



**Kinetics Mutual Funds
Third Quarter 2017 Commentaries**



The Medical Fund

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Dear Fellow Shareholders,

Our original premise for establishing the Kinetics Medical Fund (the "Fund") was that the scientific community, consisting of large Pharma established biotech companies and emerging biotech companies, would invest heavily in order to develop treatments to help eradicate various types of cancers. As such, we believed that these companies would be rewarded for their research efforts with higher valuations as they brought new and successful treatments to market. Since its inception 18 years ago, through September 30, 2017, the Fund (No-Load Class) has outperformed the S&P 500 Index by over 3.60% per annum. While we can make no predictions about future performance, we remain as excited as ever about the scientific community's ability to develop more effective cancer treatments.

For example, in mid-October, the Food and Drug Administration (F.D.A.) granted its second approval for a radically new class of treatment that effectively reprograms a patient's own immune cells to destroy an existing cancer. Yescarta, produced by Kite Pharma (now owned by Gilead Sciences), was approved for adults having non-Hodgkin's Lymphoma that have gone through at least two failed treatment regimens already.

In conjunction with the approval of Yescarta, F.D.A. Commissioner Dr. Scott Gottlieb stated: "In just several decades, gene therapy has gone from being a promising concept to a practical solution to deadly and largely untreatable forms of cancer." Yescarta's approval follows closely on the heels of the approval of Kymriah by Novartis, which we wrote about in our last commentary.

The use of gene therapy technology to treat blood cancers such as leukemia and lymphoma is one of the most exciting medical developments in recent history. Experiments have revealed the potential for gene therapy to be used in reversing other types of cancers, such as breast cancer. There's a belief that gene therapy could ultimately eliminate the need for traditional treatments such as radiation, chemotherapy, and surgery.

The Fund's positioning remains rather consistent as we practice patience during this exciting time for new treatments.

Sincerely,

The Kinetics Investment Team



Medical Fund Top 10 Holdings (%) as of September 30, 2017	
Eli Lilly & Company	7.8%
Pfizer, Inc.	7.4%
Bristol-Myers Squibb Company	7.4%
Sanofi – ADR	6.0%
Novartis AG – ADR	5.8%
Biogen Inc.–	5.6%
Johnson & Johnson	5.6%
AbbVie Inc.	5.6%
Alkermes plc	5.4%
Celgene Corporation	4.9%

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.