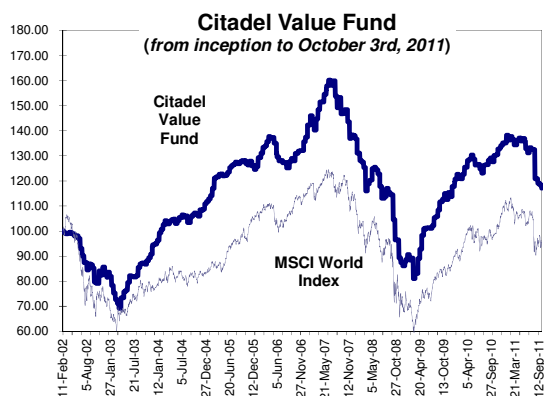


## October 2011 Update

**NAV/share (03/10/11): EUR 117.07**

**ISIN code: LU0141953439**

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



### Citadel Value Fund Performance

(as of October 3rd, 2011)

	Citadel Value Fund	MSCI World Index	+/- vs. index
Since inception	17.1%	-6.5%	23.5%
YTD	-13.3%	-13.2%	0.0%
2010	12.9%	20.1%	-7.2%
2009	36.2%	26.7%	9.5%
2008	-35.8%	-37.2%	1.4%
2007	-0.5%	-1.2%	0.7%
2006	9.7%	7.9%	1.8%
2005	12.0%	26.8%	-14.8%
2004	17.2%	6.9%	10.2%
2003	17.0%	11.3%	5.7%
2002	-18.4%	-29.9%	11.5%

notes: MSCI World Index is in EUR and includes gross (pre-tax) dividends annual returns based on Citadel's estimated NAV as of Dec. 31st  
source: European Fund Administration, MSCI Barra

### Top 10 holdings

GS Home Shopping	5.7%
Ahold, (Koninklijke) NV	5.1%
Bijou Brigitte	5.1%
Pronexus	4.6%
Tessi SA	4.3%
BAE Systems PLC	3.9%
SK Telecom, ADR	3.8%
Toyota Industries	3.7%
Nongshim Holdings	3.3%
Circle K Sunkus	3.3%

**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.

### COMMENTARY

Markets were buffeted back and forth in the past month as the Eurozone storm continued to rage. The Fund's NAV fell relatively modestly under the circumstances and the Year-to-Date performance stood at -13.3% on Oct. 3<sup>rd</sup>. Since inception Citadel's performance is +17.1% while the MSCI World Index is well into negative territory at -6.5% & -11.1% (in EUR incl. pre-tax/taxed dividends).

Away from the headlines it was a quiet month in terms of news from the portfolio companies. It was uplifting though that the news there was, was positive. Both **Circle K Sunkus** and **Family Mart** (our Japanese convenience stores) raised their guidance for the current year despite the negative hit from the March earthquake. Circle K reported a big jump in H1 EBIT and Family Mart, which will report imminently, will likely do the same.

As we wrote last month we continue to add selectively to the portfolio, and bought more **Bijou Brigitte** and **Mediaset Espana** in past weeks. The cash position remains sizeable at some 15.5%. This helps returns in a falling market. Just as importantly though it gives us the means to capitalise on opportunities; something we wanted to do more of in late 2008 and early 2009, when stocks were at bottom basement valuations, but were constrained due to only modest funds available. Of the 32 companies in the portfolio 25 have net cash (incl. investments). On a see-through basis the portfolio is currently valued at 30% of trailing sales, 69% of Capital Employed and 3.8X EBIT. Including the Fund's own cash (which obviously earns no dividend), the weighted average dividend yield is 3.5%. These are pretty remarkable figures, and particularly so in the context of today's 10 year government bond yields (US 1.84%, Germany 1.78%).