BH Global Limited
Annual Report and Audited Financial Statements 2013

31 December 2013

Chairman's Statement

Dear Shareholder,

The strength of equity markets in 2013 has placed BH Global Limited's performance for the year in a relative shadow. However, we should not forget that it is only just over five years ago that the financial world was teetering on the brink of a 1930's style depression from which we were saved by central bankers who had studied and understood the mistakes of the 1930s and were determined not to see them repeated. However unusual the situation that still pertains in financial markets may be, we should be thankful that those central bankers were in post five years ago.

In such uncertain times a low volatility, relatively uncorrelated, asset has a very clear place in the construction of portfolios. BH Global Limited (the "Company") aspires to be that asset. Since the Company's launch in May 2008 every calendar year has delivered Net Asset Value ("NAV") growth with low volatility and positive Sharpe ratios. 2013 was no exception with the NAV of the shares in the US Dollar class increasing by 1.79%. The US Dollar is the functional currency of the Company and Brevan Howard strive to manage the three classes so that the performance of each class is approximately in line. The Sterling class, with approximately US$700 million of net assets as at 31 December 2013, was significantly the largest class in 2013 and the NAV of the shares of that class increased by 2.32%.

The Manager's Report gives details of the allocations to the various strategies to which the Company is exposed and the results of those strategies. The diversification inherent in those strategies has resulted in a wide dispersion in the results of the individual funds. It remains the role of the Manager's Investment Committee to decide on the asset allocation between funds, the result of which drives the NAV per share performance. The Board's roles are to review that performance, to be in touch with shareholders and to direct the corporate affairs of the Company. In all of these roles we have had a particularly busy few months and this looks likely to continue for a while yet.

Performance

I have set out above the NAV per share performance for the year. Despite the fact that BH Global is not designed to deliver equity-style returns the Board acknowledges that some shareholders have expressed disappointment with the performance in 2013. The Board and Manager understand that disappointment. The strong gains of the first four months of the year were not maintained and the overall result was modest; consequently the Board determined that the Company would not offer a partial return of capital based on the 2013 results.

Brevan Howard has an enviable track record of delivering long-term, risk-adjusted performance and they will continue to strive to deliver this for shareholders. In any investment strategy there are inevitable ebbs and flows of performance; but as the Manager's Report states the Manager is confident in the Company's ability to profit from trading in 2014.

Shareholders

Towards the end of 2013 I had meetings accompanied by the Company's broker or representatives of Brevan Howard, or both, with a number of the Company's major shareholders so I could listen to their views on the Company and its position in the marketplace. A number of visits were repeated in January 2014. As Chairman of the Board, it is important that I remain closely in touch with major shareholders, particularly at times of uncertainty, of which more later. In addition, shareholders have continued to make their views known both to the Company's brokers and to Brevan Howard and, in conjunction with both Manager and advisers, the Board has noted the concerns that have been communicated.

All of your Company's directors have significant experience of being directors of investment companies and some of us, including myself, have had executive experience in constructing portfolios and in managing money. We do clearly understand the various concerns of shareholders and will strive to address them. As regards one aspect that is fully under the control of the Board, shareholders will have noted the statement in the Circular dated 5 February 2014 (the "Circular") where, on behalf of the Board, I wrote:-

"The Board is committed to the principle of discount control and taking appropriate steps based on prevailing market conditions to manage the discount and potentially enhance the Company's Net Asset Value. This will be a priority for the Board over the coming twelve months."

Indeed, shareholders will have noted that market purchases of shares in both the Sterling and Dollar classes have resumed and between 21 February and 24 March 2014 the Company has bought back 617,449 shares at a cost of the equivalent of US$10,168,238. In the same period the discount to NAV at which the Sterling shares trade has narrowed from 10.3% to 8.4%.

Both the statement and the action in respect of buy-backs evidence the Board's responsiveness to shareholders' concerns. Where the resolution of some of those concerns is not within the Board's sole power, we will continue to engage in appropriate dialogue on behalf of shareholders. Our most important dialogue will continue to be with Brevan Howard who, with their responsibility for the investment performance of the Company, hold the keys to a successful future.

Corporate Affairs

Towards the end of 2013 it became clear to the Board that the NAV performance for the year was unlikely to stimulate the closing of the discount materially and thus that the trigger for Class Closure Resolutions, namely that the average discount to NAV at which the shares had traded for the whole of the twelve months would exceed 10%, would be likely to be activated. That indeed happened as the Company announced on 27 January 2014. In the run-up to the year end the Board held discussions with the Manager and the Company's brokers, J. P. Morgan Cazenove ("Cazenove"). In order to ensure wide consultation and advice, the Board appointed Canaccord Genuity ("Canaccord") as joint brokers and asked for a high level report from Cazenove and Canaccord on the position of the Company in the marketplace and on their understanding of shareholders' views. The Board considered that report and resolved to bring forward the vote on Class Closure Resolutions to the earliest practical opportunity. The Circular dated 5 February 2014 was dispatched to shareholders together with voting forms. The votes on those Resolutions were held on 27 February for the Sterling and Euro classes and on 6 March for the Dollar class.

As set out in detail in the Directors' Report, the Class Closure Resolutions for the Sterling and Dollar classes were not carried. However, the Class Closure Resolution for the Euro class was carried. The Company has written to shareholders in the Euro class setting out the options available to them. Certain countries prohibit shareholders resident in those countries from choosing from all of the options available. However, for those shareholders who are not fettered, broadly Euro class shareholders have the option of requesting redemption, switching to another of the currency classes or staying in the Euro class, subject to the Board deciding that the size of the remaining Euro class is large enough to be economically viable. Full details are set out in the notice dated 12 March 2014 (the "Notice") which is available on the Company's website.

Euro class shareholders are invited to elect for their preferred lawful option by 25 April 2014. As at the 31 January 2014, following settlement of the 31 December 2013 share conversions after which no further conversions were permitted in or out of the Euro class, the equivalent dollar value of the net assets of that class was US$231.7m. That amounted to approximately 23% of the total dollar equivalent net assets of all three classes at that date of US$995m. Those Euro class shareholders who elect to redeem their shares are expected to receive, for each share they hold, approximately 97% of the NAV per share as at 31 July 2014, payable probably in early September. Fuller details are set out in the Notice.

No further conversions in or out of the Euro class will be permitted until the Board determines whether that class will continue to exist, which will be dependent upon the results of the elections due to be made by 25 April 2014. However, the Company has announced that the facility for conversion in either direction between the Sterling and Dollar classes will resume from the March 2014 month end conversion date.

The Board

There has been a great deal for your Board to deal with in the last year and that will be ongoing for several months yet. I am very grateful to my fellow directors for the time and focus that they have given to the discussions. The time commitment has been far in excess of what would normally be expected of a non-executive director.

In the last few days Stephen Stonberg, who was a founding director of the Company and the former employee of Brevan Howard responsible for the design and launch of the Company in 2008, has taken up a post with another hedge fund manager. Consequently he has tendered his resignation from the Board of BH Global and this will take effect on 31 March 2014. The Board will consider whether to replace Stephen and, if they decide to do so, the profile of the candidate that would be sought. Although I note that the Board at present is all male, any new appointment would be made with the principal aim of ensuring that appropriate skills for the governance of the Company were represented on the Board.

My colleagues and I thank Stephen for his substantial contribution and wish him well in his new career.

The Present Position

The Sterling class is the largest of the three classes and both the Board and the Manager have taken note of the fact that less than 50% of those shares voted in that class supported the Board's recommendation to vote against the Class Closure Resolution. As noted above, that Class Closure Resolution was not carried as the threshold of 75% was not reached; nevertheless, the failure to achieve a majority of support for the Board in the largest of the three votes is unsatisfactory and indicative of shareholders' concerns. The Board and Manager are actively considering what changes can be made to encourage greater shareholder support for the future and I anticipate communicating further with shareholders shortly. In general, investment companies can only prosper if the tripartite interests of shareholders, the Board and the Manager are aligned and I am determined to strive to ensure that your Company achieves that alignment.

Yours sincerely,

Sir Michael Bunbury
Chairman

26 March 2014

Manager's Report

Brevan Howard Capital Management LP is the Manager of the Company and of Brevan Howard Global Opportunities Master Fund Limited ("BHGO").

Performance Summary

The Net Asset Value ("NAV") of the USD Shares appreciated by 1.79% in 2013, while the NAV of the EUR shares and the GBP shares appreciated by 1.47% and 2.32% respectively.

The month-by-month NAV performance of each currency class of the Company since it commenced operations in 2008 is set out below:

USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008						1.16*	0.10	0.05	(3.89)	1.13	2.74	0.38	1.55
2009	3.35	1.86	1.16	1.06	2.79	(0.21)	1.07	0.27	1.49	0.54	0.11	0.04	14.31
2010	0.32	(0.85)	(0.35)	0.53	(0.06)	0.60	(0.79)	0.80	1.23	0.39	(0.21)	(0.06)	1.54
2011	0.09	0.42	0.34	1.20	0.19	(0.56)	1.61	3.51	(1.29)	(0.14)	0.19	(0.88)	4.69
2012	1.22	1.02	(0.54)	(0.10)	(0.65)	(1.53)	1.46	0.70	1.47	(0.72)	0.81	1.26	4.44
2013	1.33	0.49	0.33	1.60	(0.62)	(1.95)	(0.14)	(0.86)	0.09	(0.13)	0.95	0.75	1.79

EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008						1.28*	0.25	0.29	(4.34)	1.15	3.01	0.44	1.93
2009	3.57	1.94	1.13	1.05	2.54	(0.21)	1.11	0.27	1.50	0.50	0.08	0.08	14.36
2010	0.37	(0.90)	(0.35)	0.58	(0.02)	0.69	(0.81)	0.86	1.06	0.36	(0.14)	0.04	1.73
2011	0.06	0.43	0.35	1.30	0.27	(0.63)	1.78	3.77	(1.44)	(0.14)	0.19	(0.91)	5.04
2012	1.21	1.01	(0.56)	(0.12)	(0.61)	(1.45)	1.45	0.63	1.40	(0.76)	0.98	1.13	4.35
2013	1.25	0.58	0.27	1.49	(0.64)	(1.91)	(0.15)	(0.89)	0.06	(0.14)	0.93	0.67	1.47

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008						1.40*	0.33	0.40	(4.17)	1.25	3.27	0.41	2.76
2009	3.52	1.94	1.03	0.68	2.85	(0.28)	1.05	0.31	1.51	0.58	0.12	0.08	14.15

2010	0.35	(0.93)	(0.32)	0.58	(0.04)	0.62	(0.81)	0.84	1.17	0.37	(0.20)	(0.03)	1.61
2011	0.10	0.41	0.38	1.13	0.04	(0.59)	1.69	3.67	(1.41)	(0.15)	0.21	(0.84)	4.65
2012	1.23	1.05	(0.51)	(0.08)	(0.62)	(1.51)	1.50	0.70	1.44	(0.72)	0.72	1.31	4.55
2013	1.36	0.56	0.36	1.63	(0.48)	(1.91)	(0.11)	(0.84)	0.14	(0.11)	0.97	0.77	2.32

Source: The Company's NAV and NAV per Share data is provided by the Company's Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited. Monthly NAV data is unaudited and net of all investment management fees and all other fees and expenses payable by the Company. Shares in the Company do not necessarily trade at a price equal to the prevailing NAV per Share.

* Performance is calculated from a base NAV per Share of 10 in each currency. The opening NAV in May 2008 was 9.9 (after deduction of the IPO costs borne by the Company).

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

BHGO – Allocations and Investment Performance

The allocations of BHGO to each of its underlying fund investments were as follows:

Investment	Allocation as at 31 December 2013 (% NAV)
Brevan Howard Master Fund Limited ("BHMF")	45.8
Brevan Howard Asia Master Fund Limited ("BHA")	9.5
Brevan Howard Emerging Markets Strategies Master Fund Limited ("BHEMS")	8.2
Brevan Howard Credit Catalysts Master Fund Limited ("BHCC")	14.8
Brevan Howard Commodities Strategies Master Fund Limited ("BHCS")	5.7
Brevan Howard Systematic Trading Master Fund Limited ("BHST")	9.3
Brevan Howard Emerging Markets Local Fixed Income Leveraged Master Fund Limited ("BEL")	3.2
Brevan Howard Credit Value Master Fund Limited ("BHCV")	2.3
Cash/Other	1.2

Source: Brevan Howard.

Allocations are subject to change.

Investment	2013 Performance (%)*
Brevan Howard Master Fund Limited Class Y (USD)	2.11
Brevan Howard Asia Master Fund Limited Class X (USD)	11.55
Brevan Howard Emerging Markets Strategies Master Fund Limited Class X (USD)	-15.00
Brevan Howard Credit Catalysts Master Fund Limited Class Y (USD)	13.90
Brevan Howard Systematic Trading Master Fund Limited Class B (USD)	2.25
Brevan Howard Commodities Strategies Master Fund Limited Class X (USD)	-4.18
Brevan Howard Emerging Markets Local Fixed Income Leveraged Master Fund Limited Class Y (USD)	-0.32
Brevan Howard Credit Value Master Fund Limited Class Y (USD)	23.86

* USD currency class of each underlying fund is used as a proxy for the performance of each of the underlying funds; the Company also invests in the EUR and GBP of the underlying funds.

Source: Performance data for the underlying funds is provided by their respective administrators. Performance data is net of all investment management fees and all other fees and expenses payable.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

Performance Review

The Company's NAV performance returned 1.79% on its USD share class in 2013. The bulk of performance in 2013 came from BHGO's investments in credit strategies, with BHCC and BHCV contributing 1.8% and 0.4% respectively. The macro allocations to BHMF and BHA added 1.1% and 1.0% respectively to performance. The allocation to BHST added 0.2%. In sum the positive performing underlying funds returned approximately 4.5%. However this was offset by a total negative performance of 2.0% derived primarily from emerging markets allocations. A small proportion of the performance of the NAV appreciation was derived from treasury buy backs (as part of the discount management process).

In 2013, the NAV volatility remained below 4% and the Sharpe ratio* remained above 1.2.

* Annualised excess weekly return (over Federal Funds target rate)/annualised standard deviation of excess returns, since inception.

Allocation Review

At the start of 2013, the Investment Committee ("IC") looked to diversify BHGO's target portfolio by increasing allocations to commodity and credit strategies. In the second half of 2013, the IC effected a gradual increase in exposure towards G7 macro and interest rates trading as well as a decrease in emphasis to emerging markets, in order to increase the potential return profile given the perceived opportunity set in macro and rates. In particular the exposure to the BHMF was increased. At the end of December, the allocation to BHMF and BHA stood at approximately 55% of BHGO's portfolio.

Looking forward, these allocation themes continue. The IC believes that both the accommodative monetary policies in a number of countries and the tapering of US Federal Reserve's asset purchase programme will lead to rich rates trading opportunities in 2014 (as detailed further in the outlook section below). BHGO is also continuing to see strong returns from its credit allocations and the IC is therefore considering further increasing its exposure to the two credit funds in its portfolio. The IC will continue to seek consistent risk adjusted returns though a diversified exposure to the funds, strategies, asset classes and traders available to BHGO.

Commentary and Outlook

2013 started on a positive note for risk assets as markets responded to improving data in developed markets, particularly in the US, as well as greater policy accommodation from Japan.

Over May-June, both of these underpinnings came into question as the US Federal Reserve ("Fed") indicated it might begin tapering its quantitative easing policy later in the year and as the market increasingly questioned whether the policy accommodation in Japan would in fact be able to drive economic recovery there. As is often the case at such inflection points, intra-market correlations increased as market participants moved to exit positions.

That said, over recent months there appears to have been a noticeable improvement in developed market economies, although emerging markets in general are lagging. In the US, job gains in the last quarter of 2013 were impressive with the average monthly increase being nearly 200,000. The unemployment rate is 7.0%, although that figure overstates the improvement in the labour market since most of the recent decline is attributable to falling participation. Now that the Fed has finally started to exit its extraordinary asset purchase programme in the US, we would expect the opportunity set to trade both US rates and the US dollar, to improve markedly. The one way bet on Fed accommodation since 2008 has made trading the US dollar and US rates a frustrating exercise for the last several years. US Federal Reserve policy is no longer a one way bet and the fact that the interest rate curve is as steep as it has been for decades demonstrates the broad range of expectations about future policy. As events unfold, we expect the volatility and trading ranges for both the US dollar and rates to expand materially, providing opportunities to take advantage of significant two-way moves in price, curve shape and option volatility.

The European Central Bank ("ECB") was under little pressure to take action in 2013 because of a gradual improvement in Eurozone economic sentiment and data. The Manager believes that part of this improvement was due to a reduction of fiscal drag for most European Governments as 2013 marked a pause in Eurozone Governments' attempts to pursue additional austerity or to address budget deficits. However, as the fundamental fiscal imbalances have not yet been resolved, it is likely that the fiscal stance will become more restrictive in 2014, which may lead prospects for growth to deteriorate in the latter part of the year. Should the current disinflationary pressures in Europe persist, the ECB will have to take more aggressive monetary action.

Japanese authorities remain determined to reflate the Japanese economy and, even if they eventually fail, will take extraordinary steps in an attempt to achieve this goal. What is possibly different this time is that Prime Minister Abe has a clear mandate to pursue his policies. At the same time, Bank of Japan ("BOJ") Governor Kuroda has accepted the Fed's strategy of influencing real economy outcomes through the transmission mechanism of higher asset prices and the promise of prolonged zero to negative real yields. On that basis, it is unlikely that the BOJ and Japanese policymakers will simply stop at what has been achieved, which is not very much relative to their goals, and just accept no further progress in terms of economic growth, higher asset prices and higher inflation.

Brevan Howard wishes to thank shareholders once again for their continued support. Brevan Howard does not take that support for granted. We are all fully aware that 2013 was a disappointing year in terms of returns but we are confident in BHGO's ability to profit in 2014 from both tactical and more structural macro trading.

Brevan Howard Capital Management, LP,
acting by its sole general partner,
Brevan Howard Capital Management Limited

26 March 2014

Directors' Report

The Directors submit their Report together with the Company's Audited Statement of Assets and Liabilities, Audited Statement of Operations, Audited Statement of Changes in Net Assets, Audited Statement of Cash Flows, and the related notes (together the "Financial Statements") for the year ended 31 December 2013. The Directors' Report together with the Audited Financial Statements give a true and fair view of the financial position of the Company. They have been prepared properly, in conformity with accounting principles generally accepted in the United States of America ("US GAAP") and are in accordance with any relevant enactment for the time being in force; and are in agreement with the accounting records.

The Company

The Company is a limited liability closed-ended investment company which was incorporated in Guernsey on 25 February 2008.

It was admitted to the Official List of the London Stock Exchange on 29 May 2008 when it raised approximately US$1 billion. It currently has a Premium Listing.

It also has a Secondary Listing on the Bermuda Stock Exchange, with the US Dollar shares of the Company also having a Secondary Listing on NASDAQ Dubai.

Investment Policy

The Company's investment objective is to seek to generate consistent long-term capital appreciation through an investment policy of investing all of its assets (net of those expenses of the initial public offering borne by the Company and funds required for its short-term working capital requirements) in Brevan Howard Global Opportunities Master Fund Limited ("BHGO"), an open-ended investment company with limited liability formed under the laws of the Cayman Islands.

BHGO spreads investment risk by investing in a variety of other investment funds of which one or more of the Brevan Howard group of affiliated entities is the manager or investment manager (the "Brevan Howard Underlying Funds") in order to provide exposure to a range of strategies, asset classes and geographies that fall within Brevan Howard's investment activities from time to time. These investment funds may invest in a wide range of geographical regions, sectors and instruments. Such instruments may include, but are not limited to, debt securities and obligations (which may be below investment grade or unrated), bank loans, listed and unlisted equities, other collective investment schemes (which may be open ended or closed ended, listed or unlisted, and which may employ leverage), currencies, commodities, futures, options, warrants, swaps, other derivative instruments and any other type of instrument or security. These funds have the ability to take short positions across the majority of these instruments.

Subject to the investment restrictions disclosed in the BHGO Prospectus and subsequent BHGO Directors' resolutions, the allocation of assets of BHGO among the Brevan Howard Underlying Funds in which it is permitted to invest will be at the discretion of Brevan Howard Capital Management LP (the "Manager").

The Manager operates a risk management framework which is intended to identify, measure, monitor, report and where appropriate, mitigate key risks identified by it or its affiliates. The risk management framework addresses portfolio risk (such as market, credit, liquidity, counterparty and funding risks) and operational risks.

Results and dividends
The results for the year are set out in the Audited Statement of Operations. The Directors do not recommend the payment of a dividend.

A total of US$40,651,493 was returned to investors in 2013 by way of a partial return of capital.

Share capital
The number of shares in issue at the year end is disclosed in note 5 to the Audited Financial Statements.

Foreign Account Tax Compliance Act
The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. On 13 December 2013, the States of Guernsey entered into an intergovernmental agreement ("IGA") with US Treasury in order to facilitate the requirements under FATCA and is currently in negotiations with regards to how this is to be implemented, and as a result, the impact this will have on the Company remains unknown. The implementation of certain requirements of FATCA have been delayed to June 2014. The Board is monitoring implementation with the assistance of its professional advisers.

Inter-Governmental Agreements
The States of Guernsey signed an intergovernmental agreement with the UK ("UK-Guernsey IGA") on 22 October 2013, under which mandatory disclosure requirements will be required in respect of Shareholders who have a UK connection. The UK-Guernsey IGA has been ratified by Guernsey's States of Deliberation and the relevant legislation introduced. The Board is monitoring implementation of the UK-Guernsey IGA with the assistance of its professional advisers.

Going concern
On 27 January 2014, the Company announced that the obligation to propose class closure resolutions for each class of the Company's shares had been triggered, due to the average daily closing market price of each class of shares during 2013 being 10% or more below the average NAV per share (the "average discount") of the relevant class taken over the 12 monthly NAV Determination Dates. The average discount of the share price to NAV in the year for the US Dollar, Euro and Sterling shares was 10.34%, 10.17% and 10.25% respectively.

On 27 February 2014, the Company convened a meeting of the shareholders of each class to vote on Class Closure Resolutions. The shareholders of the Sterling class voted against the Class Closure Resolution and the shareholders of the Euro class voted in favour of the Class Closure Resolution. The meeting of the US Dollar class was not quorate and reconvened on 6 March 2014 at which time the shareholders voted against the Class Closure Resolution.

Following the Class Closure Resolution vote, the Company was required by the Articles of Incorporation to make the following Class Closure Options available to the shareholders of the Euro class:

a) to redeem all or some of their shares at NAV per share less the costs and expenses of the Class Closure vote and other outstanding costs and expenses of the Company, attributable to the relevant class (including any redemption fees and repayment of Offer Costs as described in Note 3 to the Financial Statements);

b) subject to certain limitations, to convert all or some of their shares into shares of another class; or

c) subject to the class continuing and remaining viable, to remain in the class.

A notice of election for these Class Closure Options was sent to shareholders of the Euro class on 12 March 2014 requiring a response by 25 April 2014.

Following the results of Class Closure Resolutions, after making enquiries of the Manager and Brokers and given the nature of the Company and its investment, it is appropriate to adopt the going concern basis in preparing these Financial Statements as the Directors consider that the Company is able to continue for the foreseeable future. In reaching this conclusion, the Board is mindful of the nature of the assets that underly its investment in BHGO, including their liquidity and has concluded that adverse investment performance will not have a material impact on the Company's solvency.

Signed on behalf of the Board by:

Sir Michael Bunbury

Chairman

Graham Harrison
Director

26 March 2014

Corporate Governance Statement

Corporate governance
To comply with the UK Listing Regime, the Company must comply with the requirements of the UK Corporate Governance Code. The Company is also required to comply with the Code of Corporate Governance issued by the Guernsey Financial Services Commission.

The Company is a member of the Association of Investment Companies (the “AIC”) and by complying with the AIC Code of Corporate Governance (“AIC Code”) is deemed to comply with both the UK and Guernsey Codes of Corporate Governance.

The Board has considered the principles and recommendations of the AIC Code, by reference to the guidance notes provided by the AIC (“AIC Guide”), and considers that reporting against these will provide better information to shareholders. To ensure ongoing compliance with these principles the Board reviews a report from the Corporate Secretary, at each quarterly meeting, identifying how the Company is in compliance and identifying any changes that might be necessary.

The Company has complied with the recommendations of the AIC Code throughout the accounting period and thus the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors’ remuneration
- the need for an internal audit function
- the whistle blowing policy

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company as it is an externally managed investment company. The Company has therefore not reported further in respect of these provisions. The Directors are non-executive and the Company does not have employees, hence no whistle-blowing policy is required. Details of compliance are noted in the succeeding pages. There have been no instances of non-compliance, other than those noted above.

The Company has adopted a policy that the composition of the Board of Directors, which is required by the Company’s Articles to comprise of at least two persons, is at all times such that a majority of the Directors are independent of the Manager and any company in the same group as the Manager; the Chairman of the Board of Directors is free from any conflicts of interest and is independent of the Manager and of any company in the same group as the Manager; and that no more than one director, partner, employee or professional adviser to the Manager or any company in the same group as the Manager may be a Director of the Company at any one time.

The Company’s risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee at its quarterly meetings and annually by the Board. The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

The Board
The Board, which consists solely of non-executive directors, meets at least four times a year and between these formal meetings there is regular contact with the Manager and the Administrator. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company and should be

brought to the attention of the Directors. The Directors also have access to the Administrator, and where necessary, in the furtherance of their duties, to independent professional advice at the expense of the Company. In addition to these scheduled meetings, 14 ad-hoc meetings were held in 2013 to deal with matters that were of a fundamentally administrative nature, the majority being the conversions between share classes. These meetings were attended by those Directors available at the time.

The Board of Directors has overall responsibility for safeguarding the Company's assets, for the determination of the investment policy of the Company, for reviewing the performance of the Manager and the other service providers and for the Company's activities. The Directors, are listed in Management and Administration. Stephen Stonberg and Talmai Morgan are not independent of the Manager for the purposes of LR15.2.12-A.

Board diversity

The Board has also given careful consideration to the recommendations of the Davies Report on women on boards and as recommended in that report has reviewed its composition and believes that it has available an appropriate range of skills and experience. In order to extend its diversity, the Board is committed to implementing the recommendations of the Davies Report, if possible within the timescales proposed in the Davies Report, and to that end will ensure that women candidates are considered when appointments to the Board are under consideration, as indeed has always been its practice.

Board evaluation and succession planning

The AIC Code requires external evaluation of Board performance every three years. The Board undertook its first externally facilitated evaluation in early 2012, having commissioned it late the previous year. The report of the evaluation confirmed that the Company observes a high standard of Corporate Governance and, accordingly, the Board conducted self-appraisals in 2013 and will do so again in 2014 before commissioning a further independent study to be reported on in 2015.

The Board, Audit Committee, Management Engagement Committee and Nomination Committee undertake an evaluation of their own performance and that of individual Directors on an annual basis. In order to review their effectiveness, the Board and its Committees carry out a process of formal self-appraisal. The Board and Committees consider how they function as a whole and also review the individual performance of its members. This process is conducted by the respective Chairman reviewing each members' performance, contribution and commitment to the Company. John Hallam, as Senior Independent Director, takes the lead in reviewing the performance of the Chairman. Each Board member is also required to submit details of training they have undertaken on a quarterly basis.

The Board considers it has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. An induction programme has been prepared for any future Director appointments.

Board and committee meetings

The table below sets out the number of Board, Audit, Management Engagement and Nominations Committee meetings held during the year ended 31 December 2013 and, where appropriate, the number of such meetings attended by each Director.

Attendance at scheduled Board and Committee meetings:

	Board	**Audit**	**Management Engagement**	**Nominations**
No of meetings	**4**	**3**	**1**	**1**
Attendance				
Sir Michael Bunbury	4	n/a	1	1
John Hallam	4	3	1	1
Graham Harrison	4	3	1	1
Talmai Morgan	4	n/a	n/a	1
Nicholas Moss	4	3	1	1
Stephen Stonberg	4	n/a	n/a	1

Directors' independence

Talmai Morgan and Stephen Stonberg are both non-executive Directors of BH Macro Limited which is also managed by the Company's Manager, and is a feeder fund for Brevan Howard Master Fund Limited into which BHGO also invests.

Similarly, Stephen Stonberg is also a non-executive Director of BH Credit Catalysts Limited; it too is managed by the Company's Manager, and is a feeder fund for Brevan Howard Credit Catalysts Master Fund Limited into which BHGO also invests.

These appointments mean that Messrs Morgan and Stonberg are not considered to be independent of the Manager for the purposes of Listing Rule LR15.2.12-A.

Directors' interests
The Directors had the following interests in the Company, held either directly or beneficially:

	31.12.2013		31.12.2012	
	US Dollar Shares	**Sterling Shares**	**US Dollar Shares**	**Sterling Shares**
Sir Michael Bunbury	–	4,000	–	–
John Hallam	5,000	–	5,000	–
Graham Harrison	–	1,500	–	1,500
Talmai Morgan	5,000	–	5,000	–
Nicholas Moss	–	839	–	839
Stephen Stonberg	–	8,628	–	8,628
Lord Turnbull	–	–	–	5,000

The Directors held no Euro shares.

The Company has adopted a Code of Directors' dealings in shares, which is based on the Model Code for Directors' dealings contained in the London Stock Exchange's Listing Rules.

Further Directors' interests in other companies are disclosed in the Board Members' report.

Directors' indemnity
Directors' and officers' liability insurance cover is in place in respect of the Directors. The Directors entered into indemnity agreements with the Company which provide for, subject to the provisions of the Companies (Guernsey) Law, 2008, an indemnity for Directors in respect of costs which they may incur relating to the defence of proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court. The agreement does not provide for any indemnification for liability which attaches to the Directors in connection with any negligence, unfavourable judgements, breach of duty or trust in relation to the Company.

Other related party transactions
As at 31 December 2013 Alan Howard, Brevan Howard founder, held an interest of 1,206,375 US Dollar shares and 161,107 Sterling shares in the Company. 500,000 USD shares were acquired during the IPO, while the remainder were acquired through on-market purchases.

COMMITTEES OF THE BOARD
The Board has established Audit, Management Engagement and Nominations Committees and approved their terms of reference, copies of which can be obtained from the Administrator.

Audit Committee
The Audit Committee comprises of John Hallam (who chairs it), Graham Harrison and Nicholas Moss. The Committee meets formally at least twice a year and each meeting is attended by the external auditor and Administrator.

Appointment to the Audit Committee is for a period up to three years which may be extended for two further three year periods provided that the majority of the Audit Committee remain independent of the Manager. John Hallam and Nicholas Moss are currently serving their third term of three years. Graham Harrison is currently serving his second term of three years.

The table above sets out the number of Audit Committee Meetings held during the year ended 31 December 2013 and the number of such meetings attended by each Committee member.

A report of the Audit Committee detailing its responsibilities and its key activities is presented in the Audit Committee Report.

Management Engagement Committee
The Management Engagement Committee meets formally at least once a year and comprises Nicholas Moss (who chairs it), Sir Michael Bunbury (appointed 1 January 2013), John Hallam and Graham Harrison.

The Board has established a Management Engagement Committee with formal duties and responsibilities. The function of the Management Engagement Committee is to ensure that the Company's Management Agreement is competitive and reasonable for the shareholders, along with the Company's agreements with all other third party service providers (other than the external auditors). The Committee also reviews annually the performance of the Manager with a view to determining whether to recommend to the Board that the Manager's mandate be renewed, subject to the specific notice period requirement of the agreement. The other third party service providers are also reviewed on an annual basis.

The principal contents of the Manager's contract and notice period are contained in note 4 to the Financial Statements.

The Manager has wide experience in managing and administering investment companies and has access to extensive investment management resources. At its meeting of 23 September 2013, the Management Engagement Committee concluded that the continued appointment of the Manager on the terms agreed would be in the best interests of the Company's shareholders as a whole. At the date of this report the Board continued to be of the same opinion.

Nominations Committee
A Nominations Committee was established on 24 September 2012 comprising all Directors of the Board, with the Chairman being appointed as Chairman of the Nominations Committee. For new appointments to the Board, nominations are sought from the Directors and from other relevant parties and candidates are then interviewed by the Nomination Committee. In the event that a replacement for the Chairman is being sought it would normally be expected that the Senior Independent Director would chair the Committee.

The other duties of the Committee include:-

1. To review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board

2. To consider succession planning

3. To consider the performance of individual directors and determine whether to recommend to the Board that they be put forward for re-election

4. To consider the ongoing terms of appointment of each director.

At its meeting of 23 September 2013, the Nominations Committee recommended the reappointment of John Hallam and Nicholas Moss to the Audit Committee for a third term. The Nominations Committee also concluded at this meeting, that the continued appointment of the Board would be in the best interests of the Company's shareholders as a whole. At the date of this report the Board continued to be of the same opinion.

Remuneration Committee
In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be a separate Remuneration Committee as anticipated by the AIC Code. The Board as a whole fulfils the functions of the Remuneration Committee, although the Board has included a separate Remuneration Report in these Financial Statements.

Internal Controls
Responsibility for the establishment and maintenance of an appropriate system of internal control rests with the Board and to achieve this a process has been established which seeks to:

- Review the risks faced by the Company and the controls in place to address those risks
- Identify and report changes in the risk environment
- Identify and report changes in the operational controls
- Identify and report on the effectiveness of controls and errors arising

A report is tabled and discussed at each Board meeting setting out the risks identified, their potential impact, the controls in place to mitigate them, the residual risk assessment and any exceptions identified during the period under review. The report is reviewed by the Board.

Further reports are received and reviewed from the Administrator in respect of compliance, London Stock Exchange continuing obligations and other matters. The reports were reviewed by the Board. No material adverse findings were identified in these reports.

Anti-bribery and Corruption Policy
The Board has adopted a formal Anti-bribery and Corruption Policy. The policy applies to the Company and to each of its Directors. Furthermore, the policy is shared with each of the Company's service providers.

Principal Risks and Uncertainties
With the assistance of the Administrator and the Manager, the Board has drawn up a risk matrix, which identifies the key risks to the Company. These fall into the following broad categories:

- Investment Risks: The Company is exposed to the risk that its portfolio fails to perform in line with the Company's objectives if it is inappropriately invested or markets move adversely. The Board reviews reports from the Manager, which has total discretion over portfolio allocation, at each quarterly Board meeting, paying particular attention to this allocation and to the performance and volatility of underlying investments;
- Operational Risks: The Company is exposed to the risks arising from any failure of systems and controls in the operations of the Manager or the Administrator. The Board receives reports annually from the Manager and Administrator on their internal controls;
- Accounting, Legal and Regulatory Risks: The Company is exposed to risk if it fails to comply with the regulations of the UK Listing Authority or if it fails to maintain accurate accounting records. The Administrator provides the Board with regular reports on changes in regulations and accounting requirements; and
- Financial Risks: The financial risks faced by the Company, include market, credit and liquidity risk. These risks and the controls in place to mitigate them are reviewed at each quarterly Board meeting.

Relations with Shareholders
The Board welcomes shareholders' views and places great importance on communication with its shareholders. The Board receives regular reports on the views of its shareholders from its brokers, JP Morgan Cazenove and Canaccord Genuity, marketing consultants, Kepler Partners LLP and from its Manager. In addition the Chairman has conducted and continues to conduct meetings with a number of major shareholders in order to receive their view on the Company. The Chairman and other Directors are available to shareholders if requested and the Annual General Meeting of the Company provides a forum for shareholders to meet and discuss issues with the Directors of the Company.

The Manager provides weekly unaudited estimates of the NAVs, month-end unaudited NAVs and a monthly newsletter. These are published via RNS and are also available on the Company's website. Risk reports are also available on the Company's website.

In addition to the Company's brokers, the Manager maintains regular dialogue with institutional shareholders, the feedback from whom is reported to the Board.

Significant shareholders
As at 31 December 2013, the following had significant shareholdings in the Company:

Significant shareholders	Total shares held	% holdings in class
US Dollar shares		
Computershare Investor Services Plc	2,964,686	25.90
Securities Services Nominees Limited	1,721,955	15.04
Greenwood Nominees Limited	1,206,375	10.54
Vidacos Nominees Limited	787,197	6.88
Euroclear Nominees Limited	623,477	5.45
BBHISL Nominees Limited	569,656	4.98
Chase Nominees Limited	547,227	4.78
The Bank of New York (Nominees) Limited	321,652	2.81
HSBC Global Custody Nominee (UK) Limited	276,152	2.41
Citibank Nominees (Ireland) Limited	248,815	2.17
Sterling shares		
HSBC Global Custody Nominee (UK) Limited	3,693,433	11.64
Quilter Nominees Limited	2,876,068	9.06
Rathbone Nominees Limited	2,481,333	7.82
Pershing Nominees Limited	1,976,073	6.23
Harewood Nominees Limited	1,845,051	5.82
Brooks MacDonald Nominees Limited	1,828,206	5.76
Computershare Investor Services Plc	1,695,582	5.34
Smith & Williamson Nominees Limited	1,358,226	4.28
The Bank Of New York (Nominees) Limited	1,204,484	3.80
Cheviot Capital (Nominees) Limited	1,042,549	3.29
Euro shares		
The Bank of New York (Nominees) Limited	3,486,391	38.79
BNP Paribas Arbitrage SNC	1,995,609	22.20
JP Morgan Securities PLC	1,205,516	13.41
Credit Suisse Client Nominees (UK) Limited	543,916	6.05
Nortrust Nominees Limited	289,856	3.23
Vidacos Nominees Limited	236,774	2.63
BBHISL Nominees Limited	231,877	2.58
HSBC Global Custody Nominee (UK) Limited	213,326	2.37
Securities Services Nominees Limited	174,752	1.94
Lynchwood Nominees Limited	162,896	1.81

Ongoing charges

Ongoing charges for the year ended 31 December 2013 and 31 December 2012 have been prepared in accordance with the AIC's recommended methodology.

The Ongoing Charges figures include the ongoing charges of BHGO. BHGO's investments are also subject to ongoing charges. These figures are not readily available, however BHGO's investments are subject to management fees and operational services fees ranging in aggregate from 1% to 2.5% per annum. These fees and the performance fees of the underlying funds are not included in the following figures.

The following table presents the Ongoing Charges for each share class:

31.12.13	US Dollar Shares	Euro Shares	Sterling Shares

Company – Ongoing Charges	0.74%	0.81%	0.71%
BHGO – Ongoing Charges	0.03%	0.03%	0.03%
Total Ongoing Charges	0.77%	0.84%	0.74%

31.12.12	**US Dollar Shares**	**Euro Shares**	**Sterling Shares**
Company – Ongoing Charges	0.77%	0.94%	0.72%
BHGO – Ongoing Charges	0.02%	0.02%	0.02%
Total Ongoing Charges	0.79%	0.96%	0.74%

The BHGO ongoing charges represents the portion of BHGO's operating expenses which have been allocated to the Company. The Company invests substantially all of its investable assets in the Ordinary Shares issued by BHGO. These shares are not subject to management fees and performance fees within BHGO.

Signed on behalf of the Board by:

Sir Michael Bunbury
Chairman

Graham Harrison
Director

26 March 2014

Audit Committee Report

Dear Shareholder,

On the following pages, we present the Audit Committee's Report for 2013, setting out the responsibilities of the Audit Committee and its key activities in 2013. As in previous years, the Audit Committee has reviewed the Company's financial reporting, the independence and effectiveness of the independent auditor and the internal control and risk management systems of the Company's service providers. In order to assist the Audit Committee in discharging these responsibilities, regular reports are received and reviewed from the Manager, Administrator and independent auditor. Following its review of the independence, objectivity and effectiveness of the Company's independent auditor, the Audit Committee has recommended to the Board that KPMG Channel Islands Limited be reappointed as independent auditor, which the Board will submit to the Company's Members for approval.

A member of the Audit Committee will continue to be available at each Annual General Meeting to respond to any shareholder questions on the activities of the Audit Committee.

John Hallam
Chairman, Audit Committee

Responsibilities
The Audit Committee reviews and recommends to the Board, the Financial Statements of the Company and is the forum through which the independent auditor reports to the Board of Directors. The independent auditor and the Audit Committee are able to meet together, without representatives of either the Administrator or Manager being present, if either consider this to be necessary.

The role of the Audit Committee includes:

- monitoring the integrity of the published financial statements of the Company;

- review and report to the Board on the significant issues and judgements made in the preparation of the Company's published financial statements, (having regard to matters communicated by the independent auditor) and other financial information;

- monitor and review the quality and effectiveness of the independent auditor and their independence;

- consider and make recommendations to the Board on the appointment, reappointment, replacement and remuneration to the Company's independent auditor;

- review the Company's procedures for prevention, detection and reporting of fraud, bribery and corruption; and

- monitor and review the internal control and risk management systems of the service providers.

The Audit Committee's full terms of reference can be obtained by contacting the Administrator.

Key activities of the Audit Committee:
The following sections discuss the assessments made by the Audit Committee during the year:

Financial Reporting:
The Audit Committee's review of the annual financial statements focused on what it believes to be the only significant issue:

The Company's investment in BHGO, had a fair value of US$1,011 million as at 31 December 2013 and represents the majority of the net assets of the Company and as such is the biggest factor in relation to the accuracy of the Financial Statements. The valuation of the investment is determined in accordance with the accounting policy in note 3 to the Financial Statements. The financial statements of BHGO for the year ended 31 December 2013 were audited by KPMG Dublin who issued an unqualified audit opinion dated 21 March 2014. The Audit Committee considered the financial statements of BHGO and its accounting policies in determining that the fair value of the investment in BHGO is reasonable.

The independent auditor reported to the Committee that no material misstatements were found in the course of its work. Furthermore, the Manager and Administrator confirmed to the Committee that they were not aware of any material misstatements including matters relating to financial statement presentation. The Audit Committee confirms that it is satisfied that the independent auditor has fulfilled its responsibilities with diligence and professional scepticism. The Audit Committee advised the Board that this annual report and accounts, taken as a whole, is fair, balanced and understandable.

Following a review of the presentations and reports from the Administrator and consulting where necessary with the independent auditor, the Audit Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Audit Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

Risk Management:
The Audit Committee continued to consider the process for managing the risk faced by the Company and its service providers. Risk management procedures for the Company, as detailed in the Company's risk assessment matrix, were reviewed and approved by the Audit Committee.

Fraud, Bribery and Corruption:
The Audit Committee continued to monitor and review the fraud, bribery and corruption procedures of the Company. The Board receives a confirmation from all major service providers that they are not aware of any instances of fraud or bribery.

The Independent Auditor
Independence, objectivity and fees:
The independence and objectivity of the independent auditor is regularly reviewed by the Audit Committee which also reviews the terms under which the independent auditor is appointed to perform non-audit services. The Audit Committee has established pre-approval policies and procedures for the engagement of the independent auditor to provide audit, assurance and tax services. These are that the independent auditor's may not provide a service which:

- places them in a position to audit their own work;

- creates a mutuality of interest;

- results in the independent auditor developing close relationships with service providers of the Company;

- results in the independent auditor functioning as a manager or employee of the Company; or

- puts the independent auditor in the role of advocate of the Company.

As a general rule, the Audit Committee does not utilise the independent auditor for internal audit purposes, secondment or valuation advice. Services such as tax compliance, tax restructuring, quarterly reviews and disclosure advice are normally permitted but must be pre-approved by the Audit Committee where fees are likely to be in excess of £25,000.

The Audit Committee considered reports from the independent auditor on their procedures to identify and mitigate any threats to independence and concluded that the procedures were sufficient to identify and threats to independence. The Audit Committee together with the Chairman and the Administrator completed a questionnaire covering areas such as quality of audit team, business understanding, audit approach and management. The results of the questionnaire indicated that the independent auditor performed effectively during the period.

The following table summarises the remuneration paid to KPMG Channel Islands Limited and to other KPMG member firms for audit and non-audit services provided to the Company during the years ended 31 December 2013 and 31 December 2012:

	01.01.13 to 31.12.13	**01.01.12 to 31.12.12**
KPMG Channel Islands Limited		
– Annual audit	£26,300	£23,000
– Auditor's interim review	£8,500	£8,500
Other KPMG member firms		
– German Tax Reporting Services	£40,670	£39,817

In line with the policies and procedures above, the Audit Committee does not consider that the provision of these non-audit services, which comprised German investors' tax reporting services for prior periods, to be a threat to the objectivity and independence of the independent auditor. The Audit Committee also notes that German investor tax reporting services ceased after those relating to the year ended 31 December 2012 were completed. The Audit Committee has also considered the overall level of services provided by KPMG member firms to the wider Brevan Howard organisation and does not consider these to pose a threat to the independent auditor's independence.

KPMG Channel Islands Limited has been the independent auditor from the date of the initial listing on the London Stock Exchange. The recent revisions to the UK Corporate Governance Code introduced a recommendation that the external audit be put out to tender every ten years. The Audit Committee has noted this and will develop a plan for tendering at the appropriate time. In accordance with the rotation requirements of the Auditing Practices Board for audit leaders, Deborah Smith was replaced by Lee Clark as the audit leader and opinion signatory after the conclusion of the 2012 audit.

The Audit Committee has examined the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the independent auditor, with particular regard to non-audit fees, and considers KPMG Channel Islands Limited, as independent auditor, to be independent of the Company.

Performance and effectiveness:
During the year, when considering the effectiveness of the independent auditor, the Audit Committee has taken into account the following factors:-

- The audit plan presented to them;

- The post audit report including variations from the original plan;

- Changes in audit personnel;

- The independent auditor's own internal procedures to identify threats to independence; and

- Feedback from both the Manager and Administrator.

The Audit Committee reviewed the audit plan and the audit findings report of the independent auditor and concluded that the audit plan sufficiently identified audit risks and that the audit findings report indicated that the audit risks were sufficiently addressed and that there were no significant variations from the audit plan.

Reappointment:
Consequent to the review discussed above, the Audit Committee has recommended to the Board that a resolution be put to the 2014 AGM for the reappointment of KPMG Channel Islands Limited as independent auditor. The Board has accepted this recommendation.

Internal control and risk management systems
As the Company's investment objective is to invest all of its assets in BHGO, the Audit Committee, after consultation with the Manager and independent auditor, considers the key risk of misstatement in its financial statements to be the valuation of its investment in BHGO, but are also mindful of the risk of the override of controls by its service providers, the Manager and Administrator.

The Audit Committee reviews and examines externally prepared assessments of the control environment in place at the Manager and the Administrator, with Brevan Howard Asset Management LLP, the Manager's affiliate, providing a Standards for Attestation Engagements 16 ("SSAE16") Report on an annual basis and the Administrator providing a Service Organisation Report ("SOC1") on a bi-annual basis. No significant failings or weaknesses were identified in these reports by the Audit Committee.

The Audit Committee has also reviewed the need for an internal audit function. The Audit Committee has decided that the systems and procedures employed by the Manager and the Administrator, including their own internal audit functions, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The Audit Committee Report was approved by the Board on 26 March 2014 and signed on its behalf by:

John Hallam
Chairman, Audit Committee

Statement of Directors' Responsibility in Respect of the Audited Financial Statements

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable laws and regulations.

Guernsey company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in conformity with accounting principles generally accepted in the United States of America.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements the Directors are required to:-

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the Financial Statements; and

- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

We confirm to the best of our knowledge that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's Independent Auditor is unaware, and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant information and to establish that the Company's Independent Auditor is aware of that information;

- the Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy; and

- the Financial Statements include information detailed in the Chairman's Statement, the Directors' Report, and the Manager's Report, which provides a fair view of the information required by:-

(a) DTR 4.1.8 and 4.1.9 of the Disclosure and Transparency Rules, being a fair review of the Company business and a description of the principal risks and uncertainties facing the Company; and

(b) DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Company.

Signed on behalf of the Board by:

Sir Michael Bunbury
Chairman

Graham Harrison
Director

26 March 2014

Directors' Remuneration Report
As at 31 December 2013

Introduction
An ordinary resolution for the approval of this Directors' Remuneration Report will be put to the shareholders at the forthcoming Annual General Meeting to be held in 2014.

Remuneration policy
All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. An external assessment of Directors' remuneration has not been undertaken.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities, as are the Chairmen of the Audit Committee and Management Engagement Committee. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to directors of comparable companies.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors.

No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. The Directors were appointed to the Board for an initial term of three years and Section 20.3 of the Company's Articles requires all of the Directors to retire at each Annual General Meeting. As the Company is a FTSE 250 listed company, and in line with the AIC Code, each Director will put themselves up for re-election at each Annual General Meeting. At the Annual General Meeting of the Company, on 10 June 2013, shareholders re-elected all the Directors of the Company. Director appointments can also be terminated in accordance with the Articles. Should shareholders vote against a Director standing for re-election, the Director affected will not be entitled to any compensation. There are no set notice periods and a Director may resign by notice in writing to the Board at any time. Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No other remuneration or compensation was paid or payable by the Company during the year to any of the Directors apart from the reimbursement of allowable expenses.

Directors' fees

The Company's Articles limit the fees payable to Directors in aggregate to £500,000 per annum.

The fees payable by the Company in respect of each of the Directors who served during the year, and during 2012, were as follows:

	01.01.13 to 31.12.13* £	**01.01.12 to 31.12.12* £**
Sir Michael Bunbury	150,000	–
Lord Turnbull+	–	145,000
John Hallam	36,000	34,500
Graham Harrison	33,000	31,500
Talmai Morgan	33,000	31,500
Nicholas Moss	36,000	33,000
Stephen Stonberg	33,000	31,500
Total	321,000	307,000

* With effect from 1 July 2012, the Chairman is entitled to a fee of £150,000 per annum (previously £140,000 per annum). John Hallam, as Chairman of the Audit Committee and Nicholas Moss, as Chairman of the Management Engagement Committee are entitled to a fee of £36,000 per annum (previously £33,000 per annum). All other Directors receive £33,000 per annum (previously £30,000 per annum).

\+ Lord Turnbull retired effective 1 January 2013 and was replaced by Sir Michael Bunbury, on this date.

Signed on behalf of the Board by:

Sir Michael Bunbury
Chairman

Graham Harrison
Director

26 March 2014

Board Members

The Directors of the Company, all of whom are non-executive, are listed below:

Sir Michael Bunbury (Chairman), age 67

Sir Michael Bunbury is Chairman and non-executive director of the Company. He is an experienced director of listed and private investment, property and financial services companies and trustee for high net worth families. He is currently the Chairman of HarbourVest Global Private Equity Limited, JP Morgan Claverhouse Investment Trust plc, a director of Invesco Perpetual Select Trust plc, a consultant to Smith & Williamson and a former director of Foreign & Colonial

Investment Trust plc. Sir Michael began his career in 1968 at Buckmaster & Moore, before joining Smith & Williamson, Investment Managers and Chartered Accountants, in 1974 as a Partner. He later served as director and chairman and remains a consultant to the firm. Sir Michael was appointed to the Board in 2013.

John Hallam, (Senior Independent Director), age 65
John Hallam is a Fellow of the Institute of Chartered Accountants in England and Wales and qualified as an accountant in 1971. He is a former partner of PricewaterhouseCoopers having retired in 1999 after 27 years with the firm both in Guernsey and in other countries. He is currently chairman of Dexion Absolute Limited and Partners Group Global Opportunities Limited, as well as being a director of a number of other financial services companies which are not listed on recognised stock exchanges. Mr Hallam shares board appointments with fellow BH Global Limited Director Talmai Morgan on NB Distressed Debt Investment Fund Limited and NB Private Equity Partners Limited. He served for many years as a member of the Guernsey Financial Services Commission from which he retired in 2006 having been its Chairman for the previous three years. Mr Hallam was appointed to the Board in 2008.

Graham Harrison, age 48
Graham Harrison is a Guernsey resident and a Chartered Fellow of the Chartered Institute for Securities and Investment. Mr Harrison is co-founder and Group Managing Director of Asset Risk Consultants (“ARC”). After obtaining a post graduate degree from the London School of Economics, Mr Harrison worked for HSBC in its corporate finance division where he specialised in financial engineering. Following a secondment with the Caribbean Development Bank he moved to Guernsey to work for the Bachmann Group with a brief to develop asset management and investment consultancy services. In 2002 he led the management buy-out of ARC, taking the company independent. Mr Harrison is a director of a number of investment vehicles some of which are listed. Mr Harrison was appointed to the Board in 2010.

Talmai Morgan, age 61
Talmai Morgan is Guernsey resident and qualified as a barrister in 1976. He moved to Guernsey in 1988 where he worked for Barings and then for the Bank of Bermuda as Managing Director of Bermuda Trust (Guernsey) Limited. From January 1999 to June 2004, he was Director of Fiduciary Services and Enforcement at the Guernsey Financial Services Commission (Guernsey’s financial regulatory agency) where he was responsible for the design and subsequent implementation of Guernsey’s law relating to the regulation of fiduciaries, administration businesses and company directors. He was also involved in the international working groups of the Financial Action Task Force and the Offshore Group of Banking Supervisors. From July 2004 to May 2005, he was Chief Executive of Guernsey Finance which is the official body for the promotion of the Guernsey finance industry. Mr Morgan holds a MA in Economics and Law from Cambridge University. Mr Morgan is Chairman of the Listed Hedge Fund Forum of the Association of Investment Companies. In addition to being a director of the Company, Mr Morgan is a director of other listed investment funds. Mr Morgan was appointed to the Board in 2008.

Nicholas Moss, age 54
Nicholas Moss is a Guernsey resident and a Chartered Accountant. He is a founder of the Virtus Trust Group, a Guernsey-based fiduciary, corporate services and investment consulting business. Prior to establishing Virtus Trust, Mr Moss was a managing director within the Rothschild Trust Group in Guernsey where he spent 16 years structuring and administering complex onshore and offshore trusts for corporates and ultra high net worth families. He has wide experience in the selection of investment managers for his clients and the subsequent evaluation and monitoring of these portfolios. He holds a number of non-executive Board appointments including some listed in London. Mr Moss was appointed to the Board in 2008.

Stephen Stonberg, age 46
Stephen Stonberg is a resident of the United States and has over 25 years experience in the financial services industry in both Europe and the United States. From 2011 to 2013, he was a Managing Director of Credit Suisse Asset Management in New York. Prior to this, Mr Stonberg worked for Brevan Howard entities in both London and New York. He joined Brevan Howard Asset Management LLP in London in September 2006 as Head of Business Development and subsequently became a Partner in April 2007. In February 2009 he relocated from London to New York to run North American marketing for Brevan Howard US Asset Management LP. From January to December 2010 he was the CEO of Brevan Howard US LLC, a member of the Financial Industry Regulatory Authority, Inc (FINRA). Prior to joining Brevan Howard, Mr Stonberg worked for JPMorgan (2001-2006) as managing director and Global Head of Strategy and Business Development for the Investment Banking Division (2003-2006) and as managing director and Head of Credit Derivative Marketing EMEA (2001-2003). Previously, Mr Stonberg worked at Deutsche Bank (1996-2001) as managing director of Global Credit Derivatives. Mr Stonberg holds an MBA from Harvard Business School (1994) and a Bachelor’s Degree in Economics from Columbia University (1989). He is currently a non-executive director of Coalition Development Limited.

Mr Stonberg is a non-executive director of BH Macro Limited a FTSE 250 listed company and BH Credit Catalysts Limited. Mr Stonberg was appointed to the Board in 2008.

The following summarises the Directors' directorships in other public companies:

Company Name	**Exchange**
Sir Michael Bunbury	
HarbourVest Global Private Equity Limited	Amsterdam and SFM
Invesco Perpetual Select Trust plc	London
JP Morgan Claverhouse Investment Trust plc	London
John Hallam	
Dexion Absolute Limited	London
HICL Infrastructure Co Limited	London
NB Distressed Debt Investment Fund Limited	SFM and Channel Islands
NB Private Equity Partners Limited	Amsterdam, SFM and Channel Islands
Partners Group Global Opportunities Limited	Ireland
Graham Harrison	
F&C UK Real Estate Investments Limited	London
Real Estate Credit Investments Limited	London
Nicholas Moss	
BACIT Limited	London
Carador Income Fund Plc	London
Talmai Morgan	
BH Macro Limited	London, Bermuda and Dubai
DCG IRIS Limited	London
Global Fixed Income Realisation Limited	Ireland
John Laing Infrastructure Fund Limited	London
NB Distressed Debt Investment Fund Limited	SFM and Channel Islands
NB Private Equity Partners Limited	Amsterdam, SFM and Channel Islands
Real Estate Credit Investments Limited	London
Sherborne Investors (Guernsey) B Limited	SFM
Stephen Stonberg	
BH Macro Limited	London, Bermuda and Dubai
BH Credit Catalysts Limited	London

Certain Directors hold additional directorships in companies that are listed on various exchanges but are not actively traded. Details of these may be obtained from the Company Secretary.

Independent Auditor's Report to the Members of BH Global Limited

Opinions and conclusions arising from our audit

Opinion on financial statements

We have audited the financial statements of BH Global Limited (the "Company") for the year ended 31 December 2013 which comprise the Audited Statement of Assets and Liabilities, the Audited Statement of Operations, the Audited Statement of Changes in Net Assets, the Audited Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in the United States of America. In our opinion, the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 December 2013 and of its net increase in net assets resulting from operations for the year then ended;
- are in conformity with accounting principles generally accepted in the United States of America; and
- comply with the Companies (Guernsey) Law, 2008.

Our assessment of risks of material misstatement

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the financial statements the risk of material misstatement that had the greatest effect on our audit was as follows:

Valuation of the Investment in BHGO:
Refer to the Audit Committee Report and Note 3 ‘Significant accounting policies’

- **The risk** – The Company, which is a multi-class feeder fund, had invested 99.8% of its net assets at 31 December 2013 into the ordinary US Dollar, Euro and Sterling denominated Class Shares issued by Brevan Howard Global Opportunities Master Fund Limited (the “Master Fund”), which is an open ended investment company. The Company’s investment holdings in the Master Fund are valued using the respective net asset value per share class as provided by the Master Fund’s administrator. The valuation of the Company’s investment in the Master Fund, given it represents the majority of the net assets of the company, is a significant area of our audit.
- **Our response** – Our audit procedures with respect to the Company’s investment in the Master Fund included but were not limited to, obtaining the net asset value per share and holdings per share confirmations for each respective share class directly from the administrator of the Master Fund, obtaining reports and undertaking discussions on key audit findings with the auditor of the Master Fund and the examination of the Master Fund’s coterminous audited financial statements. We also considered the Company’s investment valuation policies as disclosed in Note 3 to the financial statements for compliance with accounting principles generally accepted in the United States of America.

Our application of materiality and an overview of the scope of our audit

Materiality is a term used to describe the acceptable level of precision in financial statements. Auditing standards describe a misstatement or an omission as “material” if it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The auditor has to apply judgement in identifying whether a misstatement or omission is material and to do so the auditor identifies a monetary amount as “materiality for the financial statements as a whole”.

The materiality for the financial statements as a whole was set at $30,404,000. This has been calculated using a benchmark of the Company’s net assets which we believe is the key benchmark used by members of the Company in assessing financial performance.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of $1,520,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our assessment of materiality has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Whilst the audit process is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather we plan the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant depth of work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the Recognised Auditor, to subjective areas of the accounting and reporting process.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Matters on which we are required to report by exception

Under International Standards on Auditing (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

Under the Companies (Guernsey) Law, 2008, we are required to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008 and, in respect of any further matters on which we have agreed to report, on terms we have agreed with the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibility, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

Lee C Clark
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors

26 March 2014

Audited Statement of Assets and Liabilities
As at 31 December 2013

	31.12.13 US$ '000	31.12.12 US$ '000
Assets		
Investment in BHGO	1,011,124	1,027,828
Amounts due from BHGO	–	3,231
Other debtors	117	91
Cash and bank balances denominated in US Dollars	471	2,519
Cash and bank balances denominated in Euro	921	1,163
Cash and bank balances denominated in Sterling	1,653	4,129
Total assets	**1,014,286**	**1,038,961**
Liabilities		
Loan notes payable (notes 3 and 9)	–	7,035
Management fees payable (note 4)	448	437
Accrued expenses and other liabilities	171	104
Directors' fees and expenses payable	133	130
Administration fees payable (note 4)	60	60
Total liabilities	**812**	**7,766**
Net assets	**1,013,474**	**1,031,195**
Number of shares in issue (note 5)		
US Dollar shares	11,447,780	13,171,761
Euro shares	8,987,596	2,298,992
Sterling shares	31,727,417	39,018,709
Net asset value per share (notes 7 and 10)		
US Dollar shares	US$13.12	US$12.89
Euro shares	€13.19	€13.00
Sterling shares	£13.34	£13.04

See accompanying notes to the Financial Statements.

Signed on behalf of the Board by:

Sir Michael Bunbury
Chairman

Graham Harrison
Director

26 March 2014

Audited Statement of Operations
For the year ended 31 December 2013

	01.01.13 to 31.12.13 US$ '000	01.01.12 to 31.12.12 US$ '000

Net investment loss allocated from BHGO		
Interest	15	7
Expenses	(235)	(224)
Net investment loss allocated from BHGO	**(220)**	**(217)**
Company income		
Foreign exchange gains (note 3)	17,065	38,827
Total Company income	**17,065**	**38,827**
Company expenses		
Management fees (note 4)	4,890	5,105
Other expenses	1,429	1,684
Directors' fees and expenses	505	488
Administration fees (note 4)	349	358
Total Company expenses	**7,173**	**7,635**
Net investment gain	**9,672**	**30,975**
Net realised and unrealised gains on investments allocated from BHGO		
Net realised gain on investments	31,423	22,532
Net unrealised gain on investments	5,966	63,742
Net realised and unrealised foreign exchange gain/(loss)		
– on hedging	1,197	522
– on capital (note 3)	(12,849)	(36,519)
Net realised and unrealised gains on investments allocated from BHGO	**25,737**	**50,277**
Net increase in net assets resulting from operations	**35,409**	**81,252**

See accompanying notes to the Financial Statements.

Audited Statement of Changes in Net Assets
For the year ended 31 December 2013

	01.01.13 to 31.12.13 US$ '000	**01.01.12 to 31.12.12 US$ '000**
Net increase in net assets resulting from operations		
Net investment gain	9,672	30,975
Net realised gain on investments allocated from BHGO	31,423	22,532
Net unrealised gain on investments allocated from BHGO	5,966	63,742
Net realised and unrealised foreign exchange loss allocated from BHGO	(11,652)	(35,997)
	35,409	**81,252**
Share capital transactions		
Purchase of own shares (note 5)		
US Dollar shares	(488)	(1,128)
Euro shares	(301)	(805)
Sterling shares	(11,691)	(3,522)
	(12,480)	**(5,455)**
Partial capital return		

US Dollar shares	(6,992)	(8,402)
Euro shares	(1,569)	(2,255)
Sterling shares	(32,089)	(34,310)
	(40,650)	**(44,967)**

Net (decrease)/increase in net assets	**(17,721)**	**30,830**
Net assets at the beginning of the year	**1,031,195**	**1,000,365**
Net assets at the end of the year	**1,013,474**	**1,031,195**

See accompanying notes to the Financial Statements.

Audited Statement of Cash Flows
For the year ended 31 December 2013

	01.01.13 to 31.12.13 US$ '000	**01.01.12 to 31.12.12 US$ '000**
Cash flows from operating activities		
Net increase in net assets resulting from operations	35,409	81,252
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Net investment loss allocated from BHGO	220	217
Net realised gain on investments allocated from BHGO	(31,423)	(22,532)
Net unrealised gain on investments allocated from BHGO	(5,966)	(63,742)
Net realised and unrealised foreign exchange loss allocated from BHGO	11,652	35,997
Purchase of investment in BHGO	(1,338)	–
Proceeds from sale of investment in BHGO	63,508	55,912
Interest expense on short term loan	72	–
Foreign exchange gains	(17,065)	(38,826)
(Increase)/decrease in other debtors	(27)	41
Increase in management fees payable	11	12
Increase in accrued expenses and other liabilities	67	72
Increase in Directors' fees payable	3	17
Increase in administration fees payable	–	30
Net cash provided by operating activities	**55,123**	**48,450**
Cash flows from financing activities		
Purchase of own shares	(12,480)	(5,455)
Partial capital return	(40,650)	(44,967)
Proceeds of borrowings from short term loan	14,704	7,007
Repayment of borrowings from short term loan	(21,363)	–
Interest paid on short term loan	(100)	–
Net cash used in financing activities	**(59,889)**	**(43,415)**
Change in cash	**(4,766)**	**5,035**
Cash, beginning of the year	**7,811**	**2,776**
Cash, end of the year	**3,045**	**7,811**
Cash, end of the year		
Cash and bank balances denominated in US Dollars	471	2,519
Cash and bank balances denominated in Euro	921	1,163

Cash and bank balances denominated in Sterling	1,653	4,129
	3,045	**7,811**

See accompanying notes to the Financial Statements.

Notes to the Audited Financial Statements
For the year ended 31 December 2013

1. The Company

BH Global Limited (the "Company") is a limited liability closed-ended investment company incorporated in Guernsey on 25 February 2008 for an unlimited period, with registration number 48555.

The Company was admitted to a Primary Listing on the Official List of the London Stock Exchange on 29 May 2008. As a result of changes to the UK Listing Regime, the Company's Primary Listing became a Premium Listing with effect from 6 April 2010.

As of 20 October 2008 the Company obtained a Secondary Listing on the Bermuda Stock Exchange and with effect from 11 November 2008, the US Dollar shares of the Company were admitted to a Secondary Listing on NASDAQ Dubai.

The Company offers multiple classes of ordinary shares, which differ in terms of currency of issue. To date, ordinary shares have been issued in US Dollar, Euro and Sterling.

2. Organisation

The Company's investment objective is to seek to generate consistent long-term capital appreciation through an investment policy of investing all of its assets (net of those expenses of the initial public offering borne by the Company and funds required for its short-term working capital requirements) in BHGO.

The Company is organised as a feeder fund and invests substantially all of its investable assets in the ordinary US Dollar, Euro and Sterling denominated Class A shares issued by BHGO, and, as such, the Company is directly and materially affected by the performance and actions of BHGO.

As such the accounts of the Company should be read in conjunction with the Annual Audited Financial Statements of BHGO, which can be found on the Company's website, www.bhglobal.com.

BHGO is an open-ended investment company incorporated with limited liability in the Cayman Islands on 3 March 2008. BHGO's underlying investments as at 31 December 2013 and the percentage BHGO's investment represented of the underlying fund's NAV are as follows:

Brevan Howard Master Fund Limited - 1.69%
Brevan Howard Emerging Markets Strategies Master Fund Limited - 3.51%
Brevan Howard Asia Master Fund Limited - 3.69%
Brevan Howard Credit Catalysts Master Fund Limited - 3.18%
Brevan Howard Commodities Strategies Master Fund Limited - 7.46%
Brevan Howard Systematic Trading Master Fund Limited - 16.13%
Brevan Howard Emerging Markets Local Fixed Income Leveraged Master Fund Limited - 14.81%
Brevan Howard Credit Value Master Fund Limited - 4.66%

These investment funds may invest in a wide range of geographical regions, sectors and instruments. Such instruments may include, but are not limited to, debt securities and obligations (which may be below investment grade or unrated), bank loans, listed and unlisted equities, other collective investment schemes (which may be open ended or closed ended, listed or unlisted, and which may employ leverage), currencies, commodities, futures, options, warrants, swaps, other derivative instruments and any other type of instrument or security. These funds have the ability to take short positions across the majority of these instruments. Subject to the investment restrictions disclosed in BHGO Prospectus and subsequent BHGO Directors' resolutions, the allocation of assets of BHGO among the Brevan Howard underlying funds in which it is permitted to invest is at the discretion of the Manager.

At the date of these Financial Statements, the Company is the only feeder fund investing into BHGO.

Off-balance sheet, market and credit risks of BHGO's investments and activities are discussed in the notes to the Annual Audited Financial Statements of BHGO. The Company's investment in BHGO exposes it to various types of risk, which are associated with the financial instruments and markets in which the Brevan Howard underlying funds invest. Market risk represents the potential loss in value of financial instruments caused by movements in market factors including, but not limited to, market liquidity, investor sentiment and foreign exchange rates.

The Manager
Brevan Howard Capital Management LP (the "Manager") is the Manager of the Company. The Manager is a Jersey limited partnership, the sole general partner of which is Brevan Howard Capital Management Limited, a Jersey limited company (the "General Partner"). The General Partner is regulated in the conduct of fund services business by the Jersey Financial Services Commission pursuant to the Financial Services (Jersey) Law, 1998 and the Orders made thereunder.

The Manager also manages BHGO and the Brevan Howard underlying funds.

3. Significant accounting policies

The Financial Statements which give a true and fair view, are prepared in conformity with accounting principles generally accepted in the United States of America and comply with the Companies (Guernsey) Law, 2008. The functional and reporting currency of the Company is US Dollars.

Following the results of Class Closure Resolutions (as discussed in Note 8 – Discount Management Programme), after making enquiries of the Manager and Brokers and given the nature of the Company and its investment, it is appropriate to adopt the going concern basis in preparing these Financial Statements as the Directors consider that the Company is able to continue for the foreseeable future.

The following are significant accounting policies adopted by the Company:

Valuation of investments
The Company records its investment in the Class A shares of BHGO at fair value. Fair value is determined as the Company's proportionate share of BHGO's net assets. At 31 December 2013 and 31 December 2012, the Company's US Dollar, Euro and Sterling capital account represents 100%, 100% and 100% respectively of BHGO's capital. The net asset value of BHGO is used as a measure of fair value as this is the price at which the Company may redeem its investment.

Fair value measurement
Accounting Standards Codification ("ASC") Topic 820 defines fair value as the price that the Company would receive upon selling a security in an orderly transaction to an independent buyer in the principal or most advantageous market of the security.

ASC 820 establishes a three-level hierarchy to maximise the use of observable market data and minimise the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgement.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgement by the Company's Directors (the "Board"). After consultation with the Administrator and Manager, the Board considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Board's perceived risk of that instrument.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Board's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The Board uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The valuation and classification of securities held by BHGO is discussed in the notes to BHGO's Financial Statements which are available on the Company's website, www.bhglobal.com.

Income and expenses
The Company records monthly its proportionate share of BHGO's income, expenses and realised and unrealised gains and losses. In addition, the Company accrues its own income and expenses.

Use of estimates
The preparation of Financial Statements in conformity with accounting principles generally accepted in the United States of America requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of those Financial Statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

Share issue expenses
Share issue expenses of US$10,552,146 were borne by the Company and were charged against the Share capital account at launch. In accordance with the Placing Agreement dated 28 April 2008, the Manager paid the costs and expenses of, and incidental to, the Offer (including all costs related to the establishment of the Company) (the "Offer Costs") which were in excess of 1% of the gross proceeds of the Offer. The Offer Costs paid by the Manager amounted to US$26,559,274.

Pursuant to the terms of the Management Agreement, the Company must repay to the Manager a fraction of these Offer Costs for every US Dollar by which repurchases, redemptions or cancellations of the Company's shares reduce the Current US Dollar NAV of the Company below its NAV at the time of the Company's listing, being US$1,044,631,308. The Current US Dollar NAV is calculated using the exchange rate ruling at the time of the Company's listing and at 31 December 2013 stood at US$1,174,764,164. The amount of these Offer Costs to be repaid for every US Dollar by which the Company's NAV is reduced will be up to 2.55 cents (or such lower amount as may result from any reduction in the Offer Costs actually paid by the Manager), being the figure obtained by dividing the Offer Costs by the NAV of the Company at the time of its listing. No such payments were due in respect of the current or previous years.

This provision expires on 29 May 2015. In addition, the Management Agreement requires the Company to pay the Manager an amount equal to all or part of the Offer Costs in the following circumstances: (i) payment is required in full if the Company is wound up on or before 29 May 2015, or (ii) in part if shares are redeemed as a result of a Class Closure

Resolution passed on or before 29 May 2015 (with the percentage of the Offer Costs that are repayable being equal to the percentage that the number of shares redeemed represents of the total number of the Company's shares in issue).

Any repurchases, redemptions or cancellations will be priced to take into account any fractional Offer Cost repayments and therefore ensure that continuing shareholders should not be prejudiced.

Following the Class Closure Resolution, and in the event that shares of the Euro class are redeemed, being one of the Class Closure Options available to the Euro class shareholders with results being due on 25 April 2014, the Articles of the Company require that the Company deducts from the NAV per share payable on redemption of the Euro Class shares, a fractional amount of the costs of the Class Closure Meeting and the amount payable to the Manager in partial reimbursement of the Offer Costs as a result of the Class Closure Resolution having been passed so that these costs are effectively borne by the shares that are redeemed. This means that the redemption price received by redeeming Euro Class shareholders is expected to be approximately 97% of the NAV per share on redemption.

Given the uncertainty over the number of Euro class shareholders that will opt for the redemption option and that the Directors consider it unlikely that the Management Agreement would be terminated as a whole, no provision for a contingent liability for share issue expenses has been made at 31 December 2013.

Foreign exchange
Investment securities and other assets and liabilities denominated in foreign currencies are translated into US Dollars using exchange rates at the reporting date for the purposes of an aggregated share class Statement of Operations.

The currency gain or loss arising from this translation is substantially offset by currency gains or losses allocated from BHGO.

Transactions denominated in foreign currencies are translated into US Dollars using exchange rates at the date of such transactions.

All currency gains and losses are included in the Audited Statement of Operations.

Cash and Bank Balances
Cash and bank balances comprise cash on hand and demand deposits.

Treasury shares
Where the Company purchases its own share capital, the consideration paid, which includes any directly attributable costs, is recognised as a deduction from equity shareholders' funds through the Share capital account. When such shares are subsequently sold or reissued to the market, any consideration received, net of any directly attributable incremental transaction costs, is recognised as an increase in equity shareholders' funds through the Share capital account. Where the Company cancels treasury shares, no further adjustment is required to the share capital account of the Company at the time of cancellation. Shares held in Treasury are excluded from calculations when determining NAV per share as detailed in note 7 or in the Financial Highlights in note 10.

Allocation of results of BHGO
Net realised and unrealised gains/losses of BHGO are allocated to the Company's share classes based upon the percentage ownership of the equivalent BHGO class.

Loan notes payable
Loans are classified in the Statement of Assets and Liabilities as Loan notes payable and are accounted for at amortised cost using the effective interest method.

Under a Note Purchase Agreement (note 9), the Company is obliged to pay back the total outstanding amount and all fees and expenses, reimbursements and indemnities of the relevant Issuer by the stated maturity date, unless the Note is previously terminated. Interest shall accrue daily on each Note at the applicable rate. The Company's obligations under the Agreement are secured by charges over a portion of its shares in BHGO and over its bank accounts. The purpose of the Note Purchase Agreement is to permit the Company to draw funds to finance the acquisition of the Company's own shares and for other working capital purposes. The Company paid up the utilised amounts in full on 1 November 2013.

4. Management and administration agreements

Management fee

The Company has entered into a management agreement with the Manager to manage the Company's investment portfolio. The Manager receives a management fee of 1/12 of 0.50% (or a pro rata proportion thereof) per month of the closing NAV (before deduction of that month's management fee) as at the last valuation day in each month, payable monthly in arrears. BHGO itself is not subject to management fees, however BHGO's investments are subject to management fees and operational services fees ranging in aggregate from 1% to 2.5% per annum; in addition to performance fees in certain of the underlying investments. During the year ended 31 December 2013, US$4,890,389 (2012: US$5,104,540) was charged by the Manager as management fees to the Company. At 31 December 2013, US$448,118 (2012: US$436,907) of the fee remained outstanding.

The management agreement can be terminated by either party on not less than 24 months' notice without payment of compensation, although the Company would be required to reimburse the Offer Costs if termination were to occur before 29 May 2015. The Company may terminate the management agreement forthwith by notice in the event of specified acts of default by the Manager without payment of compensation.

The Company is also entitled to terminate the management agreement without payment of compensation if a resolution is passed to wind up the Company in accordance with its discount control mechanism or if the net asset value of BHGO is more than 25 per cent lower than the average net asset value of BHGO over the previous twelve month period, although the Company would be required to reimburse the Offer Costs if termination in those circumstances were to occur before 29 May 2015.

In addition, the Company may terminate the management agreement on less than 24 months' notice without cause, but the Company must pay compensation to the Manager equivalent to the aggregate management fees that would otherwise directly or indirectly have been paid by the Company during the 24 months following notice of termination. The Company would also be required to reimburse the Offer Costs if termination in those circumstances were to occur before 29 May 2015.

Administration fee

The Company has appointed Northern Trust International Fund Administration Services (Guernsey) Limited as Administrator and Corporate Secretary. The Administrator is paid fees based on the NAV of the Company, payable monthly in arrears. The fee is at a rate of 0.03% of the first US$1 billion of net assets of the Company and then 0.01% per annum thereafter, subject to a minimum fee of £115,000 per annum. In addition to the NAV based fee the Administrator is also entitled to an annual fee of £36,000 for certain additional administration services. The Administrator is entitled to be reimbursed out-of-pocket expenses incurred in the course of carrying out its duties as Administrator.

5. Share Capital

Issued and authorised share capital

The Company was incorporated with the authority to issue an unlimited number of ordinary shares with no par value which may be divided into at least three classes denominated in US Dollars, Euro and Sterling. The treasury shares have arisen as a result of the discount management programme as described in note 8.

	US Dollar shares	Euro shares	Sterling shares
Number of ordinary shares			
In issue at 1 January 2013	**13,171,761**	**2,298,992**	**39,018,709**
Share conversions	(1,122,576)	6,803,758	(4,961,516)
Partial capital return	(559,337)	(95,854)	(1,699,545)
Purchase of own shares into Treasury	(42,068)	(19,300)	(630,231)
In issue at 31 December 2013	**11,447,780**	**8,987,596**	**31,727,417**
Number of treasury shares			
In issue at 1 January 2013	**1,267,038**	**240,748**	**3,139,947**
Shares purchased and held in Treasury during the year:			
– Tender offer	–	–	–
– On market purchases	42,068	19,300	630,231

Shares cancelled	(100,000)	(62,868)	(1,000,000)
In issue at 31 December 2013	**1,209,106**	**197,180**	**2,770,178**
Percentage of class	**9.55%**	**2.15%**	**8.03%**

Share capital account	**US$ ’000**	**€ ’000**	**£ ’000**	**Company Total US$ ’000**
At 1 January 2013	**98,892**	**11,490**	**409,363**	**885,659**
Share conversions	(14,579)	88,593	(65,247)	–
Partial capital return	(6,992)	(1,209)	(21,497)	(40,651)
Purchase of own shares into Treasury	(488)	(227)	(7,632)	(12,480)
At 31 December 2013	**76,833**	**98,647**	**314,987**	**832,528**

	US Dollar shares	**Euro shares**	**Sterling shares**
Number of ordinary shares			
In issue at 1 January 2012	**15,185,614**	**2,919,762**	**39,910,912**
Share conversions	(1,216,941)	(419,230)	1,097,436
Partial Capital Return	(695,168)	(145,765)	(1,789,795)
Purchase of own shares into treasury	(101,744)	(55,775)	(199,844)
In issue at 31 December 2012	**13,171,761**	**2,298,992**	**39,018,709**
Number of treasury shares			
In issue at 1 January 2012	**1,465,294**	**259,973**	**2,940,103**
Shares purchased and held in treasury during the year:			
– Tender offer	–	–	–
– On market purchases	101,744	55,775	199,844
Shares cancelled	(300,000)	(75,000)	–
Percentage of class	**8.78%**	**9.48%**	**7.45%**

Share capital account	**US$ ’000**	**€ ’000**	**£ ’000**	**Company Total US$ ’000**
At 1 January 2012	**123,495**	**19,164**	**419,707**	**936,081**
Share conversions	(15,073)	(5,273)	13,781	–
Partial Capital Return	(8,402)	(1,777)	(21,874)	(44,967)
Purchase of own shares into Treasury	(1,128)	(624)	(2,251)	(5,455)
Tender offer costs	–	–	–	–
At 31 December 2012	**98,892**	**11,490**	**409,363**	**885,659**

Share classes

In respect of each class of shares a separate class account has been established in the books of the Company. An amount equal to the aggregate proceeds of issue of each share class has been credited to the relevant class account. Any increase or decrease in the NAV of BHGO US Dollars shares, BHGO Euro shares and BHGO Sterling shares as calculated by BHGO is allocated to the relevant class account in the Company. Each class account is allocated those costs, pre-paid expenses, losses, dividends, profits, gains and income which the Directors determine in their sole discretion relate to a particular class.

Voting rights

Ordinary shares carry the right to vote at general meetings of the Company and to receive any dividends, attributable to the ordinary shares as a class, declared by the Company and, in a winding-up will be entitled to receive, by way of capital, any surplus assets of the Company attributable to the ordinary shares as a class in proportion to their holdings remaining after settlement of any outstanding liabilities of the Company.

As prescribed in the Company's Articles, the different classes of ordinary shares have different values attributable to their votes. The attributed values have been calculated on the basis of the Weighted Voting Calculation (as described in the Articles) which takes into account the prevailing exchange rates on the date of initial issue of ordinary shares. Currently, on a vote, a single US Dollar ordinary share has one vote, a single Euro ordinary share has 1.57465 votes and a single Sterling ordinary share has 1.97950 votes.

Treasury shares do not have any voting rights.

Repurchase of shares
The Directors have been granted authority to purchase in the market up to 1,806,798 US Dollar shares, 283,716 Euro shares and 5,659,887 Sterling shares respectively and they intend to seek annual renewal of this authority from shareholders which was last granted on 10 June 2013. The Directors may, at their discretion, utilise this share repurchase authority to address any imbalance between the supply of and demand for shares.

Under the Company's Articles, the Directors are required to convene a shareholders' meeting to consider the repurchase of a class of shares in certain circumstances. See note 9 for further details.

Further issue of shares
As approved by the shareholders at the Annual General Meeting held on 10 June 2013 (the "AGM"), the Directors have the power to issue further shares on a non pre-emptive basis for cash in respect of 1,205,336 US Dollar shares, 189,270 Euro shares and 3,775,775 Sterling shares respectively.

This power expires on the date falling fifteen months after the date of the AGM or the conclusion of the next Annual General Meeting of the Company, whichever is the earlier.

Distributions
BHGO has not previously paid dividends to its investors. Therefore, the Directors of the Company do not expect to declare any dividends. This does not prevent the Directors of the Company from declaring a dividend at any time in the future if the Directors consider payment of a dividend to be appropriate in the circumstances. If the Directors declare a dividend, such dividend will be paid on a per class basis.

As announced on 15 January 2014, the Company intends to be operated in such a manner that its shares are not categorised as non-mainstream pooled investments. This may mean that the Company pay dividends in respect of any income that it receives or is deemed to receive for UK tax purposes so that it would qualify as an investment trust if it were UK tax-resident.

Further, the Company will first apply any such income in payment of its management fees.

Treasury shares are not entitled to distributions.

Annual redemption offer
Each calendar year the Directors may, in their absolute discretion, determine that the Company should make an offer to redeem such number of shares of the Company in issue as they may determine provided that the maximum amount distributed does not exceed 100% of the increase in the NAV of the Company in the prior calendar year.

The Directors shall, in their absolute discretion, determine the particular class or classes of shares in respect of which an Annual Redemption Offer will be made, the timetable for that Annual Redemption Offer and the price at which the shares of each relevant class will be redeemed.

Whether a return of capital is made in any particular year and, if so, the amount of the return, may depend, among other things, on prevailing market conditions, the ability of the Company to liquidate its investments to fund the capital return, the success of prior capital returns and applicable legal, regulatory and tax considerations.

On 8 March 2013 the following number of each class of shares were redeemed and cancelled pursuant to the 2013 redemption offer:

559,337 US Dollar shares at a redemption price of US$12.5009, equalling a gross redemption of US$6,992,216.

95,854 Euro shares at a redemption price of €12.6093, equalling a gross redemption of €1,208,651.

1,699,545 Sterling shares at a redemption price of £12.6485 equalling a gross redemption of £21,496,694.

In light of the limited NAV appreciation during 2013 (being 2.32 percent for the Sterling Share class, 1.79 percent for the US Dollar Share class and 1.47 percent for the Euro Share class), the Directors do not propose making a partial capital return in 2014 and will focus instead on discount management through market purchases of the Company's shares, as discussed in Note 8.

Share conversion scheme

The Company has implemented a Share Conversion Scheme. The scheme provides shareholders with the ability to convert some or all of their ordinary shares in the Company of one class into ordinary shares of another class. From 31 October 2008 shareholders at the discretion of the Board have been able to convert ordinary shares on the last business day of every month. Each conversion will be based on NAV (note 7) of the share classes to be converted.

The Company announced on 13 December 2013, that in light of the Class Closure Resolution process, the Share Conversion Scheme would be suspended following the December 2013 conversion date. After the completion of the Class Closure Resolution process, the Share Conversion Scheme was reinstated for the March 2014 conversion date for the US Dollar and Sterling Shares.

6. Taxation

Overview

The Company is exempt from taxation in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989. Accordingly, no provision for Guernsey income taxes is included in these Financial Statements.

Uncertain tax positions

The Company recognises the tax benefits of uncertain tax positions only where the position is more-likely-than-not (i.e. greater than 50-percent) to be sustained assuming examination by a tax authority based on the technical merits of the position. In evaluating whether a tax position has met the recognition threshold, the Company must presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognise in the Company's Financial Statements. Income tax and related interest and penalties would be recognised by the Company as tax expense in the Statement of Operations if the tax positions were deemed to not meet the more-likely-than-not threshold.

The Company analyses all open tax years for all major tax jurisdictions. Open tax years are those that are open for examination by taxing authorities, as defined by the Statute of Limitations in each jurisdiction.

The Company identifies its major tax jurisdictions as the Cayman Islands and foreign jurisdictions where the Company makes significant investments. The Company has no examinations by tax authorities in progress.

The Board has analysed the Company's tax positions, and has concluded that no liability for unrecognised tax benefits should be recorded related to uncertain tax positions. Further, the Board is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognised tax benefits will significantly change in the next twelve months.

7. Publication and calculation of net asset value

The NAV of the Company is equal to the value of its total assets less its total liabilities. The NAV per share of each class will be calculated by dividing the NAV of the relevant share class by the number of shares of the relevant class in issue on that day.

The Company publishes the NAV per share for each class of shares as calculated by the Administrator based in part on information provided by BHGO, monthly in arrears, as at each month end.

The Company also publishes an estimate of the NAV per share for each class of shares as calculated by the Administrator based in part on information provided by BHGO, weekly in arrears.

8. Discount management programme

The Company's discount management programme includes the ability to make market purchases of shares and the obligation to propose class closure resolutions if, in any fixed discount management period (1 January to 31 December each year), the average daily closing market price of the relevant class of shares during such period is 10% or more below the average NAV per share of the relevant class taken over the 12 monthly NAV Determination Dates (generally the last business day of each month) in that fixed discount management period, as described more fully in the Company's principal documents, which are available from the Administrator on request.

On 27 February 2014, the Company convened a meeting of the shareholders of each class to vote on the Class Closure Resolutions. The shareholders of the Sterling class voted against the Class Closure Resolution and the shareholders of the Euro class voted in favour of the Class Closure Resolution. The meeting of the US Dollar class was not quorate and reconvened on 6 March 2014 at which time the shareholders voted against the Class Closure Resolution.

Following the Class Closure Resolution vote, the Company was required by the Articles of Inorporation to make the following Class Closure Options available to the shareholders of the Euro class:

(a) to redeem all or some of their shares at NAV per share less the costs and expenses of the Class Closure vote and other outstanding costs and expenses of the Company, attributable to the relevant class (including any redemption fees and repayment of Offer Costs as described in Note 3 to the Financial Statements);

(b) subject to certain limitations, to convert all or some of their shares into shares of another class; or

(c) subject to the class continuing and remaining viable, to remain in the class.

A notice of election for these Class Closure Options was sent to shareholders of the Euro class on 12 March 2014 requiring a response by 25 April 2014.

As part of the discount management programme, the Company will continue to make market purchases of its shares. The number of shares held in treasury at 31 December 2013, are as disclosed in note 6.

The Annual Redemption Offer described in note 5 which enables a partial return of capital is also part of the discount management programme, albeit the Directors do not propose making a partial capital return in 2014.

The discount management measures will be funded by partial redemptions of the Company's investment in BHGO.

9. Note Purchase Agreement

The Company is party to a Note Purchase Agreement with JP Morgan Chase Bank dated 17 August 2012 and amended on 15 August 2013, pursuant to which the Company may obtain financing of up to approximately US$50 million to be drawn down on a currency-by-currency basis, if required inter alia, to finance share buybacks pending receipt of the proceeds of redemption from its underlying investments. As at 31 December 2013, all amounts utilised under the loan agreement were fully paid up (31 December 2012: US$7,007,400 was used under the Note Purchase Agreement, with US$27,805 of loan interest payable at the year end).

10. Financial Highlights

The following tables include selected data for a single ordinary share of each of the ordinary share classes in issue at the period end and other performance information derived from the Financial Statements.

The per share amounts and ratios which are shown reflect the income and expenses of the Company for each class of ordinary share.

	31.12.13 US Dollar shares US$	**31.12.13 Euro shares €**	**31.12.13 Sterling shares £**	**31.12.12 US Dollar shares US$**	**31.12.12 Euro shares €**	**31.12.12 Sterling shares £**
Per share operating performance						
Net asset value at beginning of the year	**12.89**	**13.00**	**13.04**	**12.34**	**12.46**	**12.47**
Income from investment operations						
Net investment loss*	(0.11)	(0.04)	(0.11)	(0.11)	(0.12)	(0.10)
Net realised and unrealised gain on investment	0.33	0.21	0.39	0.64	0.63	0.65
Other capital items**	0.01	0.02	0.02	0.02	0.03	0.02

Total return	**0.23**	**0.19**	**0.30**	**0.55**	**0.54**	**0.57**
Net asset value, end of the year	**13.12**	**13.19**	**13.34**	**12.89**	**13.00**	**13.04**
Total return	**1.79%**	**1.47%**	**2.32%**	**4.44%**	**4.35%**	**4.55%**

Total return reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per ordinary share during the year ended 31 December 2013 and 31 December 2012.

	31.12.13 US Dollar shares US$ ’000	**31.12.13 Euro shares € ’000**	**31.12.13 Sterling shares £ ’000**	**31.12.12 US Dollar shares US$ ’000**	**31.12.12 Euro shares € ’000**	**31.12.12 Sterling shares £ ’000**
Supplemental data						
Net asset value, end of the year	**150,179**	**118,551**	**423,293**	**169,756**	**29,885**	**508,791**
Average net asset value for the year	**161,562**	**37,703**	**490,085**	**181,118**	**33,496**	**499,139**

	31.12.13 US Dollar shares	**31.12.13 Euro shares**	**31.12.13 Sterling shares**	**31.12.12 US Dollar shares**	**31.12.12 Euro shares**	**31.12.12 Sterling shares**
Ratio to average net assets						
Operating expense						
Company expenses ***	0.75%	0.82%	0.72%	0.78%	0.94%	0.73%
BHGO expenses****	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
	0.77%	**0.84%**	**0.74%**	**0.80%**	**0.96%**	**0.75%**
Net investment loss*	**(0.80%)**	**(0.86%)**	**(0.73%)**	**(0.78%)**	**(0.84%)**	**(0.76%)**

Operating expense and net investment loss are not annualised.

* The net investment loss figure shown above does not include net realised and unrealised gains and losses on investments allocated from BHGO.

** Included in other capital items are the discounts and premiums on conversions between share classes during the year, share buybacks and partial capital returns, as compared to the NAV per share at the beginning of the year.

*** Company expenses are as disclosed in the Audited Statement of Operations, excluding foreign exchange losses on aggregation.

**** BHGO expenses are the operating expenses of BHGO.

11. Related Party Transactions

Management fees are disclosed in note 4.
Directors’ fees are disclosed in the Directors’ Remuneration Report.
Directors’ interests are disclosed in the Corporate Governance Statement with further disclosures in the Board Members section.

12. Subsequent Events

Management has evaluated subsequent events up to 26 March 2014, which is the date that the Financial Statements were available to be issued.

On 27 February 2014, the Company convened a meeting of the shareholders of each class to vote on the Class Closure Resolutions. The shareholders of the Sterling class voted against the Class Closure Resolution and the shareholders of the Euro class voted in favour of the Class Closure Resolution. The meeting of the US Dollar class was not quorate and reconvened on 6 March 2014 at which time the shareholders voted against the Class Closure Resolution.

Following the Class Closure Resolution vote, the Company by the Articles of Incorporation was required to make the following Class Closure Options available to the shareholders of the Euro class:

(a) to redeem all or some of their shares at NAV per share less the costs and expenses of the Class Closure vote and other outstanding costs and expenses of the Company, attributable to the relevant class (including any redemption fees and repayment of Offer Costs as described in Note 3 to the Financial Statements);

(b) subject to certain limitations, to convert all or some of their shares into shares of another class; or

(c) subject to the class continuing and remaining viable, to remain in the class.

A notice of election for these Class Closure Options was sent to shareholders on 12 March 2014 of the Euro class requiring a response by 25 April 2014.

Subsequent to the year end and up to the date of this report, the Company purchased the following shares of the Company to be held as treasury shares:

Treasury shares	**Number of shares purchased**	**Cost (US$)**	**Cost (in currency)**
US Dollar shares	264,214	3,104,740	US$3,104,740
Sterling shares	353,235	7,063,499	£4,250,916

In addition to the buyback of the above shares, 200,000 US Dollar Treasury shares were also cancelled on 25 February 2014.

Following the purchase and cancellation of shares, the Company has 8,251,761 US Dollar, 29,679,925 Sterling and 13,151,076 Euro ordinary shares in issue.

No further subsequent events have occurred.

Historic Performance Summary
As at 31 December 2013

	31.12.13 US$ ’000	**31.12.12 US$ ’000**	**31.12.11 US$ ’000**	**31.12.10 US$ ’000**	**31.12.09 US$ ’000**
Net increase/(decrease) in net assets resulting from operations	**35,409**	**81,252**	**39,147**	**(13,348)**	**166,593**
Total assets	**1,014,286**	**1,038,961**	**1,000,993**	**979,050**	**992,245**
Total liabilities	**(812)**	**(7,766)**	**(628)**	**(885)**	**(732)**
Net assets	**1,013,474**	**1,031,195**	**1,000,365**	**978,165**	**991,513**
Number of shares in issue					
US Dollar shares	11,447,780	13,171,761	15,185,614	21,859,989	26,766,139
Euro shares	8,987,596	2,298,992	2,919,762	3,333,754	5,392,188
Sterling shares	31,727,417	39,018,709	39,910,912	36,417,607	31,461,725
Net asset value per share					
US Dollar shares	US$13.12	US$12.89	US$12.34	US$11.79	US$11.61
Euro shares	€13.19	€13.00	€12.46	€11.86	€11.66
Sterling shares	£13.34	£13.04	£12.47	£11.92	£11.73

Affirmation of the Commodity Pool Operator
31 December 2013

To the best of my knowledge and belief, the information detailed in this Annual Report and these Audited Financial Statements is accurate and complete:

Name: David Barton
Title: Head of Legal and Authorised Signatory

Brevan Howard Capital Management Limited as general partner of Brevan Howard Capital Management LP, the manager and commodity pool operator of BH Global Limited

26 March 2014

Glossary of Acronyms
Detailed below are the underlying funds and their acronyms used within this report:

BHGO	Brevan Howard Global Opportunities Master Fund Limited
BHMF	Brevan Howard Master Fund Limited
BHA	Brevan Howard Asia Master Fund Limited
BHEMS	Brevan Howard Emerging Markets Strategies Master Fund Limited
BHCC	Brevan Howard Credit Catalysts Master Fund Limited
BHCS	Brevan Howard Commodities Strategies Master Fund Limited
BHST	Brevan Howard Systematic Trading Master Fund Limited
BEL	Brevan Howard Emerging Markets Local Fixed Income Leveraged Master Fund Limited
BHCV	Brevan Howard Credit Value Master Fund Limited

Management and Administration

Directors

Sir Michael Bunbury* (Chairman) (appointed 1 January 2013)
Lord Turnbull (resigned as Chairman on 1 January 2013)
John Hallam* (Senior Independent Director)
Graham Harrison*
Talmai Morgan
Nicholas Moss*
Stephen Stonberg
(All Directors are non-executive)

* *These Directors are independent for the purpose of LR15.2.12-A.*

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For the latest information
www.bhglobal.com

The Audited Report and Financial Statements of BH Global Limited and the Audited Financial Statements of Brevan Howard Global Opportunities Master Fund Limited will shortly be available on BH Global's website www.bhglobal.com