



Citadel Funds and Blue Ribbon Announce Agreement

TORONTO, ONTARIO (October 14, 2009) – Citadel Fund Administrator (“**Citadel**”) announced today that special meetings of unitholders are being called for the following funds (the “**Special Meetings**”):

- Citadel HYTES Fund: CHF.UN, TSX
- Citadel Premium Income Fund: CPF.UN, TSX
- Citadel SMaRT Fund: CRT.UN, TSX
- Citadel Stable S-1 Income Fund: CSR.UN, TSX
- Citadel S-1 Income Trust Fund: SDL.UN, TSX

(the “**Citadel Funds**”)

- Series S-1 Income Fund: SRC.UN, TSX
- Citadel Diversified Investment Trust: CTD.UN, TSX

(the “**Blue Ribbon Funds**”)

Following discussions with Bloom Investment Counsel Inc. (“**Bloom**”), Brompton Administration Limited and Brompton Funds Management Limited (collectively “**Blue Ribbon**”), Citadel and Blue Ribbon have agreed upon proposals to be put to unitholders at the Special Meetings. Wayne Pushka, President of the Citadel Funds, said “One thing that was very clear from the September 30th meetings, which we recently held, was that a substantial number of unitholders wished to either redeem their units or merge into a new, larger fund. These proposals will allow unitholders to act upon those wishes.”

Citadel Fund Administrator and Blue Ribbon have each agreed that they will pay the costs associated with the meetings at which their respective proposals are to be considered. As a result, unitholders will not be paying any expenses to hold these meetings.

The meetings for the Citadel Funds will consider a proposal to offer a special redemption right to unitholders of the Citadel Funds and to merge such funds with the Crown Hill Fund and Equal Weight Plus Fund to form a continuing fund to be named Citadel Income Fund. Benefits of the Citadel Funds proposal include:

- Jarislowsky, Fraser Limited (“**Jarislowsky, Fraser**”) as Investment Manager: 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.
- Lower Expenses: The new, larger fund will have reduced per unit operating costs. Savings will be achieved by rationalizing, reducing or eliminating some expenses currently being paid by the funds. All of these savings will be passed on to unitholders.
- Redemptions: A number of the Citadel Funds do not currently offer redemption privileges. If the proposal is approved, unitholders who do not wish to hold units in the continuing fund will be able to redeem their units. In addition, the continuing fund will have an unlimited redemption right in 2010 and a limited annual redemption right in subsequent years.

- **Broader Investment Mandate:** The investment strategy of the continuing fund will include a broader range of income producing securities and reduce the reliance upon income trust investments.
- **Continued High Level of Distributions:** The continuing fund intends to pay a high level of monthly distributions. The initial annual distribution rate will be set at approximately 8.5% of net asset value ("NAV").
- **Greater Liquidity and Continued TSX Listing:** 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 fund.
- **Warrants:** Unitholders in the continuing fund will be issued warrants at no cost and these warrants shall allow them to acquire additional units of the fund.
- **Improved Governance:** The continuing fund will have annual meetings and will also lower the quorum for meetings to 10%, as well as eliminate the termination fees payable to the investment manager. It has also recruited some of Canada's top professionals to serve on the board of directors and independent review committee.

The meetings of the Blue Ribbon Funds will consider a proposal from Blue Ribbon to take over the administration of and merge such funds. Terms and conditions of this proposal, including termination fees, will be similar to those described in the Blue Ribbon information circular dated September 8, 2009. Blue Ribbon's proposal has the following benefits:

- **Maintaining Bloom as Portfolio Manager:** Bloom is the experienced and respected portfolio manager for the Blue Ribbon Funds and has developed a strategy to maintain a high level of distributable cash flow up to and beyond 2011.
- **Lower Administration and Management Fees:** Unitholders would pay a combined annual administration and investment management fee of 1.0%.
- **Redemption Privileges:** Unitholders will have an unlimited annual redemption privilege at 100% of NAV less direct costs, with the first such redemption expected to occur in November 2009 following the approval of the Blue Ribbon proposal.
- **High Monthly Distributions:** The new fund is expected to have an initial distribution rate representing a yield on the July 30, 2009 NAV of 10%. This currently represents a yield of approximately 9.25%.
- **Trailer Fee:** Blue Ribbon will pay a trailer fee to investment dealers of 0.40% of NAV per year.
- **Enhanced Unitholder Protection and Governance Features:** Independent oversight, no future mergers or fundamental changes to the fund without unitholder approval and no dilutive offerings. Management may be terminated without payment of a break fee or early termination and the fund may not be delisted from the TSX without unitholders approval.
- **Warrants:** The fund will issue warrants to its unitholders to acquire additional units.

Both Citadel and Blue Ribbon have agreed not to contest these meetings and Citadel has agreed that it will cooperate with Blue Ribbon in implementing the Blue Ribbon proposal if it is approved by unitholders. Subject to the review

of the Citadel Funds Independent Review Committee, Bloom will no longer serve as the investment manager of any of the Citadel Funds and Citadel will discontinue its lawsuit against Bloom. Citadel intends to appoint Jarislowsky, Fraser as the new investment manager of the Citadel Funds. Jarislowsky, Fraser is already the manager of the Crown Hill Fund.

Unitholders of record on October 16, 2009 will be eligible to vote at the meetings, which are expected to be held on November 17, 2009.

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