

November 5, 2010

Accumulus Funds – November 2010 Update

Dear Accumulus Investor,

Performance Review

For the first 10 months of 2010, the Accumulus Funds returned between 6.87% and 7.41% in USD and 7.09% in EUR. The following table puts these returns in the context of hedge fund indices and other asset classes.

	<u>Q1 2010</u>	<u>Q2 2010</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Q3 2010</u>	<u>Oct-10*</u>	<u>2010 YTD</u>
Accumulus Fund US\$	1.96%	1.15%	0.50%	0.81%	1.69%	3.03%	1.08%	7.41%
Accumulus Fund EUR	2.10%	1.08%	0.41%	0.78%	1.54%	2.75%	0.99%	7.09%
Accumulus Fund LP (US\$)	2.91%	-0.57%	0.91%	1.05%	1.24%	3.23%	1.17%	6.87%
HFRX Global Investable Index	1.62%	-2.78%	1.23%	0.17%	1.72%	3.15%	1.12%	3.04%
HFRI Fund of Funds Composite Index	1.44%	-2.57%	0.78%	0.01%	2.44%	3.25%	1.49%	3.56%
S&P 500 Index	5.39%	-11.41%	7.00%	-4.51%	8.92%	11.29%	3.80%	7.85%
MSCI World Index	2.74%	-13.09%	8.02%	-3.92%	9.11%	13.24%	3.65%	4.81%
CSFB High Yield II Index	4.47%	0.21%	3.09%	0.13%	2.65%	5.96%	2.36%	13.55%
US Gov't Bonds (7-10 Year Maturities)	1.54%	8.08%	0.93%	3.53%	0.00%	4.49%	-0.09%	14.57%
S&P/GS Commodities Index	-0.90%	-10.41%	7.94%	-2.79%	8.58%	13.93%	2.56%	3.74%

* October 2010 Performance for Accumulus Funds is estimated

This year we have seen positive contributions from credit arbitrage, convertible arbitrage, merger arbitrage and mortgage strategies as well as from our two global macro managers. Equity long/short has struggled although the stock market rally of September and October has helped them recover somewhat. The recent gains have helped the hedge fund industry erase 2008 losses and hedge funds have been seeing net inflows again in 2010.

The Accumulus Funds are now in their 10th year of operation and our net IRR of 6% p.a. has beaten the return of the HFRX Global (gross) of 2.9% p.a. by 3.1% p.a. and that of the S&P500 Index including dividends of 2.4% by 3.6% p.a. Nevertheless we think we could have done better and we strive to deliver somewhat higher returns for the next decade, although we are also conscious of the fact that the future will be more challenging, due to the low risk-free rates and the significant global macro imbalances and risks.

We are pleased that the Accumulus Funds have delivered steady and attractive returns in 2010 year-to-date and note that we are well ahead of hedge fund averages, with less correlation and beta to the equity markets.

Portfolio

Our strong underweight of equity long-short in 2010 has worked out well for Accumulus so far this year. While we believe that dispersion will probably increase again and that underperformance of quality stocks will have to end soon, we are still not very enthusiastic for the long/short equity space as we continue to think that the strategy faces headwinds from the high cost of shorting, the absence of any short rebate or interest income on cash balances, the reduced volumes of single stock trading and the mismatch between the long-term nature of equities and the short time-horizon of most investors.

Convertible arbitrage, which we have liked since 2009, has been one of the best performing strategies of the Accumulus portfolios, and we continue to like it, especially as a way for credit specialists to play balance sheet restructurings in the ongoing de-levering of many companies and industries.

Merger arbitrage has also been a solid contributor. Deal volume has picked up, and while spreads are not very wide, deal quality is generally high and there has been an increased incidence of topping bids and bidding wars.

During the past quarter we have increased our exposure to funds that invest in mortgage securities and structured credit. The mortgage market is huge, bigger than treasuries, and the number of hedge fund participants is small. Out of roughly 50 million mortgages, about 8 million are delinquent, so this has been, and continues to be, an area of massive government intervention. Wherever the government gets involved price distortions usually follow which experienced managers can arbitrage. The total market for structured credit amounts to about \$4.8 trillion, 90% of which used to be AAA-rated and held by institutional investors. Now large parts of this market are distressed creating vast opportunities for experienced managers. The funds we invest with have delivered truly uncorrelated returns to other major asset classes and strategies.

Outlook

We continue to believe in a low-return world for traditional assets classes for many years to come. De-leveraging, restructurings, mergers and government intervention in connection with less proprietary trading by banks should continue to create attractive arbitrage, relative value and event-driven opportunities for our managers to exploit in order to generate attractive risk-adjusted returns. Given the uncertainty over trade imbalances, fiscal deficits and trade tensions of a two-speed world, we want to avoid making directional bets as much as possible and seek capital protection while still generating good performance for our investors.

Thank you for your continued trust and confidence in Accumulus Capital Management. If you have any questions, please do not hesitate to contact us. As you know, we provide full transparency to our investors and are happy hear from you.

Yours sincerely,



Benjamin Schliemann

This document is provided for informational purposes only and is not an offer to sell or the solicitation of an offer to purchase an interest in any of the funds. Estimated returns are presented net of estimated fees and expenses, and are based on data provided by underlying managers. Estimates are subject to revision. Year-to-date returns are calculated based on an investment made on January 1. Indices and other financial benchmarks are shown for illustrative purposes only, are unmanaged, and do not reflect the impact of advisory fees. All data reflect reinvestment of any interest, dividends, and other applicable earnings. Past performance is not necessarily indicative of future results. This report is intended solely for current investors and certain prospective investors who have demonstrated eligibility and expressed an interest in the Fund. Reproducing or divulging the contents of this report without prior written consent from Accumulus Capital Management LLC is prohibited.