



Kinetics Mutual Funds, Inc.

We Do Our Research



# The **Alternative Income** Fund

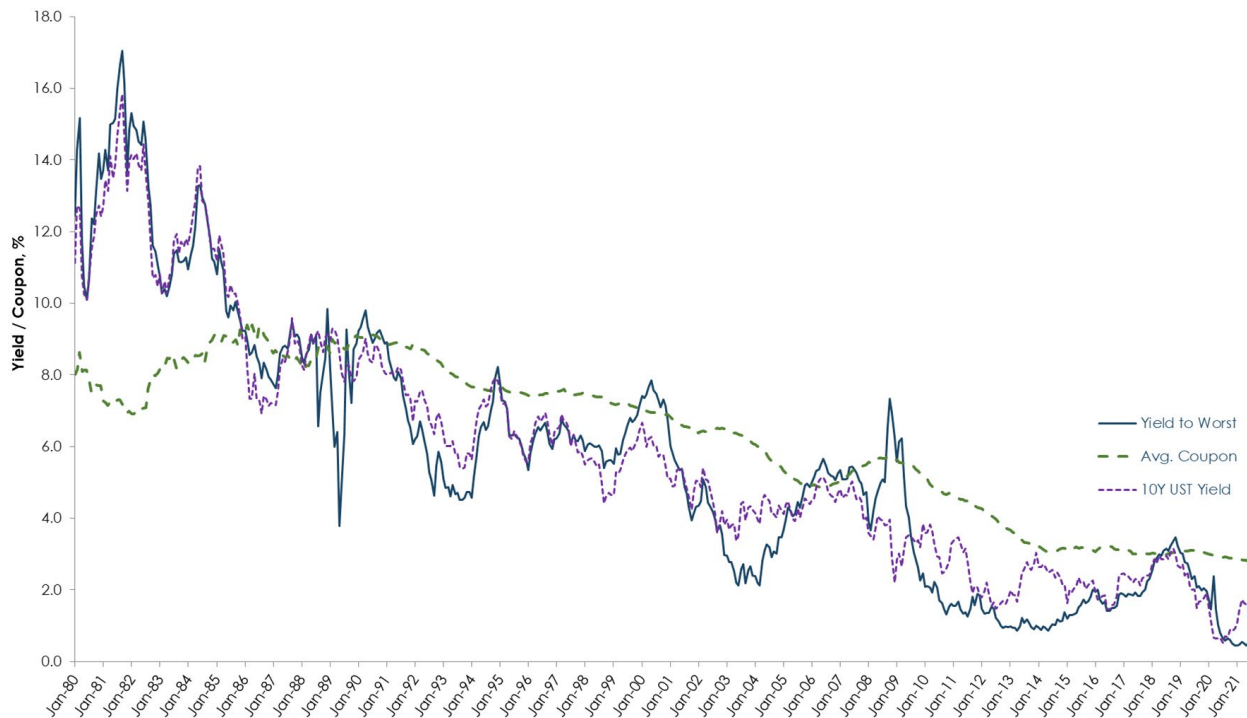
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**4TH QUARTER 2022**



# Introduction

*Decades of declining yields fueled gains in interest rate sensitive portfolios, but the trend may have ultimately robbed the portfolios of future returns.*



**The Alternative Income Fund seeks to generate consistent levels of income and aims to avoid significant interest rate risks inherent in more traditional income oriented strategies.**

*There are risks associated with the strategy, including risks related to investments in options, fixed income securities and exchange traded funds. Past performance is not a guarantee of future results.*



*The Fund Seeks to Build a Bridge to...*

*Generate  
Income*

**The Alternative Income Fund**

*Short-term interest + Option premium decay*

**Bonds**

*Long Duration, High Yield, International*

**Equities**

*High Dividend, REITs, MLPs*

*Reduce  
Bond Risk*

*Reduce  
Equity Risk*



## Fund Overview

The Alternative Income Fund seeks to:

Provide an **alternative source of income** that is relatively uncorrelated to traditional income oriented investments.

**Avoid the duration risk** associated with longer-term bond investments.

**Limit equity exposure risk** by writing out-of-the-money equity options.

**Opportunistically monetize volatility** through the collection of put option premiums.

As of  
December 31, 2022

KWINX

**The Fund's investment strategy changed as of 12/31/2012.**

### TOTAL RETURN (%)

Year-to-Date	<b>-4.07</b>
One Year	<b>-4.07</b>
Three Year (annualized)	<b>-1.09</b>
Five Year (annualized)	<b>0.02</b>
Ten Year (annualized)	<b>1.59</b>
Since Inception (annualized)	<b>0.28</b>
Since Inception (cumulative)	<b>4.44</b>

**On October 21, 2022, SEC Form N-14 was filed to convert the Alternative Income Fund to the Horizon Kinetics SPAC Active ETF.**

**<https://www.sec.gov/Archives/edgar/data/1683471/000089418922007685/horizonkineticsn-14liftmed.htm>**

The past performance data quoted is as of September 30, 2022. Performance data quoted represents past performance and does not guarantee future results. Investment return and principal value will vary, and shares may be worth more or less at redemption than at original purchase. Current performance may be lower or higher than the performance data quoted. Visit [www.kineticsfunds.com](http://www.kineticsfunds.com) or call 800-930-3828 for more information, including the most recent month-end performance and expense figures and for a copy of the most recent Prospectus. You should read the prospectus carefully before you invest. Performance does not reflect the deduction of a sales load or fee, which if included would reduce the performance quoted.

You will be charged a redemption fee equal to 2.00% of the net amount of the redemption if you redeem or exchange your shares 30 days or less after you purchase them. The Gross expense ratios listed are as of 12/31/2021 as reported in the 4/30/2022 prospectus. The Fund's adviser voluntarily agreed to waive management fees and reimburse fund expenses so that net annual fund operating expenses do not exceed certain levels, not including acquired fund fees and expenses (AFFE), through May 1, 2023 and may be discontinued at any time by the Fund's adviser after May 1, 2023. One-Year, Three-Year, Since Inception and Volatility figures are annualized, except where otherwise noted. The Alternative Income Fund No Load Class inception date is 6/29/2007; however, the Fund began pursuing a new investment objective through a new investment strategy as of 12/31/2012. Figures include changes in principal value, reinvested dividends and capital gains distributions. Certain statistics that rely on Fund data prior to January 1, 2013 will reflect the Fund's prior investment objective and restrictions and may not be indicative of the Fund's current positioning or prospective results. See disclosure page for definitions.



## Fund Class Information

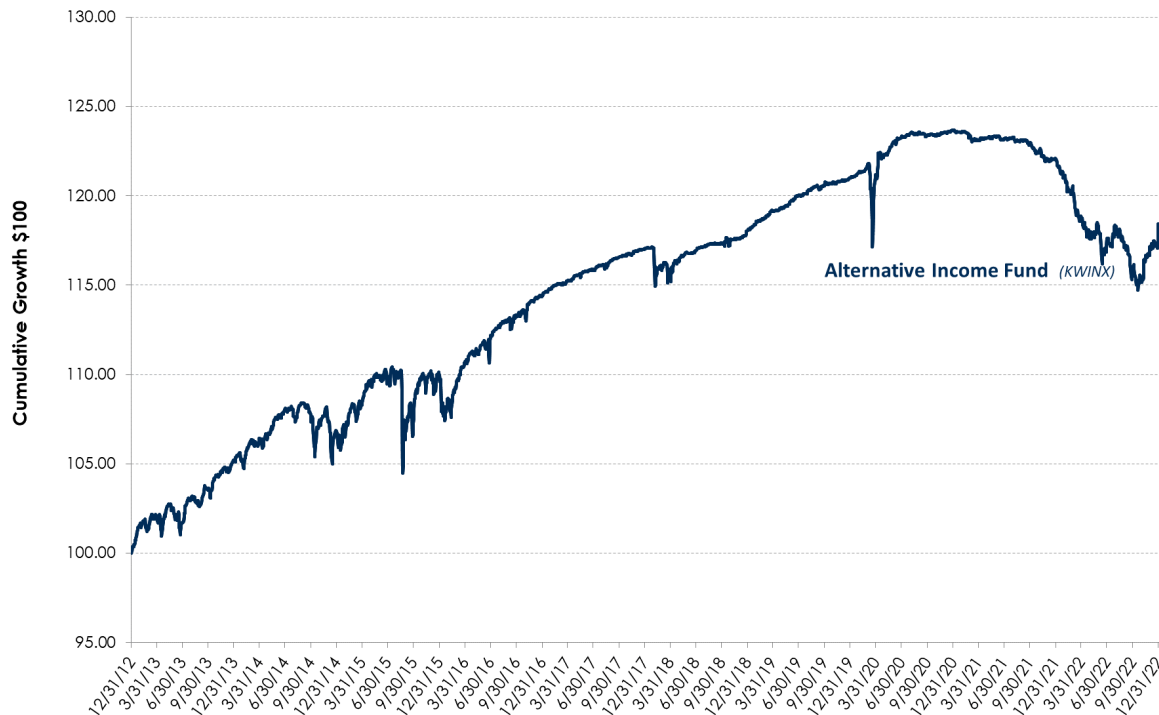
Class	Ticker	CUSIP	12b-1 Fee	Net Expense Ratio	Gross Expense Ratio
<b>FUND CLASS INFORMATION</b>					
No Load	KWINX	494613722	-	1.00%	2.40%
Adv. A	KWIAX	494613714	0.50%	1.25%	2.65%
Adv. C	KWICX	494613698	1.00%	1.75%	3.15%
Inst.	KWIIX	494613680	-	0.80%	2.35%

*The gross expense ratios listed are as of 12/31/2021 as reported in the 4/30/2022 prospectus. The Fund's adviser voluntarily agreed to waive management fees and reimburse fund expenses so that net annual fund operating expenses do not exceed certain levels, not including acquired fund fees and expenses (AFFE), through May 1, 2023 and may be discontinued at any time by the Fund's adviser after May 1, 2023. Performance returns include the deduction of management and other operating expenses. Monthly Performance Chart begins with the first full month of performance.*



## Cumulative Performance Chart (Daily)

Over time, the Fund seeks to produce a return pattern that is relatively uncorrelated or potentially negatively correlated with traditional bond indexes.



Annualized Since January 2013	Total Return	Volatility
KWINX (Net of Fees)	1.6%	2.16%

Portfolio Allocation	
Cash & Cash Equivalents	25.5%
Other Investments	74.5%
Notional % Options	0%
Average Maturity	1.99 yrs
Average Duration	1.76 yrs

The chart assumes a hypothetical \$100 investment made in KWINX on January 1, 2013. All return data in the Cumulative Growth Chart is calculated using a daily net asset value (NAV). Index and Fund return data calculations include the reinvestment of income, capital gains and dividends. The Fund performance includes fees and expenses, whereas returns for the indices do not. The inception date for KWINX is 6/29/2007; however, the Fund began pursuing a new investment objective and implementing a new investment strategy as of 12/31/2012. Slide 4 contains standardized performance data. This chart is not intended to imply any future performance.



## Alternative Income Fund

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### Income Portfolio

Opportunistically invest in income generating securities that offer attractive risk-adjusted returns with an emphasis on avoiding capital losses.

Limit duration risk  
Diversify exposures  
Allocate opportunistically

### Potential Investments

Cash and Equivalents  
Investment Grade Bonds  
Diversified Income Funds<sup>(1)</sup>

### KAI

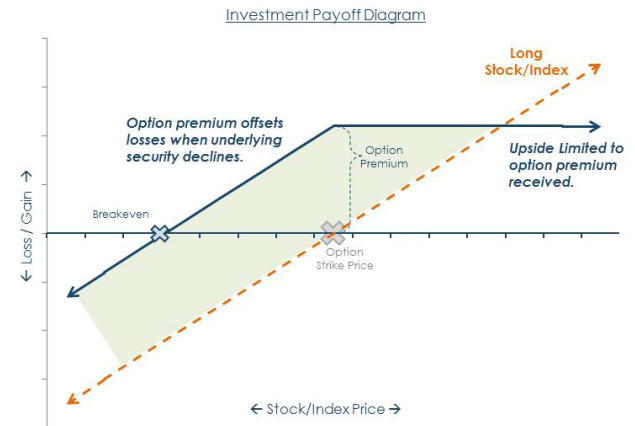
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### Option Strategy

Enhance income generation by opportunistically implementing a diversified option strategy that seeks to monetize market volatility.

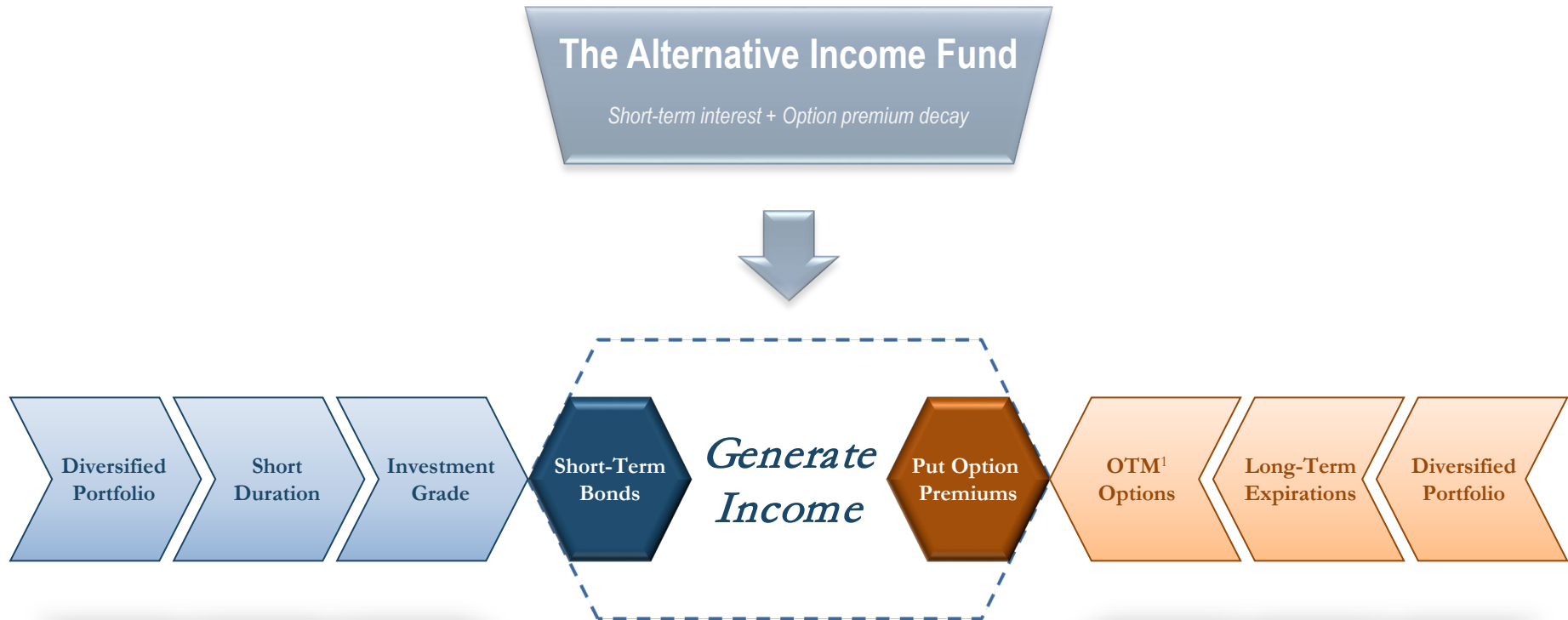
Capture option premium decay  
Fundamental research  
Limit company exposures



There are risks associated with PutWrite Strategies and BuyWrite Strategies. Among other factors, substantial risks, including but not limited to the complete loss of capital, exist as stock prices approach zero.

<sup>1</sup> Including exchange traded funds and closed end funds subject to limits.

The illustration above represents the payoff of the option and stock strategies upon expiration or exercise. Values can vary over interim periods.



<sup>1</sup> OTM refers to out-of-the-money options whose strikes prices are below their underlying stocks' market prices. While the Fund seeks to generate income, there is no guarantee that it will be successful in achieving its stated investment objective.





## Bond Strategy: Overview

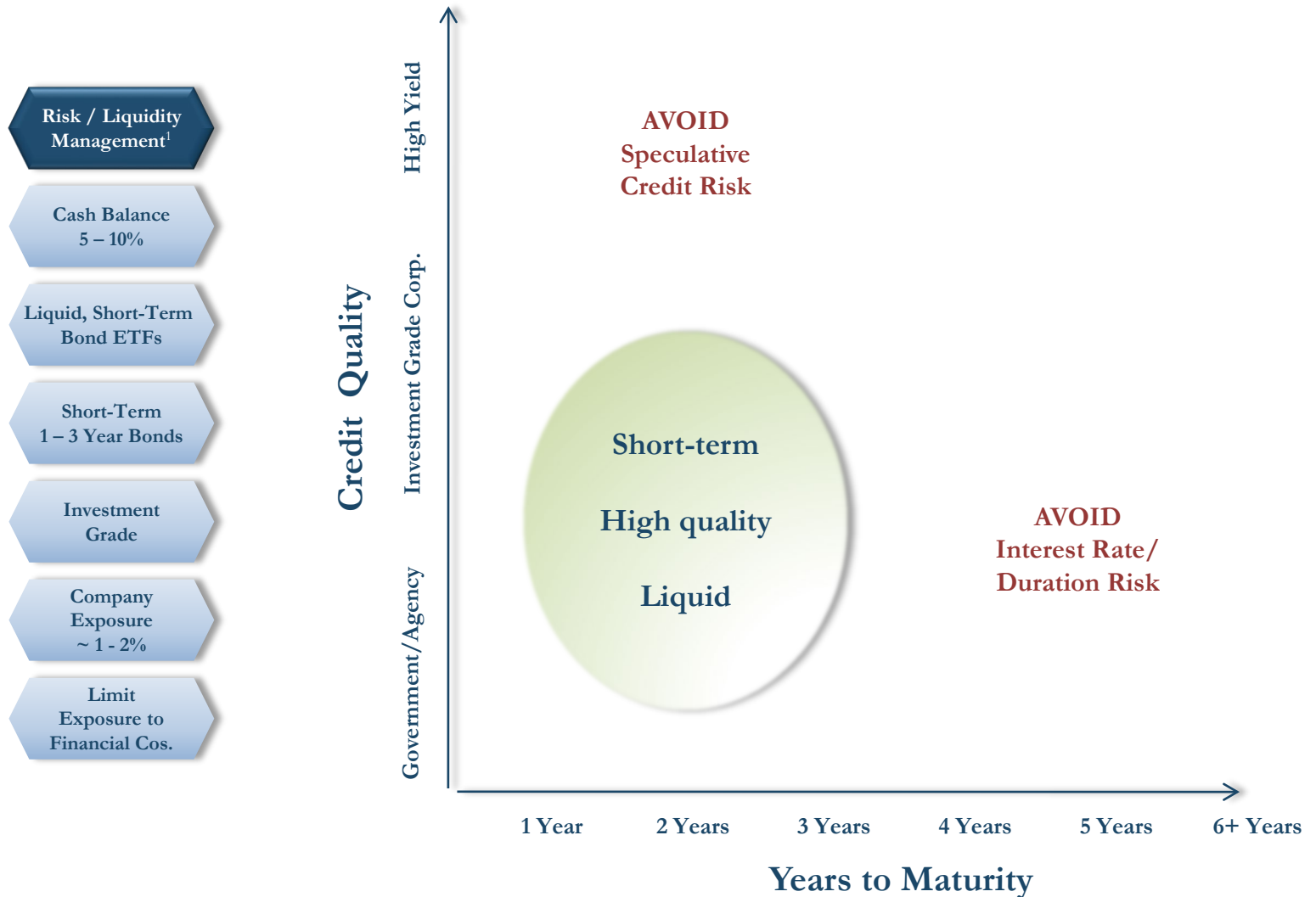
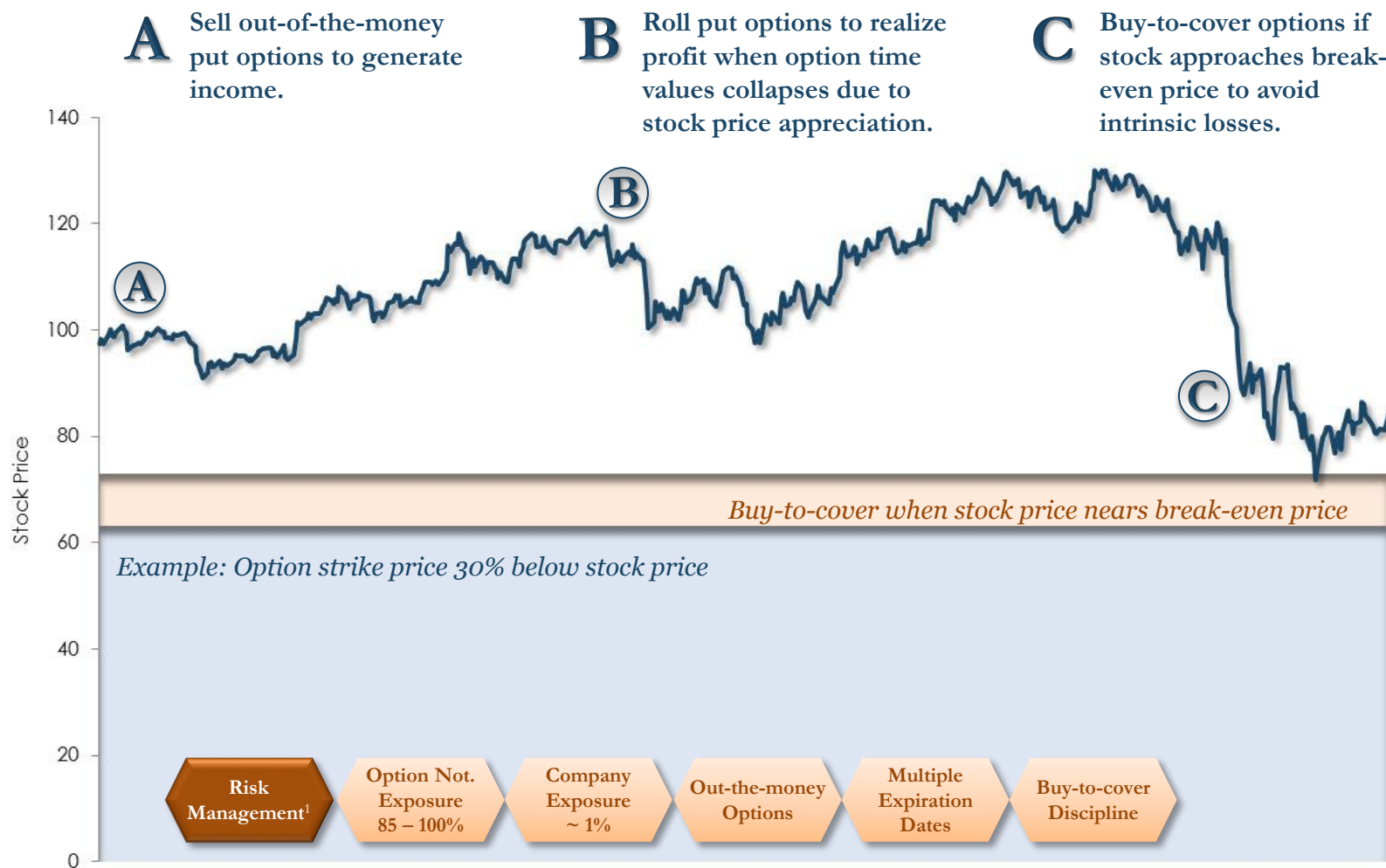


Chart for illustrative purposes only.

<sup>1</sup> Details are provided as a general description of the Fund's investment strategy. While the Fund seeks to avoid the types of risks noted above, there is no guarantee it will be able to do so. Please refer to the Fund's prospectus for more details on the Fund's investment strategy, restrictions and risks.



## Option Premium Strategy: Overview



The line chart above reflects the performance of a hypothetical stock during a hypothetical period of time. Categories A, B and C above the chart serve to illustrate how the Fund's option strategy may be utilized when stock prices fluctuate, such that at purchase date, (A), the Fund may sell out-of-the money put options to generate income. Once the stock price has risen, (B) the Fund may roll put options in order to realize profit when the option time value collapses from the stock's appreciation, and upon the stock price decreasing (C), the Fund may buy-to-cover options if the stock approaches the option strike price, in an effort to avoid intrinsic losses. Of course, the Fund may be unable to accurately time these events, and there is no guarantee the Fund will be successful in its endeavors. The strategy boxes under the chart above reflect some of the guidelines that the Fund attempts to adhere to in carrying out its option strategy. In normal times, the Fund will seek to maintain an option notional exposure which is between 85-100% of the Fund's net asset value ("NAV"). Each option position is generally equal to approximately 1% of the Fund's NAV. The Fund will utilize out-of-the money options with multiple differing expiration dates, and it will attempt to instill a buy-to-cover discipline as stated above. Please refer to the last slide of this presentation for additional risks.



## Appendix



## Important Risk Disclosures

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

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

Past performance does not guarantee future results. You will be charged a redemption fee equal to 2.00% of the net amount of the redemption if you redeem or exchange your shares less than 30 days after you purchase them. As a non-diversified fund, the value of its shares may fluctuate more than shares invested in a broader range of companies.

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

Annualized Volatility is the standard deviation of periodic returns multiplied by the square root of the number of periods in one year, e.g., the standard deviation of daily returns multiplied by the square root of 250 trading days per year.

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The Fund invests in options and bonds, which carry special risks further discussed in the Fund's Prospectus. Any 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. The successful use of options depends in part on the ability of HKAM to manage future price fluctuations and the degree of correlation between the options and securities markets. Options contain special risks including the imperfect correlation between the value of the option and the value of the underlying asset. Further, there are specific risks associated with PutWrite and BuyWrite strategies, which include, among other things, the possibility of the complete loss of capital as stock prices approach zero. By writing put options on equity securities, the Fund may give up the opportunity to benefit from potential increases in the value of the common stocks above the exercise price of the written put options, but the Fund will continue to bear the risk of declines in the value of its common stock portfolio.

The Fund may also invest in exchange traded funds ("ETFs"), that seek to track a specified securities index or a basket of securities. As a shareholder in an ETF, the Fund will bear its pro rata portion of an ETF's expenses, including advisory fees, in addition to its own expenses. The Fund 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 Fund's assets. The Fund may invest in foreign securities, which can carry higher returns but involve more risks than those associated with U.S. investments. Additional risks associated with investments in foreign securities include currency fluctuations, political and economic instability, differences in financial reporting standards and less stringent regulation of securities markets.

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