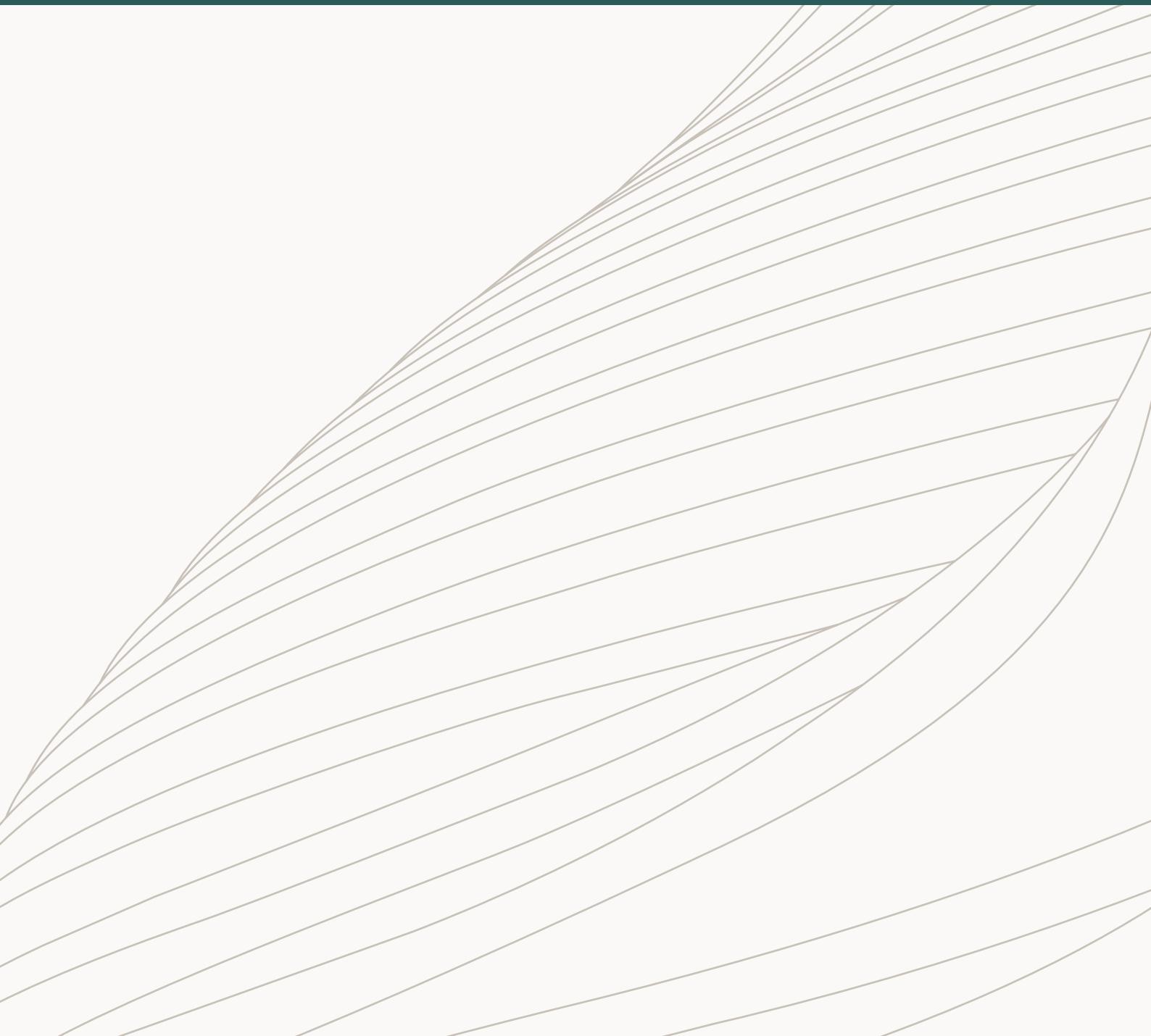


BH MACRO LIMITED



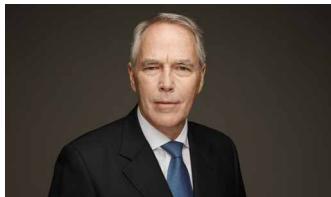
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS 2020

31 December 2020

Brevan Howard Capital Management LP, the manager and commodity pool operator of BH Macro Limited, has filed a claim of exemption with the Commodity Futures Trading Commission in respect of BH Macro Limited pursuant to Section 4.7 of the CFTC regulations.

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CHAIRMAN'S STATEMENT

I am pleased to present to Shareholders this report on another year of strong performance by BH Macro Limited (the "Company"). As you will find in greater detail elsewhere in this report, the operating procedures and contingency plans of the Company and its key service providers have proved robust in the face of the challenges arising from the COVID-19 pandemic, whilst the turbulent conditions of financial markets have again presented opportunities for Brevan Howard Capital Management LP's (the "Manager's") trading strategies. As the pandemic unfolded with its dreadful cost in terms of human misery your Company in common with most financial companies was largely unaffected from an operational point of view. Your Company's Board and its service providers were able to switch to remote working with no disruption to services and without any apparent increase in risk to its operations.

I must begin, however, with the concern which the Board and I share for the well-being of all the Company's stakeholders in these disconcerting and unpredictable times. That the environment has favoured our investment approach does not in any way diminish our consciousness of the distress which the pandemic has caused to many millions, including inevitably amongst our shareholders, service providers and those who work with and for them. We wish you well.

I would also like to take this opportunity on behalf of the Board to thank Colin Maltby for his years of service as both a director and latterly as Chairman. Colin retired from the Board on 15 February 2021 and was Chairman of the Company for the entirety of the financial period covered by this Annual Report.

During the year ended 31 December 2020, the Net Asset Value ("NAV") per Sterling share in the Company increased by 28.09% and the NAV per US Dollar share increased by 28.86%. The share price total return on a Sterling share was 34.87% over the year and on a US Dollar share was 31.39%.

The Company's performance is directly related to the performance of Brevan Howard Master Fund Limited (the "Master Fund") into which the Company invests substantially all its assets. In 2020, the Master Fund maintained the strong performance seen since 2018, against a background in which market conditions have offered favourable opportunities for its macro-directional trading focus.

The past performance of the Master Fund and the Company has shown positive correlation with market volatility. In particular, volatility or unstable expectations in foreign exchange and interest rate markets can provide fertile environments for the Manager's trading strategies. Such was the case again in 2020. Evolving perceptions of the pandemic, its economic

consequences and the reactions of the monetary and fiscal authorities, gave unusual force to market instability. Fluctuating expectations for US Dollar interest rates, both short and long-term, uncertainty in Sterling markets over the consequences of Brexit, political and economic stresses in the United States, the Eurozone and in several important emerging economies have all contributed to this environment of greater opportunity for the Master Fund and the Company. As the market environment has changed, the Company has offered Shareholders the opportunity to benefit from the Master Fund's long-term track record of preserving capital and achieving positive returns.

As part of the Tender Offer which completed in May 2017, the Board agreed that the Company would not engage in market purchases of its own shares before 1 April 2019, but committed to hold a discontinuation vote for either class of share if that class traded at an average discount of 8% or more to the monthly NAV over the whole of 2018 or any subsequent calendar year. In the event, the average monthly premium at which the Company's shares traded in relation to monthly NAV during 2019 was 0.44% for the Sterling class and 1.15% for the US Dollar class and, consequently, no discontinuation votes were to be held in 2020. The average monthly premium at which the Company's shares traded in relation to monthly NAV during 2020 was 4.80% for the Sterling class and 5.21% for the US Dollar class. Consequently, no discontinuation vote is required to be held in 2021.

Prior to the Tender Offer, the Company used share buy-backs as one mechanism to reduce the discount at which the shares traded to NAV. For much of 2020, the Company's shares traded at a premium or minimal discount to NAV. However, if the Company's shares were again to trade at wide or volatile discounts to NAV in the future, it would be the Board's intention to consider resuming this process. During the year, the Company re-issued 438,449 Sterling shares and 81,000 US Dollar shares held in Treasury following previous buy-backs and tender offers.

In recent years, the Manager has implemented several significant changes to its internal structure. On the trading side, the Manager has launched a number of separate funds, supporting individual traders or groups of traders who had been managing money for the Master Fund. Through its investment into these new funds, the Master Fund continues to access the expertise of these traders. This new approach has increased the ability of the Manager to retain its key traders at a time when the market for such individuals is very competitive. The Manager also restructured its middle and back office operations into a separately constituted and regulated entity which is now offering its services to select third party clients as well as in respect of the Master Fund and the other funds managed by the Manager.

CHAIRMAN'S STATEMENT CONTINUED

Against this background, the Board has continued its regular dialogue with the Manager, reviewing the Master Fund's trading strategies and risk exposures and satisfying itself that the Manager's analytical, trading and risk management capabilities continue to be maintained at a high standard. We have remained reassured that these continuing developments in the Manager's operations have no negative implications for the Manager's core activities or the services which the Manager provides to your Company.

The Company and its Manager have continued to pursue an active programme of public communication and investor relations. 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 Board is wholly independent of the Brevan Howard group. The Directors are very closely focused on safeguarding the interests of Shareholders and believe that the Company observes high standards of corporate governance. In 2018, the Board commissioned an external evaluation of its performance which confirmed that the Board works in a collegiate, harmonious and effective manner. We expect to commission a further review during 2021. The Board instigated, in early 2019, a recruitment process to continue its renewal, engaging a professional consulting firm for assistance. I am delighted that Bronwyn Curtis was able to join us in January 2020 and was elected as a non-executive Director at the 2020 AGM. Following the retirement of Colin Maltby in February 2021 and my subsequent appointment as Chairman, the Board will maintain its periodic review of the ongoing balance and composition of the Board as a whole to ensure that it continues to meet the needs of the Company and its shareholders.

Shareholders will be aware that the United Kingdom left the European Union on 31 January 2020 and that there is no agreement in place governing the future relationship between the UK and the EU in financial services. Since your Company does not operate directly within the EU and invests substantially all of its assets into a Cayman master fund, it may be that the impact of Brexit will be felt principally through the consequences for the London financial markets, in which the Master Fund is a participant and where the Company's shares are traded on the London Stock Exchange.

Subsequent to the year end and following discussions between the Board, the Manager and the Company's shareholders, a circular proposing changes to the terms of the Management Agreement was issued to shareholders on 12 March 2021. Following the EGM that ensued on 29 March 2021, a substantial majority of shareholders voted in favour of the arrangements proposed in the Circular, as a result of which the Management Agreement will be amended and restated with effect from 1 July 2021 to reflect the changes outlined in the circular. A further circular will be issued to shareholders in due course containing proposals for a tender offer for up to 40% of the Company's share capital by share class, which is expected to complete before 1 July 2021 when the changes to the Management Agreement would become effective.

I look forward to a year in which we can reasonably hope that the pandemic recedes and I wish all our shareholders the very best for 2021.



Richard Horlick
Chairman

30 March 2021

STERLING SHARES SHARE PRICE VS NET ASSET VALUE



US DOLLAR SHARES SHARE PRICE VS NET ASSET VALUE



BOARD MEMBERS

The Directors of the Company, as at the date of signing, all of whom are non-executive, are listed below:

Richard Horlick (appointed Chairman on 15 February 2021), age 62

Richard Horlick is UK resident. He is currently the non-executive chairman of CCLA Investment Management which manages £11.5bn of assets for over 38,000 charities and church and local authority funds. He has served on a number of closed end fund boards most recently Pacific Assets Trusts Plc from December 2005 until June 2014 and Tau Capital Plc from May 2007 to January 2014. He was a partner and non-executive chairman of Pensato Capital LLP until its successful sale to RWC Partners in 2017. He has had a long and distinguished career in investment management graduating from Cambridge University in 1980 with an MA in Modern History. After 3 years in the corporate finance department of Samuel Montagu he joined Newton Investment Management in January 1984, where he became a Director and portfolio manager. In 1994, he joined Fidelity International as President of their institutional business outside the US and in 2001 became President and CEO of Fidelity Management Trust Company in Boston which was the Trust Bank for the US Fidelity Mutual fund range and responsible for their defined benefit pension business. In 2003, he joined Schroders Plc as a main board Director and head of investment worldwide. In January 2006, he established Spencer House Capital Management with Lord Jacob Rothschild. In addition, he has been a business angel investing in a wide range of private companies. He became a limited partner in CBE Capital Limited, a property development group.

Bronwyn Curtis, age 72 (appointed 1 January 2020)

Bronwyn Curtis is a UK resident and Senior Executive with 30 years leadership in finance, commodities, consulting and the media. She is currently chairman of JPMorgan Asia Growth and Income Plc and a non-executive Director of Pershing Square Holdings Plc, the Scottish American Investment Company Plc and the UK Office of Budget Responsibility. Her executive roles included Head of Global Research at HSBC Plc, Managing Editor and Head of European Broadcast at Bloomberg LP, Chief Economist of Nomura International, and Global Head of Foreign Exchange and Fixed Income Strategy at Deutsche Bank. She has also worked as a consultant for the World Bank and UNCTAD. Her other current appointments include the Advisory Board at Imperial College Business School, trustee of the Centre for Economic and Policy Research, the Australia-UK Chamber of Commerce and The Times shadow MPC. She is a graduate of the London School of Economics and La Trobe University in Australia where she received a Doctor of Letters in 2017. Bronwyn was awarded an OBE in 2008 for her services to business economics.

John Le Poidevin, age 50

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.

Claire Whittet, age 65

Claire Whittet is Guernsey resident and has over 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 & Co Bank International Limited in 2003, initially as Director of Lending and latterly as 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 Chartered Banker, a member of the Chartered Insurance Institute and holds an IoD Director's Diploma in Company Direction. She is an experienced non-executive director of a number of listed investment and private equity funds one of which she chairs and a number of which she is Senior Independent Director. Mrs Whittet was appointed to the Board in June 2014.

DISCLOSURE OF DIRECTORSHIPS IN PUBLIC COMPANIES LISTED ON RECOGNISED STOCK EXCHANGES

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

	EXCHANGE
RICHARD HORLICK	
VH Global Sustainable Energy Opportunities Plc	London
BRONWYN CURTIS	
JPMorgan Asia Growth and Income Plc	London
Pershing Square Holdings Limited	London and Euronext Amsterdam
Scottish American Investment Company Plc	London
JOHN LE POIDEVIN	
Episode Inc.	Euronext Dublin
International Public Partnerships Limited	London
CLAIRE WHITTET	
Eurocastle Investment Limited	Euronext Amsterdam
International Public Partnerships Limited	London
Riverstone Energy Limited	London
Third Point Offshore Investors Limited	London
TwentyFour Select Monthly Income Fund Limited	London

STRATEGIC REPORT

For the year ended 31 December 2020

The Directors submit to the shareholders their Strategic Report of the Company for the year ended 31 December 2020.

The Strategic Report provides a review of the business for the financial year and describes how risks are managed. In addition, the report outlines key developments and financial performance of the Company during the financial year and the position at the end of the year, and discusses the main factors that could affect the future performance, and financial position of the Company.

BUSINESS MODEL AND STRATEGY

Investment Objective and Company Structure

The Company is organised as a feeder fund that invests solely in the ordinary US Dollar and Sterling denominated B shares issued by Brevan Howard Master Fund Limited (the "Master Fund") – 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. Further details on the Investment Objective and Policy can be found in the Directors' Report on page 10.

Sources of Cash and Liquidity Requirements

As the Master Fund is not expected to pay dividends, the Company expects that the primary source of its future liquidity will depend on borrowings in accordance with its leverage policies and the periodic redemption of shares from the Master Fund.

BUSINESS ENVIRONMENT

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The Board is satisfied that by using the Company's risk matrix in establishing the Company's system of internal controls, while monitoring the Company's investment objective and policy, the Board has carried out a robust assessment of the principal and emerging risks and uncertainties facing the Company. The principal and emerging 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, or from the unavailability of either the Administrator or Manager for whatever reason. The Board receives reports annually from the Manager and Administrator on their internal controls. The risks associated with a termination of the Management Agreement are outlined in more detail in the Viability Statement on page 8;
- **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;
- **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;
- **Brexit Risk:** Whilst noting that the Company is based in Guernsey and that it invests substantially all of its assets into a Caymanian master fund, the Company may nevertheless be exposed to risks arising from the UK's departure from the European Union and subsequent agreement reached between the UK and the European Union at the end of the Brexit transition period, which did not cover financial services. In conjunction with the Manager, the Board will monitor the potential impact on the Company and on the Company's performance; and
- **Coronavirus Risk:** Despite the reported increased impact of Coronavirus (COVID-19) on businesses, the Board continues to believe that this is not a major business risk for the Company. The Company uses a number of service providers for its day to day operations. These providers have established and regularly tested Business Resiliency Policies in place, to cover various possible scenarios whereby staff cannot turn up for work at the designated office and conduct business as usual (such as work from home facilities and/or different regions covering work for other regions).

Future Prospects

The Board's main focus is the achievement of long-term appreciation. The future of the Company is dependent upon the success on the investment strategy of the Master Fund. The investment outlook and future developments are discussed in both the Chairman's Statement and the Manager's Report on pages 1 to 3 and pages 23 to 26 respectively.

BUSINESS ENVIRONMENT (CONTINUED)

Board Diversity

When appointing new directors and reviewing the board composition, the Board considers, amongst other factors, diversity, balance of skills, knowledge, gender and experience.

The Board however does not consider it appropriate to establish targets or quotas in this regard. As at the date of this report, the Board comprised two female and two male non-executive Directors. The Company has no employees.

Environmental, Social and Governance Factors

The Company does not have employees, it does not own physical assets and its Board is formed exclusively of non-executive Directors. As such, the Company does not undertake activity which would directly affect the environment.

On a regular basis, the Manager assesses the trading activity of the investment funds it manages, including the Master Fund, to ascertain whether environmental, social and governance ("ESG") factors are appropriate or applicable to such funds. Most ESG principles have been envisaged in the context of equity or corporate fixed income investment and therefore are not readily applicable to most types of instruments traded by the majority of funds managed by the Manager.

The Manager continues to monitor developments in this area and will seek to implement industry best practice where applicable. The Manager is a signatory to the UN Principles for Responsible Investment and will apply the principles where appropriate considering the structure of relevant Brevan Howard managed funds and the applicable trading universe.

The Administrator is a wholly owned indirect subsidiary of Northern Trust Corporation, which has adopted the UN Global Compact principles, specifically: implementing a precautionary approach to addressing environmental issues through effective programs, undertaking initiatives that demonstrate the acknowledgement of environmental responsibility, promoting and using environmentally sustainable technologies, and UN Sustainable Development Goals, specifically: using only energy efficient appliances and light bulbs, avoiding unnecessary use and waste of water, implementing responsible consumption and production, and taking action to reduce climate change.

POSITION AND PERFORMANCE

Packaged Retail and Insurance Based Investment Products ("PRIIPs")

As at 31 December 2020, the Company remained subject to European Union Regulation (2017/653) (the "Regulation") which deems it to be a PRIIP. In accordance with the requirements of

the Regulation, the Manager published the latest standardised three-page Key Information Document ("KID") on the Company on 30 April 2020. The KID is available on the Company's website <https://www.bhmacro.com/regulatory-disclosures/> and will be updated at least every 12 months. Since the end of the Brexit transition period, the Regulation has been succeeded by the UK's own regulations.

The Company is not responsible for the information contained in the KID. The process for calculating the risks, cost and potential returns are prescribed by regulation. The figures in the KID may not reflect the expected returns for the Company and anticipated returns cannot be guaranteed.

Performance

Key Performance Indicators ("KPIs")

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. Below are the main KPIs which have been identified by the Board for determining the progress of the Company:

1. Net Asset Value

The Company's net asset value has appreciated from £10.00 and US\$10.00 per share at launch to £33.38 and US\$34.78 at the year end. This increase in NAV is largely attributable to the long term growth strategy and returns. The Directors and Manager are confident that the current strategy will continue to return positive levels of growth in future.

2. Share Prices, Discount/Premium

The Company has traded at an average premium of 4.80% and 5.21% to NAV for its Sterling Class and US Dollar Class shares respectively for the year ended 31 December 2020.

3. Ongoing Charges

The Company's ongoing charges ratio has increased from 3.13% to 6.81% on the Sterling class and increased from 3.40% to 7.13% on the USD class, primarily due to an increase in the performance fee as a result of improved performance.

The Company reports an aggregated view of the charges for both the Sterling and US Dollar share classes. Further details are on pages 13 and 14 in the Directors' Report.

Return per Share

Total return per share is based on the net total gain on ordinary activities after tax of £105,767,059 for the Sterling Class and US\$18,804,559 for the US Dollar Class (2019: £27,463,793 and US\$5,791,771 respectively).

STRATEGIC REPORT CONTINUED

For the year ended 31 December 2020

POSITION AND PERFORMANCE (CONTINUED)

These calculations are based on the weighted average number of shares in issue for the year ended 31 December 2020. Sterling shares: 14,702,553 and US Dollar shares: 2,397,572 (2019: Sterling shares: 14,234,399 and US Dollar shares: 2,539,270).

	YEAR ENDED 31.12.20		YEAR ENDED 31.12.19	
	PER SHARE	'000	PER SHARE	'000
Net total gain for Sterling Shares	719.38p	105,767	192.94p	27,464
Net total gain for US Dollar Shares	784.32c	18,805	228.10c	5,792

Net Asset Value

The net asset value per Sterling share, as at 31 December 2020 was £33.38 based on net assets of £501,001,573, divided by number of Sterling shares in issue of 15,009,868 (2019: £26.06).

The net asset value per US Dollar share, as at 31 December 2020 was US\$34.78 based on net assets of US\$76,225,992 divided by number of US\$ shares in issue of 2,191,379 (2019: US\$26.99).

Dividends

No dividends were paid during the year (2019: US\$Nil).

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 2023. 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.

The continuation of the Company in its present form is dependent on the Management Agreement remaining in place. Throughout the period under review, the Company has sought to maintain a constructive and informed relationship with the Manager, by the Directors meeting regularly with the Manager to review the Master Fund's performance, and through the Management Engagement Committee, where they review the Company's relationship with the Manager and the Manager's performance and effectiveness. Following discussions between the Company, the Manager and shareholders, various changes to the Management Agreement as set out in note 11 to these financial statements were approved by shareholders at an EGM

on 29 March 2021. These changes, which come into effect from 1 July 2021, include an increase in the notice period for termination by either party from 3 months to 12 months, were designed to secure the long term future of the Company on a basis which was acceptable to both the Manager and to shareholders.

The changes also include a requirement that in the event that the Company's aggregate NAV at the end of any calendar quarter for all share classes combined is lower than US\$300 million the Board will propose a vote to shareholders for the liquidation of the Company. Whilst there would be no obligation to shareholders to vote in favour of the liquidation in these circumstances, if the vote were to be passed by shareholders, the Company would be placed into liquidation, the Management Agreement would be terminated and certain fees would be payable to the Manager under the terms of the revised Management Agreement. These arrangements effectively replicate the existing position under the Management Agreement prior to 1 July 2021 as if the Management Agreement were to be terminated without notice having been served as a result of shareholders voting to wind up the Company.

As a result of the shareholder vote in favour of the changes proposed at the EGM on 29 March 2021, the Company will issue a further circular to shareholders in due course containing proposals for a tender offer in up to 40% of the Company's share capital by share class, which is expected to complete before 1 July 2021 when the changes to the Management Agreement become effective. The Board does not anticipate this proposed tender offer reducing the aggregate NAV for all share classes combined to below US\$300 million.

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 and a revised Management Agreement is agreed between the Manager, the Company and its shareholders, 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.

Although the Company is domiciled in Guernsey, the Board has considered the guidance set out in the AIC Code in relation to Section 172 of the Companies Act 2006 in the UK. Section 172 of the Companies Act requires that the Directors of the Company act in the way they consider, in good faith, is most likely to promote the success of the Company for the benefit of all stakeholders, including suppliers, customers and shareholders.

POSITION AND PERFORMANCE (CONTINUED)

Key Service Providers

The Company does not have any employees and as such the Board delegates responsibility for its day to day operations to a number of key service providers. The activities of each service provider are closely monitored by the Board and they are required to report to the Board at set intervals.

In addition, a formal review of the performance of each service provider is carried out once a year by the Management Engagement Committee.

The Manager

The Manager is a leading and well established hedge fund manager. In exchange for its services a fee is payable as detailed in note 4 to the financial statements.

The Board considers that, under the Company's current investment objective, the interests of Shareholders, as a whole, are best served by the ongoing appointment of the Manager.

Administrator and Corporate Secretary

Northern Trust International Fund Administration Services (Guernsey) Limited is the Administrator and Corporate Secretary. Further details on fee structure are included in note 4 to the financial statements.

Signed on behalf of the Board by:



Richard Horlick
Chairman



John Le Poidevin
Director

30 March 2021

DIRECTORS' REPORT

31 December 2020

The Directors submit their Report together with the BH Macro Limited (the "Company") 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 2020. 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") and are in agreement with the accounting records.

THE COMPANY

BH Macro Limited is a limited liability closed-ended investment company which was incorporated in Guernsey on 17 January 2007 and then admitted to the Official List of the London Stock Exchange ("LSE") later that year.

Currently, ordinary shares are issued in Sterling and US Dollars.

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 NAV, 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 on page 33. The Directors do not recommend the payment of a dividend.

SHARE CAPITAL

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

GOING CONCERN

The Directors, having considered the Principal and Emerging Risks and Uncertainties to which the Company is exposed which are listed on page 6 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.

As part of the going concern assessment, the Directors have also considered the effect on the Company of the proposed tender offer for up to 40% of each class of the Company's issued Shares at a price equal to 98% of the prevailing NAV per Share of the applicable class at the time of the tender offer less an amount per share in respect of the costs of the offer.

The Board continues to monitor the ongoing impacts of the COVID-19 pandemic and has concluded that the biggest threat to the Company with regards to this pandemic is the failure for a key service provider to maintain business continuity and resiliency while maintaining work from home and social distancing practices. The Board has assessed the measures in place by key service providers to produce business continuity and so far has not identified any significant issues that affect the Company. The financial position of the Company has not been negatively impacted by the pandemic either. For these reasons, the Board is confident that the outbreak of COVID-19 has not impacted the going concern assessment of the Company.

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 page 4.

THE BOARD (CONTINUED)

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 on pages 18 and 19.

The Board meets at least four times a year and between these formal meetings there is regular contact with the Manager and the Administrator. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company are brought to the attention of the Directors. The Directors also have access to the Administrator and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

For each Director, the tables below set out the number of Board and Audit Committee meetings they were entitled to attend during the year ended 31 December 2020 and the number of such meetings attended by each Director.

SCHEDULED BOARD MEETINGS	HELD	ATTENDED
Colin Maltby	5	5
Bronwyn Curtis	5	5
Richard Horlick	5	5
John Le Poidevin	5	5
Claire Whittet	5	5

AUDIT COMMITTEE MEETINGS	HELD	ATTENDED
John Le Poidevin	4	4
Bronwyn Curtis	4	4
Richard Horlick	4	4
Claire Whittet	4	4

MANAGEMENT ENGAGEMENT COMMITTEE MEETINGS	HELD	ATTENDED
Claire Whittet	1	1
Bronwyn Curtis	1	1
Richard Horlick	1	1
John Le Poidevin	1	1
Colin Maltby	1	1

The Board has reviewed the composition, structure and diversity of the Board, succession planning, the independence of the Directors and whether each of the Directors has sufficient time available to discharge their duties effectively. The Board confirms that it believes that it has an appropriate mix of skills and backgrounds, that all of the Directors are considered to be independent in accordance with the provisions of the AIC Code and that all Directors have the time available to discharge their duties effectively.

The Chairman's and Directors' tenures are limited to nine years, which is consistent with the principles listed in the UK Corporate Governance Code.

Notwithstanding that some of the Directors sit on the boards of a number of other listed investment companies, the Board notes that each appointment is non-executive and that listed investment companies generally have a lower level of complexity and time commitment than trading companies. Furthermore, the Board notes that attendance of all Board and Committee meetings during the year is high and that each Director has always shown the time commitment necessary to discharge fully and effectively their duties as a Director.

DIRECTORS' INTERESTS

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

	STERLING SHARES	
	31.12.20	31.12.19
Colin Maltby	3,500	3,000
Bronwyn Curtis	Nil	N/A
Richard Horlick	Nil	Nil
John Le Poidevin	3,222	3,222
Claire Whittet	Nil	Nil

	US DOLLAR SHARES	
	31.12.20	31.12.19
Colin Maltby	1,000	500
Bronwyn Curtis	Nil	N/A
Richard Horlick	Nil	Nil
John Le Poidevin	Nil	Nil
Claire Whittet	Nil	Nil

In addition to these scheduled meetings, ten ad hoc committee meetings were held during the year ended 31 December 2020, which were attended by those Directors available at the time.

DIRECTORS' REPORT CONTINUED

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 and 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.

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 requirements 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; and
- whistle-blowing policy.

For the reasons 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 Directors' Remuneration Report on pages 18 and 19 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 the Directors. The Board utilised the services of an independent, specialist company, Cornforth Consulting Ltd prior to appointing Bronwyn Curtis. The current 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.

CORPORATE GOVERNANCE (CONTINUED)

In line with the AIC Code, 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 25 June 2020, Shareholders re-elected all the Directors of the Company.

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.

Claire Whittet has been Senior Independent Director since 20 June 2019 and takes the lead in evaluating the performance of the Chairman.

BOARD PERFORMANCE

The performance of the Board and that of each individual Director is externally evaluated every three years.

The most recent external evaluation of the Board's performance was completed in February 2018 and is scheduled to take place every three years. The last evaluation confirmed that the Board works in a collegiate, harmonious and effective manner and made a number of recommendations for the medium term structure of the Board which have been adopted.

The Board carries out an annual internal evaluation of its performance in years when an external evaluation is not taking place. There were no matters of note in the 2020 evaluation.

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.

In respect of the UK Criminal Finances Act 2017 which introduced a new Corporate Criminal Offence of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that it is committed to preventing the facilitation of tax evasion and takes all reasonable steps to do so.

SOCIAL AND ENVIRONMENTAL ISSUES

The Board also keeps under review developments involving other social and environmental issues, such as Modern Slavery, and will report on those to the extent they are considered relevant to the Company's operations.

ONGOING CHARGES

The ongoing charges represent the Company's management fee and all other operating expenses, excluding finance costs, performance fees, share issue or buyback costs and non-recurring legal and professional fees, expressed as a percentage of the average of the daily net assets during the year.

Ongoing charges for years ended 31 December 2020 and 31 December 2019 have been prepared in accordance with the AIC's recommended methodology.

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

31.12.20

	STERLING SHARES	US DOLLAR SHARES
Company – Ongoing Charges	0.50%	0.49%
Master Fund – Ongoing Charges	0.63%	0.63%
Performance fees	5.68%	6.01%
Ongoing Charges plus performance fees	6.81%	7.13%

DIRECTORS' REPORT CONTINUED

ONGOING CHARGES (CONTINUED)

31.12.19

	STERLING SHARES	US DOLLAR SHARES
Company – Ongoing Charges	0.59%	0.61%
Master Fund – Ongoing Charges	0.65%	0.61%
Performance fees	1.89%	2.18%
Ongoing Charges plus performance fees	3.13%	3.40%

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 Sterling and US Dollar 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 services fee payable to the Manager of 1/12 of 0.5% per month of the NAV.

PERFORMANCE GRAPHS

The graphs shown on page 3 detail the performance of the Company's NAV and share prices over 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. It is chaired by John Le Poidevin and comprises Bronwyn Curtis, who was appointed on 1 January 2020 and Claire Whittet. Richard Horlick was a member of the Audit Committee until his appointment as Chairman on 15 February 2021. The Terms of Reference of the Audit Committee are available from the Administrator.

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, is chaired by Claire Whittet and comprises all members of the Board.

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 Management Engagement Committee also monitors

the performance of all service providers on an annual basis and at the onset of COVID-19 and August 2020 before the Management Engagement Committee meeting, wrote to each service provider regarding their Business Continuity Plans and the effect of the pandemic on their working practices. To date, all services have proved to be robust and there has been no disruption to the Company. The Terms of Reference of the Management Engagement Committee are available from the Administrator.

The details of the Manager's fees and notice period are set out in note 4 to the Audited 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 3 September 2020, the Management Engagement Committee concluded that the continued appointment of the Manager, Administrator, UK and Guernsey Legal Advisers, Registrar and Corporate Broker on the terms agreed was in the interests of the Company's Shareholders as a whole. At the date of this report, the Board continues 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; and
- Ensure no override of controls by its service providers, the Manager and Administrator.

INTERNAL CONTROLS (CONTINUED)

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.

In order to recognise any new risks that could impact the Company and ensure that appropriate controls are in place to manage those risks, the Audit Committee undertakes a regular review of the Company's Risk Matrix. This review took place on two occasions during the year.

The Board has delegated the management of the Company, the administration, corporate secretarial and registrar 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.

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.

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 was adopted by Guernsey and 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 Company made its latest report for CRS to the Director of Income Tax on 25 June 2020.

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, with a number of such meetings taking place during the year. Due to travel restrictions as a result of COVID-19, Shareholders were not able to attend the Annual General Meeting in 2020. 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. 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.

Following the publication of the updated AIC Code in February 2019, when 20 per-cent or more of Shareholder votes have been cast against a Board recommendation for a resolution, the Company should explain, when announcing voting results, what actions it intends to take to consult Shareholders in order to understand the reasons behind the result. An update on the views received from shareholders and actions taken should be published no later than six months after the shareholder meeting. The Board should then provide a final summary in the Annual Report and, if applicable, in the explanatory notes to resolutions at the next shareholder meeting, on what impact the feedback has had on the decisions the Board has taken and any actions or resolutions now proposed. During the year, no resolution recommended by the Board received more than 20% of votes against it.

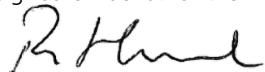
DIRECTORS' REPORT CONTINUED

SIGNIFICANT SHAREHOLDERS

As at 31 December 2020, the following Shareholders had significant shareholdings in the Company:

	TOTAL SHARES HELD	% HOLDING IN CLASS
SIGNIFICANT SHAREHOLDERS		
STERLING SHARES		
Ferlim Nominees Limited	2,884,047	19.21%
Rathbone Nominees Limited	1,800,817	12.00%
HSBC Global Custody Nominee (UK) Limited	1,151,725	7.67%
Pershing Nominees Limited	896,772	5.97%
Lion Nominees Limited	759,887	5.06%
Smith & Williamson Nominees Limited	686,437	4.57%
Vidacos Nominees Limited	633,998	4.22%
Roy Nominees Limited	520,868	3.47%
Nortrust Nominees Limited	510,483	3.40%
Harewood Nominees Limited	471,992	3.14%
	TOTAL SHARES HELD	% HOLDING IN CLASS
SIGNIFICANT SHAREHOLDERS		
US DOLLAR SHARES		
Vidacos Nominees Limited	660,368	30.13%
Hero Nominees Limited	482,150	22.00%
Luna Nominees Limited	143,660	6.56%
Computershare Investor Services plc	97,996	4.47%
Securities Services Nominees	91,762	4.19%
Vestra Nominees Limited	91,536	4.18%

Signed on behalf of the Board by:



Richard Horlick
Chairman



John Le Poidevin
Director

30 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Audited Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they elected to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America and applicable law.

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. 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, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless liquidation is imminent.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- 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;
- the financial statements, 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
- the Chairman's Statement, Strategic Report, Directors' Report and Manager's Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

We consider the Annual Report and Audited Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board by:



Richard Horlick

Chairman



John Le Poidevin

Director

30 March 2021

DIRECTORS' REMUNERATION REPORT

31 December 2020

INTRODUCTION

An ordinary resolution for the approval of the Directors' Remuneration Report was passed by the Shareholders at the Annual General Meeting held on 25 June 2020.

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, the Management Engagement Committee and the Senior Independent Director. 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 to the Board for an initial term of three years and Section 21.3 of the Company's Articles requires, as does the AIC Code, that all of the Directors retire at each Annual General Meeting. At the Annual General Meeting of the Company on 25 June 2020, Shareholders re-elected all the Directors. 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 £400,000 per annum. Until 19 June 2019, the annual fees were £65,000 for Huw Evans, the Chairman, £47,500 for John Le Poidevin, the Chair of the Audit Committee, £45,000 for Claire Whittet, the Chair of the Management Engagement Committee, £45,000 for Colin Maltby as Senior Independent Director and £40,000 for all other Directors.

Between 20 June 2019 and 30 September 2019, annual fee levels remained the same as above, except for Colin Maltby, who was paid at the rate of £65,000 per annum after succeeding Huw Evans as Chairman and £47,500 per annum for Claire Whittet, who was appointed Senior Independent Director.

On 5 September 2019, the Board agreed to changes to the annual Directors' fees, effective from 1 October 2019 onward. They were changed to £70,000 for Colin Maltby, the Chairman, £55,000 for John Le Poidevin, the Chair of the Audit Committee, £50,000 for Claire Whittet, as Chair of the Management Engagement Committee and the Senior Independent Director and £45,000 for all other Directors.

On 15 February 2021, Colin Maltby retired as Chairman of the Board. Richard Horlick was appointed Chairman with an annual fee of £70,000.

DIRECTORS' FEES (CONTINUED)

The fees payable by the Company in respect of each of the Directors who served during the years ended 31 December 2020 and 31 December 2019, were as follows:

	YEAR ENDED 31.12.20 £	YEAR ENDED 31.12.19 £
Colin Maltby	70,000	56,854
Huw Evans*	N/A	*30,714
Bronwyn Curtis**	**45,000	N/A
Richard Horlick***	45,000	***27,953
John Le Poidevin	55,000	49,375
Claire Whittet	50,000	46,950
TOTAL	265,000	211,846

* Huw Evans served as Chairman at a fee of £65,000 pa until his retirement from the Board on 20 June 2019.

** Bronwyn Curtis was appointed on 1 January 2020 at a fee of £45,000 p.a.

*** Richard Horlick was appointed on 1 May 2019 at a fee of £40,000 p.a. until 30 September 2019 and £45,000 from 1 October 2019.

Signed on behalf of the Board by:



Richard Horlick
Chairman



John Le Poidevin
Director

30 March 2021

REPORT OF THE AUDIT COMMITTEE

31 December 2020

On the following pages, we present the Audit Committee's (the "Committee") Report for 2020, 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

The Committee is chaired by John Le Poidevin and its other members are Claire Whittet and Bronwyn Curtis. Richard Horlick was a member of the Committee, until his appointment as Chairman of the Board on 15 February 2021.

Appointment to the 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 Committee remains independent of the Manager. Claire Whittet is currently serving her third term. John Le Poidevin is currently serving his second term and Bronwyn Curtis is serving her first term. Prior to standing down from the Committee on 15 February 2021, Richard Horlick was serving his first term.

The Committee conducts formal meetings at least three times a year. The table in the Directors' Report, on page 11, sets out the number of Committee meetings held during the year ended 31 December 2020 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.

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, which includes consideration of the Financial Reporting Council Ethical Standard. The Committee has also established policies and procedures for the engagement of the auditor to provide audit, assurance and other 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; or
- puts the Independent Auditor in the role of advocate of the Company.

INDEPENDENT AUDITOR

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 year and the Committee makes recommendations to the Board.

KPMG Channel Islands Limited ("KPMG CI") has been the Company's Independent Auditor from the date of the initial listing on the London Stock Exchange. The external audit was most recently tendered for the year ended 31 December 2016, where KPMG CI was re-appointed as auditor following the completion of the tender process.

KEY ACTIVITIES IN 2020

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

Significant Financial Statement Issues

The Committee's review of the annual Financial Statements focused on the following area:

The Company's investment in the Master Fund had a fair value of US\$758.6 million as at 31 December 2020 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 2020 were audited by KPMG Cayman who issued an unqualified audit opinion dated 26 March 2021. 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 2020 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.

The Committee has 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 has concluded it appropriate to continue to prepare the Financial Statements 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 2020 evaluation.

Audit Fees and Safeguards on Non-Audit Services

The table below summarises the remuneration paid by the Company to KPMG CI for audit and non-audit services during the years ended 31 December 2020 and 31 December 2019.

	YEAR ENDED 31.12.20	YEAR ENDED 31.12.19
Annual audit	33,250	31,000
Interim review	15,750	15,350

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 the Manager providing an International Standard on Assurance Engagements ("ISAE 3402") report and the Administrator providing a Service Organisation Control ("SOC1") report. No significant findings have been noted during the year.

REPORT OF THE AUDIT COMMITTEE CONTINUED

KEY ACTIVITIES IN 2020 (CONTINUED)

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 2020 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.



John Le Poidevin
Audit Committee Chairman

30 March 2021

MANAGER'S REPORT

Brevan Howard Capital Management LP ("BHC" or the "Manager") is the manager of BH Macro Limited (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 GBP shares of the Company appreciated by 28.09% in 2020, while the NAV per share of the USD shares appreciated by 28.89%.

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

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
2017	(1.54)	1.86	(2.95)	0.59	(0.68)	(1.48)	1.47	0.09	(0.79)	(0.96)	0.09	(0.06)	(4.35)
2018	2.36	(0.51)	(1.68)	1.01	8.19	(0.66)	0.82	0.79	0.04	1.17	0.26	0.31	12.43
2019	0.52	(0.88)	2.43	(0.60)	3.53	3.82	(0.78)	1.00	(1.94)	0.47	(1.22)	1.52	7.98
2020	(1.42)	5.49	18.31	0.19	(0.85)	(0.53)	1.74	0.94	(1.16)	(0.02)	0.75	3.04	28.09

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
2017	(1.47)	1.91	(2.84)	3.84	(0.60)	(1.39)	1.54	0.19	(0.78)	(0.84)	0.20	0.11	(0.30)
2018	2.54	(0.38)	(1.54)	1.07	8.41	(0.57)	0.91	0.90	0.14	1.32	0.38	0.47	14.16
2019	0.67	(0.70)	2.45	(0.49)	3.55	3.97	(0.66)	1.12	(1.89)	0.65	(1.17)	1.68	9.38
2020	(1.25)	5.39	18.40	0.34	(0.82)	(0.54)	1.84	0.97	(1.11)	(0.01)	0.76	3.15	28.89

Source: Master Fund NAV data is provided by the administrator of the Master Fund, International Fund Services (Ireland) Limited ("IFS"). The Company's NAV and NAV per Share data is provided by the Company's administrator, Northern Trust International Fund Administration Services (Guernsey) Limited. Company NAV per Share % monthly change is calculated by the Manager. Company NAV data is unaudited and net of all investment management and all other fees and expenses payable by the Company. In addition, the Master Fund is subject to an operational services fee.

With effect from 1 April 2017, the management fee is 0.5% per annum. The Company's investment in the Fund is subject to an operational services fee of 0.5% per annum. No management fee or operational services fee is charged in respect of performance related growth of NAV for each class of share in excess of its level on 1 April 2017 as if the tender offer commenced by the Company on 27 January 2017 had completed on 1 April 2017.

NAV performance is provided for information purposes only. Shares in the Company do not necessarily trade at a price equal to the prevailing NAV per Share.

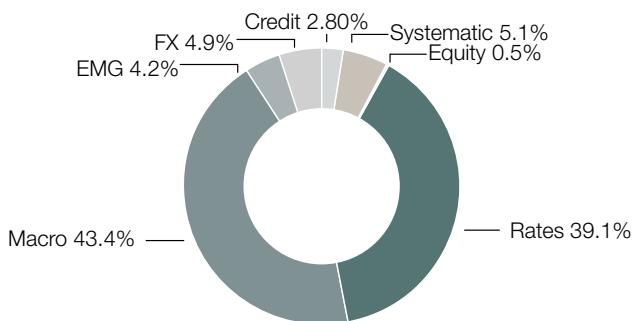
Data as at 31 December 2020.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

MANAGER'S REPORT CONTINUED

PERFORMANCE REVIEW (CONTINUED)

Strategy Group Exposure (% of capital allocation*)



Source: BHCM, as at 31 December 2020. Data may not sum to 100% due to rounding.

* Capital allocations are subject to change.

The above strategies are categorised as follows:

"Systematic": rules-based futures trading

"Rates": developed interest rates markets

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

"EMG": global emerging markets

"FX": global FX forwards and options

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

"Credit": corporate and asset-backed indices, bonds and credit default swaps.

PERFORMANCE REVIEW (CONTINUED)

Quarterly and annual contribution (%) to the performance of the Company's USD Shares (net of fees and expenses) by asset class

	RATES	FX	COMMODITY	CREDIT	EQUITY	DISCOUNT MANAGEMENT	TOTAL
Q1 2020	19.04	0.12	0.26	1.62	2.11	–	23.22
Q2 2020	(0.27)	(2.18)	0.70	0.82	(0.16)	0.10	(1.01)
Q3 2020	0.24	0.63	0.80	0.07	(0.06)	–	1.68
Q4 2020	0.58	2.83	(0.18)	(0.29)	(0.98)	–	3.92
YTD 2020	19.69	1.35	1.58	2.24	2.88	0.10	28.89

Data as at 31 December 2020.

Quarterly and annual figures are calculated by BHCM as at 31 December 2020, based on performance data for each period provided by the Company's administrator, Northern Trust. Figures rounded to two decimal places.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

Methodology and Definition of Contribution to Performance:

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

The above asset classes are categorised as follows:

"Rates": interest rates markets

"FX": FX forwards and options

"Commodity": commodity futures and options

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

"Equity": equity markets including indices and other derivatives

"Discount Management": buyback activity or sales of shares from treasury

PERFORMANCE AND ECONOMIC OUTLOOK COMMENTARY

Coming into the year, the Master Fund had been positioned in anticipation of monetary policy easing by the Federal Reserve ("Fed") in response to a slowdown in economic activity combined with the view that this slowdown was being significantly underappreciated by the market. As the COVID-19 crisis began to unfold in February, it became apparent that transmission was global and had the potential to cause unprecedented economic damage which would be met with equally unprecedented fiscal and monetary policy responses. In the event, the global economy is estimated to have contracted by as much as in the first year of the Great Depression and by more than in the Great Financial Crisis. In response, most countries delivered sizable fiscal relief while many central banks cut rates to nearly zero, restarted quantitative easing, and rolled out a wide variety of ambitious lending programs — measures that provided a safety net for risk assets. During this year, the Master Fund added to directional and relative value strategies across a range of global interest rate markets. In March, the Fed was forced into making two emergency cuts totalling 150bps and risk markets fell sharply. Gains over this year came from a range of strategies including directional trading of US and global interest rates, macro-RV trading in European government bonds, LIBOR-basis and option volatility positioning as well as from directional and option strategies in equity, credit, oil and precious metals. Moving into the second quarter, gains were crystallised, risk levels reduced, and the Master Fund adopted a less directional and more tactical approach. During the balance of the year, the fund profited from recovery trades in credit and equity markets as well as from tactical short and curve steepening positioning in the US interest rate market. The fund also positioned in currency markets to benefit from the relative economic outperformance in much of Asia versus the US resulting from tighter control and mitigation of the coronavirus pandemic as well as from the likely impact of the US elections in terms of additional fiscal support.

MANAGER'S REPORT CONTINUED

PERFORMANCE AND ECONOMIC OUTLOOK COMMENTARY (CONTINUED)

Looking forward, the first half of 2021 should see an uneven recovery as governments respond to the third wave of COVID-19. In some countries mass vaccination is proceeding efficiently; in other countries it has been delayed for a variety of reasons. At the same time, new more transmissible variants of COVID-19 have strained public health systems and led to additional restrictions on social and economic activity. As vaccine distribution and uptake improve, the expectation is for a brisk rebound of the service sector in the second half of the year. Highly accommodative monetary policy will help underpin risk sentiment and fiscal easing will provide targeted relief. However, the magnitude of the fiscal response differs across countries, with the US at one extreme rolling out multiple trillion-dollar programs and China at the other extreme with some withdrawal of fiscal support. While policymakers are generally committed to providing a risk-friendly environment, the heterogeneity in policy responses sets up some interesting cross-country trading opportunities. In emerging markets, some countries have been hit especially hard by COVID-19, others less so. North Asia and Australia & New Zealand have generally been standouts with successful public-health responses and gearing to the recovery in global trade. In terms of themes, reflation and inflation will be a strong focus. Some analysts argue that the reopening of the global economy will generate inflation and others argue that the global economy is still stuck in secular stagnation. Regardless, the big increase in oil and industrial commodity prices means that many investors are looking for a sustained rebound in the commodity complex and concomitant decline in the US Dollar against emerging market currencies. In any event, monetary policy is tuned to try and create inflation in all the major developed market economies, especially in the US where the Fed promises to overshoot its traditional 2% target. At a minimum, that commitment points to low rates for years. If successful, a return of inflation would be a remarkable macroeconomic development against a backdrop in which

investors have become complacent about inflation. Finally, politics is not going away in 2021. There are a number of loose ends accompanying Brexit, the Eurozone project is still a work-in-progress, and geopolitical tensions remain with the US-China relationship perhaps being the most important hotspot.

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.

30 March 2021



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BH MACRO LIMITED

OUR OPINION IS UNMODIFIED

We have audited the financial statements of BH Macro Limited (the "Company"), which comprise the Audited Statement of Assets and Liabilities as at 31 December 2020, the Audited Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2020, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in conformity with U.S. generally accepted accounting principles; and
- comply with the Companies (Guernsey) Law, 2008.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards, as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

KEY AUDIT MATTERS: OUR ASSESSMENT OF THE RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2019):

THE RISK	OUR RESPONSE
<p><i>Valuation of Investment in Brevan Howard Master Fund Limited (the "Master Fund")</i></p> <p>\$758,630,000; (2019: \$558,606,000)</p> <p>Refer to page 21 of the Report of the Audit Committee and note 3 accounting policy</p>	<p>BASIS: The Company, which is a multi-class feeder fund, had invested 99.67% (2019: 99.79%) of its net assets at 31 December 2020 into the ordinary US Dollar and Sterling denominated Class B Shares issued by the Master Fund, which is an open ended investment company.</p> <p>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.</p> <p>RISK: The valuation of the Company's investment in the Master Fund, given that it represents the majority of the net assets of the Company, is a significant area of our audit.</p> <p><i>Our audit procedures included, but were not limited to:</i></p> <ul style="list-style-type: none"> • Obtained an independent confirmation from the administrator of the Master Fund of the net asset value per share for both the US Dollar and Sterling Class B shares and reconciled these to the net asset values used in the valuation of the Investment in the Master Fund • Reviewed the audit work performed by the auditor of the Master Fund to gain insight over the work performed on the significant elements of the Master Fund's net asset value; and held discussions on key audit findings with the auditor of the Master Fund • Examined the Master Fund's coterminous audited financial statements to corroborate the net asset value per share of both the US Dollar and Sterling Class B shares <p>We also considered the Company's investment valuation policies as disclosed in note 3 to the financial statements for conformity with U.S. generally accepted accounting principles</p>



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BH MACRO LIMITED CONTINUED

OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the financial statements as a whole was set at \$11,417,000, determined with reference to a benchmark of net assets of \$761,169,000, of which it represents approximately 1.5% (2019: 1.5%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2019: 75%) of materiality for the financial statements as a whole, which equates to \$8,562,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$570,000, in addition to other identified misstatements that 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 as detailed above.

GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments; and

- The likelihood of share class closure or liquidation resolution votes being triggered

We considered whether these risks could plausibly affect the liquidity or ability of the Company to continue to operate in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 3 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring



whether management have knowledge of any actual, suspected or alleged fraud;

- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material

effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

CONTEXT OF THE ABILITY OF THE AUDIT TO DETECT FRAUD OR BREACHES OF LAW OR REGULATION

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BH MACRO LIMITED CONTINUED

DISCLOSURES OF EMERGING AND PRINCIPAL RISKS AND LONGER TERM VIABILITY

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement (page 8) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (page 8) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 8 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

CORPORATE GOVERNANCE DISCLOSURES

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- 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 shareholders to assess the Company's position and performance, business model and strategy;

- the section of the Annual Report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

WE HAVE NOTHING TO REPORT ON OTHER 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.

RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on 17, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless liquidation is imminent.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**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. 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.

A handwritten signature in black ink, appearing to read 'B R' followed by a stylized 'N'.

Barry Ryan

for and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors

Guernsey

30 March 2021

AUDITED STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2020

	31.12.20 US\$'000	31.12.19 US\$'000
ASSETS		
Investment in the Master Fund	758,630	558,606
Master Fund redemption proceeds receivable	42,597	11,433
Prepaid expenses	36	46
Cash and bank balances denominated in Sterling	832	522
Cash and bank balances denominated in US Dollars	129	172
TOTAL ASSETS	802,224	570,779
LIABILITIES		
Performance fees payable (note 4)	40,468	10,505
Management fees payable (note 4)	422	394
Accrued expenses and other liabilities	102	91
Administration fees payable (note 4)	63	24
TOTAL LIABILITIES	41,055	11,014
NET ASSETS	761,169	559,765
NUMBER OF SHARES IN ISSUE (NOTE 5)		
Sterling shares	15,009,868	14,310,040
US Dollar shares	2,191,379	2,442,057
NET ASSET VALUE PER SHARE (NOTES 7 AND 9)		
Sterling shares	£33.38	£26.06
US Dollar shares	US\$34.78	US\$26.99

See accompanying Notes to the Audited Financial Statements.

Signed on behalf of the Board by:



Richard Horlick

Chairman



John Le Poidevin

Director

30 March 2021

AUDITED STATEMENT OF OPERATIONS

For the year ended 31 December 2020

	01.01.20	01.01.19
	31.12.20	31.12.19
	US\$'000	US\$'000
NET INVESTMENT LOSS ALLOCATED FROM THE MASTER FUND		
Interest income	1,987	22,303
Dividend and other income (net of withholding tax:		
31 December 2020 US\$120,426; 31 December 2019: US\$34,677)	42	88
Expenses	(6,869)	(27,628)
NET INVESTMENT LOSS ALLOCATED FROM THE MASTER FUND	(4,840)	(5,237)
COMPANY INCOME		
Fixed deposit income	–	1
Foreign exchange gains (note 3)	25,960	18,544
TOTAL COMPANY INCOME	25,960	18,545
COMPANY EXPENSES		
Performance fees (note 4)	38,531	10,196
Management fees (note 4)	2,381	2,281
Other expenses	521	469
Directors' fees	343	271
Administration fees (note 4)	114	94
TOTAL COMPANY EXPENSES	41,890	13,311
NET INVESTMENT LOSS	(20,770)	(3)
NET REALISED AND UNREALISED GAIN ON INVESTMENTS ALLOCATED FROM THE MASTER FUND		
Net realised gain on investments	91,072	8,371
Net unrealised gain on investments	111,231	51,094
NET REALISED AND UNREALISED GAIN ON INVESTMENTS ALLOCATED FROM THE MASTER FUND	202,303	59,465
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	181,533	59,462

See accompanying Notes to the Audited Financial Statements.

AUDITED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2020

	01.01.20	01.01.19
	31.12.20	31.12.19
	US\$'000	US\$'000
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		
Net investment loss	(20,770)	(3)
Net realised gain on investments allocated from the Master Fund	91,072	8,371
Net unrealised gain on investments allocated from the Master Fund	111,231	51,094
	181,533	59,462
SHARE CAPITAL TRANSACTIONS		
PROCEEDS ON ISSUE OF SHARES FROM TREASURY (NOTE 5)		
Sterling shares	17,098	–
US Dollar shares	2,773	–
	19,871	–
TOTAL SHARE CAPITAL TRANSACTIONS		
NET INCREASE IN NET ASSETS		
NET ASSETS AT THE BEGINNING OF THE YEAR	559,765	500,303
NET ASSETS AT THE END OF THE YEAR	761,169	559,765

See accompanying Notes to the Audited Financial Statements.

AUDITED STATEMENT OF CASH FLOWS

For the year ended to 31 December 2020

	01.01.20	01.01.19
	31.12.20	31.12.19
	US\$'000	US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets resulting from operations	181,533	59,462
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Net investment loss allocated from the Master Fund	4,840	5,237
Net realised gain on investments allocated from the Master Fund	(91,072)	(8,371)
Net unrealised gain on investments allocated from the Master Fund	(111,231)	(51,094)
Purchase of investment in the Master Fund	(18,477)	–
Proceeds from sale of investment in the Master Fund	12,349	3,622
Foreign exchange gains	(25,960)	(18,544)
Decrease in prepaid expenses	10	18
Increase in performance fees payable	29,963	4,821
Increase in management fees payable	28	191
Increase/(decrease) in accrued expenses and other liabilities	11	(2)
Increase in administration fees payable	39	–
NET CASH USED IN OPERATING ACTIVITIES	(17,967)	(4,660)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	19,871	–
NET CASH GENERATED FROM FINANCING ACTIVITIES	19,871	–
CHANGE IN CASH	1,904	(4,660)
CASH, BEGINNING OF THE YEAR	694	5,676
Effect of exchange rate fluctuations	(1,637)	(322)
CASH, END OF THE YEAR	961	694
CASH, END OF THE YEAR		
Cash and bank balances denominated in Sterling ¹	832	522
Cash and bank balances denominated in US Dollars	129	172
	961	694
¹ Cash and bank balances in Sterling (GBP'000)	608	394

See accompanying Notes to the Audited Financial Statements.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. THE COMPANY

BH Macro Limited is a limited liability closed-ended investment company which was incorporated in Guernsey on 17 January 2007 and then admitted to the Official List of the London Stock Exchange ("LSE") later that year.

Currently, ordinary shares are issued in Sterling and US Dollars.

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 Sterling and US Dollar 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.

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.

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.

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 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 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.

As part of the going concern assessment, the Board have considered the effect on the Company of the proposed tender offer for up to 40% of each class of the Company's issued Shares at a price equal to 98% of the prevailing NAV per Share of the applicable class at the time of the tender offer less an amount per share in respect of the costs of the offer.

The Board continues to monitor the ongoing impacts of the COVID-19 pandemic and has concluded that the biggest threat to the Company with regards to this pandemic is the failure for a key service provider to maintain business continuity and resiliency while maintaining work from home and social distancing practices. The Board has assessed the measures in place by key service providers to produce business continuity and so far has not identified any significant issues that affect the Company. The financial position of the Company has not

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

been negatively impacted by the pandemic either. For these reasons, the Board is confident that the outbreak of COVID-19 has not impacted the going concern assessment of the Company.

The Company is an Investment Company 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, which approximates fair value. At 31 December 2020, the Company is the sole investor in the Master Fund's ordinary Sterling and US Dollar 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 2020					
Sterling	14.46%	£4,991.01	100,072	£499,457	682,833
US Dollar	1.61%	\$4,963.82	15,268	\$75,798	75,797
					758,630
31 DECEMBER 2019					
Sterling	16.27%	£3,674.06	101,291	£372,147	492,872
US Dollar	2.17%	\$3,635.03	18,082	\$65,734	65,734
					558,606

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.

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.

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.

NOTES TO THE AUDITED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign exchange

Transactions reported in the Audited Statement of Operations are translated into US Dollar amounts at the date of such transactions. Assets and liabilities denominated in foreign currencies are translated into US Dollars at the exchange rate at reporting date. The share capital and other capital reserves are translated at the historic ruling at the date of the transaction.

Investment securities and other assets and liabilities of the Sterling share class are translated into US Dollars, the Company's reporting currency, using exchange rates at the reporting date. The Statement of Operations items of the sterling share class are converted into US Dollar using the average exchange rate. Exchange differences arising on translation are included in Foreign exchange gains in the Audited Statement of Operations. This foreign exchange 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 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 has purchased its own share capital, the consideration paid, which includes any directly attributable costs, has been recognised as a deduction from equity Shareholders' funds through the Company's reserves.

If such shares were to be subsequently sold or reissued to the market, any consideration received, net of any directly attributable incremental transaction costs, would be 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 the purchases by the Company of its share capital.

New Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-13, Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurements, which modifies the disclosure requirements for fair value measurements. The Company adopted ASU 2018-13 on a retrospective basis as of 1 January 2020.

4. MANAGEMENT, PERFORMANCE AND ADMINISTRATION AGREEMENTS

Management and performance fee

The Company has entered into a Management Agreement with the Manager to manage the Company's investment portfolio. The 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 management fee charged is 1/12 of 0.5% per month of the NAV. The investment in the Class B shares of the Master Fund is not subject to management fees, but is subject to an operational services fee payable to the Manager of 1/12 of 0.5% per month of the NAV.

The Manager does not charge the Company a management fee in respect of any increase in the NAV of each class of shares in excess of its level on 1 April 2017, as if the Company's 2017 tender offer had completed on 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.

During the year ended 31 December 2020, US\$2,381,353 (31 December 2019: US\$2,281,263) was earned by the Manager as net management fees. At 31 December 2020, US\$422,036 (31 December 2019: US\$394,432) of the fee remained outstanding.

4. MANAGEMENT, PERFORMANCE AND ADMINISTRATION AGREEMENTS (CONTINUED)

The Manager is also entitled to an annual performance fee for both share classes. 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 Manager will be paid an estimated performance fee on the business day preceding the last business day of each calculation period. Within 5 business days of the publication of the final NAV of each class of shares as at 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 ongoing basis and is reflected in the Company's published NAV. During the year ended 31 December 2020, US\$38,530,665 (31 December 2019: US\$10,196,480) was earned by the Manager as performance fees. At 31 December 2020, US\$40,468,455 (31 December 2019: US\$10,504,617) 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 3 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 3 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 3 months' notice of termination is given.

The notice period for termination of the Management Agreement without cause by both the Company and the Manager was reduced from 24 months to 3 months, with effect from 1 April 2019.

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 £6,000 (31 December 2019: £6,000) 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 2020, US\$113,942 (31 December 2019: US\$94,049) was earned by the Administrator as administration fees. The amounts outstanding are disclosed on the Audited Statement of Assets and Liabilities.

NOTES TO THE AUDITED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

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 two classes denominated in Sterling and US Dollar. 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 2020

	STERLING SHARES	US DOLLAR SHARES
NUMBER OF ORDINARY SHARES		
In issue at 1 January 2020	14,310,040	2,442,057
Share conversions	261,379	(331,678)
Sale of shares from Treasury	438,449	81,000
IN ISSUE AT 31 DECEMBER 2020	15,009,868	2,191,379

NUMBER OF TREASURY SHARES

In issue at 1 January 2020	1,450,652	331,228
Sale of shares from Treasury	(438,449)	(81,000)
In issue at 31 December 2020	1,012,203	250,228
PERCENTAGE OF CLASS	6.32%	10.24%

For the year ended to 31 December 2019

	STERLING SHARES	US DOLLAR SHARES
NUMBER OF ORDINARY SHARES		
In issue at 1 January 2019	14,136,242	2,664,541
Share conversions	173,798	(222,484)
In issue at 31 December 2019	14,310,040	2,442,057
NUMBER OF TREASURY SHARES		
In issue at 1 January 2019 and 31 December 2019	1,450,652	331,228
PERCENTAGE OF CLASS	9.20%	11.94%

5. SHARE CAPITAL (CONTINUED)

The following table shows the total number of shares sold from treasury during the year.

DATE	STERLING SHARES NUMBER OF SHARES SOLD	STERLING SHARES PRICE PER SHARE £	US DOLLAR SHARES NUMBER OF SHARES SOLD	US DOLLAR SHARES PRICE PER SHARE US\$
20 February 2020	25,000	26.21	—	—
12 March 2020	125,000	29.43	—	—
22 April 2020	44,235	33.02	81,000	34.30
23 April 2020	24,884	33.02	—	—
27 April 2020	12,330	33.02	—	—
4 May 2020	50,000	33.24	—	—
6 May 2020	50,000	32.77	—	—
7 May 2020	80,000	32.77	—	—
13 May 2020	27,000	33.08	—	—
TOTAL	438,449		81,000	

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 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, prepaid 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 and a single Sterling ordinary share has 1.4710 votes.

Treasury shares do not have any voting rights.

Repurchase of ordinary shares

Under the Company's Articles, Shareholders of a class of shares have the ability to call for repurchase of that class of shares in certain circumstances. See note 8 for further details.

NOTES TO THE AUDITED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

5. SHARE CAPITAL (CONTINUED)

Further issue of shares

As approved by the Shareholders at the Annual General Meeting held on 25 June 2020, the Directors have the power to issue further shares totalling and 1,476,952 Sterling shares and 249,841 US Dollar 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 the other 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: Guernsey; 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 ("NAV")

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

Market purchases

Until October 2016, 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 number of shares held in treasury as at 31 December 2020 is disclosed in note 5.

However, following the completion of the Tender Offer in April 2017, the Company was not permitted to redeem its investment in the Master Fund to finance own-share purchases before 1 April 2019. For much of the period since that date, the Company's shares have traded at a premium or minimal discount to NAV. However, if the Company's shares were again to trade at wide or volatile discounts to NAV in the future, it would be the Board's intention to consider resuming market purchases of shares.

Annual offer of partial return of capital

Under the Company's Articles of Incorporation, once in every calendar year, the Directors have 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 have 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.

Class closure resolutions

If any class of shares trades at an average discount at or in excess of 8% of the monthly NAV in any year from 1 January to 31 December, the Company will hold a class closure vote of the relevant class.

The average premiums to NAV for the Sterling and US Dollar shares for the year ended 31 December 2020 were 4.80% and 5.21% respectively and consequently no closure vote will be held in 2021.

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

9. FINANCIAL HIGHLIGHTS

The following tables include selected data for a single ordinary share of each of the ordinary share classes in issue at 31 December 2020 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.

	31.12.20 STERLING SHARES £	31.12.20 US DOLLAR SHARES US\$
PER SHARE OPERATING PERFORMANCE		
Net asset value at beginning of the year	26.06	26.99
INCOME FROM INVESTMENT OPERATIONS		
Net investment loss*	(2.16)	(2.31)
Net realised and unrealised gain on investment	9.20	10.82
Other capital items**	0.28	(0.72)
TOTAL GAIN	7.32	7.79
NET ASSET VALUE, END OF THE YEAR		
	33.38	34.78
Total gain before performance fees	34.92%	36.04%
Performance fees	(6.83%)	(7.15%)
TOTAL GAIN AFTER PERFORMANCE FEES	28.09%	28.89%

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 2020 to 31 December 2020. An individual Shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	31.12.20 STERLING SHARES £'000	31.12.20 US DOLLAR SHARES US\$'000
SUPPLEMENTAL DATA		
Net asset value, end of the year	501,002	76,226
Average net asset value for the year	461,396	77,181

9. FINANCIAL HIGHLIGHTS (CONTINUED)

	31.12.20 STERLING SHARES £	31.12.20 US DOLLAR SHARES US\$
RATIO TO AVERAGE NET ASSETS		
Operating expenses		
Company expenses***	0.51%	0.49%
Master Fund expenses****	0.73%	0.72%
Master Fund interest expenses*****	0.29%	0.28%
Performance fees	5.68%	6.01%
	7.21%	7.50%
Net investment loss before performance fees*	(1.22%)	(1.17%)
Net investment loss after performance fees*	(6.90%)	(7.18%)
 PER SHARE OPERATING PERFORMANCE		
Net asset value at beginning of the year	24.13	24.67
 INCOME FROM INVESTMENT OPERATIONS		
Net investment loss*	(0.89)	(0.94)
Net realised and unrealised gain on investment	2.81	3.32
Other capital items**	0.01	(0.06)
TOTAL GAIN	1.93	2.32
 NET ASSET VALUE, END OF THE YEAR	26.06	26.99
Total gain before performance fees	9.97%	11.69%
Performance fees	(1.99%)	(2.31%)
 TOTAL GAIN AFTER PERFORMANCE FEES	7.98%	9.38%

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 2019 to 31 December 2019. An individual Shareholder's return may vary from these returns based on the timing of their purchase or sale of shares.

	31.12.19 STERLING SHARES £'000	31.12.19 US DOLLAR SHARES US\$'000
 SUPPLEMENTAL DATA		
Net asset value, end of the year	372,893	65,907
Average net asset value for the year	362,275	66,034

NOTES TO THE AUDITED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

9. FINANCIAL HIGHLIGHTS (CONTINUED)

	31.12.19 STERLING SHARES	31.12.19 US DOLLAR SHARES
RATIO TO AVERAGE NET ASSETS		
Operating expenses		
Company expenses***	0.59%	0.61%
Master Fund expenses****	1.73%	1.71%
Master Fund interest expenses*****	3.49%	3.43%
Performance fees	1.89%	2.18%
	7.70%	7.93%
 Net investment loss before performance fees*	 (1.59%)	 (1.43%)
 Net investment loss after performance fees*	 (3.48%)	 (3.61%)

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 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 the performance fee and foreign exchange gains/losses.

**** Master Fund expenses are the operating expenses of the Master Fund excluding the interest and dividend expenses of the Master Fund.

***** Master Fund interest expenses include 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.

The Company's Articles limit the fees payable to Directors in aggregate to £400,000 per annum. Until 19 June 2019, the annual fees were £65,000 for Huw Evans, the Chairman, £47,500 for John Le Poidevin, the Chair of the Audit Committee, £45,000 for Claire Whittet, the Chair of the Management Engagement Committee, £45,000 for Colin Maltby as Senior Independent Director and £40,000 for all other Directors.

Between 20 June 2019 and 30 September 2019, annual fees remained the same as above, except for Colin Maltby, who was paid at a rate of £65,000 per annum after succeeding Huw Evans as Chairman and £47,500 per annum for Claire Whittet, who was appointed Senior Independent Director.

From 1 October 2019, the annual Director's fees were £70,000 for Colin Maltby, the Chairman, £55,000 for John Le Poidevin, the Chair of the Audit Committee, £50,000 for Claire Whittet, as Chair of the Management Engagement Committee and the Senior Independent Director and £45,000 for all other Directors.

On 27 March 2020, Colin Maltby purchased 500 Sterling Class Shares and 500 US Dollar Class Shares.

On 15 February 2021, Colin Maltby retired as Chairman of the Board. Richard Horlick was appointed Chairman with an annual fee of £70,000.

11. SUBSEQUENT EVENTS

On 15 February 2021, Colin Maltby retired as Chairman and as a Director.

On 22 January 2021, the Company announced that it had received a letter from the Manager proposing a number of material changes to the Management Agreement which they believed represented the minimum level for them to continue to manage the Company and not seek to terminate the Management Agreement. Following discussions between the Company, the Manager and the Company's shareholders, a circular proposing certain changes to the terms of the Management Agreement was issued to shareholders on 12 March 2021 and these changes were approved at the subsequent EGM on 29 March 2021. As a result of the shareholder vote, the Management Agreement will be amended and restated with effect from 1 July 2021 to reflect the following changes:

i. Increase in Management Fee

The monthly management fee (the "Management Fee") payable by the Company (excluding the operational services fee payable at the level of the Master Fund) will be increased to an amount equal to one-twelfth of one and a half (1.5)% of the prevailing NAV of each class of Shares.

The monthly Management Fee is currently equal to one-twelfth of one-half (0.5)% of the lower of (a) the prevailing NAV of each class of Shares and (b) the NAV of that class of Shares as at 1 April 2017, on the basis that all Shares redeemed pursuant to the Company's 2017 own share tender offer had been redeemed on that date (subject to certain other adjustments, including to take account of conversions between Share classes).

This change will reverse, in part, the reduction in the Management Fee from one-twelfth of two (2)% per month of the NAV of each class of Shares effective from 1 April 2017 and will reverse in full the agreement by the Manager not to charge the Management Fee on performance-related growth of the Company which first applied from October 2016.

In addition, the waiver since October 2016 of the operational services fees in respect of performance-related growth of the Company will be discontinued so that those fees revert to being charged on the entire amount of the Company's investment in the Master Fund.

ii. Extension of notice period

The notice period for termination of the Management Agreement without cause by the Company or the Manager will be increased to 12 months from three months (which is the notice period that has been effective from 1 April 2019 when it was reduced from 24 months).

iii. Introduction of fee relating to certain share redemptions and repurchases

If, in any calendar year, the Company makes repurchases or redemptions of any class of its Shares above a number equal to 5% of the shares in issue of the relevant class as at 31 December in the prior year (the "Annual Buy Back Allowance"), the Company will be required to pay the Manager a fee equal to 2% of the price paid by the Company to repurchase or redeem those additional Shares. The purpose of this fee is to compensate the Manager in respect of the Management Fee that would otherwise have been payable by the Company in respect of the relevant Shares had they not been repurchased or redeemed. The fee will be payable in respect of all Shares which are repurchased or redeemed by the Company in excess of the Annual Buy Back Allowance in any year, including by way of market purchases, tender offer, annual partial capital return or the class closure provisions included in the Company's articles of incorporation.

iv. Introduction of liquidation vote trigger

In the event that the Company's aggregate NAV at the end of any calendar quarter for all share classes combined is lower than US\$300 million (on the basis of the then prevailing exchange rate), the Board will be required to propose a vote to Shareholders for the liquidation of the Company. If the vote were to be passed by Shareholders and the Company placed into liquidation, the Management Agreement would be terminated and the Company would be required to pay the Manager a payment equal to 2% of the Company's NAV (net of any Annual Buy Back Allowance for the relevant calendar year that remains unused), in lieu of the Management Fee that would otherwise have been payable if the Management Agreement had been terminated on 12 months' notice, in addition to any other fees owing to the Manager at the time of termination of the Management Agreement. These arrangements effectively replicate the existing position under the Management Agreement if the Management Agreement were to be terminated without notice having been served as a result of Shareholders voting to wind up the Company. Further, there would be no obligation on Shareholders to vote in favour of the liquidation in these circumstances.

NOTES TO THE AUDITED FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2020

There will be no change to the annual performance fee payable by the Company to the Manager, which will remain at 20% of the appreciation in the NAV per Share of each class of the Shares during the relevant year above any prior high water mark. The other terms of the Management Agreement will also remain unchanged.

The Directors have evaluated subsequent events up to 30 March 2021, 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.

HISTORIC PERFORMANCE SUMMARY

As at 31 December 2020

	31.12.20 US\$'000	31.12.19 US\$'000	31.12.18 US\$'000	31.12.17 US\$'000	31.12.16 US\$'000
Net increase/(decrease) in net assets resulting from operations	181,533	59,462	34,985	4,725	(150,245)
TOTAL ASSETS	802,224	570,779	506,307	465,787	866,740
TOTAL LIABILITIES	(41,055)	(11,014)	(6,004)	(469)	(1,897)
NET ASSETS	761,169	559,765	500,303	465,318	864,843
NUMBER OF SHARES IN ISSUE					
Sterling shares	15,009,868	14,310,040	14,136,242	14,046,048	22,371,669
US Dollar shares	2,191,379	2,442,057	2,664,541	2,782,034	9,975,524
Euro shares	–	–	–	–	1,514,872
NET ASSET VALUE PER SHARE					
Sterling shares	£33.38	£26.06	£24.13	£21.47	£22.44
US Dollar shares	US\$34.78	US\$26.99	US\$24.67	US\$21.62	US\$21.68
Euro shares	–	–	–	–	€21.87

AFFIRMATION OF THE COMMODITY POOL OPERATOR

31 December 2020

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 Hughes

Title: Chief Financial Officer 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

30 March 2021

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES

ALTERNATIVE PERFORMANCE MEASURES ("APMS")

We assess our performance using a variety of measures that are not specifically defined under US GAAP and therefore termed APMs. The APMs that we use may not be directly comparable with those used by other companies.

AVERAGE PREMIUM/DISCOUNT TO NAV

The average premium/discount to NAV of the whole year is calculated for each share class by using the following formula:

$$\frac{A - B}{B}$$

Where:

- 'A' is the average closing market price of a share of the share class as derived from the trading price on the London Stock Exchange, calculated as the sum of all the closing market prices per share of that class as at each London Stock Exchange trading day during a calendar year, divided by the number of such trading days in such period; and
- 'B' is the average Net Asset Value per share of the shares of the share class taken over the 12 NAV Calculation Dates in a calendar year calculated as the sum of the final Net Asset Value of the share class as at each NAV Calculation Date during a calendar year, divided by 12.

DISCOUNT/PREMIUM

If the share price of an investment is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, the shares are said to be trading at a premium. The Board monitors the level of discount or premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and share buy-backs, where appropriate. The premium is shown below.

	STERLING SHARES		US DOLLAR SHARES	
	31.12.20	31.12.19	31.12.20	31.12.19
Share Price at Year End (a)	£35.20	£26.10	\$36.00	\$27.40
NAV per Share (b)	£33.38	£26.06	\$34.78	\$26.99
Premium to NAV (a-b)/b	5.45%	0.15%	3.51%	1.52%

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES CONTINUED

ONGOING CHARGES

The ongoing charges are calculated using the AIC Ongoing Charges methodology, which was last updated in October 2015 and is available on the AIC website (theaic.co.uk). They represent the Company's management fee and all other operating expenses, excluding finance costs, performance fees, share issue or buyback costs and non-recurring legal and professional fees and are expressed as a percentage of the average of the daily net assets during the year (pages 13 and 14). The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality service and cost. The ongoing charges calculation is shown below:

	STERLING SHARES		US DOLLAR SHARES	
	YEAR ENDED 31.12.20	YEAR ENDED 31.12.19	YEAR ENDED 31.12.20	YEAR ENDED 31.12.19
Average NAV for the year (a)	£461,396,154	£362,275,318	\$77,181,295	\$66,033,640
Investment management fee	£1,636,581	£1,566,321	\$264,904	\$277,326
Other Company expenses	£666,592	£552,410	\$116,102	\$124,616
TOTAL COMPANY EXPENSES	£2,303,173	£2,118,731	\$381,006	\$401,942
Expenses allocated from the Master Fund	£2,923,509	£2,356,180	\$488,674	\$398,891
Performance Fee	£26,208,875	£6,846,136	\$4,636,992	\$1,437,594
TOTAL EXPENSES (B)	£31,435,557	£11,321,047	\$5,506,672	\$2,238,427
ONGOING CHARGES B/A	6.81%	3.13%	7.13%	3.40%

NET ASSET VALUE ("NAV")

The NAV is the net assets attributable to shareholders that is, total assets less total liabilities, expressed as an amount per individual share.

RETURN PER SHARE

Return per share is calculated using the net return on ordinary activities after finance costs and taxation (£105,767,059 and US\$18,804,559) divided by the weighted average number of shares in issue for the year ended 31 December 2020 (14,702,553 Sterling shares and 2,397,572 US Dollar shares). The Directors also regard returns per share to be a key indicator of performance. The return per share is shown on page 7 in the Strategic Report.

COMPANY INFORMATION

Directors

Richard Horlick (Chairman, from 15 February 2021)

Colin Maltby (Chairman and Director, until his retirement on 15 February 2021)

Bronwyn Curtis (appointed 1 January 2020)

John Le Poidevin

Claire Whittet

(All Directors are non-executive and independent for the purpose of Listing Rule 15.2.12-A)

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