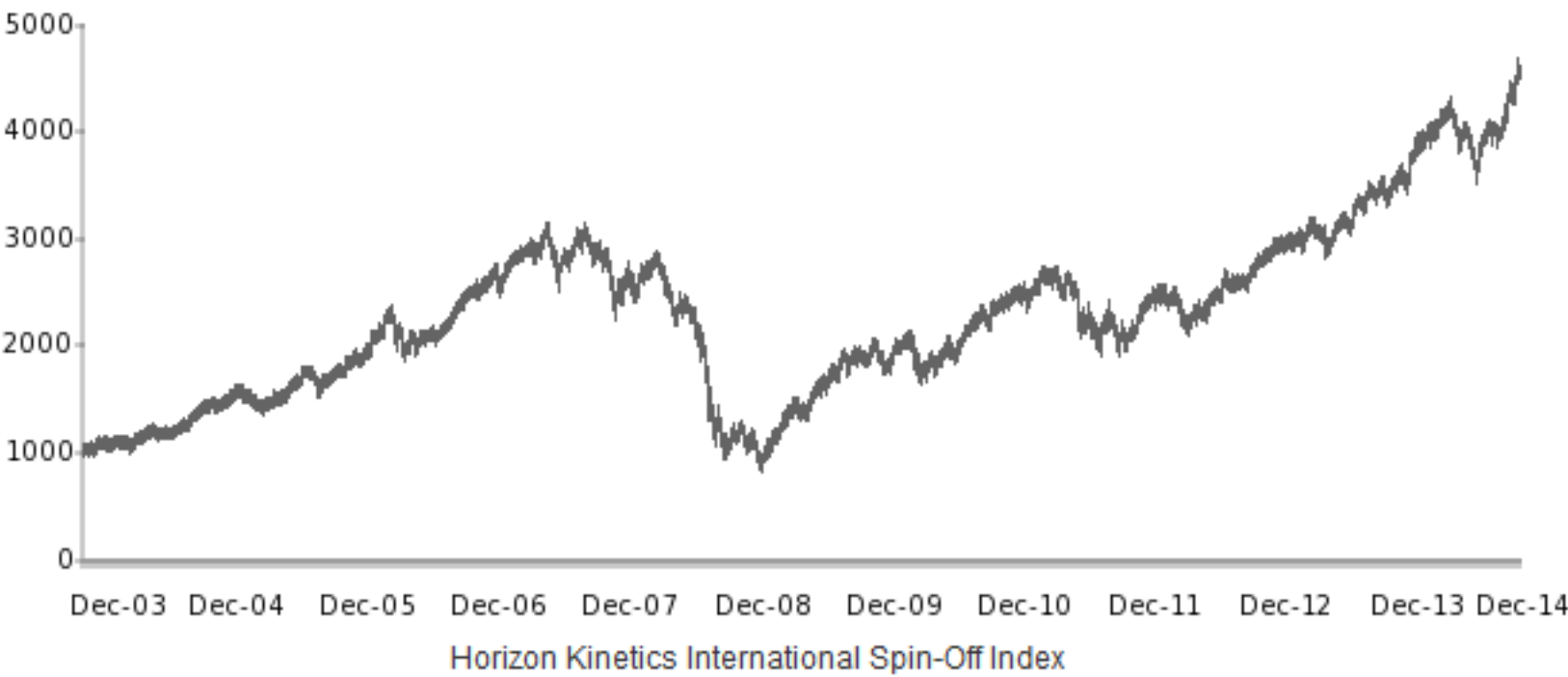


Horizon Kinetics International Spin-Off Index

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	29
Total Market Cap (\$ Mn)	94,623
Average Market Cap (\$ Mn)	3,263
Median Market Cap (\$ Mn)	2,027
Largest Constituent (\$ Mn)	14,752
Smallest Constituent (\$ Mn)	590

Sample 5 Constituents

Company Name	ISIN	Industry	Weight
Global Brands Group Holding Ltd.	BMG393381014	Consumer Discretionary	4.30%
Autoneum Holding AG	CH0127480363	Consumer Discretionary	3.67%
Prothena Corp. Plc	IE00B91XRN20	Health Care	3.60%
Tikkurila Oyj	FI4000008719	Materials	3.59%
OSRAM Licht AG	DE000LED4000	Industrials	3.58%

Fundamentals

Price to Earnings Ratio*	20.30x
Price to Sales Ratio*	2.07x
Sharpe Ratio*	0.99
Dividend Yield*	1.89%
52 Week High/Low**	4618 / 3556

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

Market Cap Breakdown

Large Cap (> \$10 Bn)	6.80%
Mid Cap (\$2 Bn - \$10 Bn)	44.11%
Small Cap (\$0.1 Bn - \$2 Bn)	49.09%

Top 5 Industry Breakdown

Industrials	23.86%
Consumer Discretionary	21.43%
Materials	17.24%
Health Care	10.39%
Financials	10.23%

Risk & Return Statistics

Statistic	QTD	YTD	1 Year	3 Year	5 Year	Since Base Date
Annualized Return	13.13%	13.13%	13.79%	22.11%	18.05%	14.38%
Standard Deviation	-	12.23%	13.90%	14.60%	19.04%	22.59%
Beta ¹	-	0.75	1.10	0.97	1.07	1.21
Correlation ¹	-	0.82	0.73	0.87	0.93	0.94

¹w.r.t. MSCI EAFE Index(TR)

Disclosures:

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