HORIZON KINETICS LAUNCHES INFLATION BENEFICIARIES EXCHANGE TRADED FUND (INFL) Q&A

Why is Horizon Kinetics worried about inflation?

We consider inflation to be the single greatest risk facing investors, although due to the lack of inflation for two generations, many people underappreciate its implications. In the one-decade of the 1970s, the average inflation rate (CPI) of approximately 7% debased the purchasing power of a dollar of a 10-Year government bond by over 95%. Global government responses to both the 2008 financial crisis and the current economic disruption have been unprecedented both in scale and scope. However, these policies have coincided with longer-term trends in declining interest rates and ballooning deficits and debt balances; in our opinion this has likely reached inherent limits and an inflection point. To be clear, while we are worried about the impact that inflation will have on traditional assets (most stocks and bonds), we believe it represents a tremendous opportunity for certain types of other assets.

Can you describe the types of companies that INFL holds?

The Fund will emphasize holdings in capital-light, hard asset companies. These are businesses that provide exposure to hard assets, such as precious metals, energy, base metals, agriculture and real estate, but without taking on the high fixed costs or operational risks of such endeavors. Other investments may include information-based companies such as contract research organizations, defense technology contractors, and market data companies, which enjoy strong pricing power and relatively low fixed costs. Exceedingly few companies have such attributes, which we believe facilitate high operating leverage during strong asset price cycles, yet are likely to provide insulation during weaker price cycles, ultimately resulting in higher rates of compounding as compared to capital intensive hard asset companies. We believe the resilience through a full cycle is likely to result in positive returns even during non-inflationary periods, but we believe that returns could be enhanced further in even modestly higher inflationary environments.

These appear different than the historical ways that investors have sought to hedge against inflation. Why is a new approach needed?

Historically, many investors have added exposure to CPI-linked assets such as TIPS (Treasury Inflation Protected Securities), LIBOR based loans and real estate/listed infrastructure equities. In our views, these investments have limited utility today, as CPI and LIBOR may not fully reflect underlying inflation conditions, while real estate and listed infrastructure have experienced sharp appreciation already given the low rate environment. Ultimately these assets are yield oriented, which can limit the ability of the investment to compound in value due to the historically high payout ratio and current depressed yields.

Has Horizon Kinetics been involved in the ETF space before?

This product represents Horizon Kinetics' first foray into managing an ETF, although we have been managing hard asset investments for over 25 years, and are amongst the earliest published researchers on the ETF/indexation industry. Despite our concerns regarding passive index investing today and the risks we believe its overwhelming popularity and typical structure have introduced, we have long recognized the underlying merits of ETFs as investment vehicles. INFL aims to be a timely product created to provide an actively managed concentrated, targeted exposure to companies expected to be inflation beneficiaries.

IMPORTANT RISK DISCLOSURES

Please consider carefully a fund's investment objectives, risks, charges and expenses. For this and other important information, obtain a statutory and summary prospectus by contacting 646-495-7333. Read it carefully before investing.

Past performance is not a guarantee of future returns and you may lose money. Opinions and estimates offered constitute our judgment as of the date made and are subject to change without notice. This information should not be used as a general guide to investing or as a source of any specific investment recommendations.

The Horizon Kinetics Inflation Beneficiaries ETF (Symbol: INFL) is an exchange traded fund ("ETF") managed by Horizon Kinetics Asset Management LLC ("HKAM"). HKAM is an investment adviser registered with the U.S. Securities and Exchange Commission. You may obtain additional information about HKAM at our website at www.horizonkinetics.com.

Definitions:
CPI: Refers to the Consumer Price Index (CPI), a measure of the average change over time in the process paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographical areas. **LIBOR**: Refers to the basic rate of interest used in lending between banks on the London interbank market and also used as a reference for setting the interest rate on other loans. **Payout Ratio**: Refers to the financial metric showing the proportion of earnings a company pays shareholders in the form of dividends, expressed as a percentage of the company's total earnings. This is also known as the dividend payout ratio.

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV), may trade at a discount or premium to NAV and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. The Fund's investments in securities linked to real assets involve significant risks, including financial, operating, and competitive risks. Investments in securities linked to real assets expose the Fund to potentially adverse macroeconomic conditions, such as a rise in interest rates or a downturn in the economy in which the asset is located. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. The Fund may invest in the securities of smaller and mid-capitalization companies, which may be more volatile than funds that invest in larger, more established companies. The fund is actively managed and may be affected by the investment adviser's security selections.

HKAM does not provide tax or legal advice, all investors are encouraged to consult their tax and legal advisors regarding an investment in the Fund. No part of this material may be copied, photocopied, or duplicated in any form, by any means, or redistributed without the express written consent of HKAM.

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