ACCUMULUS
CAPITAL MANAGEMENT, LLC

November 14, 2008

Accumulus Funds — Third Quarter 2008 Update

Dear Accumulus Investor,

Performance Review

The third quarter of 2008 was the worst that the Accumulus Funds have experienced. Please see the table below for a detailed performance overview[1]:

	Jul-08	Aug-08	Sep-08	Q3 2008	YTD	12M	2007	2006	Ann LTD
Accumulus Fund Ltd. US$	-4.1%	-2.4%	-6.2%	**-12.2%**	**-11.3%**	**-7.5%**	10.1%	11.8%	4.7%
Accumulus Fund Ltd. US$ (Levered)	-6.6%	-3.9%	-10.5%	**-19.7%**	**-18.8%**	**-14.4%**	11.9%	16.7%	5.6%
Accumulus Fund Ltd. EUR	-4.2%	-2.0%	-6.3%	**-12.0%**	**-10.8%**	**-7.2%**	8.4%	9.0%	3.8%
Accumulus Fund Ltd. EUR (Levered)	-6.8%	-3.6%	-10.8%	**-19.8%**	**-18.6%**	**-14.3%**	10.5%	13.6%	4.6%
ACM Fund EUR (Levered) (2)	-6.8%	-3.6%	-10.7%	**-19.8%**	**-18.6%**	**-14.4%**	10.3%	13.6%	3.1%
Accumulus Fund LP (US$)	-2.2%	-2.1%	-6.2%	**-10.2%**	**-9.2%**	**-4.3%**	10.2%	13.2%	6.7%
HFRX Investable Index	-2.8%	-1.3%	-6.9%	**-10.7%**	**-11.6%**	**-11.4%**	4.2%	9.9%	2.5%
HFRI Fund of Funds Composite Index	-2.7%	-1.5%	-5.8%	**-9.6%**	**-11.8%**	**-10.1%**	10.3%	9.0%	4.9%
CSFB Investable Hedge Fund Index	-2.3%	-1.6%	-7.8%	**-11.4%**	**-12.2%**	**-10.7%**	7.3%	10.1%	4.2%

1 Please see the last page of this letter for important disclosure notes related to performance and applicable risks.
2 Performance for Accumulus Fund Ltd. Classes and HFRX Index from September 2003; Accumulus Fund LP from January 2003; and ACM Fund Share Class from February 2004.

As we write this letter, October has proven to have been even worse, down approximately 10.8% Unlevered and 19.9% Levered, leaving the YTD performance at a dismal -20.6% Unlevered and -34% Levered. While Accumulus is not alone in performing poorly and can point to hedge fund indices as well as equities and other risk assets as having performed even worse this year, we are painfully aware that we have not been able to protect investor capital as we set out to when starting our funds in 2001.

The question is whether hedge funds should have anticipated this and been better prepared; the answer is yes. Although many of our managers were prepared and have done comparatively well in recent months some smaller allocations have performed very badly, and the accumulated effect has taken its toll on our performance.

The attribution table below shows that the losses were incurred primarily in Emerging Markets. Any long exposure in these markets in equities, bonds, or local currencies was severely punished. One of our most frustrating losses in this area was in an emerging market bond fund, which performed very well until October on the basis of a very bearish view of its markets. However, in October the combination of poor market positioning and the decision of its prime broker to greatly increase margin requirements at a time when underlying liquidity had almost completely dried up, forced the fund into a complete liquidation. This yet again highlights the risks of poor execution, which can easily outweigh a good investment thesis, especially where leverage is at play. The loss to our offshore fund from this fund amounted to over 6% of capital, unlevered. Accumulus Fund LP was not invested in this fund, which explains it's outperformance in October.

Also, our sole Convertible Arbitrage manager suffered from the carnage in this strategy that was formerly deemed safe and market neutral. Global Macro gave back the gains made during the first half of the year. Only our short biased credit and equity managers as well as our exposure to pharmaceutical royalties contributed positively to performance in 2008.

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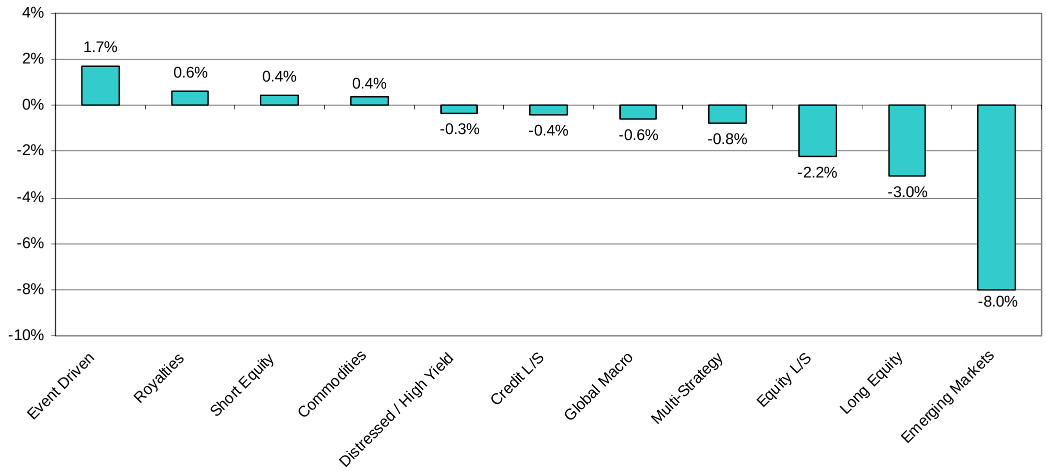
Accumulus Master Fund Ltd. – September 30, 2008 YTD Performance Attribution by Strategy (gross)



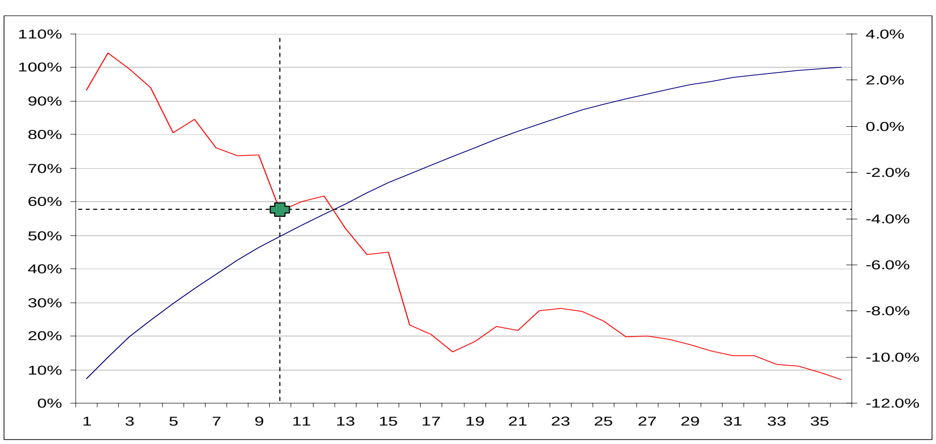
Lessons Learned

The last months have been very painful and we are determined to correct certain structural weaknesses that the current market dislocations have exposed, but also to exploit the opportunities that have been created:

Leverage: When we restructured Accumulus in 2005 we reduced the 3x Levered Class to less than 2x, and the 2x Levered Class became unlevered. We argued against the use of high leverage at the fund level and also at our portfolio managers. This year has shown that being invested carries significant risk, almost regardless of net exposures, past volatility and other traditional risk measurement metrics. The losses in our unlevered portfolio were magnified for our levered investors as the leverage increased in recent months due to losses and the usual notice periods associated with redeeming from managers. As a result, levered Accumulus investors have experienced lower performance, with higher volatility, than unlevered investors since the inception of our funds.

We have decided to pay down our leverage entirely over the next two months and to operate only one, unlevered fund starting on January 1, which will hold net cash at all times. We believe that the future will offer very attractive investment opportunities without the need for leverage. Investors, of course, retain the ability to leverage their investments outside of the fund.

Portfolio Concentration: Also in 2005, when we reduced the number of managers in the portfolio from almost 100 managers to about 30, we suggested greater concentration as the best way to distance ourselves from mediocrity and what we believed would be disappointing industry average returns. We were right in our predictions for the industry, but we were not able to outperform significantly, as we did not concentrate enough. An analysis of our performance in the first 9 months of 2008 suggests that even 25-30 managers were still too many. The chart below shows the cumulative performance contribution of our managers sorted by the average allocation they received this year-to-date:



The top 8-15 allocations in 2008 (out of 32) accounted for 50-70% of capital and generated a performance of approximately -3.5% to -5% for the first 9 months of 2008, significantly better than the portfolio's overall gross return of -11%. Our highest conviction managers produced the best returns. We therefore plan to reduce the number of managers further from the 22 managers currently employed. As we concentrate the portfolio we will pay even more attention to risks associated with leverage, instrument risk and illiquidity. We plan to reduce all three aforementioned risk elements to as close to zero as possible.

Fees: We have long griped about the high fees that hedge funds charge, as well as the fact that performance fees are paid annually, or even quarterly, unfairly favoring the manager over the investor — especially those managers that take on significant risk or beta exposure and generate volatile performance. Having posited that performance fees do not serve to align investor and manager interests, we have to face the question why Accumulus charges annual performance fees, even though we our performance fee only applies to returns that exceed 1-year LIBOR rates. Common sense dictates that we should eliminate our performance fees and that is exactly what we will do. **Starting immediately Accumulus will no longer charge performance fees.** We will maintain only the management fee. This is not a temporary change but a permanent one. Eliminating the performance fee will also allow us to eliminate series accounting, simplifying the share class structure and further reducing the funds' operating costs.

At the same time, we believe that the declining fortunes of the hedge fund industry will make it possible for investors to negotiate lower fees with managers. We plan to do this, where possible, without compromising on the quality of the manager.

Outlook

Our already gloomy view of the world expressed in earlier letters has darkened considerably. While much of this may be priced into the markets already, we find it hard to believe that equities will rally significantly in this environment of global deleveraging and consumer retrenchment. If the valuations in the credit markets are any indication, stock markets are still overvalued at current levels.

One thing is certain, however: the recent dislocations have returned significant relative mispricings to the markets, such as the above-mentioned disconnect between credit and equities. Hedge Fund assets are massively contracting (we estimate that industry assets will shrink by at least 50%) and banks are reducing or closing their proprietary trading operations. This is an ideal environment for hedge funds. It is ironic (yet expected) that most people are avoiding hedge funds at precisely the time that they have the best opportunity to generate exceptional returns with lower risk and without the use of leverage. We are optimistic that the managers that survive this period will do well for us in 2009 and beyond.

Thank you for your continued trust and confidence in Accumulus Capital Management. If you have any questions, please do not hesitate to contact us at (212) 490-7570.

Yours sincerely,

Benjamin Schliemann