



## December 2006 Update

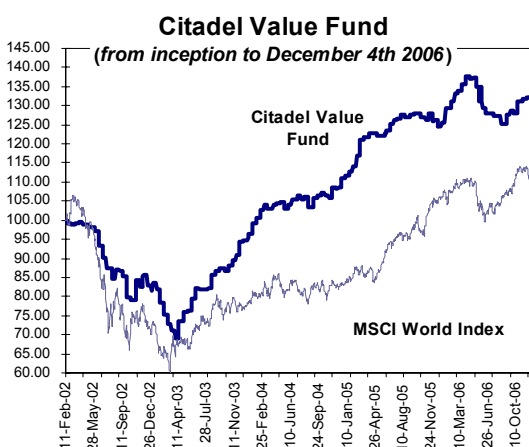
**NAV/share (04/12/06): EUR 132.08**

**ISIN code: LU0141953439**

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

### COMMENTARY

Since the beginning of November Citadel's NAV edged up by 0.2%. Since inception the Fund's return is currently +32.1% while that of the MSCI World Index (Euro) is +11.2%.



**Citadel Value Fund Performance**  
(as of December 4th, 2006)

	Since inception (11/02/02)	3 year	1 year	2006* YTD
<b>Citadel Value Fund</b>	32.1%	39.9%	4.6%	5.5%
<b>MSCI World Index</b>	11.2%	42.5%	5.6%	5.1%

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

### Top 10 holdings

Telegraaf Media Groep NV	6.2%
Heineken Holding NV	5.8%
Nedschroef Holding NV	4.6%
Village Super Market Inc.	4.5%
Bristol-Myers Squibb Co.	4.2%
Wegener NV	4.2%
Carclo PLC	4.0%
Grupo Continental SA	3.9%
Wolters Kluwer NV	3.8%
Signaux Girod SA	3.6%

Although the Fund's NAV has risen only modestly in the past several months, the companies in the portfolio have been growing their values at far faster rates. In November alone there was a slew of company news, all of it good, but the share price reactions were muted at best. For example **Molins** announced the sale of a loss-making unit. Together with the anticipated proceeds from land sales this will throw up 35 pence per share in cash. Furthermore the firm's overall profits will increase substantially. At 8X EBIT this would be worth a further 40p. All told this equals a value to shareholders of some 75p. On the news; however, the stock rose only 13.5p. Much the same occurred after another UK company, **Carclo**, realised 11p per share selling surplus land. The stock rose 2p. So much for the thought that markets are efficient!

While these developments and others haven't immediately been reflected in share prices, this is not altogether uncommon. Share prices, particularly in smaller less well-known companies, can often take considerable time before reflecting changes in intrinsic values. We remain focused on monitoring the investee companies' intrinsic values. In so far that these values rise (and we are pleased that so many have recently done so in such convincing fashion), share price performance will follow. More likely than not though this will come at a moment which is beyond our ability to predict.

**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.**