

BREVAN HOWARD

BH GLOBAL LIMITED
MONTHLY SHAREHOLDER REPORT:
MAY 2017

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BH Global Limited

Manager:

Brevan Howard Capital Management LP ("BHCM")

Administrator:

Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust")

Joint Corporate Brokers:

J.P. Morgan Cazenove
Canaccord Genuity Ltd.

Listings:

London Stock Exchange (Premium Listing)
NASDAQ Dubai - USD Class (Secondary Listing)
Bermuda Stock Exchange (Secondary Listing)

Overview:

BH Global Limited ("BHG") is a closed-ended investment company, registered and incorporated in Guernsey on 25 February 2008 (Registration Number: 48555).

Prior to 1 September 2014, BHG invested all its assets (net of short-term working capital) in Brevan Howard Global Opportunities Master Fund Limited ("BHGO"). With effect from 1 September 2014, BHG changed its investment policy to invest all its assets (net of short-term working capital) in Brevan Howard Multi-Strategy Master Fund Limited ("BHMS" or the "Fund") a company also managed by BHCM.

BHG was admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange on 29 May 2008.

BHMS has the ability to allocate capital to investment funds and directly to the underlying traders of Brevan Howard affiliated investment managers. The Direct Investment Portfolio (the "DIP") is the allocation of BHMS' assets to (i) individual trading books and (ii) Brevan Howard AH Master Fund Limited ("BHAH"). The BHMS allocations are made by an investment committee of BHCM who draw upon the resources and expertise of the entire Brevan Howard group

Total Assets: \$459 mm¹

1. As at 31 May 2017 by BHG's administrator, Northern Trust.

Summary Information

BH Global Limited NAV per share (as at 31 May 2017)

Shares Class	NAV (USD mm)	NAV per Share
USD Shares	50.8	14.23
GBP Shares	408.1	14.32

BH Global Limited NAV per Share* % Monthly Change

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
2014	-0.98	-0.04	-0.26	-0.45	0.90	0.70	0.60	0.05	1.56	-0.75	0.71	0.44	2.49
2015	3.37	-0.41	0.35	-1.28	1.03	-1.49	-0.06	-1.56	-0.58	-0.67	3.06	-3.31	-1.73
2016	0.82	1.03	-0.83	-0.66	0.28	1.71	0.13	0.10	-0.23	0.47	3.62	0.82	7.42
2017	0.22	0.92	-0.99	-0.10	0.26								0.29

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
2014	-0.97	-0.14	-0.33	-0.30	0.56	0.48	0.42	0.03	1.85	-0.76	0.78	0.48	2.09
2015	3.48	-0.34	0.33	-1.26	1.18	-1.50	-0.03	-1.44	-0.64	-0.79	3.02	-3.16	-1.32
2016	0.91	1.08	-1.04	-0.65	0.24	1.46	0.13	-0.14	-0.34	0.59	3.28	0.96	6.60
2017	0.16	0.87	-1.15	-0.04	0.10								-0.06

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Source: Fund NAV data is provided by the administrator of BHMS, International Fund Services (Ireland) Limited ("IFS"). BHG NAV and NAV per Share data is provided by BHG's administrator, Northern Trust. BHG NAV per Share % Monthly Change calculations are made by BHCM. BHG NAV data is unaudited and net of all investment management and performance fees and all other fees and expenses payable by BHG. NAV performance is provided for information purposes only. Shares in BHG 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 BHG).

Data as at 31 May 2017.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

ASC 820 Asset Valuation Categorisation*

Brevan Howard Multi-Strategy Master Fund Limited

Unaudited as at 31 May 2017

	% of Gross Market Value* on a non-look through basis
Level 1	63.7
Level 2	18.0
Level 3	2.1
At NAV	16.2

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

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

Level 1: This represents the level of assets in the portfolio which are priced using unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: This represents the level of assets in the portfolio which are priced using either (i) quoted prices that are identical or similar in markets that are not active or (ii) model-derived valuations for which all significant inputs are observable, either directly or indirectly in active markets.

Level 3: This represents the level of assets in the portfolio which are priced or valued using inputs that are both significant to the fair value measurement and are not observable directly or indirectly in an active market.

At NAV: This represents the level of assets in the portfolio that are invested in other funds and priced or valued at NAV as calculated by IFS.

	% of Gross Market Value* on a look through basis
Level 1	70.5
Level 2	28.0
Level 3	1.5

Source: BHCM

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

Level 1: This represents the level of assets in the portfolio which are priced using unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: This represents the level of assets in the portfolio which are priced using either (i) quoted prices that are identical or similar in markets that are not active or (ii) model-derived valuations for which all significant inputs are observable, either directly or indirectly in active markets.

Level 3: This represents the level of assets in the portfolio which are priced or valued using inputs that are both significant to the fair value measurement and are not observable directly or indirectly in an active market.

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

Monthly, quarterly and annual contribution (%) to the performance of BHG USD Shares (net of fees and expenses) by asset class*

	Rates	FX	Commodity	Credit	Equity	Discount Management	TOTAL
May 2017	-0.37	0.20	-0.08	0.17	0.11	0.23	0.26
Q1 2017	0.88	-2.22	-0.16	1.31	0.26	0.08	0.14
QTD 2017	-0.56	-0.15	-0.10	0.55	0.18	0.23	0.16
YTD 2017	0.32	-2.37	-0.25	1.86	0.44	0.31	0.29

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

*Data as at 31 May 2017

Monthly, quarterly and annual figures as at 31 May 2017, based on performance data for each period provided by BHG's administrator, Northern Trust. Figures rounded to two decimal places.

Methodology and Definition of Contribution to Performance:

Attribution by asset class is produced at the instrument level, with adjustments made based on risk estimates.

The above asset classes are categorised as follows:

"Rates": interest rates markets

"FX": FX forwards and options

"Commodity": commodity futures and options

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

"Equity": equity markets including indices and other derivatives

"Discount Management": buyback activity for discount management purposes

Monthly, quarterly and annual contribution (%) to the performance of BHG USD Shares (net of fees and expenses) by strategy group*

	Macro	Systematic	Rates	FX	Equity	Credit	EMG	Commodity	Discount Management	TOTAL
May 2017	-0.29	0.02	0.08	0.00	-0.00	0.18	0.03	-0.00	0.23	0.26
Q1 2017	-0.91	-0.15	-0.06	-0.14	-0.00	1.10	0.27	-0.00	0.08	0.14
QTD 2017	-0.88	0.02	0.15	0.01	-0.00	0.56	0.08	-0.00	0.23	0.16
YTD 2017	-1.78	-0.13	0.08	-0.14	-0.00	1.66	0.35	-0.00	0.31	0.29

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

* Data as at 31 May 2017

Monthly, quarterly and annual figures as at 31 May 2017, based on performance data for each period provided by BHG's administrator, Northern Trust. Figures rounded to two decimal places.

Methodology and Definition of Contribution to Performance:

Strategy Group Attribution is approximate and has been derived by allocating each underlying trader book to a single category. In cases where a trader book has activity in more than one category, the most relevant category has been selected.

The above strategies are categorised as follows:

"Macro": multi-asset global markets, mainly directional (for BHG, the majority of risk in this category is in rates)

"Systematic": rules-based futures trading

"Rates": developed interest rates markets

"FX": global FX forwards and options

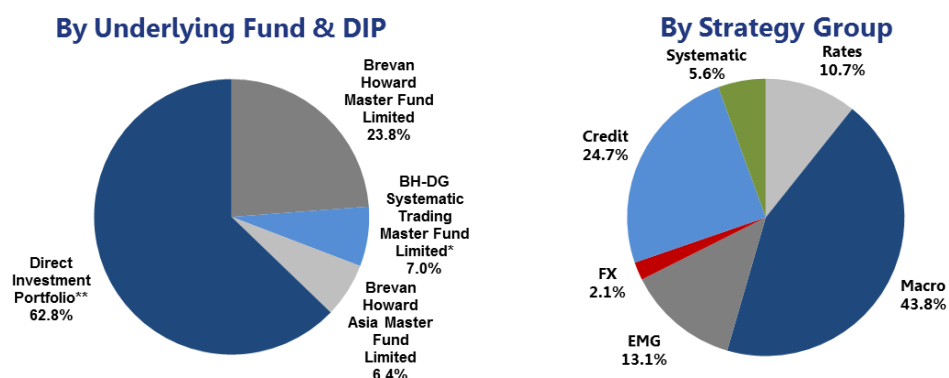
"Equity": global equity markets including indices and other derivatives

Portfolio Update for BHG

“**Credit**”: corporate and asset-backed indices, bonds and CDS
 “**EMG**”: global emerging markets
 “**Commodity**”: liquid commodity futures and options
 “**Discount Management**”: buyback activity for discount management purposes

The information in this section has been provided to BHG by BHCM

Allocations of BHMS as at 31 May 2017 (allocations subject to change):



Source: BHCM; figures rounded to one decimal place. Sum may not total 100% due to rounding.

*Known as Brevan Howard Systematic Trading Master Fund Limited prior to 8 April 2016.

** Prior to 3 April 2017, Alan Howard’s trading in the DIP was effected via an allocation to an individual trading book managed by Mr Howard. From 3 April 2017, this was replaced by an allocation to BHAH, a fund which is solely managed by Mr Howard.

Methodology and Definition of Allocation by Strategy Group:

Strategy Group allocation is approximate and has been derived by allocating each trader book in the underlying funds and in the DIP to a single category. In cases where a trader book has activity in more than one category, the most relevant category has been selected.

The above strategies are categorised as follows:

“**Macro**”: multi-asset global markets, mainly directional (for the Fund, the majority of risk in this category is in rates)

“**Systematic**”: rules-based futures trading

“**Rates**”: developed interest rates markets

“**FX**”: global FX forwards and options

“**Credit**”: corporate and asset-backed indices, bonds and CDS

“**EMG**”: global emerging markets

BHG Exposures by Asset Class as at 31 May 2017 (exposures subject to change):

Asset Class	VaR** by asset class as a % of total VaR
IR	24
Vega	14
Equity	12
Credit	8
FX	39
Commodity	3

Source: BHCM; figures rounded to the nearest whole number.

Monthly Performance Review for BHG

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

BHG Monthly Commentary

The NAV per share of BHG's USD shares appreciated 0.26% and the NAV per share of BHG's GBP shares appreciated by 0.10% in May 2017.

Monthly Performance of BHMS Underlying Allocations*

Investment	Rates	FX	Equity	Commodity	Credit	May 2017 Total	YTD Total
Brevan Howard Master Fund Limited Class Z (USD)**	-0.52%	0.09%	-0.01%	-0.04%	-0.01%	-0.49%	-2.81%
Brevan Howard Asia Master Fund Limited (USD)**	-0.21%	0.66%	-0.06%	0.05%	0.00%	0.43%	-1.34%
BH-DG Systematic Trading Master Fund Limited Class Z (USD)**	-0.00%	-0.43%	1.73%	-0.94%	0.00%	0.35%	-1.38%
Direct Investment Portfolio	-0.40%	0.32%	0.01%	-0.00%	0.37%	0.29%	2.41%

*As at 31 May 2017

** The USD currency class of each fund is used as a proxy for the performance of each of the funds; BHMS also invests in other currency classes of the funds.

Source: Data for the funds in which BHMS invests in is provided by their respective administrators, calculations by BHCM.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

Brevan Howard Master Fund Limited ("BHMF")

The NAV per share of BHMF Class Z USD shares depreciated by 0.49% in May. Losses stemmed mainly from interest rate trading and were driven by directional positions in the US, relative value trading in European sovereign bonds and volatility positioning in the US and Japan. These were partially offset by gains in US basis and curve trading as well as by GBP and emerging market directional trading. FX trading gains in EUR, JPY and emerging markets, were largely offset by small losses in other crosses, while very small losses were incurred in option positioning in crude oil.

Brevan Howard Asia Master Fund Limited ("BHA")

The NAV per share of BHA Ordinary USD shares appreciated by 0.43% in May. Gains in FX and to a much lesser extent commodity trading were partially offset by losses in interest rate trading. FX gains resulted from relative value curve trading of forward FX points in CNH as well as from directional positioning in a variety of currencies including EUR, JPY and CHF. The losses in interest rate trading came from curve positioning in the US, Korea and India as well as from volatility positioning in the US and Korea. The small commodity gains came from tactical positioning in oil and gold.

BH-DG Systematic Trading Master Fund Limited ("BHDGST")

The NAV per share of BHDGST Class Z USD shares appreciated by 0.35% in May. Overall, equity indices added 1.72% to gross returns for the month, with the largest contributions coming from long positions in the FTSE 100 and NASDAQ. Fixed income markets sold off at the start of the month, causing BHDGST to experience losses on its long positioning. BHDGST responded by cutting risk, and bond exposure briefly went short, before returning to a long position in bond futures and increasing its long exposure to short-term interest rates as markets rallied during the

latter part of the month. Across the whole month, returns from interest rate products were broadly flat. In foreign exchange markets, BHDGST made gains from a long position in the Euro as it rallied against the USD, but a long position in the Brazilian Real was the worst performing individual market for the month as the currency plummeted on political turmoil. Energy markets continued to be characterised by range-bound trading and sharp reversals and was the worst-performing sector for the month. BHDGST added to its short positions as markets sold off at the start of the month, before reversing positions to a long exposure as markets bounced back, and then cutting risk once more when energies sold off towards the end of the month.

Direct Investment Portfolio (“DIP”)

In May the DIP appreciated by 0.29%. Gains in credit and FX were partly offset by losses in interest rates trading. In FX, the bulk of the gains arose from short exposure to the USD against the EUR and JPY. In credit, gains came from a number of areas. In single name corporate credits, long positions outperformed short index hedges. On the asset backed side CMBS had another good month, while non-agency RMBS returns were more muted but still positive. Agency trading and emerging market credit were also positive contributors. In emerging markets tactically long positions in Turkey initiated after the referendum generated gains. In addition, gains arose from Brazilian exposures, where asset prices partly recovered during the second half of the month. In interest rates, the bulk of the losses were generated in EUR relative value positions and positioning for higher USD rates. A part of the losses was offset by gains from steepening trades in USD as well as long from exposures in South Africa and India as inflation surprised to the downside in both places.

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

Manager’s Market Review and Outlook

US

Investors focused on the slowdown in core inflation in May. After having moved up over the past two years, core consumer price inflation slowed markedly from 2.3% to 1.7% in the last three months. Much of the drop owes to presumably one-time declines in cell phone prices and volatile transitory factors. Regardless of the reasons, investors were unnerved after having thought that President Trump’s policy agenda would lead to higher inflation. The Federal Reserve’s assessment was more sober, reflecting a detailed understanding of the incoming data as well as the expectation that inflation would firm toward its 2% target only slowly over the next two years.

The disconnect between the market and the Fed was the most remarkable feature of the last Federal Open Market Committee meeting, when the Fed delivered a hawkish rate hike while the market expected a dovish message. Chair Yellen raised rates for the third quarter in a row, the policy makers pointed to continued gradual rate increases, and the Committee set in motion plans to begin shrinking its supersized balance sheet this year.

Against this backdrop, growth was on track to strengthen in the second quarter. Real consumption spending is growing moderately after a soft reading in the first quarter. Business fixed investment appeared to be on track for another gain while housing investment took a breather in the past couple of months. After having accounted for much of the disappointment in real GDP growth in the first quarter, inventory accumulation was poised to swing to a positive contribution.

The unemployment rate declined to 4.3% in May, a new low in the business cycle

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and the best reading since 2001. Broader measures of labour market slack such as the closely watched U-6 (covers the percentage of the labour force that is unemployed, underemployed and discouraged) are improving even faster. U-6 has plunged a full percentage point since the start of the year and is now basically back to normal. Meanwhile, wages are growing at a modest pace, in line with the weak trend in productivity and because they react with a lag to the tighter labour market. Employment growth slowed in recent months but remains well above the estimated pace that will continue to put downward pressure on the unemployment rate.

The President's legislative agenda is slowly making its way through Congress. The Senate has sped up consideration of its health care plan. Once that is out of the way, Congress will turn its attention to next fiscal year's budget and tax cuts. However, another fight over spending levels and the debt limit looms at the end of the summer.

UK

Additional signs of a gradual slowdown in the UK economy emerged over the past month; Q1 GDP growth was revised down to 0.2% q/q from its initial estimate of 0.3% q/q. House prices continued to slow in year-on-year terms on the Halifax and Nationwide metrics. While retail sales rebounded in April, surveys suggested that the rebound was temporary, possibly caused by Easter, and that retail sales would resume their slowdown in the coming months. After surging around the turn of the year, the annual growth rate of industrial production ("IP") turned negative in April. Car registrations have fallen substantially in recent months, while the Purchasing Managers' Index ("PMI") has moderated, suggesting weak hand-off in growth to Q2. This broad slowdown is not unexpected; the Sterling-induced rise in inflation has started to eat into real incomes, reducing households' real purchasing power. While the weaker currency should simultaneously provide a boost to exports, the uncertainty around Brexit and the future trading relationship between the UK and the EU is likely to put a lid on investment in production capacities.

Inflation remains on the rise, as the past depreciation of the currency continues to feed through to consumer prices. Headline and core inflation moved up to 2.9% y/y and 2.6% y/y, respectively, in May. Headline inflation had last been this high in 2013 and core inflation has hit the highest level since 2012. So far, the rise in inflation has not led to the emergence of second-round effects; inflation expectations remain in line with their historical ranges, and wage growth has slowed in recent months. This should give the majority of the Bank of England's ("BoE") Monetary Policy Committee ("MPC") some confidence that it can look through the Sterling-induced rise in inflation without having to tighten monetary policy. However, for three members of the Committee – Kristin Forbes, Michael Saunders and Ian McCafferty – the time was already ripe in June for removing part of the stimulus injected last August, resulting in a 5-3 vote to keep rates unchanged, as slack in the labour market had continued to diminish and weaker consumption looked to be offset by growth in business investment and net trade. It was Kristin Forbes' last meeting, as her term expires at the end of June. A successor is yet to be named.

While the 5-3 vote came as a hawkish surprise, as the consensus had expected a 7-1 vote for unchanged policy, the unexpected outcome of the General Election is likely to prove more consequential; the Conservative Party lost its absolute majority in Parliament and is now dependent on a confidence and supply arrangement with the Northern Irish Democratic Unionist Party ("DUP"). Back in mid-April, when Prime Minister Theresa May called the snap election, the Tory lead over Labour had been as wide as 22 points in opinion polls, only to gradually tighten as the Election Day approached. The closer-than-expected outcome has prompted a debate within the

Conservative Party, but also among the wider public, about the right approach to Brexit and the sustainability of austerity.

EU

Euro area Q1 GDP was revised up to 0.6% q/q from the initial 0.5% flash estimate, corroborating the message of strong Q1 PMI data and taking the annual growth rate back up to 1.9% y/y (the same as in Q4 2015) from 1.8% y/y in Q4 2016. The May composite PMI (56.8) remained at its strongest level since April 2011 (57.8) while the IFO business climate index (114.6 in May) hit its strongest since the pan-German series began in the early 1990s on a record-high assessment of the current situation. The strengthening recovery has resulted in the euro area unemployment rate continuing to decline to 9.3%, now down 0.9pp from a year ago and the lowest since the same rate in February 2009. However, the ECB continues to recognise there may still be a high degree of labour market slack over and above that suggested by the unemployment rate, accounting for subdued wage growth and underlying inflation. Euro area negotiated wage growth edged up only slightly in Q1 2017, as expected, to 1.5% y/y from 1.4% y/y in Q4 2016, after averaging just 1.4% for the whole of 2016 - the slowest annual growth rate since 1991. Headline inflation in the euro area fell back to 1.4% y/y in May from 1.9% in April, as the Easter effect was unwound, pulling down core inflation to 0.9% from 1.2% in April. Looking ahead, euro area Harmonised Index of Consumer Prices ("HICP") inflation is expected to ease further in June, before settling at levels of around 1.2-1.3% y/y in the second half of the year. Core inflation is likely to remain around 1% in the coming months, before accelerating slightly to 1.2-1.3% y/y by the end of the year, still falling slightly short of the ECB's forecast for a quicker pick-up, as the weakness in wages will continue to weigh on core inflation. Underlying inflation remains the main argument of the ECB reaction function and the ECB Governing Council continues to note that so far, measures of underlying inflation continue to remain subdued and hence a very substantial degree of monetary accommodation is still needed. The latest ECB press conference was overall dovish: although the growth risk assessment was upgraded from "downward" to "broadly balanced" (for the first time since August 2011), the GDP forecast was upgraded by 0.1pp across the board and the rate easing bias in the forward guidance (i.e. reference to "or lower" rates) was removed, a number of dovish factors were kept unchanged or stepped up. For instance, the HICP inflation forecast was revised down significantly (2017 by 0.2pp to 1.5%, 2018 by 0.3pp to 1.4% and 2019 by 0.1pp to 1.6%), not only on the back of lower oil and food prices, but also via a lower core inflation forecast. The quantitative easing ("QE") bias (i.e. the option to step up QE if necessary: a key ingredient of the ECB reaction function) as well as the sequencing between QE and rates were kept unchanged in the forward guidance, and the Governing Council did not discuss tapering and its possible announcement in September.

China

Activity data was mixed in May. The official PMI was unchanged to print 51.2, and the Caixin PMI weakened from 50.3 for April to 49.6 in May. Fixed Asset Investment growth was 8.6% for May down from 8.9% in April. IP growth was 6.5% for May which was unchanged from April. Retail sales recorded 10.7% growth y/y in May, also unchanged from April's number. Inflation ticked up again to 1.5% from 1.2% prior. Producer prices however did tick down from the prior month to be 5.5% for May. On the external side export data improved a little to 8.7% y/y for May and imports had further gains to 14.8% y/y up from 11.9%. The seven day repo rate was 3.34% for May on average compared to 3.31% for April.

Japan

The theory underlying yield curve control is that investors should take the Bank of Japan's ("BoJ") commitment seriously and look forward. As the economy tightens and inflation is pressured upward, holding the 10-year Japanese Government Bond rate "around zero" would mean an even higher rate of monetary policy accommodation.

Many were sceptical that the BoJ would hold to its policy when pressures started to build and it had to ramp up asset purchases to control rates. It was assumed that it would keep the narrative going as long as the pressures were relatively moderate. Instead, there has been increasing chatter about how the BoJ will communicate that it has started to think about exit strategies. This is reminiscent of United States monetary policy several years ago when Reserve Bank Presidents prematurely started talking about exit strategies when the Federal Reserve was years away from hiking rates. That needlessly tightened financial conditions and counteracted the effectiveness of policy accommodation in place. The yen has appreciated against the dollar somewhat in response. More importantly, if investors come to seriously question the BoJ's commitment to its yield curve control policy, it will become much more difficult for the BoJ to control long rates.

BoJ policy has been somewhat successful. Real GDP has been rising a little faster than potential output for a while now, with GDP up 1.25% over the four quarters ending the first quarter of 2017. IP has been climbing rapidly for a year.

Prices, on the other hand, have done nothing for a year and a half. After showing a pick-up in the middle of 2015, prices have slipped a little on balance since then. Tokyo prices excluding food and energy moved up 0.2% in May, a sizeable gain for this index but all that does is offset a similar-sized decline in March. The next time it publishes projections, the BoJ will likely push back the time it reaches its 2% goal. Although, with exit talk already picking up, the BoJ will eventually have to confront the question of whether it should continue to aim that high.

Enquiries

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Important Legal Information and Disclaimer

Brevan Howard Capital Management LP (“BHCM”) has supplied certain information herein regarding BHG, BHMS and the funds which BHMS invests, or has invested, in (together the “Funds”).

The material relating to the Funds included in this report is provided for information purposes only, does not constitute an invitation or offer to subscribe for or purchase shares in the Funds and is not intended to constitute “marketing” of the Funds as such term is understood for the purposes of the Alternative Investment Fund Managers Directive as it has been implemented in states of the European Economic Area. This material is not intended to provide a sufficient basis on which to make an investment decision. Information and opinions presented in this material relating to the Funds have been obtained or derived from sources believed to be reliable, but none of the Funds or BHCM make any representation as to their accuracy or completeness. Any estimates may be subject to error and significant fluctuation, especially during periods of high market volatility or disruption. Any estimates should be taken as indicative values only and no reliance should be placed on them. Estimated results, performance or achievements may materially differ from any actual results, performance or achievements. Except as required by applicable law, the Funds and BHCM expressly disclaim any obligations to update or revise such estimates to reflect any change in expectations, new information, subsequent events or otherwise.

Tax treatment depends on the individual circumstances of each investor in BHG and may be subject to change in the future. Returns may increase or decrease as a result of currency fluctuations.

You should note that, if you invest in BHG, your capital will be at risk and you may therefore lose some or all of any amount that you choose to invest. This material is not intended to constitute, and should not be construed as, investment advice. All investments are subject to risk. You are advised to seek expert legal, financial, tax and other professional advice before making any investment decisions.

THE VALUE OF INVESTMENTS CAN GO DOWN AS WELL AS UP. YOU MAY NOT GET BACK THE AMOUNT ORIGINALLY INVESTED AND YOU MAY LOSE ALL OF YOUR INVESTMENT. PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE RESULTS.

Risk Factors

Acquiring shares in BHG may expose an investor to a significant risk of losing all of the amount invested. Any person who is in any doubt about investing in BHG (and therefore gaining exposure to BHMS and the investment funds in which BHMS invests (together with BHMS "the Underlying Funds")) should consult an authorised person specialising in advising on such investments. Any person acquiring shares in BHG must be able to bear the risks involved. These include the following:

- The Underlying Funds are speculative and involve substantial risk.
- The Underlying Funds will be leveraged and will engage in speculative investment practices that may increase the risk of investment loss. The Underlying Funds may invest in illiquid securities.
- Past results of each Underlying Fund's investment manager(s) are not necessarily indicative of future performance of that Underlying Fund, and that Underlying Fund's performance may be volatile.
- An investor could lose all or a substantial amount of his or her investment.
- An investment manager may have total investment and trading authority over an Underlying Fund and each Underlying Fund is dependent upon the services of its investment manager(s).
- Investments in the Underlying Funds are subject to restrictions on withdrawal or redemption and should be considered illiquid.
- The investment managers' incentive compensation, fees and expenses may offset an Underlying Fund's trading and investment profits.
- No Underlying Fund is required to provide periodic pricing or valuation information to investors with respect to individual investments.
- The Underlying Funds are not subject to the same regulatory requirements as mutual funds.
- A portion of the trades executed for the Underlying Funds may take place on foreign markets.
- The Underlying Funds are subject to conflicts of interest.
- Each Underlying Fund is dependent on the services of certain key personnel, and, were certain or all of them to become unavailable, an Underlying Fund may prematurely terminate.
- Each Underlying Fund's managers will receive performance-based compensation. Such compensation may give such managers an incentive to make riskier investments than they otherwise would.
- An Underlying Fund may make investments in securities of issuers in emerging markets. Investment in emerging markets involve particular risks, such as less strict market regulation, increased likelihood of severe inflation, unstable currencies, war, expropriation of property, limitations on foreign investments, increased market volatility, less favourable or unstable tax provisions, illiquid markets and social and political upheaval.

The above summary risk factors do not purport to be a complete description of the relevant risks of an investment in shares in BHG or the Underlying Funds and therefore reference should be made to publicly available documents and information.