

Worth the Time

Murray Stahl of Horizon Kinetics describes how his strategy and process drive him toward “less-researched and less frequently trafficked investments,” his current provocative views on China and the Magnificent Seven, why he remains a long-term bull on bitcoin, and what he thinks the market is missing in PrairieSky, Mesabi Trust, CACI, and Urbana Corp.

INVESTOR INSIGHT



Murray Stahl
Horizon Kinetics

Investment Focus: Seeks to capitalize on excessive discounts given to even “rewarding events and outcomes” expected to occur outside investors’ short time horizons.

The news is mixed for investors who base their strategies on taking a longer-term view than others, says Murray Stahl, co-founder of \$6.5 billion (assets) Horizon Kinetics. The plus: ever-shrinking time horizons mean companies where the future is much brighter than the present are increasingly mispriced. The minus: “The investment world is less patient than it has ever been,” he says, “so the unpleasantness often associated with the wait has also increased.”

Stahl’s long-view investing has stood the test of time. His Kinetics Paradigm Fund has since 2000 earned a net annualized 9.9%, vs. 7.1% for the S&P 500 Index. Focused as always on the unloved and ignored, he sees mispriced value today in such areas as energy royalties, iron ore, defense contracting and investment holding companies.

You have from the beginning described your firm as dedicated to “long horizon” investing. Describe the underlying rationale for that.

Murray Stahl: Our fundamental premise is that investors by and large have an overwhelming need to achieve short-term and relative-return-based results, which often means that rewarding events and outcomes – even if visible and of large magnitude – have little utility to the average manager if they’re expected to occur three to five years in the future. Outperformance over the next year – often driven by rapid sales growth and exciting new products – is highly valued, while outperformance further into the future is highly discounted. We’re trying to exploit the pricing inefficiencies that can result from that, which drives us toward less researched and less frequently trafficked investments.

It’s important to have historical perspective. I have this hobby where I like to read old newspapers. At any given time there are a lot of things that at that moment seem very important and deserve to be on the front page, but with the benefit of hindsight you see that a lot of those things that were supposedly very important don’t turn out to be important at all. One way we try to distinguish ourselves as investors is by discriminating better between short-term noise and long-term truth. That can be uncomfortable when no one seems to care about the long-term truth, but we think that approach gives us the best chance to outperform over time. Having an extended time horizon allows us to remain calm in times of volatility and to participate in the types of distressed

opportunities where we believe significant wealth can be created.

How does your process drive you to less researched and less frequently trafficked investments?

MS: We talk a lot about looking for what we call “predictive attributes” of a security or sector, which are qualities that we believe based on experience and evidence are suggestive of rewarding future returns. These attributes include companies that are owner-operated, which may have somewhat limited float. They include companies with hidden or dormant assets, which likely are not currently producing at the rate they eventually will. They include spinoffs, which for a variety of reasons are persistently underfollowed by Wall Street and are often rejected out-of-hand from various portfolios.

Perhaps the most obvious predictive attribute is undervaluation. One aspect of looking where others aren’t is simply focusing on inexpensively priced stocks that appear cheap relative to a relevant measure of their worth. Obviously some stocks deserve to be inexpensively priced, but cheapness can also just be a reflection that fewer people care and no one is paying attention. We always think it’s better to invest in areas where you have less competition.

The last thing I’d mention is the impact of indexation. We pay disproportionate attention to companies that largely reside outside of the passive indexes. If a company is well represented in the universe of indexation, it is more likely to be efficiently priced, or overpriced. If it’s not

well represented, that will at least offer an interesting starting point for us.

To get a sense of the types of ideas that attract you, describe a relatively recent portfolio addition.

MS: The share price is starting to run away from us a bit, but over the past few months we established a position in Eagle Materials [EXP], a cement company I've followed for 20 years since it was spun off by the homebuilder Centex. This is the type of business we like, often with de-facto monopoly positions in local markets due to the extremely high cost of transporting cement. That gives Eagle Materials pricing power, and since the company is no longer in capital-expansion mode there's lots of cash flow, which they're now using largely to repurchase shares. The stock was trading quite cheaply at 11-12x earnings as everyone was worried about the onset of an economic downturn, so we took advantage of the opportunity to accumulate shares.

It's hard for us to imagine a world ten years from now where cement isn't as highly demanded as it is today. If you own a quasi-monopoly franchise in such a business, you're likely as a shareholder going to earn a pretty good return. Long product lifecycles for us are really quite desirable. [Note: Below \$150 in September of last year, EXP shares currently trade at just under \$251.]

Are we right assuming you don't own any of the Magnificent Seven?

MS: That's true. I don't want to take anything away from the success these companies have had over the last many years, but that level of success always invites a competitive challenge. People who own the stocks will explain to you why that's not an issue for these companies and that because of the nature of their competitive advantages things will be different this time. I don't agree.

It has declined somewhat from its peak, but Nvidia's market capitalization very recently at \$1.9 trillion was nearly 2x the

entire market value of the energy companies in the S&P 500 index, even though those companies have almost 5x the net income that Nvidia has. Couple that with the fact that while we think a decade from now we can predict the extent to which hydrocarbons are going to be used, we'd have a hard time predicting six months in the future the extent to which Nvidia chips are going to be in demand. That's how we look at the world in a way that may differ from others who are willing to pay 30x revenue for Nvidia's stock.

ON IDEA PROSPECTING:

If a company is well represented in the universe of indexation, it is also more likely to be efficiently priced.

I'd also mention that Nvidia, for example, is held by more than 630 ETFs, including single-stock versions that use leverage and a number of which that have very high daily trading volume. All this ETF trading might simply be the manifestation of an efficient market in action. Of course, it could also be pure speculative activity, not very different from the behavior at a casino.

Something I don't think is discussed as much as it should be is the emergence of China as a major technological and industrial power. This is an incredible statistic, but 50% of all the engineers in the world are Chinese, and that percentage is growing. Chinese companies are going to rise and challenge the Magnificent Seven and it's already happening. Huawei makes a smartphone that's an equal of the iPhone 15, and it's gaining considerable market share in China, where Apple derives 19% of its sales. That will become an even bigger challenge to Apple when Huawei builds adequate capacity and can start selling its latest phones more broadly around the world.

BYD is arguably the leading competitive threat to Tesla in electric vehicles. Tik-

Tok is arguably the leading competitive threat to Alphabet in online advertising. That's three of the Magnificent Seven right there and I believe each one of the others will be comparably challenged. Companies like these can't maintain 40% net after-tax profit margins against legitimate competition that might be happy with one-tenth of that. It's just not going to stay the way it is.

I would make the case more broadly. China's rise until very recently has been a good thing for U.S. equity markets. American companies were able to outsource a lot of low-margin, capital-intensive functions to China, with the result that profit margins and returns on capital for S&P 500 firms have by and large increased materially over the last 20 to 25 years. Outsourcing labor and manufacturing to China has been a wonderful positive for most companies.

A very natural development is that these Chinese companies would like to go beyond their low-margin businesses to higher-margin businesses. I would argue that China is to the U.S. what Germany was to Great Britain at the end of the 19th century. In the 1870s Great Britain didn't see Germany as a rising industrial power. But by the end of the century it had become an unstoppable competitive threat. There's a lot of discussion about the geopolitical issues around China, rightly so, but the competitive economic issues I'm talking about don't seem to get much attention. I think that's a mistake.

By the way, if I'm right about Chinese companies' rising competitiveness, it challenges some of the received wisdom that general passive indexes are by far the superior way to invest. The world has accepted the efficient markets hypothesis. Money just goes into indexes and the indexes are programmed to buy the stocks in the index, which in many cases are dominated by the Magnificent Seven. The compelling argument for indexation is that you can eliminate security-specific risk – you don't have to choose between Amazon and Walmart, just buy the index and everyone's in there so you're just left with market risk. But what if the biggest competitors aren't in

the index. You're not just left with market risk and security-specific risk goes up if you're only investing in U.S. or U.S.-centric companies.

How does your long-horizon approach typically translate into how you manage your portfolios?

MS: The annual turnover in most of our equity portfolios over time has been approximately 20% to 25%, which implies a four to five year average holding period. It obviously can be more or less, but that seems about right for the amount of time we expect it will take for our view of the future to fully come to pass. A lot of things influence the short-term results of corporations and we should try not to lose sight of the long-term potential in a well-managed company – you have to give your investments time to work out. A buy-and-hold strategy minimizes the impact of taxes – the largest single cause of wealth erosion – and an extended holding period facilitates the capture and compounding of returns.

Are you more susceptible with this approach to overstaying your welcome in ideas that don't work out?

MS: I wouldn't say that. While whatever it is we're betting on may take five or more years to fully come to pass, we generally have an indication in a year or two if things are moving in the right direction. I usually am not quick to give up if that's not the case, but I've learned to fight that instinct and admit before too much damage has been done that things are not developing as I thought they would and I should move on.

It certainly happens that ideas play out more slowly than I expected. In these instances it's typically the case that the magnitude of the upside is high enough that it's not at all a mistake if what I thought would play out fully in five years ends up taking seven or eight.

For ideas that are working, we try not to trade around them simply because they've become overweight relative to

some dynamic portfolio-management model. We think our time is better spent on fundamental equity analysis than in trying to capture some sort of trading edge. We actually welcome allowing our best performing securities to increase in weight and don't want to truncate a position's excess relative performance by overly frequent rebalancing.

ON RISKS:

The emergence of China as a technological and industrial power is still not discussed as much as it should be.

Describe a position you did sell recently and why.

MS: We didn't lose money on it, but I concluded not long ago that our investment in Boeing [BA] wasn't what we thought it could be. Our expectation was that the design and manufacturing problems the company was having on the commercial-aviation side of the business were fixable and that it would take roughly two years to put those behind them. But it's not taking two years and other problems keep occurring. I fault myself for not fully understanding the magnitude of the issues, and that resolving them is a more involved, complicated and expensive process than I originally assumed.

I would also mention the competitive threat here as well from China. I've long assumed the commercial airline industry will remain largely a duopoly between Boeing and Airbus. That is still true, but it may not be long before it's no longer true. The C919 passenger jet manufactured by the state-owned Commercial Aircraft Corp. of China made its first commercial flight last May, contradicting those who assumed China didn't have the technological expertise to make a commercially viable passenger jetliner. Over the very long run my investment thesis had changed, and with all of the other issues at Boeing

I thought discretion was the better part of valor and sold the stock.

PrairieSky Royalty [Toronto: PSK] would seem a perfect example of one of your long-term plays. Describe what you think the market is missing in it.

MS: I mentioned earlier that one predictive attribute we like is dormant assets that are not currently producing much or any revenues. Because they don't manifest themselves on the income statement, such assets may be accorded little or no value in the stock price, but they actually might have substantial value. PrairieSky is an excellent example of that.

The company is a pure-play royalty company that generates revenues from hydrocarbons produced on more than 18 million acres of land in western Canada on which they own the royalty rights in perpetuity. The history here is quite interesting. Believe it or not, towards the end of the 19th century there was a faction in the United States Congress that thought America should just conquer Canada. The British government took it seriously and one response was to build a transcontinental railroad in Canada, which wasn't a great economic proposition so they had to offer large land grants as an inducement to the builders of the railroad. The rights have passed from entity to entity over time, eventually resulting in what today is PrairieSky.

Does your interest here say something about your long-term view on fossil-fuel demand?

MS: For some reason the world believes solar panels and wind energy are going to replace fossil fuels. I think that would be great, but the issue is that producing capacity for these kinds of alternative energy sources is expensive, takes a very long time and, by the way, also requires a lot of energy to build. You may not know this, but 2023 was the record year globally for the use of coal. I don't believe lack of demand for hydrocarbons will in any way threaten our thesis for PrairieSky.

INVESTMENT SNAPSHOT

PrairieSky Royalty

(Toronto: PSK)

Business: Collects royalties on the sale of oil and natural gas produced on the company's 18.3 million acres owned in Canada from British Columbia to Western Manitoba.

Share Information

(@2/28/24, Exchange Rate: \$1 = C\$1.36):

Price	C\$24.24
52-Week Range	C\$19.55 – C\$26.90
Dividend Yield	4.1%
Market Cap	C\$5.79 billion

Financials (TTM):

Revenue	C\$479.6 million
Operating Profit Margin	74.1%
Net Profit Margin	47.5%

Valuation Metrics

(@2/28/24):

	PSK	S&P 500
P/E (TTM)	25.5	23.0
Forward P/E (Est.)	19.4	21.2

Largest Institutional Owners

(@12/31/23 or latest filing):

Company	% Owned
RBC Global Asset Mgmt	12.9%
EdgePoint Inv	12.3%
Fidelity Mgmt & Research	10.2%
M&G Inv Mgmt	4.3%
Canoe Financial	3.9%

Short Interest (as of 2/15/24):

Shares Short/Float n/a

PSK PRICE HISTORY**THE BOTTOM LINE**

From existing production levels on its oil and gas reserves Murray Stahl expects the company to translate its high-margin royalty revenues into at least a low-double-digit annual shareholder return over time. With added development of its vast now-dormant assets to meet future demand, he says, the rate of return would be significantly higher.

Sources: S&P Capital IQ, company reports, other publicly available information

Why is a royalty company a good way to play this?

MS: Third-party operators do all the exploration and drilling and pay lease-rental and royalty fees to PrairieSky. That means the company can have a minimal expense structure and earn free cash flow margins pushing 80%. Management by choice follows a long-term antidilutive capital allocation strategy that consists of paying a reasonable dividend, now 4%, investing in additional properties, and buying back shares. Over ten years since the company went public its market value has more

than doubled, you've earned a healthy dividend and the land content per share has grown by 7-8% per year. We think that model has a long way to run.

Is that basically how you're looking at upside from today's share price of C\$24.25?

MS: In very simple terms, if you assume long-term average increases in the price of oil and natural gas of around 4% per year, a 4% average annual dividend and a consistent moderate reduction in the share count, we're expecting a low-double-digit annual rate of return over time. If you get

increased development with no capital expenditure to PrairieSky, the rate of return would be significantly higher. The time frame around that is very difficult to predict, but at the end of the day Canada will need the money and Asia will need the oil and gas. That should require a lot of new development of the company's reserves.

Sticking with a not dissimilar idea, explain why you're high on the investment prospects for Mesabi Trust [MSB].

MS: The trust was established in 1961 to collect royalties on a mine in Silver Bay, Minnesota that is currently operated by Cleveland-Cliffs [CLF] and that produces about four million tons of iron ore per year. If you read the annual report from 25 years ago you'd see that Mesabi at the time owned royalty rights to a little over 500 million tons of iron-ore reserves. Production has been relatively stable, so at four million per year over 25 years you would expect reserves now to be around 400 million tons. But the actual number is 800 million tons. Through better technology and capital investment in the mine – which Mesabi doesn't pay for – you can expose more ore that can be profitably extracted. Reserves and the net asset value have gone up with zero capital expenditure. How is that not a great deal?

The compounding math here is compelling. Some years the price goes up, some years it goes down and some years it stays the same, but over the last quarter-century the price of iron ore on average has increased something close to 10% per year. People don't often look at the long-term annualized rate of change in commodity prices this way, but they go up in price for the simple reason that it costs more to extract them over time.

The company doesn't buy back shares, but the dividend yield is higher than at PrairieSky, currently almost 8%. As a Mesabi shareholder you earn a revenue royalty that should over time grow in line with the price of the underlying commodity, while also pocketing the dividend. This dynamic should make for an excellent long-term investment. I don't have to

worry about short-term variation in the price of iron ore.

The last time we heard about Mesabi [VII, April 30, 2022] there was a material spat in process between Mesabi and Cleveland-Cliffs. Has that been resolved?

MS: The dispute revolved around a price premium Cleveland-Cliffs had to pay to Mesabi due to the high quality of the ore in the Silver Bay mine. Why should the operator pay a higher price for that iron ore than it would pay to buy from another mine? The answer is, that's what the con-

tract says and you have to abide by it.

Cleveland-Cliffs went on a buying strike for about a year, but I was confident the mine would reopen and production would return, which is what happened. It is actually high-quality iron ore that is needed to produce high-quality steel, and Cleveland-Cliffs can't replace the production. There may still be some lingering effects on production levels from the mine closing and having to re-hire workers, but we don't see that as an ongoing issue.

As with PrairieSky, from today's share price of around \$17.25 do you see this

as a healthy compounder from long-term royalty growth plus the dividend?

MS: Yes, it's the same basic idea. You've got what we believe is a built-in double-digit return, with incremental long-term upside as the reserve base continues to expand. This would not be something new – what I'm describing in terms of returns is indeed what has happened in this case over many years.

From commodity royalties to defending national security, describe your investment case today for CACI International [CACI].

MS: This is one of the leading federal electronics contractors, whose forte broadly speaking is data analysis that informs a wide variety of government policies and programs, a significant percentage of which are related to defense and national security. The company's assets are not physical, but consist primarily of human capital in the form of PhDs and engineers with high levels of government security clearance, which is a real competitive advantage. Some 95% of total revenues come from the U.S. government and customer relationships tend to be quite sticky. These are not the types of projects you want to restart on a regular basis with a new service provider.

The world of defense is changing, with incremental spending over time going to information capture and analysis that allows better and more timely intelligence and the ability to more specifically identify and target threats. That is broadly speaking what CACI does and it benefits from the disproportionately higher spending on such programs year in and year out. There's every reason to believe that underlying secular growth will continue.

We're guessing there's not a lot of transparency around specific projects, but can you describe in a bit more detail the types of things they do?

MS: One key area is in building, organizing, maintaining and analyzing databases that are meant to anticipate and respond

INVESTMENT SNAPSHOT

Mesabi Trust

(NYSE: MSB)

Business: Royalty trust that derives income from the production and sale of iron ore at the Peter Mitchell mine in Minnesota that is operated by a subsidiary of Cleveland-Cliffs.

Share Information (@2/28/24):

Price	17.29
52-Week Range	17.02 – 28.99
Dividend Yield	7.9%
Market Cap	\$226.8 million

Financials (TTM):

Revenue	\$9.65 million
Operating Profit Margin	71.1%
Net Profit Margin	70.2%

Valuation Metrics

(@2/28/24):

	MSB	S&P 500
P/E (TTM)	20.1	23.0
Forward P/E (Est.)	n/a	21.2

Largest Institutional Owners

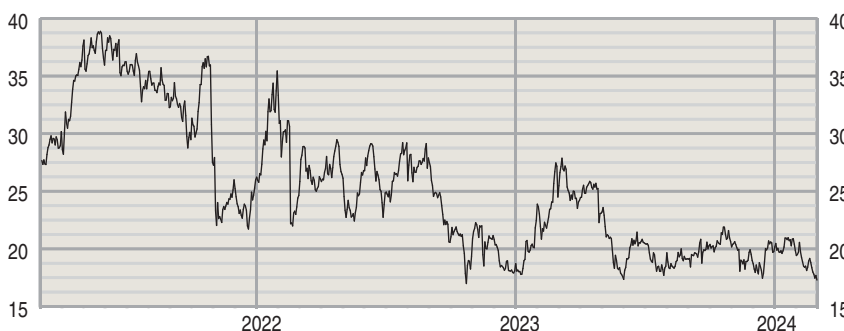
(@12/31/23 or latest filing):

Company	% Owned
Horizon Kinetics	22.3%
ValueWorks	6.1%
Beddow Capital Mgmt	3.5%
MRM-Horizon Adv	2.0%
Moors & Cabot	1.8%

Short Interest (as of 2/15/24):

Shares Short/Float	2.4%
--------------------	------

MSB PRICE HISTORY



THE BOTTOM LINE

With long-lived reserves of high-quality iron ore on which it earns production-driven royalties, Murray Stahl believes the company can continue to generate a "built-in double-digit return" for shareholders. If history is a guide, that return will be enhanced as technology and the capital spending of others expands the reserve base over time as well.

Sources: S&P Capital IQ, company reports, other publicly available information

to national security threats. It could be tracking where specific people are or matching a photo to an identity. It could be interpreting a satellite image that indicates that a nuclear submarine is being built. Increasingly, it could mean monitoring dark web activity to identify, target and track bad actors who use cryptocurrencies to conduct their business. These are among the highest priority items the government buys and money will continue to be spent on it. Adversaries are building the same systems and the level of threat only seems to stay the same or get worse.

Are there analytical issues in following a company like this?

MS: What you can know is when they get a contract reward, with very general terms about what it's for. You can see how much of the U.S. defense budget is allocated to this general field, which goes up every year. CACI also reports backlog numbers every quarter that are shockingly big – in the latest report the backlog was \$26.9 billion and the funded backlog was up 16% to \$3.7 billion – and in our experience those numbers have proven pretty accurate.

How are you looking at valuation from today's share price of around \$372?

MS: I've been following the stock since 1982 and most years it's somewhere near an all-time high. This is a unique compounder type of business I hope I never have to sell. It never really trades at a low valuation, but it also doesn't trade at a high valuation where growth expectations go too far. As a result, we expect to earn something similar to the low-double-digit rate at which earnings have compounded over a very long time.

Now for something even more off the beaten path, explain what's behind your interest in Urbana Corp. [Toronto: URB.A].

MS: I put this in the predictive-attribute category of bits and pieces, where for any number of reasons the market is not accurately valuing disparate pieces of the business, resulting in the undervaluation of the whole.

This is a Canadian closed-end fund. Roughly 40% of the portfolio is in public securities you've mostly heard of – the top three public holdings are Morgan Stanley [MS], Cboe Global Markets [CBOE] and KKR [KKR] – and the rest are private companies. I first got interested in it when I learned Urbana had a number of positions – on both sides of the portfolio – in exchanges, which I'm quite intrigued with.

In addition to Cboe on the public side they own shares in Intercontinental Exchange [ICE]. On the private side there are a number of what we think are very compelling investments. Blue Ocean Technologies provides a technology platform used for after-hours trading and last year sold a 5% stake to the Tokyo Stock Exchange. Miami International Holdings, or Miax, started out as the Miami Options Exchange and now operates a number of electronic options and futures exchanges around the world. The marginal cost of adding more volume is quite low, so incremental revenue as it expands falls largely to the bottom line. Urbana has also had a successful investment in a grain processing company called Integrated Grain Proces-

INVESTMENT SNAPSHOT

CACI International

(NYSE: CACI)

Business: Provides information systems and services for national security and government modernization programs to intelligence, defense and federal civilian customers.

Share Information (@2/28/24):

Price	372.08
52-Week Range	275.79 – 373.46
Dividend Yield	0.0%
Market Cap	\$8.29 billion

Financials (TTM):

Revenue	\$7.13 billion
Operating Profit Margin	7.3%
Net Profit Margin	5.3%

Valuation Metrics

(@2/28/24):

	CACI	S&P 500
P/E (TTM)	22.5	23.0
Forward P/E (Est.)	16.6	21.2

Largest Institutional Owners

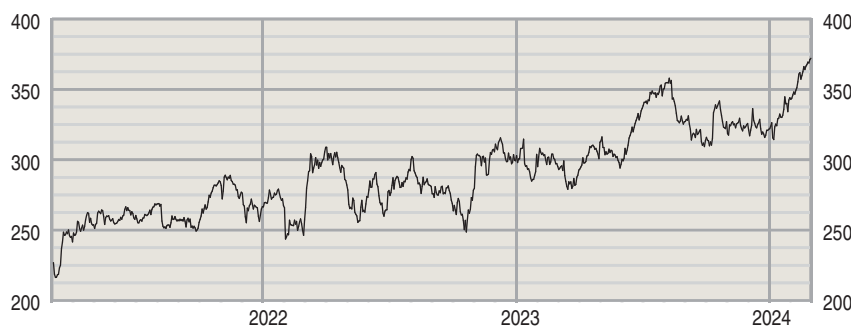
(@12/31/23 or latest filing):

Company	% Owned
Vanguard Group	10.1%
BlackRock	9.4%
Eaton Vance	6.5%
Fidelity Mgmt & Research	5.9%
BNY Mellon Asset Mgmt	3.0%

Short Interest (as of 2/15/24):

Shares Short/Float	1.3%
--------------------	------

CACI PRICE HISTORY



THE BOTTOM LINE

The company's difficult-to-replicate expertise in sophisticated intelligence gathering and data analysis make it well positioned to benefit as federal spending on such projects disproportionately increases year in and year out, says Murray Stahl. Which explains why he considers it "a unique compounder type of business I hope I never have to sell."

Sources: S&P Capital IQ, company reports, other publicly available information

sors, which saw its business take off when Canada deregulated its grain markets.

How undervalued do you consider the company's A shares at today's price of around C\$4.70?

MS: Management, which has an excellent track record, regularly updates its estimate of net asset value for the entire portfolio. That number published in the past week was C\$9.84, so the current share price is at a more than 50% discount to NAV. You might say the NAV estimate is overly optimistic, but as we go through the private

holdings we don't think that is at all the case and expect the current valuations to generally prove conservative. Give or take, the shares trade as if the private investments are worthless.

The reason this trades at such a high discount is likely that the true asset values are probably not going to be realized soon. That doesn't concern me. I've owned this for years and it's produced an excellent annualized return through growth in net asset value, but it's still at a 50% NAV discount. I want to get at least a double-digit annual return – I don't think I'll have any trouble getting that here by paying

50 cents on the dollar for a well-managed public and private-security portfolio that should appreciate nicely over time.

You have been one of the very few proponents of cryptocurrencies in the value-investor community, making the case to us five years ago for bitcoin, for example, as an increasingly viable store of value [VII, November 30, 2018]. The price of bitcoin since then is up roughly ten-fold. Are you still bullish today?

MS: The investment case is still very much the same. Like gold – with advantages over gold – I believe bitcoin provides legitimate protection against debasing fiat currencies, and it's both unalterable and un-seizable by the authorities. Unlike gold, it has a fixed supply that is detailed in the system protocol, which is the set of rules that govern its creation and functioning. You can't create more bitcoin beyond what's clearly laid out in the system guidelines.

The market for bitcoin is certainly more in its infancy than the market for gold, but I don't think most investors understand that it has a self-equilibrating dynamic. There is a cost to mine it and the market price ultimately reflects that cost plus a margin that incents people to mine. If the price is lower than the cost to mine, nobody will do it. What's different about bitcoin is that the protocol is designed to constantly make it more expensive to mine, which explains why the price of bitcoin over time will go up. I'll grant that there have been excesses in a nascent market, but the price on a normalized basis is tied to the cost to produce it. It's not just a bunch of crazy people bidding up the price like on a pet rock.

What's your preferred vehicle today for investing in bitcoin?

MS: The easiest way for us to hold it in client accounts has been through the Grayscale Bitcoin Trust [GBTC] and other available ETF alternatives. I would also mention that I with some partners have our own cryptocurrency mining company called Consensus Mining. Right now it's a

INVESTMENT SNAPSHOT

Urbana Corp.
(Toronto: URB.A)

Business: Investment holding company with assets roughly evenly split between public and private companies; top public holdings are Morgan Stanley, Cboe Global and KKR.

Share Information

(@2/28/24, Exchange Rate: \$1 = C\$1.36):

Price	C\$4.72
52-Week Range	C\$3.51 – C\$4.75
Dividend Yield	2.3%
Market Cap	C\$200.8 million

Financials (TTM):

Revenue	C\$97.5 million
Operating Profit Margin	96.1%
Net Profit Margin	77.2%

Valuation Metrics

(@2/28/24):

	URB.A	S&P 500
P/E (TTM)	2.9	23.0
Price/Book Value	0.6	n/a

Largest Institutional Owners

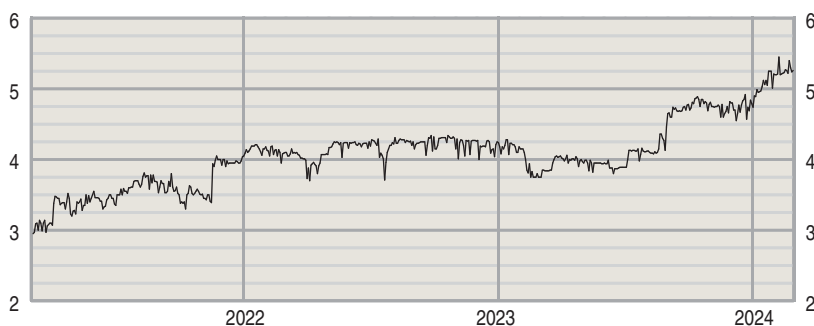
(@12/31/23 or latest filing):

Company	% Owned
Thomas Scott Caldwell	12.2%
Horizon Kinetics	9.7%
EdgePoint Inv	8.4%
Royce & Assoc	0.6%
AllianceBernstein	0.1%

Short Interest (as of 2/15/24):

Shares Short/Float	n/a
--------------------	-----

URB.A PRICE HISTORY



THE BOTTOM LINE

This is a "bits and pieces" idea, says Murray Stahl, where for any number of reasons the market is not accurately valuing the disparate assets. While the timing may be difficult to predict, he believes the shares priced today at less than 50% of a conservative estimate of the underlying net asset value will easily generate a 10%-plus annual return over time.

Sources: S&P Capital IQ, company reports, other publicly available information

private company, but we hope one day to take it public, providing an additional way for investors to participate in the market.

Always good to learn new things, no?

MS: I think so. It may not always be successful, but who wants to ever stop trying to learn new things? [VII](#)



Important Risk Disclosures

Horizon Kinetics Asset Management LLC (“HKAM”) is a registered investment adviser that manages a variety of investment products. Additional information about HKAM is also available on the SEC’s website at www.adviserinfo.sec.gov.

Past performance is not a guarantee of future returns and investments may lose money. Opinions and estimates offered constitute the judgment of the speaker as of the date made and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions.

Certain of the securities referenced herein are held in accounts and funds managed by HKAM. Additionally, the principals and employees of HKAM may hold the names referenced in their personal accounts. There is no guarantee that the performance of any such securities will appreciate, all investors are urged to discuss investment decisions with their financial adviser.

The information herein should not be used as a general guide to investing or as a source of any specific investment recommendations. This material makes no implied or expressed recommendations concerning the way an account should or would be handled, as appropriate investment strategies depend on specific investment goals of investors.

This is not an offer or solicitation to any person in any jurisdiction in which such action is not authorized or to any person to whom it would be unlawful to make such offer or solicitation. Horizon Kinetics does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

Murray Stahl is a member of the Board of Directors (the “Board”) of Texas Pacific Land Corporation (“TPL”), a large holding in certain client accounts and funds, including Kinetics Mutual Funds, which are managed by Horizon Kinetics Asset Management LLC (“HKAM”). Officers, directors and employees of HKAM 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. As a result of Murray Stahl being on the Board of TPL, he does not have any trading authority over shares of TPL. All trading decisions for TPL in Murray Stahl’s personal accounts and in client accounts and funds where he remains a portfolio manager has been delegated to another portfolio manager.

No part of this material may be copied, photocopied, or duplicated in any form, by any means, or redistributed without the express written consent.

