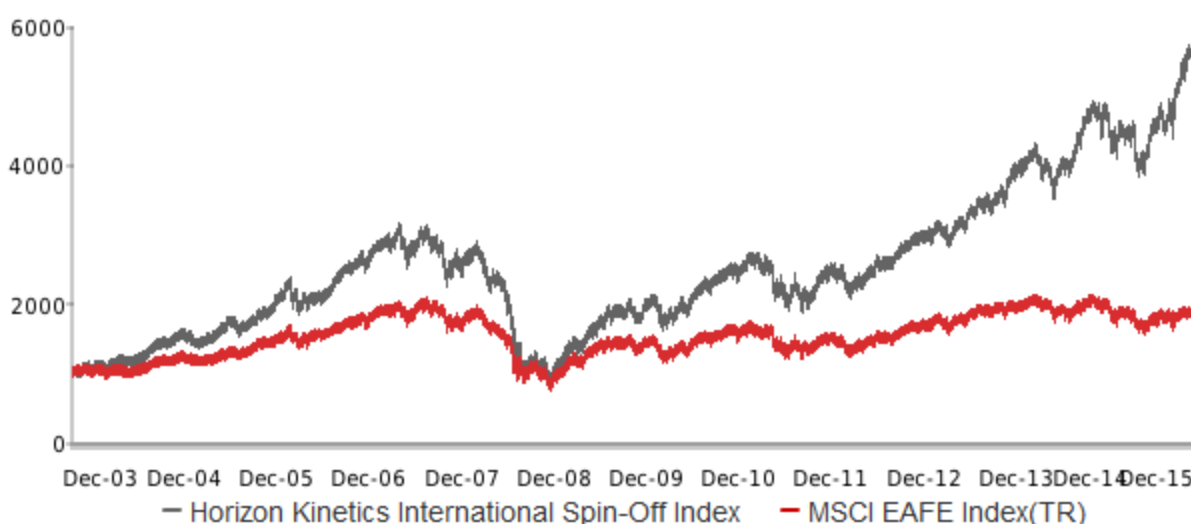


Horizon Kinetics International Spin-Off Index

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



Index Characteristics

Base Date	12/31/2003
No. of Constituents	17
Total Market Cap (\$ Mn)	79,616
Average Market Cap (\$ Mn)	4,683
Median Market Cap (\$ Mn)	2,255
Largest Constituent (\$ Mn)	28,063
Smallest Constituent (\$ Mn)	678

Sample 5 Constituents

Company Name	ISIN	Industry	Weight
Caverion Oyj	FI4000062781	Industrials	6.38%
Orora Ltd.	AU000000ORA8	Materials	6.25%
OSRAM Licht AG	DE000LED4000	Industrials	6.18%
Chorus Ltd.	NZCNUE0001S2	Telecommunication Services	6.10%
Bonava AB	SE0008091581	Consumer Discretionary	5.99%

Fundamentals

Price to Earnings Ratio*	28.71x
Price to Sales Ratio*	1.70x
Sharpe Ratio*	1.65
Dividend Yield*	1.83%
52 Week High/Low**	5668 / 3867

*Trailing 12 months data for current year portfolio

**Trailing 12 months

Market Cap Breakdown

Large Cap (> \$10 Bn)	5.91%
Mid Cap (\$2 Bn - \$10 Bn)	52.73%
Small Cap (\$0.1 Bn - \$2 Bn)	41.36%

Top 5 Industry Breakdown

Industrials	24.35%
Consumer Discretionary	17.41%
Financials	17.26%
Health Care	16.70%
Materials	12.19%

Risk & Return Statistics

Statistic	QTD	YTD	1 Year	3 Year	5 Year	Since Base Date
Annualized Return	19.85%	24.01%	33.78%	19.32%	22.41%	14.39%
Standard Deviation	-	-	19.48%	16.29%	17.04%	22.14%
Beta ¹	-	-	0.73	0.86	0.95	1.16
Correlation ¹	-	-	0.82	0.82	0.87	0.92

¹w.r.t. MSCI EAFE Index(TR)

Disclosures:

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