

**Performa Liquid Assets  
Fund Ltd.**

**Financial Statements and  
Independent Auditors' Report**

**December 31, 2016**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of  
Performa Liquid Assets Fund Ltd.

We have audited the accompanying financial statements of Performa Liquid Assets Fund Ltd. (the "Fund"), which comprise the statement of net assets, including the condensed schedule of investments, as at December 31, 2016, and the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

### Management responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in United States of America, this includes the design, implantation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2016 and the results of its operations and changes in its net assets for the year then ended in accordance with accounting principles generally accepted in United States of America.

*Deloitte Ltd.*

March 31, 2017

**PERFORMA LIQUID ASSETS FUND LTD.**  
**STATEMENT OF NET ASSETS**  
as at December 31, 2016  
*(Expressed in U.S. dollars)*

ASSETS

|   |                |
|---|----------------|
| Investments at fair value (amortized cost: \$164,937,089) | \$ 165,013,450 |
| Cash  | 18,235,855     |
| Accounts receivable                                       | 45,644         |
| Prepaid expenses  | 13,555         |
|   | 183,308,504    |

LIABILITIES

|                                       |         |
|---------------------------------------|---------|
| Other liabilities (Note 9)            | 515,000 |
| Subscriptions received in advance     | 85,000  |
| Management fee payable                | 48,917  |
| Accounts payable and accrued expenses | 14,813  |
|                                       | 663,730 |

NET ASSETS \$ 182,644,774

Class A Shares issued and outstanding (Note 3) 135,686,813

Net Asset Value per Class A Share \$ 1.00

Class B Shares issued and outstanding (Note 3) 46,957,961

Net Asset Value per Class B Share \$ 1.00

Approved on behalf of the Board:

\_\_\_\_\_  
Hugh Barit  
Director

\_\_\_\_\_  
Gary M. LeBlanc  
Director

*The accompanying notes form an integral part of these statements*

**PERFORMA LIQUID ASSETS FUND LTD.**  
**CONDENSED SCHEDULE OF INVESTMENTS**

as at December 31, 2016  
*(Expressed in U.S. dollars)*

| <b>Investments in securities, at fair value</b>                              | <b>Notional</b> | <b>Fair value<br/>\$</b> | <b>% of Net<br/>Assets</b> |
|--|-----------------|--------------------------|----------------------------|
| <b>Commercial Paper</b>  |                 |                          |                            |
| <b>United States</b>   |                 |                          |                            |
| Agencies   |                 | 8,799,001                | 4.82%                      |
| Financial  |                 | 34,086,488               | 18.66%                     |
| Industrial   |                 | 21,713,302               | 11.89%                     |
| Utility  |                 | 14,461,149               | 7.92%                      |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Total - United States (cost - \$79,025,033)</b>                           |                 | 79,059,940               | 43.29%                     |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Total - Commercial Paper (cost - \$79,025,033)</b>                        |                 | 79,059,940               | 43.29%                     |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Corporate Debt</b>  |                 |                          |                            |
| <b>United States</b>   |                 |                          |                            |
| Asset Backed Securities  |                 | 45,083,735               | 24.69%                     |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Total - United States (cost - \$45,057,445)</b>                           |                 | 45,083,735               | 24.69%                     |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Total - Corporate Debt (cost - \$45,057,445)</b>                          |                 | 45,083,735               | 24.69%                     |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Government Bond</b>   |                 |                          |                            |
| <b>United States</b>   |                 |                          |                            |
| US Treasury Bills 0.00%  |                 |                          |                            |
| Maturity 01/05/2017  | 10,000,000      | 9,999,778                | 5.47%                      |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Total - United States (cost - \$9,999,611)</b>                            |                 | 9,999,778                | 5.47%                      |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Total – Government Bond (cost - \$9,999,611)</b>                          |                 | 9,999,778                | 5.47%                      |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Variable Rate Demand Note</b>   |                 |                          |                            |
| <b>United States</b>   |                 |                          |                            |
| Municipal  |                 | 30,869,997               | 16.90%                     |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Total - United States (cost - \$30,855,000)</b>                           |                 | 30,869,997               | 16.90%                     |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Total – Variable Rate Demand Note (cost - \$30,855,000)</b>               |                 | 30,869,997               | 16.90%                     |
|  |                 | <hr/>                    | <hr/>                      |
| <b>Total investments in securities, at fair value (cost - \$164,937,089)</b> |                 | 165,013,450              | 90.35%                     |
|  |                 | <hr/> <hr/>              | <hr/> <hr/>                |

*The accompanying notes form an integral part of these statements*

**PERFORMA LIQUID ASSETS FUND LTD.**  
**STATEMENT OF OPERATIONS**  
for the year ended December 31, 2016  
*(Expressed in U.S. dollars)*

|  |            |
|--|------------|
| INCOME   |            |
| Interest income                                      | \$ 922,458 |
| <hr/>  |            |
| EXPENSES   |            |
| Management fees (Note 4)                             | 92,323     |
| Administration and office fees (Note 4)              | 64,131     |
| Custodian fees (Note 4)                              | 63,418     |
| Professional fees                                    | 26,640     |
| Miscellaneous fees                                   | 23,232     |
| Government fees                                      | 10,454     |
| <hr/>  |            |
| Total expenses                                       | 280,198    |
| <hr/>  |            |
| NET INVESTMENT INCOME                                | 642,260    |
| <hr/>  |            |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | \$ 642,260 |
| <hr/> <hr/>  |            |

*The accompanying notes form an integral part of these statements*

**PERFORMA LIQUID ASSETS FUND LTD.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended December 31, 2016  
*(Expressed in U.S. dollars)*

|   |                |
|---|----------------|
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS              | \$ 642,260     |
| <hr/>   |                |
| CAPITAL TRANSACTIONS  |                |
| Issuance of Shares  | 502,527,084    |
| Redemption of Shares  | (423,651,797)  |
| Dividends   | (642,260)      |
| <hr/>   |                |
| NET INCREASE IN NET ASSETS RESULTING<br>FROM CAPITAL TRANSACTIONS | 78,233,027     |
| <hr/>   |                |
| NET INCREASE IN NET ASSETS  | 78,875,287     |
| <hr/>   |                |
| NET ASSETS, BEGINNING OF YEAR                                     | 103,769,487    |
| <hr/>   |                |
| NET ASSETS, END OF YEAR   | \$ 182,644,774 |

*The accompanying notes form an integral part of these statements*

**PERFORMA LIQUID ASSETS FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

*(Expressed in U.S. dollars)*

1. THE FUND

Performa Liquid Assets Fund Ltd. (the “Fund”), was incorporated under the laws of Bermuda on March 21, 1997, as an open-ended limited liability investment company.

The Company is organized into distinct Sub-Funds. All income and capital gains earned on the assets of each Sub-Fund shall accrue to such Sub-Fund, as will all expenses and liabilities related to a particular Sub-Fund. Any redemption of the Shares related thereto shall be charged to and paid from the Sub-Fund in question. Thus, the trading results of any one Sub-Fund should have no effect on the value of any other Sub-Fund and the holders of any class of Share will not have any interest in any assets of the Company other than the Sub-Fund attributable to the class of Shares held by them. Each Sub-Fund, however, is not a separate legal entity, as such, the assets of each Sub-Fund may be subject to the general creditors of the Fund.

The Investment Advisors, P.R.P Performa Limited and Performa Limited (US), LLC (collectively the “Investment Advisor”), provide investment management advisory services to the Fund.

The objective of the Fund is to achieve income while attempting to limit investment risk by investing in a diversified portfolio of cash and near cash instruments.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting:

The financial statements have been prepared in conformity with accounting principles generally accepted in United States of America (“U.S. GAAP”). The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Fund is classified as an investment company as defined in Accounting Standards Update (“ASU”) 2013-08, Investment Companies (Topic 946): Amendments to the Scope, Measurement and Disclosure Requirements. The Fund applies the guidance set forth in Accounting Standards Codification (“ASC”) Topic 946, *Financial Services – Investment Companies* (“ASC 946”) in its financial statements and related notes.

b. Investments:

Trading activity is recorded on a settle date basis. Realized gains and losses on sales of securities are calculated using the first-in, first-out basis of accounting. During the year ended December 31, 2016 the Fund traded in commercial paper, corporate debt, U.S. treasuries, variable rate demand notes and overnight deposit vehicles.

**PERFORMA LIQUID ASSETS FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

*(Expressed in U.S. dollars)*

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b. Investments (cont'd):

All investments are recorded at amortized cost which approximates fair value due to their short-term nature. Premiums and discounts on investments purchased are amortized using the effective interest rate method and included in interest income in the statement of operations.

c. Cash:

Cash consists of cash balances held with the Custodian.

d. Investment income:

Interest is recorded on the accrual basis of accounting.

e. New accounting pronouncements:

For the year ended December 31, 2016, there were no recent accounting pronouncements that would significantly impact the financial statements of the Fund.

3. SHARE CAPITAL

The Fund's total authorized share capital is 12,000 Founder Shares with a par value of \$1.00 each and 2,000,000,000 Common Shares with a par value of \$0.01 each.

The Founder Shares are voting, non-redeemable and are not entitled to any dividends. The Founder shares have been issued to P.R.P. Performa Limited and are unpaid. The Participating Shares are non-voting, and are redeemable. Any number of classes of Common Shares can be issued as determined by the Directors of the Fund; All dividends paid on the Shares are reinvested in purchases of additional shares on a daily basis.

Effective July 1, 2007, the Performa Liquid Assets Fund (USD) Income Shares were renamed to Performa Liquid Assets Fund (USD) – Class A and the Performa Liquid Assets Fund (USD) – Class B was created. Both Class A and Class B shares were issued and outstanding during the year ended December 31, 2016.

Share transactions for the year ended December 31, 2016, we as follows:

| Class    | Shares at<br>December 31,<br>2015 | Issued      | Redeemed      | Shares at<br>December 31,<br>2016 |
|----------|-----------------------------------|-------------|---------------|-----------------------------------|
| Class A  | 103,769,487                       | 421,682,440 | (389,765,114) | 135,686,813                       |
| Class B* | -                                 | 80,844,644  | (33,886,683)  | 46,957,961                        |

\* Class B was funded September 1, 2016 through a transfer from Class A.



**PERFORMA LIQUID ASSETS FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

*(Expressed in U.S. dollars)*

4. MANAGEMENT, ADMINISTRATION AND CUSTODIAN FEES

Under the terms of the Fund's prospectus:

- a. The Investment Advisor is responsible for the investment of the Fund's assets. Management fees are calculated daily and paid quarterly, in arrears.

Effective September 1, 2016, the Investment Advisor earned no management fee on Class A. Effective February 16, 2016 the management fee earned was 0.10% per annum on the Fund's total assets. Prior to February 16, 2016, the management fee earned was 0.05% per annum on the Fund's total assets.

Effective September 1, 2016, the Investment Advisor earned a management fee on Class B of 0.10% on the Fund's total assets.

- b. STP Investment Services, Inc. (the "Administrator") provides services as the Administrator, Share Registrar and Transfer Agent for the Fund. For these services, the Administrator receives a share registrar and transfer agent fee, for each class within the Fund, of \$15,000 per annum and paid quarterly in arrears. In addition to this fee, Comerica Bank (the "Sub Administrator" or "Custodian") is entitled to receive administration fees calculated at the following rates:

0.04% per annum of the first US\$100 million  
0.02% per annum on the excess of US\$100 million

The administration fee is calculated on the Fund's total assets daily, and paid quarterly in arrears.

Prior to March 3, 2016, there was an investment management processing service agreement in place that allowed P.R.P. Performa Limited the right to participate in 40% of the Administrator's net taxable income. Effective March 3, 2016, a settlement and release agreement was signed and this right was no longer in effect.

- c. The Custodian is entitled to receive custody fees (separate from the administration fee) calculated at the following rates:

0.050% per annum on the first US\$100 million  
0.030% per annum on the next US\$200 million  
0.025% per annum on the excess of US\$300 million

The custodian fee is calculated on the Fund's total assets in custody and is paid quarterly in arrears.

**PERFORMA LIQUID ASSETS FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

*(Expressed in U.S. dollars)*

5. CREDIT RISK

In the normal course of business, the Fund manages a variety of risks including market risk, credit risk and liquidity risk.

Market risk is the potential for changes in the value of investments due to market changes, including interest and foreign exchange rate movements and fluctuations in security prices. Market risk is directly impacted by the volatility and liquidity in the markets in which the underlying assets are traded. The Fund manages its exposure to market risk related to trading instruments on an aggregate basis combining the effects of cash instruments and fixed income securities.

As at December 31, 2016, the custody of cash and cash equivalents and investments are with Comerica Bank. The Fund has all its individual counterparty concentration with Comerica Bank, which is based in the United States of America.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3: Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes observable requires significant judgment by the Investment Advisor. The Investment Advisor considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Investment Advisor's perceived risk of that instrument.

**PERFORMA LIQUID ASSETS FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

*(Expressed in U.S. dollars)*

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

Derivative instruments can be exchange-traded or privately negotiated over-the-counter (“OTC”). Exchange-traded derivatives, such as futures contracts, are typically classified within level 1 or level 2 of the fair value hierarchy depending on whether or not they are deemed to be actively traded.

OTC derivatives, including currency forwards, are valued using third party quotations which are calculated using straight line interpolation of mid forward points as reported by time zone close from the market on which the foreign currency primarily trades. Certain OTC derivatives, such as generic forwards, have inputs which can generally be corroborated by market data and are therefore classified within level 2.

Those OTC derivatives that have less liquidity or for which inputs are unobservable are classified within level 3. While the valuations of these less liquid OTC derivatives may utilize some level 1 and/or level 2 inputs, they also include other unobservable inputs which are considered significant to the fair value determination. At each measurement date, the Investment Advisor updates the level 1 and level 2 inputs to reflect observable inputs, though the resulting gains and losses are reflected within level 3 due to the significance of the unobservable inputs. There were no level 3 financial instruments held during the year or at year end.

The following table presents the financial instruments carried on the Statement of Net Assets by caption and by level within the valuation hierarchy as of December 31, 2016:

|                                  | <u>Level 1</u>      | <u>Level 2</u>        | <u>Level 3</u> | <u>Total</u>          |
|----------------------------------|---------------------|-----------------------|----------------|-----------------------|
| <b>Assets</b>                    |                     |                       |                |                       |
| <b>Commercial Paper</b>          |                     |                       |                |                       |
| Fixed income securities          |                     |                       |                |                       |
| Agencies                         | \$ -                | \$ 8,799,001          | \$ -           | \$ 8,799,001          |
| Financial                        | -                   | 34,086,488            | -              | 34,086,488            |
| Industrial                       | -                   | 21,713,302            | -              | 21,713,302            |
| Utility                          | -                   | 14,461,149            | -              | 14,461,149            |
| <b>Corporate Debt</b>            |                     |                       |                |                       |
| Asset Backed Securities          | -                   | 45,083,735            | -              | 45,083,735            |
| <b>Government Bond</b>           |                     |                       |                |                       |
| Treasury                         | 9,999,778           | -                     | -              | 9,999,778             |
| <b>Variable Rate Demand Note</b> |                     |                       |                |                       |
| Municipal                        | -                   | 30,869,997            | -              | 30,869,997            |
|                                  | <u>\$ 9,999,778</u> | <u>\$ 155,013,672</u> | <u>\$ -</u>    | <u>\$ 165,013,450</u> |

**PERFORMA LIQUID ASSETS FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

*(Expressed in U.S. dollars)*

7. TAXES

Under current laws, there are no income, profit, capital or capital gains taxes levied in Bermuda, and accordingly, no provision for such taxes has been recorded by the Fund. In the event that such taxes are levied, the Fund has received an undertaking from the Government of Bermuda exempting it from all such taxes until March 31, 2035.

Management has reviewed the Fund's tax positions for all open tax years and has concluded that no provision for uncertain tax positions is required in the Fund's financial statements as of December 31, 2016. Such open tax years remain subject to examination by tax authorities.

8. FINANCIAL HIGHLIGHTS

Financial highlights of the Fund for the year ended December 31, 2016 are as follows:

| Per share operating performance                 | Class A   | Class B** |
|---|-----------|-----------|
| Net asset value per share at beginning of year  | \$ 1.00   | \$ 1.00   |
| Net investment income                           | 0.00      | 0.00      |
| Less dividends                                  | 0.00      | 0.00      |
| Net realized and unrealized gain on investments | 0.00      | 0.00      |
| Net asset value per share at end of year        | \$ 1.00   | \$ 1.00   |
| <br>TOTAL RETURN:                               | <br>0.00% | <br>0.00% |
| <br>RATIO TO AVERAGE NET ASSETS:                |           |           |
| Expenses*                                       | 0.18%     | 0.24%     |
| Net investment income*                          | 0.44%     | 0.45%     |

\* Ratios to average net assets are annualized for period less than one year.

\*\* Class B started on September 1, 2016.

An individual investor's return may vary from these returns based on the timing of capital transactions.

**PERFORMA LIQUID ASSETS FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2016

*(Expressed in U.S. dollars)*

9. OTHER LIABILITIES

On December 29, 2016, \$515,000 was received by the Fund. Due to the Fund being closed to subscriptions for the remainder of the year the Fund recorded the cash received as other liabilities on the statement of net assets. This was for subscriptions of \$415,000 into other funds managed by the Investment Advisor and \$100,000 for a subscription into another fund. The \$515,000 was transferred to the other funds on January 4, 2017.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated up to the date of the audit report for recognition and disclosure, and determined that there were no material events that would require recognition or disclosure in the Fund's financial statement through that date.