

BREVAN HOWARD

BH MACRO LIMITED

**MONTHLY SHAREHOLDER REPORT:
OCTOBER 2018**

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BH Macro Limited Overview

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

Brevan Howard
Capital Management
LP (“BHCM”)

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.

Corporate Broker:

J.P. Morgan
Cazenove

Total Assets: \$499 mm¹

1. As at 31 October 2018. Source: BHM's administrator, Northern Trust.

Listing:

London Stock
Exchange (Premium
Listing)

Summary Information

BH Macro Limited NAV per Share (Calculated as at 31 October 2018)

Share Class	NAV (USD mm)	NAV per Share
USD Shares	65.8	\$24.47
GBP Shares	433.0	£24.00

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	1.00	-0.05	0.11
2015	3.14	-0.60	0.36	-1.28	0.93	-1.01	0.32	-0.78	-0.64	-0.59	2.36	-3.48	-1.42
2016	0.71	0.73	-1.77	-0.82	-0.28	3.61	-0.99	-0.17	-0.37	0.77	5.02	0.19	6.63
2017	-1.47	1.91	-2.84	3.84	-0.60	-1.39	1.54	0.19	-0.78	-0.84	0.20	0.11	-0.30
2018	2.54	-0.38	-1.54	1.07	8.41	-0.57	0.91	0.90	0.14	1.32			13.19

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	0.96	-0.04	0.26
2015	3.26	-0.58	0.38	-1.20	0.97	-0.93	0.37	-0.74	-0.63	-0.49	2.27	-3.39	-0.86
2016	0.60	0.70	-1.78	-0.82	-0.30	3.31	-0.99	-0.10	-0.68	0.80	5.05	0.05	5.79
2017	-1.54	1.86	-2.95	0.59	-0.68	-1.48	1.47	0.09	-0.79	-0.96	0.09	-0.06	-4.35
2018	2.36	-0.51	-1.68	1.01	8.19	-0.66	0.82	0.79	0.04	1.17			11.79

Source: Fund NAV data is provided by the administrator of the Fund, International Fund Services (Ireland) Limited ("IFS"). 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 and all other fees and expenses payable by BHM. In addition, the Fund is subject to an operational services fee.

With effect from 1 April 2017, the management fee is 0.5% per annum. BHM's investment in the Fund is subject to an operational services fee of 0.5% per annum.

No management fee or operational services fee is charged in respect of performance related growth of NAV for each class of share in excess of its level on 1 April 2017 as if the tender offer commenced by BHM on 27 January 2017 had completed on 1 April 2017.

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.

Data as at 31 October 2018

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

ASC 820 Asset Valuation
Categorisation on a non look-through basis*

Brevan Howard Master Fund Limited

Unaudited as at 31 October 2018

	% of Gross Market Value*
Level 1	29.1
Level 2	21.2
Level 3	0.0
At NAV	49.7

Source: BHCM

* This data is unaudited and has been calculated by BHCM using the same methodology as that used in the most recent audited financial statements of the Fund. The relative size of each category is subject to change. Sum may not total 100% due to rounding.

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.

At NAV: This represents the level of assets in the portfolio that are invested in other Brevan Howard funds and priced or valued at NAV.

ASC 820 Asset Valuation
Categorisation on a look-through basis*

	% of Gross Market Value*
Level 1	70.1
Level 2	29.8
Level 3	0.1

Source: BHCM

* This data reflects the combined ASC 820 levels of the Fund and the underlying allocations in which the Fund is invested, proportional to each of the underlying allocation's weighting in the Fund's portfolio. The data is unaudited and has been calculated by BHCM using the same methodology as that used in the most recent audited financial statements of the Fund and any underlying funds (as the case may be). The relative size of each category is subject to change. Sum may not total 100% due to rounding.

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.

Gains in October were generated in fixed income, foreign exchange and equity markets. Fixed income gains were driven by directional trading in the US and Europe. In FX, both developed and emerging market trading contributed positively. Small gains in equity trading came from tactical, directional trading in the S&P.

The performance review and attributions are derived from data calculated by BHCM, based on total performance data for each period provided by the Fund's administrator (IFS) and risk data provided by BHCM, as at 31 October 2018.

Performance by Asset Class

Monthly, quarterly and annual contribution (%) to the performance of BHM USD Shares (net of fees and expenses) by asset class as at 31 October 2018

2018	Rates	FX	Commodity	Credit	Equity	Total
October 2018	0.48	0.61	-0.03	-0.04	0.32	1.32
Q1 2018	0.93	-0.20	0.01	-0.06	-0.07	0.58
Q2 2018	8.54	0.46	-0.02	0.02	-0.02	8.94
Q3 2018	1.70	0.89	-0.06	-0.23	-0.35	1.95
QTD 2018	0.48	0.61	-0.03	-0.04	0.32	1.32
YTD 2018	11.94	1.75	-0.10	-0.30	-0.12	13.19

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Methodology and Definition of Contribution to Performance:

Attribution by asset class is produced at the instrument level, with adjustments made based on risk estimates. The above asset classes are categorised as follows:

"Rates": interest rates markets

"FX": FX forwards and options

"Commodity": commodity futures and options

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

"Equity": equity markets including indices and other derivatives

Performance by Strategy Group

Monthly, quarterly and annual contribution (%) to the performance of BHM USD Shares (net of fees and expenses) by strategy group as at 31 October 2018

2018	Macro	Systematic	Rates	FX	Equity	Credit	EMG	Commodity	Total
October 2018	-0.34	-0.08	1.09	0.07	-0.00	0.02	0.56	-0.00	1.32
Q1 2018	0.87	0.02	-0.46	-0.09	-0.00	-0.03	0.28	-0.00	0.58
Q2 2018	4.29	0.05	2.91	0.34	-0.00	-0.06	1.33	-0.00	8.94
Q3 2018	-1.09	0.02	2.10	0.58	-0.00	0.00	0.35	-0.00	1.95
QTD 2018	-0.34	-0.08	1.09	0.07	-0.00	0.02	0.56	-0.00	1.32
YTD 2018	3.71	0.00	5.73	0.90	-0.01	-0.07	2.54	-0.00	13.19

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Methodology and Definition of Contribution to Performance:

Strategy Group 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)

"Systematic": rules-based futures trading

"Rates": developed interest rates markets

"FX": global FX forwards and options

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

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

"EMG": global emerging markets

"Commodity": liquid commodity futures and options

Manager's Market Review and Outlook The information in this section has been provided to BHM by BHCM

US

Growth slowed in the current quarter after setting a torrid pace through the middle of the year. The weaker data seen in housing, manufacturing, and investment stoked fears of recession among some investors. However, those worries probably owed more to equities giving up their gains for the year in October rather than any serious deterioration in the fundamentals. We look for above-trend growth for the rest of the year. Wage inflation picked up in October and price inflation remained near the Federal Reserve's ("Fed") 2% target. The labor market continued to break modern records with the unemployment rate at 3.7%. The Fed is widely expected to raise rates for a fourth time this year in December, but may adopt a more data-dependent stance going into 2019.

UK

The UK government and EU are finally close to agreement around the Brexit withdrawal agreement and declaration of future relations; however there still seems to be no parliamentary majority for either 'no-deal' or for the deal currently on the table. On the economic front, although economic data has been favourable in recent months, uncertainty related to Brexit (and in particular risks of the UK facing a 'hard exit' without a transition period) is likely to intensify and weigh negatively on economic data. GDP in the third quarter of this year grew by 0.6% q/q, up from 0.4% in Q2. However, the pick-up in activity likely reflects temporary factors like increased consumption (partially due to the World Cup and Royal wedding), as well as a reversal in construction after being weighed down by poor weather earlier in the year. The PMIs (a set of surveys reflecting business sentiment) have fallen -2.1pts over the two months to October, reaching a level of 52.1, the lowest level since the referendum. Current levels of the PMI point to GDP growing closer to 0.2% q/q. Furthermore, external demand appears to be weakening as implied by weaker growth surveys from both Europe and China. Otherwise, the labour market in the UK continues to perform well and a further improvement should be seen if Brexit is resolved. In the latest vintage of data, although the unemployment rate ticked up 0.1ppts to 4.1% in September, it remains near multi-decade lows of 4.0%. Meanwhile, wage growth has continued to trend gradually upwards reaching 3.2% y/y in September. Looking at the nominal side of the economy, consumer inflation is currently running at 2.4% y/y as of October, unchanged from the previous month. The outlook for inflation will also depend on the type of Brexit (and more specifically the reaction of the currency as well as the possibility of new trade tariffs). The outlook for inflation should in turn determine the Bank of England's conduct of monetary policy. If a deal emerges and a transition period is ensured, the market expects that the Bank will resume its path of policy normalisation and continue gradually increasing the policy rate. If no-deal is guaranteed, the Bank's conduct of monetary policy will depend jointly on the evolution of demand, supply and the exchange rate.

EMU

In Q3, EMU GDP expanded by just 0.2% q/q, significantly disappointing both the Consensus and European Central Bank ("ECB") forecast, as German GDP contracted by 0.2% q/q. Although the contraction in Germany was exacerbated by the impact of new car emission regulations on production, the slowdown is not only due to cars, and a weakening trend is clear. Although some statistical rebound of the GDP q/q rate in Germany is likely in Q4, the annual growth rate may stay around the same level as in Q3, which would indicate no improving trend. Indeed, the EMU Composite Purchasing Managers' Index ("PMI") also dropped significantly in October, dragged down by Germany, reinforcing these Q3 GDP trends and signalling a weak start to Q4. Details of the October PMI report were also softer than the headline, with forward-looking components driving the decline and signalling further weakening in the pipeline. On the consumer price front, EMU headline inflation edged up to

2.20% y/y in October from 2.07% y/y in September, while EMU Core inflation also rose to 1.07% y/y from 0.91% y/y in September. However, the Core rate remains below its high for this year and is set to average just 1.0% for 2018, just as it did in 2017, upsetting the ECB forecast of 1.1%. Furthermore, the slowdown in activity confirmed by the very soft EMU Q3 GDP does not bode well for the chances of an end to the inertia in Core going forward.

Indeed, the third EMU GDP release in a row undershooting significantly the ECB forecast seems to have undermined the ECB's conviction in its macro outlook. The latest speech by ECB President Draghi contains some significant cracks in the ECB's apparent wall of confidence on the self-sustained convergence of inflation towards target. Still, in the absence of further distractions between now and the 13 December 2018 ECB policy meeting, the central bank should still be more likely to stay on course with ending net purchases in December. However, Draghi's speech suggests that the risk that the ECB will have to extend quantitative easing is non-nil.

Japan

Chairman Kuroda dropped another hint that the Bank of Japan may be wishing to moderate its very accommodative policy, saying that the need for "a large-scale policy to overcome deflation" was no longer needed. Core inflation, whether national or just in Tokyo, has hit 1% on a 12-month basis, which is halfway between deflation and the 2% target. That relatively good news, however, is due to energy costs, as non-fresh food inflation is also running around 1% and western core prices are running well below that rate. The problem with energy prices is that they can also decline. Indeed, Brent crude oil prices in yen terms have dropped sharply; as of mid-November they had reduced back to where they were seven months earlier. It remains to be seen whether the consumer price index will align with policymakers' hopes of being able to declare deflation is dead.

Activity has recently slowed somewhat, consistent with the general read of world GDP excluding the United States. Real GDP declined a little over 1% at an annual rate in the third quarter. Household consumption and government investment fell. Net exports were a modest drag on growth, with decreases in both exports and imports. Smoothing through the quarterly wiggles, private domestic demand appears to be still growing at a moderate rate, but the contributions of both public spending and net exports have turned negative. Surveys have generally moved sideways at decent, though not robust, levels.

Enquiries

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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.