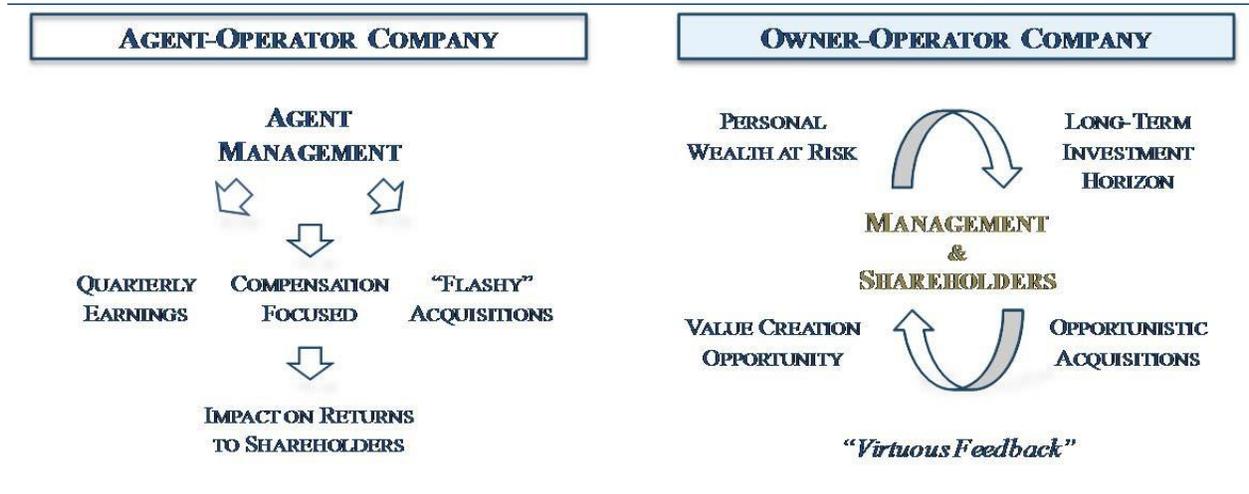


The Horizon Kinetics ISE Wealth Indexes

Let the Wealthy Work for You™



What are the Horizon Kinetics ISE Wealth Indexes?

The Horizon Kinetics ISE Wealth Indexes are **unique, passive indexes that track the investment performance of public companies managed by the wealthiest people in the world.** Through a partnership with the International Securities Exchange (one of the largest U.S. electronic options exchanges, and a wholly owned subsidiary of Deutsche Börse AG), Horizon Kinetics has developed four indexes that track the shareholder value-creating abilities of the world’s most successful entrepreneurs: Horizon Kinetics ISE Wealth Index (Bloomberg Ticker: RCHTR Index), Horizon Kinetics ISE Asia ex Japan Wealth Index (Bloomberg Ticker: WEALTHAT Index), Horizon Kinetics ISE Global Wealth Index (Bloomberg Ticker: WEALTHGT Index), and Horizon Kinetics ISE International Wealth Index (ISE Ticker: INW Index).

These indexes were designed and premised on the belief that, ordinarily, access to professional investors and successful entrepreneurs of this caliber is not readily available to the average person; however, by investing in a compilation of publicly-traded companies that are managed and/or controlled by the wealthiest individuals in the world, exposure to the superior investment capabilities of these entrepreneurs may be obtained. Importantly, inherent in this strategy is a unique form of risk management: one can easily monitor the manner in which these investors have positioned their own capital at almost any point in time. By following their investment posture, one of the greatest uncertainties involved in stock investing (i.e., when to buy and sell) can be partially alleviated – *if the Warren Buffetts of the world aren’t selling, neither need you.*

SAMPLE WEALTH INDEX CONSTITUENTS

Company	Individual	Owner-Operator Country Origin
Berkshire Hathaway, Inc.	Warren Buffett	U.S.
Bolloré SA	Vincent Bolloré	France
Cheung Kong Property Holdings Limited	Li Ka-shing	Hong Kong
Compagnie Financière Richemont SA	Johann Rupert	South Africa
Genting Bhd	Lim Kok Thay	Malaysia
Glencore plc	Ivan Glasenberg	Australia
Groupe Bruxelles Lambert SA	Albert Frère	Belgium
Henderson Land Development Co. Ltd.	Lee Shau Kee	Hong Kong
Hennes & Mauritz AB	Stefan Persson	Sweden
Inditex SA	Amancio Ortega	Spain
Kraft Heinz Company	Warren Buffett	U.S.
Las Vegas Sands Corp	Sheldon Adelson	U.S.
Liberty Media Corp.	John Malone	U.S.
LVMH Moët Hennessy Louis Vuitton	Bernard Arnault	France
Noble Group Ltd	Richard Elman	U.K.
Onex Corp	Gerald Schwartz	Canada
Unicharm Corp.	Keiichiro Takahara	Japan
UOL Group Ltd.	Wee Cho Yaw	Singapore

As of 12/31/2015

Do These Companies Outperform the Market Over Time?

The historic outperformance of these companies has been an area of enduring interest for Horizon Kinetics. Through years of research report generation and the implementation of an owner-operator strategy in various client accounts, we have found that CEOs with a significant vested interest (e.g., personal capital at risk) in their companies generally produce above average returns for their shareholders.

We believe our suite of Wealth Indexes is a formal validation of this concept. Each Index has demonstrated that such companies outperform their respective markets by a wide margin. These results are provided in the tables below.

Horizon Kinetics ISE US Wealth Index vs. S&P 500 Index

Cumulative Growth of \$100 (gross)

Time Period: 1/1/1991 to 12/31/2015

— HorizonKinetics ISE US Wealth TR USD

— S&P 500 TR USD



Horizon Kinetics ISE International Wealth Index vs. MSCI EAFE Index

Cumulative Growth of \$100 (gross)

Time Period: 1/1/2007 to 12/31/2015

— HorizonKinetics ISE Intl Wealth TR USD

— MSCI EAFE NR USD



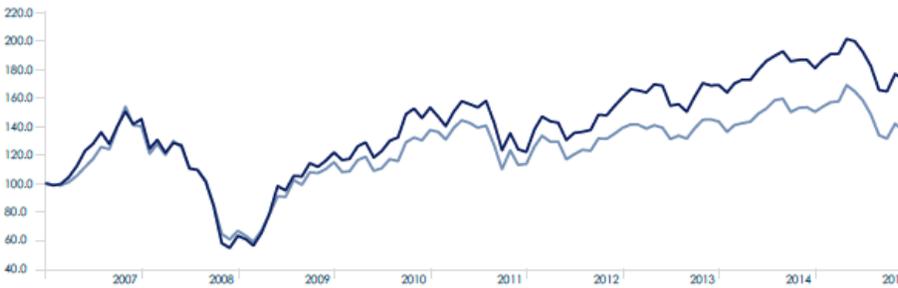
Horizon Kinetics ISE Asia ex-Japan Wealth Index vs. MSCI AC Asia ex-Japan Index

Cumulative Growth of \$100 (gross)

Time Period: 1/1/2007 to 12/31/2015

— HorizonKinetics ISE AsiaJP Wealth TR USD

— MSCI AC Asia Ex Japan NR USD



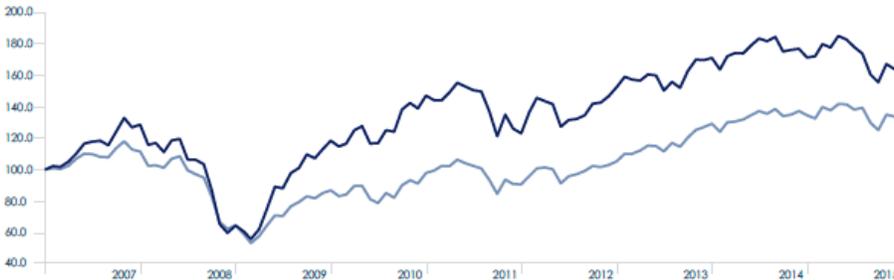
Horizon Kinetics ISE Global Wealth Index vs. MSCI AC World Index

Cumulative Growth of \$100 (gross)

Time Period: 1/1/2007 to 12/31/2015

— HorizonKinetics ISE Gbl Wealth TR USD

— MSCI ACWI NR USD



Past performance does not guarantee future results. The above graphs contain back-tested performance data. Please read the Important Disclosures at the end of this document for information about evaluating back-tested performance.

Specific to the United States, as measured during the January 1991 - December 2015 time period, the Horizon Kinetics ISE Wealth Index outperformed the S&P 500 Index by 2.8% (annualized). Outside of North America, the International Wealth Index has also outperformed its relevant benchmark over multiple time periods. As measured from the inception date of January 2007 - December 2015, the International Wealth Index outperformed the MSCI EAFE Index by 4.6% (annualized). Similarly, over the same time period, the Asia ex Japan Wealth Index outperformed the MSCI AC Asia ex Japan Index by 2.8% (annualized). And, also over the same time period, the Global Wealth Index has outperformed the MSCI AC World Index by 2.4% (annualized).

To confirm our performance findings, there is also a large body of academic research that supports the Wealth Index concept. In one such study, Shulman and Noyes (2012)¹ examined the historical stock price performance of companies managed by the world's billionaires. The results were very impressive: the index of billionaire-led companies outperformed the S&P 500 Index by over 700 basis points annually during the period of study. This is substantially similar to the result produced by the Horizon Kinetics ISE Wealth Index.

Why Do These Companies Generate Superior Returns for Shareholders?

Founders who remain with their companies in the capacity of CEO or other controlling position, such as Chairman of the Board, often tend to be the largest shareholders. Their wealth is generally not created through extravagant compensation packages, which can lead to managing for the short-term. Rather, their wealth is generated and, importantly, sustained through an expanding share price over a long-term time horizon. This concept is intuitive, yet it is apparently not well appreciated by many investment managers. Although short-term price appreciation can result from any number of unsustainable tactics, long-term appreciation must ultimately be supported by a commensurate level of non-dilutive return on capital (i.e., including the Wealth Index members' own capital), as might be measured by book value per share growth.

Observance of the corporate behavior of these companies will reveal that activities such as acquisitions and general reinvestment in the growth of the firm differ markedly from those of the average company. As merely one example, acquisitions are often made opportunistically during periods of market stress – periods when most companies are building cash balances to maintain acceptable credit ratings or to preserve liquidity. An abundance of academic literature confirms this unconventional behavior.

For instance, Fahlenbrach (2009)² concluded that ***founder-led companies often invested more in R&D and capital expenditures than did the agent-operated companies.*** Additionally, mergers and acquisitions tended to be focused on expanding shareholder value rather than on a sometimes common feature of non-founder led companies: empire building through unnecessary and potentially value-destroying acquisitions.

¹ Shulman, J.M. and Noyes, E. "The Rich Get Richer and So Can You: *Investing in a Billionaires' Index*" *The Journal of Index Investing*, Spring 2012, pp. 12-32

² Fahlenbrach, R. "Founder-CEOs, Investment Decisions, and Stock Market Performance." *Journal of Financial & Quantitative Analysis*, Vol. 44, No. 2 (2009), pp. 439-466

Similarly, McVey and Draho (2005)³ found that **companies controlled by families are “long-term investors with substantial wealth at risk.”** Since wealthy families that control publicly-traded companies usually focus on growing and managing their wealth – which typically is passed on to future generations – these CEOs have been found to avoid quarterly earnings guidance and, rather, emphasize long-term value creation. Specifically, family-owned companies were shown to possess above-average managerial talent and access to strategic business relationships. Unsurprisingly, these companies outperformed non-family-controlled companies in this particular study.

Nassim Nicholas Taleb and Constantine Sandis⁴ wrote that “The idea of **skin in the game** when involving others in tail risk exposures is crucial for the well-functioning of a complex world. In an opaque system fraught with unpredictability, there is, alas, an incentive and easy opportunity for operators to hide risk: to benefit from the upside when things go well without ever paying for the downside when one's luck runs out.”

For additional information regarding the Horizon Kinetics ISE Wealth Indices visit www.horizonkinetics.com or www.ise.com or www.wealth-index.com

Important Disclosures:

Certain returns quoted herein contain back-tested performance information. Back-tested performance is hypothetical (it does not reflect trading in actual accounts) and is provided for informational purposes to indicate historical performance had the index been available over the relevant period. The Horizon Kinetics ISE Wealth Index was launched in August 2011, the Horizon Kinetics ISE Global Wealth Index and Horizon Kinetics ISE Asia ex Japan Wealth Index were launched in October 2012, and the Horizon Kinetics ISE International Wealth Index was launched in April 2014. Actual performance may be materially lower than that of the index, as it does not include expenses or fees. Such results do not represent the impact that material economic and market factors might have on an 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 ISE Wealth Index, Horizon Kinetics ISE Global Wealth Index, Horizon Kinetics ISE Asia ex Japan Wealth Index, and Horizon Kinetics ISE International Wealth Index (the “Indexes”) were created in conjunction with the International Securities Exchange, LLC (“ISE”), which operates a leading U.S. options exchange and offers option trading on over 2,000 underlying equity, ETF, index, and FX products. Past performance is not a guarantee of future investment results. It is not possible to invest directly in an Index. Exposure to the Indexes is only available through investable instruments. Horizon Kinetics, its subsidiaries and ISE may receive compensation in connection with licensing the Indexes to third parties. Horizon Kinetics or its subsidiaries may sponsor, endorse, sell, promote or manage investment funds or other vehicles that seek to provide an investment return based on the returns of the Indexes, and they may hold securities comprising such indexes. There is no assurance that investment products based on the Indexes will accurately track Index performance or provide positive investment returns.

Horizon Kinetics generally employs the same methodology in its back-test calculations as it does when the actual Index was officially launched. Anyone interested in better understanding the methodology for the Index, including details on the manner in which the Index is rebalanced, the timing of such rebalancing, the criteria used in determining additions and deletions to the Index as well as other Index calculations may contact Horizon Kinetics at info@horizonkinetics.com or (646) 495-7333.

³ McVey, H. and J. Draho. “U.S. Family-Run Companies-They May Be Better Than You Think.” *Journal of Applied Corporate Finance*, Vol. 17, No. 4 (2005), pp. 134-143

⁴ Nassim Nicholas Taleb and Constantine Sandis. “The Skin In The Game Heuristic for Protection Against Tail Events.” *Review of Behavioral Economics*, 2014, 1: pp 1–21

Horizon Kinetics LLC is the parent company to three registered investment advisers, one of which is Horizon Asset Management LLC ("Horizon"), the investment manager to certain strategies that are designed to track the Horizon Kinetics ISE Wealth Index. These strategies may not perform identically to the Index for a variety of reasons, including the fact that the Index does not have management fees or transaction fees. Horizon reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. The strategies that track the Index may invest in both equity and fixed income securities without regard to market capitalizations or issue size. Horizon does not necessarily fully invest portfolios immediately after an account is funded. There can be no assurance we will ever fully invest an account. There is no assurance that any securities discussed herein will remain in an account. The securities discussed might not represent an entire account and in the aggregate may represent only a small percentage of an account's holdings. There is no assurance that investment products based on the Indexes will accurately track Index performance or provide positive investment returns.

This information should not be used as a general guide to investing or as a source of any specific investment recommendations, and makes no implied or expressed indications concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives.

Neither Horizon Kinetics LLC nor its subsidiaries provide tax or legal advice to their clients, and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment. Opinions expressed are Horizon Kinetics' present opinions only. No part of this material may be: a) copied, photocopied, or duplicated in any form, by any means; or b) redistributed without Horizon Kinetics' prior written consent. © 2016 Horizon Kinetics LLC ® All Rights reserved.