BREVAN HOWARD MACRO FX FUND LIMITED

BREVAN HOWARD

Monthly Investors Newsletter - As at close of business on 31-Mar-2010

ADV02064

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NAV: $503mm

Fund Summary

Brevan Howard Macro FX Fund ("BHMFX") is an open-ended UCITS III fund registered in Luxembourg. BHMFX trades Liquid OTC positions in major currency markets using discretionary macro-driven views.

Fund Performance[1,2,3]

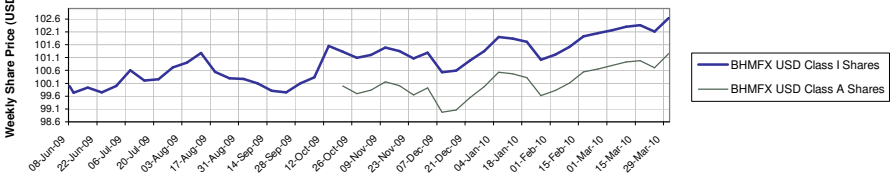
Brevan Howard Macro FX Fund Limited ("BHMFX") USD Class A Shares NAV Per Share % Change													
Year	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2009										-0.35	-0.29	0.93	0.29
2010	-0.61	0.79	0.79										0.96

Brevan Howard Macro FX Fund Limited ("BHMFX") USD Class I Shares NAV Per Share % Change - this class is not open to new subscriptions													
Year	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**YTD**
2009						-0.28	1.08	-0.67	-0.02	0.95	-0.21	0.81	1.65
2010	-0.57	0.79	0.76										0.97

Performance Statistics [1,2,3]	MTD (%)	QTD (%)	YTD (%)	12M (%)	LTD[4] (%)	ARR[5] (%)	Risk[6] (%)	Sharpe[7] (X)
BHMFX USD Class A Shares	0.79	0.96	0.96	1.25	1.25	2.86	3.38	0.78
BHMFX USD Class I Shares	0.76	0.97	0.97	2.64	2.64	3.27	2.96	1.02

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

BHMFX NAV Per Share [1,2,3]



PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Market and Fund Commentary

Any views expressed below are a summary of the investment views of the BHMFX's investment team as at 31 March 2010 and do not necessarily represent the "house view" of BHAM:

Market Commentary

March saw a general rise in investor risk appetite although there were some sharp fluctuations in market sentiment. In particular, concerns about the sovereign risks in the euro area initially receded following the Greek consolidation plan which had been endorsed by the European Commission at the end of February, but halfway through the month confidence fell again. This was driven, in part, by tension between Germany and France with respect to support for other EU countries. In addition, Fitch downgraded Portugal's credit rating. Although several uncertainties remain, some stability returned with a backstop plan involving the EU and IMF. Following the pause in rate hikes in February, the Reserve Bank of Australia returned to raising rates in March and indicated that rate rises will continue at a measured pace. The Reserve Bank of India also raised policy rates, which in this case caught the market somewhat by surprise. In the US, normalisation of the Fed's balance sheet continues although the prospect of policy rate rises remains more distant.

In line with increasing risk appetite, commodity-related and emerging market currencies rose during the month. The South African rand, Malaysian ringgit and Mexican peso were the strongest emerging market performers and the Canadian and Australian dollars were the strongest in the G10. The Japanese yen was the weakest major currency, reflecting concerns about deflation and the evolution of interest rate spreads although this was partially constrained until the end of the month by repatriation flows for the end of the tax year. The euro fluctuated in line with the Greek situation, finishing the month weaker overall. At the beginning of the month, sterling was one of the weakest currencies although it recovered into the month-end, particularly relative to the euro.

Underlying Views and Portfolio Performance

During March, the positioning of the BHMFX portfolio continued to reflect two different normalisation themes. The first theme holds long positions in growth-related currencies, offset by short positions in those currencies that benefit from excess liquidity. The second theme is short G3 currencies against emerging market and commodity-related currencies.

To a certain extent, the relative success and emphasis of the two themes is dependent on the variation of investor fears with respect to excessive monetary tightening and the sustainability of the global recovery. While clarity regarding these factors fluctuates, the BHMFX portfolio retains an increased emphasis on strategies that exploit shorter-term trading environments - this has been particularly successful in G10 currencies.

Attribution by Region

Attribution of Trading PnL by region[8,9]	
G10[10]	1.01%
Non G10	0.15%

Source: BHAM

Notes:

1. The performance of USD Class I shares is shown net of 1.25 per cent management fee annualised and 20 per cent performance fee over the benchmark of the Effective Fed Funds Overnight Rate.
This class is not open to new subscriptions.
2. The performance of USD Class A shares is shown net of 1.5 per cent management fee annualised and 20 per cent performance fee. Inception of Class A shares was 21 October 2009.
This class is open to new subscriptions.
3. Sources: BHAM and the administrator (J.P. Morgan Bank Luxembourg S.A.).
4. Since share class inception.
5. Annualised rate of return since share class inception, calculated by BHAM.
6. Annualised return standard deviation (daily share class returns since inception), calculated by BHAM.
7. Annualised excess return (over Federal Funds target rate)/annualised standard deviation of excess return (daily returns), since share class inception, calculated by BHAM.
8. BHMFX's monthly trading profits and losses ("P/L"), divided by BHMFX's average Net Asset Value during that month, calculated by BHAM.
9. Trading P/L differs from final P/L: trading P/L does not include returns from cash management, or deduction of performance and management fees, fund expenses and other accruals.
10. G10 currencies: USD, CAD, JPY, AUD, NZD, GBP, EUR, CHF, SEK, NOK.

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Market Exposure

FX Delta (%NAV)		
Long	Short	Gross
100.6%	-100.6%	201.1%

Ratio of Vega VaR over directional VaR[1]	6%
FX Carry Exposure (annualised, %NAV)[2]	0.48

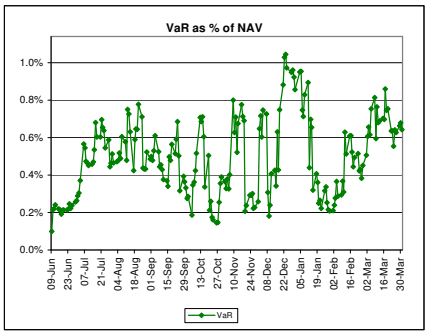
Value at Risk

Value at Risk (% NAV)[3]		
VaR	Limit	Utilization
0.65	1.50	43%

VaR by Geographic Region[4]	
Region	%
Western Europe	51%
Pacific	22%
North America	3%
Non Japan Asia	8%
Eastern Europe, ME and Africa	12%
Central and South America	4%
G10/non-G10 VaR breakdown[5]	
G10	76%
Non G10	24%

Region composition used in VaR breakdown	
Region	Underlying currencies
Central and South America	BRL, CLP, COP, MXN, PEN
Eastern Europe, ME and Africa	CZK, HUF, PLN, RON, RUB, TRY, UAH, ZAR
Non Japan Asia	CNY, HKD, IDR, INR, KRW, KZT, MYR, SGD, THB, TWD
North America	USD, CAD
Pacific	JPY, AUD, NZD
Western Europe	EUR, GBP, CHF, NOK, SEK, DKK

Historical VaR as % of NAV[3]



VaR - Accuracy of VaR Methodology[3]

BHAM checks the accuracy of its VaR methodology by monitoring the incidence of "VaR exceptions" (occurrences of daily portfolio losses greater than estimated VaR). Given that a 95% confidence interval is used, VaR exceptions should occur at a rate of 5%, unless today's market volatility is significantly different from the market volatility over the past two years (i.e. the period of the data set utilised). The selection of different confidence intervals may achieve different results, including a higher incidence of exceptions which exceed the VaR calculation.

Percentage of VaR exceptions since inception:	3.3%

Stress Tests and Simulations

Fx Stress test: worst single currency loss[6] (%NAV)	(3.7)

Historical Simulations (%NAV)		
Scenario	Period	Performance
Asian Crisis (1997)	07/10/97 - 13/10/97	(0.1)
Russia Deval - 5 Day	24/08/98 - 31/08/98	(1.3)
LTCM	03/08/98 - 30/11/98	(5.4)
Sep 2001	10/09/01 - 28/09/01	0.2
Feb07 - Flight to Quality	22/02/07 - 05/03/07	(0.6)
Credit Spread Widening - Jun/Jul07	18/06/07 - 30/07/07	0.2
Equity 5-day drop, Jan08	31/12/07 - 21/01/08	(0.3)
Lehman Bankruptcy	12/09/08 - 17/09/08	(1.5)

Notes:

The information above is derived using softwares provided by Murex and RiskMetrics.

1. Vega VaR is calculated by holding all non-volatility factors constant.
2. Total delta per currency weighted by the 12m forward rates differential to USD.
3. Calculated using historical simulation based on 1 day horizon, 95% confidence interval and a 2-year time window.
4. Geographic exposure is calculated by summing VaR by Currency across all the region's currencies. This total is subsequently normalized by the sum of VaR by Currency for all currencies in the fund.
5. G10 currencies: USD, CAD, JPY, AUD, NZD, GBP, EUR, CHF, SEK, NOK.
6. Calculated using the worst of a 10% appreciation/depreciation for G10 currencies, and of a 20% appreciation/depreciation for non-G10 currencies.

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