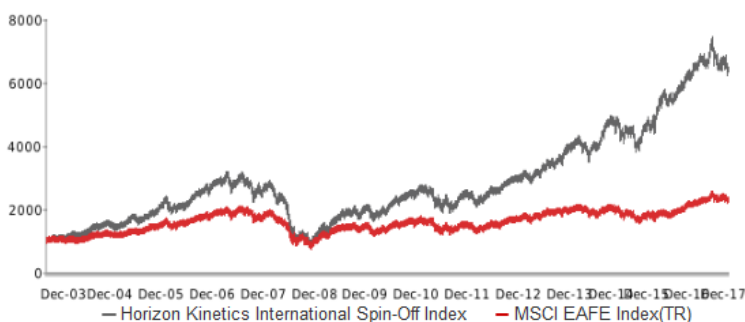


Horizon Kinetics International Spin-Off Index

Index Description

The Horizon Kinetics International Spin-Off Index provides a benchmark for investors interested in tracking the performance of Globally-listed, publicly-held spin-offs that are domiciled and trade in the Western Europe and Developed Asia. These securities generally result from large companies divesting small subsidiaries in a way that bypasses traditional analyst 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 MSCI EAFE Index, while also providing diversification benefits, as measured by the correlation of their returns with those of the MSCI EAFE Index.

Performance Graph



Fundamentals

Price to Earnings Ratio*	20.61x
Price to Sales Ratio*	2.32x
Sharpe Ratio*	0.02
Dividend Yield*	1.89%
52 Week High/Low**	7371 / 6201

*Trailing 12 months data for current year portfolio

**Trailing 12 months

Market Cap Breakdown

Large Cap (> \$10 Bn)	10.80%
Mid Cap (\$2 Bn - \$10 Bn)	47.34%
Small Cap (\$0.1 Bn - \$2 Bn)	41.86%

Top 5 Industry Breakdown

Consumer Discretionary	18.80%
Health Care	18.69%
Industrials	17.70%
Materials	11.24%
Financials	10.76%

Index Characteristics

Base Date	12/31/2003
No. of Constituents	27
Total Market Cap (\$ Mn)	133,847
Average Market Cap (\$ Mn)	4,957
Median Market Cap (\$ Mn)	3,183
Largest Constituent (\$ Mn)	29,361
Smallest Constituent (\$ Mn)	501

Sample 5 Constituents

Company Name	ISIN	Industry	Weight
International Petroleum Corp/Sweden	CA46016U1084	Energy	4.09%
Aker Solutions ASA	NO0010716582	Energy	4.04%
Nilfisk Holding A/S	DK0060907293	Consumer Discretionary	4.00%
Indivior PLC	GB00BR565X63	Health Care	3.99%
Arjo AB	SE0010468116	Health Care	3.94%
Lifestyle China Group Ltd	KYG548741050	Consumer Discretionary	3.90%
Valmet Corp	FI4000074984	Industrials	3.85%
Caverion Corp	FI4000062781	Industrials	3.83%
Svenska Cellulosa AB SCA	SE0000112724	Materials	3.81%
Italgas SpA	IT0005211237	Utilities	3.80%

Risk & Return Statistics

Statistic	QTD	YTD	1 Year	3 Year	5 Year	Since Base Date
Annualized Return	-1.29%	-6.84%	3.18%	11.27%	17.15%	13.59%
Standard Deviation	-	-	13.32%	15.70%	14.88%	21.13%
Beta ¹	-	-	1.27	0.82	0.87	1.15
Correlation ¹	-	-	0.87	0.79	0.79	0.91

¹w.r.t. MSCI EAFE Index(TR)

Disclosures:

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