

BREVAN HOWARD MASTER FUND LIMITED ("BHMFL")

Risk Report - As at close of business on 31-Dec-2014

BREVAN HOWARD

T +44 (0)20 7022 6250 www.brevanhoward.com

NAV: \$23.656mm²

Performance summary

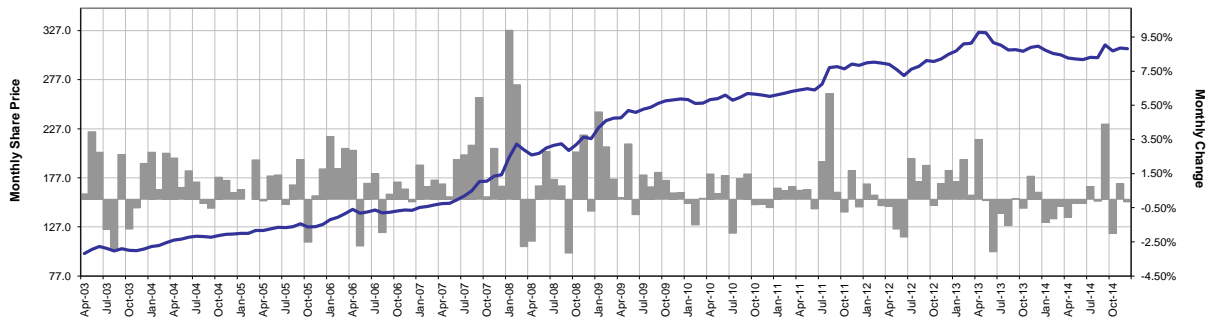
Brevan Howard Fund Limited ("BHFL") USD Class A Shares NAV Per Share % Change ^{1,2}													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2003				0.31	3.95	2.75	-1.77	-2.92	2.62	-1.75	-0.51	2.09	4.62
2004	2.76	0.56	2.70	2.41	0.68	1.66	1.01	-0.25	-0.53	1.29	1.11	0.38	14.62
2005	0.56	-0.01	2.31	-0.10	1.37	1.42	-0.31	0.85	2.33	-2.52	0.20	1.77	8.03
2006	3.68	1.79	2.98	2.86	-2.75	0.93	1.50	-1.96	0.30	1.00	0.59	-0.15	11.10
2007	1.99	0.74	1.13	0.89	0.15	2.32	2.60	3.16	5.97	0.15	2.97	0.77	25.21
2008	9.89	6.70	-2.79	-2.46	0.78	2.78	1.16	0.78	-3.16	2.78	3.76	-0.70	20.43
2009	5.11	3.07	1.18	0.09	3.24	-0.90	1.42	0.73	1.57	1.10	0.38	0.39	18.65
2010	-0.25	-1.51	0.05	1.47	0.33	1.39	-2.00	1.22	1.48	-0.32	-0.31	-0.48	1.01
2011	0.66	0.51	0.75	0.52	0.56	-0.57	2.21	6.19	0.40	-0.75	1.68	-0.46	12.15
2012	0.90	0.24	-0.39	-0.43	-1.76	-2.22	2.37	1.03	1.98	-0.36	0.92	1.68	3.93
2013	1.02	2.32	0.25	3.50	-0.09	-3.09	-0.82	-1.54	0.03	-0.54	1.35	0.42	2.68
2014	-1.35	-1.14	-0.43	-1.07	-0.25	-0.24	0.75	-0.12	4.40	-2.00	0.92	-0.15	-0.82

Performance Statistics ^{1,2}	MTD (%)	QTD (%)	YTD (%)	12M (%)	LTD ³ (%)	ARR ⁴ (%)	Risk ⁵ (%)	Sharpe ⁶ (X)
BHFL USD Class A Shares	-0.15	-1.25	-0.82	-0.82	208.72	10.07	5.34	1.55

Data for December 2014 is estimated by Brevan Howard Asset Management LLP. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Performance graph

BHFL NAV Per Share and Monthly Change^{1,2}



PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Securities Leverage [ratio of absolute value of securities (excluding derivatives) to NAV]

As at 31 December 2014 0.8

DV01 Summary (Change in Fund NAV for a 0.01% rise in rates)

ccy	3M	2Y	10Y+	Total
EUR	(0.01%)	(0.05%)	(0.01%)	(0.06%)
USD	(0.02%)	0.00%	0.01%	(0.01%)
JPY	0.00%	0.00%	0.00%	0.01%
GBP	0.00%	(0.00%)	0.00%	0.00%
Other	(0.00%)	(0.00%)	(0.00%)	(0.01%)
Total	(0.03%)	(0.04%)	0.00%	(0.07%)

Historical Simulations (%NAV)

Scenario	Period	Performance
Asian Crisis 5-Day	07/10/97 - 14/10/97	0.0
Russia Deval 5 Day	24/08/98 - 31/08/98	(1.7)
LTCM	01/08/98 - 30/11/98	(1.9)
Sep 2001	10/09/01 - 28/09/01	(0.7)
Aug-03	30/07/03 - 01/08/03	(1.7)
Lehman	15/09/08 - 20/11/08	5.6
European Sovereign Crisis	22/07/11 - 08/08/11	(1.7)
Taper Tantrum	23/05/13 - 24/06/13	(5.3)

Net Fx Delta Exposure (% NAV)⁷

Region	Delta
Asia	(17%)
Europe	(51%)
Other	(1%)
USD	68%

Other Asset Classes - Net Exposure (% of NAV)⁸

Class	Delta
Equity	12%
Commodity	0%
Credit	2%

Total IR Vega Exposure (% NAV)⁹ 0.53%

Total Fx Vega Exposure (% NAV)¹⁰ 0.48%

Notes

- Performance figures are the performance of BHFL USD Class A Shares net of all investment management fees (2% annual management fee and 20% performance fee) and all other fees and expenses payable by BHFL.
- All numbers include estimated month to date performance, calculated by BHAM. Data is subject to revision.
- Since inception (April 2003).
- Annual rate of return since inception of BHFL (April 2003), calculated by BHAM.
- Annualised return standard deviation (daily returns, since inception of BHFL (April 2003)), calculated by BHAM.
- Annualised excess return (over Federal Funds target rate) / annualised standard deviation of excess return (daily returns), since inception of BHFL (April 2003).
- Figures are rounded to the nearest whole number. Therefore in some instances the total may not equal 100% / 0%.
- Equity & commodity - net delta; Credit - net iTraxx Xover equivalent for EUR denominated positions, net CDX HY equivalent for all others (beta adjustments estimated by Brevan Howard based on 2 years' risk history). Please note that prior to 31 August 2014, a different methodology for calculating net credit exposure was used.
- Change in BHMFL NAV for a relative rise of 10% in implied normal yield vol.
- Change in BHMFL NAV for an absolute 1% rise in implied vol.
- Source : Underlying data provided by the Administrator, International Fund Services (Ireland) Limited. Information derived using software provided by Murex and RiskMetrics.

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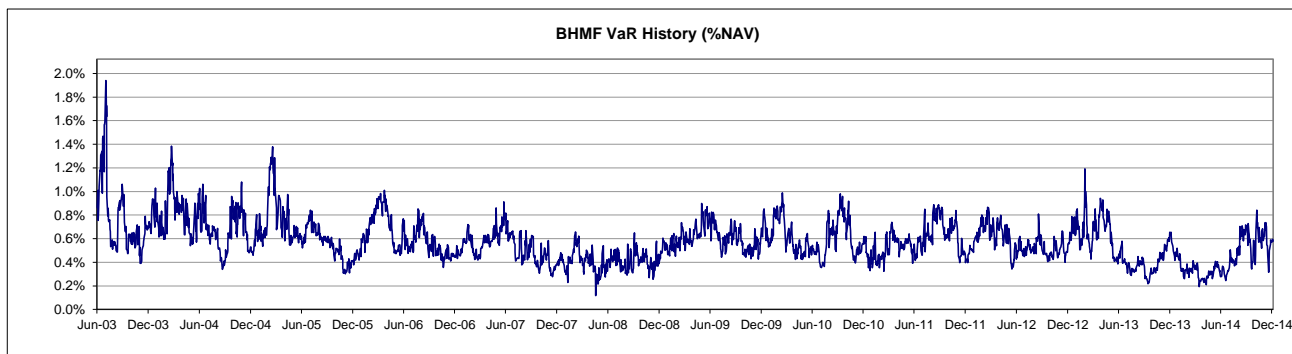
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Value at Risk (% NAV)¹	0.58
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VaR by Product			
Product	VaR \$mm	%NAV	%Total
IR	47.3	0.20%	20%
Vega	31.1	0.13%	13%
FX	108.5	0.46%	46%
Equity	39.6	0.17%	17%
Com	2.2	0.01%	1%
Credit	8.1	0.03%	3%
Total	136.8	0.58%	100%
Flag		3.00%	
Over / (Under)		(2.42%)	
Flag utilisation		19.28%	

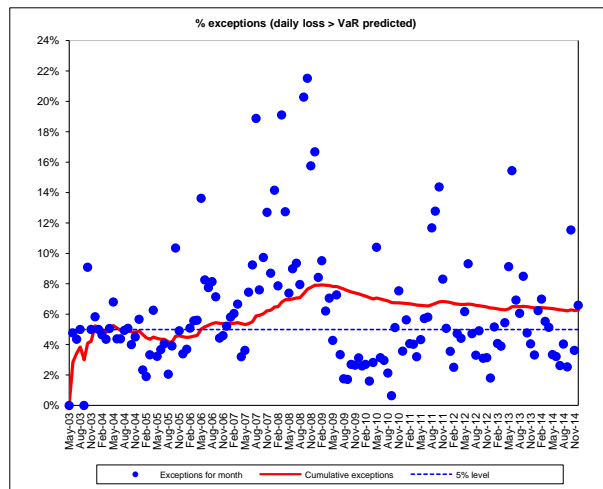
IR VaR by Currency²	
Currency	IR VaR
EUR	0.19%
USD	0.10%
JPY	0.03%
GBP	0.09%

Exposure by Geographic Region^{3,4}	
Region	%
Americas	14%
Europe	51%
Asia	28%
Oceania	2%
Africa	0%
Multi-Region	4%
Total	100%



VaR - Accuracy of VaR Methodology

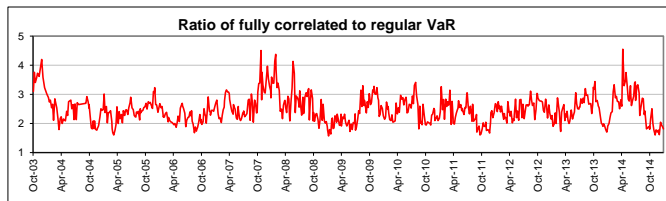
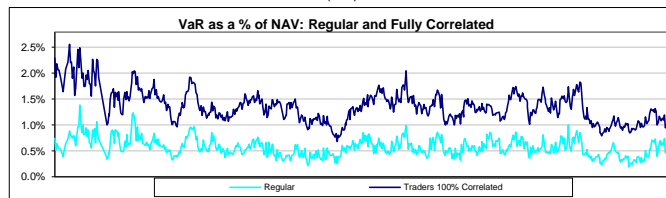
The VaR method is intended to describe the level of loss that would be exceeded no more than 5% of the time. The method uses historical market data from the last 2 years. The graph shows the actual incidence of losses that are greater than the estimated VaR ("VaR Exceptions"). During 2008, exception rate was greater than 5% because actual market moves were much more volatile than the historical data. The selection of different confidence intervals may achieve different results, including a higher incidence of exceptions which exceed the VaR calculation.



VaR - Reliance on beneficial correlation between Traders

The VaR of BHM takes account of beneficially low correlations between traders. To account for situations where these correlations change sharply BHAM calculates the VaR assuming all traders are 100% correlated. This fully correlated VaR has usually been between 1.5 and 3 times the size of the regular VaR.

At 31 Dec 2014	BHM VaR (a)	0.6%
	Sum of trader VaR's (b)	1.1%
	Ratio (b/a)	1.82



Notes:

1. Calculated using historical simulation based on a 1 day, 95% confidence interval.
2. IR risks may exist for currencies other than those listed.
3. Geographical Exposure is based on VaR by region.
4. Figures are rounded to the nearest whole number. Therefore in some instances the total may not equal [100% / 0%].
5. Source : Underlying data provided by the Administrator, International Fund Services (Ireland) Limited. Information derived using software provided by Murex and RiskMetrics

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BHM20141231

Risk

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