

## March 2005 Update

**NAV/share (28/02/05): EUR 121.12**

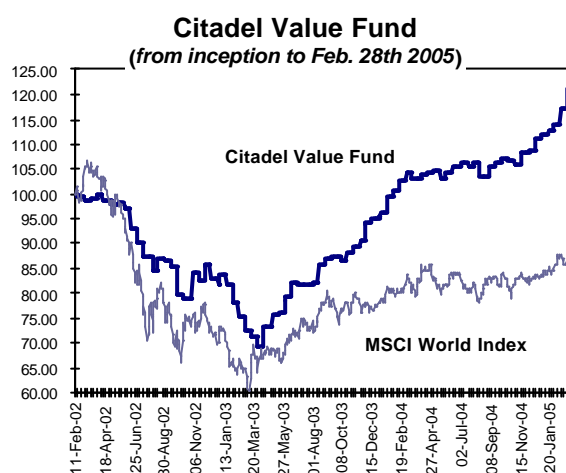
**ISIN code: LU0141953439**

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

### COMMENTARY

On February 11<sup>th</sup>, the Fund marked its 3 year anniversary. Since inception Citadel has managed to generate a decent absolute return, and at the same time a much better performance than the MSCI index and most other global equity funds. February was a fairly spectacular month with the NAV rising by 6.1% which was pleasing, but is obviously an unsustainable pace. This brought the Fund's performance to +21.1% since inception and +8.4% Year-To-Date.

A remarkable number of the Fund's holdings have been the object of takeover bids, and another was added to the list in February. **API Group**, the UK producer of packaging materials disclosed that it had received a preliminary approach whereupon the stock soared. In fact the stock rose to a level which was 15% higher than our intrinsic value estimate, and we consequently chose to sell the stake realising a 150% return (162% in £). **Merck & Co.** finally saw some good news after a FDA panel concluded that *Vioxx* which the company had withdrawn should be allowed back on the market. If this were to occur sales will never reach pre-withdrawal levels. Nevertheless a re-entry would greatly strengthen the company's hand in the lawsuits which have been filed. Fear of these were largely responsible for the multi-billion \$ fall in Merck's stock market value. A concrete offer was also made for **Reesink**. Fortunately, given the low-ball bid, it appears as if this will not be successful. Still the offer has served to awaken both the market and shareholders to the massive value in the company's excess real estate. Together with various claims this land could be worth as much as the pre-bid stock market value! A swift conclusion is unlikely, but the prospects for a favourable outcome are good.



**Citadel Value Fund Performance**  
(as of February 28th, 2005)

	Since inception (11/02/02)	1 year	2004*	2005* YTD
<b>Citadel Value Fund</b>	21.1%	18.1%	17.2%	8.4%
<b>MSCI World Index</b>	-13.8%	5.3%	6.9%	3.3%

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, Datastream

### Top 10 holdings

Wegener NV	9.3%
Nedschroef Holding NV	6.2%
Bristol-Myers Squibb Co.	6.1%
Tamedia AG	5.0%
Merck & Co.	4.5%
Molins PLC	4.2%
Merck KGaA	4.1%
Havas SA	4.0%
Sasa Industrie SA	3.9%
Heineken Holding NV	3.8%

**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.