

August 2004 Update

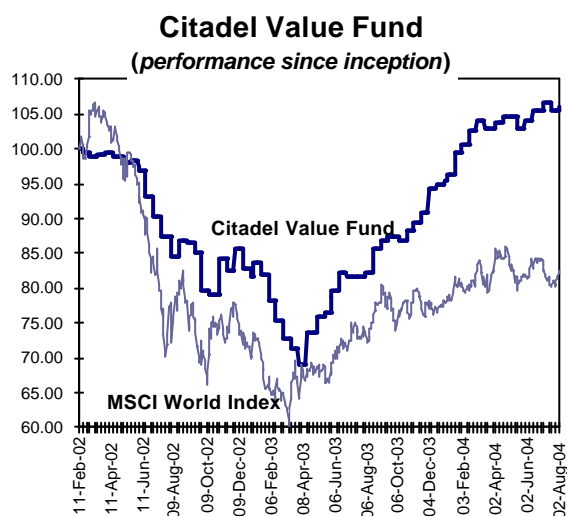
NAV/share (02/08/04): EUR 106.02

ISIN code: LU0141953439

website: www.citadelfund.com

COMMENTARY

Although global markets dipped in mid-July, both the MSCI World Index and the Fund ended the month down only marginally. Since the beginning of 2004 the Fund is up by 11.1% versus 5.5% for the index.



Citadel Value Fund Performance
(as of August 2nd, 2004)

	Since inception (11/02/02)	1 year	2003*	2004* YTD
Citadel Value Fund	6.0%	29.6%	17.0%	11.1%
MSCI World Index	-17.7%	11.6%	11.3%	5.5%

note: MSCI World Index is based on total returns in Euro's
* annual returns are based on estimated NAV as of Dec. 31, 2002 & 2003
source: European Fund Administration, Datastream

Portfolio breakdown by country*

Netherlands	25.4%
United States	20.9%
France	12.7%
Germany	10.8%
Switzerland	9.8%
U.K.	6.3%
Sweden	4.1%
Canada	3.8%
Belgium	2.7%
Spain	2.2%
Mexico	1.1%

* weighting excluding cash

July brought the usual flood of half year results, including those in the portfolio. **Bristol-Myers Squibb (BMS)** had decent results, raised its expectations for this year, but tempered them for 2005 and 2006. Its stock fell to new 1 year lows, an opportunity which we used to add to the Fund's stake. While there are certainly more than a few clouds on the horizon, BMS's drugs portfolio looks larger and healthier than the general wisdom of a 'dry pipeline' would suggest.

In the accompanying table the current holdings by country can be seen. As we have often noted the Fund's investment strategy is exclusively focused on individual stock selection, rather than bets on specific countries or sectors. Unsurprisingly the portfolio therefore differs radically from the MSCI World Index. Many will remark though on the sizeable position in the Netherlands, and the higher weighting in the US. Partly this is skewed by the Fund's cash position which is excluded from this calculation. Mainly, however, it is driven by stock selection. Where some markets have risen so fast that new opportunities are hard to find (e.g. Switzerland), the Dutch market continues to be a reasonable hunting ground for ideas (both in and outside the portfolio) which meet our deep value criteria. The US market, in general, appears to us to be fairly priced. However, as always, pockets of mis-pricing exist, and new purchases of **Orthodontic Centers of America**, **BMS** and **Altria** reflect that.

IMPORTANT: An investment in the Fund carries with it a degree of risk. The value of your investment may go down as well as up, and you could lose money on your investment. Past performance provides no guarantee for the future. Investors should read the Fund's prospectus before deciding whether to invest. The opinions and commentary expressed herein should in no way be construed as personal investment advice, they are intended solely to illustrate the Fund's investment strategy and performance.