

NAV Date **Dec 31, 2025**
ISIN code (X) **LU0939062922**

€ **279,07**
NAV

+2,0%
Last month

+7,2%
Year 2025

+203,7%
Since inception

DEAR SHAREHOLDER

It is our pleasure to present Citadel's Annual Report for the year 2025.

As of 31 December 2025, the Net Asset Value (NAV) per share for Citadel's X-Class shares stood at €279.07, representing a return of 7.2% for the year under review. The X-Class shares have achieved a cumulative return of 204%.

The investment environment in 2025 was characterised by heightened volatility and uncertainty. The year witnessed extremely positive expectations surrounding Artificial Intelligence, at times seesawing with fears of excess. This was mixed with macro-economic uncertainty linked to President Trump's announcement of steep trade tariffs and the subsequent rapid reversal of most measures. This led to a degree of decision-making paralysis among many companies and periods of very high market volatility.

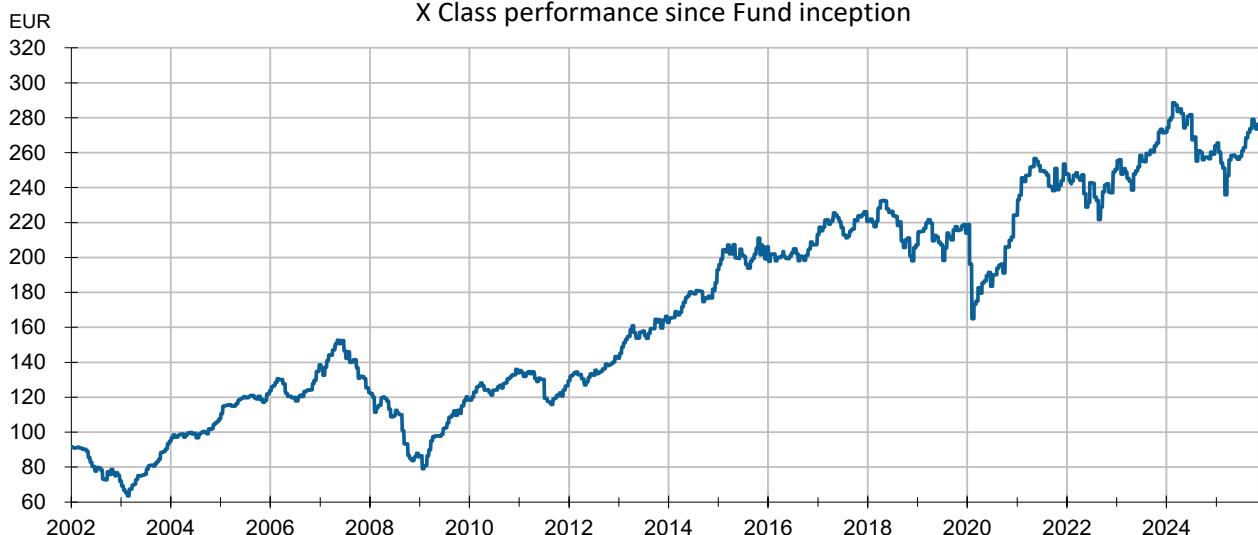
These developments were compounded by an unusually high level of geopolitical uncertainty, which materially impacted major currencies. Against this backdrop of erratic and volatile financial markets, the MSCI World Index declined during the first half of the year but ultimately made up for those losses, finishing 2025 with a respectable return of 6.8%¹.

CVF performance overview	NAV (€)	Net return
Since inception		203,7%
Latest NAV as of Dec 31, 2025	279,07	7,2%
Dec 31, 2024	260,39	-4,8%
Dec 29, 2023	273,49	15,3%
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, D&F 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

Citadel Value Fund

X 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.

¹ MSCI World Index in EUR, including net dividends

As we enter 2026, many of the same themes remain in place: elevated AI valuations, ongoing macro-economic uncertainty and persistent geopolitical tensions. If anything, geopolitical risks have increased further in early 2026. This environment reinforces the importance of adhering to a time-tested investment strategy focused on capital preservation. Citadel's value-oriented approach, grounded in company fundamentals and valuation discipline, is designed to navigate such periods of uncertainty.

INTELLIGENT BUBBLES?

Artificial intelligence is widely recognised as a powerful and transformative technology. Over time, it is likely to improve productivity across large parts of the global economy, from healthcare and manufacturing to administration and logistics. As long-term investors, however, we remain mindful that a new impactful technology does not automatically translate into attractive investment returns.

The current enthusiasm around AI displays many of the familiar features of an infrastructure-driven bubble. Hyperscale technology companies such as Alphabet and Microsoft are investing unprecedented amounts of capital in data centres and energy-intensive computing capacity. Global AI-related capital expenditure is now measured in the hundreds of billions of dollars annually, with some estimates suggesting that capex plans could reach an astonishing USD 5 trillion by 2030. At several companies, this spending already exceeds free cash flow and available reserves and is increasingly financed through debt or opaque funding structures². Reportedly, Google co-founder Larry Page remarked that he was "willing to go bankrupt rather than lose this race". While such statements underline the strategic importance of AI, they also illustrate the risk that capital discipline and shareholder returns are being subordinated to competitive urgency.

Although the phrase "this time it's different" is often heard, AI appears to be progressing through a familiar hype cycle. History offers instructive parallels, most notably the 19th-century US railroad boom and the late-1990s dot-com era. In both cases, massive upfront investment in infrastructure preceded the emergence of proven business models. While the technologies ultimately transformed the economy, returns for early capital providers were disappointing as capacity was overbuilt and pricing power eroded. The infrastructure endured; much of the capital invested to build it did not.

A similar dynamic may now be unfolding in AI. It remains unclear how AI business models will ultimately generate returns commensurate with the scale of capital deployed. Many AI applications are currently available at little or no cost. To justify investment in the order of USD 5 trillion, and to service the debt used to finance it, this will need to change materially. Put simply, USD 5 trillion of invested capital would require roughly USD 500 billion in after-tax annual operating profits for the shareholder economics to be compelling.

The rising AI tide has lifted most technology stocks, with valuations now discounting prolonged periods of rapid growth and high returns on capital. From a value perspective, this calls for selectivity. We remain very cautious towards businesses aggressively financing the AI infrastructure build-out. At the same time, we see opportunity where AI-driven demand intersects with strong fundamentals and reasonable valuations. Our investment in **Samsung Electronics** illustrates this approach: as a global leader in memory chips, Samsung benefits directly from AI-related demand, yet its valuation reflects the capital-intensive nature of its business rather than speculative growth assumptions. We also continue to research companies that can benefit from AI adoption — for example in healthcare and industrial services — without bearing the risks associated with building and financing the infrastructure themselves.

In an environment of elevated valuations and rising financial risks, a market rotation away from expensive technology stocks towards fundamentally undervalued companies appears increasingly plausible. Citadel continues to believe that its long-term approach, anchored in company fundamentals and valuation discipline, offers the best protection against the excesses of speculative markets, providing both resilience and peace of mind to its shareholders.

² including questionable arrangements of the type 'if you help fund my capex, I will purchase your products or services'.

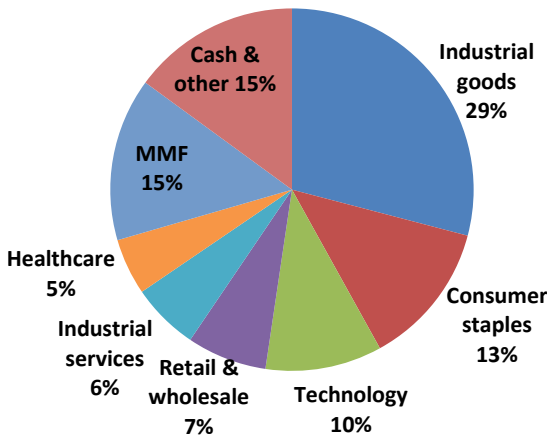
PORTFOLIO OVERVIEW

We attach great importance to transparency in our communication with shareholders. Accordingly, we provide detailed disclosure of the Fund’s portfolio and explain the considerations underlying our investment decisions. During 2025, the Fund had exposure to 22 different companies and ended the year with 19 holdings. The portfolio is geographically well diversified across developed markets, with Japan, the Netherlands and Germany representing the three largest country exposures. Exposure to the United States remained limited at 7% of total net assets at year-end. As most portfolio companies operate on a multinational basis, the Fund is indirectly exposed to a broad range of countries and end markets.

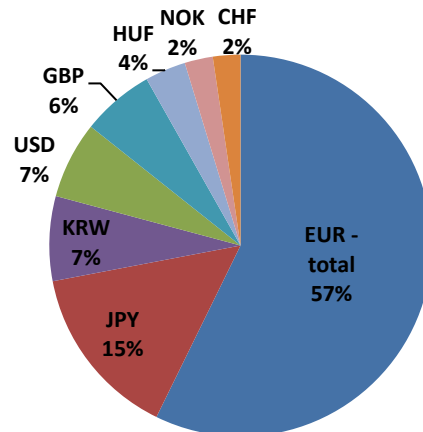
At year-end, 57% of total net assets were denominated in euro, the Fund’s reference currency. Foreign currency exposure was primarily to the Japanese yen (15%), the Korean won (7%) and the US dollar (7%). While no single foreign currency represented a dominant exposure, the weakening of these currencies against the Euro during the year had a meaningful negative impact on performance, reducing the Fund’s return by approximately 3.5% to 7.2%.

For several years, the Fund has maintained a relatively high exposure to the industrial goods sector. This reflects our ability to identify industrial companies with strong (often niche) market positions, predictable business results and attractive valuation levels. Examples include Signify (the global market leader in lighting), SOL Group (industrial gases) and JOST Werke (a global supplier of components for trucks and tractors). With the addition of Diageo during the year, the Fund increased its exposure to the consumer staples sector, which are generally regarded as resilient across economic cycles.

Portfolio by Sector



Fund currency exposure



From a market-capitalisation perspective, the portfolio consists of a healthy mix of larger companies, representing approximately 70% of equity holdings, and small- and mid-caps accounting for c. 30%. While attractive value opportunities are often found among smaller companies, we limit exposure to illiquid small caps primarily to manage liquidity risk.

As at year-end, the Fund’s net cash position — primarily held in interest-bearing deposits — amounted to 14.9% of total net assets, compared with 11% at the end of 2024. In addition, the Fund held a 14.6% allocation to an ultra-short-duration money market fund, contributing positively to performance. The substantial allocation to cash and cash equivalents continues to provide flexibility to capitalise on new investment opportunities in volatile markets.

Overall, the portfolio remains well diversified and attractively valued, with a free cash flow yield of approximately 6% and a multiple of 9x operating earnings. By comparison, the MSCI World Index trades at a free cash flow yield of around 3% and a multiple of 21x operating earnings. As of 31 December 2025, the portfolio was trading at an estimated 33% discount to intrinsic value, providing a meaningful margin of safety in light of elevated valuations across many equity markets.

Portfolio Holdings as of 31 December 2025

<u>Company</u>	<u>Activity</u>	<u>% of NAV</u>
Samsung Electronics -Pref-	technology (semiconductors & consumer electronics)	7,2%
Signify	industrial goods (lighting)	6,7%
Toyota Industries	industrial goods (Toyota, forklifts, engines, cars & parts)	5,2%
SOL Group	healthcare & industrial (homecare, medical & technical gases)	5,0%
Kering	consumer goods (luxury goods)	4,8%
Jost Werke	industrial goods (truck and tractor parts)	4,2%
Diageo	consumer goods (beer & spirits)	3,9%
Pronexus	business services (financial documentation & IR services)	3,6%
Continental	industrial goods (tires & industrial components)	3,5%
Zwack Unicum	consumer goods (spirits)	3,5%
NOV	industrial goods (oil & gas equipment & services)	3,4%
Sumco	technology (semiconductor supplies)	3,2%
Village Super Market -A-	retail (supermarkets)	3,1%
Nichirin	industrial goods (automotive & motorcycle components)	2,7%
Ahold Delhaize	retail (supermarkets)	2,4%
TGS	industrial services (seismic data)	2,4%
Swatch Group	consumer goods (luxury watches & jewelry)	2,3%
MPAC Group	industrial goods (packaging machinery)	2,2%
Aumovio	industrial goods (automotive technology)	1,1%
JP Morgan Ultra Short Income UCITS ETF	money market fund	14,6%
Cash and other assets & liabilities		14,9%
		100,0%

PORTFOLIO CHANGES

Buying and selling activity during the year was relatively limited. In June, the Fund initiated a new position in **Diageo plc**, a high-quality company in the branded consumer goods sector. During November and December, we further increased the weighting of Diageo, taking advantage of periods of negative market sentiment.

Formed through the merger of Guinness and Grand Metropolitan in 1997, with roots dating back to the 17th century, Diageo is a global leader in branded spirits, premium beer and selected non-alcoholic beverages. The company operates one of the most diversified and resilient brand portfolios in the alcoholic beverages industry. Recently, Sir Dave Lewis took office as its new CEO, from whom we expect further focus on portfolio rationalisation, lower financial leverage and improved earnings growth. Diageo is a high-quality business with long-term competitive advantages in marketing, distribution and production, reflected in consistently high margins and strong returns on capital. Performance over the past two years has been affected by the unwinding of the post-pandemic demand surge and, more recently, renewed tariff-related uncertainty in the United States. Following a share price decline of more than 50% from peak to trough over the past three years, the valuation became sufficiently attractive to initiate a position. While we expect future growth to be more moderate than in the recent past, we believe the company's long-term earnings power justifies a materially higher valuation.

Volatile market conditions also created an opportunity to increase the Fund's holding in **Signify**, the global market leader in lighting solutions. During a brief period of market stress in early April, additional shares were acquired at what we considered to be an exceptionally low valuation. Even based on relatively depressed earnings expectations for 2025, the shares offered a free cash flow yield of around 15%, a dividend yield of approximately 9% and an EV/EBITA multiple of 6x. The long-running decline in the conventional lamps segment is nearing its end and has become an insignificant part of its business. Attention now turns to the newly appointed CEO to capitalise on an improved growth outlook.

A noteworthy portfolio event during the year was the tender offer for **Dewhurst plc**. Dewhurst, a UK-based manufacturer of lift components and a holding of the Fund since 2004, has been listed since 1948 and remained majority-owned by the founding family throughout this period. Given the high costs of maintaining a stock market listing, the limited liquidity in the shares, and its strong self-financing capacity, the Dewhurst family decided to buy out the minority shareholders and return to private ownership.

The buyout offer valued the shares at approximately four times Citadel's original purchase price. Including substantial dividend income received over the years, the Fund achieved a compound annual return of 8.2% over a holding period of more than 20 years. Having been financially rewarding — and representative of a typical long-term value investment — we regret seeing such a well-managed company leaving our portfolio.

Changes in the Portfolio - 1 January to 31 December 2025

Holdings bought or added to	Holdings reduced or sold
Aumovio	American Eagle Outfitters
Diageo	Brunswick
Dewhurst -A-	Dewhurst -A-
Signify	Nichirin
	SOL Group

Earlier in the year, the Fund exited its position in **Brunswick Corporation**. While we continue to appreciate the company's underlying business quality, we decided to reduce exposure to discretionary consumer spending in the United States, particularly given valuation levels. We were also mindful of weaker demand conditions and rising debt levels, which increased the company's risk profile.

Later in the year, we exited the position in **American Eagle Outfitters**. Following several challenging quarters and a few less successful management decisions, the company delivered significantly better-than-expected results in the third quarter of 2025. We used the ensuing share price strength to exit the position at more than twice the Fund's original purchase price paid during the Covid period in 2020.

While markets were volatile, **SOL Group** continued to perform strongly. As the position approached the Fund's 10% risk management threshold, we reduced our holding in this high-quality, well-managed business.

Finally, we reduced the weighting of **Nichirin**, the Japanese market leader in rubber hoses for motorcycle brake systems, to reflect a more subdued outlook amid increasing Chinese competition driven by the trend towards electric motorcycles.

PERFORMANCE HIGHLIGHTS

In 2025, Samsung Electronics was the most significant contributor to the Fund's performance. Citadel holds Samsung's preferred shares, which rose by 105% in local currency terms. The Korean won, however, weakened substantially, resulting in a euro return of 85%. While the Samsung brand is widely recognised for its smartphones, including its technologically advanced foldable devices, the primary driver of profits and cash flows is its memory semiconductor business.

Historically, Samsung has been the market leader in memory chips. In recent years, however, competitor SK Hynix gained ground, particularly in high-end memory used for AI processors. This shift weighed on Samsung's share price during 2024, a period in which Citadel increased its holding at what we considered to be a depressed valuation. In 2025, Samsung introduced significantly improved high-end memory products, surpassing competitors' specifications and positioning the company to regain market share in 2026.

At the same time, in Samsung's conventional memory segments, serving PCs, smartphones and servers, a significant supply shortage emerged, as competing producers focused their capacity on high-end products. This imbalance led to sharp price increases, in some cases of several hundred percent, materially benefiting Samsung's earnings outlook. Market expectations now point to a doubling of Samsung's profits in 2026 on top of improved earnings in 2025. Even after the share price doubled during the year, at a 15% free cash flow yield, the valuation remains modest relative to the company's increased earnings power.

SOL Group also delivered a strong performance in 2025, with the share price rising by 31%. As discussed earlier, SOL has continued to execute well in both its industrial gases and home care activities. The company’s consistent operational performance and disciplined capital allocation have further reinforced our long-term investment thesis.

Zwack Unicum, the Hungarian market leader in spirits and exclusive distributor of Diageo products in Hungary, was another notable contributor, with a share price increase of 53%. This strong performance was driven by robust operating results, despite weakness in the Hungarian economy.

Continental, the German tyre manufacturer, delivered a share price gain of 44% during the year. While the European automotive market remained challenging, Continental achieved solid profitability and benefited from improved investor sentiment. During the year, the company completed the carve-out and separate listing of its automotive technology division, **Aumovio**. Compared with its IPO price, Aumovio ended the year up 23%, making the combined investment in Continental and Aumovio a successful outcome for the Fund.

Most significant performance contributors & detractors

1 January to 31 December 2025

Holding	Contribution	Absolute return	Holding	Detraction	Absolute return
Samsung Electronics -Pref-	3,6%	85%	MPAC Group	-2,3%	-49%
SOL Group	2,3%	31%	Pronexus	-1,1%	-21%
Zwack Unicum	1,3%	53%	Brunswick	-0,5%	-15%
Continental	1,2%	44%	TGS	-0,5%	-15%
Kering	1,1%	28%	Diageo	-0,4%	-8%

Note: Returns in € and including dividends

On the negative side, the portfolio experienced a limited number of detractors in 2025. The most notable was **MPAC Group**, a UK-based manufacturer of packaging machinery. Following a strong share price performance in 2024, MPAC became the largest detractor in 2025. The primary driver was delayed capital expenditure by multinational customers in the United States, reflecting uncertainty caused by frequent changes in trade tariff policy.

While it is reasonable to expect that many of these investment programmes will eventually proceed, revenue growth for the 2025 financial year has clearly been affected. A profit warning during the year overshadowed a positive structural development: MPAC reached an agreement with an insurer to transfer its pension assets and liabilities, with no additional cash outflows. As pension obligations have been a major cash drain in recent years, this transaction materially reduces financial risk, improves the company’s cash flow profile and supports its long-term valuation.

Other detractors were more limited. **Pronexus**, a Japanese provider of investor relations and corporate governance services, declined by 21% in euro terms, but by only 11% in local currency. **Brunswick Corporation** was also down approximately 11% in US dollars at the time the Fund exited the position.

The share price performance of **Toyota Industries** was very positive during the year and merits more detailed discussion below.

INVESTMENT CASE: TOYOTA INDUSTRIES, A FINAL RE-RATING?

Toyota Industries has been a long-standing investment of the Fund, first acquired in 2007. The company represents the historical foundation of the Toyota group and today is the world’s largest manufacturer of forklift trucks. In addition, it produces automotive components. Its most valuable asset, however, is its approx. 9% equity stake in Toyota Motor Corp.

For many years, Toyota Industries traded at valuations that failed to reflect the value of its underlying assets. At times, the company’s market capitalisation was below the combined value of its cash and financial assets, including its stake in Toyota Motor. This made it a classic deep-value investment. Citadel remained invested, recognising that the timing of realising any company’s value is inherently uncertain.

In April 2025, local media reported that the Chairman of Toyota Motor Corporation was considering the acquisition of Toyota Industries at JPY 18.300 per share, a premium of approximately 40% to the prevailing share price. While such a valuation would still have undervalued Toyota Industries in our view (a simple sum-of-parts calculation points closer to JPY 25.000), it would have materially narrowed the gap to intrinsic value. Moreover, given that various Toyota group companies already held close to 50% of Toyota Industries' shares, and that a two-thirds ownership threshold is critical for the offer to succeed, we were prepared to support such an offer price.

When the formal offer was announced in June, however, the proposed take-over price was only JPY 16.300 per share. This unexpectedly low offer prompted vocal criticism from international investors, most notably Elliott Investment Management, a prominent US-based activist shareholder. Elliott sought to build momentum among Japanese shareholders to encourage an improved offer.

These efforts ultimately proved partially successful. In January 2026, the offer price was increased from JPY 16,300 to JPY 18,800 per share. By the end of 2025, Toyota Industries' share price stood at JPY 17,800, representing an increase of 39% over the course of the year.

At this price level, Citadel's investment in Toyota Industries has generated a total return since initiation of the position of approximately 405% in Japanese yen, equivalent to around 310% in euro terms. This outcome represents a highly successful long-term investment and a clear example of the value-driven approach applied consistently by the Fund.

IN CONCLUSION

For Citadel shareholders, 2026 has started favourably, with the Fund's NAV reaching an all-time high in January. While no one can consistently predict future market developments — particularly in today's uncertain geopolitical and macroeconomic environment — we remain confident in the disciplined, value-oriented investment approach applied by the Fund. Volatile markets tend to create both risks and opportunities; in this context, the current portfolio represents a solid foundation, trading at an estimated 33% discount to its intrinsic value.

We would like to thank our shareholders for their continued trust. The Board remains committed to managing the Fund with discipline and a long-term perspective. As has been its hallmark since inception more than 24 years ago, Citadel Value Fund remains focused on consistent long-term value appreciation and providing peace of mind in an increasingly unpredictable investment landscape.

Kind regards,

Citadel Value Fund SICAV - The Board of Directors

27 January 2026