

31 January 2022

Fourth Quarter 2021 Letter

Dear Accumulus Investor,

The following table shows our performance for Q4 and all of 2021 and the returns since inception, net of fees. The table also shows the performance of indices of hedge funds and traditional asset classes.

	Oct-21	Nov-21	Dec-21	Q4 2021	YTD 2021	Annualized Return	Annualized Volatility	Sharpe Ratio
Accumulus Fund LP (USD)*	1.99%	-0.17%	0.60%	2.42%	9.57%	6.90%	4.81%	1.30
Accumulus Fund - USD Class	1.86%	-0.05%	0.53%	2.35%	9.71%	6.75%	3.38%	1.90
HFRX Global Hedge Fund Index	0.90%	-1.29%	0.47%	0.07%	3.65%	2.20%	5.19%	0.30
HFRF Fund of Funds Composite Index	1.61%	-1.58%	0.24%	0.24%	5.99%	3.87%	5.14%	0.63
MSCI World Gross TR Index	5.69%	-2.16%	4.30%	7.85%	22.34%	8.44%	15.29%	0.51
CSFB High Yield II Index	-0.29%	-0.98%	1.93%	0.64%	5.51%	7.59%	8.54%	0.81
Barclays Global Aggregate Bond Index	-0.24%	-0.29%	-0.14%	-0.67%	-4.71%	4.27%	5.45%	0.78

Annualized returns for Accumulus Fund LP and all indices are shown since the inception of the Accumulus Fund LP (9/2001). Performance data for Accumulus Fund (USD) is shown since inception (7/2009). The risk-free rate used to calculate the Sharpe Ratio is the generic 1-Month US Treasury Bill. The Accumulus Funds performance for 2021 is unaudited.

*Class A interests.

Fourth Quarter Performance Review

The Accumulus Funds generated solid gains of 2.42% and 2.35%, respectively for the US LP and offshore fund. This performance compares favorably with the returns in the broader hedge fund space and the bond markets. Equities indices finished the year strongly, but the solid results at the benchmark level masked a breakdown in frothier areas, notably expensive software, de-SPAC'd companies, and IPOs, that began in November and accelerated into year-end and continued in January.

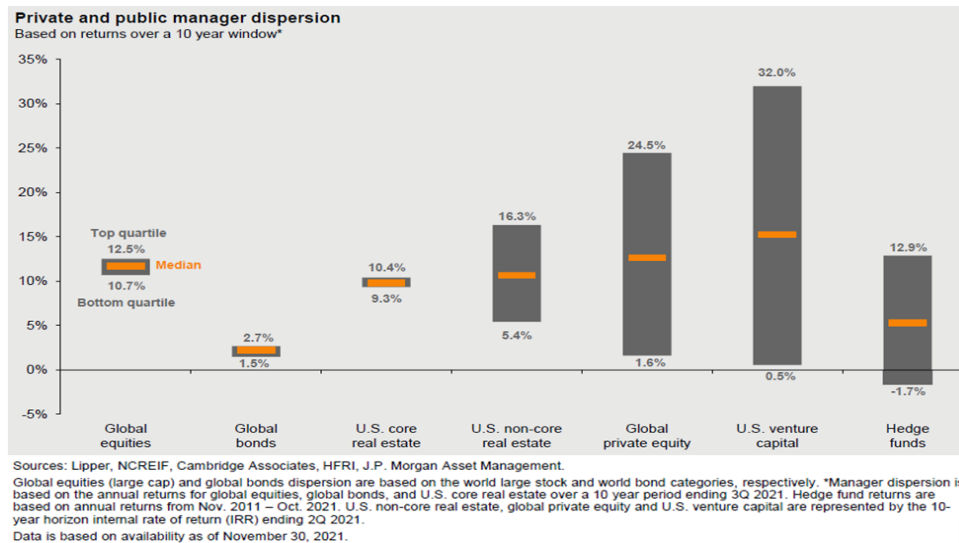
Q4 and 2021 overall performance was driven by our core relative value and arbitrage managers. Our largest allocation to a London-based fund in this space, gained 4.5% to end the year up 24.4%, accounting for about one-third of our annual performance. We have been invested in this fund since its launch in mid-2019 and have continually added as the manager's investment approach continues to mature. We have benefited, as we often do, from being granted a founders' fee share class, which has added more than 3% in additional performance in 2021.

At the strategy level, Credit Relative Value was the strongest strategy in the quarter, adding over 40% of the performance. Convertible Arbitrage was a close second. L/S Equity and Event Driven managers made small positive contributions in the quarter. Our only significant detractor for the quarter and the full year was our Agency MBS manager who suffered from high mortgage pre-payments driven by large home price appreciation and a land-grab by well-funded FinTechs seeking to aggressively grow their market share in the mortgage lending market at the expense of profitability. This fund has gotten off to a promising start in 2022, which we hope is the beginning of a trend reversal.

January is looking like a positive month for the Accumulus Funds.

“Investing with Talent”

This is the motto of one of our most respected competitors, in business since 1964. Their website subtitle is “*Talent is rare. Talent is intangible. Yet talent exists.*” We concur. Accumulus is looking for talented managers, although talent alone is not enough; it needs to be paired with hard work, discipline, humility, passion and integrity, qualities that we speak of often in these letters. A recent JP Morgan research report contained the following table showing dispersion of 10-year manager returns in different asset classes:



From looking at this table it becomes rather obvious that manager selection is critical in the alternative asset arena. The table also highlights how well equities, real estate, private equity and venture capital have done over the past 10 years, all beneficiaries, until recently, of falling interest rates and easy monetary policy.

Nobody knows what the future has in store, but we will continue to strive to identify the highest quality absolute return managers and to concentrate our portfolio around those rare talents.

Thank you for your trust. Please don't hesitate to get in touch should you have any questions or thoughts.

Yours sincerely,

Accumulus Capital Management LLC

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