

**KINETICS MUTUAL FUNDS, INC.**

**The Internet Fund  
The Global Fund  
The Paradigm Fund  
The Small Cap Opportunities Fund  
The Market Opportunities Fund**

---

**Supplement dated March 2, 2018  
to the Prospectuses dated April 28, 2017 and May 1, 2017**

---

*This supplement supersedes the information that was provided in the Supplement as filed on January 23, 2018.*

During the fiscal year ended December 31, 2017, the Kinetics Internet Portfolio, Global Portfolio, Paradigm Portfolio, Small Cap Opportunities Portfolio, and Kinetics Market Opportunities Portfolio (each a “Portfolio” and together, the “Portfolios”), to varying degrees invested in a Delaware statutory trust (“Bitcoin Investment Trust”), as well as other Bitcoin-related investments, that invest principally in bitcoins. Each Portfolio’s initial investment in the Bitcoin Investment Trust was less than 1% of its total assets. Because of the dramatic increase in value of this investment, it represented greater than 10% of the value for the Portfolios, with the exception of the Paradigm Fund and Small Cap Opportunities Fund which were at 5.5% and 3.7%, respectively, as of the fiscal year end. Each of the Portfolios has contributed all or a portion of its holdings in the Bitcoin Investment Trust to a wholly-owned and controlled subsidiary of that Portfolio organized under the laws of the Cayman Islands (the “Subsidiary”). In the future, each Portfolio may seek to gain additional exposure to the Bitcoin Investment Trust, as well as other Bitcoin-related investments, by investing up to 25% of the value of its total assets at the time of the investment in its corresponding Subsidiary. Therefore, effective as of the date of this supplement, the following changes are made:

In the “**Principal Investment Strategies**” summary section for each of the Portfolios, the following is added after the third paragraph:

The Portfolio may invest indirectly in bitcoins primarily through a Delaware statutory trust (“Bitcoin Investment Trust”). Bitcoin Investment Trust offers shares on an ongoing basis through private placements pursuant to the exemption from registration provided by Rule 506(c) under Regulation D of the Securities Act of 1933, as amended (“Bitcoin Investment Trust”). Bitcoins are a digital commodity that is not issued by a government, bank or central organization. Bitcoins exist on an online, peer-to-peer computer network (the “Bitcoin Network”) that hosts a public transaction ledger where bitcoin transfers are recorded (the “Blockchain”). Bitcoins have no physical existence beyond the record of transactions on the Blockchain. The Bitcoin Investment Trust invests principally in bitcoins.

Each Portfolio recently contributed all or a portion of its holdings in the Bitcoin Investment Trust to that Portfolio’s wholly-owned and controlled subsidiary organized under the laws of the Cayman Islands (each a “Subsidiary”). The Portfolio will realize capital gain on the transfer to the extent the value of the transferred Bitcoin Investment Trust interest at the time of transfer exceeds its tax basis in the hands of the Portfolio.

In the future, the Portfolio may seek to gain additional exposure to the Bitcoin Investment Trust and other similar investments that may not produce qualifying income for the Portfolio under the Internal Revenue Code, including, potentially, other pooled investment vehicles that provide exposure to digital commodities, by investing up to 25% of the value of its total assets at the time of investment in its corresponding Subsidiary.

Generally, a Subsidiary invests primarily in the Bitcoin Investment Trust, but also may, potentially, invest in other pooled investment vehicles that provide exposure to digital commodities. Each Portfolio invests in its corresponding Subsidiary within the limitations of the federal tax law, rules and regulations that apply to “regulated investment companies” under Subchapter M (“RICs”). Unlike the Portfolio, its corresponding Subsidiary may invest without limitation in the Bitcoin Investment Trust and other pooled investment vehicles that provide exposure to digital commodities. However, a Portfolio and its corresponding Subsidiary comply with the same fundamental investment restrictions on an aggregate basis, to the

extent those restrictions are applicable to the investment activities of that Subsidiary. The Subsidiary also complies with Section 17 of the Investment Company Act of 1940 (the “1940 Act”) relating to affiliated transactions and custody. Unlike the Portfolio, its corresponding Subsidiary does not, and will not, seek to qualify as a RIC. The Portfolio is the sole shareholder of its corresponding Subsidiary and does not expect shares of that Subsidiary to be offered or sold to other investors.

In the “**Principal Investment Risks**” summary section for each of the Portfolios, the following is added:

#### **Bitcoin Risk**

The value of the Portfolio’s investment in the Bitcoin Investment Trust directly and indirectly through its Subsidiary is subject to fluctuations in the value of bitcoins. The value of bitcoins is determined by the supply of and demand for bitcoins in the global market for the trading of bitcoins, which consists of transactions on electronic bitcoin exchanges (“Bitcoin Exchanges”). Pricing on Bitcoin Exchanges and other venues can be volatile and can adversely affect the value of the Bitcoin Investment Trust. Currently, there is relatively small use of bitcoins in the retail and commercial marketplace in comparison to the relatively large use of bitcoins by speculators, thus contributing to price volatility that could adversely affect the Portfolio’s direct or indirect investment in the Bitcoin Investment Trust. Bitcoin transactions are irrevocable, and stolen or incorrectly transferred bitcoins may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect the value of the Portfolio’s direct or indirect investment in the Bitcoin Investment Trust. Shares of the Bitcoin Investment Trust may trade at a premium or discount to the net asset value of the Bitcoin Investment Trust.

#### **Subsidiary Risk**

By investing in its corresponding Subsidiary, the Portfolio is indirectly exposed to the risks associated with that Subsidiary’s investments. Those investments held by the corresponding Subsidiary are generally similar to the investments that are permitted to be held by the Portfolio and are subject to the same risks that would apply to similar investments if held directly by the Portfolio. The Subsidiary is not registered under the 1940 Act and, unless otherwise noted in this Prospectus, is not subject to all the investor protections of the 1940 Act. In addition, changes in the laws of the United States and/or the Cayman Islands could result in the inability of a Portfolio and/or its corresponding Subsidiary to continue to operate and could adversely affect that Portfolio’s performance.

#### **Tax Risk**

In order to qualify as a RIC, the Portfolio must meet certain requirements regarding the source of its income, the diversification of its assets and the distribution of its income. Under the test regarding the source of a RIC’s income, at least 90% of the gross income of the RIC each year must be qualifying income, which consists of dividends, interest, gains on investments in securities and certain other categories of investment income. It appears to be the position of the Internal Revenue Service (“IRS”) that gain realized on bitcoin investments such as investments in the Bitcoin Investment Trust will not be qualifying income. The Portfolio’s investment in its corresponding Subsidiary is expected to provide that Portfolio with exposure to such bitcoin investments within the limitations of the Internal Revenue Code for qualification as a RIC because, under applicable tax rules, the income earned by the Subsidiary will flow out as qualifying income for the RIC even though the income would not be qualifying income if earned directly by the RIC. There is a risk, however, that the IRS might assert that the income derived from the Portfolio’s investment in its corresponding Subsidiary will not be considered qualifying income. If the Portfolio were to fail to qualify as a RIC and became subject to federal income tax, shareholders of that Portfolio would be subject to diminished returns. Changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Portfolio and/or its corresponding Subsidiary to operate as described in this Prospectus and could adversely affect the Portfolio. For example, the Cayman Islands does not currently impose any income, corporate or capital gains tax or withholding tax on the Subsidiary. If Cayman Islands law changes such that the Subsidiary must pay Cayman Islands taxes, the Fund would likely suffer decreased investment returns.

In the “**Additional Information about the Risks of Investing in Each of the Funds**” section, the following is added with respect to each of the Funds:

#### **Bitcoin Risk**

The value of the Portfolio’s investment in the Bitcoin Investment Trust directly or indirectly through its corresponding Subsidiary is subject to fluctuations in the value of bitcoins. The value of bitcoins is determined by the supply of and demand for bitcoins in the global market for the trading of bitcoins, which consists of transactions on Bitcoin Exchanges.

Pricing on Bitcoin Exchanges and other venues can be volatile and can adversely affect the value of the Bitcoin Investment Trust. Currently, there is relatively small use of bitcoins in the retail and commercial marketplace in comparison to the relatively large use of bitcoins by speculators, thus contributing to price volatility that could adversely affect a Portfolio's direct or indirect investment in the Bitcoin Investment Trust. Bitcoin transactions are irrevocable, and stolen or incorrectly transferred bitcoins may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect the value of a Portfolio's direct or indirect investment in the Bitcoin Investment Trust. Shares of the Bitcoin Investment Trust may trade at a premium or discount to the net asset value of the Bitcoin Investment Trust.

As bitcoins have grown in both popularity and market size, the U.S. Congress and a number of federal and state agencies (including the Financial Crimes Enforcement Network (FinCEN), the U.S. Securities and Exchange Commission, the Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, the Consumer Financial Protection Bureau, the Department of Justice, the Department of Homeland Security, the Federal Bureau of Investigation, the IRS, and state financial institution regulators) have begun to examine the operations of the network that facilitates bitcoins, bitcoin users and the Bitcoin Exchanges, with particular focus on (1) the extent to which bitcoins can be used to launder the proceeds of illegal activities or fund criminal or terrorist enterprises, (2) the safety and soundness of the Bitcoin Exchange or other service-providers that hold bitcoins for users and (3) other risks to investors and consumers who hold and use bitcoins. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the value of the Portfolio's and its corresponding Subsidiary's investment in the Bitcoin Investment Trust or the ability of the Bitcoin Investment Trust to continue to operate.

### **Subsidiary Risk**

The Portfolio will make investments through a wholly-owned Subsidiary organized under the laws of the Cayman Islands. By investing in its corresponding Subsidiary, the Portfolio is indirectly exposed to the risks associated with that Subsidiary's investments. The investments held by a Subsidiary are generally similar to those that are permitted to be held by the Portfolio and are subject to the same risks that apply to similar investments if held directly by that Portfolio. These risks are described elsewhere in this Prospectus. There can be no assurance that the investment objective of a Subsidiary will be achieved.

Each Subsidiary is not registered under the 1940 Act, and, unless otherwise noted in this Prospectus, is not subject to all the investor protections of the 1940 Act. However, each Fund wholly-owns and controls its Subsidiary, making it unlikely that a Subsidiary will take action contrary to the interests of the Portfolio. The Board has oversight responsibility for the investment activities of the Portfolio, including its investment in its corresponding Subsidiary, and the Portfolio's role as sole shareholder of its Subsidiary. The corresponding Subsidiary will be subject to the same investment restrictions and limitations, and follow the same compliance policies and procedures, as its Portfolio.

Changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Portfolio and/or its corresponding Subsidiary to operate as described in this Prospectus and could adversely affect the Portfolio. For example, the Cayman Islands does not currently impose any income, corporate or capital gains tax or withholding tax on the corresponding Subsidiary. If Cayman Islands law changes such that the Subsidiary must pay Cayman Islands taxes, Fund shareholders would likely suffer decreased investment returns.

### **Tax Risk**

The investment of up to 25% of the Portfolio's assets in a foreign subsidiary such as the corresponding Subsidiary is a structure that has been used by a number of RICs as a way of indirectly making commodities-related investments that would not generate qualifying income if they were made directly by the RIC. Section 851(b) of the Internal Revenue Code provides that income earned by a controlled foreign corporation (a "CFC"), such as the corresponding Subsidiary, will be treated as qualifying income for a RIC provided that CFC distributes those earnings out to the RIC each year. During the period 2006-2011, the IRS issued a number of private letter rulings to other funds in which the IRS ruled that income derived from a fund's investment in a CFC such as the corresponding Subsidiary will generally constitute qualifying income for the fund, even if the CFC itself engages in transactions that would not generate qualifying income if they were engaged in by the fund itself and even if the earnings of the CFC are not distributed to the fund each year. In 2011, however, the IRS suspended the issuance of such private letter rulings pending further review of the subject. In 2016, after completion of that review, the IRS issued proposed regulations that will provide that the income from a foreign subsidiary is qualifying income for RIC purposes only to the extent the income is actually distributed by the foreign subsidiary to the

RIC each year – consistent with what is provided in the Internal Revenue Code. Accordingly, the Portfolio intends to cause its corresponding Subsidiary to make such distributions to the Portfolio each year, so that the income of its corresponding Subsidiary will be qualifying income for that Portfolio.

If, however, the IRS were to determine that income derived from a Portfolio's investment in its corresponding Subsidiary does not constitute qualifying income and if such positions were upheld by a court, or if future legislation or Treasury regulations were to adversely affect the tax treatment of such investments, that Fund might cease to qualify as a RIC and could be required to reduce its exposure to such investments. In a Senate subcommittee hearing on the subject of RIC commodities-related investments in 2012, Senator Levin, the subcommittee chairman, expressed the view that a wholly-owned foreign subsidiary such as the Subsidiary, which is used by a RIC to make investments or otherwise to engage in transactions that the RIC could not accomplish directly under the applicable tax rules, should be disregarded as a separate entity for federal income tax purposes. Senator Levin's view was not endorsed by the IRS Commissioner and the Treasury Acting Assistant Secretary for Tax Policy in their hearing testimony and their post-hearing responses to supplemental questions from Senator Levin. If the IRS were ultimately to adopt such a view, however, and if that position were to be sustained by the courts, a Fund might fail to meet the 90% qualifying income test and therefore might not qualify as a RIC. In that event, that Fund's taxable income would be subject to tax at the Fund level at regular corporate tax rates (without reduction for distributions to shareholders) and to a further tax at the shareholder level when such income is distributed. In such an event, in order to re-qualify for taxation as a regulated investment company, the Fund may be required to recognize unrealized gains, pay substantial taxes and interest and make certain distributions.

**PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE**

May 1, 2017	<b>Prospectus</b>	<a href="http://www.kineticsfunds.com">www.kineticsfunds.com</a>
		<p>The <b>Alternative Income Fund</b> (KWINX)</p> <p>The <b>Internet Fund</b> (WWWFX)</p> <p>The <b>Global Fund</b> (WWWEX)</p> <p>The <b>Paradigm Fund</b> (WWNPX)</p> <p>The <b>Medical Fund</b> (MEDRX)</p> <p>The <b>Small Cap Opportunities Fund</b> (KSCOX)</p> <p>The <b>Market Opportunities Fund</b> (KMKNX)</p> <p>The <b>Multi-Disciplinary Income Fund</b> (KMDNX)</p> <p>Each a series of Kinetics Mutual Funds, Inc.</p>
<b>Kinetics Logo</b>		
<p>The U.S. Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of the Prospectus. Any representation to the contrary is a criminal offense.</p>		

## Table of Contents

SUMMARY SECTION .....	1
THE ALTERNATIVE INCOME FUND .....	1
THE INTERNET FUND .....	8
THE GLOBAL FUND .....	13
THE PARADIGM FUND .....	19
THE MEDICAL FUND .....	25
THE SMALL CAP OPPORTUNITIES FUND .....	31
THE MARKET OPPORTUNITIES FUND .....	37
THE MULTI-DISCIPLINARY INCOME FUND .....	43
ADDITIONAL INFORMATION ABOUT THE FUNDS' INVESTMENTS .....	49
THE ALTERNATIVE INCOME FUND .....	49
THE INTERNET FUND .....	50
THE GLOBAL FUND .....	51
THE PARADIGM FUND .....	52
THE MEDICAL FUND .....	53
THE SMALL CAP OPPORTUNITIES FUND .....	54
THE MARKET OPPORTUNITIES FUND .....	55
THE MULTI-DISCIPLINARY INCOME FUND .....	56
ADDITIONAL INFORMATION ABOUT THE RISKS OF INVESTING IN EACH OF THE FUNDS .....	57
PORTFOLIO HOLDINGS INFORMATION .....	65
MANAGEMENT OF THE FUNDS AND THE PORTFOLIOS .....	65
VALUATION OF FUND SHARES .....	68
HOW TO PURCHASE SHARES .....	69
HOW TO REDEEM SHARES .....	71
EXCHANGE PRIVILEGE .....	75
DISTRIBUTIONS AND TAXES .....	76
DISTRIBUTION OF SHARES .....	79
UNIQUE CHARACTERISTICS OF THE FUND STRUCTURE .....	80
COUNSEL AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM .....	80
DESCRIPTION OF INDEXES .....	81
FINANCIAL HIGHLIGHTS .....	82

## SUMMARY SECTION

### THE ALTERNATIVE INCOME FUND

#### Investment Objectives

The primary investment objective of the Alternative Income Fund is to provide current income and gains. The Alternative Income Fund seeks to obtain long-term growth of capital as a secondary objective. The Alternative Income Fund is the sole “feeder fund” to The Alternative Income Portfolio, a series of Kinetics Portfolios Trust.

#### Fees and Expenses of the Fund

This table describes the fees and expenses you may pay if you buy and hold shares of the Alternative Income Fund.

#### Fee Table<sup>(1)</sup>

<b>SHAREHOLDER FEES</b>		No Load Class
(fees paid directly from your investment)		
Redemption Fee (as a percentage of amount redeemed on shares held for 30 days or less, if applicable)		2.00%
<b>ANNUAL FUND OPERATING EXPENSES</b>		
(expenses that you pay each year as a percentage of the value of your investment)		
Management Fees <sup>(1)</sup>		0.90%
Distribution (Rule 12b-1) Fees		None
Other Expenses		0.88%
Shareholder Servicing Fees	0.25%	
Other Operating Expenses	<u>0.63%</u>	
Acquired Fund Fees and Expenses		0.04%
Total Annual Fund Operating Expenses <sup>(2)</sup>		1.82%
Less: Fee Waiver <sup>(3)</sup>		-0.83%
Net Annual Fund Operating Expenses		0.99%

<sup>(1)</sup> This table and the example below reflect the aggregate expenses of the Alternative Income Fund and the Alternative Income Portfolio. The management fees paid by the Alternative Income Fund reflect the proportionate share of fees allocated to the Alternative Income Fund from the Alternative Income Portfolio.

<sup>(2)</sup> Total Annual Fund Operating Expenses do not correlate to the ratio of operating expenses to average net assets before expense reimbursement found in the “Financial Highlights” section of this Prospectus, which reflects the Alternative Income Fund’s operating expenses and does not include acquired fund fees and expenses (“AFFE”).

<sup>(3)</sup> Kinetics Asset Management LLC, the investment adviser to the Alternative Income Portfolio of the Kinetics Portfolio Trust (the “Investment Adviser”), has agreed to waive management fees and reimburse Fund expenses so that Net Annual Fund Operating Expenses do not exceed 0.95%, excluding AFFE. These waivers and reimbursements are in effect until May 1, 2018, and may not be terminated without the approval of the Board.

*Example.* This Example is intended to help you compare the cost of investing in the Alternative Income Fund with the cost of investing in other mutual funds. This Example assumes that you invest \$10,000 in the Alternative Income Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Alternative Income Fund’s operating expenses remain the same (taking into account the expense limitation only in the first year). Although your actual costs may be higher or lower, based on these assumptions your cost for the Alternative Income Fund would be:

	1 Year	3 Years	5 Years	10 Years
No Load Class	\$101	\$492	\$908	\$2,069

*Portfolio Turnover.* The Alternative Income Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the Alternative Income Portfolio’s, and therefore the Alternative Income Fund’s, performance. During the most recent fiscal year, the Alternative Income Portfolio’s portfolio turnover rate was 1% of the average value of its portfolio.

### **Principal Investment Strategy**

The Alternative Income Fund is a diversified fund that invests all of its investable assets in the Alternative Income Portfolio, a series of Kinetics Portfolios Trust. Under normal circumstances, the Alternative Income Portfolio will hold a portfolio of primarily fixed income securities and, conditions permitting, implement an equity put writing option strategy intended to generate returns from the receipt of option premiums. The Alternative Income Portfolio will thereby only be able to seek to fulfill its primary investment objective of generating current income and gains by collecting premiums on written put options while maintaining a portfolio of primarily fixed income securities that serve as collateral to cover obligations pursuant to the written options. In addition to writing options when appropriate, the Alternative Income Portfolio may also purchase options in certain circumstances. The Alternative Income Portfolio’s secondary objective is to achieve long-term growth of capital.

The Alternative Income Portfolio implements option strategies on market indexes, exchange-traded funds (“ETFs”) or company specific equity securities, receiving up-front cash payments from the purchasers of these options in exchange for providing the purchasers with the right to potentially sell an underlying security to the Alternative Income Portfolio. If the prevailing market value of the underlying equity securities on an expiration date exceeds the exercise price of the put option that the Alternative Income Portfolio has written, it is expected that the option will not be exercised. In such instance, the Alternative Income Portfolio would not be required to purchase any securities and the received premium would be considered income.

At the time of writing (selling) a put option, the aggregated amount of all the notional obligations of the option positions (the sum of all the exercise prices referenced) held by the Alternative Income Portfolio may not exceed 100% of the Alternative Income Portfolio’s total assets. In this way, the Alternative Income Portfolio intends to have available at all times cash or fixed income investments to satisfy any obligations to purchase securities pursuant to options written.

The Investment Adviser selects option investments based on market volatility levels, underlying security valuations and perceived market risks. Further, the Investment Adviser evaluates relative option premiums and implied volatilities in determining preferred option contract terms, such as exercise prices and expiration dates. The Alternative Income Portfolio will typically buy or sell exchange-traded options on market indexes, diversified and non-diversified ETFs, real estate investment trusts (“REITs”), convertible securities and U.S. listed stocks of individual companies. The Alternative Income Portfolio may also invest in foreign securities, including up to 100% in emerging markets, directly or through American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”) and International Depositary Receipts (“IDRs”). To the extent the Alternative Income Portfolio buys or sells options on single stock equity securities, the aggregate notional exposure to a specific underlying company will typically not exceed 5% of the Alternative Income Portfolio’s net assets at the time of investment.

To satisfy collateral requirements related to the use of derivatives and provide full coverage of potential security purchase obligations related to written options, the Alternative Income Portfolio may invest up to 100% of its net assets in fixed income securities including cash or cash equivalents, fixed income closed-end funds (“CEFs”) and ETFs. There are no limitations as to the maturities or credit ratings of the fixed



income securities in which the Alternative Income Portfolio may invest, however, fixed income securities held by the Alternative Income Portfolio are generally issued by the U.S. Government or investment grade, large capitalization U.S. companies.

In managing the Alternative Income Portfolio's fixed income holdings, the Investment Adviser focuses on achieving a reasonable risk-adjusted return with an emphasis on capital preservation, while seeking long term growth of capital. The Investment Adviser will select fixed income securities based on market liquidity, duration risk, credit risk, and yield to maturity.

In connection with the Alternative Income Portfolio's positions in derivatives, the Alternative Income Portfolio segregates liquid assets or will otherwise cover its position in accordance with applicable U.S. Securities and Exchange Commission ("SEC") requirements. Additionally, the Alternative Income Portfolio may participate in securities lending arrangements up to 33-1/3% of the securities in its portfolio with brokers, dealers, and financial institutions (but not individuals) in order to increase the return on its portfolio.

### **Principal Investment Risks**

Investing in common stocks has inherent risks that could cause you to lose money. The principal risks of investing in the Alternative Income Fund, and indirectly the Alternative Income Portfolio, are listed below and could adversely affect the net asset value ("NAV"), total return and the value of the Alternative Income Fund, Alternative Income Portfolio and your investment.

- ▶ *Management Risks:* The Alternative Income Portfolio securities selected by the Investment Adviser may decline in value or not increase in value when the stock market in general is rising and may fail to meet the Alternative Income Portfolio's, and therefore the Alternative Income Fund's, investment objective. The Investment Adviser cannot guarantee the performance of the Alternative Income Fund, nor can it assure you that the market value of your investment will not decline.
- ▶ *Liquidity Risks:* The Alternative Income Portfolio's investments in options and, to the extent it invests in certain non-investment grade fixed income securities, including CEFs or ETFs, makes the Alternative Income Portfolio especially susceptible to the risk that during certain periods the liquidity of certain issuers or industries, or all securities within particular investment categories, will decrease or disappear suddenly and without warning as a result of adverse market or political events, or adverse investor perceptions.
- ▶ *Security Selection Risks:* The Alternative Income Portfolio securities selected by the Investment Adviser may decline in value or not increase in value when the stock market in general is rising and may fail to meet the Alternative Income Portfolio's, and therefore the Alternative Income Fund's, investment objective.
- ▶ *Exchange-Traded Funds (ETFs) Risks:* ETFs are registered investment companies whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. In general, passively-managed ETFs seek to track a specified securities index or a basket of securities that an "index provider," such as Standard & Poor's, selects as representative of a market, market segment or industry sector. A passively-managed ETF is designed so that its performance will correspond closely with that of the index it tracks. Conversely, actively-managed ETFs seek an investment objective by investing in a basket of securities based on the investment strategy and discretion of the ETF's adviser. A leveraged ETF will engage in transactions and purchase instruments that give rise to forms of leverage, including, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, the use of when issued, delayed-delivery or forward commitment transactions or short sales. To the extent a fund invests in ETFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the fund will indirectly be subject to leveraging risk. As a shareholder in an ETF, the Alternative Income Portfolio

will bear its pro rata portion of an ETF's expenses, including advisory fees, in addition to its own expenses.

- ▶ *Foreign Securities Risks:* The Alternative Income Portfolio may invest in foreign securities directly or through ADRs, GDRs and IDRs. Foreign securities can carry higher returns but involve more risks than those associated with U.S. investments. Additional risks associated with investment in foreign securities include currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.
- ▶ *Emerging Markets Risks:* The risk that the securities markets of emerging countries are less liquid, are especially subject to greater price volatility, have smaller market capitalizations, have less government regulation and are not subject to as extensive and frequent accounting, financial and other reporting requirements as the securities markets of more developed countries as have historically been the case.
- ▶ *Interest Rate Risk:* The risk that when interest rates increase, fixed-income securities held by the Alternative Income Portfolio will decline in value. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term fixed-income securities. It is likely there will be less governmental action in the near future to maintain low interest rates. The negative impact on fixed income securities from the resulting rate increases for that and other reasons could be swift and significant.
- ▶ *Credit/Default Risk:* The risk that an issuer or guarantor of fixed-income securities held by the Alternative Income Portfolio (which may have low credit ratings), or the counterparty in a derivative investment, may default on its obligation to pay interest and repay principal.
- ▶ *Derivatives Risks:* The Alternative Income Portfolio's investments in options and other derivative instruments may result in loss. Derivative instruments may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses to the Alternative Income Portfolio. If a secondary market does not exist for an option purchased or written by the Alternative Income Portfolio, it might not be possible to effect a closing transaction in the option (*i.e.*, dispose of the option), with the result that (1) an option purchased by the Alternative Income Portfolio would have to be exercised in order for the Alternative Income Portfolio to realize any profit and (2) the Alternative Income Portfolio may not be able to sell portfolio securities covering an option written by it until the option expires or it delivers the underlying security, upon exercise. To the extent the Alternative Income Portfolio segregates assets to cover derivative positions, the Alternative Income Portfolio may impair its ability to meet current obligations, to honor requests for redemption and to manage the Alternative Income Portfolio properly in a manner consistent with its stated investment objective.
- ▶ *Leveraging Risks:* Investments in derivative instruments may give rise to a form of leverage. The Investment Adviser may engage in speculative transactions, which involve substantial risk and leverage. The use of leverage by the Investment Adviser may increase the volatility of the Alternative Income Portfolio. These leveraged instruments may result in losses to the Alternative Income Portfolio or may adversely affect the Alternative Income Portfolio's NAV or total return, because instruments that contain leverage are more sensitive to changes in interest rates. The Alternative Income Portfolio may also have to sell assets at inopportune times to satisfy its obligations in connection with such transactions.
- ▶ *Option Transaction Risks:* Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the ability of the Investment Adviser to manage future price fluctuations and the degree of correlation between the options and securities (or currency) markets. By writing put options on equity securities, the Alternative Income Portfolio gives up the opportunity to benefit from potential increases in the value of the common stocks above the exercise prices of the written put options, but continues to bear the risk of declines in the value of its common stock portfolio. The Alternative Income Portfolio will receive a premium from writing a covered call option that it retains whether or not the option is

exercised. The premium received from the written options may not be sufficient to offset any losses sustained from the volatility of the underlying equity securities over time.

- ▶ *REITs Risks:* REITs may be affected by economic forces and other factors related to the real estate industry. Investing in REITs may involve risks similar to those associated with investing in small capitalization companies. REITs may have limited financial resources, may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than larger company securities. Historically, small capitalization stocks, such as REITs, have been more volatile in price than the larger capitalization stocks included in the S&P 500<sup>®</sup> Index.
- ▶ *Convertible Securities Risks:* Convertible securities are subject to the risks affecting both equity and fixed income securities, including market, credit, liquidity and interest rate risk.

#### Who may want to invest?

The Alternative Income Fund may be appropriate for investors who:

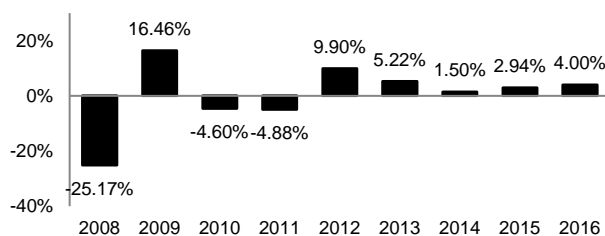
- ▶ wish to diversify their portfolios;
- ▶ wish to generate income and capital; and
- ▶ are comfortable with the risks described herein.

#### Performance

The bar chart and table shown below illustrate the variability of the Alternative Income Fund's returns. The bar chart indicates the risks of investing in the Alternative Income Fund by showing the changes in the Alternative Income Fund's performance from year to year (on a calendar year basis). The table shows how the Alternative Income Fund's average annual returns, before and after taxes, compared with those of the Bloomberg Barclays U.S. 1-3 Year Credit Bond Index and the Bloomberg Barclays U.S. Aggregate Bond Index, which represent broad measures of market performance. The past performance of the Alternative Income Fund, before and after taxes, is not necessarily an indication of how the Alternative Income Fund or the Alternative Income Portfolio will perform in the future. Updated performance information is available on the Fund's website at <http://www.kineticsfunds.com> or by calling the Fund toll-free at (800) 930-3828.

***Important note about performance reflecting the Fund's prior investment strategy.*** The performance shown for periods prior to January 1, 2013 reflects a previous investment objective and strategy. The Fund sought long-term growth of capital as its primary investment objective with a secondary objective to obtain current income while investing at least 80% of its assets in securities of companies engaged in water infrastructure and natural resources with a specific water theme and related activities. Effective January 1, 2013, the Fund's performance reflects the significantly different investment objective of seeking to generate income and capital gains with long-term growth of capital as its secondary investment objective while investing in primarily fixed income securities while utilizing an options strategy.

**The Alternative Income Fund – No Load Class**  
**Calendar Year Returns as of 12/31**



<b>Best Quarter:</b>	<b>2009</b>	<b>Q2</b>	<b>17.90%</b>
<b>Worst Quarter:</b>	<b>2011</b>	<b>Q3</b>	<b>-14.09%</b>

The Alternative Income Fund’s after-tax returns as shown in the following table are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your tax situation and may differ from those shown. If you own Fund shares in a tax-deferred account, such as a 401(k) plan or an individual retirement account (“IRA”), the information on after-tax returns is not relevant to your investment. The Return After Taxes on Distributions and Sale of Fund Shares is higher than other return figures when a capital loss occurs upon the redemption of Fund shares.

**Average Annual Total Returns as of 12/31/2016**

	1 Year	5 Years	Since Inception (June 29, 2007)
<b>The Alternative Income Fund (KWINX) No Load</b>			
Return Before Taxes	4.00%	4.67%	0.21%
Return After Taxes on Distributions	4.00%	4.48%	0.00%
Return After Taxes on Distributions and Sale of Fund Shares	2.27%	3.56%	0.10%
Bloomberg Barclays U.S. 1-3 Year Credit Bond Index (reflects no deductions for fees, expenses or taxes)	2.11%	1.84%	3.18%
Bloomberg Barclays U.S. Aggregate Bond Index (reflects no deductions for fees, expenses or taxes)	2.65%	2.23%	4.47%

**Management**

*Investment Adviser.* Kinetics Asset Management LLC is the Alternative Income Portfolio’s investment adviser.

*Portfolio Managers.* The Alternative Income Portfolio is managed by an investment team with Mr. Stahl and Mr. Houk as the Co-Portfolio Managers. Each investment team member serves as a research analyst.

<i>Investment team member</i>	<i>Primary Title</i>	<i>Years of Service with the Fund</i>
Peter B. Doyle	Investment Team Member	6
Murray Stahl	Co-Portfolio Manager	6
James Davolos	Investment Team Member	5
Matthew Houk	Co-Portfolio Manager	1
Steven Tuen	Investment Team Member	1
Steven Bregman	Investment Team Member	1

#### **Purchase and Sale of Fund Shares**

You may purchase, exchange or redeem Fund shares on any business day by written request via mail (Kinetics Mutual Funds – The Alternative Income Fund, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701), by telephone at 1-800-930-3828, or through a financial intermediary. You may also purchase or redeem Fund shares by wire transfer. The minimum initial investment for both regular accounts and IRAs is \$2,500 (\$2,000 for Coverdell Education Savings Accounts). There is no minimum on subsequent investments for all account types.

#### **Tax Information**

Unless you are investing through a tax-deferred arrangement, such as a 401(k) or an IRA, the Fund's distributions will generally be taxable to you as ordinary income or capital gains, and you will generally recognize gain or loss when you redeem shares.

#### **Payments to Broker-Dealers and Other Financial Intermediaries**

If you purchase the Fund through a broker-dealer or other financial intermediary, the Fund and/or its Investment Adviser may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## THE INTERNET FUND

### Investment Objectives

The investment objective of the Internet Fund is long-term growth of capital. The Internet Fund seeks to obtain current income as a secondary objective. The Internet Fund is the sole “feeder fund” to The Internet Portfolio, a series of Kinetics Portfolios Trust.

### Fees and Expenses of the Fund

This table describes the fees and expenses you may pay if you buy and hold shares of the Internet Fund.

#### Fee Table<sup>(1)</sup>

<b>SHAREHOLDER FEES</b>		No Load Class
(fees paid directly from your investment)		
Redemption Fee (as a percentage of amount redeemed on shares held for 30 days or less, if applicable)		2.00%
<b>ANNUAL FUND OPERATING EXPENSES</b>		No Load Class
(expenses that you pay each year as a percentage of the value of your investment)		
Management Fees <sup>(1)</sup>		1.25%
Distribution (Rule 12b-1) Fees		None
Other Expenses		0.62%
Shareholder Servicing Fees	0.25%	
Other Operating Expenses	0.37%	
<b>Total Annual Fund Operating Expenses</b>		<b>1.87%</b>

<sup>(1)</sup> This table and the example below reflect the aggregate expenses of the Internet Fund and the Internet Portfolio. The management fees paid by the Internet Fund reflect the proportionate share of fees allocated to the Internet Fund from the Internet Portfolio.

*Example.* This Example is intended to help you compare the cost of investing in the Internet Fund with the cost of investing in other mutual funds. This Example assumes that you invest \$10,000 in the Internet Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Internet Fund’s operating expenses remain the same (taking into account the expense limitation only in the first year). Although your actual costs may be higher or lower, based on these assumptions your costs for the Internet Fund would be:

	1 Year	3 Years	5 Years	10 Years
No Load Class	\$190	\$588	\$1,011	\$2,190

*Portfolio Turnover.* The Internet Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the Internet Portfolio’s, and therefore the Internet Fund’s, performance. During the most recent fiscal year, the Internet Portfolio’s portfolio turnover rate was 2% of the average value of its portfolio.

### Principal Investment Strategy

The Internet Fund is a non-diversified fund that invests all of its investable assets in the Internet Portfolio, a series of Kinetics Portfolios Trust. Under normal circumstances, the Internet Portfolio invests at least 80% of its net assets plus any borrowings for investment purposes in common stocks, convertible securities, warrants and other equity securities having the characteristics of common stocks (such as American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”) and International Depositary

Receipts (“IDRs”)), of U.S. and foreign companies engaged in the Internet and Internet-related activities and whose businesses are vastly improved through the distribution of content and reduction of costs with the use of the Internet, such as content providers, computer hardware and software, venture capital, Internet service providers, Internet portals, wireless/broadband access, e-commerce, financial service companies, auction houses, and telecommunications. The Internet Portfolio may also invest in exchange-traded funds (“ETFs”) and purchase and write options for hedging purposes and/or direct investment.

The Internet Portfolio may invest up to 20% of its total assets in convertible and non-convertible debt securities rated below investment grade, also known as junk bonds, or unrated securities that the Investment Adviser has determined to be of comparable quality.

The Investment Adviser selects portfolio securities by evaluating a company’s positioning and business model as well as its ability to grow and expand its activities via the Internet or achieve a competitive advantage in cost/profitability and brand image leveraging via use of the Internet. The Investment Adviser also considers a company’s fundamentals by reviewing its balance sheets, corporate revenues, earnings and dividends. Furthermore, the Investment Adviser looks at the amount of capital a company currently expends on research and development. The Internet Portfolio may invest in companies of any size, including small and medium-sized companies. Additionally, the Internet Portfolio may participate in securities lending arrangements up to 33-1/3% of the securities in its portfolio with brokers, dealers, and financial institutions (but not individuals) in order to increase the return on its portfolio.

Sell decisions are generally triggered by either adequate value being achieved, as determined by the Investment Adviser, or by an adverse change in a company’s operating performance or a deterioration of the company’s business model. A sell trigger may also occur if the Investment Adviser discovers a new investment opportunity that it believes is more compelling and represents a greater risk reward profile than other investment(s) held by the Internet Portfolio.

### Principal Investment Risks

Investing in common stocks has inherent risks that could cause you to lose money. The principal risks of investing in the Internet Fund, and indirectly the Internet Portfolio, are listed below and could adversely affect the net asset value (“NAV”), total return and value of the Internet Fund, Internet Portfolio and your investment.

- ▶ *Stock Market Risks:* Stock mutual funds are subject to stock market risks and significant fluctuations in value. If the stock market declines in value, the Internet Portfolio, and therefore the Internet Fund, is likely to decline in value and you could lose money on your investment.
- ▶ *Stock Selection Risks:* The portfolio securities selected by the Investment Adviser may decline in value or not increase in value when the stock market in general is rising and may fail to meet the Internet Portfolio’s, and therefore the Internet Fund’s, investment objective.
- ▶ *Liquidity Risks:* The Investment Adviser may not be able to sell portfolio securities at an optimal time or price.
- ▶ *Internet Industry Concentration Risks:* Investing a substantial portion of the Internet Portfolio’s assets in the Internet industry carries the risk that Internet-related securities will decline in price due to Internet developments. Companies that conduct business on the Internet or derive a substantial portion of their revenues from Internet-related activities in general are subject to a rate of change in technology and competition which is generally higher than that of other industries.
- ▶ *Small and Medium-Size Company Risks:* The Internet Portfolio may invest in the equity securities of small and medium-size companies. Small and medium-size companies often have narrower markets and more limited managerial and financial resources than do larger, more established companies. As a

result, their performance can be more volatile and they face a greater risk of business failure, which could increase the volatility of the Internet Portfolio's assets.

- ▶ *Exchange-Traded Funds (ETFs) Risks:* ETFs are registered investment companies whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. In general, passively-managed ETFs seek to track a specified securities index or a basket of securities that an "index provider," such as Standard & Poor's, selects as representative of a market, market segment or industry sector. A passively-managed ETF is designed so that its performance will correspond closely with that of the index it tracks. A leveraged ETF will engage in transactions and purchase instruments that give rise to forms of leverage, including, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, the use of when issued, delayed-delivery or forward commitment transactions or short sales. To the extent a fund invests in ETFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the fund will indirectly be subject to leveraging risk. As a shareholder in an ETF, the Internet Portfolio will bear its pro rata portion of an ETF's expenses, including advisory fees, in addition to its own expenses.
- ▶ *Foreign Securities Risks:* The Internet Portfolio may invest in foreign securities directly or through ADRs, GDRs and IDRs. Foreign securities can carry higher returns but involve more risks than those associated with U.S. investments. Additional risks associated with investment in foreign securities include currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.
- ▶ *Non-Diversification Risks:* As a non-diversified investment company, the Internet Portfolio can invest a large percentage of its assets in a small number of issuers. As a result, a change in the value of any one investment may affect the overall value of the Internet Portfolio's shares, and therefore the Internet Fund's shares, more than shares of a diversified mutual fund that holds more investments.
- ▶ *Interest Rate Risk:* The risk that when interest rates increase, fixed-income securities held by the Internet Portfolio will decline in value. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term fixed-income securities. It is likely there will be less governmental action in the near future to maintain low interest rates. The negative impact on fixed income securities from the resulting rate increases for that and other reasons could be swift and significant.
- ▶ *Leveraging Risks:* Investments in derivative instruments may give rise to a form of leverage. The Investment Adviser may engage in speculative transactions, which involve substantial risk and leverage. The use of leverage by the Investment Adviser may increase the volatility of the Internet Portfolio. These leveraged instruments may result in losses to the Internet Portfolio or may adversely affect the Internet Portfolio's NAV or total return, because instruments that contain leverage are more sensitive to changes in interest rates. The Internet Portfolio may also have to sell assets at inopportune times to satisfy its obligations in connection with such transactions.
- ▶ *Option Transaction Risks:* Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the ability of the Investment Adviser to manage future price fluctuations and the degree of correlation between the options and securities markets. By writing put options on equity securities, the Internet Portfolio gives up the opportunity to benefit from potential increases in the value of the common stocks above the strike prices of the written put options, but continues to bear the risk of declines in the value of its common stock portfolio. The Internet Portfolio will receive a premium from writing a covered call option that it retains whether or not the option is exercised. The premium received from the written options may not be sufficient to offset any losses sustained from the volatility of the underlying equity securities over time.



- ▶ *Below Investment Grade Debt Securities Risks:* Generally, below investment grade debt securities, *i.e.*, junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Junk bonds are considered to be speculative in nature.
- ▶ *Convertible Securities Risks:* Convertible securities are subject to the risks affecting both equity and fixed income securities, including market, credit, liquidity and interest rate risk.
- ▶ *Participatory Notes Risks:* The return on a participatory note (“P-note”) is linked to the performance of the issuers of the underlying securities. In addition, P-notes are subject to liquidity risk.
- ▶ *Management Risks:* There is no guarantee that the Internet Fund will meet its investment objective. The Investment Adviser does not guarantee the performance of the Internet Fund, nor can it assure you that the market value of your investment will not decline.

### Who may want to invest?

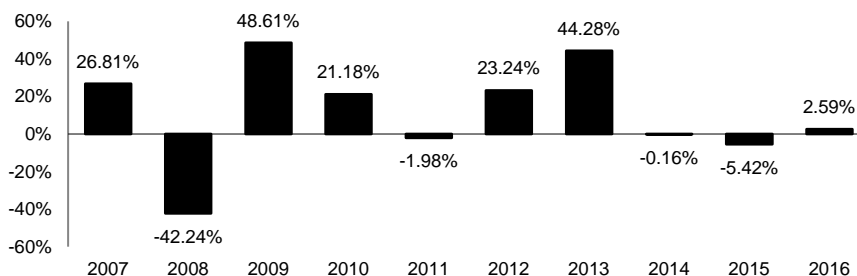
The Internet Fund may be appropriate for investors who:

- ▶ wish to invest for the long-term;
- ▶ want to diversify their portfolios;
- ▶ want to allocate some portion of their long-term investments to value equity investing;
- ▶ are willing to accept the volatility associated with equity investing; and
- ▶ are comfortable with the risks described herein.

### Performance

The bar chart and table shown below illustrate the variability of the Internet Fund’s returns. The bar chart indicates the risks of investing in the Internet Fund by showing the changes in the Internet Fund’s performance from year to year (on a calendar year basis). The table shows how the Internet Fund’s average annual returns, before and after taxes, compare with those of the S&P 500® Index and the NASDAQ Composite® Index, which represent broad measures of market performance. The past performance of the Internet Fund, before and after taxes, is not necessarily an indication of how the Internet Fund or the Internet Portfolio will perform in the future. Updated performance information is available on the Fund’s website at <http://www.kineticsfunds.com/> or by calling the Fund toll-free at (800) 930-3828.

**The Internet Fund – No Load Class**  
Calendar Year Returns as of 12/31



Best Quarter:	2009	Q2	26.04%
Worst Quarter:	2008	Q4	-21.36%

The Internet Fund’s after-tax returns as shown in the following table are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your tax situation and may differ from those shown. If you own

Fund shares in a tax-deferred account, such as a 401(k) plan or an individual retirement account (“IRA”), the information on after-tax returns is not relevant to your investment. The Return After Taxes on Distributions and Sale of Fund Shares is higher than other return figures when a capital loss occurs upon the redemption of Fund shares.

#### Average Annual Total Returns as of 12/31/2016

	1 Year	5 Years	10 Years	Since Inception <sup>(1)</sup>
The Internet Fund (WWWFX) No Load				
Return Before Taxes	2.59%	11.49%	8.34%	13.60%
Return After Taxes on Distributions	0.63%	9.26%	7.20%	12.96%
Return After Taxes on Distributions and Sale of Fund Shares	3.08%	9.18%	6.81%	12.17%
S&P 500 <sup>®</sup> Index (reflects no deductions for fees, expenses or taxes)	11.96%	14.66%	6.95%	7.85%
NASDAQ Composite <sup>®</sup> Index (reflects no deductions for fees, expenses or taxes)	7.50%	15.62%	8.34%	7.56%

<sup>(1)</sup> The Internet Fund's No Load Class shares commenced operations on October 21, 1996 and converted into a feeder fund of the Internet Portfolio on April 28, 2000. The returns for the two indices in this column have been calculated since the October 21, 1996 inception date of the Internet Fund's No Load Class shares.

#### Management

*Investment Adviser.* Kinetics Asset Management LLC is the Internet Portfolio's investment adviser.

*Portfolio Managers.* The Internet Portfolio is managed by an investment team with Mr. Doyle, Mr. Stahl and Mr. Davolos as the Co-Portfolio Managers. Each investment team member serves as a research analyst.

<i>Investment team member</i>	<i>Primary Title</i>	<i>Years of Service with the Fund</i>
Peter B. Doyle	Co-Portfolio Manager	18
Murray Stahl	Co-Portfolio Manager	18
James Davolos	Co-Portfolio Manager	11
Steven Tuen	Investment Team Member	18
Steven Bregman	Investment Team Member	1

#### Purchase and Sale of Fund Shares

You may purchase, exchange or redeem Fund shares on any business day by written request via mail (Kinetics Mutual Funds – The Internet Fund, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701), by telephone at 1-800-930-3828, or through a financial intermediary. You may also purchase or redeem Fund shares by wire transfer. The minimum initial investment for both regular accounts and IRAs is \$2,500 (\$2,000 for Coverdell Education Savings Accounts). There is no minimum on subsequent investments for all account types.

#### Tax Information

Unless you are investing through a tax-deferred arrangement, such as a 401(k) or an IRA, the Fund's distributions will generally be taxable to you as ordinary income or capital gains, and you will generally recognize gain or loss when you redeem shares.

#### Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the Fund through a broker-dealer or other financial intermediary, the Fund and/or its Investment Adviser may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## THE GLOBAL FUND

### Investment Objective

The investment objective of the Global Fund is long-term growth of capital. The Global Fund is the sole “feeder fund” to The Global Portfolio, a series of Kinetics Portfolios Trust.

### Fees and Expenses of the Fund

This table describes the fees and expenses you may pay if you buy and hold shares of the Global Fund.

#### Fee Table<sup>(1)</sup>

<b>SHAREHOLDER FEES</b>		No Load Class
(fees paid directly from your investment)		
Redemption Fee (as a percentage of amount redeemed on shares held for 30 days or less, if applicable)		2.00%
<b>ANNUAL FUND OPERATING EXPENSES</b>		No Load Class
(expenses that you pay each year as a percentage of the value of your investment)		
Management Fees <sup>(1)</sup>		1.25%
Distribution (Rule 12b-1) Fees		None
Other Expenses		1.79%
Shareholder Servicing Fees	0.25%	
Other Operating Expenses	<u>1.54%</u>	
Acquired Fund Fees and Expenses		0.02%
Total Annual Fund Operating Expenses <sup>(2)</sup>		3.06%
Less: Fee Waiver <sup>(3)</sup>		-1.65%
<b>Net Annual Fund Operating Expenses</b>		<b>1.41%</b>

<sup>(1)</sup> This table and the example below reflect the aggregate expenses of the Global Fund and the Global Portfolio. The management fees paid by the Global Fund reflect the proportionate share of fees allocated to the Global Fund from the Global Portfolio.

<sup>(2)</sup> Total Annual Fund Operating Expenses do not correlate to the ratio of operating expenses to average net assets before expense reimbursement found in the “Financial Highlights” section of this Prospectus, which reflects the Global Fund’s operating expenses and does not include acquired fund fees and expenses (“AFFE”).

<sup>(3)</sup> Kinetics Asset Management LLC, the investment adviser to the Global Portfolio of the Kinetics Portfolio Trust (the “Investment Adviser”), has agreed to waive management fees and reimburse Fund expenses so that Net Annual Fund Operating Expenses do not exceed 1.39%, excluding AFFE. These waivers and reimbursements are in effect until May 1, 2018, and may not be terminated without the approval of the Board.

*Example.* This Example is intended to help you compare the cost of investing in No Load Class shares of the Global Fund with the cost of investing in other mutual funds. This Example assumes that you invest \$10,000 in the Global Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Global Fund’s operating expenses remain the same (taking into account the expense limitation only in the first year). Although your actual costs may be higher or lower, based on these assumptions your cost for the Global Fund would be:

	1 Year	3 Years	5 Years	10 Years
No Load Class	\$144	\$790	\$1,462	\$3,258

*Portfolio Turnover.* The Global Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These

costs, which are not reflected in annual fund operating expenses or in the Example, affect the Global Portfolio's, and therefore the Global Fund's, performance. During the most recent fiscal year, the Global Portfolio's portfolio turnover rate was 11% of the average value of its portfolio.

### **Principal Investment Strategy**

The Global Fund is a diversified fund that invests all of its investable assets in the Global Portfolio, a series of Kinetics Portfolios Trust. Under normal circumstances, the Global Portfolio invests at least 65% of its net assets plus any borrowings for investment purposes in common stocks, exchange traded funds ("ETFs"), convertible securities, warrants and other equity securities having the characteristics of common stocks (such as American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and International Depositary Receipts ("IDRs")) of foreign and U.S. companies listed on publicly traded exchanges. At least 40%, of the Global Portfolio's net assets, will be invested in companies located outside the U.S. The Global Portfolio will at all times have exposure to at least three (3) countries, which may include the U.S. The Global Portfolio may also purchase and write options for hedging purposes and/or direct investment and invest in participatory notes (commonly known as "P-notes") to take positions in certain foreign securities.

The Global Portfolio may invest up to 20% of its total assets in convertible and non-convertible debt securities rated below investment grade, also known as junk bonds, or unrated securities that the Investment Adviser has determined to be of comparable quality. The Global Portfolio may invest up to 100% of its assets in companies located in emerging markets.

The Investment Adviser selects portfolio securities by evaluating a company's positioning and business model as well as its ability to grow and expand its activities or achieve a greater competitive advantage in cost/profitability and brand image leveraging. This evaluation by the Investment Adviser includes consideration of a company's potential to maintain and grow long lived assets, while generating high returns on capital with operating predictability and transparency. The Investment Adviser also considers a company's fundamentals by reviewing its balance sheets, corporate revenues, earnings and dividends. The Global Portfolio may invest in companies of any size, including small and medium-sized companies. Additionally, the Global Portfolio may participate in securities lending arrangements up to 33-1/3% of the securities in its portfolio with brokers, dealers, and financial institutions (but not individuals) in order to increase the return on its portfolio.

Sell decisions are generally triggered by either adequate value being achieved, as determined by the Investment Adviser, or by an adverse change in a company's operating performance or a deterioration of the company's business model. A sell trigger may also occur if the Investment Adviser discovers a new investment opportunity that it believes is more compelling and represents a greater risk reward profile than other investment(s) held by the Global Portfolio.

### **Principal Investment Risks**

The Global Portfolio's investments, including common stocks, have inherent risks that could cause you to lose money. The principal risks of investing in the Global Fund, and indirectly the Global Portfolio, are listed below and could adversely affect the net asset value ("NAV"), total return and value of the Global Fund, Global Portfolio and your investment.

- ▶ **Stock Market Risks:** Stock mutual funds are subject to stock market risks and significant fluctuations in value. If the stock market declines in value, the Global Portfolio, and therefore the Global Fund, is likely to decline in value and you could lose money on your investment.
- ▶ **Counterparty Risks:** Transactions involving a counterparty are subject to the credit risk of the counterparty. A Portfolio that enters into contracts with counterparties, such as repurchase or reverse repurchase agreements or over-the-counter ("OTC") derivatives contracts, or that lends its securities

run the risk that the counterparty will be unable or unwilling to make timely settlement payments or otherwise honor its obligations. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, the Portfolio could suffer losses, including monetary losses, miss investment opportunities or be forced to hold investments it would prefer to sell. Counterparty risk is heightened during unusually adverse market conditions.

- ▶ *Stock Selection Risks:* The portfolio securities selected by the Investment Adviser may decline in value or not increase in value when the stock market in general is rising and may fail to meet the Global Portfolio's, and therefore the Global Fund's, investment objective.
- ▶ *Liquidity Risks:* The Investment Adviser may not be able to sell portfolio securities at an optimal time or price.
- ▶ *Small and Medium-Size Company Risks:* The Global Portfolio may invest in the equity securities of small and medium-size companies. Small and medium-size companies often have narrower markets and more limited managerial and financial resources than do larger, more established companies. As a result, their performance can be more volatile and they face a greater risk of business failure, which could increase the volatility of the Global Portfolio's assets.
- ▶ *Exchange-Traded Funds (ETFs) Risks:* ETFs are registered investment companies whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. In general, passively-managed ETFs seek to track a specified securities index or a basket of securities that an "index provider," such as Standard & Poor's, selects as representative of a market, market segment or industry sector. A passively-managed ETF is designed so that its performance will correspond closely with that of the index it tracks. A leveraged ETF will engage in transactions and purchase instruments that give rise to forms of leverage, including, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, the use of when issued, delayed-delivery or forward commitment transactions or short sales. To the extent a fund invests in ETFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the fund will indirectly be subject to leveraging risk. As a shareholder in an ETF, the Global Portfolio will bear its pro rata portion of an ETF's expenses, including advisory fees, in addition to its own expenses.
- ▶ *Foreign Securities Risks:* The Global Portfolio may invest in foreign securities directly or through ADRs, GDRs and IDRs. Foreign securities can carry higher returns but involve more risks than those associated with U.S. investments. Additional risks associated with investment in foreign securities include currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.
- ▶ *Interest Rate Risk:* The risk that when interest rates increase, fixed-income securities held by the Global Portfolio will decline in value. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term fixed-income securities. It is likely there will be less governmental action in the near future to maintain low interest rates. The negative impact on fixed income securities from the resulting rate increases for that and other reasons could be swift and significant.
- ▶ *Leveraging Risks:* Investments in derivative instruments may give rise to a form of leverage. The Investment Adviser may engage in speculative transactions, which involve substantial risk and leverage. The use of leverage by the Investment Adviser may increase the volatility of the Global Portfolio. These leveraged instruments may result in losses to the Global Portfolio or may adversely affect the Global Portfolio's NAV or total return, because instruments that contain leverage are more sensitive to changes in interest rates. The Global Portfolio may also have to sell assets at inopportune times to satisfy its obligations in connection with such transactions.
- ▶ *Option Transaction Risks:* Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the ability of the Investment Adviser to manage future price fluctuations and the degree of correlation

between the options and securities markets. By writing put options on equity securities, the Global Portfolio gives up the opportunity to benefit from potential increases in the value of the common stocks above the strike prices of the written put options, but continues to bear the risk of declines in the value of its common stock portfolio. The Global Portfolio will receive a premium from writing a covered call option that it retains whether or not the option is exercised. The premium received from the written options may not be sufficient to offset any losses sustained from the volatility of the underlying equity securities over time.

- ▶ *Below Investment Grade Debt Securities Risks:* Generally, below investment grade debt securities, *i.e.*, junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Junk bonds are considered to be speculative in nature.
- ▶ *Convertible Securities Risks:* Convertible securities are subject to the risks affecting both equity and fixed income securities, including market, credit, liquidity and interest rate risk.
- ▶ *Participatory Notes Risks:* The return on a participatory note (“P-note”) is linked to the performance of the issuers of the underlying securities. In addition, P-notes are subject to liquidity risk.
- ▶ *Emerging Markets Risks:* The risk that the securities markets of emerging countries are less liquid, are especially subject to greater price volatility, have smaller market capitalizations, have less government regulation and are not subject to as extensive and frequent accounting, financial and other reporting requirements as the securities markets of more developed countries as have historically been the case.
- ▶ *Derivatives Risks:* The Global Portfolio’s investments in P-notes and other derivative instruments may result in loss. Derivative instruments may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses to the Global Portfolio.
- ▶ *Management Risks:* There is no guarantee that the Global Fund will meet its investment objective. The Investment Adviser does not guarantee the performance of the Global Fund, nor can it assure you that the market value of your investment will not decline.

#### Who may want to invest?

The Global Fund may be appropriate for investors who:

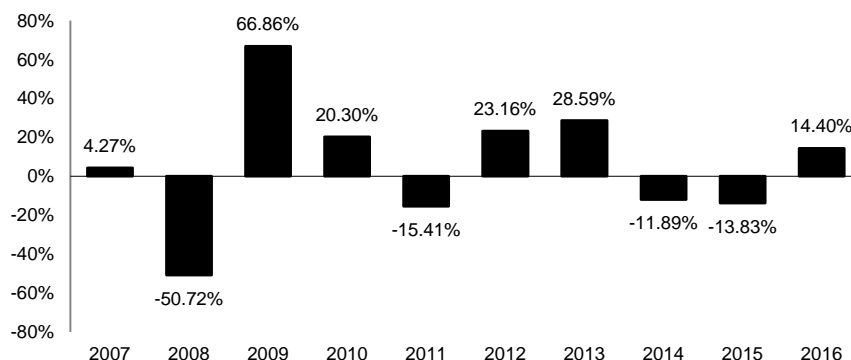
- ▶ wish to invest for the long-term;
- ▶ want to diversify their portfolios;
- ▶ want to allocate some portion of their long-term investments to value equity investing;
- ▶ are willing to accept the volatility associated with equity investing; and
- ▶ are comfortable with the risks described herein.

#### Performance

The bar chart and table shown below illustrate the variability of the Global Fund’s returns. The bar chart indicates the risks of investing in the Global Fund by showing the changes in the Global Fund’s performance from year to year (on a calendar year basis). The table shows how the Global Fund’s average annual returns, before and after taxes, compare with those of the S&P<sup>®</sup> 500 Index and the MSCI ACWI (All Country World Index) Index (“MSCI ACWI Index”), which represent broad measures of market performance. As of March 14, 2008, the Global Fund and the Global Portfolio, which were formerly known as the Internet Emerging Growth Fund and the Internet Emerging Growth Portfolio, respectively, changed to the investment strategy set forth in this Prospectus. The performance shown for the periods or portion of periods prior to March 14, 2008 represents performance of the Global Portfolio’s prior strategy to invest at least 80% of its net assets plus any borrowings for investment purposes in equity securities of small and medium-capitalization U.S. and foreign companies engaged in the Internet and Internet-related activities. The past performance of the Global Fund, before and after taxes, is not necessarily an indication of how the Global Fund or the Global Portfolio will perform in the future. Updated performance information is

available on the Fund's website at <http://www.kineticsfunds.com/> or by calling the Fund toll-free at (800) 930-3828.

**The Global Fund – No Load Class  
Calendar Year Returns as of 12/31**



<b>Best Quarter:</b>	<b>2009</b>	<b>Q2</b>	<b>37.66%</b>
<b>Worst Quarter:</b>	<b>2008</b>	<b>Q3</b>	<b>-20.53%</b>

The Global Fund's after-tax returns as shown in the following table are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your tax situation and may differ from those shown. If you own Fund shares in a tax-deferred account, such as a 401(k) plan or an individual retirement account ("IRA"), the information on after-tax returns is not relevant to your investment. The Return After Taxes on Distributions and Sale of Fund Shares is higher than other return figures when a capital loss occurs upon the redemption of Fund shares.

**Average Annual Total Returns as of 12/31/2016**

	1 Year	5 Years	10 Years	Since Inception <sup>(1)</sup>
<b>The Global Fund (WWWEX) No Load</b>				
Return Before Taxes	14.40%	6.58%	1.84%	-2.32%
Return After Taxes on Distributions	14.29%	6.44%	1.62%	-2.63%
Return After Taxes on Distributions and Sale of Fund Shares	8.24%	5.16%	1.48%	-1.72%
S&P 500® Index (reflects no deductions for fees, expenses or taxes)	11.96%	14.66%	6.95%	4.51%
MSCI ACWI Index (reflects no deductions for fees, expenses or taxes)	7.86%	9.36%	3.56%	3.18%

<sup>(1)</sup> The Global Fund's No Load Class shares commenced operations on December 31, 1999 and converted into a feeder fund of the Global Portfolio on April 28, 2000. The returns for the indices in this column have been calculated since the December 31, 1999 inception date of the Global Fund's No Load Class shares.

**Management**

*Investment Adviser.* Kinetics Asset Management LLC is the Global Portfolio's investment adviser.

*Portfolio Managers.* The Global Portfolio is managed by an investment team with Mr. Stahl and Mr. Tuen as the Co-Portfolio Managers. Each investment team member serves as a research analyst.

<i>Investment team member</i>	<i>Primary Title</i>	<i>Years of Service with the Fund</i>
Murray Stahl	Co-Portfolio Manager	18
Steven Tuen	Co-Portfolio Manager	14
Peter B. Doyle	Investment Team Member	18
James Davolos	Investment Team Member	11
Steven Bregman	Investment Team Member	1

#### **Purchase and Sale of Fund Shares**

You may purchase, exchange or redeem Fund shares on any business day by written request via mail (Kinetics Mutual Funds – The Global Fund, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701), by telephone at 1-800-930-3828, or through a financial intermediary. You may also purchase or redeem Fund shares by wire transfer. The minimum initial investment for both regular accounts and IRAs is \$2,500 (\$2,000 for Coverdell Education Savings Accounts). There is no minimum on subsequent investments for all account types.

#### **Tax Information**

Unless you are investing through a tax-deferred arrangement, such as a 401(k) or an IRA, the Fund's distributions will generally be taxable to you as ordinary income or capital gains, and you will generally recognize gain or loss when you redeem shares.

#### **Payments to Broker-Dealers and Other Financial Intermediaries**

If you purchase the Fund through a broker-dealer or other financial intermediary, the Fund and/or its Investment Adviser may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.



## THE PARADIGM FUND

### Investment Objective

The investment objective of the Paradigm Fund is long-term growth of capital.

### Fees and Expenses of the Fund

This table describes the fees and expenses you may pay if you buy and hold shares of the Paradigm Fund.

#### Fee Table<sup>(1)</sup>

<b>SHAREHOLDER FEES</b>	
(fees paid directly from your investment)	No Load Class
Redemption Fee (as a percentage of amount redeemed on shares held for 30 days or less, if applicable)	2.00%
<b>ANNUAL FUND OPERATING EXPENSES</b>	
(expenses that you pay each year as a percentage of the value of your investment)	No Load Class
Management Fees <sup>(1)</sup>	1.25%
Distribution (Rule 12b-1) Fees	None
Other Expenses	0.50%
Shareholder Servicing Fees	0.25%
Other Operating Expenses	0.25%
Total Annual Fund Operating Expenses	1.75%
Less: Fee Waiver <sup>(2)</sup>	-0.11%
<b>Net Annual Fund Operating Expenses</b>	<b>1.64%</b>

<sup>(1)</sup> This table and the example below reflect the aggregate expenses of the Paradigm Fund and the Paradigm Portfolio. The management fees paid by the Paradigm Fund reflect the proportionate share of fees allocated to the Paradigm Fund from the Paradigm Portfolio.

<sup>(2)</sup> Kinetics Asset Management LLC, the investment adviser to the Paradigm Portfolio of the Kinetics Portfolio Trust (the "Investment Adviser"), has agreed to waive management fees and reimburse Fund expenses so that Net Annual Fund Operating Expenses do not exceed 1.64%, excluding acquired fund fees and expenses ("AFFE"). These waivers and reimbursements are in effect until May 1, 2018, and may not be terminated without the approval of the Board.

*Example.* This Example is intended to help you compare the cost of investing in the Paradigm Fund with the cost of investing in other mutual funds. This Example assumes that you invest \$10,000 in the Paradigm Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Paradigm Fund's operating expenses remain the same (taking into account the expense limitation only in the first year). Although your actual costs may be higher or lower, based on these assumptions your cost for the Paradigm Fund would be:

	1 Year	3 Years	5 Years	10 Years
No Load Class	\$167	\$540	\$939	\$2,053

*Portfolio Turnover.* The Paradigm Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the Paradigm Portfolio's, and therefore the Paradigm Fund's, performance. During the most recent fiscal year, the Paradigm Portfolio's portfolio turnover rate was 2% of the average value of its portfolio.

## Principal Investment Strategy

The Paradigm Fund is a non-diversified fund that invests all of its investable assets in the Paradigm Portfolio, a series of Kinetics Portfolios Trust. Under normal circumstances, the Paradigm Portfolio invests at least 65% of its net assets in common stocks, exchange-traded funds (“ETFs”), convertible securities, warrants and other equity securities having the characteristics of common stocks (such as American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”) and International Depositary Receipts (“IDRs”)) of U.S. and foreign companies that the Investment Adviser believes are undervalued, that have, or are expected to soon have, high returns on equity and that are well positioned to reduce their costs, extend the reach of their distribution channels and experience significant growth in their assets or revenues. The Paradigm Portfolio will carry out its investment strategy by regarding investments as representing fractional ownership in the underlying companies’ assets. This will allow the Paradigm Portfolio, and therefore the Paradigm Fund, to attempt to achieve its investment objective by acting as a classic value investor seeking high returns on equity, an intrinsic characteristic of the investment, not a reappraisal of a company’s stock value by the market, an external factor. The Paradigm Portfolio may also purchase and write options for hedging purposes and/or direct investment.

The Paradigm Portfolio may invest up to 20% of its total assets in convertible and non-convertible debt securities rated below investment grade, also known as junk bonds, or unrated securities that the Investment Adviser has determined to be of comparable quality. The Paradigm Portfolio may invest up to 100% of its total assets in companies located in emerging markets.

The Investment Adviser selects portfolio securities by evaluating a company’s positioning and traditional business lines as well as its ability to expand its activities or achieve competitive advantage in cost/profitability and brand image leveraging. The Investment Adviser also considers a company’s fundamentals by reviewing its balance sheets, corporate revenues, earnings and dividends. The Paradigm Portfolio may invest in companies of any size, including small and medium-size companies. Additionally, the Paradigm Portfolio may participate in securities lending arrangements up to 33-1/3% of the securities in its portfolio with brokers, dealers, and financial institutions (but not individuals) in order to increase the return on its portfolio.

Sell decisions are generally triggered by either adequate value being achieved, as determined by the Investment Adviser, or by an adverse change in a company’s operating performance or a deterioration of the company’s business model. A sell trigger may also occur if the Investment Adviser discovers a new investment opportunity that it believes is more compelling and represents a greater risk reward profile than other investment(s) held by the Paradigm Portfolio.

## Principal Investment Risks

Investing in common stocks has inherent risks that could cause you to lose money. The principal risks of investing in the Paradigm Fund, and indirectly the Paradigm Portfolio, are listed below and could adversely affect the net asset value (“NAV”), total return and value of the Paradigm Fund, Paradigm Portfolio and your investment.

- ▶ *Stock Market Risks:* Stock mutual funds are subject to stock market risks and significant fluctuations in value. If the stock market declines in value, the Paradigm Portfolio, and therefore the Paradigm Fund, is likely to decline in value and you could lose money on your investment.
- ▶ *Stock Selection Risks:* The portfolio securities selected by the Investment Adviser may decline in value or not increase in value when the stock market in general is rising and may fail to meet the Paradigm Portfolio’s, and therefore the Paradigm Fund’s, investment objective.
- ▶ *Liquidity Risks:* The Investment Adviser may not be able to sell portfolio securities at an optimal time or price.

- ▶ *Small and Medium-Size Company Risks:* The Paradigm Portfolio may invest in the equity securities of small and medium-size companies. Small and medium-size companies often have narrower markets and more limited managerial and financial resources than do larger, more established companies. As a result, their performance can be more volatile and they face a greater risk of business failure, which could increase the volatility of the Paradigm Portfolio’s assets.
- ▶ *Exchange-Traded Funds (ETFs) Risks:* ETFs are registered investment companies whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. In general, passively-managed ETFs seek to track a specified securities index or a basket of securities that an “index provider,” such as Standard & Poor’s, selects as representative of a market, market segment or industry sector. A passively-managed ETF is designed so that its performance will correspond closely with that of the index it tracks. A leveraged ETF will engage in transactions and purchase instruments that give rise to forms of leverage, including, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, the use of when issued, delayed-delivery or forward commitment transactions or short sales. To the extent a fund invests in ETFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the fund will indirectly be subject to leveraging risk. As a shareholder in an ETF, the Paradigm Portfolio will bear its pro rata portion of an ETF’s expenses, including advisory fees, in addition to its own expenses.
- ▶ *Foreign Securities Risks:* The Paradigm Portfolio may invest in foreign securities directly or through ADRs, GDRs and IDRs. Foreign securities can carry higher returns but involve more risks than those associated with U.S. investments. Additional risks associated with investment in foreign securities include currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.
- ▶ *Emerging Markets Risks:* The risks of foreign investments are usually much greater for the emerging markets. Investments in emerging markets may be considered speculative.
- ▶ *Non-Diversification Risks:* As a non-diversified investment company, the Paradigm Portfolio can invest a large percentage of its assets in a small number of issuers. As a result, a change in the value of any one investment may affect the overall value of the Paradigm Portfolio’s shares, and therefore the Paradigm Fund’s shares, more than shares of a diversified mutual fund that holds more investments.
- ▶ *Interest Rate Risk:* The risk that when interest rates increase, fixed-income securities held by the Paradigm Portfolio will decline in value. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term fixed-income securities. It is likely there will be less governmental action in the near future to maintain low interest rates. The negative impact on fixed income securities from the resulting rate increases for that and other reasons could be swift and significant.
- ▶ *Leveraging Risks:* Investments in derivative instruments may give rise to a form of leverage. The Investment Adviser may engage in speculative transactions, which involve substantial risk and leverage. The use of leverage by the Investment Adviser may increase the volatility of the Paradigm Portfolio. These leveraged instruments may result in losses to the Paradigm Portfolio or may adversely affect the Paradigm Portfolio’s NAV or total return, because instruments that contain leverage are more sensitive to changes in interest rates. The Paradigm Portfolio may also have to sell assets at inopportune times to satisfy its obligations in connection with such transactions.
- ▶ *Option Transaction Risks:* Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the ability of the Investment Adviser to manage future price fluctuations and the degree of correlation between the options and securities markets. By writing put options on equity securities, the Paradigm Portfolio gives up the opportunity to benefit from potential increases in the value of the common stocks above the strike prices of the written put options, but continues to bear the risk of declines in the value of its common stock portfolio. The Paradigm Portfolio will receive a premium from writing a covered

call option that it retains whether or not the option is exercised. The premium received from the written options may not be sufficient to offset any losses sustained from the volatility of the underlying equity securities over time.

- ▶ *Convertible Securities Risks:* Convertible securities are subject to the risks affecting both equity and fixed income securities, including market, credit, liquidity and interest rate risk.
- ▶ *Below Investment Grade Debt Securities Risks:* Generally, below investment grade debt securities, *i.e.*, junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Junk bonds are considered to be speculative in nature.
- ▶ *Management Risks:* There is no guarantee that the Paradigm Fund will meet its investment objective. The Investment Adviser does not guarantee the performance of the Paradigm Fund, nor can it assure you that the market value of your investment will not decline.

### Who may want to invest?

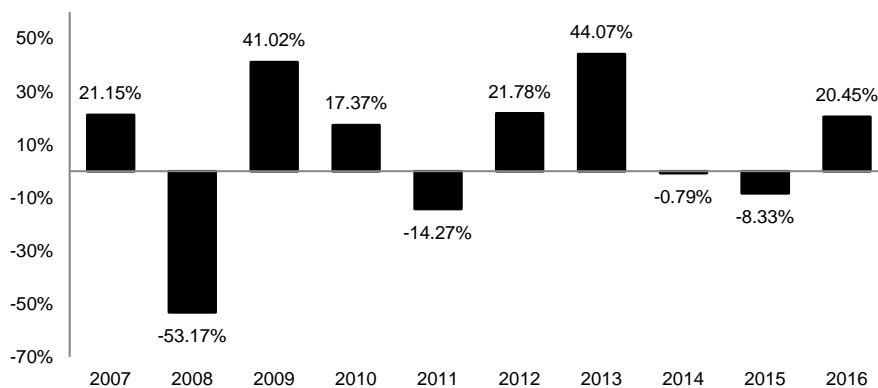
The Paradigm Fund may be appropriate for investors who:

- ▶ wish to invest for the long-term;
- ▶ want to diversify their portfolios;
- ▶ want to allocate some portion of their long-term investments to equity investing;
- ▶ are willing to accept the volatility associated with equity investing; and
- ▶ are comfortable with the risks described herein.

### Performance

The bar chart and table shown below illustrate the variability of the Paradigm Fund’s returns. The bar chart indicates the risks of investing in the Paradigm Fund by showing the changes in the Paradigm Fund’s performance from year to year (on a calendar year basis). The table shows how the Paradigm Fund’s average annual returns, before and after taxes, compare with those of the S&P 500® Index and the MSCI ACWI (All Country World Index) Index (“MSCI ACWI Index”), which represent broad measures of market performance. The past performance of the Paradigm Fund, before and after taxes, is not necessarily an indication of how the Paradigm Fund or the Paradigm Portfolio will perform in the future. Updated performance information is available on the Fund’s website at <http://www.kineticsfunds.com/> or by calling the Fund toll-free at (800) 930-3828.

**The Paradigm Fund – No Load Class  
Calendar Year Returns as of 12/31**



Best Quarter:	2009	Q2	32.12%
Worst Quarter:	2008	Q4	-29.00%

The Paradigm Fund's after-tax returns as shown in the following table are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your tax situation and may differ from those shown. If you own Fund shares in a tax-deferred account, such as a 401(k) plan or an individual retirement account ("IRA"), the information on after-tax returns is not relevant to your investment. The Return After Taxes on Distributions and Sale of Fund Shares is higher than other return figures when a capital loss occurs upon the redemption of Fund shares.

#### Average Annual Total Returns as of 12/31/2016

	1 Year	5 Years	10 Years	Since Inception <sup>(1)</sup>
The Paradigm Fund (WWNPX) No Load				
Return Before Taxes	20.45%	13.96%	4.46%	8.73%
Return After Taxes on Distributions	20.45%	13.91%	4.37%	8.62%
Return After Taxes on Distributions and Sale of Fund Shares	11.58%	11.23%	3.55%	7.45%
S&P 500 <sup>®</sup> Index (reflects no deductions for fees, expenses or taxes)	11.96%	14.66%	6.95%	4.51%
MSCI ACWI Index (reflects no deductions for fees, expenses or taxes)	7.86%	9.36%	3.56%	3.18%

<sup>(1)</sup> The Paradigm Fund's No Load Class shares commenced operations on December 31, 1999 and converted into a feeder fund of the Paradigm Portfolio on April 28, 2000. The returns for the two indices in this column have been calculated since the December 31, 1999 inception date of the Paradigm Fund's No Load Class shares.

#### Management

*Investment Adviser.* Kinetics Asset Management LLC is the Paradigm Portfolio's investment adviser.

*Portfolio Managers.* The Paradigm Portfolio is managed by an investment team with Mr. Doyle, Mr. Stahl, and Mr. Bregman as the Co-Portfolio Managers. Each investment team member serves as a research analyst.

<i>Investment team member</i>	<i>Primary Title</i>	<i>Years of Service with the Fund</i>
Peter B. Doyle	Co-Portfolio Manager	18
Murray Stahl	Co-Portfolio Manager	18
Steven Bregman	Co-Portfolio Manager	1
James Davolos	Investment Team Member	11

#### Purchase and Sale of Fund Shares

You may purchase, exchange or redeem Fund shares on any business day by written request via mail (Kinetics Mutual Funds – The Paradigm Fund, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701), by telephone at 1-800-930-3828, or through a financial intermediary. You may also purchase or redeem Fund shares by wire transfer. The minimum initial investment for both regular accounts and IRAs is \$2,500 (\$2,000 for Coverdell Education Savings Accounts). There is no minimum on subsequent investments for all account types.

#### Tax Information

Unless you are investing through a tax-deferred arrangement, such as a 401(k) or an IRA, the Fund's distributions will generally be taxable to you as ordinary income or capital gains, and you will generally recognize gain or loss when you redeem shares.

**Payments to Broker-Dealers and Other Financial Intermediaries**

If you purchase the Fund through a broker-dealer or other financial intermediary, the Fund and/or its Investment Adviser may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## THE MEDICAL FUND

### Investment Objective

The investment objective of the Medical Fund is long-term growth of capital. The Medical Fund is the sole “feeder fund” to The Medical Portfolio, a series of Kinetics Portfolios Trust.

### Fees and Expenses of the Fund

This table describes the fees and expenses you may pay if you buy and hold shares of the Medical Fund.

#### Fee Table<sup>(1)</sup>

<b>SHAREHOLDER FEES</b>	
(fees paid directly from your investment)	No Load Class
Redemption Fee (as a percentage of amount redeemed on shares held for 30 days or less, if applicable)	2.00%
<b>ANNUAL FUND OPERATING EXPENSES</b>	
(expenses that you pay each year as a percentage of the value of your investment)	No Load Class
Management Fees <sup>(1)</sup>	1.25%
Distribution (Rule 12b-1) Fees	None
Other Expenses	0.83%
Shareholder Servicing Fees	0.25%
Other Operating Expenses	0.58%
Total Annual Fund Operating Expenses	2.08%
Less: Fee Waiver <sup>(2)</sup>	-0.69%
<b>Net Annual Fund Operating Expenses</b>	<b>1.39%</b>

<sup>(1)</sup> This table and the example below reflect the aggregate expenses of the Medical Fund and the Medical Portfolio. The management fees paid by the Medical Fund reflect the proportionate share of fees allocated to the Medical Fund from the Medical Portfolio.

<sup>(2)</sup> Kinetics Asset Management LLC, the investment adviser to the Medical Portfolio of the Kinetics Portfolio Trust (the “Investment Adviser”), has agreed to waive management fees and reimburse Fund expenses so that Net Annual Fund Operating Expenses do not exceed 1.39%, excluding acquired fund fees and expenses (“AFFE”). These waivers and reimbursements are in effect until May 1, 2018, and may not be terminated without the approval of the Board.

*Example.* This Example is intended to help you compare the cost of investing in the Medical Fund with the cost of investing in other mutual funds. This Example assumes that you invest \$10,000 in the Medical Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Medical Fund’s operating expenses remain the same (taking into account the expense limitation only in the first year). Although your actual costs may be higher or lower, based on these assumptions your cost for the Medical Fund would be:

	1 Year	3 Years	5 Years	10 Years
No Load Class	\$142	\$585	\$1,055	\$2,356

*Portfolio Turnover.* The Medical Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the Medical Portfolio’s, and therefore the Medical Fund’s, performance. During the most recent fiscal year, the Medical Portfolio’s portfolio turnover rate was 0% of the average value of its portfolio.

### Principal Investment Strategy

The Medical Fund is a non-diversified fund that invests all of its investable assets in the Medical Portfolio, a series of Kinetics Portfolios Trust. Under normal circumstances, the Medical Portfolio invests at least 80% of its net assets plus any borrowings for investment purposes in common stocks, convertible securities, warrants and other equity securities having the characteristics of common stocks (such as American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”) and International Depositary Receipts (“IDRs”)) of U.S. and foreign companies engaged in medical research, pharmaceutical and medical technology industries and related technology industries, generally, with an emphasis toward companies engaged in cancer research and drug development, such as pharmaceutical development companies, surgical and medical instrument manufacturers and developers, pharmaceutical manufacturers, and biotech and medical research companies. These types of companies derive at least 50% of their revenue from such activities. The Medical Portfolio may also invest in exchange-traded funds (“ETFs”) and purchase and write options for hedging purposes and/or direct investment.

The Medical Portfolio may invest up to 20% of its total assets in convertible and non-convertible debt securities rated below investment grade, also known as junk bonds, or unrated securities that the Investment Adviser has determined to be of comparable quality.

The Investment Adviser selects portfolio securities by evaluating a company’s positioning and the resources that it currently expends on research and development, looking for a significant percentage, or large amount, of capital invested into research and treatment of cancer and other diseases. The Investment Adviser also considers a company’s fundamentals by reviewing its balance sheets, corporate revenues, earnings and dividends. The Investment Adviser also looks at the amount of capital a company spends on research and development because the Investment Adviser believes that such expenditures frequently have significant bearing on future growth. The Medical Portfolio may invest in companies of any size, including small and medium-size companies. Additionally, the Medical Portfolio may participate in securities lending arrangements up to 33-1/3% of the securities in its portfolio with brokers, dealers, and financial institutions (but not individuals) in order to increase the return on its portfolio.

Sell decisions are generally triggered by either adequate value being achieved, as determined by the Investment Adviser, or by an adverse change in a company’s operating performance or a deterioration of the company’s business model. A sell trigger may also occur if the Investment Adviser discovers a new investment opportunity that it believes is more compelling and represents a greater risk reward profile than other investment(s) held by the Medical Portfolio.

### Principal Investment Risks

Investing in common stocks has inherent risks that could cause you to lose money. The principal risks of investing in the Medical Fund, and indirectly the Medical Portfolio, are listed below and could adversely affect the net asset value (“NAV”), total return and value of the Medical Fund, the Medical Portfolio and your investment.

- ▶ *Stock Market Risks:* Stock mutual funds are subject to stock market risks and significant fluctuations in value. If the stock market declines in value, the Medical Portfolio, and therefore the Medical Fund, is likely to decline in value and you could lose money on your investment.
- ▶ *Stock Selection Risks:* The portfolio securities selected by the Investment Adviser may decline in value or not increase in value when the stock market in general is rising and may fail to meet the Medical Portfolio’s, and therefore the Medical Fund’s, investment objective.
- ▶ *Liquidity Risks:* The Investment Adviser may not be able to sell portfolio securities at an optimal time or price.



- ▶ *Industry Emphasis Risks:* Mutual funds that invest a substantial portion of their assets in a particular industry carry a risk that a group of industry-related securities will decline in price due to industry-specific developments. Companies in the same or similar industries may share common characteristics and are more likely to react comparably to industry-specific market or economic developments.
- ▶ *Concentration Risks of the Medical Industry:* Medical and pharmaceutical-related companies in general are subject to the rate of change in technology, which is generally higher than that of other industries. Similarly, cancer research-related industries use many products and services of companies engaged in medical and pharmaceutical-related activities and are also subject to relatively high risks of rapid obsolescence caused by progressive scientific and technological advances. Additionally, it is possible that a medical device or product may fail after its research period; such research period may involve substantial research, testing and development time and the development company may incur significant costs. Further, the medical research and development industry is subject to strict regulatory scrutiny and ongoing legislative action.
- ▶ *Small and Medium-Size Company Risks:* The Medical Portfolio may invest in the equity securities of small and medium-size companies. Small and medium-size companies often have narrower markets and more limited managerial and financial resources than do larger, more established companies. As a result, their performance can be more volatile and they face a greater risk of business failure, which could increase the volatility of the Medical Portfolio's assets.
- ▶ *Exchange-Traded Funds (ETFs) Risks:* ETFs are registered investment companies whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. In general, passively-managed ETFs seek to track a specified securities index or a basket of securities that an "index provider," such as Standard & Poor's, selects as representative of a market, market segment or industry sector. A passively-managed ETF is designed so that its performance will correspond closely with that of the index it tracks. A leveraged ETF will engage in transactions and purchase instruments that give rise to forms of leverage, including, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, the use of when issued, delayed-delivery or forward commitment transactions or short sales. To the extent a fund invests in ETFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the fund will indirectly be subject to leveraging risk. As a shareholder in an ETF, the Medical Portfolio will bear its pro rata portion of an ETF's expenses, including advisory fees, in addition to its own expenses.
- ▶ *Foreign Securities Risks:* The Medical Portfolio may invest in foreign securities directly or through ADRs, GDRs and IDRs. Foreign securities can carry higher returns but involve more risks than those associated with U.S. investments. Additional risks associated with investment in foreign securities include currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.
- ▶ *Non-Diversification Risks:* As a non-diversified investment company, the Medical Portfolio can invest a large percentage of its assets in a small number of issuers. As a result, a change in the value of any one investment may affect the overall value of the Medical Portfolio's shares, and therefore the Medical Fund's shares, more than shares of a diversified mutual fund that holds more investments.
- ▶ *Interest Rate Risk:* The risk that when interest rates increase, fixed-income securities held by the Medical Portfolio will decline in value. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term fixed-income securities. It is likely there will be less governmental action in the near future to maintain low interest rates. The negative impact on fixed income securities from the resulting rate increases for that and other reasons could be swift and significant.
- ▶ *Leveraging Risks:* Investments in derivative instruments may give rise to a form of leverage. The Investment Adviser may engage in speculative transactions, which involve substantial risk and leverage. The use of leverage by the Investment Adviser may increase the volatility of the Medical

Portfolio. These leveraged instruments may result in losses to the Medical Portfolio or may adversely affect the Medical Portfolio's NAV or total return, because instruments that contain leverage are more sensitive to changes in interest rates. The Medical Portfolio may also have to sell assets at inopportune times to satisfy its obligations in connection with such transactions.

- ▶ *Option Transaction Risks:* Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the ability of the Investment Adviser to manage future price fluctuations and the degree of correlation between the options and securities markets. By writing put options on equity securities, the Medical Portfolio gives up the opportunity to benefit from potential increases in the value of the common stocks above the strike prices of the written put options, but continues to bear the risk of declines in the value of its common stock portfolio. The Medical Portfolio will receive a premium from writing a covered call option that it retains whether or not the option is exercised. The premium received from the written options may not be sufficient to offset any losses sustained from the volatility of the underlying equity securities over time.
- ▶ *Below Investment Grade Debt Securities Risks:* Generally, below investment grade debt securities, *i.e.*, junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Junk bonds are considered to be speculative in nature.
- ▶ *Convertible Securities Risks:* Convertible securities are subject to the risks affecting both equity and fixed income securities, including market, credit, liquidity and interest rate risk.
- ▶ *Management Risks:* There is no guarantee that the Medical Fund will meet its investment objective. The Investment Adviser does not guarantee the performance of the Medical Fund, nor can it assure you that the market value of your investment will not decline.

#### Who may want to invest?

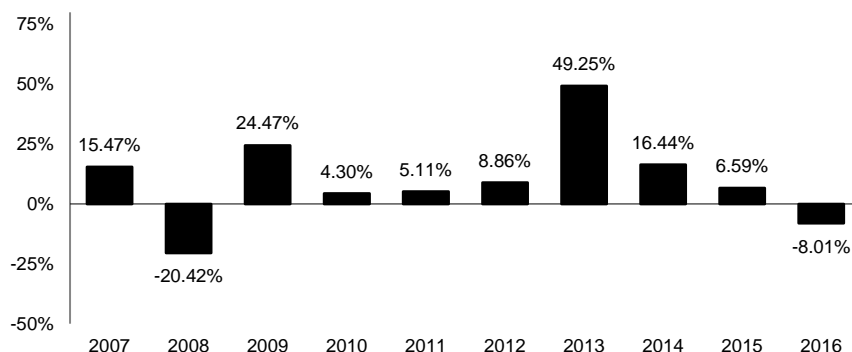
The Medical Fund may be appropriate for investors who:

- ▶ wish to invest for the long-term;
- ▶ want to diversify their portfolios;
- ▶ want to allocate some portion of their long-term investments to value equity investing;
- ▶ are willing to accept the volatility associated with equity investing; and
- ▶ are comfortable with the risks described herein.

#### Performance

The bar chart and table shown below illustrate the variability of the Medical Fund's returns. The bar chart indicates the risks of investing in the Medical Fund by showing the changes in the Medical Fund's performance from year to year (on a calendar year basis). The table shows how the Medical Fund's average annual returns, before and after taxes, compare with those of the S&P 500<sup>®</sup> Index and the NASDAQ Composite<sup>®</sup> Index, which represent broad measures of market performance. The past performance of the Medical Fund, before and after taxes, is not necessarily an indication of how the Medical Fund or the Medical Portfolio will perform in the future. Updated performance information is available on the Fund's website at <http://www.kineticsfunds.com/> or by calling the Fund toll-free at (800) 930-3828.

The Medical Fund – No Load Class  
Calendar Year Returns as of 12/31



Best Quarter:	2013	Q1	20.54%
Worst Quarter:	2011	Q3	-15.60%

The Medical Fund’s after-tax returns as shown in the following table are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your tax situation and may differ from those shown. If you own Fund shares in a tax-deferred account, such as a 401(k) plan or an individual retirement account (“IRA”), the information on after-tax returns is not relevant to your investment. The Return After Taxes on Distributions and Sale of Fund Shares is higher than other return figures when a capital loss occurs upon the redemption of Fund shares.

Average Annual Total Returns as of 12/31/2016

	1 Year	5 Years	10 Years	Since Inception <sup>(1)</sup>
The Medical Fund (MEDRX) No Load				
Return Before Taxes	-8.01%	13.15%	8.81%	9.08%
Return After Taxes on Distributions	-9.23%	11.94%	7.94%	8.50%
Return After Taxes on Distributions and Sale of Fund Shares	-3.56%	10.50%	7.17%	7.73%
S&P 500 <sup>®</sup> Index (reflects no deductions for fees, expenses or taxes)	11.96%	14.66%	6.95%	5.29%
NASDAQ Composite <sup>®</sup> Index (reflects no deductions for fees, expenses or taxes)	7.50%	15.62%	8.34%	3.98%

<sup>(1)</sup> The Medical Fund’s No Load Class shares commenced operations on September 30, 1999 and converted into a feeder fund of the Medical Portfolio on April 28, 2000. The returns for the two indices in this column have been calculated since the September 30, 1999 inception date for the Medical Fund’s No Load Class shares.

Management

*Investment Adviser.* Kinetics Asset Management LLC is the Medical Portfolio’s investment adviser.

*Portfolio Managers.* The Medical Portfolio is managed by an investment team with Mr. Abel as the

Portfolio Manager. Each investment team member serves as a research analyst.

<i>Investment team member</i>	<i>Primary Title</i>	<i>Years of Service with the Fund</i>
B. Paul Abel	Portfolio Manager	18
Peter B. Doyle	Investment Team Member	18

#### **Purchase and Sale of Fund Shares**

You may purchase, exchange or redeem Fund shares on any business day by written request via mail (Kinetics Mutual Funds – The Medical Fund, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701), by telephone at 1-800-930-3828, or through a financial intermediary. You may also purchase or redeem Fund shares by wire transfer. The minimum initial investment for both regular accounts and IRAs is \$2,500 (\$2,000 for Coverdell Education Savings Accounts). There is no minimum on subsequent investments for all account types.

#### **Tax Information**

Unless you are investing through a tax-deferred arrangement, such as a 401(k) or an IRA, the Fund's distributions will generally be taxable to you as ordinary income or capital gains, and you will generally recognize gain or loss when you redeem shares.

#### **Payments to Broker-Dealers and Other Financial Intermediaries**

If you purchase the Fund through a broker-dealer or other financial intermediary, the Fund and/or its Investment Adviser may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## THE SMALL CAP OPPORTUNITIES FUND

### Investment Objective

The investment objective of the Small Cap Opportunities Fund (the “Small Cap Fund”) is long-term growth of capital. The Small Cap Fund is the sole “feeder fund” to The Small Cap Opportunities Portfolio (the “Small Cap Portfolio”), a series of Kinetics Portfolios Trust.

### Fees and Expenses of the Fund

This table describes the fees and expenses you may pay if you buy and hold shares of the Small Cap Fund.

#### Fee Table<sup>(1)</sup>

<b>SHAREHOLDER FEES</b>		No Load Class
(fees paid directly from your investment)		
Redemption Fee (as a percentage of amount redeemed on shares held for 30 days or less, if applicable)		2.00%
<b>ANNUAL FUND OPERATING EXPENSES</b>		No Load Class
(expenses that you pay each year as a percentage of the value of your investment)		
Management Fees <sup>(1)</sup>		1.25%
Distribution (Rule 12b-1) Fees		None
Other Expenses		0.51%
Shareholder Servicing Fees	0.25%	
Other Operating Expenses	0.26%	
Acquired Fund Fees and Expenses		0.02%
Total Annual Fund Operating Expenses <sup>(2)</sup>		1.78%
Less: Fee Waiver <sup>(3)</sup>		-0.12%
<b>Net Annual Fund Operating Expenses</b>		<b>1.66%</b>

<sup>(1)</sup> This table and the example below reflect the aggregate expenses of the Small Cap Fund and the Small Cap Opportunities Portfolio (the “Small Cap Portfolio”). The management fees paid by the Small Cap Fund reflect the proportionate share of fees allocated to the Small Cap Fund from the Small Cap Portfolio.

<sup>(2)</sup> Total Annual Fund Operating Expenses do not correlate to the ratio of operating expenses to average net assets before expense reimbursement found in the “Financial Highlights” section of this Prospectus, which reflects the Small Cap Fund’s operating expenses and does not include acquired fund fees and expenses (“AFFE”).

<sup>(3)</sup> Kinetics Asset Management LLC, the investment adviser to the Small Cap Portfolio of the Kinetics Portfolio Trust (the “Investment Adviser”), has agreed to waive management fees and reimburse Fund expenses so that Net Annual Fund Operating Expenses do not exceed 1.64%, excluding AFFE. These waivers and reimbursements are in effect until May 1, 2018, and may not be terminated without the approval of the Board.

*Example.* This Example is intended to help you compare the cost of investing in the Small Cap Fund with the cost of investing in other mutual funds. This Example assumes that you invest \$10,000 in the Small Cap Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Small Cap Fund’s operating expenses remain the same (taking into account the expense limitation only in the first year). Although your actual costs may be higher or lower, based on these assumptions your cost for the Small Cap Fund would be:

	1 Year	3 Years	5 Years	10 Years
No Load Class	\$169	\$549	\$953	\$2,085

*Portfolio Turnover.* The Small Cap Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the Small Cap

Portfolio's, and therefore the Small Cap Fund's, performance. During the most recent fiscal year, the Small Cap Portfolio's portfolio turnover rate was 4% of the average value of its portfolio.

### Principal Investment Strategy

The Small Cap Fund is a non-diversified fund that invests all of its investable assets in the Small Cap Portfolio, a series of Kinetics Portfolios Trust. Under normal circumstances, the Small Cap Portfolio invests at least 80% of its net assets plus any borrowings for investment purposes in common stocks, convertible securities, warrants and other equity securities having the characteristics of common stocks (such as American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and International Depositary Receipts ("IDRs")) of U.S. and foreign small capitalization companies that provide attractive valuation opportunities. The Small Cap Portfolio's Investment Adviser considers small cap companies to be those with market capitalizations at or below the highest market capitalization of a component security within the S&P 600<sup>®</sup> SmallCap Index. The highest market capitalization of a company within the S&P 600<sup>®</sup> SmallCap Index was approximately \$4.10 billion as of March 31, 2017. The Small Cap Portfolio may also invest in exchange-traded funds ("ETFs") and purchase and write options for hedging purposes and/or direct investment.

The Small Cap Portfolio may invest up to 20% of its total assets in convertible and non-convertible debt securities rated below investment grade, also known as junk bonds, or unrated securities that the Investment Adviser has determined to be of comparable quality.

The Small Cap Portfolio focuses on undervalued and special situation small capitalization equities that the Investment Adviser believes have the potential for rewarding long-term investment results. Small Cap Portfolio securities will generally be selected from companies that are engaged in a number of industries if, in the Investment Adviser's opinion, they are selling below their perceived intrinsic value, have limited or no institutional ownership, have had short-term earnings shortfalls, have had a recent initial public offering ("IPO") but have not attracted significant analyst coverage, are selling at or below book or replacement value, or have modest price to earnings ratios. The Investment Adviser considers a company's fundamentals by reviewing its balance sheets, corporate revenues, earnings and dividends. The Investment Adviser also looks at the amount of capital a company spends on research and development. Additionally, the Small Cap Portfolio may participate in securities lending arrangements up to 33-1/3% of the securities in its portfolio with brokers, dealers, and financial institutions (but not individuals) in order to increase the return on its portfolio.

Sell decisions are generally triggered by either adequate value being achieved, as determined by the Investment Adviser, or by an adverse change in a company's operating performance or a deterioration of the company's business model. A sell trigger may also occur if the Investment Adviser discovers a new investment opportunity that it believes is more compelling and represents a greater risk reward profile than other investment(s) held by the Small Cap Portfolio.

### Principal Investment Risks

Investing in common stocks has inherent risks that could cause you to lose money. The principal risks of investing in the Small Cap Fund, and indirectly the Small Cap Portfolio, are listed below and could adversely affect the net asset value ("NAV"), total return and value of the Small Cap Fund, the Small Cap Portfolio and your investment.

- *Stock Market Risks:* Stock mutual funds are subject to stock market risks and significant fluctuations in value. If the stock market declines in value, the Small Cap Portfolio, and therefore the Small Cap Fund, is likely to decline in value and you could lose money on your investment.

- D *Stock Selection Risks:* The portfolio securities selected by the Investment Adviser may decline in value or not increase in value when the stock market in general is rising and may fail to meet the Small Cap Portfolio's, and therefore the Small Cap Fund's, investment objective.
- D *Liquidity Risks:* The Investment Adviser may not be able to sell portfolio securities at an optimal time or price.
- D *Small-Capitalization Company Risks:* The Small Cap Portfolio primarily invests in the stocks of small-capitalization companies. Small-capitalization companies often have narrower markets and more limited managerial and financial resources than larger, more established companies. As a result, their performance can be more volatile and they face a greater risk of business failure, which could increase the volatility of the Small Cap Portfolio's assets.
- D *Exchange-Traded Funds (ETFs) Risks:* ETFs are registered investment companies whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. In general, passively-managed ETFs seek to track a specified securities index or a basket of securities that an "index provider," such as Standard & Poor's, selects as representative of a market, market segment or industry sector. A passively-managed ETF is designed so that its performance will correspond closely with that of the index it tracks. A leveraged ETF will engage in transactions and purchase instruments that give rise to forms of leverage, including, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, the use of when issued, delayed-delivery or forward commitment transactions or short sales. To the extent a fund invests in ETFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the fund will indirectly be subject to leveraging risk. As a shareholder in an ETF, the Small Cap Portfolio will bear its pro rata portion of an ETF's expenses, including advisory fees, in addition to its own expenses.
- D *Foreign Securities Risks:* The Small Cap Portfolio may invest in foreign securities directly or through ADRs, GDRs and IDRs. Foreign securities can carry higher returns but involve more risks than those associated with U.S. investments. Additional risks associated with investment in foreign securities include currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.
- D *Non-Diversification Risks:* As a non-diversified investment company, the Small Cap Portfolio can invest a large percentage of its assets in a small number of issuers. As a result, a change in the value of any one investment may affect the overall value of the Small Cap Portfolio's shares, and therefore the Small Cap Fund's shares, more than shares of a more diversified mutual fund that holds more investments.
- D *Interest Rate Risk:* The risk that when interest rates increase, fixed-income securities held by the Small Cap Portfolio will decline in value. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term fixed-income securities. It is likely there will be less governmental action in the near future to maintain low interest rates. The negative impact on fixed income securities from the resulting rate increases for that and other reasons could be swift and significant.
- D *Leveraging Risks:* Investments in derivative instruments may give rise to a form of leverage. The Investment Adviser may engage in speculative transactions, which involve substantial risk and leverage. The use of leverage by the Investment Adviser may increase the volatility of the Small Cap Portfolio. These leveraged instruments may result in losses to the Small Cap Portfolio or may adversely affect the Small Cap Portfolio's NAV or total return, because instruments that contain leverage are more sensitive to changes in interest rates. The Small Cap Portfolio may also have to sell assets at inopportune times to satisfy its obligations in connection with such transactions.
- D *Option Transaction Risks:* Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the ability of the Investment Adviser to manage future price fluctuations and the degree of correlation

between the options and securities markets. By writing put options on equity securities, the Small Cap Portfolio gives up the opportunity to benefit from potential increases in the value of the common stocks above the strike prices of the written put options, but continues to bear the risk of declines in the value of its common stock portfolio. The Small Cap Portfolio will receive a premium from writing a covered call option that it retains whether or not the option is exercised. The premium received from the written options may not be sufficient to offset any losses sustained from the volatility of the underlying equity securities over time.

- ▶ *Below Investment Grade Debt Securities Risks:* Generally, below investment grade debt securities, *i.e.*, junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Junk bonds are considered to be speculative in nature.
- ▶ *Convertible Securities Risks:* Convertible securities are subject to the risks affecting both equity and fixed income securities, including market, credit, liquidity and interest rate risk.
- ▶ *Special Situations Risks:* The Small Cap Portfolio may use aggressive investment techniques, including seeking to benefit from “special situations,” such as mergers, reorganizations, or other unusual events expected to affect a particular issuer. There is a risk that the “special situation” might not occur or involve longer time frames than originally expected, which could have a negative impact on the price of the issuer’s securities and fail to produce gains or produce a loss for the Small Cap Portfolio, and therefore the Small Cap Fund.
- ▶ *Management Risks:* There is no guarantee that the Small Cap Fund will meet its investment objective. The Investment Adviser does not guarantee the performance of the Small Cap Fund, nor can it assure you that the market value of your investment will not decline.
- ▶ *IPO Risk:* IPO share prices can be volatile and fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, a limited number of shares available for trading, and limited operating history and/or information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk.

#### Who may want to invest?

The Small Cap Fund may be appropriate for investors who:

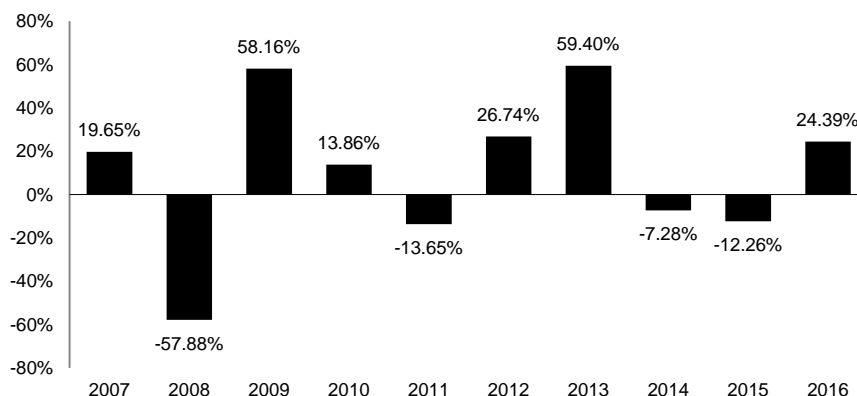
- ▶ wish to invest for the long-term;
- ▶ want to diversify their portfolios;
- ▶ want to allocate some portion of their long-term investments to value equity investing;
- ▶ are willing to accept the volatility associated with equity investing; and
- ▶ are comfortable with the risks described herein.

#### Performance

The bar chart and table shown below illustrate the variability of the Small Cap Fund’s returns. The bar chart indicates the risks of investing in the Small Cap Fund by showing the changes in the Small Cap Fund’s performance from year to year (on a calendar year basis). The table shows how the Small Cap Fund’s average annual returns, before and after taxes, compare with those of the S&P 600<sup>®</sup> SmallCap Index, the Russell 2000<sup>®</sup> Index and the S&P 500<sup>®</sup> Index, which represent broad measures of market performance. The past performance of the Small Cap Fund, before and after taxes, is not necessarily an indication of how the Small Cap Fund or the Small Cap Portfolio will perform in the future. Updated performance information is available on the Fund’s website at <http://www.kineticsfunds.com/> or by calling the Fund toll-free at (800) 930-3828.



The Small Cap Fund – No Load Class  
Calendar Year Returns as of 12/31



Best Quarter:	2009	Q2	41.94%
Worst Quarter:	2008	Q4	-29.94%

The Small Cap Fund’s after-tax returns as shown in the following table are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your tax situation and may differ from those shown. If you own Fund shares in a tax-deferred account, such as a 401(k) plan or an individual retirement account (“IRA”), the information on after-tax returns is not relevant to your investment. The Return After Taxes on Distributions and Sale of Fund Shares is higher than other return figures when a capital loss occurs upon the redemption of Fund shares.

Average Annual Total Returns as of 12/31/2016

	1 Year	5 Years	10 Years	Since Inception <sup>(1)</sup>
The Small Cap Opportunities Fund (KSCOX) No Load				
Return Before Taxes	24.39%	15.37%	4.83%	9.46%
Return After Taxes on Distributions	24.39%	15.37%	4.70%	9.27%
Return After Taxes on Distributions and Sale of Fund Shares	13.80%	12.42%	3.80%	8.02%
S&P 600 <sup>®</sup> SmallCap Index (reflects no deductions for fees, expenses or taxes)	26.56%	16.62%	9.03%	9.73%
Russell 2000 <sup>®</sup> Index (reflects no deductions for fees, expenses or taxes)	21.31%	14.46%	7.07%	6.96%
S&P 500 <sup>®</sup> Index (reflects no deductions for fees, expenses or taxes)	11.96%	14.66%	6.95%	4.61%

<sup>(1)</sup> The Small Cap Fund’s No Load Class shares commenced operations on March 20, 2000, and converted to a feeder fund of the Small Cap Portfolio on April 28, 2000. The returns for the two indices in this column have been calculated since the March 20, 2000 inception date of the Small Cap Fund’s No Load Class shares.

<sup>(2)</sup> Effective April 30, 2017, the S&P 600<sup>®</sup> SmallCap Index will replace the Russell 2000<sup>®</sup> Index as a more appropriate comparative index for the Small Cap Opportunities Fund.

Management

*Investment Adviser.* Kinetics Asset Management LLC is the Small Cap Portfolio’s investment adviser.

*Portfolio Managers.* The Small Cap Portfolio is managed by an investment team with Mr. Doyle, Mr. Stahl and Mr. Houk as the Co-Portfolio Managers. Each investment team member serves as a research analyst.

<i>Investment team member</i>	<i>Primary Title</i>	<i>Years of Service with the Fund</i>
Peter B. Doyle	Co-Portfolio Manager	17
Murray Stahl	Co-Portfolio Manager	17
Matthew Houk	Co-Portfolio Manager	6
James Davolos	Investment Team Member	11
Steven Bregman	Investment Team Member	1

#### **Purchase and Sale of Fund Shares**

You may purchase, exchange or redeem Fund shares on any business day by written request via mail (Kinetics Mutual Funds – The Small Cap Opportunities Fund, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701), by telephone at 1-800-930-3828, or through a financial intermediary. You may also purchase or redeem Fund shares by wire transfer. The minimum initial investment for both regular accounts and IRAs is \$2,500 (\$2,000 for Coverdell Education Savings Accounts). There is no minimum on subsequent investments for all account types.

#### **Tax Information**

Unless you are investing through a tax-deferred arrangement, such as a 401(k) or an IRA, the Fund's distributions will generally be taxable to you as ordinary income or capital gains, and you will generally recognize gain or loss when you redeem shares.

#### **Payments to Broker-Dealers and Other Financial Intermediaries**

If you purchase the Fund through a broker-dealer or other financial intermediary, the Fund and/or its Investment Adviser may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## THE MARKET OPPORTUNITIES FUND

### Investment Objective

The investment objective of the Market Opportunities Fund is long-term growth of capital. The Market Cap Opportunities Fund is the sole “feeder fund” to The Market Cap Opportunities Portfolio, a series of Kinetics Portfolios Trust.

### Fees and Expenses of the Fund

This table describes the fees and expenses you may pay if you buy and hold shares of the Market Opportunities Fund.

#### Fee Table<sup>(1)</sup>

<b>SHAREHOLDER FEES</b>		No Load Class
(fees paid directly from your investment)		
Redemption Fee (as a percentage of amount redeemed on shares held for 30 days or less, if applicable)		2.00%
<b>ANNUAL FUND OPERATING EXPENSES</b>		No Load Class
(expenses that you pay each year as a percentage of the value of your investment)		
Management Fees <sup>(1)</sup>		1.25%
Distribution (Rule 12b-1) Fees		None
Other Expenses		0.72%
Shareholder Servicing Fees	0.25%	
Other Operating Expenses	<u>0.47%</u>	
Total Annual Fund Operating Expenses		1.97%
Less: Fee Waiver <sup>(2)</sup>		-0.33%
<b>Net Annual Fund Operating Expenses</b>		<b>1.64%</b>

<sup>(1)</sup> This table and the example below reflect the aggregate expenses of the Market Opportunities Fund and the Market Opportunities Portfolio. The management fees paid by the Market Opportunities Fund reflect the proportionate share of fees allocated to the Market Opportunities Fund from the Market Opportunities Portfolio.

<sup>(2)</sup> Kinetics Asset Management LLC, the investment adviser to the Market Opportunities Portfolio of the Kinetics Portfolio Trust (the “Investment Adviser”), has agreed to waive management fees and reimburse Fund expenses so that Net Annual Fund Operating Expenses do not exceed 1.64%, excluding acquired fund fees and expenses (“AFFE”). These waivers and reimbursements are in effect until May 1, 2018, and may not be terminated without the approval of the Board.

*Example.* This Example is intended to help you compare the cost of investing in the Market Opportunities Fund with the cost of investing in other mutual funds. This Example assumes that you invest \$10,000 in the Market Opportunities Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Market Opportunities Fund’s operating expenses remain the same (taking into account the expense limitation only in the first year). Although your actual costs may be higher or lower, based on these assumptions your cost for the Market Opportunities Fund would be:

	1 Year	3 Years	5 Years	10 Years
No Load Class	\$167	\$586	\$1,032	\$2,269

*Portfolio Turnover.* The Market Opportunities Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the Market Opportunities Portfolio’s, and therefore the Market Opportunities Fund’s, performance.

During the most recent fiscal year, the Market Opportunities Portfolio's portfolio turnover rate was 5% of the average value of its portfolio.

### **Principal Investment Strategy**

The Market Opportunities Fund is a non-diversified fund that invests all of its investable assets in the Market Opportunities Portfolio, a series of Kinetics Portfolios Trust. Under normal circumstances, the Market Opportunities Portfolio invests at least 65% of its net assets in common stocks, convertible securities, warrants and other equity securities having the characteristics of common stocks (such as American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and International Depositary Receipts ("IDRs")) of U.S. and foreign companies involved in capital markets or related to capital markets, as well as companies involved in the gaming industry. Capital market companies include companies that are engaged in or derive a substantial portion of their revenue from activities with a publicly traded securities exchange, such as equity exchanges and commodity exchanges, including but not limited to clearing firms and brokerage houses. The Market Opportunities Portfolio may also invest in exchange-traded funds ("ETFs") and purchase and write options for hedging purposes and/or direct investment.










The Market Opportunities Portfolio may invest up to 20% of its total assets in convertible and non-convertible debt securities rated below investment grade, also known as junk bonds, or unrated securities that the Investment Adviser has determined to be of comparable quality.

The Market Opportunities Portfolio securities will be selected by the Investment Adviser from companies that are engaged in public exchanges, derivative exchanges, and capital markets; companies that experience operational scale from increased volume such as investment banks, credit card processing companies, electronic payment companies and companies in the gaming industry; and from companies that act as facilitators such as publicly traded expressways, airports, roads and railways. Companies that experience operational scale from increased volume are similar to capital markets companies because they have greater fixed costs than variable costs, operating margins that rise once fixed costs are covered, and an ability to generate higher operating margins once fixed costs are covered (referred to as operating leverage). High operating leverage describes a company's ability to experience rising profit margins as revenues increase. These companies may be large, medium or small in size if, in the Investment Adviser's opinion, these companies meet the Market Opportunities Portfolio's investment criteria. The Investment Adviser seeks to invest in companies with high operating leverage that can expand capacity with negligible or limited associated costs. Generally, high returns on equity, long product life cycles, high barriers to entry and certain degrees of financial gearing are necessary for this. Financial gearing occurs with the use of loans and debt in companies where it is necessary to build capacity and infrastructure before operations can begin. Additionally, the Market Opportunities Portfolio may participate in securities lending arrangements up to 33-1/3% of the securities in its portfolio with brokers, dealers, and financial institutions (but not individuals) in order to increase the return on its portfolio.

Sell decisions are generally triggered by either adequate value being achieved, as determined by the Investment Adviser, or by an adverse change in a company's operating performance or a deterioration of the company's business model. A sell trigger may also occur if the Investment Adviser discovers a new investment opportunity that it believes is more compelling and represents a greater risk reward profile than other investment(s) held by the Market Opportunities Portfolio.

### **Principal Investment Risks**

Investing in common stocks has inherent risks that could cause you to lose money. The principal risks of investing in the Market Opportunities Fund, and indirectly the Market Opportunities Portfolio, are listed below and could adversely affect the net asset value ("NAV"), total return and the value of the Market Opportunities Fund, Market Opportunities Portfolio and your investment.

- 
*Stock Market Risks:* Stock mutual funds are subject to stock market risks and significant fluctuations in value. If the stock market declines in value, the Market Opportunities Portfolio, and therefore the Market Opportunities Fund, is likely to decline in value and you could lose money on your investment.
- 
*Stock Selection Risks:* The portfolio securities selected by the Investment Adviser may decline in value or not increase in value when the stock market in general is rising and may fail to meet the Market Opportunities Portfolio's, and therefore the Market Opportunities Fund's, investment objective.
- 
*Liquidity Risks:* The Investment Adviser may not be able to sell portfolio securities at an optimal time or price.
- 
*Sector Emphasis Risks:* The Market Opportunities Portfolio's investments in the capital markets sector subjects it to the risks affecting that sector more than would a fund that invests in a wide variety of market sectors. For instance, companies in the capital markets sector may be adversely affected by changes in economic conditions as well as legislative initiatives, all of which may impact the profitability of companies in this sector. The Market Opportunities Portfolio's investments in the gaming sector may be adversely affected by changes in economic conditions. The casino industry is particularly susceptible to economic conditions that negatively affect tourism. Casino and gaming companies are highly competitive, and new products, casino concepts and venues are competitive challenges to existing companies. In addition, gaming and related companies are highly regulated, and state and federal legislative changes can significantly impact profitability in those sectors.
- 
*Small and Medium-Size Company Risks:* The Market Opportunities Portfolio may invest in the equity securities of small and medium-size companies. Small and medium-size companies often have narrower markets and more limited managerial and financial resources than do larger, more established companies. As a result, their performance can be more volatile and they face a greater risk of business failure, which could increase the volatility of the Market Opportunities Portfolio's assets.
- 
*Exchange-Traded Funds (ETFs) Risks:* ETFs are registered investment companies whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. In general, passively-managed ETFs seek to track a specified securities index or a basket of securities that an "index provider," such as Standard & Poor's, selects as representative of a market, market segment or industry sector. A passively-managed ETF is designed so that its performance will correspond closely with that of the index it tracks. A leveraged ETF will engage in transactions and purchase instruments that give rise to forms of leverage, including, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, the use of when issued, delayed-delivery or forward commitment transactions or short sales. To the extent a fund invests in ETFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the fund will indirectly be subject to leveraging risk. As a shareholder in an ETF, the Market Opportunities Portfolio will bear its pro rata portion of an ETF's expenses, including advisory fees, in addition to its own expenses.
- 
*Foreign Securities Risks:* The Market Opportunities Portfolio may invest in foreign securities directly or through ADRs, GDRs and IDRs. Foreign securities can carry higher returns but involve more risks than those associated with U.S. investments. Additional risks associated with investment in foreign securities include currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.
- 
*Non-Diversification Risks:* As a non-diversified investment company, the Market Opportunities Portfolio can invest a large percentage of its assets in a small number of issuers. As a result, a change in the value of any one investment may affect the overall value of the Market Opportunities Portfolio's shares, and therefore the Market Opportunities Fund's shares, more than shares of a diversified mutual fund that holds more investments.
- 
*Interest Rate Risk:* The risk that when interest rates increase, fixed-income securities held by the Market Opportunities Portfolio will decline in value. Long-term fixed-income securities will normally have

more price volatility because of this risk than short-term fixed-income securities. It is likely there will be less governmental action in the near future to maintain low interest rates. The negative impact on fixed income securities from the resulting rate increases for that and other reasons could be swift and significant.

- ▶ *Leveraging Risks:* Investments in derivative instruments may give rise to a form of leverage. The Investment Adviser may engage in speculative transactions, which involve substantial risk and leverage. The use of leverage by the Investment Adviser may increase the volatility of the Market Opportunities Portfolio. These leveraged instruments may result in losses to the Market Opportunities Portfolio or may adversely affect the Market Opportunities Portfolio's NAV or total return, because instruments that contain leverage are more sensitive to changes in interest rates. The Market Opportunities Portfolio may also have to sell assets at inopportune times to satisfy its obligations in connection with such transactions.
- ▶ *Option Transaction Risks:* Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the ability of the Investment Adviser to manage future price fluctuations and the degree of correlation between the options and securities markets. By writing put options on equity securities, the Market Opportunities Portfolio gives up the opportunity to benefit from potential increases in the value of the common stocks above the strike prices of the written put options, but continues to bear the risk of declines in the value of its common stock portfolio. The Market Opportunities Portfolio will receive a premium from writing a covered call option that it retains whether or not the option is exercised. The premium received from the written options may not be sufficient to offset any losses sustained from the volatility of the underlying equity securities over time.
- ▶ *Below Investment Grade Debt Securities Risks:* Generally, below investment grade debt securities, *i.e.*, junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Junk bonds are considered to be speculative in nature.
- ▶ *Convertible Securities Risks:* Convertible securities are subject to the risks affecting both equity and fixed income securities, including market, credit, liquidity and interest rate risk.
- ▶ *Management Risks:* There is no guarantee that the Market Opportunities Fund will meet its investment objective. The Investment Adviser does not guarantee the performance of the Market Opportunities Fund, nor can it assure you that the market value of your investment will not decline.

#### Who may want to invest?

The Market Opportunities Fund may be appropriate for investors who:

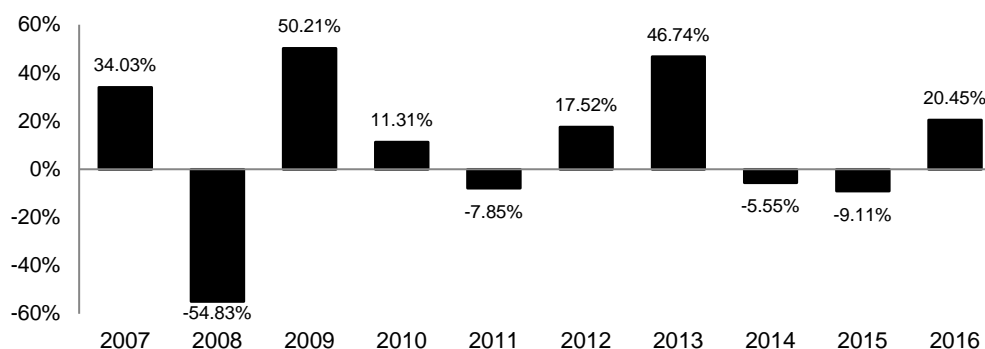
- ▶ wish to invest for the long-term;
- ▶ want to diversify their portfolios;
- ▶ want to allocate some portion of their long-term investments to value equity investing;
- ▶ are willing to accept the volatility associated with equity investing; and
- ▶ are comfortable with the risks described herein.

#### Performance

The bar chart and table shown below illustrate the variability of the Market Opportunities Fund's returns. The bar chart indicates the risks of investing in the Market Opportunities Fund by showing the changes in the Market Opportunities Fund's performance from year to year (on a calendar year basis). The table shows how the Market Opportunities Fund's average annual returns, before and after taxes, compare with those of the S&P 500<sup>®</sup> Index and the MSCI EAFE Index, which represent broad measures of market performance. The past performance of the Market Opportunities Fund, before and after taxes, is not necessarily an indication of how the Market Opportunities Fund or the Market Opportunities Portfolio will perform in the

future. Updated performance information is available on the Fund's website at <http://www.kineticsfunds.com/> or by calling the Fund toll-free at (800) 930-3828.

The Market Opportunities Fund – No Load Class  
Calendar Year Returns as of 12/31



Best Quarter:	2009	Q2	30.50%
Worst Quarter:	2008	Q4	-27.18%

The Market Opportunities Fund's after-tax returns as shown in the following table are calculated using historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your tax situation and may differ from those shown. If you own Fund shares in a tax-deferred account, such as a 401(k) plan or an individual retirement account ("IRA"), the information on after-tax returns is not relevant to your investment. The Return After Taxes on Distributions and Sale of Fund Shares is higher than other return figures when a capital loss occurs upon the redemption of Fund shares.

#### Average Annual Total Returns as of 12/31/2016

	1 Year	5 Years	10 Years	Since Inception (January 31, 2006)
The Market Opportunities Fund (KMKNX) No Load				
Return Before Taxes	20.45%	12.26%	5.22%	6.61%
Return After Taxes on Distributions	20.45%	12.18%	5.07%	6.46%
Return After Taxes on Distributions and Sale of Fund Shares	11.57%	9.81%	4.18%	5.37%
S&P 500® Index (reflects no deductions for fees, expenses or taxes)	11.96%	14.66%	6.95%	7.53%
MSCI EAFE Index (reflects no deductions for fees, expenses or taxes)	1.00%	6.53%	0.75%	2.31%

#### Management

*Investment Adviser.* Kinetics Asset Management LLC is the Market Opportunities Portfolio's investment adviser.

*Portfolio Managers.* The Market Opportunities Portfolio is managed by an investment team with Mr. Doyle and Mr. Stahl as the Co-Portfolio Managers. Each investment team member serves as a research analyst.

<i>Investment team member</i>	<i>Primary Title</i>	<i>Years of Service with the Fund</i>
Peter B. Doyle	Co-Portfolio Manager	11
Murray Stahl	Co-Portfolio Manager	11
Eric Sites	Investment Team Member	6
James Davolos	Investment Team Member	11
Steven Bregman	Investment Team Member	1

#### **Purchase and Sale of Fund Shares**

You may purchase, exchange or redeem Fund shares on any business day by written request via mail (Kinetics Mutual Funds – The Market Opportunities Fund, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701), by telephone at 1-800-930-3828, or through a financial intermediary. You may also purchase or redeem Fund shares by wire transfer. The minimum initial investment for both regular accounts and IRAs is \$2,500 (\$2,000 for Coverdell Education Savings Accounts). There is no minimum on subsequent investments for all account types.

#### **Tax Information**

Unless you are investing through a tax-deferred arrangement, such as a 401(k) or an IRA, the Fund's distributions will generally be taxable to you as ordinary income or capital gains, and you will generally recognize gain or loss when you redeem shares.

#### **Payments to Broker-Dealers and Other Financial Intermediaries**

If you purchase the Fund through a broker-dealer or other financial intermediary, the Fund and/or its Investment Adviser may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.



## THE MULTI-DISCIPLINARY INCOME FUND

### Investment Objectives

The investment objective of the Multi-Disciplinary Income Fund is total return. The Multi-Disciplinary Income Fund is the sole “feeder fund” to The Multi-Disciplinary Income Portfolio, a series of Kinetics Portfolios Trust.

### Fees and Expenses of the Fund

This table describes the fees and expenses you may pay if you buy and hold shares of the Multi-Disciplinary Income Fund.

#### Fee Table<sup>(1)</sup>

<b>SHAREHOLDER FEES</b>		No Load Class
(fees paid directly from your investment)		
Redemption Fee (as a percentage of amount redeemed on shares held for less than 30 days, if applicable)		2.00%
<b>ANNUAL FUND OPERATING EXPENSES</b>		No Load Class
(expenses that you pay each year as a percentage of the value of your investment)		
Management Fees <sup>(1)</sup>		1.25%
Distribution (Rule 12b-1) Fees		None
Other Expenses )		0.60%
Shareholder Servicing Fees	0.25%	
Other Operating Expenses	<u>0.35%</u>	
Acquired Fund Fees and Expenses		0.16%
Total Annual Fund Operating Expenses <sup>(2)</sup>		2.01%
Less: Fee Waiver <sup>(3)</sup>		-0.36%
<b>Net Annual Fund Operating Expenses</b>		<b>1.65%</b>

<sup>(1)</sup> This table and the example below reflect the aggregate expenses of the Multi-Disciplinary Income Fund and the Multi-Disciplinary Income Portfolio. The management fees paid by the Multi-Disciplinary Income Fund reflect the proportionate share of fees allocated to the Multi-Disciplinary Income Fund from the Multi-Disciplinary Income Portfolio.

<sup>(2)</sup> Total Annual Fund Operating Expenses do not correlate to the ratio of operating expenses to average net assets before expense reimbursement found in the “Financial Highlights” section of this Prospectus, which reflects the Multi-Disciplinary Income Fund’s operating expenses and does not include acquired fund fees and expenses (“AFFE”).

<sup>(3)</sup> Kinetics Asset Management LLC, the investment adviser to the Multi-Disciplinary Income Portfolio of the Kinetics Income Portfolio Trust (the “Investment Adviser”), has agreed to waive management fees and reimburse Fund expenses so that Net Annual Fund Operating Expenses do not exceed 1.49%, excluding AFFE and interest expense on securities sold short. These waivers and reimbursements are in effect until May 1, 2018, and may not be terminated without the approval of the Board.

*Example.* This Example is intended to help you compare the cost of investing in the Multi-Disciplinary Income Fund with the cost of investing in other mutual funds. This Example assumes that you invest \$10,000 in the Multi-Disciplinary Income Fund for the time periods indicated and then redeem all of your shares at the end of these periods. The Example also assumes that your investment has a 5% return each year and that the Multi-Disciplinary Income Fund’s operating expenses remain the same (taking into account the expense limitation only in the first year). Although your actual costs may be higher or lower, based on these assumptions your cost for the Multi-Disciplinary Income Fund would be:

	1 Year	3 Years	5 Years	10 Years
No Load Class	\$168	\$596	\$1,050	\$2,309

*Portfolio Turnover.* The Multi-Disciplinary Income Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the Multi-Disciplinary Income Portfolio’s, and therefore the Multi-Disciplinary Income Fund’s, performance. During the most recent fiscal year, the Multi-Disciplinary Income Portfolio’s portfolio turnover rate was 9% of the average value of its portfolio.

### Principal Investment Strategy

The Multi-Disciplinary Income Fund is a diversified fund that invests all of its investable assets in the Multi-Disciplinary Income Portfolio, a series of Kinetics Portfolios Trust. “Total Return” sought by the Multi-Disciplinary Income Portfolio consists of income earned on the Multi-Disciplinary Income Portfolio’s investments, plus capital appreciation. The Multi-Disciplinary Income Portfolio utilizes a two-part investment strategy, which includes fixed-income components, including fixed-income exchange-traded funds (“ETFs”), and derivatives components. Under normal circumstances, the Multi-Disciplinary Income Portfolio will invest at least 65% of its net assets in fixed-income securities, derivatives and cash or cash equivalents committed as collateral for written option contracts.

There is no limit on the amount of assets the Multi-Disciplinary Income Portfolio may invest in fixed-income securities. For purposes of this Prospectus, fixed-income securities include debt securities issued or guaranteed by the U.S. Government or by an agency or instrumentality of the U.S. Government, corporate bonds and debentures, convertible debt securities, and debt securities of foreign issuers, including emerging markets issuers. Corporate bonds held by the Multi-Disciplinary Income Portfolio generally are senior secured or senior unsecured, are of investment grade quality, and have durations of 0-5 years. However, there is no limit as to the maturities or credit ratings associated with such bonds. The Multi-Disciplinary Income Portfolio may invest up to 100% of its assets in debt securities that are rated below investment grade (“junk” bonds) and up to 5% of its total assets in defaulted junk bonds. The Multi-Disciplinary Income Portfolio may also invest up to 40% of its total assets at the time of purchase in debt securities of emerging market countries. The Multi-Disciplinary Income Portfolio utilizes a proprietary credit spread/relative value model to select positions and a portfolio construction and investment process that relies on value identification and diversification.

The Multi-Disciplinary Income Portfolio may invest up to 100% of its total assets in selling equity put options. The Multi-Disciplinary Income Portfolio may also invest in U.S. Treasury note futures; selling or buying equity calls, bond calls, and bond put options; and credit default swaps, as well as other derivatives, to manage risk or to enhance return. The Multi-Disciplinary Income Portfolio may also buy puts on specific underlying equity securities that are traded on a national securities exchange. The Multi-Disciplinary Income Portfolio will not invest more than 15% of its net assets in instruments that are not deemed liquid. In connection with the Multi-Disciplinary Income Portfolio’s positions in derivatives, the Multi-Disciplinary Income Portfolio will segregate liquid assets or will otherwise cover its position in accordance with applicable U.S. Securities and Exchange Commission (“SEC”) requirements.

The Investment Adviser uses a bottom-up approach in managing the Multi-Disciplinary Income Fund, which means that the focus is on the analysis of individual securities. By engaging in quantitative and qualitative analysis of individual securities, the Investment Adviser examines a company’s current valuation and earning potential and assesses the company’s competitive positioning. The bonds purchased in the Multi-Disciplinary Income Portfolio are selected from the same universe of companies that the Investment Adviser uses for equity investments. All of the same characteristics apply, however, in the Multi-Disciplinary Income Portfolio option premiums are also considered. Additionally, the Multi-Disciplinary Income Portfolio may participate in securities lending arrangements up to 33-1/3% of the

securities in its portfolio with brokers, dealers, and financial institutions (but not individuals) in order to increase the return on its portfolio.

The Investment Adviser may sell a security due to changes in credit characteristics or outlook, as well as changes in portfolio strategy or cash flow needs. A security may also be sold and replaced with one that presents a better value or risk/reward profile. The Investment Adviser may actively trade Multi-Disciplinary Income Portfolio securities.

### Principal Investment Risks

The Multi-Disciplinary Income Portfolio's investments, including common stocks, have inherent risks that could cause you to lose money. The principal risks of investing in the Multi-Disciplinary Income Fund, and indirectly the Multi-Disciplinary Income Portfolio, are listed below and could adversely affect the net asset value ("NAV"), total return and the value of the Multi-Disciplinary Income Fund, Multi-Disciplinary Income Portfolio and your investment.

- ▶ *Below Investment Grade Debt Securities Risks:* Generally, below investment grade debt securities, *i.e.*, junk bonds, are subject to greater credit risk, price volatility and risk of loss than investment grade securities. Junk bonds are considered to be speculative in nature.
- ▶ *Credit Default Swap Agreement Risks:* The Fund may enter into credit default swap agreements as a "buyer" or "seller" of credit protection on liquid credit indices. In instances where the Fund is a protection seller (receives a periodic fee over the life of the contract in return for the obligation to compensate the protection buyer for loss), the Fund will assume the risks associated with credit deterioration (spread widening) as well as default risk. In the event of default, the Fund is obligated to pay the buyer of credit protection the notional value of the swap less the recovery rate on the reference asset.
- ▶ *Derivatives Risks:* The Multi-Disciplinary Income Portfolio's investments in futures, options and swaps and other derivative instruments may result in loss. Derivative instruments may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses to the Multi-Disciplinary Income Portfolio. To the extent the Multi-Disciplinary Income Portfolio segregates assets to cover derivatives positions, the Multi-Disciplinary Income Portfolio may impair its ability to meet current obligations, to honor requests for redemption and to manage the Multi-Disciplinary Income Portfolio properly in a manner consistent with its stated investment objective.
- ▶ *Leveraging Risks:* Investments in derivative instruments may give rise to a form of leverage. The Investment Adviser may engage in speculative transactions, which involve substantial risk and leverage. The use of leverage by the Investment Adviser may increase the volatility of the Multi-Disciplinary Income Portfolio. These leveraged instruments may result in losses to the Multi-Disciplinary Income Portfolio or may adversely affect the Multi-Disciplinary Income Portfolio's NAV or total return, because instruments that contain leverage are more sensitive to changes in interest rates. The Multi-Disciplinary Income Portfolio may also have to sell assets at inopportune times to satisfy its obligations in connection with such transactions.
- ▶ *Option Transaction Risks:* Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The successful use of options depends in part on the ability of the Investment Adviser to manage future price fluctuations and the degree of correlation between the options and securities (or currency) markets. By writing put options on equity securities, the Multi-Disciplinary Income Portfolio gives up the opportunity to benefit from potential increases in the value of the common stocks above the strike prices of the written put options, but continues to bear the risk of declines in the value of its common stock portfolio. The Multi-Disciplinary Income Portfolio will receive a premium from writing a covered call option that it retains whether or not the option is exercised. The premium received from the written options may not be sufficient to offset any losses sustained from the volatility of the underlying equity securities over time.

- ▶ *Interest Rate Risk:* The risk that when interest rates increase, fixed-income securities held by the Multi-Disciplinary Income Portfolio will decline in value. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term fixed-income securities. It is likely there will be less governmental action in the near future to maintain low interest rates. The negative impact on fixed income securities from the resulting rate increases for that and other reasons could be swift and significant.
- ▶ *Credit/Default Risk:* The risk that an issuer or guarantor of fixed-income securities held by the Multi-Disciplinary Income Portfolio (which may have low credit ratings), or the counterparty in a derivative investment, may default on its obligation to pay interest and repay principal.
- ▶ *Security Selection Risks:* The Multi-Disciplinary Income Portfolio securities selected by the Investment Adviser may decline in value or not increase in value when the stock market in general is rising and may fail to meet the Multi-Disciplinary Income Portfolio's, and therefore the Multi-Disciplinary Income Fund's, investment objective.
- ▶ *Liquidity Risks:* The Multi-Disciplinary Income Portfolio's investments in the securities of small and medium capitalization companies and in non-investment grade fixed-income securities makes the Multi-Disciplinary Income Portfolio especially susceptible to the risk that during certain periods the liquidity of certain issuers or industries, or all securities within particular investment categories, will decrease or disappear suddenly and without warning as a result of adverse market or political events, or adverse investor perceptions.
- ▶ *Exchange-Traded Funds (ETFs) Risks:* ETFs are registered investment companies whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. In general, passively-managed ETFs seek to track a specified securities index or a basket of securities that an "index provider," such as Standard & Poor's, selects as representative of a market, market segment or industry sector. A passively-managed ETF is designed so that its performance will correspond closely with that of the index it tracks. A leveraged ETF will engage in transactions and purchase instruments that give rise to forms of leverage, including, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, the use of when issued, delayed-delivery or forward commitment transactions or short sales. To the extent a fund invests in ETFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the fund will indirectly be subject to leveraging risk. As a shareholder in an ETF, the Multi-Disciplinary Income Portfolio will bear its pro rata portion of an ETF's expenses, including advisory fees, in addition to its own expenses.
- ▶ *Foreign Securities Risks:* The Multi-Disciplinary Income Portfolio may invest directly in foreign debt securities or in U.S. dollar-denominated foreign debt securities through ADRs, GDRs and IDRs. Foreign securities can carry higher returns but involve more risks than those associated with U.S. investments. Additional risks associated with investment in foreign debt securities include currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.
- ▶ *Emerging Markets Risks:* The risk that the securities markets of emerging countries are less liquid, are especially subject to greater price volatility, have smaller market capitalizations, have less government regulation and are not subject to as extensive and frequent accounting, financial and other reporting requirements as the securities markets of more developed countries as have historically been the case.
- ▶ *Convertible Securities Risks:* Convertible securities are subject to the risks affecting both equity and fixed income securities, including market, credit, liquidity and interest rate risk.
- ▶ *Management Risks:* There is no guarantee that the Multi-Disciplinary Income Fund will meet its investment objective. The Investment Adviser does not guarantee the performance of the Multi-Disciplinary Income Fund, nor can it assure you that the market value of your investment will not decline.

### Who may want to invest?

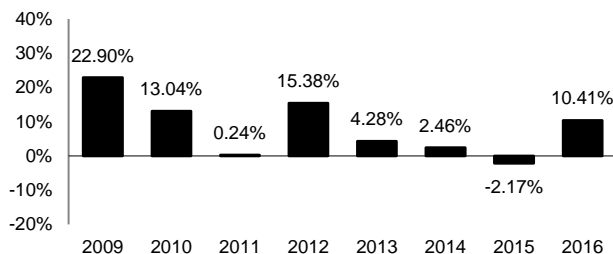
The Multi-Disciplinary Income Fund may be appropriate for investors who:

- wish to diversify their portfolios;
- wish to generate income and capital;
- wish to invest for the long-term; and
- are comfortable with the risks described herein.

### Performance

The bar chart and table shown below illustrate the variability of the Multi-Disciplinary Income Fund's returns. The bar chart indicates the risks of investing in the Multi-Disciplinary Income Fund by showing the changes in the Multi-Disciplinary Income Fund's performance from year to year (on a calendar year basis). The table shows how the Multi-Disciplinary Income Fund's average annual returns, before and after taxes (after taking into account any sales charges) compare with those of the Bloomberg Barclays U.S. Aggregate Bond Index and Bloomberg Barclays U.S. Corporate High Yield Bond Index, which represent broad measures of market performance. The past performance of the Multi-Disciplinary Income Fund, before and after taxes, is not necessarily an indication of how the Multi-Disciplinary Income Fund or the Multi-Disciplinary Income Portfolio will perform in the future. Updated performance information is available on the Fund's website at <http://www.kineticsfunds.com/> or by calling the Fund toll-free at (800) 930-3828.

The Multi-Disciplinary Income Fund – No Load Class  
Calendar Year Returns as of 12/31



---

Best Quarter:	2012	Q1	10.53%
Worst Quarter:	2011	Q3	-12.34%

The Multi-Disciplinary Income Fund's after-tax returns as shown in the following table are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Your actual after-tax returns depend on your tax situation and may differ from those shown. If you own Fund shares in a tax-deferred account, such as a 401(k) plan or an individual retirement account ("IRA"), the information on after-tax returns is not relevant to your investment. The Return After Taxes on Distributions and Sale of Fund Shares is higher than other return figures when a capital loss occurs upon the redemption of Fund shares.

## Average Annual Total Returns as of 12/31/2016

	1 Year	5 Years	Since Inception (February 11, 2008)
The Multi-Disciplinary Income Fund (KMDNX) No Load			
Return Before Taxes	10.41%	5.90%	4.86%
Return After Taxes on Distributions	8.53%	4.15%	3.38%
Return After Taxes on Distributions and Sale of Fund Shares	5.86%	3.80%	3.17%
Bloomberg Barclays U.S. Aggregate Bond Index (reflects no deductions for fees, expenses or taxes)	2.65%	2.23%	3.91%
Bloomberg Barclays U.S. Corporate High Yield Bond Index (reflects no deductions for fees, expenses or taxes)	17.13%	7.36%	8.51%

### Management

*Investment Adviser.* Kinetics Asset Management LLC is the Multi-Disciplinary Income Portfolio's investment adviser.

*Portfolio Managers.* The Multi-Disciplinary Income Portfolio is managed by an investment team with Mr. Stahl and Mr. Houk as the Co-Portfolio Managers. Each investment team member serves as a research analyst.

<i>Investment team member</i>	<i>Primary Title</i>	<i>Years of Service with the Fund</i>
Peter B. Doyle	Investment Team Member	9
Murray Stahl	Co-Portfolio Manager	9
Matthew Houk	Co-Portfolio Manager	1
Steven Tuen	Investment Team Member	1
Steven Bregman	Investment Team Member	1

### Purchase and Sale of Fund Shares

You may purchase, exchange or redeem Fund shares on any business day by written request via mail (Kinetics Mutual Funds – The Multi-Disciplinary Income Fund, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701), by telephone at 1-800-930-3828, or through a financial intermediary. You may also purchase or redeem Fund shares by wire transfer. The minimum initial investment for both regular accounts and IRAs is \$2,500 (\$2,000 for Coverdell Education Savings Accounts). There is no minimum on subsequent investments for all account types.

### Tax Information

Unless you are investing through a tax-deferred arrangement, such as a 401(k) or an IRA, the Fund's distributions will generally be taxable to you as ordinary income or capital gains, and you will generally recognize gain or loss when you redeem shares.

### Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase the Fund through a broker-dealer or other financial intermediary, the Fund and/or its Investment Adviser may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other financial intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## ADDITIONAL INFORMATION ABOUT THE FUNDS' INVESTMENTS

---

### THE ALTERNATIVE INCOME FUND

---

The Alternative Income Portfolio's option strategy focuses on the use of options on market indexes, exchange-traded funds or equities in order to seek current income and gains. The options considered for investment by the Investment Adviser's Research team are determined by fundamental analysis review, including but not limited to valuation, credit analysis and earnings quality.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the seller the obligation to buy, the underlying security, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

The put options that the Alternative Income Portfolio writes or purchases on specific underlying equity securities are generally traded on a national securities exchange. By writing put options, the Alternative Income Portfolio receives income in the form of cash premiums from the purchasers of these options in exchange for providing the purchasers with the right to potentially sell an underlying security to the Alternative Income Portfolio. The Alternative Income Portfolio is not expected to make a cash payment if the prevailing market value of the underlying equity securities on an expiration date exceeds the exercise price of the put option that the Alternative Income Portfolio has written.

#### Temporary Investments

To respond to adverse market, economic, political or other conditions, which may persist for extended periods of time, the Alternative Income Portfolio may invest up to 100% of its assets in the types of high quality, U.S. short-term debt securities and money market instruments described above. To the extent that the Alternative Income Portfolio engages in a temporary defensive strategy, particularly for prolonged periods of time, the Alternative Income Portfolio, and therefore the Alternative Income Fund, may not achieve its investment objective.

#### Fund Structure

The Alternative Income Portfolio has an investment objective identical to that of the Alternative Income Fund. The Alternative Income Fund may withdraw its investment from the Alternative Income Portfolio at any time if the Board of Directors of Kinetics Mutual Funds, Inc. (the "Company") determines that it is in the best interests of the Alternative Income Fund to do so. Upon any such withdrawal, the Directors will consider what action might be taken, including investing all of the Alternative Income Fund's investable assets in another pooled investment entity having substantially the same objective and strategies as the Alternative Income Fund or retaining an investment adviser, including the current Investment Adviser, to manage the Alternative Income Fund's assets directly.

## THE INTERNET FUND

---

The Investment Adviser believes that the global economy will continue to be impacted by increased and enhanced connectivity enabled by the sustained development of the Internet. Established businesses will continue to be disrupted by this development, while some may also stand to benefit, realizing gains in efficiency, scale and speed. Newly developed companies that leverage the global Internet infrastructure are continuously emerging. Identifying the advantaged business models that are sustainable and supported by strong financial metrics warrant the Investment Adviser's investment consideration.

Internet Portfolio securities will be selected by the Investment Adviser from companies that are engaged in the development of hardware, software and telecommunications solutions that enable the transaction of business on the Internet by individuals and companies engaged in private and commercial use of the Internet as well as companies that offer products and services primarily via the Internet. Accordingly, the Internet Portfolio seeks to invest in the equity securities of companies whose research and development efforts may result in higher stock values. These companies may be large, medium or small in size if, in the Investment Adviser's opinion, they meet the Internet Portfolio's investment criteria. Also, such companies' core business may not be primarily Internet-related. Such companies include, but are not limited to, the following:

- ▶ *Content Developers:* Companies that supply proprietary information and entertainment content, such as games, music, video, graphics and news, on the Internet.
- ▶ *Computer Hardware:* Companies that develop and produce computer and network hardware such as modems, switchers and routers, and those that develop and manufacture workstations and personal communications systems used to access the Internet and provide Internet services.
- ▶ *Computer Software:* Companies that produce, manufacture and develop tools to access the Internet, enable Internet users to enhance the speed, integrity and storage of data on the Internet, facilitate information distribution and gathering on the Internet, and secure Internet-based transactions.
- ▶ *Venture Capital:* Companies that invest in pre-IPO and start-up stage companies with business models related to the Internet.
- ▶ *Internet Service Providers:* Companies that provide users with access to the Internet.
- ▶ *Internet Portals:* Companies that provide users with search-engine services to access various sites by category on the Internet.
- ▶ *Wireless/Broadband Access:* Companies that provide the infrastructure to enable high-speed and wireless communication of data via the Internet.
- ▶ *E-Commerce:* Companies that derive a substantial portion of their revenue from sales of products and services conducted via the Internet.
- ▶ *Telecommunications:* Companies that are primarily engaged in the development of the telecommunications transmission lines and software technologies that enhance the reach and bandwidth of Internet users.
- ▶ *Other Companies:* Companies whose core business may not be primarily Internet-related include, but are not limited to, publishing and media companies.

The Internet Portfolio may invest up to 20% of its assets in high quality, U.S. short-term debt securities and money market instruments to maintain liquidity. Some of these short-term instruments include commercial paper, certificates of deposit, demand and time deposits and banker's acceptances, U.S. Government securities (*i.e.*, U.S. Treasury obligations) and repurchase agreements.



### Temporary Investments

To respond to adverse market, economic, political or other conditions, which may persist for extended periods of time, the Internet Portfolio may invest up to 100% of its assets in the types of high quality, U.S. short-term debt securities and money market instruments described above. To the extent that the Internet Portfolio engages in a temporary defensive strategy, particularly for prolonged periods of time, the Internet Portfolio, and therefore the Internet Fund, may not achieve its investment objective.

### Fund Structure

The Internet Portfolio has an investment objective identical to that of the Internet Fund. The Internet Fund may withdraw its investment from the Internet Portfolio at any time if the Board of Directors of the Company determines that it is in the best interests of the Internet Fund to do so. Upon any such withdrawal, the Directors will consider what action might be taken, including investing all of the Internet Fund's investable assets in another pooled investment entity having substantially the same objective and strategies as the Internet Fund or retaining an investment adviser, including the current Investment Adviser, to manage the Internet Fund's assets directly.

## THE GLOBAL FUND

---

The Global Portfolio securities selected by the Investment Adviser generally will be those of foreign companies that have the ability to facilitate an increase in the growth of their traditional business lines and those of U.S. companies that benefit from international economic growth. An increase in growth may occur by entry into new distribution channels, through an ability to leverage brand identity, and by improvement in the underlying cost/profitability dynamics of the business. Accordingly, the Global Portfolio seeks to invest in the equity securities of companies whose research and development efforts may result in higher stock values. These companies may be large, medium or small in size if, in the Investment Adviser's opinion, the companies meet the Global Portfolio's investment criteria. Such companies include, but are not limited to, the following:

- ▶ *Infrastructure:* Companies that hold equity stakes in or are involved in building, owning or operating infrastructure assets including electric generation and transmission, airports, toll roads, railways, ports, etc.
- ▶ *Energy:* Companies that explore for, finance, produce, market or distribute energy-oriented products and services, including oil and natural gas, coal and alternate energy sources.
- ▶ *Utilities:* Companies and industries such as gas, electric and telephone.
- ▶ *Financial Services:* Companies that engage in financial service transactions such as banking, credit cards and investment services.
- ▶ *Real Estate Development:* Companies that provide commercial real estate property and services.
- ▶ *Business Services:* Companies that provide business-to-business products and services.
- ▶ *Healthcare:* Companies and industries such as pharmaceuticals, healthcare services, contracting services, hospitals, medical devices, medical equipment, etc.
- ▶ *Media:* Companies that provide print, broadcast, cable, satellite and web-based information and entertainment content.
- ▶ *Travel & Leisure:* Companies that provide transportation and recreational services.
- ▶ *Retailers:* Companies that sell retail products and services through traditional stores, catalogues, telemarketing, and web-sites.

The Global Portfolio may also invest in participatory notes. Participatory notes (commonly known as “P-notes”) are derivative instruments used by investors to take positions in certain foreign securities. P-notes are generally issued by the associates of foreign-based foreign brokerages and domestic institutional brokerages. P-notes represent interests in securities listed on certain foreign exchanges, and thus present similar risks to investing directly in such securities. P-notes also expose investors to counterparty risk, which is the risk that the entity issuing the note may not be able to honor its financial commitments.

#### Temporary Investments

To respond to adverse market, economic, political or other conditions, which may persist for extended periods of time, the Global Portfolio may invest up to 100% of its assets in the types of high quality, U.S. short-term debt securities and money market instruments described above. To the extent that the Global Portfolio engages in a temporary defensive strategy, particularly for prolonged periods of time, the Global Portfolio, and therefore the Global Fund, may not achieve its investment objective.

#### Fund Structure

The Global Portfolio has an investment objective identical to that of the Global Fund. The Global Fund may withdraw its investment from the Global Portfolio at any time if the Board of Directors of the Company determines that it is in the best interests of the Global Fund to do so. Upon any such withdrawal, the Directors will consider what action might be taken, including investing all of the Global Fund’s investable assets in another pooled investment entity having substantially the same objective and strategies as the Global Fund or retaining an investment adviser, including the current Investment Adviser, to manage the Global Fund’s assets directly.

### THE PARADIGM FUND

---

The Paradigm Portfolio’s securities will be selected by the Investment Adviser from companies that are engaged in various industries that will facilitate an increase in the growth of traditional business lines, entry into new distribution channels, an ability to leverage brand identity, and an improvement in the underlying cost/profitability dynamics of the business. These companies may be large, medium or small in size if, in the Investment Adviser’s opinion, these companies meet the Paradigm Portfolio’s investment criteria. Accordingly, the Paradigm Portfolio seeks to invest in the equity securities of companies whose research and development efforts may result in higher stock values. Such companies include, but are not limited to, the following:

- ▶ *Retailers*: Companies that sell retail products and services through traditional stores, catalogues, telemarketing, and web-sites.
- ▶ *Media*: Companies that provide print, broadcast, cable, satellite and web-based information and entertainment content.
- ▶ *Financial Services*: Companies that engage in financial service transactions such as banking, credit cards and investment services.
- ▶ *Real Estate Development*: Companies that provide commercial real estate property and services.
- ▶ *Business Services*: Companies that provide business-to-business products and services.
- ▶ *Travel & Leisure*: Companies that provide transportation and recreational services.
- ▶ *Utilities*: Companies and industries such as gas, electric and telephone.

The Paradigm Portfolio may invest up to 35% of its assets in high quality, U.S. short-term debt securities and money market instruments to maintain liquidity. Some of these short-term instruments include

commercial paper, certificates of deposit, demand and time deposits and banker's acceptances, U.S. Government securities (*i.e.*, U.S. Treasury obligations) and repurchase agreements.

### Temporary Investments

To respond to adverse market, economic, political or other conditions, which may persist for extended periods of time, the Paradigm Portfolio may invest up to 100% of its assets in the types of high quality, U.S. short-term debt securities and money market instruments described above. To the extent that the Paradigm Portfolio engages in a temporary defensive strategy, particularly for prolonged periods of time, the Paradigm Portfolio, and therefore the Paradigm Fund, may not achieve its investment objective.

### Fund Structure

The Paradigm Portfolio has an investment objective identical to that of the Paradigm Fund. The Paradigm Fund may withdraw its investment from the Paradigm Portfolio at any time if the Board of Directors of the Company determines that it is in the best interests of the Paradigm Fund to do so. Upon any such withdrawal, the Directors will consider what action might be taken, including investing all of the Paradigm Fund's investable assets in another pooled investment entity having substantially the same objective and strategies as the Paradigm Fund or retaining an investment adviser, including the current Investment Adviser, to manage the Paradigm Fund's assets directly.

## THE MEDICAL FUND

---

The Medical Portfolio's Investment Adviser believes that favorable investment opportunities are available through companies that are developing technology, products, and/or services for cancer research and treatment and related medical activities. Accordingly, the Medical Portfolio seeks to invest in the equity securities of companies whose research and development efforts may result in higher stock values.

Medical Portfolio securities will be selected by the Investment Adviser from companies that are engaged in the medical industry generally, including, among others, companies engaged in cancer research and treatment, biopharmaceutical research and the development of medical instruments for therapeutic purposes. These companies may be large, medium or small in size if, in the Investment Adviser's opinion, the companies meet the Medical Portfolio's investment criteria. Such companies include, but are not limited to, the following:

- ▶ *Pharmaceutical Development:* Companies that develop drugs and medications for the treatment and prevention of cancer and other disease.
- ▶ *Surgical and Medical Instrument Manufacturers and Developers:* Companies that produce, manufacture and develop the tools used by health care providers in the delivery of medical care and procedures for the treatment of cancer and other diseases.
- ▶ *Pharmaceutical Manufacturers:* Companies that primarily engage in the mass production of existing drugs and medicines including drugs and medicines for the treatment of cancer and other diseases.
- ▶ *Biotech & Medical Research:* Companies that primarily research and develop new methods and procedures in the provision of health care related services for the treatment of cancer and other diseases.

The Medical Portfolio may invest up to 20% of its assets in high quality, U.S. short-term debt securities and money market instruments to maintain liquidity. Some of these short-term instruments include commercial paper, certificates of deposit, demand and time deposits and banker's acceptances, U.S. Government securities (*i.e.*, U.S. Treasury obligations) and repurchase agreements.

### Temporary Investments

To respond to adverse market, economic, political or other conditions, which may persist for extended periods of time, the Medical Portfolio may invest up to 100% of its assets in the types of high quality, U.S. short-term debt securities and money market instruments described above. To the extent that the Medical Portfolio engages in a temporary defensive strategy, particularly for prolonged periods of time, the Medical Portfolio, and therefore the Medical Fund, may not achieve its investment objective.

### Fund Structure

The Medical Portfolio has an investment objective identical to that of the Medical Fund. The Medical Fund may withdraw its investment from the Medical Portfolio at any time if the Board of Directors of the Company determines that it is in the best interests of the Medical Fund to do so. Upon any such withdrawal, the Directors will consider what action might be taken, including investing all of the Medical Fund's investable assets in another pooled investment entity having substantially the same objective and strategies as the Medical Fund or retaining an investment adviser, including the current Investment Adviser, to manage the Medical Fund's assets directly.

## THE SMALL CAP OPPORTUNITIES FUND

---

The Small Cap Portfolio's Investment Adviser considers small cap companies to be those with market capitalizations at or below the highest market capitalization of a component security within the S&P 600<sup>®</sup> SmallCap Index. The highest market capitalization of a company within the S&P 600<sup>®</sup> SmallCap Index was approximately \$4.10 billion as of March 31, 2017. The Investment Adviser believes that favorable investment opportunities are available through companies that exhibit a number of the following characteristics: have little or no institutional ownership, have had short-term earnings shortfalls, have had a recent IPO but have not attracted significant analyst coverage, are selling at or below book or replacement value, and have price to earnings ratios that are less than one half of their projected growth rate.

Small Cap Portfolio securities will be selected from companies that are engaged in a number of industries if, in the Investment Adviser's opinion, the companies meet the Small Cap Portfolio's investment criteria. Such companies include, but are not limited to, the following:

- ▶ *Media:* Companies that provide print, broadcast, cable, satellite and web-based information and entertainment content.
- ▶ *Financial Services:* Companies that engage in financial service transactions such as banking, credit cards and investment services.
- ▶ *Retailers:* Companies that sell retail products and services through traditional stores, catalogues, telemarketing, and web-sites.
- ▶ *Manufacturing and Consumer Products:* Companies that manufacture and distribute products to retail outlets.
- ▶ *Utilities:* Companies and industries such as gas, electric and telephone.

The Small Cap Portfolio may invest up to 20% of its assets in high quality, U.S. short-term debt securities and money market instruments to maintain liquidity. Some of these short-term instruments include commercial paper, certificates of deposit, demand and time deposits and banker's acceptances, U.S. Government securities (*i.e.*, U.S. Treasury obligations) and repurchase agreements.

### Temporary Investments

To respond to adverse market, economic, political or other conditions, which may persist for extended periods of time, the Small Cap Portfolio may invest up to 100% of its assets in the types of high quality,

U.S. short-term debt securities and money market instruments described above. To the extent that the Small Cap Portfolio engages in a temporary defensive strategy, particularly for prolonged periods of time, the Small Cap Portfolio, and therefore the Small Cap Fund, may not achieve its investment objective.

### Fund Structure

The Small Cap Portfolio has an investment objective identical to that of the Small Cap Fund. The Small Cap Fund may withdraw its investment from the Small Cap Portfolio at any time if the Board of Directors of the Company determines that it is in the best interests of the Small Cap Fund to do so. Upon any such withdrawal, the Directors will consider what action might be taken, including investing all of the Small Cap Fund's investable assets in another pooled investment entity having substantially the same objective and strategies as the Small Cap Fund or retaining an investment adviser, including the current Investment Adviser, to manage the Small Cap Fund's assets directly.

## THE MARKET OPPORTUNITIES FUND

---

Market Opportunities Portfolio securities will be selected by the Investment Adviser from companies that are engaged in public exchanges, derivative exchanges, capital markets and companies that experience operational scale from increased volume such as investment banks, credit card processing companies, electronic payment companies, publicly traded expressways, airports, roads and railways, or from companies in the gaming industry. These companies may be large, medium or small in size if, in the Investment Adviser's opinion, these companies meet the Market Opportunities Portfolio's investment criteria. The Investment Adviser selects portfolio securities by, among other things, evaluating a company's balance sheets, corporate revenues, earnings and dividends. Such companies include, but are not limited to, the following:

- ▶ *Exchanges*: Companies that are organized as public exchanges where debt and equity securities are traded, including derivative exchanges.
- ▶ *Financial Services*: Companies that engage in financial service transactions relating to capital markets such as banking, credit cards and investment services.
- ▶ *Business Services*: Companies that provide business-to-business products and services involving capital markets or the gaming industry.
- ▶ *Gaming*: Companies engaged in casino entertainment, including casino resorts and other leisure activities.

Other leisure activities are defined as those activities that individuals engage in for entertainment, enjoyment and pleasure, which may take place at casinos. Additionally, a substantial aspect of the operations of gaming companies is the operation of casino resorts, which includes, but is not limited to lodging, amenities and recreational activities.

Although the Market Opportunities Portfolio intends to focus its investments in the capital markets and gaming sectors, the Market Opportunities Portfolio may also purchase the securities of companies such as auction houses and payroll and other processing companies that, due to the fixed costs of their operations, benefit from an increase in the volume of sales/transactions.

The Market Opportunities Portfolio may invest up to 35% of its assets in high quality, U.S. short-term debt securities and money market instruments to maintain liquidity. Some of these short-term instruments include commercial paper, certificates of deposit, demand and time deposits and banker's acceptances, U.S. Government securities (*i.e.*, U.S. Treasury obligations) and repurchase agreements.

### Temporary Investments

To respond to adverse market, economic, political or other conditions, which may persist for extended periods of time, the Market Opportunities Portfolio may invest up to 100% of its assets in the types of high quality, U.S. short-term debt securities and money market instruments described above. To the extent that the Market Opportunities Portfolio engages in a temporary defensive strategy, particularly for prolonged periods of time, the Market Opportunities Portfolio, and therefore the Market Opportunities Fund, may not achieve its investment objective.

### Fund Structure

The Market Opportunities Portfolio has an investment objective identical to that of the Market Opportunities Fund. The Market Opportunities Fund may withdraw its investment from the Market Opportunities Portfolio at any time if the Board of Directors of the Company determines that it is in the best interests of the Market Opportunities Fund to do so. Upon any such withdrawal, the Directors will consider what action might be taken, including investing all of the Market Opportunities Fund's investable assets in another pooled investment entity having substantially the same objective and strategies as the Market Opportunities Fund or retaining an investment adviser, including the current Investment Adviser, to manage the Market Opportunities Fund's assets directly.

## **THE MULTI-DISCIPLINARY INCOME FUND**

---

The Multi-Disciplinary Income Portfolio's option strategy component focuses on the use of options on companies that the Investment Adviser believes have unique business attributes and/or long-term unique fundamental business characteristics. The companies considered by the Investment Adviser for various option strategies undergo a fundamental analysis review by the Investment Adviser's research team, including but not limited to valuation, credit analysis, and earnings quality.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the seller the obligation to buy, the underlying security, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

The put options that the Multi-Disciplinary Income Portfolio writes or purchases on specific underlying equity securities are generally traded on a national securities exchange. By writing put options, the Multi-Disciplinary Income Portfolio receives income in the form of cash premiums from the purchasers of these options in exchange for providing the purchasers with the right to potentially sell an underlying security to the Multi-Disciplinary Income Portfolio. The Multi-Disciplinary Income Portfolio is not expected to make a cash payment if the prevailing market value of the underlying equity securities on an expiration date exceeds the strike price of the put option that the Multi-Disciplinary Income Portfolio has written.

The Multi-Disciplinary Income Portfolio may hold equity securities in limited circumstances. For example, a position will result if put options are exercised against the Multi-Disciplinary Income Portfolio, in connection with a corporate restructuring of an issuer or convertible securities. However, the Multi-Disciplinary Income Portfolio will not invest directly in equity securities.

There are no limitations on the amount that the Multi-Disciplinary Income Portfolio may invest or hold in any single issuer; however, the Multi-Disciplinary Income Portfolio currently intends to limit its investments at the time of purchase to 10% of the Multi-Disciplinary Income Portfolio's assets in any single position.

### Temporary Investments

To respond to adverse market, economic, political or other conditions, which may persist for extended periods of time, the Multi-Disciplinary Income Portfolio may invest up to 100% of its assets in high quality, U.S. short-term debt securities and money market instruments. Some of these short-term instruments include commercial paper, certificates of deposit, demand and time deposits and banker's acceptances, U.S. Government securities (*i.e.*, U.S. Treasury obligations) and repurchase agreements. To the extent that the Multi-Disciplinary Income Portfolio engages in a temporary defensive strategy, particularly for prolonged periods of time, the Multi-Disciplinary Income Portfolio, and therefore the Multi-Disciplinary Income Fund, may not achieve its investment objective.

### Fund Structure

The Multi-Disciplinary Income Portfolio has an investment objective identical to that of the Multi-Disciplinary Income Fund. The Multi-Disciplinary Income Fund may withdraw its investment from the Multi-Disciplinary Income Portfolio at any time if the Board of Directors of the Company determines that it is in the best interests of the Multi-Disciplinary Income Fund to do so. Upon any such withdrawal, the Directors will consider what action might be taken, including investing all of the Multi-Disciplinary Income Fund's investable assets in another pooled investment entity having substantially the same objective and strategies as the Multi-Disciplinary Income Fund or retaining an investment adviser, including the current Investment Adviser, to manage the Multi-Disciplinary Income Fund's assets directly.

### **Additional Information About the Risks of Investing in Each of the Funds**

The principal risks of investing in each Fund are described previously in each Fund's summary section of this Prospectus. This section provides more detail about some of those risks, along with information on additional types of risks that may apply to the Funds.

### Currency Risk – All Funds

Fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively impact an investment. A decline in the value of a foreign currency versus the U.S. dollar reduces the dollar value of securities denominated in that currency. Exchange rate movements can be large and unpredictable and can last for extended periods. Absent other events that could otherwise affect the value of a foreign security (such as a change in the political climate or an issuer's credit quality), appreciation in value of a foreign currency generally can be expected to increase the value of a foreign-currency denominated security in terms of U.S. dollars. An increase in foreign interest rates or a decline in the value of the foreign currency relative to the U.S. dollar generally can be expected to depress the value of a foreign currency-denominated security. Although a Portfolio may invest in securities denominated in foreign currencies, its portfolio securities and other assets are valued in U.S. dollars. Currency exchange rates may fluctuate significantly over short periods of time causing, together with other factors, a Portfolio's net asset value to fluctuate as well. Currency exchange rates generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investments in different countries, actual or anticipated changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates also may be affected unpredictably by the intervention or the failure to intervene by U.S. or foreign governments or central banks, or by currency controls or political developments in the United States or abroad. To the extent that a Portfolio's total assets, adjusted to reflect the Portfolio's net position after giving effect to currency transactions, are denominated in the currencies of foreign countries, the Portfolio will be more susceptible to the risk of adverse economic and political developments within those countries. The Portfolios investing in foreign securities are all subject to the possible imposition of exchange control regulations or freezes on convertibility of currency.

### Derivatives Risk – All Funds

Each Portfolio may invest in derivatives such as options. The successful use of these investment practices depends on the Investment Adviser's ability to forecast stock price movements correctly. Should stock prices move unexpectedly, a Portfolio may not achieve the anticipated benefits of the transactions, or may realize losses, and thus be in a worse position than if such strategies had not been used. Unlike many exchange-traded options, there are no daily price fluctuation limits for certain options, and adverse market movements could therefore continue for an unlimited extent over a period of time. In addition, the correlation between movements in the prices of options and movements in the prices of the securities hedged or used for cover will not be perfect and could produce unanticipated losses.

A Portfolio's ability to dispose of its positions in options, depends on the availability of liquid markets in such instruments. Markets in options with respect to a number of types of securities are relatively new and still developing. It is impossible to predict the amount of trading interest that may exist in various types of options. If a secondary market does not exist for an option purchased or written by a Portfolio, it might not be possible to effect a closing transaction in the option (*i.e.*, dispose of the option), with the result that (1) an option purchased by a Portfolio would have to be exercised in order for the Portfolio to realize any profit and (2) a Portfolio may not be able to sell portfolio securities covering an option written by the Portfolio until the option expires or it delivers the underlying security, upon exercise. Therefore, no assurance can be given that a Portfolio will be able to utilize these instruments effectively. In addition, the ability to engage in options transactions may be limited by tax considerations and the use of certain hedging activities may adversely impact the characterization of income to the Portfolio for U.S. federal income tax purposes.

The Paradigm Portfolio may enter into futures contracts in U.S. domestic markets or on exchanges located outside of the U.S. Foreign markets may offer advantages such as trading opportunities or arbitrage possibilities not available in the U.S. Foreign markets, however, may have greater risk potential than domestic markets. For example, some foreign exchanges are principal markets, so that no common clearing facility exists and that an investor may look only to the broker or counter-party for the performance of the contract. Unlike trading on domestic commodity exchanges, trading on foreign commodity exchanges is not regulated by the Commodity Futures Trading Commission.

### Foreign Securities – All Funds

Investing in foreign securities can carry higher returns than those generally associated with U.S. investments. However, foreign securities may be substantially riskier than U.S. investments. The economies of foreign countries may differ from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency, and balance of payments position. Furthermore, the economies of developing countries generally are heavily dependent on international trade and, accordingly, have been, and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protective measures imposed or negotiated by the countries with which they trade. These economies also have been, and may continue to be, adversely affected by economic conditions in the countries with which they trade. A Portfolio may be required to obtain prior governmental approval for foreign investments in some countries under certain circumstances. Governments may require approval to invest in certain issuers or industries deemed sensitive to national interests, and the extent of foreign investment in certain debt securities and companies may be subject to limitation. Individual companies may also limit foreign ownership to prevent, among other things, violation of foreign investment limitations.

Some foreign investments may risk being subject to repatriation controls that could render such securities illiquid. Other countries might undergo nationalization, expropriation, political changes, governmental regulation, social instability or diplomatic developments (including war) that could adversely affect the economies of such countries or the value of the investments in those countries. Additional risks include



currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.

#### Exchange-Traded Funds (ETFs) – All Funds

ETFs are registered investment companies whose shares are listed and traded on U.S. stock exchanges or otherwise traded in the over-the-counter market. In general, passively-managed ETFs seek to track a specified securities index or a basket of securities that an “index provider,” such as Standard & Poor’s, selects as representative of a market, market segment or industry sector. A passively-managed ETF generally holds the same stocks or bonds as the index it tracks or it may hold a representative sample of such securities. Thus, a passively-managed ETF is designed so that its performance will correspond closely with that of the index it tracks. Conversely, actively-managed ETFs seek an investment objective by investing in a basket of securities based on the investment strategy and discretion of the ETF’s adviser. A leveraged ETF will engage in transactions and purchase instruments that give rise to forms of leverage, including, among others, the use of reverse repurchase agreements and other borrowings, the investment of collateral from loans of portfolio securities, the use of when issued, delayed-delivery or forward commitment transactions or short sales. To the extent a fund invests in ETFs that achieve leveraged exposure to their underlying indexes through the use of derivative instruments, the fund will indirectly be subject to leveraging risk. As a shareholder in an ETF, a Portfolio will bear its pro rata portion of an ETF’s expenses, including advisory fees, in addition to its own expenses.

#### Leveraging Risk – All Funds

A Portfolio’s use of derivative instruments will have the economic effect of financial leverage. The use of leverage by the Investment Adviser may increase the volatility of a Portfolio. These leveraged instruments may result in losses to a Portfolio or may adversely affect a Portfolio’s NAV or total return, because instruments that contain leverage are more sensitive to changes in interest rates. A Portfolio may also use borrowed funds to create leverage. Although the use of leverage by a Portfolio may create an opportunity for increased return, it also results in additional risks and can magnify the effect of any losses. If the income and gains earned on the securities and instruments purchased with leverage proceeds are greater than the cost of the leverage, a Portfolio’s return will be greater than if leverage had not been used. Conversely, if the income and gains from the securities and instruments purchased with such proceeds does not cover the cost of leverage, a Portfolio’s return will be less than if leverage had not been used. In the event of a sudden, precipitous drop in value of a Portfolio’s assets, the Portfolio may not be able to liquidate assets quickly enough to pay off its borrowing. Using this investment technique may adversely affect a Portfolio’s NAV or total return.

To limit leverage risk, a Portfolio will segregate assets determined by the Investment Adviser to be liquid in accordance with procedures established by the Board of Trustees, or, when permissible, enter into offsetting transactions, to cover its obligations resulting from its use of derivative instruments. Securities held in a segregated account cannot be sold while the derivative is outstanding, unless they are replaced with other suitable assets. As a result, it is possible that segregating a large percentage of a Portfolio’s assets could impede portfolio management or its ability to meet redemption requests or other current obligations.

#### Other Investment Companies – All Funds

Under Sections 12(d)(1)(A) and (B) of the 1940 Act, each Portfolio may invest only up to 5% of its total assets in the securities of any one investment company (ETF or other mutual fund, including closed-end fund), but may not own more than 3% of the outstanding voting stock of any one investment company or invest more than 10% of its total assets in the securities of other investment companies. However, Section 12(d)(1)(F) of the 1940 Act provides that the provisions of paragraph 12(d)(1) shall not apply to securities purchased or otherwise acquired by a Portfolio if (i) immediately after such purchase or acquisition not more than 3% of the total outstanding stock of such registered investment company is owned by the Fund and all affiliated persons of the Portfolio; and (ii) the Portfolio has not offered or sold after January 1, 1971,

and is not proposing to offer or sell any security issued by it through a principal underwriter or otherwise at a public or offering price, which includes a sales load of more than 1½% percent. An investment company that issues shares to a Portfolio pursuant to paragraph 12(d)(1)(F) shall not be required to redeem its shares in an amount exceeding 1% of such investment company's total outstanding shares in any period of less than thirty days. Each Portfolio (or the Adviser acting on behalf of a Portfolio) must comply with the following voting restrictions: when the Portfolio exercises voting rights, by proxy or otherwise, with respect to investment companies owned by the Portfolio, the Portfolio will either seek instruction from the Portfolio's shareholders with regard to the voting of all proxies and vote in accordance with such instructions, or vote the shares held by the Portfolio in the same proportion as the vote of all other holders of such security. Because other investment companies employ an investment adviser, such investments by each Portfolio may cause shareholders to bear duplicate fees.

Each Portfolio may rely on SEC orders that permit them to invest in certain investment companies beyond the limits contained in the 1940 Act, subject to certain terms and conditions. Generally, these terms and conditions require the Trust's Board of Trustees to approve policies and procedures relating to certain of a Portfolio's investments in investment companies. These policies and procedures require, among other things, that (i) the Investment Adviser conducts a Portfolio's investment in investment companies without regard to any consideration received by the Portfolio or any of its affiliated persons and (ii) the Investment Adviser certifies to the Trust's Board of Trustees quarterly that it has not received any consideration in connection with an investment by a Portfolio in an investment company, or if it has, the amount and purpose of the consideration will be reported to the Trust's Board of Trustees and an equivalent amount of advisory fees shall be waived by the Investment Adviser.

Among other things, each Portfolio may invest in money market mutual funds for cash management purposes by "sweeping" excess cash balances into such funds until the cash is invested or otherwise utilized. A Portfolio will indirectly bear its proportionate share of any management fees and other expenses paid by investment companies in which it invests in addition to the advisory and administration fees paid by the Portfolio.

#### *Risks of Investing in Mutual Funds—All Funds*

All mutual funds carry risks that may cause you to lose money on your investment in one or more of the Funds. In general, the risks associated with the use of the Master/Feeder Fund Structure and the risks associated with your investment in a Fund are substantially identical to the risks associated with a Fund's investment in a Portfolio. The following describes the primary risks to each Fund that invests in its corresponding Portfolio due to each Portfolio's specific investment objective and strategies. As all investment securities are subject to inherent market risks and fluctuations in value due to earnings, economic and political conditions and other factors, no Fund or its corresponding Portfolio can give any assurance that its investment objective will be achieved.

#### *Market Risks—All Funds*

The NAV of each Portfolio will fluctuate based on changes in the value of its underlying portfolio. The stock market is generally susceptible to volatile fluctuations in market price. Market prices of securities in which each Portfolio invests may be adversely affected by an issuer's having experienced losses or lack of earnings, or by the issuer's failure to meet the market's expectations with respect to new products or services, or even by factors wholly unrelated to the value or condition of the issuer. The value of the securities held by each Portfolio is also subject to the risk that a specific segment of the stock market may not perform as well as the overall market. Under any of these circumstances, the value of each Portfolio's shares and total return will fluctuate, and your investment in the corresponding Fund may be worth more or less than your original cost when you redeem your shares.

#### Portfolio Turnover Risks—All Funds

Under certain circumstances a Portfolio may take advantage of short-term trading opportunities without regard to the length of time its securities have been held. This strategy often calls for frequent trading of a Portfolio's securities in order to take advantage of anticipated changes in market conditions. Frequent trading by the Portfolio could increase the rate of its portfolio turnover, which would involve correspondingly greater expenses. Such expenses may include brokerage commissions or dealer mark-ups/mark-downs, as well as other transaction costs on the sale of securities and reinvestments in other securities. Such sales also may result in adverse tax consequences to shareholders. If a Portfolio realizes capital gains when it sells its portfolio investments, the corresponding Fund will realize the capital gains on a flow through basis and will make taxable distributions to shareholders to the extent of the net amount of such capital gains. For more information see the heading "Taxes". The trading costs and tax effects associated with such portfolio turnover may adversely affect a Portfolio's performance under these circumstances, and large movements of assets into and out of a Portfolio may negatively impact such Portfolio's ability to achieve its investment objective or maintain its current level of operating expenses.

#### Internet Industry Concentration Risks—The Internet Fund

The value of the Internet Portfolio's shares will be susceptible to factors affecting the Internet, such as heightened regulatory scrutiny and impending changes in government policies, which may have a material effect on the products and services of this industry. Furthermore, securities of companies in this industry tend to be more volatile than securities of companies in other industries. Competitive pressures and changing demand may have a significant effect on the financial condition of Internet companies. These companies spend heavily on research and development and are especially sensitive to the risk of product obsolescence. The occurrence of any of these factors, individually or collectively, may adversely affect the value of the Internet Portfolio's shares and your investment in the Internet Fund.

#### Medical Research Industry Concentration Risks—The Medical Fund

Medical and pharmaceutical-related companies in general are subject to the rate of change in technology, which is generally higher than that of other industries. Similarly, cancer research-related industries use many products and services of companies engaged in medical and pharmaceutical-related activities and are also subject to relatively high risks of rapid obsolescence caused by progressive scientific and technological advances. Medical research and development is also subject to strict regulatory scrutiny and ongoing legislative action.

#### Securities Lending Risks—All Funds

Each Portfolio may lend its portfolio securities to broker-dealers by entering directly into lending arrangements with such broker-dealers or indirectly through repurchase agreements, amounting to no more than 33 1/3% of the total assets of each Portfolio (including any collateral posted) or 50% of the total assets of each Portfolio (excluding any collateral posted). Cash collateral may be invested by a Portfolio in short-term investments, including repurchase agreements and money market funds that meet the requirements of Rule 2a-7 of the Investment Company Act of 1940, as amended (the "1940 Act"). Repurchase transactions will be fully collateralized at all times with cash and/or short-term debt obligations. These transactions involve some risk to a Portfolio if the other party should default on its obligation and the Portfolio is delayed or prevented from recovering the collateral. In the event that the original seller defaults on its obligation to repurchase, a Portfolio will seek to sell the collateral, which could involve costs or delays. To the extent proceeds from the sale of collateral are less than the repurchase price, each Portfolio would suffer a loss if forced to sell such collateral in this manner. In addition, invested collateral will be subject to market depreciation or appreciation, and a Portfolio will be responsible for any loss that might result from its investment of the collateral.

*Non-Diversification Risks—All Funds except the Alternative Income Fund, the Global Fund and the Multi-Disciplinary Income Fund*

Each Portfolio, except the Alternative Income Fund, the Global Portfolio and the Multi-Disciplinary Income Portfolio, and each Fund, except the Alternative Income Fund, the Global Fund and the Multi-Disciplinary Income Fund, is a non-diversified fund and therefore may be more susceptible to adverse financial, economic or other developments affecting any single issuer, and more susceptible to greater losses because of these developments. In certain instances, the non-diversified funds may hold relatively substantial portions of their assets in the securities of a single issuer.

*Risks of Investment in Small and Medium-Size Companies—All Funds except the Alternative Income Fund and the Multi-Disciplinary Income Fund*

Each Portfolio (other than the Alternative Income Portfolio and the Multi-Disciplinary Income Portfolio) may invest in small or medium-size companies. Accordingly, a Portfolio may be subject to the additional risks associated with investment in companies with small or medium-size capital structures (generally a market capitalization of \$5 billion or less). The market prices of the securities of such companies tend to be more volatile than those of larger companies. Further, these securities tend to trade at a lower volume than those of larger, more established companies. If a Portfolio is heavily invested in these securities and the value of these securities suddenly declines, the NAV of that Portfolio and your investment in a corresponding Fund will be more susceptible to significant losses.

*Portfolio Borrowing Risks—All Funds*

Each Portfolio may leverage its assets, subject to the provisions of the 1940 Act, to fund investment activities or to achieve higher returns. Each Portfolio may borrow money from banks for temporary or emergency purposes in order to meet redemption requests. To reduce its indebtedness, a Portfolio may have to sell a portion of its investments at a time when it may be disadvantageous to do so. In addition, interest paid by a Portfolio on borrowed funds would decrease the net earnings of both that Portfolio and your investment in a corresponding Fund.

*Futures Risks—All Funds*

There are risks associated with these activities, including the following: (1) the success of a hedging strategy may depend on an ability to predict movements in the prices of individual securities, fluctuations in markets and movements in interest rates; (2) there may be an imperfect or no correlation between the changes in market value of the securities held by a Portfolio and the prices of futures; (3) there may not be a liquid secondary market for a futures contract; (4) trading restrictions or limitations may be imposed by an exchange; and (5) government regulations may restrict trading in futures contracts.

*Risks of Investing in Investment Grade Debt Securities and Below Investment Grade Debt Securities—All Funds*

Investments in debt securities pose different risks than investments in equity securities. The value of fixed income securities generally will fall if interest rates rise and generally will rise if interest rates fall. The value of these securities may also fall as a result of other factors such as the performance of the issuer, the market perception of the issuer or general economic conditions. These investments also involve a risk that the issuer may not be able to meet its principal and interest payment obligations. Fixed-income securities having longer maturities involve greater risk of fluctuations in value. The longer the duration of a bond, the more a change in interest rates affects the bond's price. Short-term and long-term interest rates may not move the same amount and may not move in the same direction. It is likely there will be less governmental action in the near future to maintain low interest rates, or that governmental actions will be less effective in maintaining low interest rates. The negative impact on fixed income securities from the resulting rate increases for that and other reasons could be swift and significant, including falling market values and reduced liquidity. Substantial redemptions from bond and other income funds may worsen that impact. Other types of securities also may be adversely affected from an increase in interest rates.

Investments in debt securities rated below investment grade, *i.e.*, junk bonds, and unrated securities of comparable quality are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate or municipal developments, interest rate sensitivity, negative perceptions of the junk bond markets generally and less secondary market liquidity.

*Risks of Credit Default Swap Agreements—The Multi-Disciplinary Income Portfolio*

The Multi-Disciplinary Income Portfolio may enter into credit default swaps. A credit default swap enables an investor to buy or sell protection against a credit event, such as an issuer's failure to make timely payments of interest or principal, bankruptcy or restructuring. The Multi-Disciplinary Income Portfolio may seek to enhance returns by selling protection or attempt to mitigate credit risk by buying protection against the occurrence of a credit event by a specified issuer. The Multi-Disciplinary Income Portfolio may enter into credit default swaps, both directly ("unfunded swaps") and indirectly ("funded swaps") in the form of a swap embedded within a structured note, to protect against the risk that a seller will default, with large well-known Wall Street firms or other firms that pass the Investment Adviser's credit review. Unfunded and funded credit default swaps may refer to a single security or a basket of securities. The Multi-Disciplinary Income Portfolio may engage in credit default swap transactions for the purpose of hedging the Portfolio against anticipated market trends or to enhance the value of the Portfolio through the anticipated capital appreciation of the swap investment. In no event will the Multi-Disciplinary Income Portfolio's use of credit default swaps exceed the Portfolio's limits as it relates to leverage or directional exposure.

If the Multi-Disciplinary Income Portfolio buys credit protection using a credit default swap and a credit event occurs, the Portfolio will deliver the defaulted bonds underlying the swap and the swap counterparty will pay the par amount of the bonds. If the Multi-Disciplinary Income Portfolio sells credit protection using a credit default swap and a credit event occurs, the Portfolio will pay the par amount of the defaulted bonds underlying the swap and the swap counterparty will deliver the bonds. If the swap is on a basket of securities, the notional amount of the swap is reduced by the par amount of the defaulted bonds, and the fixed payments are then made on the reduced notional amount. If the Multi-Disciplinary Income Portfolio buys protection on a corporate issue, the Portfolio must own that corporate issue. However, if the Multi-Disciplinary Income Portfolio buys protection on sovereign debt, the Portfolio may own either: (i) the reference obligation, (ii) any sovereign debt of that foreign country, or (iii) sovereign debt of any country that the Investment Adviser determines is closely correlated as an inexact bona fide hedge.

Risks of credit default swaps include counterparty credit risk (if the counterparty fails to meet its obligations) and the risk that the Multi-Disciplinary Income Portfolio will not properly assess the cost of the instrument based on the lack of transparency in the market. If the Multi-Disciplinary Income Portfolio is selling credit protection, there is a risk that a credit event will occur and that the Portfolio will have to pay par value on defaulted bonds. If the Multi-Disciplinary Income Portfolio is buying credit protection, there is a risk that no credit event will occur and the Portfolio will receive no benefit for the premium paid. In addition, if the Multi-Disciplinary Income Portfolio is buying credit protection and a credit event does occur, there is a risk when the Portfolio does not own the underlying security, that the Portfolio will have difficulty acquiring the bond on the open market and may receive adverse pricing.

In addition to the risks applicable to derivatives generally, credit default swaps involve special risks because they are difficult to value, are highly susceptible to liquidity and credit risk, and generally pay a return to the party that has paid the premium only in the event of an actual default by the issuer of the underlying obligation (as opposed to a credit downgrade or other indication of financial difficulty). The use of credit default swaps may be limited by the Portfolio's limitations on illiquid investments.

*Risks of Swap Transactions (Interest Rate, Total Rate of Return, and Currency—The Alternative Income Portfolio and the Multi-Disciplinary Income Portfolio*

The Alternative Income Portfolio and the Multi-Disciplinary Income Portfolio may enter into swap transactions and transactions involving interest rate floors, caps and collars for hedging purposes or to seek to increase total return. These instruments are privately negotiated over-the-counter derivative products. A great deal of flexibility is possible in the way these instruments are structured. Interest rate swaps involve the exchange by the Alternative Income Portfolio or the Multi-Disciplinary Income Portfolio with another party of their respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. The purchase of an interest rate floor or cap entitles the purchaser to receive payments of interest on a notional principal amount from the seller, to the extent the specified index falls below (floor) or exceeds (cap) a predetermined interest rate. An interest rate collar is a combination of a cap and a floor that preserves a certain return within a predetermined range of interest rates. Total rate of return swaps are contracts that obligate a party to pay or receive interest in exchange for the payment by the other party of the total return generated by a security, a basket of securities, an index or an index component. The Alternative Income Portfolio and the Multi-Disciplinary Income Portfolio also may enter into currency swaps, which involve the exchange of the rights of a Portfolio and another party to make or receive payments in specific currencies.

Some transactions, such as interest rate swaps and total rate of return swaps, are entered into on a net basis, *i.e.*, the two payment streams are netted out, with the Alternative Income Portfolio and the Multi-Disciplinary Income Portfolio receiving or paying, as the case may be, only the net amount of the two payments. If the other party to such a transaction defaults, the Alternative Income Portfolio and the Multi-Disciplinary Income Portfolio's risk of loss consists of the net amount of payments that the Alternative Income Portfolio or the Multi-Disciplinary Income Portfolio is contractually entitled to receive, if any. In contrast, other transactions involve the payment of the gross amount owed. For example, currency swaps usually involve the delivery of the entire principal amount of one designated currency in exchange for the other designated currency. Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations. To the extent that the amount payable by the Alternative Income Portfolio or the Multi-Disciplinary Income Portfolio under a swap or an interest rate floor, cap or collar is covered by segregated cash or liquid assets, the Alternative Income Portfolio, the Multi-Disciplinary Income Portfolio and the Investment Adviser believe that transactions do not constitute senior securities under the 1940 Act and, accordingly, will not treat them as being subject to the Alternative Income Portfolio or the Multi-Disciplinary Income Portfolio's borrowing restrictions.

The Alternative Income Portfolio and the Multi-Disciplinary Income Portfolio will not enter into a total rate of return, currency or interest rate swap or interest rate floor, cap or collar transaction unless the unsecured commercial paper, senior debt or the claims-paying ability of the other party thereto is rated either A or A-1 or better by S&P or Fitch, or A or Prime-1 or better by Moody's or a comparable rating from another organization that is recognized as a nationally recognized statistical rating organization (NRSRO) or, if unrated by such rating organization, is determined to be of comparable quality by the Investment Adviser. If there is a default by the other party to such transaction, the Alternative Income Portfolio and the Multi-Disciplinary Income Portfolio will have contractual remedies pursuant to the agreements related to the transaction. The use of interest rate, total rate of return, and currency swaps, as well as interest rate caps, floors and collars, is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Investment Adviser is incorrect in its forecast of market values, interest rates and currency exchange rates, the investment performance of the Alternative Income Portfolio and the Multi-Disciplinary Income Portfolio would be less favorable than it would have been if this investment technique were not used. To the extent swap transactions are not deemed liquid, swap transactions are limited to 15% of total assets (together with other illiquid securities).

### IPO Risk—Small Cap Fund

IPO share prices can be volatile and fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, a limited number of shares available for trading and limited operating history and/or information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to market risk and liquidity risk. In addition, the limited number of shares available for trading in some IPOs may also make it more difficult for the Fund to buy or sell significant amounts of those shares without an unfavorable impact on the prevailing prices. In addition, some companies initially offering their shares publicly are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of the companies involved in new industries may be regarded as developmental stage companies, without revenues or operating income or the near-term prospects of them. Many IPOs are by small- or micro-cap companies that are undercapitalized.

### **Portfolio Holdings Information**

A description of the Portfolios' policies and procedures with respect to the disclosure of their portfolio securities is available in the Funds' SAI. Currently, disclosure of the Portfolios' holdings is required to be made quarterly within 60 days of the end of each fiscal quarter in the annual report and semi-annual report to Fund shareholders and in the quarterly holdings report on Form N-Q (first and third quarters). The annual and semi-annual reports are available by contacting Kinetics Mutual Funds, Inc., c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701 or calling 1-800-930-3828. In addition, the Company may publish on its webpage ([www.kineticsfunds.com](http://www.kineticsfunds.com)) month-end (a) top twenty portfolio holdings of each Portfolio and the percentage that each holding represents of the Portfolio's net assets, (b) top five performing and bottom five performing portfolio holdings of each Portfolio, and (c) for Portfolios that primarily invest in derivatives, cash and fixed income instruments, the top ten (10) derivative and top ten (10) fixed income holdings, along with their respective percentage of net assets in each Portfolio, in all cases no earlier than twenty calendar days after the end of each calendar quarter. This information will be available on the website until the date on which a Fund files its next quarterly portfolio holdings report on Form N-CSR or Form N-Q with the SEC or until the next month in which portfolio holdings are posted in accordance with the above policy.

### **Management of the Funds and the Portfolios**

#### Investment Adviser

Each Portfolio's investment adviser is Kinetics Asset Management LLC ("Kinetics" or the "Investment Adviser"), 470 Park Avenue South New York, New York 10016. Founded in 1996, the Investment Adviser provides investment advisory services to a family of eight mutual funds with discretionary management authority over approximately \$1.708 billion in assets as of March 31, 2017. The Investment Adviser is a wholly-owned subsidiary of Horizon Kinetics LLC.

The Investment Adviser conducts investment research and supervision for each Portfolio and is responsible for the purchase and sale of securities for each Portfolio. The Investment Adviser is entitled to receive an annual fee from each Portfolio, other than the Alternative Income Portfolio, for its services of 1.25% of each Portfolio's average daily net assets. The Investment Adviser is entitled to receive an annual fee from the Alternative Income Portfolio for its services of 0.90% of the Portfolio's average daily net assets. However, as a result of fee waivers for certain Funds, the advisory fees paid to the Investment Adviser for the fiscal year ended December 31, 2016, were as follows:

	<u>Advisory Fees</u> <u>(as a percentage of average net assets)</u>
Alternative Income Fund	0.07%
Internet Fund	1.25%

	<u>Advisory Fees</u> (as a percentage of average net assets)
Global Fund	0.00%
Paradigm Fund	1.14%
Medical Fund	0.56%
Small Cap Opportunities Fund	1.13%
Market Opportunities Fund	0.92%
Multi-Disciplinary Income Fund	0.89%

Horizon Asset Management LLC (“Horizon”), a wholly-owned subsidiary of Horizon Kinetics LLC, is a registered investment adviser with discretionary management authority over approximately \$3.446 billion as of March 31, 2017.

A discussion regarding the basis of the Kinetics Portfolio Trust’s (the “Trust”) Board of Trustees’ approval of the investment advisory agreement for each Portfolio is available in the Company’s semi-annual report to shareholders for the period ended June 30, 2016.

Kinetics, as the Investment Adviser to each Portfolio is engaged in a broad range of portfolio management, portfolio advisory and other business activities. Their services are not exclusive to the Portfolios and nothing prevents them, or any affiliates, from providing similar services to other investment funds and other clients (whether or not their investment objectives, strategies, or criteria are similar to those of a Portfolio) or from engaging in other activities.

Members of the Investment Team

Murray Stahl is the Chief Investment Officer for Horizon Kinetics LLC, the parent company to the Investment Adviser and Horizon, and generally oversees the management of each Portfolio’s investment team. The following persons are members of an investment team: Peter B. Doyle, Murray Stahl, Steven Bregman, B. Paul Abel, Steven Tuen, James Davolos, Matthew Houk, and Eric Sites. Each person’s role varies from Portfolio to Portfolio as indicated in the table below. Each investment team member is an employee of the Investment Adviser.

The Portfolio Manager(s) of a Portfolio are responsible for the day-to-day management of the applicable Portfolio. Each investment team member serves as a research analyst. While the investment team discusses investment ideas and overall portfolio structure, the final buy/sell decision for a particular security resides with the Portfolio’s Portfolio Manager(s).



	The Alternative Income Portfolio	The Internet Portfolio	The Global Portfolio	The Paradigm Portfolio	The Medical Portfolio	The Small Cap Opportunities Portfolio	The Market Opportunities Portfolio	The Multi-Disciplinary Income Portfolio
<b>Peter B. Doyle</b>	Investment Team Member	Co-Portfolio Manager	Investment Team Member	Co-Portfolio Manager	Investment Team Member	Co-Portfolio Manager	Co-Portfolio Manager	Investment Team Member
<b>B. Paul. Abel</b>	N/A	N/A	N/A	N/A	Portfolio Manager	N/A	N/A	N/A
<b>Steven Tuen</b>	Investment Team Member	Investment Team Member	Co-Portfolio Manager	N/A	N/A	N/A	N/A	Investment Team Member
<b>Murray Stahl</b>	Co-Portfolio Manager	Co-Portfolio Manager	Co-Portfolio Manager	Co-Portfolio Manager	N/A	Co-Portfolio Manager	Co-Portfolio Manager	Co-Portfolio Manager
<b>Steven Bregman</b>	Investment Team Member	Investment Team Member	Investment Team Member	Co-Portfolio Manager	N/A	Investment Team Member	Investment Team Member	Investment Team Member
<b>James Davolos</b>	Investment Team Member	Co-Portfolio Manager	Investment Team Member	Investment Team Member	N/A	Investment Team Member	Investment Team Member	N/A
<b>Matthew Houk</b>	Co-Portfolio Manager	N/A	N/A	N/A	N/A	Co-Portfolio Manager	N/A	Co-Portfolio Manager
<b>Eric Sites</b>	N/A	N/A	N/A	N/A	N/A	N/A	Investment Team Member	N/A

Peter B. Doyle is the Chairman of the Board of the Company. In 1994, he co-founded Horizon, an affiliate of the Investment Adviser since May 2011. In 1996, Mr. Doyle co-founded the Investment Adviser. From 1999 through 2011, Mr. Doyle was a dual employee of both the Investment Adviser and Horizon.

Murray Stahl is the Chief Investment Officer and has been a Portfolio Manager for the Portfolios since 2000. In 1994, he co-founded Horizon and currently serves as Chairman and Chief Investment Officer for Horizon Kinetics, the parent company to the Investment Adviser and Horizon. From 2000 through 2011, Mr. Stahl was a dual employee of both the Investment Adviser and Horizon.

B. Paul Abel joined the Investment Adviser in 1999 as a Portfolio Manager, and currently serves in the same capacity for The Medical Portfolio. He also serves as a Portfolio Manager for private funds managed by an affiliate of the Investment Adviser.

Steven Tuen joined the Investment Adviser in 1999 as a research analyst. He joined Horizon in 1996, also as a research analyst, and between 1999 and 2011 was a dual employee of both the Investment Adviser and Horizon.

James Davolos joined the Investment Adviser as an analyst in 2005, and is now a Portfolio Manager focusing on, among other things, emerging markets.

Matthew Houk joined the Investment Adviser in 2011 and began serving as a Portfolio Manager in 2012. Previously, he was a research analyst at Horizon, beginning in 2008. Prior to Horizon, Mr. Houk held various positions at Goldman, Sachs & Co.

Eric Sites has been an Investment Team Member for the Company since 2013. He joined Horizon in 2004 as a research analyst and Portfolio Manager.

Steven Bregman is a Portfolio Manager for the Portfolios since 2017. In 1994, he co-founded Horizon and currently serves as President and Director of Research for Horizon Kinetics, the parent company to the Investment Adviser and Horizon.

The SAI provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Funds.

### Valuation of Fund Shares

Shares of each Fund's No Load Class are sold at NAV per share, which is determined by each Fund as of the close of regular trading (generally 4:00 p.m. Eastern Time) on each day that the New York Stock Exchange (the "Exchange") is open for unrestricted business. Purchase and redemption requests are priced at the next NAV per share calculated after receipt and acceptance of a completed purchase or redemption request. The NAV for each Class of shares of each Fund is determined by dividing the value of the Fund's securities, cash and other assets attributable to that Class, minus all expenses and liabilities attributable to that Class, by the number of shares outstanding of that Class. The NAV for a Class of shares of a Fund takes into account the expenses and fees of that Class, including management, administration, distribution and shareholder servicing fees, which are accrued daily. The NAV of each Portfolio is calculated at the same time and generally in the same manner (*i.e.*, assets-liabilities/ # of shares = NAV per share) as those of each corresponding Fund's Classes.

Each Portfolio's equity securities are valued each day at the last quoted market sale price on the securities' principal exchange. If there is no sales price, a security is valued at the last reported bid price. Securities listed on the Nasdaq Stock Market, Inc., however, are valued using the Nasdaq Official Closing Price ("NOCP"), and if no NOCP is available, then at the last reported bid price. If market quotations are not readily available or if events occur that may significantly affect the value of a particular security between the time trading ends on a particular security and the close of regular trading on the Exchange, securities will be valued at their fair market value as determined in good faith in accordance with procedures approved by the Trust Board of Trustees and the Company's Board of Directors. Situations involving significant events may include those where: a security's trading has been halted or suspended; the security has been de-listed from a national exchange; or the security has not been traded for an extended period of time. In addition, the prices of foreign securities may be affected by events that occur after the close of a foreign market but before a Portfolio prices its shares. See "Trading in Foreign Securities." Each Portfolio may use independent pricing services to assist in calculating the NAV per share of such Portfolio.

Futures, options on futures and swap contracts that are listed or traded on a national securities exchange, commodities exchange, contract market or over-the-counter markets and that are freely transferable will be valued at the composite price, using the National Best Bid and Offer quotes ("NBBO"). NBBO consists of the highest bid price and lowest ask price across any of the exchanges on which an option is quoted thus providing a view across the entire U.S. options marketplace. Composite option pricing calculates the mean of the highest bid price and lowest ask price across the exchanges where the option is traded. If a composite price is not available, then a quote provided by one of the authorized pricing vendors. If neither a composite price or quote from an authorized pricing provider is available, and it is the day of expiration or post-expiration, expiring options will be priced at intrinsic value. Non-exchange traded options also will be valued at the mean between the last bid and asked quotations. Securities that have no public market and all other assets of a Portfolio are considered at such value as the Investment Adviser may determine in good faith, in accordance with a Portfolio's valuation procedures as approved by the Trust's Board of Trustees and the Company's Board of Directors.

A Portfolio's debt obligations (including convertible securities) that are either investment grade or non-investment grade and irrespective of days to maturity are valued at evaluated mean by one of the authorized third party pricing agents which rely on various valuation methodologies such as matrix pricing and other analytical pricing models as well as market transactions and dealer quotations. Certain instruments such as repurchase agreements, demand notes, and money market mutual funds are traded at cost and there are no market values available for those instruments from third parties. Those instruments are priced at cost. Debt

securities that are not priced by an independent third party pricing agent shall be valued (a) at the last sale price if such last sale occurred within the previous five business days, and (b) if there was no sale price during the previous five business days, at the average of the bids, or the sole bid if there is only one. Debt securities and other securities which, in the judgment of the Investment Adviser, do not properly represent the value of a security will be valued at their fair market value as determined in good faith in accordance with procedures approved by the Trust's Board of Trustees and the Company's Board of Directors.

Fair valuation of securities introduces an element of subjectivity to the pricing of securities. As a result, the price of a security determined through fair valuation techniques may differ from the price quoted or published by other sources and may not accurately reflect the market value of the security when trading resumes. If a reliable market quotation becomes available for a security formerly valued through fair valuation techniques, the Investment Adviser compares the new market quotation to the fair value price to evaluate the effectiveness of the Portfolios' fair valuation procedures.

### Trading in Foreign Securities

Trading in foreign securities may be completed at times when the Exchange is closed. In computing the NAV per share of each Fund and each corresponding Portfolio, the value of a foreign security is determined as of the close of trading on the foreign exchange on which it is principally traded or as of the scheduled close of trading on the Exchange, whichever is earlier, at the closing sales prices provided by approved pricing services or other alternate sources. In the absence of sales, the last available closing bid will be used. Securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of the Trust's Board of Trustees and the Company's Board of Directors. Values of foreign securities are translated from the local currency into U.S. dollars on the basis of the foreign currency exchange rates, as provided by an independent pricing service or reporting agency, generally prior to the close of the Exchange. Occasionally, events affecting the value of foreign securities and such exchange rates occur between the time at which they are determined and the close of the Exchange, which events would not be reflected in the computation of a Portfolio's NAV. If events materially affecting the value of such securities or currency exchange rates occur during such time period, the securities will be valued at their fair value as determined in good faith by or under the direction of the Trust's Board of Trustees and the Company's Board of Directors, as applicable.

## How to Purchase Shares

### In General

No Load Class shares of each Fund are sold at NAV, and will be credited to a shareholder's account at the NAV per share next computed after an order and payment is received. The minimum initial investment for both regular accounts and individual retirement accounts is \$2,500 (\$2,000 for Coverdell Education Savings Accounts). There is no minimum on subsequent investments for all account types. The Company reserves the right to vary or waive any minimum investment requirement. Each Fund reserves the right to reject any purchase order if, in its opinion, it is in the Fund's best interest to do so. A service fee of \$25 will be deducted from a shareholder's Fund account, in addition to any loss sustained by the Fund, for any purchases that do not clear. Your order will not be accepted until a completed New Account Application is received by the Funds or their transfer agent, U.S. Bancorp Fund Services, LLC (in such capacity, the "Transfer Agent").

### Investing by Telephone

If you have accepted the Telephone and Internet Options on the No Load Class New Account Application (the "Application") and your account has been open for 15 days, you may purchase additional shares by telephoning a Fund toll free at 1-800-930-3828. This option allows investors to move money from their bank account to their Fund account upon request. Only bank accounts held at domestic institutions that are

Automated Clearing House (“ACH”) members may be used for telephone transactions. Your purchase will take place at the NAV per share determined on the day your order is placed, provided that your order is received prior to 4:00 p.m. Eastern Time.

During periods of high market activity, you may encounter higher than usual wait times. Please allow sufficient time to ensure that you will be able to complete your telephone transaction prior to market close. Once a telephone transaction has been placed, it cannot be canceled or modified after the close of regular trading on the NYSE (generally, 4:00 p.m., Eastern time).

There is no minimum on telephone purchases. You may not make your initial purchase of a Fund’s shares by telephone.

Automatic Investment Plan

Once an account has been established, you may purchase shares of a Fund through an Automatic Investment Plan (“AIP”). You can have money automatically transferred from your checking, savings or bank money market account on a monthly basis. There is no minimum purchase amount in order to participate in the AIP.

To be eligible for the AIP, your bank must be a domestic institution that is an ACH member. If your bank rejects your payment, the Transfer Agent will charge a \$25 fee to your account. To begin participating in the AIP, please complete the AIP section on the Application or call the Transfer Agent at 1-800-930-3828 with any questions. The first AIP purchase will take place no earlier than 15 days after the Transfer Agent has received your request. Any request to change or terminate your AIP should be submitted to the Transfer Agent 5 days prior to the desired effective date of such change or termination. The Funds may modify or terminate the AIP at any time.

Purchase By Mail

To purchase a Fund’s shares by mail, simply complete and sign the Application and mail it, along with a check made payable to [NAME OF FUND], c/o Kinetics Mutual Funds, Inc., to:

Regular Mail

*Kinetics Mutual Funds, Inc.*  
[NAME OF FUND]  
c/o U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, WI 53201-0701

Overnight or Express Mail

*Kinetics Mutual Funds, Inc.*  
[NAME OF FUND]  
c/o U.S. Bancorp Fund Services, LLC  
615 East Michigan Street, 3rd Floor  
Milwaukee, WI 53202

The Funds do not consider the U.S. Postal Service or other independent delivery services to be its agents. Therefore, deposit in the mail or with such services, or receipt at U.S. Bancorp Fund Services, LLC post office box, of purchase orders or redemption requests does not constitute receipt by the transfer agent of the Fund. Receipt of purchase orders or redemption requests is based on when the order is received at the Transfer Agent’s offices.

All purchases by check must be in U.S. dollars drawn on a bank located within the United States. The Funds will not accept payment in cash or money orders. To prevent check fraud, the Funds will not accept third party checks, Treasury checks, credit card checks, traveler’s checks or starter checks for the purchase of shares. The Funds are unable to accept post-dated checks or any conditional order or payment.

### Purchase By Wire

To open an account by wire, a completed Application is required before your wire can be accepted. You can mail or overnight deliver your Application to the Transfer Agent at the above address. Upon receipt of your completed Application, an account will be established for you. You will need to provide the assigned account number to your bank when instructing it to wire the funds. Your bank must include along with the wire the name of the Fund, the account number and your name so that monies can be correctly applied. To ensure proper application of wired funds, please call 1-800-930-3828 to notify the applicable Fund that the wire is coming. Wired funds must be received prior to 4:00 p.m. Eastern Time to be eligible for same day pricing. The Fund is not responsible for delays resulting from the banking or Federal Reserve wire system. Please use the following wiring instructions:

Wire to: U.S. Bank N.A.  
● ABA Number: 075000022  
● Credit: U.S. Bancorp Fund Services, LLC  
● Account: 112-952-137  
● Further Credit: Kinetics Mutual Funds, Inc.  
[NAME OF FUND]  
(Shareholder Name/Account Registration)  
(Shareholder Account Number)

### Subsequent Investments

You may add to your account at any time by purchasing shares by mail, by telephone, or by wire. You may also purchase additional shares on-line if you have established an on-line account. To purchase by mail, submit your check with the remittance form attached to your individual account statement. To purchase by telephone, call 1-800-930-3828 prior to 4:00 p.m. Eastern Time to place your order. To ensure proper application of wired funds, please call 1-800-930-3828 to notify the Fund that the wire is coming. All purchase requests must include your shareholder account number.

### Individual Retirement Accounts

You may invest in any Fund by establishing a tax-sheltered IRA. Each Fund offers Traditional IRA, Roth IRA, SEP IRA, SIMPLE IRA, and Coverdell Education Savings Accounts. For additional information on IRA options, please call 1-800-930-3828.

### Investing Through Brokers or Agents

You may invest in each Fund through brokers or agents who have entered into selling agreements with the Funds' distributor. The broker or agent may set their own initial and subsequent investment minimums. You may be charged a fee if you use a broker or agent to buy or redeem shares of a Fund.

## **How to Redeem Shares**

### In General

You may redeem part or all of your shares of a Fund on any business day that the Fund calculates its NAV per share. To redeem shares, you must contact the Fund in which you are invested either by mail or by phone to place a redemption order. Redemption requests may also be placed on-line if you have established an on-line account. You should request your redemption prior to market close to obtain that day's closing NAV. Redemption requests received after the close of the Exchange will be treated as though received on the next business day.

Each Fund will generally send redemption proceeds the next business day and, in any event, no later than seven days after the receipt of a redemption request in "good order" (see below). Please note, however, that when a purchase order has been made by check or electronic funds transfer through the ACH network,

a Fund will not be able to send your redemption proceeds until the purchase amount has cleared. This may take up to 12 calendar days.

Redemption proceeds may be sent to the address of record, wired to a shareholder's bank account of record, or sent via electronic funds transfer through the ACH network to the shareholder's bank account of record. Wires are subject to a \$15 fee paid by the investor, but the investor does not incur any charge when proceeds are sent via the ACH system. If the redemption proceeds are requested to be sent to an address other than the address of record, or if the address of record has been changed within 15 days of the redemption request, the request must be in writing with your signature guaranteed. Signature guarantees can be obtained from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings association, as well as from participants in the New York Stock Exchange Medallion Signature Program and the Securities Transfer Agents Medallion Program ("STAMP"), *but not from a notary public*. The Funds will not be responsible for interest lost on redemption amounts due to lost or misdirected mail.

A signature guarantee, from either a Medallion program member or a non-Medallion program member, of each owner is required in the following situations:

- If you are requesting a change in account ownership;
- When redemption proceeds are payable or sent to any person, address or bank account not on record;
- Written requests to wire redemption proceeds (if not previously authorized on the account); and
- If a change of address request was received by the Transfer Agent within the last 15 calendar days.

Non-financial transactions, including establishing or modifying certain services on an account, may require a signature guarantee, signature verification from a Signature Validation Program member, or other acceptable form of authentication from a financial institution source. In addition to the situations described above, the Fund(s) and/or the Transfer Agent reserve the right at their discretion to require a signature guarantee or signature validation in other circumstances. The Fund(s) reserve the right to waive any signature guarantee requirement at its/their discretion.

#### Written Redemption

You can execute most redemptions by furnishing an unconditional written request to a Fund in which you are invested to redeem your shares at the current NAV per share. Redemption requests in writing should be sent to the Transfer Agent at:

#### **Regular Mail**

*Kinetics Mutual Funds, Inc.*  
*[NAME OF FUND]*  
c/o U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, WI 53201-0701

#### **Overnight or Express Mail**

*Kinetics Mutual Funds, Inc.*  
*[NAME OF FUND]*  
c/o U.S. Bancorp Fund Services, LLC  
615 East Michigan Street, 3rd Floor  
Milwaukee, WI 53202

The Funds do not consider the U.S. Postal Service or other independent delivery services to be its agents. Therefore, deposit in the mail or with such services, or receipt at U.S. Bancorp Fund Services, LLC post office box, of purchase orders or redemption requests does not constitute receipt by the transfer agent of the Fund. Receipt of purchase orders or redemption requests is based on when the order is received at the Transfer Agent's offices.

Requests for redemption in “good order” must:

- ▶ indicate the name of the Fund;
- ▶ be signed exactly as the shares are registered, including the signature of each owner (including a signature guarantee when required);
- ▶ specify the number of shares or dollar amount to be redeemed; and
- ▶ indicate your account registration number.

### Telephone Redemption

If you are authorized to perform telephone transactions (either through your Application or by subsequent arrangement in writing with a Fund) you may redeem shares in any amount by instructing the Fund in which you are invested by phone at 1-800-930-3828. A signature guarantee or signature validation may be required of all shareholders in order to add or change telephone redemption privileges on an existing account.

Note: Neither the Funds nor any of their service providers will be liable for any loss or expense in acting upon instructions that are reasonably believed to be genuine. To confirm that all telephone instructions are genuine, each Fund will use reasonable procedures, such as requesting:

- ▶ your Fund account number;
- ▶ the name in which your account is registered;
- ▶ the social security or tax identification number under which the account is registered; and
- ▶ the address of the account holder, as stated in the Application.

Note: If an account has more than one owner or authorized person, the Fund will accept telephone instructions from any one owner or authorized person.

During periods of high market activity, you may encounter higher than usual wait times. Please allow sufficient time to ensure that you will be able to complete your telephone transaction prior to market close. If you are unable to contact the Funds by telephone, you may make your redemption request in writing. Once a telephone transaction has been placed, it cannot be canceled or modified.

### Wire Redemption

Wire transfers may be arranged to redeem shares. However, the Transfer Agent charges a \$15 fee per wire redemption against your account for this service. There is no minimum on wire redemptions.

### Systematic Withdrawal Plan

If you own shares with a value of \$10,000 or more, you may participate in the Systematic Withdrawal Plan. The Systematic Withdrawal Plan allows you to make automatic withdrawals from your account at regular intervals (monthly, quarterly or annually). Proceeds can be mailed via check to the address of record, or sent via electronic funds transfer through the ACH system to your bank account if your bank is an ACH system member. If the date you select to have the withdrawal made is a weekend or holiday, the redemption will be made on the next business day. Money will be transferred from your Fund account to the account you chose at the interval you select on the Application. If you expect to purchase additional shares of a Fund, it may not be to your advantage to participate in the Systematic Withdrawal Plan because of the possible adverse tax consequences of making contemporaneous purchases and redemptions. There is no minimum on systematic withdrawals. Any request to change or terminate your Systematic Withdrawal Plan should be submitted to the Transfer Agent five days prior to the next scheduled withdrawal.

### The Funds' Right to Redeem an Account

Each Fund reserves the right to redeem the shares of any shareholder, other than a shareholder who is an active participant in the AIP, whose account balance is less than \$1,000, other than as a result of a decline in the NAV of a Fund. Each Fund will provide shareholders with written notice 30 days prior to redeeming the shareholder's account.

### IRA Redemption

If you are an IRA shareholder, you must indicate on your written redemption request whether or not to withhold federal income tax. Requests that do not indicate a preference will be subject to withholding. Shares held in IRA accounts may be redeemed by telephone at 1-800-930-3828. Investors will be asked whether or not to withhold taxes from any distribution.

### Householding

By signing the Application, you acknowledge and consent to the householding (*i.e.*, consolidation of mailings) of regulatory documents such as prospectuses, shareholder reports, proxies, and other similar documents. In an effort to decrease costs, the Funds will reduce the number of duplicate prospectuses and annual and semi-annual reports you receive by sending only one copy of each to those addresses shared by two or more accounts. Call toll-free at 1-800-930-3828 to request individual copies of these documents. The Funds will begin sending individual copies 30 days after receiving your request. This policy does not apply to account statements.

### Shareholder Inactivity/Lost Shareholder

It is important that the Fund maintain a correct address for each investor. An incorrect address may cause an investor's account statements and other mailings to be returned to a Fund. Based upon statutory requirements for returned mail, the Fund will attempt to locate the investor or rightful owner of the account. If the Fund is unable to locate the investor, then they will determine whether the investor's account can legally be considered abandoned. The Fund is legally obligated to escheat (or transfer) abandoned property to the appropriate state's unclaimed property administrator in accordance with statutory requirements. The investor's last known address of record determines which state has jurisdiction. Under certain circumstances, if no activity occurs in an account within a time period specified by state law, your shares in a Fund may be transferred to that state.

### Redemption Fees

The Funds are designed for long-term investors willing to accept the risks associated with a long-term investment. In accordance with policies and procedures adopted by the Board of Directors of the Company, frequent purchases and redemptions of Fund shares are not encouraged but are generally permitted by the Funds. Such purchases and redemptions may have an adverse effect on other Fund shareholders, including, without limitation, the possibility of disrupting portfolio management strategies, increasing brokerage and administrative costs, harming Fund performance and possible dilution of the value of Fund shares held by long-term shareholders. The Company may, in its sole discretion, reject purchase orders when, in the judgment of management, such rejection is in the best interest of a Fund and its shareholders. The Funds assess a 2.00% fee on the redemption or exchange of Fund shares held for 30 days or less from the date of purchase. The fee is paid back to the Fund from which the investor redeemed to help offset any potential transaction costs.

The Funds will use the first-in, first-out method to determine the 30-day holding period. Under this method, the date of the redemption or exchange will be compared to the earliest purchase date of shares held in the account. If this holding period is 30 days or less, the redemption fee will be assessed.



The redemption fee will not apply to any shares purchased through reinvested distributions (dividends and capital gains), or to redemptions made under the Funds' systematic programs, as these transactions are typically de minimis. This fee will also not be assessed to the participants in employer-sponsored retirement plans that are held at the Funds in an omnibus account (such as 401(k), 403(b), 457, Keogh, Profit Sharing Plans, and Money Purchase Pension Plans) or to accounts held under trust agreements at a trust institution held at the Funds in an omnibus account. The redemption fee will also not be assessed to accounts of the Investment Adviser or its affiliates used to capitalize the Funds as such accounts will be used specifically to control the volatility of shareholder subscriptions and redemptions to avoid adverse effects to the Funds. In addition, the Funds are authorized to waive redemption fees for redemptions effected pursuant to asset allocation programs, wrap fee programs, other investment programs offered by financial institutions, and the Company reserves the right to lower or waive any redemption fee. Although frequent purchases and redemptions of Fund shares are generally permitted, the Funds only intend to waive redemption fees for redemptions the Funds reasonably believe do not raise frequent trading or market timing concerns.

The Funds reserve the right to modify or eliminate the redemption fees or waivers at any time and will give shareholders 60 days' prior written notice of any material changes, unless otherwise provided by law. The redemption fee policy may be modified or amended in the future to reflect, among other factors, regulatory requirements mandated by the SEC.

Currently, the Funds are limited in their ability to assess or collect the redemption fee on all shares redeemed by financial intermediaries on behalf of their customers. For example, where a financial intermediary is not able to determine if the redemption fee applies and/or is not able to assess or collect the fee, or does not collect the fee at the time of redemption, a Fund will not receive the redemption fee. If Fund shares are redeemed by a financial intermediary at the direction of its customers, the Fund may not know whether a redemption fee is applicable or the identity of the customer who should be assessed the redemption fee. Due to operational differences, a financial intermediary's methods for tracking and calculating the redemption fee may differ in some respects from that of the Fund. If necessary, the Funds may prohibit additional purchases of Fund shares by a financial intermediary or by certain of the intermediaries' customers.

#### Notice of Customer Verification

In compliance with the USA PATRIOT Act of 2001, please note that the Transfer Agent will verify certain information on your Application as part of the Funds' Anti-Money Laundering Program. As requested on the Application, you should supply your full name, date of birth, social security number and permanent street address. Mailing addresses containing only a P.O. Box will not be accepted. Please contact the Transfer Agent at 1-800-930-3828 if you need additional assistance when completing your Application.

If we do not have a reasonable belief as to the identity of a shareholder, the account will be rejected or you will not be allowed to perform a transaction on the account until such information is received. The Funds also reserve the right to close the account within five business days if clarifying information/documentation is not received.

#### **Exchange Privilege**

If you have accepted the Telephone and Internet Options on the Application, you can exchange your shares in any Fund for shares of the same class of any other Fund offered by the Company, (e.g., No Load Class shares for No Load Class shares). If the exchange is requested via telephone, a \$5 per exchange transaction cost will be assessed. You should carefully read the Prospectus of a Fund before exchanging shares into that Fund. Be advised that exercising the exchange privilege consists of two transactions: a sale of shares in one Fund and the purchase of shares in another Fund. Therefore, an exchange of Fund shares held for 30 days or less may be subject to a 2.00% redemption fee. See "Redemption Fees" above. Further, exchanges

may have certain tax consequences and you could realize short- or long-term capital gains or losses. Exchanges are generally made only between identically registered accounts unless you send written instructions with a signature guarantee requesting otherwise. You should request your exchange prior to market close to obtain that day's closing NAV. Exchange requests received after the close of the Exchange will be treated as though received on the next business day.

Call 1-800-930-3828 to learn more about the other funds or classes offered by the Company and about exercising your exchange privilege.

## **Distributions and Taxes**

### Distributions

Distributions (whether treated for tax purposes as ordinary income or long-term capital gains) to shareholders of each Fund are generally paid in additional shares of the same Class of the Fund in which shareholders are already invested, with no sales charge, based on the NAV per share of that Class as of the close of business on the record date for such distributions. However, you may elect on the Application to receive distributions as follows:

Option 1: To receive income dividends and capital gain distributions in additional Fund shares, or

Option 2: To receive all income dividends and/or capital gain distributions in cash.

You may change your dividend and capital gain distribution election in writing or by calling the Transfer Agent in advance of the next distribution.

Each Fund intends to pay any dividends from investment company taxable income and distributions representing capital gain at least annually, usually in December. Each Fund will advise each shareholder annually of the amounts of dividends from investment company taxable income and of net capital gain distributions reinvested or paid in cash to the shareholder during the calendar year.

If you select Option 2 and the U.S. Postal Service cannot deliver your distribution checks, or if your distribution checks remain uncashed for six months, your distribution checks will be reinvested in your account at the then current NAV of the appropriate Fund and your election will be converted to the purchase of additional shares.

### Taxes

The following is a summary of certain United States tax considerations relevant under current law, which may be subject to change in the future. Except where otherwise indicated, the summary assumes you are a U.S. citizen or resident or otherwise subject to U.S. federal income tax. You should consult your tax adviser for further information regarding federal, state, local and/or foreign tax consequences relevant to your specific situation.

### Fund Distributions

Each Fund has qualified and intends to continue to qualify for federal tax purposes as a regulated investment company and to distribute substantially all of its taxable income, including its net capital gain (the excess of net long-term capital gain over net short-term capital loss). Except as otherwise noted below, you will generally be subject to federal income tax on Fund distributions to you regardless whether they are paid in cash or reinvested in additional shares. Fund distributions attributable to short-term capital gains and net investment income will generally be taxable to you as ordinary income, except as discussed below. It is anticipated that most of the Alternative Income Fund's and the Multi-Disciplinary Income Fund's distributions will be taxable as ordinary income.

Distributions attributable to the net capital gain of a Fund generally are taxable to you as long-term capital gain, regardless of how long you have held your shares. The maximum long-term capital gain rate applicable to individuals, estates and trusts is currently 23.8% (which includes a 3.8% Medicare tax).

Distributions of “qualifying dividends” will also generally be taxable to you at long-term capital gain rates, as long as certain requirements are met. In general, if 95% or more of the gross income of a Fund (other than net capital gain) consists of dividends received from domestic corporations or “qualified” foreign corporations (“qualifying dividends”), then all distributions paid by the Fund to individual shareholders will be taxed at long-term capital gain rates. But if less than 95% of the gross income of a Fund (other than net capital gain) consists of qualifying dividends, then distributions paid by the Fund to individual shareholders will be qualifying dividends only to the extent they are derived from qualifying dividends earned by the Fund. For the lower rates to apply, you must have owned your Fund shares for at least 61 days during the 121-day period beginning on the date that is 60 days before the Fund’s ex-dividend date (and the Fund will need to have met a similar holding period requirement with respect to the shares of the corporation paying the qualifying dividend). The amount of a Fund’s distributions that qualify for this favorable treatment may be reduced as a result of the Fund’s securities lending activities (if any), a high portfolio turnover rate or investments in debt securities or non-qualified foreign corporations.

Distributions from each Fund will generally be taxable to you in the taxable year in which they are paid, with one exception. Distributions declared by a Fund in October, November or December and paid in January of the following year are taxed as though they were paid on December 31. You will be notified annually of the tax status of distributions to you.

A portion of distributions attributable to investments in U.S. corporations paid by a Fund to shareholders who are corporations may also qualify for the dividends-received deduction for corporations, subject to certain holding period requirements and debt financing limitations. The amount of such dividends qualifying for this deduction may, however, be reduced as a result of a Fund’s securities lending activities (if any), by a high portfolio turnover rate or by investments in debt securities.

The Funds may be subject to foreign withholding or other foreign taxes on income or gain from certain foreign securities. If more than 50% of the value of the total assets of a Fund consists of stocks and securities (including debt securities) of foreign corporations at the close of a taxable year, a Fund may elect, for federal income tax purposes, to treat certain foreign taxes paid by it, including generally any withholding and other foreign income taxes, as paid by its shareholders. If a Fund makes this election, the amount of those foreign taxes paid by a Fund will be included in its shareholders’ income pro rata (in addition to taxable distributions actually received by them), and each such shareholder will be entitled either (1) to credit that proportionate amount of taxes against U.S. federal income tax liability as a foreign tax credit or (2) to take that amount as an itemized deduction. If a Fund is not eligible or chooses not to make this election, the Fund will be entitled to deduct any such foreign taxes in computing the amounts it is required to distribute.

You should note that if you purchase shares just before a distribution, the purchase price will reflect the amount of the upcoming distribution, but you will be taxed on the entire amount of the distribution received, even though, as an economic matter, the distribution simply constitutes a return of capital. This adverse tax result is known as “buying into a dividend.”

### *Sales and Exchanges*

You will generally recognize taxable gain or loss for federal income tax purposes on a sale, exchange or redemption of your shares in a Fund, including an exchange of shares pursuant to a Fund’s exchange privilege, based on the difference between your tax basis in the shares and the amount you receive for them.

Generally, you will recognize long-term capital gain or loss if you have held your Fund shares for over twelve months at the time you dispose of them.

Any loss realized on shares held for six months or less will be treated as a long-term capital loss to the extent of any capital gain dividends that were received on the shares. Additionally, any loss realized on a disposition of shares of a Fund may be disallowed under “wash sale” rules to the extent the shares disposed of are replaced with other shares of the same Fund within a period of 61 days beginning 30 days before and ending 30 days after the shares are disposed of, such as pursuant to a dividend reinvestment in shares of the Fund. If disallowed, the loss will be reflected in an upward adjustment to the basis of the shares acquired.

For shares acquired on or after January 1, 2012, the Funds (or relevant broker or financial adviser) are required to compute and report to the Internal Revenue Service (“IRS”) and furnish to Fund shareholders cost basis information when such shares are sold or exchanged. The Funds have elected to use the average cost method, unless you instruct the Funds to use a different IRS-accepted cost basis method, or choose to specifically identify your shares at the time of each sale or exchange. If your account is held by your broker or other financial adviser, they may select a different cost basis method. In these cases, please contact your broker or other financial adviser to obtain information with respect to the available methods and elections for your account. You should carefully review the cost basis information provided by the Funds and make any additional basis, holding period or other adjustments that are required when reporting these amounts on your federal and state income tax returns. Fund shareholders should consult with their tax advisers to determine the best IRS-accepted cost basis method for their tax situation and to obtain more information about how the cost basis reporting requirements apply to them.

#### *IRAs and Other Tax-Qualified Plans*

One major exception to the preceding tax principles is that distributions on, and sales, exchanges and redemptions of, shares held in an IRA (or other tax-qualified plan) will not be currently taxable unless such shares were acquired with borrowed funds.

#### *Backup Withholding*

On the Application, you will be asked to certify that your social security number or taxpayer identification number is correct and that you are not subject to backup withholding. If you (i) fail to provide a correct taxpayer identification number in the manner required; (ii) are subject to backup withholding by the IRS for failure to properly include on your return payments of taxable interest or dividends; or (iii) fail to certify that you are not subject to backup withholding when required to do so or have failed to certify that you are an “exempt recipient,” the IRS may, in certain cases, require each Fund to withhold a percentage of dividends, or redemption or exchange proceeds. Each Fund reserves the right to reject any application that does not include a certified social security or taxpayer identification number. The current backup withholding rate is 28%.

#### *U.S. Tax Treatment of Foreign Shareholders*

Generally, nonresident aliens, foreign corporations and other foreign investors are subject to 30% withholding tax on dividends paid by a U.S. corporation, although the rate may be reduced for an investor that is a qualified resident of a foreign country with an applicable tax treaty with the United States (provided that the shareholder furnishes the Fund with a properly completed Form W-8BEN or Form W8BEN-E, as applicable, to establish entitlement for these treaty benefits). In the case of regulated investment companies such as the Funds, however, certain categories of dividends are exempt from the 30% withholding tax. These generally include dividends attributable to the Funds’ net capital gains (the excess of net long-term capital gains over net short-term capital loss), dividends attributable to the Funds’ interest income from U.S. obligors and dividends attributable to net short-term capital gains of the Funds.

Foreign shareholders will generally not be subject to U.S. tax on gains realized on the sale, exchange or redemption of shares in a Fund, except that a nonresident alien individual who is present in the United States for 183 days or more in a calendar year will be taxable on such gains and on capital gain dividends from a Fund.

In contrast, if a foreign investor conducts a trade or business in the United States and the investment in a Fund is effectively connected with that trade or business, then the foreign investor's income from the Fund will generally be subject to U.S. federal income tax at graduated rates in a manner similar to the income of a U.S. citizen or resident.

Each Fund will also generally be required to withhold 30% tax on certain payments to foreign entities that do not provide a Form W-8BEN-E that evidences their compliance with, or exemption from, specified information reporting requirements under the Foreign Account Tax Compliance Act.

All foreign investors should consult their own tax advisers regarding the tax consequences in their country of residence of an investment in a Fund.

#### State and Local Taxes

You may also be subject to state and local taxes on distributions, sales, exchanges and redemptions. State income taxes may not apply, however, to any portions of a Fund's distributions, if any, that are attributable to interest on U.S. Government securities or interest on securities of the particular state or localities within the state in which you live. You should consult your tax adviser regarding the tax status of distributions in your state and locality.

More tax information relating to the Funds is provided in the SAI.

#### **Distribution of Shares**

##### Distributor

Kinetics Funds Distributor LLC ("KFD"), an affiliate of the Investment Adviser, 470 Park Avenue South, New York, New York 10016, is the distributor for the shares of the Funds. KFD is a registered broker-dealer and member of the Financial Industry Regulatory Authority, Inc. Shares of each Fund are offered on a continuous basis.

##### Shareholder Servicing Agents

Pursuant to separate shareholder servicing agreements, the Investment Adviser is responsible for paying various shareholder servicing agents for performing shareholder servicing functions and maintaining shareholder accounts. These agents have written shareholder servicing agreements with the Investment Adviser and perform these functions on behalf of their clients who own shares of the Funds. For this service, the Investment Adviser receives an annual shareholder-servicing fee from each Class equal to 0.25% of each Fund's average daily net assets attributable to that Class.

##### Arrangements with Certain Financial Institutions

The Investment Adviser and/or its affiliates may make payments to selected affiliated or unaffiliated broker-dealers and other financial institutions ("Financial Institutions") from time to time in connection with the sale, distribution, retention and/or servicing of shares of the Funds and other funds managed by the Investment Adviser or its affiliates. These payments are made out of the Investment Adviser's, and/or its affiliates', own assets and are not an additional charge to the Funds. The payments are in addition to the shareholder servicing fees described in this Prospectus. The amount of such payments may be significant in amount and the prospect of receiving any such payments may provide Financial Institutions or their employees with an incentive to favor sales of shares of the Funds over other investment options. You

should contact your Financial Institution for more information about the payments it may receive and potential conflicts of interest.

#### Fund Administrator

U.S. Bancorp Fund Services, LLC (“USBFS”) serves as administrator to each Fund and each Portfolio.

#### Custodian, Transfer Agent, Dividend Disbursing Agent and Fund Accountant

U.S. Bank N.A. serves as Custodian for each Fund’s cash and securities. The Custodian does not assist in, and is not responsible for, investment decisions involving assets of the Funds. USBFS acts as each Fund’s Transfer Agent, Dividend Disbursing Agent and Fund Accountant.

### **Unique Characteristics of the Fund Structure**

Unlike other mutual funds that directly acquire and manage their own portfolio securities, each Fund invests all of its investable assets in a Portfolio that is a series of a separately registered investment company. The Portfolio, in turn, invests in securities, using the strategies described in this Prospectus.

In addition to selling a beneficial interest to a Fund or Funds, a Portfolio could also sell beneficial interests to other mutual funds or institutional investors. Such investors would invest in such Portfolio on the same terms and conditions and would pay a proportionate share of such Portfolio's expenses. However, other investors in a Portfolio are not required to sell their shares at the same public offering price as a Fund, and might bear different levels of ongoing expenses than the Fund. Shareholders of the Funds should be aware that these differences would result in differences in returns experienced in the different funds that invest in a Portfolio. Such differences in return are also present in other mutual fund structures.

Smaller funds investing in a Portfolio could be materially affected by the actions of larger funds investing in the Portfolio. For example, if a large feeder fund were to withdraw from a Portfolio, the remaining funds might experience higher pro rata operating expenses, thereby producing lower returns. Additionally, the Portfolio could become less diverse, resulting in increased portfolio risk. However, that possibility also exists for traditionally structured funds that have large or institutional investors. Funds with a greater pro rata ownership in a Portfolio could have effective voting control of such Portfolio.

Certain changes in a Portfolio’s objective, policies or restrictions might require the Company to withdraw the corresponding Fund’s interest in such Portfolio. Any such withdrawal could result in a distribution in kind of portfolio securities (as opposed to a cash distribution from such Portfolio). A Fund could incur brokerage fees or other transaction costs in converting such securities to cash. In addition, a distribution in kind could result in a less diversified portfolio of investments or adversely affect the liquidity of a Fund.

The Company’s Board of Directors retains its right to withdraw any Fund’s investment from a Portfolio at any time if the Board of Directors determines that such withdrawal would be in the best interest of the Fund’s shareholders. The Fund would then resume investing directly in individual securities of other issuers or invest in another Portfolio of the Trust.

The SAI contains more information about each Fund and Portfolio, the Master/Feeder Fund Structure and the types of securities in which each Portfolio may invest.

### **Counsel and Independent Registered Public Accounting Firm**

Legal matters in connection with the issuance of shares of common stock of each Fund are passed upon by Drinker Biddle & Reath LLP, One Logan Square, Suite 2000, Philadelphia, PA 19103-6996.

Tait, Weller & Baker LLP, 1818 Market Street, Suite 2400, Philadelphia, PA 19103, is the independent registered public accounting firm for the Funds.

## Description of Indexes

The Bloomberg Barclays U.S. 1-3 Year Credit Bond Index measures the performance of investment grade corporate debt and sovereign, supranational, local authority and non-U.S. agency bonds that are U.S. dollar denominated and have a remaining maturity of greater than or equal to one year and less than three years.

The Bloomberg Barclays U.S. Aggregate Bond Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The Index includes multiple types of government and corporate-issued bonds, some of which are asset-backed.

The Bloomberg Barclays U.S. Corporate High-Yield Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below after dropping the highest and lowest available ratings. The index excludes emerging markets debt.

The S&P 500<sup>®</sup> Index is an unmanaged index created by Standard & Poor's Corporation that is considered to represent U.S. stock market performance in general. The Index is not an investment product available for purchase and does not include any deduction for fees, expenses or taxes.

S&P 600<sup>®</sup> SmallCap Index measures the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable.

The NASDAQ Composite<sup>®</sup> Index is a broad-based capitalization-weighted index of all Nasdaq stocks. The Index does not include the reinvestment of dividends or deductions for fees, expenses or taxes.

The MSCI EAFE<sup>®</sup> Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. As of March 31, 2017, the MSCI EAFE<sup>®</sup> Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

The MSCI ACWI (All Country World Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. As of March 31, 2017, the MSCI ACWI consists of 46 country indices comprising 23 developed and 23 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Russia, Qatar, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates.

The Russell 2000<sup>®</sup> Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000<sup>®</sup> Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000<sup>®</sup> Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

## Financial Highlights

The financial highlights tables set forth below are intended to help you understand each Fund's financial performance for the last five fiscal years (or the period since commencement of operations if the Fund has not been in operation for five years). Most of the information reflects financial results with respect to a single No Load Class share of each Fund. The total returns in the tables represent the rates that an investor would have earned (or lost) on an investment in the Funds (assuming reinvestment of all dividends and distributions).

As of January 1, 2013, the Alternative Income Fund (formerly, the Water Infrastructure Fund) changed to the investment strategy set forth in this Prospectus. The performance shown for periods prior to January 1, 2013 represents performance of the Water Infrastructure Portfolio's prior strategy to invest at least 80% of its assets in securities of companies engaged in water infrastructure and natural resources with a specific water theme and related activities.

The financial information provided was audited by Tait, Weller & Baker LLP, whose report, along with the Funds' financial statements, are included in the Funds' annual report and incorporated by reference into the SAI, both of which are available upon request.



## The Alternative Income Fund

	No Load Class for the Year Ended December 31, 2016	No Load Class for the Year Ended December 31, 2015	No Load Class for the Year Ended December 31, 2014	No Load Class for the Year Ended December 31, 2013	No Load Class for the Year Ended December 31, 2012 <sup>(1)</sup>
<b>PER SHARE DATA<sup>(2)</sup></b>					
Net Asset Value, Beginning of Year	\$91.68	\$89.06	\$87.88	\$83.31	\$77.90
Income from Investment Operations:					
Net investment income (loss) <sup>(3)</sup>	(0.01)	0.01	(0.12)	(0.21)	1.53
Net realized and unrealized gain on investments	3.69	2.56	1.30	4.78	6.09
Total from Investment Operations	3.68	2.57	1.18	4.57	7.62
Redemption Fees	0.00 <sup>(4)</sup>	0.05	0.00 <sup>(4)</sup>	0.00 <sup>(4)</sup>	0.00 <sup>(4)</sup>
Less Distributions:					
From net investment income	—	—	—	—	(2.21)
Total Distributions	—	—	—	—	(2.21)
Net Asset Value, End of Year	\$95.36	\$91.68	\$89.06	\$87.88	\$83.31
Total Return	4.00%	2.94%	1.50%	5.22%	9.90%
<b>SUPPLEMENTAL DATA AND RATIOS</b>					
Net assets, end of year (000's)	\$5,664	\$4,570	\$8,202	\$11,848	\$4,699
Ratio of operating expenses to average net assets:					
Before expense reimbursement	1.78%	1.74%	1.80%	2.23%	2.55%
After expense reimbursement	0.95%	0.95%	0.95%	0.95%	1.64%
Ratio of net investment income (loss) to average net assets	(0.01)%	0.01%	(0.14)%	(0.24)%	1.84%
Portfolio turnover rate <sup>(5)</sup>	1%	6%	17%	19%	56%

(1) Per share data adjusted for 1:10 reverse stock split completed as of May 31, 2013.

(2) Information presented relates to a share of capital stock outstanding for each year.

(3) Net investment income per share represents net investment income divided by the average shares outstanding throughout the year.

(4) Amount calculated is less than \$0.005.

(5) Portfolio turnover of The Alternative Income Portfolio.

## The Internet Fund

	No Load Class for the Year Ended December 31, 2016	No Load Class for the Year Ended December 31, 2015	No Load Class for the Year Ended December 31, 2014	No Load Class for the Year Ended December 31, 2013	No Load Class for the Year Ended December 31, 2012
<b>PER SHARE DATA<sup>(1)</sup></b>					
Net Asset Value, Beginning of Year	\$41.68	\$56.08	\$59.27	\$43.18	\$36.26
Income from Investment Operations:					
Net investment loss <sup>(2)</sup>	(0.68)	(0.84)	(0.77)	(0.67)	(0.15)
Net realized and unrealized gain (loss) on investments	1.76	(2.21)	0.69	19.78	8.56
Total from Investment Operations	1.08	(3.05)	(0.08)	19.11	8.41
Redemption Fees	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.01	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>
Less Distributions:					
From net realized gains	(3.43)	(11.35)	(3.12)	(3.02)	(1.49)
Total Distributions	(3.43)	(11.35)	(3.12)	(3.02)	(1.49)
Net Asset Value, End of Year	\$39.33	\$41.68	\$56.08	\$59.27	\$43.18
Total Return	2.59%	(5.42)%	(0.16)%	44.28%	23.24%
<b>SUPPLEMENTAL DATA AND RATIOS</b>					
Net assets, end of year (000's)	\$109,930	\$122,332	\$151,200	\$172,332	\$155,036
Ratio of operating expenses to average net assets:					
Before expense reimbursement	1.87%	1.82%	1.78%	1.84%	1.94%
After expense reimbursement	1.87%	1.82%	1.78%	1.84%	1.89%
Ratio of net investment loss to average net assets	(1.68)%	1.51)%	(1.34)%	(1.30)%	(0.36)%
Portfolio turnover rate <sup>(4)</sup>	2%	1%	1%	8%	9%

(1) Information presented relates to a share of capital stock outstanding for each year.

(2) Net investment income per share represents net investment income divided by the average shares outstanding throughout the year.

(3) Amount calculated is less than \$0.005.

(4) Portfolio turnover of The Internet Portfolio.

## The Global Fund

	No Load Class for the Year Ended December 31, 2016	No Load Class for the Year Ended December 31, 2015	No Load Class for the Year Ended December 31, 2014	No Load Class for the Year Ended December 31, 2013	No Load Class for the Year Ended December 31, 2012
<b>PER SHARE DATA<sup>(1)</sup></b>					
Net Asset Value, Beginning of Year	\$4.59	\$5.33	\$6.05	\$4.71	\$3.92
Income from Investment Operations:					
Net investment income (loss) <sup>(2)</sup>	(0.01)	(0.02)	(0.02)	0.01	0.03
Net realized and unrealized gain (loss) on investments	0.67	(0.72)	(0.70)	1.34	0.88
Total from Investment Operations	0.66	(0.74)	(0.72)	1.35	0.91
Redemption Fees <sup>(3)</sup>	0.00	0.00	0.00	0.00	0.00
Less Distributions:					
From net investment income	—	—	—	(0.01)	(0.12)
From net realized gains	(0.02)	(0.00) <sup>(3)</sup>	(0.00) <sup>(3)</sup>	—	—
Total Distributions	(0.02)	(0.00) <sup>(3)</sup>	(0.00) <sup>(3)</sup>	(0.01)	(0.12)
Net Asset Value, End of Year	\$5.23	\$4.59	\$5.33	\$6.05	\$4.71
Total Return	14.40%	(13.83)%	(11.89)%	28.59%	23.16%
<b>SUPPLEMENTAL DATA AND RATIOS</b>					
Net assets, end of year (000's)	\$5,316	\$4,745	\$6,771	\$8,705	\$5,069
Ratio of operating expenses to average net assets:					
Before expense reimbursement	3.04%	2.87%	2.61%	2.83%	3.38%
After expense reimbursement	1.39%	1.39%	1.39%	1.39%	1.39%
Ratio of net investment income (loss) to average net assets	(0.17)%	(0.29)%	(0.32)%	0.22%	0.77%
Portfolio turnover rate <sup>(4)</sup>	11%	16%	14%	15%	23%

(1) Information presented relates to a share of capital stock outstanding for each year.

(2) Net investment income per share represents net investment income divided by the average shares outstanding throughout the year.

(3) Amount calculated is less than \$0.005.

(4) Portfolio turnover of The Global Portfolio.

## The Paradigm Fund

	No Load Class for the Year Ended December 31, 2016	No Load Class for the Year Ended December 31, 2015	No Load Class for the Year Ended December 31, 2014	No Load Class for the Year Ended December 31, 2013	No Load Class for the Year Ended December 31, 2012
<b>PER SHARE DATA<sup>(1)</sup></b>					
Net Asset Value, Beginning of Year	\$31.24	\$34.08	\$34.35	\$23.99	\$19.81
Income from Investment Operations:					
Net investment income (loss) <sup>(2)</sup>	(0.36)	(0.32)	(0.36)	(0.15)	0.05
Net realized and unrealized gain (loss) on investments	6.75	(2.52)	0.09	10.72	4.25
Total from Investment Operations	6.39	(2.84)	(0.27)	10.57	4.30
Redemption Fees <sup>(3)</sup>	0.00	0.00	0.00	0.00	0.00
Less Distributions:					
From net investment income	—	—	—	(0.21)	(0.12)
Total Distributions	—	—	—	(0.21)	(0.12)
Net Asset Value, End of Year	\$37.63	\$31.24	\$34.08	\$34.35	\$23.99
Total Return	20.45%	(8.33)%	(0.79)%	44.07%	21.78%
<b>SUPPLEMENTAL DATA AND RATIOS</b>					
Net assets, end of year (000's)	\$336,837	\$292,014	\$521,738	\$597,746	\$416,696
Ratio of operating expenses to average net assets:					
Before expense reimbursement	1.75%	1.71%	1.68%	1.72%	1.78%
After expense reimbursement	1.64%	1.64%	1.64%	1.64%	1.64%
Ratio of net investment income (loss) to average net assets	(1.11)%	(0.92)%	(1.02)%	(0.52)%	0.22%
Portfolio turnover rate <sup>(4)</sup>	2%	2%	7%	4%	6%

(1) Information presented relates to a share of capital stock outstanding for each year.

(2) Net investment income per share represents net investment income divided by the average shares outstanding throughout the year.

(3) Amount calculated is less than \$0.005.

(4) Portfolio turnover of The Paradigm Portfolio.

## The Medical Fund

	No Load Class for the Year Ended December 31, 2016	No Load Class for the Year Ended December 31, 2015	No Load Class for the Year Ended December 31, 2014	No Load Class for the Year Ended December 31, 2013	No Load Class for the Year Ended December 31, 2012
<b>PER SHARE DATA<sup>(1)</sup></b>					
Net Asset Value, Beginning of Year	\$30.62	\$30.67	\$26.38	\$17.82	\$18.75
Income from Investment Operations:					
Net investment income (loss) <sup>(2)</sup>	0.19	0.08	0.13	(0.00) <sup>(3)</sup>	0.33
Net realized and unrealized gain (loss) on investments	(2.64)	1.96	4.21	8.77	1.32
Total from Investment Operations	(2.45)	2.04	4.34	8.77	1.65
Redemption Fees <sup>(3)</sup>	0.00	0.00	0.00	0.00	0.00
Less Distributions:					
From net investment income	(0.22)	(0.12)	—	(0.06)	(0.36)
From net realized gains	(1.33)	(1.97)	(0.05)	(0.15)	(2.22)
Total Distributions	(1.55)	(2.09)	(0.05)	(0.21)	(2.58)
Net Asset Value, End of Year	\$26.62	\$30.62	\$30.67	\$26.38	\$17.82
Total Return	(8.01)%	6.59%	16.44%	49.25%	8.86%
<b>SUPPLEMENTAL DATA AND RATIOS</b>					
Net assets, end of year (000's)	\$17,560	\$22,257	\$21,876	\$20,489	\$14,254
Ratio of operating expenses to average net assets:					
Before expense reimbursement	2.08%	1.99%	2.02%	2.09%	2.22%
After expense reimbursement	1.39%	1.39%	1.39%	1.39%	1.39%
Ratio of net investment income to average net assets	0.69%	0.25%	0.46%	0.00%	1.66%
Portfolio turnover rate <sup>(4)</sup>	0%	12%	3%	12%	0%

(1) Information presented relates to a share of capital stock outstanding for each year.

(2) Net investment income per share represents net investment income divided by the average shares outstanding throughout the year.

(3) Amount calculated is less than \$0.005.

(4) Portfolio turnover of The Medical Portfolio.

## The Small Cap Opportunities Fund

	No Load Class for the Year Ended December 31, 2016	No Load Class for the Year Ended December 31, 2015	No Load Class for the Year Ended December 31, 2014	No Load Class for the Year Ended December 31, 2013	No Load Class for the Year Ended December 31, 2012
<b>PER SHARE DATA<sup>(1)</sup></b>					
Net Asset Value, Beginning of Year	\$32.64	\$37.21	\$40.12	\$25.17	\$19.85
Income from Investment Operations:					
Net investment income (loss) <sup>(2)</sup>	(0.36)	(0.35)	(0.36)	(0.10)	0.01
Net realized and unrealized gain (loss) on investments	8.32	(4.22)	(2.56)	15.05	5.31
Total from Investment Operations	7.96	(4.57)	(2.92)	14.95	5.32
Redemption Fees	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.01	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>
Less Distributions:					
From net investment income	—	—	—	—	—
Total Distributions	—	—	—	—	—
Net Asset Value, End of Year	\$40.60	\$32.64	\$37.21	\$40.12	\$25.17
Total Return	24.39%	(12.26)%	(7.28)%	59.40%	26.74%
<b>SUPPLEMENTAL DATA AND RATIOS</b>					
Net assets, end of year (000's)	\$132,443	\$145,032	\$251,110	\$277,816	\$63,947
Ratio of operating expenses to average net assets:					
Before expense reimbursement	1.76%	1.73%	1.71%	1.73%	1.96%
After expense reimbursement	1.64%	1.64%	1.64%	1.64%	1.64%
Ratio of net investment income (loss) to average net assets:	(1.03)%	(0.94)%	(0.89)%	(0.29)%	0.07%
Portfolio turnover rate <sup>(4)</sup>	4%	2%	19%	6%	22%

(1) Information presented relates to a share of capital stock outstanding for each year.

(2) Net investment income per share represents net investment income divided by the average shares outstanding throughout the year.

(3) Amount calculated is less than \$0.005.

(4) Portfolio turnover of The Small Cap Opportunities Portfolio.

## The Market Opportunities Fund

	No Load Class for the Year Ended December 31, 2016	No Load Class for the Year Ended December 31, 2015	No Load Class for the Year Ended December 31, 2014	No Load Class for the Year Ended December 31, 2013	No Load Class for the Year Ended December 31, 2012
<b>PER SHARE DATA<sup>(1)</sup></b>					
Net Asset Value, Beginning of Year	\$15.16	\$16.68	\$17.66	\$12.08	\$10.45
Income from Investment Operations:					
Net investment income (loss) <sup>(2)</sup>	(0.15)	(0.15)	(0.10)	0.00 <sup>(3)</sup>	0.03
Net realized and unrealized gain (loss) on investments	3.25	(1.37)	(0.88)	5.65	1.80
Total from investment operations	3.10	(1.52)	(0.98)	5.65	1.83
Redemption Fees	0.00 <sup>(3)</sup>	–	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>
Less Distributions:					
From net investment income	–	–	–	(0.07)	(0.20)
Total distributions	–	–	–	(0.07)	(0.20)
Net Asset Value, End of Year	\$18.26	\$15.16	\$16.68	\$17.66	\$12.08
Total Return	20.45%	(9.11)%	(5.55)%	46.74%	17.52%
<b>SUPPLEMENTAL DATA AND RATIOS</b>					
Net assets, end of year (000's)	\$32,178	\$31,230	\$37,318	\$47,466	\$32,929
Ratio of operating expenses to average net assets:					
Before expense reimbursement	1.97%	1.90%	1.86%	1.88%	1.97%
After expense reimbursement	1.64%	1.64%	1.64%	1.64%	1.64%
Ratio of net investment income (loss) to average net assets	(0.96)%	(0.91)%	(0.55)%	0.03%	0.23%
Portfolio turnover rate <sup>(4)</sup>	5%	2%	18%	21%	26%

(1) Information presented relates to a share of capital stock outstanding for each year.

(2) Net investment income per share represents net investment income divided by the average shares outstanding throughout the year.

(3) Amount calculated is less than \$0.005.

(4) Portfolio turnover of The Market Opportunities Portfolio.

## The Multi-Disciplinary Income Fund

	No Load Class for the Year Ended December 31, 2016	No Load Class for the Year Ended December 31, 2015	No Load Class for the Year Ended December 31, 2014	No Load Class for the Year Ended December 31, 2013	No Load Class for the Year Ended December 31, 2012
<b>PER SHARE DATA<sup>(1)</sup></b>					
Net Asset Value, Beginning of Year	\$10.32	\$10.79	\$11.02	\$11.08	\$10.09
Income from Investment Operations:					
Net investment income <sup>(2)</sup>	0.43	0.37	0.33	0.20	0.34
Net realized and unrealized gain (loss) on investments	0.63	(0.60)	(0.06)	0.28	1.20
Total from Investment Operations	1.06	(0.23)	0.27	0.48	1.54
Redemption Fees	–	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>	0.00 <sup>(3)</sup>
Less Distributions:					
From net investment income	(0.43)	(0.23)	(0.29)	(0.28)	(0.43)
From net realized gains	–	(0.01)	(0.21)	(0.26)	(0.12)
Total Distributions	(0.43)	(0.24)	(0.50)	(0.54)	(0.55)
Net Asset Value, End of Year	\$10.95	\$10.32	\$10.79	\$11.02	\$11.08
Total Return	10.41%	(2.17)%	2.46%	4.28%	15.38%
<b>SUPPLEMENTAL DATA AND RATIOS</b>					
Net assets, end of year (000's)	\$6,809	\$6,108	\$10,105	\$19,553	\$19,566
Ratio of operating expenses to average net assets:					
Before expense reimbursement	1.85%	1.79%	1.79%	1.83% <sup>(4)</sup>	2.00%
After expense reimbursement	1.49%	1.49%	1.49%	1.50% <sup>(4)</sup>	1.49%
Ratio of net investment income to average net assets	4.02%	3.38%	2.93%	1.74% <sup>(5)</sup>	3.16%
Portfolio turnover rate <sup>(6)</sup>	9%	10%	35%	54%	41%

(1) Information presented relates to a share of capital stock outstanding for each year.

(2) Net investment income per share represents net investment income divided by the average shares outstanding throughout the year.

(3) Amount calculated is less than \$0.005.

(4) The ratio of expenses includes borrowing expense on securities sold short. The expense ratio excluding borrowing expenses on securities sold short was 1.82% before expense reimbursement and 1.49% after expense reimbursement.

(5) The ratio of net investment income includes borrowing expense on securities sold short.

(6) Portfolio turnover of The Multi-Disciplinary Income Portfolio.



**Kinetics Mutual Funds, Inc.**

The Alternative Income Fund  
The Internet Fund  
The Global Fund  
The Paradigm Fund

The Medical Fund  
The Small Cap Opportunities Fund  
The Market Opportunities Fund  
The Multi-Disciplinary Income Fund

Investment Adviser  
and Shareholder Servicing Agent

*Kinetics Asset Management LLC  
470 Park Avenue South  
New York, NY 10016*

Legal Counsel

*Drinker Biddle & Reath LLP  
One Logan Square  
Suite 2000  
Philadelphia, PA 19103-6996*

Independent Registered Public  
Accounting Firm

*Tait, Weller & Baker LLP  
1818 Market Street, Suite 2400  
Philadelphia, PA 19103*

Distributor

*Kinetics Funds Distributor LLC  
470 Park Avenue South  
New York, NY 10016*

Transfer Agent, Fund Accountant,  
and Administrator

*U.S. Bancorp Fund Services, LLC  
615 East Michigan Street  
Milwaukee, WI 53202*

Custodian

*U.S. Bank N.A.  
1555 N. River Center Drive, Suite 302  
Milwaukee, WI 53212*

*You may obtain the following and other information on the Funds free of charge:*

**Statement of Additional Information (SAI) dated May 1, 2017**

The SAI of the Funds provides more details about each Fund's policies and management. The Funds' SAI is incorporated by reference into this Prospectus.

**Annual and Semi-Annual Report**

The annual and semi-annual reports for each Fund provide the most recent financial reports and portfolio listings. The annual report contains a discussion of the market conditions and investment strategies that significantly affected each Fund's performance during the last fiscal year.

To receive any of these documents or the Funds' Prospectus, free of charge, to request additional information about the Company or to make shareholder inquiries, please contact us:

**By Telephone:**  
(800) 930-3828

**By Internet:**  
*<http://www.kineticsfunds.com>*

**By Mail:**  
Kinetics Mutual Funds, Inc.  
c/o U.S. Bancorp Fund Services, LLC  
P.O. Box 701  
Milwaukee, WI 53201-0701

Additionally, the foregoing Fund documents are available on the Funds' website listed above.

**SEC:**

Information about the Funds (including the SAI) can be reviewed and copied at the SEC Public Reference Room in Washington, D.C. Please call (202) 551-8090 for information relating to the operation of the Public Reference Room. Reports and other information about each Fund are available on the EDGAR Database on the SEC's website at *<http://www.sec.gov>*. Copies of the information may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: *[publicinfo@sec.gov](mailto:publicinfo@sec.gov)*, or by writing the Public Reference Section, U.S. Securities and Exchange Commission, Washington, D.C. 20549-1520.