



October 2006 Update

NAV/share (02/10/06): EUR 127.94

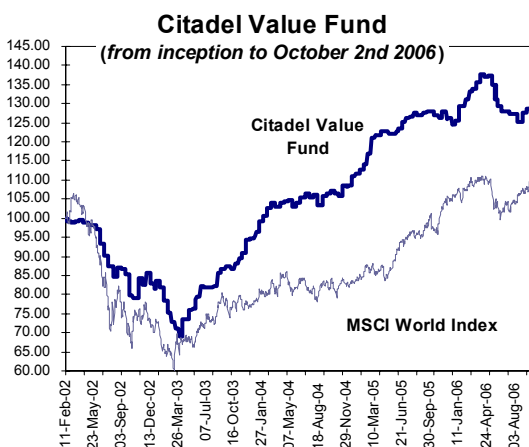
ISIN code: LU0141953439

website: www.citadelfund.com

COMMENTARY

The past month saw a marginal rise in Citadel's NAV to just shy of EUR 128. Since inception the Fund is up by 27.4% vs. 9.1% for the unmanaged basket of global equities represented by the MSCI World Index.

There were a couple of notable changes made to the portfolio. The stakes in both **Altria** and **Unilabs** were sold bringing the number of holdings to a round 30. Altria delivered a local currency return of 66% (less in Euro's due to the weak \$) while Unilabs (held since March 2004) returned 44%. We had hoped that Altria's long-awaited split-up would soon occur. This, we thought, would give a final impetus for the stock to narrow its remaining estimated discount to intrinsic value. However, that split-up will be delayed after a set-back in a recent legal case. As the stake was small, and the remaining potential limited, we believe the funds can be put to better use elsewhere. We came to a similar conclusion in the case of Unilabs, although for different reasons. Rather than being just a good business, as it is today, it could be a fabulous business were it not for ongoing government cost containment and regulation. Furthermore this shows no sign of improving. As an investment the company is therefore only somewhat undervalued.



Citadel Value Fund Performance
(as of October 2nd, 2006)

	Since inception (11/02/02)	3 year	1 year	2006* YTD
Citadel Value Fund	27.9%	46.6%	-0.2%	2.2%
MSCI World Index	9.1%	44.4%	8.7%	3.1%

note: MSCI World Index based on total returns (gross dividends) 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	6.1%
Heineken Holding NV	6.0%
Nedschroef Holding NV	4.6%
Village Super Market Inc.	4.5%
Bristol-Myers Squibb Co.	4.4%
Wegener NV	4.2%
Grupo Continental SA	4.0%
Wolters Kluwer NV	3.9%
Carclo PLC	3.7%
Batenburg Beheer NV	3.7%

Wolters Kluwer – the Dutch professional publisher – updated investors on its strategic objectives now that it is nearing the end of its current programme. The company has made demonstrable progress in improving sales growth and returns and its new goals lay out further improvements. At long last the firm appears closer to delivering on its potential. This is increasingly being recognised by investors although we believe that the stock remains substantially undervalued.

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.