

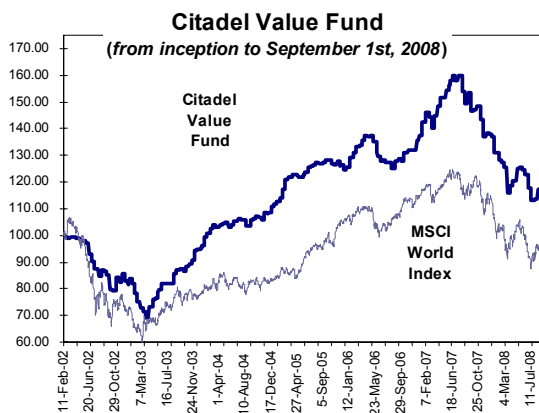


## September 2008 Update

**NAV/share (01/09/08): EUR 115.32**

**ISIN code: LU0141953439**

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



**Citadel Value Fund Performance**  
(as of September 1st, 2008)

|                           | Since inception (11/02/02) | 2008 YTD | 2007  | 2006 | 2005  | 2004  | 2003  | 2002   |
|---------------------------|----------------------------|----------|-------|------|-------|-------|-------|--------|
| <b>Citadel Value Fund</b> | 15.3%                      | -15.7%   | -0.5% | 9.7% | 12.0% | 17.2% | 17.0% | -18.4% |
| <b>MSCI World Index</b>   | -3.0%                      | -14.0%   | -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

|                                |      |
|--------------------------------|------|
| SK Telecom, ADR                | 5.0% |
| Cia Paranaense de Energia, ADR | 4.8% |
| Grupo Continental SA           | 4.7% |
| Ozeki Corp. Ltd.               | 4.7% |
| Zwack Unicum                   | 4.7% |
| Village Supermarket Inc, A     | 4.3% |
| GS Home Shopping               | 4.2% |
| Batenburg Beheer NV            | 4.0% |
| Daekyo Co. Ltd, preferred      | 4.0% |
| Signaux Girod SA               | 3.7% |

### COMMENTARY

August saw a modest revival in share prices although markets are still on tenderhooks. Citadel advanced by 1.3% bringing the YTD performance to -15.7%. Since inception the Fund is ahead by 15.3% which compares with a decline of 3.0% in the MSCI World Index.

Results season (H1) is winding to a close. As the stock market has been predicting for almost a year now, profits are under pressure in many sectors of the economy. For the most part though results from the Fund's portfolio companies have been rather good. Brazilian hydro-electric utility **Copel**, which had been the largest holding, once again had excellent results. Despite this the stock fell, perhaps on profit taking. Fortuitously the stake had been pared in July at higher prices. A similar story occurred with Dutch wholesaler **Reesink** whose stock also slipped despite an impressive increase of 8% in sales and 20% in operating profits. **Carclo** which makes plastic components for various applications continued its recovery begun a couple of years ago, signalling healthy growth in sales and margins. Swiss radiator maker **Zehnder** positively surprised with good results after warning earlier due to higher raw material costs and weak building markets. In this case the stock did rise modestly on the news.

The Fund's companies will not emerge unscathed from the economic downturn but most are relatively stable and predictable. Taken as a group they will earn this year roughly what they did last year, and cash will accumulate. Their already low valuations will become even lower. At some point the stock market will see light at the end of the economic tunnel and begin to bid up stock prices. When it does bargains such as those that Citadel holds are unlikely to last.

**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.**