

April 30, 2010

# Prospectus

[www.kineticsfunds.com](http://www.kineticsfunds.com)

## The Kinetics Government Money Market Fund

A series of Kinetics Mutual Funds, Inc.



Kinetics Mutual Funds, Inc.

The U.S. Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

## Table of Contents

2	<u>Summary Section</u>
5	<u>Additional Information About the Fund's Investments</u>
6	<u>Additional Information About the Main Risks of Investing in the Fund</u>
7	<u>Portfolio Holdings Information</u>
7	<u>Management of the Fund and the Portfolio</u>
7	<u>Valuation of Fund Shares</u>
8	<u>How to Purchase Shares</u>
10	<u>How to Redeem Shares</u>
13	<u>Exchange Privilege</u>
14	<u>Distributions and Taxes</u>
15	<u>Distribution of Shares</u>
16	<u>Unique Characteristics of Master/Feeder Fund Structure</u>
17	<u>Counsel and Independent Registered Public Accounting Firm</u>
18	<u>Financial Highlights</u>

## SUMMARY SECTION

2

### The Kinetics Government Money Market Fund

#### Investment Objective

The investment objective of the Kinetics Government Money Market Fund (the “Fund”) is to provide current income consistent with the preservation of capital and maintenance of liquidity. The Fund seeks its investment objective by investing all of its investable assets in the Kinetics Government Money Market Portfolio (the “Portfolio”), a series of Kinetics Portfolio 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 Fund.

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

##### Shareholder Transaction Expenses

(fees paid directly from your investment) None

##### Annual Fund Operating Expenses

(expenses that you pay each year as a percentage of the value of your investment)

Management Fees <sup>(1)</sup>	0.50%
Distribution (Rule 12b-1) Fees	None
Other Expenses	2.54%
Shareholder Servicing Fee	0.25%
Other Operating Expenses	2.29%
<b>Total Annual Fund Operating Expenses</b>	<b>3.04%</b>
Less: Fee Waiver and Expense Reimbursement <sup>(2)</sup>	2.98%
<b>Net Annual Fund Operating Expenses</b>	<b>0.06%</b>

(1) This table and example reflect the aggregate expenses of the Fund and the Kinetics Government Money Market Portfolio (the “Portfolio”). The management fees paid by the Fund reflect the proportionate fees allocated to the Fund from the Portfolio.

(2) The Investment Adviser to the Portfolio has voluntarily agreed to waive management fees and reimburse Fund expenses so that Net Annual Fund Operating Expenses do not exceed 0.88% through April 30, 2011. These waivers and reimbursements may be discontinued at any time by the Investment Adviser after April 30, 2011.

#### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The Example assumes that you invest \$10,000 in the 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 Fund’s operating expenses remain the

same. Although your actual costs may be higher or lower, based on these assumptions your costs for the Fund would be:

	1 Year	3 Years	5 Years	10 Years
<b>No Load Class</b>	\$6	\$657	\$1,333	\$3,143

### Principal Investment Strategy

The Fund seeks to achieve its investment objective by investing all of its investable assets in the Portfolio. The Portfolio invests substantially all of its net assets in high quality, U.S. dollar-denominated short-term obligations that have been determined by Kinetics Asset Management, Inc. (the "Investment Adviser"), subject to the approval of the Portfolio's Board of Trustees, to present minimal credit risk. The Portfolio does not invest in obligations with maturities of more than 397 days (subject to certain exceptions) and the average maturity of all obligations held by the Portfolio must be 60 days or less. The Portfolio invests exclusively in obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and repurchase agreements that are fully collateralized by such obligations ("U.S. Government Securities"). U.S. Government Securities include direct obligations of the U.S. Treasury, such as Treasury Bills, Treasury Notes and Treasury Bonds. Securities are selected based on market conditions, the liquidity needs of the Portfolio, and the investment policies of the Portfolio. The Fund seeks to maintain a constant \$1.00 net asset value ("NAV") per share.

### Principal Investment Risks

An investment in the Fund is not a deposit of any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. The principal risks of investing in the Fund, and indirectly the Portfolio, are listed below and could adversely affect the NAV, total return and value of the Fund, the Portfolio and your investment.

#### *Interest Rate Risks*

The rate of income will vary from day to day depending on short-term interest rates. It is possible that a major change in interest rates could cause the value of your investment to decline. The values of the obligations held by the Portfolio can be expected to vary inversely with changes in prevailing interest rates. Although the investment policies of the Fund and Portfolio are designed to minimize these changes and to maintain an NAV of \$1.00 per share, there is no assurance that these policies will be successful.

#### *Credit Risks*

Changes in the credit quality rating of a security or changes in an issuer's financial condition can also affect the Portfolio. A default on a security held, or a repurchase agreement entered into, by the Portfolio could cause the value of your investment in the Fund to decline.

#### *Repurchase Agreement Risks*

One of the risks of investing in repurchase agreements is that the seller may not repurchase the securities from the Portfolio, which may result in the Portfolio selling the securities for less

than the price agreed upon with the seller. Another risk of repurchase agreements is that the seller may default or file for bankruptcy. Under such circumstances, the Portfolio will liquidate those securities held under the repurchase agreement, which constitute collateral for the seller's obligation to repurchase the securities. However, the Portfolio might have to go through lengthy court actions before selling the securities.

### Who May Want to Invest

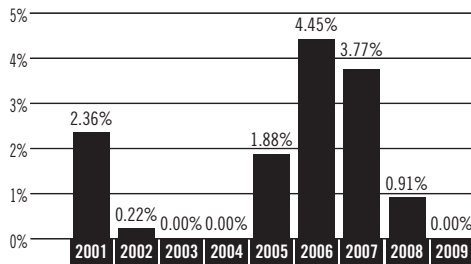
The Fund may be appropriate for people who:

- ▶ want to save money rather than “invest”;
- ▶ require stability of principal; and
- ▶ prefer to receive income with relatively fewer risks.

### Performance

The bar chart and table shown below illustrate the variability of the Fund's returns. The bar chart indicates the risks of investing in the Fund by showing the changes in the Fund's performance from year to year (on a calendar year basis). The past performance of the Fund's No Load class is not necessarily an indication of how the Fund's No Load class will perform in the future. Updated performance information including the Fund's current 7-day yield is available by calling the Fund toll-free at (800) 930-3828.

**The Kinetics Government Money Market Fund  
Calendar Year Returns as of 12/31**



Best Quarter	2006	Q4	1.62%
Worst Quarter	2009	Q4	0.00%

### Average Annual Total Returns as of 12/31/09

	1 Year	5 Years	Since Inception <sup>(1)</sup>
<b>The Kinetics Government Money Market Fund</b>	0.00%	2.19%	1.83%

(1) The Fund commenced operations on February 3, 2000 and converted into a feeder fund of the Portfolio on April 28, 2000. The returns shown include reinvestment of all dividends.

## Management

### Investment Adviser

Kinetics Asset Management, Inc. is the Portfolio's investment adviser.

## 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, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701) or by telephone at 1-800-930-3828. You may also purchase or redeem Fund shares by wire transfer. 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.

## Tax Information

The Fund's distributions are taxable, and will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account.

## Additional Information About the Fund's Investments

U.S. Government Securities are high quality instruments guaranteed as to principal and interest and issued by the U.S. Treasury or by an agency or instrumentality of the U.S. Government. Not all U.S. Government Securities are backed by the full faith and credit of the United States. Some are backed by the right of the issuer to borrow from the U.S. Treasury; others are backed by the discretionary authority of the U.S. Government to purchase the agencies' obligations; while others are supported only by the credit of the instrumentality. In the case of securities not backed by the full faith and credit of the United States, the Portfolio must look principally to the agency issuing or guaranteeing the obligation for ultimate repayment.

Yields on short-, intermediate- and long-term U.S. Government Securities are dependent on a variety of factors, including the general conditions of the money and bond markets, the size of a particular offering and the maturity of the obligation. Debt securities with longer maturities tend to produce higher capital appreciation and depreciation than do obligations with shorter maturities and lower yields. The market value of U.S. Government Securities generally varies inversely with changes in interest rates. An increase in interest rates, therefore, generally would reduce the market value of the Portfolio's investments in U.S. Government Securities, while a decline in interest rates generally would increase the market value of the Portfolio's investments in these securities.

Under a repurchase agreement, the Portfolio purchases a U.S. Government Security and simultaneously agrees to sell the Security back to the seller at a mutually agreed-upon future price and date, normally one day or a few days later. The resale price is greater than the purchase price, reflecting an agreed-upon market interest rate premium during the Portfolio's holding period. While the maturities of the underlying securities in repurchase agreement transactions may be more than one year, the term of each repurchase agreement will always be

less than one year. The Portfolio may enter into repurchase agreements with banks that are members of Federal Reserve System or securities dealers who are members of a national securities exchange or are primary dealers in U.S. Government Securities. The Investment Adviser monitors the creditworthiness of each firm that is a party to a repurchase agreement with the Portfolio.

#### Fund Structure

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

### **Additional Information About the Main Risks of Investing in the Fund**

The principal risks of investing in the Fund, and indirectly the Portfolio, are listed below and could adversely affect the NAV, total return and value of the Fund, the Portfolio and your investment.

#### Interest Rate Risks

The rate of income will vary from day to day depending on short-term interest rates. It is possible that a major change in interest rates could cause the value of your investment to decline. The values of the obligations held by the Portfolio can be expected to vary inversely with changes in prevailing interest rates. Although the investment policies of the Fund and Portfolio are designed to minimize these changes and to maintain an NAV of \$1.00 per share, there is no assurance that these policies will be successful.

#### Credit Risks

Changes in the credit quality rating of a security or changes in an issuer's financial condition can also affect the Portfolio. A default on a security held, or a repurchase agreement entered into, by the Portfolio could cause the value of your investment in the Fund to decline.

#### Repurchase Agreement Risks

One of the risks of investing in repurchase agreements is that the seller may not repurchase the securities from the Portfolio, which may result in the Portfolio selling the securities for less than the price agreed upon with the seller. Another risk of repurchase agreements is that the seller may default or file for bankruptcy. Under such circumstances, the Portfolio will liquidate those securities held under the repurchase agreement, which constitute collateral for the seller's obligation to repurchase the securities. However, the Portfolio might have to go through lengthy court actions before selling the securities.

## Portfolio Holdings Information

A description of the Portfolio's policies and procedures with respect to the disclosure of its portfolio securities is available in the Fund's SAI. Currently, disclosure of the Portfolio's 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.

## Management of the Fund and the Portfolio

### Investment Adviser

The Portfolio's investment adviser is Kinetics Asset Management, Inc. ("Investment Adviser"), 555 Taxter Road, Suite 175, Elmsford, New York 10523. Founded in 1996, the Investment Adviser provides investment advisory services to a family of ten mutual funds with discretionary management authority over approximately \$5.455 billion in assets as of March 31, 2010. The Investment Adviser conducts investment research and supervision for the Portfolio and is responsible for the purchase and sale of securities for the Portfolio. The Investment Adviser is entitled to receive an annual fee from the Portfolio for its services of 0.50% of the Portfolio's average daily net assets. However, as a result of fee waivers for the Portfolio, all advisory fees were waived for the fiscal year ended December 31, 2009. The Investment Adviser has entered into a Research Agreement with Horizon Asset Management, Inc. ("Horizon"), a New York based investment management and research firm, and is responsible for the payment of all fees owing to Horizon.

A discussion regarding the basis of the Board's approval of the investment advisory agreement for the Portfolio is available in the Company's semi-annual report to shareholders for the period ended June 30, 2009.

## Valuation of Fund Shares

Shares of the Fund are sold at NAV per share, which is determined by the Fund as of 12:00 p.m. Eastern Time, 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 is determined by dividing the value of the Fund's securities, cash and other assets, minus all expenses and liabilities, by the number of shares outstanding ( $\text{assets-liabilities} / \# \text{ of shares} = \text{NAV}$ ). The NAV takes into account the expenses and fees of the Fund, including management, administration and shareholder servicing fees, which are accrued daily.

The Portfolio will utilize the amortized cost method in valuing its portfolio securities. This method involves valuing a security at its cost adjusted by a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument. The purpose of this method of calculation is to facilitate the maintenance of a consistent NAV per share for the Fund of \$1.00. However, there is no assurance that the \$1.00 NAV per share will be maintained.

### *In General*

Shares of the 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. The 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 for any purchases that do not clear. Your order will not be accepted until a completed New Account Application is received by the Fund or the Transfer Agent.

### *Investing by Telephone*

If you have completed the Telephone and Internet Options — Purchase (EFT) section of the Kinetics Government Money Market Fund New Account Application (the "Application"), you may purchase additional shares by telephoning the 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.

The minimum telephone purchase is \$100. You may not make your initial purchase of the Fund's shares by telephone.

### *Automatic Investment Plan*

Once an account has been established, you may purchase shares of the 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. 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 five days prior to the desired effective date of such change or termination. The Fund may modify or terminate the AIP at any time.

### Purchase By Mail

To purchase Fund shares by mail, simply complete and sign the Application and mail it, along with a check made payable to the Kinetics Government Money Market Fund, c/o Kinetics Mutual Funds, Inc., to:

#### **Regular Mail**

*Kinetics Mutual Funds, Inc.*  
*The Kinetics Government Money*  
*Market 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.*  
*The Kinetics Government Money*  
*Market Fund*  
 c/o U.S. Bancorp Fund Services, LLC  
 615 East Michigan Street, 3rd Floor  
 Milwaukee, WI 53202

All purchases by check must be in U.S. dollars drawn on a bank located within the United States. The Fund will not accept payment in cash or money orders. The Fund also does not accept cashier's checks in amounts of less than \$10,000. To prevent check fraud, the Fund 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, post-dated on-line bill pay 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 Fund that the wire is coming. 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. <i>The Kinetics Government Money Market Fund</i> (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 (minimum \$100), or by wire. 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 the Fund by establishing a tax-sheltered IRA. The 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.

## **How to Redeem Shares**

### In General

You may redeem part or all of your Fund shares on any business day that the Fund calculates its NAV per share. To redeem shares, you must contact the Fund either by mail or by phone to place a redemption order. 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.

The 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, the Fund will not be able to send your redemption proceeds until the purchase check has cleared. This may take up to 12 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 banks and securities dealers, *but not from a notary public*. The Fund will not be responsible for interest lost on redemption amounts due to lost or misdirected mail.

A signature guarantee or signature validation of each owner is required in the following situations:

- ▶ If ownership has changed on your account;
- ▶ 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);
- ▶ When establishing or modifying certain services on an account; and
- ▶ If a change of address request was received by the Transfer Agent within the last 15 days

In addition to the situations described above, the Fund and/or the Transfer Agent reserve the right at their discretion to require a signature guarantee or signature validation in other circumstances.

Written Redemption

You can execute most redemptions by furnishing an unconditional written request to the Fund 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.*  
*The Kinetics Government Money Market 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.*  
*The Kinetics Government Money Market Fund*  
c/o U.S. Bancorp Fund Services, LLC  
615 East Michigan Street, 3rd Floor  
Milwaukee, WI 53202

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 the Fund) you may redeem shares in any amount by instructing the Fund 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 Fund nor any of its 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, the 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.

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 Fund's Transfer Agent charges a \$15 fee per wire redemption against your account for this service. There is no minimum on wire redemptions.

### Checkwriting

On your Application, you may select the option to receive a checkbook so that you can redeem shares by writing checks against your Fund account. If you select to use the checkwriting privilege, the initial checkbook will be given to you at no additional charge. There will be a \$5 charge for any subsequent books. There is no minimum amount for which checks may be written. Any checks drawn on a joint account will only require one signature. There is a \$25 charge for stopping payment of a check upon your request, or if the Transfer Agent cannot honor a check due to insufficient funds or other valid reason.

### 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. There is no minimum on systematic withdrawals.

### The Fund's Right to Redeem an Account

The 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 the Fund. The 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 redemption request whether or not to withhold federal income tax. Requests that do not indicate a preference will be subject to withholding.

### 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 Fund 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 Fund will begin sending individual copies 30 days after receiving your request. This policy does not apply to account statements.

### Restrictions on Excessive Trading Practices

The Company's Board of Directors has not adopted, on behalf of the Fund, policies and procedures with respect to frequent purchases and redemptions of Fund shares because the Fund may be appropriately used by shareholders for short-term investment or for cash management purposes.

### Notice of Customer Verification

In compliance with the USA PATRIOT Act of 2001, please note that the Fund's Transfer Agent will verify certain information on your Application as part of the Fund's 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 Fund also reserves the right to close the account within five business days if clarifying information/documentation is not received.

### **Exchange Privilege**

If you have completed the Telephone and Internet Options — Exchange section of the Application, you can exchange your No Load Class shares in the Money Market Fund for No Load Class shares of any other fund offered by the Company. 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. So, your account may be subject to a redemption fee. Furthermore, 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 per share. Exchange requests received after the close of the Exchange will be treated as though received on the next business day.

Notwithstanding the above, Advisor Class A, Advisor Class C and Institutional Class shares of the Company's other Funds may exchange into and out of the No Load Class of the Money Market Fund because the Money Market Fund does not offer Advisor Class A, Advisor Class C or Institutional Class shares. In all cases involving Advisor Class A share exchanges, shareholders will be required to pay a sales charge only once, assuming they are not eligible for a sales charge waiver.

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

Distributions to shareholders of the Fund are generally paid in additional shares of the Fund, with no sales charge, based on the Fund's NAV per share as of the close of business on the record date for such distributions. However, you may elect on the Application to receive all of your distributions in cash or reinvest all dividend distributions and send capital gain distributions in cash.

The Fund will ordinarily declare dividends from net investment income on a daily basis and distribute those dividends monthly. Although the Fund does not expect to realize net long-term capital gains, any capital gains realized will be distributed at least annually. The Fund will advise each shareholder annually of the amounts of dividends from investment company taxable income and of net capital gains distributions reinvested or paid in cash to the shareholder during the calendar year.

If you select cash distributions 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 per share of the 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 discussion relates to investors who are individual United States citizens or residents and is based on current tax law. 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

The Fund contemplates distributing as dividends each year all or substantially all of its taxable income. Except as discussed below, you will generally be subject to federal income tax at ordinary rates on the Fund's distributions to you, regardless whether they are paid in cash or reinvested in Fund shares. It is anticipated that most of a Fund's distributions will be taxable to you as ordinary income.

The Fund invests all of its assets in a partnership master portfolio which, in turn, invests substantially all of its assets in debt instruments and not in shares of stock on which dividend income will be received. As a result, Fund distributions generally will not qualify for the favorable long-term capital gains treatment applicable to "qualifying dividends" for individual shareholders or for the dividends-received deduction for corporations.

### Future Tax Treatment

In 2011, the highest ordinary income tax bracket will increase from 35% to 39.6%. In addition, beginning in 2013, individual taxpayers with income of \$200,000 or more or joint filers with income of \$250,000 or more will be subject to an additional tax of 3.8% on "unearned income," including interest income.

### 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.

### 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 for failing to report income to the IRS. If you are subject to backup withholding or you did not certify your taxpayer identification number, the IRS requires the Fund to withhold a percentage of any dividend and redemption or exchange proceeds. The Fund reserves the right to reject any application that does not include a certified social security or taxpayer identification number. The current withholding rate is 28%.

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

For nonresident aliens, foreign corporations and other foreign investors, Fund distributions will generally be subject to a 30% withholding tax. The withholding tax may be reduced (and, in some cases, eliminated) under an applicable tax treaty between the United States and a shareholder's country of residence or incorporation, provided that the shareholder furnishes the Fund with a properly completed Form W-8BEN to establish entitlement for these treaty benefits. Different U.S. tax rules may apply to a foreign shareholder if the investment in the Fund is connected to a trade or business of the shareholder in the United States.

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

### State and Local Taxes

You may also be subject to state and local taxes on income and gain attributable to your ownership of Fund shares. State income taxes may not apply, however, to the portions of the Fund's distributions, if any, that are attributable to interest earned by the Fund on U.S. government securities. You should consult your tax adviser regarding the tax status of distributions in your state and locality.

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

## **Distribution of Shares**

### Distributor

Kinetics Funds Distributor, Inc. ("KFD"), an affiliate of the Investment Adviser, 555 Taxter Road, Suite 175, Elmsford, New York 10523, is the distributor for the shares of the Fund. KFD is a registered broker-dealer and member of the Financial Industry Regulatory Authority, Inc. Shares of the Fund are offered on a continuous basis.

### Shareholder Servicing Agents

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 Fund. For this service, the Investment Adviser receives an annual shareholder servicing fee from the Fund equal to 0.25% of the Fund's average daily net assets.

#### 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 Fund 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 Fund. 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 Fund 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 the Fund and Portfolio.

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

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

### **Unique Characteristics of Master/Feeder Fund Structure**

Unlike other mutual funds that directly acquire and manage their own portfolio securities, the Fund invests all of its investable assets in the Portfolio that is 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 the Fund, the Portfolio could also sell beneficial interests to other mutual funds or institutional investors. Such investors would invest in the Portfolio on the same terms and conditions and would pay a proportionate share of the Portfolio's expenses. However, other investors in the Portfolio are not required to sell their shares at the same public offering price as the Fund, and might bear different levels of ongoing expenses than the Fund. Shareholders of the Fund should be aware that these differences would result in differences in returns experienced in the different funds that invest in the Portfolio. Such differences in return are also present in other mutual fund structures.

Smaller funds investing in the 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 the 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, this possibility also exists for traditionally structured funds that have large or institutional investors. Funds with a greater pro rata ownership in the Portfolio could have effective voting control of the Portfolio.

Certain changes in the Portfolio's objective, policies or restrictions might require the Company to withdraw the Fund's interest in the Portfolio. Any such withdrawal could result in a distribution in kind of portfolio securities (as opposed to a cash distribution from the Portfolio). The 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 the Fund.

The Company's Board of Directors retains its right to withdraw the Fund's investment from the 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 the Fund and Portfolio, the Master/Feeder Fund Structure and the types of securities in which the Portfolio may invest.

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

Legal matters in connection with the issuance of shares of common stock of the 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 Fund.

## Financial Highlights

18

The financial highlights table set forth below is intended to help you understand the Fund's financial performance for the last five fiscal years. Most of the information reflects financial results with respect to a single Fund share. The total returns in the table represent the rates that an investor would have earned (or lost) on an investment in the Money Market Fund (assuming reinvestment of all dividends and distributions). The financial information was audited by Tait, Weller & Baker LLP, whose report, along with the Fund's financial statements, are included in the Fund's annual report and incorporated by reference into the SAI, both of which are available upon request.

### The Kinetics Government Money Market Fund

	For the Year Ended December 31,				
	2009	2008	2007	2006	2005
<b>PER SHARE DATA<sup>(1)</sup></b>					
Net Asset Value, Beginning of Year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Income from Investment Operations:					
Net investment income	—	0.01	0.04	0.04	0.02
Net realized and unrealized gain on investments	—	—	—	—	—
Total from investment operations	—	0.01	0.04	0.04	0.02
Less Distributions:					
From net investment income	—	(0.01)	(0.04)	(0.04)	(0.02)
Total distributions	—	(0.01)	(0.04)	(0.04)	(0.02)
Net Asset Value, End of Year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total Return	0.00%	0.91%	3.77%	4.45%	1.88%
<b>SUPPLEMENTAL DATA AND RATIOS</b>					
Net assets, end of year (000's)	\$ 1,651	\$ 2,688	\$ 1,190	\$ 1,425	\$ 1,052
Ratio of operating expenses to average net assets:					
Before expense reimbursement	3.04%	3.55%	6.42%	3.94%	5.08%
After expense reimbursement	0.06%	0.76%	0.98%	0.22%	1.06%
Ratio of net investment income (loss) to average net assets:					
Before expense reimbursement	(2.98)%	(1.98)%	(1.74)%	0.73%	(2.17)%
After expense reimbursement	(0.00)%	0.81%	3.70%	4.45%	1.85%
Portfolio turnover rate	N/A	N/A	N/A	N/A	N/A

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

## **Kinetics Mutual Funds, Inc.**

### **The Kinetics Government Money Market Fund**

Investment Adviser and Shareholder Servicing Agent	<i>Kinetics Asset Management, Inc. 555 Taxter Road, Suite 175 Elmsford, NY 10523</i>
Legal Counsel	<i>Drinker Biddle &amp; Reath LLP One Logan Square Suite 2000 Philadelphia, PA 19103-6996</i>
Independent Registered Public Accounting Firm	<i>Tait, Weller &amp; Baker LLP 1818 Market Street, Suite 2400 Philadelphia, PA 19103</i>
Distributor	<i>Kinetics Funds Distributors, Inc. 555 Taxter Road, Suite 175 Elmsford, NY 10523</i>
Transfer Agent, Fund Accountant, and Administrator	<i>U.S. Bancorp Fund Services, LLC 615 East Michigan Street Milwaukee, WI 53202</i>
Custodian	<i>U.S. Bank N.A. 1555 N. River Center Drive, Suite 302 Milwaukee, WI 53212</i>

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

#### **Statement of Additional Information (SAI) dated April 30, 2010**

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

#### **Annual and Semi-Annual Report**

The Fund's annual and semi-annual reports provide the most recent financial reports and portfolio listings.

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

#### **By Telephone:**

1-800-930-3828

#### **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 Fund's website listed above.

#### **SEC:**

Information about the Fund (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 the Fund are available on the EDGAR Database on the SEC's Internet site 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, Securities and Exchange Commission, Washington, D.C. 20549-1520.