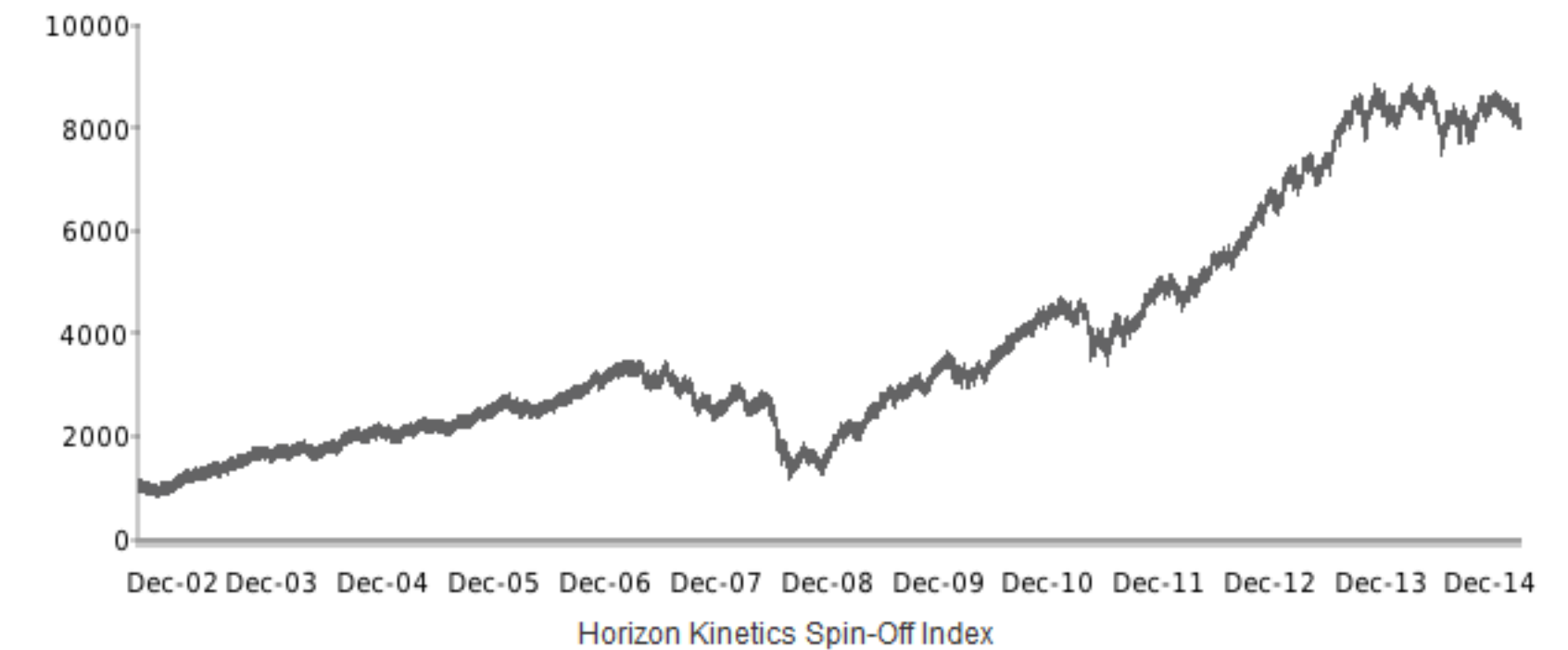


Horizon Kinetics Spin-Off Index

Index Description

The Horizon Kinetics Spin-Off Index provides a benchmark for investors interested in tracking the performance of U.S.-listed, publicly-held spin-offs that are domiciled and trade in the U.S. equity markets. These securities generally result from large companies divesting small subsidiaries in a way that bypasses traditional Wall Street coverage, often resulting in a short-term valuation disconnect. In many cases, spin-off transactions may have the potential to unlock shareholder value that has been obscured by a dysfunctional corporate structure. While operating as a unit of a parent or holding company, for instance, a business unit may be subject to revenue targets and other corporate planning that incentivize short-term initiatives at the cost of long-term competitive advantage. These entities may also be saddled with excessive overhead costs from the parent organization, or cede control of their cash flow to the parent. Consequently, the true economics of the underlying business may be shrouded and even suppressed by the operations of larger business segments. A spin-off has the potential to enable management to make more rational long-term operational and financial decisions, and allows investors the freedom to invest in the portion of the business that they believe offers greater investment potential. The use of a spin-off strategy as a predictive index variable, appears to provide relative returns well in excess of the S&P 500 Index ("S&P"), while also providing diversification benefits, as measured by the correlation of their returns with those of the S&P.

Performance Graph



Index Characteristics

Base Date	12/31/2002
No. of Constituents	54
Total Market Cap (\$ Mn)	346,654
Average Market Cap (\$ Mn)	6,420
Median Market Cap (\$ Mn)	2,517
Largest Constituent (\$ Mn)	117,583
Smallest Constituent (\$ Mn)	616

Sample 5 Constituents

Company Name	ISIN	Industry	Weight
Lands' End Inc.	US51509F1057	Consumer Discretionary	2.02%
Post Holdings Inc.	US7374461041	Consumer Staples	2.02%
Starz	US85571Q1022	Consumer Discretionary	2.01%
Marriott Vacations Worldwide Corp.	US57164Y1073	Consumer Discretionary	2.01%
Rayonier Advanced Materials Inc.	US75508B1044	Materials	1.98%

Fundamentals

Price to Earnings Ratio*	21.01x
Price to Sales Ratio*	2.26x
Sharpe Ratio*	-0.68
Dividend Yield*	1.82%
52 Week High/Low**	8722 / 7527

*Trailing 12 months data for current year portfolio

**Trailing 12 months

Market Cap Breakdown

Large Cap (> \$10 Bn)	5.82%
Mid Cap (\$2 Bn - \$10 Bn)	63.93%
Small Cap (\$0.1 Bn - \$2 Bn)	30.25%

Top 5 Industry Breakdown

Financials	27.61%
Consumer Discretionary	26.76%
Industrials	17.37%
Energy	9.39%
Information Technology	7.42%

Risk & Return Statistics

Statistic	QTD	YTD	1 Year	3 Year	5 Year	Since Base Date
Annualized Return	-4.81%	-1.57%	-6.71%	18.21%	21.52%	18.15%
Standard Deviation	-	15.04%	13.36%	13.04%	16.26%	20.51%
Beta ¹	-	1.24	1.26	1.30	1.24	1.34
Correlation ¹	-	0.91	0.87	0.85	0.91	0.90

¹w.r.t. S&P 500 TR Index

Disclosures:

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