

BREVAN HOWARD

BH MACRO LIMITED
MONTHLY SHAREHOLDER REPORT:
NOVEMBER 2014

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BH Macro Limited

Overview

Manager:

Brevan Howard Capital Management LP ("BHCM")

Administrator:

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

Corporate Broker:

J.P. Morgan Cazenove

Listings:

London Stock Exchange (Premium Listing)

NASDAQ Dubai - USD Class (Secondary listing)

Bermuda Stock Exchange (Secondary listing)

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").

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: \$1,804 mm¹

1. Estimated as at 28 November 2014 by BHM's administrator, Northern Trust.

Summary Information BH Macro Limited NAV per Share (estimated as at 28 November 2014)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	386.4	\$20.62
EUR Shares	134.9	€20.72
GBP Shares	1282.6	£21.39

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	-1.36	-1.10	-0.40	-0.81	-0.08	-0.06	0.85	0.01	3.96	-1.73	0.94*		0.10*

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	-1.40	-1.06	-0.44	-0.75	-0.16	-0.09	0.74	0.18	3.88	-1.80	0.88*		-0.13*

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	-1.35	-1.10	-0.34	-0.91	-0.18	-0.09	0.82	0.04	4.29	-1.70	0.90*		0.23*

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 BHCM. 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 28 November 2014

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

ASC 820 Asset Valuation Categorisation*

Brevan Howard Master Fund Limited

Unaudited estimates as at 28 November 2014

	% of Gross Market Value*
Level 1	59.9
Level 2	39.6
Level 3	0.5

Source: BHCM

* These estimates are unaudited and have been calculated by BHCM 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 The information in this section has been provided to BHM by BHCM

During the month, the Fund made gains mainly in FX trading and, to a lesser extent, in GBP rates trading and equity macro trading. Small losses were suffered in USD 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	Discount Management	Total
November	0.51	0.29	0.04	-0.00	-0.01	-0.01	0.00	0.02	0.10	0.94
Q1 2014	-3.23	-0.08	-0.03	-0.01	-0.06	0.02	0.55	-0.05	0.07	-2.83
Q2 2014	-1.84	0.13	-0.04	0.02	-0.09	0.02	0.20	-0.00	0.66	-0.95
Q3 2014	3.07	0.63	0.25	0.26	0.21	-0.12	0.13	0.01	0.36	4.85
Q4 2014	-1.01	0.20	0.13	-0.03	-0.36	0.02	0.00	0.01	0.24	-0.80
YTD 2014	-3.08	0.88	0.31	0.25	-0.29	-0.06	0.89	-0.02	1.33	0.10

Monthly, quarter-to-date and year-to-date figures are estimated by BHCM as at 28 November 2014, based on total performance data for each period provided by the Fund's administrator, International Fund Services (Ireland) Limited. Figures rounded to two decimal places.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

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

"**Discount Management**": buyback activity for discount management purposes

Manager's Market Review and Outlook

The information in this section has been provided to BHM by BHCM

US

The expansion picked up pace in November. Employment rose an extraordinarily strong 321,000. More than 2.7 million jobs have been created in the last year across a wide range of industries. Overall, 2014 is going to record the best job gains since 1999. Other aspects of the labour market are similarly strong. Workers are working for more hours, their wages are beginning to accelerate a little, and the unemployment rate of 5.8% is not far from most economists' estimates of full employment. On current trends, the labour market is expected

to look tight by the middle of next year.

The fundamentals appear supportive of brisk household spending. Income growth has firmed, wealth increases from equities and housing are especially large, and sentiment has trended up. Purchases of motor vehicles have paralleled these improvements. Nevertheless, consumption growth in the first three quarters of the year has been modest. However, the incoming indicators for the current quarter point to above 3% real spending, a welcome development that would mark the next phase of the business cycle expansion.

Business investment has been a bright spot and the forward-looking indicators suggest the momentum will be maintained. Meanwhile, housing investment has been soft, reflecting the still challenging fundamentals in the sector such as tight mortgage credit. The biggest headwind is the external sector with trade set to detract from growth over the next year owing to the weakness in global growth and the appreciation in the exchange value of the US dollar.

Sharply lower oil and import prices should push down total inflation. Some of the downward pressure will be reflected in core inflation. However, core inflation should still edge up because of tightening labour markets, low housing vacancies, and capacity constraints in some sectors.

The FOMC is preparing the markets for the beginning of policy normalisation sometime next year. Key policy makers are laying the ground work for getting off the zero lower bound by talking to markets about the timing and pace of rate hikes. If the expansion is not derailed by external shocks, the Committee has signalled lift-off for mid-2015 and a gradual pace of increases.

EMU

In its last policy meeting of the year, the ECB stopped just short of announcing a new policy stimulus, despite a marked downward revision of inflation and growth projections. However, the ECB emphasised that it had stepped up preparations for further action and could alter the size, pace and composition of purchases in early 2015. In the introductory statement, President Draghi noted that it will be important to assess the broader impact of recent oil price developments on medium-term inflation trends and to avoid spillovers to inflation expectations and wage formation, given the current environment of very low inflation rates. The ECB Chief Economist Praet clarified that the ECB might not have the luxury to see through the oil price drop, given that some of the effects of the supply side shock could morph into a demand side shock. Draghi made it clear that, in principle, the ECB considered government bond purchases for monetary policy purposes legal and fully consistent with current EU Treaties, adding that for the ECB to not fulfil its mandate would be illegal. Yet, he has thus far failed to secure a broad-based support to sovereign purchases. In the December meeting the ECB revised down its macroeconomic projections quite significantly, both for growth (from 1.6% to 1.0% in 2015) and inflation (from 1.1% to 0.7% in 2015). Even so, Draghi warned that inflation is likely to undershoot even the new forecast owing to a large additional drop in oil prices after the forecast was finalised. In all, the debate on the sovereign purchases seems thus to have shifted from “if” to “when” and “how”. There are a number of implementation issues that relate to the distribution of the purchases across the countries, as well as the impact on banks of a combination of non-

standard measures in place, including the negative deposit facility rate.

The EMU unemployment rate remained stable at 11.5% in October, in line with consensus expectations and now at this same level since August 2014. Large heterogeneities remain across countries in October. The most striking development was the significant increase in the Italian unemployment rate, at an all-time high of 13.2%. At the other end of the spectrum, Germany's unemployment rate fell to a record low rate of 4.9% in October. Other countries were more balanced, with the unemployment rate stable in Austria (5.1%), the Netherlands (6.5%) and in France (10.5%). Spain's jobless rate ticked-down to 24.0%. In November, the Flash EMU Composite PMI fell to 51.4. Details were weak too, as orders fell to 49.9, dropping below the 50 threshold and showing a persistent loss of momentum in the economy. The drop in the Composite PMI was led by the Services PMI, which followed the decline in the Manufacturing PMI. At a country level, the fall of the EMU Composite PMI was led by Germany, where the PMI fell by a large 1.8 points to 52.1, while in France the PMI was broadly unchanged at sub-threshold levels and in the periphery it improved slightly. Blurring the signal coming from the weak PMI in Germany, the German IFO rebounded meaningfully in November, fully unwinding the fall recorded in October. The European Commission's consumer confidence indicator for the euro area declined in November, leaving consumer confidence only about 1pt above its long-term average. Reflecting weak consumer confidence, EMU retail sales posted a smaller than expected rebound in October. In individual countries, retail sales were up in Germany, Belgium and Finland, while retail sales fell in France, Spain and Portugal. Last, the Euro area HICP inflation ticked down to 0.3% y/y in November from 0.4% y/y in October. Although the drop in headline inflation was mainly due to a deceleration in energy prices, core inflation slowed too. After the very large drop in oil prices after the summer, the HICP inflation rate is widely expected to fall again in the coming months, thus increasing the pressure on the ECB to step up policy accommodation. Money and credit growth rates continued to improve but the levels remain anaemic. On the political front, Greece was catapulted back to the centre of events with a surprise decision by the Government to bring the crucial presidential election forward to December. A failure to elect a president would lead to automatic dissolution of the Greek Parliament and new elections, which are likely to bring the opposition party Syriza to power. However the odds for the Government to win the vote have recently increased, encouraging Prime Minister Samaras to take the gamble. The decisive vote is due on 27 December.

UK

Over the past month, evidence of the decline in UK growth momentum has been more mixed, with housing continuing to slow, but some business surveys stabilising at an intermediate level. Housing market activity has been slowing sharply since the early part of the year, and with the usual lag, there is now also a loss in price momentum. Average prices for the whole country are expected to stagnate soon, after a period of 10% annualised growth. Prices in London are already falling. The main cause of the housing market slowdown seems to be the macro-prudential tightening by the Bank of England earlier in the year. This has had a larger effect than intended, as banks seem to have tightened conditions to remain well inside the BoE guidance. Fears of future property tax changes after the 2015 election are also acting as a drag on the housing market. The labour market data has evolved from strong employment growth with very weak wage growth, to slowing employment with slightly better wage growth. The slowing employment means that productivity has improved slightly. The key variable for the BoE is unit labour

costs, i.e. wage growth adjusted for productivity. With wage growth up slightly, but productivity also a bit better, unit labour cost growth has been little changed, and remains well below the pace consistent with hitting the 2% inflation target. Moreover, given the drop in energy prices, headline inflation has moved further below target, and is now expected to fall well below 1% in the first half of 2015. A backdrop of slowing growth with very weak inflation pressure does not require urgent rate hikes. The latest BoE forecast is conditioned on rate hikes no earlier than mid-2015, a material delay in the date of the intended first hike. This forecast is still relatively optimistic, with scope for disappointment both on the growth and inflation front.

Japan

As expected, Prime Minister Abe's coalition secured victory in the parliamentary elections to hold their substantial majority, enough to control the legislative process but not enough for Abe to push through the desired constitutional changes. The victory will enable the Prime Minister to readjust his cabinet and restart third-arrow momentum. Even so, investors should not expect all-encompassing legislation. At the same time, one should not lose sight of the progress already made, especially the significant increase in female labour-force participation.

In response to the Government's decision to delay the second leg of the planned sales tax hike, Moody's downgraded its rating of government debt one notch to A1, citing fears over debt sustainability. The high level of debt is of serious concern in a slow-growth, demographically-challenged environment. In this case, however, the decision to delay the tax hike can be interpreted as a nod to economic realities, rather than a slackening in resolve. The Bank of Japan's (BoJ) reflation project was always going to pressure households in the near term. Wages have not kept up with prices given the commensurate depreciation in the yen and remaining output gap. Adding tax hikes on top of that, and it is not surprising that economic activity staggered.

Third-quarter GDP growth surprised to the downside, posting a -1.6% annualised drop. Consumption edged up, following a sharp drop in the second quarter; Government spending underwhelmed given the planned temporary offsets to the sales tax hike; and inventory investment reduced GDP growth by -2.5%. Monthly indicators currently point to a tepid recovery. The Shoko-Chukin survey of small and medium-sized businesses moved up for December, but the Economy Watchers' survey slipped again. Industrial production edged up. In all cases, the levels of the indicators remain well below levels seen at the start of 2014.

National core inflation slipped -0.1% to 2.2% in October. Excluding food and energy, prices were flat on a seasonally adjusted basis for the month. Energy prices, which had been an early contributor to the reflation project, have turned to a drag. The plunge in crude oil prices since mid-October suggests a sharp downshift in the core inflation rate. Tokyo prices, whose publication leads the national index by a month, were weak again in November. While the yen's depreciation will help push inflation up, it is not expected to be enough to put inflation back onto the BoJ's intended path.

China

Two notable developments in China for the past month were the cut in interest rates and

the release of the draft of the Deposit Insurance Act (DIA). The People's Bank of China (PBoC) cut the deposit benchmark rate from 3% to 2.75% and the lending benchmark rate from 6.0% to 5.6%. The timing of this interest rate cut is earlier than the market was expecting: now the market anticipates that more easing will follow. The immediate effect of this cut is a lowered debt service cost for most existing loans, while the impact on new loan financing cost is not yet clear. That said, equity markets in Shanghai responded very positively to the cut, which may actually induce the PBoC to postpone some of the easing measures in the pipeline such as a broad RRR cut. The draft of the DIA, was also released earlier than expected. The official statement said that deposits of up to RMB 500,000 per account are protected, which should cover 99.63% of the depositors. Deposits to be insured include both RMB and foreign exchange deposits, though excluding inter-bank deposits. In its statement, the PBoC said that such deposit insurance would benefit small banks through the confidence channel. The market now expects also the interest liberalisation process to take place faster than previously expected.

Both the official PMI and HSBC PMI dropped in November. In particular, the drop in official PMI may understate the actual slowdown as the weakness in the manufacturing sector is probably more than suggested by the headline figure as November usually shows positive seasonality for PMI readings.

Real activity data suggest continued slowdown in November, though details are less discouraging than headlines. Industrial Production (IP) in November grew by 7.2% in y/y terms, below the consensus and the prior figure. Despite being partly explained by the shutdown of production during the APEC conference, such slowdown in IP was likely explained by temporary factors and reflected some structural slowdown due to over-capacity. In addition, Fixed Asset Investment (FAI) weakened further to 15.8% ytd, compared with a prior figure of 15.9%. This implies a y/y growth of 13.4% in November compared with 13.9% in October. The breakdown of FAI, however, suggests that investment growth somewhat stabilised – though at a relatively low levels - thanks to normalised credit conditions. Retail sales provided some good news as they accelerated to 11.7% y/y in November, from 11.5% in October. Credit data was stronger than expected, due to some acceleration in new RMB loans, rebounding from RMB 548.3 billion in October to RMB 852.7 billion in November. Total social financing (TSF) rose in November by RMB 1.15 trillion, above the RMB 895bn consensus and the prior figure of RMB 662.7bn. That said, TSF YTD has continued to lag behind its 2013 level since July, suggesting tighter overall credit conditions compared with last year.

China recorded another strong trade surplus of US\$54bn in November, mostly due to falling import bills. Export growth decelerated to about 4.7% y/y, in line with the weaker export performance in other Asian economies. The slowdown was mostly driven by exports to Japan, the US, and the EU. On the other hand, China's import of commodities fell in both value and volume terms. Softer domestic demand has also contributed to a decline in import growth to -6.7% in November. Despite the continued large trade balance, the PBoC's net purchase of foreign exchange is still quite low relative to its historical norm. This implies that capital outflows may have persisted since the first quarter of this year, which has consequently tightened up domestic liquidity conditions.

Enquiries**Northern Trust International Fund Administration Services (Guernsey) Limited**

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Important Legal Information and Disclaimer

BH Macro Limited ("BHM") is a feeder fund investing in Brevan Howard Master Fund Limited (the "Fund"). Brevan Howard Capital Management LP ("BHCM") has supplied certain information herein regarding BHM's and the Fund's performance and outlook.

The material relating to BHM and the Fund included in this report is provided for information purposes only, does not constitute an invitation or offer to subscribe for or purchase shares in BHM or the Fund and is not intended to constitute "marketing" of either BHM or the Fund as such term is understood for the purposes of the Alternative Investment Fund Managers Directive as it has been implemented in states of the European Economic Area. This material is not intended to provide a sufficient basis on which to make an investment decision. Information and opinions presented in this material relating to BHM and the Fund have been obtained or derived from sources believed to be reliable, but none of BHM, the Fund or BHCM make any representation as to their accuracy or completeness. Any estimates may be subject to error and significant fluctuation, especially during periods of high market volatility or disruption. Any estimates should be taken as indicative values only and no reliance should be placed on them. Estimated results, performance or achievements may materially differ from any actual results, performance or achievements. Except as required by applicable law, BHM, the Fund and BHCM expressly disclaim any obligations to update or revise such estimates to reflect any change in expectations, new information, subsequent events or otherwise.

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.

You should note that, if you invest in BHM, your capital will be at risk and you may therefore lose some or all of any amount that you choose to invest. This material is not intended to constitute, and should not be construed as, investment advice. All investments are subject to risk. You are advised to seek expert legal, financial, tax and other professional advice before making any investment decisions.

THE VALUE OF INVESTMENTS CAN GO DOWN AS WELL AS UP. YOU MAY NOT GET BACK THE AMOUNT ORIGINALLY INVESTED AND YOU MAY LOSE ALL OF YOUR INVESTMENT. PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS.

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 gaining exposure to the Fund) should consult an authorised person specialising in advising on such investments. Any person acquiring shares in BHM must be able to bear the risks involved. These include 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 Fund's 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.
- 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 and its investment managers are 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 of BHM or the Fund and therefore reference should be made to publicly available documents and information.