

BH Global Limited

Annual Audited Financial Statements 2010

ANNUAL AUDITED FINANCIAL STATEMENTS

31 December 2010

Chairman's Statement

Over the calendar year 2010 the NAV of BH Global Limited (the "Company") showed a modest gain of 1.5% (USD share class), fluctuating very little over the year. All five of the Brevan Howard funds in which the Brevan Howard Global Opportunities Master Fund Limited ("BHGO") was invested at its initial launch showed similar gains. At different points during the year strength in one underlying fund offset weakness in another, thereby contributing to very low volatility (as reflected in the Sharpe ratio) and demonstrating the value of a multi-strategy approach. The Brevan Howard Credit Catalysts Master Fund Limited, which entered the portfolio in November 2009, had an outstanding year, growing by approximately 13.5%.

Although the Company did not achieve the rate of growth in NAV seen in the eighteen months immediately following its IPO in June 2008, it has managed to preserve shareholders' capital and provide a small positive return with low volatility in a year in which it faced exceptionally difficult markets. There were large swings in market sentiment, over both the future of the Euro and the strength and sustainability of the global economic recovery. This risk-on/risk-off behaviour pattern made it very difficult to identify trends and back them with confidence.

In the early months of the year there was a general improvement in markets, but this was set back sharply with the emergence of problems in the Eurozone, starting in Greece. After this shock, sentiment began to improve again in the summer, helped by the creation of the European Financial Stability Facility. In November the extension of quantitative easing by the Fed was expected to presage a period of low bond yields but after the changes in political control in the US, there was an unexpected easing of fiscal policy and the future of the QE programme was questioned. Instead of falling, bond yields in fact rose.

The effect of these sharp switchbacks in markets, which stemmed in the main from official policy changes, meant that on a number of occasions the Manager (Brevan Howard Capital Management LP) and its affiliate investment managers had to reverse what were initially expected to be profitable positions, taking some losses in the process. A fuller account of these developments is provided later in this annual Report.

In the early part of the year the share price rose, almost eliminating the discount to NAV. The discount then widened again in the middle part of the year but by early November it had again almost disappeared, only to widen again from mid-November. By the turn of the year the discount was in the 7-8% range. In part these fluctuations reflected the same market uncertainties that were affecting the NAV, but in addition the strength in equity markets may have persuaded some investors to shift away from the lower but less volatile returns being offered by the Company. Over 2010, the Brevan Howard Investor Relations team have sought to strengthen existing relations with current investors, and there has been a continuous effort to market the Fund to new, natural buyers (private banks, wealth managers and stockbrokers) in order to diversify the investor base and promote liquidity in the stock.

The Board has continued to monitor closely the developments in NAV and share price and has received regular briefings from the Manager on its trading strategies and performance. The Company provides weekly estimates of NAV, definitive monthly NAV figures, and it publishes monthly risk and shareholder reports. All these can be found on the Company website, www.bhglobal.com.

In the light of the small increase in NAV made in 2010 the Directors do not propose to offer any return of capital in 2011.

In February, the Company appointed Mr Graham Harrison as an additional independent director. He has joined the Audit Committee, replacing Mr Talmay Morgan. As a result all the Audit Committee members are now independent for the purposes of the UK Listing Authority Listing Rules. Mr Morgan remains a valued member of the Board.

The Board has established a Management Engagement Committee, chaired by Mr Nicholas Moss. This reviews annually the performance of all service providers to the Company, including that of the Manager.

The Board has also reviewed the AIC Code of Corporate Governance and is taking steps to ensure that all relevant principles are met with the exception of those that do not apply to a company with no executive management.

The Company's objective remains to deliver positive NAV growth with low volatility. While it is becoming less likely that the world economy will return to recession, there remain significant unresolved issues in financial markets, particularly in the Eurozone, which could yet generate further instability. Events in the Middle East and Japan illustrate just how quickly new and different risks can emerge.

Lord Turnbull

Chairman

25 March 2011

Board Members

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

Lord Turnbull (Chairman), age 66

Lord Turnbull is Chairman and non-executive director of the Company. He retired in July 2005 as Secretary of the Cabinet and Head of the Home Civil Service (2002-2005). He was Permanent Secretary of HM Treasury (1998-2004) and before that Permanent Secretary at the Department of the Environment (1994-1998). He entered the House of Lords in 2005 as a Crossbench Peer. He is also a non-executive director of The British Land Company plc, Prudential plc and Frontier Economics Limited. Lord Turnbull was appointed to the Board in 2008.

John Hallam, (Senior Independent Director), age 62

John Hallam is a Fellow of the Institute of Chartered Accountants in England and Wales and qualified as an accountant in 1971. He is a former partner of PricewaterhouseCoopers having retired in 1999 after 27 years with the firm both in Guernsey and in other countries. He is currently chairman of Cazenove Absolute Equity Limited, Dexion Absolute Limited and Partners Group Global Opportunities Limited. He is also a director of Develica Deutschland Limited, HSBC Infrastructure Company Limited, NB Distressed Debt Investment Fund Limited, NB Private Equity Partners Limited, Ruffer Illiquid Strategies Fund of Funds 2009 Limited, Ruffer Illiquid Strategies Fund 2011 Limited, Sienna Investment Company Limited, Sienna Investment Company 2 Limited, Sienna Investment Company 3 Limited, Sienna Investment Company 4 Limited and Vision Opportunity China Fund Limited as well as being a director of a number of other financial services companies which are not listed on recognised stock exchanges. He served for many years as a member of the Guernsey Financial Services Commission from which he retired in 2006 having been its Chairman for the previous three years. Mr Hallam was appointed to the Board in 2008.

Graham Harrison, age 45

Graham Harrison is a Guernsey resident and a Chartered Fellow of the Chartered Institute for Securities and Investment. Mr Harrison is co-founder and Group Managing Director of Asset Risk Consultants ("ARC"). After obtaining a post graduate degree from the London School of Economics, Mr Harrison worked for HSBC in its corporate finance division where he specialised in financial engineering. Following a secondment with the Caribbean Development Bank he moved to Guernsey to work for the Bachmann Group with a brief to develop asset management and investment consultancy services. In 2002 he led the management buy-out of ARC, taking the company independent. Mr Harrison is a director of Close Enhanced Commodities II Limited, ISIS Property Trust Limited and Real Estate Credit Investments Limited and a number of unlisted investment vehicles. Mr Harrison was appointed to the Board in 2010.

Talmay Morgan, age 58

Talmay Morgan is Guernsey resident and qualified as a barrister in 1976. He moved to Guernsey in 1988 where he worked for Barings and then for the Bank of Bermuda as Managing Director of Bermuda Trust (Guernsey) Limited. From January 1999 to June 2004, he was Director of Fiduciary Services and Enforcement at the Guernsey Financial Services Commission (Guernsey's financial regulatory agency) where he was responsible for the design and subsequent implementation of Guernsey's law relating to the regulation of fiduciaries, administration businesses and company directors. He was also involved in the international working groups of the Financial Action Task Force and the Offshore Group of Banking Supervisors. From July 2004 to May 2005, he was Chief Executive of Guernsey Finance which is the official body for the promotion of the Guernsey finance industry. Mr Morgan holds a MA in Economics and Law from Cambridge University. Mr Morgan is Chairman of the Listed Hedge Fund Forum of the Association of Investment Companies. In addition to being a director of the Company, Mr Morgan is a director of a number of listed investment funds including, among others, NB Private Equity Partners Limited, BH Macro Limited, Goldman Sachs Dynamic Opportunities Limited, Real Estate Credit Investments Limited, Signet Global Fixed Income Strategies

Limited, John Laing Infrastructure Fund Limited, NB Distressed Debt Investment Fund Limited and Sherborne Investors (Guernsey) A Limited. Mr Morgan was appointed to the Board in 2008.

Nicholas Moss, age 51

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

Stephen Stonberg, age 43

Stephen Stonberg is a Managing Director of Credit Suisse Asset Management in New York. Prior to January 2011, Mr Stonberg worked for Brevan Howard entities in both London and New York. He joined Brevan Howard Asset Management LLP in London in September 2006 as Head of Business Development and subsequently became a Partner in April 2007. In February 2009 he relocated from London to New York to run North American marketing for Brevan Howard US Asset Management LP. From January to December 2010 he was the CEO of Brevan Howard US LLC, a member of the Financial Industry Regulatory Authority, Inc (FINRA). Prior to joining Brevan Howard, Mr Stonberg worked for JPMorgan (2001-2006) as managing director and Global Head of Strategy and Business Development for the Investment Banking Division (2003-2006) and as managing director and Head of Credit Derivative Marketing EMEA (2001-2003). Previously, Mr Stonberg worked at Deutsche Bank (1996-2001) as managing director of Global Credit Derivatives. Mr Stonberg holds an MBA from Harvard Business School (1994) and a Bachelor's Degree in Economics from Columbia University (1989). He is currently a non-executive director of Coalition Development Limited. Mr Stonberg is a non-executive director of BH Macro Limited a FTSE 250 company. He is a resident of the United States. Mr Stonberg was appointed to the Board in 2008.

Directors' Report
31 December 2010

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 2010. The Directors' Report together with the Audited Financial Statements and their related notes give a true and fair view of the financial position of the Company. They have been prepared properly, in conformity with accounting principles generally accepted in the United States of America (US GAAP) and are in accordance with any relevant enactment for the time being in force; and are in agreement with the accounting records.

The Company

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

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

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

The proceeds from the original issue of shares on listing amounted to approximately US\$1 billion.

The Company is a member of the Association of Investment Companies.

Investment policy

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

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

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

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.

Share capital

The number of shares in issue at the year end is disclosed in note 5 to the Annual Audited Financial Statements (the "Financial Statements").

Going concern

After making enquiries and given the nature of the Company and its investment, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these Financial Statements, and, after due consideration, the Directors consider that the Company is able to continue for the foreseeable future.

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 Manager, Brevan Howard Capital Management LP and the other service providers and for the Company's activities. Graham Harrison joined the Board as an additional independent non-executive Director on 17 March 2010. In appointing him the Board followed the process for new appointments described on page 6. The Directors, all of whom are non-executive, are listed on page 3 and on the inside back cover. Stephen Stonberg and Talmai Morgan are not independent of the Manager for the purposes of LR15.2.12.

The Articles provide that unless otherwise determined by ordinary resolution, the number of the 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 in 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 Secretary. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company and should be brought to the attention of the Directors. The Directors also have access to the Administrator and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

For each Director, the tables below set out the number of Board, Audit and Management Engagement Committee meetings they were entitled to attend during the year ended 31 December 2010 and the number of such meetings attended by each Director.

Scheduled Board Meetings*	Held	Attended
Lord Turnbull	4	4
John Hallam	4	4
Graham Harrison	3	3
Talmai Morgan	4	4
Nicholas Moss	4	4
Stephen Stonberg	4	4

Audit Committee Meetings	Held	Attended
John Hallam	3	3

Graham Harrison **	2	2
Talmi Morgan ***	1	1
Nicholas Moss	3	3

Management Engagement

Committee Meetings	Held	Attended
Lord Turnbull	1	1
John Hallam	1	1
Nicholas Moss	1	1

* In addition to the scheduled quarterly Board meetings the Board, or committees thereof, held 13 ad hoc meetings to deal with matters of an administrative nature. These meetings were attended by those Directors who were available at the time.

** Member of the committee from 26 April 2010.

*** Member of the committee until 26 April 2010.

Directors' interests

During the year Stephen Stonberg was a partner of Brevan Howard Asset Management LLP and CEO of Brevan Howard US LLC. As of 1 January 2011, Stephen Stonberg resigned from these positions, but will remain as a Director of the Company.

Talmi Morgan and Stephen Stonberg are both non-executive Directors of BH Macro Limited which was incorporated on 17 January 2007 and started trading on the London Stock Exchange on 14 March 2007. BH Macro Limited is managed by Brevan Howard Capital Management LP, the Company's Manager, and is a feeder fund for the Brevan Howard Master Fund Limited into which the Company's Master Fund invests.

Further Directors interests in other companies are disclosed.

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

	US Dollar shares	
	31.12.10	31.12.09
Lord Turnbull	Nil	Nil
John Hallam	5,000	5,000
Graham Harrison	Nil	Nil
Talmi Morgan	5,000	5,000
Nicholas Moss	Nil	Nil
Stephen Stonberg	Nil	Nil

	Euro Shares	
	31.12.10	31.12.09
Lord Turnbull	Nil	Nil
John Hallam	Nil	Nil
Graham Harrison	Nil	Nil
Talmi Morgan	Nil	Nil
Nicholas Moss	Nil	Nil
Stephen Stonberg	Nil	Nil

	Sterling shares	
	31.12.10	31.12.09
Lord Turnbull	5,000	5,000
John Hallam	Nil	Nil
Graham Harrison	Nil	Nil
Talmi Morgan	Nil	Nil
Nicholas Moss	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.

Other related party transactions

As at 31 December 2010 Alan Howard, Brevan Howard founder, held an interest of 706,375 US Dollar shares and 161,107 Sterling shares in the Company which he acquired through on-market purchases, as detailed in stock exchange announcements made on 28 November 2008.

Manager

The Board, and in particular the Management Engagement Committee, considers the arrangements for the provision of management and other services to the Company on an ongoing basis. The principal contents of the agreement with Brevan Howard Capital Management LP (the "Manager") are as described in note 4 to the Financial Statements.

The Board reviews investment performance at each Board meeting and a review of the Manager will be conducted by the Management Engagement Committee annually.

The Board met to review the performance of the Manager, with the non-independent Directors abstaining from voting for the retention of the Manager. As a result of this review, having regard to the Manager's formal duties and responsibilities, it is the opinion of the Board that the continued appointment of the Manager on the terms currently agreed is in the interests of the Company's shareholders as a whole. Accordingly, the Board recommends retaining the services of the Manager.

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

Corporate Governance

In prior periods, as a closed-ended investment company registered in Guernsey, the Company was eligible for exemption from the requirements of the previous Combined Code of Corporate Governance published by the Financial Reporting Council. However the Board put in place a framework for corporate governance which it believes was appropriate having regard to the Company's size, stage of development and resources and with reference to the recommendations within the Association of Investment Companies' Corporate Governance Guide for Investment Companies, which enabled the Company to comply with the main requirements of the Combined Code. As a result of changes to the UK Listing Regime, with effect from 6 April 2010, the Company must comply with the requirements of the UK Corporate Governance Code. The UK Corporate Governance Code which applies to Investment Companies with accounting periods beginning on or after 29 June 2010, has been adopted early by the Board. There is no published corporate governance regime equivalent to the UK Corporate Governance Code in Guernsey.

The Board of BH Global Limited has considered the principles and recommendations of the AIC Code of Corporate Governance by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to BH Global Limited.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

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

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 BH Global Limited, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

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

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

The Board, of which Lord Turnbull is Chairman, consists solely of non-executive Directors. On 22 November 2010, John Hallam was appointed as Senior Independent Director of the Board. As at the year end, all the Directors, except Stephen Stonberg and Talmay Morgan, are considered by the Board to be independent of the Company's Manager.

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. With any new Director appointment to the Board, consideration will be given as to whether an induction process is appropriate.

In view of its non-executive and independent nature, the Board considers that it is not appropriate 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 Financial Statements. 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 Directors were appointed for an initial term of three years and section 20.3 of the Company's Articles require one third of the Directors to retire by rotation at each Annual General Meeting. As the Company is a FTSE 350 listed Company in line with the AIC Code each Director will put themselves up for re-election at each Annual General Meeting. On 21 June 2010, the Annual General Meeting of the Company was held. Shareholders re-elected Lord Turnbull, Talmay Morgan, Stephen Stonberg and Graham Harrison as Directors of the Company.

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 its members. This process is conducted by the respective Chairman reviewing the Director's performance, contribution and commitment to the Company. John Hallam as Senior Independent Director takes the lead in reviewing the performance of the Chairman. The Chairman also has responsibility for assessing the individual Board member's training requirements. The Board intends to implement the new provision in the AIC Code for external evaluation of the Board every three years and will be taking steps to do so in the next 12 months.

The Terms of Reference of both the Audit Committee and Management Engagement Committee are available on request from the Administrator.

The Company has disclosed total expense ratios for each class of share in note 9 to the Financial Statements.

Audit Committee

The Company has established an Audit Committee with formally delegated duties and responsibilities. This Committee meets formally at least twice a year for the purpose, amongst others, of considering the appointment, independence and remuneration of the auditor, to discuss and agree with the external auditor the nature and scope of the audit and to keep under review the scope, results, cost effectiveness of the audit and the independence and objectivity of the auditor, with particular regard to non-audit fees. The Audit Committee comprises John Hallam, Graham Harrison and Nicholas Moss. John Hallam is the Chairman of the Audit Committee.

Appointment to the Audit Committee shall be for a period of up to three years which may be extended for two further three year periods provided that the majority of the Audit Committee remain independent of the Manager. John Hallam and Nicholas Moss are currently serving during their second term of three years. Graham Harrison replaced Talmay Morgan on the Committee during 2010.

The Audit Committee is the forum through which the Auditor reports to the Board of Directors. The objectivity of the Auditor is reviewed by the Audit Committee which also reviews the terms under which the external Auditor is appointed to perform non-audit services. The Audit Committee considers KPMG Channel Islands Limited to be independent of the Company.

The following table summarises the remuneration paid to KPMG Channel Islands Limited and to other KPMG affiliates for audit and non-audit services during the years ended 31 December 2010 and 31 December 2009.

	01.01.10 to 31.12.10	01.01.09 to 31.12.09
KPMG Channel Islands Limited		
- Annual audit	£20,600	£20,000
- Auditor's interim review	£8,240	£8,280
- Other services	–	£5,175
Other KPMG affiliates		
- German tax services	£35,034	£37,258

The Audit Committee has established pre-approval policies and procedures for the engagement of KPMG to provide audit, assurance and tax services.

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

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

Management Engagement Committee

The Board has established a Management Engagement Committee with formal duties and responsibilities. These duties and responsibilities include the regular review of the performance of and contractual arrangements with the Manager and the preparation of the Committee's annual opinion as to the Manager's services.

Detailed terms of the Manager's contract and notice period are contained in note 4 to the Financial Statements.

The Management Engagement Committee meets formally at least once a year and comprises Nicholas Moss, John Hallam and Lord Turnbull. Nicholas Moss is the Chairman of the Management Engagement Committee.

Relations with shareholders

The Board welcomes shareholders' views and places great importance on communication with its shareholders. The Board receives regular reports on the views of 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 Administrator provides weekly unaudited estimates of the NAVs and month-end unaudited NAVs and the Manager provides a monthly newsletter and risk report. These are published via RNS and are also available on the Company's website.

The Manager maintains regular dialogue with institutional shareholders, the feedback from which is reported to the Board. In addition, Board members will be available to respond to shareholders' questions at the Annual General Meeting. Shareholders who wish to communicate with the Board should contact the Administrator in the first instance, whose contact details can be found on the Company's website.

Significant shareholders

As at 31 December 2010, the following had significant shareholdings in the Company:

Significant shareholders	Total % holdings shares held	in class
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<i>US Dollar shares</i>		
Nortrust Nominees Limited	4,817,838	22.04
Vidacos Nominees Limited	3,007,075	13.76
Securities Services Nominees Limited	1,808,243	8.27
BBHISL Nominees Limited	1,440,686	6.59
Morstan Nominees Limited	1,213,127	5.55
HSBC Global Custody Nominee (UK) Limited	1,186,846	5.43
Euroclear Nominees Limited	988,599	4.52
The Bank of New York (Nominees) Limited	865,627	3.96
State Street Nominees Limited	784,520	3.59
Greenwood Nominees Limited	706,375	3.23
<i>Euro shares</i>		
HSBC Global Custody Nominee (UK) Limited	911,764	27.35
Euroclear Nominees Limited	719,007	21.57
Morstan Nominees Limited	340,490	10.21
BBHISL Nominees Limited	247,899	7.44
HSBC Client Holdings Nominee (UK) Limited	211,858	6.35
Vidacos Nominees Limited	146,351	4.39
Securities Services Nominees Limited	141,930	4.26
<i>Sterling shares</i>		
State Street Nominees Limited	4,812,114	13.21
HSBC Global Custody Nominee (UK) Limited	3,302,002	9.07
R C Greig Nominees Limited	2,286,114	6.28
BBHISL Nominees Limited	1,980,366	5.44
Rathbone Nominees Limited	1,921,079	5.28
Pershing Nominees Limited	1,618,880	4.45
Quilter Nominees Limited	1,595,631	4.38
James Capel (Nominees) Limited	1,342,078	3.69
The Bank of New York (Nominees) Limited	1,277,822	3.51
Smith & Williamson Nominees Limited	1,166,624	3.20

Signed on behalf of the Board by:

Lord Turnbull
Chairman

John Hallam
Director

25 March 2011

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

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

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

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

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

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

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

We confirm to the best of our knowledge that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's Auditor is unaware, and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant information and to establish that the Company's 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 financial position of the Company; and
- these Financial Statements include information detailed in the Chairman's Statement, the Directors' Report, the Manager's Report and the notes to the Financial Statements, 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 business and a description of the principal risks and uncertainties facing the Company; and
 - (b) DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Company.

Signed on behalf of the Board by:

Lord Turnbull
Chairman

John Hallam
Director

25 March 2011

Directors' Remuneration Report
31 December 2010

Introduction

An ordinary resolution for the approval of this report will be put to the shareholders at the forthcoming Annual General Meeting to be held in 2011.

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 is the Chairman of the Audit Committee. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to directors of comparable companies.

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

No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. The Directors were appointed for an initial term of three years and section 20.3 of the Company's Articles require one third of the Directors to retire by rotation at each Annual General Meeting. As the Company is a FTSE 350 listed Company, in line with the AIC Code each Director will put themselves up for re-election at each Annual General Meeting. Director appointments can also be terminated in accordance with the Articles. Should shareholders vote against a Director standing for re-election, the Director affected will not be entitled to any compensation. There are no set notice periods and a Director may resign by notice in writing to the Board at any time.

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No other remuneration or compensation was paid or payable by the Company during the year to any of the Directors apart from the reimbursement of allowable expenses.

Directors' fees

The Company's Articles limit the fees payable to Directors in aggregate to £500,000 per annum. The annual fees were last increased on 1 July 2010, and are £140,000 for the Chairman, £33,000 for the Chairman of the Audit Committee and £30,000 for all other Directors. From 1 January 2011, Stephen Stonberg's fee will be £30,000 per annum. The Directors fees will next be reviewed in 2012.

The fees payable by the Company in respect of each of the Directors who served during the year, and during 2009, were as follows:

	01.01.10 to 31.12.10 £	01.01.09 to 31.12.09 £
Lord Turnbull	132,500	125,000
John Hallam	30,250	27,500
Graham Harrison	22,277	–
Talmi Morgan	27,500	25,000
Nicholas Moss	27,500	25,000
Stephen Stonberg *	–	–
Total	240,027	202,500

* *Stephen Stonberg waived his fee for 2009 and 2010 as he was employed by Brevan Howard.*

Signed on behalf of the Board by:

Lord Turnbull
Chairman

John Hallam
Director

25 March 2011

Manager's Report

Brevan Howard Capital Management LP is the Manager of the Company and of BHGO.

Performance Summary

The NAV of the US Dollar shares gained 1.54% for the year ended 31 December 2010; the NAV of the Euro shares and the Sterling shares gained 1.73% and 1.61%, respectively, for the same period.

The NAV performance of each currency class of the Company on a month-by-month basis during 2008, 2009 and 2010 is set out below:

USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008						1.16	0.10	0.05	(3.90)	1.13	2.75	0.38	1.55
2009	3.35	1.86	1.16	1.06	2.79	(0.21)	1.07	0.27	1.49	0.54	0.11	0.04	14.31
2010	0.32	(0.85)	(0.35)	0.53	(0.06)	0.60	(0.79)	0.80	1.23	0.39	(0.21)	(0.06)	1.54

EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008						1.28	0.25	0.29	(4.36)	1.15	3.03	0.44	1.93
2009	3.57	1.94	1.13	1.05	2.54	(0.21)	1.11	0.27	1.50	0.50	0.08	0.08	14.36
2010	0.37	(0.90)	(0.35)	0.58	(0.02)	0.69	(0.81)	0.86	1.06	0.36	(0.14)	0.04	1.73

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008						1.40	0.33	0.40	(4.19)	1.25	3.29	0.41	2.76
2009	3.52	1.94	1.03	0.68	2.85	(0.28)	1.05	0.31	1.51	0.58	0.12	0.08	14.15
2010	0.35	(0.93)	(0.32)	0.58	(0.04)	0.62	(0.81)	0.84	1.17	0.37	(0.20)	(0.03)	1.61

Important note – shares in the Company do not necessarily trade at a price equal to the prevailing NAV per share.

Source: The Company's NAV per share % monthly change calculations are made by Brevan Howard Capital Management LP.

NAV data is unaudited and net of all fees and expenses payable by the Company.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

BHGO – Allocations and Investment Performance

At 31 December 2010 the allocations of BHGO to each of its underlying fund investments were as follows:

Investment	Allocation (% NAV)
Brevan Howard Master Fund Limited ("BHM")	41.7
Brevan Howard Asia Master Fund Limited ("BHA")	12.3
Brevan Howard Equity Strategies Fund Limited ("BHES")	6.8
Brevan Howard Emerging Markets Strategies Master Fund Limited ("BHEMS")	16.5
Brevan Howard Strategic Opportunities Feeder Fund Limited ("BHSO")	8.6
Brevan Howard Credit Catalyst Master Fund Limited ("BHCC")	12.5
Cash/Other	1.6

Source: Brevan Howard Capital Management LP

Allocations are subject to change.

The underlying funds performed as follows during 2010:

Investment	YTD Performance (%)*
BHM Class Y shares	0.7
BHA Class X shares	1.2
BHES Class A shares	3.1
BHEMS Class X shares	2.0
BHSO Class A/B shares **	1.2
BHCC Class Y shares	13.5

The underlying funds made the following contribution to the performance of BHGO during 2010:

Investment	Approx attribution (%)*
BHM Class Y shares	16.0
BHA Class X shares	5.7
BHES Class A shares	8.3
BHEMS Class X shares	12.8
BHSO Class A/B shares **	5.6
BHCC Class Y shares	51.6

Source: Brevan Howard Capital Management LP

Allocations are subject to change. Past performance is not indicative of future results.

* From 1 January 2010 to 31 December 2010. Performance and Attribution are calculated from the sum of the monthly contributions to performance of the investment over the period, which in turn is calculated from the USD currency class performances.

** On 1 November 2010 the Investment Committee of the Manager switched BHGO's investment from Class A to Class B shares which offered better liquidity terms, lower fees and less onerous soft lock provisions.

Performance Review

The Company's NAV performance in 2010, while positive, was much lower than that of 2009 as a result of modest gains made by the majority of the underlying funds in BHGO's portfolio. The exception was BHGO's investment in BHCC, which returned over 13% in 2010 and accounted for approximately 50% of the portfolio's US Dollar returns. Although BHGO's net returns were low, they were delivered with low volatility; the portfolio volatility of BHGO was only 2% in 2010 and the worst performing month was February 2010, when the USD Shares were down just -0.85%.

Over the course of the year the Investment Committee of the Manager (the "IC") sought to increase the diversification of the portfolio, including by increasing BHGO's allocation to BHCC and reducing allocations to certain of BHGO's original core holdings. The IC maintained the Master Fund's allocation to BHM as a reflection of its confidence in the diversified nature of the trading activities in that fund.

The investment managers of the underlying funds reported that the disappointing returns at underlying fund levels were primarily a result of the difficult trading environment in which a number of high conviction trades did not meet expectations. This is best illustrated by examining the performance of BHM, the fund to which the Company has its largest exposure. During 2010, there were three significant 'themes' expressed within BHM which proved unprofitable:

1. Short European interest rates in Q1.
2. Short the Euro and being generally long the 'stress' theme in Q3.
3. Long the 'QE2' trade through long US rates positions in Q4.

Going into 2010 it was believed that the rapidly improving economic outlook in the core of Europe would cause the ECB to normalise money market conditions by drawing to a close the liquidity provisions which had been put in place during the crisis. However the emergence of the Greek sovereign debt crisis in February caused the market to discount any near-term changes by the ECB and as a consequence a number of the underlying funds experienced losses. On

the contrary, however, FX positions taking advantage of a weaker than expected Euro generated good returns. In July there was a reversal of fortunes once again as the European Financial Stability Facility was introduced, causing the Euro to rally 6% against the US Dollar. Across the funds, exposures that were positioned to benefit from continued stress in financial markets experienced losses. Into the fourth quarter of 2010, the theme which dominated was the long the 'QE2' trade – expecting US yields to fall, and whilst this initially proved very profitable, a number of factors influenced the markets to sell-off dramatically, causing losses. In contrast, tactical trading across all the Brevan Howard funds proved profitable, particularly in FX.

As noted above, BHCC was the best performing of the underlying funds, with the Y class shares appreciating by 13.5% over the year. The IC increased BHGO's exposure to BHCC over the year from 2.5% to 12.5% by the end of 2010. The underlying strategies employed within BHCC fall into four categories: MBS and ABS, corporate, structural and distressed credit, all of which were profitable during 2010.

Commentary and Outlook

In a year that was dominated by economic, political and regulatory uncertainty, the Manager made further efforts to diversify its activities globally. During the year, the Manager's group opened offices in Geneva and São Paulo. With these new offices, Brevan Howard now has a presence in the UK, Europe, North and South America, Asia and the Middle East, further diversifying its trading and information resources and increasing its ability to absorb and adapt to any regulatory changes.

Looking into 2011 the markets remain at risk of substantial dislocation. The European sovereign and banking issues appear to be coming to a head over the coming months. China, and emerging markets more generally, are struggling with inflation pressures and problematic "hot money" flows, and the US continues to face deflationary headwinds whilst remaining on an apparently unsustainable fiscal deficit path.

Although markets may appear to have normalised over the course of 2010, Brevan Howard's concern is that unlimited liquidity and zero interest rates are simply papering over large structural cracks. Any event which would disrupt the steady state of the current distressed equilibrium may cause violent market moves.

From a credit perspective the macro landscape for 2011 should yield good trading opportunities. For example, corporations have generally reduced leverage, extended debt maturities, and are sitting on a good deal of cash. It is also expected that on the whole the corporate default rates will remain low for 2011, thus creating a positive trading environment.

2011 sees the introduction of new funds that are eligible for investment by BHGO such as the Brevan Howard Commodities Strategies Master Fund Limited and the Brevan Howard Systematic Trading Master Fund Limited, both of which were earmarked for investment on 1 January 2011. These new investment opportunities will enable the IC to further diversify BHGO's portfolio and provide additional opportunities to generate consistent long-term net asset value returns for the Company's shareholders.

The Manager is confident that the work Brevan Howard has done over recent years to build an industry-leading group of investment managers and comprehensive global platform means that it remains well-positioned to exploit trading opportunities for fund investors in 2011.

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

Gunther Thumann

Brevan Howard Capital Management LP

25 March 2011

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

We have audited the Financial Statements of BH Global Limited for the year ended 31 December 2010 which comprise the Statement of Assets and Liabilities, the Statement of Operations, the Statement of Changes in Net Assets, the 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.

This report is made solely to the Company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. 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 Auditors

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 Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

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 Chairman's Statement, the Directors' Report, the Directors' Remuneration Report and the Manager's Report accompanying the Financial Statements to identify material inconsistencies with the Audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its net decrease in net assets resulting from operations for 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law 2008 requires us 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.

We have nothing to report with respect to the following:

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Deborah J. Smith

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

25 March 2011

Audited Statement of Assets and Liabilities

As at 31 December 2010

	31.12.10 US\$ '000	31.12.09 US\$ '000
Assets		
Investment in BHGO (cost 31 December 2010: US\$924,626,069; 31 December 2009: US\$924,626,069)	965,578	971,749

Other debtors	43	44
Cash and bank balances denominated in US Dollars	2,657	5,937
Cash and bank balances denominated in Euro	891	2,279
Cash and bank balances denominated in Sterling	9,881	12,236
Total assets	979,050	992,245
Liabilities		
Management fees payable (note 4)	416	421
Accrued expenses and other liabilities	275	200
Directors' fees payable	107	81
Administration fees payable (note 4)	87	30
Total liabilities	885	732
Net assets	978,165	991,513
Number of shares in issue (note 5)		
US Dollar shares	21,859,989	26,766,139
Euro shares	3,333,754	5,392,188
Sterling shares	36,417,607	31,461,725
Net asset value per share (notes 7 and 9)		
US Dollar shares	US\$11.79	US\$11.61
Euro shares	€11.86	€11.66
Sterling shares	£11.92	£11.73

See accompanying notes to the Financial Statements.

Signed on behalf of the Board by:

Lord Turnbull
Chairman

John Hallam
Director

25 March 2011

Audited Statement of Operations
For the year ended 31 December 2010

	01.01.10 to 31.12.10 US\$ '000	01.01.09 to 31.12.09 US\$ '000
Net investment loss allocated from BHGO		
Interest	4	20
Expenses	(199)	(160)
Net investment loss allocated from BHGO	(195)	(140)
Company income		
Interest income	–	1
Foreign exchange gains (note 3)	–	46,105
Total Company income	–	46,106
Company expenses		
Management fees (note 4)	4,845	4,833
Other expenses	1,013	1,448
Directors' fees	377	297

Administration fees (note 4)	345	343
Foreign exchange losses (note 3)	28,670	–
Total Company expenses	35,250	6,921
Net investment (loss)/gain	(35,445)	39,045
Net realised and unrealised gains and losses on investments allocated from BHGO		
Net realised gain/(loss) on investments	31,997	(7,806)
Net unrealised (loss)/gain on investments	(41,432)	177,019
Net realised and unrealised foreign exchange (loss)/gain		
– on hedging	(104)	(253)
– on capital (note 3)	31,636	(41,412)
Net realised and unrealised gains and losses on investments allocated from BHGO	22,097	127,548
Net (decrease)/increase in net assets resulting from operations	(13,348)	166,593

See accompanying notes to the Financial Statements.

Audited Statement of Changes in Net Assets
For the year ended 31 December 2010

	01.01.10 to 31.12.10 US\$ '000	01.01.09 to 31.12.09 US\$ '000
Net (decrease)/increase in net assets resulting from operations		
Net investment (loss)/gain	(35,445)	39,045
Net realised gain/(loss) on investments allocated from BHGO	31,997	(7,806)
Net unrealised (loss)/gain on investments allocated from BHGO	(41,432)	177,019
Net realised and unrealised foreign exchange gain/(loss) allocated from BHGO	31,532	(41,665)
	(13,348)	166,593
Share capital transactions		
Purchase of own shares		
US Dollar shares	–	(41,181)
Euro shares	–	(12,647)
Sterling shares	–	(37,109)
Tender offer costs		
US Dollar shares	–	(264)
Euro shares	–	(95)
Sterling shares	–	(308)
	–	(91,604)
Net (decrease)/increase in net assets	(13,348)	74,989
Net assets at the beginning of the year	991,513	916,524
Net assets at the end of the year	978,165	991,513

See accompanying notes to the Financial Statements.

Audited Statement of Cash Flows
For the year ended 31 December 2010

	01.01.10 to 31.12.10 US\$ '000	01.01.09 to 31.12.09 US\$ '000
Cash flows from operating activities		
Net (decrease)/increase in net assets resulting from operations	(13,348)	166,593

Adjustments to reconcile net (expense)/income to net cash (used in)/provided by operating activities:		
Net investment loss allocated from BHGO	195	140
Net realised (gain)/loss on investments allocated from BHGO	(31,997)	7,806
Net unrealised loss/(gain) on investments allocated from BHGO	41,432	(177,019)
Net realised and unrealised foreign exchange (gain)/loss allocated from BHGO	(31,532)	41,665
Purchase of investment in BHGO	(596)	(50,826)
Proceeds from sale of investment in BHGO	–	170,213
Foreign exchange losses/(gains)	28,670	(46,105)
Increase in other debtors	–	(5)
Decrease in management fees payable	(5)	(723)
Increase in accrued expenses and other liabilities	75	174
Increase/(decrease) in Directors' fees payable	26	(14)
Increase/(decrease) in administration fees payable	57	(74)
Net cash (used in)/provided by operating activities	(7,023)	111,825
Cash flows from financing activities		
Purchase of own shares	–	(90,937)
Tender offer costs	–	(667)
Net cash used in financing activities	–	(91,604)
Change in cash	(7,023)	20,221
Cash, beginning of the year	20,452	231
Cash, end of the year	13,429	20,452
Cash, end of the year		
Cash and bank balances denominated in US Dollars	2,657	5,937
Cash and bank balances denominated in Euro	891	2,279
Cash and bank balances denominated in Sterling	9,881	12,236
	13,429	20,452

See accompanying notes to the Financial Statements.

Notes to the Financial Statements
For the year ended 31 December 2010

1. The Company

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

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

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

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

2. Organisation

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

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

As such, the accounts of the Company should be read and considered in conjunction with the Annual Audited Financial Statements of the Master Fund.

BHGO is an open-ended investment company incorporated with limited liability in the Cayman Islands on 3 March 2008 which, as at the date of these Financial Statements, invests in Brevan Howard Master Fund Limited, Brevan Howard Emerging Markets Strategies Master Fund Limited, Brevan Howard Asia Master Fund Limited, Brevan Howard Equity Strategies Fund Limited, Brevan Howard Credit Catalysts Master Fund Limited and Brevan Howard Strategic Opportunities Feeder Fund Limited. As at 31 December 2010, BHGO's investments represented 1.68%, 5.48%, 5.75%, 50.58%, 9.03% and 13.14% respectively of the investee companies' net asset value.

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

At the date of these Financial Statements, the Company is the only Feeder Fund investing into BHGO..

The Manager

Brevan Howard Capital Management LP (the "Manager") is the Manager of the Company. The Manager is a Jersey limited partnership, the sole general partner of which is Brevan Howard Capital Management Limited, a Jersey limited company (the "General Partner"). The General Partner is regulated in the conduct of fund services business by the Jersey Financial Services Commission pursuant to the Collective Investment Funds (Jersey) Law, 1988 and the Orders made thereunder. Prior to 21 June 2010, the Company's Manager was Brevan Howard Offshore Management Limited.

The Manager also manages BHGO and the Brevan Howard Underlying Funds.

3. Significant accounting policies

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

The following are significant accounting policies adopted by the Company:

Valuation of investments

The Company records its investment in the Class A shares of BHGO at fair value. At 31 December 2010 and 31 December 2009, the Company's US Dollar, Euro and Sterling capital account represents 100%, 100% and 100% respectively of BHGO's capital.

Fair value measurement

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

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

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

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

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

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

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

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgement by the Company's Directors (the "Management"). Management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Management's perceived risk of that instrument.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, Management's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. Management uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

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

Income and expenses

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

Use of estimates

The preparation of Financial Statements in conformity with accounting principles generally accepted in the United States of America requires 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.

Share issue expenses

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

Pursuant to the terms of the Management Agreement, the Company must repay to the Manager a fraction of these Offer Costs for every US Dollar by which repurchases, redemptions or cancellations of the Company's shares reduce the Current US Dollar NAV of the Company below its NAV at the time of the Company's listing, being US\$1,044,631,308. The Current US Dollar NAV is calculated using the exchange rates ruling at the time of the Company's listings. The amount of these Offer Costs to be repaid for every US Dollar by which the Company's NAV is reduced will be up to 2.55 cents (or such lower amount as may result in the reduction in the Offer Costs actually paid

by the Manager), being the figure obtained by dividing the Offer Costs by the NAV of the Company at the time of its listing.

In addition, if the Management Agreement were to be terminated for certain grounds either in whole or with respect to a class of shares on or before the seventh anniversary of admission to the London Stock Exchange, being 29 May 2015, any Offer Costs that have not already been repaid to the Manager (or, in the case of termination in respect of a class of shares, the Offer Costs attributable to such class), will be repaid in full to the Manager by the Company. Any repurchases, redemptions or cancellations will be priced to take into account any fractional Offer Cost repayments and therefore ensure that continuing shareholders should not be prejudiced. The Directors consider the likelihood of the Management Agreement terminating and as a consequence the contingent liability described above arising as remote and therefore no provision has been made within these Financial Statements.

The Directors confirm that there are no other contingent liabilities that require disclosure or provision.

Foreign exchange

Investment securities and other assets and liabilities denominated in foreign currencies are translated into US Dollars using exchange rates at the reporting date for the purposes of an aggregated share class Statement of Operations. The currency gain or loss arising from this translation is substantially offset by currency gains or losses allocated from BHGO. Transactions denominated in foreign currencies are translated into US Dollars using exchange rates at the date of such transactions.

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

Treasury shares

Where the Company purchases its own share capital, the consideration paid, which includes any directly attributable costs, is recognised as a deduction from equity shareholders' funds through the Share capital account. When such shares are subsequently sold or reissued to the market, any consideration received, net of any directly attributable incremental transaction costs, is recognised as an increase in equity shareholders' funds through the Share capital account. Where the Company cancels treasury shares, no further adjustment is required to the share capital account of the Company at the time of cancellation. Shares held in treasury are excluded from calculations when determining NAV per share as detailed in note 7 or in the Financial Highlights in note 9.

4. Management and administration agreements

Management fee

The Company has entered into a management agreement with the Manager to manage the Company's investment portfolio. The Manager receives a management fee of 1/12 of 0.50% (or a pro rata proportion thereof) per month of the closing NAV (before deduction of that month's management fee) as at the last valuation day in each month, payable monthly in arrears. BHGO itself is not subject to management fees, however BHGO's investments are subject to management fees ranging from 2% to 3% per annum. During the year ended 31 December 2010, US\$4,844,581 (2009: US\$4,833,349) was charged by the Manager as management fees. At 31 December 2010, US\$415,578 (2009: US\$421,245) of the fee remained outstanding

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. Compensation is not payable if more than 24 months notice of termination is given.

Administration fee

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

5. Share Capital

Issued and authorised share capital

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

	US Dollar shares	Euro shares	Sterling shares
Number of ordinary shares			
In issue at 1 January 2010	26,766,139	5,392,188	31,461,725
Share conversions	(4,906,150)	(2,058,434)	4,955,882
In issue at 31 December 2010	21,859,989	3,333,754	36,417,607
Number of treasury shares			
In issue at 1 January 2010	2,385,662	569,712	2,422,287
Shares cancelled	–	(220,000)	–
In issue at 31 December 2010	2,385,662	349,712	2,422,287
Percentage of class	9.84%	9.49%	6.24%

	US\$ '000	€ '000	£ '000	Company Total US\$ '000
Share capital account				
At 1 January 2010	260,159	48,143	318,319	953,028
Share conversions	(56,895)	(24,145)	58,219	–
At 31 December 2010	203,264	23,998	376,538	953,028

	US Dollar shares	Euro shares	Sterling shares
Number of ordinary shares			
In issue at 1 January 2009	34,701,301	9,946,467	28,289,290
Share conversions	(3,799,500)	(3,604,567)	5,594,722
Purchase of own shares into treasury	(4,135,662)	(949,712)	(2,422,287)
In issue at 31 December 2009	26,766,139	5,392,188	31,461,725
Number of treasury shares			
In issue at 1 January 2009	–	–	–
Shares purchased and held in treasury during the year:			
– Tender offer	1,662,697	464,613	1,472,630
– Other on market purchases	2,472,965	485,099	949,657
Shares cancelled	(1,750,000)	(380,000)	–
In issue at 31 December 2009	2,385,662	569,712	2,422,287
Percentage of class	8.18%	9.56%	7.15%

	US\$ '000	€ '000	£ '000	Company Total US\$ '000
Share capital account				
In issue at 1 January 2009	343,718	98,381	280,236	1,044,632
Share conversions	(42,114)	(40,637)	63,084	–
Purchase of own shares into treasury	(41,181)	(9,529)	(24,793)	(90,937)
Tender offer costs	(264)	(72)	(208)	(667)
At 31 December 2009	260,159	48,143	318,319	953,028

Share classes

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

Voting rights

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

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

Treasury shares do not have any voting rights.

Repurchase of shares

The Directors have been granted authority to purchase in the market up to 14.99% of each class of shares and they intend to seek annual renewal of this authority from shareholders which was last granted on 21 June 2010. The Directors may, at their discretion, utilise this share repurchase authority to address any imbalance between the supply of and demand for shares.

Under the Company's Articles, the Directors are required to convene a shareholders' meeting to consider the repurchase of 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 21 June 2010 (the "AGM"), the Directors have the power to issue further shares on a non pre-emptive basis for cash in respect of 2,575,009 US Dollar shares, 411,451 Euro shares and 3,324,631 Sterling shares respectively. This power expires on the date falling eighteen months after the date of the AGM or the conclusion of the next Annual General Meeting of the Company, whichever is the earlier.

Distributions

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

Treasury shares are not entitled to distributions.

Annual redemption offer

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

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

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

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 at the discretion of the Board are able to convert ordinary shares on the last business day of every month. Each conversion will be based on NAV (note 7) of the share classes to be converted.

6. Taxation

Overview

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

Uncertain tax positions

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

The Company analyses all open tax years for all major 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.

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

7. Publication and calculation of net asset value

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

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

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

8. Discount management programme

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

In the event a class closure resolution is proposed, shareholders in a class have the following options available to them:

- (i) to redeem all or some of their shares at NAV per share less the costs and expenses of the class closure vote and other outstanding costs and expenses of the Company attributable to the relevant class (including any redemption fees and repayment of Offer Costs as described in note 3)
- (ii) subject to certain limitations, to convert all or some of their shares into shares of another class, assuming that other class does not also pass a class closure resolution; or
- (iii) subject to the class continuing, to remain in the class.

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

The Annual Redemption Offer described in note 5 which enables a partial return of capital is also part of the discount management programme.

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

During the year the Company did not make use of its ability to make market purchases of its shares.

The total numbers of shares held in treasury at 31 December 2010 are as disclosed in note 5.

9. Financial Highlights

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

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

	31.12.10 US Dollar shares US\$	31.12.10 Euro shares €	31.12.10 Sterling shares £	31.12.09 US Dollar shares US\$	31.12.09 Euro shares €	31.12.09 Sterling shares £
Per share operating performance						
Net asset value at beginning of the year	11.61	11.66	11.73	10.16	10.19	10.28
Income from investment operations						
Net investment loss*	(0.10)	(0.08)	(0.07)	(0.09)	(0.12)	(0.07)
Net realised and unrealised gain on investment	0.28	0.33	0.26	1.65	2.30	1.34
Other capital items**	–	(0.05)	–	(0.11)	(0.71)	0.18
Total return*	0.18	0.20	0.19	1.45	1.47	1.45
Net asset value, end of the year						
	11.79	11.86	11.92	11.61	11.66	11.73
Total return*	1.54%	1.73%	1.61%	14.31%	14.36%	14.15%

Total return reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per ordinary share during the year ended 31 December 2010 and 31 December 2009.

	31.12.10 US Dollar shares US\$ '000	31.12.10 Euro shares € '000	31.12.10 Sterling shares £ '000	31.12.09 US Dollar shares US\$ '000	31.12.09 Euro shares € '000	31.12.09 Sterling shares £ '000
Supplemental data						
Net asset value, end of the year	257,662	39,535	434,030	310,704	62,856	369,030
Average net asset value for the year	287,842	49,063	398,382	332,458	88,110	328,159
Ratio to average net assets						
Operating expense						
Company expenses ***	0.68%	0.67%	0.68%	0.71%	0.72%	0.72%
BHGO expenses****	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
	0.70%	0.69%	0.70%	0.73%	0.74%	0.74%
Net investment loss*	(0.74%)	(0.53%)	(0.68%)	(0.72%)	(0.73%)	(0.70%)

Operating expense and net investment loss are not annualised.

* The net investment loss figures that the Company is obliged to disclose above, in the Directors' opinion and in accordance with the Company's investment objectives, do not accurately reflect the Company's

overall performance. Considering the investment objectives of the Company, the Directors consider that the total return of the Company is a true reflection of the Company's performance during the year.

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

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

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

10. Related party transactions

Management fees are disclosed in note 4.

Directors' fees are disclosed in the Directors' Remuneration Report.

Directors' interests are disclosed in the Directors' Report with additional disclosures in the Board members section.

11. Subsequent events

Management has evaluated subsequent events up to 25 March 2011, which is the date that the Financial Statements were available to be issued, and has concluded there are not any material events that require disclosure or adjustment to the Financial Statements.

Historic Performance Summary
As at 31 December 2010

	31.12.10 US\$'000	31.12.09 US\$'000	31.12.08* US\$'000
Net (decrease)/increase in net assets resulting from operations	(13,348)	166,593	(128,108)
Total assets	979,050	992,245	917,893
Total liabilities	(885)	(732)	(1,369)
Net assets	978,165	991,513	916,524
Number of shares in issue			
US Dollar shares	21,859,989	26,766,139	34,701,301
Euro shares	3,333,754	5,392,188	9,946,467
Sterling shares	36,417,607	31,461,725	28,289,290
Net asset value per share			
US Dollar shares	US\$11.79	US\$11.61	US\$10.16
Euro shares	€11.86	€11.66	€10.19
Sterling shares	£11.92	£11.73	£10.28

* Covers the period from 25 February 2008 (date of incorporation) to 31 December 2008. Initial public offering of shares took place in May 2008.

Management and Administration

Directors

*Lord Turnbull (Chairman)**

John Hallam*

Graham Harrison*
(appointed 17 March 2010)

Talmi Morgan

Nicholas Moss*

Stephen Stonberg

(All Directors are non-executive)

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

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For the latest information
www.bhglobal.com

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