



December 2005 Update

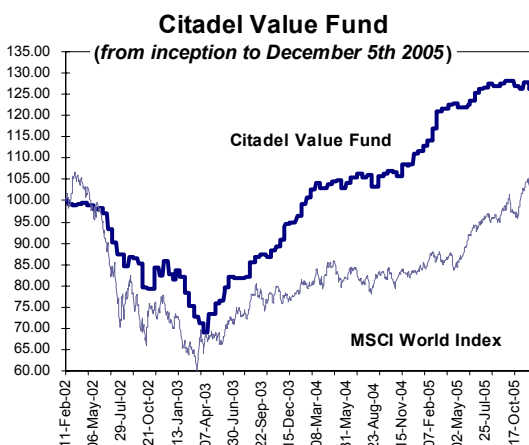
NAV/share (05/12/05): EUR 126.31

ISIN code: LU0141953439

website: www.citadelfund.com

COMMENTARY

After October's modest correction global markets (notably in Europe) rebounded sharply in November, while Citadel ended the month virtually unchanged. As we wrote in the past, the Fund's performance can deviate from markets generally reflecting the focused deep value nature of the portfolio. The potential in the portfolio is significant, and has actually improved in recent months due to new purchases and the sale of fairly valued holdings. Since inception the Fund is up by 26.3% vs. 5.3% for the MSCI World Index.



Citadel Value Fund Performance
(as of December 5th, 2005)

	Since inception (11/02/02)	3 year	1 year	2005* YTD
Citadel Value Fund	26.3%	47.4%	16.7%	13.0%
MSCI World Index	5.3%	40.9%	27.0%	26.2%

note: MSCI World Index is based on total returns in Euro's

* annual returns are based on estimated NAV as of Dec. 31, 2002, 2003 & 2004

source: European Fund Administration, MSCI

Top 10 holdings

Lambert Howarth PLC	7.2%
Heineken Holding NV	6.0%
Bristol-Myers Squibb Co.	5.2%
Merck & Co.	4.5%
Zwack Unicum Rt	4.2%
Wegener NV	3.9%
Wolters Kluwer NV	3.9%
Nedschroef Holding NV	3.8%
Telegraaf Media Groep NV	3.6%
Natuzzi SpA	3.6%

Sharp-eyed readers will immediately note that the Fund has a major new stake in the form of **Lambert Howarth**. This is a UK designer and sourcer of footwear and accessories. The Fund's stake is bigger than would normally be the case, which has its origins in a recent company tender offer to buy-back an astounding 20% of its shares. The Fund bought a second tranche of shares which was tendered at the high end of the offer range. This action offered the potential of a good return in a short period. However, the price was finally fixed at a lower level than where the Fund had tendered. As we will discuss in the forthcoming semi-annual letter to shareholders, the position in Lambert is an excellent addition to the portfolio, the value of its shares is boosted by the buyback, and a larger than 'normal' stake is not unwelcome.

Last month we expressed the expectation that the Fund would shortly be able to make some substantial progress in putting the cash balance to work. That fortunately proved to be accurate. Although indices are rising – driven in many cases by stocks which look fairly-, or even over-valued to us – there are still cheap securities to be found. And that, ultimately, is crucial to future performance.

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