



**Unaudited semi-annual report  
as at November 30th 2023**

# **Citadel Value Fund SICAV**

Société d'Investissement à Capital Variable  
Luxembourg

R.C.S. Luxembourg B85320

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**Citadel Value Fund SICAV**

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# Citadel Value Fund SICAV

## Organisation

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**Registered office**

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**Board of Directors**

*Directors*

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the Management Company**

Loïc DE CANNIERE  
Bernard PONS  
Guy POURVEUR

**Conducting officers of  
the Management Company**

Rudy HOYLAERTS  
Bernard PONS  
Patrick VANDER EECKEN  
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Frédéric VENDITTI

**Investment Manager**

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Investment Manager**

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**Domiciliary agent**

PURE CAPITAL S.A.  
2, rue d'Arlon  
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**Citadel Value Fund SICAV**

**Organisation (continued)**

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**Administrative agent, registrar  
and transfer agent**

UI efa S.A.  
2, rue d'Alsace  
L-1122 LUXEMBOURG

**Réviseur d'entreprises agréé**

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# Citadel Value Fund SICAV

## Report on activities of the Board of Directors



### DEAR SHAREHOLDER

Citadel Value Fund demonstrated robust performance year-to-date in 2023. As of November 30th 2023, the P class shares were up by 11.8% this calendar year, with a return since inception of 154.8%. Most months reflected positive Fund performance, even during periods of negative market sentiment. Consequently, the Fund concluded its fiscal half year for 2023/24 at an all-time high Net Asset Value of €254.79 per P class share.

Citadel is an actively managed Fund without reference to a benchmark. Nonetheless, it makes sense to consider the broader market picture, which was again characterised by high volatility – not necessarily a bad thing, as we will explain later. After a very negative year in 2022 for stocks, most indices experienced significant declines again over the first ten months of 2023. However, a remarkable rally in November, driven by the outlook for lower interest rates, more than offset 2023 losses and elevated overall market performance to positive territory.

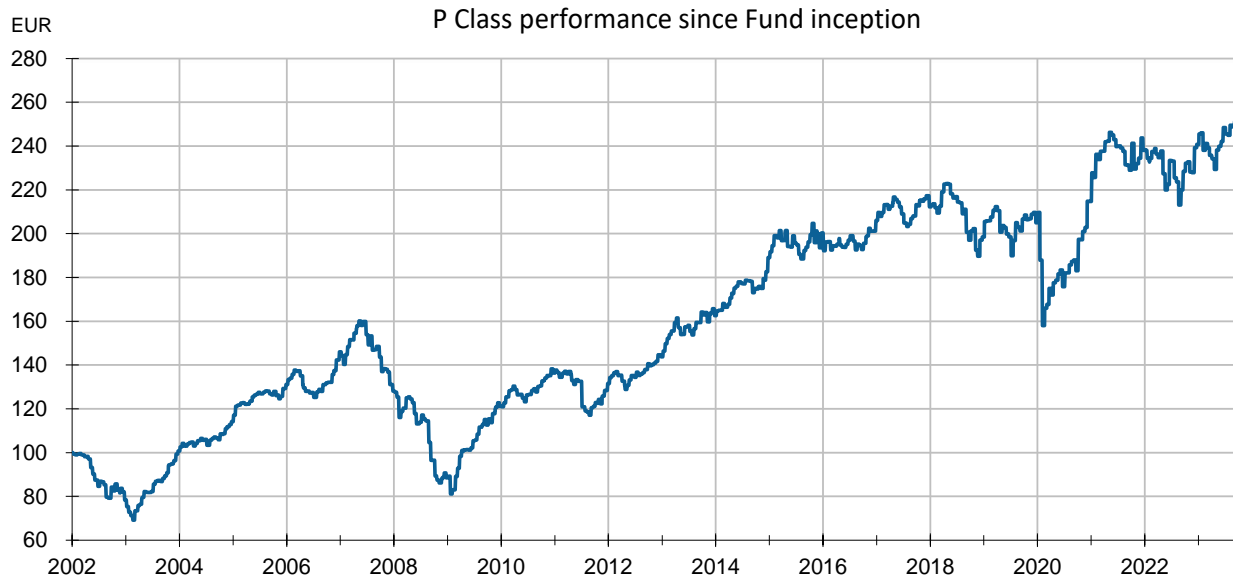
Period	NAV (€)	Net return
Since inception		154,8%
Latest NAV as of Nov 30, 2023	254,79	11,8%
Dec 30, 2022	227,83	-2,8%
Dec 31, 2021	234,41	15,6%
Dec 31, 2020	202,77	-2,9%
Dec 31, 2019	208,77	10,1%
Dec 31, 2018	189,66	-12,1%
Dec 29, 2017	215,83	7,4%
Dec 30, 2016	201,03	-0,1%
Dec 31, 2015	201,21	12,2%
Dec 31, 2014	179,39	10,1%
Dec 31, 2013	162,98	15,1%
Dec 31, 2012	141,66	12,7%
Dec 30, 2011	125,70	-6,9%
Dec 31, 2010	134,97	12,9%
Dec 31, 2009	119,52	36,2%
Dec 31, 2008	87,76	-35,8%
Dec 31, 2007	136,76	-0,5%
Dec 29, 2006	137,40	9,7%
Dec 30, 2005	125,20	12,0%
Dec 31, 2004	111,78	17,2%
Dec 31, 2003	95,41	17,0%
Dec 31, 2002	81,58	-18,4%

Past performance does not predict future returns

Fund inception date: Feb 11, 2002 at an NAV of €100. Source: UI EFA

### Citadel Value Fund

#### P Class performance since Fund inception



## RISK IN EQUITY INVESTING

*“Volatility is not risk”.*

When recently reading through investment literature of some of the great value investors, we were once again reminded of the fundamentally different approach to risk that value investors use compared to the mainstream line of thinking about risk, which was heavily influenced by academia.

The investment industry has adopted a definition of risk that is related to volatility of market prices (more accurately, of returns, which are basically the changes in market prices). The Capital Asset Pricing Model is a mathematically elegant pricing model that hypothesizes investors are only rewarded for non-diversifiable market risk. This risk is measured by a share’s volatility relative to the market’s volatility. It is important to note that this is a statistical definition of risk, based only on the market prices of shares and thus completely ignoring the fundamentals of the underlying companies.

Having been taught this theory in academia, it became apparent to us after working in the investment industry for some years that a fundamental question was never asked: does volatility truly capture the essence of investment risk? After gaining extensive experience and learning from great value investors, our answer to this question is a resounding ‘No’.

As we have emphasized on numerous occasions, higher volatility increases the likelihood of mispricing - both undervaluing and overvaluing companies compared to their true value. This, in turn, presents opportunities for profitable investments (or divestments). Contrary to being interpreted as negative (risk), we are convinced that higher volatility is positive, representing expanded opportunities.

This brings us to a crucial question: if volatility is not risk, then what exactly is risk in investing? To us, risk is related to the likelihood of losing invested money. Building on the insights of some of the great value investors, we think of risk in both absolute and relative terms.

*Absolute risk* is risk inherent to the company you invest in; for example, when the value of a company develops dramatically lower than expected. A company’s value is then what we call impaired, and there can be various company-specific reasons for that. We strive to manage this risk by thoroughly analysing every company and its ecosystem of competitors, suppliers, and customers. This allows us to make a well-informed estimate of a company’s value. Crucially, we adamantly avoid companies with high debt levels, poor management track-records, excessive client or supplier concentrations, and non-robust business models, among other factors, to mitigate the risk of bad outcomes.

*Relative risk* is directly associated with the price you pay for an investment. This is where the all-important concept of a margin of safety comes into play. A dedicated value investor commits capital only when the market price offers a significant discount to the estimated intrinsic value of a company. This margin of safety serves as an investor’s insurance against unforeseen circumstances. Negative things can unexpectedly happen, and a company’s value may turn out to be less than estimated. Although it may not deliver the returns initially expected, the margin of safety protects the initial investment and prevents a loss of capital, in all but the most extreme cases. We are convinced that the price paid relative to intrinsic value is the primary mechanism for reducing investment risk.

The beauty of this approach to risk lies in the control we have. Through fundamental company research, we can make informed estimates about a company’s value, and crucially, we can subsequently choose the price at which we want to invest (and divest). So, while Citadel Value Fund is still legally required to measure risk in terms of

## Citadel Value Fund SICAV

### Report on activities of the Board of Directors (continued)

volatility metrics, we hope that you can take comfort in our fundamental approach to investment risk. For us, we prefer avoiding permanent capital loss over mitigating volatility at any time!

#### PORTFOLIO PERFORMANCE HIGHLIGHTS

*“A risk of value investing is that you invest in a steal – others draw the same conclusion and steal it from you”.*

When reviewing Citadel’s performance highlights in 2023, **Vitesco Technologies** stands out as a name deserving further discussion. In brief, Vitesco is a leading provider of electronic automotive components, experiencing robust demand growth for its electrification technology products. Notably, these products are utilized by nine out of the top ten battery electric car manufacturers. With a total order book surpassing €60 billion, the company enjoys high visibility, enabling strong value creation in the years ahead.

In late 2021, the Fund initiated a position in Vitesco after its spin-off from the former parent company Continental. We doubled the position early 2022, benefiting from a stock price decline that led to the company’s valuation dropping to almost ridiculous levels. The average purchase price was around € 44 per share, whereas we estimate the company’s intrinsic value to be approximately € 180 per share - a margin of safety that we really like! Fuelled by robust share price performance throughout 2023, Vitesco became the Fund’s largest holding. We even had to trim it slightly for portfolio management reasons.

To the market’s surprise, Schaeffler, also an automotive parts manufacturer, launched an €91 offer for Vitesco in October, subsequently increased to €94 per share in November. Despite the offer reflecting a rather modest takeover premium of 23%, the Schaeffler family office’s support (which held 49.9% of Vitesco prior to the offer) has already secured a majority of Vitesco’s shares in favour of the takeover. For minority shareholders such as Citadel, there are limited viable alternatives but to accept the offer. While Vitesco significantly contributed to Citadel’s 2023 performance, the outcome would not have been materially different without the offer, considering where the stock was trading before the offer was announced. All in all, Citadel is set to realise a 113% return.

As we firmly believe that the company’s intrinsic value far exceeds the offer price, it’s regrettable to be forced to give up the holding. This situation reveals an inherent “risk” associated with value investing: since the investment strategy involves identifying significantly undervalued stocks, it is only logical that others may recognise the same undervaluation. In some cases, others possess the financial and legal means to initiate a takeover bid and acquire the company at a valuation that still undervalues the company, to the detriment of minority shareholders.

#### Most significant performance contributors & detractors

1 January 2023 to 30 November 2023

Holding	Contribution	Absolute return	Holding	Detraction	Absolute return
Vitesco	4,7%	72%	NOV	-0,7%	-11%
SOL Group	2,1%	56%	MPAC Group	-0,6%	-24%
Toyota Industries	1,8%	55%	Signify	-0,5%	-8%
Nichirin	1,8%	71%	Dewhurst -A-	-0,4%	-8%
Stellantis	1,3%	32%	Swatch Group	-0,3%	-8%

*Note: Returns in € and including dividends*

Fortunately, Citadel has more in store than just Vitesco. Other strong performance contributors were **SOL Group** (share price up 56%), **Toyota Industries** (+55%) and **Nichirin** (+71%). Without exception, these impressive results were driven by strong operational and financial performance, beating market expectations. Last but not least, **Stellantis** made a solid contribution, with the stock up 32% including a high dividend payout, all while remaining an absolute bargain.



## Citadel Value Fund SICAV

### Report on activities of the Board of Directors (continued)

The good news is that Citadel did not face any substantial detractors during 2023, with **NOV** (-11%) and **MPAC Group** (-24%) being the largest ones. Remarkably, **NOV** showed a strong earnings recovery throughout 2023, coupled with a solid outlook for 2024. We have little doubt that the share price will appreciate in due course in response to its higher earnings. **MPAC Group** also showed an earnings recovery, albeit from the low level realised in 2022. With a new CEO who started in May and will likely need time to earn the trust of the markets, MPAC shares are currently trading at a free cash flow yield of over 20%. We believe this points to the MPAC shares currently being massively undervalued.

## PORTFOLIO CHANGES

*“The big money is not in the buying or selling, but in the waiting”.*

With these wise words, Charlie Munger, who recently passed away at age 99 and was Warren Buffett’s business partner for more than 60 years, emphasised the importance of patience and long-term thinking in successful investing. Adhering to his wisdom, fund management at Citadel is not about frequent trading. If the market presents attractive opportunities to buy or sell, we will take action. So far in 2023, there has been limited buying and selling in the Fund’s portfolio. Earlier this year, **Stellantis** was added to the portfolio. Despite being one of the most efficiently operated and profitable large carmakers, boasting solid market positions, strong management, and a pristine balance sheet, its extremely attractive valuation failed to reflect these attributes.

Furthermore, we increased the existing positions in **Samsung Electronics** and **Signify**. Samsung, a leader in the global memory chip market, faced a cyclical downturn this year. As its share price came off, the valuation once again became quite attractive, based on normalised through-the-cycle earnings. This presented a good opportunity to add to the existing position. Also Signify, a global leader in lighting products, experienced lower profitability in the first half of 2023 due to a sluggish housing and infrastructure market in China and lower consumer spending in Europe. In this case as well, temporary share price weakness offered a very attractive valuation level, and Citadel was able to increase its existing position at a double-digit free cash flow yield.

Changes in the Portfolio	
1 January 2023 to 30 November 2023	
Holdings bought or added to	Holdings reduced or sold
Samsung Electronics	Booking Holdings
Signify	Dewhurst -A-
Stellantis	Vitesco Technologies

Earlier in 2023, Citadel divested its position in **Booking Holdings**. The stock price of Booking Holdings, a leading online travel booking platform, had collapsed in March 2020 during the Covid-induced stock market panic. This presented us with the opportunity to acquire shares in this excellent business at a bargain valuation. Three years later, the valuation had normalised and reached its estimated intrinsic value. In fact, the share price now exceeds its previous all-time high. Consequently, Citadel decided to sell the entire position, realising a healthy return of +111%.

Besides this divestment, the Fund trimmed its positions in **Dewhurst** and **Vitesco Technologies** during the year, both for portfolio management reasons. Dewhurst, a UK-based producer of lift components, in which Citadel acquired its initial shares in 2004, has proven to be a wonderful investment for the Fund. Currently, the total return on the Dewhurst position exceeds 300%. Although we see considerably more upside in this small cap stock, we reduced the position, given its substantial 5%+ weighting, in order to manage portfolio concentration risk.

## Citadel Value Fund SICAV

### Report on activities of the Board of Directors (continued)

At Citadel, we keep exploring many interesting investment opportunities currently on the watch list. As market volatility continues, we anticipate that our patience in awaiting the right prices will be rewarded in due course.

#### PORTFOLIO SUMMARY

As per November 30th 2023, Citadel's portfolio consists of holdings in 18 companies. Out of the five largest positions three are European companies, one a US company, and one a Japanese company. The portfolio is geographically well diversified across the largest developed economies, with the USA, Japan and Germany ranking as the top-three, followed by another eight different countries. Given that most companies in the portfolio operate on a multi-national scale, the Fund inherently has exposure to many more countries around the globe.

In terms of currency exposure, 57% of the Fund's assets are denominated in Euro's, the Fund's reference currency. The US Dollar and the Japanese Yen each constitute approximately 13% of total net assets, while other foreign currencies each represent less than 5% of the Fund's total net assets. The exposure to the US (and the US Dollar) has increased from 10% to 13% as of May 31st 2023, driven by the strong share price performance of the Fund's combined US holdings.

Citadel's net cash balance, including interest-bearing deposits, amounted to 22% as of November 30th 2023, slightly down from 24% as per May 31st 2023. In addition to equity investments and cash, the Fund holds an 8% position in an ultra-short duration money market fund. This cash position provides ample room to capitalise on new investment opportunities that may arise amid volatile markets.

<b>Portfolio Holdings</b>		
<b>as of 30 November 2023</b>		
<b>Company</b>	<b>Activity</b>	<b>% of NAV</b>
Vitesco	industrial goods (automotive electronics)	7,6%
SOL Group	healthcare & industrial (homecare, medical & technical gases)	5,3%
Signify	industrial goods (lighting)	5,0%
NOV	industrial goods (oil & gas equipment & services)	4,7%
Pronexus	business services (financial documentation & IR services)	4,6%
Stellantis	consumer goods (passenger cars)	4,6%
Toyota Industries	industrial goods (Toyota, forklifts, engines, cars & parts)	4,5%
AEO	retail (apparel)	4,2%
Samsung Electronics -Pref-	technology (semiconductors & consumer electronics)	4,2%
Village Super Market -A-	retail (supermarkets)	4,0%
Nichirin	industrial goods (automotive & motorcycle components)	3,7%
Dewhurst -A-	industrial goods (elevator fixtures & controls)	3,3%
Swatch Group	retail (luxury watches & jewelry)	3,3%
TGS	industrial services (seismic data)	3,0%
Ahold Delhaize	retail (supermarkets)	1,9%
Continental	industrial goods (tires & automotive components)	1,9%
Zwack Unicum	consumer goods (spirits)	1,9%
MPAC Group	industrial goods (packaging machinery)	1,6%
JP Morgan Ultra Short Income UCITS ETF	money market fund	8,2%
Cash and other assets & liabilities		<u>22,4%</u>
		100,0%

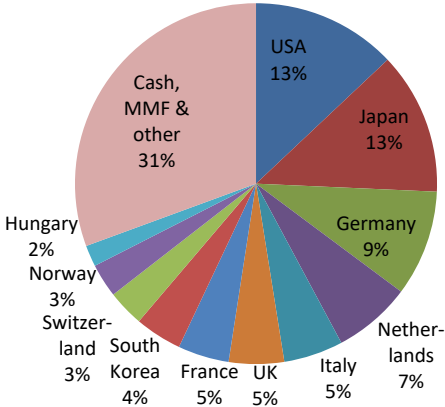
Citadel's portfolio has traditionally shown a bias towards small and midcap stocks, a realm where value opportunities are often discovered. Presently, the small cap segment constitutes 19% of the Fund's portfolio. With 34%, large cap stocks represent the largest share of the portfolio, while mid-caps comprise 16%. The three

**Citadel Value Fund SICAV**

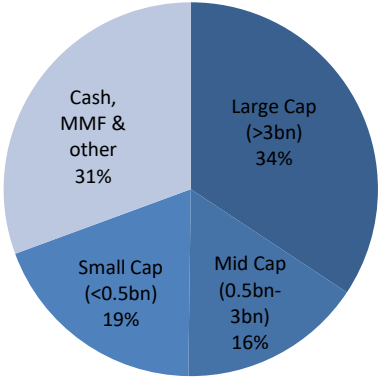
**Report on activities of the Board of Directors (continued)**

largest industry sectors in the portfolio are industrial goods, consumer staples, and retail. Technology-related exposure remains limited to 4%.

**Geographical spread of portfolio**



**Portfolio by market capitalisation**



All in all, the current portfolio is well-diversified and attractively valued at a look-through free cash flow yield of 7% and an EV/EBITA multiple of 6.9x. As of the November 30th 2023 closing prices, the portfolio is trading at a 36% discount to its estimated intrinsic value, providing a substantial margin of safety and ensuring peace of mind amid volatile times.

While the Fund’s exposure to technology stocks is only 4%, this modest percentage relates to a quite interesting case, offering all the essential elements for a sound value investment. We are happy to share these insights in the next section.

**INVESTMENT CASE: SAMSUNG ELECTRONICS**

Samsung Electronics is widely recognised for its smartphones, holding the global market leadership in volume terms. Additionally, it is the leading player in display technology, supplying smartphone screens for example used in Apple iPhones. However, the most valuable part of Samsung lies in its global market-leading franchise in memory chips. The memory market has become an increasingly crucial part of overall technology demand. Driven by the need for miniaturisation, development and production expenses skyrocketed, prompting further market consolidation. Samsung, with its size, financial strength, and expertise, is well positioned to take the lead. While Samsung was not the first to launch memory chips specifically enabling the first generation of artificial intelligence processors, the company is expected to strongly benefit from its forthcoming “high bandwidth memory” chip launch scheduled for 2024 (see the center of the image below). Beyond memory chip production, Samsung also holds the second position as contract manufacturer of logic chips (processors), a promising future profit engine given that the number one player is in Taiwan.



In 2023, the memory chip market reached a cyclical low, pressuring Samsung's share price. After Citadel initiated a position in Samsung in 2021, this cyclicity provided an opportunity to increase the position at an even more attractive valuation. With Samsung's world-leading market positions in growing markets, a very safe balance sheet (€100bn net cash), and an entry valuation of 4x operating earnings (EV/EBITA) for a business producing more than a 20% return on capital through the cycle, it possesses all the necessary ingredients to be a profitable investment.

## IN CONCLUSION

2023 has proven to be a successful year for Citadel and its shareholders. The portfolio quality improved by adding holdings at attractive prices. With a substantial discount to its estimated intrinsic value, the portfolio offers both upside potential and downside protection. We continue to explore new investment opportunities, adhering to the time-tested principles of value investing that wise investors have preached for almost 100 years. We appreciate your continued support and trust and wish you and your loved ones a joyful festive season and a Happy New Year.

Kind regards,

Luxembourg, December 21st 2023

The Board of Directors

Note: The information in this report represents historical data and is not an indication of future results.

## Citadel Value Fund SICAV

### Statement of net assets (in EUR)

as at November 30th 2023

#### Assets

Securities portfolio at market value	28,733,049.08
Cash at banks	8,361,344.19
Income receivable on portfolio	21,416.44
Bank interest receivable	12,102.27
Prepaid expenses	819.49
Total assets	<u>37,128,731.47</u>

#### Liabilities

Expenses payable	<u>112,259.33</u>
Total liabilities	<u>112,259.33</u>
Net assets at the end of the period	<u><u>37,016,472.14</u></u>

#### Breakdown of net assets per share class

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in EUR)
MP capitalisation	3,129.72	EUR	327.61	1,025,337.49
P capitalisation	30,163.67	EUR	254.79	7,685,289.89
X capitalisation	106,595.17	EUR	265.55	28,305,844.76
				<u>37,016,472.14</u>

The accompanying notes are an integral part of these financial statements.

## Citadel Value Fund SICAV

### Statement of investments and other net assets (in EUR) as at November 30th 2023

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets *
<b><u>Investments in securities</u></b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Shares</b>					
CHF	5,000	Swatch Group AG	980,827.13	1,209,617.95	3.27
EUR	10,000	Continental AG	615,829.70	710,200.00	1.92
EUR	27,000	Koninklijke Ahold Delhaize NV	269,064.31	717,120.00	1.94
EUR	70,000	Signify NV	1,747,033.16	1,866,200.00	5.04
EUR	71,984	Sol SpA	718,578.11	1,965,163.20	5.31
EUR	85,000	Stellantis NV	1,339,606.00	1,692,010.00	4.57
EUR	30,000	Vitesco Tec Gr Aktiengesellschaft	1,322,999.80	2,806,500.00	7.58
			6,013,111.08	9,757,193.20	26.36
HUF	15,000	Zwack Un Liq Ind and Trad Plc	572,052.36	706,445.95	1.91
JPY	65,000	Nichirin Co Ltd Reg	853,103.18	1,368,237.80	3.70
JPY	226,600	Pronexus Inc	1,138,422.89	1,698,613.83	4.59
JPY	21,000	Toyota Industries Corp	563,125.16	1,655,556.88	4.47
			2,554,651.23	4,722,408.51	12.76
KRW	38,000	Samsung Electronics Co Ltd Pref	1,857,634.90	1,553,671.16	4.20
NOK	95,000	TGS ASA	1,293,887.68	1,115,467.46	3.01
USD	90,000	American Eagle Outfitters Inc	1,113,349.03	1,569,988.08	4.24
USD	100,000	Nov Inc	1,745,598.66	1,725,181.04	4.66
USD	65,000	Village Super Market Inc A	1,207,163.63	1,499,129.16	4.05
			4,066,111.32	4,794,298.28	12.95
<b>Total shares</b>			17,338,275.70	23,859,102.51	64.46
<b><u>Transferable securities dealt in on another regulated market</u></b>					
<b>Shares</b>					
GBP	193,500	Dewhurst Plc A Non Voting	497,304.87	1,223,747.82	3.30
GBP	250,000	MPAC Group Plc	511,201.47	601,966.84	1.63
<b>Total shares</b>			1,008,506.34	1,825,714.66	4.93
<b><u>Open-ended investment funds</u></b>					
<b>Tracker funds (UCITS)</b>					
EUR	29,989	JPMorgan ETFs (Ireland) ICAV EUR Ultra-Sh Inc UCITS ETF Dist	2,953,290.39	3,048,231.91	8.23
<b>Total tracker funds (UCITS)</b>			2,953,290.39	3,048,231.91	8.23
Total investments in securities			21,300,072.43	28,733,049.08	77.62
Cash at banks				8,361,344.19	22.59
Other net assets/(liabilities)				-77,921.13	-0.21
<b>Total</b>				37,016,472.14	100.00

\* Minor differences may arise due to rounding in the calculation of percentages.

The accompanying notes are an integral part of these financial statements.

## Citadel Value Fund SICAV

### Industrial and geographical classification of investments as at November 30th 2023

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#### Industrial classification

(in percentage of net assets)

Cyclical consumer goods	29.48 %
Industrials	19.03 %
Investment funds	8.23 %
Non-cyclical consumer goods	7.90 %
Energy	7.67 %
Raw materials	5.31 %
Total	<u>77.62 %</u>

#### Geographical classification

(in percentage of net assets)

United States of America	12.95 %
Japan	12.76 %
The Netherlands	11.55 %
Germany	9.50 %
Ireland	8.23 %
Italy	5.31 %
United Kingdom	4.93 %
South Korea	4.20 %
Switzerland	3.27 %
Norway	3.01 %
Hungary	1.91 %
Total	<u>77.62 %</u>

## Citadel Value Fund SICAV

### Statement of changes in investments from June 1st 2023 to November 30th 2023

Currency	Description	Purchases	Sales
<b><u>Shares</u></b>			
EUR	Vitesco Tec Gr Aktiengesellschaft	0	10,000
GBP	Dewhurst Plc A Non Voting	0	30,000
KRW	Samsung Electronics Co Ltd Pref	14,000	0



## Citadel Value Fund SICAV

### Notes to the financial statements

as at November 30th 2023

#### Note 1 - General information

Citadel Value Fund SICAV (the "Fund") is a "*Société d'Investissement à Capital Variable*" ("SICAV"), established on January 3rd 2002 for an indefinite duration.

The financial year of the Fund runs from June 1st to May 31st.

The reference currency of the Fund is the Euro (EUR).

The most recent annual report and the most recent semi-annual report, the Articles of Association, the Prospectus and the KID are available at the registered office of the Fund and on its website [www.citadelfund.com](http://www.citadelfund.com). At those places the last three annual reports of the Fund are available.

#### Note 2 - Significant accounting policies

##### a) Presentation of the financial statements

The financial statements of the Fund are prepared in accordance with the Luxembourg legal and regulatory requirements concerning undertakings for collective investment and with generally accepted accounting principles in Luxembourg.

The financial statements of the Fund have been prepared on a going concern basis.

##### b) Valuation of assets

The valuation of the investments is based on the following principles:

- 1) Investments (transferable securities and money market instruments) listed on any stock exchange and on any regulated market are valued at the last closing price, unless the price is not representative at the Valuation Date. In the latter case the price will be valued at the probable realization value estimated with care and good faith by the Board of Directors.
- 2) Investments (transferable securities and money market instruments) which are not listed on any stock exchange are valued on the basis of the probable realization value estimated with care and good faith by the Board of Directors.
- 3) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received is deemed to be the nominal value thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such a discount as may be considered appropriate by the Board of Directors in such case to reflect the true value thereof.

The Board of Directors, at its discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset of the Fund.

##### c) Acquisition cost of securities in the portfolio

The acquisition cost of the securities held by the Fund that are denominated in currencies other than the reference currency of the Fund is converted into this currency at the exchange rate prevailing on the date of purchase.

##### d) Net realised gain /(loss) on securities portfolio

The realised gains and losses on securities portfolio are calculated on the basis of the average acquisition cost.

## Citadel Value Fund SICAV

### Notes to the financial statements (continued)

as at November 30th 2023

#### e) Investment income

Dividend income is recorded at the “ex-date”, net of any withholding tax.

#### f) Conversion of foreign currencies

Cash at banks, other net assets, liabilities and the market value of the securities in the portfolio expressed in currencies other than the reference currency of the Fund are converted into this currency at the exchange rate prevailing on the date of the financial statements. Income and expenses expressed in currencies other than the reference currency of the Fund are converted into this currency at the exchange rate prevailing on the date of the transaction.

At the date of the financial statements, the exchange rates are the following:

1	EUR	=	0.9486466	CHF	Swiss Franc
			0.8617584	GBP	Pound Sterling
			381.1331908	HUF	Hungarian Forint
			161.2840988	JPY	Japanese Yen
			1,416.1297819	KRW	South Korean Won
			11.7529202	NOK	Norwegian Krona
			1.0909000	USD	US Dollar

#### Note 3 - Investment management fees

Pure Capital S.A., the Investment Manager, is entitled to an investment management fee, calculated monthly, payable at the end of each month and based on the net assets of the Fund as at the last monthly Valuation Date at a rate of 0.75 % p.a., with a minimum of EUR 15,000.- p.a.. The net assets pertaining to the Class “MP” shares will not be included in this calculation as they are not subject to the investment management fee.

The Investment Manager appointed as its investment advisor D&F Financial Services B.V. for an indefinite period pursuant to an Investment Advisory Agreement signed on January 1st 2022; the Investment Advisor may, subject to approval of the Investment Manager, sub-delegate its powers.

The remuneration of the Investment Advisor is included in the remuneration of the Investment Manager.

The Investment Advisor provides assistance and advice to the Investment Manager regarding investment decisions.

#### Note 4 - Management Company fees

For the general services of the Management Company (which do not include the fees in respect of services of the investment management, registrar and transfer agency and central administration), the Management Company is entitled to a maximum fee amounting to 0.06 % calculated on the basis of the Net Asset Value of the Fund, with an annual minimum of EUR 5,000.- payable out of the assets of the Fund. The net assets pertaining to the Class “MP” shares will not be included in this calculation as they are not subject to the management company fee.

## Citadel Value Fund SICAV

### Notes to the financial statements (continued)

as at November 30th 2023

#### Note 5 - Incentive fees

The Investment Manager is entitled to an incentive fee equal to 20% in case of the "P" share Class and to 10% in case of the "X" share Class of the Excess Return (as defined below), if any, achieved by the Fund, which is calculated and payable annually at the end of each financial year. The net assets pertaining to the Class "MP" shares are not included in this calculation as they are not subject to the incentive fee.

The following conditions will apply for the calculation of the incentive fee:

The Excess Return in any year shall be calculated by deducting the High Water Mark, after it has been increased with the Hurdle Rate as defined below, from the last net asset value per share of the current financial year (adjusted for incentive fee provision and including accrual of crystallised incentive fees) and adjusting for subscriptions, redemptions and dividends, if any. The adjustment mechanism for subscriptions and redemptions is specifically designed to ensure that increases resulting from new subscriptions are not resulting in an artificial increase of the calculated Excess Return.

The Hurdle Rate has been set at a rate of 4% annualised during the first year following the High Water Mark.

The incentive fee will be subject to the following 2 restrictions:

- 1) There will be no incentive fee if the Excess Return so defined is 0 or negative.
- 2) A High Water Mark restriction: There will be no incentive fee, if the last net asset value per share (adjusted for incentive fee provision and including accrual of crystallised incentive fees) is lower than the net asset value per share (after accrual of the incentive fee) as of the end of any of the five (5) financial years preceding the current financial year (the "**Performance Reference Period**"). The High Water Mark is therefore defined as the highest net asset value per share at the end of any of the financial years during the Performance Reference Period. For the avoidance of doubt, no incentive fee will accrue for the part of the Fund's performance that is below the High Water Mark during the Performance Reference Period.

For the purpose of calculating the net asset value per share as of any Valuation Date, the incentive fee (if applicable) will be expensed and provisioned. On each Valuation Date, the incentive fee will be recalculated, based on the actual Excess Return, if any, on that Valuation Date. The Fund will pay out an incentive fee, if any, to the Investment Manager, only once a year after the end of each fiscal year based on the Excess return, if any, as per the date of the fiscal year end.

In case of a redemption at a net asset value per share that includes an incentive fee provision, the pro rata part of that incentive fee will be carried forward as a crystallised incentive fee until the fiscal year end and will be paid to the Investment Manager after the fiscal year end.

The Fund pays the incentive fees to the Investment Manager of the Fund.

At the date of the financial statements, the incentive fee was recorded and amounted to :

<b>Fund</b>	<b>Share class</b>	<b>Incentive fee amount in Fund currency</b>	<b>Incentive fee ratio in % of average TNA</b>
CITADEL VALUE FUND SICAV	P capitalisation	22,018.31	0.29%
	X capitalisation	40,399.57	0.15%
		<u>62,417.88</u> EUR	

## Citadel Value Fund SICAV

### Notes to the financial statements (continued)

as at November 30th 2023

#### Note 6 - Subscription tax ("Taxe d'abonnement")

In accordance with current law and practice in Luxembourg, the Fund is not subject to Luxembourg corporate tax. Nor are dividends that are paid by the Fund subject to any Luxembourg withholding tax. However, the Fund is subject in Luxembourg to a registration tax of 0.05% per annum with regard to the "Class P", "Class X" and "Class MP" shares that is payable quarterly in arrears on the basis of the value of the aggregate net assets of the Fund at the end of the relevant calendar quarter. No stamp duty or other tax is payable in Luxembourg on the issue of new shares, except for the payment of an initial capital tax of EUR 1,250.00 that was paid at the incorporation of the Fund.

#### Note 7 - Directors' fee

The members of the Board of Directors may be entitled to a directors' fee, to be approved by the general assembly of Shareholders, as well as reimbursements of expenses incurred by them in the conduct of their duties.

At the date of the report, the Directors' fee incurred by the Fund amounted to EUR 7,326.52 (the net amount is EUR 6,105.43 and EUR 1,221.09 is the 20% WHT).

#### Note 8 - Subscription and redemption fees

No subscription and no redemption fees are payable.

Shares redeemed have no voting rights and do not participate in dividends, if applicable, or other distributions.

#### Note 9 - Liquidity Risk Management

The Fund invests according to a deep value strategy, suitable for investors with an investment horizon of at least three to five years. The Fund may invest in the shares of small and medium-sized companies, which may be less liquid and more volatile than securities of larger companies. The Management Company deploys a risk management system based on a Liquidity Policy. As at November 30th 2023, 9.5% of total net assets is considered illiquid according to the methodology implemented by the Risk Management Department of the Management Company.

#### Note 10 - Ukraine-Russia conflict

The Russian Federation invaded Ukraine on February 24th 2022 and has caused considerable disruption to the global economy and more particularly to those companies and countries with significant exposure to those countries. As of the date of this report, the Fund has received confirmation that firstly that there are no sanctioned investors or investors closely associated with sanctioned entities or persons in the Fund, and secondly that none of the Fund's investments have any significant exposure to Russia or Ukraine. Consequently, the performance of the Fund's investments has not shown a significant adverse impact so far from this invasion. The situation is being monitored on an ongoing basis.

#### Note 11 - Subsequent events

Middle East

During the beginning of October 2023, the Middle East has entered into a phase of instability following the assault against Israel by Hamas terrorists from Gaza and the subsequent Israel's declaration of war on Hamas and the current armed conflict in Israel and the Gaza Strip (the "War").

The Board of Directors is closely monitoring the effects of the War and has assessed that the War does not impact the Company's financial statements as at November 30th 2023.

**1 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")**

During the reporting period, the Fund did not engage in transactions which are subject to the publication requirements of SFTR. Accordingly, no information concerning the transparency of securities financing transactions and of reuse of cash collateral should be reported.

**2 - Sustainability-related disclosures**

The approach to sustainable finance may evolve and develop over time, both due to a refinement of investment decision-making processes to address ESG factors and risks, and because of legal and regulatory developments. Article 7 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainability investment (the "Taxonomy Regulation") applies to the Fund. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainability economic activities. The Fund can therefore qualify as a financial product under Article 6 of the SFDR.