

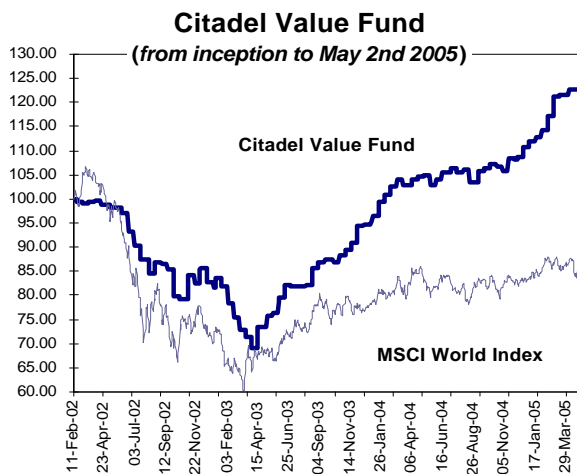


## May 2005 Update

**NAV/share (02/05/05): EUR 122.02**

**ISIN code: LU0141953439**

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



**Citadel Value Fund Performance**  
(as of May 2nd, 2005)

	Since inception (11/02/02)	3 year	1 year	2005* YTD
<b>Citadel Value Fund</b>	22.0%	23.3%	16.7%	9.2%
<b>MSCI World Index</b>	-14.2%	-12.9%	3.8%	2.8%

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

Bristol-Myers Squibb Co.	7.3%
Heineken Holding NV	6.6%
Wegener NV	5.1%
Merck & Co.	4.6%
Wolters Kluwer	3.9%
Nedschroef Holding NV	3.8%
Ultraframe PLC	3.7%
Batenburg Beheer NV	3.5%
Molins PLC	3.4%
Tamedia AG	3.3%

### COMMENTARY

After a relatively long period of rising stock markets, the past few weeks saw a welcome retreat. As a result the Fund's NAV was also down somewhat. Its cumulative performance since inception (February 11<sup>th</sup>, 2002) now stands at +22.0% versus -14.2% for the MSCI World index over the same period.

Although contrary to mainstream thinking, we at Citadel are not dismayed by a period of falling stock prices. Declining prices provide new opportunities and also enable the Fund to selectively add to existing positions. One such case was **Heineken Holding**, a top 3 holding of the fund. Disappointing results at competitor Interbrew led Heineken Holding's shares to drop sharply and they now trade at even lower valuation multiples. The company faces various short term uncertainties, but taking a longer-term view, Heineken remains the leading premium global brewer with very strong market positions in what is the highest priced and often fastest growing market segment. In addition, it is still one of the world's most profitable brewers. In this light Heineken warrants, we are convinced, a much higher valuation. Going against the grain of overall equity prices the shares of pharma companies **Merck & Co** and **Bristol-Myers Squibb** performed remarkably well. After adverse news on one of its leading products (*Vioxx*), the shares of Merck traded below \$26 but have now recovered to more than \$34. The odds of relatively modest financial damage from the *Vioxx* affair seem to be improving now that the initial legal cases have started off poorly for the plaintiffs. We still believe that damages from the more than 2,400 cases filed so far may run into the billions. Unfavorable legal news is bound to pop up, but keeping Merck's business fundamentals in mind as well, Merck remains a deeply undervalued share.

**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.