

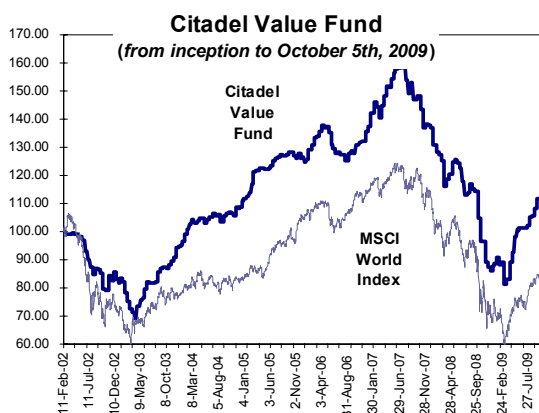


## October 2009 Update

**NAV/share (05/10/09): EUR 112.81**

**ISIN code: LU0141953439**

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



**Citadel Value Fund Performance**  
(as of October 5th, 2009)

	Since inception (11/02/02)	2009 YTD	2008	2007	2006	2005	2004	2003	2002
<b>Citadel Value Fund</b>	12.8%	28.5%	-35.6%	-0.5%	9.7%	12.0%	17.2%	17.0%	-18.4%
<b>MSCI World Index</b>	-17.6%	16.4%	-37.2%	-1.2%	7.9%	26.8%	6.9%	11.3%	-29.9%

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

Ozeki Corp. Ltd.	7.1%
Cia Paranaense de Energia, ADR	5.3%
GS Home Shopping	4.7%
SK Telecom, ADR	4.4%
Zwack Unicum	4.3%
Grupo Continental SA	4.0%
Nongshim Co.	4.0%
Bristol-Myers Squibb Co.	3.7%
Village Super Market Inc, A	3.5%
Nongshim Holdings	3.4%

### COMMENTARY

Since the NAV at the beginning of September the Fund rose by 4.1%. Year-to-Date Citadel's performance is +28.5% while world markets (MSCI World in EUR) are up by 16.4%. Since inception the performance numbers are +12.8% & -17.6% respectively.

We wrote last month about the MBO of food retailer **Ozeki**. As we feared the deal is virtually certain to be bulldozed through. Consequently the Fund tendered its shares and should receive payment in a couple of days. While the price was disappointing the investment was successful; the return over just less than two years will be around 55%.

Two additions to the portfolio in recent months are **Coltene** and **Kuoni**. The former is a Swiss manufacturer of dental supplies. This was bought at roughly 6X trailing EBIT and has mid-teens margins and returns on capital. The business is attractive as dental supplies enjoy a high recurring demand (welcome in times of economic pain) and decent long-term growth opportunities. Kuoni is one of Europe's top travel agencies, and is also Swiss. In contrast to its competitors it is notable for its somewhat premium positioning and asset-light business model (meaning it doesn't have big numbers of pricey aircraft, hotels, etc.). The latter is an important advantage particularly at times when demand is falling, as it is currently. It was purchased at 3.6X trailing EBIT. We are also now building a position in a Japanese firm, (which for obvious reasons shall remain nameless for the moment), that has good economics (high Return On Capital Employed, leading market positions, etc.), a very healthy balance sheet (net cash = 1/2 the share price), and which is very cheap.

**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.**