

BH Macro Limited
Interim Report and Unaudited Financial
Statements 2016

INTERIM REPORT AND UNAUDITED
FINANCIAL STATEMENTS
30 June 2016

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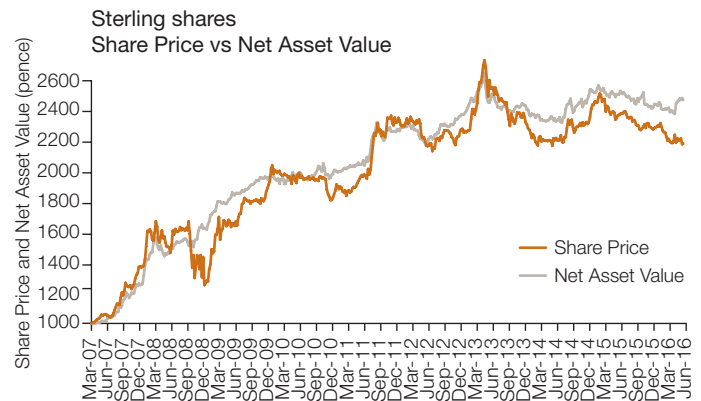
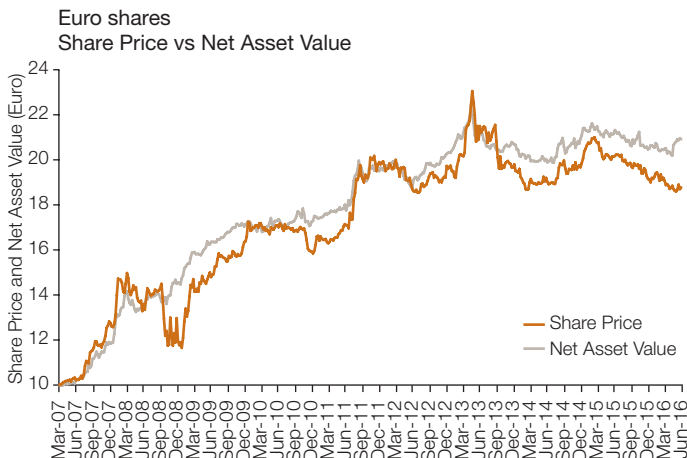
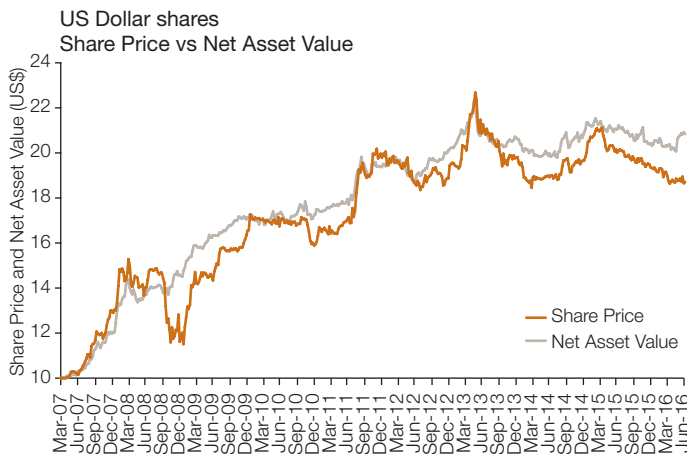
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Chairman's Statement

Markets in the first half of 2016 were marked by periods of convulsion – notably the steep fall, and subsequent recovery, in equity markets in the first quarter, and abrupt adjustments in response to the result of the UK referendum on EU membership in June. But underlying macroeconomic trends remained essentially on hold, reflecting uncertainty about the future course of the major economies: expectations of further rises in US interest rates were deferred; prospects for the UK economy were obscured by the referendum; and the impact of monetary easing in the Eurozone and Japan was unclear.

Against this background, there were tactical opportunities for short-run trading gains, but no trend movements that might offer more significant returns for macro-trading strategies. As a result, Brevan Howard Master Fund Limited (the “Master Fund”), in which, in line with its stated purpose, the Company invests all of its assets (net of working capital), remained primarily focused on preserving investors’ capital, ending the half-year with a slight fall over the six months. The report by the Company’s manager, Brevan Howard Capital Management LP (the “Manager”), later in this Interim Report describes the Master Fund’s performance in more detail.



This relatively flat performance, coming after two previous years of similar performance, saw the discounts on the Company’s shares begin to widen from the middle of 2015 to around 5% (on the sterling shares). In response, in order to moderate the discounts in line with its stated discount management policy, the Company resumed market purchases of its shares in the middle of 2015. In the second half of 2015, purchases totalled the equivalent of US\$140 million (around 8% of the Company’s total net asset value (“NAV”) of the equivalent of US\$1.75 billion at end-June 2015). Purchases in the first three months of 2016 were made on a somewhat larger scale, with the equivalent of US\$116 million being purchased (around 8% of the Company’s total NAV of the equivalent of US\$1.49 billion at end-December 2015).

With the scale of buy-backs thus increasing, the Board determined that it would be appropriate to provide shareholders with an opportunity for more liquidity than was offered by on-market purchases. Accordingly, on 5 April 2016 the Company announced a tender offer to acquire up to 25% of the Company’s shares at discounts ranging from 4% to 8%. The purpose of the tender was to permit those Shareholders who wished to realise some (or possibly all) of their investment in the Company to do so, subject to the terms of the tender offer, while also offering potential enhancements to the Company’s NAV for Shareholders who remained invested in the Company. The discounts were set taking account of both the approximate discounts to NAV at which the Company’s shares had traded in the past 12 months and the Company’s probable liquidation value.

The tender, which was completed in late June 2016, was oversubscribed: tenders of sterling and euro shares at discounts of 8%, 7% and 6% were accepted in full, and at 5% in part; tenders of dollar shares at discounts of 8% and 7% were accepted in full, and at 6% in part. Shares purchased in the tender have been cancelled.

As was intended, the tender was NAV-accretive for Shareholders who remained invested in the Company after the tender, resulting in an uplift for continuing Shareholders of approximately 50 pence (2.38%) for the NAV per share of sterling shares, 50 cents (2.52%) for the dollar shares, and 43 euro cents (2.14%) for the euro shares. Subsequent to the tender, the discounts on the Company’s shares widened to around 10%, but the Company has resumed

Chairman's Statement *continued*

market purchases and intends to continue discount management actions when necessary so that as far as possible the share prices properly reflect the Company's underlying performance and prospects. Total purchases during the first half of 2016, including in the tender, amounted to the equivalent of US\$419 million, of which the equivalent of US\$286 million was purchased in the tender and the equivalent of US\$133 million in market purchases. Authority for market purchases was renewed at an EGM in February 2016 and again at the Company's AGM in June 2016.

As a result of the uplift in NAV accruing to continuing shareholders, the Company's NAV performance over the half year as a whole was positive, showing a gain of 1.64% in NAV per share (on the sterling shares). Looking over a longer period, through the investment it provides in the Master Fund, whose stated objective has been, and remains, to seek to generate consistent long-term appreciation through active leveraged trading and investment on a global basis, the Company has an established track record of preserving Shareholders' capital and achieving positive returns, uncorrelated with other markets and with low volatility. Over the nine years since its launch in 2007, the Company has more than doubled its NAV (a gain of 115.6% on the sterling shares) and has achieved an annualised rate of return of 7.30% with an annualised Sharpe ratio of 0.90. Moreover, the Company's assets remain substantial, with NAV totalling the equivalent of US\$957 million at end-June 2016, making it one of the largest single-manager hedge funds listed on the London Stock Exchange. The listing of the Company's shares on the Main Market of the London Stock Exchange continues to provide an active market for Shareholders to trade shares. The sterling shares have maintained their place in the FTSE 250 and the Company has also maintained its listings in Dubai and Bermuda.

The Board maintains regular dialogue with the Company's Manager, to review the Master Fund's trading strategies and risk exposures and to satisfy itself that the Manager's analytical, trading and risk management capabilities are being maintained to a high standard. The Board holds extended discussions with the Manager at each of its quarterly Board meetings, supplemented by additional contacts with the Manager at intervals during the year. One Board meeting a year is held in Brevan Howard's head office in Jersey in order to maintain first-hand contact with the Manager's team there; and Directors hold periodic briefing meetings with Brevan Howard's trading teams in Geneva and New York. From all these contacts, the Board continues to believe that the management of the Master Fund remains of a very high standard.

The Company and its Manager have continued to pursue an active programme for public communication and investor relations. Regular communication is maintained with Shareholders and presentations are made to keep analysts, financial journalists and the wider investment community informed of the Company's progress. To supplement this programme, an extended presentation for professional investors was held in London on 7 April 2016. Up-to-date performance information is provided through NAV data published monthly on a definitive basis and weekly on an estimated basis, as well as through monthly risk reports and shareholder reports. All these reports and further information about the Company are available on its website (www.bhmacro.com).

The Directors are very closely focused on safeguarding the interests of Shareholders and believe that the Company observes high standards of corporate governance. The Board, which is independent of the Brevan Howard group, holds quarterly scheduled meetings and meets ad hoc on other occasions as necessary. The work of the Board is assisted by the Audit Committee and the Management Engagement Committee. The Board continues to meet all of the provisions of the Association of Investment Companies' Code of Corporate Governance that are relevant to a company that has no executive management; the details are described below in the Directors' Report. The Board complies with best corporate governance standards, including the recommendations of the Davies Report on women on boards, in ensuring that its composition provides independence, diversity and necessary skills and experience. It has adopted, and implements, policies and procedures to ensure appropriate nominations to the Board and its Committees and succession planning for orderly rotation of Directors. The Board and its Committees undertake an evaluation of their own performance every year; every third year (next in 2017) the Board commissions an external evaluation of its performance.

In line with the Board's rotation policy, Christopher Legge retired from the Board at the Company's AGM on 24 June 2016 after nine years' distinguished service as a Director and as Chair of the Audit Committee. The Board has benefited immensely from the wisdom and insights he brought to its work and has greatly valued his significant contribution to the success of the Company from its inception. In his place, the Directors were delighted to appoint John Le Poidevin, who brings to the Board extensive financial experience as a professional accountant. Huw Evans has succeeded Christopher Legge as Chair of the Audit Committee and Claire Whittet has succeeded Huw Evans as Chair of the Management Engagement Committee.

David Barton retired from the Board on 29 February 2016 on taking up a new career appointment. The Board has greatly appreciated the significant role he played in establishing the Company and the expertise and support he has contributed to its subsequent development.

In the absence of significant macroeconomic trends, opportunities for material gains have been elusive. But the Master Fund has demonstrated its ability to preserve Shareholders' capital while capitalising on shorter-term trading opportunities when they appear. The Company's investment in the Master Fund continues to offer Shareholders an outlet for portfolio diversification that is uncorrelated with other asset classes and exhibits low volatility. The Board believes that, as and when more favourable conditions for macro-trading strategies re-emerge, the Master Fund has the capability to deliver positive performance over time for the benefit of the Company's Shareholders.



Ian Plenderleith
Chairman

24 August 2016

Board Members

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

Ian Plenderleith (Chairman), age 72

Ian Plenderleith retired at the end of 2005 after a three-year term as Deputy Governor of the South African Reserve Bank. He served on the Bank's Monetary Policy Committee and was responsible for money, capital and foreign exchange market operations and for international banking relationships. He previously worked for over 36 years at the Bank of England in London, where he was most recently Executive Director responsible for the Bank's financial market operations and a member of the Bank's Monetary Policy Committee. He has also worked at the International Monetary Fund in Washington DC and served on the Board of the European Investment Bank and on various international committees at the Bank for International Settlements. Mr Plenderleith holds an MA from Christ Church, Oxford University, and an MBA from Columbia Business School, New York. Mr Plenderleith is non-executive Chairman of Morgan Stanley International and a non-executive director of various UK subsidiaries of Sanlam, the South African financial services group. He is also Chairman of the Governors of Reed's School in Surrey. Mr Plenderleith has held the role of Chairman of the Board since 2007.

Huw Evans, age 58

Huw Evans is Guernsey resident and qualified as a Chartered Accountant with KPMG (then Peat Marwick Mitchell) in 1983. He subsequently worked for three years in the Corporate Finance department of Schroders before joining Phoenix Securities Limited in 1986. Over the next twelve years he advised a wide range of companies in financial services and other sectors on mergers and acquisitions and more general corporate strategy. Since moving to Guernsey in 2005, he has acted as a professional non-executive Director of a number of Guernsey-based companies and funds. He holds an MA in Biochemistry from Cambridge University. Mr Evans was appointed to the Board in 2010.

David Barton, age 37 (resigned 29 February 2016)

Whilst a director of the Company, David Barton was Jersey resident and joined Brevan Howard in July 2007. He was the Head of Legal at Brevan Howard Capital Management LP, the Company's manager, and a director of a number of the group's global entities. Prior to joining Brevan Howard, David worked as a transactional lawyer in the Corporate group of Freshfields Bruckhaus Deringer in London (2005-2007), advising on the structuring and launch of listed and unlisted hedge, private equity and other investment funds. Prior to Freshfields, David worked as a solicitor in the Corporate and Finance groups of Freehills in Sydney (2002-2005) advising on a wide range of M&A, ECM/DCM and investment fund transactions. David holds a Bachelor of Commerce (Economics and Finance) and Bachelor of Laws (Hons) from Macquarie University in Sydney and is admitted to practice as a solicitor in England and Wales and a solicitor and barrister in New South Wales, Australia. David is Series

3 (Commodities and Futures) qualified with the United States, National Association of Securities Dealers (NASD). Mr Barton was appointed to the Board in April 2014 and resigned on 29 February 2016.

Christopher Legge, age 61 (resigned 24 June 2016)

Christopher Legge is Guernsey resident and has over 25 years experience in the financial services industry. He qualified in London in 1980 with Pannell Kerr Forster and subsequently moved to Guernsey in 1983 to work for Ernst & Young, progressing from audit manager to Managing Partner in the Channel Islands. Mr Legge retired from Ernst & Young in 2003 and currently holds a number of directorships in the financial sector. Mr Legge is an FCA and holds a BA (Hons) in Economics from the University of Manchester. Mr Legge was appointed to the Board in 2007 and resigned on 24 June 2016.

Colin Maltby, age 65

Colin Maltby is a resident of Switzerland. His career in investment management began in 1975 with NM Rothschild & Sons and included 15 years with the Kleinwort Benson Group, of which he was a Group Chief Executive at the time of its acquisition by Dresdner Bank AG in 1995. He was Chief Executive of Kleinwort Benson Investment Management from 1988 to 1995, Chief Investment Officer of Equitas Limited from its formation in 1996, and Head of Investments at BP from August 2000 to June 2007. Colin has served as a non-executive Director of various public companies and agencies and as an adviser to numerous institutional investors, including pension funds and insurance companies, and to private equity and venture capital funds in both Europe and the United States. He is currently an Investment Advisor to Wolfson College, Oxford. Colin holds a Double First Class Honours degree in Physics from the University of Oxford and also studied at the Stanford University Graduate School of Business. Mr Maltby is a Fellow of Wolfson College, Oxford and of the Royal Society of Arts, and a member of the Institut National Genevois. Mr Maltby was appointed to the Board in June 2015.

Claire Whittet, age 61

Claire Whittet is Guernsey resident and has nearly 40 years' experience in the financial services industry. After obtaining a MA (Hons) in Geography from the University of Edinburgh, she joined the Bank of Scotland for 19 years and undertook a wide variety of roles including running two city centre offices. She moved to Guernsey in 1996 and was Global Head of Private Client Credit for Bank of Bermuda before joining Rothschild Bank International Limited where she was Managing Director and Co-Head until May 2016 and is now a Non-Executive Director. Mrs Whittet is an ACIB member of the Chartered Institute of Bankers in Scotland, a member of the Chartered Insurance Institute and holds an IoD Director's Diploma in Company Direction. She is a Non-Executive Director of four other listed investment funds and holds various directorships in addition to these. Mrs Whittet was appointed to the Board in June 2014.

Board Members *continued*

John Le Poidevin, age 46 (*appointed 24 June 2016*)

John Le Poidevin is Guernsey resident and has over 25 years business experience. John is a graduate of Exeter University and Harvard Business School, a Fellow of the Institute of Chartered Accountants in England and Wales and a former partner of BDO LLP in London, where as Head of Consumer Markets, he developed an extensive breadth of experience and knowledge of listed businesses in the UK and overseas. John is an experienced non-executive who sits on several plc boards and chairs a number of Audit Committees. He therefore brings a wealth of relevant experience in terms of corporate governance, audit, risk and financial reporting. His non-executive directorships include Market Tech Holdings Limited, where he is Senior Independent Director and Challenger Acquisitions Limited, where he is Chairman. He also sits on the boards of International Public Partnerships Limited, Safecharge International Group Limited, Specialist Investment Properties Plc and Stride Gaming Plc.

Disclosure of Directorships in Public Companies Listed on Recognised Stock Exchanges

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

	Exchange
Ian Plenderleith None	
David Barton (resigned 29 February 2016) None	
Huw Evans Standard Life Investments Property Income Trust Limited VinaCapital Vietnam Opportunity Fund Limited	London London
Christopher Legge (resigned 24 June 2016) Ashmore Global Opportunitites Limited John Laing Environmental Assets Group Limited Sherborne Investors (Guernsey) B Limited Third Point Offshore Investors Limited TwentyFour Select Monthly Income Fund Limited	London London SFM London London
Colin Maltby BBGI SICAV SA Ocean Wilsons Holdings Limited	London London and Bermuda
Claire Whittet Eurocastle Investment Limited International Public Partnerships Limited Riverstone Energy Limited TwentyFour Select Monthly Income Fund Limited	Euronext London London London
John Le Poidevin (appointed 24 June 2016) Challenger Acquisitions Limited International Public Partnerships Limited Market Tech Holdings Limited Safecharge International Group Limited Specialist Investment Properties Plc Stride Gaming Plc	London London London London (AIM) London (AIM) London (AIM)

Directors' Report

30 June 2016

The Directors submit their Interim Report together with the Company's Interim Unaudited Statement of Assets and Liabilities, Interim Unaudited Statement of Operations, Interim Unaudited Statement of Changes in Net Assets, Interim Unaudited Statement of Cash Flows and the related notes for the period ended 30 June 2016. The Directors' Report together with the Interim Unaudited Financial Statements and their related notes (the "Financial Statements") give a true and fair view of the financial position of the Company. They have been prepared properly, in conformity with United States Generally Accepted Accounting Principles ("US GAAP"), comply with the Companies (Guernsey) Law, 2008 and are in agreement with the accounting records.

The Company

The Company is a limited liability closed-ended investment company incorporated in Guernsey on 17 January 2007.

The Company was admitted to a Secondary Listing (Chapter 14) on the Official List of the London Stock Exchange ("LSE") on 14 March 2007. On 11 March 2008, the Company migrated from the Secondary Listing to a Primary Listing pursuant to Chapter 15 of the Listing Rules of the UK Listing Authority. 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 proceeds from the original issue of shares on listing amounted to approximately US\$1.1 billion. On 26 October 2007, the Company issued further shares in a cash placing amounting to approximately US\$0.1 billion.

Investment objective and policy

The Company is organised as a feeder fund that invests all of its assets (net of short-term working capital requirements) directly in Brevan Howard Master Fund Limited (the "Master Fund"), a hedge fund in the form of a Cayman Islands open-ended investment company, which has as its investment objective the generation of consistent long-term appreciation through active leveraged trading and investment on a global basis. The Master Fund is managed by Brevan Howard Capital Management LP, the Company's Manager.

The Master Fund has flexibility to invest in a wide range of instruments including, but not limited to, debt securities and obligations (which may be below investment grade), bank loans, listed and unlisted equities, other collective investment schemes, currencies, commodities, futures, options, warrants, swaps and other derivative instruments. The underlying philosophy is to construct strategies, often contingent in nature, with superior risk/return profiles, whose outcome will often be crystallised by an expected event occurring within a pre-determined period of time.

The Company may employ leverage for the purposes of financing share purchases or buy backs, satisfying working capital

requirements or financing further investment into the Master Fund, subject to an aggregate borrowing limit of 20% of the Company's net asset value, calculated as at the time of borrowing. Borrowing by the Company is in addition to leverage at the Master Fund level, which has no limit on its own leverage.

Results and dividends

The results for the period are set out in the Unaudited Statement of Operations on page 20. The Directors do not recommend the payment of a dividend.

The figures stated in note 9 of the Notes to the Interim Unaudited Financial Statements for Net Investment Losses are, in the Directors' opinion and in accordance with the Company's investment objectives, not the most appropriate reflection of the Company's overall performance. Considering the investment objectives of the Company, the Directors consider that the figures disclosed in note 9 for Total Returns are a more appropriate reflection of the Company's overall performance during the period.

Share capital

The number of shares in issue at the period end is disclosed in note 5 to the Financial Statements.

On 5 April 2016, the Company announced a tender offer to acquire up to 25% of the Company's issued shares at discounts ranging from 4% to 8% to the NAV as at 31 May 2016.

The tender, which was completed in late June 2016, was oversubscribed: tenders of sterling and euro shares at discounts of 8%, 7% and 6% were accepted in full, and at 5% in part; tenders of dollar shares at discounts of 8% and 7% were accepted in full, and at 6% in part. Shares purchased in the tender have been cancelled.

Going concern

The Directors, having considered the principal risks to which the Company is exposed which are listed on page 11 and on the assumption that these are managed or mitigated as noted, are not aware of any material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern and, accordingly, consider that it is appropriate that the Company continues to adopt the going concern basis of accounting for these Interim Unaudited Financial Statements.

The Board

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 service providers and for the Company's activities. The Directors, all of whom are non-executive, are listed on pages 3-4 and on the inside back cover.

The Articles provide that, unless otherwise determined by ordinary resolution, the number of Directors shall not be less than two. The Company's policy on Directors' Remuneration, together with details of the remuneration of each Director who served during the period, is detailed in the Directors' Remuneration Report on page 14.

The Board (continued)

The Board 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 are 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.

For each Director, the tables below set out the number of Board and Audit Committee meetings they were entitled to attend during the six month period ended 30 June 2016 and the number of such meetings attended by each Director.

Scheduled Board Meetings	Held	Attended
Ian Plenderleith	2	2
David Barton	*0	0
Huw Evans	2	2
Colin Maltby	2	2
Christopher Legge	*2	2
Claire Whittet	2	2
John Le Poidevin	*1	1

Audit Committee Meetings	Held	Attended
Huw Evans	2	2
Claire Whittet	2	2
John Le Poidevin	*1	1
Christopher Legge	*2	2

* Indicates the meetings held during their membership of the relevant Board or Committee during the period ended 30 June 2016.

In addition to these scheduled meetings, nine ad hoc meetings and two Extraordinary General Meetings were held during the six months ended 30 June 2016. These meetings were attended by those Directors available at the time.

Directors' independence

In January 2016, the Chairman and Christopher Legge both had served on the Board for over nine years and under the AIC Code of Corporate Governance ("AIC Code") may not be considered to be independent of the Company. The Board however, takes the view that independence is not necessarily compromised by the length of tenure on the Board and experience can significantly add to the Board's strength. It has therefore been determined that in performing their role as Directors, the Chairman and Christopher Legge (who resigned from the board on 24 June 2016) remain wholly independent and all the Directors (except for David Barton, who resigned from the Board on 29 February 2016) are considered to be independent of the Company.

David Barton, who served as a Director until his resignation on 29 February 2016, was an employee of the Manager and therefore deemed not to be independent of the Manager for the purposes of LR15.2.12-A.

Directors' interests

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

	30.06.16	31.12.15	US Dollar Shares 30.06.15
Ian Plenderleith	Nil	Nil	Nil
David Barton	N/A	Nil	Nil
Huw Evans	Nil	Nil	Nil
Christopher Legge	N/A	Nil	Nil
John Le Poidevin	Nil	N/A	N/A
Colin Maltby	Nil	Nil	Nil
Claire Whittet	Nil	Nil	Nil

	30.06.16	31.12.15	Euro Shares 30.06.15
Ian Plenderleith	Nil	Nil	Nil
David Barton	N/A	Nil	Nil
Huw Evans	Nil	Nil	Nil
Christopher Legge	N/A	Nil	Nil
John Le Poidevin	Nil	N/A	N/A
Colin Maltby	Nil	Nil	Nil
Claire Whittet	Nil	Nil	Nil

	30.06.16	31.12.15	Sterling Shares 30.06.15
Ian Plenderleith	Nil	Nil	Nil
David Barton	N/A	Nil	Nil
Huw Evans	710	710	710
Christopher Legge	N/A	Nil	Nil
John Le Poidevin	Nil	N/A	N/A
Colin Maltby	Nil	Nil	Nil
Claire Whittet	Nil	Nil	Nil

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.

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.

Directors' Report *continued*

30 June 2016

Corporate governance (continued)

The Company is a member of the Association of Investment Companies (the "AIC") and by complying with the AIC Code is deemed to comply with both the UK Corporate Governance Code and the Guernsey Code of Corporate Governance. The AIC also publishes a Corporate Governance Guide for Investment Companies ("AIC Guide").

To ensure ongoing compliance with the principles and the recommendations of the AIC Code, the Board receives and reviews a report from the Secretary, at each quarterly meeting, identifying whether the Company is in compliance and recommending any changes that are necessary.

The Company has complied with the recommendations of the AIC Code and 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
- 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 with a Board formed exclusively of non-executive Directors. The Company has therefore not reported further in respect of these provisions. The Company does not have employees, hence no whistle-blowing policy is necessary. However, the Directors have satisfied themselves that the Company's service providers have appropriate whistle-blowing policies and procedures and seek regular confirmation from the service providers that nothing has arisen under those policies and procedures which should be brought to the attention of the Board.

The Company has adopted a policy that the composition of the Board of Directors is at all times such that (i) a majority of the Directors are independent of the Manager and any company in the same group as the Manager (the "Manager's Group"); (ii) the Chairman of the Board of Directors is free from any conflicts of interest and is independent of the Manager's Group; and (iii) no more than one director, partner, employee or professional adviser to the Manager's Group may be a Director of the Company at any one time.

The Company has adopted a Code of Directors' dealings in securities.

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee and by the Board at their meetings. 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.

In view of its non-executive and independent nature, the Board considers that it is not necessary for there to be a Nomination Committee or a Remuneration Committee as anticipated by the AIC Code. The Board as a whole fulfils the functions of the Nomination and Remuneration Committees, although the Board has included a separate Remuneration Report on page 14 of these Interim Unaudited Financial Statements. The Board has adopted a Nomination Policy covering procedures for nominations to the Board and to Board committees.

For new appointments to the Board, nominations are sought from the Directors and from other relevant parties and candidates are then interviewed by an ad hoc committee of independent Directors. The Board 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 is provided for newly-appointed Directors.

In line with the AIC Code, as the Company is a FTSE 250 listed company, Section 21.3 of the Company's Articles requires all Directors to retire at each Annual General Meeting. At the Annual General Meeting of the Company on 24 June 2016, Shareholders re-elected all the Directors of the Company, with the exception of Christopher Legge who did not put himself forward for re-election.

The Board regularly reviews its composition and believes that the current appointments provide an appropriate range of skill, experience and diversity.

The Board, Audit Committee and Management Engagement 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 their members. This process is conducted by the respective Chairman reviewing the Directors' performance, contribution and commitment to the Company.

Christopher Legge, as Senior Independent Director, took the lead in reviewing the performance of the Chairman until his resignation on 24 June 2016. Effective from 24 June 2016, Huw Evans, as Senior Independent Director, takes the lead in reviewing the performance of the Chairman. The Chairman also has responsibility for assessing the individual Board members' training requirements.

Corporate governance (continued)

In accordance with the AIC Code, the Board commissions an external evaluation of its performance every three years; the next such external evaluation will take place in 2017.

Policy to combat fraud, bribery and corruption

The Board has adopted a formal policy to combat fraud, bribery and corruption. The policy applies to the Company and to each of its Directors. Further, the policy is shared with each of the Company's service providers.

Ongoing Charges

Ongoing charges for the six month period ended 30 June 2016, year ended 31 December 2015 and six month period ended 30 June 2015 have been prepared in accordance with the AIC's recommended methodology.

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

30.06.16

	US Dollar Shares	Euro Shares	Sterling Shares
Company – Ongoing Charges	2.19%	2.20%	2.18%
Master Fund – Ongoing Charges	0.64%	0.63%	0.64%
Performance fee	0.00%	0.00%	0.00%
Ongoing Charges plus performance fee	2.83%	2.83%	2.82%

31.12.15

	US Dollar Shares	Euro Shares	Sterling Shares
Company – Ongoing Charges	1.98%	1.99%	1.96%
Master Fund – Ongoing Charges	0.62%	0.60%	0.62%
Performance fee	0.01%	0.03%	0.02%
Ongoing Charges plus performance fee	2.61%	2.62%	2.60%

30.06.15

	US Dollar Shares	Euro Shares	Sterling Shares
Company – Ongoing Charges	1.97%	1.98%	1.96%
Master Fund – Ongoing Charges	0.63%	0.61%	0.63%
Performance fee	0.12%	0.14%	0.24%
Ongoing Charges plus performance fee	2.72%	2.73%	2.83%

The Master Fund Ongoing Charges represent the portion of the Master Fund's operating expenses which have been allocated to the Company. The Company invests substantially all of its investable assets in ordinary US Dollar, Euro and Sterling denominated Class B shares issued by the Master Fund. These shares are not subject to management fees and performance fees within the Master Fund. The Master Fund's operating expenses include an operational service fee payable to the Manager of 1/12 of 0.5% per month of the NAV.

Performance graphs

The graphs shown on page 1 detail the performance of the Company's NAV and share prices over the period.

Audit Committee

The Company has established an Audit Committee with formal duties and responsibilities. This Committee meets formally at least four times a year and each meeting is attended by the Independent Auditor and the Administrator.

Christopher Legge was the Chairman until 21 March 2016 from which time Huw Evans took over this responsibility. Other members of the Audit Committee are Claire Whittet and John Le Poidevin.

The table on page 7 sets out the number of Audit Committee meetings held during the six month period ended 30 June 2016 and the number of such meetings attended by each committee member.

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 objectivity of the Independent Auditor is reviewed by the Audit Committee which also reviews the terms under which the Independent Auditor is appointed to perform non-audit services. The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Independent Auditor. The Audit Committee considers KPMG Channel Islands Limited ("KPMG CI") to be independent of the Company. The Terms of Reference of the Audit Committee are available from the Administrator.

The Audit Committee examined externally prepared assessments of the control environment in place at the Manager and the Administrator, with each providing a Service Organisation Control ("SOC 1") report.

The Audit Committee has reviewed the need for an internal audit function. The Audit Committee considers the systems and procedures employed by the Manager and the Administrator, including their 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.

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. Huw Evans is currently serving his second term, Claire Whittet and John Le Poidevin are serving their first term.

A member of the Audit Committee is available to attend each Annual General Meeting to respond to any shareholder questions on the activities of the Audit Committee.

Directors' Report *continued*

30 June 2016

Auditors Remuneration

The table below summarises the remuneration payable by the Company to KPMG CI for audit and non-audit services during the six month period ended 30 June 2016, the year ended 31 December 2015 and the six month period ended 30 June 2015.

	Period ended 30.06.16 £	Year ended 31.12.15 £	Period ended 30.06.15 £
Annual audit	–	27,500	–
Interim review	8,800	8,750	8,750
Specified procedures relating to Tender offer	15,000	–	–

The Committee considers KPMG CI to be independent of the Company. Further, the Committee has obtained KPMG CI's confirmation that the services provided by other KPMG member firms to the wider Brevan Howard organisation do not prejudice its independence.

In connection with the tender offer described in the Chairman's Statement, KPMG CI provided reports of factual findings based on specified procedures requested by the Board.

Management Engagement Committee

The Board has established a Management Engagement Committee with formal duties and responsibilities. The Management Engagement Committee meets formally at least once a year and comprises Claire Whittet, Huw Evans, Colin Maltby and Ian Plenderleith. Claire Whittet is the Chair of the Management Engagement Committee.

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 Independent Auditors). The Terms of Reference of the Management Engagement Committee are available from the Administrator.

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

The Board continuously monitors the performance of the Manager and a review of the Manager is conducted by the Management Engagement Committee annually.

The Manager has wide experience in managing and administering investment companies and has access to extensive investment management resources.

At its meeting on 14 September 2015, the Management Engagement Committee concluded that the continued appointment of the Manager on the terms agreed was in the interests of the Company's Shareholders as a whole. At the date of this report the Board continued to be of the same opinion.

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
- Ensure no override of controls by its service providers, the Manager and Administrator

A report is tabled and discussed at each Audit Committee meeting, and reviewed once a year by the Board, 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 Board has delegated the management of the Company, the administration, corporate secretarial and register functions including the independent calculation of the Company's NAV and the production of the Annual Report and Financial Statements, which are independently audited. Whilst the Board delegates these functions, it remains responsible for the functions it delegates and for the systems of internal control. Formal contractual agreements have been put in place between the Company and the providers of these services. On an ongoing basis, Board reports are provided at each quarterly Board meeting from the Manager, Administrator and Company Secretary and Registrar. A representative from the Manager is asked to attend these meetings.

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management functions are delegated to the Manager, Administrator and Company Secretary and Registrar which have their own internal audit and risk assessment functions.

A report is tabled and discussed at each Audit Committee meeting, and reviewed once a year by the Board, setting out the Company's risk exposure and the effectiveness of its risk management and internal control systems. 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.

Further reports are received 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.

Principal Risks and Uncertainties

The Board uses the Company's risk matrix in establishing the Company's system of internal controls and monitors the Company's investment objective and policy.

The principal risks and uncertainties which have been identified and the steps which are taken by the Board to mitigate them are as follows:

- **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.

The Board reviews and updates the risk matrix to reflect any changes in the control environment.

International Tax Reporting

For purposes of the US Foreign Account Tax Compliance Act, the Company registered with the US Internal Revenue Services ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number (5QHZVI.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted by Guernsey and which came into effect on 1 January 2016. The CRS replaced the intergovernmental agreement between the UK and Guernsey to improve international tax compliance that had previously applied in respect of 2014 and 2015.

The Board will take the necessary actions to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

Relations with Shareholders

The Board welcomes Shareholders' views and places great importance on communication with the Company's Shareholders. The Board receives regular reports on the views of Shareholders and the Chairman and other Directors are available to meet Shareholders if required. The Annual General Meeting of the Company provides a forum for Shareholders to meet and discuss issues with the Directors of the Company. The Company provides weekly unaudited estimates of NAV, month end unaudited estimates and unaudited final NAVs. The Company also provides a monthly newsletter. These are published via RNS and are also available on the Company's website. Risk reports of the Master Fund are also available on the Company's website.

The Manager maintains regular dialogue with institutional Shareholders, the feedback from which is reported to the Board. In addition, Board members are available to respond to Shareholders' questions at Annual General Meetings. Shareholders who wish to communicate with the Board should contact the Administrator in the first instance.

Having reviewed the Financial Conduct Authority's restrictions on the retail distribution of non-mainstream pooled investments, the Company, after taking legal advice, announced on 15 January 2014 that it is outside the scope of those restrictions, so that its shares can continue to be recommended by UK authorised persons to ordinary retail investors.

Directors' Report continued

30 June 2016

Significant Shareholders

As at 24 August 2016, the following Shareholders had significant shareholdings in the Company:

	Total Shares Held	% holding in class
Significant Shareholders		
US Dollar Shares		
Chase Nominees Limited	2,733,606	24.95%
Vidacos Nominees Limited	1,490,594	13.61%
Morstan Nominees Limited	1,164,086	10.63%
J P Morgan Clearing Corporation	914,256	8.35%
Luna Nominees Limited	768,909	7.02%
The Bank of New York (Nominees) Limited	501,292	4.58%
Euroclear Nominees Limited	452,637	4.13%
Hero Nominees Limited	393,166	3.59%
Lynchwood Nominees Limited	388,864	3.55%

Euro Shares

Nordea Bank Danmark A/S	670,021	29.57%
Vidacos Nominees Limited	192,535	8.50%
Lynchwood Nominees Limited	172,857	7.63%
Smith & Williamson Nominees Limited	138,610	6.12%
The Bank of New York (Nominees) Limited	122,180	5.39%
HSBC Global Custody Nominee (UK) Limited	108,134	4.77%
Luna Nominees Limited	99,738	4.40%
Canaccord Nominees Limited	86,174	3.80%
BBHISL Nominees Limited	71,448	3.15%
Computershare Investor Services Plc	70,235	3.10%

Sterling Shares

Luna Nominees Limited	4,865,097	21.78%
HSBC Global Custody Nominee (UK) Limited	1,551,341	6.95%
Ferlim Nominees Limited	1,473,078	6.59%
The Bank of New York (Nominees) Limited	1,428,959	6.40%
Pershing Nominees Limited	1,039,826	4.66%
State Street Nominees Limited	991,752	4.44%
Rathbone Nominees Limited	876,960	3.93%
BNY (OCS) Nominees Limited	832,236	3.73%
Chase Nominees Limited	802,418	3.59%
Nutraco Nominees Limited	697,439	3.12%

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Huw Evans
Director

24 August 2016

Statement of Directors' Responsibility in Respect of the Interim Report and Unaudited Financial Statements

We confirm to the best of our knowledge that:

- these Interim Unaudited Financial Statements have been prepared in conformity with United States Generally Accepted Accounting Principles and give a true and fair view of the assets, liabilities, financial position and profit or loss;
- these Interim Unaudited Financial Statements include information detailed in the Chairman's Statement, the Directors' Report, the Manager's Report and the notes to the Interim Unaudited Financial Statements, which provides a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on these Interim Unaudited Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last Annual Audited Financial Statements that could materially affect the financial position or performance of the Company.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Huw Evans
Director

24 August 2016

Directors' Remuneration Report

30 June 2016

Introduction

An ordinary resolution for the approval of the Directors' Remuneration Report for 2015 was passed by the Shareholders at the Annual General Meeting held in June 2016.

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. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

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 Chairs of the Audit Committee and the 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. All Directors holding office as at 5 December 2013 were given a new letter of appointment as at that date and David Barton, Claire Whittet, Colin Maltby and John Le Poidevin received their letters of appointment on joining the Board on 17 April 2014, 16 June 2014, 26 June 2015 and 24 June 2016 respectively. Directors hold office until they retire or cease to be a director in accordance with the Articles of Incorporation, by operation of law or until they resign. In line with the AIC Code, as the Company is a FTSE 250 listed company, Section 21.3 of the Company's Articles requires all Directors to retire at each Annual General Meeting. At the Annual General Meeting of the Company on 24 June 2016, Shareholders re-elected all the Directors except Christopher Legge who did not put himself forward for re-election. 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, with the exception of David Barton who resigned on 29 February 2016, 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 period 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 £400,000 per annum. The annual fees are £167,000 for the Chairman, £37,500 for Chairs of both the Audit Committee and the Management Engagement Committee and £34,000 for all other Directors, excluding David Barton who was not paid a fee.

The fees payable by the Company in respect of each of the Directors who served during the six month period ended 30 June 2016, the year ended 31 December 2015 and the six month period ended 30 June 2015, were as follows:

	Period ended 30.06.16 £	Year ended 31.12.15 £	Period ended 30.06.15 £
Ian Plenderleith	83,500	167,000	83,500
David Barton	Nil	Nil	Nil
Huw Evans	18,750	37,500	18,750
Christopher Legge	*18,132	37,500	18,750
Colin Maltby	17,000	**17,469	***470
Talmat Morgan	N/A	**16,530	***16,530
Claire Whittet	18,692	34,000	17,000
John Le Poidevin	*560	N/A	N/A
Total	156,634	309,999	155,000

* Fees are pro rata for length of service during the six month period ended 30 June 2016.

** Fees are pro rata for length of service during the year ended 31 December 2015.

*** Fees are pro rata for length of service during the six month period ended 30 June 2015.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Huw Evans
Director

24 August 2016

Manager's Report

Brevan Howard Capital Management LP (the "Manager") is the Manager of the Company and of Brevan Howard Master Fund Limited (the "Master Fund"). The Company invests all of its assets (net of short-term working capital) in the ordinary shares of the Master Fund.

Performance Review

The NAV per share of the USD shares of the Company appreciated by 2.12% in the first half of 2016, while the NAV per share of the Euro shares appreciated by 1.52% and the NAV per share of the Sterling shares appreciated by 1.64%.

The month-by-month NAV performance of each currency class of the Company since it commenced operations in 2007 is set out below:

USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	–	–	0.10	0.90	0.15	2.29	2.56	3.11	5.92	0.03	2.96	0.75	20.27
2008	9.89	6.70	(2.79)	(2.48)	0.77	2.75	1.13	0.75	(3.13)	2.76	3.75	(0.68)	20.32
2009	5.06	2.78	1.17	0.13	3.14	(0.86)	1.36	0.71	1.55	1.07	0.37	0.37	18.04
2010	(0.27)	(1.50)	0.04	1.45	0.32	1.38	(2.01)	1.21	1.50	(0.33)	(0.33)	(0.49)	0.91
2011	0.65	0.53	0.75	0.49	0.55	(0.58)	2.19	6.18	0.40	(0.76)	1.68	(0.47)	12.04
2012	0.90	0.25	(0.40)	(0.43)	(1.77)	(2.23)	2.36	1.02	1.99	(0.36)	0.92	1.66	3.86
2013	1.01	2.32	0.34	3.45	(0.10)	(3.05)	(0.83)	(1.55)	0.03	(0.55)	1.35	0.40	2.70
2014	(1.36)	(1.10)	(0.40)	(0.81)	(0.08)	(0.06)	0.85	0.01	3.96	(1.73)	1.00	(0.05)	0.11
2015	3.14	(0.60)	0.36	(1.28)	0.93	(1.01)	0.32	(0.78)	(0.64)	(0.59)	2.36	(3.48)	(1.42)
2016	0.71	0.73	(1.77)	(0.82)	(0.28)	3.61							2.12

EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	–	–	0.05	0.70	0.02	2.26	2.43	3.07	5.65	(0.08)	2.85	0.69	18.95
2008	9.92	6.68	(2.62)	(2.34)	0.86	2.84	1.28	0.98	(3.30)	2.79	3.91	(0.45)	21.65
2009	5.38	2.67	1.32	0.14	3.12	(0.82)	1.33	0.71	1.48	1.05	0.35	0.40	18.36
2010	(0.30)	(1.52)	0.03	1.48	0.37	1.39	(1.93)	1.25	1.38	(0.35)	(0.34)	(0.46)	0.93
2011	0.71	0.57	0.78	0.52	0.65	(0.49)	2.31	6.29	0.42	(0.69)	1.80	(0.54)	12.84
2012	0.91	0.25	(0.39)	(0.46)	(1.89)	(2.20)	2.40	0.97	1.94	(0.38)	0.90	1.63	3.63
2013	0.97	2.38	0.31	3.34	(0.10)	(2.98)	(0.82)	(1.55)	0.01	(0.53)	1.34	0.37	2.62
2014	(1.40)	(1.06)	(0.44)	(0.75)	(0.16)	(0.09)	0.74	0.18	3.88	(1.80)	0.94	(0.04)	(0.11)
2015	3.34	(0.61)	0.40	(1.25)	0.94	(0.94)	0.28	(0.84)	(0.67)	(0.60)	2.56	(3.22)	(0.77)
2016	0.38	0.78	(1.56)	(0.88)	(0.38)	3.25							1.52

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	–	–	0.11	0.83	0.17	2.28	2.55	3.26	5.92	0.04	3.08	0.89	20.67
2008	10.18	6.85	(2.61)	(2.33)	0.95	2.91	1.33	1.21	(2.99)	2.84	4.23	(0.67)	23.25
2009	5.19	2.86	1.18	0.05	3.03	(0.90)	1.36	0.66	1.55	1.02	0.40	0.40	18.00
2010	(0.23)	(1.54)	0.06	1.45	0.36	1.39	(1.96)	1.23	1.42	(0.35)	(0.30)	(0.45)	1.03
2011	0.66	0.52	0.78	0.51	0.59	(0.56)	2.22	6.24	0.39	(0.73)	1.71	(0.46)	12.34
2012	0.90	0.27	(0.37)	(0.41)	(1.80)	(2.19)	2.38	1.01	1.95	(0.35)	0.94	1.66	3.94
2013	1.03	2.43	0.40	3.42	(0.08)	(2.95)	(0.80)	(1.51)	0.06	(0.55)	1.36	0.41	3.09
2014	(1.35)	(1.10)	(0.34)	(0.91)	(0.18)	(0.09)	0.82	0.04	4.29	(1.70)	0.96	(0.04)	0.26
2015	3.26	(0.58)	0.38	(1.20)	0.97	(0.93)	0.37	(0.74)	(0.63)	(0.49)	2.27	(3.39)	(0.86)
2016	0.60	0.70	(1.78)	(0.82)	(0.30)	3.31							1.64

Source: Master Fund NAV data is provided by the administrator of the Master Fund, International Fund Services (Ireland) Limited. BH Macro Limited ("BHM") NAV and NAV per Share data is provided by BHM's administrator, Northern Trust International Fund Administration Services (Guernsey) Limited. BHM NAV per Share % Monthly Change is calculated by BHCM. BHM NAV data is unaudited and net of all investment management fees (2% annual management fee and 20% performance fee) and all other fees and expenses payable by BHM. In addition, the Master Fund is subject to an operational services fee of 50bps per annum.

Shares in the Company do not necessarily trade at a price equal to the prevailing NAV per Share.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

Manager's Report *continued*

Performance Review (continued)

During the first quarter, early gains came primarily from long positions in European and Japanese interest rates as well as long positions in Japanese interest rate volatility. Over the same period, these gains were partially offset by net losses from short positioning in Euro FX while further losses came from equity trading in Europe, Japan and the US as well as tactical trading in US interest rates.

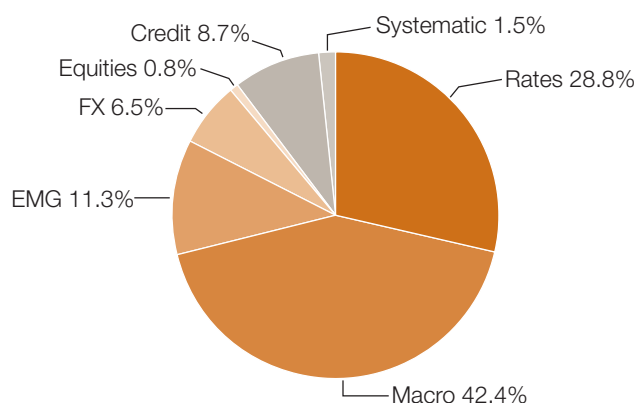
During the second quarter, further gains from directional and relative value trading in European interest rates were offset by modest losses in FX as well as equity trading. Credit and commodity trading was approximately flat over the full period.

The acquisition by the Company of 7,812,223 Sterling shares, 861,331 Euro shares and 3,805,094 US Dollar shares pursuant to the tender offer launched by the Company on 27 April 2016 (the "Tender Offer") was executed on 27 June 2016. The repurchase of shares under the Tender Offer resulted in the NAV per share of the remaining USD shares appreciating by 2.52%, the NAV per share of the remaining Sterling shares appreciating by 2.38% and the NAV per share of the remaining Euro shares appreciating by 2.14%.

Looking back over the last year, policy makers have been taking increasingly bold and risky steps to promote growth and raise inflation. Their efforts have impacted asset prices with little to show in terms of better outcomes in the real economy. The combination of negative policy rates and quantitative easing has resulted in negative bond yields becoming a global phenomenon. More than \$8 trillion of sovereign bonds trade with a negative yield, which is approximately 40% of the notional value of developed market sovereign debt. In more than ten sovereign bond markets, the majority of debt trades with a negative yield. At the same time, equity and credit markets appear rich compared with most models of fair value, leaving investors with limited options.

Global macro trading strategies can take advantage of the dislocations that should occur as policy makers pursue more and more creative and untested means to enhance the real economy. Although markets appear complacent, there are clear policy risks as well as a very uncertain political backdrop, as highlighted by the recent Brexit vote. Our expectation is that as the gulf between asset market valuations and the performance of the real economy widens there should be opportunities to take advantage of further policy experiments as well as potential policy mistakes.

Strategy Group Exposure (% of capital allocation*)



Source: Brevan Howard Capital Management LP, as at 30 June 2016. Data may not sum to 100% due to rounding.

* Capital allocations are subject to change.

The strategies are categorised as follows:

"Systematic": rules-based futures trading

"Rates": developed interest rates markets

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

"EMG": global emerging markets

"FX": global FX forwards and options

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

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

Commentary and Outlook

US

Economic activity picked up in June 2016. Hiring rebounded smartly after having stalled in May, allaying concerns that the labour market was sliding unexpectedly into recession. Taking the longer view, employment gains have slowed from a rapid pace. In the first quarter, employment expanded nearly 200,000 per month and, in the second quarter, the monthly pace was approximately 150,000. Economists' estimates of the long-term sustainable increase in employment range from 75,000 to 125,000 per month, so the current gains still represent moderate progress in absorbing slack. At the same time, the unemployment rate rose to 4.9%, but part of the increase was accounted for by a rise in job seekers.

Commentary and Outlook (continued)

Wages appear to be increasing moderately, which is impressive compared with lacklustre productivity growth but disappointing compared with prior business cycle expansions. Inflation trends have been little changed. Core Personal Consumption Expenditures ("PCE") inflation is running at 1.6% with overall inflation somewhat slower. If the exchange value of the US Dollar and energy prices stabilise, inflation should firm in the second half of the year. The external sector presents the greatest threat to the US economy currently. Although Brexit passed with little spillover to the US, the political roadmap for both the UK and the European Union remains highly uncertain. Such uncertainty may ultimately have no significant impact on the US economy. However, risk management suggests the best course of action is to wait and see before deciding one way or another.

EMU

During the first half of 2016 activity in the Eurozone expanded at a moderate pace, not dissimilar from the previous six months and close to a 1.5% annualised rate. However, the growth dynamics in the first two quarters have differed quite markedly. After accelerating to above 2% annualised in Q1, due to a number of one-off factors, GDP slowed markedly in the second quarter, to below 1%, as those factors unwound. Despite the policy efforts produced by the European Central Bank ("ECB"), the economy of the common area is hindered by an extremely low potential growth rate dampened by low productivity, poor demographics and a still high leverage which affects both banks' willingness to supply credit and firms' demand to invest. The ECB, after embarking on another round of Quantitative Easing ("QE") and rate cuts in March, in addition to what was undertaken at the end of 2015, have remained in a "wait and see" attitude in order to monitor the effects of the recent policy decisions. The central bank maintained the same attitude at its July meeting, post-Brexit. In September they will have to reassess their policy in a context which is likely to indicate that reaching their definition of price stability may be put off even further.

UK

In the near term, the economic risks of Brexit pertain to a prolonged period of uncertainty about the UK's future trading relationship with the European Union. This uncertainty may lead companies to postpone investment and hiring decisions until the UK's new relationship with the EU has taken shape. Two questions are of particular relevance in this respect: 1) Will the UK maintain its access to the single market? 2) Will Brexit result in a meaningful decline in net migration numbers, which could lead to a reduction in potential growth and have spillover effects on the housing market? As a result of the prevailing uncertainty, many forecasters now expect the UK economy to slow materially in the second half of 2016, potentially slipping into recession around the turn of the year. The depreciation of the currency of approximately 15% in trade-weighted terms from its peak in November 2015 is likely to provide some cushion to economic growth and a boost to inflation, but the lack of clarity about the future trade relationship may dampen the responsiveness of exports to the depreciation of the currency.

China

As economic activity slowed markedly at the turn of the year, Chinese policy makers responded by putting in place a meaningful stimulus both on the monetary and the fiscal front. Still, despite the positive results achieved by the policy action, some reasons for concern persist, as not only does the level of indebtedness continue to increase, but also the impact of the policy stimulus appears uneven and thus potentially short-lived. Indeed, amid a substantial stability of consumer spending at sustained levels and a general softness in exports due to global demand, the acceleration of activity has been achieved mainly through higher investments in infrastructure and property.

Japan

Japanese policymakers appear to be at a crossroads. While the economy appears to be expanding modestly, the re-inflation project has reversed. Price inflation excluding energy has moved down somewhat over the last six months. Inflation expectations have dropped sharply. With the yen having appreciated significantly against the dollar this year, the near-term outlook remains soft. In thinking about the next policy step, investors have fixated on the concept of helicopter money, which is tantamount to fiscal deficit spending financed by Bank of Japan ("BoJ") purchases with the promise of never subsequently selling off or running down those assets. The Government is already running deficits financed by the BoJ. While the BoJ cannot guarantee it will never shrink its balance sheet, the public doesn't believe it will do so anytime in the foreseeable future. Perhaps what is missing, however, is the common knowledge that the authorities will do whatever it takes to raise inflation to 2%. Although the BoJ has repeatedly stated its intentions to push inflation to 2%, a sharp policy move may be needed to demonstrate its will to the public. In contrast, recent monetary-policy chatter has mostly focussed on what the BoJ cannot do or how the BoJ is otherwise limited.

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

24 August 2016

Independent Review Report to BH Macro Limited

We have been engaged by BH Macro Limited (the “Company”) to review the Interim Unaudited Financial Statements included in the Interim Report for the six month period to 30 June 2016 which comprises the Unaudited Statement of Assets and Liabilities, the Unaudited Statement of Operations, the Unaudited Statement of Changes in Net Assets, the Unaudited Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Interim Unaudited Financial Statements.

This report is made solely to the Company in accordance with the terms of our engagement letter dated 9 June 2016 to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors’ responsibilities

The Interim Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the DTR of the UK FCA.

Our responsibility

Our responsibility is to express to the Company a conclusion on the Interim Unaudited Financial Statements included in the Interim Report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practice Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Unaudited Financial Statements included in the Interim Report for the six month

period to 30 June 2016 do not give a true and fair view of the financial position of the Company as at 30 June 2016 and of its financial performance and its cash flows for the six month period then ended, in conformity with United States Generally Accepted Accounting Principles and the DTR of the UK FCA.

Barry T. Ryan

For and on behalf of

KPMG Channel Islands Limited, Chartered Accountants
Gategny Court
Gategny Esplanade
St Peter Port
Guernsey
GY1 1WR

24 August 2016

Unaudited Statement of Assets and Liabilities

As at 30 June 2016

	30.06.16 (Unaudited) US\$'000	31.12.15 (Audited) US\$'000	30.06.15 (Unaudited) US\$'000
Assets			
Investment in the Master Fund	900,071	1,424,795	1,717,021
Investment sales receivable	7,057	39,175	8,978
Prepaid expenses	114	91	144
Cash and bank balances denominated in US Dollars	15,461	17,224	10,855
Cash and bank balances denominated in Euro	2,825	2,216	4,079
Cash and bank balances denominated in Sterling	40,053	16,147	22,901
Total assets	965,581	1,499,648	1,763,978
Liabilities			
Performance fees payable (note 4)	–	273	3,746
Management fees payable (note 4)	1,677	2,413	2,683
Redemptions in respect of buybacks payable	5,428	1,698	2,750
Accrued expenses and other liabilities	1,170	184	171
Directors' fees payable	107	114	120
Administration fees payable (note 4)	56	73	80
Total liabilities	8,438	4,755	9,550
Net assets	957,143	1,494,893	1,754,428
Number of shares in issue (note 5)			
US Dollar shares	11,132,737	17,202,974	18,575,287
Euro shares	2,468,822	4,163,208	4,778,701
Sterling shares	23,102,176	33,427,871	36,561,834
Net asset value per share (notes 7 and 9)			
US Dollar shares	US\$20.76	US\$20.33	US\$20.93
Euro shares	€20.87	€20.56	€21.10
Sterling shares	£21.56	£21.21	£21.80

See accompanying notes to the Interim Unaudited Financial Statements.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Huw Evans
Director

24 August 2016

Unaudited Statement of Operations

For the period from 1 January 2016 to 30 June 2016

	01.01.16 to 30.06.16 (Unaudited) US\$'000	01.01.15 to 31.12.15 (Audited) US\$'000	01.01.15 to 30.06.15 (Unaudited) US\$'000
Net investment income allocated from the Master Fund			
Interest income	15,037	34,955	15,875
Dividend income (net of withholding tax: 30 June 2016: US\$2,794 31 December 2015: US\$23,737; 30 June 2015: US\$7,991)	43	127	38
Expenses	(11,307)	(32,710)	(15,884)
Net investment income allocated from the Master Fund	3,773	2,372	29
Company income			
Foreign exchange gains (note 3)	–	–	590
Total Company income	–	–	590
Company expenses			
Performance fees (note 4)	–	280	3,658
Management fees (note 4)	12,311	31,610	16,182
Other expenses	1,458	877	411
Directors' fees	229	468	235
Administration fees (note 4)	122	309	158
Foreign exchange losses (note 3)	97,126	67,384	–
Total Company expenses	111,246	100,928	20,644
Net investment loss	(107,473)	(98,556)	(20,025)
Net realised and unrealised (loss)/gain on investments allocated from the Master Fund			
Net realised (loss)/gain on investments	(41,507)	64,311	41,362
Net unrealised gain/(loss) on investments	30,810	(56,975)	7,554
Net realised and unrealised (loss)/gain on investments allocated from the Master Fund	(10,697)	7,336	48,916
Net (decrease)/increase in net assets resulting from operations	(118,170)	(91,220)	28,891

See accompanying notes to the Interim Unaudited Financial Statements.

Unaudited Statement of Changes in Net Assets

For the period from 1 January 2016 to 30 June 2016

	01.01.16 to 30.06.16 (Unaudited) US\$'000	01.01.15 to 31.12.15 (Audited) US\$'000	01.01.15 to 30.06.15 (Unaudited) US\$'000
Net (decrease)/increase in net assets resulting from operations			
Net investment loss	(107,473)	(98,556)	(20,025)
Net realised (loss)/gain on investments allocated from the Master Fund	(41,507)	64,311	41,362
Net unrealised gain/(loss) on investments allocated from the Master Fund	30,810	(56,975)	7,554
	(118,170)	(91,220)	28,891
Share capital transactions			
Purchase of own shares			
US Dollar shares	(35,456)	(37,111)	(3,513)
Euro shares	(12,039)	(17,434)	(3,441)
Sterling shares	(85,905)	(122,160)	(30,327)
Tender offer			
US Dollar shares	(70,174)	–	–
Euro shares	(17,827)	–	–
Sterling shares	(198,179)	–	–
Total share capital transactions	(419,580)	(176,705)	(37,281)
Net decrease in net assets	(537,750)	(267,925)	(8,390)
Net assets at the beginning of the period/year	1,494,893	1,762,818	1,762,818
Net assets at the end of the period/year	957,143	1,494,893	1,754,428

See accompanying notes to the Interim Unaudited Financial Statements.

Unaudited Statement of Cash Flows

For the period from 1 January 2016 to 30 June 2016

	01.01.16 to 30.06.16 (Unaudited) US\$'000	01.01.15 to 31.12.15 (Audited) US\$'000	01.01.15 to 30.06.15 (Unaudited) US\$'000
Cash flows from operating activities			
Net (decrease)/increase in net assets resulting from operations	(118,170)	(91,220)	28,891
Adjustments to reconcile net (decrease)/increase in net assets resulting from operations to net cash provided by operating activities:			
Net investment income allocated from the Master Fund	(3,773)	(2,372)	(29)
Net realised loss/(gain) on investments allocated from the Master Fund	41,507	(64,311)	(41,362)
Net unrealised (gain)/loss on investments allocated from the Master Fund	(30,810)	56,975	(7,554)
Purchase of investment in the Master Fund	–	(29,424)	(29,773)
Proceeds from sale of investment in the Master Fund	452,799	228,382	73,920
Foreign exchange losses/(gains)	97,126	67,384	(590)
Increase in prepaid expenses	(23)	(8)	(62)
(Decrease)/increase in performance fees payable	(273)	270	3,743
Decrease in management fees payable	(736)	(372)	(103)
Increase in accrued expenses and other liabilities	986	48	36
(Decrease)/increase in directors' fees payable	(7)	(6)	1
Decrease in administration fees payable	(17)	(9)	(1)
Net cash provided by operating activities	438,609	165,337	27,117
Cash flows from financing activities			
Purchase of own shares	(129,670)	(177,399)	(36,924)
Tender offer	(286,180)	–	–
Net cash used in financing activities	(415,850)	(177,399)	(36,924)
Change in cash	22,759	(12,062)	(9,807)
Cash, beginning of the period/year	35,587	47,638	47,638
Effect of exchange rate fluctuations	(7)	11	4
Cash, end of the period/year	58,339	35,587	37,835
Cash, end of the period/year			
Cash and bank balances denominated in US Dollars	15,461	17,224	10,855
Cash and bank balances denominated in Euro ¹	2,825	2,216	4,079
Cash and bank balances denominated in Sterling ²	40,053	16,147	22,901
	58,339	35,587	37,835
1. Cash and bank balances in Euro (EUR'000)	2,541	2,030	3,661
2. Cash and bank balances in Sterling (GBP'000)	29,834	10,887	14,561

See accompanying notes to the Interim Unaudited Financial Statements.

Notes to the Interim Unaudited Financial Statements

For the period from 1 January 2016 to 30 June 2016

1. The Company

BH Macro Limited (the "Company") is a limited liability closed-ended investment company incorporated in Guernsey on 17 January 2007 for an unlimited period, with registration number 46235.

The Company was admitted to a Secondary Listing (Chapter 14) on the Official List of the London Stock Exchange on 14 March 2007. On 11 March 2008, the Company migrated from the Secondary Listing to a Primary Listing pursuant to Chapter 15 of the Listing Rules of the UK Listing Authority. 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.

On 24 June 2016, the Shareholders approved the amendments made to the Company's Articles of Incorporation to reflect changes in the Companies (Guernsey) Law, 2008.

2. Organisation

The Company is organised as a feeder fund and seeks to achieve its investment objective by investing all of its investable assets, net of short-term working capital requirements, in the ordinary US Dollar, Euro and Sterling denominated Class B shares issued by the Master Fund, and, as such, the Company is directly and materially affected by the performance and actions of the Master Fund.

The Master Fund is an open-ended investment company with limited liability formed under the laws of the Cayman Islands on 22 January 2003. The investment objective of the Master Fund is to generate consistent long-term appreciation through active leveraged trading and investment on a global basis. The Master Fund employs a combination of investment strategies that focus primarily on economic change and monetary policy and market inefficiencies. The underlying philosophy is to construct strategies, often contingent in nature with superior risk/return profiles, whose outcome will often be crystallised by an expected event occurring within a pre-determined period of time. New trading strategies will be added as investment opportunities present themselves.

At the date of these Interim Unaudited Financial Statements, there were two other feeder funds in operation in addition to the Company that invest all of their assets (net of working capital) in the Master Fund. Furthermore, Brevan Howard Multi-Strategy Master Fund Limited, another fund managed by the Manager, invests some of its assets in the Master Fund as at the date of these Financial Statements.

As such the Interim Unaudited Financial Statements of the Company should be read in conjunction with the Interim Unaudited Financial Statements of the Master Fund which can be found on the Company's website, www.bhmacro.com.

Off-balance sheet, market and credit risks of the Master Fund's investments and activities are discussed in the notes to the Master Fund's Interim Unaudited Financial Statements. The Company's investment in the Master Fund 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 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 the Master Fund and in that capacity, as at the date of these Financial Statements, has delegated the function of investment management of the Master Fund to Brevan Howard Asset Management LLP, Brevan Howard (Hong Kong) Limited, Brevan Howard (Israel) Limited, Brevan Howard Investment Products Limited, Brevan Howard US Investment Management LP, DW Partners, LP and BH-DG Systematic Trading LLP.

3. Significant accounting policies

The most recent Annual Audited Financial Statements, which give a true and fair view, are prepared in conformity with United States Generally Accepted Accounting Principles and comply with the Companies (Guernsey) Law, 2008. These Interim Unaudited Financial Statements have been prepared following the same accounting policies and methods of computation as the most recent Annual Audited Financial Statements. The functional and reporting currency of the Company is US Dollars.

As further described on page 6 these Interim Unaudited Financial Statements have been prepared using the going concern basis of accounting.

The Company is an Investment Entity which has applied the provisions of Accounting Standards Codification ("ASC") 946.

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2016 to 30 June 2016

3. Significant accounting policies (continued)

The following are the significant accounting policies adopted by the Company:

Valuation of investments

The Company records its investment in the Master Fund at fair value. Fair value is determined as the Company's proportionate share of the Master Fund's capital. At 30 June 2016, the Company is the sole investor in the Master Fund's ordinary US Dollar, Euro and Sterling Class B Shares as disclosed below. Within the table below, the investment in each share class in the Master Fund is included, with the overall total investment shown in the Interim Unaudited Statement of Assets and Liabilities.

	Percentage of Master Fund's capital	NAV per Share (Class B)	Shares held in the Master Fund (Class B)	Investment in Master Fund CCY '000	Investment in Master Fund US\$'000
30 June 2016					
US Dollar	1.45%	\$2,743.57	78,081	\$214,221	214,221
Euro	0.35%	€2,763.89	17,045	€47,111	52,376
Sterling	4.27%	£2,900.02	162,710	£471,862	633,474
					900,071
31 December 2015					
US Dollar	1.79%	\$2,749.69	121,238	\$333,368	333,368
Euro	0.46%	€2,785.92	28,364	€79,020	86,223
Sterling	5.40%	£2,910.39	232,880	£677,772	1,005,204
					1,424,795
30 June 2015					
US Dollar	2.10%	\$2,823.44	134,249	\$379,044	379,044
Euro	0.59%	€2,863.07	33,754	€96,640	107,671
Sterling	6.73%	£2,985.54	262,010	£782,241	1,230,306
					1,717,021

Fair value measurement

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. 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 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.

3. Significant accounting policies (continued)

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 Directors consider 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 Directors' 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 Directors' own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The Directors use 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 the Master Fund is discussed in the notes to the Master Fund's Interim Unaudited Financial Statements which are available on the Company's website, www.bhmacro.com. The Company's investment in the Master Fund is classified as a Level 2 investment.

Income and expenses

The Company records monthly its proportionate share of the Master Fund'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 United States Generally Accepted Accounting Principles requires management 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.

Leverage

The Manager has discretion, subject to the prior approval of a majority of the independent Directors, to employ leverage for and on behalf of the Company by way of borrowings to effect share purchases or share buy-backs, to satisfy working capital requirements and to finance further investments in the Master Fund.

The Company may borrow up to 20% of its NAV, calculated as at the time of borrowing. Additional borrowing over 20% of NAV may only occur if approved by an ordinary resolution of the Shareholders.

Foreign exchange

Investment securities and other assets and liabilities of the Sterling and Euro share classes are translated into US Dollars, the Company's reporting currency, using exchange rates at the reporting date. Transactions reported in the Unaudited Statement of Operations are translated into US Dollar amounts at the date of such transactions. The share capital and other capital reserve accounts are translated at the historic rate ruling at the date of the transaction. Exchange differences arising on translation are included in the Unaudited Statement of Operations. This adjustment has no effect on the value of net assets allocated to the individual share classes.

Cash and Bank Balances

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

Allocation of results of the Master Fund

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

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 Company's reserves.

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 and in the Financial Highlights in note 9.

Notes to the Interim Unaudited Financial Statements *continued*

For the period from 1 January 2016 to 30 June 2016

4. Management, performance and administration agreements

Management and performance 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 2% (or a pro rata proportion thereof) per month of the Net Asset Value (the "NAV") of each class of shares (before deduction of that month's management fee and before making any deduction for any accrued performance fee) as at the last business day in each month, payable monthly in arrears. The investment in the Class B shares of the Master Fund is not subject to management fees, but is subject to an operational service fee payable to the Manager of 1/12 of 0.5% per month of the NAV. The management fee charged by the Company is reduced by the Company's share of management fees incurred by the Master Fund through any underlying investments of the Master Fund that share the same Manager as the Company. During the period ended 30 June 2016, US\$12,310,756 (31 December 2015: US\$31,610,219 and 30 June 2015: US\$16,182,436) was earned by the Manager as net management fees. At 30 June 2016, US\$1,676,905 (31 December 2015: US\$2,413,156 and 30 June 2015: US\$2,682,758) of the fee remained outstanding.

The Manager is also entitled to an annual performance fee for each share class. The performance fee is equal to 20% of the appreciation in the NAV per share of that class during that calculation period which is above the base NAV per share of that class. The base NAV per share is the greater of the NAV per share of the relevant class at the time of issue of such share and the highest NAV per share achieved as at the end of any previous calculation period. The Manager will be paid an estimated performance fee on the last day of the calculation period. Within 15 business days following the end of the calculation period, any difference between the actual performance fee and the estimated amount will be paid to or refunded by the Manager, as appropriate.

The investment in the Class B shares of the Master Fund is not subject to performance fees. The portion of any performance fee accrued in respect of a class of shares that relates to the portion of shares of the relevant class which are redeemed, repurchased or cancelled during the calculation period will crystallise and shall be paid to the Manager as at the date of redemption, repurchase or cancellation. Where a portion of any performance fee accrued in respect of a class of shares crystallises as a result of the conversion of shares of that class into shares of another class, that portion of the performance fee shall be paid to the Manager at the same time as any performance fees in respect of the entire relevant calculation period. During the period ended 30 June 2016, US\$Nil (31 December 2015: US\$279,728 and 30 June 2015: US\$3,658,490) was earned by the Manager as performance fees. At 30 June 2016, US\$Nil (31 December 2015: US\$272,773 and 30 June 2015: US\$3,746,411) of the fee remained outstanding.

The Master Fund may hold investments in other funds managed by the Manager. To ensure that Shareholders of the Company are not subject to two tiers of fees, the fees paid to the Manager as outlined above are reduced by the Company's share of any fees paid to the Manager by the underlying Master Fund investments, managed by the Manager.

The Management Agreement may be terminated by either party giving the other party not less than 24 months' written notice. In certain circumstances the Company will be obliged to pay compensation to the Manager of the aggregate management fees which would otherwise have been payable during the 24 months following the date of such notice and the aggregate of any accrued performance fee in respect of the current Calculation Period. Compensation is not payable if more than 24 months' notice of termination is given.

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 quarterly in arrears. The fee is at a rate of 0.015% of the average month end NAV of the Company, subject to a minimum fee of £67,500 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 for out-of-pocket expenses incurred in the course of carrying out its duties as Administrator. During the period ended 30 June 2016, US\$121,901 (31 December 2015: US\$309,021 and 30 June 2015: US\$157,747) was earned by the Administrator as administration fees. At 30 June 2016, US\$55,900 (31 December 2015: US\$72,649 and 30 June 2015: US\$80,447) of the fee remained outstanding.

5. Share capital

Issued and authorised share capital

The Company has the power to issue an unlimited number of ordinary shares with no par value and an unlimited number of shares with a par value. Shares may be divided into at least three classes denominated in US Dollars, Euro and Sterling. Further issue of shares may be made in accordance with the Articles. Shares may be issued in differing currency classes of ordinary redeemable shares including C shares. The treasury shares have arisen as a result of the discount management programme as described in note 8. The tables below show the movement in ordinary and treasury shares.

For the period from 1 January 2016 to 30 June 2016

	US Dollar shares	Euro shares	Sterling shares
Number of ordinary shares			
In issue at 1 January 2016	17,202,974	4,163,208	33,427,871
Share conversions	(412,978)	(268,287)	483,429
Purchase of shares into Treasury	(1,852,165)	(564,768)	(2,996,901)
Tender offer shares transferred to treasury (note 8)	(3,805,094)	(861,331)	(7,812,223)
In issue at 30 June 2016	11,132,737	2,468,822	23,102,176
Number of treasury shares			
In issue at 1 January 2016	1,537,035	362,723	2,943,169
* On market purchases	1,852,165	564,768	2,996,901
Tender offer shares transferred to treasury (note 8)	3,805,094	861,331	7,812,223
Shares cancelled	(2,261,000)	(704,000)	(3,695,000)
Tender offer shares cancelled (note 8)	(3,805,094)	(861,331)	(7,812,223)
In issue at 30 June 2016	1,128,200	223,491	2,245,070
Percentage of class	9.20%	8.30%	8.86%

* On market purchases for the period ended 30 June 2016

Treasury shares	Number of shares purchased	Cost (US\$)	Cost (in currency)
US Dollar shares	1,852,165	35,456,225	US\$35,456,225
Euro shares	564,768	12,039,238	€10,836,477
Sterling shares	2,996,901	85,904,738	£60,168,278

For the year to 31 December 2015

	US Dollar shares	Euro shares	Sterling shares
Number of ordinary shares			
In issue at 1 January 2015	18,332,029	5,112,916	37,717,793
Share conversions	760,006	(147,742)	(373,415)
Purchase of shares into Treasury	(1,889,061)	(801,966)	(3,916,507)
In issue at 31 December 2015	17,202,974	4,163,208	33,427,871
Number of treasury shares			
In issue at 1 January 2015	1,797,974	507,757	3,321,662
* On market purchases	1,889,061	801,966	3,916,507
Shares cancelled	(2,150,000)	(947,000)	(4,295,000)
In issue at 31 December 2015	1,537,035	362,723	2,943,169
Percentage of class	8.20%	8.01%	8.09%

* On market purchases for the year ended 31 December 2015

Treasury shares	Number of shares purchased	Cost (US\$)	Cost (in currency)
US Dollar shares	1,889,061	37,110,607	US\$37,110,607
Euro shares	801,966	17,434,000	€15,830,882
Sterling shares	3,916,507	122,159,741	£79,876,060

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2016 to 30 June 2016

5. Share capital (continued)

For the period from 1 January 2015 to 30 June 2015

	US Dollar shares	Euro shares	Sterling shares
Number of ordinary shares			
In issue at 1 January 2015	18,332,029	5,112,916	37,717,793
Share conversions	421,009	(180,360)	(139,005)
Purchase of shares into Treasury	(177,751)	(153,855)	(1,016,954)
In issue at 30 June 2015	18,575,287	4,778,701	36,561,834
Number of treasury shares			
In issue at 1 January 2015	1,797,974	507,757	3,321,662
*On market purchases	177,751	153,855	1,016,954
Shares cancelled	–	(245,000)	(940,000)
In issue at 30 June 2015	1,975,725	416,612	3,398,616
Percentage of class	9.61%	8.02%	8.50%

* On market purchases for the period ended 30 June 2015

Treasury shares	Number of shares purchased	Cost (US\$)	Cost (in currency)
US Dollar shares	177,751	3,513,343	US\$3,513,343
Sterling shares	1,016,954	30,326,812	£20,854,043
Euro shares	153,855	3,441,010	€3,071,875

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 the Master Fund US Dollar shares, Master Fund Euro shares and Master Fund Sterling shares as calculated by the Master Fund 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 of shares

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. On a vote, a single US Dollar ordinary share has 0.7606 votes, a single Euro ordinary share has one vote and a single Sterling ordinary share has 1.4710 votes.

Treasury shares do not have any voting rights.

Repurchase of ordinary shares

The Directors were granted authority on 24 June 2016 to purchase in the market up to approximately 15% of each class of share in issue following completion of the Company's tender offer on 27 June 2016. 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, Shareholders of a class of shares also have the ability to call for repurchase of that class of shares in certain circumstances. See note 8 for further details.

5. Share capital (continued)

Further issue of shares

As approved by the Shareholders at the Annual General Meeting held on 24 June 2016, the Directors have the power to issue further shares totalling 3,800,472 US Dollar shares, 857,033 Euro shares and 7,805,333 Sterling shares respectively. This power expires fifteen months after the passing of the resolution or on the conclusion of the next Annual General Meeting of the Company, whichever is earlier, unless such power is varied, revoked or renewed prior to that Meeting by a resolution of the Company in general meeting.

Distributions

The Master Fund has not previously paid dividends to its investors. 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 to ensure that its shares are not categorised as non-mainstream pooled investments. This may mean that the Company may 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 and performance fees.

Treasury shares are not entitled to distributions.

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. Shareholders are able to convert ordinary shares on the last business day of every month. Each conversion will be based on the NAV (note 7) of the shares of the class to be converted.

6. Taxation

Overview

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

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%) 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 Interim Unaudited Financial Statements. Income tax and related interest and penalties would be recognised by the Company as tax expense in the Interim Unaudited Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold.

The Company analyses all open tax years for all major taxing 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 Directors have analysed the Company's tax positions, and have concluded that no liability for unrecognised tax benefits should be recorded related to uncertain tax positions. Further, the Directors are 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 class account 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 the Master Fund, 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 the Master Fund, weekly in arrears.

Notes to the Interim Unaudited Financial Statements *continued*

For the period from 1 January 2016 to 30 June 2016

8. Discount management programme

The Company has adopted a number of methods in order to seek to manage any discount to NAV at which the Company's shares trade.

Market purchases

During the period, the Company regularly utilised its ability to make market purchases of its shares as part of the discount management programme. The total number of shares held in treasury at 30 June 2016 are as disclosed in note 5.

Tender offer

On 5 April 2016, the Company announced a tender offer to acquire up to 25% of the Company's shares at discounts ranging from 4% to 8%. The purpose of the tender was to permit those Shareholders who wished to realise some (or possibly all) of their investment in the Company to do so, subject to the terms of the tender offer, while also offering potential enhancements to the Company's NAV for Shareholders who remained invested in the Company. The discounts were set by taking account of both the approximate discounts to NAV at which the Company's shares had traded in the past 12 months and the Company's probable liquidation value.

The tender, which was completed in late June 2016, was oversubscribed: tenders of sterling and euro shares at discounts of 8%, 7% and 6% were accepted in full, and at 5% in part; tenders of dollar shares at discounts of 8% and 7% were accepted in full, and at 6% in part. Shares purchased in the tender have been cancelled.

Annual offer of partial return of capital

Once in every calendar year the Directors may, in their absolute discretion, determine that the Company shall make an offer of a partial return of capital in respect of 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 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 a partial return of capital will be made, the timetable for that partial return of capital and the price at which the shares of each relevant class will be returned.

Whether a partial 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.

Shareholders will be able to decide at that time whether to elect to participate in the capital return on the basis of the then prevailing market conditions.

Class closure resolutions

The Company has an 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 in that fixed discount management period, as described more fully in the Company's principal documents.

In the event a class closure resolution is passed, Shareholders in the relevant class will have the following options offered to them:

- (i) to redeem all or some of their shares at NAV per share less a proportion of the costs and expenses of the class closure vote and other outstanding costs and expenses of the Company attributable to the relevant class (including, if relevant, any redemption fees);
- (ii) subject to certain limitations, to convert all or some of their shares into shares of another class, assuming that other class does not also pass a class closure resolution; or
- (iii) subject to the class continuing, to remain in the class.

These provisions are disclosed in more detail in the Company's Articles.

If all classes vote in favour, the Company will be wound up.

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

9. 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.

9. Financial highlights (continued)

	30.06.16 US Dollar shares US\$	30.06.16 Euro shares €	30.06.16 Sterling shares £
Per share operating performance			
Net asset value at beginning of the period	20.33	20.56	21.21
Income from investment operations			
Net investment loss*	(0.22)	(0.25)	(0.22)
Net realised and unrealised loss on investment	(0.18)	(0.33)	(0.23)
Other capital items**	0.83	0.89	0.80
Total return	0.43	0.31	0.35
Net asset value, end of the period	20.76	20.87	21.56
Total return before performance fee	2.12%	1.52%	1.64%
Performance fee	–	–	–
Total return after performance fee	2.12%	1.52%	1.64%

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 period from 1 January 2016 to 30 June 2016. An individual shareholder's return may vary from these returns based on the timing of their purchase or sale of shares. All figures contained herein in respect of the period ended 30 June 2016 are not annualised.

	30.06.16 US Dollar shares US\$'000	30.06.16 Euro shares €'000	30.06.16 Sterling shares £'000
Supplemental data			
Net asset value, end of the period	231,119	51,527	498,130
Average net asset value for the period	302,519	71,080	639,776
Ratio to average net assets			
Operating expenses			
Company expenses***	1.09%	1.11%	1.09%
Master Fund expenses****	0.53%	0.53%	0.54%
Master Fund interest expense*****	0.33%	0.33%	0.34%
Performance fee	0.00%	0.00%	0.00%
	1.95%	1.97%	1.97%
Net investment loss before performance fees*	(0.82%)	(0.85%)	(0.79%)
Net investment loss after performance fees*	(0.82%)	(0.85%)	(0.79%)

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2016 to 30 June 2016

9. Financial highlights (continued)

	31.12.15 US Dollar shares US\$	31.12.15 Euro shares €	31.12.15 Sterling shares £
Per share operating performance			
Net asset value at beginning of the year	20.62	20.72	21.40
Income from investment operations			
Net investment loss*	(0.41)	(0.47)	(0.44)
Net realised and unrealised (loss)/gain on investment	(0.01)	0.13	0.13
Other capital items**	0.13	0.18	0.12
Total return	(0.29)	(0.16)	(0.19)
Net asset value, end of the year	20.33	20.56	21.21
Total return before performance fee	(1.41%)	(0.74%)	(0.84%)
Performance fee	(0.01%)	(0.03%)	(0.02%)
Total return after performance fee	(1.42%)	(0.77%)	(0.86%)

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 from 1 January 2015 to 31 December 2015. An individual shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	31.12.15 US Dollar shares US\$'000	31.12.15 Euro shares €'000	31.12.15 Sterling shares £'000
Supplemental data			
Net asset value, end of the year	349,737	85,593	709,164
Average net asset value for the year	379,774	100,773	787,293

	31.12.15 US Dollar shares	31.12.15 Euro shares	31.12.15 Sterling shares
Ratio to average net assets			
Operating expenses			
Company expenses***	1.97%	1.99%	1.96%
Master Fund expenses****	0.90%	0.89%	0.90%
Master Fund interest expense*****	1.03%	1.02%	1.03%
Performance fee	0.01%	0.03%	0.02%
	3.91%	3.93%	3.91%
Net investment loss before performance fees*	(1.83%)	(1.86%)	(1.82%)
Net investment loss after performance fees*	(1.84%)	(1.89%)	(1.84%)

9. Financial highlights (continued)

	30.06.15 US Dollar shares US\$	30.06.15 Euro shares €	30.06.15 Sterling shares £
Per share operating performance			
Net asset value at beginning of the period	20.62	20.72	21.40
Income from investment operations			
Net investment loss*	(0.23)	(0.24)	(0.26)
Net realised and unrealised gain on investment	0.52	0.62	0.64
Other capital items**	0.02	–	0.02
Total return*	0.31	0.38	0.40
Net asset value, end of the period	20.93	21.10	21.80
Total return before performance fee	1.64%	1.97%	2.08%
Performance fee	(0.15%)	(0.14%)	(0.23%)
Total return after performance fee	1.49%	1.83%	1.85%

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 period from 1 January 2015 to 30 June 2015. An individual shareholder's return may vary from these returns based on the timing of their purchase or sale of shares. All figures contained herein in respect of the period ended 30 June 2015 are not annualised.

	30.06.15 US Dollar shares US\$'000	30.06.15 Euro shares €'000	30.06.15 Sterling shares £'000
Supplemental data			
Net asset value, end of the period	388,776	100,818	796,875
Average net asset value for the period	385,744	105,762	810,047

	30.06.15 US Dollar shares	30.06.15 Euro shares	30.06.15 Sterling shares
Ratio to average net assets			
Operating expenses			
Company expenses***	0.97%	0.99%	0.97%
Master Fund expenses****	0.44%	0.44%	0.44%
Master Fund interest expense*****	0.47%	0.47%	0.47%
Performance fee	0.12%	0.14%	0.24%
	2.00%	2.04%	2.12%
Net investment loss before performance fees*	(0.97%)	(0.98%)	(0.97%)
Net investment loss after performance fees*	(1.09%)	(1.12%)	(1.21%)

Notes

- * The net investment loss figures disclosed above, does not include net realised and unrealised gains/losses on investments allocated from the Master Fund.
- ** Included in other capital items are the discounts and premiums on conversions between share classes and on the sale of treasury shares as well as any partial capital return effected in the relevant period as compared to the NAV per share at the beginning of the period/year.
- *** Company expenses are as disclosed in the Interim Unaudited Statement of Operations excluding the performance fee and Foreign Exchange.
- **** Master Fund expenses are the operating expenses of the Master Fund excluding the interest and dividend expenses of the Master Fund.
- ***** Master Fund interest expense includes interest and dividend expenses on investments sold short.

Notes to the Interim Unaudited Financial Statements *continued*

For the period from 1 January 2016 to 30 June 2016

10. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

Management and performance fees are disclosed in note 4.

Directors' fees are disclosed in the Directors' Remuneration Report on page 14.

Directors' interests are disclosed in the Directors' Report on page 7 and also the Board Members section on pages 3-4.

11. Subsequent events

The Directors have evaluated subsequent events up to 24 August 2016, which is the date that the Interim Unaudited Financial Statements were available to be issued, and have concluded there are no further items that require disclosure or adjustment to the Interim Unaudited Financial Statements other than those listed below.

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

Treasury shares	Number of shares purchased	Cost (US\$)	Cost (in currency)
US Dollar shares	175,739	3,278,874	\$3,278,874
Sterling shares	762,042	19,257,427	£14,724,976
Euro shares	208,104	4,323,045	€3,880,506

In addition to the buyback of the above shares, 260,000 US Dollar shares, 590,000 Sterling shares and 234,300 Euro shares were also cancelled.

Following the purchases and cancellations of shares, the Company held 1,043,939 US Dollar shares, 2,417,112 Sterling shares and 197,295 Euro shares held as treasury shares as at 24 August 2016.

No further subsequent events have occurred.

Historic Performance Summary

As at 30 June 2016

	30.06.16 US\$'000	31.12.15 US\$'000	31.12.14 US\$'000	31.12.13 US\$'000	31.12.12 US\$'000
Net (decrease)/increase in net assets resulting from operations	(118,170)	(91,220)	(122,858)	105,344	147,335
Total assets	965,581	1,499,648	1,768,337	2,255,031	2,194,398
Total liabilities	(8,438)	(4,755)	(5,519)	(8,176)	(8,723)
Net assets	957,143	1,494,893	1,762,818	2,246,855	2,185,675
Number of shares in issue					
US Dollar shares	11,132,737	17,202,974	18,332,029	24,967,761	29,613,121
Euro shares	2,468,822	4,163,208	5,112,916	6,792,641	7,405,670
Sterling shares	23,102,176	33,427,871	37,717,793	43,602,671	41,675,441
Net asset value per share					
US Dollar shares	US\$20.76	US\$20.33	US\$20.62	US\$20.60	US\$20.06
Euro shares	€20.87	€20.56	€20.72	€20.74	€20.21
Sterling shares	£21.56	£21.21	£21.40	£21.34	£20.70

Notes

Company Information

Directors

Ian Plenderleith (Chairman)*

Huw Evans*

Christopher Legge*
(resigned 24 June 2016)

Colin Maltby*

Claire Whittet*

David Barton
(resigned 29 February 2016)

John Le Poidevin*
(appointed 24 June 2016)

(All Directors are non-executive)

* These Directors are independent for the purpose of Listing Rule 15.2.12-A.

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