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# BH MACRO LIMITED

MONTHLY SHAREHOLDER REPORT  
FEBRUARY 2019

**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**

Data as at 28 February 2019

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	Total
January 2019	0.34	0.49	-0.05	-0.05	-0.07	0.67
February 2019	-0.31	-0.53	0.10	0.03	0.01	-0.70
Q1	0.04	-0.05	0.05	-0.02	-0.06	-0.04
YTD	0.04	-0.05	0.05	-0.02	-0.06	-0.04

**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:

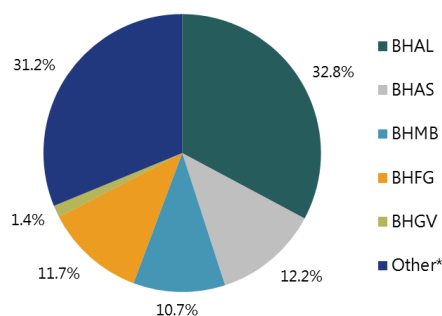
"Rates": interest rates markets

"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

**Component Parts of the Fund**

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

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

	Return		Attribution	
	MTD	YTD	MTD	YTD
<b>Brevan Howard Alpha Strategies Master Fund Limited (BHAL)</b>	-0.16%	1.87%	-0.07%	0.62%
<b>Brevan Howard AS Macro Master Fund Limited (BHAS)</b>	0.20%	1.38%	0.02%	0.17%
<b>Brevan Howard MB Macro Master Fund Limited (BHMB)</b>	-0.27%	4.42%	-0.03%	0.46%
<b>Brevan Howard FG Macro Master Fund Limited (BHFG)</b>	-2.78%	-1.76%	-0.33%	-0.21%
<b>Brevan Howard Global Volatility Master Fund Limited (BHGV)</b>	-2.30%	-5.63%	-0.03%	-0.08%
<b>Other*</b>	-1.11%	-2.61%	-0.35%	-0.81%

The performance figures listed above, other than the performance figures for "Other", 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 "Other" 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

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.

### BH Macro – performance overview

Losses stemmed from FX trading across developed and emerging markets as well as from directional, curve and relative value trading in European interest rates. Partially offsetting gains were generated from directional and yield curve trading in US interest rates.

#### BHAL

Gains across directional, yield curve and relative value trading strategies in US interest rates were more than offset by losses from European interest rate trading EM FX trading. Small further gains were generated in UK and EM interest rate trading.

#### BHAS

The gains mainly stemmed from directional bets in USD interest rates as well as from USD basis which kept on tightening. Against these gains, BHAS incurred some losses in EUR asset swaps as well as FX trading.

#### BHMB

Losses stemmed in part from spread trading between Asian and U.S. interest rates. Additional losses came from directional positioning in Japanese and Chinese rates. On the positive side, directional exposure to Australian and Indian rates generated some partially offsetting gains. Moving to FX trading, small losses were incurred as option positions decayed.

#### BHFG

The main themes in the book were for i) European rates to rally and the yield curve to flatten ii) a resolution to Brexit combined with hedges for a hard exit scenario iii) a US recession by 2021 via curve steepening trades. These themes in addition to tactical trading in FX, Gold, CPX and rates generated losses for the month.

#### BHGV

Volatilities continued to decline in February. Realised volatility remained low and investors were comfortable selling volatility for yield enhancement, even at the lowest level in history. Equity volatility was an outperformer relative to other assets.

#### Other\*

Losses from curve strategies in US rates and relative value trading in European rates were partially offset by gains from commodity option trading.

\* Please see section "Performance Attribution".

## NAV PERFORMANCE

### BH Macro Limited NAV per Share

Monthly performance in % terms; net of fees and expenses

Data as at 28 February 2019

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											<b>-0.04</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											<b>-0.36</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.

PAST PERFORMANCE IS NOT  
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**ASSETS AND NAV  
PER SHARE**

Data as at 28 February 2019

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

	NAV per Share	USD MM
<b>USD Shares</b>	\$24.67	67.0
<b>GBP Shares</b>	£24.05	450.7
<b>BH Macro Limited</b>		517.7

**ASC 820 ASSET  
VALUATION  
CATEGORISATION**

% of Gross Market Value

Brevan Howard Master  
Fund Limited

Unaudited as at 28 February 2019

Source: BHCM, sum may not total  
100% due to rounding.

	On a non-look through basis*	On a look through basis**
<b>Level 1</b>	20.8	73.9
<b>Level 2</b>	10.9	25.9
<b>Level 3</b>	0.1	0.1
<b>At NAV</b>	68.3	-

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 funds and priced or valued at NAV as calculated by IFS.

\*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.

\*\*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.

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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 US economy expanded at a faster-than-expected pace last quarter, bringing real GDP growth to 3.1% in 2018. In the current quarter, growth has slowed, especially for consumer expenditures. After expanding at a torrid pace in the prior few months, payroll employment slowed in February, although the unemployment rate ticked back down to 3.8%. Headline and core inflation are close to the Federal Reserve's 2% target but inflation expectations have edged down recently. Putting those pieces together, monetary policy is likely to remain patient for the foreseeable future.

### UK

Regarding Brexit, the situation remains extremely fluid, changing by the day. The EU has offered the UK an extension of Article 50 (from its original date of 29 March 2019), but the new date will depend on the UK. If parliament approves Theresa May's deal, the new exit date will be 22 May 2019; otherwise the UK will leave with no deal on 12 April 2019, unless it can present EU leaders with an alternative way forward. For now the UK economy remains steady, supported by a tight labour market and resilient household consumption. However, business investment continues to contract as uncertainty around Brexit continues to paralyse business planning. Risks remain tilted to the downside as growth in the Eurozone also transpires to be weaker than expected. In response to the current environment, the Bank of England's Monetary Policy Committee ("MPC") continued to hold the policy rate at 0.75%. However, some members of the MPC have sided with the notion that the policy rate will more likely be moved lower in the event of a 'cliff-edge Brexit' scenario, in contrast to Governor Carney's ambiguous position that policy will depend on the evolution of demand, supply and the exchange rate.

### EMU

The EMU Composite PMI rose for the first time in six months in February, but still remains below its Q4 2018 average. EMU headline inflation edged up to 1.5% y/y in February owing to the more volatile energy and food price components, while core inflation remained weak and fell 0.1pp to 1.0%. With the exception of wages (responding with the usual lag to past growth), the sharp slowdown in activity does not bode well for a convincing end to core inflation inertia.

The European Central Bank ("ECB") slashed its macroeconomic projections for both GDP and inflation and announced a package of policy measures, contrary to general market expectations of inaction. The package encompassed: (i) extended interest rate forward guidance with rates at their present levels "through the end of 2019"; (ii) a Targeted longer-term refinancing operations ("TLTRO") III program of two year TLTROs, with variable rates, running quarterly from September 2019 until March 2021; and (iii) extension of the fixed rate, full allotment procedure. Unanimity over the package reflects the compromise struck between ECB hawks and doves, although concessions to the hawks limits the dovishness of the package, especially for the banks. Compared to the economic challenges posed by the extent of the economic slowdown and weakness of underlying inflation, the latest measures are likely far from enough.

### Japan

The March Bank of Japan ("BoJ") meeting was uneventful. The Statement on Monetary Policy and the Chair in his press conference acknowledged recent weakness in exports and production, but both the statement and the Chair expressed optimism going forward, reiterated the expectation that inflation will move up, and made no changes to policy.

More broadly, there are conflicting pressures for near-term policy. Weakening in Chinese demand and world trade in general, as well as the dovish turn in central bank policy in the United States and Europe, would normally be expected to lead to a response from the BoJ. Industrial production dropped sharply in January, and the Markit manufacturing purchasing managers index moved down below 50 in February, the first subpar reading since 2016. However, there have been noises for a while for some pullback in accommodation. Finance Minister Aso went so far as to call for some flexibility in the focus on the 2% inflation target. With evident worries over near-term demand and the upcoming hike in the consumption tax scheduled for October, however, any window for a hawkish adjustment to policy is tiny.

In contrast to the worries over activity, the inflation data has been positive. The so-called core-core rate (prices excluding all food and energy) rose 0.2% in January. Tokyo prices followed up a bigger January increase with a 0.2% gain in February. Consumer inflation expectations have moved up almost ½ pp in the last six months.

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**NOTES**

<b>Acronym</b>	<b>Fund name</b>	<b>Type</b>	<b>Primary area of focus</b>
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.