



**Kinetics Mutual Funds
First Quarter 2017 Commentaries**



The Medical Fund

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Dear Fellow Shareholders,

During the first quarter of 2017, the Medical Fund ("Fund") returned 3.98%, compared to 6.07% for the S&P 500 Index and 9.82% for the NASDAQ Composite Index. Though market conditions remain challenging, we believe in the strength of the Fund's holdings.

For example, consider Johnson & Johnson ("JNJ"). Recent data have shown that JNJ's Zytiga, which is approved for a subset of prostate cancer patients, reduces the chance of death by nearly 40% for men with newly diagnosed high-risk prostate cancer that has spread to other parts of the body. The company has filed for marketing approval for the drug for this earlier line treatment in the EU, and is considering whether to do the same in the US. This development is a further demonstration of the potential payoff from a vibrant R&D effort. The company has also reported 10 promising new drugs, at various stages of early to late stage development, with the potential, in our opinion, to generate \$1 billion in revenues for each. In addition, the company continues to grow its EPS and dividend.

Another interesting holding is Alkermes plc ("Alkermes"). Our position in Alkermes started as a small (1%) position; since then, the position has grown through appreciation, as Alkermes has evolved into an established pharmaceutical company. Recently, the FDA approved a new dosage for its schizophrenia drug, Aristada. What makes this new dose unique is that the drug can now be given by injection every two months. Given that treatment adherence is a major challenge for those who are battling chronic diseases such as schizophrenia, this dosing schedule could represent a huge leap in these patients' ability to remain on needed medication, so as to improve their quality of life.

Though JNJ's market cap is orders of magnitude greater than that of Alkermes, both companies are committed to substantive R&D efforts and creative innovation. We believe that JNJ will continue to grow and that Alkermes will continue to mature.

Sincerely,

The Kinetics Research Team



Medical Fund Top 10 Holdings (%) as of March 31, 2017	
Eli Lilly & Company	7.8%
Pfizer, Inc.	7.1%
Alkermes plc	7.1%
Bristol-Myers Squibb Company	6.3%
Sanofi - ADR	5.7%
Johnson & Johnson	5.4%
Shire plc - ADR	5.1%
Novartis AG - ADR	5.1%
Biogen Inc.	5.0%
GlaxoSmithKline plc - ADR	4.6%

Important Disclosures

You should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For a free copy of the most recent Prospectus, which contains this and other information, visit our website at www.kineticsfunds.com or call 1-800-930-3828. You should read the Prospectus carefully before you invest. Performance data quoted represents past performance, which does not guarantee future results. Investment return and principal value of an investment may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please visit www.kineticsfunds.com for the most recent month-end performance data.

Portfolio holdings information, if any, is subject to change at any time and is as of the date shown.

The opinions expressed are not intended to be a forecast of future events, or a guarantee of future results, or investment advice. Additionally, the views expressed herein may change at any time subsequent to the date of issue hereof.

Because the Medical Fund invests in a single industry, its shares do not represent a complete investment program. Medical and biotechnology stocks are subject to a rate of change in technology, obsolescence, and competition that is generally higher than that of other industries, and have experienced extreme price and volume fluctuations. International investing presents special risks, including currency exchange fluctuation, government regulations, and the potential for political and economic instability. Because smaller companies often have narrower markets and limited financial resources, they present more risk than larger, more well-established companies.

The Medical Fund is classified as a non-diversified fund. Therefore, the value of its shares may fluctuate more than shares invested in a broader range of industries. In a non-diversified fund, more of the Fund's assets may be concentrated in the common stock of any single issuer, which may make the value of the Fund's shares more susceptible to certain risks than shares of a diversified mutual fund.



Kinetics Mutual Funds, Inc.

Securities Distributed by Kinetics Funds Distributor LLC

Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Fund pursues its investment objectives by investing all of its investable assets in a corresponding portfolio series of Kinetics Portfolios Trust.

You will be charged a redemption fee of 2.0% of the net amount of the redemption if you redeem or exchange your shares 30 days or less after you purchase them.

Distributor: Kinetics Funds Distributor LLC is an affiliate of Kinetics Asset Management LLC, and is not an affiliate of Kinetics Mutual Funds, Inc.