



## CITADEL GROUP OF FUNDS FILES CIRCULAR RELATED TO REORGANIZATION PROPOSAL

### Board of Directors Unanimously Recommends Unitholders Vote the BLUE Proxy FOR the Reorganization Proposal

TORONTO, (September 3, 2009) /CNW/ - Citadel Group of Funds (the "Funds") announced today that it has filed on SEDAR and mailed to unitholders its joint management information circular. The information circular contains important information with respect to the Funds' proposed reorganization plan ("Reorganization Proposal") which will be considered at special meetings of unitholders to be held on September 30, 2009.

These special meetings are for the following Citadel funds: Citadel Premium Income Fund, Citadel S-1 Income Trust Fund, Citadel Stable S-1 Income Fund, Citadel Diversified Investment Trust, Series S-1 Income Fund, Equal Weight Plus Fund, Citadel SMaRT Fund and Citadel HYTES Fund. At these meetings, unitholders will be asked to consider and approve the Reorganization Proposal that includes the merger of these eight funds with the Crown Hill Fund, into a continuing fund. This continuing fund is to be renamed the Citadel Income Fund.

"We strongly urge that unitholders support the Reorganization Proposal which has been unanimously approved by the board as well as recommended by the Independent Review Committee," said Mr. Wayne Pushka, President of Citadel Fund Administrator. "We believe the Reorganization Proposal will significantly increase long-term value creation for unitholders."

The benefits of the Reorganization Proposal include:

- **A new investment manager, Jarislowsky, Fraser Limited.** Jarislowsky, Fraser is one of Canada's pre-eminent money managers. In addition to being Canada's largest independent money manager, with over \$40 billion in assets under management, it is also considered to be one of Canada's leading authorities on matters of shareholder rights and corporate governance. Its reputation is unparalleled and it has the breadth and depth of qualifications necessary to manage a broadly diversified, conservative, income oriented portfolio.
- **A broader investment mandate.** The new investment strategy will include a broad range of income producing securities and reduce reliance on the shrinking universe of income trust investments.

- **Continued high level of distributions.** The continuing fund intends to pay a high level of monthly distributions. The annual distribution is currently set at approximately 8.5% of NAV per year and this is not expected to change for the remainder of 2009.
- **Greater liquidity.** Following the merger, the continuing fund is expected to have a significantly larger market capitalization. This should result in improved trading and liquidity for the units of the continuing fund, which will continue to be listed on the Toronto Stock Exchange.
- **Redemptions.** A number of the Citadel funds do not currently permit unitholders to redeem their units. Nonetheless, if the Reorganization Proposal is approved at the meetings, unitholders who do not wish to hold units in the continuing fund will be able to redeem their units following the meeting. In addition, unitholders will have a redemption right in 2010 and a limited annual redemption right in subsequent years.

Based on the recommendation of the Independent Review Committee (“IRC”), the board of directors of the Citadel Fund Administrator unanimously recommends unitholders vote their **BLUE** proxy **FOR** the Reorganization Proposal. The Citadel IRC concluded that the Reorganization Proposal, if approved, would achieve a fair and reasonable result for the unitholder of each of the Citadel funds. Scotia Capital Inc., the financial advisor who provided its fairness opinion to the IRC, has also provided an opinion that the Reorganization Proposal is fair, from a financial point of view.

### **Board Recommends Rejection of the Hostile Proposal**

A Hostile Proposal is also being considered at the special meetings of certain of the Citadel funds, seeking unitholder support for a new administrator and investment manager. The independent board of directors of the Citadel Fund Administrator unanimously recommends unitholders of the affected funds vote **AGAINST** the Hostile Proposal.

Unitholders are encouraged to visit the corporate website, [www.citadelfunds.com](http://www.citadelfunds.com), for more information leading up to the special meetings. Further detailed information on the Reorganization and its merits is also contained in the joint management information circular.

### **Voting Instructions for Beneficial Unitholders**

If your units are held in a brokerage account a **BLUE** proxy has been mailed to you. Please only vote the **BLUE** proxy as follows:

**Canadian Unitholders:** Visit [www.proxyvote.com](http://www.proxyvote.com) and enter your 12 digit control number or call 1-800-474-7493 or fax your **BLUE** proxy to (905) 507-7793 or toll free at 1-866-623-5305 in order to ensure that it is received before the deadline.

**U.S. Unitholders:** Visit [www.proxyvote.com](http://www.proxyvote.com) and enter your 12 digit control number or call 1-800-454-8683.

Time is of the essence – Unitholders can vote by telephone or via the internet, fax or mail and please ensure that you sign and date the proxy.

PROXIES MUST BE RECEIVED BY **MONDAY, SEPTEMBER 28, 2009, AT 9:00 A.M.**  
(TORONTO TIME).

If you have any questions on voting your proxy, please contact Kingsdale Shareholder Services Inc. at:

Telephone Toll Free: 1-888-518-6828  
Local Fax: 416-867-2271  
Toll Free Fax: 1-866-545-5580  
Outside North America Call Collect: 1-416-867-2272  
Email: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)

*This release contains forward-looking statements. These statements are based on certain factors and assumptions including, results of operations, performance and effective income tax rates. While the Funds and Citadel Fund Administrator consider these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Several factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to: the timing of and the ability to carry out the Reorganization, including the mergers and fluctuations in the net asset value. Forward-looking statements are given only as at the date of this release and the Funds and Citadel Fund Administrator disclaims any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.*

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