THE SPIN-OFF REPORT COMPENDIUM

November 2014

Note: The below selections represent sample research reports as of the listed publication dates. There have been no edits made to these research reports since they were published.

Featured Companies

Time Inc. (TIME)
Tribune Publishing Co. (TPUB)
News Corp. - Class A (NWSA)
E.W. Scripps Co (SSP)
Journal Communications Inc. (JRN)

Exclusive Marketers of
The Spin-Off Report

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Murray's Musings

THE IDEAL SPIN-OFF

The subject of this *Musings* is "The Ideal Spin-Off" but it also could be entitled "One of the Sources of the So-Called Spin-Off Anomaly."

Although many academics have studied and documented the so-called "spin-off anomaly," the studies are quantitative only in the broadest sense of the term. Generally, the studies identify a spin-off universe of equities and compare the performance of the universe to a generally accepted benchmark like the S&P 500. The result usually shows that spin-offs as a group generally outperform the benchmark over prolonged periods of time. It is much more difficult, however, to document the source of the spin-off anomaly. To do so, one would need to identify a variable, or perhaps several variables, and standardize those variables in such a manner that they could be searched for and located in the spin-off universe historically.

One such variable might be low-margin or negative-margin businesses. For example, Yum! Brands was a highly successful spin-off from PepsiCo in 1997. Today, Yum! Brands, in principle, is qualitatively not very different from the company spun off in 1997. At the time, it was a subsidiary of PepsiCo called Tricon Global Restaurants.

The company operates Taco Bell, Kentucky Fried Chicken, and Pizza Hut restaurants. It should generate annual revenue this year in excess of $13 billion and, on a normalized basis, should be able to generate about $1.5 billion of after-tax income.

In 1996, as a PepsiCo subsidiary, Tricon generated $10.2 billion of revenue and lost $53 million. The 1996 revenue was certainly lower than this year's expected revenue, but not enormously so.

In 1996, there were some unusual charges of one kind or another. Exclusive of those charges, Tricon generated $581 million in operating income, yet even this figure was substantially reduced by $300 million of interest income. After adjusting for a normal tax rate, and eliminating the gains and losses, a realistic earnings expectation at that time would have been about $180 million. To earn $180 million on a business base exceeding $10.2 billion made it a low-margin business, by definition, and that is what it was at the time.

In 1997, as the company was spun off from PepsiCo, it began to dispose of various marginal restaurant chains. As a consequence, the revenue declined to about $9.7 billion for 1997 and the company was not profitable. In 1998, the company began reducing the

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number of restaurants it owned and increased its franchise restaurants, which are a higher-margin business. As a consequence, its revenue further declined to $8.5 billion but the company earned $445 million after tax. In 1998, its stock increased by 70% and its margins more than doubled from 1996 levels. By 2001, the company had reduced its revenues to $6.9 billion, yet earned $492 million after tax. In the three years from 1998 to 2001, the company increased earnings by 10.6%, or about 3.4% per year. It increased the net profit margin to 7.08%, which is a triumph in a certain sense. The stock price at the end of 2001, however, was only slightly higher than the stock price at the end of 1998. To the degree that it experienced appreciation as a spin-off, the lion's share of that gain came at the beginning of the spin-off period.

In 1998, over one-third of the net profit margin of Tricon Global Restaurants came from extraordinary gains from the sales of company-owned restaurants. Excluding those extraordinary events, as they should be because they were nonrecurring, its net margins that year were something on the order of 3.5%.

The first year of profits with essentially no extraordinary items was 2001. Tricon would not have achieved even these profit margins, small as they were (although higher than during the PepsiCo years) had it not been for declining interest rates. In the first five years after spin-off, the company reduced its debt service cost by about 50%.

In about 15 years, coming to the current time period, the company has increased its net after-tax profit margins from the low single digits to about 15%. In 1997, net of extraordinary charges, its operating margins were only 5%. Consequently, although it was certainly true that Yum! Brands experienced organic growth from 1997 to 2014, the operating margin of the business in one and a half decades expanded substantially, and this contributed greatly to the performance of the equity.

Tricon's experience is an example of how spin-offs worked historically. Companies were spun off from their corporate parents because they were perpetual underperformers; the successful ones found their own way and gradually began to increase margins. That is an important part of the spin-off anomaly.

If we contrast that with current spin-off circumstances, we might find something very different. Looking at our own *Spin-Off Calendar*, there is something previously unseen, as a generalization, in the world of spin-offs: many examples of profitable companies that are spinning off subsidiaries or divisions that have comparable profitability to the parent. The following paragraphs provide examples from the *Spin-Off Calendar*.

Agilent Technologies, with an 18% operating margin, is spinning off Keysight Technologies, which has a 19% operating margin.

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Alliant Techsystems is spinning off Vista Outdoor, which is the hunting or civilian firearms unit. Alliant Techsystems has a 13% EBITDA margin, and Vista Outdoor has a 16.4% EBITDA margin. The fact that the margins are equivalent, or nearly equivalent, does not mean that the spin-off cannot be a value-enhancing transaction, but it differs from the historical pattern. Vista Outdoor might well have a higher multiple placed on its business because it is not defense oriented, as Alliant Techsystems's business is, and it might be a successful spin-off for that reason. It represents, however, a different dynamic.

Similarly, B/E Aerospace, with a 17.7% EBITDA margin, is spinning off KLX, with a 16.5% EBITDA martin.

Another spin-off involves eBay, with a 44.2% EBITDA margin, spinning off PayPal, with a 30.4% EBITDA margin. Companies generally do not have 40% and 30% EBITDA margins so it is very unusual to have a pair of companies like this. For that reason, this example might not belong in this comparison. A reasonable scenario for the spin-off of PayPal, however, is that the stock price of eBay will decline, which will allow it to deploy its cash flow to buy back stock at a faster rate. It probably would not be surprising if PayPal, in spin-off mode, is burdened with a not insubstantial amount of debt, courtesy of parent eBay.

Another comparable spin-off is Federal Mogul, with a 9% EBITDA margin, which is spinning off Federal Mogul Motorparts, with a 7.2% EBITDA margin.

FMC, with a 19.3% operating margin, had planned to spin off FMC Minerals, with a 13.2% operating margin, but that transaction was canceled. With its profitability differential, that spin-off might have been interesting.

Kimberly Clark, with a 20.5% EBITDA margin, is spinning off Halyard Health, with a 15.4% EBITDA margin. That differential might be interesting were it not for the fact that two-thirds of the Halyard Health business, which is surgical products, has been experiencing revenue decline. Much of that has to do with cost pressures in the healthcare industry, which might not cease anytime soon. The business has been experiencing some degree of margin erosion, but it is not a low-margin business yet, which makes it very different. Two decades ago, Kimberly Clark would have waited for the Halyard margins to decline until, with no prospect of rebounding, it would have spun it off. Today, the parent company notices some degree of margin erosion and it eliminates the subsidiary with alacrity. This is something that we have not seen before.

Similarly, QEP Resources, with a 44.8% EBITDA margin, is spinning off Entrada Midstream, with a 58.4% EBITDA margin. These are incredibly high margins, even though in the pipeline business such margins occur because these are capital-intensive businesses, such that depreciation charges, which are one line below EBITDA on the income statement, reduce the cash operating margin substantially.

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Another interesting example, which will be discussed later, is the merger of E.W. Scripps with Journal Communications; together they have a 23% operating margin. They plan to spin off Journal Media, which will own local newspapers, which will have a 10.5% operating margin. That margin is much more comparable to what is historically familiar, in that the subsidiary is an obvious detraction from the parent company's profitability, although not exactly because it is not in the unduly low 1%- or 2%-range margin.

Windstream Holdings, with a 37.3% EBITDA margin, is spinning off its telecom and real estate assets into a business that will have a 9.7% EBITDA margin. Of course, the margin in this case might not be indicative of the quality of the business because this includes a lot of hard assets.

If one accepts the premise that low-margin businesses at least have the potential to become higher-margin businesses but that higher-margin businesses have somewhat more trouble becoming even higher-margin businesses, one might view the current class of spin-off companies with a bit more caution. That is not to say the current class of spin-offs is incapable of producing an adequate rate of return for investors. The lower single-digit margin business, however, has a potential transformative power, in terms of shareholder return, that is difficult to find in businesses that generally must depend on organic growth for success. If a 2% margin business becomes a 16% margin business, one does not require much sales growth to generate a very substantial rate of return.

Industry Thoughts

THE LOCAL NEWSPAPER BUSINESS

The local newspaper business, with low to negative margins, is one that some people say is becoming extinct.

One company, McClatchy, has a 9% operating margin, but its interest expense easily exceeds operating income. Its advertising print business is in very serious decline. The debt is 5x its equity. Nevertheless, the company has been mending its balance sheet. For example, it is selling its 25% interest in Classified Ventures, an internet business, to Gannett for $640 million, with plans to use the proceeds to pay down a substantial amount of debt. The challenge for McClatchy is to take the local newspapers it owns, including the *Sacramento Bee*, the *Miami Herald*, *The Kansas City Star,* and turn them into locally-oriented websites or internet databases for readers interested in local events. The company has had some degree of success in doing that. Although those moves have not yet affected profitability, the company has $200 million annually in digital revenue. This is for a company with a $300 million market cap.

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It is very difficult to manage this type of transition. To go digital, the business must be transformed, and that includes more than just cost-cutting. If the company were to accomplish this transition, however, it seems self-evident that a fairly substantial rate of return would be possible. On the other hand, if it cannot manage this transition, it is conceivable that it might become insolvent, although there is no danger of that now.

Another company, Lee Enterprises, has a $196 million market cap and publishes, among other newspapers, the *St. Louis Post-Dispatch*, the *Wisconsin State Journal*, and the *Fremont Tribune*. In all, it publishes 50 daily newspapers—and it is losing money. It has no equity. It has $785 million of debt. At least it has converted about $100 million of its revenue to digital. It is questionable, however, whether a company like that can manage this transition.

These companies, facing a tremendous transition in their business, are comparable to spin-offs of the past, even though the challenges might not have been as severe in the past as they are today.

Another example is A.H. Belo, which at least has an unleveraged balance sheet. It has a $246 million market capitalization, with $60 million of cash. It has sold all its real estate. It has also sold the *Providence Journal*, while retaining the *Dallas Morning News*. It has a small 3.3% stake in Classified Ventures, which is worth something, and it has the luxury of time to manage its digital transition. A.H. Belo was spun off from Belo Corp. in 2008.

The pressures these companies face are evident everywhere in the newspaper business. For example, the *New York Times* has a net profit margin of 3.4%. News Corp., which separated from Fox Entertainment, has a 2.8% net margin. Tribune Publishing, which recently separated from Tribune Media, has a 3.5% net profit margin. Time Inc., a recent spin-off of Time Warner and a magazine not a newspaper company, is unprofitable at the moment. This group of companies is much more akin to the historical spin-offs that occurred in the 1990s and 1980s. Each involves substantial risk and which, in our risk-averse world, investors might not be interested in assuming.

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Facts & Figures

THE NEWSPAPER BUSINESS

The following tables are useful in understanding the newspaper business. Table 1 shows declines in newspaper advertising revenue. In 2003, newspaper advertising revenue was $46.2 billion. In 2012, the latest figures available show a decline to $22.3 billion, and those numbers have almost certainly declined further. That is a decline of more than 50% in a decade, and there are very few businesses that can manage a transition with those sorts of numbers.

Table 1: Newspaper Advertising Revenue

	($ in billions)
2003	$46.2
2004	48.2
2005	49.4
2006	49.3
2007	45.4
2008	37.9
2009	24.6
2010	25.8
2011	23.9
2012	22.3

Source: Newspaper Association of America

The newspaper business is trying to convert to digital, slowly and with limited success. Table 2 shows that online revenue in 2003 was $1.2 billion for the industry; by 2012, it was $3.4 billion, almost triple. In relation to what the industry lost, however, it is not enough. The 2008-2009 period was cyclical, although far less cyclical than the base business.

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Table 2: Newspaper Online Revenue

	($ in billions)
2003	$1.2
2004	1.5
2005	2.0
2006	2.7
2007	3.2
2008	3.1
2009	2.7
2010	3.0
2011	3.3
2012	3.4

Source: Newspaper Association of America

Breaking this down a little further, consider classified advertising, one of the most profitable. It is expensive to purchase: an inch or so of classified space costs more per inch than a full-page ad. Classified advertising, as displayed in Table 3, generated revenue of $19.6 billion in 2000, evidence of how important it was to the newspaper industry. By 2012, it was down to $4.7 billion, an enormous decrease.

Table 3: Classified Advertising Revenue

	($ in billions)
2000	$19.6
2008	10.0
2009	6.2
2010	5.6
2011	5.0
2012	4.7

Source: Newspaper Association of America

The sharpest declines can be seen in certain categories of classified advertising, shown in Table 4:

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Table 4: Classified Advertising Segments

($ in billions)	Autos for Sale	Real Estate	Jobs
2000	$5.03	$3.12	$8.71
2008	2.32	2.48	2.19
2009	1.35	1.37	0.79
2010	1.24	1.10	0.76
2011	1.10	0.88	0.74
2012	1.06	0.73	0.72

Source: Newspaper Association of America

Automobiles for sale, as a category, declined 80% in that time period. Real estate, displaced by computerized listing services for apartments and homes, was down by more than 80%. Although the segment still exists, it is nowhere near as vibrant as it once was. It declined from $3.1 billion in 2000 to $730 million in 2012, and it is still declining. There are still classified ads for jobs but, while they generated $8.7 billion of revenue in 2000, by 2012, the number plunged to $720 million, a loss of more than 90%.

There is a plus side, however. The internet, although it took a lot of business away from the newspapers, enables them to reach a much wider readership. Anyone in the world can access the website of any newspaper. Some newspapers that were authoritative sources of information could be only local papers in the past because geography hindered delivery. The *New York Times* was a New York paper for most of its history because of the effort it took to deliver print copies. Today it is evolving into a website that, theoretically, anybody in the world can access. The internet makes it possible that the readership of certain newspapers will extend globally.

Table 5 lists the top 10 online newspapers in the world. Although it is not yet clear how that reach translates into revenue, it is possible to quantify the number of unique visitors these newspapers have per month. There are some surprises.

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Table 5: Top 10 Online Newspapers

	Unique Visitors *(in millions)*
Mail Online (Daily Mail)	50.0
New York Times	48.6
The Guardian	38.9
Chicago Tribune	35.8
People's Daily	33.0
Telegraph Media	30.0
Xinhua News	29.9
Washington Post	26.0
Hearst Newspapers	24.2
Advance Digital	22.3

Source: comscore.com

Who would suppose, as Table 5 makes clear, that the *Mail Online* of London is the most-read newspaper in the world, in terms of internet access, with 50 million unique visitors. It is a tabloid and its owner, Daily Mail and General Trust, is a publicly traded company.

A close second is the *New York Times*, with 48.6 million unique visitors, but the third is a surprise as well: the *Guardian*. This is not publicly traded; it is controlled by the Scott Trust. (Scott was the original publisher of the *Guardian*.) That paper was started in the 19th century as the Manchester *Guardian,* and was the voice of Britain's more responsible left. Now it is a worldwide paper. Think of it: the Manchester *Guardian* is a worldwide paper, with 38.9 million unique viewers per month. It is probably worth a lot of money, probably a lot more than people think.

It's not clear why the *Chicago Tribune* is in fourth place, with 35.8 million unique viewers. Note the others that follow: *People's Daily* of China, The *Telegraph*, a British paper that is not publicly traded, *Xinhua News*, and the *Washington Post.* Now we see why Jeff Bezos bought it: 26 million unique viewers. He might be able to translate that into a worldwide paper. Then there are the Hearst newspapers and Advance Digital, owned by the Newhouse family.

Of these 10 in the newspaper group, three are publicly traded companies—the *Daily Mail*, the *New York Times*, and the *Chicago Tribune*—and they stand out for this reason. One is that the *Tribune* is involved in a spin-off.

Newspapers were not alone in losing print readership, as Table 6, enumerating *Time* magazine circulation, shows. (Circulation is not the same as paid subscriptions; it is how many people actually read the publication.)

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Table 6: *Time* Magazine Circulation

	(in millions)
2008	116.8
2009	95.0
2010	75.7
2011	80.2
2012	58.3

Source: Alliance for Audited Media

In 2008, *Time* magazine's circulation was 116.8 million people; in 2012, it was down to 58.3 million. That is an amazing figure for two reasons: the scope of the decline and the fact that *Time* magazine sells only 800,000 subscriptions per year. Note, however, that Time Inc. has 7.7 million unique monthly viewers. The challenge for *Time* magazine is to change its business model, to increase both circulation and online readership. How did it achieve the broad circulation it had historically? Because *Time* magazine is in every doctor's office and it is sold in airports and other such places. But now many people view their media content on an iPad or other personal device, so they might not read the magazine that is on the coffee table. This change presents a very serious problem for *Time*, and it is not entirely clear how they can solve it.

One advantage Time has is that the average household income of a Time Inc. reader is $73,000 a year, and the average age is 48 years old. That is a great advertising demographic if they can capitalize on it.

The next statistic to consider for the newspaper industry in the United States appears in Table 7. It is what is known as "reach." This term does not refer to the website; it means how many people look at that newspaper including those who do not pay for it. (There are, after all, many people who read a newspaper but do not pay for it.) Note that this statistic includes the local audience only for 2012.

Table 7: Top Reach U.S. Newspapers in 2012

	(local audience only, in millions)
Los Angeles Times	4.356
New York *Daily News*	4.321
New York Times	3.989
New York Post	3.262
Chicago Tribune	3.004

Source: National Newspaper Association

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Featured Companies

TIME INC. (TIME)

Time Inc., a recent spinoff from Time Warner, has a $2.5 billion market capitalization. It publishes *Time, People, Sports Illustrated, Fortune,* and *Entertainment Weekly,* among others. If one were to adjust the earnings in 2014 for various extraordinary items, such as getting out of its lease in Rockefeller Center, the company would be trading for 6.5x adjusted cash earnings. This is a company in decline; however, it has $200 million of cash on the balance sheet, $1.3 billion of debt, and $3 billion of annual revenue.

There are a lot of questions associated with Time Inc. The first is: Can the company control costs? At least in the short run, the answer appears to be yes. Time is moving from the Time-Life Building at 1271 Avenue of the Americas in midtown Manhattan to 225 Liberty Street downtown. Starting in 2016, when this move will be completed, the company expects to save $50 million a year in occupancy costs, which is considerable.

The digital part of the company—and not merely *Time* magazine—is growing, and at a fairly robust rate, 12% a year. These revenues now come to $300 million, or about 10% of annual revenue. *Time* magazine and *People* and, you could argue, *Fortune* are worldwide brands. If they can achieve an international presence, they can solve their problem.

Even with all the company's problems, in the second quarter (the one just reported) the company generated $64 million in free cash flow, which is a lot to generate. Excluding the impact of the $50 million lease termination payment, that figure would have been $114 million. In stasis, which is probably a misleading way to look at it, the free cash flow of this business is $450 million a year. The company's cash flow is significant.

Fortune magazine is a very unusual brand, because it was a contributor to CNN Money, a very popular website. *Fortune* decided to exit from that business and launched Fortune.com in June of this year. That is important because, even the most popular websites, whether they are MSN Money or CNNMoney.com, or Google Finance and Yahoo! Finance, for the most part are compilers of statistics. Although they have content, it is content they are linking to—in other words, other publications' content.

Publications allowed their content to be accessed by Google and others for free; they did not get paid for it. Publications must find a way of reasserting control over their content. It is debatable whether the creation of Fortune.com as a separate website is the best way to do that but it is beginning and it is a new strategy.

Time Inc. does have copious free cash flow, which should continue for a while. It should be able to manage its debt. As such, the new site is a low-priced option for how it might

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get paid for its content. Even a modest degree of success in the advertising realm could make this a very big stock. The transition, however, is going to be lengthy.

TRIBUNE PUBLISHING (TPUB)

Tribune Publishing has a $506 million market cap, making it smaller than Time, Inc. Tribune owns the *Chicago Tribune* and the *L.A. Times,* both of which have worldwide stature. The company owns lesser papers like the *Orlando Sentinel* and the *Baltimore Sun*, and even less significant papers than those. After Gannett, Tribune is the second-largest newspaper company in America. Revenues are in decline, however, although the company is modestly profitable. When it was spun off from Tribune Media, Tribune Publishing took on $350 million of debt from the parent company.

The L.A. *Times* website has 39 million unique visitors, and the *Chicago Tribune* has 16 million. The question is: Can the company keep reducing expenses to offset the decline in the traditional print business while it continues to build the online business? The evidence so far indicates that it can.

Tribune, however, has a big disadvantage relative to other companies, maybe even relative to Time, because Tribune went through a bankruptcy. During the course of the bankruptcy, it spent very little money developing its online business because the publishing business was tangential to the overall enterprise. When the company was in bankruptcy, its expenditures had to be court approved, and no effort was made to expand the business. The company is now just starting to focus on the online aspect of its business.

Its local papers represent a lot of promise but there has been almost no effort in that segment to build an online presence. These papers include the *Hartford Courant*, the *Carroll County Times,* and the *Orlando Sentinel.* The *Sentinel* has four million unique visitors. Orlando, Florida, is the home of Disney World. Orlando has many visitors and residents, and it is an entertainment hub. In principle, a lot can be done with that publication, but not much has been started.

To show how inchoate the efforts are, Tribune made a very small investment recently in a company called Contend. The idea is to develop local content for local or regional brands, and it is just beginning. This is really an option on the creation of a viable business from the content and traffic it already has. It is the historical kind of spin-off, akin to the 1997 Pepsico spin-off of Tricon Global Restaurants that was discussed in the *Musings* section of this report. As such, it is possible that at least some parts of the business might get an economy of scale and become interested in some type of business combination with another company that wants to develop local content. That part of the industry clearly is consolidating. This might be part of some other type of business combination in the future although it remains to be seen.

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NEWS CORP. – CLASS A (NWSA)

News Corp. is the publishing business of what had been News Corp. Entertainment, comprised of Fox, the media business, and News Corp., the print business. It is a very unusual print company, however, because it is not just print. While it owns the *Wall Street Journal*, the *Australian*, the *Sun*, the *Times* of London, the *New York Post*, and *Barron's,* it also has the Dow Jones Newswire, which is a database, and HarperCollins Publishing, the book publisher, which is very profitable. News Corp. also provides programming to Fox Sports and it has a digital real estate business, which is very important.

Beginning with the unusual assets, the digital real estate business is the Australian listings business. The company owns 61% of this subsidiary, known as REA, which is publicly traded in Australia. The market capitalization of News Corp. is $9.2 billion, and its stake in REA is worth about $3.6 billion; that is not inconsiderable.

Table 8: News Corp. Segment Information

For the fiscal year ended June 30, 2014	**Revenues**	**Segment EBITDA**
	(in millions)	
News and Information Services	$ 6,153	$ 665
Cable Network Programming	491	128
Digital Real Estate Services (REA)	408	214
Book Publishing	1,434	197
Digital Education[(a)]	88	(193)
Other	—	(241)
Total	$ 8,574	$ 770

(a) In the fourth quarter of fiscal 2014, the Company revised the composition of its reporting segments to present the digital education business as a separate segment. All prior periods have been reclassified to reflect the revised segment presentation.

Source: Company Reports

HarperCollins is a fairly vibrant business. It is undergoing a transition as well; book publishing is moving from physical books to digital books. That has not seemed to damage its profit margins, although one might have thought it would. HarperCollins has $1.4 billion of revenue and generates $197 million of EBITDA. Even valued at 10x, that would be worth about $2 billion. That is a substantial business, and the reason it is so vibrant is that HarperCollins has been very successful in generating bestsellers. So far in 2014, it has had 158 titles on the New York *Times* Bestseller List. It is not inconceivable that HarperCollins might be spun off as a separate publicly traded company. Clearly, there is a substantial amount of value in both HarperCollins and REA.

Another unit, Cable Programming, generates only $491 million of revenue but $128 million of EBITDA. That is a thriving business that is likely to grow. It could grow into a business worth over $1 billion.

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We can account, therefore, for much of the market capitalization of News Corp. with just a few of its businesses that are tangential to print. The news and information division, which includes Dow Jones Newswire, has $6.1 billion of revenue and $665 million of EBITDA.

Overall, News Corp generates $770 million of EBITDA. Its balance sheet, surprisingly, is more or less free from debt. One might have thought News Corp. was a very leveraged business; actually it is not. It has $3.1 billion of cash on the balance sheet. It is perceived, however, to be a business in decline that is controlled by Rupert Murdoch, who has had a reputation for about a quarter century of being much less interested in profitability than in political and other matters. But nothing is forever.

This company was once hugely indebted, but the debt was moved to Fox. The news and information group has a variety of brands that are viable and include *Barron's,* the *Wall Street Journal,* the *Times* of London and Dow Jones, which are all international brands. It is possible that people all around the world, at least in the Anglophone world, could be accessing those websites. This could become a very robust business. Amongst professionals in the investment world, admittedly a too-small portion of the required and potential global audience, many individuals have paid subscriptions to both the *Wall Street Journal* and *Barrons*.

E.W. SCRIPPS CO. (SSP)
JOURNAL COMMUNICATIONS INC. (JRN)

E.W. Scripps is merging with Journal Communications, for a combined market capitalization of $1.4 billion. Scripps has some local papers and TV stations. After the merger, there will be 34 TV stations in 24 markets, 15 ABC affiliates, three Fox, two CBS, and five NBC. The TV stations combined will generate $190 million to $200 million of EBITDA, and that business, according to the management, will be relatively conservatively capitalized, with debt at about 2x EBITDA.

One could argue that, with a combined market capitalization of $1.4 billion, a lot of that value—maybe all the value—is supported by the TV station earnings. TV stations, in general, have an advantage in that the FCC has a rule that no owner of TV stations is allowed to exceed a 39% share of American households. Tribune Corp. is at 44%, and has to sell a few. Sinclair Broadcasting is at 39%. Gannett is at 31%, so it has a bit of room. Media General is only at 24% but lacks the balance sheet capacity to acquire much market share.

The Scripps/Journal combined market share is 18.1%. This is one of the few companies with both the cash flow and the penetration potential to expand. That spectrum is worth a

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lot, because the nature of television is changing very rapidly. Essentially that is free spectrum and it is incredibly valuable.

In the local newspaper business, the combined company will be in 14 different markets. The newspaper division will be spun off in a separate publicly traded company. These newspapers are not in major U.S. cities. They include the *Commercial Appeal* of Memphis, Tennessee; the *Naples Daily News* of Naples, Florida; the *Corpus Christi Caller-Times* of Corpus Christi, Texas; the *Ventura County Star* in Ventura County, California; the *Abilene Reporter-News* in Abilene, Texas; the *Milwaukee Journal Sentinel (*tha city's largest paper); the *Evansville Courier & Press* of Evansville, Indiana; and some lesser papers.

Although that is not considered a great roster, these papers are profitable. They have been fairly aggressive about cost-cutting and cost containment. The spin-off company will have $525 million to $545 million of revenue and between $55 million and $60 million of EBITDA. The question is: What valuation multiple will be placed on those earnings? If the multiple ends up being five, which it might well be, while the company has yet to start its digital effort, this becomes a very cheap call option on this business. This portfolio of local papers is going to attract some entrepreneur, or a group of entrepreneurs, somewhere.

On the other hand, it may get a higher multiple than that. In any case, buying Scripps right now offers the spin-off for a very cheap price, maybe almost no price whatsoever. That is the logic of recommending Scripps before the merger or, alternatively, Journal Communications before the merger and before the spin-off.

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Post-Musings

A FOOTNOTE ON TRICON GLOBAL RESTAURANTS

This section is a footnote to the comments in on Tricon Global Restaurants, which ultimately became Yum! Brands. In 1997, at the time of the Tricon spin-off from PepsiCo, Tricon began divesting its marginal brands. One of them was California Pizza Kitchen, which it sold to the founders, otherwise known as the owner-operators, of that business.

California Pizza Kitchen had sold itself to PepsiCo with the strategic rationale that it would be a distribution channel for the basic Pepsi product. However, once PepsiCo decided to eliminate restaurants, in the interest of expanding its overall margins, there was no longer a compelling reason (at least from Tricon’s point of view) for Tricon to keep investing in California Pizza Kitchen. As far as Tricon’s margins go, by the time it sold California Pizza Kitchen, that company had $160 million of revenue and lost about $11 million a year, so eliminating it contributed in some small way to increasing the Tricon margins.

This is an example of the equity yield curve at work. In 1997, the owner-operators bought it back, and in 2000 they brought it public, and it remained a publicly traded company for eleven years. Its growth was fairly organic, and it expanded its revenues from $160 million to $600 million by 2011, when the owners sold it to private equity firm Golden Gate Capital. The owners managed to get a $470 million price tag. Today California Pizza Kitchen operates 250 restaurants.

That was a spin-off within a spin-off, which is not, in our terminology, really a spin-off. It is, however, a way of underscoring how, historically, spin-offs were the mechanism of transformation of a business from a very low margin to a more normal margin. Had one begun with a normal margin, the returns might have been very different, although in some cases they might still have been attractive.

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WEALTH INDEX (Ticker: RCH Index)

As of September 30, 2014

Annualized Total Return	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	20 Years	Since Incep. 1991 - Sep '14
Wealth Index	12.37%	22.49%	18.90%	11.03%	12.63%	9.24%	12.77%	13.43%
S&P 500	19.73%	22.99%	15.70%	6.02%	8.11%	4.87%	9.59%	10.07%
S&P 500 Eq. Wgt.	18.53%	24.80%	17.51%	8.46%	10.23%	9.17%	11.44%	12.42%
Russell 3000	17.76%	23.08%	15.78%	6.24%	8.44%	5.51%	9.65%	10.33%
Russell 2000	3.93%	21.26%	14.29%	6.04%	8.19%	7.93%	9.03%	10.86%
Excess Return vs. S&P 500	-7.37%	-0.50%	3.20%	5.01%	4.52%	4.37%	3.19%	3.36%
Excess Return vs. S&P 500 Eq. Wgt.	-6.17%	-2.31%	1.39%	2.58%	2.39%	0.07%	1.34%	1.01%
Excess Return vs. Russell 3000	-5.39%	-0.59%	3.12%	4.79%	4.19%	3.73%	3.12%	3.11%
Excess Return vs. Russell 2000	8.43%	1.23%	4.61%	4.99%	4.44%	1.31%	3.75%	2.57%

**Note: Calculated Using Total Returns*

Risk Adjusted Return	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	20 Years	Since Incep. 1991 - Sep '14
Wealth Index	0.98	1.60	1.15	0.48	0.62	0.40	0.58	0.65
S&P 500	2.23	2.18	1.19	0.36	0.55	0.32	0.63	0.69
S&P 500 Eq. Wgt.	1.89	2.06	1.18	0.42	0.58	0.52	0.68	0.77
Russell 3000	1.91	2.09	1.14	0.36	0.55	0.35	0.62	0.70
Russell 2000	0.27	1.40	0.77	0.27	0.41	0.39	0.46	0.57

**Note: Calculated As Annualized Total Return Divided By Annualized Total Return Volatility (Uses Monthly Total Returns)*

Information Ratio	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	20 Years	Since Incep. 1991 - Sep '14
Wealth Index vs. S&P 500	(1.31)	(0.09)	0.53	0.53	0.51	0.39	0.30	0.33
Wealth Index vs. S&P 500 Eq. Wgt.	(1.53)	(0.62)	0.32	0.45	0.42	0.01	0.14	0.11
Wealth Index vs. Russell 3000	(1.20)	(0.12)	0.60	0.56	0.53	0.36	0.32	0.33
Wealth Index vs. Russell 2000	1.66	0.26	0.77	0.63	0.60	0.11	0.34	0.24

**Note: Calculated As Annualized Excess Total Return Divided By Annualized Excess Total Return Volatility (Uses Monthly Excess Total Returns)*

Wealth Index Batting Average	Roll. 1 Year	Roll. 3 Year	Roll. 5 Year
vs. S&P 500	61.31%	68.80%	71.24%
vs. S&P 500 Eq. Wgt.	58.39%	63.20%	60.18%
vs. Russell 3000	63.87%	69.20%	76.99%
vs. Russell 2000	61.31%	67.20%	74.34%

**Note: Calculated Using Total Returns*

Annualized Volatility	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	20 Years	Since Incep. 1991 - Sep '14
Wealth Index	12.65%	14.08%	16.47%	22.99%	20.25%	23.12%	21.86%	20.82%
S&P 500	8.87%	10.57%	13.20%	16.90%	14.71%	15.38%	15.17%	14.55%
S&P 500 Eq. Wgt.	9.81%	12.01%	14.87%	20.24%	17.61%	17.71%	16.91%	16.20%
Russell 3000	9.31%	11.04%	13.79%	17.55%	15.30%	15.80%	15.47%	14.82%
Russell 2000	14.64%	15.22%	18.44%	22.10%	19.83%	20.59%	19.80%	19.02%

**Note: Calculated Using Total Returns*

Annualized Tracking Error	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	20 Years	Since Incep. 1991 - Sep '14
vs. S&P 500	5.62%	5.70%	6.09%	9.54%	8.83%	11.24%	10.56%	10.23%
vs. S&P 500 Eq. Wgt.	4.03%	3.73%	4.35%	5.78%	5.65%	10.54%	9.79%	9.35%
vs. Russell 3000	4.51%	4.74%	5.20%	8.62%	7.96%	10.45%	9.70%	9.41%
vs. Russell 2000	5.09%	4.75%	5.98%	7.90%	7.35%	11.94%	11.02%	10.53%

**Note: Calculated Using Total Returns*

Wealth Index Beta	1 Year	3 Years	5 Years	7 Years	10 Years	15 Years	20 Years	Since Incep. 1991 - Sep '14
vs. S&P 500	1.32	1.24	1.17	1.27	1.27	1.36	1.30	1.28
vs. S&P 500 Eq. Wgt.	1.25	1.14	1.07	1.10	1.11	1.18	1.17	1.16
vs. Russell 3000	1.31	1.22	1.14	1.24	1.24	1.35	1.30	1.29
vs. Russell 2000	0.81	0.88	0.85	0.98	0.95	0.96	0.95	0.95

**Note: Calculated Using Total Returns*

Calendar Year Total Returns	Wealth Index	S&P 500	S&P 500 Eq. Wgt.	Russell 3000	Russell 2000	ER v. SP500	ER v. SP500 EW	ER v. R3000	ER v. R2000
1991	44.25%	30.47%	35.51%	33.68%	46.04%	13.78%	8.73%	10.57%	-1.80%
1992	20.20%	7.62%	15.63%	9.59%	18.41%	12.58%	4.56%	10.61%	1.79%
1993	3.38%	10.08%	15.12%	10.88%	18.88%	-6.70%	-11.75%	-7.50%	-15.50%
1994	0.33%	1.32%	0.95%	0.19%	-1.82%	-0.99%	-0.62%	0.14%	2.15%
1995	31.31%	37.58%	32.03%	36.80%	28.45%	-6.27%	-0.72%	-5.49%	2.86%
1996	23.09%	22.96%	19.02%	21.82%	16.49%	0.13%	4.06%	1.27%	6.59%
1997	27.31%	33.36%	29.05%	31.78%	22.36%	-6.06%	-1.74%	-4.48%	4.94%
1998	24.95%	28.58%	12.19%	24.14%	-2.55%	-3.63%	12.76%	0.81%	27.49%
1999	44.68%	21.04%	12.03%	20.90%	21.26%	23.64%	32.66%	23.78%	23.43%
2000	-19.16%	-9.10%	9.64%	-7.46%	-3.02%	-10.06%	-28.80%	-11.70%	-16.14%
2001	-10.80%	-11.89%	-0.39%	-11.46%	2.49%	1.08%	-10.41%	0.65%	-13.29%
2002	-15.49%	-22.10%	-18.18%	-21.54%	-20.48%	6.61%	2.69%	6.05%	4.99%
2003	45.41%	28.68%	40.97%	31.06%	47.25%	16.72%	4.44%	14.35%	-1.85%
2004	17.97%	10.88%	16.95%	11.95%	18.33%	7.09%	1.02%	6.02%	-0.36%
2005	3.30%	4.91%	8.06%	6.12%	4.55%	-1.61%	-4.76%	-2.82%	-1.25%
2006	22.61%	15.79%	15.80%	15.71%	18.37%	6.81%	6.81%	6.89%	4.24%
2007	1.73%	5.49%	1.53%	5.14%	-1.57%	-3.76%	0.20%	-3.41%	3.30%
2008	-43.67%	-37.00%	-39.72%	-37.31%	-33.79%	-6.68%	-3.95%	-6.37%	-9.89%
2009	72.80%	26.46%	46.31%	28.34%	27.17%	46.33%	26.49%	44.46%	45.62%
2010	31.51%	15.06%	21.91%	16.93%	26.85%	16.45%	9.60%	14.58%	4.65%
2011	5.11%	2.11%	-0.11%	1.03%	-4.18%	3.00%	5.22%	4.09%	9.29%
2012	13.53%	16.00%	17.65%	16.42%	16.35%	-2.48%	-4.13%	-2.89%	-2.82%
2013	41.08%	32.39%	36.16%	33.55%	38.82%	8.69%	4.92%	7.53%	2.25%
2014 YTD	2.85%	8.34%	7.90%	6.95%	-4.41%	-5.50%	-5.06%	-4.11%	7.25%

**Note: Calculated Using Total Returns*

Source: Horizon Kinetics LLC, International Securities Exchange, Bloomberg

See important disclosures for additional information.

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Index Constituent Changes: 1. Nuveen Investments Inc (JNC US) was delisted from the US Security Exchange effective 11/14/2007 and has been removed from the index. 2. Alliance Financial Corp (ALNC US) was delisted from US Security Exchange effective 03/11/2013 and has been removed from the index. The divisor has been adjusted accordingly for each of these changes.

Money Manager Index

From Aug 1983 to Oct 2014

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yr. End	Index	Yearly return	Annualized return (since inception)
1983								1.00	0.81	0.76	0.87	0.75	1983	0.75	(60.5)%	(50.2)%
1984	0.75	0.71	0.70	0.66	0.67	0.67	0.61	0.83	0.79	0.76	0.67	0.65	1984	0.65	(13.5)%	(26.5)%
1985	0.92	0.93	0.99	0.95	1.20	1.30	1.32	1.38	1.28	1.50	1.86	2.02	1985	2.02	211.8%	33.7%
1986	2.46	2.78	2.47	2.31	2.36	2.33	2.03	2.23	1.98	2.37	2.34	2.34	1986	2.34	15.9%	28.2%
1987	3.21	3.27	3.16	2.55	2.37	2.30	2.39	2.47	2.22	1.56	1.44	1.52	1987	1.52	(35.0)%	9.9%
1988	1.80	1.87	1.78	1.79	1.69	1.94	1.92	1.96	2.01	1.97	1.95	2.07	1988	2.07	36.0%	14.3%
1989	2.42	2.37	2.54	2.63	2.64	2.64	2.93	3.12	3.07	3.05	3.23	3.26	1989	3.26	57.8%	20.2%
1990	3.12	3.15	3.53	3.06	3.47	3.45	3.30	2.70	2.68	2.40	2.52	3.02	1990	3.02	(7.3)%	16.1%
1991	3.08	3.49	3.70	3.68	3.71	3.61	3.86	4.05	4.07	4.69	4.47	5.72	1991	5.72	89.4%	23.0%
1992	5.76	5.61	5.30	5.12	4.98	4.99	5.93	6.06	6.19	6.56	7.25	7.36	1992	7.36	28.6%	23.6%
1993	8.06	8.04	8.20	7.94	8.15	8.57	9.05	10.00	9.99	9.31	8.97	8.90	1993	8.90	21.0%	23.4%
1994	9.52	8.73	8.05	7.85	7.81	7.53	7.66	8.31	8.15	8.52	7.88	7.95	1994	7.95	(10.6)%	19.9%
1995	7.74	8.38	8.72	8.77	9.20	9.35	9.93	10.78	11.22	10.53	10.89	10.40	1995	10.40	30.8%	20.8%
1996	11.12	11.50	11.33	11.62	11.86	12.53	11.91	12.36	13.32	14.03	14.42	15.02	1996	15.02	44.4%	22.4%
1997	16.04	16.81	15.32	17.27	18.42	20.29	22.28	21.39	25.31	24.95	24.95	25.50	1997	25.50	69.8%	25.2%
1998	25.67	29.00	29.89	30.60	28.90	30.44	27.67	21.33	21.74	25.16	27.27	25.41	1998	25.41	(0.4)%	23.3%
1999	26.00	23.71	23.92	26.77	28.94	29.74	28.78	26.74	25.89	27.73	28.54	30.55	1999	30.55	20.2%	23.2%
2000	31.07	31.19	36.01	35.60	35.20	40.32	43.58	45.75	45.62	48.69	44.05	49.84	2000	49.84	63.1%	25.2%
2001	50.23	46.41	44.27	46.96	48.90	49.98	50.67	49.70	46.47	44.81	48.04	51.91	2001	51.91	4.2%	23.9%
2002	53.62	53.74	55.11	52.52	52.83	50.48	42.58	44.92	41.54	42.66	45.78	43.17	2002	43.17	(16.8)%	21.4%
2003	42.72	41.18	42.36	45.98	49.02	50.71	53.47	53.97	53.46	56.12	55.83	58.49	2003	58.49	35.5%	22.1%
2004	64.38	65.08	64.63	61.68	60.86	62.30	58.71	64.08	65.73	68.86	73.53	78.16	2004	78.16	33.6%	22.6%
2005	76.46	77.94	74.06	72.83	77.02	80.25	83.59	83.07	86.03	89.19	96.58	97.35	2005	97.35	24.6%	22.7%
2006	107.62	111.44	110.75	111.88	101.89	100.61	100.62	104.98	114.61	116.64	113.78	118.05	2006	118.05	21.3%	22.6%
2007	125.73	123.77	122.62	127.58	133.57	134.68	126.61	124.07	133.57	148.09	135.13	135.56	2007	135.56	14.8%	22.3%
2008	127.53	115.76	115.94	121.58	130.51	115.68	119.94	120.55	109.69	72.70	62.95	67.91	2008	67.91	(49.9)%	18.1%
2009	57.51	51.76	65.63	79.49	85.67	90.79	99.97	101.69	107.32	107.36	110.94	115.01	2009	115.01	69.4%	19.7%
2010	106.84	110.32	118.13	114.91	100.18	88.17	97.65	89.64	103.59	108.29	108.64	119.58	2010	119.58	4.0%	19.1%
2011	122.80	128.28	127.94	127.97	126.06	121.03	115.49	104.25	91.32	102.44	103.79	103.98	2011	103.98	(13.1)%	17.8%
2012	109.46	120.12	125.37	121.64	108.44	114.12	113.56	118.33	123.18	127.91	131.76	135.00	2012	135.00	29.8%	18.1%
2013	151.20	155.13	165.52	166.55	174.89	164.20	179.01	168.47	176.12	192.14	197.16	208.44	2013	208.44	54.4%	19.2%
2014	194.17	196.87	203.88	196.24	195.40	206.41	194.00	207.06	201.07	205.28			2014	205.28	(1.5)%	18.6%

S.No.	Ticker	Name	Amount Invested	Shares Purchased	Date of Investment	Current Index Value
1	AMG US Equity	Affiliated Manager	$22,947	1,377	11/30/1997	$275,072
2	BLK US Equity	BlackRock	$23,205	1,658	9/30/1999	$565,395
3	WDR US Equity	Waddell & Reed	$27,513	1,587	3/31/1998	$76,317
4	EV US Equity	Eaton Vance	$2,641	3,998	1/31/1986	$148,260
5	TROW US Equity	T. Rowe Price	$2,423	2,014	4/30/1986	$165,317
6	BEN US Equity	Franklin resources	$908	1,263	4/30/1985	$210,729
7	LM US Equity	Legg Mason	$1,000	462	8/31/1983	$24,108
8	FII US Equity	Federated Inv	$26,381	2,206	5/31/1998	$68,984
9	FIG US Equity	Fortress Investment Group	$102,249	3,389	2/28/2007	$25,486
10	PZN US Equity	Pzena Investment Management	$122,426	6,317	10/31/2007	$63,487

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Index Constituent Changes: 1.New Star Asset Management (NSAM LN) was delisted from the London Security Exchange effective 03/10/2009 and has been removed from the index. 2. Australia Wealth Management (AUW AU) was delisted from Australian Security Exchange effective 05/18/2009 and has been removed from the index. 3. Bluebay Asset Management/UNI (BBAY LN) was delisted from the London Security Exchange effective 12/20/2010 and has been removed from the index. 4.Everest Financial Group Limited (EFG AU) was delisted from the Australian Security Exchange effective 7/19/2011 and has been removed from the index. 5. RAB Capital Plc (RAB LN) was delisted from the London Security Exchange effective 9/2/2011 and has been removed from the index. 6. Invista Real Estate (INRE LN) was delisted effective 8/13/2012 and has been removed from the index. 7. F&C Asset Management Plc (FCAM LN) was delisted effective 5/8/2014 and has been removed from the index.The divisor has been adjusted accordingly for each of these changes.

International Money Manager Index

From Nov 1986 to Oct 2014

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yr. End	Index	Yearly return	Annualized return (since inception)
1986											1.00	1.02	1986	1.02	10.0%	10.0%
1987	1.25	1.37	1.48	1.48	1.37	1.33	1.39	1.40	1.33	0.81	0.76	0.73	1987	0.73	(27.7)%	(23.3)%
1988	0.75	0.92	1.02	0.95	0.80	0.89	0.88	0.82	0.86	0.88	0.89	0.93	1988	0.93	26.4%	(3.4)%
1989	1.03	1.02	1.06	1.17	1.19	1.18	1.25	1.16	1.17	1.20	1.21	1.28	1989	1.28	37.8%	8.1%
1990	1.24	1.24	1.18	1.19	1.22	1.24	1.26	1.26	1.23	1.24	1.25	1.33	1990	1.33	3.7%	7.0%
1991	1.34	1.52	1.56	1.58	1.57	1.47	1.52	1.64	1.81	1.89	1.94	1.92	1991	1.92	44.8%	13.5%
1992	2.01	1.93	1.88	2.14	2.19	2.13	2.08	1.99	1.95	1.77	1.76	1.96	1992	1.96	1.9%	11.5%
1993	1.98	2.03	2.20	2.39	2.42	2.45	2.54	3.05	3.01	3.07	3.01	3.30	1993	3.30	68.7%	18.1%
1994	3.72	3.39	3.17	3.04	2.99	2.89	3.01	3.14	3.13	3.19	3.15	3.15	1994	3.15	(4.7)%	15.1%
1995	3.07	3.12	3.28	3.41	3.56	3.59	3.87	3.76	3.76	3.77	3.70	3.73	1995	3.73	18.6%	15.4%
1996	3.76	3.85	3.70	3.79	3.96	3.90	3.75	3.96	4.16	4.47	4.90	4.86	1996	4.86	30.3%	16.8%
1997	5.11	5.37	4.99	4.96	5.43	5.94	6.57	6.32	7.45	7.24	6.80	7.19	1997	7.19	47.9%	19.3%
1998	7.12	8.05	8.78	9.25	8.95	8.74	8.91	6.67	6.08	7.01	7.51	7.71	1998	7.71	7.3%	18.3%
1999	7.99	8.21	8.68	9.07	8.71	8.61	8.63	8.43	8.47	8.79	9.80	10.79	1999	10.79	39.9%	19.8%
2000	11.23	12.27	13.95	13.50	13.73	15.39	15.85	16.82	17.07	16.31	14.43	16.76	2000	14.43	33.8%	20.7%
2001	17.42	15.88	13.46	15.14	15.84	15.15	14.21	13.61	10.77	11.43	13.90	14.12	2001	14.12	(2.2)%	19.1%
2002	14.74	13.78	15.09	15.11	16.38	14.14	12.92	12.10	11.23	11.06	11.33	10.50	2002	10.50	(25.6)%	15.7%
2003	10.18	9.52	9.69	10.62	12.17	13.04	13.98	15.38	16.67	17.88	18.16	18.07	2003	18.07	72.1%	18.4%
2004	20.00	22.41	29.98	35.46	26.68	30.80	25.37	25.20	23.67	23.34	27.56	31.48	2004	31.48	74.2%	20.9%
2005	32.19	32.57	31.88	27.79	27.36	29.05	30.38	31.49	33.39	32.24	32.95	37.18	2005	37.18	18.1%	20.8%
2006	41.01	40.97	43.69	46.45	42.39	41.58	40.60	43.32	43.55	43.70	44.58	49.38	2006	49.38	32.8%	21.3%
2007	50.95	51.18	53.59	56.09	58.16	56.37	53.90	48.65	50.96	57.03	48.21	45.75	2007	45.75	(7.3)%	19.8%
2008	38.71	39.71	38.59	40.18	39.25	35.10	34.59	33.33	26.09	18.72	14.50	15.79	2008	15.79	(65.5)%	13.3%
2009	14.62	13.24	14.96	19.63	22.82	23.73	26.14	27.05	28.41	28.53	28.69	29.83	2009	29.83	89.0%	15.8%
2010	28.50	27.58	29.90	29.58	25.53	24.72	27.82	26.74	30.36	33.68	31.85	34.52	2010	34.52	15.7%	15.8%
2011	34.91	36.17	36.51	39.63	37.86	35.31	35.83	32.76	29.28	32.04	31.23	30.59	2011	30.59	(11.4)%	14.56%
2012	32.12	34.36	35.67	35.08	31.03	32.92	32.66	34.17	36.33	37.28	38.11	40.73	2012	40.73	33.1%	15.22%
2013	43.61	42.58	44.42	49.29	50.40	47.75	50.58	49.32	52.49	55.65	55.41	58.88	2013	58.88	44.6%	16.19%
2014	55.35	58.98	61.86	59.92	59.05	59.89	57.84	58.64	55.47	54.37			2014	54.37	(7.7)%	15.34%

S.No.	Ticker	Name	Initial Amount Invested	Shares Purchased	Date of Investment	Current Index Value
1	IGM CN Equity	IGM Financial Inc	$1,000	73	31/11/1986	$2,935
2	IVZ US Equity	Invesco Plc (Previously Amvescap)	$1,357	1,153	1/31/1991	$23,321
3	SDR LN Equity	Schroders Plc	$1,208	505	3/31/1991	$19,470
4	RAT LN Equity	Rathbone Brothers Plc	$1,208	736	3/31/1991	$22,755
5	ADN LN Equity	Aberdeen Asset Mgmt Plc	$1,208	1,827	3/31/1991	$12,685
6	CIX CN Equity	CI Financial Corp.	$2,585	3,224	6/30/1994	$93,961
7	EMG LN Equity	Man Group Plc	$2,862	6,344	10/31/1994	$9,549
8	AGF/B CN Equity	AGF Management Ltd-Cl B	$3,343	1,346	1/31/1996	$12,544
9	8739 JP Equity	Sparx Group Co Ltd	$11,762	108	12/31/2001	$20,769
10	HGG LN Equity	Henderson Group Plc	$14,447	8,666	12/31/2003	$23,374
11	AZM IM Equity	Azimut Holding Spa	$21,908	4,977	7/31/2004	$116,257
12	CCAP LN Equity	Charlemagne Capital Ltd	$36,848	22,300	3/31/2006	$4,369
13	PGHN SW Equity	Partners Group-Reg	$36,848	578	3/31/2006	$153,698
14	ASHM LN Equity	Ashmore Group Plc.	$36,688	9,873	10/31/2006	$50,308

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