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# BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT  
SEPTEMBER 2020

**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

**Listing:**

London Stock Exchange (Premium 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 ("BHMF" or 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.

**PERFORMANCE ATTRIBUTION**

Performance contribution (%) by asset class for BHM USD Shares (net of fees and expenses)

The information in this section has been provided to BHM by BHCM. Based on performance data for each period provided by BHM's administrator, Northern Trust. Figures rounded to two decimal places

	Rates	FX	Commodity	Credit	Equity	Discount Management	Total
July 2020	0.17	0.43	1.10	0.10	0.04	0.00	1.84
August 2020	0.25	0.57	0.11	0.01	0.02	0.00	0.97
September 2020*	-0.19	-0.38	-0.41	-0.04	-0.12	0.00	-1.14
Q1	19.04	0.12	0.26	1.62	2.11	0.00	23.22
Q2	-0.27	-2.18	0.70	0.82	-0.16	0.10	-1.01
Q3*	0.24	0.62	0.79	0.07	-0.06	0.00	1.65
YTD*	19.00	-1.45	1.75	2.53	1.88	0.10	23.99

\* Calculated on the basis of estimated performance data.

**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

"Discount Management": buyback activity or sales of shares from treasury

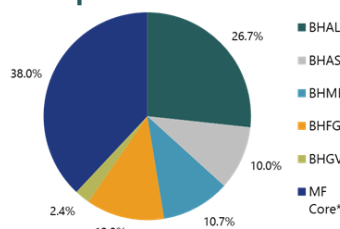
Performance attribution (%) by underlying component for BHMF

The information in this section has been provided to BHM by BHCM. Derived from data calculated by BHCM, based on total performance data for each period provided by BHMF's administrator, International Fund Services (Ireland) Limited ("IFS") and risk data provided by BHCM

See notes for definitions of underlying components

Data estimated as at 30 September 2020

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

**Component Parts of the Fund**

	Return		Attribution	
	MTD	YTD	MTD	YTD
<b>Brevan Howard Alpha Strategies Master Fund Limited (BHAL)</b>	-0.80%	15.03%	-0.21%	4.17%
<b>Brevan Howard AS Macro Master Fund Limited (BHAS)</b>	-2.67%	17.99%	-0.26%	1.92%
<b>Brevan Howard MB Macro Master Fund Limited (BHMB)</b>	1.95%	16.78%	0.19%	1.48%
<b>Brevan Howard FG Macro Master Fund Limited (BHFG)</b>	-0.59%	67.93%	-0.07%	5.93%
<b>Brevan Howard Global Volatility Master Fund Limited (BHGV)</b>	-0.22%	41.37%	0.00%	0.89%
<b>BHMF – Core Portfolio Manager Team (MF Core)*</b>	-2.34%	39.81%	-0.97%	16.21%

The performance figures listed above, other than the performance figures for MF Core, represent the actual returns of Class X Shares in each underlying fund in which the Fund invests. The Class X Shares in each underlying fund do not charge any performance or management fees. Management, performance and other fees and expenses are payable by BHM. BHM's investment in the Fund is subject to an operational services fee.

\* The performance figures listed for MF Core represent returns from (i) direct capital allocations to individual traders, (ii) treasury trades placed for BHMF, (i) and (ii) each represented gross of all performance fees, management fees and the operational services fee (however net of all other fees and expenses payable by the Fund), and (iii) actual returns of Class X Shares in Brevan Howard AH Master Fund Limited (see above paragraph for fee characteristics of Class X Shares in underlying funds).

**PERFORMANCE REVIEW****BH Macro Limited – performance overview**

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

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The NAV per share of BHM's USD shares depreciated by 1.14%\* and the NAV per share of BHM's GBP shares depreciated by 1.19%\* in September 2020. Losses in September were driven mostly by commodity and FX trading with additional smaller losses generated in interest rates, equity and credit. The correction lower in precious metals resulted in losses for the Fund's long positions. The recovery of the USD vs G10 currencies drove the bulk of the FX losses partially offset by long positions in Asian currencies. Tactical directional and relative value trading of European government bonds led to losses in interest rate trading partially offset by gains from short gamma trading of US interest rates. Small equity losses came from a tactical short bias.

**BHAL**

Tactical directional trading of FX, European interest rates, precious metals, and equity indices generated modest losses over the month, while volatility, relative value and inflation strategies and tactical trading in US interest rate markets generated some smaller offsetting gains.

**BHAS**

Main losses were attributed to FX trading through optionalised shorts in USD against different currency pairs. In interest rates space, losses were realised in GBP inflation trades as well as USD and EUR positioning. Additionally, some slight negative performance was shared between equity and commodity positions.

**BHMB**

Gains were predominately derived from FX rate trading. Positions in CNY, TWD as well as other non-Japan Asian currencies drove returns. Received positions across a range of interest rate markets including SGD, HKD, AUD and CNY also contributed over the month, while equity index trading in China, Korea and the US detracted slightly.

**BHFG**

Precious metals experienced a correction over the month of September which resulted in losses to long positions. There was a small loss from CMS curve cap positions as the USD rates curve flattened. Gains were offset from short USD positions vs Asian currencies and also from tactical equity hedges.

**BHGV**

Volatilities moved higher in the first half of the month as equity markets had a correction after a long run higher. Towards the end of the month, equity markets recovered and volatilities slid lower, ending the month flat to touch lower. Short dated equity volatility, especially in the US, remains very high. Risk premium for the US presidential elections is fairly elevated in all markets. Risk level was increased in equity and FX volatility.

**Other\*\***

The bulk of the losses came from relative value trading of European government bonds, with small additional losses from long positioning in the front end of the UK interest rate curve. Long exposure to precious metals also generated losses as did tactical long exposure to European equity indices. Very small loss came from select exposure to emerging market sovereign credit.

\* Estimated as at 30 September 2020.

\*\* Please see section "Performance Attribution".

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**NAV PERFORMANCE****BH Macro Limited NAV  
per Share**

Monthly performance in % terms;  
net of fees and expenses

Source: Fund NAV data is provided by the administrator of the Fund, 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.

USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2007</b>			0.10	0.90	0.15	2.29	2.56	3.11	5.92	0.03	2.96	0.75	<b>20.27</b>
<b>2008</b>	9.89	6.70	-2.79	-2.48	0.77	2.75	1.13	0.75	-3.13	2.76	3.75	-0.68	<b>20.32</b>
<b>2009</b>	5.06	2.78	1.17	0.13	3.14	-0.86	1.36	0.71	1.55	1.07	0.37	0.37	<b>18.04</b>
<b>2010</b>	-0.27	-1.50	0.04	1.45	0.32	1.38	-2.01	1.21	1.50	-0.33	-0.33	-0.49	<b>0.91</b>
<b>2011</b>	0.65	0.53	0.75	0.49	0.55	-0.58	2.19	6.18	0.40	-0.76	1.68	-0.47	<b>12.04</b>
<b>2012</b>	0.90	0.25	-0.40	-0.43	-1.77	-2.23	2.36	1.02	1.99	-0.36	0.92	1.66	<b>3.86</b>
<b>2013</b>	1.01	2.32	0.34	3.45	-0.10	-3.05	-0.83	-1.55	0.03	-0.55	1.35	0.40	<b>2.70</b>
<b>2014</b>	-1.36	-1.10	-0.40	-0.81	-0.08	-0.06	0.85	0.01	3.96	-1.73	1.00	-0.05	<b>0.11</b>
<b>2015</b>	3.14	-0.60	0.36	-1.28	0.93	-1.01	0.32	-0.78	-0.64	-0.59	2.36	-3.48	<b>-1.42</b>
<b>2016</b>	0.71	0.73	-1.77	-0.82	-0.28	3.61	-0.99	-0.17	-0.37	0.77	5.02	0.19	<b>6.63</b>
<b>2017</b>	-1.47	1.91	-2.84	3.84	-0.60	-1.39	1.54	0.19	-0.78	-0.84	0.20	0.11	<b>-0.30</b>
<b>2018</b>	2.54	-0.38	-1.54	1.07	8.41	-0.57	0.91	0.90	0.14	1.32	0.38	0.47	<b>14.16</b>
<b>2019</b>	0.67	-0.70	2.45	-0.49	3.55	3.97	-0.66	1.12	-1.89	0.65	-1.17	1.68	<b>9.38</b>
<b>2020</b>	-1.25	5.39	18.40	0.34	-0.82	-0.54	1.84	0.97	-1.14*				<b>23.99*</b>

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2007</b>			0.11	0.83	0.17	2.28	2.55	3.26	5.92	0.04	3.08	0.89	<b>20.67</b>
<b>2008</b>	10.18	6.86	-2.61	-2.33	0.95	2.91	1.33	1.21	-2.99	2.84	4.23	-0.67	<b>23.25</b>
<b>2009</b>	5.19	2.86	1.18	0.05	3.03	-0.90	1.36	0.66	1.55	1.02	0.40	0.40	<b>18.00</b>
<b>2010</b>	-0.23	-1.54	0.06	1.45	0.36	1.39	-1.96	1.23	1.42	-0.35	-0.30	-0.45	<b>1.03</b>
<b>2011</b>	0.66	0.52	0.78	0.51	0.59	-0.56	2.22	6.24	0.39	-0.73	1.71	-0.46	<b>12.34</b>
<b>2012</b>	0.90	0.27	-0.37	-0.41	-1.80	-2.19	2.38	1.01	1.95	-0.35	0.94	1.66	<b>3.94</b>
<b>2013</b>	1.03	2.43	0.40	3.42	-0.08	-2.95	-0.80	-1.51	0.06	-0.55	1.36	0.41	<b>3.09</b>
<b>2014</b>	-1.35	-1.10	-0.34	-0.91	-0.18	-0.09	0.82	0.04	4.29	-1.70	0.96	-0.04	<b>0.26</b>
<b>2015</b>	3.26	-0.58	0.38	-1.20	0.97	-0.93	0.37	-0.74	-0.63	-0.49	2.27	-3.39	<b>-0.86</b>
<b>2016</b>	0.60	0.70	-1.78	-0.82	-0.30	3.31	-0.99	-0.10	-0.68	0.80	5.05	0.05	<b>5.79</b>
<b>2017</b>	-1.54	1.86	-2.95	0.59	-0.68	-1.48	1.47	0.09	-0.79	-0.96	0.09	-0.06	<b>-4.35</b>
<b>2018</b>	2.36	-0.51	-1.68	1.01	8.19	-0.66	0.82	0.79	0.04	1.17	0.26	0.31	<b>12.43</b>
<b>2019</b>	0.52	-0.88	2.43	-0.60	3.53	3.82	-0.78	1.00	-1.94	0.47	-1.22	1.52	<b>7.98</b>
<b>2020</b>	-1.42	5.49	18.31	0.19	-0.85	-0.53	1.74	0.94	-1.19*				<b>23.38*</b>

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.

\* Estimated as at 30 September 2020.

PAST PERFORMANCE IS NOT  
INDICATIVE OF FUTURE RESULTS

**ASSETS AND NAV  
PER SHARE**

Data estimated as at 30  
September 2020

Source: Share data is provided by  
BHM's administrator, Northern  
Trust.

	NAV per Share	USD MM
<b>USD Shares</b>	\$33.46	73.4
<b>GBP Shares</b>	£32.15	623.8
<b>BH Macro Limited</b>		697.2

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## MANAGER'S MARKET REVIEW AND OUTLOOK

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

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### US

The pace of improvement in the labour market slowed in September, sowing some doubt about the dynamism of the recovery going into a tricky period in the fall when fiscal stimulus begins to fade. In Washington, fiscal talks broke down, leaving the market to wonder whether a deal can be put together before the presidential election. Investors apparently took comfort from the odds of a Democratic sweep ushering in a large fiscal expansion at the start of a Biden administration. At the Fed, policy makers provided guidance about their commitment to "lower for longer" to ensure a hot labour market and moderate overshooting of their 2% inflation objective.

### UK

Over the past month, the UK and EU have made some progress towards a future deal, despite escalating rhetoric that followed the UK government's introduction of the Internal Market Bill. The main obstacles remain state aid, fisheries and the implementation of the Northern Ireland Protocol; a meeting between Prime Minister Johnson and President von der Leyen resulted in both sides agreeing to intensify talks. Hard data such as IP suggests that the UK economy is continuing to recover the output lost in Q2, however September's PMI surveys declined once more indicating a renewed decline in momentum. The unemployment rate ticked up only modestly, from 3.9% to 4.1%, as the labour market remained shielded by government support schemes. Meanwhile coronavirus cases continue to rise prompting local lockdowns and broader national measures that place further restrictions on economic activity.

### EMU

The EMU Composite PMI fell by a further 1.5pts to 50.4, disappointing the consensus forecast and consistent with renewed slowdown after the May-July rebound. The renewed increase of coronavirus cases in the EMU to above their April highs is already affecting the economy, and a further decline in the Composite PMI in October seems likely. The EMU September Flash HICP was also an important release, pointing to EMU consumer price dynamics on a disinflationary, if not deflationary, path. Core inflation falling to a new record-low of just 0.2% y/y in September is yet another nail in the coffin of the ECB's far-too high inflation projections. Underlying inflation dynamics going in the wrong direction (and not just due to the temporary German VAT cut) should strengthen the hand of the dovish camp within the ECB Governing Council.

### Japan

CPI inflation in Japan has weakened with core and western core national inflation falling into negative territory. The 12-month change in western core prices is now at its lowest rate since 2013. A strengthening yen and a central bank out of energy suggests prospects for 2% inflation are farther away. GDP has fallen for three straight quarters, but monthly data point to a significant, though incomplete, rebound in Q3.

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**NOTES**

Acronym	Fund name	Type	Primary area of focus
BHAL	Brevan Howard Alpha Strategies Master Fund Limited	Multi PM Fund	Relative value ("RV") and directional strategies in developed and emerging fixed income and FX markets
BHAS	Brevan Howard AS Macro Master Fund Limited	Single PM Fund	Macro / RV strategies in developed market interest rate markets
BHMB	Brevan Howard MB Macro Master Fund Limited	Single PM Fund	Macro / RV strategies in Asia-focused interest rate and FX markets
BHFG	Brevan Howard FG Macro Master Fund Limited	Single PM Fund	Multi-asset class macro trading
BHGV	Brevan Howard Global Volatility Master Fund Limited	Opportunistic Fund	Long volatility in multiple asset classes
Other*	N/A	Multi PM: Capital allocations to various trading strategies or individual traders that are not part of the funds listed above.	Multi-asset class macro, systematic and RV trading

\* Please see section "Performance Attribution".

**ENQUIRIES**

**The Company Secretary**  
**Northern Trust International Fund Administration Services (Guernsey) Limited**

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## IMPORTANT LEGAL INFORMATION AND DISCLAIMER

Brevan Howard Capital Management LP ("BHCM") has supplied certain information herein regarding BHM, BHMF and the funds which BHMF invests, or has invested, in (together the "Funds").

The material relating to the Funds included in this report is provided for information purposes only, does not constitute an invitation or offer to subscribe for or purchase shares in the Funds and is not intended to constitute "marketing" of the Funds 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 the Funds have been obtained or derived from sources believed to be reliable, but none of the Funds 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, the Funds 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 BHMF and the investment funds in which BHMF invests (together with BHMF "the Underlying Funds")) 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 Underlying Funds are speculative and involve substantial risk.
- The Underlying Funds will be leveraged and will engage in speculative investment practices that may increase the risk of investment loss. The Underlying Funds may invest in illiquid securities.
- Past results of each Underlying Fund's investment manager(s) are not necessarily indicative of future performance of that Underlying Fund, and that Underlying Fund's performance may be volatile.
- An investor could lose all or a substantial amount of his or her investment.
- An investment manager may have total investment and trading authority over an Underlying Fund and each Underlying Fund is dependent upon the services of its investment manager(s).
- Investments in the Underlying Funds are subject to restrictions on withdrawal or redemption and should be considered illiquid.
- The investment managers' incentive compensation, fees and expenses may offset an Underlying Fund's trading and investment profits.
- No Underlying Fund is required to provide periodic pricing or valuation information to investors with respect to individual investments.
- The Underlying Funds are not subject to the same regulatory requirements as mutual funds.
- A portion of the trades executed for the Underlying Funds may take place on foreign markets.
- The Underlying Funds are subject to conflicts of interest.
- Each Underlying Fund is dependent on the services of certain key personnel, and, were certain or all of them to become unavailable, an Underlying Fund may prematurely terminate.
- Each Underlying Fund's managers will receive performance-based compensation. Such compensation may give such managers an incentive to make riskier investments than they otherwise would.
- An Underlying 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 or the Underlying Funds and therefore reference should be made to publicly available documents and information.