BH Macro Limited
Annual Report and Audited Financial Statements 2016

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
31 December 2016

Chairman's Statement

In February and March 2017, Shareholders approved proposals put forward by the Board, in the form of a tender offer and associated structural changes, that will set a firm foundation for the future development of BH Macro Limited (the "Company"). The changes, described further below, deliver improved terms for the Company to continue to serve as a listed avenue for investment in Brevan Howard Master Fund Limited (the "Master Fund").

The Board proposed these changes as a response to the flatter performance of the Company's net asset value ("NAV") in recent years, following markedly superior performance in earlier years. In the first five years (to 2011) following the Company's launch in 2007, the Company's NAV (on its sterling shares) achieved an annualised rate of return of 15.32%, which delivered almost a doubling in NAV per share. In the following four years (2012-2015), the annualised rate of return was 1.59% and the gain in NAV per share, while still positive, was much more moderate. This flattening in performance was the result of market conditions in the latter period that offered few opportunities for the Master Fund's macro-directional trading focus: major economies were experiencing synchronised slower growth; extreme easing in monetary policy produced low interest rates and flat yield curves; and there was limited trend movement in exchange rates. The Master Fund was alert to the importance of preserving investors' capital, which it achieved, but opportunities for trading gains were sparse.

This environment has changed strikingly in the past year: the major economies began to display divergent growth performance; there were similar divergences in monetary policy, with the US raising rates, while further easing was implemented elsewhere; and exchange rates responded with stronger directional movements.

The Company's NAV per share (on its sterling shares) gained 5.79% over the year, the best annual performance since 2011. Notwithstanding this material improvement in performance in 2016, the more subdued NAV performance in earlier years inevitably generated some widening in the discount to NAV in the Company's shares. In response, the Board took a series of measures to try to contain the discount. In 2012 and 2013, it offered Shareholders a partial return of capital of some or all of the amount of the previous year's gain in NAV. In 2014, as the discount began to approach 5%, the Board initiated market purchases of the Company's shares. These buy-backs, which amounted to the equivalent of over $731 million in 2014-2016, equal to around 33% of the Company's total NAV, undoubtedly served to moderate the discount and were significantly NAV-accretive for remaining shareholders. But with the scale of buy-backs increasing, in April 2016 the Board initiated a tender offer for up to 25% of the Company's shares in issue. This tender was fully subscribed, but was not sufficient to remove the discount. Accordingly, the Board announced a further tender offer for 100% of the Company's issued shares and associated structural changes in November 2016 which was approved by Shareholders at meetings in February and March 2017.

In that tender, Shareholders holding 52% of the Company's shares by prevailing NAV chose to remain invested in the Company, with the remaining 48% of shares by value being tendered for purchase at 96% of NAV. For the continuing Shareholders, the structural changes deliver a reduction in management fee from 2% to 0.5% per annum (with the operational services fee payable at the level of the Company's investment in the Master Fund remaining at 0.5% per annum) and in due course a shortening of the notice period for termination of the Company's management agreement with its manager, Brevan Howard Capital Management LP (the "Manager") from two years to three months. These are material improvements for Shareholders. Other changes will prevent the Company from engaging in market purchases for the next two years, but with a commitment to holding a class discontinuation vote if the discount averages 8% or more in 2018.

These changes leave the Company a smaller, but still substantial, fund, with a total NAV at end-February 2017 (after applying the result of the tender) of the equivalent of $460 million. It will have a constituency of Shareholders who have chosen to remain invested; and it will face the future with the Master Fund demonstrating in its recent performance its ability to capitalise on the better opportunities markets now present for its trading strategies. On this basis, the Board believes that the Company offers Shareholders a valuable opportunity to continue to benefit from the Master Fund's established track record of preserving capital and achieving positive returns, uncorrelated with other markets and with low volatility.

In exercising its responsibilities to safeguard Shareholders' interests, the Board has maintained 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 and this dialogue has been intensified in the context of the changes implemented over the past 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 in the Directors' Report. The Board complies with best corporate governance standards in ensuring that its composition provides independence, diversity (including gender diversity, with one of the five Directors being a woman) and necessary skills and experience; the Board intends to work towards the target of 33% for women's representation on the Board by 2020 set in the recent Davies and Hampton-Alexander Review Reports. The Board 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 the Board has commissioned 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.

The structural changes the Company has implemented over the past year put it on a strong path to provide positive returns for Shareholders. Recent developments in the global economy have provided more fruitful opportunities for the Master Fund's macro-trading strategies; and evident political and economic uncertainties lying ahead suggest that these opportunities will persist. The Board believes that in these conditions the Company's investment in the Master Fund should continue to provide a valuable listed avenue for portfolio diversification that is uncorrelated with other asset classes.

Ian Plenderleith
Chairman

23 March 2017

Board Members

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

Ian Plenderleith (Chairman), age 73
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 of the UK subsidiaries of Sanlam, the South African financial services group. Mr Plenderleith has held the role of Chairman of the Board since 2007.

Christopher Legge, (former Senior Independent Director), 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. He retired from Ernst & Young in 2003 and currently holds a number of directorships in the financial sector. He 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.

Huw Evans, (Senior Independent Director), 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, Mr Barton 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, he 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. He 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. He 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.

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, Mrs Whittet joined the Bank of Scotland for 19 years and undertook a wide variety of roles. She moved to Guernsey in 1996 and was Global Head of Private Client Credit for Bank of Bermuda before joining Rothschild Bank International Limited in 2003, initially as Director of Lending and latterly a Managing Director and Co-Head until May 2016 when she became a Non-Executive Director. She 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.

Colin Maltby, age 66
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. Mr Maltby 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. He 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 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. He 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.

John Le Poidevin, age 46 *(appointed 24 June 2016)*
John Le Poidevin is Guernsey resident and has over 25 years' business experience. Mr Le Poidevin 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. He 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 management and financial reporting. Mr Le Poidevin was appointed to the Board in June 2016.

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	
Christopher Legge *(resigned 24 June 2016)*	
Ashmore Global Opportunities Limited	London
John Laing Environmental Assets Group Limited	London
Sherborne Investors (Guernsey) B Limited	London
Third Point Offshore Investors Limited	London
TwentyFour Select Monthly Income Fund Limited	London

Huw Evans	
Standard Life Investments Property Income Trust Limited	London
VinaCapital Vietnam Opportunity Fund Limited	London
David Barton *(resigned 29 February 2016)*	
None	
Claire Whittet	
Eurocastle Investment Limited	Euronext
International Public Partnerships Limited	London
Riverstone Energy Limited	London
TwentyFour Select Monthly Income Fund Limited	London
Colin Maltby	
BBGI SICAV SA	London
Ocean Wilsons Holdings Limited	London and Bermuda
John Le Poidevin *(appointed 24 June 2016)*	
International Public Partnerships Limited	London
Market Tech Holdings Limited	London
Safecharge International Group Limited	London (AIM)
Specialist Investment Properties Plc	London (AIM)
Stride Gaming Plc	London (AIM)

Directors' Report

31 December 2016

The Directors submit their Report together with the Company's Audited Statement of Assets and Liabilities, Audited Statement of Operations, Audited Statement of Changes in Net Assets, Audited Statement of Cash Flows and the related notes for the year ended 31 December 2016. The Directors' Report together with the Audited 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.

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 Master Fund employs a combination of investment strategies that focus primarily on economic change and monetary policy and market inefficiencies.

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 year are set out in the Audited Statement of Operations. The Directors do not recommend the payment of a dividend.

The figures stated in note 9 of the Notes to the Audited 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 year.

Share capital
The number of shares in issue at the year end is disclosed in note 5 to the Notes 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 were cancelled.

On 29 November 2016, the Company announced a further tender offer (The "Tender Offer") to acquire up to 100% of each class of the Company's issued shares at a price equivalent to 96% of NAV for the relevant class.

The results of the Tender Offer were announced on 24 February 2017 where shareholders holding 52% of the Company's shares by prevailing NAV chose to remain invested in the Company, with the remaining 48% of shares by value being tendered for purchase at 96% of NAV. The Tender Offer is expected to complete in May 2017.

Viability statement
The investment objective of the Company is to seek to generate consistent long-term capital appreciation through an investment policy of investing all of its assets (net of funds required for its short-term working capital) in the Master Fund.

The Directors have assessed the viability of the Company over the period to 31 December 2019. The viability statement covers a period of three years, which the Directors consider sufficient given the inherent uncertainty of the investment world and the specific risks to which the Company is exposed. In particular, the Directors considered the effects on the Company of the implementation of the Tender Offer and associated structural changes which were approved by shareholders at meetings in February and March 2017.

The continuation of the Company in its present form is dependent on the Management Agreement remaining in place. The Management Agreement is currently terminable on two years' notice by either party. Following the implementation of the Tender Offer and associated structural changes, the notice period of the Management Agreement will reduce to three months with effect from 1 April 2019. To ensure that the Company maintains a constructive and informed relationship with the Manager, the Directors meet regularly with the Manager to review the Master Fund's performance, and through the Management Engagement Committee, they review the Company's relationship with the Manager and the Manager's performance and effectiveness. The Board had very constructive discussions with the Manager surrounding the Tender Offer and the structural changes and the Manager was supportive of the changes. The Directors currently know of no reason why either the Company or the Manager might serve notice of termination of the Management Agreement over the period of this viability statement.

The Company's assets exceed its liabilities by a considerable margin. Further, the majority of the Company's most significant expenses, being the fees owing to the Manager and to the Company's administrator, fluctuate by reference to the Company's investment performance and net asset value. The Company is able to meet its expenses by redeeming shares in the Master Fund as necessary.

The Company's investment performance depends upon the performance of the Master Fund and the Manager as manager of the Master Fund. The Directors, in assessing the viability of the Company, pay particular attention to the risks facing the Master Fund. The Manager operates a risk management framework, which is intended to identify, measure, monitor, report and where appropriate, mitigate key risks identified by it or its affiliates in respect of the Master Fund.

Besides the possible termination of the Management Agreement, at the Company level, the main risk to the Company's continuation would be adverse investment performance by the Master Fund precipitating extended downwards pressure on the Company's share prices from shareholders seeking to liquidate their investment in the Company by selling their shares; the Company's shares could consequently trade at a significant and persistent discount to NAV. At the EGM and Class Meetings approving the Tender Offer, one of the structural changes approved by shareholders was the modification of Class Discontinuation votes applying in the period 1 January to 31 December 2018 in the event that shares trade at an average discount in excess of 8% of the monthly net asset value over this period.

Whilst the Directors cannot predict the premium or discount to NAV at which the Company's shares will trade, they have determined that there is no reason to believe that the shares would trade at a discount in excess of 8%. In making this determination, the Directors considered the fact that, following implementation of the Tender Offer, the Company will have a constituency of Shareholders who have chosen to remain invested with advantageous structural changes including a reduction in the management fee from 2% to 0.5% per annum.

After 1 April 2019, in the event that there was downward pressure on the Company's share prices, the Company would be able to consider resuming active discount management actions, including share buybacks, so that as far as possible the share prices would properly reflect the Company's underlying performance; such actions would mitigate the risk of class closure resolutions being triggered in the final year of the viability period.

The Directors have carried out a robust assessment of the risks and, on the assumption that the risks are managed or mitigated in the ways noted above, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Going concern

The Directors, having considered the principal risks to which the Company is exposed which are listed on the Directors' Report 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 Audited 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 the Board Members section 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 year, is detailed in the Directors' Remuneration Report.

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, Audit Committee and Management Engagement Committee meetings they were entitled to attend during the year ended 31 December 2016 and the number of such meetings attended by each Director.

Scheduled Board Meetings	**Held**	**Attended**
Ian Plenderleith	4	4
David Barton	*0	0
Huw Evans	4	4
Colin Maltby	4	4
Christopher Legge	*2	2
Claire Whittet	4	4
John Le Poidevin	*3	2

Audit Committee Meetings	**Held**	**Attended**
Huw Evans	4	4
Claire Whittet	4	4
John Le Poidevin	*3	2
Christopher Legge	*2	2

Management Engagement Committee Meetings	**Held**	**Attended**
Claire Whittet	1	1
Huw Evans	1	1
Ian Plenderleith	1	1
Colin Maltby	1	1

* Indicates the meetings held during their membership of the relevant Board or Committee during the year ended 31 December 2016.

In addition to these scheduled meetings, sixteen ad hoc meetings and two Extraordinary General Meetings were held during the year ended 31 December 2016, which 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 have been considered to be independent. 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 (until his resignation from the board on 24 June 2016) remained wholly independent and all the current Directors are considered to be independent.

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:

		US Dollar Shares
	31.12.16	**31.12.15**
Ian Plenderleith	Nil	Nil
David Barton	N/A	Nil
Huw Evans	Nil	Nil
Christopher Legge	N/A	Nil
John Le Poidevin	Nil	N/A
Colin Maltby	Nil	Nil
Claire Whittet	Nil	Nil

		Euro Shares
	31.12.16	**31.12.15**
Ian Plenderleith	Nil	Nil
David Barton	N/A	Nil
Huw Evans	Nil	Nil
Christopher Legge	N/A	Nil
John Le Poidevin	Nil	N/A
Colin Maltby	Nil	Nil
Claire Whittet	Nil	Nil

		Sterling Shares
	31.12.16	**31.12.15**
Ian Plenderleith	Nil	Nil
David Barton	N/A	Nil
Huw Evans	710	710
Christopher Legge	N/A	Nil
John Le Poidevin	Nil	N/A
Colin Maltby	Nil	Nil
Claire Whittet	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.

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 of these Audited 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 currently 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.

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

In accordance with the AIC Code, the Board has commissioned an external evaluation of its performance every three years; the last such external evaluation took place in 2014.

The Board needs to ensure that the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy. In seeking to achieve this, the Directors have set out the Company's investment objective and policy and have explained how the Board and its delegated Committees operate and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Annual Report the Board has sought to provide further information to enable Shareholders to better understand the Company's business and financial performance.

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 year ended 31 December 2016 and 31 December 2015 have been prepared in accordance with the AIC's recommended methodology.

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

31.12.16

	US Dollar Shares	Euro Shares	Sterling Shares
Company – Ongoing Charges	2.14%	2.18%	2.15%

Master Fund – Ongoing Charges	0.63%	0.63%	0.63%
Performance fee	0.00%	0.00%	0.05%
Ongoing Charges plus performance fee	2.77%	2.81%	2.83%

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%

The Master Fund's 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. Refer to note 4 which explains changes to the calculation methodology during the year.

Audit Committee
The Company's Audit Committee conducts formal meetings at least three times a year for the purpose, amongst others, of considering the appointment, independence, effectiveness of the audit and remuneration of the auditors and to review and recommend the annual statutory accounts and interim report to the Board of Directors. Full details of its function and activities are set out in the Report of the Audit Committee.

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 12 September 2016, 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 first report for CRS will be made to the Director of Income Tax by 30 June 2017.

The Board takes 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. During the year, an extended presentation for professional investors was also held. 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.

Significant Shareholders

As at 31 December 2016, the following Shareholders had significant shareholdings in the Company:

	Total Shares Held	% holding in class
Significant Shareholders		
US Dollar Shares		
Chase Nominees Limited	2,743,806	28%
Vidacos Nominees Limited	1,262,190	13%

Morstan Nominees Limited	1,059,975	11%
J P Morgan Securities LLC	914,256	9%
Luna Nominees Limited	742,747	7%
The Bank Of New York (Nominees) Limited	457,072	5%
Hero Nominees Limited	410,917	4%
Lynchwood Nominees Limited	371,220	4%
HBSC Global Custody Nominee (UK) Limited	315,400	3%

	Total Shares Held	**% holding in class**
Significant Shareholders		
Euro shares		
Vidacos Nominees Limited	197,707	13%
Lynchwood Nominees Limited	161,307	11%
Smith & Williamson Nominees Limited	131,610	9%
State Street Nominees Limited	128,862	9%
The Bank of New York (Nominees) Limited	106,676	7%
Luna Nominees Limited	94,773	6%
HSBC Global Custody Nominee (UK) Limited	80,667	5%
Securities Services Nominees Limited	75,158	5%
Roy Nominees Limited	55,462	4%
Aurora Nominees Limited	48,050	3%

	Total Shares Held	**% holding in class**
Significant Shareholders		
Sterling shares		
Luna Nominees Limited	4,711,454	21%
Ferlim Nominees Limited	2,100,817	9%
The Bank of New York (Nominees) Limited	1,407,579	6%
HSBC Global Custody Nominee (UK) Limited	1,299,696	6%
Pershing Nominees Limited	962,047	4%
State Street Nominees Limited	943,939	4%
Rathbone Nominees Limited	929,014	4%
Chase Nominees Limited	780,568	3%
Nutraco Nominees Limited	707,210	3%
Harewood Nominees Limited	706,948	3%

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Huw Evans
Director

23 March 2017

Statement of Directors' Responsibility in Respect of the Annual Report and Audited Financial Statements

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

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

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

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The maintenance and integrity of the BH Macro Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements or audit report since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm to the best of our knowledge that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's Independent Auditor is unaware, and each has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant information and to establish that the Company's Independent Auditor is aware of that information;
- these Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

- these Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy; and
- these Financial Statements include information detailed in the Chairman's Statement, the Directors' Report and the Manager's Report, which provides a fair view of the information required by:

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

(b) DTR 4.1.12 of the Disclosure and Transparency Rules, being that the Financial Statements are prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the Annual Report includes a fair review of the development and performance of the business and position of the Company together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Huw Evans
Director

23 March 2017

Directors' Remuneration Report
31 December 2016

Introduction
An ordinary resolution for the approval of the Directors' Remuneration Report will be put to the Shareholders at the Annual General Meeting to be held in 2017.

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 currently 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 year to any of the Directors apart from the reimbursement of allowable expenses.

Directors' fees
The Company's Articles limit the fees payable to Directors in aggregate to £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 year ended 31 December 2016 and the year ended 31 December 2015, were as follows:

	Year ended 31.12.16 £	**Year ended 31.12.15 £**
Ian Plenderleith	167,000	167,000
David Barton	Nil	Nil
Huw Evans	37,500	37,500
Christopher Legge	*18,750	37,500
Colin Maltby	34,000	**17,469
Talmai Morgan	Nil	**16,530
Claire Whittet	35,750	34,000
John Le Poidevin	*17,000	N/A
Total	**310,000**	**309,999**

* Fees are pro rata for length of service during the year ended 31 December 2016.
** Fees are pro rata for length of service during the year ended 31 December 2015.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Huw Evans
Director

23 March 2017

Report of the Audit Committee
31 December 2016

We present the Audit Committee's (the "Committee") Report for 2016, setting out the Committee's structure and composition, principal duties and key activities during the year. As in previous years, the Committee has reviewed the Company's financial reporting, the independence and effectiveness of the Independent Auditor and the internal control and risk management systems of the service providers.

Structure and Composition
Huw Evans became Chairman on 24 June 2016 following the retirement of Christopher Legge. The Committee's other members are Claire Whittet and John Le Poidevin.

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 third term and Claire Whittet and John Le Poidevin are each serving their first term.

The Committee conducts formal meetings at least three times a year. The table in the Directors' Report sets out the number of Committee meetings held during the year ended 31 December 2016 and the number of such meetings attended by each committee member. The Independent Auditor is invited to attend those meetings at which the annual and interim reports are considered. The Independent Auditor and the Committee will meet together without representatives of either the Administrator or Manager being present if the Committee considers this to be necessary.

Principal duties
The role of the Committee includes:

- monitoring the integrity of the published Financial Statements of the Company;
- reviewing and reporting to the Board on the significant issues and judgements made in the preparation of the Company's published Financial Statements, (having regard to matters communicated by the Independent Auditor), significant financial returns to regulators and other financial information;
- monitoring and reviewing the quality and effectiveness of the Independent Auditor and their independence;
- considering and making recommendations to the Board on the appointment, reappointment, replacement and remuneration to the Company's Independent Auditor; and
- monitoring and reviewing the internal control and risk management systems of the service providers.

The complete details of the Committee's formal duties and responsibilities are set out in the Committee's Terms of Reference, which can be obtained from the Company's Administrator.

Independent Auditor
KPMG Channel Islands Limited ("KPMG CI") has been the Independent Auditor from the date of the initial listing on the London Stock Exchange. In accordance with normal audit rotation requirements Barry Ryan succeeded Lee Clark as audit engagement partner and opinion signatory following the conclusion of the 2015 audit.

The independence and objectivity of the Independent Auditor is reviewed by the Committee, which also reviews the terms under which the Independent Auditor is appointed to perform non-audit services. The Committee has also established policies and procedures for the engagement of the auditor to provide audit, assurance and tax services. The services which the Independent Auditor may not provide are any which:

- places them in a position to audit their own work
- creates a mutuality of interest
- results in the Independent Auditor functioning as a manager or employee of the Company
- puts the Independent Auditor in the role of advocate of the Company

The audit and any non-audit fees proposed by the Independent Auditor each year are reviewed by the Committee taking into account the Company's structure, operations and other requirements during the period and the Committee makes recommendations to the Board.

During 2015, the Audit Committee arranged a competitive audit tender process and on completion recommended to the Board that KPMG CI continues as the Company's Independent Auditor.

Key Activities in 2016

The following sections discuss the assessment made by the Committee during the year:

Significant Financial Statement Issues

The Committee's review of the interim and annual Financial Statements focused on the following area: The Company's investment in the Master Fund had a fair value of US$0.85 billion as at 31 December 2016 and represents substantially all the net assets of the Company. The Valuation of the investment is determined in accordance with the Accounting Policies set out in note 3 to the Audited Financial Statements. The Financial Statements of the Master Fund for the year ended 31 December 2016 were audited by KPMG Cayman who issued an unqualified audit opinion dated 20 March 2017. The Audit Committee has reviewed the Financial Statements of the Master Fund and the Accounting Policies and determined the fair value of the investment as at 31 December 2016 is reasonable.

This matter was discussed during the planning and final stage of the audit and there was no significant divergence of views between the Committee and the Independent Auditor.

Following the announcement of the results of the Tender Offer on 24 February 2017, the Committee carried out a robust assessment of the risks to the Company in the context of making the viability statement in these Financial Statements. Furthermore, the Committee concluded it appropriate to continue to prepare the Financial Statement on the going concern basis of accounting.

Effectiveness of the Audit

The Committee held formal meetings with KPMG CI during the course of the year: 1) before the start of the audit to discuss formal planning, to discuss any potential issues and to agree the scope that would be covered and 2) after the audit work was concluded to discuss the significant issues including those stated above.

The Committee considered the effectiveness and independence of KPMG CI by using a number of measures, including but not limited to:

- Reviewing the audit plan presented to them before the start of the audit;
- Reviewing and challenging the audit findings report including variations from the original plan;
- Reviewing any changes in audit personnel; and
- Requesting feedback from both the Manager and the Administrator.

Further to the above, during the year, the Committee performed a specific evaluation of the performance of the Independent Auditor. This was supported by the results of questionnaires completed by the Committee covering areas such as the quality of the audit team, business understanding, audit approach and management. This questionnaire was part of the process by which the Committee assessed the effectiveness of the audit.

There were no significant adverse findings from the 2016 evaluation.

Audit fees and Safeguards on Non-Audit Services

The tables below summarises the remuneration paid by the Company to KPMG CI for audit and non-audit services during the years ended 31 December 2016 and 31 December 2015.

	Year ended	**Year ended**

	31.12.16	31.12.15
	£	£
Annual audit	28,000	27,500
Interim review	8,800	8,750
Specified procedures relating to 31 May 2016 Tender offer	15,000	–
Specified procedures relating to 31 March 2017 Tender offer (proposed)	10,000	–

The Audit Committee has examined the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the Independent Auditor, with particular regard to non-audit fees, and considers KPMG CI, as Independent Auditor, 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.

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

The Committee examined externally prepared assessments of the control environment in place at the Manager and the Administrator, with each providing a Service Organisation Control ("SOC1") report. No significant findings have been noted during the year.

Conclusion and Recommendation
After reviewing various reports such as the operational and risk management framework and performance reports from the Manager and Administrator, consulting where necessary with KPMG CI, and assessing the significant Financial Statement issues noted in the Report of the Audit Committee, the Committee is satisfied that the Financial Statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised and challenged and are sufficiently robust. At the request of the Board, the Audit Committee considered and was satisfied that the 2016 Annual Report and Audited Financial Statements are fair, balanced and understandable and provide the necessary information for Shareholders to assess the Company's performance, business model and strategy.

The Independent Auditor reported to the Committee that no unadjusted material misstatements were found in the course of its work. Furthermore, both the Manager and the Administrator confirmed to the Committee that they were not aware of any unadjusted material misstatements including matters relating to the presentation of the Financial Statements. The Committee confirms that it is satisfied that the Independent Auditor has fulfilled its responsibilities with diligence and professional scepticism.

Consequent to the review process on the effectiveness of the independent audit and the review of audit and non-audit services, the Committee has recommended that KPMG CI be reappointed for the coming financial year.

For any questions on the activities of the Committee not addressed in the foregoing, a member of the Audit Committee remains available to attend each Annual General Meeting to respond to such questions.

Huw Evans
Audit Committee Chairman
23 March 2017

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 6.63% in 2016, while the NAV per share of the Euro shares appreciated by 6.37% and the NAV per share of the Sterling shares appreciated by 5.79%.

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	(0.99)	(0.17)	(0.37)	0.77	5.02	0.19	6.63

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	(0.77)	0.16	(0.56)	0.59	5.37	0.03	6.37

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	(0.99)	(0.10)	(0.68)	0.80	5.05	0.05	5.79

Source: Fund NAV data is provided by the administrator of the 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 Manager ("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 Fund is subject to an operational services fee of 50bps per annum.

BHCM shall waive its entitlement to a management fee in respect of any performance-related growth of BHM from 3 October 2016 onwards. In addition BHM's investment in the Fund will not bear an operational services fee in respect of any performance-related growth from 3 October 2016 onwards.

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

The NAV per share of the USD shares of the Company appreciated by 6.63% in 2016. The Fund's largest exposures at the start of the year were long positions in European interest rates and short positions in the Euro currency, held in anticipation of further easing by the ECB. While these positions initially generated gains, they reversed following the ECB's meeting in March as market participants focused on President Draghi's comments downplaying the prospects for further easing. Small gains across a wide range of strategies including credit index, relative value, volatility and emerging market interest rates trading were offset by losses from short positions in US interest rates and equity trading, leaving the Master Fund with a small loss by the end of the first half of the year.

During the second half of the year, in what were largely trendless markets, the Master Fund's performance slipped until November when, following the US election results, market volatility increased sharply. The Master Fund profited as US and European interest rates rose, as did the US dollar and the level of implied volatility across a range of different asset classes. November's gain of 5.02% for the USD shares was the Company's sixth best-ever monthly return and followed a period of relatively low Value at Risk ("VAR") usage, highlighting not only the rapid adjustment in risk levels but also the limits of the usefulness of VAR as a predictor of upside potential.

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%.

Commentary and Outlook
2016 was a year of significant political developments. In the UK, the Brexit vote was a shock to many and, in the US, Donald Trump won the presidential election against expectations. Although it is possibly an oversimplification, voters seem eager to repudiate the status quo. This is important because the

institutions and policies that have shaped market outcomes since the Great Recession may, as a result, face additional challenges going forward.

The good news is that while the world faces significant uncertainties in 2017, the global economy looks to be on a reasonably sound footing with the prospect of additional fiscal spending combined with accommodative monetary policy. The ECB and Bank of Japan are continuing their unconventional monetary policy of quantitative easing combined with negative rates (and, in the case of Japan, explicit yield caps), while the Federal Reserve is removing accommodation at a measured and gradual pace. These policies were part of the landscape last year and will continue to be important in 2017. In summary, investors can expect some of the trends from 2016 to continue in 2017, with some new initiatives to emerge and potentially plenty of surprises.

We look forward to exploiting any opportunities that these factors may create.

Brevan Howard wishes to thank shareholders once again for their continued support.

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

23 March 2017

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

Opinions and conclusions arising from our audit

Opinion on the financial statements
We have audited the financial statements of BH Macro Limited (the "Company") for the year ended 31 December 2016 which comprise the Audited Statement of Assets and Liabilities, the Audited Statement of Operations, the Audited Statement of Changes in Net Assets, the Audited Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in the United States of America.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its net decrease in net assets resulting from operations for the year then ended;
- are in conformity with accounting principles generally accepted in the United States of America; and
- comply with the Companies (Guernsey) Law, 2008.

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

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

Valuation of Investment in Brevan Howard Master Fund Limited (US$847,760,882)
Refer to the Report of the Audit Committee and note 3 'Significant Accounting Policies'.

The risk – The Company, which is a multi-class feeder fund, invested 98.0% of its net assets at 31 December 2016 into the ordinary US Dollar, Euro and Sterling denominated Class B Shares issued by Brevan Howard Master Fund Limited (the “Master Fund”), which is an open ended investment company. The Company’s investment holdings in the Master Fund are valued using the respective net asset value per share class as provided by the Master Fund’s administrator. The valuation of the Company’s investment in the Master Fund, given it represents the majority of the net assets of the Company, is a significant area of our audit.

Our response – Our audit procedures with respect to the Company’s investment in the Master Fund included, but were not limited to, obtaining the net asset value per share and holdings per share confirmations for each respective share class directly from the administrator of the Master Fund, reviewing the audit work performed by the auditor of the Master Fund and holding discussions on key audit findings with the auditor of the Master Fund and the examination of the Master Fund’s coterminous audited financial statements. We also considered the Company’s investment valuation policies as disclosed in note 3 to the financial statements for compliance with accounting principles generally accepted in the United States of America.

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

The materiality for the financial statements as a whole was set at $25,900,000. This has been calculated using a benchmark of the Company’s net asset value (of which it represents approximately 3%) which we believe is the most appropriate benchmark as net asset value is considered to be one of the principal considerations for members of the Company in assessing the financial performance of the Company.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of $1,290,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas detailed above. The audit was performed at the offices of the Company’s administrator.

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

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

Disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the viability statement on the Directors' Report, concerning the principal risks, their management and, based on that, the directors' assessment and expectations of the Company's continuing operation over the three years to 31 December 2019; or
- the disclosures in note 3 of the financial statements concerning the use of the going concern basis of accounting.

Matters on which we are required to report by exception

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

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

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

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

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

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

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

Scope of report and responsibilities

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

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

Respective responsibilities of directors and auditor

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

Barry T. Ryan
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Glategny Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 1WR

23 March 2017

Audited Statement of Assets and Liabilities
As at 31 December 2016

	31.12.16	**31.12.15**
	US$'000	**US$'000**
Assets		
Investment in the Master Fund	847,761	1,424,795
Investment sales receivable	-	39,175
Prepaid expenses	76	91
Cash and bank balances denominated in US Dollars	5,564	17,224
Cash and bank balances denominated in Euro	1,087	2,216
Cash and bank balances denominated in Sterling	12,252	16,147
Total assets	**866,740**	**1,499,648**
Liabilities		
Performance fees payable (note 4)	318	273
Management fees payable (note 4)	1,386	2,413
Redemptions in respect of buybacks payable	-	1,698
Accrued expenses and other liabilities	56	184
Directors' fees payable	95	114
Administration fees payable (note 4)	42	73
Total liabilities	**1,897**	**4,755**
Net assets	**864,843**	**1,494,893**
Number of shares in issue (note 5)		
US Dollar shares	9,975,524	17,202,974
Euro shares	1,514,872	4,163,208
Sterling shares	22,371,669	33,427,871

Net asset value per share (notes 7 and 9)		
US Dollar shares	US$21.68	US$20.33
Euro shares	€21.87	€20.56
Sterling shares	£22.44	£21.21

See accompanying notes to the Financial Statements.

Signed on behalf of the Board by:

Ian Plenderleith
Chairman

Huw Evans
Director

23 March 2017

Audited Statement of Operations
For the year ended 31 December 2016

	01.01.16 to 31.12.16 US$'000	**01.01.15 to 31.12.15 US$'000**
Net investment (loss)/income allocated from the Master Fund		
Interest income	18,854	34,955
Dividend income (net of withholding tax:		
31 December 2016: US$26,177; 31 December 2015: US$23,737)	73	127
Expenses	(20,785)	(32,710)
Net investment (loss)/income allocated from the Master Fund	**(1,858)**	**2,372**
Company expenses		
Performance fees (note 4)	351	280
Management fees (note 4)	20,871	31,610
Other expenses	1,766	877
Directors' fees	427	468
Administration fees (note 4)	208	309
Foreign exchange losses (note 3)	159,828	67,384
Total Company expenses	**183,451**	**100,928**
Net investment loss	**(185,309)**	**(98,556)**
Net realised and unrealised gain/(loss) on investments allocated from the Master Fund		
Net realised gain on investments	43,035	64,311
Net unrealised loss on investments	(7,971)	(56,975)
Net realised and unrealised gain on investments allocated	**35,064**	**7,336**

from the Master Fund		
Net decrease in net assets resulting from operations	**(150,245)**	**(91,220)**

See accompanying notes to the Audited Financial Statements.

Audited Statement of Changes in Net Assets
For the year ended 31 December 2016

	01.01.16 to 31.12.16 US$'000	**01.01.15 to 31.12.15 US$'000**
Net decrease in net assets resulting from operations		
Net investment loss	(185,309)	(98,556)
Net realised gain on investments allocated from the Master Fund	43,035	64,311
Net unrealised loss on investments allocated from the Master Fund	(7,971)	(56,975)
	(150,245)	**(91,220)**
Share capital transactions		
Purchase of own shares		
US Dollar shares	(50,853)	(37,111)
Euro shares	(17,894)	(17,434)
Sterling shares	(124,878)	(122,160)
Tender offer		
US Dollar shares	(70,174)	-
Euro shares	(17,827)	-
Sterling shares	(198,179)	-
Total share capital transactions	**(479,805)**	**(176,705)**
Net decrease in net assets	**(630,050)**	**(267,925)**
Net assets at the beginning of the year	**1,494,893**	**1,762,818**
Net assets at the end of the year	**864,843**	**1,494,893**

See accompanying notes to the Financial Statements.

Audited Statement of Cash Flows
For the year ended 31 December 2016

	01.01.16 to 31.12.16 US$'000	**01.01.15 to 31.12.15 US$'000**
Cash flows from operating activities		
Net decrease in net assets resulting from operations	(150,245)	(91,220)
Adjustments to reconcile net decrease in net assets resulting from		

operations to net cash provided by operating activities:		
Net investment loss/(income) allocated from the Master Fund	1,858	(2,372)
Net realised gain on investments allocated from the Master Fund	(43,035)	(64,311)
Net unrealised loss on investments allocated from the Master Fund	7,971	56,975
Purchase of investment in the Master Fund	(32,746)	(29,424)
Proceeds from sale of investment in the Master Fund	549,978	228,382
Foreign exchange losses	159,828	67,384
Decrease/(Increase) in prepaid expenses	15	(8)
Increase in performance fees payable	45	270
Decrease in management fees payable	(1,027)	(372)
(Decrease)/Increase in accrued expenses and other liabilities	(128)	48
Decrease directors' fees payable	(19)	(6)
Decrease in administration fees payable	(31)	(9)
Net cash provided by operating activities	**492,464**	**165,337**
Cash flows from financing activities		
Purchase of own shares	(195,323)	(177,399)
Tender offer	(286,180)	-
Net cash used in financing activities	**(481,503)**	**(177,399)**
Change in cash	**10,961**	**(12,062)**
Cash, beginning of the year	**35,587**	**47,638**
Effect of exchange rate fluctuations	(27,645)	11
Cash, end of the year	**18,903**	**35,587**

Cash, end of the year		
Cash and bank balances denominated in US Dollars	5,564	17,224
Cash and bank balances denominated in Euro[1]	1,087	2,216
Cash and bank balances denominated in Sterling[2]	12,252	16,147
	18,903	**35,587**
1. Cash and bank balances in Euro (EUR'000)	**1,036**	**2,030**
2. Cash and bank balances in Sterling (GBP'000)	**10,022**	**10,887**

See accompanying notes to Financial Statements.

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

On 29 November 2016, the Company announced a Tender Offer to acquire up to 100% of each class of the Company's issued shares at a price equivalent to 96% of NAV for the relevant class. The Tender Offer was approved by Shareholders at meetings in February and March 2017 and shareholders holding 52% of the Company's shares by prevailing NAV chose to remain invested in the Company, with the remaining 48% of shares by value being tendered for purchase at 96% of NAV. The Tender Offer is expected to complete in May 2017.

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 Brevan Howard Master Fund Limited (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 Audited 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 Audited Financial Statements of the Company should be read in conjunction with the Audited 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 Audited 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, Brevan Howard Private Limited, DW Partners, LP and BH-DG Systematic Trading LLP.

3. Significant accounting policies

The 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. The functional and reporting currency of the Company is US Dollars.

As further described in the Directors' Report, these Audited 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.

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 31 December 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 Audited 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
31 December 2016					
US Dollar	1.76%	$2,887.21	73,103	$211,064	211,064
Euro	0.29%	€2,892.07	11,118	€32,152	33,722
Sterling	5.16%	£3,038.32	162,324	£493,191	602,975
					847,761
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

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.

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 Audited 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 Audited 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 Audited 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.

Refer to note 8 for details of changes to the purchases by the Company of its share capital.

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. Until 2 October 2016, the Manager received 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 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. 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.

With effect from 3 October 2016, the Manager does not charge the Company a management fee in respect of any increase in the NAV of each class of shares above the relevant NAV at that date resulting from performance or any own share purchases or redemptions. The Company's investment in the Master Fund also does not bear an operational services fee in respect of performance related growth in its investment in the Master Fund from that date. During the year ended 31 December 2016, US$20,870,959 (31 December 2015: US$31,610,219) was earned by the Manager as net management fees. At 31 December 2016, US$1,385,840 (31 December 2015: US$2,413,156) 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, other than that arising to the remaining shares of the relevant class from any repurchase, redemption or cancellation of any share in the calculation period. 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 investment in the Class B shares of the Master Fund is not subject to performance fees.

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. Any accrued performance fee in respect of shares which are converted into another share class prior to the date on which the performance fee would otherwise have become payable in respect of those Shares will crystallise and become payable on the date of such conversion. The performance fee is accrued on an on-going basis and is reflected in the Company's published NAV. During the year ended 31 December 2016, US$350,887 (31 December 2015: US$279,728) was earned by the Manager as performance fees. At 31 December 2016, US$317,812 (31 December 2015: US$272,773) 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.

Following the announcement of the results of the Tender Offer on 24 February 2017, the following changes will be made to the Company's structure and Management Agreement with effect from 1 April 2017:

- the management fee will reduce to 1/12 of 0.5% per month of the NAV;
- the investment in the Class B shares of the Master Fund will remain subject to an operational service fee of 1/12 of 0.5% per month of the NAV; and
- the management fee and operational services fee concession described above with effect from 3 October 2016 will continue to apply in respect of performance related growth in the Company's Net

Asset Value for each class of Share in excess of its level on 1 April 2017 as if the Tender Offer had completed on that date.

In addition, from 1 April 2019, the notice period for termination of the Management Agreement without cause by both the Company and the Manager will be reduced from 24 months to 3 months.

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 year ended 31 December 2016, US$208,383 (31 December 2015: US$309,021) was earned by the Administrator as administration fees. At 31 December 2016, US$42,017 (31 December 2015: US$72,649) 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 year ended 31 December 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	(737,163)	(939,574)	1,318,504
Purchase of shares into Treasury	(2,685,193)	(847,431)	(4,562,483)
Tender offer shares transferred to treasury (note 8)	(3,805,094)	(861,331)	(7,812,223)
In issue at 31 December 2016	**9,975,524**	**1,514,872**	**22,371,669**
Number of treasury shares			
In issue at 1 January 2016	**1,537,035**	**362,723**	**2,943,169**
On market purchases*	2,685,193	847,431	4,562,483
Tender offer shares transferred to treasury (note 8)	3,805,094	861,331	7,812,223
Shares cancelled	(2,816,000)	(938,300)	(4,855,000)
Tender offer shares cancelled (note 8)	(3,805,094)	(861,331)	(7,812,223)
In issue at 31 December 2016	**1,406,228**	**271,854**	**2,650,652**
Percentage of class	**12.36%**	**15.22%**	**10.59%**

***On market purchases for the year ended 31 December 2016**

	Number of	**Cost (in**

Treasury shares	shares purchased	Cost (US$)	currency)
US Dollar shares	2,685,193	50,853,441	$50,853,441
Euro shares	847,431	17,893,603	€16,080,450
Sterling shares	4,562,483	124,878,082	£90,182,054

For the year ended 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	$37,110,607
Euro shares	801,966	17,434,000	€15,830,882
Sterling shares	3,916,507	122,159,741	£79,876,060

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.

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 Audited Financial Statements. Income tax and related interest and penalties would be recognised by the Company as tax expense in the Audited 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.

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 year, the Company regularly utilised its ability to make market purchases of its shares as part of the discount management programme. The purchase of these shares was funded by the Company redeeming underlying shares in the Master Fund. The total number of shares purchased and held in treasury at 31 December 2016 are as disclosed in note 5.

However, following the announcement of the results of the Tender Offer on 24 February 2017, the Company will not be permitted to redeem its investment in the Master Fund to finance own-share purchases before 1 April 2019 and, therefore, will not make any own-share purchases in that period.

Tender offers
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.

This 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 were cancelled.

On 29 November 2016, the Company announced a further Tender Offer to acquire up to 100% of each class of the Company's issued shares at a price equivalent to 96% of NAV for the relevant class.

This Tender Offer was approved by Shareholders at meetings in February and March 2017 and shareholders holding 52% of the Company's shares by prevailing NAV chose to remain invested in the Company, with the remaining 48% of shares by value being tendered for purchase at 96% of NAV. The Tender Offer is expected to complete in May 2017.

Annual offer of partial return of capital
Under the Company's Articles of Association, once in every calendar year the Directors had discretion to determine that the Company make an offer of a partial return of capital in respect of such number of shares of the Company in issue as they determined, provided that the maximum amount distributed did not exceed 100% of the increase in NAV of the Company in the prior calendar year.

The Directors had discretion to determine the particular class or classes of shares in respect of which a partial return of capital would be made, the timetable for that partial return of capital and the price at which the shares of each relevant class were returned.

The decision to make a partial return of capital in any particular year and the amount of the return depended, 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.

As part of the Tender Offer and changes to the Company's structure, the annual partial capital return provisions have been disapplied for the years ending 31 December 2016, 2017 and 2018.

Class closure resolutions
Also under the Articles of Association, the Company had 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 was 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 part of the Tender Offer and changes to the Company's structure, these class closure provisions have also been disapplied for the years ending 31 December 2016, 2017 and 2018.

However if, in the period from 1 January 2018 to 31 December 2018, any class of shares trades at an average discount at or in excess of 8% of the monthly NAV, the Company will propose a vote of the relevant class to discontinue that class. Any such class discontinuation vote will take place on or prior to 28 February 2019.

In that event and if a Class Discontinuation Vote is passed by three-quarters of the votes cast on the resolution, holders of Shares of the relevant class will be able to opt to receive;

- 97.5 per cent of the NAV per share of the relevant class as at 31 March 2019 (with the remaining 2.5% of the NAV per share being retained by the Master Fund); or
- 50 per cent of the NAV per share of the relevant class as at 31 March 2019 and 50% of the NAV per share as at 30 June 2019.

From 1 April 2019, the Company's class closure provisions and annual partial capital return will be reinstated and applicable in respect of the twelve month period ending on 31 December 2019 and thereafter, except that the relevant trigger for the class closure provisions will be 8% discount to the net asset value of the relevant class of shares over the relevant period, instead of the existing 10% threshold.

The arrangements are described more fully in the Company's principal documents which were approved at the EGM on 24 February 2017.

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 year end and other performance information derived from the Financial Statements.

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

	31.12.16 US Dollar shares US$	**31.12.16 Euro shares €**	**31.12.16 Sterling shares £**
Per share operating performance			
Net asset value at beginning of the year	**20.33**	**20.56**	**21.21**
Income from investment operations			
Net investment loss*	(0.46)	(0.45)	(0.50)
Net realised and unrealised gain on investment	1.00	0.81	0.91
Other capital items**	0.81	0.95	0.82
Total return	**1.35**	**1.31**	**1.23**
Net asset value, end of the year	**21.68**	**21.87**	**22.44**
Total return before performance fee	6.63%	6.37%	5.84%
Performance fee	-	-	(0.05%)
Total return after performance fee	**6.63%**	**6.37%**	**5.79%**

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 2016 to 31 December 2016. An individual shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	31.12.16 US Dollar shares US$ '000	**31.12.16 Euro shares US$ '000**	**31.12.16 Sterling shares US$ '000**
Supplemental data			
Net asset value, end of the year	**216,252**	**33,128**	**502,083**
Average net asset value for the year	**261,058**	**55,907**	**560,351**

	31.12.16 US Dollar shares	**31.12.16 Euro shares**	**31.12.16 Sterling shares**
Ratio to average net assets			
Operating expenses			

Company expenses***	2.15%	2.21%	2.15%
Master Fund expenses****	1.02%	1.03%	1.04%
Master Fund interest expense*****	0.86%	0.82%	0.90%
Performance fee	0.00%	0.00%	0.05%
	4.03%	**4.06%**	**4.14%**
Net investment loss before performance fees*	**(2.32%)**	**(2.26%)**	**(2.33%)**
Net investment loss after performance fees*	**(2.32%)**	**(2.26%)**	**(2.38%)**

	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 US$ '000**	**31.12.15 Sterling shares US$ '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	**31.12.15**	**31.12.15**

	US Dollar shares	Euro shares	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%)**

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 year.

*** Company expenses are as disclosed in the Audited 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.

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.

Directors' interests are disclosed in the Directors' Report and also the Board Members section.

11. Subsequent events

The Directors have evaluated subsequent events up to 23 March 2017, which is the date that the Audited Financial Statements were available to be issued, and have concluded there are no further items that require disclosure or adjustment to the Audited Financial Statements other than those listed below.

On 29 November 2016, the Company announced a Tender Offer to acquire up to 100% of each class of the Company's issued shares at a price equivalent to 96% of NAV for the relevant class. The Tender Offer was approved by Shareholders at meetings in February and March 2017 and shareholders holding 52% of the Company's shares by prevailing NAV chose to remain invested in the Company, with the remaining 48% of shares by value being tendered for purchase at 96% of NAV. The Tender Offer is expected to complete in May 2017.

For the continuing Shareholders, the Company proposed changes to the Company's discount management arrangements and its management agreement with the Manager which will come into effect from 1 April 2017. These changes are described in notes 4 and 8.

Following the redemption of the validly tendered Euro shares under the Tender Offer, it is probable that the net asset value of the Euro share class will fall below the equivalent of US$25 million. In that event, as stated in the Tender Document, the Company will convert the remaining Euro shares into Sterling shares, most probably in June 2017 following publication of the final 31 May 2017 net asset values, and the listing of the Euro share class will be cancelled.

Historic Performance Summary
As at 31 December 2016

	31.12.16 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	**(150,245)**	**(91,220)**	**(122,858)**	**105,344**	**147,335**
Total assets	**866,740**	**1,499,648**	**1,768,337**	**2,255,031**	**2,194,398**
Total liabilities	**(1,897)**	**(4,755)**	**(5,519)**	**(8,176)**	**(8,723)**
Net assets	**864,843**	**1,494,893**	**1,762,818**	**2,246,855**	**2,185,675**
Number of shares in issue					
US Dollar shares	9,975,524	17,202,974	18,332,029	24,967,761	29,613,121
Euro shares	1,514,872	4,163,208	5,112,916	6,792,641	7,405,670
Sterling shares	22,371,669	33,427,871	37,717,793	43,602,671	41,675,441
Net asset value per share					
US Dollar shares	US$21.68	US$20.33	US$20.62	US$20.60	US$20.06
Euro shares	€21.87	€20.56	€20.72	€20.74	€20.21
Sterling shares	£22.44	£21.21	£21.40	£21.34	£20.70

Affirmation of the Commodity Pool Operator
31 December 2016

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

By:

Name: Jonathan Wrigley
Title: Group Head of Finance and Authorised Signatory

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

23 March 2017

Company Information

Directors
Ian Plenderleith (Chairman)*

Christopher Legge*
(resigned 24 June 2016)

Huw Evans*

David Barton
(*resigned 29 February 2016*)

Claire Whittet*

Colin Maltby*

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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For the latest information
www.bhmacro.com

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