LETTER TO SHAREHOLDERS

30 NOVEMBER 2023

X CLASS

NAV Date	Nov 30, 2023
ISIN code (X class)	LU0939062922

€ 265,55	12,0%	189,0%
NAV	Year-to-date	Since inception

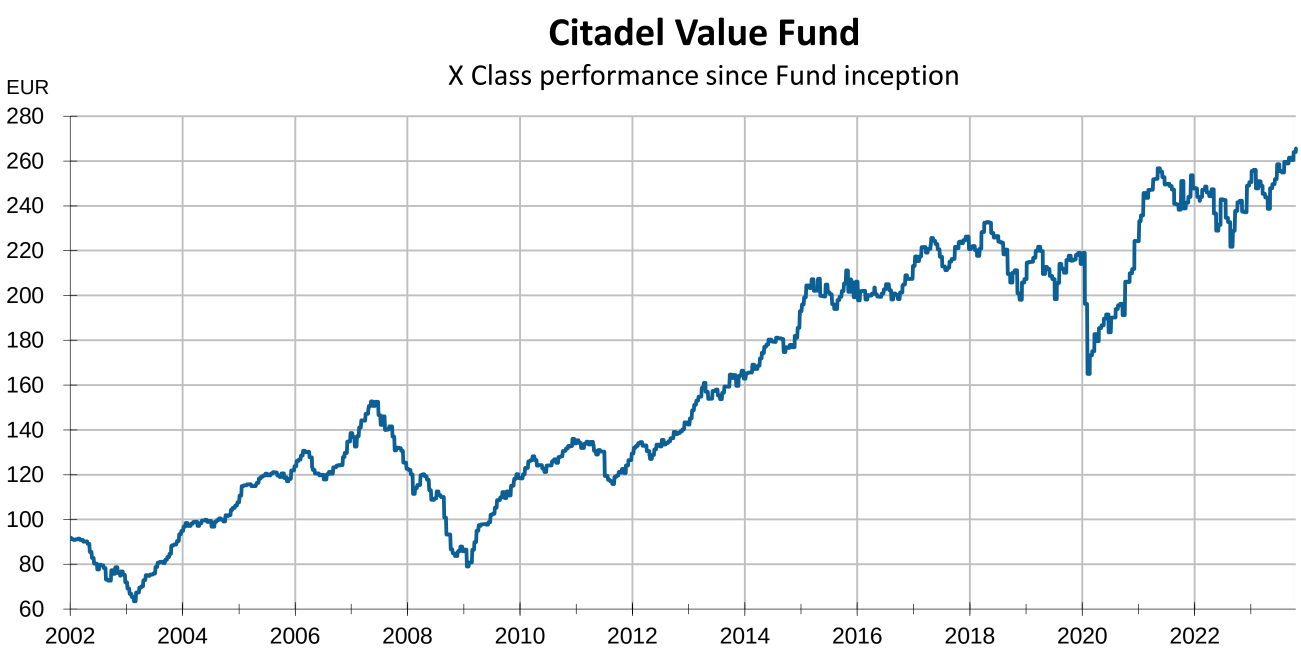
DEAR SHAREHOLDER

Citadel Value Fund demonstrated robust performance year-to-date in 2023. As of November 30, 2023, the X class shares were up by 12% this calendar year, with a return since inception of 189%. 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 €265.55 per X 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 clearly positive territory.

Period	NAV (€)	Net return
Since inception		189,0%
Latest NAV as of Nov 30, 2023	265,55	12,0%
Dec 30, 2022	237,11	-2,8%
Dec 31, 2021	243,96	15,2%
Dec 31, 2020	211,78	-2,9%
Dec 31, 2019	218,05	10,1%
Dec 31, 2018	198,09	-11,8%
Dec 29, 2017	224,56	8,3%
Dec 30, 2016	207,40	0,1%
Dec 31, 2015	207,17	13,9%
Dec 31, 2014	181,92	11,4%
Dec 31, 2013	163,37	16,5%
Dec 31, 2012	140,25	13,0%
Dec 30, 2011	124,11	-6,4%
Dec 31, 2010	132,62	13,6%
Dec 31, 2009	116,78	36,9%
Dec 31, 2008	85,30	-34,7%
Dec 31, 2007	130,72	0,8%
Dec 29, 2006	129,71	10,2%
Dec 30, 2005	117,70	11,9%
Dec 31, 2004	105,19	17,6%
Dec 31, 2003	89,42	19,3%
Dec 31, 2002	74,96	-18,4%

Past performance does not predict future returns. Source: UI EFA
X Class inception: June 4, 2013 at an NAV of €157.03. Prior returns estimated based on P Class since inception date of Feb 11, 2002



IMPORTANT: This letter is an integral part of the Fund's Semi-annual Report. 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 does not predict future returns. Investors should read the Fund's Prospectus and KID before making any final 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. The Fund is actively managed, without reference to a benchmark.

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 increasingly apparent to us, after several years in the investment industry, that a fundamental question was never asked: does volatility truly capture the essence of investment risk? After gaining extensive experience in the field, 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 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.

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.

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 30 November 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.

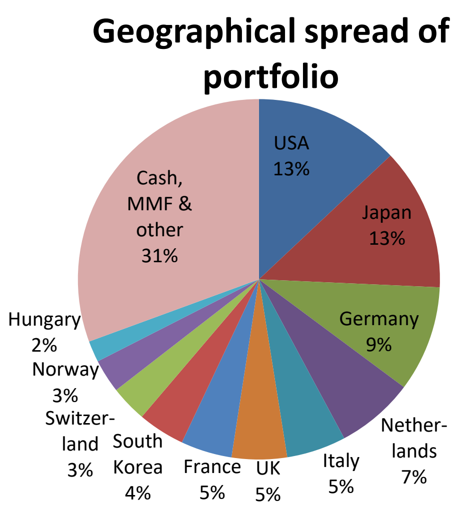
In terms of currency exposure, 57% of the Fund's assets are denominated in Euro's, the Fund's reference currency. The US Dollar and the Japanese Yen each constitute approximately 13% of total net assets, while other foreign currencies each represent less than 5% of the Fund's total net assets. The exposure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

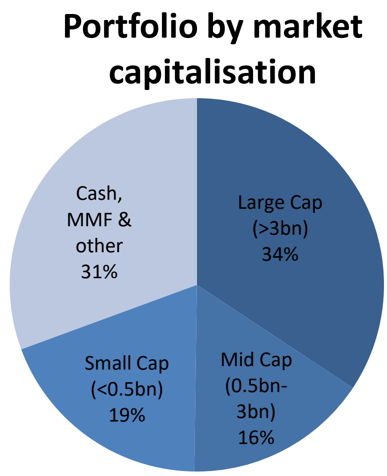
Citadel's net cash balance, including interest-bearing deposits, amounted to 22% as of 30 November 2023, slightly down from 24% as per 31 May 2023. In addition to equity investments and cash, the Fund holds an 8% position in an ultra-short duration money market fund. This cash position provides ample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

Portfolio Holdings
as of 30 November 2023

Company	Activity	% of NAV
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		22,4%
		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 largest industry sectors in the portfolio are industrial goods, consumer staples, and retail. Technology-related exposure remains limited to 4%.



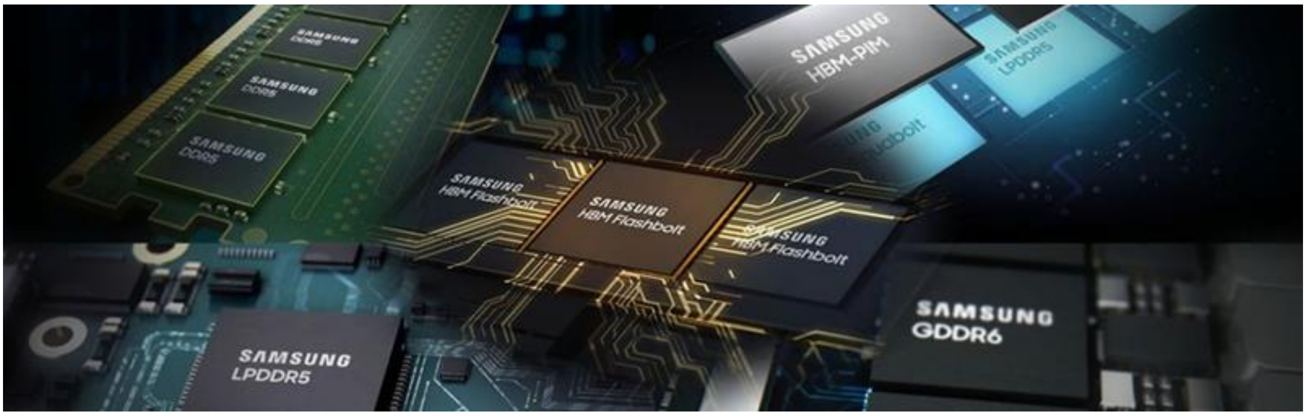


All in all, the current portfolio is well-diversified and attractively valued at a look-through free cash flow yield of 7% and an EV/EBITA multiple of 6.9x. As of the 30 November 2023 closing prices, the portfolio is trading at a 36% discount to its estimated intrinsic value, providing a substantial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

Korea-based Samsung Electronics is widely recognised for its smartphones and holds global market leadership in terms of volume. 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). This is 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 cyclicality 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,

Citadel Value Fund SICAV - The Board of Directors **21 December 2023**