

BH Global Limited

Interim Report and Unaudited Financial Statements 2018

INTERIM REPORT AND UNAUDITED
FINANCIAL STATEMENTS
30 June 2018

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Chairman's Statement

Dear Shareholder,

I am pleased to report that the six months to 30 June 2018 delivered strong overall performance for BH Global Limited (the "Company" or "BH Global"). Good progress was made on two of the fronts that have been under scrutiny in recent years, namely Net Asset Value ("NAV") per share and the discount at which the shares trade.

For the six months the NAV per share of the smaller US Dollar class appreciated by 5.85% and the larger Sterling class by 5.53%. In both cases these were the strongest half-year figures since 2009. These results are not only satisfactory in their own right at a time of persistent very low interest rates in Sterling and the Euro; but they also rank well against the performance of other macro orientated hedge funds. The Manager's Report follows this Statement and sets out the detail of the performance of the various trading allocations.

Save for working cash balances, all of the Company's assets are invested in Brevan Howard Multi-Strategy Master Fund Limited ("BHMS") and, indirectly through that fund, the percentage of the Company's assets allocated to the Direct Investment Portfolio ("DIP") has grown from under 20% four years ago to around 60%. That allocation has served BH Global well in recent years with capital being allocated by the Manager to individual trading books and funds managed by a sole portfolio manager. As a percentage of assets at 30 June 2018, 58.6% was allocated to the DIP and was made up of seven individual allocations. The majority of the balance of assets was allocated to the core Brevan Howard Master Fund ("BHMF") and the allocation at the period end was 29.4%.

The DIP had a further excellent result for the six months, appreciating by approximately 5.85% net of fees. However, on this occasion, it was outshone by the sparkling performance of BHMF which appreciated by 8.48% net of fees. Overall, for a company which is intended to deliver minimally correlated, low volatility returns and which serves principally as a portfolio diversifier, I consider the half-year NAV per share performance to be satisfactory. I hope that the macro trading environment, which the Manager has long expected to improve and has finally done so, will continue to present attractive opportunities for further progress for the balance of the Company's year to 31 December 2018.

Of course, it is the share price that is of most importance to shareholders. In the half-year to 30 June 2018 the Sterling share price appreciated by 6.67% driven by a combination of NAV performance and a narrowing of the discount to NAV at which the shares were trading.

Discount

In earlier Statements I have written regularly about the Board's frustration with the level of the discount to NAV at which the shares traded. At 30 June 2017 the discount on the Sterling shares was over 11%. I reported that the Board was looking for a substantial and sustained reduction in that discount to justify the Company's ongoing form. In my Statement written in March in relation to the full year of 2017 I reported that a significant reduction in the discount had occurred and at 31 December 2017 it stood at 6.44%. I am pleased to report that by 30 June 2018 there had been a modest further reduction to 5.43%. As at 22 August 2018, the discount on the Sterling shares stood at 4.83%.

Shareholders will be aware that discounts are influenced by a multitude of factors and that some volatility in discounts is to be expected in many closed-ended investment companies. The Board appreciates that such volatility is unattractive to most shareholders and will continue to strive to minimise it. Satisfactory NAV per share performance will be the principal key to success.

Discount Management

As one aspect of reducing the volatility of the discount, during the half-year the Board continued to authorise share buy-backs. No shares were bought back in the US Dollar class. In the Sterling class 735,475 shares were bought back at an average discount of 6.54% and a cost of £10.158 million. Buy-backs enhanced the NAV per share return for the Sterling shares by 0.23%.

For the whole of 2017 more than 3 million shares of both classes in aggregate had been bought back. However, as the six-month period to 30 June 2018 progressed, the number of shares bought back on a weekly basis declined substantially and there have been no buy-backs at all since early June. Whilst that is very pleasing, no-one should expect that volatility of the discount will not return. If it does so then the Board remains ready to buy-back shares opportunistically to seek to reduce that volatility.

Board

In March I reported that John Hallam, a founding director of the Company in 2008, intended to retire as a director on 30 September 2018. I once again pay tribute to John's outstanding contribution to the affairs of the Company through some testing times. I also reported that the Company had been fortunate to recruit Susie Farnon to succeed John as Chair of the Audit Committee and such succession duly took place on 1 July.

Nick Moss has also been a director since inception in 2008. Nick plans to retire from the Board within the next twelve months and

Chairman's Statement continued

later this year the Board will commence a search for a further Board member. Many companies are struggling to balance the pressure for increased gender diversity on Boards with the overriding requirement that any director needs to be suitably qualified to direct effectively the affairs of that company. It is very pleasing that two such highly qualified persons, Julia Chapman and Susie Farnon, agreed to join the Board in the last two years and, once John Hallam has retired on 30 September, the Board will comprise two female directors out of five.

Relationship with the Manager

The Board continues to have quarterly meetings with the Manager and contact is maintained in between meetings by regular telephone updates. In addition, I talk to or correspond with representatives of the Manager regularly on operational and strategic matters. It is public knowledge that the Manager's overall funds under management have declined significantly as a result of investor redemptions. Inevitably that has resulted in some changes in the Manager's business. However, I can report that BH Global has seen no change in the very high quality risk controls and administration which the Manager undertakes on behalf of the Company. The Manager has confirmed that it remains committed to managing the Company, and providing top quality services to it, subject, as I have reported in earlier Statements, to any shareholder vote being passed to liquidate the Company, triggered by the net asset value of the Company being below \$300 million at the end of any calendar quarter. As at today's date the net assets of the Company are approximately \$432 million.

The Board looks forward to continuing constructive dialogue with the Manager to further the interests of all parties and particularly of the shareholders.

Annual General Meeting

The Board and Manager are grateful to shareholders for the support they have showed through the voting on the resolutions that were in front of the AGM on 22 June. Nine of the thirteen

resolutions were passed unanimously with 100% votes in favour. Of the four that attracted contrary votes, the maximum percentage voted against a resolution was less than 6% and that being against the re-appointment of a long serving director who will be retiring. I am confident that most of votes cast against John Hallam's re-appointment would have been on account of his long service which partly arose when new appointments to the Board were deliberately deferred in 2015 pending a review of the Company's future.

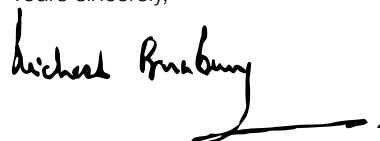
Companies are the property of their shareholders and the Board and Manager report to those shareholders and serve at their pleasure. On behalf of the Board and Manager I wish to thank shareholders for their very visible support through their votes at the AGM.

Conclusion

Every investor knows that the affairs of companies ebb and flow. BH Global has enjoyed a successful half-year to 30 June 2018. It would be very good should that progress continue for the full year. July has seen a modest increase in NAV per share.

As always I would be happy for any shareholder to contact me through the Company's administrator, Northern Trust, at ts236@ntrs.com.

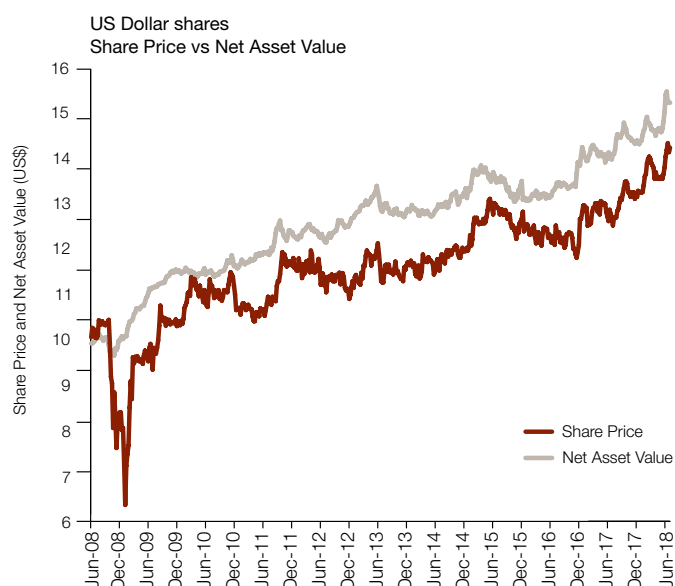
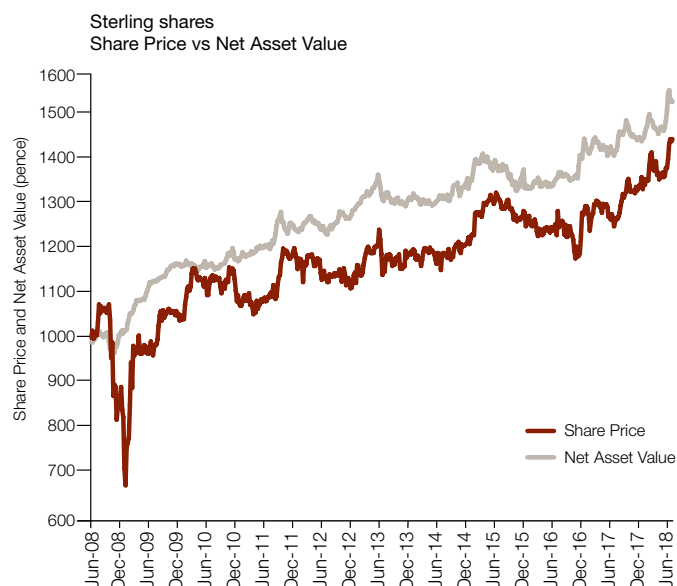
Yours sincerely,



Sir Michael Bunbury
Chairman

23 August 2018

Company Performance



Glossary of Acronyms

BHAHMF	Brevan Howard AH Master Fund Limited
BHAMF	Brevan Howard Asia Master Fund Limited
BHCM	Brevan Howard Capital Management LP
BHDGST	BH-DG Systematic Trading Master Fund Limited
BHG or the Company	BH Global Limited
BHMF	Brevan Howard Master Fund Limited
BHMS or the Fund	Brevan Howard Multi-Strategy Master Fund Limited
DIP	Direct Investment Portfolio

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 2018

	US Dollar shares US\$'000	Sterling shares £'000	Company total US\$'000
Assets			
Investment in BHMS	44,075	302,724	443,747
Other debtors	5	10	18
Cash and bank balances denominated in US Dollars	240	–	240
Cash and bank balances denominated in Sterling	–	5,169	6,825
Total assets	44,320	307,903	450,830
Liabilities			
Management fees payable	35	253	369
Performance fees payable	617	3,826	5,668
Accrued expenses and other liabilities	35	126	202
Administration fees payable	3	18	27
Total liabilities	690	4,223	6,266
Net assets	43,630	303,680	444,564
Number of shares in issue	2,830,902	19,737,930	–
Net asset value per share	US\$15.41	£15.39	–

Unaudited Supplemental Statement of Operations

For the period from 1 January 2018 to 30 June 2018

	US Dollar shares US\$'000	Sterling shares £'000	Company total US\$'000
Net investment gain allocated from BHMS			
Interest income	1,073	7,328	11,090
Expenses	(327)	(2,234)	(3,379)
Net investment gain allocated from BHMS	746	5,094	7,711
Company expenses			
Management fees	216	1,495	2,260
Performance fees	616	3,826	5,846
Other expenses	50	300	459
Directors' fees and expenses	23	158	239
Administration fees	8	52	79
Foreign exchange (gains)/losses*	(6)	3	7,017
Total Company expenses	907	5,834	15,900
Net investment loss	(161)	(740)	(8,189)
Net realised and unrealised (losses)/gains on investments allocated from BHMS			
Net realised loss on investments	(531)	(3,570)	(5,412)
Net unrealised gain on investments	3,160	21,635	32,736
Net realised and unrealised foreign exchange loss			
– on hedging	–	(1,997)	(2,730)
Net realised and unrealised gains on investments allocated from BHMS	2,629	16,068	24,594
Net increase in net assets resulting from operations	2,468	15,328	16,405

* 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 2018 to 30 June 2018

	US Dollar shares US\$'000	Sterling shares £'000	Company total US\$'000
Net increase in net assets resulting from operations			
Net investment loss	(161)	(740)	(8,189)
Net realised loss on investments allocated from BHMS	(531)	(3,570)	(5,412)
Net unrealised gain on investments allocated from BHMS	3,160	21,635	32,736
Net realised and unrealised foreign exchange loss allocated from BHMS	–	(1,997)	(2,730)
	2,468	15,328	16,405
Share capital transactions			
Net share conversions	(2,582)	1,884	–
Purchase of own shares	–	(10,158)	(14,132)
	(2,582)	(8,274)	(14,132)
Net (decrease)/increase in net assets	(114)	7,054	2,273
Net assets at the beginning of the period	43,744	296,626	442,291
Net assets at the end of the period	43,630	303,680	444,564

Manager's Report

BHCM is the Manager of BHG. BHG invests all its assets (net of short-term working capital) in BHMS, a company also managed by BCHM.

Performance Summary

The NAV per share of the USD shares appreciated by 5.85% during the first half of 2018, while the NAV per share of the GBP shares appreciated by 5.53% in the same period of 2018.

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)							5.85

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)							5.53

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).

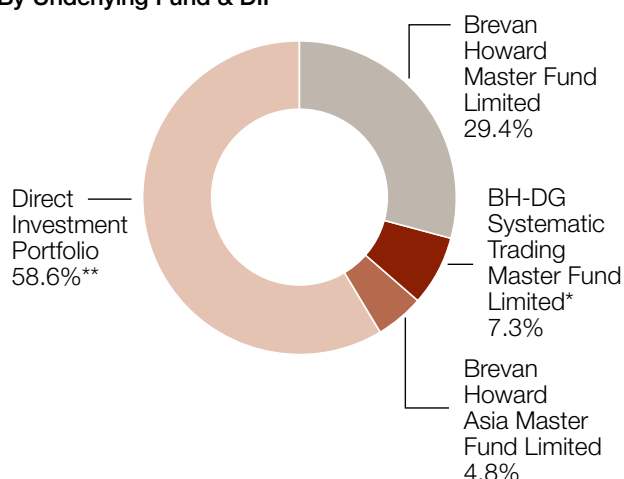
PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS

Manager's Report continued

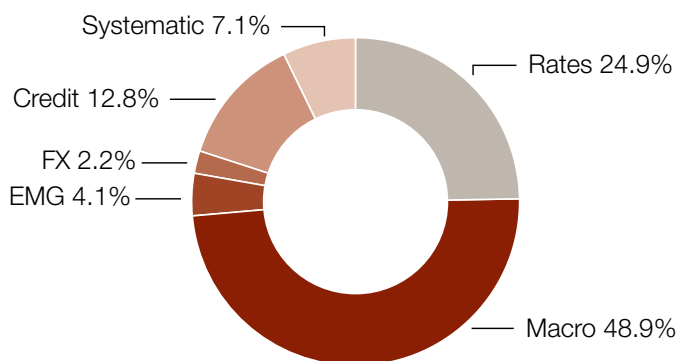
Underlying allocation review

Allocations of BHMS as at 29 June 2018 (allocations subject to change):

By Underlying Fund & DIP



By Strategy Group



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

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

** 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 Direct Investment Portfolio to a single category. In cases where a trader book has activity in more than one category, the most relevant category has been selected.

The above strategies are categorised as follows:

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

"Systematic": rules-based futures trading

"Rates": developed interest rates markets

"FX": global FX forwards and options

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

"EMG": global emerging markets

Performance Review

During the first half of 2018, the NAV per share of the USD shares appreciated by 5.85% and the NAV per share of the GBP shares appreciated by 5.53%. The first half of 2018 proved to be relatively eventful for the Fund's macro positioning. The Fund benefitted from a number of larger moves in both volatility and price levels. The performance in January and May were particularly strong with May producing the highest monthly return since the Fund's inception. The Fund's performance compared very well to the HFRI Macro Total Index, which was down -1.8% over the period.

The DIP was the main positive contributor to the Fund's year to date performance. For the period the DIP was up 7.05% (gross). The bulk of the profits arose in interest rate trading where directional curve positions across EUR, USD and GBP as well as relative value trading in the EUR bond markets generated solid gains. Additional gains arose from tactical trading in equity indices where a long exposure to S&P in January was the main positive contributor. In credit both directional index exposures and agency trading were positive contributors. Some of the gains were offset by losses in FX where relatively small gains and losses across a number of currencies led to an overall modest loss.

With regard to the returns of the underlying fund allocations, both BHMF and BHAMF generated solid gains whereas BHDGST was down marginally. Similar to the DIP, BHMF and BHAMF generated the bulk of the gains in directional and relative value trading in interest rates.

Looking across all underlying allocations, interest rates trading was the predominant positive driver with additional gains in credit and equity. FX trading was a small detractor.

Systematic trading generated modest negative returns over the period with no dominant single driver. Gains in interest rates and commodities were more than offset by losses in FX and equity. Equity was the main detractor where losses arose mainly from an overall long exposure to equity indices when markets sold off quite rapidly during February.

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 2018 had been allocated no trading books.

Performance Review (continued)**Quarterly and annual contribution (%) to the performance of BHG USD Shares (net of fees and expenses) by asset class***

	Rates	FX	Commodity	Credit	Equity	Discount Management	TOTAL
Q1 2018	0.97	-0.00	-0.08	-0.32	0.24	0.00	0.79
Q2 2018	4.63	-0.31	0.10	0.48	0.15	0.00	5.02
YTD 2018	5.65	-0.31	0.02	0.16	0.40	0.00	5.85

* Data as at 30 June 2018

Quarterly and semi-annual figures are calculated by BHCM as at 30 June 2018, based on performance data for each period provided by 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 for discount management purposes

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

	Macro	Systematic	Rates	FX	Equity	Credit	EMG	Commodity	Discount Management	TOTAL
Q1 2018	1.01	0.06	-0.00	-0.03	-0.00	-0.26	0.03	-0.00	0.00	0.79
Q2 2018	3.72	-0.11	0.67	0.09	-0.00	0.24	0.39	-0.00	0.00	5.02
YTD 2018	4.77	-0.05	0.67	0.06	-0.00	-0.03	0.41	-0.00	0.00	5.85

* Data as at 30 June 2018

Quarterly and semi-annual figures are calculated by BHCM as at 30 June 2018, based on performance data for each period provided by 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 BHG, the majority of risk in this category is in rates)

“**Systematic**”: rules-based futures trading

“**Rates**”: developed interest rates markets

“**FX**”: global FX forwards and options

“**Equity**”: global equity markets including indices and other derivatives

“**Credit**”: corporate and asset-backed indices, bonds and CDS

“**EMG**”: global emerging markets

“**Commodity**”: liquid commodity futures and options

“**Discount Management**”: buyback activity for discount management purposes

Manager's Report continued

Allocation Review

The Investment Committee ("IC") of the Manager made the decision to slightly increase the allocation to BHMF over the period and reduce the allocations to BHAMF, BHDGST and the DIP accordingly. The move to increase the allocation to BHMF was partly driven by the closure of a couple of trading books in the DIP at the beginning of the period which allowed for cash to be re-invested in BHMF until new allocations within the DIP had been decided.

At the end of June, the allocation to the DIP was still by far the largest allocation and stood at approximately 58.6%.

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

Commentary and Outlook

In the first half of 2018, the global economy continued to advance at an above-trend pace. However, there has been considerably more dispersion compared with last year among both advanced and emerging market economies. In addition, investors are grappling with a range of new risks to the outlook. Tighter monetary policy from the Federal Reserve and the associated appreciation in the US dollar is putting pressure on vulnerable emerging market economies. Trade tensions are escalating with little visibility on the ultimate economic and financial market effects. Finally, populist political trends are stretching the status quo, especially in Britain and Italy.

The IMF forecasts global growth rates of nearly 4% for both this year and next, but the rising risks point to some downside skew in that projection. Growth is healthy in the advanced economies, but has slowed from last year's breakneck pace in the Euro area, Japan and Britain. The US has been the standout, clocking up real GDP growth that looks to be better than 3% at an annual rate in the first half of 2018. Notably, the unemployment rate in the US plumbed lows last seen in the 1960s and core inflation rose 2% in the last year.

In emerging economies, China continues to grow at a solid rate and monetary authorities are ready to ease further still in order to maintain the momentum. In response to the differential monetary policies between the US and China, the renminbi slid significantly

in the last few months. If the trend continues, investors may fear disorderly capital flight following similar moves in 2015. Other emerging market central banks are under similar pressure to respond to a stronger US dollar by defending their currencies with rate rises. The most vulnerable economies like Argentina and Turkey already demonstrated acute strain with sharp depreciations in their currencies, capital outflows, and declines in equity prices. Going forward, it's an open question how other emerging market economies will cope with higher interest rates and an appreciation in the US dollar that makes it harder for domestic borrowers to pay back more expensive dollar-denominated debt. Although interest rates are relatively low, Fed tightening has been the root cause of many international financial crises in the past. The other major factor among emerging economies has been higher oil prices, which have dented prospects for importers while flattering exporters.

No issue has attracted more attention this year than trade tensions. Higher tariffs are a negative supply shock that slows growth and raises inflation. In a worst-case scenario with adverse effects on confidence, asset prices and investment, an all-out trade war could cause a global recession. At this point, it is anyone's guess how this will play out. The Trump administration clearly has China in its sights and tariffs could eventually extend to almost all Chinese imports into the US. Germany and especially its motor vehicles may become a focus of targeted trade action. Finally, the negotiations among the NAFTA countries may or may not be constructive.

Lastly, political developments are going to shape markets in unpredictable ways going forward. The road ahead for Brexit is foggy. Italian politics threatens the European consensus on immigration, fiscal spending, and monetary policy. It seems like a safe bet to assume that populist politics will continue to throw curveballs to the market going forward.

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

Brevan Howard Capital Management, LP,
acting by its sole general partner,
Brevan Howard Capital Management Limited
23 August 2018

Statement of Directors' Responsibility in Respect of the Interim Unaudited Financial Statements

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

23 August 2018

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 2018 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 2018 do not give a true and fair view of the financial position of the Company as at 30 June 2018 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

23 August 2018

Unaudited Statement of Assets and Liabilities

As at 30 June 2018

	30.06.18 (Unaudited) US\$'000	31.12.17 (Audited) US\$'000	30.06.17 (Unaudited) US\$'000
Assets			
Investment in BHMS	443,747	430,643	448,559
Amount due from BHMS	–	–	6,595
Other debtors	18	29	98
Cash and bank balances denominated in US Dollars	240	1,334	394
Cash and bank balances denominated in Sterling	6,825	11,701	7,125
Total assets	450,830	443,707	462,771
Liabilities			
Loan notes payable (notes 3 and 10)	–	–	7,345
Redemptions in respect of buybacks payable	–	–	558
Management fees payable (note 4)	369	377	394
Performance fees payable (note 4)	5,668	831	11
Accrued expenses and other liabilities	202	167	167
Administration fees payable (note 4)	27	41	15
Total liabilities	6,266	1,416	8,490
Net assets	444,564	442,291	454,281
Number of shares in issue (note 6)			
US Dollar shares	2,830,902	3,004,442	3,426,785
Sterling shares	19,737,930	20,346,871	21,841,823
Net asset value per share (notes 8 and 11)			
US Dollar shares	US\$15.41	US\$14.56	US\$14.26
Sterling shares	£15.39	£14.58	£14.29

See accompanying notes to the Interim Unaudited Financial Statements.

Signed on behalf of the Board by:

Sir Michael Bunbury
Chairman

Sally-Ann Farnon
Director

23 August 2018

Unaudited Statement of Operations

For the period from 1 January 2018 to 30 June 2018

	01.01.18 to 30.06.18 (Unaudited) US\$'000	01.01.17 to 31.12.17 (Audited) US\$'000	01.01.17 to 30.06.17 (Unaudited) US\$'000
Net investment gain allocated from BHMS			
Interest income	11,090	22,333	10,666
Expenses	(3,379)	(5,260)	(1,920)
Net investment gain allocated from BHMS	7,711	17,073	8,746
Company income			
Interest income	–	2	1
Foreign exchange gains (note 3)	–	38,012	24,398
Total Company income	–	38,014	24,399
Company expenses			
Management fees (note 4)	2,260	6,197	3,324
Performance fees (note 4)	5,846	807	11
Other expenses	459	951	397
Directors' fees and expenses (note 5)	239	417	180
Administration fees (note 4)	79	178	91
Foreign exchange losses (note 3)	7,017	–	–
Total Company expenses	15,900	8,550	4,003
Net investment (loss)/gain	(8,189)	46,537	29,142
Net realised and unrealised (losses)/gains on investments allocated from BHMS			
Net realised (loss)/gain on investments	(5,412)	21,178	6,782
Net unrealised gain/(loss) on investments	32,736	(22,051)	(12,310)
Net realised and unrealised foreign exchange loss			
– on hedging	(2,730)	(4,632)	(2,196)
Net realised and unrealised gains/(losses) on investments allocated from BHMS	24,594	(5,505)	(7,724)
Net increase in net assets resulting from operations	16,405	41,032	21,418

See accompanying notes to the Interim Unaudited Financial Statements.

Unaudited Statement of Changes in Net Assets

For the period from 1 January 2018 to 30 June 2018

	01.01.18 to 30.06.18 (Unaudited) US\$'000	01.01.17 to 31.12.17 (Audited) US\$'000	01.01.17 to 30.06.17 (Unaudited) US\$'000
Net increase in net assets resulting from operations			
Net investment (loss)/gain	(8,189)	46,537	29,142
Net realised (loss)/gain on investments allocated from BHMS	(5,412)	21,178	6,782
Net unrealised gain/(loss) on investments allocated from BHMS	32,736	(22,051)	(12,310)
Net realised and unrealised foreign exchange loss allocated from BHMS	(2,730)	(4,632)	(2,196)
	16,405	41,032	21,418
Share capital transactions			
Purchase of own shares (note 6)			
US Dollar shares	–	(4,493)	(3,394)
Sterling shares	(14,132)	(47,299)	(16,794)
	(14,132)	(51,792)	(20,188)
Net increase/(decrease) in net assets	2,273	(10,760)	1,230
Net assets at the beginning of the period/year	442,291	453,051	453,051
Net assets at the end of the period/year	444,564	442,291	454,281

See accompanying notes to the Interim Unaudited Financial Statements.

Unaudited Statement of Cash Flows

For the period from 1 January 2018 to 30 June 2018

	01.01.18 to 30.06.18 (Unaudited) US\$'000	01.01.17 to 31.12.17 (Audited) US\$'000	01.01.17 to 30.06.17 (Unaudited) US\$'000
Cash flows from operating activities			
Net increase in net assets resulting from operations	16,405	41,032	21,418
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:			
Net investment gain allocated from BHMS	(7,711)	(17,073)	(8,746)
Net realised loss/(gain) on investments allocated from BHMS	5,412	(21,178)	(6,782)
Net unrealised (gain)/loss on investments allocated from BHMS	(32,736)	22,051	12,310
Net realised and unrealised foreign exchange loss allocated from BHMS	2,730	4,632	2,196
Purchase of investment in BHMS	(5,874)	–	–
Proceeds from sale of investment in BHMS	18,131	57,521	8,986
Interest expense on short term loan	7	53	16
Foreign exchange losses/(gains)	7,017	(38,012)	(24,398)
Decrease in other debtors	11	77	8
Decrease in management fees payable	(8)	(357)	(340)
Increase/(decrease) in performance fees payable	4,837	(2,777)	(3,597)
Increase in accrued expenses and other liabilities	35	31	15
Decrease in Directors' fees payable	–	(88)	(88)
(Decrease)/increase in administration fees payable	(14)	11	(15)
Net cash provided by operating activities	8,242	45,923	983
Cash flows from financing activities			
Purchase of own shares	(14,132)	(51,792)	(19,630)
Proceeds of borrowings from short term loan	4,219	14,024	7,308
Repayment of borrowings from short term loan	(4,134)	(14,222)	–
Interest paid on short term loan	(7)	(53)	–
Net cash used in financing activities	(14,054)	(52,043)	(12,322)
Change in cash	(5,812)	(6,120)	(11,339)
Cash, beginning of the period/year	13,035	18,390	18,390
Effect of exchange rate fluctuations	(158)	765	468
Cash, end of the period/year	7,065	13,035	7,519
Cash, end of the period/year			
Cash and bank balances denominated in US Dollars	240	1,334	394
Cash and bank balances denominated in Sterling ¹	6,825	11,701	7,125
	7,065	13,035	7,519

¹ Cash and bank balances in Sterling (GBP'000)

5,169

8,709

5,485

See accompanying notes to the Interim Unaudited Financial Statements.

Notes to the Interim Unaudited Financial Statements

For the period from 1 January 2018 to 30 June 2018

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 and until 30 September 2017 and until 31 December 2017, had Secondary Listings on the Bermuda Stock Exchange and on NASDAQ Dubai respectively.

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.

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 2018 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*	3.12%
Brevan Howard AS Macro Master Fund Limited*	7.21%
Brevan Howard Asia Master Fund Limited	2.65%
Brevan Howard Master Fund Limited	5.63%
Brevan Howard MB Macro Master Fund Limited*	4.75%
BH-DG Systematic Trading Master Fund Limited	15.93%

* Investment is made through the DIP.

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.

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.

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2018 to 30 June 2018

3. Significant Accounting Policies (continued)

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 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 2018, the Company's US Dollar and Sterling capital account represents 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.

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.

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 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. In respect of the period from 1 April 2017 to 31 December 2017, (having taken into account shares that had been repurchased by the Company between 1 January 2017 and 31 March 2017), the

Annual Buy Back Allowance for the Company's Sterling share class was 806,164 Sterling shares and for the US Dollar share class was 152,630 US Dollar shares.

Between 1 January 2018 and 30 June 2018, the Company repurchased 735,475 Sterling shares (between 1 April 2017 and 31 December 2017: 2,435,052 Sterling shares, between 1 April 2017 and 30 June 2017: 682,852 Sterling shares) but no US Dollar shares (between 1 April 2017 and 31 December 2017: 318,988 US Dollar shares, between 1 April 2017 and 30 June 2017: 233,862 US Dollar shares).

During the period ended 30 June 2018, US\$nil (between 1 April 2017 and 31 December 2017: US\$603,629, between 1 April 2017 and 30 June 2017: US\$20,551) was charged by the Manager due to the Annual Buy Back Allowance being exceeded, none of which (31 December 2017: US\$nil, 30 June 2017: US\$20,551) remained payable at period end. The expense has been included in Management fees in the Unaudited Statement of Operations. As at 30 June 2018, the Company had 281,869 Sterling shares and 150,222 US Dollar shares remaining from the 2018 Annual Buy Back Allowance (31 December 2017: nil Sterling shares and nil US Dollar shares, 30 June 2017: 123,312 Sterling shares and nil US Dollar shares).

There are no fees charged by the Manager at the level of BHMS or any of its underlying funds.

In respect of the period ended 30 June 2018, the Manager charged the Company a total of US\$2,260,001 (31 December 2017: US\$6,196,942, 30 June 2017: US\$3,323,650) under the terms of the management agreement. At 30 June 2018, US\$369,303 (31 December 2017: US\$376,556, 30 June 2017: US\$394,157) of the fee remained outstanding.

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 increases or decreases 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.

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2018 to 30 June 2018

4. Management, Performance, and Administration Agreements (continued)

Performance fee (continued)

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 2018, US\$5,846,295 (31 December 2017: US\$807,374, 30 June 2017: US\$10,513) was charged as performance fees of which, US\$5,667,723 (31 December 2017: US\$830,823, 30 June 2017: US\$10,753) remained payable 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 £14.58 (Sterling shares) and US\$14.56 (US dollar shares)).

Of the total crystallised performance fee charged for the period, US\$13,828 (31 December 2017: US\$30,550, 30 June 2017: US\$527) related to share conversions and US\$41,870 (31 December 2017: US\$134,584, 30 June 2017: US\$9,986) 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 (2017: £21,000) 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.

During the period ended 30 June 2018, US\$78,661 (31 December 2017: US\$178,329, 30 June 2017: US\$90,842) was earned by the Administrator as administration fees. At 30 June 2018, US\$26,709 (31 December 2017: US\$40,784, 30 June 2017: US\$15,055) of the fee remained outstanding.

5. Directors' fees

During the period the Chairman was entitled to a fee of £150,000 per annum. John Hallam, as Chairman of the Audit Committee and Senior Independent Director, and Nicholas Moss, as Chairman of the Management Engagement Committee, were entitled to fees of £53,000 per annum and £43,000 respectively. All other Directors received £40,000 per annum. The Directors are also entitled to be reimbursed for expenses properly incurred in the performance of their duties as Directors.

As disclosed in note 13, with effect from 1 July 2018, John Hallam stood down from his positions as Chairman of the Audit Committee and Senior Independent Director, as such his director fee reduced to £40,000 per annum. Sally-Ann Farnon was appointed to the position of Chair of the Audit Committee and Graham Harrison as Senior Independent Director, increasing their respective fees to £50,000 and £43,000 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
Number of ordinary shares		
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)
In issue at 30 June 2018	2,830,902	19,737,930
Number of treasury shares		
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)
In issue at 30 June 2018	267,443	1,667,180
Total shares in issue	3,098,345	21,405,110
Percentage of class held as Treasury Shares	8.63%	7.79%

	US\$'000	£'000	Company Total US\$'000
Share capital account			
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
At 30 June 2018	–	163,526	372,401

	US Dollar shares	Sterling shares
Number of ordinary shares		
In issue at 1 January 2017	4,186,219	22,471,006
Share conversions	(830,786)	647,833
Purchase of own shares into Treasury	(350,991)	(2,771,968)
In issue at 31 December 2017	3,004,442	20,346,871
Number of treasury shares		
In issue at 1 January 2017	456,452	2,024,737
Shares purchased and held in treasury during the year:		
– On market purchases	350,991	2,771,968
Shares cancelled	(540,000)	(2,875,000)
In issue at 31 December 2017	267,443	1,921,705
Total shares in issue	3,271,885	22,268,576
Percentage of class held as Treasury Shares	8.17%	8.63%

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2018 to 30 June 2018

6. Share Capital (continued)

Issued and authorised share capital (continued)

	US\$'000	£'000	Company Total US\$'000
Share capital account			
At 1 January 2017	–	198,891	419,281
Share conversions	(11,968)	9,375	–
Purchase of own shares into Treasury	(4,493)	(36,466)	(51,792)
Transfer from realised investment reserve	16,461	–	16,461
At 31 December 2017	–	171,800	383,950

	US Dollar shares	Sterling shares
Number of ordinary shares		
In issue at 1 January 2017	4,186,219	22,471,006
Share conversions	(493,569)	390,585
Purchase of own shares into Treasury	(265,865)	(1,019,768)
In issue at 30 June 2017	3,426,785	21,841,823

Number of treasury shares

In issue at 1 January 2017	456,452	2,024,737
Shares purchased and held in treasury during the period:		
– On market purchases	265,865	1,019,768
Shares cancelled	(375,000)	(845,000)
In issue at 30 June 2017	347,317	2,199,505
Total shares in issue	3,774,102	24,041,328
Percentage of class held as Treasury Shares	9.20%	9.15%

	US\$'000	£'000	Company Total US\$'000
Share capital account			
At 1 January 2017	–	198,891	419,281
Share conversions	(7,015)	5,590	–
Purchase of own shares into Treasury	(3,394)	(13,209)	(20,188)
Transfer from realised investment reserve	10,409	–	10,409
At 30 June 2017	–	191,272	409,502

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.

6. Share Capital (continued)

Repurchase of ordinary shares

The Directors have been granted authority to purchase in the market up to 429,014 US Dollar shares, and 2,968,213 Sterling shares respectively and they intend to seek annual renewal of this authority from shareholders which was last granted on 22 June 2018. 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 22 June 2018 (the "AGM"), the Directors have the power to issue further shares on a non pre-emptive basis for cash in respect of 286,200 US Dollar shares, and 1,980,129 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.

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 Cayman Islands and foreign jurisdictions where the Company makes significant investments. The Company has no examinations by tax authorities in progress.

Notes to the Interim Unaudited Financial Statements *continued*

For the period from 1 January 2018 to 30 June 2018

7. Taxation (continued)

Uncertain tax positions (continued)

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 2018, the Company recorded an average discount to NAV of 7.48% and 7.42% for US Dollar shares and Sterling shares respectively (year to 31 December 2017: 9.20% and 9.60 % for US Dollar shares, and Sterling shares respectively and period to 30 June 2017: 9.05% and 9.94% 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, if required, to finance (inter alia) share buybacks pending receipt of the proceeds of redemption from its underlying investments. As at 30 June 2018 and 31 December 2017, there were no amounts outstanding under the Note Purchase Agreement, neither was any interest payable. As at 30 June 2017, an amount of US\$7,345,050 was utilised under the Note Purchase Agreement, with US\$16,018 of loan interest payable.

As disclosed in note 13, on 9 August 2018 the financing available under the Note Purchase Agreement with JP Morgan Chase Bank decreased from US\$5 million and £30 million to US\$2 million and £15 million respectively at the request of the Board.

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.

	01.01.18 to 30.06.18 US Dollar shares US\$	01.01.18 to 30.06.18 Sterling shares £
Per share operating performance		
Net asset value at beginning of the period	14.56	14.58
Income from investment operations		
Net investment loss ¹ (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 ²	(0.02)	0.03
Total return	0.85	0.81
Net asset value, end of the period	15.41	15.39
Total return before performance fees	7.35%	6.87%
Performance fees	(1.50%)	(1.34%)
Total return after performance fees	5.85%	5.53%

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.

	01.01.18 to 30.06.18 US Dollar shares US\$'000	01.01.18 to 30.06.18 Sterling shares £'000
Supplemental data		
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
Ratio to average net assets		
Operating expense		
Company expenses ³	0.68%	0.67%
Master Fund expenses ⁴	0.75%	0.75%
Performance fees	1.41%	1.28%
	2.84%	2.70%
Net investment loss¹	(0.37%)	(0.25%)

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2018 to 30 June 2018

11. Financial Highlights (continued)

	01.01.17 to 31.12.17 US Dollar shares	01.01.17 to 31.12.17 Sterling shares
Per share operating performance		
Net asset value at beginning of the year	14.19	14.33
Income from investment operations		
Net investment gain ¹ (excluding net realised and unrealised gains and losses on investments allocated from BHMS)	0.23	0.28
Net realised and unrealised gain/(loss) on investment	0.05	(0.18)
Other capital items ²	0.09	0.15
Total return	0.37	0.25
Net asset value, end of the year	14.56	14.58
Total return before performance fees	3.05%	1.91%
Performance fees	(0.46%)	(0.16%)
Total return after performance fees	2.59%	1.75%

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 2017. An individual shareholder's return may vary from these returns based on the timing of their purchases and sales of Shares.

	01.01.17 to 31.12.17 US Dollar shares US\$'000	01.01.17 to 31.12.17 Sterling shares £'000
Supplemental data		
Net asset value, end of the year	43,744	296,626
Average net asset value for the year	50,692	311,963

	01.01.17 to 31.12.17 US Dollar shares	01.01.17 to 31.12.17 Sterling shares
Ratio to average net assets		
Operating expense		
Company expenses ³	1.75%	1.70%
Master Fund expenses ⁴	1.15%	1.16%
Performance fees	0.40%	0.15%
	3.30%	3.01%
Net investment gain¹	1.57%	1.92%

11. Financial Highlights (continued)

	01.01.17 to 30.06.17 US Dollar shares US\$	01.01.17 to 30.06.17 Sterling shares £
Per share operating performance		
Net asset value at beginning of the period	14.19	14.33
Income from investment operations		
Net investment gain ¹ (excluding net realised and unrealised gains and losses on investments allocated from BHMS)	0.14	0.15
Net realised and unrealised loss on investment	(0.17)	(0.25)
Other capital items ²	0.10	0.06
Total return	0.07	(0.04)
Net asset value, end of the period	14.26	14.29

	01.01.17 to 30.06.17 US Dollar shares	01.01.17 to 30.06.17 Sterling shares
Total return before performance fees	0.48%	0.26%
Performance fees	(0.00%)	(0.01%)
Total return after performance fees	0.48%	0.27%

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 2017 to 30 June 2017. An individual shareholder's return may vary from these returns based on their timing of purchases and sales of Shares.

	01.01.17 to 30.06.17 US Dollar shares US\$'000	01.01.17 to 30.06.17 Sterling shares £'000
Supplemental data		
Net asset value, end of the period	48,871	312,117
Average net asset value for the period	55,007	318,558

	01.01.17 to 30.06.17 US Dollar shares	01.01.17 to 30.06.17 Sterling shares
Ratio to average net assets		
Operating expense		
Company expenses ³	0.94%	0.86%
Master Fund expenses ⁴	0.42%	0.42%
Performance fees	0.00%	0.00%
	1.36%	1.28%
Net investment gain¹	0.94%	1.06%

¹ The net investment (loss)/gain figure shown above does not include net realised and unrealised gains and losses on investments allocated from BHMS.

² 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.

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

⁴ Master Fund expenses are the allocated operating expenses of BHMS.

Notes to the Interim Unaudited Financial Statements continued

For the period from 1 January 2018 to 30 June 2018

12. Related Party Transactions

The Company has six 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 2018:

	US Dollar Shares	Sterling Shares
Sir Michael Bunbury	–	7,000
John Hallam	5,000	–
Graham Harrison	–	1,500
Sally-Ann Farnon	–	1,700
Julia Chapman	–	1,081
Nicholas Moss	–	839

13. Subsequent Events

Management has evaluated subsequent events up to 23 August 2018, which is the date that the Financial Statements were available to be issued.

With effect from 1 July 2018, John Hallam stood down from his positions as Chairman of the Audit Committee and Senior Independent Director. Sally-Ann Farnon was appointed to the position of Chair of the Audit Committee and Graham Harrison as Senior Independent Director.

On 9 August 2018, the financing available under the Note Purchase Agreement with JP Morgan Chase Bank decreased from US\$5 million and £30 million to US\$2 million and £15 million respectively at the request of the Board.

No other subsequent events have occurred.

Historical Performance Summary

As at 30 June 2018

	30.06.18* (Unaudited) US\$'000	31.12.17 (Audited) US\$'000	31.12.16 (Audited) US\$'000	31.12.15 (Audited) US\$'000
Net increase/(decrease) in net assets resulting from operations	16,405	41,032	(57,387)	(36,073)
Total assets	450,830	443,707	457,647	593,888
Total liabilities	(6,266)	(1,416)	(4,596)	(28,231)
Net assets	444,564	442,291	453,051	565,657
Number of shares in issue				
US Dollar shares	2,830,902	3,004,442	4,186,219	4,850,613
Sterling shares	19,737,930	20,346,871	22,471,006	25,161,387
Net asset value per share				
US Dollar shares	US\$15.41	US\$14.56	US\$14.19	US\$13.21
Sterling shares	£15.39	£14.58	£14.33	£13.44

* Covers the period from 1 January 2018 to 30 June 2018.

Notes

Notes

Notes

Management and Administration

Directors

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

John Hallam (Senior Independent Director until 1 July 2018)
(appointed 28 February 2008)

Julia Chapman
(appointed on 16 January 2017)

Graham Harrison
(Senior Independent Director from 1 July 2018)
(appointed 17 March 2010)

Nicholas Moss
(appointed 28 February 2008)

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

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

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