BREVAN HOWARD

BH GLOBAL LIMITED

MONTHLY SHAREHOLDER REPORT:
JANUARY 2017

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MONTHLY SHAREHOLDER REPORT: JANUARY 2017

BREVAN HOWARD

www.bhglobal.com

BH Global Limited

Manager:
Brevan Howard Capital Management LP ("BHCM")

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

Joint Corporate Brokers:
J.P. Morgan Cazenove
Canaccord Genuity Ltd.

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

Overview:

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

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

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

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

Total Assets: $465 mm[1]

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

Summary Information

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

Shares Class	NAV (USD mm)	NAV per Share
USD Shares	59.5	14.22
GBP Shares	405.6	14.35

BH Global Limited NAV per Share* % Monthly Change

USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008						1.16*	0.10	0.05	-3.89	1.13	2.74	0.38	1.55
2009	3.35	1.86	1.16	1.06	2.79	-0.21	1.07	0.27	1.49	0.54	0.11	0.04	14.31
2010	0.32	-0.85	-0.35	0.53	-0.06	0.60	-0.79	0.80	1.23	0.39	-0.21	-0.06	1.54
2011	0.09	0.42	0.34	1.20	0.19	-0.56	1.61	3.51	-1.29	-0.14	0.19	-0.88	4.69
2012	1.22	1.02	-0.54	-0.10	-0.65	-1.53	1.46	0.70	1.47	-0.72	0.81	1.26	4.44
2013	1.33	0.49	0.33	1.60	-0.62	-1.95	-0.14	-0.86	0.09	-0.13	0.95	0.75	1.79
2014	-0.98	-0.04	-0.26	-0.45	0.90	0.70	0.60	0.05	1.56	-0.75	0.71	0.44	2.49
2015	3.37	-0.41	0.35	-1.28	1.03	-1.49	-0.06	-1.56	-0.58	-0.67	3.06	-3.31	-1.73
2016	0.82	1.03	-0.83	-0.66	0.28	1.71	0.13	0.10	-0.23	0.47	3.62	0.82	7.42
2017	0.22												0.22

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008						1.40*	0.33	0.40	-4.17	1.25	3.27	0.41	2.76
2009	3.52	1.94	1.03	0.68	2.85	-0.28	1.05	0.31	1.51	0.58	0.12	0.08	14.15
2010	0.35	-0.93	-0.32	0.58	-0.04	0.62	-0.81	0.84	1.17	0.37	-0.20	-0.03	1.61
2011	0.10	0.41	0.38	1.13	0.04	-0.59	1.69	3.67	-1.41	-0.15	0.21	-0.84	4.65
2012	1.23	1.05	-0.51	-0.08	-0.62	-1.51	1.50	0.70	1.44	-0.72	0.72	1.31	4.55
2013	1.36	0.56	0.36	1.63	-0.48	-1.91	-0.11	-0.84	0.14	-0.11	0.97	0.77	2.32
2014	-0.97	-0.14	-0.33	-0.30	0.56	0.48	0.42	0.03	1.85	-0.76	0.78	0.48	2.09
2015	3.48	-0.34	0.33	-1.26	1.18	-1.50	-0.03	-1.44	-0.64	-0.79	3.02	-3.16	-1.32
2016	0.91	1.08	-1.04	-0.65	0.24	1.46	0.13	-0.14	-0.34	0.59	3.28	0.96	6.60
2017	0.16												0.16

Source: Fund NAV data is provided by the administrator of BHMS, International Fund Services (Ireland) Limited ("IFS"). BHG NAV and NAV per Share data is provided by BHG's administrator, Northern Trust. BHG NAV per Share % Monthly Change calculations are made by BHCM. BHG NAV data is unaudited and net of all investment management and performance fees and all other fees and expenses payable by BHG. NAV performance is provided for information purposes only. Shares in BHG do not necessarily trade at a price equal to the prevailing NAV per Share.

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

Data as at 31 January 2017.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

ASC 820 Asset Valuation Categorisation*

Brevan Howard Multi-Strategy Master Fund Limited

Unaudited as at 31 January 2017

	% of Gross Market Value* on a non-look through basis
Level 1	57.3
Level 2	26.7
Level 3	1.5
At NAV	14.5

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

* This data is unaudited and has been calculated by BHCM using the same methodology as that used in the most recent audited financial statements of the Fund.

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

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

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

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

	% of Gross Market Value* on a look through basis
Level 1	64.5
Level 2	34.5
Level 3	1.0

Source: BHCM

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

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

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

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

Manager Update

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

The Manager anticipates that with effect from 27 March, Alan Howard's trading on behalf of Brevan Howard Master Fund Limited ("BHMF") will take place through an allocation by BHMF to a segregated trading vehicle managed by Mr. Howard. The purpose of this is simply to allow BHMF to maintain the same average risk exposure to Mr. Howard as it has done over the years, whilst also permitting Mr. Howard to potentially manage additional external assets without the need to manage two separate pools of capital.

The investment strategy, trading style and risk management approach of the new vehicle will be identical to Mr. Howard's existing trading book in BHMF which it will replace. Mr. Howard's responsibilities in respect of the management and investment activities of BHMF will remain unchanged. As such there will be no change to BHMF's management or its exposure or target risk allocation to Mr. Howard's trading. In addition, BHMS's Direct Investment Portfolio will continue its access to Mr. Howard via this structure.

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

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

	Rates	FX	Commodity	Credit	Equity	Discount Management	TOTAL
Jan 2017	1.60	-1.13	-0.05	0.35	-0.56	0.00	0.22
Q1 2017	1.60	-1.13	-0.05	0.35	-0.56	0.00	0.22
YTD 2017	1.60	-1.13	-0.05	0.35	-0.56	0.00	0.22

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

*Data as at 31 January 2017

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

Methodology and Definition of Contribution to Performance:
Attribution by asset class is produced at the instrument level, with adjustments made based on risk estimates.
The above asset classes are categorised as follows:
"**Rates**": interest rates markets
"**FX**": FX forwards and options
"**Commodity**": commodity futures and options
"**Credit**": corporate and asset-backed indices, bonds and CDS
"**Equity**": equity markets including indices and other derivatives
"Discount Management": buyback activity for discount management purposes

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

	Macro	Systematic	Rates	FX	Equity	Credit	EMG	Commodity	Discount Management	TOTAL
Jan 2017	0.12	-0.10	-0.04	-0.10	-0.00	0.30	0.08	-0.00	0.00	0.22
Q1 2017	0.12	-0.10	-0.04	-0.10	-0.00	0.30	0.08	-0.00	0.00	0.22
YTD 2017	0.12	-0.10	-0.04	-0.10	-0.00	0.30	0.08	-0.00	0.00	0.22

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

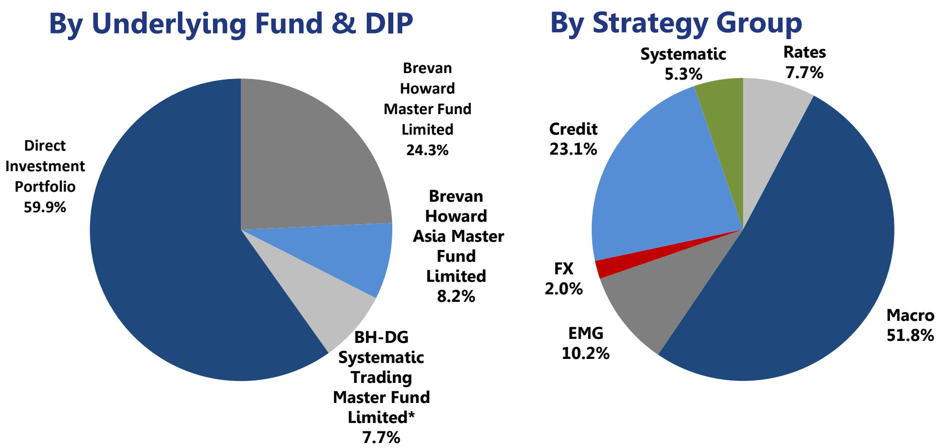
* Data as at 31 January 2017

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

Methodology and Definition of Contribution to Performance:
Strategy Group Attribution is approximate and has been derived by allocating each underlying trader book to a single category. In cases where a trader book has activity in more than one category, the most relevant category has been selected.
The above strategies are categorised as follows:
"**Macro**": multi-asset global markets, mainly directional (for BHG, the majority of risk in this category is in rates)
"**Systematic**": rules-based futures trading
"**Rates**": developed interest rates markets
"**FX**": global FX forwards and options
"**Equity**": global equity markets including indices and other derivatives
"**Credit**": corporate and asset-backed indices, bonds and CDS
"**EMG**": global emerging markets
"**Commodity**": liquid commodity futures and options
"**Discount Management**": buyback activity for discount management purposes

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

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



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

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

Methodology and Definition of Allocation by Strategy Group:

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

The above strategies are categorised as follows:
"**Macro**": multi-asset global markets, mainly directional (for the Fund, the majority of risk in this category is in rates)
"**Systematic**": rules-based futures trading
"**Rates**": developed interest rates markets
"**FX**": global FX forwards and options
"**Credit**": corporate and asset-backed indices, bonds and CDS
"**EMG**": global emerging markets

Portfolio Update for BHG

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

Asset Class	VaR** by asset class as a % of total VaR
IR	33
Vega	14
Equity	20
Credit	4
FX	26
Commodity	2

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

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Monthly Performance Review for BHG

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

BHG Monthly Commentary

The NAV per share of BHG's USD shares appreciated by 0.22% and the NAV per share of BHG's GBP shares appreciated by 0.16% in January 2017.

Monthly Performance of BHMS Underlying Allocations*

Investment	Rates	FX	Equity	Commodity	Credit	Jan 2017 Total	YTD Total
Brevan Howard Master Fund Limited Class Z (USD)**	1.24%	-2.03%	-0.67%	0.03%	0.14%	-1.29%	-1.29%
Brevan Howard Asia Master Fund Limited (USD)**	0.22%	-1.47%	-0.03%	-0.00%	0.00%	-1.28%	-1.28%
BH-DG Systematic Trading Master Fund Limited Class Z (USD)**	-1.01%	-0.82%	1.25%	-0.73%	0.00%	-1.31%	-1.31%
Direct Investment Portfolio	3.07%	-1.19%	-1.05%	-0.00%	0.70%	1.54%	1.54%

*As at 31 January 2017

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

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

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

Brevan Howard Master Fund Limited ("BHMF")

The NAV per share of BHMF Class Z USD shares depreciated by 1.29% in January. BHMF's losses came primarily from FX trading and to a lesser extent equity trading, whilst interest rate trading overall contributed positively. Broad based weakness of the USD currency drove losses predominantly versus EUR, JPY and to a lesser extent the peripheral Dollar bloc. Interest rate trading gains were driven by a combination of directional and relative value positioning in European interest rates, partially offset by small losses from short directional and curve positions in US interest rates. Equity trading losses came from long option positions in US indices.

Brevan Howard Asia Master Fund Limited ("BHA")

The NAV per share of BHA Ordinary USD shares depreciated by 1.28% in January. Losses over the month were primarily driven by FX trading. Approximately half of the FX losses came from short positioning in the Chinese Renminbi, with the balance from short positioning across a variety of G10 and Asian currencies versus the USD. Interest rate trading was modestly positive for the month, with gains from long directional and curve steepening trades in Australia and New Zealand being partially offset by a combination of losses from US volatility trading and to a lesser extent directional trades in Korea. Small equity trading losses came from a decline in the level of implied option volatility.

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

The NAV per share of BHDGST Class Z USD shares depreciated by 1.31% in January. The start of 2017 saw a continuation of the rally in stocks, and BHDGST maintained its large long exposure to equity indices, with longs in the NASDAQ and S&P comprising two out of the three largest VaR contributors. BHDGST profited from these positions during the month, and the equity sector was the largest positive contributor to returns. In FX, the strong post-election rally in the USD during November and December meant that BHDGST began the year with a significant long USD position. This move reversed sharply in January and BHDGST experienced losses as the USD weakened significantly. BHDGST responded to the move by aggressively cutting risk and ended the month with a net short USD position, although with significant offsetting currency longs (including BRL, AUD and INR) and shorts (including JPY, GBP and EUR). BHDGST started the month with a small net long bond position, as short positions in North American and Asian bond futures were offset by longs in European bond futures. By the end of the month BHDGST had a short position in almost all bond futures.

Direct Investment Portfolio ("DIP")

In January the Direct Investment Portfolio ("DIP") appreciated by 1.54%. The bulk of the gains arose in interest rates trading where most of the profits came from EUR rates. Profits came both from RV positions and directional trades where the DIP benefitted from an increase in EUR interest rates. Some of the gains were offset by losses in USD interest rates which moved lower at the start of the month when the DIP was positioned for higher rates. Credit trading contributed positively with most gains from US CMBS and RMBS. Agency credit trading added to the gains. FX trading was a detractor where the DIP suffered from the reversal in the USD, which weakened after its strong rally during November and December. The US Dollar Index declined by 2.6% during January and most losses arose from the DIP's short exposure to EUR and JPY. The losses were partly offset by gains from trading in other currencies including a long exposure to the Swedish Krona against EUR. Additional losses arose in equity index trading, mainly in the S&P.

Manager's Market Review and Outlook

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

US

Real GDP rose at an annualised rate of 1.9% in the fourth quarter. Combined with a brisk increase in third-quarter real GDP, the second half of the year delivered notably stronger growth than in the first half of the year. Consumer spending has been solid and the business sector has bounced back. In particular, businesses built inventories in the second half of the year and the recession in equipment investment ended in the fourth quarter. International trade was a sizable subtraction from growth in the fourth quarter, but most of the decline was attributable to pay back from a jump in agricultural exports in the third quarter. Smoothing through the volatility, real GDP has expanded to nearly 2% over the last four quarters and appears to be on track for a similar increase in the current quarter. Although the impact of last November's US election on aggregate demand remains to be seen, a wide variety of consumer and business sentiment surveys have improved appreciably. For the first time in a considerable period, the risks to the outlook appear balanced.

The labour market has enjoyed steady improvement. The unemployment rate was 4.8% in January, roughly the same as many analysts' estimates of full employment. Smoothing through some ups and downs, the participation rate has been moving sideways, on net, which is better than the structural downward trend governed by the ageing of the population. Nonfarm payroll employment remains solid while wage inflation is slowly building momentum.

Consumer price inflation has moved higher in recent quarters. The price index for Personal Consumption Expenditures ("PCE") rose 1.6% over the last year, as past declines in energy prices put less downward pressure on inflation. Excluding food and energy, core PCE prices rose 1.7% over the same period. That's a notable improvement from a year earlier, and inching closer to the Federal Open Market

Committee's ("FOMC") target of 2.0%. The continuing effect of US dollar appreciation has weighed on core inflation, though the influence appears to be waning. Survey and market based measures of inflation expectations have improved recently but remain low by historical comparison.

In the wake of a second rate hike in December, Federal Reserve communications have pointed to a more regular, but still gradual, pace of rate hikes going forward. The Summary of Economic Projections in the December FOMC meeting suggested a median expectation of three rate hikes in 2017. Given the uncertainty about the impact of the Republican policy agenda, monetary policy may have to be more flexible going forward. Nevertheless, policymakers seem intent on proceeding cautiously at this juncture given an asymmetric ability to respond to adverse economic developments because the target federal funds rate remains close to the zero lower bound, and an increasing realisation that equilibrium interest rates are historically low. As a result, the stance of policy may not be as accommodative as the level of the federal funds rate would have historically implied.

President Trump hit the ground running after his inauguration with a steady stream of executive orders on everything from immigration to financial deregulation. As the President fills his Cabinet, his policy priorities will come into better focus. Meanwhile, at the other end of Pennsylvania Avenue, Congress is taking up an ambitious legislative agenda, which includes repealing and replacing Obamacare, corporate tax reform, personal tax cuts, and infrastructure spending. At this point, the markets are waiting on clarity about the prospects for legislation that may not come for a number of months.

UK

Economic activity in the UK has continued to defy the expectations of economists and the Bank of England ("BoE") for a slowdown in response to the referendum. Not only has investment been slightly more resilient than expected, but consumption growth actually gathered pace in the second half of 2016, keeping GDP growth stable at 0.6% q/q for the third quarter in a row in Q4 2016. The main question going forward remains to what extent consumer spending will slow in response to the deceleration in real incomes, as inflation is expected to pick up further. So far, some of the outperformance in consumption over real income growth can be explained by faster credit growth and rising house prices, but the latest data show some tentative signs of weakness: retail sales excluding fuel slowed to 4.9% y/y in December from 6.4% y/y in November. Consumer borrowing, which had underpinned the strong consumption spending of late, also slowed in December. This is far from being conclusive evidence that the slowdown is materialising, but it does support the BoE's view that consumption will eventually slow in response to the deceleration in real incomes. Moreover, early indications suggest that wage settlements may come in lower than last year, reflecting a lower equilibrium unemployment rate and Brexit-related uncertainty.

Therefore, the BoE maintained its neutral policy stance at its latest meeting in early February. The MPC's decision to 'look through' the price level shock stemming from the depreciation of Sterling will likely only be questioned if underlying price pressures emerge – stemming from either an unexpectedly strong economy or second-round effects of higher inflation. In the former case, the output gap could turn positive. In the latter case, inflation expectations would be at risk of becoming un-anchored. Either case would call for a tightening in monetary policy. Conversely, however, a negative growth shock – be it due to Brexit or a global slowdown – could yet trigger further easing by the BoE. Meanwhile, the Brexit negotiations are due to start in earnest in March. While the Supreme Court rejected the Government's appeal against a High Court ruling that required a vote in Parliament as a pre-condition for triggering Article 50, it looks unlikely that Parliament will materially restrict the Prime Minister's room for manoeuvre. Hence, the Article 50 notification is still expected to occur by the end of March.

EMU

EMU preliminary GDP was 0.5% q/q in Q4, in line with the ECB December staff projection, marking an acceleration from the 0.4% q/q growth rate recorded in Q3. The estimate implies EMU GDP growth of 1.7% in 2016, slightly lower than 1.9% in 2016. The first survey indications for 2017 remained broadly positive, although with some possible indications that a cyclical peak may be approaching. While the EMU January composite Purchasing Managers' Index ("PMI") was unchanged at its strongest level since May 2011, the IFO business climate index declined due to weakening in the key expectations component. Due to moderate, but higher than potential growth, the EMU unemployment rate continued to decline to 9.6% in December 2016, its lowest level since May 2009, although with still large divergences across countries. Wage growth remains sluggish, with euro area negotiated wage growth likely to have averaged around 1.45% in 2016 (the slowest annual rate since 1991), after 1.5% in 2015, 1.7% in 2014 and 2.5% on average since 1991. Headline inflation in the euro area jumped to 1.8% y/y in Jan 2017 (according to the flash estimate), much stronger than ECB December staff projections, prompting some of the more hawkish Governing Council members (e.g. Board member Lautenschlaeger) to announce the ECB should soon end Quantitative Easing. Certainly, the ECB's 2017 headline inflation projection will need to be raised in March. However, core inflation remained unchanged at 0.9% y/y as the weakness in wage growth weighs.

Recent comments from influential ECB Board members (i.e. Draghi, Praet, Coeure) suggest little appetite for opening up any early debate about revisiting the 8 December decision (i.e. to continue QE at a reduced pace of €60bn from April 2017 - with an easing bias to increase in terms of size and/or duration if required - until at least the end of 2017, or beyond, if necessary), although as stated the pressure from the hawks is likely to increase in view of elevated headline inflation. Overall, the current message from those driving policy within the ECB remains that the latest increase in inflation mainly reflects temporary factors and underlying inflationary pressures remain subdued. Therefore, stimulus will remain in place until inflation has converged sustainably, with the ECB focusing on (i) medium-term inflation, (ii) a durable convergence that is (iii) self-sustained (ie, not reliant on monetary stimulus), and (iv) for the whole euro area (not inflation in individual countries). According to Coeure, the ECB will continue to monitor closely the evolution of prices and costs in the coming weeks and months to assess any secondary effects of energy prices and the extent to which the increase in inflation represents a sustainable adjustment towards its objective. In the meantime, the focus is increasingly turning to politics - keeping uncertainty high - with elections taking place in The Netherlands (15 March), France (23 April/7 May Presidential and 11/18 June legislative) and Germany (24 September), although elections in Italy could yet be delayed until its natural deadline (Q1 2018).

China

Activity data in China over the past two months continued its cyclical recovery. The official PMI stayed at an elevated 51.3 in January, although falling for the second month in a row, while the Caixin PMI dropped to a still decent level of 51.0. Fixed Asset Investment ("FAI") growth in 2016 recorded a satisfactory growth of 8.1% y/y.

In addition, IP growth in 2016 stabilised at 6% while retail sales growth was healthy at 10.4% for the whole of 2016. Inflation, after rising to 2.3% in November 2016, fell slightly to 2.1% in December 2016, below the consensus, while the Producer Price Index also rose again to 5.5% in December 2016. On the external side, trade data softened somewhat with export y/y growth falling to -6.1% in December, mostly due to the base effect. Trade statistics in the two months were distorted due to the holiday effect.

Total social financing has sustained its fast growth in December, recovering sharply in 2016 with a y/y figure of 15.5%. The 7-day repo rate has been volatile for the past month, partly due to the seasonal effect, ranging from 2.35% to 3.25%, the highest since early 2015, stabilising at around 2.5%. On the exchange rate side, after lower fixings in January, CNY has somewhat stabilised at around the 6.86% level.

Japan

Results from the Bank of Japan ("BoJ") meeting at the end of January were a non-event. It left its policy of yield-curve control intact and also kept the reference to the ¥80 trillion annual pace of bond buying, a pace that it has fallen short of for a while. Yields on 10-year benchmark government bonds subsequently drifted up towards 0.10%, a level that market participants generally thought of as representing the outer limits of "around zero percent." Some analysts test drove a story that the BoJ may be thinking about pulling back on accommodation. However, many take the unchanged statement at face value but assume that the Bank will continue to be buffeted by external forces. Any policy commitments are conditioned on the future looking similar to today.

One major external force, of course is the United States. Since the start of the year, the yen has reversed almost half of its depreciation against the US dollar in the wake of President Trump's election. Managing policy, with basic US tax and trade policy highly uncertain will be challenging. Prime Minister Abe's visit to the United States was viewed as a successful introduction to the new administration, reaffirming that Japan is an important ally; nonetheless, it is unlikely to have a lasting impact on Washington's direction.

The latest data on the economy point to further moderate improvement in activity and demand. Surveys were generally positive with the Markit manufacturing Purchasing Managers' Index ("PMI") and the Shoko-Chukin survey of small and medium-sized business enterprises increasing. The Economy Watchers' survey was unchanged at a decent level. Industrial production moved up in January to its highest level in two years. Energy prices have recently increased to put some upward pressure on the core aggregate. Prices excluding food and energy have been somewhat flat of late, on a seasonally adjusted basis; it is expected some of the overall depreciation in the yen over the last few months will put modest upward pressure on inflation soon.

Enquiries

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Important Legal Information and Disclaimer

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

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

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

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

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

Risk Factors

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

• The Underlying Funds are speculative and involve substantial risk.

• The Underlying Funds will be leveraged and will engage in speculative investment practices that may increase the risk of investment loss. The Underlying Funds may invest in illiquid securities.

• Past results of each Underlying Fund's investment manager(s) are not necessarily indicative of future performance of that Underlying Fund, and that Underlying Fund's performance may be volatile.

• An investor could lose all or a substantial amount of his or her investment.

• An investment manager may have total investment and trading authority over an Underlying Fund and each Underlying Fund is dependent upon the services of its investment manager(s).

• Investments in the Underlying Funds are subject to restrictions on withdrawal or redemption and should be considered illiquid.

• The investment managers' incentive compensation, fees and expenses may offset an Underlying Fund's trading and investment profits.

• No Underlying Fund is required to provide periodic pricing or valuation information to investors with respect to individual investments.

• The Underlying Funds are not subject to the same regulatory requirements as mutual funds.

• A portion of the trades executed for the Underlying Funds may take place on foreign markets.

• The Underlying Funds are subject to conflicts of interest.

• Each Underlying Fund is dependent on the services of certain key personnel, and, were certain or all of them to become unavailable, an Underlying Fund may prematurely terminate.

• Each Underlying Fund's managers will receive performance-based compensation. Such compensation may give such managers an incentive to make riskier investments than they otherwise would.

• An Underlying Fund may make investments in securities of issuers in emerging markets. Investment in emerging markets involve particular risks, such as less strict market regulation, increased likelihood of severe inflation, unstable currencies, war, expropriation of property, limitations on foreign investments, increased market volatility, less favourable or unstable tax provisions, illiquid markets and social and political upheaval.

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