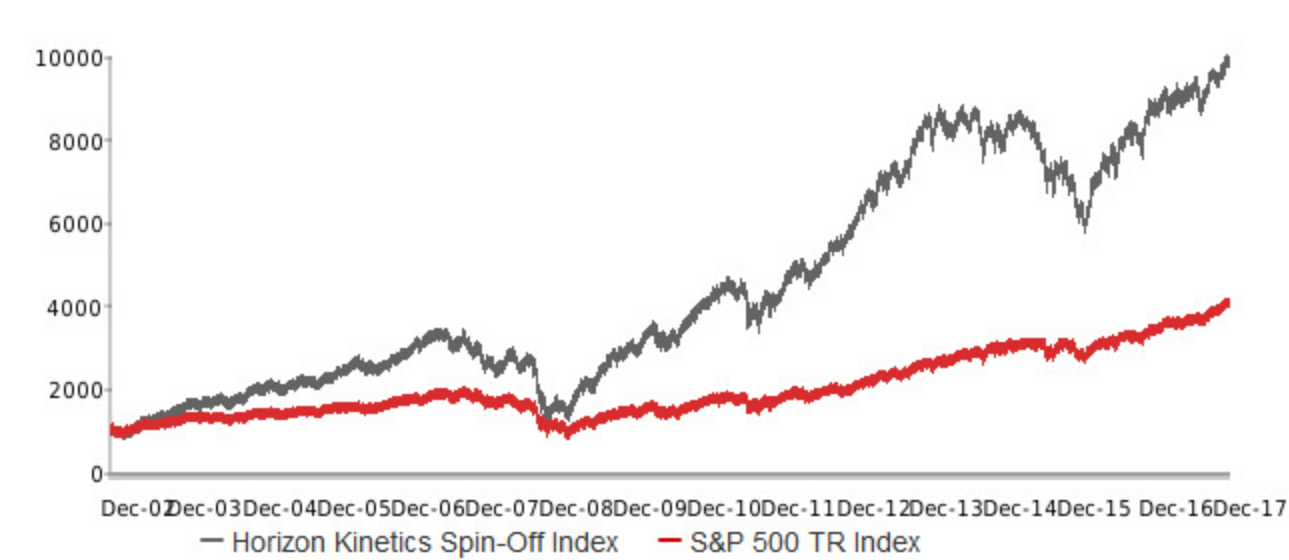


Horizon Kinetics Spin-Off Index

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	69
Total Market Cap (\$ Mn)	502,656
Average Market Cap (\$ Mn)	7,285
Median Market Cap (\$ Mn)	2,692
Largest Constituent (\$ Mn)	154,165
Smallest Constituent (\$ Mn)	154

Sample 5 Constituents

Company Name	ISIN	Industry	Weight
CONSOL Energy Inc	US20854L1089	Energy	2.20%
Alcoa Corp	US0138721065	Materials	1.84%
TopBuild Corp	US89055F1030	Consumer Discretionary	1.64%
California Resources Corp	US13057Q2066	Energy	1.64%
KLX Inc	US4825391034	Industrials	1.60%

Fundamentals

Price to Earnings Ratio*	27.45x
Price to Sales Ratio*	2.87x
Sharpe Ratio*	1.72
Dividend Yield*	2.26%
52 Week High/Low**	9910 / 8645

*Trailing 12 months data for current year portfolio
**Trailing 12 months

Market Cap Breakdown

Large Cap (> \$10 Bn)	7.09%
Mid Cap (\$2 Bn - \$10 Bn)	52.05%
Small Cap (\$0.1 Bn - \$2 Bn)	40.86%

Top 5 Industry Breakdown

Financials	21.14%
Information Technology	18.37%
Consumer Discretionary	15.87%
Industrials	11.68%
Materials	10.64%

Risk & Return Statistics

Statistic	QTD	YTD	1 Year	3 Year	5 Year	Since Base Date
Annualized Return	5.05%	13.83%	13.83%	6.44%	11.22%	16.38%
Standard Deviation	-	-	6.63%	15.03%	14.50%	19.72%
Beta ¹	-	-	1.02	1.24	1.29	1.33
Correlation ¹	-	-	0.86	0.86	0.87	0.89

¹w.r.t. S&P 500 TR Index

Disclosures:

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The Spin-Off Index contains back-tested performance, which is hypothetical (it does not reflect trading in actual accounts) and is provided for informational purposes to indicate historical performance had the Spin-Off Index been available over the relevant period. Actual performance may be materially lower than that of the Spin-Off Index, as it does not include expenses and fees. Such results do not represent the impact that material economic and market factors might have on the investment adviser's decision making process if the adviser were actually managing client money. Back-tested performance also differs from actual performance because it is achieved through the retroactive application of portfolios designed with the benefit of hindsight. Horizon Kinetics generally employs the same methodology in its back-tested calculations as it does after officially launching the Spin-Off Index. The information contained in this document is current as of the publication date, and is subject to change without notice. The Spin-Off Index methodology is subject to change at the discretion of the index provider. Indxx, LLC does not accept responsibility for damages resulting from an error or omission in this document.

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