

NAV Date Dec 31, 2024  
ISIN code (P) LU0141953439

€ 248,16  
NAV

-7,8%  
Fiscal year

-5,1%  
Calendar year

+148,2%  
Since inception

### DEAR SHAREHOLDER

It is our pleasure to present the annual shareholder letter to you.

First, we would like to remind you that in November 2024, the decision was made to change Citadel's financial year-end from 31 May to 31 December. This adjustment aligns investor communication and reporting with industry standards. As a result, the reporting period of the financial year 2024 runs from 1 June 2024 to 31 December 2024. Starting in 2025, Citadel's financial year will correspond to the calendar year. Please note that all historical performance overviews remain unchanged, as they have always been based on calendar years.

Citadel's calendar year 2024 return of its P class shares amounted to -5.1%. While performance in the first half was positive, this was offset by negative returns in the second half. For the seven months financial year 2024 (1 June to 31 December 2024), the P class shares recorded a return of -7.8%, bringing the total return since inception to 148.2%. The Fund ended the year 2024 at a Net Asset Value of €248.16 per P class share.

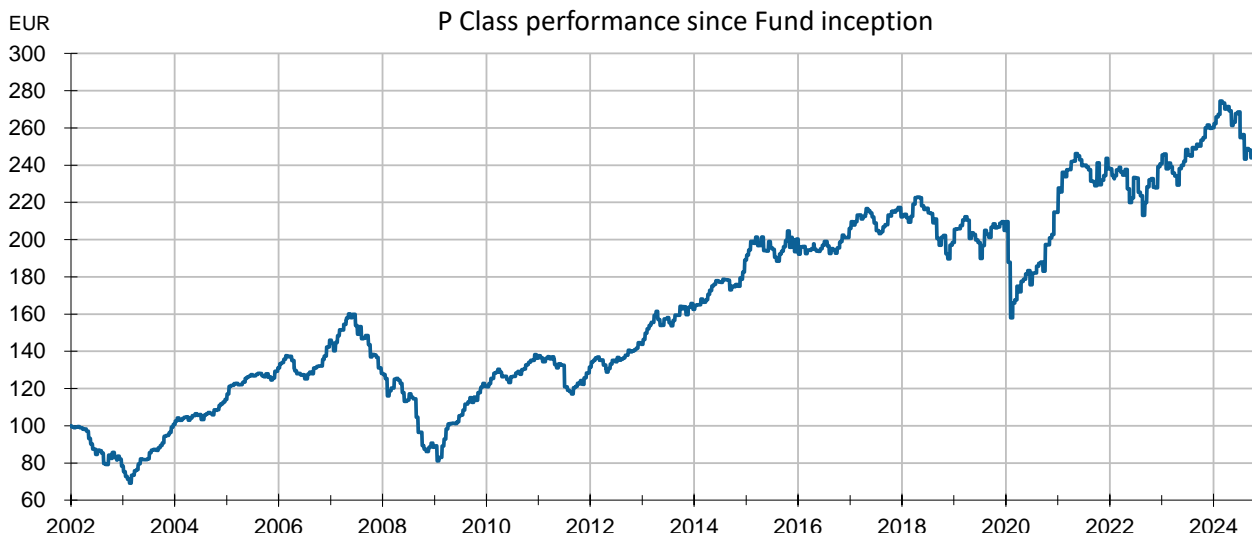
CVF performance overview	NAV (€)	Net return
Since inception		148,2%
Dec 31, 2024	248,16	-5,1%
Dec 29, 2023	261,56	14,8%
Dec 30, 2022	227,83	-2,8%
Dec 31, 2021	234,41	15,6%
Dec 31, 2020	202,77	-2,9%
Dec 31, 2019	208,77	10,1%
Dec 31, 2018	189,66	-12,1%
Dec 29, 2017	215,83	7,4%
Dec 30, 2016	201,03	-0,1%
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: Feb 11, 2002 at an NAV of €100. Source: UI EFA

### Citadel Value Fund

#### P Class performance since Fund inception



**IMPORTANT:** This letter is an integral part of the Fund's 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.

## VALUATION DOES MATTER

Whilst this letter focuses on Citadel's developments, it is inevitable to highlight the stark contrast between Citadel's value-based investment strategy and index investing in 2024. Incredibly, global (!) equity market returns have been predominantly driven by the extraordinary share price performance of a small number of US technology stocks. Previously known by the acronyms FANG+ and FANGMAN, this group is now referred to as the Magnificent Seven. Among them, NVIDIA has emerged as the most prominent member and, as of the end of 2024, the most valuable company in the world. With a market cap of approximately \$3,500 billion, its value is roughly equal to the total size of the United Kingdom's economy.

Collectively, the Magnificent Seven account for an outsized 33% of the S&P 500 index - the widely recognised market-cap-weighted US index - overshadowing the fact that the remaining 493 largest US stocks demonstrated relatively mediocre performance as a group. Moreover, these seven behemoths have propelled US stocks to dominate 74% of the MSCI World index, up from 50% only a few years ago (and Japan having the second largest country weighting with only 5%). This extreme concentration renders the widely used MSCI World index ineffective for what is intended to be a broad global benchmark. It's prudent to keep in mind that NVIDIA and Apple combined account for about 10% of the MSCI World index (consisting of the world's 1,400 largest companies).

Citadel's investment approach is founded on the principle, that the valuation at which you purchase an investment plays a critical role in reducing risk and achieving future investment return. This contrasts with so-called 'rear-view mirror' investing, where past returns are a leading indicator. Investing in today's market index – whether done through a US index ETF or a world index ETF – means gaining outsized exposure to assets that have performed very well over the past two years. This, unfortunately, also involves highly concentrated exposure at historically high valuation levels.

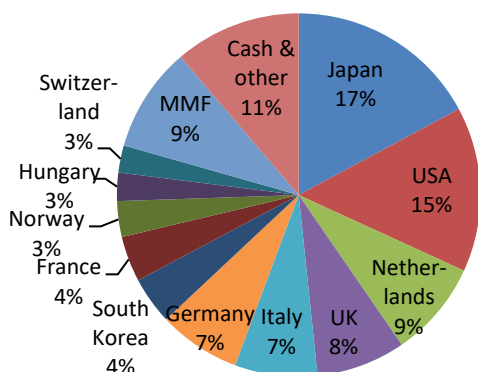
Value investing, by contrast, involves acquiring solid investments at low entry valuations – a strategy that Citadel has consistently followed since its inception in 2002, independent of market cycles. We believe this time-tested approach is both robust and reliable, helping to mitigate what we think is the only risk that's relevant, the permanent loss of capital. The Fund's strong returns in 2022 and 2023 serve as evidence of this. In 2024, however, some of the Fund's holdings faced significant headwinds, leading to disappointing performance. The section below on Fund Performance provides a detailed explanation of the portfolio's gains and losses during the year.

Despite last year's performance falling short of expectations, we remain confident that Citadel offers a hedge against the irrational exuberance of speculation-driven markets. In a world where investors are prepared to pay 160 times earnings for a carmaker or USD 6 million for a banana duct-taped to a wall, you can trust Citadel to maintain a disciplined, common-sense investment approach.

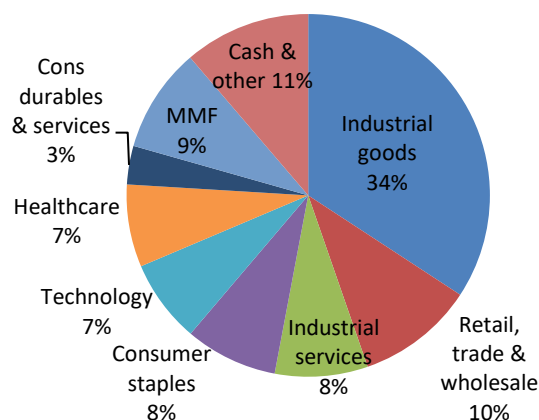
## PORTFOLIO OVERVIEW

We highly value the principle of transparency for our shareholders and, therefore, always share the Fund's entire portfolio in this report, along with discussing significant changes to the Fund's holdings. As of 31 December 2024, Citadel's portfolio comprises investments in 20 companies. The portfolio is geographically well-diversified across major developed economies, with Japan, the USA and the Netherlands as the top three. Since most companies in the portfolio operate on a multinational scale, the Fund naturally has exposure to a wide range of countries worldwide. In terms of currency exposure, 48% of the Fund's net assets are denominated in Euro's, which is the Fund's reference currency. The Japanese Yen (17%) and the US Dollar (15%) are the only other currencies with a weighting of over 10% of the Fund's net assets.

### Portfolio by Country



### Portfolio by Sector



The portfolio's three largest industry sectors are industrial goods, retail and trade, and industrial services. Technology-related exposure accounted for 7% of the portfolio. While Citadel's portfolio has traditionally leaned a bit towards small-cap stocks, the current small-cap exposure is limited to 23% of net assets. With a share of 42%, large-cap stocks represent the largest portion of the portfolio, with mid-caps comprising 14%. It is worth noting that small caps made a very positive contribution to the Fund's performance in 2024. This stands in contrast to the occasional narrative suggesting that small caps are generally underperforming in the current market environment.

As of 31 December 2024, Citadel's net cash balance, primarily held in interest-bearing deposits, stood at 11% of total net assets, down from 23% on 31 May 2024. This reduction reflects the significant deployment of cash into investments during the year. In addition to equity investments and cash, the Fund maintains a 9% position in an ultra-short-duration money market fund. All cash balances, deposits, and money market fund positions contributed positively to Citadel's returns. The Fund's ample holdings in cash & cash equivalents provided flexibility to capitalise on new investment opportunities amid volatile markets. Further details on these opportunities will be discussed later in the letter.

### Portfolio Holdings

as of 31 December 2024

Company	Activity	% of NAV
SOL Group	healthcare & industrial (homecare, medical & technical gases)	7,4%
Signify	industrial goods (lighting)	6,2%
Pronexus	business services (financial documentation & IR services)	5,1%
Toyota Industries	industrial goods (Toyota, forklifts, engines, cars & parts)	4,6%
MPAC Group	industrial goods (packaging machinery)	4,7%
Nichirin	industrial goods (automotive & motorcycle components)	4,3%
Samsung Electronics -Pref-	technology (semiconductors & consumer electronics)	4,2%
Kering	consumer goods (luxury goods)	4,1%
American Eagle Outfitters	retail (apparel)	4,0%
NOV	industrial goods (oil & gas equipment & services)	3,9%
Jost Werke	industrial goods (truck and tractor parts)	3,8%
Continental	industrial goods (tires & automotive components)	3,6%
Brunswick Corporation	consumer goods (marine products)	3,4%
Village Super Market -A-	retail (supermarkets)	3,4%
TGS	industrial services (seismic data)	3,2%
Sumco	technology (semiconductor supplies)	3,2%
Dewhurst -A-	industrial goods (elevator fixtures & controls)	3,2%
Zwack Unicum	consumer goods (spirits)	2,5%
Swatch Group	consumer goods (luxury watches & jewelry)	2,4%
Ahold Delhaize	retail (supermarkets)	2,3%
JP Morgan Ultra Short Income UCITS ETF	money market fund	9,3%
Cash and other assets & liabilities		11,3%
		100,0%

Overall, the current portfolio is well-diversified and attractively valued, with a look-through free cash flow yield of 6% and an EV/EBITA multiple of approximately 8x. By comparison, the MSCI World index trades at a multiple of 18x operational profit and offers a free cash flow yield of just 3%, highlighting the relative attractiveness of Citadel's portfolio valuation. As of 31 December 2024, the portfolio was trading at a 44% discount to its estimated intrinsic value, providing a substantial margin of safety. This should offer peace of mind, in contrast to the very high valuations of the major market indices.

## PORTFOLIO CHANGES

We are excited that during 2024, Citadel added three new names to its portfolio, **Jost Werke**, **Kering** and **Brunswick Corporation**, each acquired at an attractive valuation.

Among these, **Jost Werke** is perhaps the least well-known. Based in Germany, Jost is a global market leader in components for truck and tractor manufacturers. Its product range includes truck-trailer couplings and other mission critical components for trucks and trailers, as well as front loaders and other systems for tractors. In 2024, Jost announced its acquisition of Hyva, a Netherlands-based global market leader for hydraulic tipping systems in the same sectors. This acquisition adds a sizeable and complementary business to Jost's existing operations. The Citadel team conducted a site visit in 2024 and held meetings with Jost's management. With its strong market positions, consistent financial performance, solid balance sheet, and experienced management team, Jost aligns well with the Fund's selection criteria. After having had Jost on our opportunities radar for several years, Citadel bought a stake during the summer months at quite an attractive valuation. We believe the shares are worth at least double the Fund's purchase price.

A second addition to the portfolio is **Kering**, one of the world's leading luxury houses. While best known for operating the iconic Gucci brand, Kering also owns other prestigious names, including Yves Saint Laurent, Bottega Veneta, Balenciaga and several others. With annual revenue of approx. €20bn and a network of 1,800 stores, the company has achieved significant growth in both revenue and EBIT over the past decade. Gucci is one of the world's few luxury brands generating over €10bn in annual sales. Despite its historical success, Gucci is currently undergoing a strategic repositioning under new management and a new creative director, during a challenging period for global luxury markets. 2024 profitability was under significant pressure as a result. Taking these factors into account, while also anticipating a mid-term recovery in profits, Citadel initiated a position in this high-return business after the valuation had declined significantly.

The third addition to the portfolio in 2024, made in late December, is US-based **Brunswick Corporation** - an investment opportunity that had been on our radar for some time. Brunswick is a global leader in recreational marine products, including boat outboard engines (with the frequently seen Mercury outboard engine), parts and accessories, marine navigation and other boat-related technologies, as well as the manufacturing of entire boats. The engine and parts business segments, which combined generate approx. 80% of group operating profit, deliver through-the-cycle operating margins of up to 20%, making them the primary value drivers of the company. In 2023 and 2024, the marine market experienced a slowdown in demand, which we anticipated would result in lower sales and margin pressure due to lower capacity utilisation. It took quite some time for the share price - and thus the valuation - to reflect this temporary decline in the results outlook. Once it did, we were able to purchase a position in Brunswick at an attractive price. While we expect 2025 to remain a year of modest results, we believe that historically low boat volumes in the US will eventually recover, providing significant growth opportunities for Brunswick in the future.

Navigating through very volatile markets, particularly in August and September, some significant declines in share prices also presented attractive buying opportunities in the existing portfolio. We increased our holdings in **Continental**, **Nichirin**, **Samsung Electronics**, **Signify**, **Sumco** and **TGS** as a result. Continental is in the process of splitting its business, transitioning into a pure-play tyre and industrial rubber-products producer - a highly attractive, stable, and high-return activity. Signify, currently dealing with reduced market demand for lighting products, is outright cheap. We view this situation as temporary, and it represented a compelling buying opportunity. Nichirin, Samsung, Sumco and TGS all experienced share price pressures during 2024, allowing us to increase Citadel's exposure to these companies at appealing valuation levels.

### Changes in the Portfolio

1 January 2024 to 31 December 2024

Holdings bought or added to	Holdings reduced or sold
Brunswick	Dewhurst -A-
Continental	Stellantis
Jost Werke	Village Super Markets
Kering	
Nichirin	
Samsung Electronics	
Signify	
Sumco	
TGS	

Earlier in the year, the Fund reduced its stake in **Dewhurst**, a UK-based producer of lift components that has been part of Citadel's portfolio since 2004. Dewhurst has been a rewarding investment, delivering a total return exceeding 300%. In the second half of 2024, we exited our position in **Stellantis**, a decision that we will explain below. In addition, the Fund reduced its exposure to **Village Super Market**, a regional supermarket chain operating on the US East Coast. This decision followed a strong rally in its share price. Compared to the Fund's average purchase price, the total return stands at +97%.

### PERFORMANCE HIGHLIGHTS

With a 128% return, Citadel's stake in **MPAC Group**, a UK-based packaging machinery producer, delivered exceptional performance in 2024. The share price reflects an outstanding year for MPAC, marked by strong profitability improvements, as highlighted in the recent trading update. In addition, the company completed two important and highly complementary acquisitions, positioning MPAC with an improved product offering, increased manufacturing scale and market presence. These takeovers bring substantial opportunities for synergies and operational leverage. To retain confidence as MPAC undertakes these important growth steps, we engaged in detailed discussions with management on various topics and conducted a site visit to a key production facility.

Other strong performance contributors included **SOL Group** (+35%), **Village Super Market** (+34%), **Zwack Unicum** (+35%) and **Ahold Delhaize** (+25%). SOL delivered excellent operating performance, exceeding expectations. Village Super Market achieved all-time high operating profits in its fiscal year 2023, and solid results continuing into 2024. **Zwack Unicum** posted a remarkable +45% share price performance in local currency (including a 6% dividend yield), but the depreciating Hungarian Forint reduced this to a +35% return in Euros. It is noteworthy that four out of the five best-performing stocks in 2024 were considered to be small caps. Ahold Delhaize, the fifth strong performer, realised healthy financial performance in 2024 and has continued its track record as an excellent supermarket operator.

### Most significant performance contributors & detractors

1 January to 31 december 2024

Holding	Contribution	Absolute return	Holding	Detraction	Absolute return
MPAC Group	2,5%	128%	Sumco	-2,2%	-41%
SOL Group	1,8%	35%	Samsung Electronics Pref	-1,9%	-32%
Village Super Market -A-	0,9%	34%	Stellantis	-1,7%	-37%
Zwack Unicum	0,7%	35%	Signify	-1,6%	-20%
Ahold Delhaize	0,5%	25%	Kering	-1,1%	-22%

Note: Returns in € and including dividends

Unfortunately, 2024 was also a year in which the Fund faced an unusually high number of significant performance detractors, also in the technology sector. While a select few large US technology stocks soared to extremely high valuation levels, much of the broader technology sector did not perform positively. Mainstream semiconductor markets were rather subdued in 2024, especially during the second half of the year. This was evident in the performance of **Samsung Electronics**, a global leader in memory chips and smartphones, and **Sumco Corporation**, a leading producer of silicon

wafers for semiconductor manufacturing. Samsung faced delays in launching AI-processor related memory products, and its performance headwind was compounded by weak demand from PC and smartphone markets.

Similarly, Sumco was affected by the broader softness in semiconductor demand. While there was high demand for Sumco's high-end wafers used in AI processors, it was insufficient to offset the overall market slowdown. That said, expectations are that the wafer market will normalise over the course of 2025. Another detractor to the Fund's performance in 2024 was **Stellantis**, a top five global carmaker, which we will discuss in the next section.

## INVESTMENT CASE STELLANTIS REVISITED

The Fund initiated a position in this major carmaker in early 2023. While the investment in Stellantis delivered a +40% return in 2023, the Fund had to digest a -37% return in 2024. Citadel exited the position in the third quarter of 2024, resulting in a small negative total return since purchase. The limited permanent capital loss does highlight the importance of buying stocks at a wide margin of safety relative to their assessed intrinsic value. By acquiring Stellantis at a very low valuation in 2023, the Fund was able to protect shareholders' capital even when the company's performance started to diverge from initial expectations.

When Stellantis was added to the portfolio in 2023, we were impressed by its platform strategy for transitioning from internal combustion engine (ICE) vehicles to electric vehicles (EVs), its impressive product roadmap, low China exposure, industry-leading profitability, robust cash flow generation and very attractive valuation. Indeed, 2023 proved to be the company's best year on record. However, circumstances shifted in 2024. The EV transition in Europe faced delays, and the company lost market share in North America during the transition to new product platforms. These challenges were compounded by issues with car dealerships and key management departures.

Why were we wrong-footed regarding Stellantis' investment case? It became clear that management had prioritised short-term profitability during its extensive product transition in an otherwise weak car market. Profitability indeed remained strong until mid-2024, but at the expense of market share and its relationship with the car dealership network. Amid a delayed product transition, these issues proved more significant than we (and likely management) had anticipated. When the CFO was scapegoated for what appeared to be poor operational, rather than financial, decision making, Citadel decided to divest the holding. Shortly after, the CEO also exited the company. This episode underscores the importance of management quality and the fact that strong short-term financial results can mask underlying operational issues. We believe exiting the holding as operational risks started to increase was the correct decision. However, with the benefit of hindsight, we could have acted sooner after we questioned the company when operational challenges started to emerge and should have put less weight on the company's overly confident reassurances during our inquiries.

## IN CONCLUSION

Quoting Howard Marks of Oaktree: "the riskiest thing in the world is the belief that there's no risk". At Citadel, valuation and risk analysis lie at the heart of our investment process. Finding a low price relative to a company's earnings potential is the intended outcome of this disciplined approach. This stands in stark contrast to the automated buying of a highly priced index, without any regard for its underlying intrinsic value and its automatic bias to shares in companies that have performed well in the previous years.

We would like to express our appreciation and gratitude to Citadel's loyal shareholders, who trust that the Fund's investment philosophy will continue to deliver peace of mind and sound long-term returns, providing a hedge against speculative markets.

Kind regards,

Citadel Value Fund SICAV - The Board of Directors

28 January 2025