

**Performa High Yield
Fund Ltd.**

**Financial Statements and
Independent Auditors' Report**

December 31, 2015

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, 2015, 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, 2015, 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, 2016

PERFORMA HIGH YIELD FUND LTD.
STATEMENT OF NET ASSETS
as at December 31, 2015
(Expressed in U.S. dollars)

ASSETS

Investments at fair value (cost: \$259,359,434)	\$ 235,459,203
Cash and cash equivalents	26,521,359
Cash pledged as collateral	5,454,960
Accrued interest receivable	4,861,605
	272,297,127

LIABILITIES

Due to broker	5,536,287
Management fees payable	165,992
Accounts payable and accrued expenses	45,070
Derivative liabilities, at fair value	18,124
	5,765,473

NET ASSETS	\$ 266,531,654
Accumulation Shares issued and outstanding (Note 3)	23,315,483
Net Asset Value per Accumulation Share	\$ 11.43

Approved on behalf of the Board:

Hugh Barit
Director

Gary M. LeBlanc
Director

The accompanying notes form an integral part of these statements

PERFORMA HIGH YIELD FUND LTD.
CONDENSED SCHEDULE OF INVESTMENTS
as at December 31, 2015
(Expressed in U.S. dollars)

Investments in securities, at fair value	Fair value	% of Net
Corporate debt	\$	Assets
Australia		
Industrial	739,406	0.28%
	<hr/>	<hr/>
Total – Australia (cost - \$820,565)	739,406	0.28%
	<hr/>	<hr/>
Canada		
Industrial	10,266,229	3.85%
	<hr/>	<hr/>
Total – Canada (cost - \$10,825,926)	10,266,229	3.85%
	<hr/>	<hr/>
France		
Industrial	536,963	0.20%
	<hr/>	<hr/>
Total – France (cost - \$563,938)	536,963	0.20%
	<hr/>	<hr/>
Ireland		
Industrial	1,995,000	0.75%
	<hr/>	<hr/>
Total – Ireland (cost - \$2,041,688)	1,995,000	0.75%
	<hr/>	<hr/>
Israel		
Industrial	1,930,963	0.72%
	<hr/>	<hr/>
Total – Israel (cost - \$1,790,825)	1,930,963	0.72%
	<hr/>	<hr/>
Liberia		
Industrial	1,318,500	0.49%
	<hr/>	<hr/>
Total – Liberia (cost - \$1,404,925)	1,318,500	0.49%
	<hr/>	<hr/>
Luxembourg		
Industrial	8,834,912	3.31%
	<hr/>	<hr/>
Total - Luxembourg (cost - \$11,227,383)	8,834,912	3.31%
	<hr/>	<hr/>

The accompanying notes form an integral part of these statements

PERFORMA HIGH YIELD FUND LTD.
CONDENSED SCHEDULE OF INVESTMENTS
as at December 31, 2015
(Expressed in U.S. dollars)

Investments in securities, at fair value (cont'd)	Fair value	% of Net
Corporate debt (cont'd)	\$	Assets
Malta		
Industrial	579,250	0.22%
Total - Malta (cost - \$692,874)	579,250	0.22%
Netherlands		
Industrial	4,329,757	1.62%
Total - Netherlands (cost - \$4,450,259)	4,329,757	1.62%
United Kingdom		
Industrial	416,663	0.16%
Total - United Kingdom (cost - \$622,875)	416,663	0.16%
United States		
Financial	38,200,976	14.33%
Industrial	142,460,534	53.45%
Utility	15,132,899	5.68%
Total - United States (cost - \$215,017,170)	195,794,409	73.46%
Total – Corporate Debt (cost - \$249,458,428)	226,742,052	85.07%
 Preferred Securities		
Luxembourg		
Industrial	86,782	0.03%
Total - Luxembourg (cost - \$331,720)	86,782	0.03%
United States		
Industrial	426,788	0.16%
Total – United States (cost - \$315,100)	426,788	0.16%
Total – Preferred Securities (cost - \$646,820)	513,570	0.19%

The accompanying notes form an integral part of these statements

PERFORMA HIGH YIELD FUND LTD.
CONDENSED SCHEDULE OF INVESTMENTS
as at December 31, 2015
(Expressed in U.S. dollars)

	Fair value	% of Net
	\$	Assets
Investments in securities, at fair value (cont'd)		
Common Stock		
United States		
Industrial	268,641	0.10%
Total – United States (cost - \$1,326,500)	268,641	0.10%
Total – Common Stock (cost - \$1,326,500)	268,641	0.10%
Exchange Traded Funds		
United States		
Index Fund	7,934,940	2.98%
Total – United States (cost - \$7,927,686)	7,934,940	2.98%
Total – Exchange Traded Funds (cost - \$7,927,686)	7,934,940	2.98%
Total investments in securities, at fair value (cost - \$259,359,434)	235,459,203	88.34%
Derivative assets, at fair value		
Forward Currency Contracts		
Euro	18,124	0.01%
Total derivative assets, at fair value	18,124	0.01%

The accompanying notes form an integral part of these statements

PERFORMA HIGH YIELD FUND LTD.
STATEMENT OF OPERATIONS
for the year ended December 31, 2015
(Expressed in U.S. dollars)

INCOME

Interest income	\$ 15,949,892
Other income	391,383
Dividend income	118,609
	<hr/>
	16,459,884
	<hr/>

EXPENSES

Management fees (Note 4)	1,985,752
Administration fees (Note 4)	321,342
Custodian fees (Note 4)	65,743
Professional fees	26,588
Miscellaneous fees	2,336
	<hr/>
	2,401,761
	<hr/>

NET INVESTMENT INCOME	14,058,123
	<hr/>

REALIZED AND UNREALIZED (LOSS) GAIN ON INVESTMENTS

Net realized loss on investments and derivatives	(9,380,256)
Net realized gain on foreign currency transactions	402,623
Change in unrealized depreciation of investments and derivatives	(17,702,776)
	<hr/>
	(26,680,409)
	<hr/>

NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (12,622,286)
	<hr/> <hr/>

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, 2015
(Expressed in U.S. dollars)

NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (12,622,286)
CAPITAL TRANSACTIONS	
Issuance of Accumulation Shares	65,790,459
Redemption of Accumulation Shares	(36,081,288)

NET INCREASE IN NET ASSETS RESULTING FROM CAPITAL TRANSACTIONS	29,709,171

NET INCREASE IN NET ASSETS	17,086,885
NET ASSETS, BEGINNING OF YEAR	249,444,769

NET ASSETS, END OF YEAR	\$ 266,531,654

The accompanying notes form an integral part of these statements

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

(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.

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 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, 2015

(Expressed in U.S. dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Cash and cash equivalents:

As at December 31, 2015, cash and cash equivalents includes an investment of \$26,521,359 in a money market fund which is managed by P.R.P. Performa Limited (the "Investment Advisor").

As at December 31, 2015 there was cash pledged as collateral in the amount of \$5,454,960 to be used for futures trading. There were no open futures contracts at year end.

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 January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which contains limited amendments to the guidance in U.S. GAAP on the classification and measurement of financial instruments. The new standard revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. ASU 2016-01 is effective for annual reporting periods beginning after December 15, 2018. Management has reviewed the requirements of ASU 2016-01 and is currently evaluating the 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, 2015, were as follows:

Class	Shares at December 31, 2014	Issued	Redeemed	Shares at December 31, 2015
Accumulation Shares	20,834,173	5,454,560	(2,973,250)	23,315,483

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015
(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 Performa Limited (US) LLC (an affiliated company) and Seix Investment Advisors LLC as the Fund's Sub Investment Advisors. The Sub Investment Advisors are paid a portion of the advisory fee.

- b. STP Investment Services, Inc. (the "Administrator") provides services as the Administrator, Share Registrar & 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, 2015

(Expressed in U.S. dollars)

5. CONCENTRATION OF CREDIT RISK (cont'd)

As at December 31, 2015, 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 \$Nil as of December 31, 2015.

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, 2015:

	Derivative Liabilities, at fair value
Foreign Currency Exchange Rate Risk	
Forward Currency contracts	\$18,124
	\$18,124

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, 2015.

Derivative Type	Net realized gain/(loss) on investment and foreign currency	Net change in unrealized gain/(loss) on investments and foreign currency	Number of contracts bought/sold during the year ended December 31, 2015
Forward Currency contracts	\$384,772	(\$132,712)	27

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

Counterparty	Investment type	Gross amount of recognized Liabilities	Gross amounts offset in financials	Gross amounts not offset in the Statement of Assets and Liabilities			
				Net amounts of recognized liabilities	Financial instrument	Cash collateral pledged	Net Amount
A	Forward Currency Contracts	\$ 18,124	\$ -	\$18,124	\$ -	\$ -	\$18,124

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

(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 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.

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.

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

(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, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in securities, at fair value				
Corporate debt				
Industrial	\$ -	\$ 173,408,177	\$ -	\$ 173,408,177
Financial	-	38,200,976	-	38,200,976
Utility	-	15,132,899	-	15,132,899
	<u>-</u>	<u>226,742,052</u>	<u>-</u>	<u>226,742,052</u>
Preferred Securities				
Industrial	-	513,570	-	513,570
Common Stock				
Industrial	268,641	-	-	268,641
Exchange Traded Funds				
Index Fund	7,934,940	-	-	7,934,940
	<u>\$ 8,203,581</u>	<u>\$ 227,255,622</u>	<u>\$ -</u>	<u>\$ 235,459,203</u>
Derivative Liabilities, at fair value				
Forward currency contracts	\$ -	\$ 18,124	\$ -	\$ 18,124

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, 2015. Such open tax years remain subject to examination by tax authorities.

PERFORMA HIGH YIELD FUND LTD.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015
(Expressed in U.S. dollars)

8. FINANCIAL HIGHLIGHTS

Financial highlights of the Fund for the year ended December 31, 2015 is as follows:

Per share operating performance

Net asset value per share at beginning of year	\$	11.97
		<hr/>
Net investment income		0.63
Net realized and unrealized loss on investments		(1.17)
		<hr/>
Net decrease in net assets resulting from operations		(0.54)
		<hr/>
Net asset value per share at end of year	\$	11.43
		<hr/> <hr/>
TOTAL RETURN:		(4.52)%
		<hr/> <hr/>
RATIO TO AVERAGE NET ASSETS:		
Expenses		0.90%
		<hr/> <hr/>
Net investment income		5.25%
		<hr/> <hr/>

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.