

BH MACRO LIMITED
MONTHLY SHAREHOLDER REPORT:
JANUARY 2014
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This material constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 and the handbook of rules and guidance issued from time to time by the FCA (the "FCA Rules").

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Tax treatment depends on the individual circumstances of each investor in BHM and may be subject to change in the future. Returns may increase or decrease as a result of currency fluctuations.

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PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS

BMANL20140131

BH Macro Limited Overview

Manager:

Brevan Howard
Capital Management
LP ("BHCM")

BH Macro Limited ("BHM") is a closed-ended investment company, registered and incorporated in Guernsey on 17 January 2007 (Registration Number: 46235).

BHM invests all of its assets (net of short-term working capital) in the ordinary shares of Brevan Howard Master Fund Limited (the "Fund").

Administrator:

Northern Trust
International Fund
Administration
Services (Guernsey)
Limited ("Northern
Trust")

BHM was admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange on 14 March 2007.

Total Assets

\$2,203 mm¹

Corporate Broker:

J.P. Morgan
Securities Ltd.

1. Estimated as at 31 January 2014 by BHM's administrator, Northern Trust.

Listings:

London Stock
Exchange (Premium
Listing)

NASDAQ Dubai -
USD Class
(Secondary listing)

Bermuda Stock
Exchange
(Secondary listing)

Summary Information

BH Macro Limited NAV per Share (estimated as at 31 January 2014)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	501.1	\$20.31
EUR Shares	181.8	€20.44
GBP Shares	1,519.8	£21.05

BH Macro Limited NAV per Share % Monthly Change

USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007			0.10	0.90	0.15	2.29	2.56	3.11	5.92	0.03	2.96	0.75	20.27
2008	9.89	6.70	-2.79	-2.48	0.77	2.75	1.13	0.75	-3.13	2.76	3.75	-0.68	20.32
2009	5.06	2.78	1.17	0.13	3.14	-0.86	1.36	0.71	1.55	1.07	0.37	0.37	18.04
2010	-0.27	-1.50	0.04	1.45	0.32	1.38	-2.01	1.21	1.50	-0.33	-0.33	-0.49	0.91
2011	0.65	0.53	0.75	0.49	0.55	-0.58	2.19	6.18	0.40	-0.76	1.68	-0.47	12.04
2012	0.90	0.25	-0.40	-0.43	-1.77	-2.23	2.36	1.02	1.99	-0.36	0.92	1.66	3.86
2013	1.01	2.32	0.34	3.45	-0.10	-3.05	-0.83	-1.55	0.03	-0.55	1.35	0.40	2.70
2014	-1.40*												-1.40*

EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007			0.05	0.70	0.02	2.26	2.43	3.07	5.65	-0.08	2.85	0.69	18.95
2008	9.92	6.68	-2.62	-2.34	0.86	2.84	1.28	0.98	-3.30	2.79	3.91	-0.45	21.65
2009	5.38	2.67	1.32	0.14	3.12	-0.82	1.33	0.71	1.48	1.05	0.35	0.40	18.36
2010	-0.30	-1.52	0.03	1.48	0.37	1.39	-1.93	1.25	1.38	-0.35	-0.34	-0.46	0.93
2011	0.71	0.57	0.78	0.52	0.65	-0.49	2.31	6.29	0.42	-0.69	1.80	-0.54	12.84
2012	0.91	0.25	-0.39	-0.46	-1.89	-2.20	2.40	0.97	1.94	-0.38	0.90	1.63	3.63
2013	0.97	2.38	0.31	3.34	-0.10	-2.98	-0.82	-1.55	0.01	-0.53	1.34	0.37	2.62
2014	-1.44*												-1.44*

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007			0.11	0.83	0.17	2.28	2.55	3.26	5.92	0.04	3.08	0.89	20.67
2008	10.18	6.86	-2.61	-2.33	0.95	2.91	1.33	1.21	-2.99	2.84	4.23	-0.67	23.25
2009	5.19	2.86	1.18	0.05	3.03	-0.90	1.36	0.66	1.55	1.02	0.40	0.40	18.00
2010	-0.23	-1.54	0.06	1.45	0.36	1.39	-1.96	1.23	1.42	-0.35	-0.30	-0.45	1.03
2011	0.66	0.52	0.78	0.51	0.59	-0.56	2.22	6.24	0.39	-0.73	1.71	-0.46	12.34
2012	0.90	0.27	-0.37	-0.41	-1.80	-2.19	2.38	1.01	1.95	-0.35	0.94	1.66	3.94
2013	1.03	2.43	0.40	3.42	-0.08	-2.95	-0.80	-1.51	0.06	-0.55	1.36	0.41	3.09
2014	-1.39*												-1.39*

Source: Fund NAV data is provided by the administrator of the Fund, International Fund Services (Ireland) Limited. BHM NAV and NAV per Share data is provided by BHM's administrator, Northern Trust. BHM NAV per Share % Monthly Change is calculated by Brevan Howard. BHM NAV data is unaudited and net of all investment management fees (2% annual management fee and 20% performance fee) and all other fees and expenses payable by BHM. In addition, the Fund is subject to an operational services fee of 50bps per annum.

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

*Estimated as at 31 January 2014

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

ASC 820 Asset Valuation Categorisation*

Brevan Howard Master Fund Limited

Unaudited Estimates as at 31 January 2014

	% of Gross Market Value*
Level 1	63.7
Level 2	35.9
Level 3	0.4

Source: Brevan Howard

* These estimates are unaudited and have been calculated by Brevan Howard using the same methodology as that used in the most recent audited financial statements of the Fund. These estimates are subject to change.

Level 1: This represents the level of assets in the portfolio which are priced using unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: This represents the level of assets in the portfolio which are priced using either (i) quoted prices that are identical or similar in markets that are not active or (ii) model-derived valuations for which all significant inputs are observable, either directly or indirectly in active markets.

Level 3: This represents the level of assets in the portfolio which are priced or valued using inputs that are both significant to the fair value measurement and are not observable directly or indirectly in an active market.

Performance Review

During the month, the Fund suffered losses mainly in equity macro trading and to a lesser extent in interest rate trading, mainly in USD directional trading. These losses were partially offset by gains in FX trading and to a lesser extent in EUR interest rate trading.

Monthly, quarterly and annual contribution (%) to the performance of BHM USD Shares (net of fees and expenses) by strategy group

	Macro	Rates	FX	EMG	Equity	Commodity	Credit	Systematic	Total
January 2013	-1.16	-0.04	0.04	-0.23	-0.07	0.01	0.08	-0.03	-1.40
QTD 2013	-1.16	-0.04	0.04	-0.23	-0.07	0.01	0.08	-0.03	-1.40
YTD 2013	-1.16	-0.04	0.04	-0.23	-0.07	0.01	0.08	-0.03	-1.40

Monthly, quarter-to-date and year-to-date figures are estimated by Brevan Howard as at 31 January 2014, based on total performance data for each period provided by the Fund's administrator, International Fund Services (Ireland) Limited.

Methodology and Definition of Monthly Contribution to Performance:

Attribution is approximate and has been derived by allocating each trader book in the Fund to a single category. In cases where a trader book has activity in more than one category, the most relevant category has been selected.

The above strategies are categorised as follows:

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

"**Rates**": developed interest rates markets

"**FX**": global FX forwards and options

"**EMG**": global emerging markets

"**Equity**": global equity markets including indices and other derivatives

"**Commodity**": liquid commodity futures and options

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

"**Systematic**": rules-based futures trading

Market Review and Outlook

Market Commentary US

In response to a string of disappointing data, near-term outlook forecasts for GDP growth have been revised down. The abnormally severe winter weather appears to have put a dampener on hiring and household spending. More of a concern is the fact that the weakness is broader than can be accounted for by just the weather. In the manufacturing sector, industrial production slid sharply in January as automakers cut back on assemblies and factory output was pared back to better align inventories with sales. Given the continued weather-related disruptions in February, it may be impossible to get a good reading on the health of the economy until April, when the March data are released. Nevertheless, the fundamental drivers of the expansion are still in place - moderate job gains, impressive increases in household net worth as well as improved balance sheets, less fiscal drag at the federal, state and local levels, and accommodative monetary policy.

Inflation is low, hovering just above 1% on a year-over-year basis. What stands out recently is the large drop in goods prices into deflationary territory and the small further easing in services inflation. Disinflation or deflation in goods prices is scattered widely among categories, with nondurables such as clothing that have a large imported-input share leading the way down. In services, housing inflation is edging up as that market tightens. However, health care inflation has slowed noticeably. Health care services prices plunged last spring because of budget sequestration-related Medicare cuts. But with inflation in that category returning to about 2% since then, some of the disinflation in that sector may be behind us.

Inflation is expected to edge slowly up this year as the expansion gains traction and some of the special factors unwind.

Federal Reserve Chair Yellen made her debut in front of Congress to deliver the semi-annual monetary policy report. A number of themes were apparent from her performance. She emphasized continuity with Bernanke's chairmanship. That is important for two reasons. First, she will try to lead the FOMC from the centre even though her sympathies are relatively dovish. Second, she isn't pushing for more accommodation, either in the form of a lower threshold for the unemployment rate or a new operating framework in which the Fed overshoots on inflation in order to push the unemployment rate down faster. Instead, the Fed will probably rely on qualitative guidance once the unemployment rate falls before the 6.5% threshold. In addition, she seemed unfazed by the recent soft patch of data. It will be interesting to see how these cross-currents play out in her first FOMC press conference in March. Based on her testimony, we expect her to chart a balanced course and await more information before making any large changes in policy.

EMU

EMU business indicators in January showed further improvement, with both manufacturing and services indicators moving into the expansionary: the Composite PMI for the euro area climbed to 52.9 in January, its highest level since June 2011. In particular, periphery economies have shown growing signs that the recession is over and that they are expanding, albeit at a moderate pace (not enough to fill their significant output gap). However, actual data on eurozone activity showed renewed weakness in December following the strong bounce in November, as both retail sales and industrial production contracted meaningfully. The euro area unemployment count dropped by approximately 25,000 in seasonally-adjusted terms in December. The employment data were also encouraging, showing net job creation of approximately 36,000 on a seasonally-adjusted basis. The largest improvements are coming from Spain, following the country's return to positive GDP growth in the second half of 2013: the unemployment rate in Spain stood at 25.8% in December, down from its peak of 26.6% in February 2013.

Headline inflation numbers continue to decline towards low levels. The EMU HICP inflation dropped in January from 0.8% y/y to 0.7% y/y, confounding expectations of a rebound, mainly due to a sharper-than-expected deceleration of energy prices. In contrast, core inflation ticked up slightly to 0.8% y/y, from its all-time low in December. Amid higher growth and lower inflation figures, the ECB kept both rates and non-standard policies unchanged in its February meeting. In the press conference following the meeting, President Draghi attributed the unchanged policy to the complexity of the situation and a need to gather further information before considering the next policy move. In a departure from past policies, at its next meeting in March, the ECB will present for the first time its forecast for inflation two years ahead to 2016.

Importantly, the day after the ECB meeting, Germany's Constitutional Court unexpectedly announced that it would refer the disputed case of OMT purchases to the European Court of Justice ("ECJ") for a 'preliminary ruling' on its conformity with European law. However, the Constitutional Court may still rule on the conformity with German law, depending on the outcome of the preliminary ruling of the ECJ. The initial assessment of the Court on the OMT was leaning in the direction that the OMT is against the Treaties. Various commentators seemed perplexed about the specific intentions of the Court and the signals it

wanted to send with seeking a preliminary ruling.

UK

The ongoing theme in the UK data is strong growth with weak inflation. GDP growth slowed slightly to a still strong 2.8% annualised in the fourth quarter from a 3.1-3.2% annualised pace in the second and third quarters. Monthly business indicators over the past months have stabilised at high levels or eased back slightly, but have generally remained resilient. Consumer confidence has continued to rise sharply, back to pre-crisis levels. The unemployment rate has fallen rapidly, as employment growth over the past six months has been the strongest in 25 years. We continue to think that, while some of the improvement in growth in 2013 is sustainable, some of it is not, hence we expect some moderation in growth ahead. We expect that the housing market will show continued strength, as lending and transactions pick up further, and price increases continue at around a 10% annualised pace. Residential construction has already been rising in excess of 10% annualised, and we expect that to continue. But consumption growth has risen far ahead of fundamentals, and looks vulnerable. Accelerating consumption in 2012 and 2013 has taken place despite broadly flat real income. Instead, it has been supported largely by a fall in the savings rate. We expect business investment to improve, mitigating the drag from slower consumption. But adding it all up, a 3%+ GDP growth pace is very difficult to sustain in 2014, given that Government spending and net exports are contributing close to zero.

Inflation, meanwhile, remains benign and continues to surprise the Bank of England ("BoE") on the downside. Headline inflation has fallen to 2.0%, core is at 1.7% (both at the lowest since 2009) and wage inflation is below 1% (lowest on record). We expect inflation to drop below the target and remain subdued. The BoE has now acknowledged that the 7% forward guidance unemployment threshold is likely to be reached within the next few months, which means forward guidance effectively expires. The BoE is facing a dilemma on productivity and monetary policy. If productivity growth does not pick-up, wages cannot sustainably pick-up either. The recovery will either fizzle out, or remain so unbalanced that it needs to be curtailed with tighter policy, most likely some macro-prudential tightening. If productivity growth does pick-up (still the BoE's and our forecast), growth will become more sustainable. But such productivity-led growth would also generate very little inflation pressure. Hence in most scenarios interest rate normalisation remains some way off.

Japan

Smoothing through the usual volatility, the monthly indicators on balance suggest that economic activity continued to grow at a steady rate. Industrial production ran up almost 8% at an annual rate, the third straight quarter of robust gains. The Shoko-Chukin survey of small and medium-sized businesses slipped a little in February but remained towards the top of the range seen since the economy first turned down in the early 1990s. Consumer sentiment was the one downbeat piece; it retraced November's increase to end the year noticeably off its peak seen in the spring. The latest price data confirm that Japan has broken out of its moderate deflationary equilibrium. Negative real rates should help offset the deleterious effects on demand of the consumption tax increase. Even so, the pick-up in underlying inflation has stalled at a rate below the Bank of Japan's ("BOJ") 2% target. The latest increases in 12-month rates are a result of base effects and have a shelf life limited to only a few more months without an additional inflationary impulse. So-called Western core prices have risen 0.1% in each of the last three months of 2013 on a seasonally adjusted

basis. Energy prices helped support core inflation earlier in 2013 as the nuclear-plant shutdowns pushed up electricity prices, while imported carbon costs rose due to the pass-through of earlier yen depreciation. Lately, however, energy prices have eased back, eliminating that inflationary source. Consumer inflation expectations moved sideways in the fourth quarter after running up over the first nine months of 2013.

Consequently, many expect the BOJ to up its dose of monetary accommodation. All else being equal the authorities probably prefer to wait and see how wage negotiations play out as well as measure some of the fallout from the consumption tax increase in order to calibrate their response. Financial markets, however, could force their hand. It is notable that in the early part of 2014, the yen has retraced half of the depreciation against the dollar seen over the last two months of 2013.

China

Both the manufacturing and the non-manufacturing PMIs fell in January, showing that the slowdown trend in place since the fourth quarter of 2013 has extended into this year. The official manufacturing PMI fell 0.5 points to 50.5, the lowest level since July 2013, while the HSBC manufacturing PMI fell to below the 50 threshold (49.5) for the first time in six months. The non-manufacturing PMI fell to 53.4, the lowest level since December 2008. Although part of the weakness may be due to the Chinese New Year, the bulk of it likely reflects the ongoing moderation in economic activity. CPI inflation remained mild in January despite the Chinese New Year effect, also thanks to the unseasonably warm weather. Producer prices remained in deflationary territory. New home prices in 100 cities increased by 0.63% m/m and 11.1% y/y, the 20th consecutive month of increase, but at a slower pace compared with December.

The People's Bank of China injected a large amount of liquidity through reverse repos and Standing Lending Facility (SLF) ahead of the Chinese New Year in order to meet the large cash demand and prevent the interbank rate from spiking up. However, this does not mean that monetary policy is easing; it remains neutral. The market is worrying about financial risks embodied in the shadow bank sector. While this is a concern that bears continued close scrutiny, it appears that authorities have the resources and the will to contain any stresses for the immediate future.

Enquiries

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Risk Factors

Acquiring shares in BHM may expose an investor to a significant risk of losing all of the amount invested. Any person who is in any doubt about investing in BHM (and therefore the Fund) should consult an authorised person specialising in advising on such investments. Any person subscribing for shares in BHM must be able to bear the risks involved. These include, among others detailed in BHM's Prospectus, the following:

- The Fund is speculative and involves substantial risk.
- The Fund will be leveraged and will engage in speculative investment practices that may increase the risk of investment loss. The Fund may invest in illiquid securities.
- Past results of the Fund's investment managers are not necessarily indicative of future performance of the Fund, and the Fund's performance may be volatile.
- An investor could lose all or a substantial amount of his or her investment.
- The investment managers have total investment and trading authority over the Fund, and the Fund is dependent upon the services of the investment managers.
- Investments in the Fund are subject to restrictions on withdrawal or redemption and should be considered illiquid. There is no secondary market for investors' interests in the Fund and none is expected to develop.
- There are restrictions on transferring interests in the Fund.
- The investment managers' incentive compensation, fees and expenses may offset the Fund's trading and investment profits.
- The Fund is not required to provide periodic pricing or valuation information to investors with respect to individual investments.
- The Fund is not subject to the same regulatory requirements as mutual funds.
- A portion of the trades executed for the Fund may take place on foreign markets.
- The Fund is subject to conflicts of interest.
- The Fund is dependent on the services of certain key personnel, and, were certain or all of them to become unavailable, the Fund may prematurely terminate.
- The Fund's managers will receive performance-based compensation. Such compensation may give such managers an incentive to make riskier investments than they otherwise would.
- The Fund may make investments in securities of issuers in emerging markets. Investment in emerging markets involve particular risks, such as less strict market regulation, increased likelihood of severe inflation, unstable currencies, war, expropriation of property, limitations on foreign investments, increased market volatility, less favourable or unstable tax provisions, illiquid markets and social and political upheaval.

The above summary risk factors do not purport to be a complete description of the relevant risks of an investment in shares in BHM and therefore reference should be had to BHM's Prospectus and related offering documentation for a complete description of these and other relevant risks.