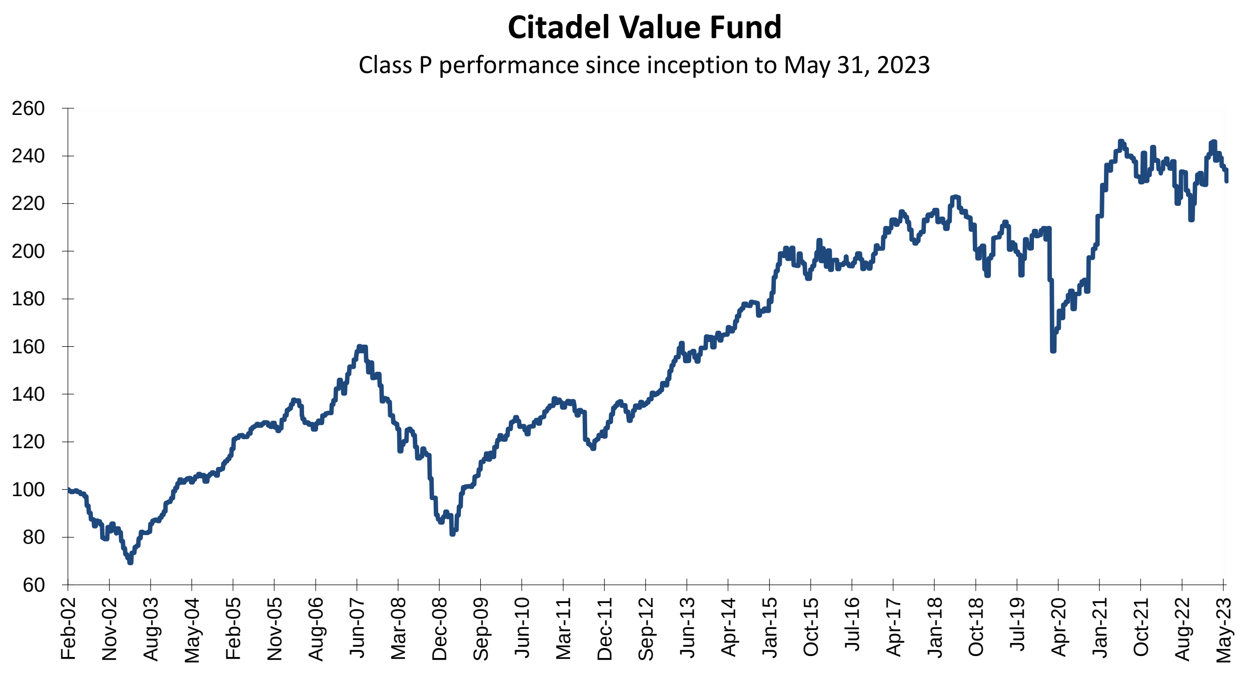
Dear shareholder,

We are reporting another relatively stable calendar year-to-date return per May 31, 2023, of +0.6% for Citadel's class P shares. The return since inception is 129%. This result was achieved after a strong Fund performance in the initial months of 2023, followed by some market weakness in April and May. The +4.6% performance for the month of June 2023, realised after the fiscal year-end close, is testimony to the current capricious behaviour of financial markets. Although not spectacular, Citadel was able to stay close to its goal of capital preservation during times of high uncertainty. Below we'll discuss the portfolio performance in more detail.

Citadel is an actively managed Fund without a reference to a benchmark. Still, it makes sense to compare a fund's performance to reference indices. However, this year so far, index performance is all over the place, partly because only a tiny number of mega cap technology stocks have shown huge returns, while many other stocks in the index have gone sideways at best. The MSCI World Index (net returns, in EUR) is up 8.6% calendar year-to-date as per May 31, 2023, but the Dow Jones Industrial index, for example, was down -0.7% in the same period, lacking any significant technology sector exposure. The MSCI World Value index was down -1.8%.



Fund Performance - Class P - as of May 31, 2023	Since inception	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 YTD
Citadel Value Fund	129,3%	-18,4%	17,0%	17,2%	12,0%	9,7%	-0,5%	-35,8%	36,2%	12,9%	-6,9%	12,7%	15,1%	10,1%	12,2%	-0,1%	7,4%	-12,1%	10,1%	-2,9%	15,6%	-2,8%	0,6%

Source: EFA. Fund inception date February 11th, 2002.

Fundamental company analysis – complex but rewarding

Frequent readers of our shareholder letters know that at Citadel, we focus our efforts on fundamental company analysis when making informed investment decisions, rather than on macro-economic forecasts or stock market sentiment. With bizarre economic circumstances like 0% or lower interest rates and 40-year highs in inflation rates, we felt obliged to also write about macro-economic topics over the past few years. But why does our day-to-day focus continue to be on fundamental company analysis? This is because macro forecasts, sentiment indicators, index movements etc. do not provide an unambiguous answer to the key question facing any serious investor: what is an individual company worth? We want to be able to make a reasonable estimate of the intrinsic value of a business. Knowing a company's intrinsic value allows us to compare this value to today's market price and to judge whether it would be rewarding to purchase a share in this company at the quoted price. Rather than running the risk of overpaying for a company, we instead prefer to benefit from the crucial margin-of-safety by paying much less than the intrinsic value. This way an investor achieves two crucial long-term goals: downside protection and expected upward potential.

This in a nutshell clarifies the logic behind fundamental company analysis and value investing (the "why"). But what about the "how"? How do we perform fundamental company analysis? It seems a simple concept, but for various reasons, it can be complex getting it right. It certainly helps that the Fund's investment team has a long track record in financial analysis. Long-time experience brings the advantage of a broad information network, whilst providing significant cumulative knowledge about many companies, industries, and a variety of business models. This is important for two reasons. Firstly, cumulative knowledge helps to time-efficiently select investment opportunities and quickly discarding the less interesting ones. Secondly, knowledge is key to risk reduction and helps to achieve the goal of capital preservation. By having deep knowledge about the company you invest in, the risk of nasty surprises that impair the value of your investment is reduced significantly (though never entirely on account of events like pandemics, natural disasters or sudden technology shifts). We will never be omniscient but aim to make a reasonable estimate of a companies' normalised earnings power. If we cannot reasonably determine this, we move on to our next case.

After having made a first selection of potentially interesting opportunities, we put significant effort in researching a company. We read about the company, its markets, competitors, customers, and suppliers, and draw up a quantitative model. A detailed quantitative model allows us to detect the historical strengths and weaknesses of the business model and it serves as a basis for various valuation techniques. Simultaneously, we look at peer group comparisons, sector valuations and M&A analyses to compare our investment opportunity to its listed and unlisted peers. Usually, this research process generates a whole lot of questions about the company, which we subsequently discuss with company management – or with its customers or competitors. We test our key assumptions of the investment thesis, which includes how management thinks and acts regarding shareholder value creation.

The results of this elaborate research process are sometimes surprising. It occasionally happens, for instance, that a listed competitor appears to be a more interesting investment candidate than the company we researched in the first place. Sometimes we come across questionable accounting issues, usually a sufficient reason for not proceeding with the investment opportunity. In recent times, with subsiding economic growth, we are noticing increased use of accounting trickery to artificially boost company profitability. A simple example is spreading the depreciation of capital expenditures over a longer period than previously, which inflates profitability relative to how much cash the business is earning. Obviously, our analysis needs to look beyond this type of accounting gimmickry. Over the past years, increasingly complex accounting regulation has become a complication factor. It can obfuscate the underlying financial performance of a company and be very hard to detect. Without getting too technical, some examples of this are today's lease accounting rules, revenue recognition rules for long-term contracts and pension accounting.

To us, fundamental company analysis is the best approach to gaining insight into the value of a company. This helps to reduce fundamental risks to equity investing and provides solid rules for buy and sell decisions, without the stress of human emotions. Citadel's shareholders can rest assured that the Fund will continue to manage its portfolio based on fundamental company analysis, thereby providing crucial peace-of-mind when investing in stocks.

Portfolio performance highlights

Citadel's overall performance was rather steady during the current calendar year so far, with a modest positive return per May 31, 2023 (the Fund's fiscal year end). The underlying portfolio return was an estimated +1.7%. This was the balance of meaningful plusses and minuses in the portfolio. As usual we'd like to be transparent about the strong performers as well as the laggards, so we will review both ends of the spectrum below.

Citadel's best year-to-date performer was **SOL Group**, an Italian industrial and medical gas producer which is also the no. 2 European home care service provider. SOL realised record profitability in 2022, driven by superb results in both the technical gas division and home care. Management was able to pass on significant cost inflation of technical gas production whilst still growing volumes. And in home care (particularly respiratory services such as oxygen at home), growth re-accelerated as the overall care sector recovered from the covid period. Citadel purchased its holding in March and April 2020 at a very attractive valuation. Since then, the total return for the Fund was +161%. Notwithstanding this, the stock is still relatively inexpensive when compared to its larger peers Air Liquide and Linde.

The second-best performer in the portfolio was **Vitesco Technologies**[1]. Vitesco's results have been roughly in line with expectations, no surprises there. However, its order intake for its electrification technology products (to be used by nine out of the top-ten battery electric car manufacturers) continues to impress. Once these orders turn into product sales, we expect economies-of-scale driving profitability to a much higher level compared to today. This makes the stock look outright cheap at current stock price levels. The Japanese company **Nichirin** also contributed nicely to the Fund's performance, more on this company later. The strong results of **Booking Holdings** will be discussed in the "Changes in the portfolio" section, as this holding was sold recently. Finally, **Toyota Industries** (global market leader in forklift trucks and a major shareholder in Toyota Motor) made a markedly positive contribution.

Most significant performance contributors & detractors
January 1, 2023 to May 31, 2023

Holding	Contribution	Absolute return	Holding	Detraction	Absolute return
SOL Group	2,5%	46%	NOV	-2,7%	-32%
Vitesco	1,1%	12%	Signify	-1,6%	-17%
Nichirin	1,1%	31%	American Eagle Outfitters	-1,3%	-27%
Booking Holdings	0,8%	30%	Village Super Market -A-	-0,6%	-10%
Toyota Industries	0,6%	14%	Pronexus	-0,3%	-5%

Note: Returns in € and including dividends

Looking at the detractors during the first five months of 2023, **NOV** (formerly National Oilwell Varco) stood out with a negative performance of 32%. This compares with NOV's positive performance of 64% in calendar 2022. NOV is a market leading supplier of infrastructure for the oil & gas sector, with a fast-growing business in offshore wind installation technology. The energy services sector has entered a growth recovery phase, particularly in offshore, which is beneficial to NOV. However, the company's significant exposure to the slowing North American onshore segment hampered its financial performance. We believe the stock holds significant upside potential, as growing global energy consumption and the rapid depletion of existing reserves will lead to energy shortages that can't be met by growing green-energy production alone. Growing exploration and production is unavoidable and hence we see significant business growth and value creation ahead for NOV.

Signify (global leader in lighting products, solutions, and services) experienced share price pressure in the first five months of 2023. Signify has been struggling to keep up its growth relative to last year's much more buoyant market for lighting. Overall, we believe management has been doing a good job amid a tougher environment. Relative to the free cash flow this business typically generates, the stock price is currently a bargain in our view. Consequently, the Fund added to its existing position at very attractive price levels.

The share price of **American Eagle Outfitters** ("AEO", a US apparel retail chain) reflected mediocre results for the recent quarters, due to lower consumer spending on non-luxury clothing, and due to its sluggish logistics business, which is currently being restructured. Contrary to AEO, **Village Super Market** (grocery chain in the US East coast) posted strong profit and free cash flow growth. Unfortunately, this was not awarded with a higher share price. Last in row, **Pronexus** (financial disclosure and investor services in Japan) had a stable share price amidst stable financial results, however, the weakened Japanese Yen resulted in a small negative net performance for the Fund in this period.

[1] We kindly refer to an elaborate discussion on the Vitesco Technologies case in the November 30, 2022, shareholder letter.

Few changes in the portfolio

During the first five months of calendar 2023, there was not much trading in the Fund's portfolio. As already indicated, we increased the weighting in **Signify** at very attractive valuation levels. We estimate that this latest addition has been bought at a free cash flow yield of around 15% (taking the average of the 4-year period of our 2023-2026 estimates). The current dividend yield is around 6%. We are very happy that the market provided this recent buying opportunity at a discount to its estimated intrinsic value of more than 50%.

Changes in the Portfolio
January 1, 2023 to May 31, 2023

Holdings bought or added to	Holdings reduced or sold
Signify	Booking Holdings
Stellantis	

After a holding period of exactly three years, the entire holding in **Booking Holdings** (a leading online travel booking platform) was divested. In March 2020, the covid-induced stock market panic enabled us to buy this great business – a remarkable cash machine – at a bargain valuation of around 16% normalised free cash flow yield. Once the travel industry recovered from covid restrictions and people raced to go on holidays again, the earnings of Booking Holdings recovered as well. Revenues in FY2022 exceeded the pre-covid records, and so did the share price. Having met our current estimate of its intrinsic value, it was rational to sell off the Fund's position, which was done at a healthy net return of +111%. We certainly don't exclude the possibility that Booking Holdings will grow faster in the future than we currently expect. But at the current valuation we think it's prudent not to run the risk of this higher growth not materialising (for example due to an economic recession). This conservatism is a hallmark of true value investing.

We were able to reinvest the proceeds in a new portfolio position, namely **Stellantis,** a leading global car manufacturer. Created early 2021, Stellantis combines the former Fiat Chrysler Automotive group and the Peugeot Citroen Automotive group, which includes major other car brands such as Jeep, Dodge, RAM, Opel, and Maserati. Selling 6 million cars per annum, it is the 3rd largest carmaker in the world and in fact a very profitable one. In 2022, which was admittedly a quite profitable year for many carmakers, Stellantis realised an 11% operating margin and returned 7% free cash flow on its revenues. With strong management, Stellantis embarked on a strategy of integrating and unifying the many car platforms of its list of brands, creating billions of cost synergies as this integration moves forward (this integration is what some other car manufacturers already largely completed, but for Stellantis it constitutes clear potential). At the same time, the company is accelerating the development of battery electric vehicles. Although a lot still needs to be done, its entry level battery electric models are already market leading in Italy, France, and Germany.

Stellantis' ultra strong balance sheet (€ 50bn cash at hand) is offering more than sufficient means for this journey, and it's a very big safety cushion in case of a weaker market environment. Also, Stellantis happens to be one of the few large carmakers lacking a large Chinese operation, and therefore it is less susceptible to the country-specific risks of China. We believe this is a risk reducing element, which we always like in a business. Finally, the stock is trading at an ultra-low valuation, regardless of the angle from which you would look at it. The Fund built a position at an enterprise value of 1x operating profit. We estimate that the through-the-cycle ("normalised") free cash flow yield is around 50%. That provides a huge margin-of-safety. In addition, the shareholder is treated well with a high dividend pay-out (the FY22 pay-out reflected a 9% dividend yield), in addition to a sizeable share buy-back. Even when incorporating a recessionary cycle into our earnings model, the shares would still be very cheap.

In addition to Stellantis, we have been filling our radar screen with numerous prospective investment opportunities. Converting the list into actual investments is a matter of time and of price discipline: in many cases stock prices have not come down sufficiently to offer an appropriate margin-of-safety. As market volatility is most likely to continue, we have high hopes that we will be able to strike again to the long-term benefit of the Fund's shareholders.

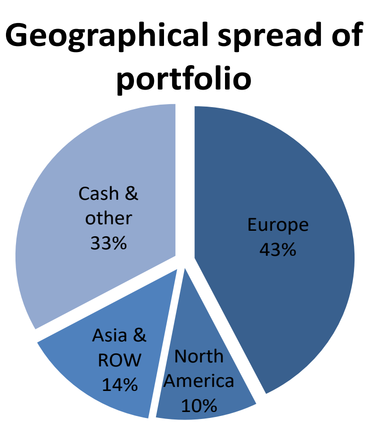
Portfolio summary – attractively valued with room for new opportunities

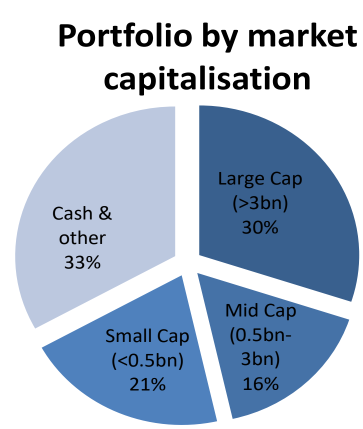
As per May 31, 2023, the portfolio consists of holdings in 18 companies. The portfolio top-5 consists of four Western European companies, and one Japanese company. Companies listed in Europe represent 43% of the Fund's NAV. The Fund's exposure to Asia (Japan and South Korea) is limited to around 14%. The exposure of Citadel to the US is 10%, down from 14% as of May 31, 2022, chiefly due to the divestment of Booking Holdings. The Fund's net cash balance per May 31, 2023, amounted to 24% of NAV. This cash position excludes an 8.9% holding in a money market fund with an ultra-short duration. We feel very comfortable with this cash position, as it provides ample room to take advantage of new investment opportunities once they might arise amid volatile markets.

Portfolio Holdings
as of 31 May 2023

Company	Activity	% of NAV
Vitesco	industrial goods (automotive electronics)	7,2%
SOL Group	healthcare & industrial (homecare, medical & technical gases)	5,5%
Signify	industrial goods (lighting)	5,0%
Dewhurst -A-	industrial goods (elevator fixtures & controls)	4,8%
Pronexus	business services (financial documentation & IR services)	4,3%
Swatch Group	retail (luxury watches & jewelry)	4,1%
NOV	industrial goods (oil & gas equipment & services)	3,9%
Village Super Market -A-	retail (supermarkets)	3,8%
TGS	industrial services (seismic data)	3,6%
Toyota Industries	industrial goods (Toyota, forklifts, engines, cars & parts)	3,6%
Stellantis	consumer goods (passenger cars)	3,6%
Nichirin	industrial goods (automotive & motorcycle components)	3,1%
Samsung Electronics -Pref-	technology (semiconductors & consumer electronics)	3,0%
AEO	retail (apparel)	2,6%
Ahold Delhaize	retail (supermarkets)	2,4%
Zwack Unicum	consumer goods (spirits)	2,3%
MPAC Group	industrial goods (packaging machinery)	2,1%
Continental	industrial goods (tires & automotive components)	1,9%
JP Morgan Ultra Short Income UCITS ETF	money market fund	8,9%
Cash and other assets & liabilities		24,1%
		100,0%

We believe that the valuation characteristics of the current portfolio are attractive, as they reflect a large margin-of-safety. Adding up the estimated intrinsic values of each portfolio holding and weighing them according to the current portfolio composition, we arrive at an intrinsic value of c. € 409 per Citadel P-class share. Per May 31, 2023, Citadel's NAV was trading at a 44% discount to this intrinsic value estimate. We remind the reader of the fact that the intrinsic value estimates are based on normalised earnings, not on an optimistic growth scenario. Also from this perspective, the estimated potential reflects a degree of conservatism. Based on the portfolio companies' last realised financial year, Citadel is trading at a "look-through" valuation of 3.4x operational earnings (EBITDA) compared to its Enterprise Value. The Fund's weighted free cash flow yield is 8%. On these valuation metrics, Citadel is trading at less than half of the weighted average MSCI World index valuation. We have no crystal ball, and no guarantees can be given, but the key message is that this discount should provide downside protection and some peace of mind to the investor in a volatile world, as well as offering a sound basis for future performance.





Citadel's portfolio has traditionally had some bias towards small cap stocks, as this is a place where value opportunities often can be found. The small cap segment currently represents 21% of the Fund's portfolio. Nevertheless, large cap stocks represent the largest part of the portfolio by market capitalisation (30%), with mid-caps making up 16%. Industrial goods, retail & wholesale and consumer staples are the three largest industry sectors represented in the portfolio. Technology related exposure is limited to 3%. In the next section, we would like to share some thoughts on **Nichirin**, a probably unknown but nevertheless very interesting industrial company held by the Fund.

Nichirin – breaking news

Citadel's holding in **Nichirin** has been part of the portfolio since 2019, so it's about time to present this Japanese company to you in more detail. Nichirin, which will celebrate its 100th corporate anniversary next year, started off as a subsidiary of Suzuki to produce specialised rubber hoses, such as bicycle tubes and hoses for automotive brakes. Further innovation and specialisation led to Nichirin's current near monopoly position in producing brake hoses for motorcycles for Japanese motorcycle manufacturers. This is a very profitable market position. In particular, the brake hoses and fuel hoses needed for the millions of small Honda motorcycles typically seen throughout the crowded cities of South-East Asia are an important profit driver. Having recently completed major capacity expansion projects in India, Vietnam, and Indonesia, we expect the Asian market to be a continuing growth engine for Nichirin.

Further, the company provides various specialty hoses for the automotive industry, e.g., for air conditioning, internal heat exchangers, brakes, and power steering. For these products, Nichirin has an impressive automotive customer list, which includes VW, GM, Stellantis, Subaru and Tesla. On the motorcycle side, customers include all Japanese OEMs such as Honda, Suzuki, Yamaha, and Kawasaki, as well as European brands such as Piaggio. Nichirin has a very strong balance sheet (as is often the case with Japanese companies) and it pays a healthy dividend while it has also initiated a share buy-back program – a sign that management does care about its shareholders. Citadel was able to purchase its holding at 2.5x operating profit and a double-digit free cash flow yield. We believe this is a very attractive valuation for a business that has consistently generated double-digit operating margins and a double-digit return on capital. After a >60% share price appreciation since the Fund's first purchase, the stock's valuation is still modest, so to this day we continue to be satisfied shareholders in this small but well-managed company.

In conclusion

2023 has so far been a steady but a bit muted year in terms of performance. We continue working on new investment opportunities, obeying the same principles of rationality and patience as we have done since the Fund's inception in 2002. We hope this letter has provided some additional insight to understanding how these investment principles are implemented. We again would like to thank you for your loyalty. We wish you and your family a great summertime with some time off to spend with family and friends.

Kind regards,

The Board of Directors July 6, 2023

Citadel Value Fund SICAV