Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page

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This Part 2A of Form ADV, otherwise referred to as the "Brochure," provides prospective clients with information about the qualifications and business practices of Horizon Asset Management LLC (hereinafter occasionally referred to as "Horizon," the "Firm" or the "Adviser") that should be considered before or at the time of obtaining advisory services from Horizon. This information has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or any state securities authority. Any reference to Horizon being registered with the SEC does not imply that the company or any of its management persons have achieved a certain level of skill or training. Please be advised that Horizon will not assign its duties to you to any other party without your consent, as that term is defined in Section 202(a)(1) of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

This document is not, and is not intended to be, a marketing brochure, nor is it designed to provide detailed information about all aspects of Horizon's business.

If you have any questions about the contents of this Brochure, please contact the Legal and Compliance Department of the Firm at (646) 291-2300 or at compliance@horizonkinetics.com. Additional information about Horizon is also available on the SEC's website at www.adviserinfo.sec.gov.

Please print a copy of this Brochure and retain it for future reference.

Item 2 Material Changes

The Firm's last update occurred on October 11, 2012. Since that time, the Firm has updated the types of separate account strategies offered, private funds offered, and disclosures relating to certain solicitor relationships. Those changes include the following:

Change in Strategies Offered by the Firm

The Firm no longer offers the following strategy: ETF Portfolios

The Firm now offers the following additional strategies:

<u>Global Index Premium Total Return</u>
The Global Index Premium Total Return strategy seeks to monetize market volatility and generate an attractive long-term total return derived from the collection of option premiums and bond income. Cash flows accumulated from the persistent collection of equity option premiums and bond income reduce losses during market declines, resulting in a lower expected return volatility and a potential for higher risk-adjusted returns over time. The portfolio's principal investment strategy is collateralized equity put writing (puts are written at levels close to in-the-money) which is implemented across a diversified set of market indexes and exchange-traded funds ("ETFs"). The strategy's option portfolio exposures are generally consistent with a global equity allocation including developed and emerging markets. Subject to limits, the strategy may opportunistically sell options on narrowly focused indexes and ETFs or single stocks. The selection of option exposures, strike prices and expiration dates is based on a variety of factors including fundamentals, implied volatility and option skew. The strategy's fixed income collateral portfolio emphasizes liquidity and adheres to a tiered risk framework aimed at limiting duration and credit risks. The collateral portfolio typically holds a combination of cash & equivalents, fixed income ETFs, closed end funds and single issue bonds.

<u>Global Index Premium Income</u>
The Global Index Premium Income strategy seeks to monetize market volatility and generate an attractive long-term total return derived from the collection of option premiums and bond income. Cash flows accumulated from the persistent collection of equity option premiums and bond income reduce losses during market declines, resulting in a lower expected return volatility and a potential for higher risk-adjusted returns over time. The portfolio's principal investment strategy is collateralized equity put writing (puts are written at levels out-of-the-money) which is implemented across a diversified set of market indexes and exchange-traded funds ("ETFs"). The strategy's option portfolio exposures are generally consistent with a global equity allocation including developed and emerging markets. Subject to limits, the strategy may opportunistically sell options on narrowly focused indexes and ETFs or single stocks. The selection of option exposures, strike prices and expiration dates is based on a variety of factors including fundamentals, implied volatility and option skew. The strategy's fixed income collateral portfolio emphasizes liquidity and adheres to a tiered risk framework aimed at limiting duration and credit risks. The collateral portfolio typically holds a combination of cash & equivalents, fixed income ETFs, closed end funds, and individual bonds.

<u>Synthetic Income I</u>
The Synthetic Income I strategy seeks to achieve a targeted moderate yield of 6% generated from a combination of put option premiums and collateral interests, while at the same time aiming to limit market value variability. The principal investment strategy is a collateralized equity put writing which is implemented by consistently selling listed equity put options on a diversified basket of securities. We primarily write out-of-the-money, longer-dated exchange-traded put options on a basket of liquid, large-cap companies, as well as on indexes and exchange-traded funds (ETFs). The fixed income collateral portfolio emphasizes liquidity and diversification across a basket of closed-end and open-end bond funds.

<u>Synthetic Income II</u>
The Synthetic Income II strategy seeks to achieve a targeted moderate yield of 8% generated from a combination of put option premiums and collateral interests, while at the same time aiming to limit market value variability. The principal investment strategy is a collateralized equity put writing which is implemented by consistently selling listed equity put options on a diversified basket of securities. We primarily write out-of-the-money, longer-dated

exchange-traded put options on a basket of liquid, large-cap companies, as well as on indexes and exchange-traded funds (ETFs). The fixed income collateral portfolio emphasizes liquidity and diversification across a basket of closed-end and open-end bond funds.

Private Client Investment Minimums:
Global Index Premium Total Return = $2,500,000
Global Index Premium Income = $2,500,000
Synthetic Income I = $1,000,000
Synthetic Income II = $1,000,000

Fees

Fees vary based on the particular type of investment strategy and whether the account is a private client account or an institutional account.

Private Client Accounts:

Global Index Premium Income

First $5 million	= 1.00%
Next $20 million	= 0.75%
Next $25 million	= 0.70%
Next $50 million	= 0.65%
Over $100 million	= 0.60%

Global Index Premium Total Return

First $5 million	= 1.00%
Next $20 million	= 0.75%
Next $25 million	= 0.70%
Next $50 million	= 0.65%
Over $100 million	= 0.60%

Synthetic Income I
0.50%

Synthetic Income II
0.50%

Institutional Accounts:

Global Index Premium Income

First $25 million	= 0.75%
Next $75 million	= 0.60%
Over $100 million	= 0.50%

Global Index Premium Total Return

First $25 million	= 0.75%
Next $75 million	= 0.60%
Over $100 million	= 0.50%

Research Reports

The Firm now issues eight reports with the addition of the following report:

The Special Situations Report
Covers select event-driven opportunities globally and may include investments in equity, fixed income and derivative securities associated with those companies involved in transactions such as carve-outs, partial share distributions, share exchanges, recapitalizations, rights offerings, mergers and acquisitions and other transformative

corporate actions.

The Firm will update this Brochure at least annually, or sooner, as required to ensure the material accuracy of the information contained herein. The Firm will provide a copy of this Brochure upon request, and as required by applicable law. To the extent a summary of material changes to this Brochure is provided, the summary will include an offer to provide a full Brochure upon request.

Whenever you would like to receive a copy of our Firm Brochure, please contact us at (646) 291-2300 or by email at compliance@horizonkinetics.com; or you may also download a copy of it from the SEC's website: www.adviserinfo.sec.gov.

Item 3 Table of Contents

Item 4 Advisory Business

Horizon, which is a wholly-owned subsidiary of Horizon Kinetics LLC ("Horizon Kinetics"), manages separately managed accounts, mutual funds, and private funds for institutional and private wealth clients. Horizon Kinetics is owned, directly or indirectly, by the former shareholders of Horizon and Kinetics Asset Management LLC ("KAM") and their affiliated companies. No one shareholder owns more than 25% of Horizon Kinetics, and Horizon does not have any publicly held intermediate subsidiaries. Horizon's investment strategies leverage its proprietary research, which emanates from a consistent investment philosophy and process.

Since Horizon's founding, we have had consistency in our investment teams, supported by stability in our organization. Murray Stahl, Steven Bregman, and Peter Doyle comprise Horizon's Investment Oversight Committee ("IOC") which is responsible for the Firm's investment philosophy and process. The Firm's research team works closely together under the direction of the Investment Oversight Committee.

Prior to the formation of Horizon Kinetics in May 2011, Horizon, KAM, and Kinetics Advisers, LLC ("KA") operated as independent companies. Horizon was founded in 1994 by Murray Stahl, Steven Bregman, Peter Doyle, Tom Ewing and John Meditz. KAM was founded in 1996 by Peter Doyle, Lawrence Doyle, and Leonid Polyakov, and in 2000, KA was founded by the same group.

Horizon's research team has been publishing research continuously since the early days of the Firm, and currently produces eight research reports. These research reports are purchased by a number of institutional clients and high net worth individuals. Certain reports are also available to the public on the Firm's website. These publications tend to focus on companies in transition, either in actuality or in investor perception. Our expertise is best demonstrated in the analysis of a company that has undergone or is undergoing a significant change in its capital structure and where the institutional analysts can no longer evaluate these companies through their traditional models. Horizon believes that writing research is a key component of our investment philosophy and process. Please see Item 8, "Methods of Analysis, Investment Strategies and Risk of Loss" for a more detailed description of each of these research reports.

Horizon offers equity, fixed income and alternative investment products that are designed for institutional and high net worth clients. Horizon's separate account strategies are available (depending on strategy) either directly from the Firm or through an intermediary such as a wrap fee or dual contract program sponsor. These wrap fee/dual contract programs are available and managed in the same manner, and by the same portfolio manager(s) as direct separate accounts (e.g., no intermediary). The wrap/dual contract sponsor is typically responsible for client communication and administrative services and pays Horizon a portion of the wrap fee, which is based on assets under management. Horizon also acts as investment manager or sub-adviser to registered investment companies and unregistered, onshore and offshore private investment funds. In addition, Horizon and/or its related entities serve as the General Partner of several private investment funds. On a limited basis, Horizon also provides other investment advisory services such as asset allocation solutions, investment consulting, investment and investment policy monitoring, non-discretionary investment management and advice relating to current and future investments. Clients retain discretion over all assets under consulting arrangements, and are responsible for implementing or declining to implement any consulting services or advice provided by Horizon.

Customized investment management services are based on client-specific criteria, including, but not limited to client objectives, organizational structure, risk assessment, liquidity and cash flow, income needs, sources of funds to meet obligations, general economic conditions, regulatory requirements and/or restrictions, and social and other preferences relating to the account's investment guidelines. Placing investment restrictions on a separately managed account or on investment advice in general may adversely affect the Firm's ability to implement its investment strategy and to generate the returns the Firm might otherwise have been able to produce if the investment restrictions were not imposed on the account. Horizon makes no representation regarding the likelihood or probability that any proposed investment will in fact achieve a particular goal. Each client must carefully consider the appropriateness of the proposed investments in light of the client's own personal financial circumstances, including cash flow needs, unusual tax circumstances or other complex or subjective concerns. Clients are urged to seek the advice of tax professionals and to use all available resources to educate themselves about investments in general, as well as the investments made by Horizon.

Assets under Management

As of February 28, 2013, client assets managed by Horizon totaled $4,459 million, all of which were discretionary assets. KAM and KA, affiliates of the Firm and further described under Section 10 of this Brochure, had discretionary investment authority for approximately $3,199 million and $135 million in assets under management as of February 28, 2013, respectively.

The Firm's management of client assets is made considering potential tax consequences, but the Firm does not manage assets with regard for each underlying investor's specific tax objectives. Investors are responsible for any tax liabilities resulting from transactions (including any arising from, the addition of assets to, or withdrawal of assets from the investor's capital account). Horizon makes no representation regarding the likelihood or probability that any proposed investment will in fact achieve a particular investment goal. Each client must carefully consider the appropriateness of the proposed investments in light of the client's own personal financial circumstances, including cash flow needs, unusual tax circumstances or other concerns. Clients are urged to seek the advice of tax professionals and to use all available resources to educate themselves about investments in general, as well as the investments made by Horizon.

Item 5 Fees and Compensation

Horizon's advisory fee schedules, which distinguish between private clients and institutional accounts and generally only apply to direct accounts, are set forth below. Institutional accounts are generally defined as those that invest a minimum of $5 million into an individual strategy. Fees for client accounts are based on the market value of the assets under management in accordance with the following schedules.

Private Client Accounts:

Equity and High Yield Strategies
First $5 million = 1.00%
Next $5 million = 0.95%
Next $15 million = 0.85%
Over $25 million = 0.75%

Fixed Income Strategies
First $1 million = 0.60%
Next $4 million = 0.50%
Next $5 million = 0.375%
Over $10 million = 0.25%

Fixed Income Opportunity Strategy
First $5 million = 0.75%
Next $5 million = 0.60%
Over $10 million = 0.50%

Global Index Premium Income and Global Index Premium Total Return Strategies
First $5 million = 1.00%
Next $20 million = 0.75%
Next $25 million = 0.70%
Next $50 million = 0.65%
Over $100 million = 0.60%

Synthetic Income I , Synthetic Income II, and Wealth Strategies
0.50%

Institutional Accounts:

Asia Strategy
First $25 million = 1.00%
Anything over $25 million = 0.75%

Core Value, Large Cap and Global Large Cap Value Strategies
First $5 million = 1.00%
Next $5 million = 0.75%
Next $15 million = 0.60%
Next $25 million = 0.50%
Over $50 million = 0.45%

Research Select, Strategic Value and Spin Off Strategies
First $5 million = 1.00%
Next $5 million = 0.85%
Next $15 million = 0.75%
Next $25 million = 0.65%
Over $50 million = 0.60%

Small Cap Strategy
First $5 million = 1.00%
Next $5 million = 0.90%
Next $15 million = 0.80%
Over $25 million = 0.70%

Wealth Strategy
0.50%

Global Index Premium Income and Global Index Premium Total Return Strategies
First $25 million = 0.75%
Next $75 million = 0.60%
Over $100 million = 0.50%

High Yield Opportunity Strategy
First $25 million = 0.75%
Over $25 million = 0.50%

Private Fund Fees

With respect to private investment funds ("Funds"), Horizon receives fees as set forth in each of the Funds' respective confidential Private Placement Memoranda which consist of a management fee and, as applicable, an incentive fee or performance-based fee. Management fees are based on a per annum percentage of underlying assets. Incentive fees are based on a share of capital gains on or capital appreciation of, the assets of a client. These incentive fees are generally subject to a "high water mark." Any such incentive fees will comply with the applicable requirements of the Advisers Act and specifically Section 205-3 thereof (otherwise referred to as the "Performance Fee Rule"). Some Fund investors, including employees of Horizon, may negotiate or be entitled to terms and conditions that differ from those of other Fund investors, with respect to fees and other provisions. Private investment funds are not appropriate for all investors. Eligible prospective investors and current investors may refer to each of the Fund's confidential Private Placement Memoranda for a complete list of risks, expenses, and other important information.

Mutual Fund and UCITS Fund Sub-Advisory Fees

Mutual fund sub-advisory fees vary by fund and are described in each such Fund's Prospectus and Statement of Additional Information. UCITS fund sub-advisory fees are described in each such Fund's respective Prospectus.

Research Reports

Horizon's research reports are available through a third-party, independent distributor. Fees and subscription terms for research reports are negotiated through the distributor. Horizon is paid a percentage of the fees received by the distributor.

Account Minimums

The Firm reserves the right to negotiate minimum account size, dependent upon various factors, including, but not limited to, the scope of the advisory services provided, economies of scale, the expectation of future assets, and any historic relationship with Horizon. The minimum account size for institutional accounts is generally $5,000,000.

The standard minimum account size for private client separate accounts is as follows:
Minimum account size of $100,000
Fixed Income Strategies

Minimum account size of $500,000
Equity and High Yield Strategies
Minimum account size of $1,000,000

Synthetic Income I
Synthetic Income II

Minimum account size of $2,500,000
Global Index Premium Total Return
Global Index Premium Income

For certain kinds of DVP (delivery vs. payment) arrangements, higher minimums may apply. Additionally, please refer to each of the Private Fund's confidential Private Placement Memoranda and the UCITS' prospectus for information on their respective account minimums.

Negotiability of Fees

Fees may be negotiated and a client may pay more or less than similar clients depending on various factors, including, but not limited to, account size, historic relationship with Horizon, the potential for future business prospects, the scope and complexity of the advisory services provided (e.g. service level and reporting requirements). The Firm reserves the right to negotiate different fees with clients, which may be higher or lower than those reflected below. Certain investors, including employees or owners of the Firm, may negotiate lower fees or be entitled to different terms and conditions than those of other investors. Fee minimums may apply.

Payment of Fees

Fees may be assessed either monthly or quarterly (the "accounting period"), using a 365-day calendar, and either in advance or in arrears, in accordance with the terms of the offering memorandum, client's investment management agreement and/or the practices of the sponsor program servicing the client account. Typically, clients authorize the deduction of fees from their accounts; however, certain clients may choose to be billed directly.

Fees are generally calculated based on the period-end market value of all assets in the client account, including securities, cash and cash equivalents, which are valued using third-party pricing services and from time to time fair market value, in accordance with Horizon's written pricing policies and procedures when prices are not available from third-party sources or where Horizon reasonably believes third-party prices are incorrect. For accounts that are not active for a full billing period, fees are prorated based on the number of days within an accounting period that the account was open. Clients with a portion of their account assets invested in KMF, a series of U.S. investment companies registered under the Investment Company Act that are managed by KAM, an affiliate of Horizon that is wholly owned by Horizon Kinetics, will not be charged an investment management fee by Horizon on the portion of their account invested in KMF. However, accounts that hold KMF will incur the costs related to being a shareholder in such funds, including management fees, administrative fees, and other similar fees as described in the KMF prospectus, a copy of which can be accessed here: www.kineticsfunds.com. The annual total net expense ratio for a particular mutual fund may be higher or lower than the management fee Horizon charges for an investment account.

Prepayment of Fees

Clients may pay investment management fees in advance; however, Horizon does not require prepayment of advisory fees. If a Client has paid fees in advance, upon termination, Horizon will remit to the Client the remaining prorated portion of any prepaid fees.

Additional Fees and Expenses

In addition to Horizon's investment management fees, client accounts are subject to fees or expenses charged by, and paid directly to, third parties including broker-dealers and/or custodian banks, whether or not securities are being purchased, sold or held in client accounts. Horizon does not receive, directly or indirectly, any of these fees charged to client accounts. They are paid to broker-dealers, custodians, mutual funds or other financial institutions that are responsible for holding or transacting in securities held in client accounts. These fees include, but are not limited to: brokerage commissions, transaction fees, exchange fees, SEC fees, advisory fees and administrative fees charged by mutual fund companies and exchange-traded funds ("ETFs"), custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund processing fees, and commissions or mark-ups/mark-downs on security transactions. Custodial fees are negotiated between the client and the respective custodian. Horizon does not recommend custodians to its clients, nor is Horizon involved in the negotiation of custodian relationships.

Supervised persons of the Firm (defined as any officers, partners, directors or other persons occupying a similar status or performing similar functions, or employee, or other person who provides investment advice on the Firm's behalf and is subject to the Firm's supervision and control) are not compensated on the sale of securities or other investment products; however, as noted in Item 10 of this Brochure, "Other Financial Industry Activities and Affiliations", KBD Securities, LLC ("KBD"), an affiliated broker-dealer that is wholly owned by Horizon Kinetics, is registered with the SEC, is a member of the Financial Industry Regulatory Authority ("FINRA"), and has a contractual arrangement with Horizon for the payment of fees for the referral of investors to the Firm. Additionally, the Firm has contractual agreements with other third-party marketers as further described in Item 10 of this Brochure, "Other Financial Industry Activities and Affiliations". Any fees paid to KBD, other third-party marketers, or Horizon sales and marketing employees are paid directly by the Firm and are not paid by clients. The fees paid by Horizon to these parties are based on a percentage of the annual investment management fees paid to Horizon. In order to alleviate potential conflicts of interest from this arrangement, Horizon does not compensate KBD or Horizon employees on incentive fees paid by clients; rather, such compensation is based solely on the stated investment management fee paid. This practice reduces the incentive to recommend products which may not be suitable for prospective clients. Additionally, prior to taking on a new account, a New Account Checklist is completed, which outlines the client's strategy, financial condition and level of financial sophistication. Using this checklist, new clients are reviewed and approved by Horizon's Chief Compliance Officer ("CCO") to ensure that clients invest only in suitable products based on their needs and objectives.

Item 6 *Performance-Based Fees* and Side-By-Side Management

Performance-based fee arrangements may create an incentive for Horizon to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Horizon has implemented procedures designed to ensure that all clients are treated fairly, and to prevent this conflict from influencing the allocation of investment opportunities among clients. To mitigate such conflicts of interest or potential conflicts of interest, Horizon has established policies and procedures, including a Code of Ethics (the “Code”) and Trade Aggregation and Allocation Policy (“TAAP”), further described in this Brochure under Item 12, “Brokerage Practices.” The CCO is responsible for implementing the Code and TAAP, which are reasonably designed to monitor, detect and prevent such conflicts of interest.

Only certain sophisticated clients that meet minimum net worth and financial standards are permitted to invest in products that charge incentive fees. Incentive fee-based products also employ more complex investment strategies that are not appropriate for all investors.

Item 7 Types of *Clients*

Horizon provides investment advice to a wide variety of clients, including but not limited to pension and profit sharing plans, Taft-Hartley plans, public funds, endowments and foundations, supranational entities, government-sponsored entities, educational and healthcare facilities and other corporate entities, as well as to high net worth clients through dual-contract and wrap fee programs. In addition, Horizon provides investment advisory services to the following types of clients (collectively, the "Funds"):

1. A series of investment companies registered under the Investment Company Act for which Horizon serves as sub-adviser ("mutual funds");

2. A registered investment company for which Horizon serves as sub-adviser that seeks to track the performance of an index that is designed, monitored, and updated by Horizon Kinetics.

3. Private funds incorporated in the State of Delaware as limited partnerships;

4. Private funds incorporated in the Cayman Islands. (The private funds incorporated in Delaware and private funds incorporated in the Cayman Islands are referred to collectively as the "Private Funds");

5. A UCITS fund authorized and regulated in Ireland by the Central Bank for which Horizon serves as sub-adviser; and

5\. A collective trust organized under Section 402(a) of the Employee Retirement Income Security Act of 1974 ("ERISA").

Investors in the Funds are required to adhere to the criteria established in the applicable offering memorandum, prospectus, or similar offering document or investment management agreement for purposes of maintaining an account with the Firm. Private Fund minimum account sizes are generally $1,000,000; however, the Firm may allow a lesser amount in its sole discretion. Notwithstanding the minimum account sizes referenced under Section 5 (Fees and Compensation), the requirements for opening and maintaining a mutual fund account or certain other separate accounts vary based on each portfolio's or account's applicable prospectus or investment management agreement. All such minimum investment size requirements listed herein vary and may be negotiated on a case-by-case basis.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Material, Significant, or Unusual Risks Relating to Investment Strategies

Horizon authors research reports to which numerous clients subscribe. Potential conflicts of interest may exist vis-à-vis research performed on securities in which Horizon may invest for its clients and in which Horizon employees may invest individually. The securities that are the subject of Horizon's research reports and those securities in which Horizon invests for its clients may overlap. Because these situations may represent a potential conflict of interest, the Firm has adopted restrictive policies and procedures to detect and mitigate or prevent potential conflicts of interest. These policies and procedures may include, but are not limited to, a restriction on trading in certain securities while the research reports of the Firm are being composed and until after such reports have been published and made available to subscribers. These restrictions on trading may adversely affect Horizon's ability to implement its investment strategy. For instance, Horizon may be delayed in purchasing a security at a lower price during such blackout period and may not be able to sell a security as quickly as it might have if such restriction were not in effect.

Risks Associated With Particular Types of Securities

Investing in securities involves risk of loss that clients should be prepared to bear. All investments risk the loss of invested capital and the performance of investments is not guaranteed.

Certain investment techniques, such as short sales, synthetic short sales, investments in illiquid investments and limited diversification, in some circumstances, may create heightened risks. Short selling the securities of an issuer may subject clients to unlimited loss. Additionally, short selling is subject to certain restrictions imposed by various national and regional securities exchanges, which restrictions could have a negative impact on the Firm's clients. Synthetic short selling, the practice of purchasing a security normally a candidate for a short sale and simultaneously selling "call" options and purchasing "put" options on the same underlying security, may also present increased risks of loss. At times the markets for some securities, including securities chosen by the Firm, may have or develop limited liquidity and depth. This lack of depth could be a disadvantage to the Firm's clients both in the realization of the prices, which are quoted, and the execution of orders at desired prices. The lack of liquidity could be a disadvantage to the Firm's clients as well, both in the realization of the prices that are quoted and the execution or orders at prices the Firm desires. The Firm may invest an account in such a way that it is relatively concentrated in certain positions. A portfolio with fewer positions could be expected to have greater volatility from individual security price changes than would a portfolio holding a larger number of positions.

The Firm may also choose to invest in smaller or medium sized capitalization companies of a less seasoned nature than large capitalization companies. As smaller and medium sized companies may face significant factors preventing them from competing against larger, better known companies, investments in "small cap" or "mid cap" securities often involve significantly greater risks than investments in larger capitalization companies.

The Firm may invest in options, which present unique risks. Should interest rates or exchange rates or the prices of securities or financial indices move in an unexpected or unanticipated manner, the Firm's clients may not achieve the desired benefit of the options and derivatives and may realize a loss. Such strategies may subject clients to greater fluctuations in value than an investment in the underlying securities.

The Firm may manage certain accounts with borrowed money to purchase securities, otherwise known as using leverage or borrowing on margin. Although such practice may allow for greater capital appreciation, it also increases the client's exposure to capital risk and higher current expenses. Moreover, if the assets under management are insufficient to pay the principal of, and interest on, the debt when due, the clients could sustain a total loss of their investment. Additionally, when the Firm purchases securities on margin, because the Firm has only paid for a portion of the instrument's face value and has borrowed the remainder, a relatively small price movement may result in substantial losses. Trading on margin will also result in interest charges.

The Firm is registered and regulated by a variety of federal, regional and state regulators, including the SEC. Registered investment advisers are subject to extensive regulation, including the requirements imposed by the Investment Advisers Act of 1940, as amended (the "Advisers Act"). To the extent the Firm's registration is suspended, cancelled or otherwise revoked, its clients may be adversely affected. In addition, the Firm manages certain private funds that are not registered as investment companies under the Investment Company Act of 1940, as amended (the "Investment Company Act") or any other similar state laws. Registered investment companies are subject to extensive regulation. Investors, therefore, will not be accorded the protective measures provided by such regulation.

As always, past performance of any of the Firm's investment products does not represent or guarantee future results. The success of any investment activity is influenced by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the markets for both equity and interest rate sensitive securities. Unexpected volatility or illiquidity in the markets in which the Firm directly or indirectly holds positions could impair the Firm's ability to carry out its business and could cause losses to its clients.

Investment Philosophy and Process

Horizon's investment philosophy has been refined and reinforced since the Firm was founded in 1994. Its fundamental investment approach attempts to capitalize on the overwhelming desire investors have to achieve short-term results. Horizon believes long-term price inefficiencies can be created by the collective, short-term focus of the markets. Events that may occur 3-5 years in the future have little utility to the average portfolio manager. Horizon seeks to identify the resulting long-term pricing anomalies and exploit them to generate returns through our independent, time-tested research process. The Firm's absolute return mindset typically generates concentrated portfolios that do not attempt to track or mimic any index or benchmark.

Horizon believes that successful investing requires integrating the qualitative aspects of the social sciences with the logical reasoning and abstraction of mathematics and the physical sciences. Horizon seeks companies trading at a discount to our estimate of intrinsic value. Horizon's investment research is a key component of its philosophy and process, which is consistent, systemic, and repeatable.

Specifically, the process entails:

- Idea generation – bad/good news, low valuation, corporate restructurings, contrarian view, business model analysis and global and capital structure agnostic;
- Active research – qualitative focus, quantitative value check and written reports;
- Portfolio construction – flexible execution, thematic concentration, co-dependency check, managed self-ordered criticality and cash as a by-product;
- Sell discipline – fundamentals deteriorate, business model changes, investment expectation met, more attractive opportunity identified and margin of safety erodes and
- Risk management and monitoring – functional diversification, reference initial thesis, qualitative progress review and quantitative value check.

Horizon is generally focused on low turnover, low transaction, and low friction (avoiding unnecessary trading activity) returns. As such, Horizon generally does not actively re-balance accounts back to a model. Variance of holdings among client accounts managed under a certain investment strategy often results from the timing of security purchases or sales, cash holdings, client restrictions and as a function of inception date. Accordingly, performance dispersion among individual accounts within the same or similar strategies is expected and can be material, particularly over shorter periods of time.

Equity Strategies

<u>Asia</u>
The Asia strategy seeks positive above market long-term returns by investing primarily in a focused portfolio of common stocks of Asian issuers. The strategy does not seek to track or compare itself to any particular equity benchmark. The strategy seeks exposure to faster growing businesses within the developing economies of Asia, and the majority of its exposure lies within common or preferred equity or convertible bonds in companies domiciled in Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea, Taiwan,

Thailand and Vietnam. The strategy favors investing in companies that conduct their business in local currency (e.g. airports, local insurance, toll roads) and whose revenue streams typically have less exposure to foreign unit demand.

Core Value

The Core Value strategy seeks positive above market long-term returns by investing primarily in a focused portfolio of common stocks of global issuers. The strategy does not seek to track or compare itself to any particular equity benchmark. The strategy seeks to invest in companies that have long product life cycles and insulated business models that are trading below our estimate of intrinsic fair value. Particular focus is on companies that have the ability to generate high and sustainable returns on invested capital, leading to the long-term compounding of book value. The strategy seeks to avoid short-term investing and significant portfolio turnover.

Global Large Cap Value

The Global Large Cap Value strategy seeks positive above market long-term returns by investing primarily in a focused portfolio of common stocks with a focus on global issuers. The strategy does not seek to track or compare itself to any particular equity benchmark. Successful long-term value investing is conducted through the identification of companies that have the ability to generate high and sustainable returns on invested capital. Insuch a scenario, patience is required and rewarded when the phenomenon of a compounding book value translates into stock price appreciation over time. The strategy seeks to avoid short-term investing and significant portfolio turnover. The average market capitalization of large cap companies is approximately $30 billion.

Large Cap

The Large Cap strategy seeks positive above market long-term returns by investing primarily in a focused portfolio of common stocks of global issuers. The strategy does not seek to track or compare itself to any particular equity benchmark. The strategy seeks to invest in companies that have long product life cycles and insulated business models, trading below intrinsic fair value. Particular focus is on larger capitalization companies that have the ability to generate high and sustainable returns on invested capital, leading to a long-term compounding of book value. The strategy seeks to avoid short-term investing and significant portfolio turnover.

Research Select

The Research Select strategy seeks positive above market long-term returns by investing primarily in afocused portfolio of common stocks of global issuers not limited by market capitalization or industry. The strategy does not seek to track or compare itself to any particular equity benchmark. The strategy seeks to capitalize on Horizon's extensive research capabilities, by utilizing a wide variety of investments often structurally overlooked by conventional analysis. Particular focus is on catalyst-driven and event-driven opportunities, distressed securities, hidden assets and companies undergoing restructurings. The strategy seeks to avoid short-term investing and significant portfolio turnover.

Small Cap

The Small Cap strategy seeks positive above market long-term returns by investing primarily in a focused portfolio of common stocks of global issuers. The strategy does not seek to track or compare itself to any particular equity benchmark. The strategy invests in small companies that possess the ability to generate high, sustainable returns on invested capital. Generally, Horizon invests in such companies when they are trading as a discount to Horizon's estimates of their intrinsic fair value. Particular focus is on smaller capitalization companies that have the ability to generate high and sustainable returns on invested capital, leading to a long-term compounding of book value. The strategy seeks to avoid short-term investing and significant portfolio turnover. The average market capitalization of small cap companies is approximately $3 billion.

Spin-Off

The Spin-Off strategy seeks positive above market long-term returns by investing primarily in a focused portfolio of common stocks of global issuers not limited by market capitalization or industry. The strategy does not seek to track or compare itself to any particular equity benchmark. The strategy seeks to capitalize on Horizon's extensive research to identify inefficiencies in pricing of companies that are at a transitory point in their business cycle. Particular focus is on spin-offs, carve-outs and other forms of corporate restructurings. The strategy seeks to avoid short-term investing and significant portfolio turnover.

Strategic Value
The Strategic Value strategy seeks positive above market long-term returns by investing primarily in a focused portfolio of common stocks of global issuers not limited by market capitalization or industry. The strategy does not seek to track or compare itself to any particular equity benchmark. Successful long-term value investing is achieved through the identification of companies that have the ability to generate high and sustainable returns on invested capital. In such a scenario, patience is required and rewarded when the phenomenon of a compounding book value translates into stock price appreciation over time. The strategy seeks to avoid short-term investing and significant portfolio turnover.

Wealth Strategy
The Wealth Strategy seeks to track the performance of the Horizon Kinetics ISE Wealth Index ("Wealth Index") by buying and selling all or a representative sample of the securities in the Wealth Index. The Wealth Index measures the investment return for predominantly U.S.-based publicly-held companies that are controlled by a wealthy individual who has substantial decision making authority. A wealthy individual is defined as a person whose level of personal assets generally exceeds $1 billion. The Wealth Index is calculated and maintained by Standard & Poor's based on a methodology developed by Horizon Kinetics and the International Securities Exchange, and is calculated on a price and total return basis.

Global Index Premium Total Return
The Global Index Premium Total Return strategy seeks to monetize market volatility and generate an attractive long-term total return derived from the collection of option premiums and bond income. Cash flows accumulated from the persistent collection of equity option premiums and bond income reduce losses during market declines, resulting in a lower expected return volatility and a potential for higher risk-adjusted returns over time. The portfolio's principal investment strategy is collateralized equity put writing (puts are written at levels close to in-the-money) which is implemented across a diversified set of market indexes and exchange-traded funds ("ETFs"). The strategy's option portfolio exposures are generally consistent with a global equity allocation including developed and emerging markets. Subject to limits, the strategy may opportunistically sell options on narrowly focused indexes and ETFs or single stocks. The selection of option exposures, strike prices and expiration dates is based on a variety of factors including fundamentals, implied volatility and option skew. The strategy's fixed income collateral portfolio emphasizes liquidity and adheres to a tiered risk framework aimed at limiting duration and credit risks. The collateral portfolio typically holds a combination of cash & equivalents, fixed income ETFs, closed end funds and single issue bonds.

Global Index Premium Income
The Global Index Premium Income strategy seeks to monetize market volatility and generate an attractive long-term total return derived from the collection of option premiums and bond income. Cash flows accumulated from the persistent collection of equity option premiums and bond income reduce losses during market declines, resulting in a lower expected return volatility and a potential for higher risk-adjusted returns over time. The portfolio's principal investment strategy is collateralized equity put writing (puts are written at levels out-of-the-money) which is implemented across a diversified set of market indexes and exchange-traded funds ("ETFs"). The strategy's option portfolio exposures are generally consistent with a global equity allocation including developed and emerging markets. Subject to limits, the strategy may opportunistically sell options on narrowly focused indexes and ETFs or single stocks. The selection of option exposures, strike prices and expiration dates is based on a variety of factors including fundamentals, implied volatility and option skew. The strategy's fixed income collateral portfolio emphasizes liquidity and adheres to a tiered risk framework aimed at limiting duration and credit risks. The collateral portfolio typically holds a combination of cash & equivalents, fixed income ETFs, closed end funds and single issue bonds.

Synthetic Income I
The Synthetic Income I strategy seeks to achieve a targeted moderate yield of 6% generated from a combination of put option premiums and collateral interests, while at the same time aiming to limit market value variability. The principal investment strategy is collateralized equity put writing which is implemented by consistently selling listed equity put options on a diversified basket of securities. We primarily write out-of-the-money, longer-dated exchange-traded put options on a basket of liquid, large-cap companies, as well as on indexes and exchange-traded funds (ETFs). The fixed income collateral portfolio emphasizes liquidity and diversification across a basket of closed-end and open-end bond funds.

Synthetic Income II

The Synthetic Income II strategy seeks to achieve a targeted moderate yield of 8% generated from a combination of put option premiums and collateral interests, while at the same time aiming to limit market value variability. The principal investment strategy is collateralized equity put writing which is implemented by consistently selling listed equity put options on a diversified basket of securities. We primarily write out-of-the-money, longer-dated exchange-traded put options on a basket of liquid, large-cap companies, as well as on indexes and exchange-traded funds (ETFs). The fixed income collateral portfolio emphasizes liquidity and diversification across a basket of closed-end and open-end bond funds.

Fixed Income Strategies

Fixed Income Opportunity

The Fixed Income Opportunity strategy seeks positive above market long-term returns by investing primarily in a diversified portfolio of fixed income investments. The strategy does not seek to track or compare itself to any particular fixed income benchmark. The strategy seeks diversified exposure to fixed income investments through the use of closed-end funds and ETFs. Such structured investments allow portfolios to be diversified across credit, issuer and geographic sectors, as well as time, while avoiding the liquidity constraints of traditional fixed income investments. In addition, the increased volatility of fixed income markets can result in pricing inefficiencies that the strategy may seek to exploit.

High Yield Opportunity

The High Yield Opportunity strategy seeks positive above market long-term returns by investing primarily in a focused portfolio of high yielding investments. The strategy does not seek to track or compare itself to any particular fixed income benchmark. The strategy seeks to capitalize on Horizon's extensive research capabilities by investing in all aspects of a company's capital structure to seek equity-like returns. The strategy focuses on investments in distressed corporate debt, preferred stock and convertible bonds.

Research Reports

Horizon believes that writing research is a key component of our investment philosophy and process. Accordingly, Horizon authors a number of research reports:

The Contrarian Research Report (established April 1995)

Describes out-of-favor, turnaround, restructuring or distressed situations with sufficiently discounted valuations as to provide an asymmetrically favorable risk/return profile.

The Fixed Income Contrarian Report (established October 2000)

Seeks to identify convertible or debt securities with an asymmetric return profile - those that provide an equity level return in the positive case, but with limited expected risk of loss in the negative case, as well as selected arbitrage opportunities.

The Devil's Advocate Report (established August 2000)

Provides short-sale recommendations on highly-visible, large-capitalization, widely-held stocks.

The Spin-Off Report (established February 1996)

Provides in-depth, fundamental analysis of all domestic tax-free spin-offs. These securities generally result from large companies divesting small subsidiaries in a way that bypasses traditional Wall Street coverage, often resulting in discounted valuations.

The Global Contrarian Research Report (established April 2008)

Seeks to identify companies primarily in Asia and Western Europe with earnings dependent upon their local economies, rather than the U.S. market, as these types of companies offer genuine international diversification.

The Global Spin-Off Report (established March 2010)

Provides in-depth fundamental analysis of international, tax-free spin-offs. These securities generally result from large companies divesting small subsidiaries in a way that bypasses traditional Wall Street coverage, often resulting in systematically discounted valuations.

The Stahl Report (established March 2004)
Recommends undervalued or misunderstood opportunities in large-capitalization equities for which it is likely that asymmetrically attractive risk/reward outcomes can be realized.

The Special Situations Report (established May 2012)
Covers select event-driven opportunities globally and may include investments in equity, fixed income and derivative securities associated with those companies involved in transactions such as carve-outs, partial share distributions, share exchanges, recapitalizations, rights offerings, mergers and acquisitions and other transformative corporate actions.

Item 9 Disciplinary Information

There are no legal or disciplinary events to report.

Item 10 - Other Financial Industry Activities and Affiliations

Broker-Dealer Registration Status

A number of Horizon's employees maintain securities licenses with FINRA under KBD and Kinetics Funds Distributor LLC ("KFD"), which are affiliated broker-dealers registered with the SEC and members of FINRA, and wholly owned subsidiaries of Horizon Kinetics. The broker-dealers do not accept client money, maintain custody of client assets, execute trades, provide clearing services or engage in proprietary trading. KBD serves to support the promotion and sales by wholesalers of the investment products managed by KAM, KA and Horizon. KFD serves as the principal underwriter and distributor to Kinetics Mutual Funds, Inc. ("KMF"), a series of U.S. investment companies registered under the Investment Company Act that are managed by KAM. KMF is not affiliated with Horizon Kinetics or any of its subsidiaries.

Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

Neither Horizon nor any of its management persons are registered as a futures commission merchant commodity pool operator, or commodity trading adviser.

Material Advisory Relationships

In addition to the relationships with KBD and KFD described above, one or more of Horizon's management persons (defined as anyone with the power to execute, directly or indirectly, a controlling influence over the Firm's management or policies, or to determine the general investment advice given to the clients of the Firm) have relationships or arrangements that may be material to the Firm's advisory business or to the Firm's clients. This includes relationships with broker-dealers, investment advisers, pooled investment vehicles and investment companies. Specifically, the Firm or its management persons have relationships with the following entities:

- Kinetics Advisers, LLC ("KA"), an affiliated SEC-registered investment adviser that has discretionary investment authority over certain U.S. and Cayman Island-based private funds and separately managed accounts.

- Kinetics Funds Distributor LLC ("KFD"), an affiliated SEC-registered broker-dealer and member of FINRA that serves as the principal underwriter and distributor for KMF.

- Kinetics Mutual Funds, Inc. ("KMF"), a series of U.S. investment companies registered with the SEC that are managed by Kinetics Asset Management LLC ("KAM"), an affiliated SEC-registered investment adviser, has discretionary investment authority over KMF and separately managed retail and institutional accounts; KAM also serves as sub-adviser to UCITS funds registered in the European Union. The Firm also has a contractual relationship with KAM for investment research, but no fees are paid to Horizon.

- KBD Securities, LLC ("KBD"), an affiliated SEC-registered broker-dealer and member of FINRA that serves to support the promotion and sales by wholesalers of the investment products managed by KA, KAM, and the Firm, which include KMFs, separately managed accounts, and Private Funds.

- The UOB Funds (including the UOB Paradigm Fund, UOB US Equity Fund, and UOB Global Opportunities Fund), unaffiliated UCITS funds registered in the European Union which are managed by UOB Global Capital (Dublin) Ltd., and are sub-advised by KAM.

- FRMO Corp., a publicly traded corporation that is partially owned by certain management persons of Horizon, KAM, and KA.

- MSRH, LLC, an unaffiliated exempt reporting adviser that is owned, in part, by Murray Stahl, the

Chairman and CIO of Horizon Kinetics LLC, and which serves as investment manager and general partner to one U.S. private fund.

- The Firm also retains a passive minority interest through an investment in Emerging Global Advisors, LLC (“EGA”), an unaffiliated, independent SEC-registered investment adviser. EGA sponsors certain emerging-market, sector-based, passively-managed exchange-traded funds (“ETFs”).

Additionally, from time to time, Horizon enters into arrangements with affiliated and unaffiliated third parties, including KBD, for their assistance in referring business to the Firm. Horizon may pay cash compensation to these third parties, where such compensation is based on a specified percentage of the investment management fees received by Horizon from accounts obtained through the third party. Such third parties generally include marketers, broker-dealers and consultants. Persons who become clients of Horizon through these arrangements do not pay an additional fee because of Horizon’s agreement with the third party. Any such arrangements will comply with Rule 206(4)-3 of the Advisers Act.

Material Conflicts of Interest Relating to Other Investment Advisers

Horizon provides companies, including its affiliates, with research through a written agreement. Horizon and/or its related entities serve as the General Partner and Investment Manager of the Private Funds. The Private Funds are available to clients of Horizon or other such prospective clients with whom Horizon has a substantial pre-existing relationship and who are accredited investors as well as qualified purchasers or qualified clients.

Conflicts may exist to the extent that Horizon recommends securities to its affiliates for purchase or sale which are also securities being purchased or sold by Horizon for its clients. Additionally, there may be a conflict of interest in the allocation of trade opportunities between the Private Funds managed by Horizon that charge incentive fees and the separately managed accounts, mutual funds and UCITS managed by Horizon, which do not charge incentive fees. To mitigate such conflicts of interest or potential conflicts of interest, Horizon has established policies and procedures, such as the Code and TAAP. The CCO is responsible for implementing the Code and TAAP, which are reasonably designed to monitor, detect and prevent such conflicts of interest.

Item 11 Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

Horizon has a Code, which applies to all employees and supervised persons of the Firm and its affiliates that describes the Firm's high standards of business conduct and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, disclosure of conflicts or potential conflicts of interest, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at Horizon must acknowledge the terms of the Code annually and as amended. Sanctions may apply to any employee who breaches the provisions of the Code, including: verbal admonishment, written warning, written memorandum to the employee's personnel file, fines and/or reversals of the transaction in question with profits donated to charity, partial or full restriction on personal trading for a set period of time, and/or suspension or termination of employment.

The Code requires pre-clearance of certain personal securities transactions by the CCO or her delegate(s), as well as reporting and minimum holding periods. Pre-clearance requests are approved or denied based on, among other things, whether an actual or perceived conflict exists with respect to client account trading activity. Authorizations to engage in personal securities transactions remain effective only for the day on which approval is granted. Among other restrictions, employees are prohibited from purchasing the securities of any company that is actively being researched by Horizon until after the research is published and made public. Nonetheless, a conflict or potential conflict of interest exists because the Code may permit employees to invest in the same securities as may be held in client accounts. Employee trading is continually monitored in order to ensure compliance with Horizon's Code and applicable federal securities laws, as well as to reasonably prevent conflicts of interest between Horizon and its clients. For an account in which an employee has investment discretion or for a corporate account in which the employee is a 10% or greater shareholder, Horizon requires statements and confirms to be received electronically by the Firm, directly from the applicable brokerage firm. Employees must attest to their personal accounts quarterly. Under the Code, certain classes of securities transactions have been designated as exempt from pre-clearance, based upon a determination that these would not materially interfere with the best interests of Horizon's clients. On an annual basis, employees must certify compliance with the Code, disclose any conflicts or potential conflicts, and attest to a list of their personal brokerage accounts and holdings. Horizon also has a written statement of policy and procedures relating to the prevention of misuse of material, non-public information as required by Section 204A of the Adviser's Act.

Participation or Interest in Client Transactions

Horizon anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it may cause accounts managed by Horizon, and/or may recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Horizon, its affiliates and/or clients, directly or indirectly, have a position of interest. Additionally, officers, directors and employees of Horizon may trade for their own accounts in securities which are recommended to and/or purchased for Horizon's Clients. Horizon's Code is designed to assure that the personal securities transactions, activities and interests of the employees of Horizon (including those to be executed for Horizon and its affiliates) will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

The Firm's CCO has the general duty of administration and implementation of the Firm's Code. The CCO is responsible for the maintenance of records relating to the Firm's Code and shall maintain records of employee transactions to facilitate comparison between such records and records of the Firm's client transactions as are necessary to determine whether there may have been conflicting transactions. Horizon's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting Horizon's CCO using the contact information located on the cover page of this Brochure.

Item 12 Brokerage Practices

Brokerage Discretion

The brokerage for separate account clients can be either "directed" or "free to trade" depending on the manner in which the account is established and the parameters, if any, of the intermediary for accounts established through an intermediary (e.g., a sponsoring firm of the account). "Directed" brokerage refers to the practice whereby clients instruct Horizon to execute through specific broker-dealers. An account is "free to trade" when Horizon has discretion as to the broker-dealer through which to execute transactions.

Brokerage transactions for separate accounts established through an intermediary with bundled (or wrap) fee arrangements generally are "directed" to the program sponsor. This is due to the all-inclusive fee structure of the product. Accordingly, Horizon's brokerage discretion is limited; trades executed with the program sponsor include such commissions in the Client's bundled fee arrangement with that sponsor. Horizon may trade away from the program sponsor when the sponsor does not have the capability to effect transactions in a particular security or when otherwise consistent with best execution. Commissions and other expenses incurred in connection with any transactions executed away from the program sponsor are paid by the client. However, these costs are always considered in the determination to trade away from the program sponsor, and Horizon will negotiate commissions to effect these transactions taking into account its duty to achieve best execution for its clients.

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

The brokerage for separate account clients can be either "directed" or "free to trade" depending on the manner in which the account is established and the parameters, if any, of the intermediary for accounts established through an intermediary. For separate accounts established directly with the Firm, Horizon generally retains brokerage discretion. In such cases, the executing broker-dealer is selected by the Firm based on its ability to obtain best execution after considering all relevant factors. Cost is only one factor in assessing best execution. Horizon also looks at the size and difficulty of the order, the reliability, integrity, financial condition and general execution and operational capabilities of the broker/dealer, the broker-dealers' expertise in particular markets, as well as other matters relevant to the selection of a broker or dealer for a client account. Accordingly, transactions may not always be executed at the lowest available price or commission. On a quarterly basis, Horizon's Brokerage Committee evaluates the performance of the executing brokerage firms, with the assistance of third party execution evaluation firms for best execution.

Research and Other Soft Dollar Benefits

Horizon does not engage in soft-dollar arrangements.

Brokerage for Client Referrals

Horizon does not consider client referrals when selecting broker-dealers.

Agency Cross Transactions

On occasion, and in compliance with applicable regulations, Horizon may engage in a cross trade in which a security is sold from one account advised by Horizon or a related entity (including KAM and KA) and bought for another such account managed by the Firm or other related entity. This may be done, for example, to prevent potential harm that may result in selling a potentially illiquid security into a disorderly market. Horizon will effect such transactions only when it deems such transaction to be in the best interests of both client accounts, in accordance with applicable laws (including Section 206 of the Advisers Act and Rule 17a-7 under the Investment Company Act), and consistent with policies and procedures adopted by Horizon or its clients, including mutual funds, Private Funds, UCITS sub-advised by the Firm or private investment funds sub-advised by Horizon.

Principal Transactions

To the extent the Firm engages in principal transactions, it will do so in accordance with Section 206(3) of the Advisers Act.

Directed Brokerage

Brokerage transactions for separate accounts established through an intermediary with bundled (or wrap) fee arrangements generally are "directed" to the program sponsor. This is captive due to the all-inclusive fee structure of the product. Accordingly, Horizon's brokerage discretion is generally limited. In addition, some clients may require that Horizon direct brokerage to particular broker-dealers for other reasons as well. Commissions and other expenses incurred in connection with any transactions executed away from the program sponsor are paid by the client.

Specifying or restricting broker-dealers may be inconsistent with obtaining best overall execution for a client transaction. Where a client directs or restricts the use of a particular broker-dealer, or broker-dealers, Horizon may not be in a position where it can negotiate commissions or obtain volume discounts, and, therefore, the best price may not be achieved, which may negatively affect that client's account performance. In addition, clients who direct Horizon to use a particular broker-dealer or restrict Horizon from using a particular broker-dealer may be prevented from participating in allocations of certain limited-availability securities. Moreover, if a request for a directed brokerage transaction is made with respect to an account subject to ERISA, ERISA requirements must be met in order for the Firm to accept such direction, including a representation that such directed brokerage transaction is in the sole interest and benefit of the ERISA plan itself.

Order Aggregation; Trade Allocation

Horizon's TAAP outlines, among other things, when and if an order is aggregated across custodian relationships and how partially filled orders are allocated. Horizon will generally allocate partially filled orders on a pro-rata basis at the average execution price, unless Horizon determines that a different method of allocation is required, whether by reason of average pricing considerations, similar securities in the same accounts, available capital or other factors, (such as illiquidity). Horizon utilizes a trade rotation methodology for sequencing the execution of trades within an investment strategy that will occur across multiple custodians/brokers. An automated randomizer function is applied to ensure the objectivity of any such trades and to ensure that all accounts are treated fairly with respect to the allocation of investment opportunities. Horizon, in limited instances, may utilize other methodologies for allocating investment opportunities, provided they ensure fair and equitable treatment over time. Horizon's trade rotation may have the effect of producing a variance in the execution prices of the same security on the same day. Additionally, certain portfolio managers manage performance fee accounts alongside accounts that do not pay a performance fee. Since there are different fee structures, the potential exists to favor a performance fee account over non-performance fee accounts. However, favoring one Client over another would be inconsistent with Horizon's fiduciary duty to its clients. Accordingly, Horizon's TAAP is designed to ensure that no client is favored over another.

Conflicts of Interest Created by Contemporaneous Trading

At times, Horizon and/or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that Horizon and/or a related person buys or sells the same securities for Horizon and/or the related person's account. Horizon recognizes this potential conflict or appearance thereof, and has instituted policies and procedures to mitigate such conflicts. There is an inherent conflict of interest between our fiduciary duty of best execution for our clients and the apparent self-interest of trading in the same securities in employee accounts and/or Horizon's proprietary trading accounts. Horizon's Code and TAAP attempt to prevent such conflicts.

Item 13 Review of Accounts

Portfolio Managers are primarily responsible for reviewing client accounts and do so periodically, individually or in a group, depending on account needs and market conditions. Reviews may be performed daily, weekly or monthly as portfolio managers deem appropriate or as otherwise required. Reviews may be undertaken because of changes in market conditions, changes in security positions, at a client's request, changes in objectives, or as part of a regularly scheduled review. The sequence of review may vary and may be by investment strategy, random or otherwise.

Client Reporting

Wrap and dual contract programs receive statements directly from the sponsor of the program on a monthly basis. Direct separate account clients receive statements directly from their custodian. Investors in the Private Funds receive unaudited reports of fund performance at least quarterly and audited financial statements annually. Direct separate account clients and Private Fund investors who have consented to receive electronic communications receive monthly and/or quarterly commentaries, which may be strategy specific, a general commentary on the markets or pertain to a specific topic which Horizon believes is of importance to its clients and fund investors. Recipients of correspondence from the Firm may request to discontinue receiving such information at any time.

Item 14 *Client* Referrals and Other Compensation

From time to time, Horizon enters into written arrangements with unaffiliated third parties and affiliated entities ("Solicitors") for their assistance in referring business to the Firm. Horizon may pay cash compensation to such Solicitors in accordance with Rule 206(4)-3 of the Advisers Act. Such compensation varies, but may be equal to a specified percentage of the investment management fees received by Horizon from clients obtained through the Solicitor or may be a fixed fee. Such Solicitors generally include marketers, broker-dealers and consultants. Persons who become clients of Horizon through these arrangements do not pay an additional fee because of Horizon's agreement with the Solicitor; all fees are paid directly by Horizon and the arrangements comply with Rule 206(4)-3 of the Advisers Act.

Horizon participates in the Fidelity Wealth Advisor Solutions program (the "WAS Program"), through which Horizon receives referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. Horizon is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control Horizon, and SAI has no responsibility or oversight for Horizon's provision of investment management or other advisory services. Under the WAS Program, SAI acts as solicitor for Horizon, and Horizon pays referral fees to SAI for each referral received based on Horizon's assets under management attributable to each client referred by SAI or members of each client's household. The WAS Program is designed to help investors find an independent investment adviser, and any referral from SAI to Horizon does not constitute a recommendation or endorsements by SAI of Horizon's particular investment management services or strategies. Specifically, Horizon pays SAI an annual percentage of 0.20% of any and all assets in client accounts that are referred by SAI, subject to a minimum annual fee of $10,000.

To receive referrals from the WAS Program, Horizon must meet certain minimum participation criteria. As a result, Horizon may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for client accounts, and Horizon may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Horizon as part of the WAS Program. Under an agreement with SAI, Horizon has agreed that it will not charge clients more than the standard range of advisory fees disclosed in this Form ADV Part 2A Brochure to pay fees to SAI as part of the WAS Program. Pursuant to these arrangements, Horizon has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when Horizon's fiduciary duties would so require; therefore, Horizon may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit Horizon's duty to select brokers on the basis of best execution.

Item 15 ***Custody***

Horizon does not maintain physical or actual custody of client assets. Horizon does not engage in any banking or related accounting activities. Horizon's clients are solely responsible for determining and maintaining custody arrangements for their accounts.

Item 16 Investment Discretion

Horizon manages accounts on a discretionary basis, e.g. without client consultation regarding the securities that are bought/sold for the account and the quantity of securities to be bought and sold. In certain instances, clients may seek to limit Horizon's discretionary authority in making these determinations by imposing investment guidelines, investment restrictions or account objectives that may otherwise preclude the account from owning certain securities. Horizon reserves the right to not accept or to cease managing any account whose client-imposed limitations materially impact the ability of the Firm to manage the account.

In limited circumstances, Horizon provides model portfolios to Model Delivery Sponsors (each a "Model Sponsor") who in turn utilize such information in their own investment programs. Horizon does not act as investment adviser to Clients of a Model Sponsor, but provides a Model Sponsor with certain model portfolios from time to time that a Model Sponsor may consider when managing Client accounts. The recommendations implicit in the model portfolios provided to a Model Sponsor may reflect recommendations being made by Horizon contemporaneously to, or investment advisory decisions made contemporaneously for, similarly situated discretionary Clients of Horizon. As a result, Horizon may have already commenced trading before a Model Sponsor has received or has had the opportunity to evaluate or act on Horizon's model portfolio information. In this circumstance, trades ultimately placed by a Model Sponsor for its Clients may be subject to price movements, particularly with large orders or where securities are thinly traded, that may result in Model Sponsor's Clients receiving prices that are less favorable than prices obtained by Horizon for its Client accounts.

Conversely, a Model Sponsor may initiate trading based on Horizon's model portfolio information before or at the same time Horizon is also trading for its own Client accounts. Particularly with large orders or where securities are thinly traded, this could result in Horizon's Clients receiving prices that are less favorable than prices that might otherwise have been obtained absent the Model Sponsor's trading activity. Horizon takes reasonable steps to minimize the market impact of the model portfolios provided to a Model Sponsor on accounts for which Horizon exercises investment discretion. However, because Horizon does not control a Model Sponsor's execution of transactions for its Client accounts, Horizon cannot control the market impact of such transactions to the same extent that it would for its own discretionary Client accounts.

Item 17 Voting Client Securities

Horizon generally is granted the authority to vote proxies. Horizon has adopted and implemented policies and procedures that it believes are reasonably designed to ensure that proxies are voted in the best interest of clients. Horizon's policy is to vote proxy proposals, amendments, consents or resolutions relating to advisory client securities, including interests in private investment funds, if any (collectively, "proxies"), in a manner that serves the best interests of the funds and accounts managed by Horizon, as determined by it in its discretion, taking into account that one of the key factors Horizon considers when determining the desirability of investing in a particular company is the quality and depth of its management. With that in mind, Horizon recognizes that a company's management is entrusted with the day-to-day operations of the company, as well as its long-term direction and strategic planning, subject to the oversight of the company's board of directors.

Accordingly, Horizon believes that the recommendations of management on most issues should be given weight in determining how proxy issues should be voted. The company's position, however, will not be supported in any situation where it is found to be not in the best interests of Horizon's clients, and Horizon may elect to vote contrary to management where it believes a particular proxy proposal may adversely affect the company. Horizon has engaged Institutional Shareholder Services ("ISS"), to facilitate the voting of client proxies. Additionally, ISS provides research on proxy proposals and vote recommendations based on written guidelines.

Horizon, as a general matter, accepts vote recommendations from ISS, though Horizon retains the right to determine the vote on a particular proxy issue. Accordingly, there may be instances, including those in which ISS recommends a vote in line with management, in which Horizon may decide to vote contrary to ISS' recommendation if it is determined to be in the best interests of the clients. The rationale for any such departure will be memorialized in writing by the CCO.

A copy of Horizon's Proxy Voting Policy is available upon request. Clients may also contact Horizon to receive more information about how the Firm voted proxies on their behalf. To the extent the Firm does not have authority to vote proxies pertaining to its clients' accounts. The client will receive proxy proposals directly from their respective custodians.

Item 18 Financial Information

BALANCE SHEET

The Firm has not attached a balance sheet for its most recent fiscal year because it does not require or solicit prepayment of more than $1,200.00 in fees per client, six months or more in advance.

FINANCIAL CONDITIONS LIKELY TO IMPAIR FIRM'S OPERATIONS

The Firm is not aware of any financial conditions that are likely to impair its ability to meet its contractual commitments to its clients.

BANKRUPTCY FILINGS

The Firm has not been the subject of any bankruptcy petitions at any time in the past ten years, or prior to that period.

APPENDIX A8

PROXY VOTING POLICIES AND PROCEDURES

I. INTRODUCTION AND OVERVIEW

Horizon Kinetics LLC ("HK"), on behalf of **Horizon Asset Management LLC, Kinetics Asset Management LLC and Kinetics Advisers, LLC (collectively the "Advisers")** has adopted these **Proxy Voting Policies and Procedures ("Proxy Policies and Procedures")** for the purpose of establishing formal policies and procedures for performing and documenting its fiduciary duty with respect to the voting of client proxies. The Advisers are investment advisers to an investment company (Kinetics Portfolios Trust) and institutional and private clients (together, the "Other Clients") (Other Clients and Kinetics Portfolios Trust hereinafter referred to collectively as the "Clients"). Pursuant to these Policies and Procedures, the Advisers shall vote proxies (a) on behalf of Kinetics Portfolios Trust and (b) on behalf of Other Clients for whom the Advisers have been given and agreed to accept voting authority. The fundamental guideline followed by the Advisers in voting proxies is to ensure that the manner in which shares are voted is in the best interest of its Clients and the value of the investment.

II. ADMINISTRATION

Proxy Voting Administration Through the Institutional Shareholder Services System. The Advisers have delegated responsibility for the administration of proxy voting Institutional Shareholder Services Inc. ("ISS"), a Delaware corporation, through the Internet-based proxy voting system operated by ISS.

Accordingly, ISS:

a. processes all proxies received in connection with underlying portfolio securities held by the Adviser's Clients;

b. applies ISS' proxy voting procedures (hereinafter, the "ISS Proxy Voting Guidelines"), which the Advisers have reviewed, analyzed, and determined to be consistent with the views of the Advisers on the various types of proxy proposals; and

c. maintains appropriate records of proxy voting that are easily-accessible by appropriate authorized persons of ISS.

Accordingly, the Advisers Policies and Procedures incorporate the ISS Proxy Voting Guidelines, to the extent appropriate. A copy of the current ISS Proxy Voting Guidelines *Summary* is attached hereto at Appendix A.

The Advisers have given an authorization and direction letter to each Client's custodian, which custodian then forwards all proxy statements received on behalf of the Client directly to ISS to vote the proxies. The Advisers update ISS' Client list on a periodic basis.

When (i) the ISS Proxy Voting Guidelines do *not* cover a specific proxy issue, and ISS does *not* provide a recommendation, or (ii) ISS recuses itself from voting proxies when it has a material conflict of interest with the company whose proxies are at issue, ISS notifies the Advisers' Proxy Administrator. The Proxy Administrator will review the proxy with the Chief Compliance Officer ("CCO"), General Counsel ("GS") or Chief Investment Strategist ("CIS"), or their delegate(s) to determine whether the Advisers should vote the proxy. In determining whether to vote a particular proxy, the Advisers will consider a variety of factors, including, but not limited to, the costs associated with voting, whether the proxy is in a foreign market and the feasibility of registering in that market, and the potential benefit derived from the vote. If the Advisers determine to vote the proxy, the Proxy Administrator will instruct ISS accordingly. The CCO, GC or CIS will use his or her best judgment in voting proxies on behalf of Clients.

In evaluating how to vote a proxy, the CCO, GC or CIS may consider a variety of factors, including, but not limited to, information from various sources, including management of a company presenting a proposal, shareholder groups, and independent proxy research services.

Proxy Administrator. The Advisers designate the General Counsel, or his designee(s) as its Proxy Administrator ("Proxy Administrator"). In addition to the duties described above, the Proxy Administrator also reviews questions and responds to inquiries from Clients and mutual fund shareholders pertaining to proxy issues and corporate responsibility.

Monitoring the ISS Proxy Voting Guidelines. Periodically, on request, the Advisers will require ISS to provide a report and/or representation that all proxies voted by ISS on behalf of the Advisers' Clients during the applicable period were voted in accordance with the ISS Proxy Voting Guidelines.

The CCO, GC or CIS of the Advisers and the Proxy Administrator shall review the ISS Proxy Voting Guidelines on a *yearly* basis to determine whether these guidelines continue to be consistent with the Advisers' views on the various types of proposals covered by the ISS Proxy Voting Guidelines. The CCO, GC or CIS will also review any material changes made by ISS to the ISS Proxy Voting Guidelines.

When reviewing the ISS Proxy Voting Guidelines, the Advisers will consider, among other things, whether the Guidelines are designed to vote proxies in a manner consistent with the goal of voting in the best interest of its Clients. The Advisers also shall review the Advisers' Proxy Policies and Procedures and the ISS Proxy Voting Guidelines to make certain that both comply with any new rules promulgated by, or interpretations issued by, the SEC or other relevant regulatory policies.

Conflicts of Interest

ISS issues voting recommendations and casts proxy votes strictly in accordance with pre-determined proxy voting guidelines, which the Advisers believe are in the best interests of its clients. The adherence to pre-determined proxy voting guidelines by the Advisers and ISS helps reduce conflicts of interests and helps ensure that proxy votes are cast in accordance with the best interests of the Advisers' Clients.

Nevertheless, if a proxy proposal were to create a conflict of interest between the interests of a Client and those of the Advisers, the proxy *will* be voted strictly in conformity with the recommendation of ISS.

To monitor compliance with these procedures, any proposed or actual deviation from a recommendation of ISS must be reported to the CCO, GC or CIS of the Advisers. The CCO, GC or CIS of the Advisers would then provide guidance concerning the proposed deviation and whether this deviation presents any potential conflict of interest.

In the case of Kinetics Portfolios Trust, the Advisers shall report each deviation from an ISS recommendation regarding a proxy received in connection with underlying portfolio securities held by a Portfolio to the Board of Trustees of Kinetics Portfolios Trust at the next formal meeting of the Portfolio's Board of Trustees.

In the case of Clients other than Kinetics Portfolios Trust, the Advisers: (i) shall maintain an appropriate record of each deviation from an ISS recommendation regarding a proxy received in connection with underlying portfolio securities held by an Other Client.

As a matter of policy, the employees of the Advisers who manage proxy voting through ISS shall not be influenced by outside sources.

III. REPORTING AND RECORD RETENTION

The Advisers or ISS will maintain the following records relating to proxy votes cast under these Proxy Policies and Procedures.

I. A copy of these Proxy Policies and Procedures.

II. A copy of the ISS Proxy Voting Guidelines.

III. A copy of proxy statements received regarding underlying portfolio securities held by Clients (received through ISS, with either hard copies held by ISS or electronic filings from the SEC's EDGAR system).

IV. Records of each vote cast on behalf of Clients including: (i) the name of the issuer of the portfolio security; (ii) the exchange ticker symbol of the portfolio security; (iii) the Council on Uniform Security Identification Procedures ("CUSIP") number for the portfolio security; (iv) the shareholder meeting date; (v) a brief identification of the matter voted on; (vi) whether the matter was proposed by the issuer or by a security holder; (vii) whether the Advisers cast its vote on the matter; (viii) how the Advisers cast its vote (e.g., for or against proposal, or abstain; for or withhold regarding election of directors); and (ix) whether the Advisers cast its vote for or against management.

IV. A copy of any document created by the CCO or Proxy Administrator that was material to making a decision on how to vote proxies on behalf of a Client or that memorialized the basis for the decision.

V. A copy of each written Client request for proxy voting information and a copy of any written response by the Advisers.

The foregoing records will be retained for such period of time as is required to comply with applicable laws and regulations. The Proxy Administrator will cause copies of the foregoing records, as they relate to particular clients, to be provided to those clients upon request.

The most recent copy of the Proxy Policies and Procedures are available on HK's website at www.horizonkinetics.com as well as www.kineticsfunds.com. Questions related to the Advisers' Proxy Policies and Procedures should be directed in writing addressed to the Proxy Administrator at the address below:

Horizon Kinetics LLC
Attn: Proxy Administrator
470 Park Avenue South
New York, NY 10016

Last Updated: January 2012

Appendix [--]

PRIVACY POLICY

This Privacy Notice sets forth the policy of Horizon Asset Management LLC, Kinetics Asset Management LLC and Kinetics Advisers, LLC (collectively referred to as, "Horizon Kinetics"), affiliated companies that are wholly owned by Horizon Kinetics LLC with respect to non-public personal information of current, prospective and former clients ("Clients"). This policy may be changed with or without notice.

From time to time, Horizon Kinetics collects non-public information from you including:

i. information we receive from you on applications or other forms, correspondence or conversations, including, but not limited to, your name, address, phone number, social security number, assets, income and date of birth; and

ii. information about your transactions with us, our affiliates, or others, including, but not limited to, your account number and balance, payments history, parties to transactions, cost basis information, and other financial information.

Horizon Kinetics does not disclose any of non-public personal information about our Clients to non-affiliated third parties, except as permitted by law or as is necessary to service your account. For example, Horizon Kinetics is permitted by law to disclose all of the information we collect, as described above, to our attorneys, auditors, brokers/banks (custodians) and regulators and certain service providers, in such case, as is appropriate or necessary to provide Client support or facilitate the acceptance and management of Client investments. Thus, it may be necessary, under anti-money laundering and similar laws, to disclose information about Clients in order to accept assets from them. Horizon Kinetics will also release Client information if directed to do so by a Client, if compelled to do so by law or in connection with any government or self-regulatory organization request or investigation.

Horizon Kinetics seeks to carefully safeguard Client information and, to that end, restricts access to non-public personal information about our Clients to those employees and other persons who need to know the information to enable Horizon Kinetics to provide services to its Clients. Horizon Kinetics and our service agents maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your non-public personal information. In the event that you maintain an account through a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information would be shared with nonaffiliated third parties.

If you have any questions about this Privacy Policy, you may contact Horizon Kinetics at compliance@horizonkinetics.com or (646) 291-2300.