Kinetics Mutual Funds
First Quarter 2025 Commentaries

The Multi-Disciplinary Income Fund

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Dear Fellow Shareholders,

During the first quarter, we continued to allocate capital to Collateralized Loan Obligation (CLO) investments. As of the end of first quarter of 2025, the Fund's capital was mostly deployed. The strategy of investing in AAA and AA rated CLO debt tranches fits within the Fund's goal of generating current income while mitigating interest rate risk.

CLO debt is primarily floating rate, and based off of the three-month SOFR.[1] The AAA and AA debt tranches are initally sold in the primary market to investors at a price of 100% of par,[2] and the coupon rate resets every three months, based on the then-prevailing three-month SOFR, which provides a hedge against interest rate risk. The coupon rate of a CLO debt tranche is a combination of the three-month SOFR plus a credit spread. As of March 31, 2025, the three-month SOFR was 4.29%.

In the primary market as of the end of the first quarter 2025, the average credit spread for recently issued AAA rated CLO debt tranches was about 125 basis points,[3] and for AA rated CLO debt tranches, it was about 175 basis points. This resulted in a coupon rate of about 5.55% for AAA debt and about 6.05% for AA debt. The interest due is paid quarterly to CLO investors.

There's also an active secondary market to buy and sell CLO debt. Since older vintage CLO debt may have lower or higher credit spreads than today's levels, CLO debt in the secondary market may be bought and sold at a discount or premium to par.

We continue to see an appetite among institutional and retail investors for CLO debt tranches for a number of reasons—including the risk-adjusted returns, the steady income stream, and the floating interest rate structures. As a result, we think this is an excellent time to invest in AAA and AA rated CLO debt tranches.

Multi-Disciplinary Income Fund Top Fixed Income Holdings (%) as of March 31, 2025	
Collateralized Loan Obligations	94.0%
Cash and Cash Equivalents	6.0%

[1] The Secured Overnight Financing Rate (**SOFR**) is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.
[2] **Par** value is the nominal value of a bond, share of stock, or a coupon as indicated in writing on the document or specified by charter.
[3] **Basis points**: Basis points are a common unit of measure for percentages in finance. One basis point equals 1/100th of 1%.

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 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 http://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.

The Fund may invest in options and other derivative instruments, which are specialized activities and entail greater than ordinary investment risks, including that they may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses. Additionally, the Fund invests in debt securities. Investments in debt securities rated below investment grade are subject to increased risks. International investing also presents special risks including currency exchange fluctuation, government regulations, and the potential for political and economic instability. Non-investment grade debt securities are subject to greater credit risk, price volatility and risk of loss than are investment grade securities. Further, options contain special risks, including the imperfect correlation between the value of the option and the value of the underlying asset.

This Multi-Disciplinary Income Fund invests in CLOs and debt securities, which carry special risks further discussed in the Fund's Prospectus. Concentrated portfolios 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.

Portfolio holdings information is subject to change at any time and is as of the date shown. For more information, including the risks associated with the Multi-Disciplinary Income Fund, you may refer to the funds' prospectus by visiting us at www.kineticsfunds.com.

The Kinetics Multi-Disciplinary Income Fund is classified as a diversified fund. Diversification does not ensure a profit or protect against loss in a declining market. You should consult the Fund's prospectus for a complete list of risks associated with your investment.

Unlike other investment companies that directly acquire and manage their own portfolios of securities, the Funds pursue their investment objectives by investing all of their 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.

Index returns assume that dividends are reinvested and do not include management fees or expenses. You cannot invest directly in an index.

<u>Distributor</u>: *Kinetics Funds Distributor LLC is an affiliate of Horizon Kinetics Asset Management LLC, and is not an affiliate of Kinetics Mutual Funds, Inc.*