

BREVAN HOWARD

BREVAN HOWARD MASTER FUND LIMITED

INTERIM UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS

30 June 2021

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UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

30 June 2021

| | 2021 US\$'000 |
|--|-------------------|
| ASSETS | |
| Investments, at fair value (cost: US\$11,946,169) (Note 2,3,6) | 12,636,030 |
| Investments purchased under agreements to resell (cost: US\$8,755,814) (Note 3,8) | 8,511,581 |
| Cash (Note 2) | 149 |
| Due from brokers (Note 2) | 1,892,236 |
| Dividends and interest receivable (Note 2) | 6,665 |
| Other assets | 1,570 |
| TOTAL ASSETS | 23,048,231 |
| LIABILITIES | |
| Investments sold short, at fair value (proceeds: US\$9,415,063) (Note 2,3,6) | 9,400,965 |
| Investments sold under agreements to repurchase (proceeds: US\$4,271,857) (Note 8) | 4,180,300 |
| Due to brokers (Note 2) | 1,131,546 |
| Redemptions payable (Note 2) | 117,994 |
| Dividends and interest payable | 34,777 |
| Accounts payable and accrued expenses (Note 5,6,7) | 3,469 |
| TOTAL LIABILITIES | 14,869,051 |
| Non-controlling interest (Note 2) | 972,078 |
| NET ASSETS (NOTE 9) | 7,207,102 |
| NET ASSET VALUE PER SHARE | |
| US Dollar Class A | US\$8,932.84 |
| US Dollar Class A (Non-restricted) | US\$981.78 |
| US Dollar L.P. Class A | US\$7,996.15 |
| US Dollar L.P. Class A (Non-restricted) | US\$981.79 |
| Euro Class A | €7,904.65 |
| Euro Class A (Non-restricted) | €980.88 |
| Sterling Class A | £9,400.69 |
| Sterling Class A (Non-restricted) | £981.50 |
| Yen Class A | ¥26,558.74 |
| Yen Class A (Non-restricted) | ¥9,815.42 |
| Norwegian Krone Class A | NOK2,718.71 |
| Canada Class A | CAD1,001.88 |
| US Dollar Class B | US\$5,059.24 |
| Sterling Class B | £5,080.47 |
| US Dollar Class J | US\$140.55 |
| US Dollar Class J (Non-restricted) | US\$981.37 |
| US Dollar L.P. Class J | US\$1,382.66 |
| US Dollar L.P. Class J (Non-restricted) | US\$981.38 |
| US Dollar Class S | US\$98.79 |
| US Dollar L.P. Class W | US\$1,784.75 |
| US Dollar L.P. Class W (Non-restricted) | US\$982.20 |
| Euro Class W | €1,617.68 |
| Sterling Class W | £1,707.44 |
| US Dollar Class Z | US\$267.75 |
| Euro Class Z | €242.14 |
| Sterling Class Z | £259.14 |

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

See accompanying notes to the Interim Unaudited Consolidated Financial Statements.

Signed on behalf of the Board of Directors:

Karla Bodden
Director

23 August 2021

Carol Reynolds
Director

UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

For the period ended 30 June 2021

| | 2021 US\$'000 |
|--|------------------|
| INVESTMENT INCOME | |
| Interest income | 10,147 |
| Dividend income (net of withholding tax of US\$230) | 2,614 |
| TOTAL INVESTMENT INCOME | 12,761 |
| EXPENSES | |
| Operational services fee (Note 5) | 13,992 |
| Interest expense | 9,589 |
| Research charges (Note 13) | 4,425 |
| Administration fee (Note 7) | 4,007 |
| Professional fees and other | 1,850 |
| Bank loan interest (Note 14) | 907 |
| Trade commissions | 857 |
| Custody fees | 408 |
| Dividend expense | 329 |
| Execution fees and other transaction costs | 9,905 |
| TOTAL EXPENSES | 46,269 |
| NET INVESTMENT LOSS | (33,508) |
| NET REALISED AND CHANGE IN UNREALISED GAIN/(LOSS) ON INVESTMENTS | |
| Net realised gain on investments (Note 2) | 328,254 |
| Net change in unrealised loss on investments (Note 2) | (307,494) |
| NET REALISED AND CHANGE IN UNREALISED GAIN ON INVESTMENTS | 20,760 |
| NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS | (12,748) |
| NON-CONTROLLING INTEREST SHARE IN NET LOSS (NOTE 2) | 85,386 |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | 72,638 |

Withholding tax is presented in US\$'000.

See accompanying notes to the Interim Unaudited Consolidated Financial Statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the period ended 30 June 2021

| | 2021 US\$'000 |
|---|------------------|
| OPERATIONS | |
| Net investment loss | (33,508) |
| Net realised gain on investments | 328,254 |
| Net change in unrealised loss on investments | (307,494) |
| Non-controlling interest share in net loss (Note 2) | 85,386 |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | 72,638 |
| SHARE CAPITAL TRANSACTIONS | |
| Issue of shares | |
| US Dollar Class A | 1,373,621 |
| US Dollar L.P. Class A | 906,182 |
| Euro Class A | 120,214 |
| Sterling Class A | 76,295 |
| Yen Class A | 56,478 |
| Canada Class A | 176,208 |
| US Dollar Class J | 10,750 |
| US Dollar L.P. Class J | 7,000 |
| US Dollar Class S | 404,456 |
| Sterling Class Z | 5,080 |
| Redemption of shares | |
| US Dollar Class A | (514,370) |
| US Dollar Class A (Non-restricted) | (2,600) |
| US Dollar L.P. Class A | (4,693) |
| US Dollar L.P. Class A (Non-restricted) | (1,010) |
| Euro Class A | (3,662) |
| Euro Class A (Non-restricted) | (141) |
| Sterling Class A | (107,219) |
| Sterling Class A (Non-restricted) | (74) |
| Yen Class A | (491) |
| Yen Class A (Non-restricted) | (190) |
| Canada Class A | (968) |
| US Dollar Class B | (4,701) |
| Sterling Class B | (65,460) |
| US Dollar Class J | (57) |
| US Dollar Class J (Non-restricted) | (14) |
| US Dollar L.P. Class J | (4,046) |
| US Dollar L.P. Class J (Non-restricted) | (14) |
| US Dollar Class S | (1,526) |
| Sterling Class Z | (13,000) |
| NET INCREASE IN NET ASSETS RESULTING FROM SHARE CAPITAL TRANSACTIONS | 2,412,048 |
| NET INCREASE IN NET ASSETS | 2,484,686 |
| NET ASSETS – BEGINNING OF THE PERIOD | 4,722,416 |
| NET ASSETS – END OF THE PERIOD | 7,207,102 |

See accompanying notes to the Interim Unaudited Consolidated Financial Statements.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2021

| | 2021 US\$'000 |
|---|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | 72,638 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities: | |
| Proceeds from sales of securities | 16,710,252 |
| Purchases of securities | (19,719,481) |
| Proceeds from securities sold short | 8,608,336 |
| Payments to cover securities sold short | (3,405,782) |
| Proceeds from derivative contracts | 4,101,304 |
| Payments for derivative contracts | (3,897,230) |
| Net realised gain on investments | (87,104) |
| Net realised gain on derivative contracts | (167,755) |
| Net change in unrealised gain on investments | (120,108) |
| Net change in unrealised loss on derivative contracts | 259,608 |
| Increase in investments purchased under agreements to resell | (7,550,215) |
| Increase in investments sold under agreements to repurchase | 3,675,440 |
| Increase in dividends and interest receivable | (2,746) |
| Increase in other assets | (1,403) |
| Increase in dividends and interest payable | 25,419 |
| Decrease in interest payable on credit facility | (465) |
| Increase in accounts payable and accrued expenses | 1,483 |
| NET CASH USED IN OPERATING ACTIVITIES | (1,497,809) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Proceeds on issue of shares | 3,136,284 |
| Payments on redemption of shares, net of change in redemptions payable | (856,276) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 2,280,008 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS) | 782,199 |
| CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS) – BEGINNING OF THE PERIOD | (21,360) |
| CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS) – END OF THE PERIOD | 760,839 |
| <i>Supplemental disclosure of cash flow information:</i> | |
| <i>Interest paid</i> | 20,415 |
| <i>Dividend paid</i> | 87 |

2021
US\$'000

As of 30 June 2021, the amounts included in cash and cash equivalents (including restricted cash and cash equivalents) include the following:

| | |
|---|----------------|
| Cash | 149 |
| Due from brokers – Restricted cash | 145,102 |
| Due from brokers – Non restricted cash | 1,747,134 |
| Due to brokers – Restricted cash | (172,796) |
| Due to brokers – Non restricted cash | (958,750) |
| TOTAL CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH AND CASH EQUIVALENTS) | 760,839 |

See accompanying notes to the Interim Unaudited Consolidated Financial Statements.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

1. ORGANISATION

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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

Basis of consolidation

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

The Master Fund has consolidated the following entities (the "Subsidiaries") as of 30 June 2021:

- Brevan Howard FG Macro Master Fund Limited ("BFG"), a company incorporated with limited liability on 19 May 2017 under the laws of the Cayman Islands.
- Brevan Howard AH Master Fund Limited ("BAH"), a company incorporated with limited liability on 20 December 2016 under the laws of the Cayman Islands.
- Brevan Howard Global Volatility Master Fund Limited ("BGV"), a company incorporated with limited liability on 2 August 2017 under the laws of the Cayman Islands.
- Brevan Howard TN Macro Master Fund Limited ("BTN"), a company incorporated with limited liability on 29 January 2019 under the laws of the Cayman Islands.

The Master Fund owns 52.62% of BFG, 82.36% of BAH, 61.69% of BGV and 72.41% of BTN respectively, in each case as of 30 June 2021.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

The Interim Unaudited Consolidated Financial Statements include full consolidation of any owned subsidiaries, except where the effect on the Master Fund's financial position and results of operations are immaterial. Transactions between the Master Fund and the Subsidiaries have been eliminated on consolidation. The following table presents the changes in non-controlling interest for the period end 30 June 2021.

| | US'000 |
|--|----------------|
| Non-controlling interest, beginning of the period | 329,582 |
| Subscription of non-controlling interest | 358,792 |
| Redemption of non-controlling interest | (1,325,336) |
| Transfer in of non-controlling interest* | 1,694,426 |
| Non-controlling interest share in net loss | (85,386) |
| NON-CONTROLLING INTEREST, END OF THE PERIOD | 972,078 |

* Pertains to BTN, BAH and BGV which meet the consolidation criteria as of 30 June 2021.

Security transactions and valuation

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

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

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

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

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

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

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

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

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income and expense recognition

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

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

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

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

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

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

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

Asset-backed securities

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

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

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

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

Derivative financial instruments

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

The fair value of derivative financial instruments at the reporting date generally reflects the amount that the Master Fund and its Subsidiaries would receive or pay to terminate the contract at the reporting date. Many derivative financial instruments are exchange traded or are traded in the OTC market where market values are normally readily obtainable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments (continued)

Where such market prices are not readily available, fair values will be determined using commercial products which utilise valuation models that are consistent with market pricing methods.

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

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

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

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

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

The following table sets forth the fair value of the Master Fund and its Subsidiaries' derivative contracts by certain risk types as of 30 June 2021 in accordance with Derivatives and Hedging (ASC 815). The values in the table below exclude the effects of cash received or posted pursuant to derivative contracts, and therefore are not representative of the Master Fund and its Subsidiaries' net exposure. The derivative assets and derivative liabilities are included in "Investments, at fair value" and "Investments sold short, at fair value", respectively, in the Unaudited Consolidated Statement of Assets and Liabilities.

| DERIVATIVE CONTRACTS FOR TRADING ACTIVITIES | OPEN POSITIONS AT THE PERIOD END | TRANSACTIONS DURING THE PERIOD | VAR* US\$'000 | DERIVATIVE ASSETS US\$'000 | DERIVATIVE LIABILITIES US\$'000 |
|---|----------------------------------|--------------------------------|---------------|----------------------------|---------------------------------|
| Commodity Contracts | 100 | 10,668 | 3,029 | 18,423 | 7,886 |
| Credit Contracts | 21 | 545 | 209 | 11,482 | 6,380 |
| Equity Contracts | 132 | 20,820 | 7,468 | 68,464 | 8,277 |
| Foreign Exchange Contracts | 1,802 | 12,560 | 8,530 | 574,990 | 408,942 |
| Interest Rate Contracts | 710 | 28,833 | 10,010 | 478,723 | 289,485 |
| FAIR VALUE OF DERIVATIVE CONTRACTS | | | | 1,152,082 | 720,970 |

* Value at risk ("VaR") calculated using a two year historical simulation, based on a one day time horizon, at a 95% confidence interval. The VaR shown in the table above is for derivatives only, excluding treasury positions. Total VaR for the derivatives contracts above is US\$17,482,560. Total VaR for the Master Fund and its Subsidiaries, including derivatives, non-derivatives and investments in affiliated entities, is US\$34,770,849.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments (continued)

The following table sets forth by certain risk types the Master Fund and its Subsidiaries' gains/(losses) related to derivative activities for the period ended 30 June 2021 in accordance with ASC 815. These gains/(losses) should be considered in the context that derivative contracts may have been executed to economically hedge certain securities and accordingly, certain gains or losses on derivative contracts may offset certain gains or losses attributable to securities. These gains/(losses) are included in net realised gain and change in unrealised gain on investments in the Unaudited Consolidated Statement of Operations.

| | REALISED GAIN/(LOSS) PERIOD ENDED 30 JUNE 2021 US\$'000 | CHANGE IN UNREALISED GAIN/(LOSS) PERIOD ENDED 30 JUNE 2021 US\$'000 |
|--|---|--|
| DERIVATIVE CONTRACTS FOR TRADING ACTIVITIES | | |
| Commodity Contracts | (2,798) | 13,482 |
| Credit Contracts | (22,912) | (482) |
| Equity Contracts | 27,654 | (3,879) |
| Foreign Exchange Contracts | 174,059 | (283,703) |
| Interest Rate Contracts | (8,248) | 14,974 |
| TOTAL | 167,755 | (259,608) |

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

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

| CREDIT SPREADS* ON UNDERLYING CONTRACTS (IN BASIS POINTS) | MAXIMUM PAYOUT /NOTIONAL AMOUNT BY PERIOD OF EXPIRATION | | | |
|---|---|--------------------------|-----------------------------------|-------------------|
| | 0-2 YEARS US\$'000 | 2-5 YEARS US\$'000 | 5 YEARS OR GREATER US\$'000 | TOTAL US\$'000 |
| Credit default swap indexes | | | | |
| 0-50 | – | 20,000 | – | 20,000 |
| 51-100 | – | 167,219 | – | 167,219 |
| 101-250 | – | – | – | – |
| Greater than 250 | – | 22,500 | 10,000 | 32,500 |
| TOTAL | – | 209,719 | 10,000 | 219,719 |

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

| CREDIT SPREADS* ON UNDERLYING CONTRACTS (IN BASIS POINTS) | MAXIMUM PAYOUT /NOTIONAL AMOUNT | | | |
|---|---|---|---|--|
| | WRITTEN CREDIT DERIVATIVE US\$'000 | OFFSETTING PURCHASED CREDIT DERIVATIVE US\$'000 | NET WRITTEN CREDIT DERIVATIVE US\$'000 | WRITTEN CREDIT DERIVATIVE AT FAIR VALUE US\$'000 |
| Credit default swap indexes | | | | |
| 0-50 | 20,000 | – | 20,000 | 532 |
| 51-100 | 167,219 | – | 167,219 | 3,831 |
| 101-250 | – | – | – | – |
| Greater than 250 | 32,500 | 22,500 | 10,000 | (4,040) |
| TOTAL | 219,719 | 22,500 | 197,219 | 323 |

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

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

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

Investments sold short

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

Foreign currency translation

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

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

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

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

Netting

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

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

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

Cash, cash equivalents and restricted cash

Cash consists of bank balances. Cash, including cash denominated in foreign currencies, represents cash deposits held at financial institutions. Cash equivalents include short-term, highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are typically held to meet short term liquidity requirements, rather than for investment purposes. Restricted cash is subject to a legal or contractual restriction by third parties as well as a restriction as to withdrawal or use, including restrictions that require the funds to be used for a specified purpose and restrictions that limit the purpose for which the funds can be used. The Master Fund considers cash pledged as collateral for securities sold short and cash collateral posted with counterparties for derivative contracts to be restricted cash. Foreign currency with a current value of US\$500 and an acquisition cost of US\$514 is included in cash.

Due from and to brokers

| BALANCE DUE FROM BROKERS | US\$'000 |
|-------------------------------|------------------|
| Balance pledged as collateral | 145,102 |
| Balance unpledged | 1,747,134 |
| | 1,892,236 |

Included in the balance pledged as collateral were US\$17,351,602 pledged to counterparties of OTC derivatives, US\$127,750,093 as initial margin related to the Master Fund's futures trading activities.

| BALANCE DUE TO BROKERS | US\$'000 |
|--------------------------------|------------------|
| Balance held as collateral | 172,796 |
| Balance not held as collateral | 958,750 |
| | 1,131,546 |

Included in the balance held as collateral were US\$150,758,160 held from counterparties of OTC derivatives and US\$22,037,383 as initial margin related to the Master Fund's futures trading activities.

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

Allocation of income and expenses between share classes

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

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

Redemptions payable

Redemptions are recognised as liabilities when the value of such redemptions are calculated at the requested redemption date. As a result, redemptions paid after the end of the period, based on the NAV of the Master Fund and its Subsidiaries at period end, are included in redemptions payable as of 30 June 2021. Redemption notices received for which the dollar amount is not fixed remain in net assets until the NAV used to determine the redemption and share amounts are determined.

As of 30 June 2021, the redemptions payable by the Master Fund and its Subsidiaries amounted to US\$117,994,166.

3. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

The hierarchy requires the use of observable market data when available. As required by Topic 820, investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The following is a summary of the levels within the fair value hierarchy for the Master Fund and its Subsidiaries' investments as of 30 June 2021:

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2021

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Assets

| FAIR VALUE MEASUREMENTS AT REPORTING DATE: | LEVEL 1: US\$'000 | LEVEL 2: US\$'000 | LEVEL 3: US\$'000 | TOTAL US\$'000 |
|--|----------------------|----------------------|----------------------|-------------------|
| Equity Securities | 216,000 | 28,124 | – | 244,124 |
| Exchange-traded Funds | 35,916 | – | – | 35,916 |
| Private Placements | – | – | 463 | 463 |
| Fixed Income Securities: | | | | |
| Asset Backed Securities | – | 1,616 | 4,519 | 6,135 |
| Corporate Debt Securities | – | 43,719 | – | 43,719 |
| Mortgage Backed Securities | – | 109,298 | 454 | 109,752 |
| Non-US Government Securities | 3,149,217 | 117,531 | – | 3,266,748 |
| US Government Securities | 4,544,738 | – | – | 4,544,738 |
| Derivatives: | | | | |
| Commodity Contracts | 5,311 | 13,076 | 36 | 18,423 |
| Credit Contracts | – | 11,482 | – | 11,482 |
| Equity Contracts | 18,700 | 49,764 | – | 68,464 |
| Foreign Exchange Contracts | 9,033 | 536,276 | 29,681 | 574,990 |
| Interest Rate Contracts | 157,541 | 303,587 | 17,595 | 478,723 |
| SUBTOTAL | 8,136,456 | 1,214,473 | 52,748 | 9,403,677 |
| Investments purchased under agreements to resell: | | | | |
| Non-US Government Securities | – | 8,443,984 | – | 8,443,984 |
| US Government Securities | – | 67,597 | – | 67,597 |
| TOTAL INVESTMENTS PURCHASED UNDER AGREEMENTS TO RESELL | – | 8,511,581 | – | 8,511,581 |
| Investments in unconsolidated Affiliate Funds measured at NAV* | | | | 3,232,353 |
| TOTAL ASSETS | | | | 21,147,611 |

* Investments in unconsolidated Affiliate Funds as of 30 June 2021 are excluded from the fair value hierarchy leveling as the fair value of these investments were measured at NAV as a practical expedient.

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

| FAIR VALUE MEASUREMENTS AT REPORTING DATE: | LEVEL 1: US\$'000 | LEVEL 2: US\$'000 | LEVEL 3: US\$'000 | TOTAL US\$'000 |
|--|----------------------|----------------------|----------------------|-------------------|
| Fixed Income Securities: | | | | |
| Mortgage Backed Securities | – | 184,226 | – | 184,226 |
| Non-US Government Securities | 8,405,858 | – | – | 8,405,858 |
| US Government Securities | 89,911 | – | – | 89,911 |
| Derivatives: | | | | |
| Commodity Contracts | 1,054 | 3,124 | 3,708 | 7,886 |
| Credit Contracts | – | 6,380 | – | 6,380 |
| Equity Contracts | 4,050 | 4,227 | – | 8,277 |
| Foreign Exchange Contracts | 9,094 | 394,443 | 5,405 | 408,942 |
| Interest Rate Contracts | 30,076 | 257,185 | 2,224 | 289,485 |
| SUBTOTAL | 8,540,043 | 849,585 | 11,337 | 9,400,965 |
| TOTAL LIABILITIES | 8,540,043 | 849,585 | 11,337 | 9,400,965 |

The Master Fund and its Subsidiaries had no investments measured at fair value on a non-recurring basis during the period ended 30 June 2021.

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

The following table presents changes in assets classified within the Level 3 category of the fair value hierarchy during the period ended 30 June 2021:

Level 3**Assets**

| INVESTMENTS | MORTGAGE BACKED SECURITIES US\$'000 | COMMODITY CONTRACTS US\$'000 | FOREIGN EXCHANGE CONTRACTS US\$'000 | INTEREST RATE CONTRACTS US\$'000 |
|-------------------------|--|------------------------------------|--|--|
| Purchases | – | 66 | 56,205 | 26,094 |
| Transfer in to Level 3 | 285 | 23,971 | 144,421 | – |
| Transfer out of Level 3 | (287) | (1,767) | (37,843) | (1,250) |

Liabilities

| INVESTMENTS | COMMODITY CONTRACTS US\$'000 | FOREIGN EXCHANGE CONTRACTS US\$'000 |
|-------------------------|------------------------------------|--|
| Transfer in to Level 3 | | 22,008 |
| Transfer out of Level 3 | | (3,982) |

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2021

3. FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarises the valuation methodology and significant unobservable inputs used for the Master Fund and its Subsidiaries' investments that are categorised within Level 3 of the fair value hierarchy as of 30 June 2021:

| ASSETS | FAIR VALUE US\$'000 | VALUATION TECHNIQUE | UNOBSERVABLE INPUTS | RANGE |
|---|------------------------|--------------------------------------|--|---------|
| Private placements | 463 | Discounted book value | Collateral valuation | N/A |
| Asset Backed Securities & Mortgage Backed Securities | 4,973 | Broker quote | Constant default rate/conditional prepayment rate/loss severity/discount rate | N/A |
| Commodity Contracts | 36 | Internal model | Volatility | 14%-16% |
| Foreign Exchange Contracts | 29,201 | Internal model | Volatility | 4%-19% |
| Foreign Exchange Contracts | 480 | Counterparty valuation/ Broker quote | Volatility | N/A |
| Interest Rate Contracts | 17,595 | Counterparty valuation/Broker quote | Volatility | N/A |

| LIABILITIES | FAIR VALUE US\$'000 | VALUATION TECHNIQUE | UNOBSERVABLE INPUTS | RANGE |
|----------------------------|------------------------|-------------------------------------|---------------------|---------|
| Commodity Contracts | 3,708 | Internal model | Correlation factors | 42%-44% |
| Foreign Exchange Contracts | 5,405 | Internal model | Volatility | 6%-15% |
| Interest Rate Contracts | 2,224 | Counterparty valuation/Broker quote | Volatility | N/A |

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

Level 3 derivatives are valued by reference to counterparty valuations or single broker quotes. The unobservable inputs implicit in the foreign exchange contract counterparty valuations or broker quotes are a correlation factor between two or more reference assets, the range of which is not transparent in these sources. An increase in the correlation factor could result in a higher or lower fair value depending on the nature of the specific instrument. The unobservable input in all other level 3 derivative contract counterparty valuations or broker quotes is generally the volatility surface. An increase in volatility would result in a higher or lower fair value depending on the nature of the specific instrument.

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

4. INVESTMENT IN UNDERLYING FUNDS

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

As of 30 June 2021, the Master Fund invested in 8 funds in addition to those which have been consolidated, all of which are related parties. All such investments are individually identified in the table below. These underlying funds may invest in debt and equity securities (both long and short), bond, commodity, equity, and interest rate futures and options, foreign exchange forwards and options, swaps, swaptions and other derivatives and securities in accordance with each investment fund's offering memorandum. The relationship between the Master Fund and all affiliate funds in which it is invested is disclosed in Note 6.

| UNDERLYING FUNDS | % OF UNDERLYING FUNDS OWNERSHIP | % OF NET ASSETS | FAIR MARKET VALUE US\$'000 | INCOME/ LOSS US\$'000 | NOTICE PERIOD | LIQUIDITY |
|--|---------------------------------|-----------------|----------------------------|-----------------------|---------------|-----------|
| BH Digital Asset Fund Limited | 100.00 | 1.05 | 75,298 | (24,702) | Monthly | Monthly |
| Brevan Howard Alpha Strategies Master Fund Limited | 30.96 | 29.37 | 2,116,509 | 40,321 | 3 months** | Monthly |
| Brevan Howard AS Macro Master Fund Limited | 41.58 | 6.65 | 479,113 | 17,331 | Monthly | Monthly |
| Brevan Howard Emerging Markets Strategies Master Fund Limited* | 100.00 | 0.03 | 2,390 | (17) | – | – |
| Brevan Howard Equity Strategies Master Fund Limited* | 100.00 | 0.04 | 3,087 | (53) | – | – |
| Brevan Howard MB Macro Master Fund Limited | 29.60 | 7.64 | 550,560 | 3,381 | 3 months** | Monthly |
| Brevan Howard Strategic Opportunities Fund Limited* | 100.00 | 0.05 | 3,649 | (19) | – | – |
| WCG Strategies Fund Limited* | 100.00 | 0.02 | 1,747 | (13) | – | – |
| | | 44.85 | 3,232,353 | 36,229 | | |

* The normal trading operations of the above underlying funds have ceased prior to 30 June 2021.

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

As of 30 June 2021, the above underlying funds were all domiciled in the Cayman Islands.

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

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

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2021

5. OPERATIONAL SERVICES FEE

The Manager has received from the Master Fund a fee not exceeding 1/12 of 0.5% per month of the NAV, prior to the deduction of management and performance fees, of the Master Fund for the period to 30 June 2021 (the "operational services fee") as at the last valuation day in each month (excluding for these purposes such part of the NAV of the Master Fund which is attributable to (i) any investments made in other investment funds managed by the Manager which also charge an operational services fee, or (ii) the Class Z shares in the Master Fund, or (iii) the Class W shares in the Master Fund and (iv) the Class J shares in the Master Fund). For certain share classes and series of interests of the Feeder Funds, the operational services fee is effectively capped at the level that a shareholder's holding, or limited partner's capital account would have borne as of 3 October 2016, adjusted as appropriate to reflect redemptions or withdrawals as appropriate from 3 October 2016 to 1 December 2016.

The Manager also receives from the Master Fund in respect of Class J shares an operational services fee not exceeding 1/12 of 1% per month of the NAV of the Class J shares in the Master Fund, prior to the deduction of management and performance fees, of the Master Fund for the period to 30 June 2021 as of the last valuation day in each month.

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

The operational services fee for the period ended 30 June 2021 amounted to US\$13,991,871. The operational services fee payable as of 30 June 2021 is US\$571,373.

6. MANAGEMENT AND PERFORMANCE FEES

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

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

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

At the period end, no performance fees are payable in respect of Class A shares, Class B shares, Class J shares, Class Z shares and Class W shares. The Manager does not receive any performance fee from BFG, BAH, BGV and BTN in respect of the Master Fund's investments in the Subsidiaries. No performance fee was accrued for the period ended 30 June 2021.

As of 30 June 2021, the Master Fund held investments in the following entities (each an "underlying fund investment") managed by the Manager or one of its affiliates:

6. MANAGEMENT AND PERFORMANCE FEES (CONTINUED)

| | US\$ | % OF UNDERLYING FUNDS OWNERSHIP |
|---|---------------|---------------------------------|
| BH Digital Asset Fund Limited | 75,297,589 | 100.00 |
| Brevan Howard AH Master Fund Limited* | 604,532,789 | 82.36 |
| Brevan Howard Alpha Strategies Master Fund Limited | 2,116,509,316 | 30.96 |
| Brevan Howard AS Macro Master Fund Limited | 479,113,325 | 41.58 |
| Brevan Howard Emerging Markets Strategies Master Fund Limited | 2,390,300 | 100.00 |
| Brevan Howard Equity Strategies Master Fund Limited | 3,086,985 | 100.00 |
| Brevan Howard FG Macro Master Fund Limited* | 580,258,042 | 52.62 |
| Brevan Howard Global Volatility Master Fund Limited* | 312,023,952 | 61.69 |
| Brevan Howard MB Macro Master Fund Limited | 550,560,136 | 29.60 |
| Brevan Howard Strategic Opportunities Fund Limited | 3,649,627 | 100.00 |
| Brevan Howard TN Macro Master Fund Limited* | 331,875,673 | 72.41 |
| WCG Strategies Fund Limited | 1,746,544 | 100.00 |

* BAH, BFG, BGV and BTN are consolidated subsidiaries of the Master Fund.

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

7. ADMINISTRATION FEE

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

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

- (A) a pro rata share (by assets under management subject to such fee) of 1/12 of the following percentages of the aggregate net asset value* of all fund entities (before deduction of any management fees, performance fees or other similar fees or expenses) managed by the Manager (including the Master Fund) and administered by the IFS (together, the "Relevant BH Funds"):
- (1) 0.16 per cent on the first US\$5 billion;
 - (2) 0.14 per cent on the next US\$5 billion; and
 - (3) 0.12 per cent on the balance; less
- (B) the portion of such fee attributable to investments made by any Relevant BH Fund, directly or indirectly, in any other Relevant BH Fund (which, for the avoidance of doubt, includes: (1) investments by any Relevant BH Fund which is a feeder fund in a Relevant BH Fund which is a master fund; and (2) investments by any Relevant BH Fund which is a master fund in another such Relevant BH Fund).

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

The administration fee for the Master Fund for the period ended 30 June 2021 amounted to US\$4,006,845. The administration fee payable by the Master Fund as of 30 June 2021 is US\$2,126,721.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2021

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

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

As of 30 June 2021, investments and related interest payable with a market value of US\$9,490,198,776 were pledged to the Master Fund and its Subsidiaries as collateral (investments purchased under agreements to resell) and investments and related interest receivable with a market value of US\$3,768,917,418 were pledged by the Master Fund and its Subsidiaries as collateral (investments sold under agreements to repurchase).

All agreements to repurchase mature by 23 August 2021 with interest rates ranging from (0.75%) to 0.40% and all agreements to resell mature by 23 August 2021 with interest rates ranging from (0.75%) to 0.03%.

The following table sets out the gross obligation of the Master Fund and its Subsidiaries by class of collateral pledged as of 30 June 2021 for investments sold under agreements to repurchase.

| | 2021 | | | | | TOTAL US\$'000 |
|---|--|------------------------------|---------------------------|-------------------------------------|--|-------------------|
| | REMAINING CONTRACTUAL MATURITY OF THE AGREEMENTS | | | | | |
| | OVERNIGHT CONTINUOUS US\$'000 | UP TO 30 DAYS US\$'000 | 30-90 DAYS US\$'000 | GREATER THAN 90 DAYS US\$'000 | | |
| Repurchase agreements | | | | | | |
| US Government Securities | – | 3,377,261 | 5,283.00 | – | | 3,382,544 |
| Non-US Government Securities | – | 1,003,505 | – | – | | 1,003,505 |
| TOTAL BORROWINGS | – | 4,380,766 | 5,283 | – | | 4,386,049 |
| GROSS AMOUNT OF RECOGNISED LIABILITIES FOR REPURCHASE AGREEMENTS IN NOTE 12 | | | | | | 4,386,049 |
| Amounts related to agreements not included in offsetting disclosure in Note 12 | | | | | | – |

9. SHARE CAPITAL

The Master Fund has an authorised share capital of:

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

9. SHARE CAPITAL (CONTINUED)

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

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

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

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

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

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

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

The rights of and terms of subscription and redemption for the Class S Shares are the same as the ordinary shares of the Master Fund.

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

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

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

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

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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9. SHARE CAPITAL (CONTINUED)

| | SHARES IN ISSUE AT BEGINNING OF THE PERIOD | SHARES ISSUED DURING THE PERIOD | SHARES TRANSFERRED IN DURING THE PERIOD | SHARES TRANSFERRED OUT DURING THE PERIOD | SHARES REDEEMED DURING THE PERIOD | SHARES IN ISSUE AT END OF THE PERIOD | ENDING NAV PER SHARE |
|--|--|--|--|---|--|---|-------------------------|
| US Dollar Class A | 298,396 | 153,534 | – | (184,940) | (56,863) | 210,127 | US\$8,932.84 |
| US Dollar Class A (Non-restricted) | – | – | 1,290,950 | – | (2,648) | 1,288,302 | US\$981.78 |
| US Dollar L.P. Class A | 21,853 | 111,837 | – | (101,109) | (583) | 31,998 | US\$7,996.15 |
| US Dollar L.P. Class A (Non-restricted) | – | – | 823,607 | – | (1,029) | 822,578 | US\$981.79 |
| Euro Class A | 34,757 | 12,470 | – | (14,047) | (381) | 32,799 | €7,904.65 |
| Euro Class A (Non-restricted) | – | – | 112,947 | – | (121) | 112,826 | €980.88 |
| Sterling Class A | 31,623 | 5,773 | 33,696 | (9,008) | (8,135) | 53,949 | £9,400.69 |
| Sterling Class A (Non-restricted) | – | – | 51,424 | – | (55) | 51,369 | £981.50 |
| Yen Class A | 321,650 | 234,328 | – | (553,959) | (2,019) | – | ¥26,558.74 |
| Yen Class A (Non-restricted) | – | – | 1,471,125 | – | (2,153) | 1,468,972 | ¥9,815.42 |
| Norwegian Krone Class A | 8,456 | – | – | – | – | 8,456 | NOK 2,718.71 |
| Canada Class A | – | 225,000 | 5 | (172) | (1,186) | 223,647 | CAD 1,001.88 |
| US Dollar Class B | 15,268 | – | 18 | (705) | (929) | 13,652 | US\$5,059.24 |
| Sterling Class B | 100,072 | – | 513 | (13) | (9,321) | 91,251 | £5,080.47 |
| US Dollar Class J | 43,865 | 75,632 | – | (93,498) | (390) | 25,609 | US\$140.55 |
| US Dollar Class J (Non-restricted) | – | – | 13,380 | – | (14) | 13,366 | US\$981.37 |
| US Dollar L.P. Class J | 13,848 | 5,034 | – | (7,918) | (2,887) | 8,077 | US\$1,382.66 |
| US Dollar L.P. Class J (Non-restricted) | – | – | 11,132 | – | (14) | 11,118 | US\$981.38 |
| US Dollar Class S | – | 4,044,564 | – | – | (15,278) | 4,029,286 | US\$98.79 |
| US Dollar L.P. Class W | 2,933 | – | – | (1,806) | – | 1,127 | US\$1,784.75 |
| US Dollar L.P. Class W (Non-restricted) | – | – | 3,282 | – | – | 3,282 | US\$982.20 |
| Euro Class W | 43,025 | – | – | – | – | 43,025 | US\$1,617.68 |
| Sterling Class W | 67,141 | – | – | – | – | 67,141 | £1,707.44 |
| US Dollar Class Z | 43,879 | – | – | (1,105) | – | 42,774 | US\$267.75 |
| Euro Class Z | 3,701 | – | – | – | – | 3,701 | €242.14 |
| Sterling Class Z | 227,499 | 14,328 | 824 | – | (36,307) | 206,344 | £259.14 |

9. SHARE CAPITAL (CONTINUED)

| | BEGINNING NET ASSETS US\$'000 | AMOUNTS ISSUED US\$'000 | AMOUNTS TRANSFERRED IN US\$'000 | AMOUNTS TRANSFERRED OUT US\$'000 | AMOUNTS REDEEMED US\$'000 | NET INCREASE/ (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS US\$'000 | ENDING NET ASSETS US\$'000 |
|--|-------------------------------------|-------------------------------|--|---|---------------------------------|---|----------------------------------|
| US Dollar Class A | 2,618,570 | 1,373,621 | – | (1,667,390) | (514,370) | 66,602 | 1,877,033 |
| US Dollar Class A (Non-restricted) | – | – | 1,290,950 | – | (2,600) | (23,521) | 1,264,829 |
| US Dollar L.P. Class A | 171,698 | 906,182 | – | (823,582) | (4,693) | 6,257 | 255,862 |
| US Dollar L.P. Class A (Non-restricted) | – | – | 823,607 | – | (1,010) | (14,997) | 807,600 |
| Euro Class A | 331,767 | 120,214 | – | (137,893) | (3,662) | (2,963) | 307,463 |
| Euro Class A (Non-restricted) | – | – | 137,569 | – | (141) | (6,181) | 131,247 |
| Sterling Class A | 399,738 | 76,295 | 426,404 | (122,330) | (107,219) | 27,836 | 700,724 |
| Sterling Class A (Non-restricted) | – | – | 72,904 | – | (74) | (3,166) | 69,664 |
| Yen Class A | 80,037 | 56,478 | – | (133,835) | (491) | (2,189) | – |
| Yen Class A (Non-restricted) | – | – | 133,769 | – | (190) | (3,652) | 129,927 |
| Norwegian Krone Class A | 2,638 | – | – | – | – | 35 | 2,673 |
| Canada Class A | – | 176,208 | 4 | (140) | (968) | 5,932 | 181,036 |
| US Dollar Class B | 75,797 | – | 94 | (3,501) | (4,701) | 1,394 | 69,083 |
| Sterling Class B | 682,833 | – | 3,502 | (94) | (65,460) | 19,764 | 640,545 |
| US Dollar Class J | 6,071 | 10,750 | – | (13,392) | (57) | 225 | 3,597 |
| US Dollar Class J (Non-restricted) | – | – | 13,380 | – | (14) | (249) | 13,117 |
| US Dollar L.P. Class J | 18,860 | 7,000 | – | (11,158) | (4,046) | 510 | 11,166 |
| US Dollar L.P. Class J (Non-restricted) | – | – | 11,132 | – | (14) | (207) | 10,911 |
| US Dollar Class S | – | 404,456 | – | – | (1,526) | (4,878) | 398,052 |
| US Dollar L.P. Class W | 5,130 | – | – | (3,282) | – | 163 | 2,011 |
| US Dollar L.P. Class W (Non-restricted) | – | – | 3,282 | – | – | (58) | 3,224 |
| Euro Class W | 83,839 | – | – | – | – | (1,296) | 82,543 |
| Sterling Class W | 153,769 | – | – | – | – | 4,627 | 158,396 |
| US Dollar Class Z | 11,511 | – | – | (294) | – | 234 | 11,451 |
| Euro Class Z | 1,080 | – | – | – | – | (17) | 1,063 |
| Sterling Class Z | 79,078 | 5,080 | 294 | – | (13,000) | 2,433 | 73,885 |
| | 4,722,416 | 3,136,284 | 2,916,891 | (2,916,891) | (724,236) | 72,638 | 7,207,102 |

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

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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10. TAXES

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

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

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

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

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

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

Futures contracts expose the Master Fund and its Subsidiaries to credit, market and liquidity risks. The Master Fund and its Subsidiaries are exposed to market risk such that changes in the market values of the securities or indices underlying a contract may exceed the amount recognised in the Unaudited

Consolidated Statement of Assets and Liabilities. Liquidity risk represents the possibility that the Master Fund and its Subsidiaries may not be able to rapidly adjust the size of its futures positions in times of high volatility and financial stress at a reasonable price.

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

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

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

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

The Master Fund and its Subsidiaries invest in fixed income securities and bank loans. Until such investments are sold or mature, the Master Fund and its Subsidiaries are exposed to credit risk relating to whether the issuer will meet its obligation as it comes due.

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

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

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

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

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

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

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

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

Liquidity risk

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

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

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

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

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

12. OFFSETTING ASSETS AND LIABILITIES

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

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2021

12. OFFSETTING ASSETS AND LIABILITIES (CONTINUED)

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

As of 30 June 2021

Offsetting of financial assets and derivative assets:

| DESCRIPTION | (i) | (ii) | (iii)=(i)-(ii) | (iv) | (v)=(iii)-(iv) | |
|-------------------------------|---|---|--|--|--------------------------------|--------------------------------|
| | GROSS AMOUNTS OF RECOGNISED ASSETS US\$'000 | GROSS AMOUNTS OFFSET IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000 | NET AMOUNTS OF ASSETS PRESENTED IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000 | GROSS AMOUNTS NOT OFFSET IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES | FINANCIAL INSTRUMENTS US\$'000 | CASH COLLATERAL HELD* US\$'000 |
| Derivatives | 1,321,317 | 169,235 | 1,152,082 | 713,950 | 228,064 | 210,068 |
| Reverse repurchase agreements | 8,717,330 | 205,749 | 8,511,581 | 3,647,153 | 2,283 | 4,862,145 |
| TOTAL | 10,038,647 | 374,984 | 9,663,663 | 4,361,103 | 230,347 | 5,072,213 |

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

As of 30 June 2021

Offsetting of financial liabilities and derivative liabilities:

| DESCRIPTION | (i) | (ii) | (iii)=(i)-(ii) | (iv) | (v)=(iii)-(iv) | |
|-----------------------|--|---|---|--|--------------------------------|-----------------------------------|
| | GROSS AMOUNTS OF RECOGNISED LIABILITIES US\$'000 | GROSS AMOUNTS OFFSET IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000 | NET AMOUNTS OF LIABILITIES PRESENTED IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES US\$'000 | GROSS AMOUNTS NOT OFFSET IN THE UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES | FINANCIAL INSTRUMENTS US\$'000 | CASH COLLATERAL PLEDGED* US\$'000 |
| Derivatives | 890,205 | 169,235 | 720,970 | 713,950 | 4,275 | 2,745 |
| Repurchase agreements | 4,386,049 | 205,749 | 4,180,300 | 3,647,153 | 4,395 | 528,752 |
| TOTAL | 5,276,254 | 374,984 | 4,901,270 | 4,361,103 | 8,670 | 531,497 |

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

** Refer to Note 8 for details of balances held as collateral and pledged as collateral relating to reverse repurchase agreements and repurchase agreements, respectively, as noted in the table above.

13. RELATED PARTY TRANSACTIONS

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

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

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

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

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

Carol Reynolds has been appointed as a director of the Master Fund with effect from 28 June 2021 and Dennis Hunter has resigned as a director of the Master Fund with effect from 28 June 2021. For the avoidance of doubt, Dennis Hunter remains appointed as a director of the Feeder Fund.

As of 30 June 2021, the Manager, or a principal indirect owner of the Manager, indirectly held minority, non-controlling interests in certain external advisors which provide investment advice to BHIP, in its capacity as an investment manager of the Master Fund or an underlying fund.

BH Global Limited ("BHG") is a Guernsey incorporated closed-ended investment company listed on the London Stock Exchange that invests all of its assets in Brevan Howard Multi-Strategy Master Fund Limited ("BHMS"), a Cayman incorporated limited liability company that is permitted to invest its assets in investment funds managed by the Manager or its affiliates, including the Master Fund. The Manager of the Master Fund is also the Manager of BHMS and BHG. BHMS held 1.20% (US\$86,398,008) of the

net assets of the Master Fund through a holding of US Dollar, Euro and Sterling shares as of 30 June 2021.

As of 30 June 2021, the Master Fund held investments in funds managed by the Manager as set out in Note 6.

The Feeder Funds invest substantially all of their assets in the Master Fund. As of 30 June 2021, the Feeder Fund, the Partnership, BH Macro Limited and BH Alkout Fund Limited held 68.30%, 15.13%, 9.85% and 5.52% respectively of the net assets of the Master Fund.

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

During 2020, the Master Fund paid cash to Brevan Howard Alpha Strategies Master Fund Limited ("BHAL") and BTN to buy investments at FMV. Accordingly, BHAL and BTN transferred investments of US\$2,825,734 and US\$48,476 respectively at FMV to the Master Fund on 1 September 2020.

As of 30 June 2021, US\$2,704,356 of those investments transferred from BHAL during 2020 have been sold out and US\$124,378 of the investments were still on hand as of 30 June 2021.

As of 30 June 2021, US\$48,976 of those investments transferred from BTN during 2020 have been sold out.

On 1 January 2021, BHAL transferred investments of US\$8,693,113 at FMV to the Master Fund. As of 30 June 2021, those investments transferred from BHAL have been sold out.

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

BTN paid cash to the Master Fund to buy investments at FMV on 1 January 2021. Accordingly, the Master Fund transferred investments of US\$17,803,009 at FMV to BTN on 1 January 2021. As a result of the transfer an unrealised gain of US\$1,754,833 became realised by the Master Fund.

BMS paid cash to the Master Fund to buy investments at FMV on 1 March 2021. Accordingly, the Master Fund transferred investments of US\$1,270,891 at FMV to BMS on 1 March 2021. As a result of the transfer an unrealised gain of US\$1,407,404 became realised by the Master Fund.

BTN paid cash to the Master Fund to buy investments at FMV on 1 June 2021. Accordingly, the Master Fund transferred investments of US\$28,101,624 at FMV to BTN on 1 June 2021. As a result of the transfer an unrealised gain of US\$1,644,317 became realised by the Master Fund.

NOTES TO THE INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

30 June 2021

13. RELATED PARTY TRANSACTIONS (CONTINUED)

The research charges ("Research Charges") for the Master Fund and its Subsidiaries for the period ended 30 June 2021 amounted to US\$4,425,000. Research (as defined in the FCA Rules) ("Research") that the Manager and/or the Investment Managers receive from third parties in connection with the provision of services to the Master Fund and its Subsidiaries and certain other investment funds, vehicles or accounts managed by the Manager and/or the Investment Managers that would benefit from the same research may be paid out of one or more research payment accounts (the "RPA") established by Manager and/or the Investment Managers. The Manager and/or the Investment Managers have determined that the purchase and use of Research benefits the Master Fund and its Subsidiaries by enhancing the quality of the investment decisions which the Investment Managers are able to take on behalf of the Master Fund. The RPA is funded by monthly Research Charges paid by the Master Fund and its Subsidiaries which are based on an annual Research budget determined by the Manager and/or the Investment Managers in accordance with its research policy and approved by the Board of Directors.

14. COMMITMENTS AND CONTINGENCIES

The Master Fund (the "Borrower") entered into a revolving line of credit agreement with BNP Paribas Securities Services S.C.A. (the "Lender"). From 1 July 2020, the line of credit was for borrowings of up to US\$300,000,000 until 1 July 2021, or such later anniversary thereof as the Borrower and Lender may agree (the "Scheduled Termination Date"). Effective 1 July 2021, the line of credit was increased to borrowings of up to US\$400,000,000.

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

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

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

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

As of 30 June 2021, undrawn borrowings under the line of credit amounted to US\$400,000,000.

15. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

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

The Manager continue to monitor developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

16. SUBSEQUENT EVENTS

BTN paid cash to the Master Fund to buy investments at FMV on 1 July 2021. Accordingly, the Master Fund transferred investments of US\$20,023,087 at FMV to BTN on 1 July 2021.

The Master Fund and its Subsidiaries evaluated subsequent events through 23 August 2021. No other material events which would require to be disclosed or adjusted for in the Interim Unaudited Consolidated Financial Statements occurred after the period end.

MANAGEMENT AND ADMINISTRATION

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Philippe Lespinard
Phil Schmitt
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