

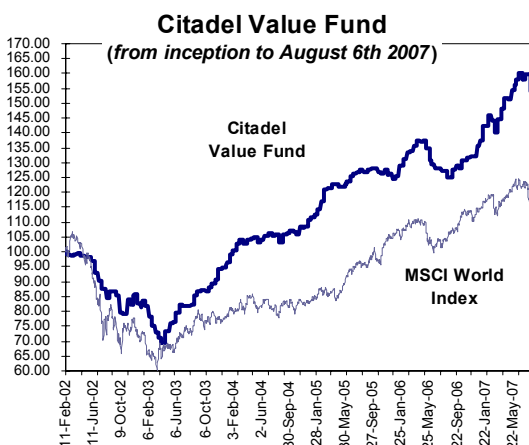


August 2007 Update

NAV/share (06/08/07): EUR 153.83

ISIN code: LU0141953439

website: www.citadelfund.com



Citadel Value Fund Performance
(as of August 6th, 2007)

	Since inception (11/02/02)	5 year	3 year	1 year	2007 YTD
Citadel Value Fund	53.8%	81.9%	45.1%	20.7%	12.0%
MSCI World Index	16.1%	54.3%	47.2%	11.3%	1.7%

note: MSCI World Index based on total returns (gross dividends) in Euro's
* annual returns are based on Citadel's estimated NAV as of Dec. 31st
source: European Fund Administration, MSCI

Top 10 holdings

Heineken Holding NV	5.1%
Carlo PLC	4.4%
Molins PLC	4.2%
Cia Paranaese de Energia ADR	4.1%
SK Telecom ADR	4.1%
Telegraaf Media Groep NV	3.9%
Zwack Unicum	3.8%
Village Super Market Inc.	3.7%
Clinton Cards PLC	3.6%
Hanil Cement Co. Ltd.	3.5%

COMMENTARY

Since the NAV of July 2nd markets have sagged and the MSCI World dropped by 4.9% while Citadel fell by 2.7%. Year-to-date the Fund is ahead by 12.0%. Since inception, Citadel's return is +53.8% versus +16.1% for the world index.

While we normally devote few words to overall market movements we thought it appropriate to share a few thoughts on the recent market turmoil. It seems that risk is back on the agenda which is a healthy thing. The easy credit conditions of the past few years (an example of the relaxed attitude to risk) were clearly leading to excesses such as can be seen in the US housing market and the spurry of private equity deals. Hopefully a correction will mean that we can avoid an even more painful correction down the road. In stock markets a new aversion to risk can be seen from the fact that while most indices (comprising the biggest companies) are down modestly, the broader pool of stocks appears to have fallen by more. Strong, and even violent share price movements can lead to mis-pricing. This is where we see opportunity for Citadel's deep value approach. At the beginning of July the Fund had a net cash position of just less than 14%. As markets fell, we increasingly began to see more opportunities. In the portfolio the positions in **Clinton Cards** and **Hanil Cement** were increased. Outside the portfolio we also see potential – oftentimes in companies we have followed for some time but where share prices were never attractive enough. We have no idea whether markets will fall further, or rise. However, should they fall further we are confident that the portfolio is healthy and undervalued and that any short-term loss will be just that. Furthermore, the potential for longer-term returns will be improved if we are able to find new bargains to invest in.

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.