Dear Shareholders

The third quarter of 2022 continued upon our success achieved during the first two quarters. Our subscription data business (KEDM) continues to grow and has continued to exceed our modest initial expectations for it, and we maintain a very healthy capital base from which to reinvest for the future. More importantly, operating income exceeded operating expenses for the third consecutive quarter, despite substantial investments to grow and improve KEDM. Based on current subscriber trends at KEDM, we believe that our company will show positive operating income going forward (excluding one-time expenses). Our goal is to continue to grow operating income, while staying disciplined on the expense line.

We now segregate our business lines into three categories (Investment Properties, Subscription Business Products, and Corporate Division, which includes our investment portfolio).

Investment Properties:
The third quarter of 2022 continued to be difficult for our Mongolian property operations. During the quarter we reported $199,481 (2021- $190,912) of leasing revenue and $2,361 (2021 - $30,057) of other revenue (primarily 3rd party), offset by $166,610 (2021- $194,618) of expenses in Mongolia. Unfortunately, we have zero visibility into the future trajectory of the economic crisis in Mongolia.

Subscription Business Products:
During the third quarter, KEDM, our subscription data business, which tracks various Event-Driven strategies, recognized $857,492 of revenue at a very healthy margin while taking in $1,155,650 of gross subscription receipts, which represents revenue growth of 8% when compared to the second quarter. As the quarter continued, we began to experience an increase in overall subscriber churn. This level of churn has continued during October. We believe this churn is tied to a volatile investing environment where overall research budgets have been reduced amongst our subscribers. Additionally, we have seen a decline in new subscribers—offset by the increase in pricing that we initiated during the quarter. While it is too early to say that this is a permanent trend, we believe that most of the subscribers who have renewed at least once, are likely to remain paying subscribers in future years.

Despite these challenges, recognized revenue continued to increase each month sequentially and has continued to increase into the fourth quarter, though overall subscriber count has stayed relatively constant. As of the date of this letter, we have taken in over $5 million in gross subscription proceeds since inception. We intend to aggressively invest resources to improve KEDM and increase the overall value proposition for subscribers. Additionally, given the reception to KEDM amongst readers, we intend to increase our marketing to grow the subscriber base. We believe that these two initiatives may reduce the short-term profitability of the subscription business. However, we intend to keep spending at a pace that allows the business to remain profitable, while keeping in mind that the lifetime value of a KEDM subscriber dramatically exceeds the cost of acquiring a subscriber. This justifies an elevated level of spend, especially as we have numerous fixed costs of producing KEDM.

Given the success to date of KEDM, we believe that there are ancillary services that we can launch and monetize, providing further value to KEDM subscribers. It is likely that these services will be a cost center as they are conceived and grown before eventual monetization. To learn more about KEDM, go to www.KEDM.COM. Additionally, the company is considering acquiring other subscription products that would be complementary to KEDM.

Corporate Division:
During the third quarter, our corporate expenses increased primarily due to an increase in legal, tax and corporate structuring expenses. We expect this elevated level of expenses to trail off in the fourth quarter.

Our public securities portfolio produced a $2,869,227 unrealized loss and a $1,561,860 realized gain. I would like to caution you strongly that returns like we have recently experienced are highly unlikely to be repeated in future quarters and are likely to be rather volatile given our elevated exposure to oil futures call spreads, which have appreciated substantially since we acquired them. At the end of the quarter, our portfolio was concentrated in investments in oil futures and futures options (including fully offsetting futures call option spreads) energy services companies, uranium, and the housing sector. We view these investments as highly liquid, inflation protected, alternatives to holding cash and we intend to liquidate various investments should we find additional businesses to launch or acquire stakes in.

Business Update:
For multiple years, I have mentioned that there are tax and regulatory reasons that our public securities portfolio cannot continue to increase. As a public company, we are required to have a substantial portion of our assets invested in operating businesses that we hold in excess of 25% of and exert some degree of control over. Unfortunately, we have been unable to find any such operating business that interests us, and this causes something of a dilemma as we cannot continue on the current path. As a result, we have invested substantial time and expense in finding a viable structure and path forward (hence the elevated spend on legal) and continue to explore various options. Unfortunately, we have struggled to find a viable path forward.

When Gen and I originally decided to diversify this business, we envisioned a company that would allow us to pivot between public and private investments, bridging the frequent gaps in valuation between them. We saw an enterprise that could incubate businesses and grow them so that they could one day be set free on public markets. We saw a world full of opportunity, but at the time, we lacked the capital to implement these dreams. Fast forward to today, and we are flush with capital and the opportunity set appears to have disappeared.

Unfortunately, the world has arrived in a place that we did not expect. With Private Equity aggressively bidding for private operating businesses, we simply cannot find anything in the private space that is attractive for our investment capital. Why would an intelligent owner ever sell 25% or more of a company to you for less than it was worth? Meanwhile, that scenario happens daily on the global stock exchanges, with the caveat that it is difficult to purchase 25% or more of a business. However, we can sometimes purchase a few percent for a stunningly good price.

Now, as the world looks to enter a recession, the gap between public and private valuations has become even more extreme as global equities have sold off dramatically, while Private Equity funds continue to raise record amounts of new capital to deploy. We do not know when or if this gap will swing back in the other direction, but we refuse to purchase a private business at a premium valuation to a comparable public business—particularly as a public markets business affords us instant liquidity, allowing us the optionality to redeploy capital into any future opportunity that presents itself.

We had hoped that this gap in valuation would swing back in the other direction eventually. Instead, it has become even more extreme. Unfortunately, we have something of a ticking clock on our business as we have to eventually own more private business assets or large stakes (25% or more) in public companies. Unfortunately, during 2023, hard decisions must be made. I refuse to make a bad investment decision simply to check a regulatory or tax box. As a result, if we cannot find anything intelligent to do, we'll be forced to begin returning capital to shareholders.

Unfortunately, we are subscale as a public company. Gen and I fought hard to get to this point where we have the heft to execute on our business plan. If we are forced to return capital, we'll never be in a position to execute on this business plan should an opportunity eventually come up. At the same time, it seems silly to burden our current equity holdings with the operating costs of a public company, spread amongst a much smaller capital base, as shareholders would be far better off investing in similar securities in their own personal accounts. As a result, if we start the process of returning capital, we'll likely end up returning a majority of the excess capital. I want to make it clear that we are not going to be forced sellers of any securities. If we do take the route of returning capital to shareholders, we'll only do so after individual investments have matured.

As we get closer to the moment where we have to deal with this issue, I wanted to more fully detail our current dilemma and thinking so that I can have more fulsome conversations with shareholders and seek out a possible solution to our conundrum. Our path here is not set in stone and we are hopeful that we can either find a solution or find an investment that interests us. However, it would be unfair to you if we sprung a large capital return on you, when you expected us to be growing this business instead. It would be even worse if we made a bad investment out of necessity to extend our timeline.

We had a dream of building a unique sort of business, but it may prove to be impossible due to regulatory limitations.

Conclusion :
In summary, the third quarter of 2022 continued the prior year's successes. We have now incubated and launched KEDM with great success. KEDM has passed through the first renewal period and has proven that subscribers find dramatic value in it. Our public equity investments have succeeded beyond our wildest ambitions and as a result, we have some hard decisions to make during 2023.

During the quarter, the company repurchased 4,500 shares under its Normal Course Issuer Bid. At quarter end, our share count was 27,759,299 or 22% fewer than during our peak share-count in 2016. To date, the company has repurchased a total of 7,812,700 shares.

Sincerely,

Harris Kupperman
CEO