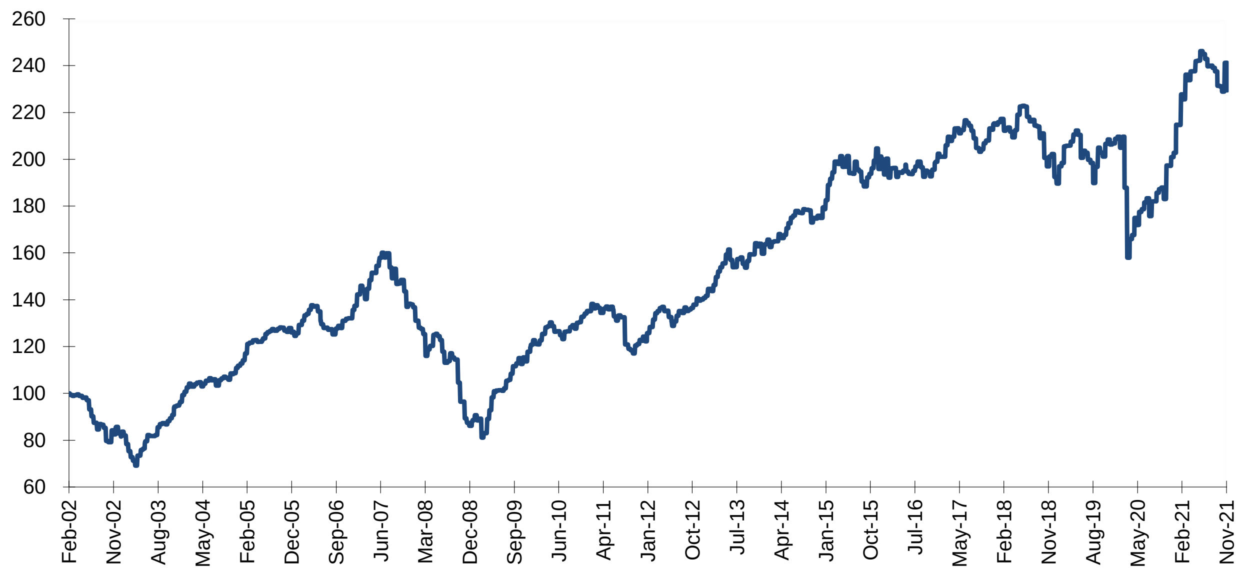
Dear shareholder,

With the year-end nearing, it is time to look both back and forward. We look back at an atypical year. We sincerely hope that the global health situation and its dire consequences for society will prove atypical indeed and not slowly evolve into “the new normal”. Looking into 2022, we could imagine a scenario in which not only the health situation will slowly improve, but financial markets are to normalise as well. Increased inflation and almost full employment could be a trigger for less accommodative central bank policies. When the situation of almost free money would come to an end, valuations will start to matter again. While value investing has proven to be a good strategy during uncertain times, a deep value strategy works even better when valuation regains its importance as a guide for future returns.

We are happy to share Citadel’s solid year-to-date performance of +13.2% per November 30th. Since inception, the net return of Citadel’s Class P shares is +130%. During the year, Citadel reached an all-time high of €246.22. Still, Citadel’s portfolio is considerably cheaper than the world index and is trading at a 43% discount to its estimated intrinsic value. With this in mind, we remain confident about Citadel’s future potential. Being an absolute return Fund, Citadel does not use an official benchmark, but as always, we show the MSCI World index (including net dividends) in EUR as a reference. While the MSCI in EUR was up 27% year-to-date, it gained 16.8% in US$. This shows that a large EUR/US$ exchange rate swing has fuelled the Euro-index rather than equity market performance alone.

Citadel Value Fund

Class P performance since inception to November 30, 2021



Fund Performance - Class P - as of Nov 30, 2021	Since inception	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 YTD
Citadel Value Fund	129,5%	-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%	13,2%

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

20 years Citadel Value Fund – an organisational update

We would like to spend a few words on Citadel's organisation before we go over to reviewing investment-related topics. Citadel started trading on February 11th, 2002, so in less than two months' time the Fund will celebrate its 20th anniversary. We are proud of the fact that Citadel's consistent focus on value investing has enabled the Fund to prosper and to survive many challenging periods in the financial markets over the past 20 years. Also, we are grateful for the trust and patience of you as a shareholder in all those years, particularly during volatile periods when long-term vision and commitment were even more important. Our mission has always been and continues to be making sure you can sleep well at night, with the confidence that Citadel's portfolio of strong, low-risk, profitable companies acquired at attractive valuations will preserve your capital and provide significant upside along the way.

After almost 20 years, it was time to refresh the organisational structure. Commencing in January 2022, the services of two of the Fund's service providers will be integrated into one new service provider. This will lead to increased efficiency in Fund operations, while meeting all regulatory requirements. These changes have been approved by the Shareholder Meeting on December 17th. We are happy to welcome Pure Capital as a new partner of Citadel and look forward to Citadel – and its shareholders – prospering over the next 20 years. It goes without saying that Citadel's value investment strategy will remain entirely unchanged.

Volatility is your friend

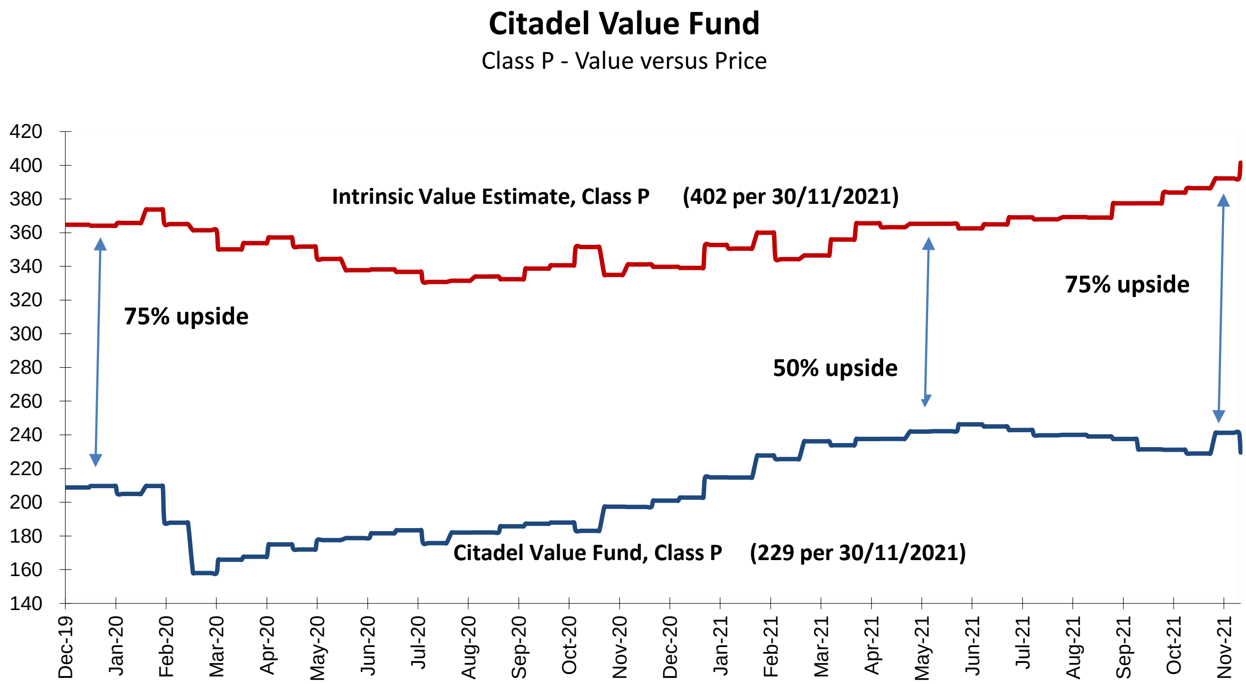
In previous letters we wrote about the risk of higher inflation and with it the likelihood that central bankers would be forced to normalise their very accommodative monetary policy leading to higher interest rates in the future. In our view, higher interest rates would upend a period of almost "free money". Under such a scenario we would return to normalised financial markets where price discovery and economic fundamentals will matter again. This would be a change for the better – both for the health of financial markets in general and for value investing in particular.

Having said that, monetary policy shifts have historically often coincided with elevated price volatility in financial markets. Market sentiment could turn negative and stock prices could come down, even those of strong and healthy companies. At Citadel, we are not in the business of predicting the short-term direction of stock markets, but in fact we would welcome such a scenario. We would still sleep well at night, knowing that the Fund's portfolio companies are safe havens, while at the same time increased market volatility creates new investment opportunities. To some this might seem contradictory, but a recent example drives home this point: we all want to see the pandemic end sooner than later, but a significant increase in market volatility was a positive side effect in March-April 2020. At the time, it created a short window of quite interesting investment opportunities for Citadel, which we eagerly utilised. Of course, the Fund is ready to capture similar opportunities when future market volatility offers situations of mispricing again.

During 2021 share price volatility has also been elevated. We consider it unusual when portfolio returns fluctuate by over 5% within a month, yet this happened a couple of times year-to-date. We were able to use some of this market irrationality to the benefit of the Fund, for example when hefty price swings in **Bed Bath & Beyond** (a US general merchandise retailer) presented several buying and selling opportunities during the year.

However, it is crucial to distinguish between market volatility on the one hand and fluctuations in the underlying value of companies on the other. Generally, this intrinsic value of Citadel's portfolio companies is far less volatile over time than one might mistakenly infer from stock price volatility. During the first half of 2020, we have witnessed the pandemic impacting company profits and cash flows to various extents, in some cases even positively. Later during the year, initially negative impacts were often reversed by a rapid economic recovery. Looking beyond short-term profit impacts, but utilizing greatly increased market price volatility, Citadel was able to add several strong businesses at very attractive price points. This supported a further increase of the portfolio's intrinsic value. As a result, Citadel's intrinsic value was at an all-time high of €402 per share on November 30th of this year. This is up 10% compared to where it was before the pandemic hit the world (we used December 31st, 2019 as a pre-pandemic reference date).

Citadel's NAV, reflecting the actual share prices of the portfolio companies and hence their volatility, has fluctuated a little more than the intrinsic value, as the chart on the next page shows. The Fund's NAV currently offers a 75% upside potential relative to the estimated intrinsic value, which is about similar to the Fund's pre-pandemic situation at the start of 2020. It is testimony to the idea that a long-term investment horizon makes sense. While short-term market fluctuations are unpredictable, rational investors can profit from market volatility over the longer term.



New horses supported this year's performance

Most of Citadel's positions have made a positive contribution to the Fund's performance this year. Interestingly, four out of the top-5 contributors were holdings acquired in 2020 or 2021. The largest calendar year-to-date contributor was the US non-food retailer **Bed Bath & Beyond** (BBBY). BBBY is selling furniture for bedrooms, bathrooms, and kid's rooms as well as general household merchandise. After having owned a stake in this company before, the Fund purchased a position again early January 2021 at an attractive valuation. Solid quarterly operating performance pointed out that the company was coping effectively with the pandemic. Only a few weeks after Citadel had built a position, a short squeeze propelled the share price towards the company's estimated intrinsic value. The only rational investment decision was to exit the stock. During the months that followed, the stock fell back, not once but twice, to a level that provided sufficient margin of safety again for Citadel to re-build a position. And twice, the Fund was able to sell the holding again after the share price had shot up, due to another short squeeze and later due to an announcement of a large new share buy-back program. On November 30th, the Fund continues to hold just a small remaining position. We believe that this example clearly proves the point that price volatility can be a rational investor's friend, because it increases the odds of mispricing. The necessary condition to profiting from mispricing is of course having an informed judgement about the value of the company.

Most significant performance contributors & detractors
January 1st 2021 to November 30th 2021

Holding	Contribution	Absolute return	Holding	Contribution	Absolute return
Bed Bath & Beyond	6,9%	66,0%	TGS Nopec	-1,2%	-30,4%
SOL Group	1,7%	49,7%	Vitesco	-0,8%	-17,1%
Tarkett	1,6%	63,5%	Samsung Electronics -Pref-	-0,6%	-12,8%
Signify	1,5%	22,9%	Continental	-0,2%	-5,9%
American Eagle Outfitters	1,3%	29,3%	National Oilwell Varco	-0,2%	-5,6%

Note: Returns are in EUR and include net dividends

Superb operating performance propelled the share price of **SOL Group**, a producer of industrial and medical gases and one of the larger European players in homecare services. Its industrial gas activities have been firing on all cylinders. Due to the high marginal profitability of additional volumes sold, 2021 is on track to becoming the company's best year ever. Its homecare activities reported lower growth due to the healthcare sector being occupied with pandemic-related care. Still, margins in this secular growth business were considerably up.

The Fund also profited from the takeover of **Tarkett** (flooring solutions) by its family shareholder. Citadel was able to sell its stake at a level slightly above the takeover offer, realising a 63.5% gain after only a 7-month holding period.

Among the performance detractors, **TGS** (seismic data services) unfortunately stood out. Its dominant client base is in the oil & gas sector. Despite increased commodity price levels together with the necessity to invest in exploration in the coming years to satisfy global energy demand, customers have so far been hesitant to make larger commitments. Notwithstanding these times of low demand, TGS has remained a free cash flow positive and dividend paying business. In the meantime, TGS has also been growing in adjacent services for alternative energy markets such as carbon capture and seismic databases for offshore wind parks. However, it will take time to develop this into a meaningful revenue stream. The stock has significant upside potential once investment volumes would recover a bit.

Further opportunities added to the portfolio in 2021

Already highlighted in our previous shareholder letter, Citadel invested in a new position in preferred shares of **Samsung Electronics** earlier in 2021. Samsung Electronics is a global market leader in several important technology markets such as smartphones but most notably memory chip production. This business is characterised by high added-value, high barriers-to-entry, and large economies-of-scale effects. Citadel paid a c. 4x operational earnings multiple for a high margin business with a decent return on capital. Samsung's recent announcement of a major investment program in its foundry business (production of logic chips for 3rd parties) is expected to become an additional value driver. In this business, TSMC is currently the undisputed global market leader, generating near-monopolistic margins and trading at a huge profit multiple. Samsung is one of the few, perhaps even the only company worldwide with all capabilities in house and the required capital to capture a bigger market share of this very profitable growth market.

Changes in the Portfolio **January 1st 2021 to November 30th 2021**	
Holdings bought or added to	**Holdings reduced or sold**
American Eagle Outfitters	Bed Bath & Beyond
Bed Bath & Beyond	Daekyo
Samsung Electronics -Pref-	GS Home Shopping
Tarkett	Nongshim Holdings
TGS	Tarkett
Vitesco	

We are very excited about another new addition to the portfolio, namely **Vitesco Technologies**, formerly known as the Powertrain division of parent company Continental. Vitesco is one of the two main players for automotive electrification technology in Europe. 9 Out of the 10 largest battery electric vehicle manufacturers are supplied with Vitesco's power electronics, control technology, electric drive axles or thermal management systems. Amid the rapidly changing automotive landscape, Vitesco is executing a turn-around to enhance cost efficiency and to expand the product range. Its current order book of over €50bn covers the sales projections for the coming 6 years and should support a strong margin improvement. Vitesco shares were recently spun off from Continental and are now separately listed. On top of a period of relative weakness in the automotive sector, the spin off caused technical selling pressure with large cap funds and index trackers forced to exit the stock. Hence, Citadel was able to purchase a position at what we believe to be a fraction of Vitesco's intrinsic value.

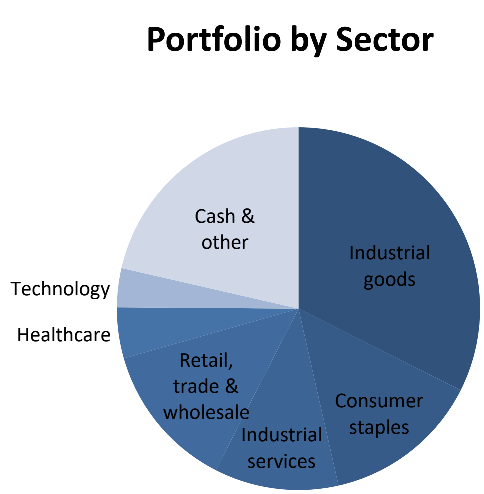
Also, we moderately increased the weighting of the Fund's existing position in **American Eagle Outfitters** (US apparel retailer) and **TGS**, both at attractive valuations. We decreased the weighting in **Nongshim Holdings** and sold the Fund's position in **Daekyo**, **GS Home Shopping** and **Tarkett** (both GS and Tarkett due to takeover offers). As already highlighted, we sold the position in **Bed Bath & Beyond** more than once during 2021.

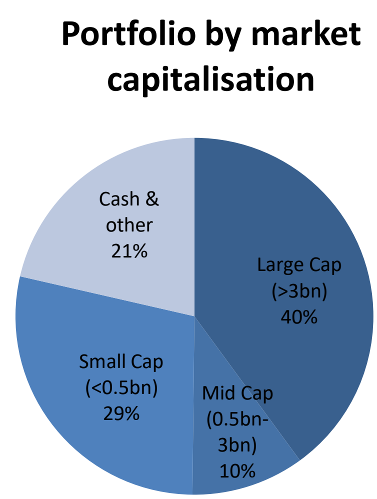
Healthy portfolio with healthy upside

As per November 30th, 2021, the portfolio consists of holdings in 22 companies. The portfolio top-5 consists of two European companies, one US and two Asian businesses. Companies listed in Europe represent 44% of the Fund's NAV. The Fund's exposure to Asia (Japan and South Korea) is around 19%. The exposure of Citadel to the US equity market is 16%. The Fund's net cash balance per November 30th, 2021, amounted to 21% of NAV, a little higher than on May 31st and providing ample room to take advantage of market volatility described earlier.

Portfolio Holdings **as of 30 November 2021**		
Company	**Activity**	**% of NAV**
Signify	industrial goods (lighting)	7,0%
Dewhurst -A-	industrial goods (elevator fixtures & controls)	5,6%
Pronexus	business services (financial documentation & IR services)	5,4%
American Eagle Outfitters	retail (apparel)	5,2%
Toyota Industries	industrial goods (Toyota, forklifts, engines, cars & parts)	4,6%
SOL Group	healthcare & industrial (homecare, medical & technical gases)	4,5%
Swatch Group	retail (luxury watches & jewelry)	3,9%
Village Super Market -A-	retail (supermarkets)	3,7%
Samsung Electronics -Pref-	technology (semiconductors & consumer electronics)	3,5%
Vitesco	industrial goods (automotive components)	3,3%
Boskalis	industrial services (maritime services)	3,3%
Berentzen Gruppe	consumer goods (spirits & beverages)	3,2%
National Oilwell Varco	industrial goods (oil field equipment & services)	3,2%
MPAC Group	industrial goods (packaging machinery)	3,1%
Continental	industrial goods (tires & automotive components)	2,9%
Nichirin	industrial goods (automotive components)	2,6%
Nongshim Holdings	holding co. (Nongshim, packaging, food ingredients)	2,6%
Ahold Delhaize	retail (supermarkets)	2,4%
TGS	industrial services (seismic data)	2,4%
Zwack Unicum	consumer goods (spirits)	2,1%
Booking Holdings	retail (online travel & leisure)	2,0%
Bed Bath & Beyond	retail (general merchandise)	1,9%
Cash and other assets & liabilities		21,4%
		100,0%

We are confident Citadel's portfolio is in good shape to thrive in various future scenarios. It consists of great businesses, with shares trading at significant margins of safety relative to their respective intrinsic values. At a look-through valuation of c. 5x operating earnings and at a 9% free cash flow yield, Citadel's portfolio is attractively valued not only on an absolute basis but definitively also on a relative basis, with the MSCI World index currently trading at a staggering 15x operating earnings!





Citadel's portfolio has always had a certain bias towards small caps, as this is a place where value opportunities often can be found. The small cap segment currently represents 29% of the Fund's portfolio. This is a lower percentage than a few years ago, partially due to the pleasant fact that over the past two years the Fund was able to identify and add a good number of large cap and midcap companies with attractive value characteristics. One small cap company, however, is definitely worthwhile to elaborate on in the next section as it has the potential to become much bigger.

MPAC: packing in the profit

Since many years, Citadel is tracking the **MPAC Group**, a UK based supplier of packaging machinery. As a relatively small company operating in a large market, MPAC specializes in high volume primary packaging machines as well as secondary packaging (so-called 'end of line packaging') for very specific product handling requirements. Its main customers are found in the food & drink sector and pharma & healthcare markets (e.g., Nestle, Cooper Vision). Prior to 2017, MPAC also built machinery for the tobacco industry. In those years it was an even smaller company with a relatively low growth rate. Late 2016 new management took over and implemented a transformative divestment of the tobacco machinery business in mid-2017. Including the tobacco divestment proceeds, the MPAC share traded at a negative Enterprise Value at that time, which was a reason for Citadel to significantly raise its stake in this company from the tiny position the Fund owned before.

Motivated by the divestment, MPAC's new CEO laid out a reinvigorated vision to leverage the business (GBP 50m annual sales at the time) through a buy-and-build strategy coupled with capturing the high-margin services business of the existing installed base, which previous management had neglected. The target was to drive the operating margin of 2.4% in 2017 to a level of 10% by 2021, necessary to generate an appropriate return on capital. This trajectory has been executed quite successfully and indeed, an operating margin of around 10% is in the cards for the current year on double the revenue level compared to 2017. The operational success did not remain unnoticed on the stock market: while Citadel was able to purchase shares at around GBP 1.00 in 2017, the current share price is around GBP 5.00.

You could be forgiven for thinking otherwise, but the current valuation is still not at all demanding. The estimated free cash flow yield stands at 9% and we anticipate the company to re-install a dividend to pay out part of it. Further scope for margin improvement is also in the cards, with peer group benchmarking pointing to a mid-teens operating margin potential. This is supported by a record size order book and an increased services franchise.

But there is more that comes with this package. A few months ago, MPAC announced an order win to provide a battery cell assembly line for Freyr, a listed producer of batteries targeting the automotive and energy storage market. MPAC has worked four years developing the assembly machinery together with cell technology partner 24M. Freyr is now setting up a first small facility with MPAC's machine. This first order has a size of c. 10% of MPAC's current annual revenue. Whilst this is a nice order on its own, the more interesting part is that MPAC has options to provide Freyr with further assembly lines when Freyr will start building full-sized manufacturing facilities. Given the fact that Freyr already announced its first large customer win, odds are increasing that MPAC will be playing a significant role in this market. For MPAC this could be a game changer because follow-on orders could be 10 times the initial size and potentially even more. What we really like about the MPAC management team is that they aren't carried away by this opportunity. Management has remained focused on running the core business and appointed dedicated project management for the battery segment to prepare for whatever scenario will unfold. Needless to say, Citadel is excited to hold this company in its portfolio and will closely follow future developments.

In conclusion

Never a dull moment in investing, as we say. Amidst all market turmoil, we continue what we have done at Citadel for close to 20 years, which is focussing on fundamental company analysis and locking in a wide margin of safety when purchasing shares of a company. Just like the management teams that manage your holdings' businesses, Citadel is not getting carried away by market fuzz, manic or at times depressed sentiment and the like. Only rational investment analysis guides us through the opportunities that wildly fluctuating markets present to us. At the time of writing of this letter, the pandemic situation looks to be deteriorating again. We don't know how 2022 will develop, but together with you we certainly hope for better times. We are grateful for the continued support from you as shareholders and we wish you and your family a great festive season and a Happy New Year.

Kind regards,

The Board of Directors
Citadel Value Fund SICAV

December 22nd, 2021