

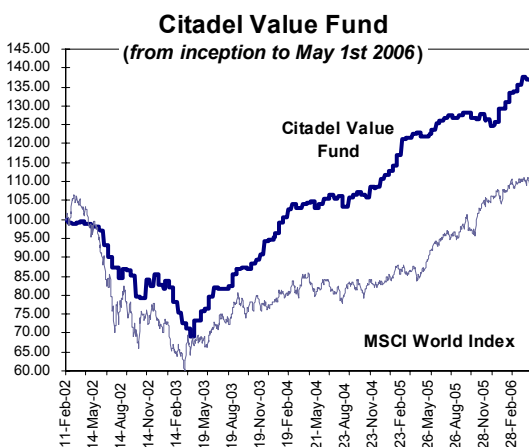


## May 2006 Update

**NAV/share (01/05/06): EUR 137.32**

**ISIN code: LU0141953439**

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



**Citadel Value Fund Performance**  
(as of May 1st, 2006)

	Since inception (11/02/02)	3 year	1 year	2006* YTD
<b>Citadel Value Fund</b>	37.3%	87.1%	12.5%	9.7%
<b>MSCI World Index</b>	8.9%	60.7%	27.0%	3.0%

note: MSCI World Index is based on total returns 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	8.0%
Heineken Holding NV	6.0%
Lambert Howarth PLC	5.9%
Wegener NV	5.3%
Nedschroef Holding NV	5.1%
Bristol-Myers Squibb Co.	4.9%
Batenburg Beheer NV	4.9%
Village Super Market Inc.	4.3%
Wolters Kluwer NV	4.1%
Ultraframe PLC	3.9%

### COMMENTARY

Global markets dipped slightly (-1.5%) in the past month although the Fund's NAV changed only marginally (-0.2%). On a since inception basis Citadel is up by 37.3% versus a rise of 8.9% for the MSCI World Index.

Results season is in full swing and many of the portfolio companies have now reported. **Metal Zug**, the Fund's Swiss kitchen appliance and infection control producer, continues to perform magnificently. Even in a difficult market, and with rising raw material costs, the firm grew sales by 6%, and EBIT by 8% in 2005. Furthermore it disposed of its one weak business at a decent price and raised the dividend by 30%. Another Swiss holding, **Zehnder** (radiators), saw as expected, profits slip from record levels a year earlier. Nevertheless, it generated a lot more cash than we had anticipated. Its operating performance stands out in what is a difficult business, and its stock price is still materially undervalued. Two English holdings, **Lambert Howarth** (shoes & accessories sourcing) and **Clinton Cards** (greeting card shops), reported weak results, although as foreseen in their investment cases. Importantly, Lambert also announced the appointment of a new CEO. We expect this to provide a new impetus to relations with its major client, and to building out its higher margin branded business. One of the more notable events in the past month came from Dutch newspaper group **Telegraaf** which – for the first time, and after years of pressure to do so – bought back 1.25m (2.4%) of its own shares. With a large and growing cash pile, and an undervalued share price, this was an intelligent use of money. Additionally, there is interest in its remaining regional newspapers, which, *if* sold (and this is still a big *if*), would further highlight just how undervalued Telegraaf's core assets really are.

**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.**