

**Performa International Convertible  
Bond Fund Ltd.**

**Financial Statements and  
Independent Auditors' Report**

**December 31, 2009**

## INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors  
of Performa International Convertible Bond Fund Ltd.

We have audited the accompanying statement of net assets of Performa International Convertible Bond Fund Ltd. (the "Fund"), including the schedule of investments, as at December 31, 2009, and the related statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's management. 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 Bermuda and Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2009 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 Bermuda and Canada.

**Deloitte + Touche**

March 30, 2010

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**STATEMENT OF NET ASSETS**  
as at December 31, 2009  
*(Expressed in U.S. dollars)*

	2009	2008
<b>ASSETS</b>		
Investments at fair value (cost: \$18,349,855 and \$110,700,698)	\$ 13,494,022	\$ 91,905,728
Cash and cash equivalents	3,629,245	24,963,971
Accrued interest receivable	54,219	361,345
Prepaid expenses	11,188	-
	17,188,674	117,231,044
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	21,113	59,128
Management fees payable	21,067	139,816
	42,180	198,944
<b>NET ASSETS</b>	<b>\$ 17,146,494</b>	<b>\$ 117,032,100</b>
Accumulation Shares issued and outstanding (Note 3)	9,064	70,567
Net Asset Value per Accumulation Share	<b>\$ 1,891.71</b>	<b>\$ 1,658.46</b>

Approved on behalf of the Board:



Hugh Barit  
Director



Shawn Murphy  
Director

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

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**SCHEDULE OF INVESTMENTS**  
as at December 31, 2009  
*(Expressed in U.S. dollars)*

**Investments**

Nominal	Fixed Income Securities	Fair Value
600,000	BES Finance Ltd. 1.25% 2/26/11	\$ 614,052
970,000	BGL SA 0.5% 2/9/11	925,865
640,000	Boston Properties LP 3.75% 5/15/36	648,442
530,000	ERP Operating 3.85% 8/15/26	530,069
747,000	Goldman Sachs International 1% 10/3/12	739,530
693,000	Intel Corporation 2.95% 12/15/35	672,161
500,000	Jefferies Group Inc. 3.88% 11/1/29	497,825
1,000,000	KCC Corporation 0% 10/30/12	1,011,745
3,094,000	Lehman Brothers Holdings 0.45% 12/27/13	495,040
3,105,000	Lehman Brothers Holdings 1.25% 6/13/12	496,800
900,000	Medtronic Inc. 1.63% 4/15/13	943,576
534,000	Nabors Industries Inc. 0.94% 5/15/11	521,336
620,000	Omnicom Group Inc. 0% 7/1/38	614,036
500,000	Rayonier TRS Holdings Inc. 4.5% 8/15/15*	575,070
492,000	STMicroelectronics 0% 2/23/16	511,828
910,000	Swedish Export Credit 1% 2/1/10	909,105
880,000	Swiss Re America Holding 3.25% 11/21/21	809,427
560,000	Transocean Inc. 1.5% 12/15/37	540,576
970,000	UBS AG Jersey Branch .35% 9/20/12	919,075
525,000	Washington REIT 3.88% 9/15/26	518,464
		\$ 13,494,022

\*Restricted security under Rule 144A of the Securities Act of 1933.

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

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**SCHEDULE OF INVESTMENTS**  
as at December 29, 2008  
*(Expressed in U.S. dollars)*

**Investments**

Nominal	Fixed Income Securities	Fair Value
3,000,000	Alumina Finance Ltd. 2% 5/16/13	\$ 1,875,000
2,256,000	Amgen Inc 0.13% 2/1/11	2,182,680
4,467,000	Amgen Inc 0.38% 2/1/13	4,249,234
5,150,000	Anglogold Holdings 2.38% 2/27/09	5,047,000
4,438,000	Archer Daniels Midland 0.88% 2/15/14	4,243,837
2,909,000	Carnival Corporation 1.13% 4/29/33	1,814,489
6,100,000	Deutsche Bank AG London 1% 9/20/12	6,050,590
3,502,000	Developers Diversified Realty Corp 3% 3/15/12*	1,453,330
3,226,000	EMC Corporation 1.75% 12/1/13	2,955,822
2,839,000	ERP Operating LP 3.85% 8/15/26	2,335,078
5,850,000	Fortis Banque Luxembourg 0.5% 2/9/11	4,919,850
3,114,000	Goldman Sachs International 1% 10/3/12	2,737,206
3,300,000	Hong Kong Land 2.75% 12/21/12	2,986,500
3,226,000	Intel Corp 2.95% 12/15/35	2,709,840
4,054,000	International Game Technology 2.6% 12/15/36*	3,810,760
3,700,000	KCC Corporation 0% 10/30/12*	3,160,723
3,094,000	Lehman Brothers Holdings Inc. 0.45% 12/27/13	317,135
3,105,000	Lehman Brothers Holdings Inc. 1.25% 6/13/12	318,262
3,161,000	Nabors Industries Inc. 0.94% 5/15/11	2,584,118
3,227,000	Omnicom Group Inc. 0% 7/31/32	3,097,920
3,520,000	Prologis 1.88% 11/15/37	1,412,400
5,995,000	Prudential Financial Inc. 3.52% 12/15/37*	5,673,069
2,918,000	Rayonier TRS Holdings Inc. 3.75% 10/15/12	2,465,710
5,358,000	STMicroelectronics NV 0% 2/23/16	4,988,223
6,440,000	Svensk Exportkredit AB 1% 2/1/10	6,307,980
*3,920,000	Swiss Re American Holdings Corp 3.25% 11/21/21	2,058,000
3,227,000	Transocean Inc. 1.5% 12/15/37	2,460,587
6,190,000	UBS AG / Jersey 2.23% 9/20/12	5,567,905
2,752,000	Washington REIT 3.88% 9/15/26	2,122,480
		<u>\$ 91,905,728</u>

\* Restricted Security under Rule 144A of the Securities Act of 1933.

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

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**STATEMENT OF OPERATIONS**  
for the year ended December 31, 2009  
*(Expressed in U.S. dollars)*

	2009	2008
<b>INCOME</b>		
Bond interest	\$ 841,683	\$ 2,046,110
Interest on cash and cash equivalents	36,962	592,003
	878,645	2,638,113
<b>EXPENSES</b>		
Management fees (Note 4)	327,815	654,833
Administration and office fees (Note 4)	53,106	94,942
Custodian fees (Note 4)	39,847	83,229
Professional fees	20,245	31,650
Miscellaneous fees	2,518	4,083
Government fees	4,314	3,675
	447,845	872,412
<b>NET INVESTMENT INCOME</b>	<b>430,800</b>	<b>1,765,701</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS</b>		
Net realized (loss) gain on investments (Note 6)	(3,841,682)	940,691
Change in unrealized appreciation (depreciation) of investments	13,939,137	(17,340,569)
	10,097,455	(16,399,878)
<b>NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 10,528,255</b>	<b>\$ (14,634,177)</b>

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

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended December 31, 2009  
*(Expressed in U.S. dollars)*

	2009	2008
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 10,528,255</u>	<u>\$(14,634,177)</u>
CAPITAL TRANSACTIONS		
Issuance of Nil and 23,957 Accumulation Shares	-	43,760,690
Redemption of 61,503 and 35,379 Accumulation Shares	<u>(110,413,861)</u>	<u>(63,306,998)</u>
NET DECREASE IN NET ASSETS RESULTING FROM CAPITAL TRANSACTIONS	<u>(110,413,861)</u>	<u>(19,546,308)</u>
NET DECREASE IN NET ASSETS	(99,885,606)	(34,180,485)
NET ASSETS, BEGINNING OF YEAR	<u>117,032,100</u>	<u>151,212,585</u>
NET ASSETS, END OF YEAR	<u>\$ 17,146,494</u>	<u>\$ 117,032,100</u>

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

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended December 31, 2009  
*(Expressed in U.S. dollars)*

1. THE FUND

Performa International Convertible Bond Fund Ltd. (the "Fund"), was incorporated under the laws of Bermuda on March 21, 1997, as an open-ended limited liability investment company.

The Fund is organized into distinct classes of shares. The Accumulation Share class was the only class of Common Share outstanding during the year ended December 31, 2009 and December 29, 2008.

The Fund seeks superior returns while providing liquidity in short-term, low risk, fixed income securities.

2. SIGNIFICANT ACCOUNTING POLICIES

Private enterprises are not required to apply the following Sections of the CICA Handbook: 1530, 3855, 3862, 3863 and 3865 which would otherwise have applied to the financial statements of the Company for the year ended December 31, 2009. The Company has elected to use this exemption and applies the requirements of Section 3860 and of Accounting Guideline 13 (AcG-13) of the CICA Handbook.

a. Basis of accounting:

The financial statements have been prepared in conformity with accounting principles generally accepted in Bermuda and Canada. 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.

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 INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended December 31, 2009  
*(Expressed in U.S. dollars)*

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Cash and cash equivalents:

As at December 31, 2009 and December 29, 2008, cash and cash equivalents consists of an investment of \$3,629,245 and \$24,963,971 respectively, 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.

e. New accounting framework:

The CICA has issued a new accounting framework applicable to Canadian private enterprises. Effective for fiscal years beginning on January 1, 2011, private enterprises will have to choose between International Financial Reporting Standards (IFRS) and GAAP for private enterprises, whichever suits them best. Early adoption of these standards is permitted. The Company currently plans to adopt the new accounting standards for private enterprises (for its fiscal year beginning on January 1, 2011), however the date of transition to the new standards and the impact of this transition have not yet been determined.

3. SHARE CAPITAL

The Fund's total authorized share capital is 12,000 Founder Shares with a par value of \$1.00 each and 10,000,000 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 and are unpaid. The Company has issued all of the Founder Shares to the Investment Advisor. The Common 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. Each class of Common Shares is further divided into Income Shares and Accumulation Shares. It is anticipated that Income Shares will receive dividends and that Accumulation Shares will receive no dividends. The Performa International Convertible Bond Fund (USD) Accumulation Shares is the only class of Common Shares outstanding at December 31, 2009 and December 29, 2008.

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended December 31, 2009  
*(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 from the Fund equal to 0.60% per annum, calculated daily and paid quarterly in arrears.

The Investment Advisor is related to the Fund by a common directorship.

- b. On September 30, 2009, Woodmont Management Ltd. (the "Administrator") began providing 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 0.08% on the first \$100 million and 0.04% in excess of \$100 million per annum, calculated daily and paid quarterly in arrears.

For the year ended December 29, 2008 and the period from January 1, 2009 to September 30, 2009, SS&C Technologies, Inc. ("SS&C") provided services as the Administrator, Share Registrar and Transfer Agent for the Fund. For these services, SS&C received an administration fee. The administration fee was calculated at a rate of 0.08% on the first \$100 million and 0.04% in excess of \$100 million per annum, calculated weekly and paid quarterly in arrears.

Out of the administration fee, a fee for accounting services is paid to STP Investments Services, Inc. based on the daily net asset value of the Fund and paid quarterly in arrears at a variable rate that does not exceed the administration fee described above.

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

0.088% per annum on the first \$100 million  
0.077% per annum on the next \$100 million  
0.055% per annum on the amount over \$200 million

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

5. CONCENTRATION OF CREDIT RISK

As at December 31, 2009 and December 29, 2008, 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.

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended December 31, 2009  
*(Expressed in U.S. dollars)*

6. NET REALIZED (LOSS) GAIN ON INVESTMENTS

The net realized (loss) gain on investments was as follows:

	2009	2008
Proceeds on sale of investments	\$ 92,692,837	\$ 74,281,575
Less cost of investments sold:		
Investments owned at beginning of year	110,700,698	127,356,286
Investments purchased during the year	4,183,676	56,685,296
Investments owned at end of year	(18,349,855)	(110,700,698)
Cost of investments sold during year	96,534,519	73,340,884
Net realized (loss) gain on investments	\$ (3,841,682)	\$ 940,691

7. FINANCIAL HIGHLIGHTS

Financial highlights of the Fund for the years ended December 31, 2009 and December 29, 2008 were as follows:

	2009	2008
Per share operating performance		
Net asset value per share at beginning of year	\$ 1,658.46	\$ 1,844.32
Net investment income	11.49	23.09
Net realized and unrealized gain (loss) on investments	221.76	(208.95)
Net increase (decrease) in net assets resulting from operations	233.25	(185.86)
Net asset value per share at end of year	\$ 1,891.71	\$ 1,658.46
TOTAL RETURN:	14.06%	(10.08)%

**PERFORMA INTERNATIONAL CONVERTIBLE BOND FUND LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended December 31, 2009  
*(Expressed in U.S. dollars)*

7. FINANCIAL HIGHLIGHTS (cont'd)

RATIO TO AVERAGE NET ASSETS:

Expenses	<u>0.68%</u>	<u>0.64%</u>
Net investment income	<u>0.66%</u>	<u>1.30%</u>

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

8. 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 28, 2016.