

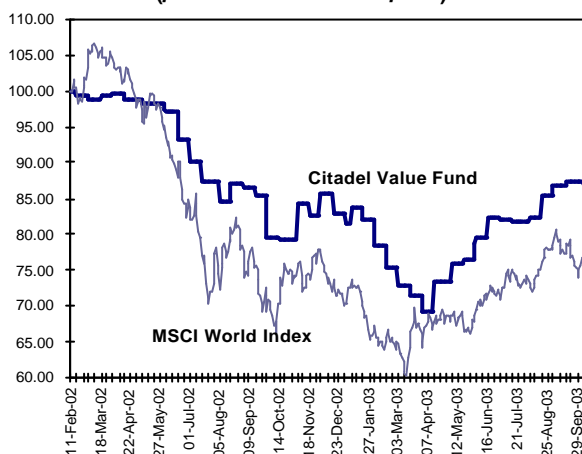
October 2003 Update

NAV/share (06/10/03): EUR 86.76

ISIN code: LU0141953439

website: www.citadelfund.com

Citadel Value Fund
(performance since inception)



Citadel Value Fund Performance
(as of 06/10/03)

	Since inception (11/02/02)	1 year	2002 from 11/02	2003 YTD
Citadel Value Fund	-13.2%	8.9%	-18.4%	6.3%
MSCI World Index	-23.2%	12.1%	-29.9%	9.5%

note: MSCI World Index is based on total returns in Euro's
source: European Fund Administration, Datastream

Top 10 Holdings

Springer (Axel) Verlag AG	8.4%
Merck KGaA	8.2%
Bristol-Myers Squibb	8.1%
Weetabix Ltd.	7.2%
Tamedia AG	6.7%
Colruyt NV	4.6%
Aldeasa SA	4.3%
Wolters Kluwer NV	4.1%
Grolsch NV	3.8%
Metall Zug AG	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.

COMMENTARY

After several months of surging equity prices, it was not altogether surprising that September saw a fall-back. Still, the Fund is up by 10.3% since the end of its fiscal year on May 31st. The shares of **Carclo** (+84%), **Nexans** (+34%), and **Richemont** (+30%) did particularly well, although most stakes rose strongly. Unfortunately, the Euro rose versus most other currencies which had a negative impact on the NAV. Under-performers were **Syms** (-11%), **Merck & Co.** (-10%, due mainly to a spinoff to shareholders), and **Merck KGaA** (-4.5%). The portfolio is essentially unchanged.

September was an important month for news from some of the Fund's holdings and, for the most part, that news was good. **Altria** had several more crucial litigation wins for its US tobacco unit. Most notable was the decision by the Illinois Supreme Court to reinstate a lower bond requirement in the 10\$bn Price 'Lights' case, and to accept it for appeal. PM USA's legal case looks very strong, and there is an excellent chance that the earlier verdict will be overturned in 2004. French advertising agency **Havas** revealed poor first half results and a weak 2003 outlook, but this was partly due due to new cost-cutting efforts which should boost cash flows beginning next year. Belgian retailer **Colruyt**, continues to grow market share and margins, and signaled that it expects a 19% rise in 2003 profits.

The wide-spread undervaluation in shares that we noted at the end of May has all but vanished. Nevertheless the Fund's portfolio, despite rising markedly, still trades at less than half our estimate of its intrinsic value.