

Prospectus



investment company with
variable capital

Dated December 2011

Profile

CITADEL VALUE FUND SICAV (“the Fund”) is a *Société d’Investissement à Capital Variable* (“SICAV”) and established on January 3rd, 2002 for an indefinite duration.

Its articles of Association were published in the *Mémorial C, Recueil Spécial des Sociétés et Associations du Grand-Duché de Luxembourg* (“the Mémorial”) of January 31st, 2002. The modification to the Articles dated November 4, 2005 was published in the Mémorial C on January 26th, 2006.

The Fund is registered in the Luxembourg Commercial and Companies Register, under number B 85.320.

CITADEL VALUE FUND SICAV is an investment company incorporated under the laws of the Grand Duchy of Luxembourg (“*Société d’Investissement à Capital Variable*”) and qualifies as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) pursuant to Part I of the Luxembourg Act of December 17, 2010 on Undertakings for Collective Investment. The Fund is registered with the Register referred to in Section 1:107 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht, “Wft”*). In accordance with Section 2:66 and 2:73 of the Wft, the Fund has notified the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten (“AFM”)*) of its intention to offer shares of the Fund in the Netherlands.

The shares are offered on the basis of the information and representations contained in this Prospectus and in the documents referred to therein. All other information given or representations made by any person must be regarded as unauthorised. Neither the delivery of this Prospectus nor the offer, issue or sale of shares of the Fund shall under any circumstances constitute a representation that the information given in this Prospectus is correct as at any time subsequent to the date hereof. To reflect material changes this document may from time to time be updated and intending subscribers should inform themselves as to the issue by the Fund of any additional or subsequent Prospectus.

The most recent annual report and (if later) the most recent semi-annual, the Articles of Association of CITADEL VALUE FUND SICAV form part of this Prospectus and are available at the registered office of the Fund and/or at the offices of its Distributing Agents, if any. At those places the last three annual reports of CITADEL VALUE FUND SICAV will be available, if applicable.

All decisions to subscribe for shares should be made on the basis of the information contained in this Prospectus and the above mentioned documents that form an integral part of it.

If you are in doubt about the contents of this Prospectus, you should consult your stock broker, solicitor, accountant or other professional advisor.

Important information

Anyone interested in investing in CITADEL VALUE FUND SICAV should be aware that an investment involves financial risks. They should carefully read and take due note of the full contents of this prospectus as well as the documents that are considered from time to time to form part of it. With respect to (expected) returns mentioned herein the following should be

noted: the value of investments may fluctuate and past performance is not necessarily a guide to future performance.

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General information

The CITADEL VALUE FUND SICAV is an investment company with variable capital (“SICAV”).

The articles of association were published in the Memorial C on January 31st, 2002 and its modification of November 4, 2005 in the Mémorial C on January 26th, 2006. The legal notice required by the modified Luxembourg Company Act of 10.8.1915 in respect of the issue and sale of shares by the Fund has been deposited with the *Greffé du Tribunal d’Arrondissement à Luxembourg*. The Fund is registered in the “*Registre de Commerce et des Sociétés*” under number B.85.320.

Registered office	11, rue Aldringen, L – 1118 LUXEMBOURG Grand Duchy of Luxembourg
Investment Advisor	Citadel Value Advisory S.A. (B 85 319) 10-12 Rue de Medernach, L – 7619 LAROCLETTE Grand Duchy of Luxembourg
Investment Advisor	D & F Financial Services B.V. Van Hengellaan 2, NL-1217 AS HILVERSUM, The Netherlands
Custodian and Principal Paying Agent	KBL European Private Bankers S.A. 43, Boulevard Royal, L – 2955 LUXEMBOURG Grand Duchy of Luxembourg
Registrar, Domiciliary, Administrator, and Transfer Agent	Kredietrust Luxembourg S.A. 11, rue Aldringen, L-1118 LUXEMBOURG, Grand Duchy of Luxembourg
Auditor	HRT Révision S.A., réviseur d’entreprises Val Fleuri 23, L – 1526 LUXEMBOURG, Grand Duchy of Luxembourg
Legal Advisor	Cabinet d’avocat Marleen Watté-Bollen 117, Val des Bons Malades, L-2121 LUXEMBOURG Grand Duchy of Luxembourg

Representative
In the Netherlands

D & F Financial Services BV
Van Hengellaan 2,
NL-1217 AS HILVERSUM,
The Netherlands

Representative
In the Grand Duchy of Luxembourg

Suxeskey S.A.
route de Medernach 10-12,
L-7619 Larochette,
Grand Duchy of Luxembourg

Promoter

Suxeskey S.A.
10-12 route de Medernach,
L-7619 Larochette,
Grand Duchy of Luxembourg

All subscription and redemption requests and subscription monies should be addressed either to KBL European Private Bankers S.A. with its registered office at 43, Boulevard Royal, L-2955 Luxembourg, to KTL with its address at Rue Aldringen 11, L-1117 Luxembourg or to EFA by fax +352 48 65 61 8002 or +352 48 65 61 802. KBL European Private Bankers S.A. shall issue shares for the Fund upon proper receipt of the subscription monies.

Investment objective, philosophy, and strategy

General - Investment policy

The main objective of the Fund is to protect against capital loss, and to realise superior long term returns. It will do this by investing in a diversified portfolio of predominantly transferable securities, which are either admitted to official stock exchange listing of the member states of the Organisation for Economic Co-operation and Development (“OECD”) or dealt in on another regulated market, which operates regularly and is recognised and open to the public.

Investment Philosophy

The philosophy of the Fund is a value one. The Fund will seek to establish a ‘margin-of-safety’ to protect against the risk of capital loss, and to provide substantial appreciation potential over the long-term. It will do that by investing in companies whose shares are deeply undervalued, where cash flows can be reasonably predicted and which have healthy balance sheets.

The value of a company’s shares is ultimately derived from adding up future cash flows that are discounted back to today’s money. However, for a variety of reasons, a company’s ‘intrinsic’ value can often be dramatically different than its stock market value.

An important part of the Fund’s philosophy is that by thoroughly understanding a particular business, it can better determine what its value would be in a private market transaction, break-up, etc. By investing in companies where the intrinsic value is *much* higher than the stock market value, the Fund can achieve its twin goals of protecting against capital loss, and providing a good return.

Investment Strategy

The investment strategy of the Fund involves:

- *Bottom-up, Fundamental analysis* - The Fund’s focus is to select the stocks of companies that are selling at a large discount to its estimate of their ‘intrinsic’ value. It will therefore not attempt to predict overall stock market trends, interest or exchange rates. The Fund will determine its estimates of intrinsic value through a combination of detailed fundamental research including financial modeling, and analysing individual companies, industry research, and discussions with industry and financial contacts including company managements.
- *“Buy and Hold” approach* - The Fund will take a long-term view to investing. While the intrinsic value of a company’s stock is almost always eventually reflected in its stock market price, the timing can be unpredictable. Therefore the average holding period for a stock in the portfolio will tend to be around 3-4 years, or longer. With a high level of undervaluation in the portfolio, a sufficient number of different stocks (any one of which can move to its intrinsic value at a given time), and an appropriately long investment horizon, the Fund can reasonably expect to generate an attractive long-term return.
- *Global scope* - The Fund will have the flexibility to invest world-wide as this offers the largest possible pool of companies from which to select undervalued stocks. Due to the size, variety and sophistication of European and North American markets, the majority of the Fund’s holdings will likely be listed in those markets.

- *Focused portfolio* - The Fund will typically hold between 20-40 stocks. This number of holdings will allow the Fund to strike a balance between acquiring a deep understanding of each company in which it invests, and providing sufficient diversification. The Fund is restricted by law such that no single equity will account for more than 10% of the Fund's net assets and, the aggregate of individual holdings of 5% or more will amount to no more than 40% of the Fund's total net assets.

- *Small & mid-cap bias* - The Fund's holdings will have a bias towards small and mid-sized companies where the chances of finding beaten down or overlooked companies, and thus cases of substantial undervaluation, are greater. With these companies there will be an even stronger focus on healthy balance sheets.

- *Dedicated to equities* - The Fund will invest exclusively in publicly listed equities and in equity linked instruments like convertible bonds and may hold cash or government securities for liquidity reasons. It will not invest in derivatives like options or futures, other than for the purpose of hedging in order to reduce the risks, and will make no use of leverage.

The first stage of the investment decision process will involve extensive quantitative and qualitative screening on the basis of a number of key parameters and proprietary valuation models. This method will allow the Fund to examine and filter a large number of shares and quickly identify potential investment ideas. Ideas will then be thoroughly researched and analysed to determine whether they meet the Fund's value criteria. In addition to quantitatively appraising a company's prospects, the Fund will make extensive use of qualitative techniques such as management interviews in order to test key assumptions. This will further reduce uncertainty before an investment decision is made.

The Fund's value discipline means that its holdings will generally share a number of common characteristics, such as low debt levels, high dividend yields, low multiples of profit and cash flow relative to recent industry & private market transactions.

Risk Profile

The assets of the Fund are in principle fully invested and consequently subject to general and market risks. An overall decline in share prices may result in a decrease in the net asset value of the Fund's shares.

Apart from a general decrease in share prices, the risk exists that in spite of careful and professional selection, one or more stock listed companies belonging to the portfolio undergo a negative price development following a general trend in the enterprise, or in its industry.

The Fund's accounting currency is the Euro. Insofar that the Fund invests in shares denominated in currencies other than the Euro, the Fund's shares will be directly impacted by currency movements. The Fund may decide to hedge part of these currency risks.

Reference currency

The reference currency is the EURO.

Investment restrictions

The Fund is bound by the investment restrictions that are imposed on it by Luxembourg law.

I. General Investment restrictions:

Furthermore, the Board of Managing Directors and the Investment Advisor(s) are bound by the following general investment restrictions.

1. The Fund will invest exclusively in:
 - 1.1. transferable securities and money market instruments that are officially listed on a stock exchange of a member State of the European Union ("EU") or the Organisation for Economic Co-operation and Development ("OECD");
 - 1.2. transferable securities and money market instruments that are traded on another regulated and recognised market that is operating regularly and is open to the public ("Regulated Market") in a State referred to in sub-section (1) hereof; and
 - 1.3. newly issued transferable securities and money market instruments, with the provision that the issue conditions include an undertaking that a request has been made for official quotation on one of the stock exchanges or markets referred to in sub-sections 1.1. and 1.2. hereof and that such quotation be obtained within 12 months of issue;
 - 1.4. units of UCITS¹ and/or other UCIs, whether situated in an EU member state or not, provided that:
 - such other UCIs have been authorised under laws of any member state of the EU or under the laws of member states of the European Free Trade Organisation, Canada, Hong Kong, Japan, or the United States,
 - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the directive 85/661/EEC,
 - the business of each other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs and/or

¹ « UCITS » = an undertaking for collective investment in transferable securities authorized according to Council Directive 85/611/EEC of 20th, December 1985 as amended.

- 1.5. deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State of the EU or in an OECD member state or if the registered office of the credit institution is situated in a non-EU or non-OECD Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community Law; and/or
- 1.6. financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs 1.1. and 1.2. above, and/or financial derivative instruments (“OTC derivatives”), provided that :
 - the underlying consists of instruments covered by this section 1., financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objective;
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their face value at the Fund’s initiative.

Unless specifically provided otherwise in this Prospectus, the Fund will invest in financial derivative instruments only for currency hedging purposes as more fully described in section V.

- 1.7. money market instruments other than those dealt in on a Regulated Market, if the issue or the issuer of such instruments are themselves regulated for the purposes of protecting investors and savings, and provided that such instruments are:
 - issued or guaranteed by a central, regional or local authority or by a central bank of an EU member state, the European Central Bank, the EU, or the European Investment Bank, a non-EU member state, or in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU member states belong, or
 - issued by an undertaking any securities of which are dealt in on Regulated Markets, or
 - issued or guaranteed by a credit institution which is subject to prudential supervision, in accordance with criteria defined by Community law, or by an institution which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law, or
 - issued by other entities belonging to categories approved by the Luxembourg Supervisory Authority, if the investments in these instruments are themselves regulated for the purpose of protecting investors and that the entity itself is either a company with a capital and reserves amounting to at least 10 million Euros (€ 10,000,000) and issues

and publishes annual accounts in compliance with the fourth directive 78/660/CEE, or a company belonging to a group of companies, including one or several listed companies, dealing with the financing of the group or a company that finances the securitisation vehicles benefiting from bank loans.

HOWEVER:

2. The Fund may invest not more than 10% of its net assets in transferable securities and money market instruments other than those referred to in the immediately foregoing sub-sections (1) to (7);

2.1. The Fund may not invest more than 10% of its net assets in transferable securities or money market instruments issued by the same issuer.

The Fund may not invest more than 20% of its net assets in deposits made with the same body.

The risk exposure to a counterparty of the Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in 1.5. above or 5% of its net assets in other cases.

Notwithstanding the individual limits laid down in the previous paragraphs of this sub-section 2.1., the Fund may not combine:

- investments in transferable securities or money market instruments issued by a single body;
- deposits made with a single body, and/or
- exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of its net assets.

2.2. The aggregate value of the transferable securities and monetary instruments of each issuer in which more than 5% of its net assets are invested must not exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

2.3. The 10% limit referred to here in sub-section 2.1. above may be increased to a maximum of 35% in the case of transferable securities or money market instruments issued or guaranteed by a sovereign State, public agencies or authorities of member States of the EU or by international institutions of a public character in which one or more member States of the EU participates.

2.4. The 10% limit referred to in sub-section 2.1. above may be increased to a maximum of 25% in the case of bonds issued by a financial institution having its registered office in an EU member State and which, by law, is subject to public regulation to protect the interests of the bond holders. Under the law, proceeds from the issue of these bonds must be invested in assets which sufficiently cover the payment undertakings assumed with respect to the bonds and kept during their entire term, and must be specifically dedicated to the

payment of the bond principal and interest due in the event of default by the issuer. If the Fund invests more than 5% of its net assets in such bonds issued by the same issuer, the aggregate value of these investments must not exceed 80% of the value of its net assets.

- 2.5. The 40% limit referred to in the sub-section 2.2. does not apply to such transferable securities and money market instruments of sub-sections 2.3. and 2.4.
- 2.6. The limits provided for in this sub-section 2.1, 2.2, 2.3. and 2.4. must not be aggregated and, therefore, investments in the transferable securities and money market instruments issued by the same body, in deposits or derivative instruments made with this body, made in accordance with this sub-section 2.1, 2.2, 2.3. and 2.4 must not exceed a total of 35% of its net assets.
- 2.7. Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this section 2.

The Fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

By extension of the foregoing, the Fund is permitted to invest as much as 100% of its net assets in transferable securities and money market instruments issued or guaranteed by an EU Member State, its local authorities, a member State of the OCDE or, by public international bodies of which one or more EU member States participates, provided that the transferable securities and money market instruments foreseen hereunder are comprised of at least six different issues and that any such single issue does not exceed 30% of its net assets.

3. The Fund is not permitted to acquire:
 - 3.1. an amount of voting shares enabling it to exercise significant influence over the management of an issuer;
 - 3.2. more than:
 - a. 10% of the non-voting shares of the same issuer,
 - b. 10% of the bonds of the same issuer,
 - c. 10% of the money market instruments of the same issuer.

The limits provided for in b) and c) of this sub-section may be disregarded at the time of acquisition if at that time the gross amount of the bonds or the monetary instruments could not be determined.

- 3.3. more than 25% of the units or shares of the same nature issued by a single UCITS and/or other UCI. This limit may be disregarded at the time of the acquisition if at that time the gross amount of the units in issue cannot be

calculated. For the purposes of applying this investment limit, each compartment of a UCITS or other UCI with multiple compartments, within the meaning of article 181 of the Act of 17 December 2010, shall be considered as a separate issuer, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties.

The underlying investments held by the UCITS or other UCIs in which the Fund invests do not have to be considered for the purpose of the investment restrictions set forth under 1.4. above.

The restrictions specified in this sub-section 3) are not applicable to transferable securities and money market instruments issued or guaranteed by an EU member State or its local authorities, by a non-Member State of the EU, by public international bodies in which one or more EU Member States participates.

The restrictions specified in this sub-section 3) are also not applicable in the case of shares held by the Fund in the capital of a company from a non-EU member State which invests its assets principally in the securities of issuing bodies originating from that same State in which it is incorporated and where under the legislation of that State, such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State.

Furthermore, the investment policies of the Fund must comply with the Articles 43, 46, 48(1) and 48(2) of the Act of December 17, 2010 relating to Undertakings for Collective Investment.

Should the limits specified in the Articles 41-48 of the Act of December 17, 2010 be exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights attached to transferable securities forming part of the assets of the Company, then Article 49 of the same Law will apply *mutatis mutandis*.

While ensuring observance of the principle of risk spreading, the Fund may derogate from Articles 43, 44, 45 and 46 of the Act of December 17, 2010 relating to Undertakings for Collective Investment for a period of six months following the date of authorisation.

4. The Fund may acquire on an ancillary basis short term - liquid assets not exceeding 39% of its total net assets.
5. The Fund may not acquire precious metals or certificates representing this commodity (and property).
6. The Fund may temporarily borrow provided that the borrowings do not exceed 10% of its net assets. For the purpose of this restriction back-to-back loans are not considered to be borrowings.
7. The Fund will not pledge, assign by guarantee, transfer without receipt of market-based consideration or burden in any way the assets of the Fund, except as may be necessary in connection with the borrowings mentioned in 6. above, and then such mortgaging,

pledging, or hypothecating may not exceed 10% of the net asset value of the Fund. In connection with swap transactions, option and forward exchange or futures transactions, the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.

The Fund must not grant credits or give guarantees for the account of third parties.

8. The Fund will not perform operations involving the sale of securities not held.
9. The Fund may acquire units of the UCITS and/or UCIs referred to in sub-section 1.4., provided that no more than 20% of the Fund's net assets be invested in the units of a single UCITS or other UCI.

Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of the Fund.

When the Fund invests in the units of other UCITS and/or other UCIs linked to the Fund by common management or control, or by a substantial direct or indirect holding, or managed by a management company linked to the relevant Investment Manager, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or UCIs.

In respect of the Fund's investments in UCITS and other UCIs linked to the Fund as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to the Fund and each of the UCITS or other UCIs concerned shall not exceed 2% of the relevant net assets under management. The Fund will indicate in its annual report the total management fees charged both to the Fund and to the UCITS and other UCIs in which the Fund has invested during the relevant period.

10. The Fund is permitted to acquire transferable securities that are not fully paid-up, provided that a reserve of liquid assets is held by the Company, which is sufficient to meet the unpaid amounts concerned.

II. Rules for transactions in options

The Fund may not:

11. participate in transactions relating to options on transferable securities unless the following rules are observed:
 - (i) The purchase and writing of call and put options by the Fund is only permitted provided such options are traded on options exchanges that are qualified as regulated markets which are operating regularly, recognised and open to the public.
 - (ii) The total premiums paid for the acquisition of call and put options outstanding and referred to herein may not exceed, together with the total of

the premiums paid for the purchase of call and put options outstanding and referred to in heading 13(iv), 15 % of the net assets of the Fund.

- (iii) Upon the conclusion of contracts whereby call options are written, the Fund must hold either the underlying securities, or equivalent call options or other instruments capable of ensuring adequate coverage of the commitments resulting from such contracts, such as warrants. The underlying securities related to call options written may not be disposed of as long as these options are in existence unless such options are covered by matching options or by other instruments that can be used for that purpose. The same applies to equivalent call options or other instruments which the Fund must hold where it does not have the underlying securities at the time of the writing of such options.

As an exception to this rule, the Fund may write call options on securities it does not hold at the entering into the option contract provided the following conditions are met:

- a. the aggregate exercise (striking) price of such uncovered call option written shall not exceed 25 % of the net assets of the Fund;
- b. the Fund must at any time be in the position to ensure the coverage of the position taken as a result of the writing of such options.

Where it writes put options, the Fund must be covered during the entire duration of the option contract by adequate liquid assets that may be used to pay for the securities which could be delivered to it in case of the exercise of the option by the counterpart.

- (iv) The aggregate of the commitments arising from the writing of put and call options (excluding call options written in respect of which the Fund has adequate coverage) and the aggregate of the commitments from the transactions referred to in heading 13 iv hereafter may not, at any time, exceed the value of the net assets of the Fund.

In this context, the commitment on call and put options written is deemed to be equal to the aggregate of the exercise (striking) prices of those options.

- (v) In its financial reports, the Fund must identify the portfolio securities which are the subject of an option and individually indicate the writing of call options on securities which are not held in the portfolio. It must also breakdown by category of options the aggregate of the exercise (striking) prices of options outstanding as at the reference date of the relevant reports.

III. Restrictions on securities lending.

The Fund may not:

- 12. lend securities unless the following rules are complied with:

- (i) The Fund may only lend securities within a standardised lending system organised by a recognised securities clearing institution or by a highly rated financial institution specialised in that type of transaction.

In relation to its lending transactions, the Fund must receive collateral of a value, which at the conclusion of the lending agreement, must be at least equal to the value of the global valuation of the securities lent.

This collateral must be given in the form of cash and/or of securities issued or guaranteed by member States of the OECD or by their local authorities or by supranational institutions and organisations with EU, regional or world-wide scope and blocked in favour of the Fund until termination of the lending contract.

- (ii) Lending transactions may not be carried out on more than 50 % of the aggregate market value of the securities in the portfolio. This limit is not applicable if the Fund has the right, at any time, to terminate the contract and obtain restitution of the securities lent.
- (iii) Lending transactions may not extend beyond a period of 30 days.

IV. Rules for transactions in futures and option contracts:

The Fund may not :

- 13. participate in transactions relating to futures and option contracts relating to financial instruments unless the following rules are observed:
 - (i) Except for transactions by mutual agreement mentioned under heading iii below, the transactions described herein may only relate to contracts that are dealt in on a regulated market, that is operating regularly, recognised and open to the public. Subject to the conditions specified below these transactions may be made for hedging or other purposes.
 - (ii) The Fund may sell stock index futures for the purpose of hedging against a global risk of an unfavourable evolution of stock markets. For the same purpose, it may also write call options on stock indices or purchase put options thereon.

The hedging purpose of these transactions presupposes that there exists a sufficient correlation between the composition of the index used and the corresponding portfolio.

The aggregate commitments resulting from futures contracts and stock index options may not exceed the aggregate estimated market value of the securities held by the Fund in the corresponding market.

- (iii) The Fund may sell interest rate futures contracts for the purpose of achieving a global hedge against interest rate fluctuations. It may also for the same purpose write call options or purchase put options on interest rates or enter into interest rate swaps by mutual agreement with highly rated financial institutions specialised in this type of operations.

The aggregate of the commitments relating to futures contracts, options and swap transactions on interest rates may not exceed the aggregate estimated market value of the assets to be hedged and held by the Fund in the currency corresponding to those contracts.

- (iv) In its financial reports, the Fund must separately indicate for each of the categories of transactions mentioned in headings 13.ii and 13.iii above the total amount of commitments deriving from operations outstanding as at the date of reference of the relevant reports.

V. For the purpose of protecting against exchange risks in connection with the assets and liabilities of the Fund, the Fund may use the following techniques and instruments.

With the view to hedging its assets against exchange rate fluctuations, the Fund may enter into forward currency contracts as well as writing call options and buying put options on currencies. Such transactions are limited to agreements which are traded on a regulated and recognised market that is operating regularly and is open to the public.

For the same purpose the Fund may enter into forward sales of currencies or currency swaps in the context of over-the counter transactions dealing with leading financial institutions specialising in these types of transactions.

The objective of these transactions presupposes the existence of a direct link between such transactions and the assets to be hedged, which implies that transactions involving a currency must generally not exceed in amount the aggregate estimated value of the assets expressed in such currency nor extend beyond the holding period of such assets.

If the limits mentioned above are exceeded beyond the control of the Fund or as a result of the exercise of subscription rights, the Fund, while duly allowing for the interest of the shareholders, will give priority to taking the necessary measures in order to eliminate the excess.

In the interest of the shareholders the Board of Managing Directors may adopt further restrictions intended to ensure that the laws and regulations in force in the countries where the Fund's shares are offered for sale to the public are complied with.

RISK MANAGEMENT PROCESS

The Fund will employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Fund. For the purpose of determining the global exposure, the commitment approach will be used.

Structure

Board of Managing Directors

The Board of Managing Directors of the Fund is formed by:

1. SuxesKey S.A. represented by Mr. Albert SEEN, domiciled in Larochette, Grand Duchy of Luxembourg,
2. Mr. Jos ROTTEVEEL, director of SuxesKey S.A., Larochette, Grand Duchy of Luxembourg,
3. Mrs. Marleen WATTE-BOLLEN, lawyer, domiciled in Luxembourg, Grand Duchy of Luxembourg.

SuxesKey S.A. was incorporated on March 19th 1993 and is an independent Luxembourg asset manager. It is authorised to act as asset manager, investment advisor, broker, commission agent, domiciliation agent, registrar and transfer agent, administrative agent of investment funds, communication agent and professional authorised to constitute and manage companies in compliance with article 24, 24-1, 24-2, 24-3, 25, 29, 29-1, 29-2 and 29-5 of the modified law dated April 5th 1993 on the financial sector. The company is under the supervision of the CSSF.

The capital is presently fixed at EUR 650,000 divided into 1,000 shares of EUR 650 each. The assets under management were € 123.020.240,00 on 31 December 2010.

SuxesKey S.A. is represented by its founder and managing director Mr. Albert Seen. Mr. Seen has an extensive financial and banking background which, in addition to SuxesKey, was acquired at the Amro Bank in the Netherlands and at ABN-Amro Bank (Luxembourg) S.A. in Luxembourg.

Jos Rotteveel is presently manager and member of the Board of Directors of SuxesKey S.A. He is responsible for asset management and is compliance officer for SuxesKey. Mr. Rotteveel has considerable financial and banking expertise, in particular in asset management and risk management, also from his prior career at ABN-Amro Bank.

The Board of Managing Directors of the Fund shall have the broadest powers to act in any circumstances on behalf of the Fund, subject to the powers expressly assigned by law to the General Meeting of Shareholders.

The Board of Managing Directors is responsible for the investment policy of the Fund and shall be assisted by investment advisors. SuxesKey SA is in particular responsible for the investment management of the Fund.

The members of the Board of Managing Directors do not receive a fee, but they are entitled to reimbursements of expenses incurred by them in the conduct of their duties.

Managers

Mr Albert Seen has been appointed as Executive Director by the Board of Managing Directors with responsibility for day-to-day affairs and, in particular, contact with the local authorities, supervision of legal issues, the anti-money laundering policy and the Fund's distribution.

Mr. Jos Rotteveel has been appointed as manager and is, in particular, responsible for supervising the risk management process, the administration and custody, as well as compliance with the investment policy as laid down in the articles of association and the most recent prospectus of the Fund.

The managers are entitled to a fee based on commercial rates and real time spent and to reimbursements of expenses incurred by them in the conduct of their duties.

Investment Advisors

The Board of Managing Directors has appointed as its investment advisor, Citadel Value Advisory S.A. and D&F Financial Services B.V., who may, subject to approval of the Board of Managing Directors, sub-delegate their powers.

Citadel Value Advisory S.A. and D&F Financial Services B.V. have been appointed under an Investment Advisory Agreement signed on January 7th, 2002 and February 28, 2007 respectively, for an initial period of three years, renewable.

The Investment Advisors provide assistance and advice to the Board of Managing Directors of the Fund regarding investment decisions. In contrast with D&F Financial Services B.V., Citadel Value Advisory S.A. renders this advice on an exclusive basis

Citadel Value Advisory S.A. is a corporation with limited liability organised under the laws of the Grand Duchy of Luxembourg... It has been incorporated for an unlimited period of time in Luxembourg on January 3, 2002, and has presently a paid-up share capital of EUR 75,000.

The purpose of Citadel Value Advisory S.A. is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, including the Fund, as well as the management and development of these participations. It shall serve as advisor to the Fund in connection with the management of its assets and its promotion, but shall not provide such assistance to any other corporation.

The Board of Managing Directors of Citadel Value Advisory SA consists of Mr. Albert Seen, Director of SuxesKey S.A., Chairman, Mr. Jos Rotteveel, asset manager with SuxesKey SA and Mrs. Raymonde Gokke.

D&F Financial Services B.V. is a corporation with limited liability organised under the laws of the Netherlands. It has been incorporated for an unlimited period of time in the Netherlands on November 8, 2001, and at December 31st 2008 had a capital of EUR 35,000 (paid-up capital is EUR 18,000).

The main objective of this company is to render financial services and advice as well as undertaking support and marketing activities.

The Directors of D&F Financial Services B.V. are Mr. Darrell Duthie and Mr. Edwin Flick.

Mr. Duthie (42) is a former senior equity analyst of MeesPierson. In that function he headed the European food & beverage team, and was rated by the respected Extel survey. He

graduated from the Rotterdam School of Management with an MBA in 1993, and holds a BA in Political Science & Economics from the University of Calgary, Canada. Since 2001 he is active as an independent financial analyst.

Mr. Flick (43) is a financial analyst with extensive equities experience. He was previously employed at MeesPierson where he was the senior analyst responsible for the European IT services & software team. Prior to that he covered a number of sectors including IT, media and capital goods as an analyst at Rabo International and Swiss Bank Corporation. He graduated with a degree (*doctorandus*) in Quantitative Business Economics from the Erasmus University Rotterdam in 1992. Since 2001 he is active as an independent financial analyst.

Pursuant to the investment advisory agreements, the Investment Advisors are entitled to a basic fee, calculated monthly, payable at the end of each month and based on the net assets of the Fund as at the last monthly Valuation Date at a rate of 0.75% p.a. The net assets pertaining to the Class “MI” and “MP” shares will not be included in this calculation as they are not subject to the advisory fee.

Furthermore, the Investment Advisors are entitled to an incentive fee equal to 20% of the Excess Return, if any, achieved by the Fund, which shall be calculated and payable annually at the end of each financial year. The net assets pertaining to the Class “MI” and “MP” shares will not be included in this calculation as they are not subject to the incentive fee. The incentive fee will be calculated in the following manner:

If the Fund Return (as defined below) exceeds the Hurdle Rate (as defined below), the difference between the Fund Return and the Hurdle Rate shall constitute the Excess Return. There will be no incentive fee if the Excess Return so defined is 0 or negative.

The Fund Return in any year shall be calculated by deducting the total net assets of the previous financial year (after accrual of the incentive fee) (to be referred to as the initial net assets for the calculation of the performance fee - for the first financial year the beginning net assets will be used as reference) from the last total net assets of the current financial year (before accrual of the incentive fee and adjusting for subscriptions, redemptions and dividends, if any are paid in the current financial year).

The Hurdle Rate is defined as the return that would have accrued had a sum equal to the initial net asset value (“NAV”) (and subsequently adjusted for subscriptions, redemptions and dividends) been invested at the lesser of 10% or 1 year EURIBOR during the relevant year.

For the purpose of calculating the NAV per share as of any Valuation Date, the incentive fee (if applicable) will be accrued as an expense of the Fund each Valuation Date.

If a shareholder redeems shares prior to the end of a financial year, any incentive fee accrued (as described above) in respect of the shares being redeemed will be paid by the Fund to the Investment Advisor as if that redemption date were the last Valuation Date of the financial year.

Furthermore, the Investment Advisors are entitled to reimbursement by the Fund of their out-of pocket expenses incurred in the proper performance of their duties.

Custodian and principal paying agent

The Board of Managing Directors has designated KBL European Private Bankers S.A. as custodian and principal paying agent.

KBL European Private Bankers S.A. public limited company (*société anonyme*), is a bank under Luxembourg law whose registered office is located at 43, Boulevard Royal, L-2955 Luxembourg, incorporated on May 23rd 1949 for an unlimited period of time. It has carried out banking business since its incorporation. At December 31st 2008, its capital and reserves amounted to EUR 1,216,332,146.

KBL European Private Bankers S.A. has been appointed Custodian Bank for the Fund by virtue of an agreement concluded on January 7th, 2002.

As Custodian, KBL European Private Bankers S.A. is responsible for the day-to-day safekeeping of the assets of the Fund as provided for in the Luxembourg Act of December 17th, 2010 on Undertakings for Collective Investment. The custodian is also responsible for the settlement of purchases and sales and the collection of income and other payments due in respect of securities or liquid assets held by the Fund.

The Custodian will furthermore ensure that in transactions involving the assets of the Fund, the consideration is remitted to it within the usual time limits, the income of the Fund is applied in accordance with its Articles and that the sale, issue, redemption and cancellation of shares effected by or on behalf of the Fund are carried out in accordance with the law and the Articles of Association of the Fund. It will also ensure that the value of the shares is calculated in accordance with the law and the articles of association and the prospectus.

In accordance with banking practice the Custodian Bank may, on its own responsibility, entrust to other institutions some of the Fund's assets not quoted or traded in Luxembourg.

All acts generally, of whatever nature, regarding the disposition of the assets of the Fund are carried out by the Custodian Bank on instructions of the Fund. As remuneration for these services the usual commissions are borne by the Fund: those commissions are calculated on the net asset value of the Fund and are payable monthly.

Pursuant to a paying agency agreement of January 7th, 2002 KBL European Private Bankers S.A. also acts as Paying Agent. As principal paying agent KBL European Private Bankers S.A. will be responsible for distributing income and dividends, if applicable, to the shareholders.

The above mentioned agreements are concluded for an indeterminate period and may be cancelled by either party upon ninety days' notice or three months' notice respectively.

Administrative and domiciliary agent - Registrar and transfer agent

The Board of Managing Directors has appointed Kredietrust Luxembourg S.A. as administrative and domiciliary agent as well as registrar and transfer agent pursuant to the administrative agency agreement, the domiciliary agency agreement and the registrar and transfer agency agreement respectively signed on January 7th, 2002.

Kredietrust Luxembourg S.A. is in its capacity as administrative agent responsible for all administrative and secretarial duties required by Luxembourg law, in particular for the bookkeeping and for the calculation of the net asset value; as domiciliary agent, it provides the registered address to the Fund.

It will also draw up the financial statements and all other documents intended for investors and will send and keep available all fundamental documentation relating to the Fund and its activities.

As registrar, Kredietrust Luxembourg S.A. is responsible for keeping the shareholders register and as transfer agent it is responsible for the transfer of the registered shares or for share confirmations of registered shares to the shareholders, to the sales agents, if any, and to third parties.

The above mentioned agreements were concluded for an indefinite period and may be terminated by either party upon ninety days' notice or upon three months' notice in case of the domiciliary agency agreement.

Kredietrust Luxembourg S.A. may, on its own responsibility and in its capacity as administrative agent, registrar and transfer agent, for all or any of its requirements, make use of the services of the European Fund Administration ("EFA"), established in Luxembourg.

Listing Agent:

** to the Luxembourg Stock Exchange:*

The Board of Managing Directors has decided to list the "T" and "P" shares on the Luxembourg Stock Exchange. The agent for the listing is entitled to receive from the Fund such fee as may be agreed from time to time.

Capitalisation and form of the shares

The capital of the Fund is at all times equal to the aggregate value of its net assets. The capital is represented by fully paid-up bearer and/or registered shares having no nominal value.

The legal minimum capital, which must be reached within six months of incorporation, is fixed at EUR 1,250,000. The initial capital at the moment of incorporation amounted to EUR 32,000, fully paid-up and represented by 320 capital growth shares or "B"-shares.

The Fund has the right to vary its capital without the publication or registration in the Commercial and Companies Register required for increases and decreases of capital of other types of joint stock companies.

No materialized shares may be obtained. Rights on the shares may only be validly effected as of the date of contribution thereon.

The Board of Managing Directors has decided to issue only capital growth shares, but may decide that the Fund shall issue two or more classes of capital growth shares (individually referred to as "Class" and collectively referred to as "Classes"), whose assets will be collectively invested. "Class P": shares will be solely issued to Institutional Investors who may subscribe for their own account and/or for third party's accounts, who must then be an institutional investor. "Class P": shares will only be issued to private individuals. Class "MI" shares will be solely issued to the Institutionals that have entered into an investment advisory agreement with the Fund. Class "MP" shares will be solely issued to the investment advisors of the Fund and their immediate family. The Board of Managing Directors waived the investment advisory and the incentive fee for the Class "MI" and "MP" shares.

The "P"-shares and "I"-shares may be issued in the form of bearer and/or registered shares, upon request of the private and institutional investor respectively. The "MI" and "MP" shares will only be issued in registered form. The registrar will maintain a register, in which the shareholders are entered as prescribed by law.

Next to such different Classes of shares pertaining to the ownership of the shares of the Fund, the Board of Managing Directors may decide to issue other different Classes of shares whereby a specific sales fee, general fee structure, or other specific characteristics may be applied to each Class; the conversion of these Classes of shares is not excluded.

The capital growth share is a share which does not confer to its holder the right to receive a dividend, but which shall be entitled to its pro-rata share of the increase in net assets of the Fund.

Without prejudice to the above mentioned, the shares issued by the Fund are freely transferable and entitled to participate equally in the profits of the Fund and in its assets upon liquidation.

The shares, which must be fully paid upon issue, have no nominal value, carry no preemptive or preferential rights and are entitled each to one vote at all meetings of shareholders in compliance with the amended Luxembourg Company Act of August 10,

1915, the Act of December 17, 2010 relating to Undertakings for Collective Investment and the Articles.

Fractional entitlements to a share are recognized to two decimal places; they are not entitled to vote but shall be entitled to participation in the net assets and in the proceeds of liquidation. The Fund may split or combine shares without charge to the shareholders.

The shareholders do not physically hold the shares but hold and trade the shares by means of book entries corresponding to their investment made in a security account in their name or in the name of the professional intermediary, broker or distributing agents. Shareholders will receive confirmation notes of their transactions; bearer and registered share certificates are not issued.

Any natural or legal person may acquire shares of the Fund. However the Board of Managing Directors may restrict the ownership of shares in compliance with the rules laid down in article 10 of the Articles of Association. Pursuant thereto, the beneficial ownership of shares in the Fund by United States persons is excluded except in a transaction that does not violate US law.

Profile of the typical investor

The Fund is suitable for investors who are comfortable with and understand the risks of investing in the stock market and who have an investment horizon of at least three to five years. The Fund's strict and consistent application of the 'value' investment strategy makes it particularly suitable for long-term investors seeking capital preservation and appreciation.

Determination of the net asset value of the shares

Net asset value

The Fund's net asset value per share will be determined twice a month on each first and third Tuesday provided that day is a banking business day in Luxembourg and as further described in article 14 of the Articles of Association. In accordance with clause 14 of the Articles of Association a valuation date ("Valuation Date"), is defined as the day of the determination of the net asset value of the shares.

Since the Fund is an open-end company the stock price of the shares on the Luxembourg Stock Exchange will be based on the net asset value per share.

The Net Asset Value per share of each Class expressed in Euro is calculated by dividing the value of the net assets attributable to each Class (being the value of the total assets attributable to such Class less the total liabilities attributable to such Class) by the number of shares of such Class outstanding at the Valuation Date and by rounding the resulting sum to the nearest whole euro cent per share.

The share price of the "P" and "I" shares will be published in the *Côte Officielle de la Bourse de Luxembourg*, on the website www.citadelfund.com and in newspapers that the Board of Managing Directors deems appropriate.

I. The assets of the Fund shall include:

- 1) all cash on hand or on deposit, including any interest accrued thereon;
- 2) all bills and notes payable and accounts receivable (including proceeds of securities sold but not delivered);
- 3) all bonds, time notes, certificates of deposit, shares, stock, debenture stocks, subscription rights, warrants, options and other securities, financial instruments and similar assets owned or contracted for by the Fund;
- 4) all stock dividends, cash dividends and cash distributions receivable by the Fund to the extent information thereon is reasonably available to the Fund (provided that the Fund may make adjustments in view of fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices);
- 5) all interest accrued on any interest-bearing assets owned by the Fund except to the extent that the same is included or reflected in the principal amount of such assets;
- 6) the preliminary expenses of the Fund, including the cost of issuing and distributing shares of the Fund, insofar as the same have not been written off;
- 7) all other assets of any kind and nature including expenses paid in advance.

II. The liabilities of the Fund shall include:

- 1) all loans, bills and accounts payable;
- 2) all accrued interest on loans of the Fund (including accrued fees for commitment for such loans);
- 3) all accrued or payable expenses (including administrative expenses, promoter, advisory and management fees, including incentive fees if any, legal fees, and corporate agents' fees);
- 4) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid dividends declared by the Fund;
- 5) an appropriate provision for future taxes based on capital and income to the Valuation Date, as determined from time to time by the Fund, and other reserves (if any) authorised and approved by the Board of Managing Directors, as well as such amount (if any) as the Board of Managing Directors may consider to be an appropriate allowance in respect of any contingent liabilities of the Fund;
- 6) all other liabilities of the Fund of whatsoever kind and nature. In determining the amount of such liabilities the Fund shall take into account all expenses payable by the Fund which shall comprise establishment expenses, fees payable to its custodian and its correspondents, and its paying agent(s), all taxes, duties, governmental and similar charges.

The Fund may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance, and may accrue the same in equal proportions over any such period.

The valuation of the investments is described under article 14 of the Articles of Association. It is based on the following principles:

- Investments (transferable securities and money market instruments) listed on any stock exchange and on any regulated market are valued at the last closing price, unless the price is not representative. In the latter case the price will be valued at the probable realization value estimated with care and good faith.
- Investments (transferable securities and money market instruments) which are not listed on any stock exchange are valued on the basis of the probable realization value estimated with care and good faith.
- The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received is deemed to be their nominal value thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such a discount as may be considered appropriate by the Board of Managing Directors in such case to reflect the true value thereof.
- The value of all other assets and liabilities not expressed in the reference currency of the Fund will be converted into the reference currency at available markets rates on the Valuation Date.

- The OTC derivatives are subject to reliable and independent verification of the auditor.

The Fund will apply the following principles in calculating the exchange rate conversion:

- Assets and liabilities denominated in foreign currencies are translated into Euros at the exchange rates at the balance sheet date; exchange differences relating to investments are added to the investment equalization reserve. All other exchange differences are taken to the profit and loss account.
- Income and expenses denominated in foreign currencies are translated into Euros at the exchange rates on the transaction date.

The Board of Managing Directors, at its discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset of the Fund.

Suspension of the determination of the net asset value and of the issue and redemption of shares.

The Board of Managing Directors of the Fund may suspend the determination of the net asset value and issue and redemption of shares as described in article 15 of the Articles of Association. Its main criteria are that suspension is allowed during a period in which:

- restrictions apply in respect of trade on one or more stock exchanges which, in the opinion of the Board of Managing Directors, are an important market for a major part of the investments of the Company; or in which
- circumstances occur which, in the opinion of the Board of Managing Directors, make it impossible to determine the value or to sell a considerable part of the investments of the Fund without damaging the interests of the shareholders.

HISTORICAL PERFORMANCE

Past performance information on the Fund is disclosed in the annual and interim reports of the Fund which are available inter alia from the registered office of the Fund and /or at the offices of its Distributing Agents, if any, or from the Representative in the Netherlands and Luxembourg.

TOTAL EXPENSE RATION AND PORTFOLIO TURNOVER RATE

The total expense ration and portfolio turnover rate are disclosed in the annual and interim reports of the Fund which may be obtained on request at the registered office of the Fund, and /or at the offices of its Distributing Agents, if any, or from the Representative in the Netherlands and Luxembourg.

Issue and repurchase of shares

CITADEL VALUE FUND SICAV is an open-end investment company with variable capital which, under normal circumstances, issues and repurchases shares on a continuous basis and as described in detail in article 11 and 12 of the Articles of Association.

The Board of Directors have resolved that the Fund shall not issue warrants on transferable securities, options or other rights to subscribe for shares in the Fund to its shareholders or other persons.

The issue and repurchase of shares shall take place twice a month on a banking business day in Luxembourg on which the major stock exchanges are open - except in the special circumstances described hereafter - against the next calculated NAV. Capital duty payable on the issue of shares, if any, will be paid by the Fund and no subscription charge is due.

Requests for the issue or repurchase of all shares must be addressed to the registered office of the Fund and/or to KBL European Private Bankers S.A. in Luxembourg. Such requests must be received at 17h30 Luxembourg time on the day preceding a Valuation Date and shall be treated on the next business day, on the basis of the net asset value per share determined on the next Valuation Date. If any request for subscription and repurchase is received after 17h30 Luxembourg time, the prices applied will be those based on the net asset value calculated the second next Valuation Date.

The Fund will not issue shares:

- if the Board of Managing Directors together determine that the issue of shares would be contrary to any statutory provision or would harm the interests of existing shareholders; or
- if the Board of Managing Directors has suspended the determination of the net asset value on the grounds of the circumstances referred to under the subheading. "Suspension of the determination of the net asset value and of the issue, redemption and conversion of shares".

Issues of shares may be suspended in the circumstances described in Article 15 of the Articles. In the case of suspension of dealings in shares the applicant may give notice that he wishes to withdraw his application. If no such notice is received by the Fund the application will be dealt with on the first Valuation Date following the end of such suspension period.

There shall be no right to cancel such an agreement except in the case of suspension of the calculation of the NAV per share pursuant to Article 15 of the Articles and the Fund reserves the right to bring an action against any defaulting applicant to obtain compensation for itself and/or its Distributing Agent for any loss directly or indirectly resulting from the failure by the applicant to meet the terms of the agreement, such as failure to pay settlement monies or to provide for a complete Application Form.

Subject to the laws, regulations, stock exchange rules or banking practices in a country where an application is made, taxes or costs may be charged additionally.

Confirmation notes, cheques and other documents sent by post will be at the risk of the applicant and will be sent to the address(es) of the applicant(s) (or that of the first-named

applicant) as set out in the application. Should the application be submitted by a proxy being an approved financial advisor, such documents will be sent to the relevant adviser except any documents representing financial value. The Fund does not accept responsibility for misrepresentation of the status of any financial advisor of the applicant. Once given, applications to subscribe and, except in the case of suspension or deferral, instructions to redeem are irrevocable to the extent that this is permitted in the relevant jurisdictions. The transactions will normally be effected through any director, manager, officer or other duly organised Distributing Agent of the Fund.

The Administrator of the Fund must verify, supervise and execute the subscription and redemption orders addressed to the Fund directly and those collected by intermediaries that are not considered as Professionals of the Financial Sector or that are resident in countries non-members of the Financial Action Task Force on Money Laundering, that do not impose on such intermediaries an obligation to identify investors equivalent to that required under Luxembourg law for the prevention of money laundering.

It is generally accepted that professionals of the financial sector resident in a country that has ratified the conclusions of the Financial Action Task Force on Money Laundering are deemed to be intermediaries having an identification obligation equivalent to that required under Luxembourg law.

The Administrator may investigate particularly funds received from banks resident in those countries. Pending completion of such investigation subscriptions may be frozen. The Fund reserves the right to reject any application at the sole discretion of the Fund in the event that the Fund has any doubt whatsoever about the origin of the subscription monies.

The Fund is entitled to require any person applying for, or claiming ownership rights in, any shares to provide information satisfactory to the Fund to establish that person's nationality and country of residence. The non-receipt of such information by the Fund may delay the completion of the transaction and consequently the ability to affect subsequent dealings in the shares concerned.

Dealings may be delayed until cleared funds have been received. Settlement should be made by electronic bank transfer net of all bank charges (except where local banking practices do not allow electronic bank transfers) to the bank account notified by the Distributing Agent and must be made in cleared funds within three business days from the applicable Valuation Date. If timely settlement is not made, the relevant allotment of shares may be cancelled. The receipt by the Fund through its Distributing Agent of an application or other written instruction to purchase shares shall be treated as a binding agreement by the applicant to purchase shares and to provide the Fund with due remittance.

With respect to the repurchase of shares, the Fund will ensure that sufficient liquid assets are present at all times to enable it to fulfill its obligation to repurchase in accordance with the above provisions.

The Board of Managing Directors may suspend until the next Valuation Date execution of redemption orders whenever the number of shares redeemed exceeds 10% of the then prevailing number of shares outstanding on a certain Valuation Date as long as necessary in

order to execute sales trades at best prices and/or in order to collect sufficient money to pay the redemptions.

Shares shall be redeemed at a redemption price equal to the net asset value per share as determined above minus a redemption charge of 1% of net asset value per share which will accrue solely and in full to the Fund.

Redemption payments will be dispatched in the reference currency of the Fund within three business days after the relevant Valuation Date provided that all relevant documents (as described above and all additional information as requested by the Administrator) have been received from the Shareholder.

Shares redeemed will have no voting rights and will not participate in dividends, if applicable, or other distributions.

The Fund will not redeem shares:

- if the Board of Managing Directors determines that the redemption of shares would be contrary to any statutory provision or would harm the interests of existing shareholders; or
- if the Board of Managing Directors has suspended the determination of the net asset value on the grounds of the circumstances referred to under the subheading. “Suspension of the determination of the net asset value and of the issue, redemption and conversion of shares”.

Dutch investors can get all information required regarding payments on, the issuance, and redemption of shares of the Fund from D&F Financial Services B.V., the Fund’s representative in the Netherlands.

Minimum initial investment

The minimum initial investment per investor is EUR 10,000 per private investor and EUR 100,000 per institutional investor.

Subsequent minimum investments

The subsequent minimum investment is EUR 10,000 per private investor and EUR 100,000 per institutional investor.

Market timing & Late Trading

Investors are informed that the Board of Managing Directors is entitled to take adequate measures in order to prevent practices known as “Market-Timing” and “Late Trading” in relation to investments in the Fund. The Board of Managing Directors of the Fund will also ensure that the relevant cut-off time for requests for subscription and redemption are strictly complied with.

The Board of Managing Directors of the Fund is entitled to reject requests for subscription in the event that it has knowledge or suspicions of the existence of Market Timing practices.

In addition, the Board of Managing Directors is authorised to take any further measures deemed appropriate to prevent Market Timing taking place.

Remuneration and general expenses

The Fund will bear, without restriction, the following general expenses and charges:

- the incorporation expenses and the cost of subsequent amendments to the Articles of Association,
- fees and expenses payable to the investment advisors, accountant, custodian bank and correspondent agent(s), registrar, transfer agent, domiciliary agent, administration agent, listing agent, paying agent or other authorized agents and employees of the Fund, including its permanent representatives in countries where it is subject to registration,
- the costs of legal assistance and auditing of the Fund's annual reports,
- the promotion costs, the publication of annual and interim financial reports, the costs associated with other communications to shareholders, marketing, stock exchange listings, registration costs particularly with respect to the *Autoriteit Financiële Markten* (Dutch securities regulator) and if deemed necessary registration and supervisory costs in other jurisdictions,
- the costs of shareholders' and Board of Managing Directors' meetings, the reasonable travelling expenses of Directors and managers as well as the fees of the managers,
- all taxes and duties charged by governmental authorities and stock exchanges, the costs of publishing issue and redemption prices, as well as any other running costs, including financial, banking and brokerage expenses incurred when buying or selling assets or otherwise, and all other administrative costs relating to the Fund's activities.

All costs and expenses are normally charged first against the investment income of the Fund.

The custodian bank, the administrator and domiciliary agent, the registrar and transfer agent will receive an annual commission on commercial rates calculated on the Fund's net assets, payable on a monthly basis. In addition, the custodian bank, the administrator and domiciliary agent, the registrar and transfer agent will also be entitled to receive reimbursement from the Fund for certain third party expenses incurred in the execution of their duties.

The Investment Advisors' fee is mentioned under the appropriate heading on page 19 above.

Establishment costs

The establishment costs, including the preparation and printing costs of a prospectus and brochures, notarial and legal fees, introduction fees to the administrative and stock exchange authorities and all other fees, charges and expenses related to the incorporation and launching of the Fund were estimated to be the equivalent of EUR 75,000. These costs were amortized over the first five financial years of the Fund.

Fiscal Aspects

The information presented herein is based on current fiscal legislation and jurisprudence. Furthermore, only a few tax aspects have been highlighted. Neither the Board of Directors nor SuxesKey SA accepts responsibility for the consequences for any future changes.

1. The Fund

Tax position in Luxembourg

In accordance with current law and practice in Luxembourg, the Fund is not subject to Luxembourg corporate tax. Nor are dividends that are paid by the Fund subject to any Luxembourg withholding tax. However, the Fund is subject in Luxembourg to a registration tax of 0.05% per annum with regard to the Class “P” and Class “MP” shares and of 0.01% per annum with regard to the Class “I” and “MI” shares that is payable quarterly in arrears on the basis of the value of the aggregate net assets of the Fund at the end of the relevant calendar quarter. The Fund will seek to obtain the reduced tax rate of 0.01%, as provided by article 174 of the 2010 Act, in respect of share Classes held only by Institutional Investors. It should be noted that the benefit of such reduced rate is granted retrospectively and that there can be no guarantee that it will be granted or that, once granted, it will continue to be available in the future. No stamp duty or other tax is payable in Luxembourg on the issue of new shares, except for the payment of an initial capital tax of EUR 1,250 that is paid at the incorporation of the Fund.

Tax position in the Netherlands

Capital duty – Corporate Income Tax

The Fund, a Luxembourg investment vehicle, does not owe capital duty and is not subject to corporate income tax in the Netherlands.

2. Shareholders

2.1. General

The following describes the principal tax consequences of the acquisition, holding, redemption and disposal of shares in the Fund. This text is not to be read as implicitly relating to any matters, which have not been specifically described. Prospective investors are advised to contact their own tax advisor to discuss the individual tax consequences of the investment in shares of the Fund.

This summary is based on tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

2.2. Tax position in Luxembourg

Under Luxembourg law as it stands, shareholders are not subject to any capital gains, income, estate, inheritance or withholding taxes in Luxembourg except for:

1. shareholders domiciled, resident or having a permanent establishment in Luxembourg;
2. non-residents of Luxembourg who hold 10% or more of the shares in the Fund and who dispose of all or part of their holdings within six months of the date of acquisition; or
3. in a limited number of cases, certain former residents of Luxembourg who hold 10% or more of the shares in the Fund.

2.3. Tax position in the Netherlands

PROSPECTIVE INVESTORS

The summary of certain Dutch taxes is only intended for the following investors:

- (1) Individuals who are resident, or deemed to be resident, in the Netherlands for purposes of Dutch tax law (including the non resident individual holder who has opted to be taxed as a resident of the Netherlands), excluding (a) individuals who are resident, or deemed to be resident in the Netherlands, who alone or together with certain related persons have a substantial interest of 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Fund, or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares), all as defined in section 4.3 of the Income Tax Act 2001, (b) individuals who are resident, or deemed to be resident in the Netherlands, who have been an employee of the Fund or an employee of any entity related to the Fund and (c) individuals who are resident, or deemed to be resident in the Netherlands, who perform activities with respect to the shares that exceed regular active portfolio management (the “Dutch Individuals”); and
- (2) Corporate entities that are resident, or deemed to be resident, in the Netherlands for purposes of Dutch tax law, excluding (a) corporate entities that are not subject to Dutch corporate income tax, (b) pension funds (in Dutch: “*pensioenfondsen*”) or another entity that, although in principle subject to Dutch corporate income tax, is specifically exempt from that tax, (c) corporate entities that hold the shares, the benefits from which are exempt under the participation exemption (as laid down in the Dutch Corporate Income Tax Act 1969, and (d) investment institutions (in Dutch: “*beleggingsinstellingen*”) as defined in the Dutch Corporate Income Tax Act 1969 (the “Dutch Corporate Entities”).

CORPORATE INCOME TAX AND INDIVIDUAL INCOME TAX

If the holder of the shares is a Dutch Corporate Entity and the shares are attributable to its (deemed) business assets, dividends received from, and capital gains realised upon the disposal, transfer, redemption or alienation of the shares are taxable.

If the holder of the shares is a Dutch Individual and has an enterprise, or an interest in an enterprise, to which enterprise the shares are attributable, dividends received from, and capital gains realised upon the disposal, transfer, redemption or alienation of, the shares are taxable at the progressive rates of the Income Tax Act 2001.

If the above does not apply to the Dutch Individual, the actual dividends derived from, and the actual gains realised with respect to the shares will not be taxed. Instead, the individual holder will be taxed at a flat rate of 30% on deemed income from ‘savings and investments’ (in Dutch: “*sparen en beleggen*”). This deemed income amounts to 4% of the average of the individual’s yield basis (in Dutch: “*rendementsgrondslag*”) at the beginning of the calendar year and the individual’s yield basis at the end of the calendar year, insofar the average exceeds a certain threshold. The shares will be included in the individual’s yield basis.

GIFT AND INHERITANCE TAXES

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the shares by way of gift by, or on the death of, a holder of the shares who is a resident, or deemed to be a resident, of the Netherlands at the time of the gift or his or her death.

An individual of the Dutch nationality is deemed to be a resident of the Netherlands for the purpose of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purpose of the Dutch gift tax only if he or she has been residing in the Netherlands at any time during the twelve months preceding the time of the gift. Applicable tax treaties may override deemed residency.

OTHER TAXES AND DUTIES

No net wealth tax, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be payable in the Netherlands by a holder of the shares in respect of or in connection with the subscription, issue, placement, allotment or delivery of the shares.

EU Tax considerations

The Council of the European Union has adopted on 3rd June, 2003 a Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. Under the directive, Member States of the European Union (“Member States”) will be required to provide the tax authorities of another Member State with details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States (inclusive of Luxembourg) to opt instead for a withholding tax system for a transitional period in relation to such payments. From July 2005 until December 2007, the applicable withholding tax rate was 15% and from January 2008 until December 2010 the applicable withholding tax rate was 20%, and is 35% from January 1st 2011. The Directive would apply in relation to dividend distributions and redemption proceeds paid to shareholders of funds issuing capital growth shares and investing more than 40% of their assets in “debt claims” and to shareholders of funds issuing distribution shares investing more than 15% of their assets in “debt claims”. Debt claims meaning any kind of interest bearing securities or instruments as well as cash..

The Fund falls in principle outside the scope of the above-mentioned Council Directive 2003/48EC. This is due to it being an investment company which issues only capital growth shares, as well as to its investment policy which is limited to investments in equity securities and to investments in “debt claims” less than 40% of its net assets. As an exception, the Directive would only apply in relation to redemption proceeds paid to shareholders of the Fund were it to invest more than 40% of its net assets in “debt claims” meaning any kind of interest bearing security or instrument as well as cash.

Other Information

Act on the Supervision of Investment Institutions

On December 17, 2010 the third Act on Undertakings for Collective Investment denominated “law UCITS IV” came into force. On 1 January 2007 the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, “Wft”) came into force in the Netherlands. Under these Acts investment institutions which offer their shares to the general public in Luxembourg respectively the Netherlands are required to comply with requirements governing expertise and reliability, financial safeguards, business operating procedures and the provision of information to shareholders, the general public and the supervisor.

The Fund was granted a license, in Luxembourg in accordance with the amended Luxembourg Act of March 30, 1988 one of the predecessors of the Act of 17 December 2010. The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) pursuant to Part I of the Luxembourg Act of December 17, 2010 on Undertakings for Collective Investment. It is furthermore authorized under Section 2:66 and 2:73 of the amended Financial Supervision Act to offer its shares to the general public in the Netherlands.

Dissolution and liquidation

The Fund may be wound up at any time by a resolution of the General Meeting of Shareholders subject to the quorum and majority requirements needed for an amendment to the Articles of Association.

Whenever the share capital of the Fund falls below two thirds of the minimum capital referred to in article 5 of the Articles of Association, the question of the winding up of the Fund should be referred to a general meeting of shareholders by the Board of Managing Directors. This general meeting, for which no quorum will be required in such circumstances, shall decide by simple majority of the shares represented at the meeting.

The question of dissolution of the Fund shall further be referred to a general meeting of shareholders whenever the share capital falls below one fourth of the minimum capital set by Article 5 of the Articles; in such an event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by shareholders holding one fourth of the shares represented at the meeting.

If the Board of Managing Directors should decide at any time to apply for cancellation of the Fund’s licenses, that proposal must be approved by the General Meeting of Shareholders. Following the approval of this meeting, the Fund must give notice accordingly in the *Luxembourger Wort* and a Dutch newspaper daily distributed nationally, if applicable, and any other newspaper distributed adequately.

The liquidation procedure shall be governed by the Luxembourg Act of 17 December 2010 relating to the Undertakings for Collective Investment that specifies the steps to be taken to enable shareholders to participate in the liquidation distributions and in that connection provides at the close of the liquidation for deposit in escrow at the “*Caisse des Consignations*” of any such amounts which have not been promptly claimed by any shareholders. Amounts not claimed from escrow within thirty years are liable to be forfeited in accordance with Luxembourg law.

Alteration of the conditions

Pursuant to the Act on Undertakings for Collective Investment modification of the conditions of the Fund, which will be announced in Dutch and Luxembourg daily newspapers distributed nationally, as a result of which the rights or sureties of the shareholders are reduced or additional burdens are imposed on them, do not take effect until one month after the approval thereof. The shareholders may decide during this period to offer their shares for sale without costs and charges.

Disclosure of major holdings

The Netherlands' Act on Financial Supervision and the Decree on Major Holdings and Capital Interests in Issuing Institutions (*Wet op Financieel Toezicht en Besluit Melding Zeggenschap en Kapitaalbelang in Uitgevende Instellingen*) does not apply to the Fund, whereas it is incorporated under Luxembourg law and not listed on the AEX Exchanges. Neither does the Luxembourg law dated 11 January 2008 on the transparency obligations of issuers of transferable securities that also deals with on the information to be published when a major holding in a listed company is acquired or disposed of apply. Therefore, the investors in the Fund are not obliged to notify any major holdings pursuant to these laws.

Dividend policy

In principle, the Board of Managing Directors has decided not to distribute dividends; only capital growth shares shall be issued.

In case distributing shares will be issued, interim dividends may be declared at the Annual General Meeting held in September of each year in accordance with the laws of the Grand Duchy of Luxembourg.

The Board of Managing Directors will determine in accordance with the law the dates upon which and places at which dividends will be paid and the way in which their payment will be notified.

The distribution of dividends, the dividend components as well as the method of payment shall be notified by advertisement in Dutch and Luxembourg daily newspapers distributed nationally.

Dividends will be paid in Euro's. Payments to registered shareholders will be made automatically to the bank account previously indicated and entered into in the shareholders' register. The payment of dividends will be possible regardless of any realised or unrealised capital gains and losses.

However, no distribution may result in the aggregate capital of the Fund falling below EUR 1,250,000. No interest shall be paid in respect of a declared dividend that is kept by the Fund at the disposal of its beneficiary.

Dividends not claimed by the Investor within five years of its declaration will be declared by the Fund to be forfeited, as it is entitled to do under the Luxembourg Act of December 17, 2010 relating to Undertakings for Collective Investment, and will accrue for the benefit of the Fund.

Meetings

The Annual General Meeting of shareholders of the Fund will be held in Luxembourg at the place indicated in the convening notice on the third Friday of the month of September in each year at 15.00 p.m. or if such day is not a business day in Luxembourg on the next following business day and for the first time in 2003. A Business Day is any day normally treated as a bank business day in Luxembourg.

Other general meetings of shareholders will be held at such times and places as are indicated in the notices of such meetings. Notices of all general meetings will be published in the *Mémorial C, the Luxemburger Wort* and in such other newspaper as the Board of Managing Directors deems appropriate.

Such notices will include the agenda and specify the time and place of the meeting, the conditions of admission and will refer to the requirements of the modified Luxembourg company law of August 10, 1915 as amended, with regard to the necessary quorum and majorities required for the meeting.

The requirements as to attendance quorum and majority quorum at all general meeting will be those laid down in Articles 67 and 67-1 of the modified Law of August 10, 1915 as amended, of the Grand Duchy of Luxembourg and in the Articles.

The Fund draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund, notably the right to participate in general shareholders' meetings, if the investor is registered himself and in his own name in the shareholders' register. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Fund. Investors are advised to take advice on their rights.

Financial year

The financial year of the Fund runs from June 1st to May 31st. The first financial year started at the date of incorporation and ended on May 31st, 2003.

The Fund publishes its annual report not later than four months after the end of the financial year and its semi-annual report not later than two months after the first six months of the financial year. The first financial report was an unaudited report as of May 31st, 2002.

Audit

The financial statements included in the annual report will be audited by HRT Révision S.A.. The reports may be obtained free of charge (by shareholders) at the office of the Fund and at the office of the Distributing Agents, if available and of the Representatives.

Applicable Law, Jurisdiction and Governing Language

Disputes arising between the shareholders, the Investment Advisor, the custodian, the registrar, transfer agent, domiciliary, administration and listing agent and/or the Distributing Agents, if any, shall be settled according to Luxembourg Law and in particular to the Act of December 17, 2010 relating to Undertakings for Collective Investment and be subject to the jurisdiction of the District Court of Luxembourg, Grand Duchy of Luxembourg, provided,

however, that these parties may subject themselves to the jurisdiction of courts of the countries, in which the shares of the Fund are offered and sold, with respect to claims by investors resident in such countries and, with respect to matters relating to subscriptions and redemptions by shareholders resident in such countries, to the laws of such countries.

English shall be the governing language for the Prospectus, and sales documents, and French for the Articles of Association provided, however, that the Board of Managing Directors may, on behalf of themselves and the Fund, consider as binding the translation in languages of the countries in which the shares of the Fund are offered and sold, with respect to shares sold to investors in such countries.

Documents for inspection

Copies of the following documents will be available for inspection at the registered office and at the office of the Distributing Agents and Representatives, if any, on every Business day during normal office hours:

- a) the articles of association of the Fund;
- b) the custodian agreement between the Fund and the custodian;
- c) the administrative agency agreement between the Fund and the administrative agent;
- d) the domiciliary agency agreement between the Fund and the domiciliary agent;
- e) the registrar and transfer agency agreement between the Fund and the registrar and transfer agent;
- f) the paying agency agreement between the Fund and the principal paying agent;
- g) the investment advisory agreement between the Fund and the Investment Advisor;
- h) the Simplified Prospectus.