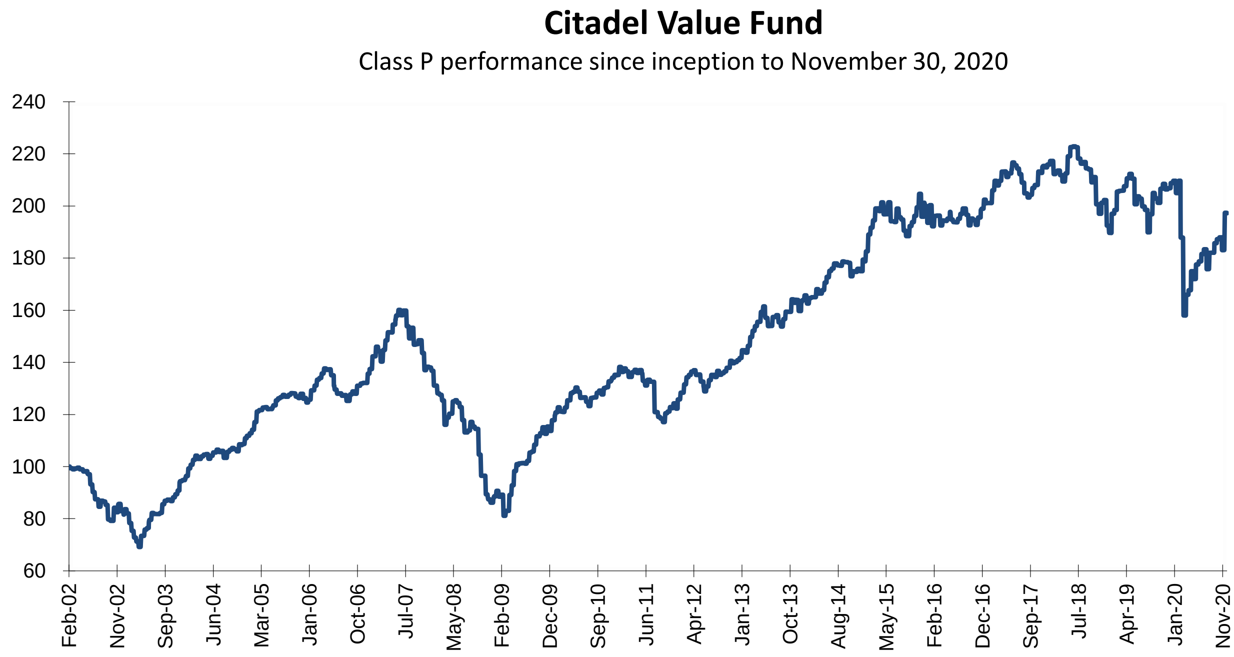
CITADEL
VALUE FUND SICAV

Dear Shareholder,

First and foremost, we hope this letter finds you in good health. With the end of 2020 nearing, we look back at an unusually turbulent year. The Covid-19 pandemic and the government interventions that followed impacted global society to an unparalleled extent. Fortunately, incredible human ingenuity has led to successful and rapid vaccine developments to overcome the pandemic and like most people we anxiously await the positive outcome. Not surprisingly, all of this has had a profound impact on financial markets, both negative when there was maximum uncertainty and positive, driven by hope and optimism. However, we cannot ignore the effects of monetary stimulus in overdrive. We end this year on a positive note with optimism about a recovery in global health and the economy – but also with caution due to money printing on the loose and unsustainable debt levels in the financial system.

Amidst all this volatility, Citadel posted a modest negative return with a year-to-date performance of -5.5% per November 30th. Citadel's performance includes a negative currency impact of -2% due to the strong Euro. Since inception, Citadel's Class P shares have almost doubled.



Fund Performance - Class P - as of Nov 30, 2020	Since inception	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
Citadel Value Fund	97,2%	-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%	-5,5%

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

Unsuccessful quest for a Value Index

Citadel Value Fund has always been positioned as an absolute return fund. To help investors put Citadel's returns in a general market perspective, we have used the MSCI world total return index in Euro. There were many years in which the Fund outperformed the index but also years where it did not. The last few years the Fund was not able to keep up with the index. In our discussions with investors, we try to explain what is happening under the index' hood: a handful of extremely large cap US tech companies (captured in the so called 'FANGMAN' acronym of tech company names) have quickly grown to bubble valuation territory and as a result their weight in the index has increased considerably. The outsized performance and a growing weight of a few companies have driven the index performance. In fact, when excluding these extremely expensive stocks, the index performance was essentially flat over the year. It is therefore that we think the general market index is not really an accurate proxy anymore for the general market. Of course, some would argue that the index is still an accurate proxy for the general market, one only must include these tech stocks in the investment portfolio. However, this argument ultimately leads to price insensitive index-investing (as opposed to stock picking). We at Citadel prefer to stick to our knitting, with our conservative and time proven value strategy.

Some of you have suggested the idea of comparing Citadel's performance with a value index. Although we are hesitant to change or supplement an index that has been used for almost 19 years, we have nevertheless seriously researched the available data (Bloomberg, Morningstar, MSCI). Unfortunately, the more we looked at the data the clearer our conclusion became that no truly appropriate index for global deep value investing exists. We found many analytical problems with the available value data: regional index, no dividend reinvestment, statistical value selection leading to inclusion of companies that are in fact expensive and no consideration of the net financial position (inclusion of cheap but heavily indebted companies). We concluded that focusing on one of the available value indices would lead to new comparison problems and to a false sense of accuracy, perhaps requiring even more explanation than the general market index. So, notwithstanding Citadel's 5.8%-points outperformance to the MSCI World Value index (which was down -10.3% until November 30th), we choose not to focus on this value index.

Instead of spending time on an index to compare the Fund's performance, we think our time is best spent by focusing consistently on finding and analysing companies that fit the Fund's value investment criteria. This is not an easy task, yet it will be a rewarding one, and one that fits the Fund's investment goals set out nearly 19 years ago: protection of capital and generating a long-term attractive return.

The choice between Bubble and Value

Investors who have recently bought the main equity index were able to enjoy the results of an irrational bubble. Many renowned economists and reputable investors have talked about the current excess valuations of large cap equity and have tried to provide explanations for it. The unthinkable level of monetary stimulus provided by central banks is likely one of the strongest market drivers as it artificially lowers the rewards for risk-taking, also known as the cost of capital. Or as one economist called it: 'fake interest rates'. Because the low cost of capital is artificial and government manipulated, it would be foolish to deny the impact this has had on stock valuations. We strongly believe that the extremely high returns seen at mega-cap equity investments should therefore also be classified as artificial.

Statistics show that no matter what comparison you would like to make, stock markets look grossly overvalued, with large cap US equity being the most prominent example. Price earnings ratios are back to the level of the Internet Bubble in early 2000. This time, multiple expansion happened at a breath-taking speed. It accelerated in March simultaneously with the government mandated large scale purchasing of bonds with freshly created money. Valuations now exceed the level before the pandemic hurt societies and economies. Historically, markets are also expensive compared to economic output (GDP). In fact, we cannot find a single statistic that is *not* pointing to overvaluation.

Buying into bubble territory means either 1) a conviction that all these valuation statistics are wrong or 2) a belief in a variant of "this time it's different". We do not believe that either two are correct. Of course, investors can participate in a bubble and reap spectacular returns, until the realisation sinks in that valuations are disconnected from economic fundamentals and rate of returns are artificially blown out of proportion. Alternatively, investors can choose to take a rational valuation approach to stock investing, which might render lower returns relative to a bubble that is building up. The dilemma is the unknown duration of the bubble. Historically, bubbles often continued for longer than rational participants would expect. We certainly will not attempt to rationally call the end to a process that is inherently irrational. Another lesson from history is that during times when a bubble is building, valuation levels do not seem to be of importance anymore. Yet when the bubble finally bursts, valuation does matter a lot again. Every valuation bubble has always ended with massive capital destruction.

Investors in Citadel can trust that long term capital preservation is the Fund's most important objective. You will not buy into bubble valuations through Citadel. Citadel is investing only in shares that offer a considerable margin-of-safety. This safety is embedded in our conservative way of estimating a company's earnings power and in demanding a low price relative to the estimated intrinsic value of each investment. Taking the weighted aggregate of the portfolio companies' intrinsic values, Citadel's current portfolio including cash is estimated to be worth € 341 per share, which is 73% above the November 30th NAV per share. Another way of looking at the undervaluation: Citadel's portfolio valuation is currently trading at only 4x its operational earnings (the MSCI index trades above 12x) and offers an 8% free cash flow yield. This 8% yield compares with a 0% reward for a 10-year Portuguese Government bond or a 'fine' of 0.6% when buying a 10-year German Government bond. Occasionally, signals in financial markets are crystal clear.

In times of market stress, share prices can sometimes be off by a wide margin relative to intrinsic values. It is exactly this high volatility combined with a rational view to investing from which Citadel expects to profit over the next years. Keeping our focus on the underlying businesses combined with unwavering valuation discipline helps us to take advantage of market turmoil as share prices occasionally do offer exceptional investment opportunities.

Cyclicals outperforming defensives

Many of Citadel's holdings showed a strong share price recovery after a dismal market performance in March, when the pandemic caused maximum uncertainty. While only very few economic sectors profited from the pandemic, the best performance contributors can be found among the hard-hit cyclical and industrial businesses. Apparently, the market is expecting and willing to discount a strong economic recovery in a post-Covid world.

MPAC Group, a UK-based packaging machinery manufacturer, was the no. 1 performance contributor to Citadel. Its business has an element of resilience as MPAC's main customer base can be found in the food & healthcare sectors. Its shares performed solidly before the pandemic hit the markets and even more than doubled later in the year. As the Fund reduced its exposure during the year, the realised average return was north of 50% year-to-date and over 200% relative to the Fund's initial purchase price.

Signify, the global market leader in lighting products also contributed strongly to the Fund. While the year-to-date share price performance was a positive 27%, the Fund made a 41% return in total due to additional purchases made in March at an extremely attractive price. You will find more about Signify later in this letter.

Most significant performance contributors & detractors
January 1st 2020 to November 30th 2020

Holding	Contribution	Absolute return	Holding	Contribution	Absolute return
MPAC Group	2,1%	50,4%	Dewhurst PLC -A-	-2,4%	-28,4%
Signify	2,0%	40,5%	National Oilwell Varco	-2,1%	-37,0%
Continental	1,7%	68,3%	TGS Nopec	-2,0%	-32,6%
American Eagle Outfitters	1,5%	111,0%	Bed Bath & Beyond	-2,0%	-59,8%
Booking Holdings	0,7%	52,3%	Pronexus Inc.	-1,5%	-16,6%
Nongshim Co.	0,7%	29,0%	Daekyo -preferred-	-1,3%	-38,0%

Note: Returns are in EUR and include net dividends

Further performance contribution came from holdings that the Fund acquired during the market turmoil in March and April when clear bargain opportunities presented themselves. **Continental** (automotive supplies), **Booking Holdings** (online travel booking platform) and **American Eagle Outfitters** (apparel retailer), all three new holdings, saw their share prices perform very strongly, with American Eagle leading the pack at +111%. In addition, long-time holding **Nongshim Co.**, the market leading brand in Korea for noodles and other food products, performed strongly during the pandemic, which triggered us to sell the position at a decent valuation. Citadel still has exposure to the Noodle market with **Nongshim Holdings**, but at a much lower valuation compared to its operating subsidiary.

Citadel's performance detractors also recovered from their lows but on balance still had a negative impact on the year. **Dewhurst** (UK-based lift components producer) managed its business very well during the year and realised profit growth for its fiscal year ending September 2020. As its results publication was after the Fund's November 30th fiscal half-year close, the accompanying positive share price reaction is not yet reflected in the Fund's performance discussed in this letter. Oil service-related holdings (**National Oilwell Varco** and **TGS Nopec**) were hammered by a perfect storm: the pandemic, a collapse in oil prices and geopolitical turmoil all at the same time. Although this provided an opportunity for Citadel to add to both positions at incredibly attractive valuations, the shares still have a long way to recover. Furniture and domestic merchandise retailer **Bed Bath & Beyond** showed poor share price performance when the Covid-19 lockdown hit the company amidst an unfinished operational turnaround.

2020 characterised by a significant portfolio refresh

The market turmoil seen in 2020 caused challenges on the one hand but on the other it provided a great time to put part of the cash reserves at work, benefiting from rare opportunities found in a generally expensive equity market. The Fund managed to take on six new investments during the year, with all of them already contributing positively.

Changes in the Portfolio **January 1st 2020 to November 30th 2020**	
Holdings bought or added to	**Holdings reduced or sold**
American Eagle Outfitters	Ahold Delhaize
Booking Holdings	Bed Bath & Beyond
Boskalis	Daekyo
Continental	Hanil Holdings
National Oilwell Varco	MPAC Group
TGS Nopec	Nongshim Co.
Signify	Pronexus
SOL Group	Signify
Swatch Group	Signaux Girod
Village Super Market	TGS Nopec
	Toyota Industries

We executed a relatively large number of trades during 2020, due to the pandemic but also to benefit from market volatility. Several portfolio changes have already been reviewed in our June 2020 shareholder letter. Below we provide a quick recap for the period January – November 2020.

Early in the year, we reduced the weighting in **Signify** and in April the market turmoil enabled us to buy back more shares than we had sold in January at half the price we had sold them. Also starting in January, we reduced our weighting in **MPAC**. As the Covid-19 crisis started to unfold, we reduced the weighting in some of the more cyclical holdings such as **Toyota Industries** and exited **Hanil Holdings** (Korean cement). As said earlier, we decided to divest the position in **Bed Bath & Beyond**, despite its strong balance sheet and ample liquidity headroom. We felt that the uncertain outlook caused by the pandemic added too much risk to the operational turnaround the company was executing, given the vacancies for crucial management positions and an under-developed digital sales channel. The original investment case has subsequently been validated as the new CEO did an outstanding job by managing some important improvements remarkably fast, including implementing a new well-functioning e-commerce channel.

We exited our position in **Nongshim Co**., following a share price rise reflecting strong pandemic-driven demand growth for convenience food. Profiting from similar drivers, we roughly halved the Fund's weighting in **Ahold Delhaize** after enjoying a strong share price rally in the summer. Lastly, we reduced our position in **Daekyo**, a leading home tutoring services company in Korea. This decision was taken despite its low valuation. The business continues to face headwinds and we are disappointed in management and the corporate governance at this company.

Apart from **Signify**, we increased the positions in **Village Super Market, TGS Nopec** and particularly **National Oilwell Varco** at depressed share price levels. These are all examples of taking advantage of this year's market volatility. Less than two months ago, at the end of October, National Oilwell Varco, a leading oil field equipment & services provider, touched a 17-year share price low at $8 per share. It triggered us to nearly double the Fund's position. Between then and November 30th, the share price showed a remarkable 50% recovery. The stock is still down year-to-date, however.

Patience rewarded – six new portfolio additions in 2020

We are satisfied having invested in five new holdings during March and April and a sixth one in September-October. Patience was eventually rewarded, as some of the recently added names were on our radar screen for quite some time and were now "up for sale by Mr. Market" at an attractive price point. In our June letter, we elaborated on the investment rationale behind adding **SOL Group** (industrial gases and medical gases & services) to the portfolio. SOL has done an outstanding job weathering the pandemic storm and is on track delivering growth in revenue, profit, and free cash flow for this year. It has been rewarded by a 27% share price appreciation since the Fund's initial investment. We also purchased shares in **Continental AG**, a leading German automotive parts and tire manufacturer. The company showed a strong recovery in its tire business in the meantime.

With the addition of **Booking Holdings**, Citadel added a globally leading travel network business to its portfolio at a 16% normalised free cash flow yield. Although Booking's business has a long way to go before its business will have fully recovered to pre-Covid levels, the company returned to profitability after only one loss-making quarter. On a side note, the investment in Booking Holdings goes to show that we do not exclude investing in technology and Internet companies. Booking is a fundamentally healthy and market-leading company, well managed, has a business model with terrific economics but currently finds itself in an extreme cyclical downturn. The assumption that people will want to travel again when things normalize is not unrealistic either. When the stock-market offered the rare opportunity to invest in such a company at a deep discount, Citadel stood ready to invest.

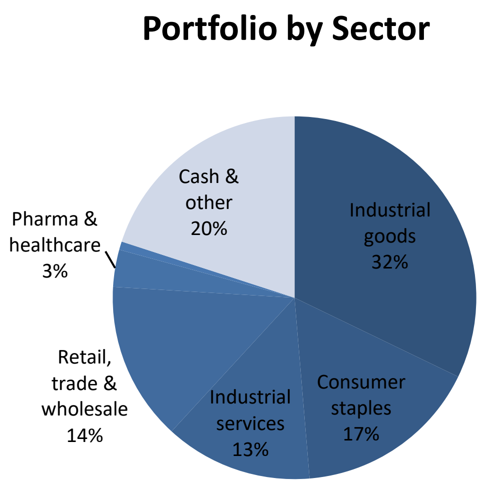
Another name we added in the March – April period is **Boskalis**, a global leader in a broad range of maritime services, best known for its dredging activities. Boskalis has managed the logistical challenges very well this year and its order book reached new records, which should drive solid performance in the years to come. In March we initiated a position in **American Eagle Outfitters**, a leading apparel retailer known for its jeans and its very well-performing Aerie women apparel brand. The company and in particular the Aerie franchise outperformed market expectations in the last quarters. This was rewarded with a 111% share price rise since the Fund's initial investment.

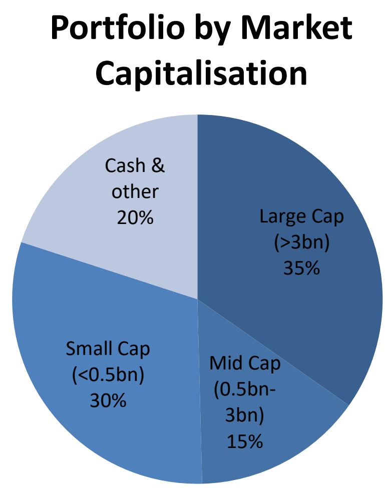
Portfolio Holdings
as of 30 November 2020

Company	Activity	% of NAV
Signify	industrial goods (lighting)	7,6%
Pronexus	business services (financial documentation & IR services)	7,2%
Dewhurst -A-	industrial goods (elevator fixtures & controls)	6,1%
GS Home Shopping	retail (TV home shopping & e-commerce)	5,1%
Toyota Industries	industrial goods (Toyota, forklifts, engines, cars & parts)	4,7%
Village Super Market -A-	retail (supermarkets)	4,6%
Continental	industrial goods (tires & automotive components)	4,2%
Swatch Group	retail (luxury watches & jewelry)	3,8%
National Oilwell Varco	industrial goods (oil field equipment & services)	3,8%
Nongshim Holdings	holding co. (Nongshim, packaging, food ingredients)	3,6%
Berentzen Gruppe	consumer goods (spirits & beverages)	3,4%
SOL Group	healthcare (medical & technical gases)	3,3%
Boskalis	industrial services (maritime services)	3,2%
MPAC Group	industrial goods (packaging machinery)	3,1%
American Eagle Outfitters	retail (apparel)	3,0%
Nichirin	industrial goods (automotive components)	2,8%
TGS Nopec	industrial services (seismic data)	2,8%
Zwack Unicum	consumer goods (spirits)	2,5%
Ahold Delhaize	retail (supermarkets)	2,4%
Booking Holdings	retail (online travel & leisure)	2,2%
Daekyo -preferred-	consumer services (education)	0,7%
Cash and other assets & liabilities		20,0%
		100,0%

During the 3rd quarter, we added **Swatch Group** as this year's sixth new position. Swatch is the largest Swiss luxury watchmaker. Its high-end brands, such as Omega, Longines and Tissot, generate most of the revenues while enjoying premium pricing. Testimony to a very conservative management style, the company has no debt. Its balance sheet is rather tilted towards cash, large hidden reserves of gold & diamonds, and some high-end real estate. Of the major watchmakers, Swatch is the one most exposed to Asian markets, particularly to China. After the initial period with high Corona-related uncertainty, the visibility in luxury markets slowly improved. In particular, the quick resurrection of consumer demand in China was remarkable. Following a challenging first half year, management indicated seeing light at the end of the tunnel in its major end-markets. The Fund was able to buy a stake in this extremely attractive business at a multiple of below 5x EV/EBITDA, which is an outright bargain valuation in this sector.

As per November 30th, 2020 the portfolio consists of holdings in 21 companies. The portfolio top-5 consists of three Asian and two European businesses. Companies listed in Europe represent 42% of the Fund's NAV. The Fund's exposure to Asia (Japan and South Korea) is around 24%, down from 32% on May 31st. The exposure of Citadel to the US equity market has increased from 12% to 14%. The Fund's net cash balance per November 30th, 2020 amounted to 20% of NAV, which provides room to take advantage of market volatility. As we have experienced, attractive opportunities sometimes exist only for a couple of days which makes it impossible to time investments beforehand. Hence the importance to have sufficient cash at hand to be ready to strike when opportunities present themselves.





Citadel's portfolio has a bias towards small caps, as this is a place where often value opportunities can be found. Notwithstanding this bias, half of the Fund's Net Assets consist of liquid large cap and midcap companies with attractive value characteristics.

As you are used from us, we will review an investment case in the final section of this letter. In this episode we chose Signify, a perfect example of applying the Fund's deep-value principles on a mid/large cap company.

Signify: light at the end of the tunnel

Signify is the global market leader in lighting products and services. Formerly known as Philips Lighting and founded in 1891 as one of the first lamps producers, the company was carved out of Royal Philips in 2016 and obtained a separate stock market listing. Citadel purchased its first stake late 2016 at an attractive valuation. In the meantime, the Fund has made several follow-on trades; shaving off a bit of the position at higher share price levels and increasing the weighting when volatile markets offered new bargain price levels, for example in March of this year. Year-to-date, Signify has been one of the largest performance contributors to the Fund (+41% return).

So, what makes Signify such an interesting investment case? Let us start with the stock's valuation characteristics. On average, Citadel was able to invest in Signify shares at a multiple of 4.5x operational earnings and a 16% free cash flow yield. The tranche bought in March was even bought at an incredible 24% free cash flow yield. The valuation at which the Fund was able to invest is crucial to attain a wide margin-of-safety (risk reduction) and to have an attractive upside potential.

Why do we like the company and its business model? A core characteristic is the company's leading market positions (geographical, product wise but also in terms of technological innovation). We believe the company can maintain a long-term sustainable competitive edge, and helped by its market leading scale, this results in pricing power and above-average operating efficiency. These two factors of competitive edge and scale lead to superior cash flow generating capacity. In fact, very recently management issued updated long-term company targets for free cash flow as a percentage of revenue that exceeded market expectations. A significant additional criterion is that management explicitly acknowledges the importance of sound capital allocation and that shareholder value creation is high on the agenda when deciding how to spend the surplus cash generated by the business.

As always, the interesting question is, why a share price does not reflect these interesting characteristics at the outset, even when, in the case of Signify, it is not some unknown small cap. We guess that one of the possible explanations is Signify's exposure to the conventional light bulb business, a very profitable yet rapidly declining activity. Generally, the stock market does not appreciate businesses that are in decline. But in this case, it pays to take a second look. Can new technologies, such as LED based products and Wi-Fi connected smart lighting fill the profit gap left behind by the shrinking conventional business? It is precisely this that Signify management has proven over the last years. Strong profit and cash flow growth in its future-proof business lines has more than compensated the decreasing conventional lamps business. Moreover, the declining lamps business has been very professionally managed as a cash cow and therefore its profit decline has been less impactful than some have feared. As a result, cash flow growth has exceeded market expectations and the gradual transition from one profit driver to other ones has been extraordinarily successful. Following this transition, we believe that a bright future for Signify lies ahead. Combined with a continued attractive valuation, we still see material upside potential in the share price.

In conclusion

We hope we have been able to shed some light on the state of affairs of your Fund and the choices that have been made in a very volatile environment. We are cautious about financial markets in general, yet we are excited about the health and upside potential of Citadel's refreshed portfolio. We still have quite a few interesting investment opportunities on our shortlist and it only takes a bit of market volatility and the right pricing discipline to put additional cash to work. We thank you for your investment and continued trust in the Fund. We wish you and your family a healthy holiday season, a Merry Christmas, and a Happy New Year.

Kind regards,

The Board of Directors December 23rd, 2020
Citadel Value Fund SICAV