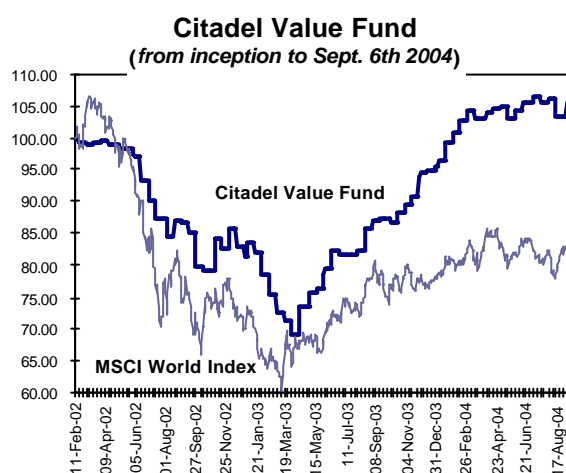


September 2004 Update

NAV/share (06/09/04): EUR 105.66

ISIN code: LU0141953439

website: www.citadelfund.com



Citadel Value Fund Performance (as of September 6th, 2004)

	Since inception (11/02/02)	1 year	2003*	2004* YTD
Citadel Value Fund	5.7%	21.6%	17.0%	10.7%
MSCI World Index	-16.9%	5.1%	11.3%	6.5%

note: MSCI World Index is based on total returns in Euro's
* annual returns are based on estimated NAV as of Dec. 31, 2002 & 2003
source: European Fund Administration, Datastream

Top 10 holdings

Wegener NV	8.6%
Bristol Myers-Squibb Co.	7.9%
Axel Springer AG	3.9%
VLT AB	3.8%
Merck KGaA	3.8%
Sasa Industrie SA	3.6%
Carclo PLC	3.0%
Nedschroef Holding	2.9%
Canadian Natural Resources	2.8%
Tamedia AG	2.6%

COMMENTARY

The big news for the Fund was a bid made for Swedish newspaper company **VLT** by several large shareholders (3.1% of assets after fortunately adding significantly to the holding only a month earlier). The bid is two-tiered with the highest price being offered contingent on acceptance by 90% of the shareholders. As two large family owners have already indicated their rejection of the offer, 90% acceptance is virtually impossible. The lower offer values the company at a ludicrously cheap price, at the nadir of its advertising and profit cycle. Some consolation can be drawn from the fact that the offer is still c.22% more than the pre-bid share price. There are a number of options at this stage including a possible counter-offer. However, there is also a real possibility that acceptance will be forced under threat of a delisting. Even if ultimately forced to accept the current rock-bottom offer, this will leave a decent return for the Fund – if not the ‘indecent’ return that we aimed for when the investment was made!

Year-to-date the Fund is up by 10.7% although it slipped slightly (-0.5%) in August. There were several noteworthy changes to the portfolio in the month. The Fund disposed of its stake in **Colruyt** realising a total return of c. 143% - the first time that a holding has been sold since inception. Shares of **Sanofi** (acquired together with cash as payment in the offer for **Aventis**) were also disposed of. These proceeds were partially put to work in a new investment, Dutch beer company, **Heineken Holding**.

Clouds continue to loom over the investment horizon. Rather than waiting until the ‘coast is clear’, we are working hard to snap up the bargains that emerge from time to time.

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.