

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

**Financial Statements and
Independent Auditors' Report**

December 31, 2012

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 financial statements of Performa Reserve Fund Ltd. – Performa International Bond Fund (USD) (the “Fund”), which comprise the statement of net assets, including the schedule of investments, as at December 31, 2012, 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 Bermuda and Canada, 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 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. The procedures selected depend on the auditors' 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 auditors consider 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2012 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 Ltd.

March 28, 2013

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
STATEMENT OF NET ASSETS**
as at December 31, 2012
(Expressed in U.S. dollars)

	2012	2011
ASSETS		
Investments at fair value (cost: \$552,289,667 and \$500,867,788)	\$ 566,052,673	\$ 516,624,522
Cash and cash equivalents	2,733,327	9,468,790
Accrued interest receivable	3,500,136	4,150,026
Prepaid expenses	2,000	2,000
	<u>572,288,136</u>	<u>530,245,338</u>
LIABILITIES		
Management fees payable	149,818	132,359
Accounts payable and accrued expenses	125,571	146,094
	<u>275,389</u>	<u>278,453</u>
NET ASSETS	<u>\$ 572,012,747</u>	<u>\$ 529,966,885</u>
Accumulation Shares issued and outstanding (Note 3)	<u>273,822</u>	<u>264,826</u>
Net Asset Value per Accumulation Share	<u>\$ 2,088.99</u>	<u>\$ 2,001.19</u>

Approved on behalf of the Board:



Hugh Barit
Director



Winston Robinson
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 31, 2012
(Expressed in U.S. dollars)

Investments at fair value

Nominal	Fixed Income Securities	Fair Value
3,585,000	ABB Finance USA Inc 2.875% 05/08/2022	\$ 3,652,406
1,113,333	AESOP LLC 5.680% 2/20/2014	1,129,685
6,385,000	AESOP 2.370% 11/20/2014	6,550,611
124,000	Aid-Egypt 4.450% 09/15/2015	137,056
2,458,000	Allstate Life Global Funding Trusts 5.375% 04/30/2013	2,496,689
1,754,200	Ally Auto Receivables Trust 2009-A 3.000% 10/15/2015	1,755,597
1,000,000	Ally Master Owner Trust 2010-1 1.959% 01/15/2015	1,000,489
4,650,000	American Express Credit Corp 2.750% 09/15/2015	4,868,378
3,725,000	American International Group Inc 3.800% 03/22/2017	4,019,096
100,000	American International Group Inc 5.050% 10/01/2015	110,089
3,600,000	Amgen Inc 3.450% 10/01/2020	3,837,388
3,975,000	AT&T Inc 2.500% 08/15/2015	4,142,272
1,345,000	BA Credit Card Trust 2006 0.221% 05/16/2016	1,344,639
3,629,000	Bank of America Merrill Lynch Commercial Mortgage Inc 4.580% 11/10/2038	3,782,041
928,346	Bank of America Commercial Mortgage Trust 2007-2 5.584% 04/10/2049	1,002,513
4,250,000	Bank of America Corp 5.750% 12/01/2017	4,925,546
5,380,000	Bank of Nova Scotia 2.150% 08/03/2016	5,640,779
3,705,000	BAT International Finance Plc 3.250% 06/07/2022	3,851,166
2,990,000	BellSouth Corp 5.200% 09/15/2014	3,208,710
3,175,000	Berkshire Hathaway Finance Corp 4.600% 05/15/2013	3,224,702
5,475,000	Berkshire Hathaway Finance Corp 5.400% 05/15/2018	6,562,789
3,575,000	BHP Billiton Finance USA Ltd 1.625% 02/24/2017	3,652,735
3,650,000	BlackRock Inc 4.250% 05/24/2021	4,095,358
2,307,000	Bottling Group LLC 6.95% 03/15/2014	2,479,511
10,358,000	Capital One Multi-Asset Execution Trust 2006-B1 0.481% 01/15/2019	10,178,819
1,973,000	CDP Financial Inc 3.000% 11/25/2014	2,062,318
2,986,000	Cellco Partnership/Verizon Wireless Capital LLC 7.375% 11/15/2013	3,154,685
3,200,000	Cisco Systems Inc 3.150% 03/14/2017	3,478,563
6,750,000	Citibank Omni Master Trust 2009 4.900% 11/15/2018	7,274,067
3,585,000	Citigroup Inc 4.450% 01/10/2017	3,967,616
122,000	Citigroup Inc 5.000% 09/15/2014	128,261
5,720,000	Commonwealth Bank Australia 2.700% 11/25/2014	5,959,147
1,516,000	Commercial Mortgage Pass Through Certificates 2012 0.673% 12/10/2045	1,514,401
4,500,000	ConocoPhillips Co 1.050% 12/15/2017	4,487,144
4,775,000	Credit Suisse New York 5.000% 05/15/2013	4,854,203
1,809,479	Credit Suisse First Boston Mortgage Securities Corp 4.801% 03/15/2036	1,814,223
2,200,000	Daimler Finance North America LLC 3.875% 09/15/2021	2,379,309
3,399,000	Deutsche Bank AG London 4.875% 05/20/2013	3,452,239
4,000,000	Deutsche Bank AG London 6.000% 09/01/2017	4,789,368
3,725,000	DIRECTV Holdings LLC 2.400% 03/15/2017	3,813,037
936,397	DT Auto Owner Trust 2011-3A 1.400% 08/15/2014	938,053
3,006,000	Duke Energy Carolinas LLC 5.300% 10/01/2015	3,384,206

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

as at December 31, 2012

(Expressed in U.S. dollars)

Investments at fair value (cont'd)

Nominal	Fixed Income Securities	Fair Value
3,006,000	E.I. du Pont de Nemours & Co 4.875% 04/30/2014	\$ 3,176,299
3,429,000	Electricite de France 5.500% 01/26/2014	3,601,108
4,442,000	Exelon Generation Co LLC 4.250% 06/15/2022	4,647,962
3,440,000	Fannie Mae 1.125% 06/27/2014	3,483,643
6,480,000	Fannie Mae 3.000% 09/16/2014	6,778,255
12,153,149	Fannie Mae-Aces 2012-M2 2.590% 02/25/2022	12,622,081
2,620,000	Ford Credit Auto Owner Trust 2010-B 2.540% 02/15/2016	2,704,052
6,064,000	Freddie Mac 5.000% 07/15/2014	6,503,028
536,617	Greenwich Capital Commercial Fund Corp 2005-GG5 5.117% 04/10/2037	536,617
3,600,000	General Electric Capital Corp/LJ VP Holdings LLC 3.800% 06/18/2019	3,843,924
1,750,000	General Electric Capital Corp 2.150% 01/09/2015	1,794,275
1,311,000	General Electric Capital Corp 3.750% 11/14/2014	1,381,388
2,800,000	General Electric Capital Corp 6.000% 08/07/2019	3,399,724
4,007,000	GlaxoSmithKline Capital Inc 5.650% 05/15/2018	4,870,348
4,940,000	Goldman Sachs Group Inc 5.750% 10/01/2016	5,614,769
3,650,000	Google Inc 3.625% 05/19/2021	4,051,763
3,014,991	Harley-Davidson Motorcycle Trust 2010-1 1.160% 02/15/2015	3,020,397
4,500,000	Hewlett-Packard Co 2.600% 09/15/2017	4,379,566
4,000,000	Home Depot Inc 5.400% 03/01/2016	4,561,920
3,365,000	HSBC USA Inc 2.375% 02/13/2015	3,459,385
3,234,000	International Business Machines Corp 5.700% 09/14/2017	3,901,895
3,545,000	ING Bank NV 3.750% 03/07/2017	3,759,579
4,055,000	Intel Corp 3.300% 10/01/2021	4,291,865
3,000,000	Johnson Controls Inc 3.750% 12/01/2021	3,193,752
4,150,000	JP Morgan Chase Bank NA 5.875% 06/13/2016	4,701,693
5,030,000	JP Morgan Chase Bank NA 6.000% 10/01/2017	5,934,318
2,675,307	JP Morgan Chase Commercial Mortgage Pass Through Certificates 2003-ML1 4.767% 03/12/2039	2,683,195
1,714,362	JP Morgan Chase Commercial Mortgage Pass Through Certificates 2007-CIBC20 5.629% 02/12/2051	1,781,120
7,650,000	JP Morgan Chase Commercial Mortgage Pass Through Certificates 2011-C3 4.388% 02/15/2046	8,717,870
147,000	JP Morgan Chase & Co 5.250% 05/01/2015	159,513
4,000,000	Kinder Morgan Energy Partners LP 5.950% 02/15/2018	4,771,136
1,881,251	Lehman Brothers Floating Rate Commercial Mortgage Trust 2006-LLF 0.321% 09/15/2021	1,870,155
1,224,476	LB-UBS Commercial Mortgage Trust 2003-C5 4.685% 07/15/2032	1,241,491
4,155,000	Marathon Petroleum Corp 3.500% 03/01/2016	4,412,215
1,600,000	MBNA Credit Card Master Note Trust 2006-A2 0.269% 06/15/2015	1,600,051
2,825,000	McDonald's Corp 5.300% 03/15/2017	3,312,095
4,375,000	Medtronic Inc 4.450% 03/15/2020	5,086,016

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

as at December 31, 2012

(Expressed in U.S. dollars)

Investments at fair value (cont'd)

Nominal	Fixed Income Securities	Fair Value
100,000	Merck Sharp & Dohme Corp 4.750% 03/01/2015	\$ 108,830
5,080,000	Microsoft Corp 2.950% 06/01/2014	5,264,348
3,208,842	MMAF Equity Finance LLC 2011-A 0.900% 04/15/2014	3,211,495
3,660,000	Morgan Stanley 6.000% 04/28/2015	3,978,786
829,270	Morgan Stanley Capital I Trust 2003-T11 5.150% 06/13/2041	840,581
3,720,000	Newmont Mining Corp 3.500% 03/15/2022	3,823,695
3,945,000	Northrop Grumman Corp 5.050% 08/01/2019	4,578,228
3,600,000	Novartis Securities Investment Ltd 5.125% 02/10/2019	4,288,604
2,010,000	Oesterreichische Kontrollbank AG 3.625% 06/17/2013	2,038,622
2,400,000	Omnicom Group Inc 4.450% 08/15/2020	2,650,385
3,000,000	Ontario (Province of) 2.950% 02/05/2015	3,151,578
3,095,000	Ontario (Province of) 4.100% 06/16/2014	3,260,551
3,100,000	Oracle Corp 1.200% 10/15/2017	3,112,347
3,545,000	PepsiCo Inc 5.000% 06/01/2018	4,203,675
4,635,000	Philip Morris International Inc 2.500% 05/16/2016	4,862,509
3,725,000	Phillips 66 4.300% 04/01/2022	4,150,510
5,095,000	Rabobank Nederland 4.200% 05/13/2014	5,332,310
3,216,000	Roche Holdings Inc 5.000% 03/01/2014	3,375,835
6,968,000	Royal Bank of Canada 3.125% 04/14/2015	7,369,392
2,195,000	Shell International Finance BV 4.000% 03/21/2014	2,287,715
100,000	SouthTrust Corp 5.800% 06/15/2014	106,388
5,500,000	Statoil ASA 3.125% 08/17/2017	5,964,953
143,000	Temasek Financial I Ltd 4.500% 09/21/2015	157,029
3,650,000	Texas Instruments Inc 2.375% 05/16/2016	3,821,944
3,600,000	Toronto-Dominion Bank 2.200% 07/29/2015	3,750,469
1,524,000	Toronto-Dominion Bank 2.375% 10/19/2016	1,594,654
4,450,000	Toyota Motor Credit Corp 1.250% 10/05/2017	4,457,641
3,692,000	UBS AG/Stamford CT 3.875% 01/15/2015	3,894,868
3,617,000	United Technologies Corp 1.800% 06/01/2017	3,703,233
1,730,000	US Bancorp 1.125% 10/30/2013	1,739,570
37,000,000	US Treasury Notes 0.250% 10/31/2014	37,004,336
3,950,000	US Treasury Notes 0.375% 11/15/2015	3,953,086
1,255,000	US Treasury Notes 0.625% 11/30/2017	1,250,441
30,676,000	US Treasury Notes 0.750% 10/31/2017	30,767,069
21,000,000	US Treasury Notes 1.000% 11/30/2019	20,790,000
9,000,000	US Treasury Notes 1.625% 08/15/2022	8,928,281
3,590,000	US Treasury Notes 1.625% 11/15/2022	3,546,247
10,785,000	US Treasury Notes 1.750% 05/31/2016	11,263,163
5,000,000	US Treasury Notes 2.750% 08/15/2042	4,794,141
7,362,000	US Treasury Notes 3.500% 05/15/2020	8,538,770
2,805,000	Utah (State of) 4.554% 7/1/2024	3,286,983
4,150,000	Viacom Inc 6.125% 10/05/2017	4,955,108
3,691,000	VNO 2012-6AVE Mortgage Trust 2.996% 11/15/2030	3,783,260

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
SCHEDULE OF INVESTMENTS**
as at December 31, 2012
(Expressed in U.S. dollars)

Investments at fair value (cont'd)

Nominal	Fixed Income Securities		Fair Value
2,629,000	Wachovia Capital Trust III 5.570% 03/29/2049	\$	2,621,912
2,766,000	Wal-Mart Stores Inc 4.500% 07/01/2015		3,029,290
3,702,000	Wal-Mart Stores Inc 5.800% 02/15/2018		4,533,747
3,126,000	Walt Disney Co 4.500% 12/15/2013		3,246,564
4,915,000	Wells Fargo & Company 3.676% 06/15/2016		5,319,563
1,011,509	Wells Fargo Commercial Mortgage Trust 2012-LC5 0.687% 10/15/2045		1,011,707
4,655,000	WFRBS Commercial Mortgage Trust2011-C2 4.869% 02/15/2044		5,511,001
5,760,000	World Financial Network Credit Card Master Trust 2011-A 1.680% 08/15/2018		5,888,892
		\$	<u>566,052,673</u>

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 31, 2011
(Expressed in U.S. dollars)**

Investments at fair value

Nominal	Fixed Income Securities	Fair Value
2,885,000	AESOP LLC 2.370% 11/20/2014	\$ 2,880,492
124,000	Aid-Egypt 4.450% 09/15/2015	138,700
6,183,000	Allstate Life Global Funding Trust 5.375% 04/30/2013	6,511,762
2,595,000	Ally Financial Inc 1.750% 10/30/2012	2,628,478
4,650,000	American Express Credit Corp 2.750% 09/15/2015	4,669,730
100,000	American International Group Inc 5.050% 10/01/2015	96,857
3,173,000	AstraZeneca Plc 5.400% 09/15/2012	3,277,389
3,975,000	AT&T Inc 2.500% 08/15/2015	4,115,242
3,700,000	Bank of America Corp 5.420% 03/15/2017	3,353,749
2,990,000	BellSouth Corp 5.200% 09/15/2014	3,301,627
3,175,000	Berkshire Hathaway Finance Corp 4.600% 05/15/2013	3,338,481
161,000	Berkshire Hathaway Finance Corp 4.750% 05/15/2012	163,426
5,475,000	Berkshire Hathaway Finance Corp 5.400% 05/15/2018	6,379,946
1,250,000	Berkshire Hathaway Inc 1.400% 02/10/2012	1,251,171
872,000	BlackRock Inc 2.250% 12/10/2012	883,327
3,650,000	BlackRock Inc 4.250% 05/24/2021	3,810,896
500,000	Boeing Co 1.875% 11/20/2012	505,327
2,307,000	Bottling Group LLC 6.950% 03/15/2014	2,599,567
1,100,000	Burlington North Santa Fe 5.750% 03/15/2018	1,280,975
2,000,000	Caterpillar Financial Services Corp 2.000% 04/05/2013	2,031,520
1,973,000	CDP Financial Inc 3.000% 11/25/2014	2,050,371
2,986,000	Cellco Partnership/Verizon Wireless Capital LLC 7.375% 11/15/2013	3,322,612
1,402,000	Chevron Corp 3.950% 03/03/2014	1,499,018
5,423,773	CitiFinancial Auto Insurance Trust 2.590% 10/15/2013	5,457,946
1,500,000	Cisco Systems Inc 1.625% 03/14/2014	1,529,244
3,200,000	Cisco Systems Inc 3.150% 03/14/2017	3,464,285
3,098,000	Cisco Systems Inc 5.500% 02/22/2016	3,595,505
7,758,000	Citibank Omni Master Trust 2009-A12 A12	7,856,591
3,748,000	Citigroup Funding Inc 2.125% 07/12/2012	3,787,219
122,000	Citigroup Inc 5.000% 09/15/2014	120,555
2,847,000	Citigroup Inc 5.125% 05/05/2014	2,918,186
5,720,000	Commonwealth Bank Australia 2.700% 11/25/2014	5,952,364
3,623,000	ConocoPhillips 4.750% 02/01/2014	3,916,637
4,775,000	Credit Suisse New York 5.000% 05/15/2013	4,898,864
3,399,000	Deutsche Bank AG London 4.875% 05/20/2013	3,470,294
4,000,000	Deutsche Bank AG London 6.000% 09/01/2017	4,483,432
2,000,000	Dow Chemical Co 5.700% 05/15/2018	2,243,520
3,984,881	DT Auto Owner Trust 2011-3 1.400% 08/15/2014	3,991,219
3,006,000	Duke Energy Carolinas LLC 5.300% 10/01/2015	3,420,828

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

as at December 31, 2011

(Expressed in U.S. dollars)

Investments at fair value (cont'd)

Nominal	Fixed Income Securities	Fair Value
2,150,000	E.I. du Pont de Nemours & Co 4.750% 11/15/2012	\$ 2,223,691
3,006,000	E.I. du Pont de Nemours & Co 4.875% 04/30/2014	3,284,479
3,228,000	E. on International Finance BV 5.800% 04/30/2018	3,695,550
3,429,000	Electricite de France 5.500% 01/26/2014	3,664,260
2,180,000	European Investment Bank 1.750% 09/14/2012	2,193,745
6,060,000	Fannie Mae 1.125% 06/27/2014	6,144,367
4,050,000	Fannie Mae 3.000% 09/16/2014	4,310,298
4,250,000	Federal Home Loan Bank 1.375% 05/28/2014	4,341,337
7,198,000	Freddie Mac 4.125% 09/27/2013	7,667,957
6,064,000	Freddie Mac 5.000% 07/15/2014	6,736,758
1,311,000	General Electric Capital Corp 3.75% 11/14/2014	1,381,926
5,680,000	General Electric Capital Corp 6.000% 08/07/2019	6,507,197
4,007,000	GlaxoSmithKline Capital Inc 5.650% 05/15/2018	4,819,159
4,940,000	Goldman Sachs Group Inc 5.750% 10/01/2016	5,161,262
3,650,000	Google Inc 3.625% 05/19/2021	4,006,401
8,090,000	Harley-Davidson Motorcycle Trust 2010-1 1.160% 02/15/2015	8,052,368
3,006,000	Hewlett-Packard Co 6.125% 03/01/2014	3,235,887
4,000,000	Home Depot Inc 5.400% 03/01/2016	4,621,536
3,331,000	HSBC Capital Funding LP 4.610% 12/29/2049	3,042,829
1,000,000	Illinois (State of) 2.766% 01/01/2012	1,000,000
3,234,000	International Business Machines Corp 5.700% 09/14/2017	3,909,091
4,949,000	Inter-American Development Bank 4.375% 09/20/2012	5,084,405
4,150,000	JP Morgan Chase Bank NA 5.875% 06/13/2016	4,512,168
5,030,000	JP Morgan Chase Bank NA 6% 10/01/2017	5,382,694
7,650,000	JP Morgan Chase Mortgage Pass Through Certificates 2011 4.388% 02/15/2046	8,160,631
1,763,000	JP Morgan Chase & Co 2.125% 06/22/2012	1,779,302
147,000	JP Morgan Chase & Co 5.250% 05/01/2015	155,619
4,000,000	Kinder Morgan Energy Partners LP 5.950% 02/15/2018	4,562,548
2,825,000	McDonald's Corp 5.300% 03/15/2017	3,340,709
4,375,000	Medtronic Inc 4.450% 03/15/2020	4,943,075
100,000	Merck & Co Inc 4.750% 03/01/2015	111,247
5,080,000	Microsoft Corp 2.950% 06/01/2014	5,381,965
3,673,810	MMCA Auto Owner Trust 2011-A 0.750% 10/15/2013	3,674,303
3,660,000	Morgan Stanley 6.000% 04/28/2015	3,659,323
1,965,000	National Australia Bank 3.375% 07/08/2014	2,069,589
1,965,000	Nationwide Building Society 2.500% 08/17/2012	1,986,637
4,750,000	NBC Universal Media LLC 3.650% 04/30/2015	4,989,110
5,000,000	New York Life Global Funding 4.650% 05/09/2013	5,230,010
4,195,000	Northrop Grumman Corp 5.05% 08/01/2019	4,696,819

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

as at December 31, 2011

(Expressed in U.S. dollars)

Investments at fair value (cont'd)

Nominal	Fixed Income Securities	Fair Value
3,600,000	Novartis Securities Investment Ltd 5.125% 02/10/2019	\$ 4,205,218
2,010,000	Oesterreichische Kontrollbank AG 3.625% 06/17/2013	2,075,036
3,000,000	Ontario (Province of) 2.950% 02/05/2015	3,158,598
3,095,000	Ontario (Province of) 4.100% 06/16/2014	3,326,822
5,267,000	PepsiCo Inc 5.000% 06/01/2018	6,117,141
4,635,000	Philip Morris International Inc 2.500% 05/16/2016	4,788,683
5,872,000	PNC Funding Corp 2.300% 06/22/2012	5,931,495
3,017,000	Pricoa Global Funding I 5.400% 10/18/2012	3,116,089
2,894,000	Procter & Gamble Co 1.375% 08/01/2012	2,908,201
5,095,000	Rabobank Nederland 4.200% 05/13/2014	5,368,188
3,216,000	Roche Holdings Inc 5.00% 03/01/2014	3,483,738
6,968,000	Royal Bank of Canada 3.125% 04/14/2015	7,287,552
2,195,000	Shell International Finance BV 4.000% 03/21/2014	2,351,255
100,000	SouthTrust Corp 5.800% 06/15/2014	107,107
143,000	Temasek Financial I Ltd 4.500% 09/21/2015	156,176
3,650,000	Texas Instruments Inc 2.375% 05/16/2016	3,800,132
4,300,000	TIAA Global Markets 5.125% 10/10/2012	4,441,874
3,692,000	UBS AG/Stamford CT 3.875% 01/15/2015	3,680,012
3,617,000	United Technologies Corp 4.875% 05/01/2015	4,046,508
1,730,000	US Bancorp 1.125% 10/30/2013	1,730,782
9,955,050	US Treasury Inflation Protected Securities 1.375% 07/15/2018	11,267,872
9,124,000	US Treasury Notes 0.625% 07/31/2012	9,151,800
23,059,000	US Treasury Notes 1.750% 05/31/2016	24,117,372
9,688,000	US Treasury Notes 1.750% 07/31/2015	10,113,364
6,558,000	US Treasury Notes 2.125% 08/15/2021	6,727,073
15,765,000	US Treasury Notes 2.375% 07/31/2017	16,947,375
17,350,000	US Treasury Notes 3.125% 05/15/2019	19,455,043
10,673,000	US Treasury Notes 3.500% 02/15/2018	12,172,640
19,937,000	US Treasury Notes 3.500% 05/15/2020	22,939,232
2,805,000	Utah (State of) 4.554% 07/01/2024	3,243,337
2,629,000	Wachovia Capital Trust III 5.570% 03/29/2049	2,208,360
2,766,000	Wal-Mart Stores Inc 4.500% 07/01/2015	3,097,137
5,002,000	Wal-Mart Stores Inc 5.800% 02/15/2018	6,128,395
3,126,000	Walt Disney Co 4.500% 12/15/2013	3,361,088
5,950,000	Wells Fargo Bank NA 4.750% 02/09/2015	6,218,363
715,000	Westpac Banking Corp 2.250% 11/19/2012	722,529
5,760,000	World Financial Network Credit Card Master Trust 1.680% 08/15/2014	5,755,331
		<hr/>
		\$ 516,624,522

The accompanying notes form an integral part of these statements

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
STATEMENT OF OPERATIONS**
for the year ended December 31, 2012
(Expressed in U.S. dollars)

	2012	2011
INCOME		
Bond interest	\$ 18,084,502	\$ 15,212,446
Interest on cash and cash equivalents	4,136	2,468
	<u>18,088,638</u>	<u>15,214,914</u>
EXPENSES		
Management fees (Note 4)	1,665,553	1,404,492
Administration fees (Note 4)	668,936	382,556
Custodian fees (Note 4)	164,663	312,269
Professional fees	35,405	30,148
Government fees	6,070	1,028
Miscellaneous fees	941	-
	<u>2,541,568</u>	<u>2,130,493</u>
NET INVESTMENT INCOME	<u>15,547,070</u>	<u>13,084,421</u>
REALIZED AND UNREALIZED GAIN ON INVESTMENTS		
Net realized gain on investments (Note 6)	9,918,921	768,939
Change in unrealized (depreciation) appreciation of investments	(1,993,728)	9,373,534
	<u>7,925,193</u>	<u>10,142,473</u>
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u><u>\$ 23,472,263</u></u>	<u><u>\$ 23,226,894</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 31, 2012
(Expressed in U.S. dollars)

	2012	2011
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 23,472,263	\$ 23,226,894
CAPITAL TRANSACTIONS		
Issuance of 80,850 and 51,582 Accumulation Shares	166,838,611	100,199,528
Redemption of 71,854 and 9,434 Accumulation Shares	(148,265,012)	(18,413,940)
NET INCREASE IN NET ASSETS RESULTING FROM CAPITAL TRANSACTIONS	18,573,599	81,785,588
NET INCREASE IN NET ASSETS	42,045,862	105,012,482
NET ASSETS, BEGINNING OF YEAR	529,966,885	424,954,403
NET ASSETS, END OF YEAR	\$ 572,012,747	\$ 529,966,885

The accompanying notes form an integral part of these statements

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2012

(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 Company is organized into distinct classes of shares and the Company maintains a separate Fund (sub-Fund) in respect of each class. All income and capital gains earned on the assets of each sub-Fund shall accrue to such sub-Fund and all expenses and liabilities related to a particular sub-Fund and any redemptions 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. Performa Reserve Fund Ltd. – Performa International Bond Fund (USD) (the “Fund”) is a sub-fund of the Company and was the only share class of the Company outstanding during the years ended December 31, 2012 and December 31, 2011.

The Company seeks to achieve, through individual portfolios, an above average rate of total return by investing primarily in fixed income securities.

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**

December 31, 2012

(Expressed in U.S. dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Cash and cash equivalents:

As at December 31, 2012 and December 31, 2011, cash and cash equivalents consists of an investment of \$2,733,327 and \$9,468,790 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 standards:

In January 2011, the Canadian Accounting Standards Board approved a one year extension to the optional one year deferral from International Financial Reporting Standards (IFRSs) adoption for investment companies applying Accounting Guideline AcG-18, Investment Companies. Investment companies and segregated funds will now be required to mandatorily adopt IFRS for interim and annual financial statements relating to annual periods beginning on or after January 1, 2013.

The Accounting Standards Board (AcSB) has extended again the mandatory changeover date to International Financial Reporting Standards (IFRSs) for investment companies and segregated accounts of insurance enterprises. The new date of January 1, 2014 reflects the likelihood that the International Accounting Standards Board (IASB) will not issue the proposed guidance on investment entities before January 1, 2013. The deferred changeover prevents Canadian investment companies and segregated accounts of life insurance enterprises having to change their current accounting treatment for controlled investees.

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-participating and, 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 Bond Fund (USD) Accumulation Shares is the only class of Common Shares outstanding at December 31, 2012 and December 31, 2011.

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2012
(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 monthly in arrears.

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

- b. On January 31, 2012, STP Investment Services, Inc. ("STP" or 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 0.12% per annum, on the daily net asset value of the Fund and paid quarterly in arrears.

For the period from January 15, 2011 to January 31, 2012, Woodmont Management Ltd. ("Woodmont") provided services as the Administrator, Share Registrar and Transfer Agent for the Fund. For these services, Woodmont received an administration fee. The administration fee was calculated at a rate of 0.08% per annum, calculated daily and paid quarterly in arrears. Prior to January 15, 2011 the administration fee was calculated at 0.08% on the first \$100 million and 0.04% in excess of \$100 million per annum.

Under the terms of an investment management processing service agreement between the Investment Advisor and STP, the Investment Advisor has the right to participate in 40% of STP's net taxable income as defined in the investment management processing service agreement.

The Investment Advisor has no equity interest in STP.

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

On January 1, 2012, the custodian, Comerica Bank, is entitled to receive fees 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

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2012
(Expressed in U.S. dollars)

4. MANAGEMENT, ADMINISTRATION AND CUSTODIAN FEES (cont'd)

For the period from January 1, 2011 to December 31, 2011, the custodian, Comerica Bank, was 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 31, 2012 and December 31, 2011, 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. NET REALIZED GAIN ON INVESTMENTS

The net realized gain on investments was as follows:

	2012	2011
Proceeds on sale of investments	\$ 544,724,808	\$ 173,175,254
Maturities during year	12,408,000	9,984,000
	<hr/> 557,132,808	<hr/> 183,159,254
Less cost of investments sold:		
Investments owned at beginning of year	500,867,788	402,625,244
Investments purchased during the year	598,635,766	280,632,859
Investments owned at end of year	(552,289,667)	(500,867,788)
	<hr/> 547,213,887	<hr/> 182,390,315
Cost of investments sold during year		
Net realized gain on investments	\$ <u>9,918,921</u>	\$ <u>768,939</u>

**PERFORMA RESERVE FUND LTD. –
PERFORMA INTERNATIONAL BOND FUND (USD)
NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2012
(Expressed in U.S. dollars)

7. FINANCIAL HIGHLIGHTS

Financial highlights of the Fund for the years ended December 31, 2012 and December 31, 2011 are as follows:

Per share operating performance	2012	2011
Net asset value per share at beginning of year	\$ 2,001.19	\$ 1,908.38
Net investment income	57.53	52.80
Net realized and unrealized gain on investments	30.27	40.01
Net increase in net assets resulting from operations	87.80	92.81
Net asset value per share at end of year	\$ 2,088.99	\$ 2,001.19
	2012	2011
TOTAL RETURN:	4.39%	4.86%
RATIO TO AVERAGE NET ASSETS:		
Expenses	0.46%	0.44%
Net investment income	2.80%	2.70%

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 31, 2035.