



Horizon Kinetics SPAC Active ETF (SPAQ)

Special Purpose Acquisition Companies (“SPAC”)

An investment designed to generate competitive
low-risk returns with a kicker of upside optionality

Prepared in April 2025

Special Purpose Acquisition Companies (“SPACs”)



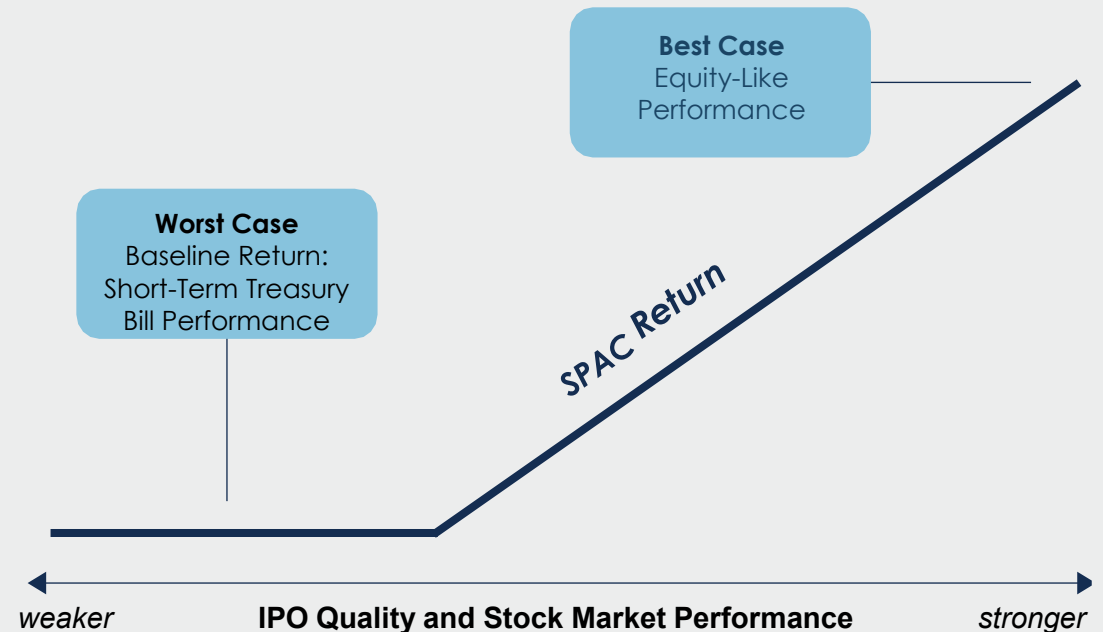
An investment designed to generate competitive low-risk returns with a kicker of upside optionality

Combining a low risk of permanent capital loss with the opportunity to invest, SPACs provide investors with an asymmetric risk/return profile:

- “Tails” - Baseline return of short-term U.S. Treasuries
- “Heads” - The optionality of equity investments
- Potential long term tax treatment of realized capital gains

Additionally, SPAC returns are frequently positively correlated with rising interest rates.

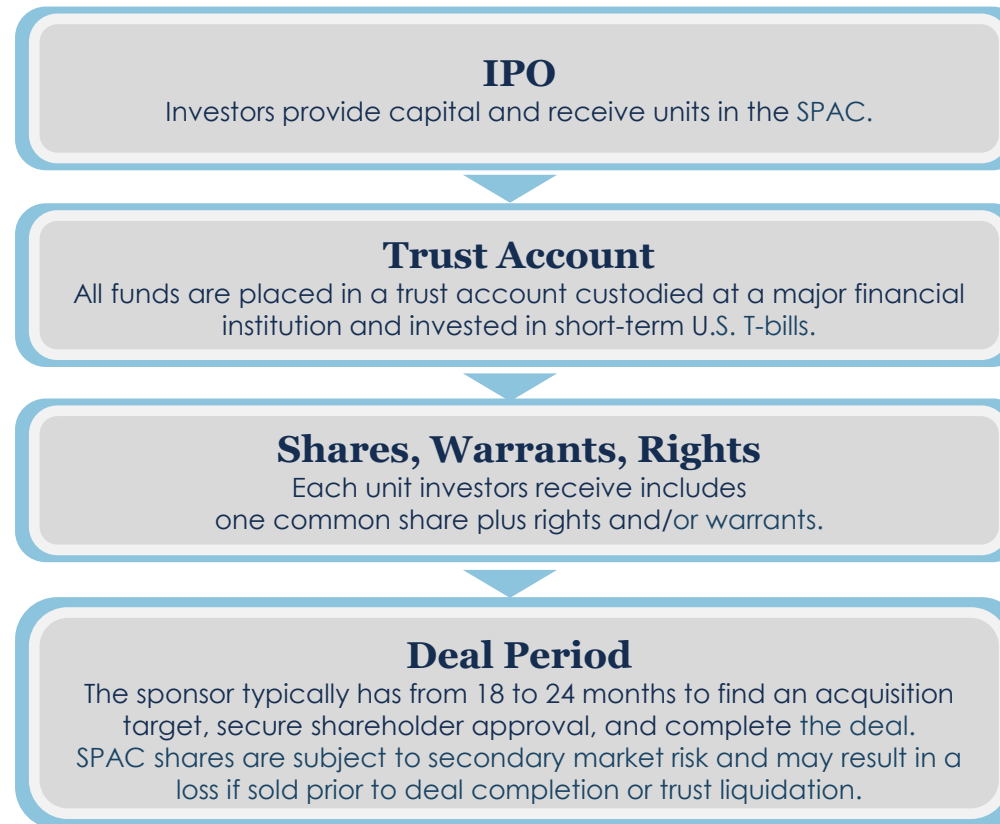
SPACs’ Asymmetric Return Profile



Special Purpose Acquisition Companies (“SPACs”)



The Anatomy of a SPAC



HEADS: EQUITY-LIKE RETURNS*

If a deal is consummated, investors can:

- Sell their shares
- Sell their warrants
- Sell their rights

If the sponsor is able to arrange a business combination with a private company, investors in the SPAC vote “yea” or “nay” on the deal.

If the sponsor is unable to complete a deal, the trust account is liquidated and funds are returned to investors with interest.

TAILS: MITIGATED DOWNSIDE RISK*

If no deal is consummated and shares are held to maturity, investors receive:

- The return of their share of the money in trust
- Accrued T-bill interest

Special Purpose Acquisition Companies (“SPACs”)



The Purpose of a SPAC

Q: Why Are Investors Offered Such an Appealing Opportunity?

A: Because we believe the SPAC vehicle represents a potential financial “win” for the three primary parties involved.

IPO Sponsor¹

Gains access to the ready capital needed to complete a merger deal, from which they can earn a substantial return on investment.

SPAC

Private Company

Achieves quicker, cheaper access to the public markets.

Investors

Receive valuable equity optionality without taking on commensurate risk.

¹ The Sponsor bears the risk of losing the entire investment if it fails to complete a business combination.

Special Purpose Acquisition Companies (“SPACs”)



Trust Structure and Redemption Feature

Trust Structure

The structure of the trust account is extremely important, not just to returns, but to the safety of principal as well.

If no deal with a private company is consummated, investors get back only their pro rata portion of the trust account. Accordingly, potential investors should examine the trust account structure very carefully, including how the account's funds are invested and how they're protected from creditors and any potential liabilities.

Redemption Feature

An important safeguard in the structure of a SPAC is the redemption feature, which allows investors to opt out of any announced deal and receive cash equal to their pro rata portion of the trust account—typically their initial investment plus interest.

When the management of a SPAC finds an attractive merger target, it is required to seek approval of the merger from investors. This is done in two ways:

- **Tender offer:** In this instance, the SPAC will commence a tender offer to purchase all shares from investors who wish to exit the company for cash, at a price equal to their pro rata share of the trust account.
- **Vote:** In the second (more common) method, a shareholder meeting is held and shareholders vote on the transaction. At this time, investors who choose not to stay in the deal may follow procedures to redeem their shares for cash while keeping their warrants or rights.

Special Purpose Acquisition Companies (“SPACs”)



Benefits for Investors

Relative Safety

Until a deal is consummated, cash is invested in U.S. T-bills.

Optionality

Potential equity-like returns if successful deal is consummated.

Liquidity

Shares of SPACs trade like other stocks. Investors requiring liquidity can sell securities issued by SPACs in the market.

Short Duration

Cash in trust accounts is expected to perform well in rising-rate environment.



Special Purpose Acquisition Companies (“SPACs”)



Risk Profile and Management

- SPACs have no operating history or ongoing business other than seeking business combinations, and thus the value of their securities is particularly dependent on the ability of the SPAC sponsor to identify and complete a profitable combination.
- There is no guarantee that the SPACs in which the Fund invests will complete a business combination or that any combination that is completed will be profitable.
- Public stockholders of SPACs may not be afforded a meaningful opportunity to vote on a proposed initial business combination. This is because certain stockholders—including stockholders affiliated with the management of the SPAC—may have sufficient voting power, and a financial incentive, to approve such a transaction without support from public stockholders. As a result, a SPAC may complete a business combination even though a majority of its public stockholders do not support such a business combination.
- SPAC shares are subject to secondary market risk and may result in a loss if sold prior to deal completion or trust liquidation. If a business combination is completed and the SPAC shares are not sold or redeemed, the former SPAC's shares and other securities will take on the same risks as an equivalent investment in the acquired company.
- Some SPACs may pursue business combinations only within certain industries or regions, which may increase the volatility of their prices.

Risk Management

Embedded in the security selection and portfolio management process:

- There will be a focus on SPACs trading at a discount to the cash value held in the trust account.
- Structure and sponsor evaluation are critical.
- SPAQ does not intend to hold shares of the SPAC after a deal/business combination is consummated, so the risks related to holding shares of what is now a public company (after deal closing) are not present. Neither is the opportunity for further appreciation of those shares.
- Position Diversification – the Fund will hold at least 10 names.

The SPAQ ETF (SPAQ)



An investment designed to generate competitive low-risk returns with a kicker of upside optionality

Company Selection

- A value investment approach drives investment selection.
- With a particular focus on SPACs trading at a discount to the cash value held in the trust account, either at IPO or in the secondary market.

Structure Evaluation

- Trust structure is critical.
- The redemption feature is key.
- SPAQ does not plan to stay in the SPAC investments post business combination, lest investors lose the right to redeem shares for the per share cash value of the trust account.

Sponsor Evaluation

- Not all sponsors are created equal.
- Align interests: Sponsors' "skin in the game" (the size of their investment in the SPAC) must be substantial.
- Sponsors' proven records and potential to achieve a well-regarded business combination may help to increase the price of an investor's common shares, warrants and rights.

SPAQ

Life of a Pre-Merger XYZ SPAC

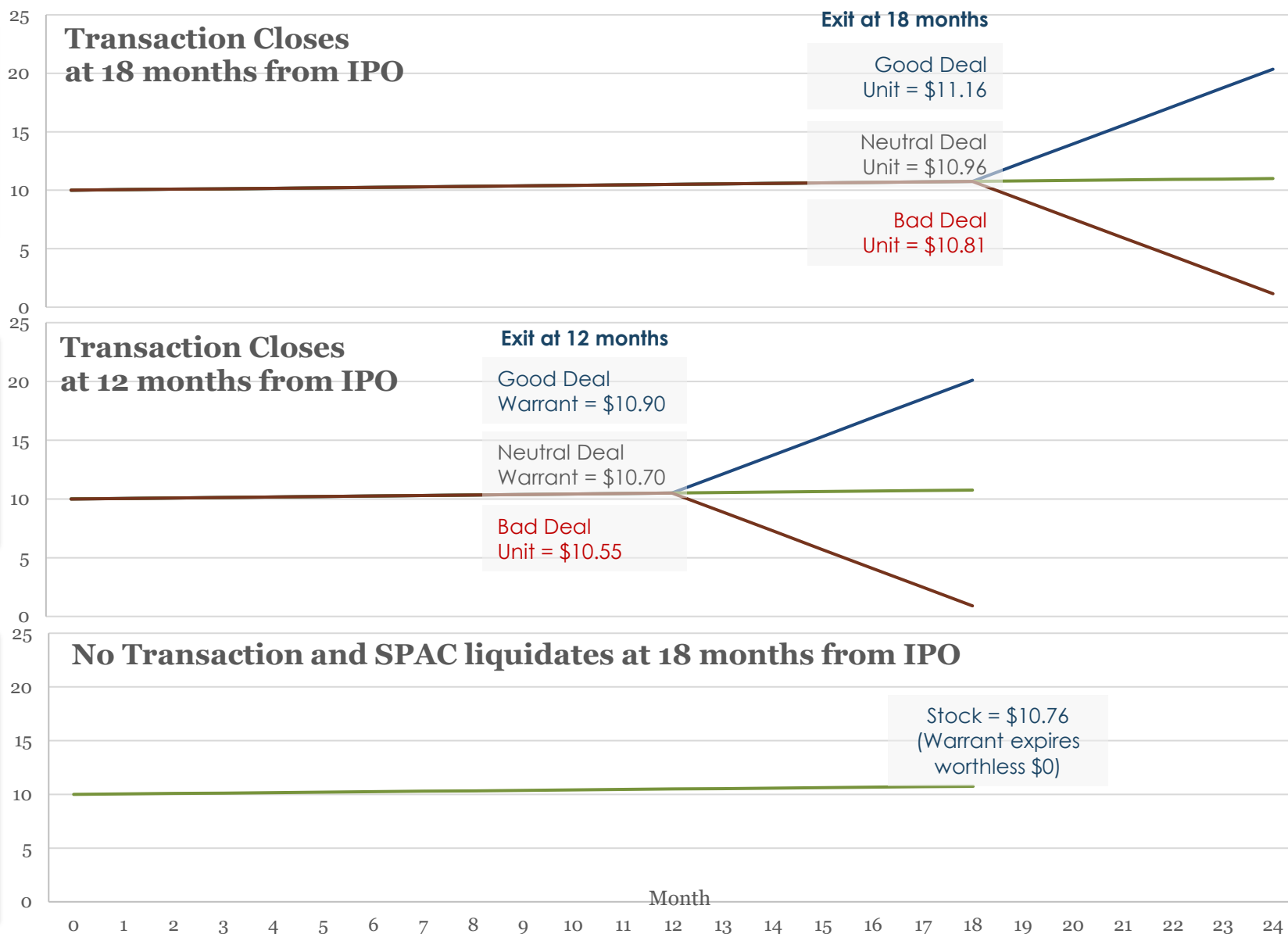


Illustrations of Possible Outcomes

- 18-mo max term
- \$10 unit includes 1 share and ½ warrant
- \$10 in trust account
- T-bill rate: 5%

If a deal closes earlier in 12 months, we can potentially enhance our annualized rate of return.

If the interest rate on T-bills stays constant at 5%, and XYZ liquidates in 18 months, there should be about \$10.75 per share in trust.



Special Purpose Acquisition Companies (“SPACs”)



Case Study

IPO Terms

- Landcadia: 31.6 million units issued at \$10
- Unit = 1 Common Share and 1/3 Warrant with \$10 per share deposited in the Trust Account invested in short-term treasuries
- SPAC Deal Window: 24 months
- Underwriter: Jefferies
- SPAC Management Team: Led by well-known dealmakers Tilman J. Fertitta (owner of Houston Rockets, Landry's and the Golden Nugget Casinos) and Richard Handler (CEO of Jefferies Financial Group)

Deal Highlights

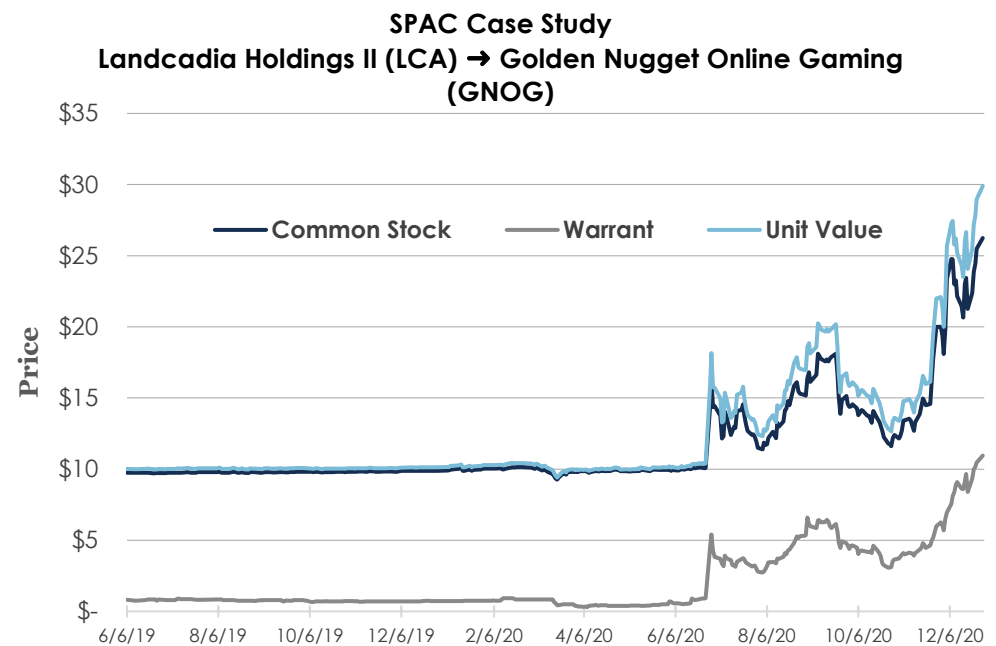
- Transaction valued the combined companies at an anticipated pro forma Enterprise Value of \$745 mm, or 6.1x Golden Nugget Online Gaming's estimated 2021 revenue of \$122 million.
- Landcadia II will assume \$150mm of GNOG debt and pay down an additional \$150mm of debt at closing.
- GNOG will become only the second publicly traded pure online casino company in the U.S.

Asymmetrical Return Profile

This example clearly illustrates the asymmetric return profile of SPACs, and how it is skewed to the upside.

On the downside, one's risk is limited to the cash in the trust account and the after-tax interest earned.

However, the upside potential is on par with equity investments.



Important Disclosures: Prior to a merger transaction, common shares of a SPAC often trade at a discount to the cash held in the trust and may decline in value. It should not be assumed that the performance of any specific investment or investment strategy will be profitable or suitable, and may, in fact, result in a loss. Sources: Bloomberg (pricing data); SPAC Research (IPO data)

This transaction is not reflective of the SPAQ ETF and there can be no guarantee that any transactions will return favorable results.

SPAQ Overview



An Active Approach to SPAC Investing

FUND DESCRIPTIONS

Investment Objective:

The SPAC ETF seeks to generate realized capital gains in excess of short-term interest rates on a risk adjusted basis.

Strategy:

An actively-managed exchange-traded fund ("ETF") that pursues its investment objective primarily by investing, under normal circumstances, in special purpose acquisition companies ("SPACs") that Ryan Heritage, LLP, the Fund's investment sub-adviser (the "Sub-Adviser"), believes will generate net realized capital gains in excess of the income derived from bank certificates of deposit¹ with similar maturities.

Portfolio Managers:

The SPAC ETF is sub-advised by Ryan Heritage, an affiliate of Bulldog Investors. Bulldog Investors has 15+ years of experience in researching and investing in SPACs. The team applies a value investment approach in undertaking investments, seeking out opportunities to invest in SPACs. They do not plan to hold the SPAC investments beyond the intended business combination, as investors will no longer have the right to redeem shares for the per share cash value of the trust account.

- Phillip Goldstein – 31 years of investment experience
- Andrew Dakos – 26 years of investment experience
- Rajeev Das – 26 years of investment experience

PORTFOLIO CONSTRUCTION

| | |
|--------------------|------|
| Number of Holdings | 10+ |
| Position Limit | 10% |
| Shorting | None |
| Leverage | None |

FUND DETAILS

| | |
|----------------|------------------------------|
| Ticker/CUSIP | SPAQ/53656G555 |
| Inception Date | January 27, 2023 |
| Expense Ratio | 0.85% |
| Index Tracked | None (Active ETF) |
| Distributor | Foreside Fund Services, LLC |
| Stock Exchange | NASDAQ |
| Net Assets | \$16,871,066 (as of 3/31/25) |

FUND PERFORMANCE

| As of 3/31/2025 | QTD | YTD | 1 Yr | Since Inception (Ann.) |
|------------------------|------|------|------|------------------------|
| Total Return % (Price) | 2.48 | 2.48 | 6.04 | 5.44 |
| Total Return % (NAV) | 2.66 | 2.66 | 5.89 | 5.39 |

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. Performance current to the most recent month-end can be obtained by calling (800) 617-0004.

Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns. Returns beyond 1 year are annualized. A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. The market price is the most recent price at which the fund was traded.

¹CDs are FDIC-insured bank products that guarantee a return of principal, while SPACs have significant risks and carry no such guarantee.

Resources

[SPAQ Factsheet](#)

[SPAQ 2024 Semi-Annual Letter](#)

[SPAC \(Special Purpose Acquisition Companies\) Primer](#)

[SPAQ Summary Prospectus](#)

[SPAQ Prospectus](#)

[SPAQ Annual Shareholder Report December 31, 2024](#)

Horizon Kinetics, LLC

Investing Differently Since 1994

Firm Overview

At a Glance



Horizon Kinetics LLC

- Independent, majority employee owned, serving clients since 1994.
- \$9.8 billion in firm-wide assets under management¹
- 83 employees
- Offices in New York City, White Plains, NY and Summit, NJ

Stable, Tenured Investment Team

- Co-Founders investing together for over 30 years
 - **Murray Stahl** – Chairman, CEO, and CIO
 - **Steven Bregman** – President, Senior Portfolio Manager and Director of Research
 - **Peter Doyle** – President of Kinetics Mutual Funds, Inc. and Senior Portfolio Manager
- 21 Investment Professionals with an average tenure of 20 years with the firm and 32 years in the industry

Dedicated Culture

- Committed exclusively to investment research and portfolio management across the capital structure
- Independent publisher of research for institutional investment community since 1995
- Adhering to a research-intensive, time-tested fundamental investment philosophy
- Institutional quality client service and operations infrastructure

Ryan Heritage LLP

- Established in 2019 as an affiliate of Bulldog Investors, LLP (“Bulldog”).
- Bulldog: registered with the SEC since 2009, managing \$569MM of assets.
- Event-driven, opportunistic style asset manager with 30+ years experience in managing investment capital.
- Headquartered in Saddle Brook, NJ.

Hands-on Team

- Bulldog: 15+ years of experience in researching and investing in SPACs.
- Value investment approach in undertaking investments, seeking out opportunities to invest in SPACs.
 - **Phillip Goldstein** – Managing Partner
 - **Andrew Dakos** – Managing Partner
 - **Rajeev Das** – Portfolio Manager/Head of Trading

Opportunistic and Value Add Approach

- Finding undervalued securities with greatest likelihood of monetizing the discount to intrinsic value.
- From time to time, the Sub-Adviser may influence management of companies to unlock value identified in a particular security.

¹ As of December 31, 2024.

Firm Overview

Strategy and Client Type Overview



Firmwide Assets Under Management¹

\$9.8 B

Separately Managed Accounts²

\$4.5 B

- Equities
- High-Yield
- Opportunistic Investments, i.e. Distressed Debt

Kinetics Mutual Funds and Active ETF³

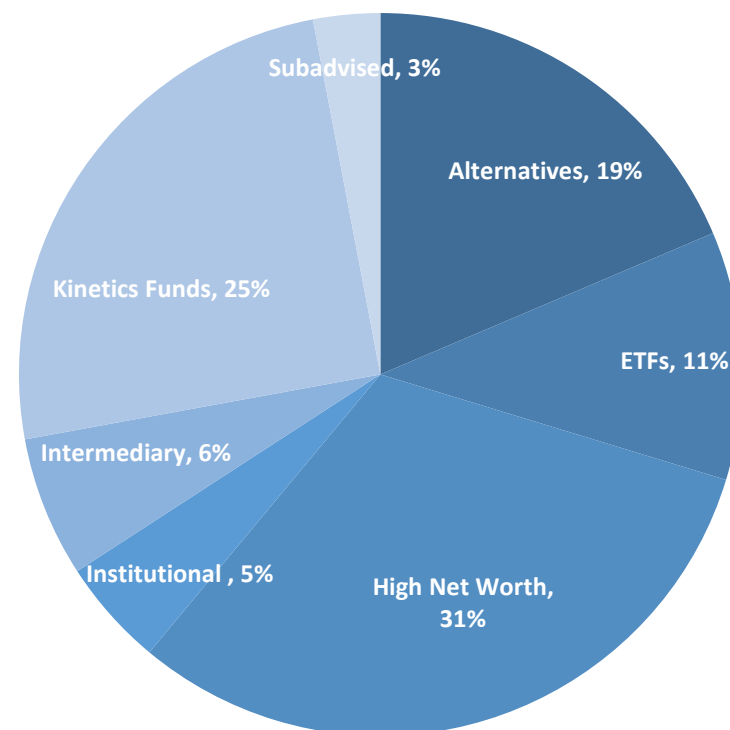
\$3.5 B

- Broad Markets
- Specialty Markets
- Income-Related
- Inflation Beneficiaries

Alternative Investments

\$1.8 B

Client Assets by Type¹



¹AUM and client type as of 12/31/2024.

²Includes assets in customized portfolios, other strategies developed for intermediaries, and sub-advised assets.

³Kinetics Mutual Funds, Inc. ("Kinetics Funds") are distributed by Kinetics Funds Distributor LLC ("KFD"), an affiliate of Horizon Kinetics LLC. KFD is not affiliated with the Kinetics Funds. Horizon Kinetics Exchange-Traded Funds ("ETFs") are distributed by Foreside Fund Services, LLC ("Foreside"). Foreside is not affiliated with Horizon Kinetics LLC or its subsidiaries. Please consider the investment objectives, risks, charges and expenses of the funds carefully before investing. For a free copy of the mutual funds' prospectus, which contains this and other information, visit our website at www.kineticsfunds.com or call 1-800-930-3828. To obtain a prospectus containing this and other important information for the ETFs, please visit www.horizonkinetics.com/products/etf. Please read the prospectus carefully before you invest.

Corporate Bios



Adviser: Horizon Kinetics Asset Management LLC

Murray Stahl

Chairman, Chief Executive Officer, Chief Investment Officer

Murray is Chief Executive Officer, Chairman of the Board of Horizon Kinetics and is a co-founder of the Firm. He has over thirty years of investing experience and is responsible for overseeing the Firm's proprietary research. Murray serves as the Firm's Chief Investment Officer, and chairs the Firm's Investment Committee, which is responsible for portfolio management decisions across the entire Firm. He is also the Co-Portfolio Manager for a number of registered investment companies, private funds, and institutional separate accounts. Additionally, Murray is the Chairman and Chief Executive Officer of FRMO Corp. He is a member of the Board of Directors of the Minneapolis Grain Exchange, the Bermuda Stock Exchange, and Texas Pacific Land Corporation. Prior to co-founding the Firm, Murray spent 16 years at Bankers Trust Company (1978-1994) as a senior portfolio manager and research analyst. As a senior fund manager, he was responsible for investing the Utility Mutual Fund, along with three of the bank's Common Trust Funds: The Special Opportunity Fund, The Utility Fund, and The Tangible Assets Fund. He was also a member of the Equity Strategy Group and the Investment Strategy Group, which established asset allocation guidelines for the Private Bank. Murray received a Bachelor of Arts in 1976, a Masters of Arts in 1980 from Brooklyn College, and an MBA from Pace University in 1985.

Peter Doyle

Managing Director, President of Kinetics Mutual Funds, Inc.

Peter is a Managing Director and co-founder of the Firm. He is a senior member of the research team, and a member of the Investment Committee and the Board. Peter is a Co-Portfolio Manager for several registered investment companies, private funds, and institutional separate accounts. He is also responsible for oversight of the Firm's marketing and sales activities and is the Vice President of FRMO Corp. Previously, Peter was with Bankers Trust Company (1985-1994) as a Senior Investment Officer, where he also served on the Finance, Utility and REIT Research sub-group teams. Peter received a BS from St. John's University and an MBA from Fordham University.

Steven Bregman

President

Steven is the President of Horizon Kinetics and is a co-founder of the Firm. He is a senior member of the Firm's research team, a member of the Investment Committee and Board, and supervises all research reports produced by the Firm. As one of the largest independent research firms, Horizon Kinetics focuses on structurally inefficient market sectors, including domestic spin-offs, global spin-offs (The Spin-Off Report and Global Spin-Off Report), distressed debt (Contrarian Fixed Income) and short sale candidates (Devil's Advocate), among others. Horizon Kinetics has also taken an interest in creating functionally improved indexes, such as the Spin-Off Indexes and the Wealth Indexes (which incorporate the owner-operator return variable). Steve is also the President and CFO of FRMO Corp., a publicly traded company with interests in Horizon Kinetics, and is a member of the Board of Directors of Winland Electronics, Inc. He received a BA from Hunter College, and his CFA® Charter in 1989. Steve has authored a variety of papers, notably "Spin-offs Revisited: A Review of a Structural Pricing Anomaly" (1996) and "Equity Strategies and Inflation" (2012).

Portfolio Management Bios

Sub-Adviser: Ryan Heritage, LLP



Phillip Goldstein

Managing Partner

Mr. Goldstein co-founded Ryan Heritage and its affiliate, Bulldog Investors. He is a Managing Partner of the firm and its lead investment strategist. Widely acclaimed as one of the foremost experts in closed-end fund investing and in using activist techniques to enhance investment returns, he has appeared on and been interviewed by numerous business shows and publications, including CNBC, *Forbes* and *Fortune* magazine. Mr. Goldstein plays a key role in implementing Bulldog Investors' activist strategies and, in this capacity, has served as a director of a number of closed-end funds in which Bulldog maintains a strategic position. He is currently a director of Special Opportunities Fund, Inc., Mexico Equity and Income Fund Inc., Total Return Securities Fund, High Income Securities Fund, BNY Mellon Municipal Income Inc., and Brookfield DTLA Fund Office Trust Investor Inc. Mr. Goldstein graduated from the University of Southern California in 1966 with a Bachelor of Engineering degree and from City College, New York in 1968 with a Master of Engineering degree.

Rajeev Das, CFA

Portfolio Manager / Head of Trading

Mr. Das serves as a Principal of the firm and its affiliate, Bulldog Investors. He is currently a director of the Mexico Equity and Income Fund Inc. and High Income Securities Fund. He is also Vice-President of Special Opportunities Fund, Inc. Mr. Das is a Chartered Financial Analyst (CFA). He received a Bachelor of Arts in Economics from the University of Bombay in 1989 and a Master of Arts in Economics from New York University in 1999.

Andrew Dakos

Managing Partner

Mr. Dakos co-founded Ryan Heritage and is a Managing Partner of the firm and its affiliate, Bulldog Investors. As Managing Partner, Mr. Dakos co-manages the firm's investment strategy. Mr. Dakos currently serves as a director of Special Opportunities Fund, Inc., Total Return Securities Fund, High Income Securities Fund, BNY Mellon Municipal Income Inc., and Brookfield DTLA Fund Office Trust Investor Inc. and has previously served on the boards of various public companies. He also serves as President of Special Opportunities Fund, Inc. Mr. Dakos holds a Bachelor of Science degree in Business Administration from the University of Delaware.

Contact Information



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Website(s)

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Important Risk Disclosures



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

Definitions: An initial public offering (IPO) refers to the process of offering shares of a private corporation to the public in a new stock issuance for the first time. An IPO allows a company to raise equity capital from public investors. Common share shareholders in a publicly-traded company have certain rights pertaining to their equity investment, and among the more important of these is the right to vote on certain corporate matters. Rights offerings grant shareholders the right, but not the obligation, to buy new shares at a discount to the current trading price. Warrants gives the holder the right, but not the obligation, to buy common shares of stock directly from the company at a fixed price for a pre-defined time period.

FUND RISKS:

Investing involves risk, including the possible loss of principal. Shares of any ETF are bought and sold at market price (not NAV) and may trade at a discount or premium to NAV. Shares are not individually redeemable from the Fund and may only be acquired or redeemed from the fund in creation units.

Equity Market Risk. The equity securities held in the Fund's portfolio may experience sudden, unpredictable drops in value or long periods of decline in value. **Emerging Markets Risk.** The Fund may invest in companies organized in emerging market nations. Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to such securities or markets, can involve additional risks relating to political, economic, currency fluctuations or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. **Non-Diversification Risk.** The Fund is considered to be non-diversified, which means that it may invest more of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified fund. **New Fund Risk.** The Fund is a recently organized investment company with no operating history. As a result, prospective investors have no track record or history on which to base their investment decision. **Associated Risks of Pre-Combination SPACs.** "Pre-Combination" SPACs are SPACs that are either seeking a target for a Combination or have not yet completed a Combination with an identified target. Pre-Combination SPACs often have predetermined time frames to consummate a Combination (typically, two years) or the SPAC will liquidate. The Fund invests in equity securities including common stock, rights and warrants of SPACs, which raise cash to seek potential Combination opportunities. Unless and until a Combination is completed, substantially all of the cash raised by a SPAC is deposited in a trust account that generally invests its assets in U.S. government securities, money market securities, and cash. Because SPACs have no operating history or ongoing business other than seeking Combinations, the value of their securities is particularly dependent in the ability of the entity's management to identify and complete a Combination that investors find attractive. There is no guarantee that the SPACs in which the Fund invests will complete a Combination or that any Combination that is completed will be attractive to investors. Some SPACs may pursue Combinations only within certain industries or regions, which may affect the volatility of their prices.

Murray Stahl is a member of the Board of Directors of Texas Pacific Land Corporation ("TPL"), a large holding in certain client accounts and funds managed by Horizon Kinetics Asset Management LLC ("HKAM"). Officers, directors and employees may also hold substantial amounts of TPL, both directly and indirectly, in their personal accounts. HKAM seeks to address potential conflicts of interest through the adoption of various policies and procedures, which include both electronic and physical safeguards. All personal and proprietary trading is also subject to HKAM's Code of Ethics and is monitored by the firm's Legal and Compliance Department.

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