

**Performa High Yield
Fund Ltd.**

**Financial Statements and
Independent Auditors' Report**

December 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of
Performa High Yield Fund Ltd.

We have audited the accompanying financial statements of Performa High Yield Fund Ltd. (the "Fund"), which comprise the statement of net assets, including the condensed schedule of investments, as at December 31, 2014, and the related statements of operations and changes in net assets for the year then ended.

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, and for such internal control as management determines is necessary to enable 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, the financial statements referred to above present fairly, in all material respects, the net assets of Performa High Yield Fund Ltd. as of December 31, 2014, 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, 2015

PERFORMA HIGH YIELD FUND LTD.
STATEMENT OF NET ASSETS
as at December 31, 2014
(Expressed in U.S. dollars)

ASSETS

Investments at fair value (cost: \$210,221,731)	\$ 203,893,978
Cash and cash equivalents	41,983,621
Accrued interest receivable	3,905,227
Derivative assets, at fair value	114,588
	249,897,414

LIABILITIES

Due to broker	242,362
Management fees payable	158,302
Accounts payable and accrued expenses	51,981
	452,645

NET ASSETS \$ 249,444,769

Accumulation Shares issued and outstanding (Note 3) 20,834,173

Net Asset Value per Accumulation Share \$ 11.97

Approved on behalf of the Board:

Hugh Barit
Director

Winston Robinson
Director

The accompanying notes form an integral part of these statements

PERFORMA HIGH YIELD FUND LTD.
CONDENSED SCHEDULE OF INVESTMENTS

as at December 31, 2014

(Expressed in U.S. dollars)

Investments in securities, at fair value	Fair value	% of Net
Corporate debt	\$	Assets
Australia		
Industrial	1,882,894	0.75%
Total – Australia (cost - \$2,208,813)	1,882,894	0.75%
Canada		
Industrial	14,191,513	5.69%
Total – Canada (cost - \$14,646,495)	14,191,513	5.69%
France		
Industrial	559,163	0.22%
Total – France (cost - \$563,938)	559,163	0.22%
Greece		
Industrial	774,200	0.31%
Total – Greece (cost - \$792,769)	774,200	0.31%
Ireland		
Industrial	980,681	0.39%
Total – Ireland (cost - \$965,000)	980,681	0.39%
Israel		
Industrial	1,890,688	0.76%
Total – Israel (cost - \$1,790,825)	1,890,688	0.76%
Japan		
Industrial	606,188	0.24%
Total – Japan (cost - \$614,575)	606,188	0.24%

The accompanying notes form an integral part of these statements

PERFORMA HIGH YIELD FUND LTD.
CONDENSED SCHEDULE OF INVESTMENTS

as at December 31, 2014

(Expressed in U.S. dollars)

	Fair value \$	% of Net Assets
Investments in securities, at fair value (cont'd)		
Corporate debt (cont'd)		
Luxembourg		
Industrial	8,737,326	3.50%
Total - Luxembourg (cost - \$9,280,022)	8,737,326	3.50%
Mexico		
Industrial	1,605,156	0.64%
Total - Mexico (cost - \$1,643,800)	1,605,156	0.64%
Netherlands		
Industrial	804,625	0.32%
Total - Netherlands (cost - \$793,875)	804,625	0.32%
United Kingdom		
Industrial	435,113	0.17%
Total - United Kingdom (cost - \$622,875)	435,113	0.17%
United States		
Financial	40,578,376	16.27%
Industrial	120,678,816	48.38%
Utility	10,169,239	4.07%
Total - United States (cost - \$176,231,958)	171,426,431	68.72%
Total – Corporate Debt (cost - \$210,221,731)	203,893,978	81.74%
Total investments in securities, at fair value (cost - \$210,221,731)	203,893,978	81.74%
Derivative assets, at fair value		
Forward Currency Contracts		
Euro	10,374	0.00%
British Pound	104,214	0.00%
Total derivative assets, at fair value	114,588	0.00%

The accompanying notes form an integral part of these statements

PERFORMA HIGH YIELD FUND LTD.
STATEMENT OF OPERATIONS
for the year ended December 31, 2014
(Expressed in U.S. dollars)

INCOME

Interest income	\$ 14,165,936
Dividend and other income	177,196
	14,343,132

Management fees (Note 4)	1,854,464
Administration fees (Note 4)	296,714
Custodian fees (Note 4)	62,941
Professional fees	46,169
Miscellaneous fees	7,138
	2,267,426

NET INVESTMENT INCOME	12,075,706
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REALIZED AND UNREALIZED GAIN ON INVESTMENTS

Net realized gain on investments and derivatives	572,482
Net realized gain on foreign currency transactions	490,679
Change in unrealized (depreciation) of investments and derivatives	(9,355,372)
	(8,292,211)

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 3,783,495
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The accompanying notes form an integral part of these statements

PERFORMA HIGH YIELD FUND LTD.
STATEMENT OF CHANGES IN NET ASSETS
for the year ended December 31, 2014
(Expressed in U.S. dollars)

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 3,783,495
CAPITAL TRANSACTIONS	
Issuance of Accumulation Shares	28,170,956
Redemption of Accumulation Shares	(8,724,347)
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NET INCREASE IN NET ASSETS RESULTING FROM CAPITAL TRANSACTIONS	19,446,609
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NET INCREASE IN NET ASSETS	23,230,104
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NET ASSETS, BEGINNING OF YEAR	226,214,665
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NET ASSETS, END OF YEAR	\$ 249,444,769
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The accompanying notes form an integral part of these statements

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

(Expressed in U.S. dollars)

1. THE FUND

Performa High Yield Fund Ltd. (the “Fund”) was incorporated under the laws of Bermuda on July 29, 2002. On October 1, 2005 the Fund, at the time known as MVI Investment Fund Ltd., redeemed all its issued shares and ceased trading. The Fund remained dormant until its re-launch on February 2, 2012, at which time the Fund changed its name from MVI Investment Fund Ltd. to Performa High Yield Fund Ltd.

The objective of the Fund is to achieve an above average rate of total return while attempting to limit investment risk by investing in a diversified portfolio of fixed income securities, investing primarily in high yield debt instruments of U.S. and non-U.S. issuers. An instrument is considered “High-Yield” if it is rated below investment grade by nationally recognized statistical rating organizations (NRSRO) such as S&P, Moody’s or Fitch.

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.

Effective January 1, 2014, the Fund adopted accounting principles generally accepted in the United States of America (“U.S. GAAP”). The adoption of U.S. GAAP had no impact on the net asset value or net assets of the Fund.

b. Investments:

Trading activity is recorded on a trade date basis. Securities that are listed on a national securities exchange are valued at their last sales prices on the date of valuation on the largest national securities exchange on which such securities have traded on such date. If no sales of such securities occurred on the date of valuation, the securities are valued at the “bid” price on the largest national securities exchange on which such securities are traded. The resulting unrealized appreciation and depreciation of securities is reflected in the statement of operations. Realized gains and losses on sales of securities are calculated using the first-in, first-out basis of accounting.

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

(Expressed in U.S. dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Cash and cash equivalents:

As at December 31, 2014, cash and cash equivalents includes an investment of \$41,983,621 in a money market fund which is managed by P.R.P. Performa Limited (the "Investment Advisor").

d. Investment income:

Interest is recorded on the accrual basis of accounting, except for securities in default for which interest is recognized on the cash basis.

e. New accounting standards:

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, Presentation of Financial Statements (Subtopic 205-40): Going Concern ("ASU 2014-15"). The update provides guidance on management's responsibility in evaluating whether there is substantial doubt about a Fund's ability to continue as a going concern and about the related disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a Fund's ability to continue as a going concern within one year from the date the financial statements are issued. ASU 2014-15 is effective for annual reporting periods ending after December 15, 2016. Management has reviewed the requirements of ASU 2014-15 and there will be no impact on the financial statements of the Fund.

3. SHARE CAPITAL

The authorized share capital of the Fund is divided into two classes of shares: 100 Ordinary Shares of a par value of \$0.01 and 100,000,000 redeemable Participating Shares with a par value of \$0.0001 each.

The Ordinary Shares are voting, non-redeemable and are not entitled to any dividends. The holder of the Ordinary Shares shall only be entitled to an amount equal to the par value of the Ordinary Shares in the event of a winding up or dissolution of the Fund. The Participating Shares are non-voting, and are redeemable.

Share transactions for the year ended December 31, 2014, we as follows:

Class	Shares at December 31, 2013	Issued	Redeemed	Shares at December 31, 2014
Accumulation Shares	19,241,611	2,302,682	(710,120)	20,834,173

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

(Expressed in U.S. dollars)

4. MANAGEMENT, ADMINISTRATION AND CUSTODIAN FEES

Under the terms of the Fund's prospectus:

- a. The Investment Advisor, an affiliated company, provides investment management and advisory services to the Fund. The Investment Advisor is responsible for the investment of the Fund's assets. The Investment Advisor earns an advisory fee equal to 0.75% per annum, calculated daily and paid quarterly in arrears. The Investment Advisor is related to the Fund by a common directorship.

The Investment Advisor has appointed Seix Investment Advisors LLC as the Fund's Sub Investment Advisor. The Sub Investment Advisor is paid a portion of the advisory fee.

- 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 an administration fee. The administration fee is calculated at a rate of 0.12% per annum, on the daily net asset value of the Fund and is paid quarterly in arrears.

Under the terms of an investment management processing service agreement between the Investment Advisor and the Administrator, the Investment Advisor has the right to participate in 40% of the Administrator's net taxable income as defined in the investment management processing service agreement. The Investment Advisor has no equity interest in the Administrator.

- c. Custodian

The custodian, Comerica Bank, is entitled to receive fees calculated at the following rates:

0.05% per annum on the first US\$100 million
0.03% per annum on the next US\$200 million
0.025% per annum on the excess of US\$300 million

The custodian fee is calculated daily and paid quarterly in arrears.

5. CONCENTRATION OF 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.

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

(Expressed in U.S. dollars)

5. CONCENTRATION OF CREDIT RISK (cont'd)

As at December 31, 2014, 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.

Transactions in OTC derivative contracts are entered into with major commercial and investment banks. Estimated credit risk exposure with respect to the Fund's outstanding OTC derivatives is \$114,588 as of December 31, 2014.

The following table identifies the fair value amounts of derivative instruments included in the Statement of Net Assets as derivative assets at fair value, categorized by primary underlying risk, as of December 31, 2014:

	Derivative Assets, at fair value	Number of contracts bought/sold during the year ended December 31, 2014
Foreign Currency Exchange Rate Risk		
Forward Currency contracts	\$114,588	54
	\$114,588	

The following table presents the impact of derivative financial instruments on the statement of operations, arranged by type of contract. The Fund did not designate any derivatives as hedging instruments for the year ended December 31, 2014.

Derivative Type	Net realized gain/loss on investment and foreign currency	Net change in unrealized gain/loss on investments and foreign currency
Forward Currency contracts	\$617,459	\$442,906

The following tables summarize the Fund's derivative assets subject to enforceable netting agreements:

Counterparty	Gross amounts not offset in the Statement of Assets and Liabilities					
	Gross amount of recognized assets	Gross amounts offset in financials	Net amounts of assets presented in financials	Financial instrument	Cash collateral received	Net Amount
A	\$ 139,082	(\$24,494)	\$ 114,588	\$ -	\$ -	\$114,588

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

(Expressed in U.S. dollars)

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 Trading Advisor. The Trading 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 Trading Advisor's perceived risk of that instrument.

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 Trading 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.

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

(Expressed in U.S. dollars)

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

The following table presents the financial instruments carried on the statement of assets and liabilities by caption and by level within the valuation hierarchy as of December 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in securities, at fair value				
Corporate debt				
Industrial	\$ -	\$153,146,363	\$ -	\$153,146,363
Financial	-	40,578,376	-	40,578,376
Utility	-	10,169,239	-	10,169,239
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ -</u>	<u>\$203,893,978</u>	<u>\$ -</u>	<u>\$203,893,978</u>
 Derivative assets, at fair value				
Forward currency contracts	\$ -	\$ 114,588	\$ -	\$ 114,588
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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.

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

(Expressed in U.S. dollars)

8. FINANCIAL HIGHLIGHTS

Financial highlights of the Fund for the years ended December 31, 2014 is as follows:

Per share operating performance

Net asset value per share at beginning of year	\$	11.76
Net investment income		0.59
Net realized and unrealized gain on investments		(0.38)
Net increase in net assets resulting from operations		0.21
Net asset value per share at end of year	\$	11.97
TOTAL RETURN:		1.84%
RATIO TO AVERAGE NET ASSETS:		
Expenses		0.91%
Net investment income		4.86%

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

9. 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.