ACCUMULUS
CAPITAL MANAGEMENT, LLC

January 10, 2008

Accumulus Funds — Year-End 2007 Update

Dear Accumulus Investor,

Performance Review

In the final quarter of 2007 the Accumulus Funds posted estimated performance of between 4.2% and 5.5% in the USD share classes, and 3.9% to 5.1% in the EUR hedged classes. This brought full-year performance to 10.0% and 11.7% in the USD, and 8.2% to 10.3% in the EUR. Please see the table below for a detailed performance overview[1]:

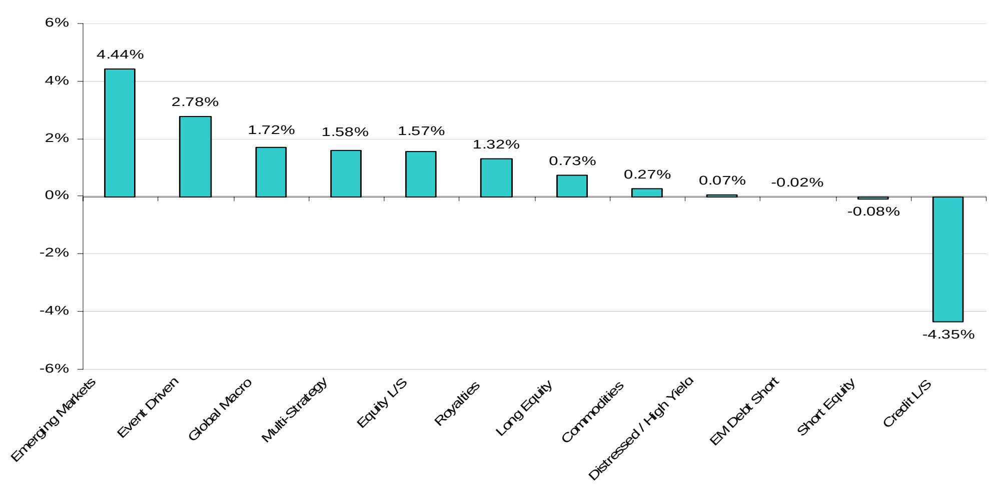
	Oct-07	Nov-07	Dec-07	Q4 2007	YTD	2006	2005	2004	Ann LTD
Accumulus Fund Ltd. US$	3.9%	-1.1%	1.4%	**4.2%**	**10.0%**	11.8%	7.2%	4.3%	8.5%
Accumulus Fund Ltd. US$ (Levered)	5.1%	-1.6%	1.8%	**5.3%**	**11.7%**	16.7%	10.7%	6.8%	11.8%
Accumulus Fund Ltd. EUR	3.8%	-1.2%	1.3%	**3.9%**	**8.2%**	9.0%	5.8%	4.7%	7.2%
Accumulus Fund Ltd. EUR (Levered)	5.0%	-1.6%	1.7%	**5.1%**	**10.3%**	13.6%	9.2%	7.0%	10.5%
ACM Fund EUR (Levered) (2)	5.0%	-1.6%	1.7%	**5.1%**	**10.2%**	13.6%	9.2%	3.6%	9.3%
Accumulus Fund LP (US$)	5.5%	-1.6%	1.6%	**5.5%**	**10.3%**	13.2%	9.6%	8.5%	9.9%
HFRX Investable Index	2.8%	-2.4%	-0.1%	**0.2%**	**4.2%**	9.9%	5.2%	2.7%	5.9%

* December Accumulus performance numbers are estimated and subject to change.
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.

The fourth quarter results were satisfactory when compared with hedge fund averages, but did not outperform them as strongly as the third quarter. However, overall the second half of 2007 was marked by good performance for Accumulus as we were able to make up for the disappointing first half, bringing the funds into the annual performance "target zone" of about 10%-15%.

Having said that we are not satisfied with 2007 performance as it could and should have been better, based on our macro and strategy views and exposures throughout the year. The 2007 performance attribution below clearly shows the damage done by our long/short credit exposure, an area which we were underweight, but where a single manager was completely wiped out (thoroughly discussed in previous letters and now the subject of litigation).

Accumulus Master Fund Ltd. - 2007 Performance by Strategy (gross)



Manager Selection

Let us describe to our investors again the key aspects of manager selection that we focus on at Accumulus. By constantly asking ourselves if existing and new managers meet the criteria listed below, we hope to avoid significant mistakes and we should be invested in a group of managers whose success, while not assured, is at least highly probable over the long-term.

- Manager's Character
  - Common sense
  - Hard work, integrity
  - Conviction, courage, decisiveness
  - Equanimity, patience
  - Humility, objectivity

- Manager's Experience
  - Age and a long period of portfolio responsibility are the best teachers and ensure that many mistakes have already been made and – hopefully – lessons learned

- Manager's Independence
  - Institutional independence is critical to independent thinking and genuine alignment of interest
  - Financial independence of the manager enables long-term and original thinking
  - Goal to make money **for** investors not **off** investors

- Manager's Operations
  - Unified portfolio decision making
  - Cohesiveness of portfolio team
  - Smooth and faultless operations

2007 Mistakes

When reviewing our mistakes of last year - there were three meaningful ones – the list of attributes above is very helpful in analyzing our areas of misjudgment. We like to dwell on our mistakes in the hope of reducing the number and size of errors in the future.

The first mistake was a manager whose character we had misjudged. Upon realizing during the first quarter that his courage and conviction was not sufficiently balanced by humility or objectivity we redeemed at the end of May when the fund was already down 25%. While this cost Accumulus about 1%, this manager continued to lose money in 2007 ending the year down approximately 70%.

The second mistake was a manager where we did not insist on complete independence. Indeed, we thought that because this fund used significant leverage that its ties to a large Wall Street institution was a positive factor. In addition, we accepted – in hindsight – insufficient portfolio management experience of the fund principals. Accumulus Ltd. has one remaining fund in its portfolio that is tied to a large financial institution and we have given notice to redeem our entire holding during the first half of 2008.

The third mistake was a fund where the two principals on the portfolio side had not worked together recently - although they had in the past – and, while quite experienced, were still not experienced enough. We have sometimes jokingly said that we will not invest with managers under the age of 40. We plan to adhere to this principle from now on. In our business, experience usually comes at no additional cost (in terms of fees). So why would we invest with any but the most experienced of managers?

We had, of course, several other managers whose performance disappointed in 2007; however, we would not characterize our investment in these funds as mistakes. We remain confident that our managers will generate attractive returns over the long term.

Outlook

We believe that 2008 will be a more difficult year for the markets and hedge funds than 2007. We have repeatedly written about our fears of stagflation, a view that has become more widespread. To what extent inflation actually becomes an issue is not really that relevant. Corporate earnings in the developed world seem to be on the decline, as is the availability of credit. Not a good recipe for levered economies.

With this outlook in mind, we are in the process of further concentrating our bets with the most experienced managers that employ little to no leverage and we want to increase exposure to managers that really know how to go short. We still believe that the (formerly) emerging markets offer greater upside under any but the most catastrophic of scenarios, so we will maintain our modest long bias there as well as seeking out mis-pricings in these markets. We are also very slowly and selectively looking to increase our exposure to credit and distressed securities.

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