

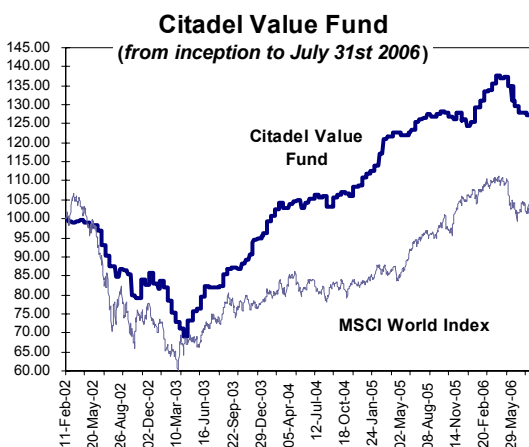


## August 2006 Update

**NAV/share (31/07/06): EUR 127.43**

**ISIN code: LU0141953439**

**website: [www.citadelfund.com](http://www.citadelfund.com)**



**Citadel Value Fund Performance**  
(as of July 31st, 2006)

	Since inception (11/02/02)	3 year	1 year	2006* YTD
<b>Citadel Value Fund</b>	27.4%	55.8%	0.6%	1.8%
<b>MSCI World Index</b>	4.7%	42.6%	8.7%	-1.1%

note: MSCI World Index based on total returns (gross dividends) in Euro's  
\* annual returns are based on estimated NAV as of Dec. 31, 2002/03/04 & 05  
source: European Fund Administration, MSCI

### Top 10 holdings

Telegraaf Media Groep NV	7.1%
Heineken Holding NV	6.1%
Bristol-Myers Squibb Co.	4.3%
Village Super Market Inc.	4.4%
Nedschroef Holding NV	4.1%
Grupo Continental SA	3.8%
Apache Corp.	3.8%
Batenburg Beheer NV	3.7%
Wegener NV	3.6%
Wolters Kluwer NV	3.4%

### COMMENTARY

Equity markets were again volatile in the past month and the Fund's NAV ended the period down marginally. Citadel's performance since inception stands at +27.4% vs. +4.7% for the MSCI World Index (Euro).

While the Fund's NAV changed little, it was an active month for news. As we wrote last month a huge majority of **Ultraframe's** shareholders accepted the take-over offer for the firm and the deal was consummated. Despite our dissatisfaction about the level of the offer we were essentially forced to tender the Fund's shares. The good news is that the proceeds are now in, and these have already been invested in a new holding, **Apache Corp.** Apache is a large US oil & gas producer with more than 2bn barrels of proven reserves and an impressive track record of creating value on the back of its production and exploration prowess. Oil prices may very well be at new highs; however, this doesn't appear at all to be reflected in stock prices. A succession of recent industry transactions - at dramatically higher valuations - underscore our conviction.

Many firms are now reporting first half results or trading updates, including many of those in Citadel's portfolio. **Heineken**, the Fund's 2<sup>nd</sup> largest holding, raised its '06 profit outlook in an upbeat statement. In the all important US market, the launch of its *Light* variant is beating expectations. The stock has been distinctly out of favour for a number of years - which was what allowed us to buy in the first place - but a low valuation and improving fundamentals are now starting to be reflected in the stock price. **Molins** announced that it sold its worst-performing division. Finally, **Axel Springer**, continued its run of improving results with another good quarter.

**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.**