

# BH GLOBAL LIMITED

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## INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS 2019

30 June 2019

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## CHAIRMAN'S STATEMENT

Dear Shareholder,

The six months to 30 June 2019 delivered further strong performance for BH Global Limited (the "Company" or "BH Global"). Over the six months the Net Asset Value ("NAV") per share of the smaller US Dollar class appreciated by 6.77% and that of the much larger Sterling class by 6.04% thus delivering the strongest first half of a year since 2009 in the more conducive environment for macro and foreign exchange traders.

Further progress was made in narrowing, and indeed temporarily eliminating, the discount to NAV at which the shares trade and consequently the share price of the Sterling class appreciated by 11.0% over the six months. Whilst such appreciation is very satisfactory, it must be noted that many equity markets around the world delivered even stronger performance in what was an extraordinarily favourable environment of strong GDP growth, particularly in the United States, and continued easy monetary conditions in many economies. Nevertheless, shareholders should focus on the Company's role as a portfolio diversifier and its objective of delivering positive returns that are generally uncorrelated to equity markets.

The Report of Brevan Howard Capital Management LP (the "Manager") follows this Statement and includes a detailed performance review for the six-month period. Once again that performance usefully exceeded that of the HFRI Macro Total Index.

### ASSETS

BH Global invests all of its assets, save for working cash balances, in the Brevan Howard Multi-Strategy Master Fund ("BHMS"). BH Global is the principal investor in BHMS and as at 30 June 2019 owned 74.96% of the fund. As at 30 June 2019, the Company's total net assets were \$456.3 million, significantly in excess of the \$300 million threshold, agreed between Board and Manager that would trigger a wind-up resolution to be put to shareholders.

On a look-through basis, over the six months the Company's allocation to the Brevan Howard Master Fund ("BHMF") remained effectively unchanged, ending the period at 46.5%. BHMF continued its recent excellent performance and appreciated by 12.7% over the six months. The allocation to the renamed Single Manager Portfolio (previously called the Direct Investment Portfolio), which peaked at over 60% in 2018 was further reduced from 44.14% to 40.6% and the Investment Committee of the Manager made an allocation to the Brevan Howard Alpha Strategies Master Fund, more details of which are given in the Manager's Report.

### DISCOUNT AND DISCOUNT MANAGEMENT

On the back of the excellent NAV performance, the discount to NAV at which the Sterling shares traded was eliminated by 30 June 2019 and indeed at that date they traded at a small premium of 0.9%. Although since that date a small discount has returned, at present the Board is content to watch the ebb and flow and does not anticipate making any further buy backs unless the discount widens materially. No buy backs have been undertaken since June 2018, and thus the shareholder friendly concession by the Manager, in relation to fee-free buy backs as reported in my Statement of March 2019, has not been utilised thus far in 2019 and indeed I hope will not have to be at all.

### BOARD

After eleven years as a director and Chairman of the Management Engagement Committee since its inception in 2010, Nicholas Moss retired at the AGM on 21 June 2019. On behalf of all shareholders I thank Nick and pay tribute to his tireless dedication to promoting shareholders' interests.

In May we welcomed Andreas Tautscher to the Board. Andreas qualified as a Chartered Accountant with PricewaterhouseCoopers and had a distinguished career with Deutsche Bank for 24 years from which he retired in 2018 having been Chief Executive of Deutsche's Channel Island business. Andreas has wide experience of financial organisations, including platforms on which alternative assets, including hedge funds, are administered.

### ANNUAL GENERAL MEETING AND SHAREHOLDERS

I hold that companies are the property of their shareholders and that shareholders should be encouraged to exercise their proprietorship by voting at AGMs. I am pleased to report that the votes cast at the Company's AGM in June amounted to approximately 55.6% of the total register and that all resolutions were passed with a 100% majority in favour, save for one resolution which attracted 99.8% in favour. The Board and Manager are very appreciative of such a strong showing of support from shareholders.

Both the Manager and I maintain close contact with the Company's major shareholders and we are always ready to hear their views. The improved trading environment has encouraged the Manager, together with the Company's advisors, to promote the Brevan Howard managed companies and in conjunction with BH Macro Limited ("BH Macro"), three well attended meetings were hosted in May by JPMorgan Cazenove for shareholders and other interested potential investors. Both the Chairman-elect of BH Macro and I attended all three meetings where the Manager reviewed performance and considered the outlook.

## CHAIRMAN'S STATEMENT CONTINUED

### CORPORATE BROKERS

Since 2013 the Company has retained JPMorgan Cazenove and Canaccord Genuity as joint corporate brokers. In April 2019 Canaccord Genuity announced that, for broader strategic reasons, it would no longer be pursuing its investment companies' business in London. Save for some individuals who opted to retire, the entire Canaccord Genuity team moved to Investec Bank plc ("Investec") in June and BH Global has since appointed Investec as joint broker to the Company to ensure continuity of advice from the trusted teams of individuals at each of the two firms.

### CONCLUSION

The financial and political worlds continue to be very uncertain. In most developed countries interest rates, both nominal and real, continue at what historically have been almost unprecedentedly low levels. The exception until recently has been the United States, although even there rises in interest rates have now moved into reverse gear despite an economy which has experienced robust growth in recent years. Meanwhile the geo-political scene continues to demonstrate considerable potential risk and the domestic political scene in many countries, particularly at present in the United Kingdom, is highly uncertain. Indeed, the only certainty looking forward is a continuation of uncertainty which will surely lead to further volatility in many asset markets.

Easy monetary conditions since the global financial crisis have driven up the valuation of many asset classes, much to the benefit of the owners of those assets and to those that track indices rather than seek to generate alpha. However, looking forward it feels as if fundamentals are re-asserting themselves as the primary valuation driver.

Everything points towards future bouts of uncertainty and volatility in markets and it is to be hoped that Brevan Howard, as Manager of the Company, will continue to take advantage of that volatility for the benefit of the shareholders in BH Global and that the Company itself will continue to play its role for shareholders as a diversifier of portfolio risk in these uncertain times.

Yours sincerely,



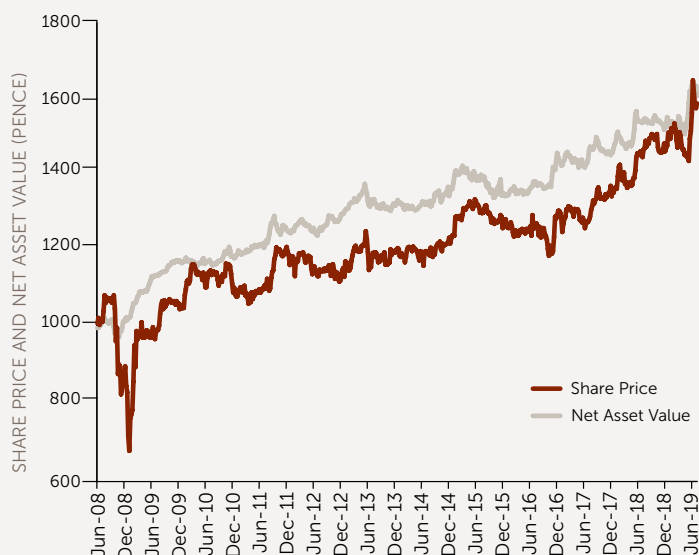
Sir Michael Bunbury

CHAIRMAN

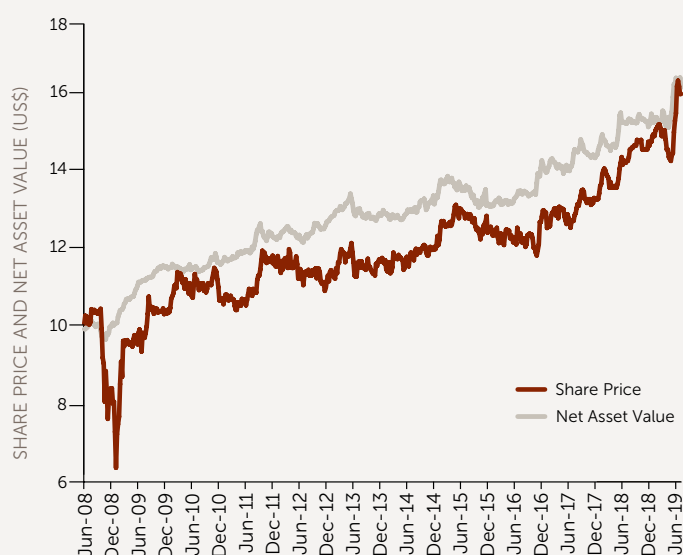
20 August 2019

## COMPANY PERFORMANCE

STERLING SHARES  
SHARE PRICE VS NET ASSETS VALUE



US DOLLAR SHARES  
SHARE PRICE VS NET ASSETS VALUE



## GLOSSARY OF TERMS

BHAHMF	Brevan Howard AH Master Fund Limited
BHALMF	Brevan Howard Alpha Strategies Master Fund Limited
BHCM or the Manager	Brevan Howard Capital Management LP
BHDGST	BH-DG Systematic Trading Master Fund Limited
BHG, BH Global or the Company	BH Global Limited
BHGVMF	Brevan Howard Global Volatility Master Fund Limited
BHMF	Brevan Howard Master Fund Limited
BHMS or the Master Fund	Brevan Howard Multi-Strategy Master Fund Limited
SMP*	Single Manager Portfolio

\* Prior to 1 January 2019, the Single Manager Portfolio ("SMP") was described as the Direct Investment Portfolio ("DIP").

## UNAUDITED SUPPLEMENTAL FINANCIAL STATEMENTS

In order to provide shareholders with further information regarding the net asset value of each class of shares, coupled with greater transparency as to the income, gains and expenses incurred and the changes in net assets of the two classes, the results have been presented in the tables on pages 4 to 6. These tables show the allocation of all transactions in the currency of the respective share class.

It should be noted that these tables have not been subject to review by KPMG Channel Islands Limited whose report is on page 12.

### UNAUDITED SUPPLEMENTAL STATEMENT OF ASSETS AND LIABILITIES

As at 30 June 2019

	US DOLLAR SHARES US\$'000	STERLING SHARES £'000	COMPANY TOTAL US\$'000
<b>ASSETS</b>			
Investment in BHMS	44,326	326,648	460,068
Other debtors	1	15	20
Cash and bank balances denominated in US Dollars	190	–	190
Cash and bank balances denominated in Sterling	–	2,548	3,243
<b>TOTAL ASSETS</b>	<b>44,517</b>	<b>329,211</b>	<b>463,521</b>
<b>LIABILITIES</b>			
Management fees	33	263	368
Performance fees	703	4,610	6,571
Accrued expenses and other liabilities	13	89	126
Directors' fees and expenses	9	70	99
Administration fees	5	37	52
<b>TOTAL LIABILITIES</b>	<b>763</b>	<b>5,069</b>	<b>7,216</b>
<b>NET ASSETS</b>	<b>43,754</b>	<b>324,142</b>	<b>456,305</b>
<b>NUMBER OF SHARES IN ISSUE</b>	<b>2,641,472</b>	<b>19,886,259</b>	<b>–</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>US\$16.56</b>	<b>£16.30</b>	<b>–</b>

**UNAUDITED SUPPLEMENTAL STATEMENT OF OPERATIONS**

For the period from 1 January 2019 to 30 June 2019

	US DOLLAR SHARES US\$'000	STERLING SHARES £'000	COMPANY TOTAL US\$'000
<b>NET INVESTMENT LOSS ALLOCATED FROM BHMS</b>			
Interest income	64	460	658
Expenses	(98)	(709)	(1,016)
<b>NET INVESTMENT LOSS ALLOCATED FROM BHMS</b>	<b>(34)</b>	<b>(249)</b>	<b>(358)</b>
<b>COMPANY INCOME</b>			
Interest income	1	–	1
<b>TOTAL COMPANY INCOME</b>	<b>1</b>	<b>–</b>	<b>1</b>
<b>COMPANY EXPENSES</b>			
Management fees	206	1,533	2,188
Performance fees	703	4,610	6,667
Other expenses	29	203	291
Directors' fees and expenses	20	153	218
Administration fees	8	54	78
Foreign exchange (gains)/losses*	(26)	19	710
<b>TOTAL COMPANY EXPENSES</b>	<b>940</b>	<b>6,572</b>	<b>10,152</b>
<b>NET INVESTMENT LOSS</b>	<b>(973)</b>	<b>(6,821)</b>	<b>(10,509)</b>
<b>NET REALISED AND UNREALISED GAINS/(LOSSES) ON INVESTMENTS ALLOCATED FROM BHMS</b>			
Net realised gain on investments	432	3,099	4,441
Net unrealised gain on investments	3,355	24,969	35,656
Net realised and unrealised foreign exchange loss – on hedging	–	(2,805)	(3,630)
<b>NET REALISED AND UNREALISED GAINS ON INVESTMENTS ALLOCATED FROM BHMS</b>	<b>3,787</b>	<b>25,263</b>	<b>36,467</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>2,814</b>	<b>18,442</b>	<b>25,958</b>

\* The Company total for foreign exchange (gains)/losses contains the results of translating the Sterling share class into US Dollars.

The trades carried out in the various underlying portfolios have structures of varying complexity and inherent leverage. This can result in situations where, at an individual trade level, interest income or expense is offset by losses or gains on other investments to achieve a net return. However accounting conventions require that all these elements are disclosed gross which can result in separate reporting of what would otherwise be off-setting interest income and expenses, realised gains and losses or unrealised gains and losses.

## UNAUDITED SUPPLEMENTAL FINANCIAL STATEMENTS CONTINUED

### UNAUDITED SUPPLEMENTAL STATEMENT OF CHANGES IN NET ASSETS

For the period from 1 January 2019 to 30 June 2019

	US DOLLAR SHARES US\$'000	STERLING SHARES £'000	COMPANY TOTAL US\$'000
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>			
Net investment loss	(973)	(6,821)	(10,509)
Net realised gain on investments allocated from BHMS	432	3,099	4,441
Net unrealised gain on investments allocated from BHMS	3,355	24,969	35,656
Net realised and unrealised foreign exchange loss allocated from BHMS	–	(2,805)	(3,630)
	<b>2,814</b>	<b>18,442</b>	<b>25,958</b>
<b>SHARE CAPITAL TRANSACTIONS</b>			
Net share conversions	(1,577)	1,233	–
	<b>(1,577)</b>	<b>1,233</b>	<b>–</b>
<b>NET INCREASE IN NET ASSETS</b>	<b>1,237</b>	<b>19,675</b>	<b>25,958</b>
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	<b>42,517</b>	<b>304,467</b>	<b>430,347</b>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<b>43,754</b>	<b>324,142</b>	<b>456,305</b>



## MANAGER'S REPORT

Brevan Howard Capital Management LP ("BHCM" or the "Manager") is the Manager of BH Global Limited ("BHG" or the "Company"). BHG invests all its assets (net of short-term working capital) in Brevan Howard Multi-Strategy Master Fund Limited ("BHMS" or the "Master Fund") a company also managed by BCHM.

### PERFORMANCE SUMMARY

The NAV per share of the USD shares appreciated by 6.77% during the first half of 2019, while the NAV per share of the GBP shares appreciated by 6.04%.

The month-by-month NAV performance of the USD and GBP currency classes of BHG since it commenced operations in 2008 is set out below:

USD	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2008	–	–	–	–	–	1.16*	0.10	0.05	(3.89)	1.13	2.74	0.38	1.55
2009	3.35	1.86	1.16	1.06	2.79	(0.21)	1.07	0.27	1.49	0.54	0.11	0.04	14.31
2010	0.32	(0.85)	(0.35)	0.53	(0.06)	0.60	(0.79)	0.80	1.23	0.39	(0.21)	(0.06)	1.54
2011	0.09	0.42	0.34	1.20	0.19	(0.56)	1.61	3.51	(1.29)	(0.14)	0.19	(0.88)	4.69
2012	1.22	1.02	(0.54)	(0.10)	(0.65)	(1.53)	1.46	0.70	1.47	(0.72)	0.81	1.26	4.44
2013	1.33	0.49	0.33	1.60	(0.62)	(1.95)	(0.14)	(0.86)	0.09	(0.13)	0.95	0.75	1.79
2014	(0.98)	(0.04)	(0.26)	(0.45)	0.90	0.70	0.60	0.05	1.56	(0.75)	0.71	0.44	2.49
2015	3.37	(0.41)	0.35	(1.28)	1.03	(1.49)	(0.06)	(1.56)	(0.58)	(0.67)	3.06	(3.31)	(1.73)
2016	0.82	1.03	(0.83)	(0.66)	0.28	1.71	0.13	0.10	(0.23)	0.47	3.62	0.82	7.42
2017	0.22	0.92	(0.99)	(0.10)	0.26	0.19	3.21	0.21	(0.44)	(0.85)	(0.02)	0.03	2.59
2018	3.08	(0.89)	(1.35)	0.72	5.46	(1.12)	0.30	(0.09)	(0.29)	0.22	(0.01)	0.52	6.55
2019	0.17	(0.81)	1.63	(1.15)	3.79	3.06							6.77

GBP	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2008	–	–	–	–	–	1.40*	0.33	0.40	(4.17)	1.25	3.27	0.41	2.76
2009	3.52	1.94	1.03	0.68	2.85	(0.28)	1.05	0.31	1.51	0.58	0.12	0.08	14.15
2010	0.35	(0.93)	(0.32)	0.58	(0.04)	0.62	(0.81)	0.84	1.17	0.37	(0.20)	(0.03)	1.61
2011	0.10	0.41	0.38	1.13	0.04	(0.59)	1.69	3.67	(1.41)	(0.15)	0.21	(0.84)	4.65
2012	1.23	1.05	(0.51)	(0.08)	(0.62)	(1.51)	1.50	0.70	1.44	(0.72)	0.72	1.31	4.55
2013	1.36	0.56	0.36	1.63	(0.48)	(1.91)	(0.11)	(0.84)	0.14	(0.11)	0.97	0.77	2.32
2014	(0.97)	(0.14)	(0.33)	(0.30)	0.56	0.48	0.42	0.03	1.85	(0.76)	0.78	0.48	2.09
2015	3.48	(0.34)	0.33	(1.26)	1.18	(1.50)	(0.03)	(1.44)	(0.64)	(0.79)	3.02	(3.16)	(1.32)
2016	0.91	1.08	(1.04)	(0.65)	0.24	1.46	0.13	(0.14)	(0.34)	0.59	3.28	0.96	6.60
2017	0.16	0.87	(1.15)	(0.04)	0.10	(0.21)	3.12	0.24	(0.43)	(0.75)	(0.02)	(0.11)	1.75
2018	3.09	(0.99)	(1.42)	0.71	5.43	(1.21)	0.20	(0.21)	(0.38)	0.06	(0.13)	0.37	5.43
2019	0.04	(0.99)	1.59	(1.36)	3.88	2.85							6.04

Source: BHG NAV and NAV per Share data is provided by BHG's administrator, Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust"). BHG NAV per Share % Monthly Change calculations are made by BCHM.

BHG NAV data is unaudited and net of all investment management fees and all other fees and expenses payable by BHG. NAV performance is provided for information purposes only. Shares in BHG do not necessarily trade at a price equal to the prevailing NAV per Share.

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

Data as at 30 June 2019

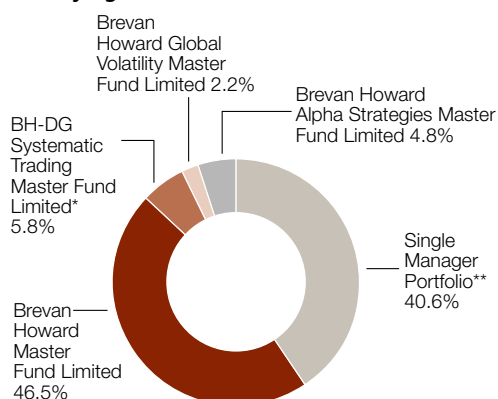
PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

## MANAGER'S REPORT CONTINUED

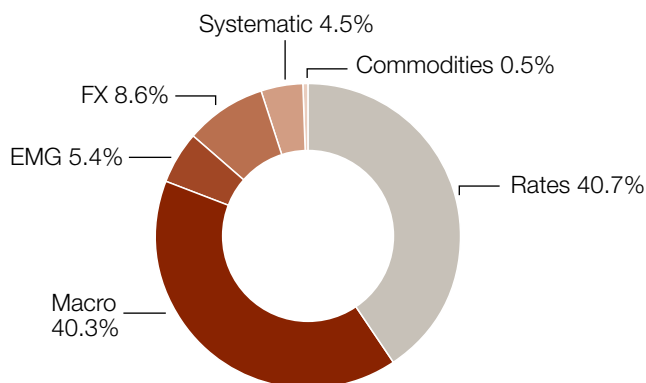
### UNDERLYING ALLOCATION REVIEW

Allocations of BHMS as at 30 June 2019 (allocations subject to change):

#### By Underlying Fund and SMP



#### By Strategy Group



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

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

\*\*Prior to 1 January 2019 the Single Manager Portfolio ("SMP") was described as the Direct Investment Portfolio ("DIP"). Prior to 3 April 2017, Alan Howard's trading in the DIP was effected via an allocation to an individual trading book managed by Mr Howard. From 3 April 2017, this was replaced by an allocation to BHAHMF, a fund which is solely managed by Mr Howard.

#### Methodology and Definition of Allocation by Strategy Group:

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

The above strategies are categorised as follows:

"Commodities": liquid commodity futures and options

"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

"Systematic": rules-based futures trading

The Investment Committee ("IC") of the Manager made the decision to make an initial direct allocation of approximately 5% to BHALMF with effect from 1 June 2019. BHALMF is managed by a select set of traders, who typically employ relative value or directional strategies with a low drawdown tolerance in fixed income and FX markets. Prior to the direct allocation, BHMS had gained exposure to BHALMF through BHMf only. The move to increase the exposure to BHALMF was driven by a perceived continued good opportunity set for BHALMF's strategies. The allocations to BHDGST, the SMP and BHGVMF were reduced accordingly whereas the allocation to BHMf remained stable. At the end of the period, the allocations to BHMf and SMP stood at approximately 47% and 41% respectively.

The IC will continue to take advantage of the flexibility within BHMS's mandate in order to seek high risk-adjusted returns and keep a healthy diversification across strategies, asset classes and traders.

### PERFORMANCE REVIEW

During the first half of 2019, the NAV per share of the USD and GBP classes appreciated by 6.77% and 6.04% respectively, which compared favourably to the HFRI Macro Total Index, which was up 4.83%.

The first half of the year proved to be relatively successful for BHMS's macro trading. The performance in the second quarter was particularly strong generating one of the highest quarterly returns since inception.

With regard to the returns of the underlying fund allocations, BHMf was the main positive contributor on the back of solid gains within interest rates trading. Both BHMf and BHMS continued to benefit from the improved environment in interest rates trading that has developed since early 2018. The SMP, BHALMF and BHDGST added to the gains whereas BHGVMF was a modest detractor.

## PERFORMANCE REVIEW (CONTINUED)

Looking across the trading areas, most of the gains arose in interest rate trading where directional trading of US interest rates was the main driver, particularly during the second quarter. Directional and yield curve trading strategies in European as well as across a range of smaller markets including SGD, KRW and MXN also contributed to returns. In most of the markets BHMS was positioned for lower interest rates through directional positions across the curve. One of the dominant trading themes over the period was positioning for lower interest rates globally on back of a possible slowdown in global trade data leading to a more dovish US Federal Reserve policy.

Trading in commodities generated additional gains mainly from volatility strategies and tactical trading in oil. FX trading was a detractor with most of the losses coming from Brexit-related trades. Long GBP against EUR was one of the main negative drivers.

Both credit and equity trading were small parts of BHMS's risk exposure during the period. Credit trading was effectively flat whereas directional trading in equity indices generated a modest loss.

Systematic trading generated solid gains with the bulk of the profits from positioning for lower rates globally. Some of the gains were offset by losses in FX, equity indices and commodities. In FX, a long exposure to USD against a basket of other currencies was a detractor. In commodities and equity, short exposures to energy and equity indices at the start of the year were the main detractors. BHDGST Class Z USD shares appreciated by 7.62% during the first six months, which was a modest outperformance compared to the performance of 7.43% of the SG Trend Index over the period.

As has been the case in each of the past three years, the SMP was a positive contributor to BHMS's performance. The SMP was up 5.66% net of fees and is the area of the portfolio whereby the IC has the ability to allocate directly to trading books and funds which are managed by an individual portfolio manager. At the end of June 2019, the SMP had exposure to six trading books and funds. The profits were broadly generated in the same trading areas as described for BHMS overall.

## ATTRIBUTION TABLES

In measuring the attribution of the underlying portfolios, the Manager employs a number of metrics including the two set out in the tables below.

All positions, regardless of which trading book holds them, are allocated to an asset class and the attribution per asset class is summarised in the first table below.

The second table summarises the attribution, but by reference to the overall strategy classification of each trading book. It should be noted that, as the second table indicates, there are some strategy groups which at 30 June 2019 had been allocated no trading books.

### Quarterly and semi-annual contribution (%) to the performance of BHG USD Shares (net of fees and expenses) by asset class\*

	RATES	FX	COMMODITY	CREDIT	EQUITY	DISCOUNT MANAGEMENT	TOTAL
Q1 2019	2.14	(1.22)	0.40	(0.07)	(0.26)	0.00	0.98
Q2 2019	7.91	(1.91)	0.20	(0.04)	(0.29)	0.00	5.74
YTD 2019	10.22	(3.11)	0.59	(0.11)	(0.55)	0.00	6.77

\* Data as at 30 June 2019

Quarterly and semi-annual figures are calculated by BHCM as at 30 June 2019, based on performance data for each period provided by BHG'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.

## MANAGER'S REPORT CONTINUED

### ATTRIBUTION TABLES (CONTINUED)

The above asset classes are categorised as follows:

"Rates": interest rates markets

"FX": FX forwards and options

"Commodity": commodity futures and options

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

"Equity": equity markets including indices and other derivatives

"Discount Management": buyback activity for discount management purposes

Quarterly and semi-annual contribution (%) to the performance of BHG USD Shares (net of fees and expenses) by strategy group\*

	MACRO	SYSTEMATIC	RATES	FX	EQUITY	CREDIT	EMG	COMMODITY	DISCOUNT MANAGEMENT	TOTAL
Q1 2019	(0.35)	0.04	1.01	(0.13)	0.00	0.00	0.43	0.00	0.00	0.98
Q2 2019	3.20	0.43	2.13	(0.08)	0.00	0.00	(0.01)	(0.01)	0.00	5.74
YTD 2019	2.84	0.47	3.16	(0.21)	0.00	0.00	0.42	(0.01)	0.00	6.77

\* Data as at 30 June 2019

Quarterly and semi-annual figures are calculated by BHCM as at 30 June 2019, based on performance data for each period provided by BHG'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:

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

The above strategies are categorised as follows:

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

"Systematic": rules-based futures trading

"Rates": developed interest rates markets

"FX": global FX forwards and options

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

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

"EMG": global emerging markets

"Commodity": liquid commodity futures and options

"Discount Management": buyback activity for discount management purposes

Risk assets generally rallied on the promise of lower interest rates, offering the prospect that the slowdown may be temporary. Nevertheless, there are considerable challenges going forward. Trade wars between the US and China do not appear like they will be resolved anytime soon. Although the direct impact of the resulting tariffs should be manageable, business sentiment, especially in manufacturing, has suffered with uncertain prospects for recovery.

Growth in the developed world was uneven with Germany and Italy recording declines in real GDP and China slowing notably. The US stood out in terms of headline real GDP growth, but that masked declines in business fixed investment. Meanwhile inflation has been weak almost everywhere. In the eleventh year of the expansion, major economies like the US and Euro area have consistently failed to achieve their inflation target. Policy makers at the Federal Reserve Board and the European Central Bank appear more committed to easing in order to extend the expansion and achieve their inflation mandates. Investors look for rate cuts in the US and Euro area in the second half of the year, and have already seen cuts in various small open economies like Australia, New Zealand, and South Korea.

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

### COMMENTARY AND OUTLOOK

At the beginning of 2019, investors were struggling to digest a slowdown in the global economy, renewed trade tensions, and tighter monetary policy in the US. Over the course of the first half of the year, the global economy showed little improvement and trade tensions intensified. Partly as a result, the Federal Reserve Board pointed to the desirability of easier monetary policy in order to address the increased downside risks.

**Brevan Howard Capital Management LP**,  
acting by its sole general partner,  
Brevan Howard Capital Management Limited  
20 August 2019

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE INTERIM UNAUDITED FINANCIAL STATEMENTS

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We confirm to the best of our knowledge that:

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information include on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board by:

**Sir Michael Bunbury**  
**CHAIRMAN**

**Sally-Ann Farnon**  
**DIRECTOR**

20 August 2019

# INDEPENDENT REVIEW REPORT TO BH GLOBAL LIMITED

## CONCLUSION

We have been engaged by BH Global Limited (the "Company") to review the Interim Unaudited Financial Statements included in the Interim Report for the six months ended 30 June 2019 of the Company which comprises the Unaudited Statement of Assets and Liabilities, the Unaudited Statement of Operations, the Unaudited Statement of Changes in Net Assets, the Unaudited Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements for the period ended 30 June 2019 do not give a true and fair view of the financial position of the Company as at 30 June 2019 and of its financial performance and its cash flows for the six month period then ended in conformity with U.S generally accepted accounting principles and the Disclosure Guidance and Transparency Rules (the "DTR") of the UK's Financial Conduct Authority (the "UK FCA").

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the Interim Report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited interim financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## DIRECTORS' RESPONSIBILITIES

The Interim Report and Unaudited Financial Statements are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the Interim Report and Unaudited Financial Statements in accordance with the DTR of the UK FCA.

The Interim Unaudited Financial Statements included in this Interim Report have been prepared in conformity with U.S generally accepted accounting principles.

## OUR RESPONSIBILITY

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

## THE PURPOSE OF OUR REVIEW WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Barry Ryan

**FOR AND ON BEHALF OF KPMG CHANNEL ISLANDS LIMITED**

*Chartered Accountants, Guernsey*

20 August 2019

# UNAUDITED STATEMENT OF ASSETS AND LIABILITIES

As at 30 June 2019

	30.06.19 (UNAUDITED) US\$'000	31.12.18 (AUDITED) US\$'000	30.06.18 (UNAUDITED) US\$'000
<b>ASSETS</b>			
Investment in BHMS	460,068	427,547	443,747
Other debtors	20	50	18
Cash and bank balances denominated in US Dollars	190	936	240
Cash and bank balances denominated in Sterling	3,243	7,802	6,825
<b>TOTAL ASSETS</b>	<b>463,521</b>	<b>436,335</b>	<b>450,830</b>
<b>LIABILITIES</b>			
Management fees (note 4)	368	387	369
Performance fees (note 4)	6,571	5,466	5,668
Accrued expenses and other liabilities	126	96	202
Directors' fees and expenses (note 5)	99	–	–
Administration fees (note 4)	52	39	27
<b>TOTAL LIABILITIES</b>	<b>7,216</b>	<b>5,988</b>	<b>6,266</b>
<b>NET ASSETS</b>	<b>456,305</b>	<b>430,347</b>	<b>444,564</b>
<b>NUMBER OF SHARES IN ISSUE (NOTE 6)</b>			
US Dollar shares	2,641,472	2,740,700	2,830,902
Sterling shares	19,886,259	19,807,562	19,737,930
<b>NET ASSET VALUE PER SHARE (NOTES 8 AND 11)</b>			
US Dollar shares	US\$16.56	US\$15.51	US\$15.41
Sterling shares	£16.30	£15.37	£15.39

See accompanying notes to the Interim Unaudited Financial Statements.

Signed on behalf of the Board by:

Sir Michael Bunbury  
CHAIRMAN

Sally-Ann Farnon  
DIRECTOR

20 August 2019

## UNAUDITED STATEMENT OF OPERATIONS

For the period from 1 January 2019 to 30 June 2019

	01.01.19 TO 30.06.19 (UNAUDITED) US\$'000	01.01.18 TO 31.12.18 (AUDITED) US\$'000	01.01.18 TO 30.06.18 (UNAUDITED) US\$'000
<b>NET INVESTMENT (LOSS)/GAIN ALLOCATED FROM BHMS</b>			
Interest income	658	10,829	11,090
Expenses	(1,016)	(3,570)	(3,379)
<b>NET INVESTMENT (LOSS)/GAIN ALLOCATED FROM BHMS</b>	<b>(358)</b>	<b>7,259</b>	<b>7,711</b>
<b>COMPANY INCOME</b>			
Interest income	1	–	–
<b>TOTAL COMPANY INCOME</b>	<b>1</b>	<b>–</b>	<b>–</b>
<b>COMPANY EXPENSES</b>			
Management fees (note 4)	2,188	4,483	2,260
Performance fees (note 4)	6,667	5,679	5,846
Other expenses	291	741	459
Directors' fees and expenses (note 5)	218	463	239
Administration fees (note 4)	78	158	79
Foreign exchange losses (note 3)	710	20,577	7,017
<b>TOTAL COMPANY EXPENSES</b>	<b>10,152</b>	<b>32,101</b>	<b>15,900</b>
<b>NET INVESTMENT LOSS</b>	<b>(10,509)</b>	<b>(24,842)</b>	<b>(8,189)</b>
<b>NET REALISED AND UNREALISED GAINS/(LOSSES) ON INVESTMENTS ALLOCATED FROM BHMS</b>			
Net realised gain/(loss) on investments	4,441	16,421	(5,412)
Net unrealised gain on investments	35,656	17,037	32,736
Net realised and unrealised foreign exchange loss – on hedging	(3,630)	(6,429)	(2,730)
<b>NET REALISED AND UNREALISED GAINS ON INVESTMENTS ALLOCATED FROM BHMS</b>	<b>36,467</b>	<b>27,029</b>	<b>24,594</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>25,958</b>	<b>2,187</b>	<b>16,405</b>

See accompanying notes to the Interim Unaudited Financial Statements.



# UNAUDITED STATEMENT OF CHANGES IN NET ASSETS

For the period from 1 January 2019 to 30 June 2019

	01.01.19 TO 30.06.19 (UNAUDITED) US\$'000	01.01.18 TO 31.12.18 (AUDITED) US\$'000	01.01.18 TO 30.06.18 (UNAUDITED) US\$'000
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>			
Net investment loss	(10,509)	(24,842)	(8,189)
Net realised gain/(loss) on investments allocated from BHMS	4,441	16,421	(5,412)
Net unrealised gain on investments allocated from BHMS	35,656	17,037	32,736
Net realised and unrealised foreign exchange loss allocated from BHMS	(3,630)	(6,429)	(2,730)
	<b>25,958</b>	<b>2,187</b>	<b>16,405</b>
<b>SHARE CAPITAL TRANSACTIONS</b>			
<b>PURCHASE OF OWN SHARES (NOTE 6)</b>			
Sterling shares	–	(14,131)	(14,132)
	<b>–</b>	<b>(14,131)</b>	<b>(14,132)</b>
<b>NET INCREASE/(DECREASE) IN NET ASSETS</b>	<b>25,958</b>	<b>(11,944)</b>	<b>2,273</b>
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD/YEAR</b>	<b>430,347</b>	<b>442,291</b>	<b>442,291</b>
<b>NET ASSETS AT THE END OF THE PERIOD/YEAR</b>	<b>456,305</b>	<b>430,347</b>	<b>444,564</b>

See accompanying notes to the Interim Unaudited Financial Statements.

# UNAUDITED STATEMENT OF CASH FLOWS

For the period from 1 January 2019 to 30 June 2019

	01.01.19 TO 30.06.19 (UNAUDITED) US\$'000	01.01.18 TO 31.12.18 (AUDITED) US\$'000	01.01.18 TO 30.06.18 (UNAUDITED) US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net increase in net assets resulting from operations	25,958	2,187	16,405
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:			
Net investment loss/(gain) allocated from BHMS	358	(7,259)	(7,711)
Net realised (gain)/loss on investments allocated from BHMS	(4,441)	(16,421)	5,412
Net unrealised gain on investments allocated from BHMS	(35,656)	(17,037)	(32,736)
Net realised and unrealised foreign exchange loss allocated from BHMS	3,630	6,429	2,730
Purchase of investment in BHMS	–	(8,474)	(5,874)
Proceeds from sale of investment in BHMS	2,776	25,450	18,131
Interest expense on short term loan	–	7	7
Foreign exchange losses	710	20,577	7,017
Decrease/(increase) in other debtors	30	(21)	11
(Decrease)/increase in management fees	(19)	10	(8)
Increase in performance fees	1,105	4,635	4,837
Increase/(decrease) in accrued expenses and other liabilities	30	(71)	35
Increase in Directors' fees	99	–	–
Increase/(decrease) in administration fees	13	(2)	(14)
<b>NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES</b>	<b>(5,407)</b>	<b>10,010</b>	<b>8,242</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Purchase of own shares	–	(14,131)	(14,132)
Proceeds of borrowings from short term loan*	–	4,219	4,219
Repayment of borrowings from short term loan*	–	(4,134)	(4,134)
Interest paid on short term loan	–	(7)	(7)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>–</b>	<b>(14,053)</b>	<b>(14,054)</b>
<b>CHANGE IN CASH</b>	<b>(5,407)</b>	<b>(4,043)</b>	<b>(5,812)</b>
<b>CASH, BEGINNING OF THE PERIOD/YEAR</b>	<b>8,738</b>	<b>13,035</b>	<b>13,035</b>
Effect of exchange rate fluctuations	102	(254)	(158)
<b>CASH, END OF THE PERIOD/YEAR</b>	<b>3,433</b>	<b>8,738</b>	<b>7,065</b>
<b>CASH, END OF THE PERIOD/YEAR</b>			
Cash and bank balances denominated in US Dollars	190	936	240
Cash and bank balances denominated in Sterling <sup>1</sup>	3,243	7,802	6,825
	<b>3,433</b>	<b>8,738</b>	<b>7,065</b>
<sup>1</sup> Cash and bank balances in Sterling (GBP'000)	2,548	6,125	5,169

\* At 30 June 2019, 31 December 2018 and 30 June 2018 the short term borrowings had been repaid in full, the difference between the proceeds and repayment was due to foreign exchange movements on translating the Sterling transactions to US Dollars.

See accompanying notes to the Interim Unaudited Financial Statements.

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2019 to 30 June 2019

## 1. THE COMPANY

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

The Company has a Premium Listing on the London Stock Exchange.

The Company can offer multiple classes of ordinary shares, which differ in terms of currency of issue with ordinary shares denominated in US Dollar and Sterling currently being in issue.

## 2. ORGANISATION

The Company's investment objective is to seek to generate consistent long-term capital appreciation through an investment policy of investing all of its assets (net of funds required for its short-term working capital requirements) in Brevan Howard Multi-Strategy Master Fund Limited ("BHMS" or the "Master Fund").

The Company is organised as a feeder fund and invests substantially all of its investable assets in the ordinary US Dollar and Sterling denominated Class G shares issued by BHMS, and, as such, the Company is directly and materially affected by the performance and actions of BHMS.

As such the Interim Unaudited Financial Statements of the Company should be read in conjunction with the Interim Unaudited Financial Statements of BHMS, which can be found on the Company's website, [www.bhglobal.com](http://www.bhglobal.com).

BHMS is an open-ended investment company incorporated with limited liability in the Cayman Islands on 21 January 2008.

BHMS's underlying investments in funds at 30 June 2019 and the percentage that BHMS's investment represented of the underlying fund's Net Asset Value ("NAV") are as follows:

Brevan Howard AH Master Fund Limited*	1.97%
Brevan Howard Alpha Strategies Master Fund Limited	2.02%
Brevan Howard AS Macro Master Fund Limited*	5.91%
Brevan Howard FG Macro Master Fund Limited*	8.98%
Brevan Howard Global Volatility Master Fund Limited	7.79%
Brevan Howard Master Fund Limited	10.88%
Brevan Howard MB Macro Master Fund Limited*	4.88%
BH-DG Systematic Trading Master Fund Limited	7.09%

\* Investment is made through the SMP (previously known as DIP until 31 December 2018).

BHMS 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 or vehicles (which may be open-ended or closed-ended, listed or unlisted, regulated or unregulated and may employ leverage (each an "Investment Fund")), currencies, commodities, futures, options, warrants, swaps and other derivative instruments. Derivative instruments may be exchange traded or OTC. BHMS may engage in short sales. BHMS may retain amounts in cash or cash equivalents (including money market funds) pending reinvestment, for use as collateral or if this is considered appropriate to the investment objective.

Subject to the investment restrictions and investment approach disclosed in any prospectus for BHMS that may be published from time to time and subsequent BHMS Directors' resolutions, BHMS employs an investment process which empowers the Manager to allocate assets to both Investment Funds and directly to the investment managers of BHMS from time to time on an opportunistic basis.

At the date of these Interim Unaudited Financial Statements, there were two other feeder funds in operation in addition to the Company that invest all of their assets (net of working capital) in BHMS.

Off-balance sheet, market and credit risks of BHMS's investments and activities are discussed in the notes to the Interim Unaudited Financial Statements of BHMS. The Company's investment in BHMS exposes it to various types of risk, which are associated with the financial instruments and markets in which the Brevan Howard 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 sole general partner of which is Brevan Howard Capital Management Limited, a Jersey limited company (the "General Partner"). The General Partner is regulated in the conduct of fund services business by the Jersey Financial Services Commission pursuant to the Financial Services (Jersey) Law, 1998 and the Orders made thereunder and is the Alternative Investment Fund Manager ("AIFM") of the Company for the purposes of the European Union Alternative Investment Fund Manager Directive ("AIFMD").

The Manager also manages BHMS.

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

### Going concern

After making enquiries and given the nature of the Company and its investment, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing these Interim Unaudited Financial Statements and, after due consideration, the Directors consider that the Company is able to continue for the foreseeable future and at least twelve months from the date of this report. In reaching this conclusion the Board is mindful of the nature of the assets that underlie its investment in BHMS, including BHMS's liquidity profile and has concluded that moderate adverse investment performance will not have a material impact on the Company's ability to meet its liabilities as they fall due.

The following are significant accounting policies adopted by the Company:

### Valuation of investments

The Company records its investment in the Class G shares of BHMS as the Company's proportionate share of BHMS's net assets which approximates fair value. At 30 June 2019, the Company's US Dollar and Sterling capital account represents 7.22% and 67.73% (31 December 2018: 7.30% and 66.45%; 30 June 2018: 6.38% and 57.82%) respectively of BHMS's capital. The net asset value of BHMS is used as a measure of fair value as this is the price at which the Company may redeem its investment.

### Fair value measurement

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

The valuation and classification of securities held by BHMS is discussed in the notes to its Interim Unaudited Financial Statements which are available on the Company's website, [www.bhglobal.com](http://www.bhglobal.com).

### Income and expenses

The Company records monthly its proportionate share of BHMS'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 the Board 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.

### Foreign exchange

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. Transactions reported in the Unaudited Statement of Operations are translated into US Dollar amounts at the date of such transactions. The share capital and other capital reserve accounts are translated at the historic rate ruling at the date of the transaction. Exchange differences arising on translation are included in the Unaudited Statement of Operations. This 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 cash on hand and demand deposits.

### Treasury shares

Where the Company purchases its own share capital, the consideration paid, which includes any directly attributable costs, is recognised as a deduction from equity Shareholders' funds through the Share capital account. When such shares are subsequently sold or reissued to the market, any consideration received, net of any directly attributable incremental transaction costs, is recognised as an increase in equity Shareholders' funds through the Share capital account. Where the Company cancels treasury shares, no further adjustment is required to the share capital account of the Company at the time of cancellation. Shares held in Treasury are excluded from calculations when determining NAV per share as detailed in note 8 and in the Financial Highlights in note 11.

### Allocation of results of BHMS

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Loan notes payable**

Loans are classified in the Interim Unaudited Statement of Assets and Liabilities as loan notes payable and are accounted for at amortised cost using the effective interest method.

Under a Note Purchase Agreement (note 10), the Company is obliged to pay back the total outstanding amount and any relevant fees and expenses, reimbursements and indemnities by the stated maturity date, unless the Note is previously terminated. Interest shall accrue daily on each Note at the applicable rate. The Company's obligations under the Agreement are secured by charges over a portion of its shares in BHMS. The purpose of the Note Purchase Agreement is to permit the Company to draw funds to finance the acquisition of the Company's own shares and for other working capital purposes.

**4. MANAGEMENT, PERFORMANCE, AND ADMINISTRATION AGREEMENTS****Management fee**

The Company has entered into a management agreement with the Manager to manage the Company's investment portfolio.

With effect from 3 October 2016, the Manager does not charge the Company a management fee in respect of any increase in the NAV of each class of shares of the Company. The management fee is calculated on the basis of the lower of the NAV of the relevant share class and the Base NAV, as defined in the Amended and Restated Management Agreement dated 4 July 2017, of that share class (adjusted for certain changes in shares in issue).

With effect from 1 April 2017 the management fee was reduced from 2% to 1% per annum.

The Company may repurchase or redeem shares of either class in each calendar year, including pursuant to the class closure and annual partial capital return provisions contained in the Company's articles of incorporation (the "Articles"), in respect of the 2018 calendar year and all subsequent years, up to an aggregate number equal to 5% of the shares of that class in issue as at 31 December in the prior calendar year (the "Annual Buy Back Allowance") without making any payment to the Manager.

In the event that, in any calendar year, the aggregate number of shares repurchased or redeemed by the Company exceeds the Annual Buy Back Allowance for that class, the Company will be required to pay the Manager an amount equal to 2% of the repurchase price of any share that is repurchased or redeemed by the Company in excess of the Annual Buy Back Allowance, including pursuant to the class closure and annual partial capital return provisions contained in the Articles.

The Board has agreed with the Manager that if, on the last business day in March, June, September or December of any year, the net asset value of the Company were to be below US\$300 million (on the basis of the prevailing US Dollar/Sterling exchange rate), the Board would convene a general meeting of the Company's shareholders at which a special resolution proposing the liquidation of the Company would be put forward. Were the resolution to be passed, the Company would be liquidated and an amount equal to 2% of the Company's net asset value (subject to a deduction in respect of any amount of the Annual Buy Back Allowance for the relevant calendar year that remains unused) would be paid to the Manager in addition to any other fees due to the Manager up to the date of termination of the management agreement.

In respect of 2019, the Annual Buy Back Allowance for the Company's Sterling share class is 990,378 Sterling shares and for the US Dollar share class is 137,035 US Dollar shares. In respect of 2018, the Annual Buy Back Allowance for the Company's Sterling share class was 1,017,344 Sterling shares and for the US Dollar share class was 150,222 US Dollar shares.

Between 1 January 2019 and 30 June 2019, the Company did not repurchase any Sterling or US Dollar shares (between 1 January 2018 and 31 December 2018: 735,475 Sterling shares and: nil US Dollar shares, between 1 January 2018 and 30 June 2018: 735,475 Sterling shares and: nil US Dollar shares).

During the period ended 30 June 2019 and throughout 2018, US\$nil was charged by the Manager due to the Annual Buy Back Allowance not being exceeded.

As at 31 December 2018, the Company had 281,869 Sterling shares and 150,222 US Dollar shares remaining from the 2018 Annual Buy Back Allowance. The Manager has agreed to roll forward such unused Buy Back Allowance for use in 2019, and as such the Company can repurchase 1,272,247 Sterling shares and 287,257 US Dollar shares without payment to the Manager during 2019.

There are no fees charged by the Manager at the level of BHMS on the G Class into which the Company is invested. There are also no fees charged by the Manager in relation to BHMS's investment into underlying funds managed by the Manager.

In respect of the period ended 30 June 2019, the Manager charged the Company a total of US\$2,187,474 (31 December 2018: US\$4,482,603, 30 June 2018: US\$2,260,001) under the terms of the management agreement. At 30 June 2019, US\$367,556 (31 December 2018: US\$387,008, 30 June 2018: US\$369,303) of the fee remained outstanding.

## NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

### 4. MANAGEMENT, PERFORMANCE, AND ADMINISTRATION AGREEMENTS (CONTINUED)

#### Performance fee

The Manager is entitled to an annual performance fee for each share class accrued monthly in arrears. The performance fee is equal to 20% of the appreciation in the NAV per share (adjusted for any increase or decrease in NAV arising from issues (including the sale or re-issue of Shares held in treasury), repurchases or redemptions of Shares and calculated before deduction of the performance fee in respect of the relevant period) which is above the performance fee Base NAV per share of that class multiplied by the number of shares of such class at the end of the relevant period.

The performance fee Base NAV per share is the greater of (a) the NAV per share of the relevant class as at 31 December 2016 and (b) the highest NAV per share of the relevant class of shares achieved as at the final BHMS NAV calculation date as at the end of any calculation period after the calculation period ending on 31 December 2016.

The Manager is not entitled to any performance fee in respect of any increase in NAV (whether in respect of a class of shares as a whole or on a per share basis) arising to the remaining shares of the relevant class from any repurchase, redemption or cancellation of any share, provided that any performance fee due to the Manager shall not be reduced below zero.

Any accrued performance fee in respect of shares which are converted into another share class prior to the date on which the performance fee would otherwise have become payable in respect of those Shares will crystallise and become payable on the date of such conversion. The performance fee is accrued on an on-going basis and is reflected in the Company's published NAV.

On the business day preceding the last business day of each period in respect of which a performance fee is payable, the Company shall pay an estimated performance fee to the Manager in respect of that period. The estimated fee shall be the performance fee payable to the Manager in respect of that period as estimated by the Company's administrator on the basis of the estimated NAV of each class of Shares as at the close of business on the second Friday of December in each year. The difference between the estimated fee paid in respect of any period and the actual performance fee payable in respect of that period shall be paid to the Manager within 5 business days of the publication of the final NAV of each class of Shares as at the end of the period, provided that if the difference is a negative amount then it shall be repaid by the Manager to the Company at such time.

During the period ended 30 June 2019, US\$6,667,446 (31 December 2018: US\$5,678,864, 30 June 2018: US\$5,846,295) was charged as performance fees of which, US\$6,571,200 (31 December 2018: US\$5,466,380, 30 June 2018: US\$5,667,723) remained accrued at period end. The total performance fee charged during the period includes fees crystallised upon conversion and upon buyback of shares at points when the NAV per share of the shares exceeded their performance fee Base NAV per share (being £15.37 (Sterling shares) and US\$15.51 (US dollar shares)).

Of the total crystallised performance fee charged for the period, US\$9,482 (31 December 2018: US\$34,230, 30 June 2018: US\$13,828) related to share conversions and US\$nil (31 December 2018: US\$40,640, 30 June 2018: US\$41,870) related to the buyback of shares.

In establishing the parameters for the execution of buybacks, account is taken of the impact of any performance fees that would become payable so as to ensure that such buy backs are still accretive to net asset value.

The Management Agreement can be terminated by either the Company or the Manager on the giving of 12 months' written notice to the other party, or alternatively the Company may terminate the Management Agreement on 90 days' notice by payment to the Manager of an amount equal to the aggregate of the Management Fee during such twelve month period. The Company may terminate the management agreement forthwith by notice in the event of specified acts of default by the Manager without payment of compensation.

Were the Management Agreement to be terminated by the Company, the management fee would revert to 2% of the prevailing net asset value in respect of the notice period, or in respect of any payment in lieu of notice.

#### 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 monthly in arrears. The fee is at a rate of 0.03% of the first US\$1 billion of net assets of the Company and then 0.01% per annum thereafter, subject to a minimum fee of £115,000 per annum. In addition to the NAV based fee the Administrator is also entitled to an annual fee of £6,000 (2018: £6,000) for certain additional administration services. The Administrator is entitled to be reimbursed out-of-pocket expenses incurred in the course of carrying out its duties as Administrator.



**4. MANAGEMENT, PERFORMANCE, AND ADMINISTRATION AGREEMENTS (CONTINUED)**

During the period ended 30 June 2019, US\$77,639 (31 December 2018: US\$157,680, 30 June 2018: US\$78,661) was earned by the Administrator as administration fees. At 30 June 2019, US\$51,521 (31 December 2018: US\$38,856, 30 June 2018: US\$26,709) of the fee remained outstanding.

**5. DIRECTORS' FEES**

The Company's Articles limit the fees payable to Directors in aggregate to £500,000 per annum.

During the period the Chairman was entitled to a fee of £150,000 per annum. Sally-Ann Farnon, as Chairman of the Audit Committee, and Graham Harrison as Senior Independent Director were entitled to fees of £50,000 and £43,000 respectively. Until his retirement from the Board on 21 June 2019, Nicholas Moss as Chairman of the Management Engagement Committee was entitled to fees of £43,000 per annum. On 21 June 2019 Julia Chapman was elected as Chairman of the Management Engagement Committee and is entitled to the same fee. Andreas Tautscher is entitled to a fee of £40,000 per annum.

**6. SHARE CAPITAL****Issued and authorised share capital**

The Company's Articles permit the issuance of an unlimited number of ordinary shares with no par value which may be divided into at least two classes denominated in US Dollars and Sterling. The treasury shares have arisen as a result of the discount management programme as described in note 9.

	US DOLLAR SHARES	STERLING SHARES
<b>NUMBER OF ORDINARY SHARES</b>		
In issue at 1 January 2019	2,740,700	19,807,562
Share conversions	(99,228)	78,697
<b>IN ISSUE AT 30 JUNE 2019</b>	<b>2,641,472</b>	<b>19,886,259</b>
<b>NUMBER OF TREASURY SHARES</b>		
In issue at 1 January 2019	267,443	1,667,180
<b>IN ISSUE AT 30 JUNE 2019</b>	<b>267,443</b>	<b>1,667,180</b>
<b>TOTAL SHARES IN ISSUE</b>	<b>2,908,915</b>	<b>21,553,439</b>
Percentage of class held as Treasury Shares	9.19%	7.74%

SHARE CAPITAL ACCOUNT	US\$'000	£'000	COMPANY TOTAL US\$'000
At 1 January 2019	–	164,596	373,793
Share conversions	(1,577)	1,233	–
Transfer from realised investment reserve	1,577	–	1,577
<b>AT 30 JUNE 2019</b>	<b>–</b>	<b>165,829</b>	<b>375,370</b>

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

## 6. SHARE CAPITAL (CONTINUED)

	US DOLLAR SHARES	STERLING SHARES
<b>NUMBER OF ORDINARY SHARES</b>		
In issue at 1 January 2018	3,004,442	20,346,871
Share conversions	(263,742)	196,166
Purchase of own Shares into Treasury	–	(735,475)
<b>IN ISSUE AT 31 DECEMBER 2018</b>	<b>2,740,700</b>	<b>19,807,562</b>
<b>NUMBER OF TREASURY SHARES</b>		
In issue at 1 January 2018	267,443	1,921,705
Shares purchased and held in Treasury during the year:		
- On market purchases	–	735,475
Shares cancelled	–	(990,000)
<b>IN ISSUE AT 31 DECEMBER 2018</b>	<b>267,443</b>	<b>1,667,180</b>
<b>TOTAL SHARES IN ISSUE</b>	<b>3,008,143</b>	<b>21,474,742</b>
Percentage of class held as Treasury Shares	8.89%	7.76%

<b>SHARE CAPITAL ACCOUNT</b>	US\$'000	£'000	COMPANY TOTAL US\$'000
At 1 January 2018	–	171,800	383,950
Share conversions	(3,974)	2,954	–
Purchase of own shares into Treasury	–	(10,158)	(14,131)
Transfer from realised investment reserve	3,974	–	3,974
<b>AT 31 DECEMBER 2018</b>	<b>–</b>	<b>164,596</b>	<b>373,793</b>



**6. SHARE CAPITAL (CONTINUED)**

	US DOLLAR SHARES	STERLING SHARES
<b>NUMBER OF ORDINARY SHARES</b>		
In issue at 1 January 2018	3,004,442	20,346,871
Share conversions	(173,540)	126,534
Purchase of own shares into Treasury	–	(735,475)
<b>IN ISSUE AT 30 JUNE 2018</b>	<b>2,830,902</b>	<b>19,737,930</b>

<b>NUMBER OF TREASURY SHARES</b>		
In issue at 1 January 2018	267,443	1,921,705
Shares purchased and held in Treasury during the period:		
- On market purchases	–	735,475
Shares cancelled	–	(990,000)
<b>IN ISSUE AT 30 JUNE 2018</b>	<b>267,443</b>	<b>1,667,180</b>
<b>TOTAL SHARES IN ISSUE</b>	<b>3,098,345</b>	<b>21,405,110</b>
Percentage of class held as Treasury Shares	8.63%	7.79%

SHARE CAPITAL ACCOUNT	US\$'000	£'000	COMPANY TOTAL US\$'000
At 1 January 2018	–	171,800	383,951
Share conversions	(2,582)	1,884	–
Purchase of own shares into Treasury	–	(10,158)	(14,132)
Transfer from realised investment reserve	2,582	–	2,582
<b>AT 30 JUNE 2018</b>	<b>–</b>	<b>163,526</b>	<b>372,401</b>

**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 NAVs of each of the share classes in the Master Fund as calculated by BHMS are allocated to the relevant class account in the Company. Each class account is allocated those costs, pre-paid expenses, losses, dividends, profits, gains and income which the Directors determine in their sole discretion relate to a particular class.

**Voting rights**

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

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

Treasury shares do not have any voting rights.

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

## 6. SHARE CAPITAL (CONTINUED)

### Repurchase of ordinary shares

The Directors have been granted authority to purchase in the market up to 408,247 US Dollar shares, and 2,971,155 Sterling shares respectively and they intend to seek annual renewal of this authority from shareholders which was last granted on 21 June 2019. The Directors may, at their discretion, utilise this share repurchase authority to address any imbalance between the supply of and demand for shares.

Under the Company's Articles, the Directors are required to convene a shareholders' meeting to consider the redemption of a class of shares in certain circumstances.

See note 9 for further details.

### Further issue of shares

As approved by the shareholders at the Annual General Meeting held on 21 June 2019 (the "AGM"), the Directors have the power to issue further shares on a non-pre-emptive basis for cash in respect of 272,346 US Dollar shares, and 1,982,091 Sterling shares respectively.

This power expires on the date falling fifteen months after the date of the AGM or the conclusion of the next Annual General Meeting of the Company, whichever is the earlier.

### Distributions

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

The Company operates in such a manner that its shares are not categorised as non-mainstream pooled investments. This may mean that the Company pays 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.

However, the Company will first apply any such income in payment of its management and performance fees.

Treasury shares are not entitled to distributions.

### Annual redemption offer

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

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

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

### Share conversion scheme

The Company has implemented a Share Conversion Scheme which 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 on the last business day of every month. Each conversion will be based on the NAV (note 8) of the share classes to be converted.

## 7. TAXATION

### Overview

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

### Uncertain tax positions

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

**7. TAXATION (CONTINUED)**

The Company analyses all open tax years for all major tax jurisdictions. Open tax years are those that are open for examination by taxing authorities, as defined by the Statute of Limitations in each jurisdiction.

The Company identifies its major tax jurisdictions as the Guernsey, Cayman Islands and foreign jurisdictions where the Company makes significant investments. The Company has no examinations by tax authorities in progress.

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

**International tax reporting**

For the 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 (U2S6ID.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted by Guernsey and which came into effect on 1 January 2016.

The Board has taken the necessary action to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

**8. PUBLICATION AND CALCULATION OF NET ASSET VALUE**

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

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

**9. DISCOUNT MANAGEMENT PROGRAMME**

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

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

- a) to redeem all or some of their shares at NAV per share less the costs and expenses of the Class Closure vote and other outstanding costs and expenses of the Company, attributable to the relevant class (including any redemption fees); or
- b) subject to certain limitations, to convert all or some of their shares into shares of another class; or
- c) subject to the class continuing and remaining viable, to remain in the class.

The Annual Redemption Offer described in note 6 which enables a partial return of capital is also part of the discount management programme.

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

During the period to 30 June 2019, the Company recorded an average discount to NAV of 4.71% and 4.14% for US Dollar shares and Sterling shares respectively (year to 31 December 2018: 6.08% and 5.59% for US Dollar shares, and Sterling shares respectively and period to 30 June 2018: 7.48% and 7.42% for US Dollar shares, and Sterling shares respectively).

**10. NOTE PURCHASE AGREEMENT**

The Company is party to a Note Purchase Agreement with JP Morgan Chase Bank, pursuant to which the Company may obtain financing, of up to US\$2 million (31 December 2018: US\$2 million, 30 June 2018: US\$5 million) and £15 million (31 December 2018: £15 million, 30 June 2018: £30 million), if required, to finance (inter alia) share buybacks pending receipt of the proceeds of redemption from its underlying investments. As at 30 June 2019, 31 December 2018, and 30 June 2018 there were no amounts outstanding under the Note Purchase Agreement, neither was any interest payable.

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

## 11. FINANCIAL HIGHLIGHTS

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

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

	01.01.19 TO 30.06.19 US DOLLAR SHARES US\$	01.01.19 TO 30.06.19 STERLING SHARES £
<b>PER SHARE OPERATING PERFORMANCE</b>		
Net asset value at beginning of the period	15.51	15.37
<b>INCOME FROM INVESTMENT OPERATIONS</b>		
Net investment loss <sup>1</sup> (excluding net realised and unrealised gains and losses on investments allocated from BHMS)	(0.36)	(0.34)
Net realised and unrealised gain on investment	1.42	1.27
Other capital items <sup>2</sup>	(0.01)	–
<b>TOTAL RETURN</b>	<b>1.05</b>	<b>0.93</b>
<b>NET ASSET VALUE, END OF THE PERIOD</b>	<b>16.56</b>	<b>16.30</b>
<b>TOTAL RETURN BEFORE PERFORMANCE FEES</b>	<b>8.45%</b>	<b>7.55%</b>
Performance fees	(1.68%)	(1.51%)
<b>TOTAL RETURN AFTER PERFORMANCE FEES</b>	<b>6.77%</b>	<b>6.04%</b>

Total return reflects the net return for an investment made at the beginning of the period and is calculated as the change in the NAV per ordinary share during the period ended 1 January 2019 to 30 June 2019. An individual shareholder's return may vary from these returns based on their timing of purchases and sales of Shares.

## 11. FINANCIAL HIGHLIGHTS (CONTINUED)

	01.01.19 TO 30.06.19 US DOLLAR SHARES US\$'000	01.01.19 TO 30.06.19 STERLING SHARES £'000
<b>SUPPLEMENTAL DATA</b>		
Net asset value, end of the period	43,754	324,142
Average net asset value for the period	42,880	308,904
	01.01.19 TO 30.06.19 US DOLLAR SHARES	01.01.19 TO 30.06.19 STERLING SHARES
<b>RATIO TO AVERAGE NET ASSETS</b>		
Operating expense		
Company expenses <sup>3</sup>	0.61%	0.63%
Master Fund expenses <sup>4</sup>	0.23%	0.23%
Performance fees	1.64%	1.49%
<b>TOTAL OPERATING EXPENSE</b>	<b>2.48%</b>	<b>2.35%</b>
<b>NET INVESTMENT LOSS<sup>1</sup></b>	<b>(2.27%)</b>	<b>(2.21%)</b>
	01.01.18 TO 31.12.18 US DOLLAR SHARES	01.01.18 TO 31.12.18 STERLING SHARES
<b>PER SHARE OPERATING PERFORMANCE</b>		
Net asset value at beginning of the year	14.56	14.58
<b>INCOME FROM INVESTMENT OPERATIONS</b>		
Net investment loss <sup>1</sup> (excluding net realised and unrealised gains and losses on investments allocated from BHMS)	(0.18)	(0.14)
Net realised and unrealised gain on investment	1.18	0.90
Other capital items <sup>2</sup>	(0.05)	0.03
<b>TOTAL RETURN</b>	<b>0.95</b>	<b>0.79</b>
<b>NET ASSET VALUE, END OF THE YEAR</b>	<b>15.51</b>	<b>15.37</b>
<b>TOTAL RETURN BEFORE PERFORMANCE FEES</b>	<b>8.22%</b>	<b>6.73%</b>
Performance fees	(1.67%)	(1.30%)
<b>TOTAL RETURN AFTER PERFORMANCE FEES</b>	<b>6.55%</b>	<b>5.43%</b>

Total return reflects the net return for an investment made at the beginning of the year and is calculated as the change in the NAV per ordinary share during the year ended 31 December 2018. An individual shareholder's return may vary from these returns based on the timing of their purchases and sales of Shares.

# NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

## 11. FINANCIAL HIGHLIGHTS (CONTINUED)

	01.01.18 TO 31.12.18 US DOLLAR SHARES US\$'000	01.01.18 TO 31.12.18 STERLING SHARES £'000
<b>SUPPLEMENTAL DATA</b>		
Net asset value, end of the year	42,517	304,467
Average net asset value for the year	43,187	301,460
	01.01.18 TO 31.12.18 US DOLLAR SHARES	01.01.18 TO 31.12.18 STERLING SHARES
<b>RATIO TO AVERAGE NET ASSETS</b>		
Operating expense		
Company expenses <sup>3</sup>	1.32%	1.32%
Master Fund expenses <sup>4</sup>	0.82%	0.80%
Performance fees	1.59%	1.24%
	3.73%	3.36%
<b>NET INVESTMENT LOSS<sup>1</sup></b>	<b>(1.22%)</b>	<b>(0.93%)</b>
	01.01.18 TO 30.06.18 US DOLLAR SHARES US\$	01.01.18 TO 30.06.18 STERLING SHARES £
<b>PER SHARE OPERATING PERFORMANCE</b>		
Net asset value at beginning of the period	14.56	14.58
<b>INCOME FROM INVESTMENT OPERATIONS</b>		
Net investment loss <sup>1</sup> (excluding net realised and unrealised gains and losses on investments allocated from BHMS)	(0.05)	(0.04)
Net realised and unrealised gain on investment	0.92	0.82
Other capital items <sup>2</sup>	(0.02)	0.03
<b>TOTAL RETURN</b>	<b>0.85</b>	<b>0.81</b>
<b>NET ASSET VALUE, END OF THE PERIOD</b>	<b>15.41</b>	<b>15.39</b>
<b>TOTAL RETURN BEFORE PERFORMANCE FEES</b>	<b>7.35%</b>	<b>6.87%</b>
Performance fees	(1.50%)	(1.34%)
<b>TOTAL RETURN AFTER PERFORMANCE FEES</b>	<b>5.85%</b>	<b>5.53%</b>

Total return reflects the net return for an investment made at the beginning of the period and is calculated as the change in the NAV per ordinary share during the period ended 1 January 2018 to 30 June 2018. An individual shareholder's return may vary from these returns based on their timing of purchases and sales of Shares.

**11. FINANCIAL HIGHLIGHTS (CONTINUED)**

	01.01.18 TO 30.06.18 US DOLLAR SHARES US\$'000	01.01.18 TO 30.06.18 STERLING SHARES £'000
<b>SUPPLEMENTAL DATA</b>		
Net asset value, end of the period	43,630	303,680
Average net asset value for the period	43,629	299,039
	01.01.18 TO 30.06.18 US DOLLAR SHARES	01.01.18 TO 30.06.18 STERLING SHARES
<b>RATIO TO AVERAGE NET ASSETS</b>		
<b>Operating expense</b>		
Company expenses <sup>3</sup>	0.68%	0.67%
Master Fund expenses <sup>4</sup>	0.75%	0.75%
<b>Performance fees</b>	1.41%	1.28%
	<b>2.84%</b>	<b>2.70%</b>
<b>NET INVESTMENT LOSS<sup>1</sup></b>	<b>(0.37%)</b>	<b>(0.25%)</b>

<sup>1</sup> The net investment loss figure shown above does not include net realised and unrealised gains and losses on investments allocated from BHMS.

<sup>2</sup> Included in other capital items are the discounts and premiums on conversions between share classes during the period/year, share buybacks and partial capital returns, as compared to the NAV per share at the beginning of the period/year.

<sup>3</sup> Company expenses are as disclosed in the Interim Unaudited Statement of Operations, excluding performance fees and foreign exchange gains and losses on aggregation.

<sup>4</sup> Master Fund expenses are the allocated operating expenses of BHMS.

## NOTES TO THE INTERIM UNAUDITED FINANCIAL STATEMENTS CONTINUED

For the period from 1 January 2019 to 30 June 2019

### 12. RELATED PARTY TRANSACTIONS

As at 30 June 2019, the Company had five non-executive Directors, all of whom are independent of the Manager.

Details of Directors' fees to which the Directors are entitled are disclosed in note 5.

The Directors had the following interests in the Company, held either directly or beneficially at 30 June 2019:

	US DOLLAR SHARES	STERLING SHARES
Sir Michael Bunbury	–	7,000
Graham Harrison	–	1,500
Sally-Ann Farnon	–	1,700
Julia Chapman	–	1,081
Andreas Tautscher	–	–

### 13. FOREIGN EXCHANGE

The following foreign exchange rates were used to translate the Sterling share class into US Dollars, being the Company's reporting currency.

	01.01.19 TO 30.06.19	01.01.18 TO 31.12.18	01.01.18 TO 30.06.18
Period/year end rate	1.2728	1.2738	1.3202
Average rate for the period/year	1.2936	1.3305	1.3670

### 14. SUBSEQUENT EVENTS

Management has evaluated subsequent events up to 20 August 2019, which is the date that the Financial Statements were available to be issued.

A deed of amendment to the Note Purchase Agreement described in note 10 above was entered into between the Company and JPMorgan Chase Bank on 31 July 2019, which implemented minor updates to the previous agreement.

No other subsequent events have occurred.



# HISTORICAL PERFORMANCE SUMMARY

As at 30 June 2019

	30.06.19* (UNAUDITED) US\$'000	31.12.18 (AUDITED) US\$'000	31.12.17 (AUDITED) US\$'000	31.12.16 (AUDITED) US\$'000
Net increase/(decrease) in net assets resulting from operations	25,958	2,187	41,032	(57,387)
<b>TOTAL ASSETS</b>	<b>463,521</b>	<b>436,335</b>	<b>443,707</b>	<b>457,647</b>
<b>TOTAL LIABILITIES</b>	<b>(7,216)</b>	<b>(5,988)</b>	<b>(1,416)</b>	<b>(4,596)</b>
<b>NET ASSETS</b>	<b>456,305</b>	<b>430,347</b>	<b>442,291</b>	<b>453,051</b>
<b>NUMBER OF SHARES IN ISSUE</b>				
US Dollar shares	2,641,472	2,740,700	3,004,442	4,186,219
Sterling shares	19,886,259	19,807,562	20,346,871	22,471,006
<b>NET ASSET VALUE PER SHARE</b>				
US Dollar shares	US\$16.56	US\$15.51	US\$14.56	US\$14.19
Sterling shares	£16.30	£15.37	£14.58	£14.33

\* Covers the period from 1 January 2019 to 30 June 2019.

## NOTES

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# MANAGEMENT AND ADMINISTRATION

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## Directors

Sir Michael Bunbury  
(Chairman)  
(appointed 1 January 2013)

Julia Chapman  
(appointed on 16 January 2017)

Sally-Ann ("Susie") Farnon  
(appointed 13 March 2018)

Graham Harrison  
(Senior Independent Director)  
(appointed 17 March 2010)

Nicholas Moss  
(retired 21 May 2019)

Andreas Tautscher  
(appointed 1 May 2019)

(All Directors are non-executive and are independent  
for the purpose of LR15.2.12-A)

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## Registered Office

PO Box 255  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey  
GY1 3QL

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## Manager

Brevan Howard Capital Management LP  
6th Floor  
37 Esplanade  
St Helier  
Jersey  
JE2 3QA

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## Administrator and Corporate Secretary

Northern Trust International Fund  
Administration Services (Guernsey) Limited  
PO Box 255  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey  
GY1 3QL

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## Independent Auditor

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

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## Registrar and CREST Service Provider

Computershare Investor Services  
1st Floor  
Tudor House  
Le Bordage  
Guernsey  
GY1 1DB

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## Legal Advisors (Guernsey Law)

Carey Olsen  
Carey House  
Les Banques  
St. Peter Port  
Guernsey  
GY1 4BZ

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## Legal Advisors (UK Law)

Hogan Lovells International LLP  
Atlantic House  
Holborn Viaduct  
London EC1A 2FG

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## Corporate Brokers

JPMorgan Cazenove  
25 Bank Street  
Canary Wharf  
London  
E14 5JP

Investec Bank plc  
(appointed 22 June 2019)  
30 Gresham Street  
London  
EC2V 7QP

Canaccord Genuity Limited  
(resigned 22 June 2019)  
88 Wood Street  
London  
EC2V 7QR

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