

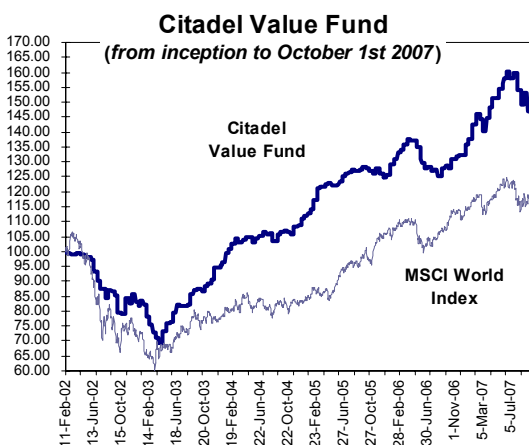


October 2007 Update

NAV/share (01/10/07): EUR 146.98

ISIN code: LU0141953439

website: www.citadelfund.com



Citadel Value Fund Performance
(as of October 1st, 2007)

	Since inception (11/02/02)	5 year	3 year	1 year	2007 YTD
Citadel Value Fund	47.0%	84.4%	38.1%	14.1%	7.0%
MSCI World Index	19.7%	68.6%	44.5%	9.2%	4.8%

note: MSCI World Index based on total returns (gross dividends) in Euro's
* annual returns are based on Citadel's estimated NAV as of Dec. 31st
source: European Fund Administration, MSCI

Top 10 holdings

Heineken Holding NV	5.5%
Village Super Market Inc.	4.5%
SK Telecom, ADR	4.2%
Cia Paranaese de Energia, ADR	4.1%
Telegraaf Media Groep NV	4.0%
Zwack Unicum	3.8%
Hanil Cement Co. Ltd.	3.7%
Nongshim Holdings Co. Ltd.	3.7%
Daekyo Co. Ltd, preferred	3.4%
Batenburg Beheer NV	3.4%

COMMENTARY

During the past month the Fund's NAV slipped by 4.1% primarily due to a handful of holdings. Year-to-date Citadel is up by 7% and its performance since inception stands at +47%. This compares with +4.8% and +19.7%, respectively, for the world index.

The weakest performer in September was **LandAmerica Financial** which was hit hard by the evolving news on the US sub-prime market, although it has no direct exposure. Q2 results were not great but do not explain the virtual panic which broke out in the shares. As shareholders may recall from earlier letters LandAmerica's profits are closely correlated to the number of real estate transactions. And unsurprisingly these have been falling. Still, the company's financial & market position is solid. It does however operate in a cyclical business. At roughly 50% of book value investors are clearly overreacting, paying excessive attention to short-term uncertainties and too little to the long-term. We have added modestly to the position and may do so further. Ultimately the stock's bargain basement valuation greatly improves the odds of future performance.

There were a number of changes to the portfolio. After a spectacular run over the past five years we disposed of **Metall Zug** and pared back another excellent performer, **Carclo PLC**, to free up funds for new holdings. Two of these are **Nongshim Holdings & Daekyo**. Both are astonishingly cheap and greatly enhance the portfolio's potential. This potential grew steadily in past months as higher valued holdings were replaced with new very undervalued ones. Furthermore as we referred to last month we have a number of other promising ideas which will, cash allowing, hopefully translate into new holdings.

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.