



July 2008 Update

NAV/share (30/06/08): EUR 117.82

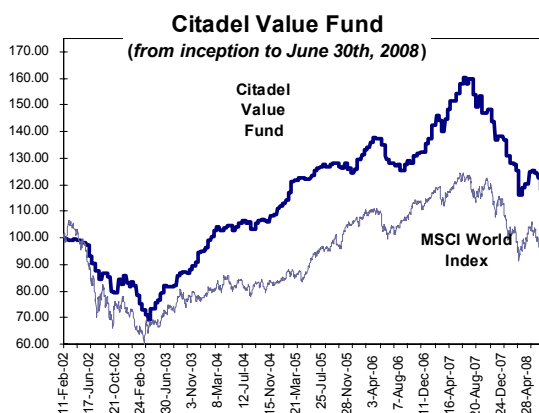
ISIN code: LU0141953439

website: www.citadelfund.com

COMMENTARY

June was a terrible month for equities and the MSCI World Index fell by 9.2% while Citadel was down 5.8%. YTD the respective performance is -16.7% and -13.8%. Since inception Citadel is up by 17.8% whilst the MSCI World Index has declined by 6.0%.

Markets seem stricken by panic, driven by fears that stocks will fall further. This selling is increasingly detached from the realities of the companies whose stocks are traded. To take as an example Citadel's top 3 holdings, (hydro-electric producer **Copel**, drinks firm **Zwack**, & mobile operator **SK Telecom**), all are increasing sales, profits and cash flows. This is not going to change simply because stock prices are momentarily low. Nor is the business of selling electricity, drinks and telephone calls going to dry up if inflation rises and major economies go through a period of recession. Interestingly, if you step back and take an historical perspective on the current turmoil, you can see that the current 'crisis' is just one of many that markets have undergone. We recently did just that, looking at the experience of stock markets in the past 40 odd years. Since 1969 global markets have undergone 7 substantial corrections ranging from -14% to -45%. Despite these sharp falls, and whilst we are now in the midst of another such correction, stocks still generated a return of 9.3% from 1969 to July 2008. After each correction stocks moved to new highs. From our analysis it was clear that moving to the 'security' of cash at such moments was very detrimental to returns. Likewise adding to equities boosted returns. We have compiled a small presentation. Should you be interested please let us know at info@citadelfund.com and we would be pleased to send you a copy.



Citadel Value Fund Performance
(as of June 30th, 2008)

	Since inception (11/02/02)	2008 YTD	2007	2006	2005	2004	2003	2002
Citadel Value Fund	17.8%	-13.8%	-0.5%	9.7%	12.0%	17.2%	17.0%	-18.4%
MSCI World Index	-6.0%	-16.7%	-1.2%	7.9%	26.8%	6.9%	11.3%	-29.9%

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

Top 10 holdings

Cia Paranaese de Energia, ADR	6.1%
Zwack Unicum	4.6%
SK Telecom, ADR	4.4%
Batenburg Beheer NV	4.2%
Grupo Continental SA	4.1%
Ozeki Corp. Ltd.	4.0%
GS Home Shopping	3.9%
Signaux Girod SA	3.8%
Daekyo Co. Ltd, preferred	3.8%
Hanil Cement Co.	3.3%

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.