreign exchange (gains)/losses	(7,305)	(25,960)	35,867
(Increase)/decrease in prepaid expenses	(76)	10	(28)
(Decrease)/increase in performance fees payable	(38,124)	29,963	17,842
Increase/(decrease) in management fees payable	218	28	(205)
Increase in accrued expenses and other liabilities	64	11	31
Increase in legal and professional fees payable	1,467	–	–
(Decrease)/increase in administration fees payable	(31)	39	4
<b>NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>2,102</b>	<b>(17,967)</b>	<b>(18,198)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issue	–	19,871	17,821
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>–</b>	<b>19,871</b>	<b>17,821</b>
<b>CHANGE IN CASH</b>	<b>2,102</b>	<b>1,904</b>	<b>(377)</b>
<b>CASH, BEGINNING OF THE PERIOD/YEAR</b>	<b>961</b>	<b>694</b>	<b>694</b>
Effect of exchange rate fluctuations	35	(1,637)	792
<b>CASH, END OF THE PERIOD/YEAR</b>	<b>3,098</b>	<b>961</b>	<b>1,109</b>
<b>CASH, END OF THE PERIOD/YEAR</b>			
Cash and bank balances denominated in Sterling <sup>1</sup>	2,657	832	940
Cash and bank balances denominated in US Dollars	441	129	169
	<b>3,098</b>	<b>961</b>	<b>1,109</b>
<sup>1</sup> Cash and bank balances in Sterling (GBP'000)	1,923	608	761

See accompanying Notes to the Interim Unaudited Financial Statements.

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2021 to 30 June 2021

## 1. THE COMPANY

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

Currently, ordinary shares are issued in Sterling and US Dollars.

On 28 May 2021, the Company announced that it had agreed heads of terms with the Board of BH Global Limited and Brevan Howard Capital Management LP to combine BH Global Limited and the Company (the "Scheme" and the "Combination"). Under the Scheme, BH Global Limited's Shareholders were offered the option of exchanging their shares for shares of the same currency class of BH Macro Limited with the same value on the basis of the relative NAVs per share of the relevant class of each company on 31 July 2021 and/or to receive a cash payment equal to 97.8% of the NAV (in addition to an amount per share to offset the impact of the increase of the BH Global Limited management fee effective from 1 July 2021).

At an Extraordinary General Meeting ("EGM") and class meetings on 19 July 2021, BH Global Limited's Shareholders approved resolutions to enable the Combination to proceed.

With effect on 1 August 2021, BH Global Limited (in voluntary winding up), acting by Ernst & Young LLP (the "Liquidators"), in accordance with the Scheme, transferred to the Company a pool of assets (being shares in Brevan Howard Multi-Strategy Master Fund Limited and cash) attributable to the BH Global Limited shares to be exchanged for shares in the Company, to be applied by the Company for reinvestment in the Master Fund and towards the costs of the Combination. On 31 August 2021, the Company issued or sold from treasury a total of 10,148,066 Sterling shares and 825,362 US Dollar shares in consideration of the transfer of the pool of assets from BH Global Limited.

On 2 June 2021, the Company published a circular in respect of a tender offer for up to 40% of each class of its issued share capital at a price equivalent to 97.8% of the net asset value for the relevant class as at 30 June 2021.

The Tender Offer was funded by the redemption of such portion of the Company's investment in Brevan Howard Master Fund Limited (the "Master Fund") as was required to pay for the shares validly tendered in the Tender Offer. Shares validly tendered in the Tender Offer were not subject to the increase in the Company's management fee and the Master Fund's operational services fee approved by shareholders on 29 March 2021, which were effective from 1 July 2021.

At an EGM held on 23 June 2021, Shareholders approved the proposed Tender Offer, allowing for a maximum amount of 6,033,030 Sterling shares and 838,411 US Dollar shares to be repurchased by the Company. On 23 June 2021, the Company announced that 1,334,099 Sterling shares and 125,163 US Dollar shares had been validly tendered and were to be repurchased at a price of 97.8% of the NAV per share as at 30 June 2021. On 30 July 2021, the final Tender Offer price was confirmed as being £33.0389 per Sterling share and \$34.4646 per US Dollar share. The Tender Offer was completed on 6 August 2021.

In light of the Tender Offer and the Company's Combination with BH Global Limited, the Company suspended the ability for Shareholders to convert shares from one class to another in respect of the May, June and July 2021 share conversion dates.

## 2. ORGANISATION

The Company is organised as a feeder fund and seeks to achieve its investment objective by investing all of its investable assets, net of short-term working capital requirements, in the ordinary Sterling and US Dollar denominated Class B shares issued by Brevan Howard Master Fund Limited (the "Master Fund") and, as such, the Company is directly and materially affected by the performance and actions of the Master Fund.

The Master Fund is an open-ended investment company with limited liability formed under the laws of the Cayman Islands on 22 January 2003. The investment objective of the Master Fund is to generate consistent long-term appreciation through active leveraged trading and investment on a global basis. The Master Fund employs a combination of investment strategies that focus primarily on economic change and monetary policy and market inefficiencies. The underlying philosophy is to construct strategies, often contingent in nature with superior risk/return profiles, whose outcome will often be crystallised by an expected event occurring within a pre-determined period of time. New trading strategies will be added as investment opportunities present themselves.

As such, the Interim Unaudited Financial Statements of the Company should be read in conjunction with the Interim Unaudited Financial Statements of the Master Fund which can be found on the Company's website, [www.bhmacro.com](http://www.bhmacro.com).

## 2. ORGANISATION (CONTINUED)

At the date of these Interim Unaudited Financial Statements, there were two other feeder funds in operation in addition to the Company that invest all of their assets (net of working capital) in the Master Fund. Furthermore, other funds managed by the Manager invest some of their assets in the Master Fund as at the date of these Financial Statements.

Off-Balance Sheet, market and credit risks of the Master Fund's investments and activities are discussed in the notes to the Master Fund's Interim Unaudited Financial Statements. The Company's investment in the Master Fund exposes it to various types of risk, which are associated with the financial instruments and markets in which the Brevan Howard underlying funds invest.

Market risk represents the potential loss in value of financial instruments caused by movements in market factors including, but not limited to, market liquidity, investor sentiment and foreign exchange rates.

### The Manager

Brevan Howard Capital Management LP (the "Manager") is the Manager of the Company. The Manager is a Jersey Limited Partnership, the general partner of which is Brevan Howard Capital Management Limited, a Jersey Limited Company (the "General Partner"). The General Partner is regulated in the conduct of fund services business by the Jersey Financial Services Commission pursuant to the Financial Services (Jersey) Law, 1998 and the Orders made thereunder.

The Manager also manages the Master Fund and in that capacity, as at the date of these Financial Statements, has delegated the function of investment management of the Master Fund to Brevan Howard Asset Management LLP, Brevan Howard (Hong Kong) Limited, Brevan Howard Investment Products Limited, Brevan Howard US Investment Management LP, Brevan Howard Private Limited and BH-DG Systematic Trading LLP.

On 22 January 2021, the Company announced that it had received a letter from the Manager proposing a number of material changes to the Management Agreement which they believed represented the minimum level for them to continue to manage the Company and not seek to terminate the Management Agreement. Following discussions between the Company, the Manager and the Company's shareholders, a circular proposing certain changes to the terms of the Management Agreement was issued to shareholders on 12 March 2021 and these changes were approved at the subsequent EGM on 29 March 2021. As a result of the shareholder vote, the Management Agreement was amended and restated with effect from 1 July 2021 to reflect the following changes:

### *i) Increase in Management Fee*

The monthly management fee (the "Management Fee") payable by the Company (excluding the operational services fee payable at the level of the Master Fund) was increased to an amount equal to one-twelfth of one and a half (1.5)% of the prevailing NAV of each class of Shares.

The monthly Management Fee was previously equal to one-twelfth of one-half (0.5)% of the lower of (a) the prevailing NAV of each class of Shares and (b) the NAV of that class of Shares as at 1 April 2017, on the basis that all Shares redeemed pursuant to the Company's 2017 own share tender offer had been redeemed on that date (subject to certain other adjustments, including to take account of conversions between Share classes).

This change will reverse, in part, the reduction in the Management Fee from one-twelfth of two (2)% per month of the NAV of each class of Shares effective from 1 April 2017 and reverses in full the agreement by the Manager not to charge the Management Fee on performance-related growth of the Company which first applied from October 2016.

In addition, the waiver since October 2016 of the operational services fees in respect of performance-related growth of the Company has been discontinued so that those fees revert to being charged on the entire amount of the Company's investment in the Master Fund.

### *ii) Extension of notice period*

The notice period for termination of the Management Agreement without cause by the Company or the Manager was increased to 12 months from three months (which is the notice period that has been effective from 1 April 2019 when it was reduced from 24 months).

### *iii) Introduction of fee relating to certain share redemptions and repurchases*

If, in any calendar year, the Company makes repurchases or redemptions of any class of its Shares above a number equal to 5% of the shares in issue of the relevant class as at 31 December in the prior year (the "Annual Buy Back Allowance"), the Company will be required to pay the Manager a fee equal to 2% of the price paid by the Company to repurchase or redeem those additional Shares. The purpose of this fee is to compensate the Manager in respect of the Management Fee that would otherwise have been payable by the Company in respect of the relevant Shares had they not been repurchased or redeemed. The fee will be payable in respect of all Shares which are repurchased or redeemed by the Company in excess of the Annual Buy Back Allowance in any year, including by way of market purchases, tender offer, annual partial capital return or the class closure provisions included in the Company's articles of incorporation.

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2021 to 30 June 2021

## 2. ORGANISATION (CONTINUED)

### *iv) Introduction of liquidation vote trigger*

In the event that the Company's aggregate NAV at the end of any calendar quarter for all share classes combined is lower than US\$300 million (on the basis of the then prevailing exchange rate), the Board will be required to propose a vote to Shareholders for the liquidation of the Company. If the vote were to be passed by Shareholders and the Company placed into liquidation, the Management Agreement would be terminated and the Company would be required to pay the Manager a payment equal to 2% of the Company's NAV (net of any Annual Buy Back Allowance for the relevant calendar year that remains unused), in lieu of the Management Fee that would otherwise have been payable if the Management Agreement had been terminated on 12 months' notice, in addition to any other fees owing to the Manager at the time of termination of the Management Agreement. These arrangements effectively replicate the previous position under the Management Agreement if the Management Agreement were to have been terminated without notice having been served as a result of Shareholders voting to wind up the Company. Further, there would be no obligation on Shareholders to vote in favour of the liquidation in these circumstances.

There is no change to the annual performance fee payable by the Company to the Manager, which remains at 20% of the appreciation in the NAV per Share of each class of the Shares during the relevant period above any prior high water mark. The other terms of the Management Agreement also remain unchanged.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Interim Unaudited Financial Statements, which give a true and fair view, are prepared in conformity with United States Generally Accepted Accounting Principles and comply with the Companies (Guernsey) Law, 2008. The functional and reporting currency of the Company is US Dollars.

As further described in the Directors' Report, these Interim Unaudited Financial Statements have been prepared using the going concern basis of accounting.

The Company is an Investment Company which has applied the provisions of Accounting Standards Codification ("ASC") 946.

The Board continues to monitor the ongoing impacts of the COVID-19 pandemic and has concluded that the biggest threat to the Company with regards to this pandemic is the failure for a key service provider to maintain business continuity and resiliency while maintaining work from home and social distancing practices. The Board has assessed the measures in place by key service providers to produce business continuity and so far has not identified any significant issues that affect the Company. The financial position of the Company has not been negatively impacted by the pandemic either. For these reasons, the Board is confident that the outbreak of COVID-19 has not impacted the going concern assessment of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following are the significant accounting policies adopted by the Company:

#### Valuation of investments

The Company records its investment in the Master Fund at fair value. Fair value is determined as the Company's proportionate share of the Master Fund's capital, which approximates fair value. At 30 June 2021, the Company is the sole investor in the Master Fund's ordinary Sterling and US Dollar Class B shares as disclosed below. Within the table below, the investment in each share class in the Master Fund is included, with the overall total investment shown in the Unaudited Statement of Assets and Liabilities.

	PERCENTAGE OF MASTER FUND'S CAPITAL	NAV PER SHARE (CLASS B)	SHARES HELD IN THE MASTER FUND (CLASS B)	INVESTMENT IN MASTER FUND CCY '000	INVESTMENT IN MASTER FUND US\$'000
<b>30 JUNE 2021</b>					
Sterling	8.89%	£5,080.47	91,251	£463,591	640,545
US Dollar	0.96%	\$5,059.24	13,652	\$69,083	69,083
					<b>709,628</b>
<b>31 DECEMBER 2020</b>					
Sterling	14.46%	£4,991.01	100,072	£499,457	682,833
US Dollar	1.61%	\$4,963.82	15,268	\$75,798	75,797
					<b>758,630</b>
<b>30 JUNE 2020</b>					
Sterling	15.54%	£4,679.89	103,758	£485,575	600,001
US Dollar	2.23%	\$4,640.27	18,511	\$85,907	85,907
					<b>685,908</b>

ASC Topic 820 defines fair value as the price that the Company would receive upon selling a security in an orderly transaction to an independent buyer in the principal or most advantageous market of the security.

The valuation and classification of securities held by the Master Fund is discussed in the notes to the Master Fund's Interim Unaudited Financial Statements which are available on the Company's website, [www.bhmacro.com](http://www.bhmacro.com).

#### Income and expenses

The Company records monthly its proportionate share of the Master Fund's income, expenses and realised and unrealised gains and losses. In addition, the Company accrues its own income and expenses.

#### Use of estimates

The preparation of Financial Statements in conformity with United States Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of those Financial Statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

#### Leverage

The Manager has discretion, subject to the prior approval of a majority of the independent Directors, to employ leverage for and on behalf of the Company by way of borrowings to effect share purchases or share buy-backs, to satisfy working capital requirements and to finance further investments in the Master Fund.

The Company may borrow up to 20% of its NAV, calculated as at the time of borrowing. Additional borrowing over 20% of NAV may only occur if approved by an ordinary resolution of the Shareholders.

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2021 to 30 June 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Foreign exchange

Transactions reported in the Unaudited Statement of Operations are translated into US Dollar amounts at the date of such transactions. Assets and liabilities denominated in foreign currencies are translated into US Dollars at the exchange rate at reporting date. The share capital and other capital reserves are translated at the historic ruling at the date of the transaction.

Investment securities and other assets and liabilities of the Sterling share class are translated into US Dollars, the Company's reporting currency, using exchange rates at the reporting date. The Unaudited Statement of Operations items of the Sterling share class are converted into US Dollar using the average exchange rate. Exchange differences arising on translation are included in Foreign exchange gains in the Unaudited Statement of Operations. This foreign exchange adjustment has no effect on the value of net assets allocated to the individual share classes.

### Cash and bank balances

Cash and bank balances comprise demand deposits.

### Allocation of results of the Master Fund

Net realised and unrealised gains/losses of the Master Fund are allocated to the Company's share classes based upon the percentage ownership of the equivalent Master Fund class.

### Treasury shares

Where the Company has purchased its own share capital, the consideration paid, which includes any directly attributable costs, has been recognised as a deduction from equity Shareholders' funds through the Company's reserves.

If such shares were to be subsequently sold or reissued to the market, any consideration received, net of any directly attributable incremental transaction costs, would be recognised as an increase in equity Shareholders' funds through the share capital account. Where the Company cancels treasury shares, no further adjustment is required to the share capital account of the Company at the time of cancellation. Shares held in treasury are excluded from calculations when determining NAV per share as detailed in note 7 and in the Financial Highlights in note 9.

Refer to note 8 for details of the purchases by the Company of its share capital.

### New Accounting Pronouncements

There were no new accounting pronouncements affecting the Company in the current period.

## 4. MANAGEMENT AGREEMENT AND ADMINISTRATION AGREEMENT

### Management and performance fee

The Company has entered into a Management Agreement with the Manager to manage the Company's investment portfolio. The management fee charged by the Company is reduced by the Company's share of management fees incurred by the Master Fund through any underlying investments of the Master Fund that share the same manager as the Company. Until 30 June 2021, the management fee charged was 1/12 of 0.5% per month of the NAV. The investment in the Class B shares of the Master Fund is not subject to management fees, but was subject to an operational services fee payable to the Manager of 1/12 of 0.5% per month of the NAV.

Effective from 1 July 2021, the management fee charged will be changed to 1/12 of 1.5% per month of the NAV, as described in note 2.

During the six-month period ended 30 June 2021, US\$1,272,590 (year ended 31 December 2020: US\$2,381,353; six-month period ended 30 June 2020 \$1,151,380) was earned by the Manager as net management fees. At 30 June 2021, US\$639,957 (31 December 2020: US\$422,036; 30 June 2020: \$189,460) of the fee remained outstanding.

The Manager is also entitled to an annual performance fee for both share classes. The performance fee is equal to 20% of the appreciation in the NAV per share of that class during that calculation period which is above the base NAV per share of that class, other than that arising to the remaining shares of the relevant class from any repurchase, redemption or cancellation of any share in the calculation period. The base NAV per share is the greater of the NAV per share of the relevant class at the time of issue of such share and the highest NAV per share achieved as at the end of any previous calculation period.

#### 4. MANAGEMENT AGREEMENT AND ADMINISTRATION AGREEMENT (CONTINUED)

##### Management and performance fee

The Manager will be paid an estimated performance fee on the business day preceding the last business day of each calculation period. Within 5 business days of the publication of the final NAV of each class of shares as at the end of the calculation period, any difference between the actual performance fee and the estimated amount will be paid to or refunded by the Manager, as appropriate. Any accrued performance fee in respect of shares which are converted into another share class prior to the date on which the performance fee would otherwise have become payable in respect of those shares will crystallise and become payable on the date of such conversion. The performance fee is accrued on an ongoing basis and is reflected in the Company's published NAV. During the six-month period ended 30 June 2021, US\$2,349,730 (year ended 31 December 2020: US\$38,530,665; six-month period ended 30 June 2020: US\$29,028,694) was earned by the Manager as performance fees. At 30 June 2021, US\$2,343,535 (31 December 2020: US\$40,468,455; 30 June 2020: US\$28,346,851) of the fee remained outstanding.

The Master Fund may hold investments in other funds managed by the Manager. To ensure that Shareholders of the Company are not subject to two tiers of fees, the fees paid to the Manager as outlined above are reduced by the Company's share of any fees paid to the Manager by the underlying Master Fund investments, managed by the Manager.

Until 30 June 2021, the Management Agreement could have been terminated by either party giving the other party not less than 3 months' written notice. In certain circumstances, the Company would have been obliged to pay compensation to the Manager of the aggregate management fees which would otherwise have been payable during the 3 months following the date of such notice and the aggregate of any accrued performance fee in respect of the current calculation period. Compensation would not have been payable if more than 3 months' notice of termination is given.

The notice period for termination of the Management Agreement without cause by both the Company and the Manager was increased from 3 months to 12 months, with effect from 1 July 2021.

##### Administration fee

The Company has appointed Northern Trust International Fund Administration Services (Guernsey) Limited as Administrator and Corporate Secretary. The Administrator is paid fees based on the NAV of the Company, payable quarterly in arrears. The fee is at a rate of 0.015% of the average month-end NAV of the Company, subject to a minimum fee of £67,500 per annum. In addition to the NAV based fee, the Administrator is also entitled to an annual fee of £6,000 (31 December 2020 and 30 June 2020: £6,000) for certain additional administration services. The Administrator is entitled to be reimbursed for out-of-pocket expenses incurred in the course of carrying out its duties as Administrator. During the six-month period ended 30 June 2021, US\$62,848 (year ended 31 December 2020: US\$113,942; six-month period ended 30 June 2020: US\$53,119) was earned by the Administrator as administration fees. The amounts outstanding are disclosed on the Unaudited Statement of Assets and Liabilities.

#### 5. SHARE CAPITAL

##### Issued and authorised share capital

The Company has the power to issue an unlimited number of ordinary shares with no-par value and an unlimited number of shares with a par value. Shares may be divided into at least two classes denominated in Sterling and US Dollar. Further issue of shares may be made in accordance with the Articles. Shares may be issued in differing currency classes of ordinary redeemable shares including C shares. The treasury shares have arisen as a result of the discount management programme as described in note 8. The tables below show the movement in ordinary and treasury shares.



# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2021 to 30 June 2021

## 5. SHARE CAPITAL (CONTINUED)

For the period from 1 January 2021 to 30 June 2021

	STERLING SHARES	US DOLLAR SHARES
<b>NUMBER OF ORDINARY SHARES</b>		
In issue at 1 January 2021	15,009,868	2,191,379
Share conversions	74,687	(97,977)
Tender offer shares transferred to treasury (note 8)	(1,334,099)	(125,163)
<b>IN ISSUE AT 30 JUNE 2021</b>	<b>13,750,456</b>	<b>1,968,239</b>
<b>NUMBER OF TREASURY SHARES</b>		
In issue at 1 January 2021	1,012,203	250,228
Tender offer shares transferred to treasury (note 8)	1,334,099	125,163
In issue at 30 June 2021	2,346,302	375,391
<b>PERCENTAGE OF CLASS</b>	<b>14.58%</b>	<b>16.02%</b>

For the year ended 31 December 2020

	STERLING SHARES	US DOLLAR SHARES
<b>NUMBER OF ORDINARY SHARES</b>		
In issue at 1 January 2020	14,310,040	2,442,057
Share conversions	261,379	(331,678)
Sale of shares from Treasury	438,449	81,000
<b>In issue at 31 December 2020</b>	<b>15,009,868</b>	<b>2,191,379</b>
<b>NUMBER OF TREASURY SHARES</b>		
In issue at 1 January 2020	1,450,652	331,228
Sale of shares from Treasury	(438,449)	(81,000)
<b>In issue at 31 December 2020</b>	<b>1,012,203</b>	<b>250,228</b>
<b>PERCENTAGE OF CLASS</b>	<b>6.32%</b>	<b>10.24%</b>

For the period from 1 January 2020 to 30 June 2020

	STERLING SHARES	US DOLLAR SHARES
<b>NUMBER OF ORDINARY SHARES</b>		
In issue at 1 January 2020	14,310,040	2,442,057
Share conversions	15,867	(18,500)
Sale of shares from Treasury	438,449	81,000
<b>In issue at 30 June 2020</b>	<b>14,764,356</b>	<b>2,504,557</b>
<b>NUMBER OF TREASURY SHARES</b>		
In issue at 1 January 2020	1,450,652	331,228
Sale of shares from Treasury	(438,449)	(81,000)
<b>In issue at 30 June 2020</b>	<b>1,012,203</b>	<b>250,228</b>
<b>PERCENTAGE OF CLASS</b>	<b>6.42%</b>	<b>9.08%</b>



## 5. SHARE CAPITAL (CONTINUED)

### Share classes

In respect of each class of shares, a separate class account has been established in the books of the Company. An amount equal to the aggregate proceeds of issue of each share class has been credited to the relevant class account. Any increase or decrease in the NAV of the Master Fund US Dollar shares and Master Fund Sterling shares as calculated by the Master Fund is allocated to the relevant class account in the Company. Each class account is allocated those costs, prepaid expenses, losses, dividends, profits, gains and income which the Directors determine in their sole discretion relate to a particular class.

### Voting rights of shares

Ordinary shares carry the right to vote at general meetings of the Company and to receive any dividends attributable to the ordinary shares as a class declared by the Company and, in a winding-up will be entitled to receive, by way of capital, any surplus assets of the Company attributable to the ordinary shares as a class in proportion to their holdings remaining after settlement of any outstanding liabilities of the Company.

As prescribed in the Company's Articles, the different classes of ordinary shares have different values attributable to their votes. The attributed values have been calculated on the basis of the Weighted Voting Calculation (as described in the Articles) which takes into account the prevailing exchange rates on the date of initial issue of ordinary shares. On a vote, a single US Dollar ordinary share has 0.7606 votes and a single Sterling ordinary share has 1.4710 votes.

Treasury shares do not have any voting rights.

### Repurchase of ordinary shares

Under the Company's Articles, Shareholders of a class of shares have the ability to call for repurchase of that class of shares in certain circumstances. See note 8 for further details.

### Further issue of shares

As approved by the Shareholders at the Annual General Meeting held on 25 June 2020, the Directors have the power to issue further shares for cash on a non-pre-emptive basis totalling and 1,476,952 Sterling shares and 249,841 US Dollar shares, respectively. This power expires fifteen months after the passing of the resolution or on the conclusion of the next Annual General Meeting of the Company, whichever is earlier, unless such power is varied, revoked or renewed prior to that Meeting by a resolution of the Company in general meeting.

### Distributions

The Master Fund has not previously paid dividends to its investors. This does not prevent the Directors of the Company

from declaring a dividend at any time in the future if the Directors consider payment of a dividend to be appropriate in the circumstances. If the Directors declare a dividend, such dividend will be paid on a per class basis.

As announced on 15 January 2014, the Company intends to be operated in such a manner to ensure that its shares are not categorised as non-mainstream pooled investments. This may mean that the Company may pay dividends in respect of any income that it receives or is deemed to receive for UK tax purposes so that it would qualify as an investment trust if it were UK tax-resident.

Further, the Company will first apply any such income in payment of its management and performance fees.

Treasury shares are not entitled to distributions.

### Share conversion scheme

The Company has implemented a share conversion scheme. The scheme provides Shareholders with the ability to convert some or all of their ordinary shares in the Company of one class into ordinary shares of the other class. Shareholders are able to convert ordinary shares on the last business day of every month. Each conversion will be based on the NAV (note 7) of the shares of the class to be converted.

Share conversions were suspended in respect of the May, June and July 2021 share conversion dates, due to the tender offer and Combination with BH Global, as mentioned in note 1.

## 6. TAXATION

### Overview

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

### Uncertain tax positions

The Company recognises the tax benefits of uncertain tax positions only where the position is more-likely-than-not (i.e. greater than 50%), to be sustained assuming examination by a tax authority based on the technical merits of the position. In evaluating whether a tax position has met the recognition threshold, the Company must presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognise in the Company's Interim Unaudited Financial Statements. Income tax and related interest and penalties would be recognised by the Company as tax expense in the Unaudited Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold.

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2021 to 30 June 2021

## 6. TAXATION (CONTINUED)

The Company analyses all open tax years for all major taxing jurisdictions. Open tax years are those that are open for examination by taxing authorities, as defined by the Statute of Limitations in each jurisdiction. The Company identifies its major tax jurisdictions as: Guernsey; the Cayman Islands; and foreign jurisdictions where the Company makes significant investments. The Company has no examinations by tax authorities in progress.

The Directors have analysed the Company's tax positions, and have concluded that no liability for unrecognised tax benefits should be recorded related to uncertain tax positions. Further, the Directors are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognised tax benefits will significantly change in the next twelve months.

## 7. PUBLICATION AND CALCULATION OF NET ASSET VALUE ("NAV")

The NAV of the Company is equal to the value of its total assets less its total liabilities. The NAV per share of each class will be calculated by dividing the NAV of the relevant class account by the number of shares of the relevant class in issue on that day.

The Company publishes the NAV per share for each class of shares as calculated by the Administrator based in part on information provided by the Master Fund, monthly in arrears, as at each month-end.

The Company also publishes an estimate of the NAV per share for each class of shares as calculated by the Administrator based in part on information provided by the Master Fund, weekly in arrears.

## 8. DISCOUNT MANAGEMENT PROGRAMME

The Company has previously implemented a number of methods in order to seek to manage any discount to NAV at which the Company's shares trade.

### Market purchases

Until October 2016, the Company regularly utilised its ability to make market purchases of its shares as part of the discount management programme. The purchase of these shares was funded by the Company redeeming underlying shares in the Master Fund. The number of shares held in treasury as at 30 June 2021 is disclosed in note 5.

However, following the completion of the Tender Offer in April 2017, the Company was not permitted to redeem its investment in the Master Fund to finance own-share purchases before 1 April 2019. For much of the period since that date, the Company's shares have traded at a premium or minimal discount

to NAV. However, if the Company's shares were again to trade at wide or volatile discounts to NAV in the future, it is the Board's intention to keep any resumption of market purchases of shares under review.

### Tender offer

On 23 June 2021, Shareholders approved the proposed tender offer which is described in further detail in note 1.

### Annual offer of partial return of capital

Under the Company's Articles of Incorporation, once in every calendar year, the Directors have discretion to determine that the Company make an offer of a partial return of capital in respect of such number of shares of the Company in issue as they determine, provided that the maximum amount distributed did not exceed 100% of the increase in NAV of the Company in the prior calendar year.

The Directors have discretion to determine the particular class or classes of shares in respect of which a partial return of capital would be made, the timetable for that partial return of capital and the price at which the shares of each relevant class were returned.

The decision to make a partial return of capital in any particular year and the amount of the return depended, among other things, on prevailing market conditions, the ability of the Company to liquidate its investments to fund the capital return, the success of prior capital returns and applicable legal, regulatory and tax considerations.

### Class closure resolutions

If any class of shares trades at an average discount at or in excess of 8% of the monthly NAV in any year from 1 January to 31 December, the Company will hold a class closure vote of the relevant class.

The average premiums to NAV for the Sterling and US Dollar shares for the year ended 31 December 2020 were 4.80% and 5.21% respectively and consequently no closure vote will be held in 2021.

The average premiums to NAV for the Sterling and US Dollar shares for the six-month period ended 30 June 2021 were 1.12% and 0.43% respectively and consequently no closure vote will be held in 2021.

The arrangements are described more fully in the Company's principal documents which were approved at the EGM on 24 February 2017.

## 9. FINANCIAL HIGHLIGHTS

The following tables include selected data for a single ordinary share of each of the ordinary share classes in issue at 30 June 2021 and other performance information derived from the Financial Statements.

The per share amounts and ratios which are shown reflect the income and expenses of the Company for each class of ordinary share.

	30.06.21 STERLING SHARES £	30.06.21 US DOLLAR SHARES US\$
<b>PER SHARE OPERATING PERFORMANCE</b>		
Net asset value at beginning of the period	33.38	34.78
<b>INCOME FROM INVESTMENT OPERATIONS</b>		
Net investment loss*	(0.45)	(0.44)
Net realised and unrealised gain on investment	0.85	0.90
<b>TOTAL GAIN</b>	<b>0.40</b>	<b>0.46</b>
<b>NET ASSET VALUE, END OF THE PERIOD</b>		
	33.78	35.24
Total gain before performance fees	1.51%	1.63%
Performance fees	(0.30%)	(0.32%)
<b>TOTAL GAIN AFTER PERFORMANCE FEES</b>	<b>1.21%</b>	<b>1.31%</b>

An individual Shareholder's return may vary from these returns based on the timing of their purchase or sale of shares. All figures contained herein in respect of the period ended 30 June 2021 are not annualised.

	30.06.21 STERLING SHARES £'000	30.06.21 US DOLLAR SHARES US\$'000
<b>SUPPLEMENTAL DATA</b>		
Net asset value, end of the period	464,520	69,361
Average net asset value for the period	505,641	73,537

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2021 to 30 June 2021

## 9. FINANCIAL HIGHLIGHTS (CONTINUED)

	30.06.21 STERLING SHARES	30.06.21 US DOLLAR SHARES
<b>RATIO TO AVERAGE NET ASSETS</b>		
<b>Operating expenses</b>		
Company expenses***	0.47%	0.41%
Master Fund expenses****	0.35%	0.34%
Master Fund interest expenses*****	0.45%	0.44%
Performance fees	0.30%	0.32%
	<b>1.57%</b>	<b>1.51%</b>
<b>Net investment loss before performance fees*</b>	<b>(1.04%)</b>	<b>(0.96%)</b>
<b>Net investment loss after performance fees*</b>	<b>(1.34%)</b>	<b>(1.28%)</b>
	31.12.20 STERLING SHARES £	31.12.20 US DOLLAR SHARES US\$
<b>PER SHARE OPERATING PERFORMANCE</b>		
Net asset value at beginning of the year	26.06	26.99
<b>INCOME FROM INVESTMENT OPERATIONS</b>		
Net investment loss*	(2.16)	(2.31)
Net realised and unrealised gain on investment	9.20	10.82
Other capital items**	0.28	(0.72)
<b>TOTAL GAIN</b>	<b>7.32</b>	<b>7.79</b>
<b>NET ASSET VALUE, END OF THE YEAR</b>	<b>33.38</b>	<b>34.78</b>
Total gain before performance fees	34.92%	36.04%
Performance fees	(6.83%)	(7.15%)
<b>TOTAL GAIN AFTER PERFORMANCE FEES</b>	<b>28.09%</b>	<b>28.89%</b>

Total gain reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per ordinary share during the year from 1 January 2020 to 31 December 2020. An individual Shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	31.12.20 STERLING SHARES £'000	31.12.20 US DOLLAR SHARES US\$'000
<b>SUPPLEMENTAL DATA</b>		
Net asset value, end of the year	501,002	76,226
Average net asset value for the year	461,396	77,181

## 9. FINANCIAL HIGHLIGHTS (CONTINUED)

	31.12.20 STERLING SHARES	31.12.20 US DOLLAR SHARES
<b>RATIO TO AVERAGE NET ASSETS</b>		
<b>Operating expenses</b>		
Company expenses***	0.51%	0.49%
Master Fund expenses****	0.73%	0.72%
Master Fund interest expenses*****	0.29%	0.28%
Performance fees	5.68%	6.01%
	<b>7.21%</b>	<b>7.50%</b>
Net investment loss before performance fees*	(1.22%)	(1.17%)
Net investment loss after performance fees*	(6.90%)	(7.18%)
<b>PER SHARE OPERATING PERFORMANCE</b>		
	30.06.20 STERLING SHARES £	30.06.20 US DOLLAR SHARES US\$
Net asset value at beginning of the period	26.06	26.99
<b>INCOME FROM INVESTMENT OPERATIONS</b>		
Net investment loss*	(1.59)	(1.65)
Net realised and unrealised gain on investment	7.04	7.42
Other capital items**	0.17	0.16
<b>TOTAL GAIN</b>	<b>5.62</b>	<b>5.93</b>
<b>NET ASSET VALUE, END OF THE PERIOD</b>	<b>31.68</b>	<b>32.92</b>
Total gain before performance fees	26.89%	27.34%
Performance fees	(5.30%)	(5.37%)
<b>TOTAL GAIN AFTER PERFORMANCE FEES</b>	<b>21.59%</b>	<b>21.97%</b>

An individual Shareholder's return may vary from these returns based on the timing of their purchase or sale of shares. All figures contained herein in respect of the period ended 30 June 2020 are not annualised.

	30.06.20 STERLING SHARES £'000	30.06.20 US DOLLAR SHARES US\$'000
<b>SUPPLEMENTAL DATA</b>		
Net asset value, end of the period	467,778	82,447
Average net asset value for the period	437,535	77,338

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2021 to 30 June 2021

## 9. FINANCIAL HIGHLIGHTS (CONTINUED)

	30.06.20 STERLING SHARES	30.06.20 US DOLLAR SHARES
<b>RATIO TO AVERAGE NET ASSETS</b>		
<b>Operating expenses</b>		
Company expenses***	0.26%	0.25%
Master Fund expenses****	0.47%	0.45%
Master Fund interest expenses*****	0.08%	0.08%
Performance fees	4.58%	4.64%
	<b>5.39%</b>	<b>5.42%</b>
<b>Net investment loss before performance fee*</b>	<b>(0.68%)</b>	<b>(0.64%)</b>
<b>Net investment loss after performance fees*</b>	<b>(5.26%)</b>	<b>(5.28%)</b>

### Notes

\* The net investment loss figures disclosed above, does not include net realised and unrealised gains/losses on investments allocated from the Master Fund.

\*\* Included in other capital items are the discounts and premiums on conversions between share classes and on the sale of treasury shares as well as any partial capital return effected in the relevant year as compared to the NAV per share at the beginning of the period/year.

\*\*\* Company expenses are as disclosed in the Unaudited Statement of Operations excluding the performance fee and foreign exchange gains/losses.

\*\*\*\* Master Fund expenses are the operating expenses of the Master Fund excluding the interest and dividend expenses of the Master Fund.

\*\*\*\*\* Master Fund interest expenses include interest and dividend expenses on investments sold short.

## 10. RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

Management and performance fees are disclosed in note 4.

The Company's Articles limit the fees payable to Directors in aggregate to £400,000 per annum. The annual Directors' fees are: £70,000 for Richard Horlick, the Chair; £55,000 for John Le Poidevin, the Chair of the Audit Committee; £50,000 for Claire Whittet, as Chair of the Management Engagement Committee and the Senior Independent Director and £45,000 for all other Directors.

Prior to his retirement from the Board on 15 February 2021, Colin Maltby served as Chair with an annual fee of £70,000. Richard Horlick's annual fee was £45,000.

## 11. SUBSEQUENT EVENTS

At an Extraordinary General Meeting ("EGM") and class meetings on 19 July 2021, BH Global Limited's Shareholders approved resolutions to enable the Combination to proceed.

With effect on 1 August 2021, BH Global Limited (in voluntary winding up), acting by Ernst & Young LLP (the "Liquidators"), in accordance with the Scheme, transferred to the Company a pool of assets (being shares in Brevan Howard Multi-Strategy Master Fund Limited and cash) attributable to the BH Global Limited shares to be exchanged for shares in the Company, to be applied by the Company for reinvestment in the Master Fund and towards the costs of the Combination. On 31 August 2021, the Company issued or sold from treasury a total of 10,148,066 Sterling shares and 825,362 US Dollar shares in consideration of the transfer of the pool of assets from BH Global Limited.

The Directors have evaluated subsequent events up to 31 August 2021, which is the date that the Interim Unaudited Financial Statements were approved and available to be issued, and have concluded there are no further items that require disclosure or adjustment to the Interim Unaudited Financial Statements.

## UNAUDITED HISTORIC PERFORMANCE SUMMARY

As at 30 June 2021

	30.06.21 US\$'000	31.12.20 US\$'000	31.12.19 US\$'000	31.12.18 US\$'000	31.12.17 US\$'000
Net increase in net assets resulting from operations	15,231	181,533	59,462	34,985	4,725
<b>TOTAL ASSETS</b>	<b>781,049</b>	<b>802,224</b>	<b>570,779</b>	<b>506,307</b>	<b>465,787</b>
<b>TOTAL LIABILITIES</b>	<b>(69,864)</b>	<b>(41,055)</b>	<b>(11,014)</b>	<b>(6,004)</b>	<b>(469)</b>
<b>NET ASSETS</b>	<b>711,185</b>	<b>761,169</b>	<b>559,765</b>	<b>500,303</b>	<b>465,318</b>
<b>NUMBER OF SHARES IN ISSUE</b>					
Sterling shares	13,750,456	15,009,868	14,310,040	14,136,242	14,046,048
US Dollar shares	1,968,239	2,191,379	2,442,057	2,664,541	2,782,034
<b>NET ASSET VALUE PER SHARE</b>					
Sterling shares	£33.78	£33.38	£26.06	£24.13	£21.47
US Dollar shares	US\$35.24	US\$34.78	US\$26.99	US\$24.67	US\$21.62

## NOTES

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## NOTES

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## NOTES

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# COMPANY INFORMATION

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## Directors

Richard Horlick (Chair, from 15 February 2021)

Colin Maltby (Chair, until his retirement on 15 February 2021)

Bronwyn Curtis

John Le Poidevin

Claire Whittet

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

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## Registered Office

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## Manager

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## Administrator and Corporate Secretary

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## Independent Auditor

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