

# The Kinetics Alternative Income Fund



4Q 2022

## Horizon Kinetics Asset Management LLC

- Employee-owned, SEC-registered investment adviser, initially established in 1994.
- Manages approximately \$8.0 billion in assets as of 12/31/2022.
- Oversees investments in mutual funds, separate accounts and alternative products.
- Investment decisions based on fundamental research, all of which is conducted in-house.
- Horizon Kinetics Asset Management is the Fund's adviser. Previously, Kinetics Asset Management was the Fund's adviser.

## Alternative Income Fund Overview

- A two-part investment strategy focused on generating income and capital gains in excess of traditional short duration, investment grade fixed income indexes.
- The strategy primarily invests in a diversified portfolio of short-term, investment grade bonds with an emphasis on liquidity, diversification, and lower interest rate or duration risk (1-3 years).
- A conservative equity option strategy supplements bond portfolio income via the collection of option premiums. Option exposures are allocated broadly across quality companies and indexes/exchange traded funds. The investment adviser seeks to mitigate incremental risks by selecting option strike prices that are below their underlying stock prices (out-of-the-money) and by limiting option notional exposures.

## Historical Total Return (No-Load Class) as of 12/31/22

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Since 1/1/13
Fund (KWIXX)	5.2%	1.5%	2.9%	4.0%	2.3%	0.9%	2.5%	2.2%	-1.3%	-4.1%	1.6%

## Portfolio Management Team

**Murray Stahl**  
Chief Investment Officer  
45 years of management experience  
Co-Manager of Fund since 2012

**Matt Houk**  
Co-Portfolio Manager  
18 years of management experience  
Co-Manager of Fund since 2015

## Class Information

Class	Ticker	Cusip	12b-1 fee
Adv. A	KWIAX	494613714	0.50%
Adv. C	KWICX	494613698	1.00%
Inst.	KWIXX	494613680	-
No Load	KWINX	494613722	-

## Fund Characteristics

Total Net Assets	\$7.4 million
Total Number of Positions*	4
Turnover Ratio	0%
Minimum Purchase	\$2,500

\*Calculated such that all securities issued by one issuer are counted as one position.

## Portfolio Allocation

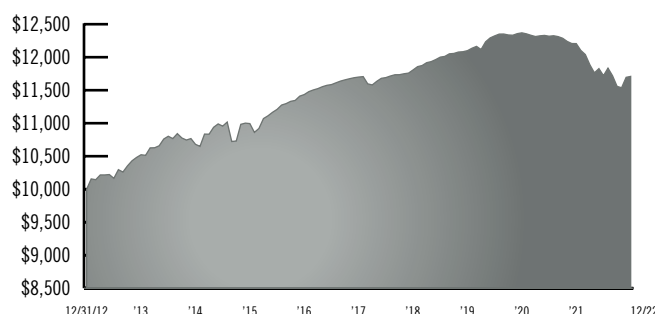
Investment Company	74.5%
Cash and Cash Equivalents	25.5%

## Growth of \$10,000 Returns

\$11,709

## Statistics

Fund



## Equity Option Overview

### Option Statistics

Notional % of Portfolio with Put Options	0
Average Life of Options (days)	N/A
Average Option % Moneyness	N/A
Average Option Delta	N/A

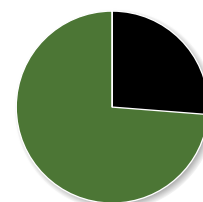
## Fixed Income Overview

### Fixed Income Statistics

Average Duration (years)	1.76
Average Maturity (years)	1.99

## Credit Quality (%)

Non-Rated	74.5%
Cash	25.5%



# The Kinetics Alternative Income Fund



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## Performance (No-Load Class)

Performance (No-Load Class)	Annualized Returns as of 12/31/22						
	3 Month	YTD	1YR	3YR	5YR	10YR	Since Inception
Alternative Income Fund (KWIXX)	1.31%	-4.07%	-4.07%	-1.09%	0.02%	1.59%	0.28%

The Alternative Income Fund No Load Class inception date is 6/29/07. Performance prior to 1/1/13 reflects the Fund's prior investment objective and restrictions and may not be indicative of the Fund's prospective results. Figures include changes in principal value, reinvested dividends and capital gains distributions. Performance data quoted represents past performance and does not guarantee future results. Investment return and principal value will vary, and shares may be worth more or less at redemption than at original purchase. Call 1-800-930-3828 or visit us at [www.kineticsfunds.com](http://www.kineticsfunds.com) for the most recent month-end performance data. Current performance may be lower or higher than the performance data quoted. Performance data does not reflect the deduction of sales load or fee which, if reflected, would reduce the performance quoted. You will be charged a redemption fee equal to 2.00% of the net amount of the redemption if you redeem or exchange your shares 30 days or less after you purchase them.

## Expense Ratios by Share Class

	Adv. A	Adv. C	No Load	Inst.
Gross	2.65%	3.15%	2.40%	2.35%
Net	1.25%	1.75%	1.00%	0.80%

The Gross expense ratios listed are as of 12/31/2021 as reported in the 4/30/2022 prospectus. The Fund's adviser voluntarily agreed to waive management fees and reimburse fund expenses so that net annual fund operating expenses do not exceed certain levels, not including acquired fund fees and expenses (AFFE), through May 1, 2023 and may be discontinued at any time by the Fund's adviser after May 1, 2023.

## Definitions:

**Average Put Option % Moneyneess:** % moneyneess refers to a put option's strike price relative to the price of its underlying security in percentage terms. The average put option % moneyneess is the average % moneyneess for the option exposures weighted by each option's % of notional exposure. In-the-money (ITM) refers to a put option with a strike price that is above the underlying security's price. At-the-money (ATM) refers to a put option with a strike price that is equal to the underlying security's price. Out-the-money (OTM) refers to a put option with a strike price that is below the underlying security's price. For example, a put option that is 5% OTM has a strike price that is 5% below the underlying security's price and a put option that is 5% ITM has a strike price that is 5% higher than the underlying security's price. **Beta:** A statistic that measures the volatility of the fund, as compared to the overall market. The market's beta is set at 1.00; therefore a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. It is important to note that a low beta for a fund does not necessarily imply that the fund has a low level of volatility, a low beta signifies only that the fund's market-related risk is low. Beta has been calculated starting 12/31/12. **Delta:** A statistical measure relating the changes in an option's price to price changes of the option's underlying security. **Notional % of Portfolio with Put Options:** Represents the aggregate notional value of all written put options (strike price multiplied by the number of contracts) as a percentage of the portfolio's net assets, as of the stated date. **Sharpe Ratio:** A statistical measure that uses standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio implies a better historical risk-adjusted performance. The Sharpe ratio has been calculated starting 12/31/12 using the 3-month treasury bill for the risk-free rate of return. **Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time. The greater the standard deviation over the period, the wider the variability or range of returns and hence, the greater the fund's volatility. The standard deviation has been calculated starting 12/31/12. **Turnover Ratio:** A measure of how frequently assets within a fund are bought and sold by the managers represented over a one year period.

This Fund is classified as diversified; however, asset allocation/diversification does not guarantee profit or eliminate risk of loss.

Factsheet statistics that rely on Fund data prior to January 1, 2013 will reflect the Fund's prior investment objective and restrictions and may not be indicative of the Fund's current positioning or prospective results.

In April 2019, Kinetics Asset Management LLC ("KAM") and Kinetics Advisers, LLC ("KA") reorganized into Horizon Asset Management LLC ("HAM"), following which HAM was renamed Horizon Kinetics Asset Management LLC ("HKAM"). KAM, HAM and KA were all wholly-owned subsidiaries of Horizon Kinetics LLC, and HKAM will remain a wholly-owned subsidiary. HKAM is the Fund's adviser, previously, KAM was the Fund's adviser. Neither the portfolio managers of the Fund nor the Fund's investment objective and investment strategy have changed.

The Growth of \$10,000 chart illustrates the performance of a hypothetical \$10,000 investment made in No Load Class shares on 12/31/2012 in commencement with the investment objective change on that date. It assumes reinvestment of capital gains and dividends. This chart is not intended to imply any future performance.

The Top Sectors displayed represent a percentage of the net assets and excludes cash equivalents and other assets in excess of liabilities. For purposes of calculating the top percentage holdings of the fund, the top 10 equity and fixed income holdings are valued at their applicable market value.

**You should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. For a free copy of the fund's prospectus, which contains this and other information, visit our website at [www.kineticsfunds.com](http://www.kineticsfunds.com) or call 1-800-930-3828. You should read the prospectus carefully before you invest.**

Past performance does not guarantee future results. You will be charged a redemption fee equal to 2.00% of the net amount of the redemption if you redeem or exchange your shares 30 days or less after you purchase them. In addition, investing in foreign securities involves more risk than just U.S. investments, including the risk of currency fluctuations, political and economic instability and differences in financial reporting standards. There may also be heightened risks investing in non-investment grade debt securities and the use of options. There are also risks associated with investing in small and medium sized companies. Non-investment grade debt securities, i.e., junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Options contain special risks including the imperfect correlation between the value of the option and the value of the underlying asset. Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Fund pursues its investment objective by investing all of its investable assets in a corresponding portfolio series of Kinetics Portfolios Trust.

Effective at the close of business on 1/27/2023, the Alternative Income Fund will be converted into shares of the Horizon Kinetics SPAC Active ETF as part of a tax-free reorganization. For further details, please refer to: <https://kineticsfunds.com/wp-content/uploads/2022/12/KMF-Shareholder-Notice-Jan-4-2023.pdf>

