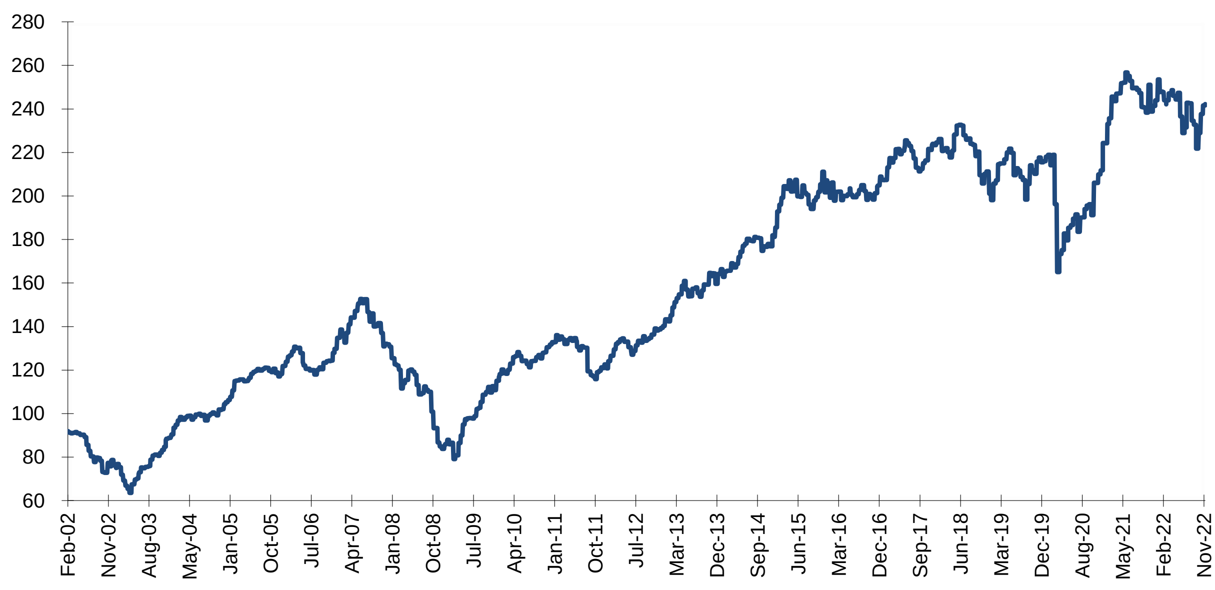
Dear shareholder,

The current year won't enter the history books as a dull or uneventful one. Just as covid related troubles moved to the background, geopolitical tensions escalated into a horrifying war of Russia against the Ukraine. Simultaneously, and partially fuelled by this war, the economies had to cope with the highest inflation rates in half a century, continued supply bottlenecks and rising interest rates. This all lead to a reduced growth outlook during 2022. It does not take much imagination to see highly volatile financial markets because of all of this. Fortunately, amidst this volatility and uncertainty, Citadel stood out as a beacon of stability.

We are pleased to report a roughly stable calendar year-to-date return per November 30th, 2022, of -0.7% for Citadel's class X shares and a 164% return since inception. During times of major turmoil on financial markets, with many of the main equity markets down by double digits, it is comforting that Citadel was able to stay close to its goal of capital preservation. In comparison, the MSCI World Index (net returns, in EUR) is down -5.6% calendar year-to-date as per November 30th, 2022. The US Dollar denominated equivalent of the MSCI World Index is down -15% for the same period, signalling a significant positive Dollar currency effect. After many years of strong performance, the growth-oriented NASDAQ index performed dismal, dropping by almost 27%.

Citadel Value Fund

Class X performance since inception to November 30, 2022



Fund Performance - Class X - as of Nov 30, 2022	Since inception	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 YTD
Citadel Value Fund	163,6%	-18,4%	19,3%	17,6%	11,9%	10,2%	0,8%	-34,7%	36,9%	13,6%	-6,4%	13,0%	16,5%	11,4%	13,9%	0,1%	8,3%	-11,8%	10,1%	-2,9%	15,2%	-0,7%

Source: EFA, D&F. X-Class inception on June 4, 2013. Fund performance prior to June 2013 estimated based on P-Class shares since Fund inception date February 11th, 2002

IMPORTANT: This newsletter constitutes marketing communication. 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 and KIID before making any investment decisions. 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. The Fund qualifies as a financial product under Article 6 of the SFDR.

Complex macro environment warrants a simple (but not easy) investment strategy

From a macro-economic perspective, we live in interesting times. Many complexities and cross currents compete against each other impacting economic behaviour in many ways. Not surprisingly, this has resulted in a very scattered set of opinions among renowned economists about the future trajectory of economies. For Citadel, the issue has always been how far (forecasting of) macro trends should influence the investment decision making process. If the global economy is heading towards a recession and corporate profit expectations will be significantly lowered, shouldn't that change one's investment decisions? Moreover, the average valuation of global equity markets is still quite high in relation to expected earnings, even after the market correction of 2022[1]. Combining these two arguments, a further market correction would make sense. But we lack the proverbial crystal ball to predict if and when today's high valuation multiples would come down further. And forecasting recessions, including their severity, is very hard as the diverse opinions of economists and policy makers show. In conclusion, a macro-approach to stock investing does not seem a fruitful mission to us.

During Citadel's past 20 years of investing, the basis for taking an investment decision has therefore always been bottom up, not top down. We analyse those companies where we can make a reasonable estimate of normalised earnings power in an average economic situation. Using this as a basis for estimating a (likely conservative) intrinsic value for the business, we will then invest only if we can buy the stock at a significant discount to this intrinsic value. If this discount is not sufficient, we remain patient and will keep the stock's name on our short list. The higher financial market volatility is, the better the chances are to take advantage of buying a wonderful business on the cheap (or selling positions at fully valued prices).

Admittedly, a return to a normal economic situation with normalised company earnings is in fact a macro-economic assumption. We strongly believe that the past, give or take, 10 years have not been representative of a normalised economic environment. For years, economies were boosted by artificially low interest rates, a mind-boggling amount of new money that was created by the major central banks around the world, and government spending that was fuelled by the creation of lots of new debt. Cheap available liquidity has accelerated consumption and pulled investments forward. Consequently, financial markets (including equities and bonds) have enjoyed unprecedented bull runs.

During 2022, mushrooming inflation (an inevitable repercussion of excessive money creation) has forced central banks to hit the brakes, raise interest rates and stop the quantitative easing experiment. Logically, the economy will be cooling off as a result. Having said that, huge amounts of excess liquidity still exist in the financial system and will likely remain there as long as the pace of quantitative tightening by central banks remains extremely cautious.

The reaction of financial markets has resembled that of a drug addict. During a prolonged period, markets have become addicted to low interest rates and abundant liquidity. Instead of discounting fundamental company news, any piece of information that could be associated with the rate setting policy of the "drug dealing" central banks, appears to have been the overriding driver of financial market sentiment. Every glimmer of hope on future policy easing is igniting a relief rally, whereas every shimmer of fear of future tightening causes markets to retreat. We believe that this isn't a normal situation. Interestingly, FED chairman Jerome Powell seems to concur, as he has made a U-turn in his communication since the summer months of 2022. As he stated in quite plain language, the time of accommodative monetary policy is now over and will not return anytime soon. Lower economic growth and higher unemployment will be unavoidable because this is the mechanism through which the economy will return to a new equilibrium with lower inflation. It remains to be seen whether the addicted market will cool off slowly or 'cold turkey'. This is a call we are not able to make, instead we will be watching the process with great attention. What can be expected of us is that we are well prepared to buy interesting investment opportunities at a sufficient margin-of-safety the moment markets offer them, for whatever reason. It will be an exciting and a crucial time for value investors because those will be the moments the seeds for future strong performance are being sowed. Until then, the key operative word is patience.

Quite stable performance, with major plusses and minuses under the hood

On balance, Citadel's overall performance has remained remarkably steady throughout the current calendar year with a close to flat return until November 30th. Under the hood, we can discern some strong performers as well as several

[1] *We refer to a current multiple of 14x EV/EBITDA (Enterprise Value to operational earnings before depreciation) for the MSCI World Index. The 10-year average EV/EBITDA pre-covid (2010-2019) is significantly lower at 10.4x.*

detractors. **NOV** (oil, gas, and offshore wind equipment) and **TGS** (seismic data) both made a significant contribution to the Fund's performance. After several difficult years, demand for services in the broader energy sector has sharply recovered. This has translated into improving financial results for both companies, although profitability still has quite some room to grow before it would reach a normalised level. Particularly in the case of NOV, cost inflation, labour shortages and supply chain disruptions prevented the company from fully meeting customers' demand. This partially hampered the operating margin recovery. For both companies, however, the outlook is positive.

Most significant performance contributors & detractors					
January 1st 2022 to November 30th 2022					
Holding	**Contribution**	**Absolute return**	**Holding**	**Contribution**	**Absolute return**
National Oilwell Varco	3,8%	83,9%	MPAC Group	-2,2%	-46,2%
Bed Bath & Beyond	2,4%	129,1%	American Eagle Outfitters	-1,9%	-26,7%
TGS Nopec	1,7%	57,9%	Pronexus Inc.	-1,3%	-18,5%
Vitesco	1,3%	21,3%	Continental	-1,3%	-35,6%
Boskalis	1,3%	30,5%	Toyota Industries Corp.	-1,2%	-21,0%

Note: Returns are in € and include dividends

Early in the year, a market opportunity appeared to sell the Fund's remaining position in **Bed Bath & Beyond** (BBBY, a US general merchandise retailer) at roughly twice the purchase price. BBBY has been a very profitable investment for Citadel last year and this year, and an interesting show case of price volatility offering great value opportunities.

Vitesco (automotive electronics and powertrain parts) is a recently expanded portfolio holding. Being among the top-5 performance contributors, the stock greatly outshined the rather weak stock market performance for most automotive related shares this year, such as detractor **Toyota Industries**. We will share our thoughts on Vitesco below.

Important portfolio news was the public offer for **Boskalis Westminster** (maritime services) made by its long-time shareholder HAL Investments. The final bid of EUR 33,50 (including dividend) corresponded to a 120% return for Citadel made in a two-year holding period. While we are quite pleased with such a return, we still had mixed feelings divesting the Fund's position as we believe the shares are worth significantly more, and we don't like seeing Boskalis disappear from the radar screen as an investment opportunity. However, with the management board ultimately recommending HAL's offer and HAL obtaining a dominant stake, it was sensible for minority shareholders to sell.

Citadel's portfolio also included some performance detractors, although we believe that generally, it concerns temporary rather than permanent losses. This calendar year's largest detractor was **MPAC Group** (packaging machinery). The company reported disappointing results this year but also had some very good news. To start with the bad news, MPAC's profit in the first half year was hurt by shortage of key electronics components. This shortage caused significant inefficiencies in producing packaging machinery. Management took the decision to keep producing and delivering as much as possible to meet customer expectations. While this resulted in solid sales growth, it was done at a much lower profit margin. Based on improving component procurement, we would expect that this temporary setback will be reversed within a relatively short period. However, the lower profit in the first half will not be recouped.

On the bright side, MPAC announced the signing of a framework contract with battery cell producer Freyr for which the company is expected to provide multiple assembly machines. The new contract comes on top of an order for the pilot plant machine that was already commissioned last year. With this, Freyr can be anticipated to become quite a large customer, helping MPAC establish a key position in the fast-growing battery cell production sector. Given the potential revenue size, this can result in significant shareholder value.

American Eagle Outfitters (AEO, a US apparel retailer) was also a clear detractor of the Fund's calendar year-to-date performance. Coming out of a period of high demand growth and a shortage of products due to logistical hurdles, demand for fashion pivoted to a much lower gear this year. On top of that, the apparel sector is also coping with high cost inflation. All of this resulted in much lower profitability relative to the all-time highs reached in 2021. To benefit long term from the currently much lower share price, the Fund has increased its weighting in AEO at a very attractive valuation level.

Some holdings added and reduced, profiting from market volatility

Throughout this calendar year, Citadel was able to sell some positions at attractive valuation levels. We already mentioned **Bed Bath & Beyond** and **Boskalis** in this respect, having sold both positions at more than double their respective purchase prices. We also sold off a tiny remaining position in **Nongshim Holdings** (holding company of a Korean branded food producer) at a modest profit. Furthermore, the Fund's sizeable position in **Dewhurst** (lift components) was lowered slightly for portfolio management reasons, at over 4 times the original purchase price.

Furthermore, Citadel said goodbye to its holding in **Berentzen**, a German spirits and beverages producer, unfortunately at a comparatively low valuation. Berentzen possesses some potentially valuable branded consumer assets. As an example, we mention its namesake apple liquor brand, which has an unbeatable position in its home market and abroad. However, after closely following the company for several years and having engaged with the company's boards on multiple occasions, we concluded that chances of extracting meaningful additional shareholder value are limited for the foreseeable future. Headwinds related to Covid, and cost inflation did not help, in addition to very passive strategic management. With the benefit of hindsight, we think this investment has characteristics of the occasional 'value trap'. Having enjoyed a high dividend yield, the net loss for Citadel was fortunately very limited.

In February, after **Signify** (lighting products & services) announced strong FY2021 results, we reduced the weighting of the Fund's position. This divestment was done at more than double the original purchase price. Signify has been a very profitable investment for Citadel. In fact, it combines three strong reasons for owning a stock: 1) the opportunity to purchase it at an attractive valuation; 2) a highly cash generative business with a dominant and defendable market position; 3) strong management that is continuously adapting the business in a rapidly changing environment. With the help of volatile markets, Citadel was offered the opportunity to increase the weighting again during the summer months at a 40% lower share price level. The Fund continues to be a satisfied shareholder in this company.

Changes in the Portfolio
January 1st 2022 to November 30th 2022

Holdings bought or added to	Holdings reduced or sold
American Eagle Outfitters	Bed Bath & Beyond
MPAC Group	Berentzen
Signify	Boskalis
Vitesco	Dewhurst -A-
	Nongshim Holdings
	Signify

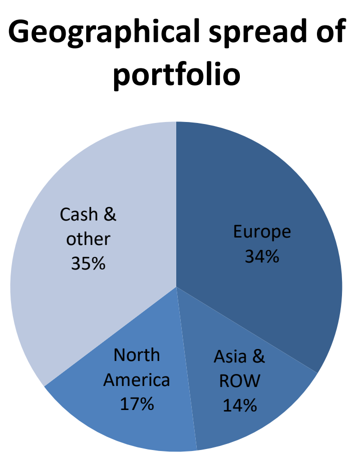
As explained in the previous section, **MPAC** had to cope with lower profitability this year. MPAC's negative share price reaction that followed, seemed overdone in our view. Hence, the Fund took the opportunity of the sharply lower share price to add to the existing position. We also made several subsequent purchases in **Vitesco** during February and March when its share price hit an all-time low. As per November 30th, Vitesco's share price had already recovered by over 50% relative to Citadel's last purchase realised in March. It is proving a point made already many times before: stock market volatility is not the same as investment risk. In fact, to the well-prepared investor, volatility has more to do with opportunity than risk.

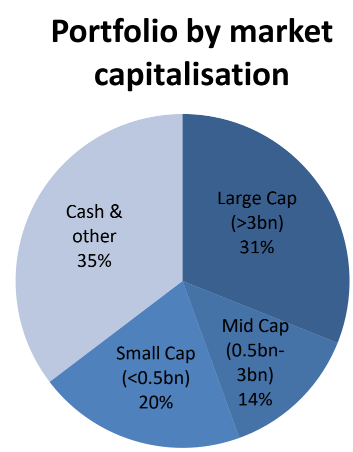
Portfolio summary – attractively valued with room for new opportunities

As per November 30th, 2022, the portfolio consists of holdings in 18 companies. The portfolio top-5 consists of three European companies, one US and one Japanese business. Companies listed in Europe represent 34% of the Fund's NAV. The Fund's exposure to Asia (Japan and South Korea) is around 14%. The exposure of Citadel to the US is 17%, almost stable compared to the start of the calendar year. The Fund's net cash balance per November 30th, 2022, amounted to 27% of NAV. This cash position excludes an 8.7% holding in a money market fund with an ultra-short duration. The Fund's cash & cash equivalents have increased during the year due to net client inflow and net selling activity. We feel very comfortable with this cash position, giving ample room to take advantage of new investment opportunities amid volatile markets.

Portfolio Holdings as of 30 November 2022		
Company	**Activity**	**% of NAV**
National Oilwell Varco	industrial goods (oil & gas equipment & services)	6,4%
Vitesco	industrial goods (automotive electronics)	5,9%
Dewhurst -A-	industrial goods (elevator fixtures & controls)	5,3%
Signify	industrial goods (lighting)	4,7%
Pronexus	business services (financial documentation & IR services)	4,5%
Village Super Market -A-	retail (supermarkets)	4,2%
American Eagle Outfitters	retail (apparel)	4,0%
SOL Group	healthcare & industrial (homecare, medical & technical gases)	3,9%
Swatch Group	retail (luxury watches & jewelry)	3,7%
TGS	industrial services (seismic data)	3,6%
Toyota Industries	industrial goods (Toyota, forklifts, engines, cars & parts)	3,3%
Samsung Electronics -Pref-	technology (semiconductors & consumer electronics)	2,9%
Nichirin	industrial goods (automotive components)	2,5%
Ahold Delhaize	retail (supermarkets)	2,2%
Booking Holdings	retail (online travel & leisure)	2,1%
MPAC Group	industrial goods (packaging machinery)	2,0%
Zwack Unicum	consumer goods (spirits)	1,8%
Continental	industrial goods (tires & automotive components)	1,7%
JP Morgan Ultra Short Income UCITS ETF	money market fund	8,7%
Cash and other assets & liabilities		26,7%
		100,0%

All in all, we believe that Citadel's portfolio is in a very good shape. It consists of great businesses, purchased at significant margins of safety relative to their respective intrinsic values. At a look-through valuation of just above 4x operating earnings and at an 8% free cash flow yield, Citadel's portfolio is very attractively valued. This is not only true on an absolute basis but definitively also on a relative basis, with the MSCI World index trading at a still quite expensive level of 14x operating earnings.





Citadel's portfolio usually has some bias towards small cap stocks, as this is a place where value opportunities often can be found. The small cap segment currently represents 20% of the Fund's portfolio, which is down compared to 27% as of December 31st, 2021. Currently, large cap stocks represent the largest part of the portfolio by market capitalisation (31%), with mid-caps making up 14%. Industrial goods, Retail & wholesale and consumer staples are the three largest industry sectors represented in the portfolio. In the next section, we would like to share some thoughts on **Vitesco**, a top-5 portfolio holding that we expect to offer a very attractive long-term return contribution.

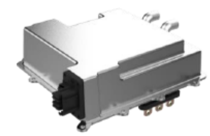
Vitesco – electrifying the car as well as the investor

Although briefly mentioned in previous newsletters, as a newly listed company **Vitesco Technologies** might still be relatively unknown to the reader. Vitesco is the former powertrain division spun off from German automotive supplier Continental AG. Now firmly on its own, and with a cash rich balance sheet as a dowry, Vitesco has put a strong focus on growing its automotive electrification technology franchise. Crucially it does not supply batteries, this being a business with its own challenges. As a leading company in automotive electrification, 9 out of the 10 largest battery electric vehicle manufacturers use Vitesco products and components (Tesla being the exception). Secured by a continuous flow of large order wins in this fast-growing market segment of automotive supplies, management forecasts 40% compound annual sales growth in the next 4 years for automotive electrification products. This translates into growing the current sales level of around € 1bn towards € 5bn by 2026. This might sound astounding (and healthy scepticism is warranted) but it is in fact backed by a solid orderbook and the outlook of continued high growth in electric segment of the automotive market. This part of Vitesco is currently still loss making given the relatively small revenue base and high R&D costs. A healthy operating margin should be reached in the next 4 years, however, when Vitesco will be benefiting from operating on a much larger scale. In fact, an operating margin of over 5% would be quite common in the automotive supplier industry. On a much higher revenue level, Vitesco would consequently generate hundreds of millions of operating profit growth, an outlook which is key to the investment case and is not at all reflected in the current share price.


High Voltage Box


Integrated Axle Drive


Battery Management System (wireless)


Inverter

Vitesco also operates a large traditional powertrain components business for combustion engines (quite profitable at 8% operating margin in the first 9 months of 2022) in addition to several non-core businesses that are in decline and do not contribute to profit. A challenge for profitability is the strong cost inflation which Vitesco needs to pass on to its customers. From our discussions, it appears that management was successful in pushing for the necessary price increases in a sector that was used to annual deflation. The increased interdependency between automotive suppliers and carmakers is helpful. Carmakers need electric drive components to achieve EU mandated sales quota for electric vehicles. Pricing power therefore has started to shift a bit towards the automotive component supplier as there exists capacity shortage.

Due to the current mix of different activities and profit profiles, Vitesco's equity story is a bit complex, which makes the underlying financial performance and outlook less straightforward to understand. Having done an in-depth analysis of the company, we believe that those complexities effectively created a chance to buy an apparently neglected investment opportunity on the cheap, fitting Citadel's typical investment characteristics. We think that Vitesco's intrinsic value is at least triple the Fund's average purchase price. One catalyst is expected to unfold already in the short term: the company will adapt its reporting structure as of next year, which should help provide a clearer picture of the underlying business trends. Ongoing efforts of the company to improve investor communications could also support a broader understanding of the company's solid mid-term profit outlook. Even though the automotive market outlook is cloudy for 2023, we strongly believe that the Fund will enjoy an attractive return on its Vitesco holding in the mid-term. As icing on the cake, Vitesco fits the much sought after environmentally friendly (ESG) characteristics.

In conclusion

2022 has not been a very positive year, given the awful humanitarian catastrophe that is unfolding in the Ukraine. Relative to these dark clouds of war, the cloudy economic weather can only be of secondary importance. From an investor's standpoint, we must deal with both realities and their impact on financial decision making. During these uncertain times, we at Citadel keep doing what we have done for over 20 years: applying a consistent rational process to investing and keeping a firm eye on Citadel's two main goals of capital preservation and healthy long-term returns. We once again thank you for your loyalty. We wish you and your family Merry Christmas and a happy New Year.

Kind regards,

The Board of Directors December 22nd, 2022

Citadel Value Fund SICAV