

# Horizon Fund

May 2010

Inception Date: March 1, 2005

NAV May. 31, 2010	: JOD 85.477
Monthly Return	: -6.64 %
YTD Return	: -2.08 %
Return Since Inception	: -14.52%

## Fund Description

**Investment Objective:** The fund aims to achieve a long term capital appreciation of the Net Asset Value (NAV) of the fund through maximizing the market value of its investment in various asset classes on Local, Regional and Global basis while minimizing investment risk.

**Investment Style:** Long only.

**Asset Allocation:** The fund aims to reduce the investment risk and minimize the impact of capital markets fluctuations by rebalancing the portfolio among different assets classes including equities, fixed income and money market instruments.

## Fund Key Facts

**Fund Structure:** Open-ended Mutual Fund  
**Domicile:** Jordan  
**Currency:** Jordanian Dinar  
**Par Value:** JOD 100  
**Minimum Subscription:** 10 Units  
**Management Fee:** 1% per annum  
**Performance Fee:** 20% on returns above 8%  
**Trustee Fee:** 0.25% per annum  
**Subscription/Redemption:** 2 Working days prior to a Valuation Day  
**Valuation Day:** Bi-Monthly  
**Investment Manager:** Capital Bank of Jordan  
**Investment Trustee:** Jordan Kuwait Bank  
**Auditor:** Ernst & Young

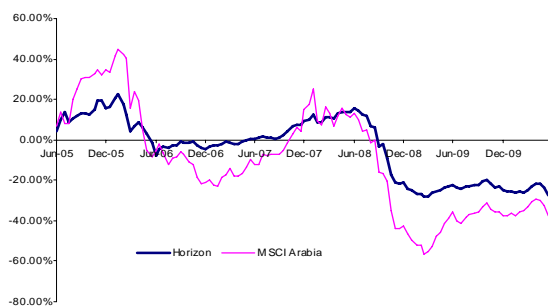
## Commentary

Global stocks markets tumbled the most since February 2009 on fears Europe's debt crisis will cause a prolonged slump in the region and weaken the outlook for global growth. MENA markets were unfairly penalized by heavy selling pressures from retail investors, institutions and global hedge funds during May. Egypt, KSA, Qatar, Dubai, Bahrain, Kuwait, Oman, Jordan and Abu Dhabi went down by 12.11%, 10.88%, 10.09%, 9.22%, 8.90%, 8.22%, 7.85%, 6.75%, and 6.23% in a row. The MSCI A gave up 10.98% of its gains making its YTD return 0.68%. Horizon declined by 6.64% in May making its YTD return -2.08%.

Investor's worries renewed about growth in Europe and its impact on major trading partners like US, Japan and China. Investors feared that even Europe's painful debt-fighting austerity measures will not contain the crisis. Uncertainty over how Europe's debt problems will affect the rest of the world in the coming months remains the biggest source of investor pessimism. Equities, commodities and emerging market assets fell sharply, while cost of protection against sovereign and corporate default increased. Risk aversion was on the minds of investors on the back of regulatory uncertainty after Germany abruptly introduced a ban on naked short selling of certain equity and bond assets. Beside that US made progress in passing its financial regulatory overhaul. China is still weighing on other markets as officials suggested further clampdown on houses prices. Interest rate environment expected to stay low for longer than expected due to renewed worries about double dip global recession. Our region was not immune from the repercussions of this crisis as oil prices fell sharply below US\$70 pb as global demand might be affected negatively. Dubai World has reached an agreement in principle with the majority of its financial creditors on the restructuring of its outstanding US\$14.4 billion debt, which relieved some of the tension across UAE markets, but sentiment in financial markets has deteriorated sharply and UAE stocks didn't benefit from DW announcement. In our opinion, MENA markets drop was exaggerated due to foreign hedge funds selling off in May which created great opportunities across the region, especially in KSA, Qatar and Egypt.

Our focus will remain on KSA, Qatar and Egypt as these economies are still showing the best fundamentals in the region. We will closely watch the developments of the European debt crisis to decide on our tactical equity allocation which stands at 63%. Our long term view is still positive on the MENA economies which are characterized by solid fundamentals; besides that GCC governments are still committed to large expansionary budgets.

## Cumulative Performance



## Performance Summary

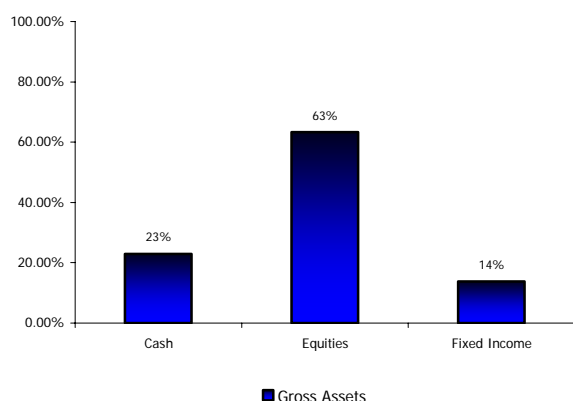
	Fund	MSCI Arabian Markets
1-month return	-6.64%	-10.98%
3-month return	-1.69 %	-3.96%
12-month return	-5.44 %	2.82%
Return since inception	-14.52%	-37.37%
Annualized Return Since Inception	-2.94%	-8.52%
YTD	-2.08 %	0.68%

## Historical Monthly Returns

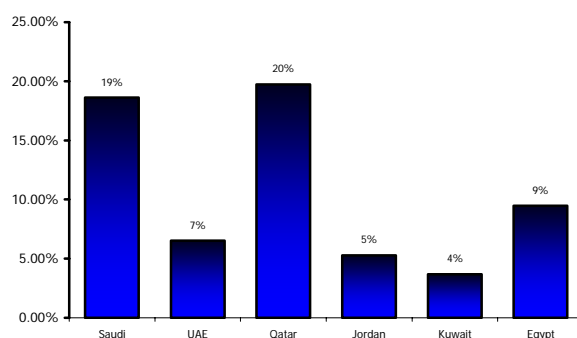
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	-1.09%	0.70%	3.76%	1.49%	-6.64%								-2.08%
2009	-3.29%	-1.48%	2.00%	2.15%	2.44%	-0.83%	0.48%	1.15%	2.46%	-1.45%	-1.84%	-3.35%	-1.79%
2008	-1.07%	2.31%	-0.38%	2.51%	0.12%	0.77%	-2.40%	-4.81%	-8.03%	-15.81%	-5.15%	-3.08%	-31.04%
2007	0.73%	1.70%	-1.16%	1.03%	1.81%	0.19%	0.44%	-0.55%	1.52%	4.67%	0.61%	2.01%	13.67%
2006	5.44%	-8.31%	-5.18%	-0.48%	-7.01%	-3.41%	0.67%	1.61%	0.66%	0.84%	-3.32%	0.92%	-16.99%
2005			5.56%	9.60%	1.42%	9.96%	-1.14%	3.18%	0.96%	1.39%	4.27%	-2.72	36.62%

## Asset Allocation

### Asset Classes as % of the Fund



### Geographical Equity Allocation % of the Fund



### Sector Allocation % of the Fund

Sector	% of Fund
Banks & Financial services	17.11%
Shipping, oil & Gas services	10.99%
Fertilizers & Petrochemical Industries	8.73%
Construction, Contracting , materials & Real estate	14.93%
Telecom & Utilities	9.96%
Food & Retail Products	2.69%
Diversified Operations	0.47%
Others	1.72%

### Currency Exposure

Currency	Long
JOD	38.65%
USD	6.14%
AED	3.66%
SAR	18.62%
QAR	19.73%
KWD	3.69%
EGP	9.48%

### Top Equity Exposure

Name	% of the Fund	Country
Commercial Bank of Qatar	3.99%	Qatar
Al Rajhi Bank	3.78%	KSA
Industries Qatar	3.67%	Qatar

### Fund Directory:

**Investment Manager**  
Capital Bank of Jordan  
Tel: +962 6 5100200

**Fund Trustee**  
Jordan Kuwait Bank  
Tel: +962 6 5629400

**Fund Auditor**  
Ernst & Young  
Tel: +962 6 5526111

**DISCLAIMER:** Investing in the fund entails risks associated with investments in financial securities and emerging markets, including the risk of sharp fluctuations of currencies and securities. These investment risks could affect the fund's Net Asset Value. The fund does not provide any type of return or capital guarantee. Past performance is not an indication of future performance. Prospective investors in the fund must obtain and read the fund's prospectus prior to making an investment in the fund.