Operator

Good day and welcome to the FRMO Quarterly Conference Call. As a reminder, today's call is being recorded. At this time, I would like to turn the conference over to Thérèse Byars. Please go ahead, ma'am.

Thérèse Byars – Corporate Secretary

Thank you, Erica. Good afternoon, everyone. This is Thérèse Byars speaking, and I'm the Corporate Secretary of FRMO Corp. We appreciate all of you joining us for today's call.

The statements made on this call apply only as of today. The information on this call should not be construed to be a recommendation to purchase or sell any particular security or investment fund. The opinions referenced on this call today are not intended to be a forecast of future events, or a guarantee of future results. It should not be assumed that any of the security transactions referenced today have been or will prove to be profitable, or that future investment decisions will be profitable or will equal or exceed the past performance of the investments. For additional information, you may visit the FRMO Corp. website at www.frmocorp.com.

Today's discussion will be led by Murray Stahl, Chairman and Chief Executive Officer, and Steven Bregman, President and Chief Financial Officer. They will review key points related to the 2019 third quarter earnings.

A summary transcript of this call will be posted on the FRMO website in the coming weeks.

And now I'll turn the discussion over to Mr. Bregman.

Steven Bregman – President & Chief Financial Officer

Thank you, Thérèse. I'm just going to address two items: one that I'll call elective because it bugs me and I'd like to talk about it, and the other less elective because it's a change in accounting standard that manifests for the first time this quarter and, therefore, listeners should be informed. When I took accounting in college, one of the first things we learned is consistency in the methods—sometimes the tax laws or rules give you choices. You can choose one type of depreciation or another, but you have to be consistent in its application. You can't just change it from year to year. So, that's one thing we learned.

And the other is that financial statements should be representative of the underlying business and the operations. You might hold securities on your balance sheet, and they might happen to be volatile, but they're not a part of the essential nature of your business: you don't treat those as income or losses. You bypass the income statement and record those value changes in the shareholders' equity account, so you don't distort what your operations look like from period to period.

Well, that has changed. The Financial Accounting Standards Board (FASB), issued something called ASU2016-01 for financial instruments: Overall Subtopic A25-10, Recognition and Measurement of Financial Assets and Financial Liabilities, which we casually and affectionately know here as ASU2016-01. FRMO chose early adoption of that standard, effective this past year, so the company now reports, as it must, changes in the fair value of equity investments in the net unrealized gain from equity securities in *net income*. Therefore, someone who wasn't aware of this and wasn't cued into subtle semantics on the income statement, might look and see that we had a $2.6 million loss in "Unrealized (losses) gains from investments subject to fair value valuation" on the income statement, which was in large measure responsible for the stated accounting GAAP losses.

I would just point out that we always should bear in mind—and I guess we'll just get used to it and make the mental adjustment—that form of loss, whenever it occurs, simply reflects that some securities that were held on the balance sheet depreciated during the period, and that they might appreciate thereafter. And, in fact, I decided to highlight Texas Pacific Land Trust and our cryptocurrency investments because they are not insignificant FRMO holdings. Between the February 28th date of these financial statements and this afternoon, by my rough calculations—nobody looked at it to make sure I was methodologically correct or didn't miss something—but I think just those two securities probably are about $6.5 million or $7 million higher in value today—just those two—than they were at the statement date. That $2.6 million decline is now misrepresentative of our profitability if you're looking at what the income statement would look like today. So, that's one factor to consider.

The other is a change on our balance sheet in how our investments in limited partnerships and other equity investments are valued. You'll see that it states that these equity securities are at fair value as of February 28, 2019 and May 31, 2018, both in current assets, and there's another similar line in long-term assets.

If you looked at our Note 2, Summary of Significant Accounting Policies under Investment Valuation, from a prior quarter, there would be about five or six paragraphs discussing how all these securities are valued. It says that the data is using inputs from two months earlier than the date here. The reason is that we have partnerships that don't produce final reconciled reviewed accounting statements for a while—there's a lag—so, we use statements from two months earlier.

There's a line in Note 2 from the prior quarter that says: "Management reviews relevant market and related data to reconcile for…" the interim period—those two months." That's what it said—that we review it in order to reconcile it. What it means is that some of this data, in terms of market value, is a couple months old. But if you look at our current Note 2 under Investment Valuation, it's no longer five or six paragraphs; it's one paragraph. It seems to say much the same thing, but the line is a little different. It says: "Management reviews relevant market and related data to reconcile for the period from January 1 through February 28." That's the same. But then it adds: "Because of its significance, subsequent market volatility has been reflected in these condensed consolidated financial statements."

What that little extra line really means is that where we have brokerage or custody statements for investment funds or partnerships that have dates as of February 28th, we use those. A lot of this is no longer lagging by two months; it's actually as of. And, apparently—I asked the accountants—and they said you can do that. You can say that you reconcile back to the reconciled statements of two months earlier, or you can actually use current statements, if they're available, and you can do both at the same time in the same period. That's not what I learned but, apparently, they made these changes after, I'm sure, much consideration. So, those are my observations. They're not very significant in the long run perhaps, but I hardly think the average reader of our income statement would understand whether a net loss or gain is really an operating result or reflects changes in the value of securities or investments, or that some of those changes are based on the financial statement date while others are based on a date two months earlier. But one should be aware of them.

Murray Stahl – Chairman & Chief Executive Officer

Thank you, Steve, for disclosing that. Following on what Steve said, I'll give you an idea of how to read these documents, because the way this company has grown, it's getting difficult for someone outside to really understand what these things mean. Texas Pacific Land Trust (TPL) is a significant position, and you might be aware that we're involved in a little bit of a proxy contest. If you read the notes in our quarterly filings, you'll see that TPL represented almost 21% of our shareholders' equity. It's a big position, and it has appreciated even subsequent to that date. You can draw the appropriate conclusions of what that appreciation is. If you look at the line on the balance sheet that says Equity Securities of $61 million and change, just be aware that the bulk of that is TPL.

You might ask how it can possibly be the bulk of that shareholders' equity and still be only 20-odd percent of your assets? The reason is that we control this partnership called Horizon Kinetics Hard Assets ("HK Hard Assets"), and something close to 99% of its holdings are in TPL, which is, as you know, essentially an interest in some oil and gas participations.

Just be aware that this line is not a diversified collection of equity securities. And even when you get to the funds, for example—I'll do it for you just to give you a sense of how to read this thing—it would be on Page 8, Note 4. Let's use the Polestar Fund as an example which, as of February 28, 2019, was worth something over $18 million. It's probably worth more now. This isn't exact, but it gives you a sense of what it is. I would say more or less 50% of that fund's market value is represented by TPL, so TPL is important to what we do.

There's the cash and TPL, and there are our cryptocurrency operations, which we'll get to momentarily, and some other smaller investments. That's a lot of what we do. You can't get a sense of that from looking at these documents. We're hoping that, in the not too distant future, we'll make some changes in the way we structure these things. We're going to try to restructure in some way to make their presentation a little more reasonable and a little more coherent to people, and to show you more of the operations that are buried in Horizon Kinetics, which I'm going to talk about in a minute or two.

In a way we're victims of our own success. When we started this company, we made some small investments, and those investments appreciated a lot, and it almost looks like the investment tail is wagging the operations dog. But we don't want it to be that way. So, we just have to make it clearer, we'll have to make it more obvious, by engaging in some sort of restructuring. We want to be mindful of taxes, meaning that we want to avoid incurring taxes unnecessarily, so we'll be thoughtful about how we go about restructuring

And now, on to a little bit of crypto. You understand that within the context of Horizon, there are really three operations going on. There's the conventional asset management business, then there's the collateral asset management business, which involves the management of crypto as an asset. There are funds that invest in cryptocurrencies, including bitcoin. And then there are activities that are non-security related, two of which I'll call to your attention.

The first are our bitcoin mining operations. You'll see a little bit about them on the FRMO balance sheets in the entry for computer equipment, in the amount of $96,000. Those are servers used for cryptocurrency mining. It just so happened that we did a little test to see if we could do this mining. Remember, we were starting with zero knowledge, and we didn't want to risk a lot of capital. We've gained a lot more knowledge since then. Within the context of Horizon, there are cryptocurrency mining LLCs that are now fairly considerable in size. They're not really securities, because bitcoin, which is mostly what we mine, is not a security. And that's a business in and of itself. Most of that is mining bitcoin and then, shortly thereafter, just selling it in the open market, and the LLCs pay dividends in cash, U.S. dollars.

Second, you might recall that Horizon Kinetics took over operational control of a company called Hashmaster. This cryptocurrency mining company is based in the Southeastern United States. It engages in hosting cryptocurrency mining operations. It is basically an intermediary that connects people or entities involved in cryptocurrency mining with an electric utility. It operates the servers, and it also negotiates power deals with the electric company. It's a completely different business.

In my humble opinion—just my opinion and I could be completely wrong—I think that to call this activity cryptocurrency mining is a misnomer. Rather, I think a more accurate description would be to call it seigniorage. If you accept the proposition that cryptocurrency will one day be a substitute store of value for fiat currency, what you're really doing is you're "creating" a currency. But it's not really a currency; it is property that doesn't get debased. That's the whole idea of it.

Remember, we mine these coins and, for the most part, we sell them. In theory, you could hold them for further appreciation. But, in any event, you can calculate a yield, and the yield from the mining activity is so much better than that of bonds.

From an investment management standpoint—even though it's not, properly speaking, asset management in the conventionally understood sense of the word—but if you compared crypto mining to bonds, the difference is that with bitcoin, basically, you don't get debased. You earn more than enough money, after taxes and after inflation, to have a fairly robust rate of return, as opposed to if you bought the 10-year Treasury yielding 2.57% or 2.58%, whatever it is, apply your personal tax rate to it, then take away the inflation rate as well, although there's some debate about what the inflation rate might be. In my personal opinion, I think the level of inflation is best described by the rate of growth of the M2 money supply, which I think is something like 4.68%. You can clearly see that the 10-year Treasury produces a negative real rate of return. I think that as a business, the mining operation will be a big business.

We are also interested in expanding the cryptocurrency mining hosting operations. We learned that we would have much better results if we deal with the utility directly. Over the years, we've invested in utilities, and we feel that we know a lot about them. We're looking for more properties. I guess they say: "Seek and ye shall find," so as we find, you'll know about it in due course.

I have some data here regarding our cryptocurrencies that I promised to provide to you last time. You asked about how much crypto we own. This information was given to me in market value terms. According to the data provided to me, we've mined $77,000 worth of bitcoin so far, which is not bad if you think about it in relation to our $96,000 investment in mining equipment. And don't forget, we didn't make $77,000 without some expenses. There are operational expenses that mostly involve electric power.

We have $3,699 worth of Ethereum. We have $2,153 in Ethereum Classic, and we have $1,610 worth of Zcash. And, as I said, we're looking to expand that. Hopefully, in due course, we will. We also own directly $36,000 worth of the Bitcoin Investment Trust (GBTC). If you want to get the totality of our cryptocurrency exposure, you can add up all of those numbers, and it will work out to roughly $121,000.

The Horizon Multi-Strategy Fund, the Polestar Fund, CDK, and the Multi-Disciplinary Fund have investments in crypto as well. FRMO owns 26.09% of the Horizon Multi-Strategy Fund and, on a look through basis, the market value of FRMO's crypto exposure in that fund on the date this information was prepared was $1,533,390. FRMO's cryptocurrency exposure from its 12.68% interest in the Polestar Fund had a market value of $769,986. For FRMO's 77.79% in CDK Partners, it was $303,421, and for FRMO's 2.99% interest in the Horizon Multi-Disciplinary Fund, it was $15,734. The total market value of FRMO's cryptocurrency exposure in these funds is $2,743,939, most of which shows up in the investment partnerships. You could get the impression that the investment partnerships only own securities, but they own all sorts of things. This is one of the reasons why we need to restructure them.

In the last, I would say, month, cryptocurrency mining has become more profitable for us than it was in prior quarters. I alluded to this in prior quarters, and now we've managed to accomplish a lot of it. We moved servers from some locations to others, and we negotiated a better deal on electric power and on hosting services. Along the way, we learned a few tricks about how to keep our cryptocurrency mining machines in better repair. We sent a number of our employees at Hashmaster Tech to take server repair courses. They were fairly well-skilled before, but I think they're now even more skilled. Now they can repair the servers, which is actually a big deal, because it greatly extends the useful life of the machines.

I should also tell you that even though there are new servers coming out regularly that are more efficient in terms of how much electric power they consume, they are not more efficient in mining, which involves solving elliptical functions to earn permission to validate a cryptocurrency transaction. As far as I can tell, the ASIC chips used for cryptocurrency mining (that are solving the elliptical functions) have become about as efficient as they're going to get. The only improvements that they could engineer would be to figure out ways to better dissipate heat and to use less electric power.

There is an interesting dichotomy between the degree to which you are better off buying a brand new server to replace one that's broken down, and the degree to which you are better off buying a used server or repairing an existing server. Not very many weeks ago, we bought servers for not much more than $100 apiece. And they came with the power supply. The power supply is basically an AC-DC converter, which is necessary because you're getting a big feed in electric power from the utility, and you have to convert it into the kind of current that the server can use.

Let's say that we paid $110 for a server with a power supply. If you just wanted to buy a power supply in the open market which, as I said, is an AC-DC converter, it might cost you, depending on the day, between $85 and $90. That's for the power supply alone. We paid $110 for a server with the power supply. If you deduct the price of a power supply, you'll you see what we paid for a server.

Steven Bregman – President & Chief Financial Officer

That's more or less the salvage value.

Murray Stahl – Chairman & Chief Executive Officer

It's actually less than the salvage value.

Steven Bregman – President & Chief Financial Officer

Did we not send damaged servers off to China to be repaired?

Murray Stahl – Chairman & Chief Executive Officer

We sent one.

Steven Bregman – President & Chief Financial Officer

One, okay.

Murray Stahl – Chairman & Chief Executive Officer

We sent one. That's quite a story. I don't know if you want me to share it but...

Steven Bregman – President & Chief Financial Officer

If you think it would be valuable and interesting to our shareholders.

Murray Stahl – Chairman & Chief Executive Officer

It's interesting, but it's not valuable.

Steven Bregman – President & Chief Financial Officer

Ah, there you go.

Murray Stahl – Chairman & Chief Executive Officer

I'll just go into it for a second. One of our servers needed repair. It wasn't broken, it just wasn't hashing at the proper rate, meaning that it wasn't computing. To let it run didn't make economic sense. It was consuming more power than the amount of cryptocurrency it could generate, given its hash rate.

If you're intrigued by the details, the reason it didn't make economic sense is because we're not mining by ourselves, we belong to pools that combine their computational power. The pools are represented by people all over the planet. When you earn a block reward, that reward is split between the other miners in the pool in proportion to the computational power contributed by each member of the pool. If one of your servers presents low computational power to the pool but is drawing the same wattage as those that are producing, you'll never get back a pro rata share of the reward that's big enough to compensate you for the power that the weaker server consumes. There's no sense in it.

We decided to send that ineffective server back to China, because we have a warranty. A day or two after we had packed it up and sent it to China, I felt a little remorseful about sending it. I thought that because we were sending only one server to China, they wouldn't pay attention to us, and we would never see that server again. It would be a waste. A number of weeks went by—maybe it was six or eight—and I got to thinking that I would never see that server again. I was going to write it off. But, one day it actually showed up; they had repaired it and shipped it back to us. I was very much surprised.

Anyway, there's more to the story than that but I thought you might enjoy hearing that part of it—or at least Steve seems to like it.

Steven Bregman – President & Chief Financial Officer

Anybody who's been in business, knows that there are a thousand and one decisions to make over the course of a week and a month, and so forth. That's part of the nitty-gritty.

Murray Stahl – Chairman & Chief Executive Officer

That's part of it. Anyway, the more relevant point is that this is a real business, and it's getting more profitable, not less profitable. If you thought about it philosophically, in my personal opinion—and this is nothing other than an opinion, take it for whatever it's worth, which maybe isn't much—at the end of the day, I believe the miners will make more money over the long run than the people who just hold cryptocurrency.

If you think about it, let's say that you bought some bitcoin and decided to hold it at Xapo, which is one of the many bitcoin custodians that exist. As long as you hold it there, you're not really doing anything. You could hold it there for years, if such was your mindset. It's not a lot of work. Cryptocurrency mining—I'm giving you a little sense for it—actually involves operational work. It's not something that you can measure at the inception because, at that point, you're just setting up operations. How much revenue can you possibly generate? And you want to limit how much capital you risk.

In the beginning, no one knows exactly what they're doing in this cryptocurrency business, and it is changing constantly. It's a learning experience for everyone. Some days you learn a little bit; some days you learn a lot. Some days you're just using knowledge that you had all along. For instance, over the years, we became known for investing in utilities. We know a lot about buying electric power, trading electric power, negotiating for power, the different deals that are available for power, the prices for power in accordance with the rate orders of utilities, and so on, and so forth. Even with all the variety of business events and contingencies that can happen, cryptocurrency is a fabulous business.

To come back to the financial statements, you can't see the cryptocurrency activity, because it's buried below several levels, given generally accepted accounting principles. That's why we want to bring it to light and give you a sense of what's going on. In general terms, we plan to expand this business more, if we can. We'll do it in a gradual, deliberate way. We're not going to push ourselves or rush ourselves, because there's lots of opportunity, and we want to take advantage of it in the right way. But we are doing things in this arena constantly.

And now, we'll answer the questions we received, but before we do that, let me make a verbal note. A couple of the questions pertain to Texas Pacific Land Trust (TPL). Even though they're good questions, I won't be answering them. The reason I won't be answering them is because we're involved in a proxy contest with the company. According to the rules, when you say something about the proxy contest, you have to incorporate this information into another proxy filing. You can go to the SEC's website, or the Horizon Kinetics website, to see everything that we've done. There's a lot of material there, and it tells you a lot about us. I'd just rather not do a proxy filing every day if I can avoid it. I just encourage you to read this information. Read it twice. You'll learn a lot about us. The day will come when we can say more in this forum, but we said a great deal in the filings, and we'll let the filings speak for us at this time. Normally, I like to answer every question, but in this case, I'm going to punt it, and I'll go to other questions that are non-TPL related.

Question 1

In 2014 and 2015, FRMO acquired a 40% interest in the Bermuda Stock Exchange on the premise of anticipated growth in the trading of Insurance Linked Securities. Jump to Markel's 2018 shareholder letter and Tom Gaynor is incredibly optimistic about the ILS market. He says Markel has assembled one of the largest managers of ILS transactions. On one hand, I imagine this validates your premise about the growth of ILS. However, it doesn't seem like the Bermuda Stock Exchange is benefiting so much from the growth in this market. It seems like Markel is competing with the exchange by managing transactions "off market". Why isn't the Bermuda Stock Exchange reaping the benefits of the growing ILS industry? And what, if anything, has changed regarding your expected value of the Bermuda Stock Exchange?"

Murray Stahl – Chairman & Chief Executive Officer

To begin with, let me just say some things about Insurance Linked Securities. The Bermuda Stock Exchange (BSX) is by far the leader in that market. I don't think there's even a close second. As far as the listings go, they dominate that market.

To take Insurance Linked Securities in general, though, and make them into a broad investment cornucopia of opportunities, it's not really possible to provide such funds without having a sufficient diversity of assets. The deals you'll see concentrate on certain types of risk. Basically, an Insurance Linked Security is a bond and, generally speaking, it has a very high investment-grade rating. It has a fairly short maturity, let's say, four years, maybe three, and it has a very robust coupon—let's say 7.5% or 8%—relative to what a typical bond would give you. A high-grade credit that's paying you 7.5% or 8% for a 3-year maturity is a great security. But there's a risk.

Remember that it's an Insurance Linked Security, so it's tied to a risk pool, and if a certain risk does manifest—let's say there's an earthquake, or a hurricane, or whatever it happens to be—the holder of that bond could lose a very large proportion of the face amount of that bond and maybe even lose the whole thing. That's why you need to have a diversity of risks if you plan to manage Insurance Linked Securities.

Let's get back to what's happening in that market. First, the insurance companies decide which risks they want to lay off in the marketplace. Naturally, they will try to lay off the biggest risk concentrations. The insurance company's not thinking: "Let me provide a diversity of risks to the market." The insurance companies are thinking in terms of: "Let me lessen the concentration of risk that I have."

There's a certain concentration in the Insurance Linked Securities market; therefore, if there's another security coming out because a certain insurer wants to lay off a certain kind of specialty risk, that specialty risk might be very similar to, or even identical to, what is traded on the Bermuda Stock Exchange. There isn't necessarily an investor appetite for yet another bond like that, which is why you will see certain transactions being managed off-market. You just have to find the specialty buyer interested in that risk.

For a given transaction there might be a very, very small number of buyers, maybe only one. If there is only one buyer, that buyer is intending to hold that Insurance Linked Security to maturity. It might even be another insurer that's interested in holding that kind of risk to enhance the rate of return of their own bond portfolio, because it really is a bond, after all.

There are certain kinds of transactions that are done that have no place on the exchange the way it is right now. Or, said alternatively, it doesn't make sense from the point of view of the issuer to put certain transactions on the exchange, because the people buying those securities are interested in diversification. That said, it's coming; it's definitely coming. You'll see over the years that the market has grown a lot, although it's still very tiny. There's a learning curve; potential investors have to learn about this kind of exposure. I would go so far as to say it's a different kind of asset class, and most investors have little familiarity with it, if at all. Like anything else, it takes time.

But I wouldn't generalize from the experience of a certain insurance company engaging in off-market transactions, because that is actually in line with what I just described. There's no sense in listing and selling a certain risk in the form of Insurance Linked Securities to one or two buyers when those one or two buyers plan to hold it to maturity and do not wish to have it on the market. The players in the listed market are looking for something different; they're not looking for the same thing. I hope that answers your question.

Question 2

Management has stated that Horizon Kinetics is a buyer of FRMO stock. How many shares does Horizon Kinetics own?

Murray Stahl – Chairman & Chief Executive Officer

As of yesterday, April 24th, Horizon Kinetics owns a bit under 164,000 shares, which represents, according to the calculation given to me here, 0.37% of the 43,976,781 shares outstanding.

The FRMO board of directors approved a stock buyback program. We haven't repurchased any stock yet, but we now have an official stock buyback program in place, and we'll see what happens with regard to that program.

Question 3

Over the last few years, you seem to be taking many of the individual assets (like some of the exchanges) that were on the FRMO balance sheet and putting them into Horizon Kinetics Asset Management's funds. Is this what will happen to most of the investments and even the short selling of path-dependent ETFs? Do you see this as a net benefit to FRMO? We obviously get the benefit of additional fees that clients pay in the funds, but do we have to pay the fees as well?

Murray Stahl – Chairman & Chief Executive Officer

Okay, here's how it works: When we get an idea and we begin to implement it with FRMO's capital, to the extent we're using FRMO's capital, we do not pay any fees to Horizon Kinetics Asset Management. To the extent that we have an investment in, let's say, the Polestar Fund, we don't pay the performance fee. We get that dispensation. Obviously, to the extent that there's an audit and other fund level expenses, we contribute pro rata because that's a benefit for everyone, but we don't pay the performance fee. Whatever we do in FRMO's accounts, we don't pay a fee on such activity.

As to why such an idea might begin at FRMO, it is because it had an intriguing investment management rationale, but in the operational sense, we're trying to figure out how to orchestrate it. For instance, regarding the path-dependent funds, there are a lot of considerations you have to figure out. You have to figure out margin availability, you have to figure out, if it goes against you, whether you will get a margin call. It made absolutely no economic sense, from the point of view of Horizon Kinetics, to take in client funds for such a complex strategy until we had the operations worked out. We can theorize all we want, but until you actually do it, you don't know if it can be implemented or how best to implement it.

In one case, we thought we had it very well figured out, but then the prime broker wouldn't give us a straight answer about what the margin requirements were for various securities. They kept changing. We never had a problem, we never had a margin call, but we wanted to know philosophically how far we could take this thing. In the end, we figured out how to make it work, but we never actually got a straight answer from them.

I guess, legalistically, you could say that's an investment. But I would say that in a broader sense, it's an operation, because we're trying to figure out how to develop a fund for our client base, and the only way we can do that is to actually buy or sell an asset. There's no other way that can happen. Maybe I'm not using the word in its proper linguistic sense, but I would call it an operation. In any event, for whatever it was worth, that was the intent.

The investments themselves, to the extent that we made them, were not, in most cases, deposited in funds. We still own the exchanges directly. We might have orchestrated Horizon Kinetics funds around the same ideas, but we kept FRMO's investments out of the funds. FRMO owns them directly and, obviously, to the extent that the company owns them directly, we don't pay a fee.

Those are all the questions we received for today. I hope you found this enlightening and that it has provided a window into the way we think about things. Of course, we will reprise this in the fall. It remains only to say thank you so much for your attention and the good questions you've asked. Don't hesitate to ask more. With that, I'll say good afternoon and we look forward to talking to you soon.

Operator

That concludes today's presentation. You may disconnect your phone lines. Thank you for joining us this afternoon.

DISCLAIMERS:

THE INFORMATION CONTAINED HERE IS INTENDED TO PROVIDE A SUMMARY OF THE COMPANY'S THIRD QUARTER 2019 EARNINGS CONFERENCE CALL, AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE PRESENTATIONS. AS SUCH, THE COMPANY DOES NOT ASSUME RESPONSIBILITY FOR ANY INVESTMENT DECISIONS MADE BASED UPON THE INFORMATION CONTAINED HEREIN. READERS ARE ENCOURAGED TO READ THE COMPANY'S FILINGS WITH OTC MARKETS AND THE SECURITIES AND EXCHANGE COMMISSION BEFORE MAKING INVESTMENTS OR OTHER DECISIONS.

Past performance is not a guarantee of future results. The information and opinions contained herein should not be construed to be a recommendation to purchase or sell any particular security or investment fund. Furthermore, the views expressed herein may change at any time subsequent to the date of issue. It should not be assumed that any of the security transactions referenced herein have been, or will prove to be, profitable or that future investment decisions will be profitable or will equal or exceed the past performance of the investments referenced.

During the course of this transcript, certain investment products may have been mentioned, specifically, exchange traded funds. You should refer to each respective exchange traded fund's applicable disclosure documents for a complete set of risks, expenses and other pertinent details. Index returns assume that dividends are reinvested and do not include the effect of management fees or expenses. You cannot invest directly in an index.

Horizon Kinetics LLC is the parent holding company to a certain SEC-registered investment adviser, Horizon Kinetics Asset Management LLC. For additional information on this entity, you may refer to the website of the Securities and Exchange Commission, which contains Parts 1A and 2A of Forms ADV, located here: www.adviserinfo.sec.gov. Horizon Kinetics Asset Management may collect management fees for certain of the investment products referenced herein. Additionally, Horizon Kinetics Asset Management may hold positions in certain of the securities referenced herein.