



Kinetics Mutual Funds Third Quarter 2022 Commentaries



The Medical Fund

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Dear Fellow Shareholders,

The Medical Fund commenced operations 23 years ago. We are pleased to report that, over that period, The Medical Fund outperformed both the S&P and NASDAQ, delivering a 9% annualized return. In 1999, we were witness to the maturation of the biotech industry, as well as the transformation of the pharmaceutical industry; however, the future is just starting.

Recalling the landscape of 1999, we were faced with a primordial sea of nascent biotechs. This explosion contained all the requisite parts to become a modern therapeutic industry. In our portfolio, some of these experiments failed, many were consumed through merger, and some became major biotechs. Consider one of our top holdings for 23 years, BIIB (Biogen Inc.). In October of 1999, BIIB had a market cap of \$700 million; today, it is worth \$30 billion.

We have also witnessed the transformation of the large pharmaceuticals. Many may not recollect the low margin subsidiaries that were ensconced within many of the large pharmaceuticals. Flavor and fragrance divisions, crop science, beauty products, and cosmeceuticals littered balance sheets and dragged down margins. Since The Medical Fund began its operations, these entities have shed non-core business lines, streamlining operations to focus on the highest margins and best returns. R&D to revenue ratios are as large as, or larger than those of biotechs, and the sheer dollars are huge. Over the course of the past two decades, the major pharmaceuticals have deployed over \$1 trillion in Research and Development, as well as hiring scads of the bio-chem majors.

The novelist Arthur C. Clarke once predicted productive lives spanning 150 years by 2050. The future is starting. Our pharmaceutical companies are lean and muscular, with multi-billion dollar per year investments. Our biotechs are mature businesses, and the distinction between the two has all but evaporated. To that end, The Medical Fund and Horizon Kinetics Asset Management are pleased to announce the evolution of The Medical Fund into an actively managed ETF. The Medical Fund believes that as a new dynamic era of medical discovery begins, the investment vehicle to capture the return should reflect shareholders' sensibilities. The new ETF will be more efficient and more nimble, but it will maintain its current active managers.

The past two decades have witnessed a dramatic improvement in the standard of care. If one only considers the new vocabulary that has been introduced: monoclonal antibody, CAR T treatment, Immunotherapy, etc. The James Webb Telescope is a new vehicle to see farther into the past. The Medical Fund ETF is a new vehicle for the future.



Medical Fund	
Top 10 Holdings (%) as of September 30, 2022	
Eli Lilly & Co.	10.5%
Bristol-Myers Squibb Company	9.8%
AbbVie, Inc.	7.9%
Pfizer, Inc.	7.7%
Merck & Co., Inc.	7.1%
Johnson & Johnson	6.7%
Novartis AG - ADR	6.3%
Biogen, Inc.	5.9%
AMGEN, Inc.	5.3%
AstraZeneca plc - ADR	4.5%

Important Disclosures

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

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

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

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

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



Kinetics Mutual Funds, Inc.

Securities Distributed by Kinetics Funds Distributor LLC

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

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

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