

Horizon Fund

December 2009

Inception Date: March 1, 2005

NAV Dec. 31, 2009	: JOD 87.293
Monthly Return	: -3.35 %
YTD Return	: -1.79 %
Return Since Inception	: -12.71 %

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

What a year! 2009 was an exceptional year in all measures; the world markets touched historical lows in February-March and oil touching US\$33 before bouncing back again to unexpected high levels. Surprisingly some of the world equity markets recovered sharply and had the highest YOY performance in history. US economy is on track recovering from its worst economic crisis since 1930. Currently, most of the economic indicators globally are showing some signs of improvement including unemployment rate which seems to have reached a bottom. China and India are in a good shape to lead the global economic recovery gradually.

Similar to the rest of the world, after a dramatic start and a reaching trough during the first 2 weeks of March, the MSCI A managed to end 2009 up by 16.19%. Yet, such a performance is still less than what both emerging as well as developed markets achieved. The credit market also came to a stand-still situation and witnessed major defaults starting from Saad-Al Gosaibi scandal ending the year with Dubai world and Nakheel 2009 dramatic events. Egypt, Saudi Arabia, Oman and Abu Dhabi were the main contributors to the MSCI A's positive performance in 2009 achieving 35.08%, 27.46%, 17.05% and 14.79% respectively, while Bahrain, Kuwait and Jordan were the main lagers declining by 19.17%, 9.99% and 8.15% in a row. In December, however, the MSCI A dropped by 2.91% making it its third consecutive monthly loss. Horizon Fund also declined by 3.35% making its YTD return -1.79%*.

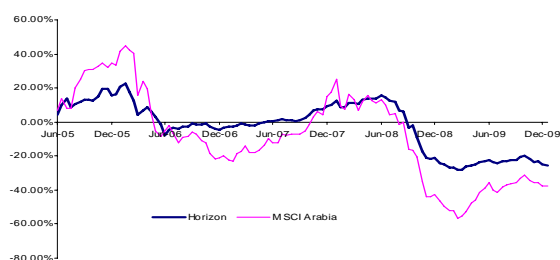
It is worth mentioning that during the second half of December and after receiving US\$10 billion from Abu Dhabi to support Dubai World's upcoming debt redemptions, Dubai took some breath. Such amounts were not only used redeem Nakheel's bond which was due on 14th Dec, but also pay the outstanding dues to trade creditors and contractors. However, we believe that that the Dubai crisis is yet to be over.

Looking ahead into 2010 we are more optimistic rather than pessimistic, particularly if oil prices continued to hover around \$70pb. Our optimism is driven by a number of factors but mainly a) we do not anticipate a dramatic correction of global markets, which would continue to build a positive investor's behavior, b) most of the regional countries would enjoy surpluses if oil prices remains at the current levels, which in turn means that government will continue to their expansionary policy, c) MENA markets did not go up as much as other global markets in 2009 and d) valuation still looks attractive on both PER and PB basis. Yet our strategy will focus on countries with high liquidity and modest growth rates mainly Qatar, Saudi Arabia and Egypt. We will be looking selectively at opportunities in Kuwait, Oman and Dubai.

* Note: the performance was calculated for the period from 25 Nov. till 31 Dec. 2009 since the NAV for November was calculated till 25 Nov. 2009.

Performance Analysis

Cumulative Performance



Performance Summary

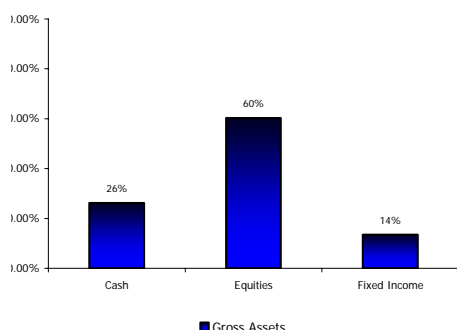
	Fund	MSCI Arabian Markets
1-month return	-3.35%	-2.91%
3-month return	-6.5 %	-7.16%
12-month return	-1.79 %	16.19%
Return since inception	-12.71%	-37.79
Annualized Return Since Inception	-2.77%	-9.34%
YTD	-1.79 %	16.19%

Historical Monthly Returns

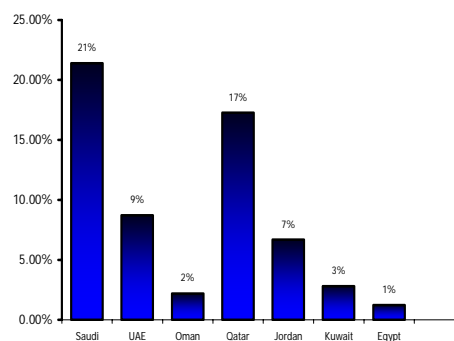
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	-3.29%	-1.48%	2.00%	2.15%	2.44%	-0.83%	0.48%	1.15%	2.46%	-1.45%	-1.84%	-3.35%	-1.79%
2008	-1.07%	2.31%	-0.38%	2.51%	0.12%	0.77%	-2.40%	-4.81%	-8.03%	-15.81%	-5.15%	-3.08%	-31.04%
2007	0.73%	1.70%	-1.16%	1.03%	1.81%	0.19%	0.44%	-0.55%	1.52%	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	15.01%
Shipping, oil & Gas services	17.35%
Fertilizers & Petrochemical Industries	10.09%
Construction, Contracting & Real estate	9.83%
Telecom & Utilities	4.9%
Consumer Goods	3.17%
Aviation	2.26%

Currency Exposure

Currency	Long
JOD	17.19%
USD	2.29%
AED	8.71%
SAR	22.23%
OMR	2.19%
QAR	17.27%
KWD	2.81%
EGP	1.23%

Top Equity Exposure

Name	% of the Fund	Country
Qatar Gas Transport	4.04%	Qatar
Gulf International services	3.66%	Qatar
Al-Rajhi Bank	3.42%	KSA

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.