

**Performa Reserve Fund Ltd. –
Performa International Bond Fund
(USD)**

**Financial Statements and
Independent Auditors' Report**

December 29, 2008

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors
of Performa Reserve Fund Ltd. – Performa International Bond Fund (USD)

We have audited the accompanying statement of net assets of Performa Reserve Fund Ltd. – Performa International Bond Fund (USD) (the “Fund”), including the schedule of investments, as at December 29, 2008, 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 29, 2008 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 31, 2009

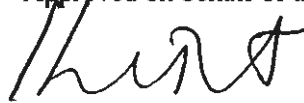
**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
STATEMENT OF NET ASSETS**

as at December 29, 2008

(Expressed in U.S. dollars)

	2008	2007
ASSETS		
Investments at fair value (cost: \$176,874,372 and \$51,036,488)	\$ 173,017,032	\$ 51,646,050
Cash and cash equivalents	18,755,786	7,733,328
Due from broker	16,531,945	-
Accrued interest receivable	1,536,664	611,047
Prepaid expenses	-	11,149
	<u>209,841,427</u>	<u>60,001,574</u>
LIABILITIES		
Subscriptions received in advance	158,580	-
Management fees payable	145,001	40,095
Accounts payable and accrued expenses	83,991	28,863
	<u>387,572</u>	<u>68,958</u>
NET ASSETS	<u>\$ 209,453,855</u>	<u>\$ 59,932,616</u>
Accumulation Shares issued and outstanding (Note 3)	<u>121,528</u>	<u>36,619</u>
Net Asset Value per Accumulation Share	<u>\$ 1,723.51</u>	<u>\$ 1,636.65</u>

Approved on behalf of the Board:



Hugh Barit
Director



Shawn Murphy
Director

The accompanying notes form an integral part of these statements

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
SCHEDULE OF INVESTMENTS**

as at December 29, 2008

(Expressed in U.S. dollars)

Investments

Nominal	Fixed Income Securities	Fair Value
		\$
124,000	Aid-Egypt 4.45% 9/15/15	135,864
2,548,000	Allstate Life Global Funding Trust 5.38% 4/30/13	2,492,900
2,023,000	American General Finance 4.88% 5/15/10	1,198,767
100,000	American International Group Inc 5.05% 10/1/15	68,715
2,374,000	Astrazeneca Plc 5.4% 9/15/12	2,520,680
2,331,000	Bank of America Corp 3.13% 6/15/12	2,406,946
2,800,000	Bank of America Corp 5.42% 3/15/17	2,507,621
2,037,000	Bank One Corp 5.25% 1/30/13	1,935,022
1,376,000	Bellsouth Corp 5.2% 9/15/14	1,349,720
102,000	Berkshire Hathaway 4.13% 1/15/10	102,993
2,453,000	Berkshire Hathaway 4.6% 5/15/13*	2,462,510
161,000	Berkshire Hathaway 4.75% 5/15/12	165,684
1,793,000	Bottling Group LLC 6.95% 3/15/14	1,916,950
2,355,000	BP Capital Markets Plc 5.25% 11/7/13	2,469,067
2,427,000	Burlington Resources Finance 6.68% 2/15/11	2,499,769
2,274,000	Cisco Systems 5.5% 2/22/16	2,435,245
4,721,000	Citigroup Inc 2.88% 12/9/11	4,847,192
122,000	Citigroup Inc 5.0% 9/15/14	107,841
1,152,000	Citigroup Inc 5.13% 5/5/14	1,087,550
2,538,000	Coca-Cola Co 5.35% 11/15/17	2,732,660
2,021,000	Credit Suisse USA Inc 5.25% 3/2/11	1,985,792
2,549,000	Deutsche Bank AG London 4.88% 5/20/13	2,512,187
2,274,000	Duke Energy 5.3% 10/1/15	2,393,012
1,377,000	E.I. Du Pont De Nemours 4.88% 4/30/14	1,364,926
2,548,000	E.ON Intl Finance 5.8% 4/30/18	2,408,436
2,500,000	ED&F Man Treasury Mgmt 1.06% 1/6/09	2,499,639
2,500,000	Erasmus Capital Corp 1.22% 1/2/09	2,499,639
6,860,000	Fannie Mae 3.25% 8/12/10	7,103,338
4,640,000	Federal Home Loan Bank 3.38% 10/20/10	4,823,767
500,000	Federal Home Loan Bank 4.63% 2/18/11	535,208
6,885,000	Freddie Mac 3.25% 7/16/10	7,113,830
4,653,000	Freddie Mac 4.13% 9/27/13	5,026,008
1,370,000	Freddie Mac 6.2% 6/26/17	1,400,029
2,927,000	General Electric Capital Corp 5.88% 2/15/12	3,012,837
2,469,000	Genworth Global Funding 5.13% 3/15/11	1,730,952
2,016,000	Glaxosmithkline Cap Inc 5.65% 5/15/18	2,136,158
691,000	Goldman Sachs Group 5.75% 10/1/16	629,471
2,360,000	Hewlett-Packard Co 6.13% 3/1/14	2,520,355
2,431,000	HSBC Capital Funding LP 4.61% 6/27/13*	1,321,832
150,000	Household Finance Corp 4.13% 11/16/09	148,511
98,000	Household Finance Corp 5.88% 2/1/09	97,970

The accompanying notes form an integral part of these statements

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
SCHEDULE OF INVESTMENTS**

as at December 29, 2008

(Expressed in U.S. dollars)

Investments (cont'd)

Nominal	Fixed Income Securities	Fair Value
2,374,000	IBM Corp 5.7% 9/14/17	2,541,744
887,000	Interamer Dev Bk 8.4% 9/1/09	928,343
1,304,000	International Lease Finance Corp 5.75% 6/15/11	949,321
1,412,000	John Deere Capital Corp 2.88% 6/19/12	1,457,862
1,411,000	JP Morgan Chase & Co 2.13% 6/22/12	1,402,094
147,000	JP Morgan Chase & Co 5.25% 5/1/15	139,616
250,000	Lehman Brothers Holdings 4.5% 7/26/10	25,625
556,000	Lehman Brothers Holdings 5.72% 7/18/11	52,820
100,000	Merck & Co Inc 4.75% 3/1/15	99,499
2,361,000	Morgan Stanley 3.25% 12/1/11	2,449,292
1,325,000	Morgan Stanley 5.32% 1/18/11	1,127,702
2,959,000	Morgan Stanley 6.75% 4/15/11	2,909,635
141,000	Natural Rural Utilities 5.75% 8/28/09	141,812
142,000	Pepsi Bottling 5.63% 2/17/09*	142,709
2,276,000	Pepsico Inc 5% 6/1/18	2,345,113
2,007,000	Philip Morris Intl Inc 4.88% 5/16/13	2,004,935
2,352,000	PNC Funding Corp 2.3% 6/22/12	2,360,978
2,030,000	Pricoa Global Funding I 5.4% 10/18/12*	1,882,616
1,394,000	Procter & Gamble Co 4.6% 1/15/14	1,437,998
1,025,000	RBS Capital Trust III 5.51% 9/30/14	411,765
2,347,000	Regions Bank 3.25% 12/9/11	2,427,256
1,618,000	SBC Communications 4.13% 9/15/09	1,618,890
100,000	Southtrust Corp 5.8% 6/15/14	89,953
143,000	Temasek Financial Ltd 4.5% 9/21/15*	142,876
300,000	TIAA Global Markets 5.13% 10/10/12*	301,817
20,986,343	US Treasury Inflation Protected Security 1.38% 7/15/18	19,909,152
2,536,000	United Technologies Corp 4.88% 5/1/15	2,490,464
12,831,000	US Treasury Notes 1.5% 10/31/10	13,019,462
9,854,000	US Treasury Notes 2% 11/30/13	10,155,779
2,361,000	Verizon Wireless 7.38% 11/15/13	2,506,083
2,029,000	Wachovia Capital Trust I 5.8% 3/15/11	1,176,820
266,000	Wal-Mart Stores 4.5% 7/1/15	271,555
1,707,000	Wal-Mart Stores Inc 5.8% 2/15/18	1,905,328
940,000	Walt Disney Company 4.5% 12/15/13	950,394
150,000	Wells Fargo Financial Inc 4.88% 1/12/11	149,920
2,376,000	Wells Fargo Financial Inc 5.5% 8/1/12	2,382,211
		\$ 173,017,032

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

The accompanying notes form an integral part of these statements

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
SCHEDULE OF INVESTMENTS**
as at December 27, 2007
(Expressed in U.S. dollars)

Investments

Nominal	Fixed Income Securities	Fair Value
574,000	American General Finance 4.88% 5/15/10	\$ 574,906
807,000	American Honda Finance 3.85% 11/6/08*	800,259
691,000	Bank One Corp 5.25% 1/30/13	683,776
1,152,000	Citigroup Inc 5.3% 10/17/12	1,158,098
869,000	Credit Suisse USA Inc. 5.25% 3/2/11	883,053
1,357,000	Fannie Mae 5.55% 12/29/10	1,357,035
1,370,000	Freddie Mac 6.2% 6/26/17	1,409,900
2,804,000	General Electric Corp 5.88% 2/15/12	2,903,332
973,000	Genworth Global Funding 5.13% 3/15/11	978,281
691,000	Goldman Sachs Group 5.75% 10/1/16	693,258
1,147,000	HSBC Capital Funding LP 4.61% 6/27/13*	1,026,159
716,000	Interamerican Development Bank 8.4% 9/1/09	766,878
552,000	International Lease Finance Corp 5.75% 6/15/11	555,469
556,000	Lehman Brothers Holdings 5.72% 7/18/11	527,225
438,000	Morgan Stanley 5.32% 1/18/11	423,920
2,959,000	Morgan Stanley 6.75% 4/15/11	3,075,218
801,000	Pepsico 5.15% 5/15/12	818,215
1,152,000	Pricoa Global Funding I 5.4% 10/18/12	1,186,265
1,025,000	RBS Capital Trust III 5.51% 9/30/14	922,047
837,000	SBC Communications 4.13% 9/15/09	828,355
7,148,539	US Treasury Inflation Protected Security 2.5% 7/15/16	7,550,087
9,412,000	US Treasury Note 4.25% 9/30/12	9,662,744
6,934,000	US Treasury Note 4.25% 11/15/17	6,961,625
521,000	US Treasury Note 4.75% 2/15/10	537,241
4,776,000	US Treasury Note 4.88% 1/31/09	4,853,237
573,000	Wachovia Capital Trust I 5.8% 3/15/11	509,467
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		\$ 51,646,050

* Restricted securities under Rule 144A of the Securities Act of 1933

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**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
STATEMENT OF OPERATIONS
for the year ended December 29, 2008
(Expressed in U.S. dollars)**

	2008	2007
INCOME		
Bond interest	\$ 5,287,915	\$ 2,330,457
Interest on cash and cash equivalents	339,095	338,576
	<u>5,627,010</u>	<u>2,669,033</u>
EXPENSES		
Management fees (Note 4)	418,761	138,094
Custodian fees (Note 4)	103,945	36,638
Administration and office fees (Note 4)	98,574	42,048
Professional fees	26,860	20,906
Miscellaneous fees	4,083	327
Government fees	3,675	5,030
	<u>655,898</u>	<u>243,043</u>
NET INVESTMENT INCOME	<u>4,971,112</u>	<u>2,425,990</u>
REALIZED AND UNREALIZED GAIN ON INVESTMENTS		
Net realized gain on investments (Note 6)	6,510,340	262,393
Change in unrealized (depreciation) appreciation of investments	(4,466,902)	680,408
	<u>2,043,438</u>	<u>942,801</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u><u>\$ 7,014,550</u></u>	<u><u>\$ 3,368,791</u></u>

The accompanying notes form an integral part of these statements

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
STATEMENT OF CHANGES IN NET ASSETS**
for the year ended December 29, 2008
(Expressed in U.S. dollars)

	2008	2007
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 7,014,550	\$ 3,368,791
CAPITAL TRANSACTIONS		
Issuance of 103,005 and 18,943 Accumulation Shares	172,624,960	29,548,871
Redemption of 18,096 and 4,830 Accumulation Shares	(30,118,271)	(7,681,352)
NET INCREASE IN NET ASSETS RESULTING FROM CAPITAL TRANSACTIONS	142,506,689	21,867,519
NET INCREASE IN NET ASSETS	149,521,239	25,236,310
NET ASSETS, BEGINNING OF YEAR	59,932,616	34,696,306
NET ASSETS, END OF YEAR	\$ 209,453,855	\$ 59,932,616

The accompanying notes form an integral part of these statements

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
NOTES TO THE FINANCIAL STATEMENTS**
for the year ended December 29, 2008
(Expressed in U.S. dollars)

1. THE FUND

Performa Reserve Fund Ltd. – (the “Company”), was incorporated under the laws of Bermuda on March 21, 1997, as an open-ended limited liability investment company. The year end of the Company is the last Thursday in December.

The Company is organized into distinct classes of shares. Performa Reserve Fund Ltd. – Performa International Bond Fund (USD) (the “Fund”) is a share class of the Company and was the only share class of the Company outstanding during the years ended December 29, 2008 and December 27, 2007.

The Fund seeks to provide long-term capital accumulation through an optimized mix of international markets and investment grade securities while maintaining a relatively short duration, which will not exceed seven years.

2. SIGNIFICANT ACCOUNTING POLICIES

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 RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
NOTES TO THE FINANCIAL STATEMENTS**
for the year ended December 29, 2008
(Expressed in U.S. dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Cash and cash equivalents:

Cash and cash equivalents consist of cash held at bank, deposits with original maturities of less than 90 days and money market funds. As at December 29, 2008 and as at December 27, 2007 the Fund had an investment of \$18,755,786 and \$7,733,328 respectively, in a money market fund, which is included in cash and cash equivalents. The money market fund is managed by the P.R.P Performa Limited (the "Investment Advisor").

d. Investment income:

Interest is recorded on the accrual basis of accounting.

e. New accounting standards:

As new financial instruments standards will be included in the proposed set of GAAP standards for private enterprises presently under development by the Canadian Institute of Chartered Accountants (CICA), the CICA has decided that private enterprises will not be required to apply the following Sections of the CICA Handbook: 1530, Comprehensive Income, 3855, Financial Instruments – Recognition and Measurement, 3862, Financial Instruments – Disclosures, 3863, Financial Instruments – Presentation and 3865, Hedges, which would otherwise have applied to the financial statements of the Fund for the year ended December 31, 2008. The Fund has elected to use this exemption and applies the requirements of Section 3860, Financial Instruments – Disclosure and Presentation, and of Accounting Guideline 13 (AcG-13) of the CICA Handbook.

3. SHARE CAPITAL

The Company'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 P.R.P. Performa Limited (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 receive no dividends. The Performa International Bond Fund (USD) Accumulation Shares is the only class of Common Shares outstanding at December 29, 2008 and December 27, 2007.

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
NOTES TO THE FINANCIAL STATEMENTS**
for the year ended December 29, 2008
(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 0.30% per annum, calculated weekly and paid quarterly in arrears.

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

- b. SS&C Technology, 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 0.08% on the first \$100 million and 0.04% in excess of \$100 million per annum, calculated weekly and paid quarterly in arrears.
- 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 weekly and paid quarterly in arrears.

5. CONCENTRATION OF CREDIT RISK

As at December 29, 2008 and December 27, 2007, 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 RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
NOTES TO THE FINANCIAL STATEMENTS**
for the year ended December 29, 2008
(Expressed in U.S. dollars)

6. NET REALIZED LOSS ON INVESTMENTS

The net realized gain on investments was as follows:

	2008	2007
Proceeds on sale of investments	\$ 564,472,500	\$ 58,250,212
Maturities during year	61,066,000	13,000,000
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Proceeds on investments sold/maturities	625,538,500	71,250,212
	<hr/>	<hr/>
Less cost of investments sold:		
Investments owned at beginning of year	51,036,488	34,162,338
Investments purchased during the year	744,866,044	87,861,969
Investments owned at end of year	(176,874,372)	(51,036,488)
	<hr/>	<hr/>
Cost of investments sold during year	619,028,160	70,987,819
	<hr/>	<hr/>
Net realized gain on investments	<u>\$ 6,510,340</u>	<u>\$ 262,393</u>

7. FINANCIAL HIGHLIGHTS

Financial highlights of the Fund for the year ended December 29, 2008 and December 27, 2007 are as follows:

	2008	2007
Per share operating performance		
Net asset value per share at beginning of year	\$ 1,636.65	\$ 1,541.70
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Net investment income	52.37	71.22
Net realized and unrealized gain on investments	34.49	23.29
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Net increase in net assets resulting from operations	86.86	94.95
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Net asset value per share outstanding at end of year	<u>\$ 1,723.51</u>	<u>\$ 1,636.65</u>

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
NOTES TO THE FINANCIAL STATEMENTS**
for the year ended December 29, 2008
(Expressed in U.S. dollars)

7. FINANCIAL HIGHLIGHTS

	2008	2007
TOTAL RETURN:	<u>5.31%</u>	<u>6.16%</u>
RATIO TO AVERAGE NET ASSETS:		
Expenses	<u>0.41%</u>	<u>0.45%</u>
Net investment income	<u>3.13%</u>	<u>4.51%</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.